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The Symbolic Management of Women on Company Boards: Evidence Using the UK Davies Review

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This paper tests for the presence of the symbolic management of women board directors. The data are based on companies in the UK FTSE All-Share Index between 1996 and 2017. Our sample experiences a sharp increase in the number of women board directors after a major reform in 2011, known as the Davies Review. While the Davies Review has triggered a rise in the number of women in non-executive director positions, these women continue to experience a disproportionate exit rate around 9 years of tenure. This is a symbolically significant moment because at 9 years directors are no longer considered 'independent' under the UK Governance Code. Notwithstanding the progress made following the Davies Review, the evidence presented here supports the view that women often serve on company boards for symbolic rather than substantive motives.

Introduction

Over recent years, there has been considerable interest in the experience of women directors on company boards, much of it appearing in the pages of this Journal. Most notably, Ryan and Haslam (2005) introduced the idea of a glass cliff facing women directors – owing to women being more likely to be appointed to troubled companies. Although called into question by Adams, Gupta and Leeth (2009) using American data, subsequent work by Ryan and Haslam (2009), Haslam *et al.* (2010), Mulcahy and Linehan (2014) and others affirmed the phenomenon while, at the same time, bringing out the importance of the institutional and psychological context (Allemand *et al.*, 2021). In investigating the glass cliff, one earlier contribution in this Journal (Main and Gregory-Smith, 2018) made use of a particular aspect of the institutional arrangements that characterize UK corporate governance, namely the 'comply or explain' choice of retaining non-executive directors after they have completed 9 years of service. It was found that this option was exercised less often for women than men, and this was taken to suggest that there was a form of symbolic management at play when it came to having women directors on the board (Brammer, Millington and Pavelin, 2009; Bao *et al.*, 2014). Once what was termed the 'cloak of independence' fell away (at 9 years of service), the attractiveness of women as board members was seen to diminish relative to men.

While this earlier work raised the possibility of the appointment of women directors being part of the symbolic management of the board, it was not possible, at that point, to establish a clear link between gender and the observed differential treatment regarding the discretionary extension of boardroom service beyond the 9-year mark. This is because directors are not randomly appointed to boards but subject to a selection process, and this

The authors are grateful for helpful comments from conference participants at EAWOP (2019) and EURAM (2020), and also from workshop participants at Edinburgh, Newcastle and Sheffield universities. Any remaining errors are our own.

leaves open the possibility that women on boards are somehow different from men – different in unmeasured ways. The methodological contribution of this paper is to present a test of this potential endogeneity issue. This test is made possible owing to the natural experiment situation created by the Davies Review (Davies, 2011). This introduced a change in the institutional environment that we will argue affords a clear way of testing for a causal link between the gender of non-executive directors and their survival on the board beyond the 9 years of service landmark.

To anticipate our argument, the Davies Review focused a spotlight on the representation of women at board level and, in so doing, placed a particular emphasis on having at least one woman director – delinquent boards being subject to adverse publicity in periodic progress reports issued by Davies (Davies, 2012, 2013, 2014, 2015). As such, the position of a woman director coming up to 9 years of completed service was significantly strengthened if they were the only woman on the board. We would, therefore, expect that subsequent to the 2011 Davies Review there would be a significant uplift in the chances of such a woman director being kept on under the 'comply or explain' arrangements. It is the contribution of this paper that by comparing the fate of such 'singleton' directors before and after the Davies Review, we are able to make use of a difference-in-differences estimate that addresses the concerns that the earlier results in Main and Gregory-Smith (2018) were driven by endogeneity in the form of unmeasured characteristics (e.g., differences in social capital).

The Davies Review (Davies, 2011) can be seen as part of a reform movement that has been taking place in many parts of the world, where there have been major policy initiatives to promote gender diversity in senior leadership at the boardroom level (Martínez-García and Gómez-Ansón, 2020; Terjesen, Aguilera and Lorenz, 2015; Yang *et al.*, 2019). In the United Kingdom, Davies has worked within the UK voluntary 'comply or explain' system of corporate governance (FRC, 2018). The voluntary approach adopted by the United Kingdom has been characterized as 'slow track', as opposed to the 'fast track' of statutory quotas (Mateos de Cabo *et al.*, 2022; Martínez-García, Terjesen and Gómez-Ansón, 2022), where the former 'generally leads to only symbolic acceptance of women's equality' (Mateos de Cabo *et al.*, 2022, p. 707). That said, Davies (2011) can be seen to have been manifestly effective, at least in terms of numbers appointed. The initial target, set in 2011, was that 25% of FTSE 100 board positions should be filled by women. This was achieved by 2015. Davies's final report (Davies, 2015) set the target that all FTSE 350 boards should comprise at least 33% women by 2020. To a large extent, this policy initiative is seen as a success, with 39.6% of FTSE 100 and 38.9% of FTSE 250 directorships being held by women in 2021 (Vinnicombe and Tessaro, 2022). But, as recognized in Vinnicombe, Atewologun and Battista (2019), it is about more than just numbers.

While this progress on numbers is welcome, questions remain as to whether the appointment of women to senior leadership positions does, in fact, always indicate equal treatment of men and women. The promotion of gender diversity in the boardroom is generally portrayed as progressive corporate governance reform. However, notwithstanding the empirical evidence of rising levels of representation of women in the boardroom, there remains a concern (Gunter, 2017) that the institutional logic underlying such appointments remains more closely associated with the symbolic management of corporate governance than any genuine substantive opening up of leadership roles to women. The apparent puncturing of the 'glass ceiling' (Hymowitz and Schellhardt, 1986) may be obscuring a very different experience that awaits women as board directors. The wider contribution of the current paper is to demonstrate that, notwithstanding the extensive efforts that have been made through the Davies Review (Davies, 2011), a gender-biased exit effect continues into the post-Davies period, undermining the notion that the appointment of a man or a woman to the boardroom is substantially the same.

Theoretical background and hypotheses

It has long been understood (Dandridge, Mitroff and Joyce, 1980; Pfeffer, 1981) that, in pursuing the success of an organization, management may undertake symbolic actions that although lacking in substance are nevertheless helpful in furthering that pursuit. In terms of its linkage with corporate governance, we follow Westphal and Park (2020) and regard symbolic management as being when

> … firm leaders adopt governance policies and structures that symbolize conformity to prevailing cultural values, while decoupling them from actual practices in ways that serve their political interests. (Westphal and Park, 2020, p. 1)

In our context, we argue that firm leaders are appointing women directors to symbolize conformity to both independent governance and gender diversity guidelines.

In Podolny, Khurana and Hill-Popper (2005, p. 12), the authors highlight how an organization's leadership can deploy symbolic behaviour in a way that 'infuses action with meaning'. The symbols in question can be created afresh, such as when deciding what to name a new organization (Glynn and Abzug, 2002). Alternatively, an association can be established with existing symbols, as in demonstrating conformity by adopting in-vogue management practices (Staw and Epstein, 2000). It is this latter approach, associated with existing symbols (in this case of independence and diversity), that proves most useful when analysing the appointment of women as non-executive board directors. A key mechanism through which such symbolic management operates in this situation is conformity (Cialdini and Goldstein, 2004). The conformity in question is to the isomorphisms of practice, as have been identified in the new institutionalism (DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Oliver, 1997; Scott, 1991). Key among these isomorphisms is a practice that, at first blush, can be seen as representing the straightforward application of principal–agent theory. After all, the appointment of non-executive directors is a commonplace agency-theory recipe for enhancing the independence of the board and tightening control (Fama and Jensen, 1983).

However, as Westphal and Graebner (2010) point out, agency theory has become institutionalized to the extent that such arrangements have become 'conventional wisdom' (Langevoort, 2006, p. 1553). In these circumstances, the defining characteristics of agency-theory inspired corporate governance arrangements have come to assume an institutionalized logic in their own right. These features are relied upon by investors and other stakeholders as assurances of compliance with accepted practice, rather than for their original underlying purpose. There is a 'taken-for-grantedness' that bestows both a normative and a cognitive legitimacy (Suchman, 1995) to the symbolic management of governance arrangements such as appointing independent non-executive directors.

Symbolic management is undertaken to ease the organization's passage towards achieving its purpose (Bednar, 2012; Westphal and Park, 2020). For example, resource dependence considerations (Pfeffer and Salancik, 1978) can result in pressure on the board to enhance its legitimacy by signalling its independence (Suchman, 1995) through conformance to existing corporate governance guidelines (FRC, 2018). In dealing with its external environment, both in securing capital and in developing trust with its suppliers and consumers, the organization benefits from the legitimacy that an independent gender-diverse board brings (Westphal and Graebner, 2010). As Pfeffer (1981, p. 4) argues: 'it is the task of management to provide explanations, rationalizations, and legitimation for the activities undertaken in the organization'. In this vein, the appointment of independent and gender-diverse non-executive directors offers a way of signalling the desired image (Terjesen, Couto and Morais, 2016), facilitating the symbolic management of the company's standing with its various stakeholders. The exact mechanisms are various but can include benefiting from a positive evaluation by significant stakeholders (Fiss and Zajac, 2004; Westphal and Zajac, 1998), or facilitating the acquisition of resources and business (Benjamin and Podolny, 1999; Dowling and Pfeffer, 1975; Pfeffer and Salancik, 1978).

A recent stream of research (Do *et al.*, 2023; Dimungu-Hewage and Poletti-Hughes, 2023; De-Amicis and Falconieri, 2023; Zattoni *et al.*, 2023) has attempted to examine the board decision-making that surrounds the appointment of women directors. Attributes that are associated with having women on boards include, for example, the deterrence of fraud (Cumming, Leung and Rui, 2015; Dimungu-Hewage and Poletti-Hughes, 2023), the disciplining of errant executives (Adams and Ferreira, 2009; Boutchkova *et al.*, 2021; Casu *et al.*, 2023), improved environmental performance (Do *et al.*, 2023; Manner, 2010; Terjesen, Sealy and Singh, 2009) and improved financial performance (Dezso and Ross, 2012; Post and Byron, 2015). But, of course, the appointment of women to boards can also be a token response to social pressure in favour of diversity (Torchia, Calabro and Huse, 2011). In particular, singletons (the only woman on the board) can be a manifestation of such tokenism (Kanter, 1977; Konrad, Kramer and Erkut, 2008), something that can be perpetuated by homophily in the selection of board directors (Farrell and Hersch, 2005; Gregory-Smith, Main and O'Reilly, 2014; Tinsley *et al.*, 2017).

The fact that women have a difficult time getting appointed to boardroom positions in the first place can be explained by drawing on the 'think manager, think male' literature and its portrayal of gender-biased stereotype thinking (Ellemers *et al.*, 2012; Hunt-Earle, 2012; Schein, 1973). This literature argues that there is a role-congruity conflict (Eagly and Karau, 2002) in that the characteristics associated with holding a senior leadership position are quite different from the stereotype characteristics associated with being a woman. These biased perceptions represent a hurdle for any woman seeking a boardroom directorship. However, when appointed as a non-executive director, independence serves as a shield against this bias. Any role congruity conflict is overridden, or at least dulled, by the symbolism of being classified as an independent director. On the other hand, when the shield of independence falls away (at the 9-year mark, under the UK Corporate Governance Code (FRC, 2018)), these self-same women are dropped from the board at a significantly higher rate than men (Main and Gregory-Smith, 2018), as gender-biased stereotypes and role congruity considerations (Eagly and Karau, 2002; Schein, 1973) resurface to their disadvantage.

This disproportionate treatment is possible because corporate governance in the United Kingdom rests predominantly on a set of voluntary guidelines that emerged from the work of a series of investigative committees set up by the institutions of the City of London. These committees include the likes of Cadbury (1992), Greenbury (1995), Hampel (1998), the Combined Code (2003), and Higgs (2003). The Combined Code is now regularly updated by the Financial Reporting Council in the form of the 'UK Corporate Governance Code' (FRC, 2018). The key underlying philosophy of the entire approach is that while companies are expected to comply with the provisions of the relevant code or guidelines, they are free to deviate from the recommended practice as long as they explain their reasons for non-compliance (usually in their respective annual reports). The major sanction against failure to do either ('comply' or 'explain') is the threat of delisting by the London Stock Exchange. More recently, the UK Government has added some underpinning statutory enforcement in the area of executive pay (DTI, 2002; GC100, 2013). However, by and large, the 'comply or explain' tradition prevails, as can be seen in the recent UK Corporate Governance Code (FRC, 2018):

> 10. The board should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director:
>
> - . . .
> - has served on the board for more than nine years from the date of their first appointment.
>
> Where any of these or other relevant circumstances apply, and the board nonetheless considers that the non-executive director is independent, a clear explanation should be provided. (FRC, 2018)

A typical example of such a 'comply or explain' approach can be found in the annual report of the FTSE 100 company, Kingfisher plc, when they explained their decision to extend the directorship of Michael Hepher past the 9 years of service that usually denotes the limit of independence:

> Mr Hepher's independence is assured through his continued application of his breadth of experience in a manner that provides challenge within a supportive context. He maintains strong principles, acting as the conscience of shareholders as well as an ambassador for the business. (Kingfisher (2009), p. 30).

Michael Hepher went on to serve for over 13 years on this board, from 9 January 1997 through to 17 June 2010. A point relevant to this paper is that Margaret Salmon was appointed by Kingfisher at the exact same time as Michael Hepher but stepped down from the board on 8 December 2006 after 9 years of service. While Margaret Salmon did not move to another board after Kingfisher, she continued in her existing position as non-executive director on another FTSE 100 board for a further 2 years. Clearly, Kingfisher could have offered an explanation similar to that given for Michael Hepher had they been so minded.

The 'comply or explain' approach lies at the heart of the efforts of the Davies Review (Davies, 2011) to improve boardroom gender diversity in the United Kingdom. Davies (2011) has added an emphasis on gender diversity to existing considerations regarding the appointment of directors. Prior to Davies, and as argued above, retaining women as directors on the board sent a symbolic signal of independent governance (so long as those directors served no more than 9 years). Post Davies, the independent governance consideration remains, but there is an additional signal in the case of women – in terms of satisfying these new recommendations regarding gender diversity. Of course, the large increase in the appointment of women to boards that we observe post Davies, could, in some cases, reflect substantive (non-symbolic) change towards a more gender-inclusive corporate environment. However, as will be shown below, the overwhelming majority of the new appointments of women are to non-executive positions. Non-executive appointments represent a fraction of the cost of an executive appointment. In our sample, the median non-executive director fee was £40,326 (at 2017 prices), in contrast to the median board director executive salary of £294,695 and total remuneration of £538,778. It follows that if companies are using the appointment of women symbolically, as a signal of independence, it would be in non-executive appointments where the increases would be observed. Consequently, we expect:

H1: Post Davies, the percentage of all women appointed to the board that are classed as independent non-executive directors will increase.

This is later tested in the final panel of Table 1.

In terms of the length of service, it is independence – a key status to the symbolic management of the organization's projection of its orthodoxy in corporate governance – that provides a shield for women in non-executive directorships. A shield against what might otherwise expose women to the gender-biased perceptions of role and trait congruity (Eagly and Karau, 2002) that can inhibit the progression of women into the senior leadership levels of an organization. However, the independence classification is lost after 9 years on the board, and with it the symbolism that is so valued by the organization. As directors, women then find themselves at a disadvantage to men. They are, consequently, significantly less likely to continue in their role past the 9-year anniversary of their appointment. This was the thrust of Main and Gregory-Smith (2018), and a successful replication of those results using our data (representing a longer time series) can be found in the Online Appendix.

It has been argued (Saeed and Riaz, 2023) that the position of women on boards can be viewed through an 'immunity perspective'. This derives from the legitimacy (DiMaggio and Powell, 1983) that women directors afford the board. This legitimacy is amplified due to the pervasive social pressure for gender diversity. Countering this, of course, is what Saeed and Riaz (2023) label the 'susceptibility perspective,' wherein the role-congruity biases (Eagly and Karau, 2002) that impede women's rise to leadership positions exert themselves. It can be argued that the impact of the Davies Review (Davies, 2011) swung the balance in favour of the immunity perspective, allowing women directors to survive longer in their boardroom positions. This would be expected to be true both in general (in terms of average boardroom tenure) and at the discretionary extension beyond 9 years of service. It follows that if the Davies Review has had any effect on improving the prospects of women directors in general and surviving beyond the 9-year discretionary reappointment mark in particular, we would expect the gap between the exit rates of men and women to close post Davies. The related hypotheses regarding any such improved post-Davies experience of women directors are:

H2a: Post Davies, among non-executive directors, women will have an average length of board service that is now closer to that of men.

H2b: Post Davies, among non-executive directors, women will exit the board after 9 years of service at a rate that is closer to that of men.

These are subsequently tested in Table 2.

As will be explained in greater detail below, an innovation of this paper is to make use of post-Davies (Davies, 2011) observations to clarify the link between gender and any differing rates of exit from the board at year 9. Any test of the differential exit rates of women versus men from company boards could be biased owing to the possible association between unobserved characteristics that differ between men and women and are associated with exiting the board. This muddies the water in terms of what is truly due to gender and what is due to unobserved characteristics such as social capital. The Davies Review (Davies, 2011) is an event that allows us to address this issue.

This opportunity arises because the status of singleton women directors was exogenously strengthened following the 2011 publication of the Davies Review. The heightened need to avoid the status of having an all-men board[1] meant that singleton women directors suddenly found themselves in a stronger position in terms of continuance in post than those who sat on boards alongside other women and thereby held a non-singleton status. By examining the relative experience of singleton versus non-singleton women directors at year 9, we can eliminate unobserved characteristics associated with gender. Absent symbolism, this emphasis on avoiding all-men boards should be seen in singleton women enjoying an uplift in the probability of their being kept on the board after year 9. In comparing women with other women, we cancel out any factors that may have been claimed to be unique to women and otherwise explain their departure from the board. We can, therefore, focus our analysis on the fate of these singleton women in the knowledge that any symbolic management effect in exiting the board at year 9 is unlikely to be contaminated by endogeneity. If, subsequent to the Davies Review, a director's 9-year anniversary is now to hold no special significance for women, then singleton women should thereafter see a reduction in their exit rates at the 9-year anniversary, compared with other women.

This leads to our third hypothesis, which is subsequently tested in Figure 2 and in Table 3:

H3a: Post Davies, singleton women will have an average length of board service that is longer than that of non-singleton women.

H3b: Post Davies, singleton women will exit the board after 9 years of service at a lower rate than had previously been the case.

The next section considers the data and variables used, and discusses the estimation techniques in some detail.

[1]The pressure being exerted by the Davies Review is clear from the successive 'naming and shaming' in annual progress reports, e.g., Davies (2014, p. 5): 'There are now only two all-men boards in the FTSE 100 and 48 in the FTSE 250, with the spotlight clearly on them to take action in the next 12 months.'

Data and research method

We are able to exploit the 2011 Davies Review as a quasi-natural experiment (Cameron and Trivedi, 2005, p. 54) since the Davies Review imparts an exogenous increase to the symbolic value of gender diversity, while leaving the symbolic value of independent governance unchanged. The fact that the Davies Review is exogenous to the decision-making inside the firm allows us to test for the causality of gender in this empirical effect. Such a test is needed because of the possibility that unobserved characteristics more frequently occurring in women result in them being appointed to companies that are systematically more likely to replace their directors after 9 years' service, thereby raising the question as to a causal link with gender. The Davies Review offers a research opportunity to resolve this issue by focusing on the particular emphasis that Davies placed on the elimination of all-men boards.

The sample

As indicated above, the data used here consist of all directors serving on the boards of those companies that comprised the FTSE All-Share Index between 1996 and 2017. The director movements (date of appointment, resignation etc.), which will allow us to compute our dependent variable (the length of time served on the board), are obtained from 'Minerva Analytics'. These data are the same as those that companies are legally required to file with Companies House. The same source also provides details on the personal characteristics of the directors (e.g., age, tenure, board title, etc.), which will serve as control variables. Additional control variables concerning the nature of the companies are obtained from DataStream (e.g., company performance, industry and size).

Table 1 describes the director experience. Over the sample time period (1996–2017), we observe 2697 women in director positions and 27,422 men. Men and women are appointed as directors at very similar ages (just over 50 years old). The first panel demonstrates that women are more likely than men to be classed as independent non-executive directors (90.3% versus 65.6%) and yet less likely to hold the prestigious 'senior non-executive director' position (5.2% of women versus 13.2% of men). There is also an immediately apparent

Table 1. Women and men as directors on UK boards

	N	Age on appointment	% Non-exec independent	% Non-execs 'senior' (SID)	Mean tenure	% Tenure >9 years
Women	2,697	50.3	90.3%	5.2%	4.51	10.6%
Men	27,422	50.8	65.6%	13.2%	6.87	26.3%
P-values	-	0.011	<0.01	<0.01	<0.01	<0.01

Non-executive directors	All non-exec			Independent non-exec		
	N	≤9 years	>9 years	N	≤9 years	>9 years
Women	2,160	1,952 (90.4%)	208 (9.6%)	1,814	1,639 (90.3%)	175 (9.7%)
Men	16,293	12,096 (74.2%)	4,197 (25.8%)	10,693	8,354 (78.1%)	2,339 (21.8%)
P-values	-	<0.01	<0.01	-	<0.01	<0.01

All board appointments:	N (all)	Women	Women non-exec	Women non-exec independent
Pre-Davies	25,801	1,574 (6.1%)	1,145 (4.4%)	812 (3.2%)
Post-Davies	4,318	1,123 (26.0%)	1,015 (23.5%)	1,002 (23.2%)
P-values	-	<0.01	<0.01	<0.01

All women board appointments:	N (all)	Women non-exec	Women non-exec independent
Pre-Davies	1,574	1,145 (72.7%)	812 (51.6%)
Post-Davies	1,123	1,015 (90.4%)	1,002 (89.2%)
P-values	-	<0.01	<0.01

Note:
1. The sample comprises executive and non-executive directors serving on UK boards in FTSE All-Share companies between 1996 and 2017. The work-history of each individual director is aggregated so that each observation reported above represents one director-career in the sample. In this sense, the measure of *Tenure* continues if a director changes position within the company (e.g., from executive to non-executive). We control for these changes in subsequent analysis.
2. The 'P-values' indicate when the differences between the proportions are statistically significant.
3. Independence is measured on appointment but note that directors serving in excess of 9 years would no longer be considered independent under the UK Governance Code.
4. Directors appointed on or after 1 January 2012 are considered post-Davies, and pre-Davies otherwise.

gender difference in board tenure, with women averaging 4.51 years and men averaging 6.87 years. Only 10.6% of women have survived for more than 9 years on the board, while 26.3% of men have made it past this milestone.[2] In panel 2, similar differences between the percentage of men and women who survive beyond 9 years and who are also independent non-executive directors can be observed.

A key feature of the data is that, notwithstanding pressure from corporate governance advocates to restrict board service to 9 years, the phenomenon of service for longer than 9 years persists.[3] And, as has been seen, there is a clear difference between men and women in their respective chances of surviving on the board beyond the 9-year mark.

Control measures utilized

For all directors, individual characteristics of gender, age and director status are available. In addition, the nature of the company on whose board each director serves is described by a range of

[2]Of course, care is needed in interpreting these statistics as women are more likely to have been recently appointed. As explained below, the subsequent use of the Cox proportional hazards model is designed to allow for these complications.

[3]There are 393 non-executive directors in post at the end of the sample in 2017 with tenure greater than 9 years.

factors. Performance measures include: return on assets (*ROA*), total shareholder return (*TSR*), price to book ratio (*PTOB*) and volatility (*Volatility*). The size of the company is captured by the logarithm of turnover (*Ln Firm Size*). The nature of corporate governance at each company is described by the size of the board as measured by the total number of directors (*Board Size*) and by the percentage of directors who are non-executive (*% Non-exec*). We provide the summary statistics and corresponding correlation matrices for the control variables in the Online Appendix.

The hazard function

An obvious approach to studying the differential career lengths of men versus women directors would be to utilize an ordinary least squares regression, where the dependent variable is the length of the spell as a director and the independent variable is a dummy variable representing the director's gender – thereby capturing any difference in length of director service experienced by women. However, relying on the observed time spent on the board presents several statistical challenges, for example some spells are still incomplete at the time they are observed.

Fortunately, it is possible to allow for these possible biases by analysing the phenomenon in a more dynamic setting (making use of each year a director is observed in post) by examining how each director's chance of exiting the board varies year by year (i.e., the hazard rate). Time-varying covariates are easily incorporated as control variables into such a framework. In the Cox survival model used here, the likelihood of director j leaving the company at time t, conditional upon survival until t, given the observed control variables x_{jt}. This hazard rate, $h(t|x_{jt})$, can be estimated as:

$$h(t|x_{jt}) = h_0(t)exp(\mathbf{x}'_{jt}\beta_x) \tag{1}$$

where $h_0(t)$ is the baseline hazard, while β_x are the regression coefficients, corresponding to the observed variables $\mathbf{x}_{jt}$, which can be extended to include the gender-specific independent variables that will enable us to distinguish the differential treatment on the board of men and women.

Difference-in-differences method

As discussed above, an important limitation of prior analysis in this field (Main and Gregory-Smith, 2018; Ryan and Haslam, 2005) concerns the assumption that women are exogenously assigned to corporate boards. An assumption of exogeneity regarding the number of women on boards is, of course, suspect. Because companies choose whom they appoint to the board, the outcome is potentially endogenous. While the survival analysis of Equation (1) controls for censoring and for a rich set of observable characteristics (age, company size, corporate performance, etc.), it is not robust against this criticism. If, in the process of selecting directors onto boards, there are unobserved characteristics of the directors involved that are correlated both with gender and with career length, then the hazard rates returned on the gender coefficients by the survival analysis will reflect both gender and these unobserved characteristics (e.g., differences in social capital). In such circumstances, it is not possible to identify how much of the effect is due solely to gender.

The ideal solution to this endogeneity problem would be if the Davies Review had randomly assigned men and women to boards. The observed differences over time in director survival between the women and men would then unambiguously measure the gender effect. Of course, the Davies Review did not actually randomly assign women to boards, but we can draw on one feature of its approach to gain some insight into the importance of unobserved characteristics among women. Specifically, the Davies Review placed significant pressure on boards to include at least one woman, with the sanction that those companies continuing with no women on the board would be publicly named (Davies, 2014, pp. 34 and 40). To enforce this message, Lord Davies also met personally with boardroom chairs. In addition, in early 2013, the then Business Secretary, Vince Cable, wrote individually to laggard companies calling on them to appoint a woman to their board.[4]

Therefore, those companies in the post-Davies period with exactly one woman on the board (which we will call 'singleton' boards) can be expected to have been particularly sensitive to losing that woman and consequently being exposed

[4]https://www.gov.uk/government/news/vince-cable-progress-still-to-be-made-on-all-male-boards.

to this 'naming' process. Following the Davies Review, there was also considerable pressure from institutional shareholders for companies to avoid an all-men board situation. As early as 2012, Davies (2012) was highlighting these developments.[5] This can be expected to lower the likelihood of exit for a singleton woman to a greater extent than would occur were she on a board with more than one woman (which we will call 'non-singleton' boards). In the language of a Difference-in-differences (DiD) approach (Cameron and Trivedi, 2005, p. 55–57), the singleton women are the 'treated' and those women on non-singleton boards act as the 'control'. If there are unobserved characteristics or selection processes that correlate with both being a woman and exit likelihood, by comparing these otherwise equivalent groups of women, we are able to mitigate this concern by cancelling out any such effect by observing the difference in experience between the two groups of women, both before and after Davies.

Our first DiD considers the difference in completed boardroom career length between singleton women ('treated') and non-singleton women ('control'), with each completed boardroom career constituting one unit of observation. Let a dummy variable $\mathrm{D_i}$ equal 1 if the woman is 'treated' and 0 otherwise. We can write

$$\mathrm{y_i} = \phi \mathrm{D_i} + \delta_\mathrm{t} + \mathbf{x}_\mathrm{i}'\beta + \varepsilon \qquad (2)$$

where $\mathrm{y_i}$ is the complete number of days served by woman director i, $\mathbf{x}_\mathrm{i}'\beta$ is a vector of observable control variables and their associated coefficients and δ_t is a time-specific dummy variable which equals one if the director was in post in the sample period *after* the Davies Review (2012–2017) and 0 otherwise. The director-level control variables and the company-level controls are as discussed above. With two distinct time periods (pre- and post-2011), estimation of the treatment effect equals the difference in the sample average of Δy between the treated and the control directors. This treatment effect is recovered by interacting the treatment identifier D_i with the δ_t time dummy, producing an estimate in the form of the coefficient γ, the amount by which ϕ changes post Davies:

$$\mathrm{y_i} = \phi \mathrm{D_i} + \delta_\mathrm{t} + \gamma \delta_\mathrm{t} \mathrm{D_i} + \mathbf{x}_\mathrm{i}'\beta + \varepsilon \qquad (3)$$

The approach outlined in Equation (3) leads to the identification of any effect, γ, of the Davies Review on the length of the boardroom careers of singleton women, as measured here by observed completed boardroom spells (those leaving the board).

In the second DiD, to make more use of the yearly observations, a similar approach can be adopted but this time making use of the hazard function as described in Equation (1). As before, to implement the DiD, one interacts the treatment identifier with the post-period time dummy. Additionally, the covariates can be interacted with a set of yearly time identifiers to allow the covariates to impact the hazard rate at different points in the tenure of the director.[6] To emphasize, the advantage of the DiD approach here is that any unobserved characteristics associated with being a woman that might also influence tenure on the board are differenced out, permitting a clearer interpretation regarding gender and the 9-year effect.

Findings

Impact of the Davies Review

We have already noted the success enjoyed by the Davies Review as measured by the representation of women on FTSE 100 and FTSE 250 boards post 2011. We are able to observe this in our own data. Figure 1 presents, for each of the years between 1997 and 2017 and by gender, the probability that at least one appointment to the board occurs in that year. While it is substantially more likely that a man will be appointed than a woman in every year of the sample period, there is a sharp convergence in the probability of appointment following the Davies Review in 2011. The confidence interval plots in Figure 1 confirm that the differences are statistically significant at conventional levels. The change in the respective probabilities of men and women is maintained after 2011 until our data series ends in 2017. The time series of the data is characterized by two distinct periods with a clear

[5]Starting in 2011 under the initiative of individual investors and, by 2020, through the proxy voting service, Institutional Shareholder Services, shareholders were recommended to vote against any chair of the nomination committee in a company that had no woman on its board (ISS, 2019).

[6]This procedure uses *stsplit* and is described on p. 187 of Cleves, Gould and Gutierrez (2004).

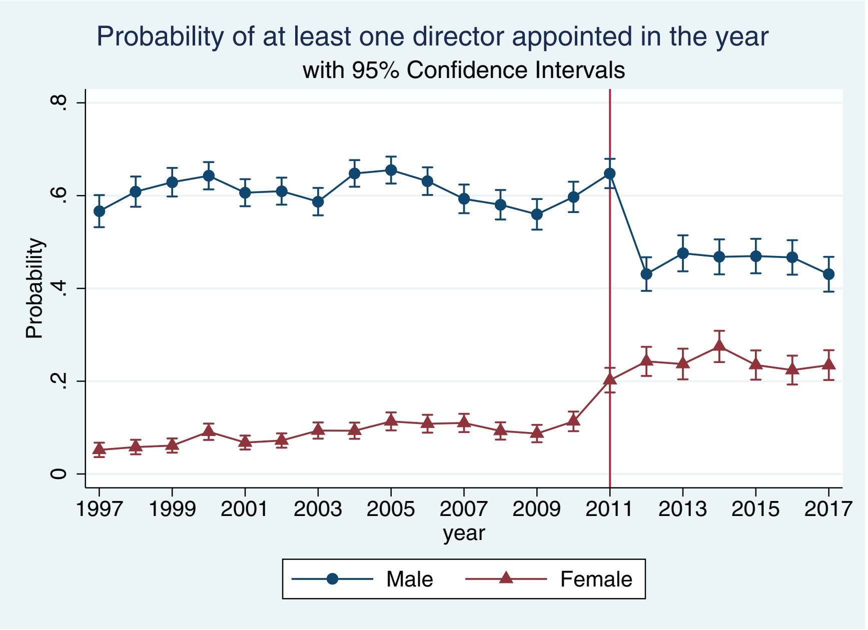

Figure 1. The Davies Review 2011 and the changing probabilities of board appointment of men and women
[Colour figure can be viewed at wileyonlinelibrary.com]
Notes: The figure plots the predicted probabilities after running a simple probit model on the probability of appointment of at least one man or at least one woman to the board in each year. Marginal effects and confidence intervals were calculated with the *margins* command in Stata 16.1 and the plot is rendered with the *combomarginsplot* command created by Nicholas Winter.

statistically significant structural break occurring at the time of the Davies Review.[7] It is this structural break between the pre-Davies Review era and the post-Davies Review era data that we exploit in our subsequent analysis.

The Davies Review has a clear and dramatic influence that can also be seen in the sample statistics in the third panel of Table 1. Prior to Davies, 6.1% of all board appointments were women. Post Davies, this had risen to 26.0%. The pattern is the same in terms of women's share of appointments to non-executive boardroom directorships and, more markedly, to non-executive independent directorships (3.2% rising to 23.2%). Davies has, therefore, been a major success in terms of getting women appointed to boardroom positions. The fourth panel of Table 1 brings out the nature of those positions by focusing only on women appointed to the board. Whereas, prior to Davies, 72.7% of these were into non-executive positions (with 51.6% being as independents), in the post-Davies period, a full 90.4% of the women appointed were as non-executives (with 89.2% being as independents). These large increases are statistically significant (p-value < 0.01) and allow us to accept H1. The post-Davies period is, therefore, a picture of markedly more women among boardroom appointments, almost all being as independent non-executive directors. The symbolism of independence is to the fore here.

Difference-in-differences results

As flagged up in our earlier discussion, the analysis of a panel of directors at various points in their respective terms as director raises the issue of left- and right-censoring biases, owing to some having been in post when the sample started in 1996, and some not yet having reached the end of their period of service when the sample stops in 2017. The Cox proportional hazards model as outlined in Equation (1) offers an approach that is robust to such censoring concerns. It has the additional advantage of allowing us to isolate the specific role played in the process by the interaction between

[7]We take the vertical difference in the probability of male and female appointment in each year. A chi-squared test of the equality of the vertical distances for the years immediately preceding and following the Davies Review is comfortably rejected ($\chi^2(1) = 156.87$, p $> \chi^2 = 0.000$).

Table 2. Survival analysis of the impact of the Davies Review on the likelihood of exit of non-executive directors

	(1)	t-stat	(2)	t-stat
Women	0.0350	(0.765)	−0.0269	(−0.296)
Post	0.291***	(10.68)	0.293***	(10.77)
Women.Post	−0.215***	(−3.053)	−0.712***	(−4.707)
$Women_2$			0.0841	(0.555)
$Women_3$			−0.0138	(−0.0896)
$Women_4$			−0.0157	(−0.0942)
$Women_5$			−0.140	(−0.807)
$Women_6$			0.197	(1.150)
$Women_7$			0.234	(1.155)
$Women_8$			0.311	(1.501)
$Women_9$			0.607***	(2.969)
$Women_{10}$			−0.182	(−0.782)
$Women_2.Post$			0.255	(1.058)
$Women_3.Post$			0.759***	(3.287)
$Women_4.Post$			0.540**	(2.064)
$Women_5.Post$			0.780***	(2.974)
$Women_6.Post$			0.449	(1.607)
$Women_7.Post$			0.165	(0.499)
$Women_8.Post$			0.486	(1.628)
$Women_9.Post$			0.713**	(2.546)
$Women_{10}.Post$			335***	(4.418)
Controls	Yes		Yes	
Observations	119,024		119,024	

t-statistics in parentheses.

***p<0.01, **p < 0.05, *p < 0.1.

1. The estimated coefficients reported in column (1) indicate a reduction in the hazard rate for women directors, relative to men serving in the post-Davies period (1 January 2012). While women directors experience a similar hazard in both the pre- and post-period, the hazard rate for men increases in the post-period.
2. Following Cleves, Gould and Gutierrez (2004, p. 187) we use *stsplit* with STATA 16.1 to identify the time-varying effect ($Women_2$, $Women_3$ etc.). The 9-year effect is not diminished for women directors. Both in the pre-Davies era and the post-Davies era, women directors are much more likely to exit at 9 years relative to men.
3. The interpretation of the positive significant coefficients on $Woman_3.Post$ through $Woman_5.Post$ should be taken together with the overall reduction in the hazard rate for women in the post-Davies era (**Woman.Post**). These estimates suggest that the hazard of exit varies unevenly for women in the post-Davies era, but the overall likelihood of exit in these early years is similar to that in the pre-Davies era.
4. Each specification controls for director age and a set of time-varying firm-level characteristics, including company size, company performance, stock price volatility and corporate governance. The full list of controls and their correlations are shown in the Online Appendix.

gender and years of service. This is done in Table 2 by creating specific duration-dependent gender dummy variables (*$Women_2$* $Women_3$, $Women_4$ etc.) to denote the gender of a director and the contemporaneous tenure of that director (*$Women_2$* denoting a woman director who has 2 years of boardroom service at that point). This makes it possible to identify how the gender-specific likelihood of boardroom exit changes with increasing years on the board. Likewise, the variables *$Women_2$*.Post, *$Women_3.Post$*, etc. identify the same but in the post-Davis era only.

Our estimates of the impact of the Davies Review on the length of boardroom service can be found in Table 2. The results in column (1) of this table confirm that overall the Davies Review had a relatively beneficial impact on women directors – the overall hazard rate for women serving on boards was lowered, relative to men, following Davies by approximately 20%, increasing tenure by 11 months at the median (as indicated by the statistically significant negative −0.21 coefficient on the '**Woman.Post**' interaction term). This allows us to accept H2a.

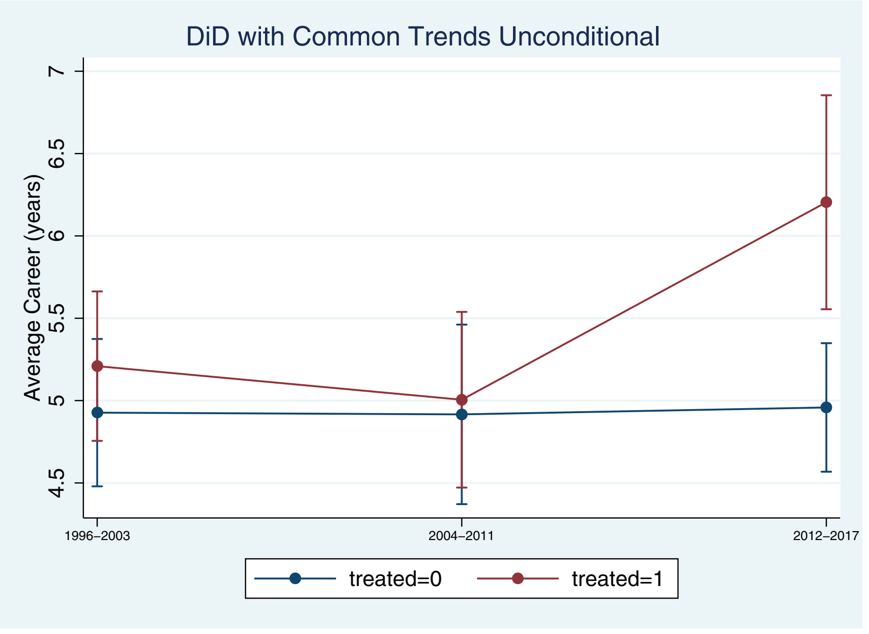

Figure 2. Career length: singleton women versus non-singleton women [Colour figure can be viewed at wileyonlinelibrary.com]

Notes: The figure plots the predicted mean career length with 95% confidence intervals on women directors who completed their career during the sample period, conditional on a set of controls including director age, executive status, company size, company performance and industry. Treated women are classified as women who served on a board as the only woman director. Untreated (control group) women are classified as those women who served on a board with at least one other woman director. Prior to 2011, these two groups exhibit common trends. Only after the Davies Review in 2011 does a difference between the groups emerge. Marginal effects and confidence intervals were calculated with the *margins* command in Stata 16.1 and the plot is rendered with *marginsplot*. The conditional plot (available on request) yields the same result. The number of singleton women in the sample increases from 119 in 1996 to 285 in 2004, after which it holds steady with 302 singleton women in 2012 and 303 singleton women in 2017. By contrast, the number of non-singleton women increases significantly from 41 in 1996 to 1117 in 2017.

However, column (2) of the same table reveals that pre-Davis women at year 9 had a hazard rate 79% higher than men ($e^{-0.0269+0.607} = 1.786$). Post Davis, this gap between women and men is essentially unchanged ($e^{-0.0269+0.607-0.712+0.713} = 1.788$). The Davies Review, apart from increasing the number of women on boards (see Table 1 and Figure 1), has reduced the exit rate for women overall, but the statistically significant gender-specific adverse difference at year 9 remains. This leads us to reject H2b.

We test the robustness of this finding utilizing the DiD approach outlined above – contrasting women with other women. A requirement for consistent estimation of the treatment effect, γ, in Equation (3) is that $(\delta_t - \bar{\delta})$ must not differ between singleton women and non-singleton women over the pre-treatment period. This is known as the 'common trends' assumption (Cameron and Trivedi, 2005, p. 770).

To test this, Figure 2 plots the average completed spell length as a director in each of three periods, two before (1996–2003 and 2004–2011) and one after the Davies Review (2012–2017). This reveals that the two groups ('singleton' and 'non-singleton' women directors) do indeed share a common trend until 2011 but then diverge significantly thereafter, thus supporting the validity of the DiD. The impact of the Davies Review is seen in the right-hand portion of Figure 2 to have significantly lengthened the boardroom service of singleton women. The evidence in Figure 2, therefore, supports H3a and points to the Davies Review having had an impact in lengthening the average career length of singleton women board directors.

In our final piece of analysis, we again focus on women directors, and specifically the singleton directors revealed in Figure 2 as having been significantly affected by the Davies Review. Table 3 presents estimates of a hazard-function form

Table 3. Survival analysis DiD in spell length of non-executive directors: singleton women versus non-singleton women

	(1)	t-stat	(2)	t-stat
Singleton	−0.388***	(−4.314)	0.0481	(0.297)
Post	0.0684	(0.802)	0.0314	(0.363)
Singleton.Post	−0.303*	(−1.784)	−0.478*	(−1.685)
$Singleton_2$			−0.151	(−0.605)
$Singleton_3$			−0.507**	(−2.014)
$Singleton_4$			−0.647**	(−2.205)
$Singleton_5$			−0.471*	(−1.650)
$Singleton_6$			−0.588*	(−1.936)
$Singleton_7$			−0.222	(−0.614)
$Singleton_8$			−1.052**	(−2.436)
$Singleton_9$			−1.209***	(−2.961)
$Singleton_{10}$			−0.977**	(−2.355)
$Singleton_2.Post$			−0.298	(−0.578)
$Singleton_3.Post$			−0.0723	(−0.139)
$Singleton_4.Post$			1.175**	(2.441)
$Singleton_5.Post$			0.666	(1.187)
$Singleton_6.Post$			0.100	(0.148)
$Singleton_7.Post$			−0.0281	(−0.0403)
$Singleton_8.Post$			−0.427	(−0.387)
$Singleton_9.Post$			0.361	(0.494)
$Singleton_{10}.Post$			0.401	(0.546)
Controls	Yes		Yes	
Observations	11,751		11,751	

t-statistics in parentheses.
***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.
1. Column (1) indicates lower hazard rates for singleton women directors relative to non-singleton women directors in both the pre- and post-Davies Review era, but even more so in the post period – a Davies Review effect.
2. However, the 9-year effect is not diminished for singleton women directors. Rather, singleton directors were always at lower risk from the 9-year exits but the Davies Review has not affected this. This result also provides some assurance that the 9-year effect is not due to unobserved characteristics of women directors – as these would be netted out in this analysis.
3. Each specification controls for director age and a set of time-varying firm-level characteristics, including company size, company performance, stock price volatility and corporate governance. The full list of controls and their correlations are shown in the Online Appendix.

of Equation (3), restricted to women only. Table 3 column (1) shows that singleton women directors already experienced a lower hazard rate relative to non-singleton women directors in the pre-Davies Review era (coefficient −0.388). More importantly, and lending further support to H3a, in the post-Davies Review period the overall hazard of exit for this group is further reduced, increasing tenure by approximately 15 months at the median (coefficient −0.303). In column (2), however, when we introduce tenure-specific dummies, it can be seen that singleton women did not experience a reduction in the 9-year effect (at 0.361, the DiD coefficient is not only statistically insignificant but is of the wrong sign to suggest a reduction in the effect). While consistent with the results of Figure 2 regarding lengthening of the average post-Davies tenure for singleton women, these results demonstrate that the increased risk for women directors of exiting the board at year 9 remains. Consequently, this result does not support H3b. Importantly, as the DiD analysis in Table 3 differences the experience of two groups of women, it eliminates the possibility that unobserved characteristics common to women directors are confounding the analysis.[8] What we are seeing at year 9 in the main results of Table 2 is a significant gender-specific effect.

[8]As a robustness check, we estimate the average treatment effect of being a singleton woman versus a non-singleton woman on the likelihood of exit after balancing the sample with nearest-neighbour matching. Pre-Davies singleton female directors were, on average, 6 percentage points less likely to exit relative to non-singleton women with matched characteristics. Post Davies, the difference increased to 7.4 percentage points. Full results are available on request.

Discussion and conclusion

Discussion

The Davies Review has had a significant positive impact not only on the number of women serving on boards but also on the average career length of women (Table 2) – and in particular those sitting as a lone woman director, 'singletons' (Figure 2). The positive overall impact on the board tenures of women relative to men allows us to accept Hypotheses 2a, but the persistence of the gender-specific year-9 effect leads to the rejection of H2b. Using the evidence on the experience of singleton women relative to non-singleton women (Table 3), we are able to accept Hypotheses 3a. Women directors, particularly singletons, experience increased boardroom tenure following the Davies Review. However, Davis did not lower the exit rate at 9 years for singleton directors. We thus reject H3b and are confident that the high exit rate at year 9 for women directors, which continues in the post-Davis era, is specifically a gendered effect.

An explanation is needed for the persistence of this disproportionate exit of women directors at year-9 – a persistence in the face of a determined and, in many ways, successful policy initiative aimed at improving the representation of women in the boardroom (the Davies Review). We have suggested that symbolic management offers a theoretical lens through which this puzzle can best be understood. Women are being appointed to the board for the symbolism (Pfeffer, 1981) of gender diversity and independent governance. Possibly driven by resource-dependence considerations (Pfeffer and Salancik, 1978), companies wish to highlight the independence and gender diversity of their board (Westphal and Bednar, 2008) by appointing women as independent directors. The symbolism regarding board independence and gender diversity that is attached to such appointments reflects the extent to which the agency perspective has become institutionalized (Wade, Porac and Pollock, 1997) – the appointing of independent directors having become an isomorphism of practice (DiMaggio and Powell, 1983; Meyer and Rowan, 1977).

However, while useful as symbols of board independence, discriminatory bias related to role congruity (Eagly and Karau, 2002; Schein, 1973) means that women directors are not held in the same regard as men. On the completion of 9 years of service when, under the UK Governance Code, independence drops away, these women directors are left vulnerable to biased treatment. Whereas many of the men are kept on at this stage (perfectly possible under the UK Governance Code with its 'comply or explain' philosophy), women directors are suddenly seen as being less useful and are let go at a disproportionately higher rate.

It is worth recalling that a straightforward agency explanation of such departures at year 9 is possible. This would argue that after 9 years of service, directors can no longer be relied upon as effective monitors (Jensen, 1993; Westphal, 1999). They are in danger of having been 'captured' by the incumbent management. This is, after all, the logic underlying the institutional definition of independence (FRC, 2018). But such an explanation cannot explain the significant difference in board exit rates between women and men. In our preferred explanation, come 9 years of service, the symbolism of independence falls away and women directors find themselves in a relatively precarious position compared to men. Service after 9 years, while never a majority experience, is relatively rare for women directors. Losing the symbolism of independence exposes women to the vagaries of the 'think manager, think male' (Schein, 1973) mentality that impedes women's progression into senior leadership positions. The extra effort to go through the 'comply or explain' process of justifying the retention of a director after year 9 is less often undertaken in the case of women.

The Davies Review (Davies, 2011) and its related policy activity did improve the representation of women on boards in the United Kingdom, but the results presented above suggest that there remains a lack of genuine equality of treatment that confronts women directors in the boardroom. This, then, is the key contribution of this paper. The Davies Review (undoubtedly the United Kingdom's major reforming effort to improve gender diversity in the boardroom) can claim a marked success in increasing the number of women in the boardroom. Nevertheless, a gender-biased exit effect continues into the post-Davies period, undermining the notion that the appointment of a man or a woman to the boardroom is substantially the same.

Working within the spirit of the 'comply or explain' approach that characterizes UK corporate governance, one policy innovation suggested by these findings would be to strengthen the 'explain' requirements. This could involve requiring a fuller justification of the retention of any director after 9 years, and an explicit reflection on the company's current gender balance of board member tenure. A more direct approach, of course, would be to simply ban directors from serving more than 9 years. However, this would run contrary to UK institutional practice, and may leave the underlying issue unresolved.

There is clearly scope for further work in this area. For example, one potential weakness of the study is the lack of observations on completed director careers that commenced after the Davies Review and have run a full 9 years or more. It is also true that qualitative investigation could shed light on the boardroom dynamics that lead to the disparate treatment of men versus women following 9 years of service, not least the role of corporate governance. The nature and permanence of the advantages gained by the firm (or its management) through utilizing this form of symbolic management also merits further investigation. While important, this work was beyond the scope of the current paper.

Conclusion

In addressing issues of gender equality, it may seem that there are many other areas that affect women more extensively than their experience in senior leadership positions. However, the issue of gender-linked perceptions of suitability for 'what post' under 'which conditions' is likely to be central to resolving many of these wider gender-related issues (Morgenroth and Ryan, 2018). The results presented above provide some evidence as to the significant and persistent nature of the challenge. There are implications here not only for the progression of women in the labour market but also for the job satisfaction and related performance of those women (Ryan *et al.*, 2007).

The Davies Review (Davies, 2011) has achieved much. More women now occupy senior leadership positions on company boards, improving their career capital (Fitzsimmons and Callan, 2016). In general, they now serve longer on average than before. In all cases, however, the disproportionately high exit rate experienced by women at year 9 of service remains to remind us that, as directors, men and women are not regarded as equal. This is consistent with Mateos de Cabo *et al.* (2022), who find that the voluntary approach can successfully increase numbers appointed but may leave those women in less powerful positions. There clearly remains scope for improvement in both policy and practice in terms of bringing equality of treatment to the boardroom.

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Supporting Information

Additional supporting information can be found online in the Supporting Information section at the end of the article.