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Does the Achievement of Gender Equality in Society Reflect on Gender Issues in Corporate Governance: The Case of the West Balkan's Banking Sector?

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Abstract:

Research: Driven by the idea that women do not realize their full potential in society based on not being equally paid, having lower education level than men and facing discrimination based on maternity leave have been a primary **motivation** to do the research on the following sources of **data**: HDI; GDI and GII indexes published for four West Balkan countries and average data of women on boards for the same countries experienced in the most developed and female-dominated industry such as banking. This idea helps us formulate primary **research questions** -if a country has a better human and gender development index it should have more women that actively participate in business and have a real influence on decision making. Our **findings** are in line with the fact that Slovenia and Croatia are leading countries in the West Balkan region in terms of the index mentioned, therefore shaping a better place for the position of women in society. On the other hand, Serbia has the lowest value of 2 out of 3 indexes. The similarity between bank board diversity can be found between Serbia and Slovenia. In those two countries, women occupy more positions on the executive boards, but fewer on the supervisory board. The situation is different for Croatia and Montenegro where more women are included in supervisory boards. **Contribution** is that in Western Balkan countries it is arguable that women have no real influence on businesses and results of operations in the banking sector despite the fact that the mentioned countries have quite a good ranking in the gender development reports.

Keywords: gender, corporate board diversity, banking industry, West Balkans

JEL Classification: M41, M48, A13

1. Introduction

Women's participation on boards of directors and how they could benefit from the financial results of firms has been widely presented in academic research (Kirsch, 2018). Even though, results gained by researchers are inconclusive. This put an emphasis to the question of board gender diversity and its real influence. This research question requires taking into consideration a broader perspective (social, political, and economic) and external factors influencing women's participation in the boards such as the human development status of a country, gender development, gender inequality, gender pay gap. These external explanatory factors can put more light on women's participation and their real position in making business decisions and influencing business results.

We refer in this article to Terjesen and Singh (2008) who suggested the idea of how wider external structures and processes impact the enactment of women's careers, but they stated that these problems are under-researched in academic articles. On the other hand, Tyrowicz et al. (2020) demonstrated that gender board diversity generally increased but women remain rare in both boards of firms in 41 emerging European economies. They found that more gender equality is not to a greater extent associated with women directors

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on management boards in public and private European firms. Country level gender equality and cultural institutions exhibit differentiated correlation with the presence of women directors in the management and supervisory boards (Strom et al., 2014).

In this research, we have chosen the banking industry mainly for two reasons. The first one is that the banking industry is generally not male-dominated. So, the fact that the largest percentage of women on boards among Fortune 500 companies can be found at the supervisory board of a bank (43,75% of women on board) does not come as a surprise (Deloitte, 2016, p. 15). The second one is that in the Balkan region women make the majority of the graduated students of the faculties of economics and that is why they contribute more to the gender structure of the bank's employees.

The importance of diversity in banks is underlined by the Basel Committee as well. Namely, the Basel Committee published the document "Corporate governance principles for banks" in July 2015 as part of its efforts to promote banking industry stability and to enhance corporate governance procedures which present the revised version of the document *Principles for enhancing corporate governance* published in 2010. In this document, unlike the previous version of the document from 2010, the Basel Committee emphasizes the role of board diversity. To be specific, in the par. 48 (Basel Committee, 2015) where the structure of the board is discussed, the Basel Committee stated that "the board should be comprised of individuals with a balance of skills, diversity and expertise, who collectively possess the necessary qualifications commensurate with the size, complexity and risk profile of the bank." Although not explicitly mentioned in the text, it seems obvious that among others, the Basel Committee had gender diversity in mind, particularly when the effect of board gender diversity on performance and risks is known. Gender diversity as a trend finds its place in the financing sector including the banking industry.

Banks are included in the transnational business feminist project (Roberts, 2015). So, it seems that banks found themselves deeply involved in the global business gender equality case for the purpose of promoting more efficient growth in financial institutions and the elimination of gender deprivation in this sector. It is also argued by Roberts (2015) that banks and accounting firms have sought to devise ways of assessing gender dividends to be gained from investing in women.

Gender diversity is not only found to moderate or be moderated by the influence of other economic and demographic variables but also to moderate or mediate itself in the relationship to bank performance (Stefanovic & Barjaktarovic, 2020). These authors found that exploring mediating effects become crucial in contemporary research of gender diversity and performance nexus. Some studies examine whether social responsibility plays a role between the appointment of women to the bank's board of directors and performance, while other studies focus on board diversity indicators as moderators or mediators of board diversity and performance relationships. All these studies find that gender diversity and the real influence of women in making business decisions depend on other factors such as cultural, social responsibility, and socioeconomic (Stefanovic & Barjaktarovic, 2020). Brieger et al. (2019) investigated the effect of country-level emancipative forces on corporate gender diversity around the world and explained how action resources, emancipative values and civic entitlements enable, motivate and encourage women to take leadership roles on corporate boards. Their study shows positive single and combined effects of the framework components on board gender diversity.

One part of the puzzle which is missing is the number of women appointed in Central Banks in different countries. A study by Bodea (2018) finds support for the key hypotheses that gender diversity in the leadership of central banks is more likely in larger boards when national legislatures include more women and the central bank has more independence.

In contrast to other research in this area, this paper does not solely address the issue of bank corporate board diversity, but it is focused on broader social and economic factors trying to emphasize that these factors have more influence on real women's position in the economy and in banks than just measuring board diversity variable itself. This is done by taking into consideration Western Balkan countries such as Croatia and Slovenia as EU members, and two candidate countries such as Serbia and Montenegro. All these countries are chosen because they have similar geographic positions and similar paths of development in the banking industry.

The rest of the paper is structured as follows. Section 2 presents a literature review of human development indexes, board structure in the banking sector, and real women's participation in decision-making. Section 3 demonstrates the research questions and research variables. Section 4 demonstrates data, sample composition, and descriptive statistics. Section 5 provides an analysis of the data which is followed by the conclusion of the paper.

2. Literature Review

Psychologists try to explain that men's and women's behaviour is influenced by different factors and they develop two theories: *evolutionary psychology theory*, *social structural origin theory* (Eagly & Wood, 1999), and *role congruity theory* (Eagly & Karau, 2002). Evolutionary psychology theory points out that men and women differ psychologically and that is why they tend to occupy different roles in society. Social structural origin theory emphasizes that sex differences are viewed as accommodations to restrictions imposed by society and different behaviour is affected by many factors such as individual, situational, and cultural. In contrast to that, *role congruity theory* points out that female leadership role and female gender role leads to two prejudices: 'a) perceiving women less favourably than men as potential occupants of leadership roles and b) evaluating behaviour that fulfils the prescriptions of a leader role less favourably when it is enacted by a woman' (Eagly & Karau, 2002). Singh, et al. (2008) point out how men differ from women in the boardroom.

Andries et al. (2020) and Adams and Mehram (2012) explored the bank board structure and impact of board diversity on the performance and riskiness of banks across Central and Eastern European (CEE) countries and demonstrated that banks with a chairwoman and a higher proportion of females among the members of a bank's board had experienced a higher level of profitability and tended to have a lower level of credit losses as well as a higher level of stability during the previous global financial crisis. Strom et al. (2014) give a broader picture of women's leadership influence on governance and performance of microfinance institutions in 73 countries. Younger firms with more female clientele and with non-commercial legal status are firms with more women appointed as board members. Zhang (2020) did a cross country and cross-industry analysis and found that the more gender diversity has been normatively accepted in a country or industry, the more gender-diverse firms experience positive market valuation and increased revenue.

Baker et al. (2020) give a broad overview of all articles published in the board diversity area in the Web of Science while Terjesen and Searly (2016) explored gender quotas and Caprio et al. (2007) explored bank governance and bank valuation.

Many researchers focus their research on gender diversity in the banking sector. Choosing the members of the supervisory board and its composition is related to establishing the trade-off between monitoring and advising needs in the bank environment (Garcia-Meca et al., 2015). Pathan and Faff (2013) used a panel of large US banks and found that board size and independent directors decrease bank performance, while gender diversity improves it. Chen et al. (2016) investigate into the role of gender diversity and its influence on mitigating internal control weaknesses in the banking sector. De Cabo et al. (2012) investigates the gender diversity of European Union banks (612 in the sample) and prove that the proportion of women on board is higher for lower-risk banks. Adam and Mehran (2012) found that having more independent directors had no influence on bank performance while enlarging the size of the board has a positive influence on the Tobin Q ratio as a proxy for bank performance. Pathan (2009) emphasizes that board structure is relevant for bank risk-taking. Berger et al. (2014) argue that a team perspective is very important for bank governance because a firm executive forms a team and interacts with one another in the decision-making process. De Andres and Vallelado (2008) found a U-shaped relation between bank performance and board size meaning that bank board size is related to the director's ability to monitor and advise management. Liang et al. (2013) find that the number of board meetings and the proportion of independent directors have a significantly positive impact on bank performance in China, while board size has a negative influence.

In Serbia, literature regarding female position on the supervisory boards is quite rare. Djulic and Kuzman (2013) find that many successful women in Serbia are fully unknown to the general public and women face some degree of discrimination in the labour market. Stefanovic and Barjaktarovic (2020) found that the gender diversity-performance relationship was indirect. The gender diversity of executive boards positively impacts bank performance, over a threshold level.

Pavic Kramaric and Pervan (2016) found that the growth of the proportion of women on management and supervisory boards negatively affected bank performance in Croatia. Pavic Kramaric and Miletic (2017) found that based on the critical mass theory that when the number of women on the management board reached from 20% up to 40%, this would improve the bank performance. Drmac et al. (2017) researched whether the number of women in the supervisory boards of Croatian companies traded at the Zagreb Stock Exchange influenced their profitability measured by ROA. From the contemporary research in Western Balkan countries, we can derive a conclusion that the number of women sitting on the boards (executive or supervisory) does not give enough conclusive evidence of their real impact on financial performance in banks as well as in some other sectors (Knezevic et al., 2017).

Some research in the non-financial sector in non-EU countries in the region shows a very low participation of women on boards (Suklev et al., 2020) as well as the fact that women members are significantly younger than men (Pavlovic et al., 2019), while some research conducted in EU countries bordering a country in our sample shows that companies with more women on their boards perform better (Rossi et al., 2017)

3. Research Question Development and Variable Discussion

The Human Development Index (HDI) measures the deprivation of certain group regarding essential capabilities such as long and healthy life, knowledge and standard of living. (UNDP, 2016, p. 201). "The composite Human Development Index (HDI) integrates three basic dimensions of human development. Life expectancy at birth reflects the ability to lead a long and healthy life. Mean years of schooling and expected years of schooling reflect the ability to acquire knowledge. Gross national income per capita reflects the ability to achieve a decent standard of living." (UNDP, 2016, p. 3). Countries in which HDI is high are countries where women deprivation is not an issue. The Gender Development Index (GDI) compares female and male HDI values. (UNDP, 2016, p. 3). So, this index is a ratio of HDI for women and HDI for men (UNDP, 2016, p.213). According to the UNDP Human Development Reports, it "measures gender gaps in human development achievements by accounting for disparities between women and men in three basic dimensions of human development—health, knowledge and living standards using the same component indicators as in the HDI." Much of the variation in HDI between women and men is due to lower income among women relative to men and to lower educational attainment among women relative to men (UNDP, 2016, p. 54). Another index that measures gender influence is Gender Inequality Index (GII). That index is a composite measure of inequality in achievements between females and males in three dimensions: reproductive health, empowerment and labour market (UNDP, 2016, p. 217). The higher the GII, the more inequality there is between men and women in the country in question.

The idea of the paper is that the level of achievement of gender equality in a society is associated with the participation of women on the supervisory and executive boards of banks. Hence we have developed the following research questions:

Research question 1: Is the country's HDI level related to the participation of women on the supervisory and executive boards of banks?

Research question 2: Is the country's GDI level related to the participation of women on the supervisory and executive boards of banks?

Research question 3: Is the country's GII level related to the participation of women on the supervisory and executive boards of banks?

In order to give these answers, we have developed the following variables (Table 1):

Table 1: Variable description

Variables/ Notation	Description
Women on supervisory boards, WB and % of women	Counting the number of women on supervisory boards and dividing it with the board total (%)
Supervisory board total, BT	Total number of supervisory board members
Women on the executive boards, WEB and % of women in the executive board	Counting the number of women sitting on the executive boards and dividing it with the board total (%)
Executive board total, EBT	Total number of members in the executive board
HDI, Human Development Index	Human Development Index (HDI): A composite index measuring average achievement in three basic dimensions of human development— a long and healthy life, knowledge and a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions.
GDI, Gender Development Index	Gender Development Index: Ratio of female HDI to male HDI values. The higher, the better in terms of gender development.
Gender inequality index, GII	Gender Inequality Index: A composite measure reflecting inequality in achievement between women and men in three dimensions: reproductive health, empowerment and the labour market. The lower, the better from the standpoint of gender equality.

Gender development, human development, and gender inequality indexes are presented using secondary data from the UNDP and World Bank databases. The number of women on board has been measured by counting the number of women currently seated at the respective banks in the countries in question.

4. Data and Analysis

In the next section, the sample has been presented, as well as the results of statistical analysis.

4.1. Sample description

The data set for analysis consists of 30 banks operating in Serbia, 28 operating in Croatia, 16 in Slovenia, and 15 in Montenegro. The data used for this research came from the banks' annual reports, individual bank's website, and the National Bank of Serbia, the Central bank of Montenegro, the Croatian National Bank, and the Bank of Slovenia's websites in the year 2016. Based on the literature several variables are created for this research: the number of women on supervisory board, % of executive women on boards and from UNDP reports we extracted the following indexes for the period 2010-2016: Human development index, Gender inequality index, and Gender development index. In all four countries, banks operate under the two-tier board system: supervisory board and executive board. The number of women on the boards is measured by counting this number from the bank website and cross-checking the information with those published at the websites of countries' Central banks and by calculating the % of women on boards by dividing the number of women by the total number of the board member.

4.2 Statistics

Four countries and their respective results in terms of gender equality in the banking sector are presented below.

Table 2: Women on the two-tier bank board system in Serbia, Montenegro, Croatia and Slovenia

Indicators of gender equality in banking	Mean ± Standard Deviation			
	Serbia (n=30)	Montenegro (n=15)	Croatia (n=28)	Slovenia (n=16)
Women on supervisory board	0.767 ± 0.817	1.133 ± 1.187	0.852 ± 0.662	0.667 ± 0.651
Supervisory board members total	5.833 ± 1.367	5.267 ± 0.704	3.000 ± 1.387	4.167 ± 1.528
Women on executive board	0.967 ± 0.890	0.800 ± 1.656	0.926 ± 0.874	1.167 ± 0.937
Total executive board	3.567 ± 1.040	3.267 ± 2.017	4.370 ± 1.471	5.000 ± 1.414
Percent of women on supervisory board	0.128 ± 0.134	0.200 ± 0.183	0.314 ± 0.257	0.165 ± 0.169
Percent of women on executive board	0.269 ± 0.244	0.164 ± 0.255	0.230 ± 0.262	0.240 ± 0.203

Source: Authors' own calculation

Table 2 shows that the average number of women on the board in Serbia in the year 2016 is 0.767 while the average number of women on the executive board is 0.967. When considering %, results are as follows: % of women on the supervisory board is 0.128 on average while in the executive board it is 0.269. Obviously, boards are not gender-balanced and women occupy more seats on executive than on supervisory boards. Table 2 also shows the average number of women on the board in Montenegro in the year 2016 is 1.133 while the average number of women on the executive board is 0.800. In terms of %, the situation is different – in the supervisory board women participate with 0.200 while in the executive they participate with 0.164. This is quite low taking into consideration that the EU Proposal for the Gender Directive requires at least 40% as a threshold. However, more women are on the supervisory boards (or just boards taken into the analysis)

which is the case in other countries. In the banks in Montenegro, boards are not gender-balanced and women occupy more seats on supervisory than on executive boards. Table 2 shows that the average number of women on the boards in Croatia in the year 2016 is 0.852 while the average number of women on the executive boards is 0.926. In terms of %, the situation is different: in the supervisory board women participate with 0.314 while in the executive they participate with 0.230. As an EU member country since 2013, Croatia does care to correspond to EU trends in the area of gender equality, but it is quite far away from the Proposal threshold of 40%. Although, more women are on the supervisory boards on average expressed in % than on the executive boards. Women do take leading positions in this country which is in line with EU gender criteria in this area. In Montenegro and in banks in Croatia, women occupy more seats on the supervisory boards than on the executive boards. Table 2 shows that the average number of women on the boards in Slovenia in the year 2016 is 0.67 while the average number of women on the executive boards is 1.17. In terms of Percent of women on board, the situation is as follows: 0.165 of women participate in leading positions in the bank (supervisory board), while 0.240 of them are members of the executive board. So, like in Serbia, in banks in Slovenia, women occupy more seats on the executive boards than on the supervisory boards. As an EU member country since 2004, Slovenia does not actively govern the state toward the EU Directive proposal which introduces a gender quota of 40% like some early adopters of this quota such as France.

The following indexes: Human Development Index (HDI), Gender Development Index (GDI), and Gender Inequality Index (GII) are presented for four countries from the UNDP website.

HDI is a general index used for measuring the human development status of a country from the standpoint of a long and healthy life, knowledge, and a decent standard of living. The higher is the better.

GDI is a measure of a gender gap in human development. GDI is a ratio of HDI for women and HDI for men. This index measures the gender equality gap. The higher the better is the criterion for this index.

GII is the geometrical mean of measuring inequality in three important aspects: reproductive health, empowerment, and access to labour market. It exposes differences in the achievements between men and women in the country in terms of number of women taking seats in the parliament (empowerment), in terms of maternal mortality ratio and adolescence birth (reproductive health), and labour force participation rate of women and men (labour market variable). The lower this index, the lower is inequality and the better is the position of women in that country.

In the next section (see: Table 3 - Table 5) we have presented HDI; GDI and GII for Western Balkan countries in question.

Table 3: HDI in the period 2010-2016

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
HDI Serbia	7	0.762	0.791	0.777	0.0096
HDI Montenegro	7	0.793	0.809	0.801	0.0057
HDI Slovenia	7	0.876	0.892	0.884	0.0049
HDI Croatia	7	0.811	0.832	0.823	0.0075
Valid N (listwise)	7				

Source: Authors' own calculations

From Table 3 a conclusion regarding the position of Western Balkan countries based on HDI mean value can be made: the best results are reached by Slovenia, while the lowest by Serbia.

Table 4: GDI in the period 2010-2016

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
GDI Serbia	7	0.968	0.974	0.971	0.0021
GDI Montenegro	7	0.955	0.966	0.960	0.0048
GDI Slovenia	7	0.997	1.012	1.004	0.0049
GDI Croatia	7	0.984	0.989	0.986	0.0018
Valid N (listwise)	7				

Source: Authors' own calculations

From Table 4 the following conclusions regarding the position of Western Balkan countries based on GDI mean value can be made: the best results are reached by Slovenia and Croatia, while Montenegro has the lowest rank among the countries.

Table 5: GII in the period 2010-2016
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
GII Serbia	7	0.176	0.221	0.195	0.0175
GII Montenegro	7	0.135	0.216	0.176	0.0271
GII Slovenia	7	0.058	0.126	0.076	0.0229
GII Croatia	7	0.127	0.158	0.142	0.0104
Valid N (listwise)	7				

Source: Authors' own calculations

From Table 5 the following conclusions regarding the position of Western Balkan countries based on GII mean value can be made: the best results are reached by Slovenia and Croatia, while Serbia has the highest inequality of females and males among these countries. The rule for this index is: the higher the GII value, the more disparities between women and men are present in the country. The lower the result achieved by the country is, the better the rank of the country in terms of not being exposed to the gender gap.

Table 6: The mean index values for the period 2010-2016.

Country	HDI	GDI	GII
Serbia	0.777	0.971	0.195
Montenegro	0.801	0.960	0.176
Slovenia	0.884	1.004	0.076
Croatia	0.823	0.986	0.142

Source: Authors' own calculations

Table 6 represents the mean HDI, GDI and GII value for all the countries and period in question. It is obvious that Serbia has the lower mean value of HDI index, while regarding the position of women compared to men expressed as GDI, it is positioned in the second in rank. GII for Serbia is the highest meaning that the inequality in this country is higher than in others.

Table 7: Summary view of the participation of women on board in the year 2016

Country	Percentage of women on supervisory boards	Percentage of women on executive boards
Serbia	0.13	0.27
Montenegro	0.20	0.16
Slovenia	0.16	0.24
Croatia	0.31	0.23

Source: Authors' own calculations

Results in Table 7 represent the idea that Croatia has the higher average value of women on the supervisory boards while the lowest average is reached by Serbia. Women occupying executive positions lead to a different conclusion. Serbia had the highest average value while the lowest is in Montenegro.

4.3. Discussion of results

The supervisory board represents shareholders' interest in the entity. It should supervise and advise the executive board and be directly involved in decisions of fundamental importance to the bank.

The country with the highest participation of women on the bank supervisory board is Croatia, followed by Montenegro, Slovenia and Serbia. Table 7 reveals that the second country in term of women participation on the supervisory board of banks is Montenegro which also has the lowest GDI and the most unfavourable HDI and GII after Serbia. On the other hand, the country with the highest participation of women on the bank executive board is Serbia, followed by Slovenia, Croatia and Montenegro.

The observation of country indexes reveals that the only country in which GDI, GII and HDI are significantly different from other observed countries is Slovenia. This is not a surprise when we know that for the year 2017, Slovenia was ranked in the HDI ranking as 24th, Croatia as 46th, Montenegro as 51st and Serbia as 65th (UNDP, 2019).

Despite the advantage of Slovenia regarding the position of women in society, banks in Slovenia have the lowest participation of women on supervisory boards, after banks in Serbia. On the other hand, banks in Slovenia have the highest participation of women on executive boards, not only in percentage but also in absolute values.

Regarding Serbia, in two of the three indexes (HDI, GII), it has the lowest rank among the observed countries. Despite that, women participation on executive boards of banks in Serbia is the highest among the observed countries. On the other hand, women participation on supervisory boards is the lowest among the observed countries.

Montenegro took the second place behind Croatia regarding women participation on the supervisory boards even though it has the lowest GDI and the most unfavourable GII after Serbia. But absolute values reveal that only Montenegro has an average number of women on the supervisory boards above than 1. Thus, Croatia's leading position is rather a consequence of less numerous board members than of higher women participation. On the other hand, Montenegro has the lowest women participation on the executive boards.

Conclusion

The study shows that the country's HDI level is not related to the participation of women on the supervisory and executive boards of West Balkans banks. It is shown that neither the country's GDI level nor the country's GII level is related to the participation of women on the supervisory and executive boards of these banks.

According to our results, it can be concluded that the contextual factors that influence women participation on the bank's board are not clear. It seems paradoxical that a country that ranks well in terms of gender development and gender equality has at the same time, in the most developed sector like the banking sector, a male-dominated process for making strategic decisions without inclusion of women or with rare inclusion of women, while at the same time a country with the highest GDI and relatively unfavourable GII has the best score in women participation on supervisory boards.

Generally, women participation on boards is quite low. Even when the percentage seems not to be so unfavourable, absolute values reveal that women on average on both boards in most of the cases took fewer than one seat. The exception is noticed just for the average number of women on supervisory board in banks in Montenegro and the average number of women on executive board in banks in Slovenia. But in both cases, the average number was slightly higher than 1.

Results also reveal that EU membership affects all three indexes (Slovenia and Croatia have the most favourable indexes), however, it does not affect the percentage of women on boards.

The lack of women on boards could be the result of gender stereotypes or the result of the absence of enough high-quality female candidates applying for these positions. This is a problem of lack of resources or supply-side problem of the gender gap.

Thus, in terms of practical implications, this paper supports the notion that gender diversity is an important corporate governance issue; however, from the broader perspective, it is a more human development issue. This implies that the multi-lens explanation should be used in future research of this corporate governance phenomenon and gender diversity.

Some implications for policymakers can be derived. Namely, if the Proposal Directive which requires a minimum of 40% of women in the board of companies whose shares are listed at the EU stock exchanges is accepted, the banks in Croatia and particularly Slovenia should have more gender-balanced supervisory boards.

In Serbia, as a non-EU member country, there is much to be done to close the gender gap that exists in terms of not having enough supply of adequate women candidates when applying for certain positions on bank boards. This is due to the fact that board position requires more time to be spent working and women cannot easily balance work and family. Bodea (2018), on the other hand, opposes to this fact in case of the Central bank board seats and supports the idea of the demand-side problem of not having an incentive to find adequate women for the position because the value of each bank board seat is high. According to Bodea (2018) research, women will be included only if there is a larger size of the board. So, policy makers should take into consideration all of the demand and supply-side arguments that could influence actual female representation.

The future research in this area should be directed towards investigating more countries and their specific HDI, GDI, and gender inequality indexes with the board diversity results from different industries that are also not male-dominated. To promote women empowerment women should have access to resources (Charmes & Wieringa, 2003). Our paper could be taken as a support to that idea. Charmes and Wiering (2003) focused on gender and women empowerment in a holistic way, incorporating a full range of concerns with which women are confronted from the physical to the socio-cultural, religious and legal realms, to political and economic issues. They also argue that Gender inequality index, and the Gender development index should cover many more aspects of gender relations.

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