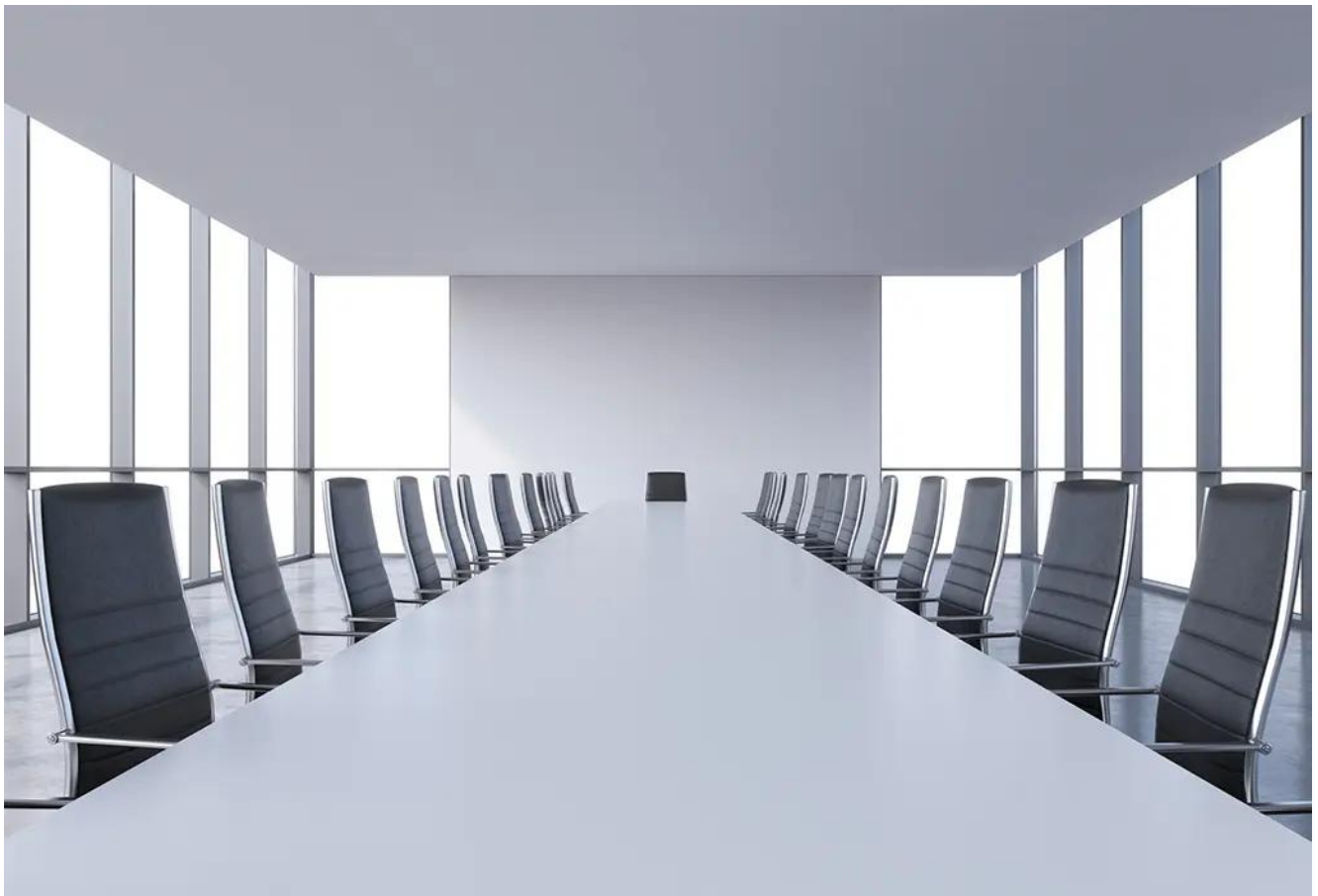


Board diversity after restructuring: why visibility and investors matter

As companies prioritize stability and risk reduction, gains in women's representation in the boardroom can become collateral damage.



March 20, 2026

By [Marta Elvira](#), Caterina Moschieri and Enzo Peruffo

If you've ever walked into a corporate boardroom 18 months after a major sell-off or business unit closure, you may find things look different than before.

Organizations facing uncertainty are looking to reassure stakeholders, and leaders often refresh boards to match a new strategy or satisfy investors. But often, this has an unintended consequence: One of the first casualties is the gains in board diversity that, in stable periods, companies often say they value.

Over the past two decades, women's representation on corporate boards has risen steadily across developed markets. In the [United States, women now hold roughly 33%-35% of S&P 500 board seats](#), up from single digits and low teens in earlier decades, although recent data suggests progress may be flattening or slightly reversing. In the [European Union \(EU\), women hold about 34% of board positions](#), with higher levels in countries using quotas, [some of which have already passed the 40% goal](#) set by the EU.

In both regions, the long-term direction has been upward, but the pace has slowed and gains are fragile. They can easily be eroded, particularly when companies experience uncertainty.

We set out to see how this plays out in one particular kind of uncertainty: corporate divestitures, where a company sells off or liquidates parts of its business, such as subsidiaries or business units, which represent a high-pressure moment for companies. Leadership is often compelled to reshape management structures, while broadcasting signs of unity and solid financial health.

In [research in the *European Management Journal*](#), we looked at what happens after divestitures to the proportion of women serving on boards. Our data from 465 U.S. companies covers the period from 2000 to 2019, a time when diversity measures were intensifying and before the current backlash toward diversity in U.S. public discourse.

What we found was striking. On average, divestitures are associated with about a 10% drop in female board members, which is roughly one woman fewer on a typical board. At a time when gender on boards is finally approaching parity, this is a significant setback. This suggests the negative effects on board parity can happen even when social expectations are moving in the opposite direction.

Why boards shed women in times of change

One explanation for why boards shed women in times of change lies in how organizations

make decisions under pressure. Divestitures are times of high uncertainty, with companies reshaping strategy and often trying to stabilize performance. Changing the board is a frequent consequence of divestiture. But when replacing board members and choosing successors, nomination committees become risk averse and look for candidates with proven track records and considerable experience. The fact that corporate boards have historically been male-dominated may translate into a bias, so that the names that come up repeatedly tend to reinforce this status quo.

Indeed, the loss of female representation often isn't a deliberate decision; it's collateral damage of the risk-reduction logic.

How ownership, company size and public engagement can affect board diversity

The ownership and visibility of the divesting company can shape what happens next, and can push this dynamic in very different directions.

When a company is dominated by one or two large shareholders, fiscal and managerial conservatism holds sway. Such companies have been shown by previous research to be skeptical anyway of appointing female board members, and turmoil increases this, causing shareholders to prioritize short-term profit and allowing bias. Such companies can show a preference toward people they already know, trust or have worked with before — the same male-dominated networks that have traditionally sourced boards. This effect becomes especially pronounced when the divestiture happens in the presence of one large shareholder, which, our findings reveal, may be more prone to these preferences.

Financial pressure doesn't need to undermine diversity. Board composition can remain a strategic priority rather than a tactical casualty of risk aversion. To avoid backsliding, leaders should engage major shareholders in explicit conversations about the long-term governance value of diversity, maintain transparency during restructuring to prevent closed-door recruitment within familiar networks, and redefine "safe hands," critically pondering whether the search for a reliable director profile means excluding diverse talent.

ALSO OF INTEREST:

[More than half of Spanish listed companies already comply with legal gender parity](#)

[What if boards of directors spoke like women?](#)

[For women, early promotion is vital to reducing the gender pay gap](#)

[Gender pay gap: valuing women's work](#)



Marta Elvira

Professor in the Strategic Management and Managing People in Organizations departments at IESE. She is an expert on employee earnings and performance, social inequality and human capital development.

www.iese.edu/insight