

Master Thesis Strategic Management

**The effect of female board representation on employee satisfaction and
the moderating role of national culture**



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Abstract

The aim of this study is to investigate the relationship between employee satisfaction and the percentage of women on the board of directors. In previous literature about gender diversity, the focus has mostly been on the relationship between gender diversity and the financial or innovative performance of an organization. This study aims to broaden the stream of gender diversity literature by investigating what the effect of more women on the board of directors is on the perception of employees. Glassdoor, an employer review site, provided the average employee satisfaction from 2021 for the 240 companies from 16 European countries that are included in this study. The percentage of women on the board of directors is retrieved from a report called Gender Diversity Index of Women on Boards and in Corporate Leadership. Since national culture can also affect the average employee satisfaction, two of Hofstede's cultural dimensions have been used in this study as possible moderators of the relationship between employee satisfaction and the percentage of women on the board of directors. The two cultural dimensions are Power Distance and Masculinity. I found no significant results for the relationship between employee satisfaction and the percentage of women on the board of directors. In addition, the results did not support the notion that Power Distance or Masculinity moderates the relationship between employee satisfaction and the percentage of women on the board of directors. In further research, scholars should investigate whether the placement of women in other management layers of the organization does impact the employee satisfaction, for example in the middle or lower management.

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1 - Introduction

Globally, there is an increased call for more gender diversity in all branches of society. While this is naturally very important for equality reasons, more gender diversity could also have other effects on society. For example, the relationship between board gender diversity and firm performance has been widely researched. In an attempt to summarise the large amount of research, Post and Byron (2015) conducted a meta-analysis, in which they found that the summarised results of all the studies show a non-existent or very weak positive relation between board gender diversity and firm performance (Post & Byron, 2015). Hoobler et al. (2018) conducted a meta-analysis investigating the relationship between women's representation in leadership and the financial performance of a firm, and their results suggest that women's leadership may positively affect firm performance in general and especially sales performance. They state their findings are strongest under the presence of a female CEO and in a culture that values gender equality. In addition, research has also been done about the effect of more board gender diversity on other aspects of the firm. Griffin et al. (2018) found in their study that firms with gender diverse boards have more patents, higher innovation efficiency and a more innovative corporate culture. Wu et al. (2021) confirm this notion in their study, which claims that high levels of gender diversity in the top management team and the board of directors leads to more organizational innovation, which ultimately leads to an increased firm performance. In addition to these findings, a gender diverse board is also more likely to engage in diversity policies and practices, and this will result in more community engagement (Glass & Cook, 2017).

While the current literature is promising and shows some evidence that more board gender diversity has an effect on firm performance, the methods for exploring the relationship between board gender diversity and firm performance are inadequate and research is too focused on the effects of board gender diversity on the financial and innovative performance of a firm (Hoobler et al., 2016). This focus on the influence of board gender diversity on the financial and innovative performance of a firm is too narrow, since literature suggests that differences in leadership style and personality exist between men and women and that these differences might also impact the perception of the employees. These differences in leadership style impact the values of a company and therefore employees are impacted by these differences as well. Literature suggests that companies with a more gender diverse board are more likely to be seen as popular employers (Patel, 2021).

According to a large body of existing research, men and women have different personality profiles. Nowack & Munro (2019) state that women have more competence in expressing, understanding and regulating emotions compared to men. Saint-Michel (2018) shows in her study that because of the possession of social skills and the display of benevolence and personal regard for the concerns of others, women are perceived as more transformational leaders than men are. Transformational leaders are known for inspiring and motivating their employees and encouraging them to innovate. Literature

suggests that there is a positive relationship between transformational leadership and employee satisfaction (Yildiz, & Şimşek, 2016). Women also have better communication and relationship skills. This could potentially provide a significant leadership advantage for women (Nowack & Munro, 2019). Given this evidence from literature, it is plausible that more women on the board of directors could lead to a higher average employee satisfaction in a company. This relationship is relevant to investigate since, given the large differences in personality between men and women and the more caring and people oriented nature of women, the impact of women on the human resources of a company might be larger than the impact on the financial resources.

The board of directors and the gender diversity of this corporate organ is not the only aspect that might influence the average employee satisfaction of a firm. According to Eskildsen & Nussler (2000), an organization consists of three subsystems which all impact the average employee satisfaction; the cultural, the social and the technical subsystem. The cultural subsystem is about the identity, values and cultural characteristics of the organization. The social subsystem is about the span of control in the organization, meaning the style of the top management and the individual managers in the organization. The technical subsystem is about the physical and financial assets of the organization (Eskildsen & Nussler, 2000). The social subsystem is embedded in this research by investigating the relationship between the board of directors and the average employee satisfaction. In addition, it is relevant to include the cultural subsystem in this research. The culture of an organization influences the day-to-day operations and the belief system of every employee in the entire organization. It impacts the way people understand and interact with people and situations. Culture affects several aspects of the organization, including employee satisfaction (Janicijevic et al., 2018). For this reason, culture will be included in this research as a possible moderator of the relationship between the board of directors and employee satisfaction. Since it is difficult to measure the organizational culture for every company included in this study, culture will be included through the national culture. Khan & Panarina (2017) state that national culture greatly affects the organizational culture system. In order to account for national culture, the cultural dimensions by Hofstede Power Distance and Masculinity will be included in this research as moderators (Hofstede Insights, 2022).

This leads to the following research question:

What is the effect of the percentage of women on the board of directors on the average employee satisfaction of a company and what are the moderating effects of the cultural dimensions, power distance and masculinity on this relationship?

This relationship will be investigated through a multiple regression analysis, including an interaction effect for the moderator variables. In the analysis, 240 companies from 16 countries in Europe will be included. The average employee satisfaction for 2021 of the companies will be retrieved from Glassdoor. Glassdoor is a website that allows current and previous employees to anonymously review their employer. The percentage of women on the board of directors in 2021 will be retrieved from a report written by the association European Women on Boards called Gender Diversity Index of Women on Boards and in Corporate Leadership (EWoB, 2022). Both the employee satisfaction as the percentage of women on the board of directors will be used from 2021 only. The Power Distance and Masculinity index for each country will be retrieved from Hofstede Insights.

This study will contribute to existing research by adding a new perspective to the board gender diversity literature stream. So far the focus of this stream has been on investigating the relationship between board gender diversity and the financial or innovative performance of an organization. However, it is highly relevant to also investigate the effect that the percentage of women on the board of directors has on the average employee satisfaction of an organization, since there is a large difference between the relational skills of men and women. In addition, including the cultural dimensions Power Distance and Masculinity as possible moderators creates a partially new method. This study will also have several practical contributions. For organizations, it is very relevant to know whether their board composition impacts the employee satisfaction of their firm. Organizations can use this study in order to make sure that their employees are satisfied in the organization and thereby prolong their employment in the organization. In addition, gender diversity is a highly relevant societal topic and can help in improving the equality between men and women in society.

2 - Conceptual background, theory and hypotheses

Female representation on the board of directors

The board of directors is located at the top of a firm. In this position they have the responsibility to provide structure and strategy for the firm. They do this by determining the strategic direction of the firm and by creating a vision and mission statement (Luciano et al., 2020). The main task of the board of directors is to monitor and provide advice and counsel for the top management team (Tuggle et al., 2010). This monitoring function of the board can be explained through the use of agency theory. The monitoring function of the board of directors serves as a protection mechanism for the principal of the firm (stockholders) by limiting self-interested decisions of the agent (management) (Ellstrand et al., 2002). The task of the management is to make operational policies and decisions. It is the task of the board to oversee the performance of the firm, approve the decisions of the management and to make decisions that are too big to leave to the management (Barlow, 2021). Therefore, while the board of directors is not directly involved in the day-to-day decision-making of a firm, many organization theorists argue that the board of directors indirectly has a large influence on managerial decision-making. This is due to the monitoring function of the board and the fact that the CEO and managers of the firm often make decisions that comply with the board's corporate strategy ideas, to gain their approval (Baysinger & Hoskisson, 1990).

Since the board of directors influences the decision-making process of a firm, it is crucial to examine how and in what form the board of directors can most effectively contribute to successful decision-making. Literature states that the composition of a board can have an influence on the performance of the board. Tuggle et al. (2010) state that a greater heterogeneity in firm/industry experience, members' tenure and background associated with output functions lead to more attention to entrepreneurial issues and therefore more innovation. Filley et al. (1976) state in their research that routine problems are best handled by a group with low diversity, while novel and non-routine problems are better solved by diversified groups. While a board of directors certainly also faces routine problems, it is probable that novel problems will arise more often since they are in charge of an entire organization. Therefore, a highly diverse board will be more effective in resolving novel problems than a non-diverse board will be. The reason that board diversity has a positive impact on the effectiveness of the board is that a diverse board is a better representation of the world and therefore has a better insight in the current society. In addition, a more diverse board often brings more diverse ideas and can therefore be more creative (Cimini, 2021).

The relative number of women on the board could also have an effect on the performance of the board. The effects of more women on the board on multiple performance indicators has been widely investigated. Post & Byron (2015) conducted a meta-analysis using 140 studies and summarised these

studies to resolve the mixed results that exist about the topic. Post & Byron (2015) found a positive relationship between female board representation and accounting returns. The positive effect of a higher female board representation could be due to the difference in personalities between men and women. Many studies have been conducted regarding the differences in personality between men and women. An often-used framework in these studies is the Big Five (Weisberg et al., 2011). The Big Five consists of five big personality traits, namely neuroticism, agreeableness, conscientiousness, extraversion and openness. Women tend to score higher on neuroticism, agreeableness and extraversion. Neuroticism is about experiencing negative emotions because of perceived threat and punishment. The negative emotions include anxiety, depression, anger and emotional lability. Anger however is the only facet of neuroticism on which men tend to score higher than women. Agreeableness represents the tendency to cooperate, maintenance of social harmony and concern about other people. Extraversion represents sociability, assertiveness and positive emotionality. The differences between men and women are the smallest for extraversion. For conscientiousness and openness, no significant gender differences were found (Weisberg et al., 2011).

Anwer et al. (2019) found in their study that managers who possess the traits extraversion, agreeableness and openness have a positive influence on innovation in a firm. Women score significantly higher on both extraversion and agreeableness (Weisberg et al., 2011). This notion is supported by the finding that extraversion and agreeableness also function as direct and positive predictors of a project's success. This relationship is however mediated by transformational leadership (Hassan et al., 2017). Considering this mediator, the results of this research are still relevant. Saint-Michel (2018) shows in her study that because of the possession of social skills and the display of benevolence and personal regard for the concerns of others, women are perceived as more transformational leaders than men are. Several studies have found positive effects of transformational leadership on the firm. Riberio et al. (2018) found that transformational leadership promotes the affective commitment of employees. Affective commitment in turn increases the individual performance of employees. In addition, transformational leadership has a positive effect on employees' tendency to innovate and their job satisfaction (Al-edenat, 2018).

While it is, based on the literature stated above, obvious that differences between the general personalities and the business behaviour of men and women exist, it is difficult to conclude what causes these fundamental differences. Social Role Theory proposes a possible explanation for this question. Social Role Theory states that men and women are socialised to behave in a certain way. In most societies, a gender hierarchy exists. Men often have higher wages and more power, status and resources (Ridgeway, 2001). According to Social Role Theory, this gender hierarchy is at the root of the explanation of gender-specific behaviour. Social Role Theory states that due to this gender hierarchy, over time certain gender roles arose in society. Women and men tend to adjust themselves to these gender roles by gaining the skills and resources that are necessary in order to fulfil the role

successfully, and by adapting their behaviour to the role. People do this in order to meet the expectations that society has of their gender role (Eagly et al., 2000).

These differences in personalities have consequences for the business behaviour of women. Therefore, more female representation has an effect on the organization and the performance of the board. Post & Byron (2015) found that female representation on the board is positively related to two main tasks of the board of directors, namely monitoring and strategy involvement. They found that the positive relationship between female board representation and accounting returns holds stronger in countries with better shareholder protection. Campbell & Minquez Vera (2009) argue that the positive effect of board gender diversity is both short and long term. The stock market reacts positively to the announcement of a female board member, suggesting that investors believe that a female board member can add value to the firm. They also find a positive relationship between female board appointments and firm value over a longer period (Campbell & Minquez Vera, 2009).

Female representation on the board does however not only have a positive effect on firm performance, it also affects other aspects of the organization. According to recent findings, female board participation has a positive effect on a firm's innovation activity. More women on the board leads to innovative investments and development activities (Vafaei et al., 2021). Saggese et al. (2020) support this notion in their study, which states that more power of women directors leads to more R&D spending. In addition, Issa & Zaid (2021) found that more gender diversity in the board of directors is positively related to the environmental performance of the firm. Gender balance on the board leads to more environmentally friendly practices and effective eco-friendly strategies. Ben Moussa et al. (2022) state that gender diversity is also positively related to Corporate Social Responsibility. Female representation on the board of directors also has a positive effect on the Environmental, Social and Governance disclosure of a firm and has a desirable influence on the ESG performance (Arayssi et al., 2016). Literature suggests that women tend to act more ethically than men do. Cumming et al. (2015) find that having more women on the board reduces the probability of a firm engaging in fraudulent activities. They state that women have a greater ethical sensitivity and that they are less risk averse. Carlson (1972) suggests that this is due to the fact that men are more focused on achieving agentic goals such as personal achievement, while women are more focused on communal goals, such as the development of relationships. Women tend to be less harmful to others and are more nurturing (Radtke, 2000). Women are more likely to focus on strategies that prevent the worst outcome and are not willing to face the risk of being caught when committing fraud. This is due to the fact that women are less overconfident than men (Byrnes et al., 1999). The fact that women are more concerned with the community and care more about the wellbeing of others could be an important predictor of why companies with a more gender diverse board have more environmentally friendly practices and focus on Environmental, Social and Governance performance (Issa & Zaid, 2021; Arayssi et al., 2016)

Influence board of directors on organization

In the section above it has been established that the level of female representation on the board has consequences for the company. It is also important to look at the influence of the board of directors on the organization in general. At first sight, board members may not seem like the people who influence the organization the most, since board members are not involved in the daily operations of a company and employees are more in direct contact with the top management team and lower management than with the board members. While board members are not in direct contact with the employees every day, they certainly can influence the organization and its employees significantly. The board of directors has to monitor the top management team. They do this by involving themselves in the strategic decision-making and by counselling the top management team (Buchholtz et al., 2005). For example, board members have a huge influence on the CSR and environmental strategy decisions of a firm. As mentioned before, Sariya and Supeechea (2018) found that employees who work in a company that is actively concerned with the environment perceive a higher job satisfaction.

In addition, the board of directors determines the strategy, mission and vision of a company. This means that the board of directors also have a big influence on the norms and values of the company. The board of directors can determine a direction for the company and the top management team has to follow this direction. The board of directors can encourage a certain way of leadership, such as transformational leadership. The board should monitor whether the top management team acts in line with their idea of the right corporate culture (Vollmer, 2018).

Dezső and Ross (2012) found that female representation on the board of directors contributes to a culture in the company that is friendly to women and is concerned with the personal development of women at all levels of the organization. In addition, having women on the board of directors enhances the motivation and organizational commitment of women in middle and lower management positions (Dezső & Ross, 2012).

Female representation on the board and employee satisfaction

In the first section, the effects of women in the board of directors on different aspects of the firm have been examined. In the second section, the impact of board members on the organization in general have been established. This final section will be about the effect that female representation on the board of directors can have on the average employee satisfaction of an organization.

Employee satisfaction can be defined as follows: “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience” (Liu et al., 2012, p. 1362). Many factors are possible influences on employee satisfaction. Motivation from management is determined in literature as an important predictor for employee satisfaction. Motivation makes employees feel more internally supported and makes them more committed to the job (Shakil, 2020). Another important determinant

is democratic leadership. In companies that employ a democratic leadership style, the employees have a voice in the decision-making process. This makes employees feel that their opinions and ideas are valued in the organization (Bhatti et al., 2012). Other important factors are salary, education and development, healthcare facilities and workload (Almansour, 2021).

As established in a previous section, women are perceived as more transformational leaders than men are (Saint-Michel, 2018). Transformational leaders are known for the fact that they respect the goals of their employees, provide them with confidence and stimulate motivation. In sum, transformational leaders are very focused on the development of employees and want them to succeed (Dvir et al., 2002). As stated before, motivation from management is an important predictor for employee satisfaction. Therefore, transformational leaders are highly appreciated by employees. Transformational leaders also value individual consideration; they recognize that each employee has different goals and needs, and that this calls for one-on-one attention instead of general policies. Individual consideration contributes to the commitment of an employee to the organization. It creates a two-way communication stream in which employees also add value to the organization (Detert & Burris, 2007). This makes employees experience more democratic leadership under a transformational leader. Democratic leadership is, as stated before, perceived as positive by employees.

In addition to attention for personal development, employees also value a leader who cares about society and the community the company operates in. Therefore, a high number of effective CSR initiatives leads to a higher employee satisfaction and lower employee turnover rates (Jain et al., 2018). Women are generally more concerned with societal issues since they have more desire for social relations and are more focused on communal goals than men are (Carlson, 1972). In addition, according to the study by Nadeem et al. (2020) women also tend to be more active with environmental innovation issues. Sariya and Supeechea (2018) show that employees who work in a 'green building' at a company that is concerned with environmental factors perceive higher job satisfaction.

On the basis of the literature review, I come to the following conclusion: In this study, I expect that employees who work in a company with a higher percentage of women on the board of directors perceive a higher average employee satisfaction than employees who work in a company with fewer women on the board. This leads to the following hypothesis:

Hypothesis 1: As the percentage of women on the board of directors increases, the average employee satisfaction of a company will increase as well.

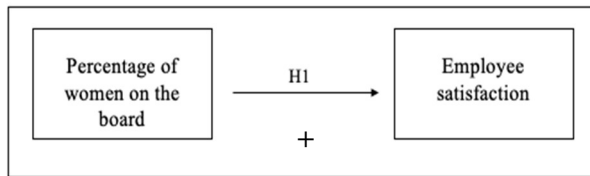


Figure 1: Conceptual model hypothesis 1

Hofstede's Cultural Dimensions as moderators

The expectation of this study is that a higher percentage of women on the board of directors will lead to a higher average perceived employee satisfaction in the company. However, it is likely that there are also situations in which this effect does not exist and might even be reversed. This section will be about exploring some of those situations.

Several international studies show that national culture has an influence on the level of employee satisfaction (Kristensen et al., 2002; Sousa-Poza and Sousa-Poza, 2000). The national culture of a country influences the behaviour, values and customs of every individual living in that country. Therefore, national culture might also impact the effect that the board of directors has on the organization. For example, in some cultures, it is valued to work as a collective, while in other cultures it is valued to work in a more individualistic way. In some cultures the board of directors will be more at a distance, while in other cultures the board of directors might be more involved (Darty-Baah, 2011).

In order to include national culture in this study, Hofstede's Cultural Dimensions will be used. Bhagat & McQuaid (1982) stated that "undoubtedly, the most significant cross-cultural study of work-related values is the one carried out by Hofstede". Geert Hofstede created six cultural dimensions with the aim to explain the cultural differences between countries. More specifically, he wanted to explain the impact of the differences in the cultural dimensions on the way business is done and the way companies work in several countries. The six cultural dimensions are the following; Power Distance Index (high versus low), Individualism Versus Collectivism, Masculinity Versus Femininity, Uncertainty Avoidance Index (high versus low), Long- Versus Short-Term Orientation and Indulgence Versus Restraint (Hofstede Insights, 2022). In this study, the focus will be on the Power Distance Index and Masculinity Versus Femininity, since those are expected to be most relevant in the relationship between board gender diversity and employee satisfaction. Naghavi et al (2021) already found in their research that Power Distance as well as Masculinity have a dampening effect on the relationship between board gender diversity and firm performance.

Power Distance Index (PDI)

Power distance is defined as follows: "The degree to which the less powerful members of a society expect and accept that power is distributed unequally" (Moonen, 2017, p.1152). In a country with a high Power Distance Index, decision-making is centralised and formal rules will extensively be used. In a country with a low Power Distance Index, there is less hierarchy and the chain of commands is

not always necessarily followed. Companies operating in a country with a low Power Distance Index have a higher degree of communication between functional or hierarchical layers of the organization than companies operating in high Power Distance Index cultures have. In a country with a high Power Distance Index, this hierarchy is however not perceived as obstructive; it is perceived as normal and existential. People feel dependent on their leader, taking initiative yourself is not common (Moonen, 2017).

Literature suggests that women are perceived to be more transformational leaders than men are. Transformational leaders are concerned with the personal development of their employees and provide them with individual consideration (Saint-Michel, 2018; Dvir et al., 2002). Engelen et al. (2014) found that when managers give their employees individual support, this has more positive influence in a culture with a low Power Distance Index than in cultures with a high Power Distance Index. Humberstad et al. (2007) conducted research about empowerment in China, a high power distance culture. They found that often people are so adjusted to the hierarchy and the dependence on their leaders' knowledge, that they often lack the skills and attitude to be empowered. They state that in order to successfully empower and motivate employees in cultures with high power distance, structural changes to the traditional hierarchy might be necessary (Humberstad et al., 2007). In addition, employees in high power distance cultures are less comfortable communicating with their superior directly and will engage in indirect and obedient communication manners (Koc, 2013).

Looking at the previously mentioned literature, it can be concluded that the Power Distance Index of a country has a huge influence on the way the board of directors of a company communicates and manages the employees. Employees in high power distance countries and therefore high power distance cultures are adjusted to a hierarchical work situation, where they receive clear instructions about their tasks and where there is very little room for input, personal development and one-on-one contact. Because this situation is so natural for employees in a high power distance culture, their willingness and capability to work in other circumstances will most likely be as good as absent. As stated in the previous section, a big contribution of women on the board of directors will increase their focus on creating two-way communication streams, individual consideration and the development of employees (Detert & Burris, 2007). However, when employees in high power distance cultures are not willing or able to be influenced by these female abilities, the effect of more women on the board of directors will be less influential.

On the basis of the above-mentioned literature, I come to the conclusion that the positive relationship between the percentage of women on the board of directors and the average employee satisfaction of the company is less strong when the company operates in a country with a high Power Distance Index.

Hypothesis 2: As the index of Power Distance increases, the relationship between the percentage of women on the board of directors and the average employee satisfaction will become less strong.

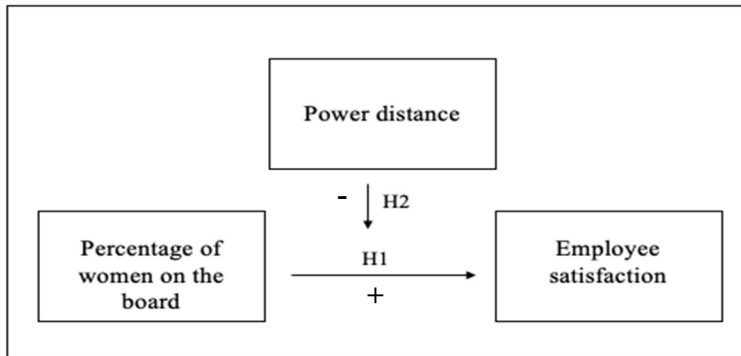


Figure 2: Conceptual model hypothesis 2

Masculinity versus Femininity

The second cultural dimension by Hofstede that will be discussed is Masculinity Versus Femininity. This dimension is divided into two sides. In a masculine society, achievement, heroism, assertiveness and material rewards for success are important values. Competitiveness is the standard in this society. In a more feminine society, there is more focus on cooperation, modesty, discretion, tolerance, solidarity, caring for the weak and quality of life. In a feminine society the focus is on people and trust (Moonen, 2017).

In general, women are more likely to engage in relationship oriented leadership styles, while men are more likely to engage in a more authoritative leadership style. Women are also more likely to form coalitions. Men do this less and when they do, it is often with personal gain as the main goal (Chapman, 1975). Men tend to be more competitive than women, while women tend to be more cooperative than men (Bowles & Flynn, 2010). Nurturance, attentiveness to and acceptance of others, responsiveness to their needs and motivations and empathy are traits that are often paired with the female personality. In addition to this, it is often stated that women care a great deal about respecting the values and relationships in the community. Men are more often described as self-interested, hierarchical, dominant, ignoring the personal side and materialistically driven. The focus of women in business is to surrender control, help and develop others and to build a network of relationships, while men are more focused on financial success (Fondas, 1997). These leadership characteristics are in line with the characteristics of transformational leadership (Al-edenat, 2018).

Masculine and feminine cultures have very different values (Moonen, 2017). It could therefore be presumed that in both cultures there are different preferences in management composition and in communication style with the upper management. At the same time, as described above, men carry out

very different leadership styles than women (Fondas, 1997). The different leadership profiles of men and women could be received very differently in a masculine than in a feminine culture and one could be preferred over the other based on the national culture. It is expected that in a more masculine culture, the leadership style of men is perceived as more successful, while in a more feminine culture the leadership style of women is perceived as more pleasant. Therefore, when the percentage of women on the board is high, it could be suggested that employees in a masculine culture perceive this as less positive since they prefer and are used to the leadership characteristics of men, while in a more feminine culture, the positive effects of more women on the board could be bigger since these employees prefer and are used to female characteristics.

On the basis of the above-mentioned literature, I come to the conclusion that the positive relationship between the percentage of women on the board of directors and the average employee satisfaction of the company is less strong when the company operates in a country with a masculine culture.

Hypothesis 3: As the index of Masculinity increases, the relationship between the percentage of women on the board of directors and the average employee satisfaction will become less strong.

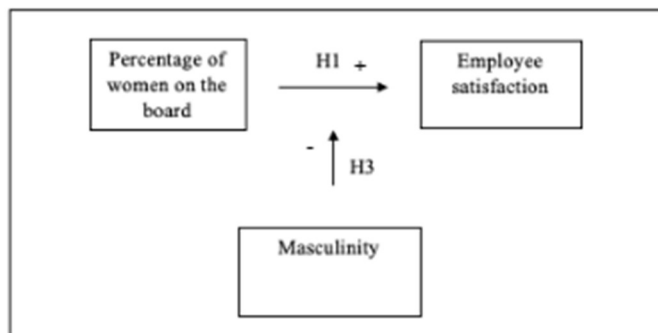


Figure 3: Conceptual model hypothesis 3

Final conceptual model

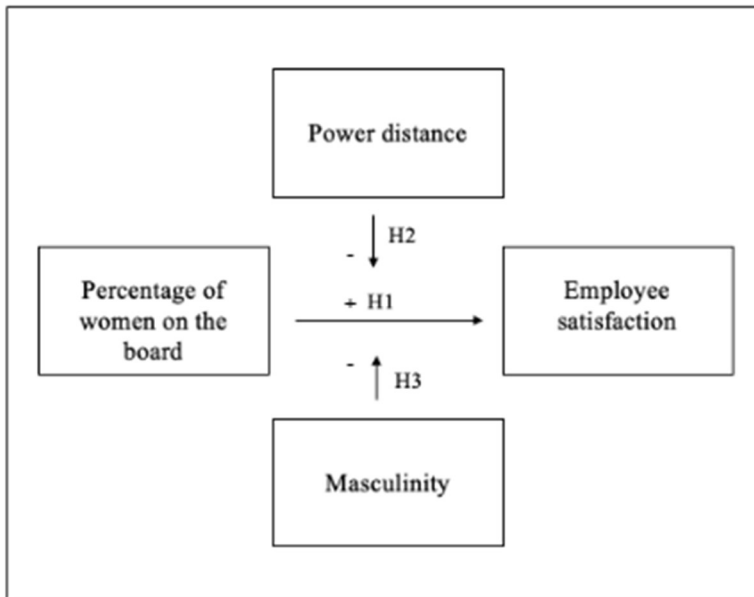


Figure 4: Final conceptual model

3 - Methodology

Context and sample

The context of this study is the gender diversity in 668 companies that are located in 18 different European countries. These countries are the following: Austria, Belgium, Czechia, Denmark, Finland, France, Germany, Italy, Ireland, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the UK. These companies and the information about women in leadership positions in these companies are retrieved from a report published by an association called European Women on Boards. EWoB is a European umbrella association that is concerned with gender equality at the decision-making level in Europa. EWoB is a non-profit organization that is based in Brussels and whose aim is to increase gender diversity in C-Suite and Board roles throughout Europe (EWoB, 2022). C-Suite is a vernacular that refers to the highest executive level of a company. The name C-Suite comes from the titles of senior executives, which often begin with the letter C for “chief”, such as CEO or CFO (Investopedia, 2021). The report published by EWoB is called Gender Diversity Index of Women on Boards and in Corporate Leadership. The report is about the year 2021 and was published January 20th, 2022. The project that was organized in order to create the report was co-funded by the Rights, Equality and Citizenship Programme of the European Union (EWoB, 2022).

The report analyses the share of women in all leadership positions, the share of women on boards, the share of women in executive functions and the share of women in board committees. The aggregate of these four indicators is called the Gender Diversity Index. As mentioned, the EWoB did this for 668 companies from 18 European countries. Most of these 668 companies are publicly quoted companies and listed in the STOXX Europe 600 index. The Stoxx Europe 600 is a Stock index of European stocks that has a fixed number of 600 components representing large, mid and small companies in 17 European countries. The other companies are extracted from national stock listings in Austria, Ireland, Luxembourg, Poland and Portugal (EWoB, 2022).

The data used in the report was collected and analysed by Kantar Public. Kantar Public is a company that specialises in data analysis and brand consultancy. They are based in the United Kingdom (Kantar Public, 2022). The data collection process consisted of two stages. The first stage was to collect data of leadership through an extensive review of websites and annual reports of companies listed in the index. The second stage was to give the companies the possibility to review and validate or contradict the data collected about their leadership positions. After these two stages were completed, Kantar Public calculated the various indicators used in this report. The process of data collection is described more extensively in Appendix 1. In the report, a caveat is given regarding the data. This caveat is therefore also relevant for this study. The caveat states that the data used in the report were compiled in June, July and August 2021 and after that companies had the possibility to validate or contradict the

data until September 2021. Therefore, the report represents the situation from summer to October 2021. Of course, leadership positions in companies change relatively regularly. Therefore, it should be mentioned that the possibility exists that the situation of some companies has changed by the time this report is published and read (EWoB, 2022).

It should also be mentioned that not all countries are represented equally in the report. Of the 668 companies used in the report, 19% are from the UK, 12% are from France and 10% are from Germany. Other countries represent a smaller share. The representation of all the countries is shown in Figure 5 below. Some sectors are also represented more than other sectors. Initially, the researchers categorised the companies in the 19 sectors used in the STOXX Europe 600. However, for some sectors the number of companies was too low to be tolerated. Kantar Public therefore chose to regroup the sectors. The regrouping of the sectors is shown in Figure 6 below (EWoB, 2022)




















COUNTRY	Number of companies in the dataset	COUNTRY	Number of companies in the dataset
 Austria	20	 Netherlands	27
 Belgium	16	 Norway	19
 Denmark	21	 Poland	20
 Finland	16	 Portugal	16
 France	76	 Spain	23
 Germany	72	 Sweden	62
 Ireland	20	 Switzerland	53
 Italy	33	 UK	133
 Luxembourg	9	 Czechia	11
 Greece	27		

Figure 5: Division companies over countries. Retrieved from: Gender Diversity Index of Women on Boards and in Corporate Leadership by European Women on Boards (p.101)

SECTOR	SUB-SECTOR	Number of companies in the dataset	Number of companies aggregated
Technology & Media	Telecommunications	24	78
	Technology	40	
	Media	14	
Construction & Real Estate	Real Estate	45	73
	Construction & Materials	28	
Consumption Goods & Retail	Retail	26	104
	Personal & Household Goods	39	
	Food & Beverages	33	
Basic Resources & Chemicals	Oil & Gas	24	70
	Chemicals	22	
	Basic Resources	24	
Financial & Insurance Services	Insurance	34	116
	Financial Services	37	
	Banks	45	
Industrial Goods & Services	Industrial Goods & Services	105	118
	Automobiles & Parts	13	
Health Care & Pharma	Health Care	55	56
	Utilities	35	
Other	Travel & Leisure	18	53

Figure 6: Division of companies over sectors. Retrieved from: Gender Diversity Index of Women on Boards and in Corporate Leadership by European Women on Boards (p.101)

Since this source, to my knowledge, has not been used in academic research before, below I will perform a random selection where I check some numbers mentioned in the report Gender Diversity Index of Women on Boards and in Corporate Leadership in the annual reports of the companies. This way I can confirm the accuracy of the report.

Company	Number of women on the board of directors/ total number of board members (as of May 16th 2022)	Mentioned in the report
Ryanair	4 / 11	4 / 10
Accor	5 / 12	5 / 12
Tesco	4 / 14	4 / 14
Vodafone	6 / 13	5 / 12
Unilever	5 / 11	5 / 11
Burberry	6 / 12	6 / 12
Adecco	4 / 8	3 / 7
Hermes	7 / 14	6 / 14
Admiral Group	6 / 12	6 / 12
Reckitt	4 / 12	5 / 12
ING Group	3 / 9	3 / 9
Zalando	5 / 9	5 / 9

Table 1: Check numbers in EWoB report

The left column shows the companies that I checked, the middle column shows the ratio number of women on the board of directors / total number of board members that I found for this company and the right column shows the number of women on the board of directors / total number of board members ratio that was mentioned in the report by EWoB. I checked 5% of the 240 companies that I will use in my analysis (see next section for explanation of the number 240), meaning that I checked 12 companies. I only checked the ratio of the number of the board members since this is the ratio I will use as my independent variable. As the table above shows, 5 of the 12 companies show a difference between the ratio in the EWoB rapport and the ratio that I found. However, none of these differences are problematic since the difference for each company is no larger than 1. These differences are most likely due to the fact that since 2021 there have been small changes in the board of directors, and are not due to an error by the EWoB.

Dependent variable: employee satisfaction

The dependent variable in this study will be employee satisfaction. The values for employee satisfaction were retrieved from Glassdoor. Glassdoor is a website where employees can individually rate their employers. This is done anonymously. Employees rate their employer on a scale from 1 to 5. Employees have to rate their employer on five separate subjects. These subjects are: culture & values, diversity & inclusivity, work/life balance, senior management, salary and secondary working conditions and career possibilities. For all companies used in this study, the average employee satisfaction for 2021 will be used. This will be calculated by adding all the ratings of 2021 and dividing the total by the number of reviews. Only the ratings from 2021 will be used since the percentage of women on boards is also based on 2021 in the report Gender Diversity Index of Women on Boards and in Corporate Leadership 2021.

$$\text{Average employee satisfaction 2021} = \frac{\text{sum of all reviews 2021}}{\text{number of reviews 2021}}$$

The ratings on the website are provided on the own initiative of the employees. They have not been obtained through more conventional survey methods. However, they have been widely externally validated as a measure of employee satisfaction on the firm level (Creek et al., 2017). Huang et al. (2015) in their study validated Glassdoor as a legitimate source for research purposes. They took a sample of 993 companies and compared this sample of Glassdoor employee satisfaction to a list by Fortune magazine of the “100 Best Companies to Work For”. Huang et al. found that for the companies that were listed in the list by Fortune magazine, the employee satisfaction provided by Glassdoor were significantly higher than the mean employee satisfaction of the sample (Huang et al., 2015).

The study of O'Reilly et al. (2014) only used the Glassdoor ratings of firms where the rating was based on at least the reviews of 64 employees. The number of 64 reviews reduces a border which, when passed, reduces the likelihood of spurious results that could occur when a lower number of reviews would be used. After excluding the companies that received less than 64 reviews in 2021, of the 668 companies included in the original report, 240 companies from 16 countries remain that will be included in the analysis of this study. The companies are divided over the 16 countries as shown in Figure 7 below:

		Country	
		Frequency	Percent
Valid	Austria	5	2.1
	Belgium	6	2.5
	Denmark	9	3.8
	Finland	7	2.9
	France	55	22.9
	Germany	23	9.6
	Ireland	6	2.5
	Italy	13	5.4
	Luxembourg	2	.8
	Netherlands	13	5.4
	Norway	6	2.5
	Portugal	3	1.3
	Spain	10	4.2
	Sweden	15	6.3
	Switzerland	15	6.3
	UK	52	21.7
	Total	240	100.0

Figure 7: Division companies over countries in analysis

Independent variable: percentage women on the board

For the independent variable, the percentage of women on the board of directors of the companies will be used. This percentage is retrieved from the report Gender Diversity Index of Women on Boards and in Corporate Leadership 2021 provided by the association European Women on Boards. In the section ‘context and sample’ of this thesis is described how the European Women on Boards association gathered their data. The percentage of women on the board is calculated as follows:

$$\text{Percentage of women on the board of directors 2021} = \frac{\text{number of women on the board 2021}}{\text{number of total board members 2021}}$$

The percentage will be between 0% and 100% for each company, 0% indicated that none of the board members are female while 100% indicates that all women on the board are female.

Moderating variables: Power Distance & Masculinity

The moderating variables in this study are two of the cultural dimensions by Hofstede, namely Power Distance and Masculinity. The values for these cultural dimensions will be retrieved from Hofstede Insights¹. On this website, you can retrieve the values for the six cultural dimensions by Hofstede for most countries in the world. The value ranges from 0 to 100. 0 is the lowest possible value and 100 is the highest possible value. For my moderating variables, I will retrieve the values of Power Distance and Masculinity for the 16 countries I use in my study. These countries being: Austria, Belgium, Denmark, Finland, France, Germany, Italy, Ireland, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.

¹ <https://www.hofstede-insights.com/product/compare-countries/>

These values that are retrieved from the website are at the country level. The dependent and independent variables are retrieved at the firm level. Each company will get a value of Power Distance and Masculinity based on where their headquarters are located. For example, if the headquarters of a company is located in Germany, this company will have the values of Power Distance and Masculinity of Germany. Many countries also operate in other countries than the country where their headquarters is based, however the values, processes and norms of the home country are often of the most influence (Godiwalla, 2016). For this reason, the location of the headquarters has been chosen as the determinant for the level of Power Distance and Masculinity.

Control variables

Firm size

The first control variable that will be added to the analysis is firm size. Firm size will be included as a control variable since firm size can have an effect on employee satisfaction. Carlos García-Serrano (2011) states in his research that employees working in larger firms often face far worse working conditions than employees working in smaller firms. He found that employees that work in companies with at least 500 employees face the worst working conditions (García-Serrano, 2011). Firm size will be included in terms of number of employees. In addition, the turnover of a company will also be included in the analysis as a control variable. Both the number of employees and the turnover have been retrieved from Glassdoor. Glassdoor uses categories for this information. These categories are included in the analysis as follows:

Category number	Number of employees	Turnover
0	<i>Not applicable</i>	10-25 million
1	1-500 employees	25-50 million
2	501 - 1000 employees	50-100 million
3	1001-5000 employees	100-500 million
4	5001-10000 employees	500 million -1 billion
5	10000+ employees	1-2 billion
6	<i>Not applicable</i>	2-5 billion
7	<i>Not applicable</i>	5-10 billion
8	<i>Not applicable</i>	10+ billion

Table 2: Categories control variables number of employees & turnover

Number of reviews

The number of reviews per company in 2021 provided on Glassdoor has a wide range. Therefore, this number will be included for every company as a control variable in order to make sure that the wide range in number of reviews does not affect the employee satisfaction.

Percentage of women executive level

The percentage of women in the executive level will be included as a control variable since this percentage could also affect the employee satisfaction. The focus of this study is the influence of the board of directors on employee satisfaction, however the executive level could also have a significant influence on employee satisfaction, since they are partly responsible for setting the corporate culture (Carson, 2019). Therefore, this variable is important to include in the analysis.

Gender Diversity Index (GDI)

The Gender Diversity Index is a value calculated by the European Women on Boards. The Gender Diversity Index is a value that represents the situation of gender equality in leadership positions in a company. A value of 1 represents a situation of perfect gender equality in leadership positions. A value below 1 represents that the fulfilment of leadership positions is skewed towards men. A value above 1 means the opposite, the leadership is skewed towards women. For visualisation reasons, the Gender Diversity Index score is always shown with two digits. The score is always between 0.00 and 2.00. In this report, some companies may appear to have exactly the same GDI score, however when all digits would have been shown it is possible that the GDI scores differ (EWoB, 2022). The Gender Diversity Index is an aggregate of the following four aspects:

- The share of women in all leadership positions. This number accounts for only the absolute number of women and men. This means that when one person fulfils two or more positions, he or she is only counted once. (Weight 50%)
- The share of women on boards. The board is the highest layer of decision-making and is commonly called the board of directors or the supervisory board. (Weight 20%)
- The share of women in executive functions. This means C-level executives (CEO, CFO, etc), second layer of leadership and third layer of decision-making (when present). (Weight 20%)
- The share of women in board committees. (Weight 10%)

The calculation process is described more extensively in Appendix 2 and an example is provided (EWoB, 2022). This variable is relevant as a control variable since it could be that the presence of women in other leadership positions than the board of directors also influences the employee satisfaction of the company.

Sector

Beiu & Davidescu (2018) found that the sector has a significant influence on job satisfaction. They found that the level of job satisfaction is highest in the services, manufacturing and agriculture sector. In constructing the lowest level of job satisfaction was found. Since there exists a significant relationship between sector and job satisfaction. The sector of the company will be included as a control variable. The sectors that are used in the report Gender Diversity Index of Women on Boards and in Corporate Leadership will be used as categories. These sectors being; technology & media, construction & real estate, consumption goods & retail, basic resources & chemicals, financial & insurance services, industrial goods & services, health care & pharma and other sectors. The companies are divided over the sectors as depicted in Figure 8 below.

		Sector	
		Frequency	Percent
Valid	C&RE	23	9.6
	T&M	41	17.1
	F&IS	38	15.8
	BR&C	29	12.1
	IG&S	28	11.7
	HC&P	18	7.5
	CG&R	42	17.5
	Other	21	8.8
	Total	240	100.0

Figure 8: Division companies over sectors in analysis

Analysis

For the analysis, an Ordinary Least Squares Regression will be conducted. Employee satisfaction will be the dependent variable in this analysis. The percentage of women on the board will be the independent variable. Power distance and masculinity will be added as moderator variables. Number of employees, turnover, number of reviews, the percentage of women on the executive level, the GDI, sector and power distance and masculinity separately will be added in the analysis as control variables.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_1 X_2 + \beta_5 X_1 X_3 + \beta_t X_t + \epsilon$$

The analysis will be done in five steps and models. The first model only includes the control variables and the moderators separately. In the second model the independent variable will be included. In the third model the first interaction effect will be included. In the fourth model the second interaction effect will be included and the first interaction effect will be excluded. In the fifth and final model all variables will be included. This way, all the hypotheses will be tested correctly.

Research ethics

The research ethics of this study can be ensured in several ways. To begin, all academic journals and other sources used in this study are cited properly. In addition, I pledge that plagiarism has not been committed. Secondly, the data used in this study is not manufactured or manipulated. All data is kept as original data. Thirdly, all data used in this study is anonymous. There is no way to trace back the names or other personal information from the people used in the data sample. Fourthly, all data has been retrieved from public databases and therefore there is no risk for a data leak. Lastly, this study will be published in the Radboud University thesis repository. Therefore, all interested parties can check the methodology and results of this study.

4 - Results

In this chapter, the results of the analysis will be discussed. First, the descriptive statistics and correlations will be examined. Secondly, the results will be analysed to see whether hypotheses are supported or not. Finally, some additional analyses will be conducted that will possibly lead to different results than the main analyses.

Descriptive statistics

Before starting the actual analysis, it is important to examine the descriptive statistics of the data. It is important to check whether there are odd values in the descriptive statistics, since this could be a sign that the data must be altered. In addition, it is important to check for missing data and when there is missing data, whether this is random or non-random. The table of descriptive statistics shows the following:

Descriptive Statistics									
	N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Deviation Statistic	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
EmployeeSatisfaction	240	2.956	4.512	3.77068	.273097	-.303	.157	.363	.313
PercentagewomenBoard	240	.000	.636	.38860	.098532	-.619	.157	1.211	.313
PowerDistance	240	11.00	68.00	43.8125	16.24789	.400	.157	-1.056	.313
Masculinity	240	5.00	79.00	48.5250	21.72324	-.710	.157	-.748	.313
NumberReview	240	64.00	5584.00	456.2667	666.09658	3.766	.157	19.495	.313
Turnover	240	.00	8.00	6.7625	1.70584	-1.843	.157	3.546	.313
Number_employees	240	1.00	5.00	4.6625	.71348	-2.121	.157	4.052	.313
GDI	240	.110	1.130	.64675	.171446	-.495	.157	.820	.313
PercentagewomenExecutive	240	.000	.833	.22639	.131648	.511	.157	1.104	.313
Sector	240	1	8	4.35	2.234	.146	.157	-1.281	.313
Valid N (listwise)	240								

Figure 9: Descriptive statistics

Figure 9 shows the descriptive statistics, the number of observations, minimum and maximum value, mean, standard deviation, skewness and kurtosis are shown. First, I check whether there is any missing data. Missing data is accepted when less than 10% of the data is missing, however this rule only applies when the missing data is random. When the missing data is non-random, this must be examined further even when the missing data is less than 10% (Hair et al., 2018). However, in this dataset there is no missing data. For all variables the number of observations (N) is 240. The lack of missing data is due to the fact that all the data is manually gathered and not retrieved from a data set. For the dependent variable, employee satisfaction, the values range between 2.956 and 4.512 with a mean of 3.77068. The range of this value is around 1.5 which is relatively low, which means that there is little spread in the values. For the independent variable, the percentage of women on the board of

directors, the values range between 0% and 63.6%. The mean of this variable is 38.86%. Power distance and masculinity are possible moderators in this analysis. The values for power distance range between 11 and 68 with a mean of 43.81. The values for masculinity range from 5 to 79, meaning there is more spread in this variable. The mean is 48.53. The control variables show no missing values. The mean of both the turnover and the number of employees is relatively high. This is due to the fact that all companies used in the analyses are publicly quoted companies and therefore relatively large companies. The maximum value for the number of reviews is 5584, this is very high given that the mean is only 456. Furthermore, it stands out that the mean for the percentage of women in the executive level of the companies is low, namely 22.64%.

According to Hair et al. (2010) and Byrne (2010) acceptable values for skewness are between -2 and +2. Acceptable values for kurtosis are between -7 and +7. When this is the case, it means that the skewness and kurtosis of this variable do not problematically differ from the normal distribution. When checking for skewness, it can be concluded that only the variable number of reviews and the number of employees fall outside the acceptable values. For kurtosis, only the number of reviews has an unacceptable value. Since both of these variables are control variables, this is not problematic.

Correlations

Figure 10: Correlations

		EmployeeSatisfaction	PercentagewomenBoard	PowerDistance	Masculinity	NumberReviews	Turnover	Number_employees	GDI	PercentagewomenExecutive	Sector
EmployeeSatisfaction	Pearson Correlation	1	-.012	-.147*	-.026	.041	.069	.006	.105	.141*	-.182**
	Sig. (2-tailed)		.850	.022	.688	.523	.287	.925	.105	.029	.005
	N	240	240	240	240	240	240	240	240	240	240
PercentagewomenBoard	Pearson Correlation	-.012	1	.267**	-.092	.046	.022	-.040	.752**	.239**	-.026
	Sig. (2-tailed)	.850		<.001	.155	.476	.739	.534	<.001	<.001	.683
	N	240	240	240	240	240	240	240	240	240	240
PowerDistance	Pearson Correlation	-.147*	.267**	1	-.059	.032	-.070	-.060	.142*	-.112	.021
	Sig. (2-tailed)	.022	<.001		.359	.627	.283	.352	.028	.083	.744
	N	240	240	240	240	240	240	240	240	240	240
Masculinity	Pearson Correlation	-.026	-.092	-.059	1	.128*	.047	-.010	-.104	-.135*	.106
	Sig. (2-tailed)	.688	.155	.359		.048	.467	.876	.107	.036	.101
	N	240	240	240	240	240	240	240	240	240	240
NumberReviews	Pearson Correlation	.041	.046	.032	.128*	1	.181**	.181**	.066	.065	.102
	Sig. (2-tailed)	.523	.476	.627	.048		.005	.005	.309	.318	.115
	N	240	240	240	240	240	240	240	240	240	240
Turnover	Pearson Correlation	.069	.022	-.070	.047	.181**	1	.285**	-.002	-.056	.098
	Sig. (2-tailed)	.287	.739	.283	.467	.005		<.001	.981	.392	.130
	N	240	240	240	240	240	240	240	240	240	240
Number_employees	Pearson Correlation	.006	-.040	-.060	-.010	.181**	.285**	1	-.043	-.058	.128*
	Sig. (2-tailed)	.925	.534	.352	.876	.005	<.001		.509	.371	.048
	N	240	240	240	240	240	240	240	240	240	240
GDI	Pearson Correlation	.105	.752**	.142*	-.104	.066	-.002	-.043	1	.706**	-.115
	Sig. (2-tailed)	.105	<.001	.028	.107	.309	.981	.509		<.001	.074
	N	240	240	240	240	240	240	240	240	240	240
PercentagewomenExecutive	Pearson Correlation	.141*	.239**	-.112	-.135*	.065	-.056	-.058	.706**	1	-.181**
	Sig. (2-tailed)	.029	<.001	.083	.036	.318	.392	.371	<.001		.005
	N	240	240	240	240	240	240	240	240	240	240
Sector	Pearson Correlation	-.182**	-.026	.021	.106	.102	.098	.128*	-.115	-.181**	1
	Sig. (2-tailed)	.005	.683	.744	.101	.115	.130	.048	.074	.005	
	N	240	240	240	240	240	240	240	240	240	240

*, Correlation is significant at the 0.05 level (2-tailed).

**, Correlation is significant at the 0.01 level (2-tailed).

Figure 10 shows the correlations between the variables and their significance levels. Hair et al. (2018) created boundaries in order to determine the strength of the correlation. A correlation between 0 and 0.3 is very weak, a correlation between 0.3 and 0.5 is weak, a correlation between 0.5 and 0.7 is moderate and a correlation above 0.7 can be considered strong (Hair et al., 2018). In this study a significance level of 0.05 will be used. The only correlation above 0.3 is the correlation between the percentage of women on the board of directors and the GDI of the company. This is explainable since the GDI is partly based on the percentage of women on the board of directors. Besides this correlation, there are no correlations found with a value above 0.3, which means all other correlations are very weak.

Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	PercentagewomenBoard	.248	4.030
	PowerDistance	.839	1.192
	Masculinity	.927	1.079
	NumberReview	.864	1.158
	Turnover	.876	1.141
	Number_employees	.868	1.152
	GDI	.129	7.738
	PercentagewomenExecutive	.277	3.615
	Sector=C&RE	.509	1.965
	Sector=T&M	.389	2.573
	Sector=F&IS	.410	2.442
	Sector=BR&C	.443	2.256
	Sector=IG&S	.467	2.142
	Sector=HC&P	.563	1.777
	Sector=CG&R	.393	2.545

Figure 11: Multicollinearity

Finally, we check for multicollinearity. Figure 11 shows the Tolerance and VIF for every variable. Hair et al. (2010) state that a tolerance that is lower than 0.2 and a VIF that is higher than 4.0 might indicate multicollinearity. When the tolerance is below 0.1 and the VIF is above 10.0, the multicollinearity is problematic and should be corrected for. Only the VIF of the percentage of women on the board of directors is slightly above 4.0, with 4.030. Since this value only just crosses the value of 4.0 and is not near the 10.0, this is not considered as problematic.

Analysis of the hypothesis

In order to test the hypothesised effects, a multiple linear regression analysis will be conducted. A multiple linear regression analysis is the right analysis method since all dependent and independent variables are numeric. The moderator variables will be included in terms of interaction variables with the independent variable. The hypothesis will be tested in five steps using five models. The first model only includes the control variables and the moderators separately. In the second model the independent variable will be included. In the third model the first interaction effect will be included. In the fourth model the second interaction effect will be included and the first interaction effect will be excluded. In the fifth and final model all variables will be included.

In Table 3, the results of all the five models are displayed. The t-value, B-coefficient and significance level are shown. The complete results are shown in Appendix 3. Hypothesis 1 states that as the percentage of women in the board increases, the employee satisfaction of a company will increase as well. This hypothesis is not supported. In Model 5, the percentage of women on the board of directors has a p value of above 0.05 (0.487). In addition, the unstandardized beta coefficient has a negative value (- 0.457). This means that when the percentage of women on the board of directors increases, the employee satisfaction is expected to decrease. This is not in line with the hypothesis.

Hypothesis 2 and 3 are the following; As the index of Power Distance increases, the relationship between the percentage of women on the board and the employee satisfaction will become less strong and as the index of Masculinity increases the relationship between the percentage of women on the board and the employee satisfaction will become less strong. This hypothesis is also not supported, both interaction effects have p-values of above 0.05 in Model 5, the p-value is 0.900 for Power Distance and the p-value is 0.555 for Masculinity. The unstandardized beta coefficient for Power Distance is negative, meaning that an increase in value makes the relationship less strong. The unstandardized beta coefficient for Masculinity is positive, meaning that an increase in value makes the relationship stronger.

Of all the control variables, only the variable sector has a significant effect on employee satisfaction. Since sector is included as a dummy variable, other sectors were used as the reference category. In all sectors used in this analysis, the employee satisfaction is higher than in other sectors. It should be mentioned that in Model 1, 2 and 4, where the interaction between power distance and the percentage of women on the board of directors is not included, power distance separately does have a significant effect on employee satisfaction. However, in Model 3 and 5, where the interaction between power distance and the percentage of women on the board of directors is included, this relationship is non-significant.

	Model 1		Model 2		Model 3		Model 4		Model 5	
Variables	Coefficient	Sign.	Coefficient	Sign.	Coefficient	Sign.	Coefficient	Sign.	Coefficient	Sign.
Percentage of women on the board of directors			- 0.994 (- 0.345)	0.321	- 0.493 (- 0.294)	0.622	- 1.140 (- 0.517)	0.256	- 0.696 (- 0.457)	0.487
Power Distance	- 2.078** (- 0.002)	0.039	- 2.003** (- 0.002)	0.046	- 0.369 (- 0.002)	0.712	- 2.017 (- 0.002)	0.045**	- 0.355 (- 0.002)	0.723
Masculinity	- 0.411 (0.000)	0.682	- 0.506 (0.000)	0.613	- 0.505 (0.000)	0.614	- 0.710 (0.002)	0.479	- 0.712 (0.002)	0.477
Percentage of women on the board of directors * Power Distance					- 0.107 (-0.001)	0.915			- 0.126 (-0.001)	0.900
Percentage of women on the board of directors * Masculinity							0.589 (0.004)	0.556	0.592 (0.004)	0.555
Number of reviews	0.576 (0.000)	0.565	0.581 (0.000)	0.562	0.583 (0.000)	0.561	0.592 (0.000)	0.555	0.593 (0.000)	0.553
Turnover	1.032 (0.011)	0.303	1.038 (0.011)	0.303	1.041 (0.011)	0.299	1.020 (0.011)	0.298	1.025 (0.011)	0.307
Number of employees	-0.173 (-0.004)	0.863	-0.205 (-0.005)	0.838	- 0.221 (- 0.005)	0.834	- 0.224 (- 0.006)	0.823	-0.230 (-0.006)	0.818

GDI	0.540 (0.083)	0.590	1.126 (0.312)	0.261	1.111 (0.309)	0.268	1.042 (0.291)	0.298	1.025 (0.288)	0.306
Percentage of women in the executive level	0.263 (0.052)	0.793	- 0.381 (0.052)	0.562	- 0.371 (-0.092)	0.711	- 0.344 (-0.085)	0.731	- 0.332 (-0.082)	0.740
Sector = C&RE	3.087** (0.249)	0.002	2.985** (0.242)	0.003	2.965** (0.241)	0.003	2.965** (0.242)	0.003	2.960** (0.241)	0.003
Sector = T&M	3.865** (0.280)	<0.001	3.814** (0.277)	<0.001	3.768** (0.276)	<0.001	2.981** (0.274)	<0.001	3.708** (0.272)	<0.001
Sector = F&IS	3.620** (0.263)	<0.001	3.573** (0.260)	<0.001	3.531** (0.259)	<0.001	3.757** (0.261)	<0.001	3.528** (0.260)	<0.001
Sector = BR&C	3.945** (0.305)	<0.001	3.721** (0.292)	<0.001	3.704** (0.291)	<0.001	3.572** (0.292)	<0.001	3.702** (0.292)	<0.001
Sector = IG&S	2.754** (0.213)	0.006	2.694** (0.209)	0.008	2.670** (0.208)	0.008	3.720** (0.210)	0.007	2.675** (0.209)	0.008
Sector = HC&P	3.037** (0.260)	0.003	2.899** (0.250)	0.004	2.891** (0.250)	0.004	2.909** (0.251)	0.004	2.901** (0.251)	0.004
Sector = CG&R	3.278** (0.233)	0.001	3.190** (0.228)	0.002	3.177** (0.228)	0.002	3.192** (0.228)	0.002	3.178** (0.228)	0.002
R2	0.123		0.127		0.127		0.128		0.128	

Dependent variable = Employee Satisfaction

** p < 0.05

Table 3: t-value, B coefficient and significance level model 1, 2, 3, 4 & 5 of multiple regression analy

Additional analysis

Since the original analysis did not yield any significant results to support the hypothesis, a different analysis has been performed. A logistic regression analysis has been done where the dependent variable is a categorical variable. The dependent variable has been recoded into two categories. A = the value is above the mean and B = the value is below the mean. The mean of employee satisfaction is 3.77068. Figure 12 shows the results of this logistic regression analysis. The figure shows that still only the p-values for the dummy variables from the variable sector are below 0.05. The p-value for the percentage of women on the board of directors is 0.573, for the moderation effect of Power Distance the p-value is 0.672 and for the moderation effect of Masculinity the p-value is 0.454, so above 0.05. Meaning that this additional logistic regression did not yield significant results in order to support the hypotheses. Since the analysis yielded no significant results, only the variables in the equation table has been included in this study, since the other tables are irrelevant.

		Variables in the Equation					
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	PercentagewomenBoard	-.557	5.212	.011	1	.915	.573
	PowerDistance	.005	.038	.018	1	.895	1.005
	Masculinity	.016	.023	.525	1	.469	1.017
	NumberReview	.000	.000	1.229	1	.268	1.000
	Turnover	-.060	.085	.502	1	.479	.942
	Number_employees	-.139	.207	.454	1	.500	.870
	GDI	-.051	2.254	.001	1	.982	.950
	PercentagewomenExecutive	-.608	1.991	.093	1	.760	.544
	Sector			13.101	7	.070	
	Sector(1)	-1.717	.718	5.724	1	.017	.180
	Sector(2)	-1.759	.665	6.996	1	.008	.172
	Sector(3)	-1.526	.663	5.300	1	.021	.217
	Sector(4)	-2.303	.716	10.361	1	.001	.100
	Sector(5)	-1.468	.697	4.443	1	.035	.230
	Sector(6)	-2.421	.786	9.485	1	.002	.089
	Sector(7)	-1.484	.651	5.193	1	.023	.227
	InteractionPOWERDISTANCE	.038	.091	.179	1	.672	1.039
	InteractionMASCULINITY	-.043	.058	.560	1	.454	.958
	Constant	2.093	2.272	.849	1	.357	8.113

a. Variable(s) entered on step 1: PercentagewomenBoard, PowerDistance, Masculinity, NumberReview, Turnover, Number_employees, GDI, PercentagewomenExecutive, Sector, InteractionPOWERDISTANCE, InteractionMASCULINITY.

Figure 12: Logistic regression

Finally, a linear regression analysis has been done where a control variable is altered. The variable number of reviews has a wide range of observations from a minimum of 64 to a maximum of 5,584. For this analysis, the outliers of the variable number of reviews have been excluded. All values with a value above 1,000 are defined as an outlier and therefore have been excluded. There were 20 observations with a value of above 1,000. Meaning that 220 of the 240 original observations remain. The analysis that was performed in Model 5 of the main analysis was performed again with the adjusted variable number of reviews. The results of this analysis are shown in Figure 13 below. This control variable however still did not significantly help explain the employee satisfaction since the p value is above 0.05 (0.227). This means that even when the outliers are excluded from this variable, the number of reviews still does not significantly help to explain employee satisfaction.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.487	.186		18.744	<.001
	PercentagewomenBoard	-.221	.385	-.080	-.574	.567
	PowerDistance	-.002	.001	-.093	-1.274	.204
	Masculinity	-.001	.001	-.047	-.677	.499
	Turnover	.010	.012	.060	.835	.405
	Number_employees	.015	.029	.040	.532	.596
	GDI	.246	.307	.157	.801	.424
	PercentagewomenExecutive	-.072	.271	-.035	-.266	.790
	Sector=C&RE	.216	.086	.242	2.509	.013
	Sector=T&M	.249	.079	.330	3.141	.002
	Sector=F&IS	.237	.080	.302	2.979	.003
	Sector=BR&C	.253	.084	.309	2.993	.003
	Sector=IG&S	.194	.080	.237	2.415	.017
	Sector=HC&P	.250	.097	.224	2.574	.011
	Sector=CG&R	.222	.077	.294	2.901	.004
	NumberReviewAdjusted	.000	.000	-.092	-1.212	.227

a. Dependent Variable: EmployeeSatisfaction

Figure 13: Coefficients Robustness check

5 - Discussion

The aim of this study has been to investigate the relationship between the percentage of women on the board of directors and the employee satisfaction. Currently, the gender diversity stream of literature is mostly focused on the effect of gender diversity on the financial or innovative performance of a firm. However, since men and women generally have very different personality profiles, it is very plausible that there is a significant difference in the way men and women govern and communicate with their employees. Therefore, the purpose of this study was to contribute to the literature by investigating the effect of a more gender diverse board on the human resources of organizations, instead of only the financial resources. The expectation was that an increase in the percentage of women on the board of directors would lead to an increase in employee satisfaction. In addition, this study investigated the moderating effects of the culture dimensions by Hofstede, Power Distance and Masculinity, the expectation was that a high power distance index and a high masculinity index would decrease the strength of the relationship between the percentage of women on the board of directors and the employee satisfaction. In the figure below, an overview has been given of the relationships found in this study.

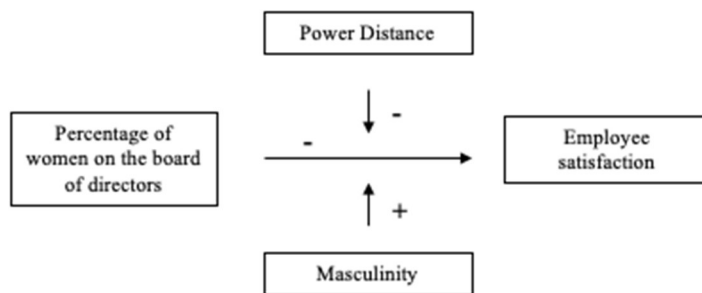


Figure 14: Regression results

Main effect

Unfortunately, none of the above displayed relationships are significant. The percentage of women on the board of directors does not significantly contribute to explaining employee satisfaction. In addition, the non-significant relationship that is found is a negative relationship. This means that when the percentage of women on the board of directors increases, the employee satisfaction decreases. This contradicts hypothesis 1. A possible explanation for this negative relationship could lay in the roots of Social Role Theory. While many researchers state that women are more concerned with the personal development, motivation and organizational commitment of their employees, and therefore should contribute to a higher employee satisfaction, it could be that the expected social role of women stands in their way (Dezsö & Ross, 2012). Society has certain expectations of the roles that men and women

play (Eagly et al., 2000). Women are perceived as more caring and socially-skilled, while men are perceived as more dominant and assertive. Traditionally, these male traits are often valued more for top leadership positions than the female traits are (Pew Research Center, 2020). This traditional and possibly old-fashioned value system could be a cause of the higher perceived employee satisfaction when the percentage of men in the board of directors is higher. However, when society learns to value female characteristics as appropriate leadership characteristics, this could potentially lead to a higher employee satisfaction since it is proven that caring and social female characteristics can improve employee satisfaction. Studies have shown that the gender stereotypes about leadership are not as strong anymore now as they were in the 1970s and the 1980s (Pew Research Center, 2020). This provides a positive perspective for the role women can play in increasing employee satisfaction.

In addition to the relationship between the percentage of women on the board of directors and the employee satisfaction being negative and therefore contradicting hypothesis 1, the relationship is also insignificant. There could be many reasons for the insignificant result. One possible explanation could be the fact that the board of directors plays a relatively limited role in the day-to-day work of the employees. This study is based on the notion that the board of directors determines the direction and strategy of the company, chooses the CEO and the rest of the executives, provides management with advice and performs a monitoring function (Mace, 2014). The expectation of this study was that, while the influence of the board of directors is mostly indirect, this could still significantly impact employee satisfaction since the board of directors makes important decisions that impact all employees. While through these functions the board of directors, indirectly, has a large influence on the daily operations and therefore the employee satisfaction, it is possibly not the most influential factor for the way employees perceive their job. In the end, employees have far more encounters with managers that are present in the workplace on a daily basis and from which they receive guidance and orders (Perry & Shivdasani, 2005). It could therefore be that the percentage of women on the executive level plays a more significant role in contributing to employee satisfaction. However, the percentage of women in executive level functions has been included in this research as a control variable and this has also led to an insignificant and negative relationship with employee satisfaction. Therefore, it is possible that even the executive level is too far from the day-to-day operations in order to significantly influence employee satisfaction. Possibly, in order to find a significant result, one should seek even lower in the organization. Middle- and team managers have a large influence on employee satisfaction since they are most in contact with the employees of the firm. The visions and strategies that the board of directors and the executive level have been eventually carried out by the lower managers (Starner, 2016).

While the solution for the insignificant results, as mentioned above, could be caused because the board of directors is too far away from the employees in the organization, it could also be rooted in some

assumptions made in gender diversity literature. It is often concluded that men and women differ a great deal in their personality and leadership style. As stated in the literature section of this study, when looking at the women tend to score higher on the Big Five personality traits neuroticism, agreeableness and extraversion (Weisberg et al., 2011). With regard to leadership style, women tend to execute a more democratic and transformational leadership style than men do (Saint-Michel, 2018). However, literature states that it is often difficult for women to make changes and fully utilise their potential in an organization. For this reason, it could be questioned whether women can actually fully use their unique personalities without obstacles in an organization. This subject is still somewhat of a “black box”, since there is little evidence on how the leadership of women really affects the organization (Hoobler et al., 2018). In addition, it could be stated that these assumptions are too traditional and short-sighted. The leadership style of a person is likely influenced by other factors, such as individual personality, identity and level of power in the organization, instead of solely by gender. Therefore, the narrow focus on gender differences might fall short and does not take into account other factors that influence one’s leadership style (Hoobler et al., 2018).

Moderation effects

In this research, Power Distance and Masculinity are proposed as possible moderators for the relationship between the percentage of women on the board of directors and the employee satisfaction. However, both moderators did not deliver a significant result, meaning that both Power Distance and Masculinity do not significantly impact the relationship between the percentage of women on the board of directors and the employee satisfaction. The expectation was that both Power Distance and Masculinity would have a negative moderation effect on the relationship between the percentage of women on the board of directors and the employee satisfaction, meaning that the relationship would become less strong when Power Distance or Masculinity would increase. This is only true for Power Distance. For Masculinity, a positive moderation effect has been found, meaning that the relationship between the percentage of women on the board of directors and employee satisfaction would become stronger when Masculinity increases. Since the main effect shows a negative relationship, meaning that a higher percentage of women on the board of directors leads to a lower employee satisfaction, the positive moderation effect of Masculinity is explainable. Fewer women on the board having a stronger influence on employee satisfaction in a more masculine culture makes sense since in a masculine society it is expected that men on the board are valued more than women on the board (Moonen, 2017).

The negative moderation effect of power distance could be explained as it was before, cultures with more Power Distance are influenced less by the board of directors than cultures with less Power Distance since there is more distance, therefore the impact of the board of directors on the employee satisfaction is lower in countries with a higher Power Distance (Humberstad et al., 2007). However,

both moderation effects are so low that the interpretation is not necessarily relevant. The insignificance of the results is possible due to the fact that the main effect is insignificant. It could also be due to the fact that some countries, and therefore some levels of Power Distance and Masculinity, are represented in the sample far more than others.

Finally, it should be mentioned that for companies that operate in a country with a high Power Distance and a high Masculinity index, the percentage of women on the board of directors is often lower than for companies that operate in a country with a low Power Distance and a low Masculinity index. Humphries (2020) found significant support for the hypothesis that as the index of Power Distance increases, the percentage of women on the board decreases. Carrasco et al. (2012) found that in cultures with a lower Masculinity index, there is a higher percentage of women in leadership positions. Therefore, it is plausible that the percentage of women on the board of directors would be correlated with Power Distance or Masculinity. In this study both correlations are below 0.3 meaning they are weak. However, it might be interesting to investigate the relationship between the cultural dimensions by Hofstede and the percentage of women on the board of directors further, possible in a study with a greater number of observations.

Limitations and further research

The first limitation is the relatively low number of observations of 240 compared to the total dataset of 668 companies. This low number is due to the fact that a minimum of 64 reviews on Glassdoor in 2021 was set as a requirement in order to prevent spurious results. While it is good that the chance of spurious results has been limited, having more observations in the analyses would have potentially led to more significant results. In further research, I recommend this number of observations to be higher in order to increase the chance of finding significant results.

Another limitation is the subjectivity of Glassdoor. Glassdoor is a very helpful website where employees can rate their company. It is however possible that the reviews on Glassdoor are somewhat biased since it is often the case that only people who are very satisfied or very unsatisfied post a review. It could therefore be that the average employee satisfaction that was retrieved from Glassdoor could differ from the average employee satisfaction from all the employees of the company. In addition, employees can only rate their company with a rounded number, for example '4'. The data would have been more precise if employees could also rate their company with a decimal behind the comma. In order to solve this problem, for further research I would recommend finding a database with more specific data on the subject of employee satisfaction or to conduct a survey which will generate very specific results.

In this study, the employee satisfaction and the percentage of women on the board of directors has both been used from only 2021. Future researchers could investigate the same relationship between the percentage of women on the board of directors and employee satisfaction, but do this through panel data. Panel data uses observations of the same variables at different moments in time. For example, a further study could compare the percentage of women on the board of directors and the employee satisfaction for the previous 5 years. This way, it can be analysed whether an increase or decrease in employee satisfaction is related to an increase or decrease in the percentage of women on the board of directors over the years. This method would provide a more detailed analysis of the relationship and would go further than only including 2021, which was done in this study.

Power distance and masculinity are used as possible moderators. For each company the power distance and masculinity index score of the country where the headquarters is based is used in the analysis. Naturally, it is possible that a specific company in a certain country experiences a different power distance and masculinity than the average of the company, due to a different company culture than is regular in that country. Therefore, I recommend scholars to find a way to include the specific company culture in their further research, instead of the general national culture. This would make such a moderator even more relevant. In addition, all the companies in the sample are publicly listed and are therefore relatively large companies. Many of these companies have other offices besides the headquarters that might be located in other countries. However, in this research this has not been taken into account. On Glassdoor there is no way to divide the employees that work in different offices around the world in different groups. Therefore, it might be the case that some reviews of employees that work in other countries than the headquarters is located are linked to the wrong power distance and masculinity index score. In further research, this should be controlled for.

Due to the fact that the data was gathered manually and was not retrieved from an existing dataset, the number of control variables is relatively low. This is due to the fact that more data was simply not available for all companies included in the analysis or it would cost too much time to gather this data since the period to complete this research is relatively short. For example, the average salary would have been a relevant control variable, unfortunately gathering that information for all the included companies was beyond the bounds of possibility.

In this study, the relationship between the percentage of women on the board of directors and employee satisfaction was negative. However, the relationship between the percentage of women on the board of directors and the control variable the GDI of a company had a positive direction. The Gender Diversity Index represents the situation of gender equality in several leadership positions in a company. While this result was also insignificant, the positive nature of this relationship could imply that a higher percentage of women in certain leadership positions, other than the board of directors,

does positively influence employee satisfaction. Therefore, an interesting topic for further research could be to examine the effect of other leadership positions, such as middle managers or board committees, on employee satisfaction. Literature widely confirms the notion that the caring and social abilities of females should have a positive influence on employee well-being (Dvir et al., 2002; Detert & Burris, 2007). For this reason, it is crucial that further research focuses on finding out at what level of a company women can effectively transfer these positive abilities to the employees, since this study could not find significant results for that to be the case at the board level.

Finally, the critique by Hoobler et al. (2018) states that the notion that men and women significantly differ in their leadership styles is too short-sighted and traditional. Leadership style consists of many more elements than only gender. While there are general ideas of the personalities of men and women, each person still has their own individual personality which cannot be generalised through gender. In the study, there has not been accounted for personal leadership style or other personality features. This is due to the fact that the companies used in this study are too large and of a too high number in order to be able to successfully gather this specific data. For further research, it could be highly relevant to take these personal leadership differences into account.

Managerial and societal relevance

This study provided insignificant results for the relationship between the percentage of women on the board of directors and employee satisfaction. Therefore, no recommendations can be made about increasing gender diversity in the board of directors. However, other recommendations can be made based on the insignificant results. The insignificant relationship between the percentage of women on the board of directors and employee satisfaction could indicate that too often the board of directors has too little influence on the day-to-day operations of a firm. Important roles of the board of directors are to establish objectives, strategy and policies. However, in most cases top management is mostly responsible for this task. The board of directors have the right to object and veto these plans, however in reality this right is rarely exercised (Mace, 2014). I would recommend for this to change. The board of directors is an organ that has been established for a reason, to advise and monitor the executive level of the firm and to create a direction for the company. When the board of directors influences the decisions of the executive level more, it is possible that this will increase their level of contact with the employees of the organization and possibly increase their satisfaction.

As established before, the relationship between the percentage of women on the board of directors and employee satisfaction in this study was negative. Since there is evidence in literature that women possess characteristics that could positively influence employee satisfaction, I recommended management to actively find ways to use their female leaders in the most effective way (Detert & Burris, 2007; Dvir et al., 2002). The board of directors and the top management should investigate

why this negative relationship can exist and should find ways to use the helpful characteristics of their females in leadership positions as an asset. However, organizations should also consider the notion that gender diversity is not the most important factor in choosing their leaders. It is plausible that personality, identity and level of power are more relevant in choosing the right person (Hoobler et al., 2018).

This however does not take away the societal relevance of gender equality. It is very important that the stereotypes that exist about leadership in society are battled. The classical male characteristics should not be seen as the only characteristic that can lead to successful leadership anymore. Society should become more accepting of the characteristics of women and should embrace them. This way women can become more successful in their leadership positions and can utilise their full potential in adding value to organizations and hopefully help increase employee satisfaction in the future. Women should be able to do so without the obstacles that are currently still present. Still, study showed that from the board of directors, women are not able to influence an organization enough in order to generate significant results.

6 - Conclusion

The research question of this study was the following:

What is the effect of the percentage of women on the board of directors on employee satisfaction and what are the moderating effects of the cultural dimensions, power distance and masculinity on this relationship?

This question was raised since the gender diversity stream of literature was merely focused on the financial and innovative performance of a firm and attention to the human resources of a firm was missing. This study investigated this question by using the average employee satisfaction of 2021 from 240 companies in 16 European countries, which was derived from Glassdoor. In addition, the percentage of women on the board of directors was gathered from a report created by the association European Women on Boards called Gender Diversity Index of Women on Boards and in Corporate Leadership. The culture dimensions by Hofstede, Power Distance and Masculinity were used as moderators in the analysis. Since this study was not able to find support for any of the proposed hypotheses, the main contribution of this study are the recommendations for further research that derive from the insignificant results. The main recommendation is to investigate at what place in the organization and in what way women can efficiently utilise their unique leadership abilities and use them to affect the organization in a positive manner.

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Appendix

Appendix 1 - Process of data collection European Women on Boards

Process of data collection

The process for collecting the data for this report was as follows:

- › Kantar Public researchers reviewed publicly available information on companies' governance, as available on companies' websites and/or in their annual reports.
- › Kantar Public developed a database which had the following structure:
 - . company name;
 - . company sector (as per STOXX Europe 600);
 - . country of registration;
 - . layer 1 of decision making;
 - . layer 2 of decision making;
 - . layer 3 of decision making (if available);
 - . C-suite;
 - . committees.
- › for each company and each of the indicators, the researchers entered into the database:
 - . the actual names of people in given roles;
 - . their function as per company title;
 - . their function according to the categories used for analysis (for example layer 1 or C-suite);
 - . their gender;
 - . the source of the data.
- › the raw data for this assignment therefore comprise nominal information about all persons in companies' governance as per publicly available sources;
- › data were subsequently verified by Kantar Public by
 - a) reviewing a random selection of entries and b) by searching for missing data and outliers.

This process was followed by a window during which companies were given the opportunity to validate or amend the data. This was done in the following manner:

- › A list of contacts for Public Relations teams from all companies was compiled. These teams were the recipients of information about the research project;
- › Each company received an email with a unique link to a survey. The survey link contained pre-completed information as contained in Kantar Public's database.
- › Companies could use the link to either click 'validate' (for each entry) or correct the information by mid-October.

- › Respondents were informed of the purpose of the research and were sent multiple reminders. As outlined in the email, the absence of a reply was taken as a confirmation of the validity of the data.

Calculation of indicators – why are certain companies not included in the index?

Once the window for data validation was closed, Kantar Public proceeded to data processing and the calculation of all indicators.

The calculation of GDI was done only for those companies for which data was available in all four indicators that comprise the index. This means that, in total, 647 companies were included in the overall Gender Diversity Index. For the remaining 21 companies, only partial information was available via public sources and these were therefore not included in the overall index. They were, however, included in the calculation of the other indicators where data were available.

Sectors

There are 19 sectors listed in the STOXX Europe 600: Health care, Food & Beverage, Technology, Insurance, Industrial Goods & Services, Real Estate, Construction & Materials, Retail, Automobiles & Parts, Personal & Household Goods, Media, Oil & Gas, Basic Resources, Chemicals, Banks, Financial Services, Travel & Leisure, Utilities and Telecommunications.

For some of these sectors, however, the initial number of companies in the dataset was too low to allow a meaningful analysis by sector. Kantar Public has therefore regrouped the sectors as shown in the table below.

Appendix 2 - Calculation of the Gender Diversity Index

Calculation of the Gender Diversity Index (GDI)

This is a composite indicator that is calculated for each company. It comprises four strands:

- › the absolute share of women in leadership. This indicator has a weighting of 50%;
- › the share of women on the Board (layer 1 of decision making). This indicator has a weighting of 20%;
- › the share of women at executive level (C-level executives and layers 2 and 3 of decision making). This indicator has a weighting of 20%; and
- › the share of women in all committees. This indicator has a weighting of 10%.

Using these weights, the index would range from 0 to 1 with an ideal value of 0.5. For ease of reading of the index it was decided that it would be more reader friendly to recalibrate the index so that it ranges from 0 to 2, with 1 as the ideal value. Zero index value would mean no women in leadership and 2 value would mean no men in leadership.

Taking the example of a hypothetical company:

- Absolute share of women = 39%, with a weight of 50% = 0.195
- Women on the board = 33%, with a weight of 20% = 0.066
- Women at the executive level = 29%, with a weight of 20% = 0.058
- Women in committees = 45%, with a weight of 10% = 0.045
- $0.195 + 0.066 + 0.058 + 0.04 = 0.359$
- $0.359/0.5 = 0.72$

Based on this index, numbers that are above 1 mean there are disproportionately more women than men in the governance of a given company. Numbers below 1 mean that there are disproportionately more men than women involved in the governance of the company.

For easier visualisation, the GDI scores are displayed with two digits (from 0.00 to 2.00). Companies that may appear to have the same GDI score may actually show differences when all digits are taken into account.

Appendix 3 - Regression results Model 1, 2, 3, 4 & 5

Appendix 3.1 - Model 1 Model Summary & Coefficients

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.350 ^a	.123	.068	.263638

a. Predictors: (Constant), Sector=CG&R, GDI, Turnover, Sector=HC&P, Masculinity, PowerDistance, Sector=C&RE, NumberReview, Number_employees, Sector=F&IS, Sector=BR&C, Sector=IG&S, PercentagewomenExecutive, Sector=T&M

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.529	.171		20.643	<.001
	PowerDistance	-.002	.001	-.141	-2.078	.039
	Masculinity	.000	.001	-.027	-.411	.682
	NumberReview	1.586E-5	.000	.039	.576	.565
	Turnover	.011	.011	.069	1.032	.303
	Number_employees	-.004	.026	-.012	-.173	.863
	GDI	.083	.154	.052	.540	.590
	PercentagewomenExecutive	.052	.198	.025	.263	.793
	Sector=C&RE	.249	.081	.269	3.087	.002
	Sector=T&M	.280	.072	.387	3.865	<.001
	Sector=F&IS	.263	.073	.353	3.620	<.001
	Sector=BR&C	.305	.077	.365	3.945	<.001
	Sector=IG&S	.213	.077	.251	2.754	.006
	Sector=HC&P	.260	.086	.251	3.037	.003
	Sector=CG&R	.233	.071	.326	3.278	.001

a. Dependent Variable: EmployeeSatisfaction

Appendix 3.2 - Model 2 Model Summary & Coefficients

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.356 ^a	.127	.068	.263645

a. Predictors: (Constant), Sector=CG&R, GDI, Turnover, Sector=HC&P, Masculinity, PowerDistance, Sector=C&RE, NumberReview, Number_employees, Sector=F&IS, Sector=BR&C, Sector=IG&S, PercentagewomenExecutive, Sector=T&M, PercentagewomenBoard

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.557	.173		20.521	<.001
	PercentagewomenBoard	-.345	.347	-.125	-.994	.321
	PowerDistance	-.002	.001	-.137	-2.003	.046
	Masculinity	.000	.001	-.033	-.506	.613
	NumberReview	1.601E-5	.000	.039	.581	.562
	Turnover	.011	.011	.069	1.038	.300
	Number_employees	-.005	.026	-.014	-.205	.838
	GDI	.312	.277	.196	1.126	.261
	PercentagewomenExecutive	-.094	.246	-.045	-.381	.704
	Sector=C&RE	.242	.081	.261	2.985	.003
	Sector=T&M	.277	.073	.382	3.814	<.001
	Sector=F&IS	.260	.073	.349	3.573	<.001
	Sector=BR&C	.292	.078	.349	3.721	<.001
	Sector=IG&S	.209	.078	.246	2.694	.008
	Sector=HC&P	.250	.086	.241	2.899	.004
	Sector=CG&R	.228	.071	.318	3.190	.002

a. Dependent Variable: EmployeeSatisfaction

Appendix 3.3 - Model 3 Model Summary & Coefficients

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.356 ^a	.127	.064	.264228

a. Predictors: (Constant), InteractionPOWERDISTANCE, Sector=F&IS, Turnover, Masculinity, Sector=HC&P, PercentagewomenExecutive, Sector=C&RE, NumberReview, Number_employees, Sector=IG&S, Sector=BR&C, Sector=CG&R, PercentagewomenBoard, Sector=T&M, GDI, PowerDistance

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.538	.248		14.253	<.001
	PercentagewomenBoard	-.294	.595	-.106	-.493	.622
	PowerDistance	-.002	.005	-.106	-.369	.712
	Masculinity	.000	.001	-.033	-.505	.614
	NumberReview	1.609E-5	.000	.039	.583	.561
	Turnover	.011	.011	.070	1.041	.299
	Number_employees	-.005	.026	-.014	-.210	.834
	GDI	.309	.278	.194	1.111	.268
	PercentagewomenExecutive	-.092	.248	-.044	-.371	.711
	Sector=C&RE	.241	.081	.261	2.965	.003
	Sector=T&M	.276	.073	.381	3.768	<.001
	Sector=F&IS	.259	.073	.347	3.531	<.001
	Sector=BR&C	.291	.079	.349	3.704	<.001
	Sector=IG&S	.208	.078	.245	2.670	.008
	Sector=HC&P	.250	.086	.241	2.891	.004
	Sector=CG&R	.228	.072	.317	3.177	.002
	InteractionPOWERDISTANCE	-.001	.011	-.039	-.107	.915

a. Dependent Variable: EmployeeSatisfaction

Appendix 3.4 - Model 4 Model Summary & Coefficients

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.358 ^a	.128	.065	.264029

a. Predictors: (Constant), InteractionMASCULINITY, Sector=BR&C, Number_employees, Sector=HC&P, PowerDistance, Sector=IG&S, Sector=C&RE, PercentagewomenExecutive, Turnover, NumberReview, Sector=F&IS, Sector=CG&R, PercentagewomenBoard, Sector=T&M, GDI, Masculinity

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.638	.221		16.458	<.001
	PercentagewomenBoard	-.517	.453	-.186	-1.140	.256
	PowerDistance	-.002	.001	-.138	-2.017	.045
	Masculinity	-.002	.003	-.160	-.710	.479
	NumberReview	1.632E-5	.000	.040	.592	.555
	Turnover	.011	.011	.068	1.020	.309
	Number_employees	-.006	.026	-.015	-.224	.823
	GDI	.291	.279	.183	1.042	.298
	PercentagewomenExecutive	-.085	.247	-.041	-.344	.731
	Sector=C&RE	.242	.081	.261	2.981	.003
	Sector=T&M	.274	.073	.378	3.757	<.001
	Sector=F&IS	.261	.073	.349	3.572	<.001
	Sector=BR&C	.292	.079	.349	3.720	<.001
	Sector=IG&S	.210	.078	.247	2.700	.007
	Sector=HC&P	.251	.086	.243	2.909	.004
	Sector=CG&R	.228	.072	.318	3.192	.002
	InteractionMASCULINITY	.004	.007	.145	.589	.556

a. Dependent Variable: EmployeeSatisfaction

Appendix 3.5 - Model 5 Model Summary & Coefficients

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.358 ^a	.128	.061	.264614

a. Predictors: (Constant), InteractionMASCULINITY, Sector=BR&C, Number_employees, Sector=HC&P, PowerDistance, Sector=IG&S, Sector=C&RE, PercentagewomenExecutive, Turnover, NumberReview, Sector=F&IS, Sector=CG&R, PercentagewomenBoard, Sector=T&M, GDI, Masculinity, InteractionPOWERDISTANCE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.616	.281		12.856	<.001
	PercentagewomenBoard	-.457	.657	-.165	-.696	.487
	PowerDistance	-.002	.005	-.103	-.355	.723
	Masculinity	-.002	.003	-.161	-.712	.477
	NumberReview	1.642E-5	.000	.040	.593	.553
	Turnover	.011	.011	.069	1.024	.307
	Number_employees	-.006	.026	-.016	-.230	.818
	GDI	.288	.281	.181	1.025	.306
	PercentagewomenExecutive	-.082	.248	-.040	-.332	.740
	Sector=C&RE	.241	.082	.261	2.960	.003
	Sector=T&M	.272	.073	.376	3.708	<.001
	Sector=F&IS	.260	.074	.348	3.528	<.001
	Sector=BR&C	.292	.079	.349	3.702	<.001
	Sector=IG&S	.209	.078	.246	2.675	.008
	Sector=HC&P	.251	.086	.242	2.901	.004
	Sector=CG&R	.228	.072	.318	3.178	.002
	InteractionPOWERDISTANCE	-.001	.011	-.046	-.126	.900
	InteractionMASCULINITY	.004	.007	.146	.592	.555

a. Dependent Variable: EmployeeSatisfaction