



GENDER EQUALITY IN GLOBAL BUSINESS LIFE AND PARTICIPATION OF WOMEN IN COMPANIES' BOARD OF DIRECTORS

Gender equality, in brief, means that individuals are not exposed to unequal behaviors and attitudes only because of their gender. Undoubtedly, in the 21st century, gender equality is a concept that should be present and common across the world and in all areas of life, without exception. However, unfortunately human beings are still discussing and questioning the requirements of the concept in some areas, far from fulfilling the requirements of this concept on a global scale.

Today, although the problems carry on especially in some societies clearly, important steps have been taken to ensure gender equality in many areas of social life. Especially in developed western societies, the social order and necessities brought and required by this concept have been understood to a great extent.

However, can we mention equality in business life, which is an important part of our lives, regardless of gender? Unfortunately, we cannot give an affirmative answer to this question.

In retrospect, it is seen that commercial life has developed with the industrial revolution, urbanization and rapid population growth and business life in today's context has started at the end of the 19th century. Women's entry into business life remained at a more limited rate during this period.

For instance, in early 20th century, it has been found that many women in the United States did not work outside their home, a significant majority of women in business life are young and unmarried; only 20% of all women work in an earning job and only 5% of working women are married¹.

The situation is no different in Europe: In Britain, which was the starting point of the industrial revolution, in 1861, 40% of working women remained in domestic services; in other words, did not participate in production activities. In the late 19th century, 29% of the wage earner female population in Finland worked in domestic services, while only 7% concentrated in industry. Again, in this period, it was observed that 79% of women working in the industrial field in Finland were single².

In our country, the Industry Census results made in 1927, is important in terms of the role of women in working life in this era: According to this census, considering all the industrial companies present in this period, as of 1927, the ratio of working women in Turkey was

¹ Yellen, Janet L. "The History of Women's Work and Wages and How It Has Created Success For Us All", *Brookings*, May 2020, <https://www.brookings.edu/essay/the-history-of-womens-work-and-wages-and-how-it-has-created-success-for-us-all/>

² Ballarin, Pilar. Birriel, Margarita M. Martinez, Cándida. Ortiz, Teresa. "Women In The History of Europe", *University of Helsinki*, <http://www.helsinki.fi/science/xantippa/wee/wee21.html>



25.58%. This rate is also related to the decrease in the male population after the wars in the early 20th century, of course³.

In today's business life, which we can describe as modern business life, we all see women working in all kinds of production and service sectors. Today, many women of all professions, all income levels, married or single, with or without children, are actively involved in business life.

However, despite the large number of female actors, there is still no gender equality in business life. The most important of these inequalities is undoubtedly the wages inequality. Unfortunately, still women, who have similar positions and qualifications, earn lower wages than men in many sectors and fields.

As a matter of fact, this is an issue that is handled on an international scale. As an example, one of the 17 Sustainable Development Goals, which is the basis of the United Nations policy and funding for 15 years until 2030, is gender equality. According to data shared by the United Nations for this purpose, today women still earn 77 cents while men earn 1 Dollar for the same job⁴.

Gender inequality in business life reveals itself not only as "wage" but also as "position". Despite the large number of women, we encounter in modern business life today, when we turn our heads up a little; when we look at the above of middle level staff, senior positions with "management" authority, and Boards of Directors that "manage" a company in the broadest sense, can we say that we can see women easily? In other words, can we often see women at the top of business life? Unfortunately, our answer to this question is "no".

Certainly, many reasons can be considered as a basis for this situation: Historical prejudices, pressure to start a family, taking a career break in order to have children, physical differences between men and women, etc. These reasons can be increased in countless ways; however, it must be admitted that in the 21st century, none of these are a valid reason to rarely include women in executive positions and Boards of Directors.

At this point, this inequality is a global problem. As a matter of fact, one of the issues addressed in the Global Gender Gap Report issued by the World Economic Forum (WEF) in 2020 is the rate of women taking part in the boards of directors of companies⁵.

According to this report, the country with the highest number of women on the boards of directors of companies is France with 43.4%. Iceland follows France with 43% and Norway with 42.1%, followed by European countries such as Sweden, Italy, Finland, Germany, Belgium

³ Önder, Nurcan. "Women's Labor Force in Turkey" ("Türkiye'de Kadın İşgücünün Görünümü") *CSGB Working World Journal (ÇSGB Çalışma Dünyası Dergisi)*, Volume: 1, Issue: 1, July-September 2013

⁴ United Nations Development Programme, <https://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-5-gender-equality.html>

⁵ World Economic Forum, <https://www.weforum.org/reports/gender-gap-2020-report-100-years-pay-equality>



and Denmark. Outside of Europe, the highest rate is in New Zealand with 30%. The rate in Turkey is 13.4%.

While these rates reflect the current situation, a more striking result for the future has emerged in the Global Gender Gap Report: According to the report, it will take 257 years to close the inequality between women and men in terms of participation to the economy. This determination reveals that, unfortunately, these rates obtained as a result of the research will not show much difference soon.

However, there are also important legal steps taken by some countries in order to eliminate this inequality:

In 2003, Norway passed a law which requires at least 40% of the board members of companies must be women, thus becoming the first country to introduce a quota for the proportion of women on boards.

At first, the compliance could not be provided with this law, which did not set forth any sanctions. However, due to the inability to comply with the law without sanctions, with the subsequent amendment, it was set forth that "companies that do not act in accordance with the law will be terminated". Following the introduction of this sanction, the compliance with the law in Norway is ensured, and considering the success achieved by these companies, it is seen that even in the companies not covered by the law provided gender equality in their board of directors. Although 4 years were given to companies for compliance, the whole process took 10 years.

In the United States, the first important step in this direction was taken in 2018. According to the law enacted in the state of California, it is stipulated that publicly held companies, headquartered in California must have at least one female member on their boards of directors until the end of 2019, and the boards of directors consisting of five members must have at least two; the boards of directors consisting of six or more members must have at least three female member by the end of 2021. The law also imposed sanctions on companies that fail to comply with these obligations and regulated fines for each violation.

According to the research, when the law was enacted in 2018, 180 out of 650 publicly traded companies headquartered in California, did not have a female board member; however, this number has decreased to 15 in the current situation⁶.

As a result of this law, 176 women members joined the boards of directors of public companies in California in 2018 and 346 in 2019. In the first six months of 2020, 147 more women were appointed to the boards of directors of these companies.

⁶ Levitsky, Allison. "Data shows California's 'Women on Boards' law has decimated all-male boards" *The Business Journals*, October 2020, shorturl.at/frzY8



Today, also in many countries, such as Belgium, France, Germany, Iceland, India, Israel, Italy and Spain, there are minimum legal rates for women in the corporate boards of public companies, and in some countries, legislative compliance has not yet been completed.

In all these countries, it is observed that the proportion of female members in the board of directors has been on a significant rise since 2011. In our country, the rate of female members in the board of directors of companies included in the BIST 400 index was 11.4% in 2011, while it was 15.9% in 2019⁷. Since there is no legislation on this issue in our country, it is seen that this rate is very low compared to the countries that have legal obligations in this regard.

Especially recently, serious attention has been drawn to this issue by various actors in our country. For instance, founded in 2017, the Association of Women in Board of Directors (*Yönetim Kurulunda Kadın Derneği*) aims to increase female members in the company's board of directors and works towards this purpose. Again, various universities in our country prepare reports on this issue.

All these studies draw attention to the problem mentioned above and bring it to the agenda. However, it is obvious that it is extremely difficult to acquire the rates in European countries, unless a legal regulation is made in our country and deterrence is provided by the sanctions to be set forth.

When a legal arrangement is made on this issue, instead of presenting women who is appointed to senior management positions as “news”, the adaptation to global business life will increase in our country and an important step will be taken in order to achieve gender equality.

Yeşim Yetik
Senior Associate

⁷ Association of Women in Board of Directors (*Yönetim Kurulunda Kadın Derneği*),
<https://www.yonetimkurulundakadin.org/sayfa/turkiyede-ve-dunyada-ykda-kadin>