“Diversity in International Arbitration- A Need of the Hour”
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ABSTRACT:

Arbitration is a consensual alternative dispute settlement procedure in which the parties to the dispute choose a neutral third party who has the power to enforce a final and binding decision within a flexible procedural framework. Arbitration is, in essence, a "private form of adjudication.” As society becomes more global, the need for forces that represent the diversity of communities is becoming more apparent and necessary. The case for diversity is unquestionably stronger in international arbitration, given the growing geographical and other forms of diversity among parties, as well as the expanding scope of conflicts referred to arbitral tribunals for resolution around the world. International arbitration has grown in popularity in recent decades, not only because it is secret, but also because parties will typically choose their decision-makers. They may be able to choose experts with in-depth knowledge of the subject area as a result of this. The demand for decision-makers has risen in tandem with the popularity of arbitration. However, the arbitrators who are consistently nominated and confirmed appear to come from the same pool and have similar characteristics. Women have been as diverse as their male counterparts in law schools and at the associate level in law firms in recent decades. This achievement, however, is not mirrored at all levels, as they are much less likely to become partners in law firms or to obtain general leadership positions. This is known as the women's "glass ceiling," an impenetrable barrier that prevents them from rising to higher positions. Women are much less likely to be chosen as arbitrators in international arbitration than men. This assertion is based on a statistical report published by the London Court of International Arbitration (LCIA), the International Chamber of Commerce (ICC), and the Singapore International Arbitration Centre (SIAC). The aim of this paper is to highlight the negative consequences of a lack of women in international arbitration. This paper will propose various remedies that could be implemented to bring about a change. Chapter one will examine the risks related to such a lack, answering the question why a fundamental change would be welcomed. Chapter two of this paper will analyse the contributing factors leading to a lack of women among arbitrators. Finally, chapter three will provide solutions that could remedy this issue, through the perspective of the various actors playing a role in international arbitration.

Keywords: International arbitration, Diversity, Gender, Arbitrators.
I. INTRODUCTION:

Since a few years, one of the major areas of growth of international arbitration has been diversity. When it comes to evaluating diversity in the context of arbitration, various groups may be analysed, such as gender and age groups, as well as geographic, cultural, and racial diversity. International arbitrators have historically been and continue to be a comparatively homogeneous group that is difficult to break into. The ERA (Equal Representation in Arbitration) is the most recent initiative aimed at increasing diversity in the arbitration field. Pledge, which was drawn up by members of the global arbitration community in 2015 in response to the under-representation of women on international arbitral tribunals. The ERA Pledge has two general objectives:

a. To improve the profile and representation of women in arbitration.

b. To appoint women as arbitrators on an equal opportunity basis.

Gender diversity receives a lot of attention among the different types of diversity when it comes to arbitration. It's safe to say that attempts are being made to ensure gender diversity among the participants in the arbitration process. Most major international arbitral organisations now regularly publish statistics on female arbitrator appointments as a direct result of the ERA Pledge in some cases. Increased reporting and transparency in relation to female arbitrator appointments is intended to increase accountability and serve as a catalyst for change. Many attempts are being made to encourage diversity, and it appears that the involvement of some underrepresented actors, such as women arbitrators, is gaining traction; however, this is still a long-term objective.

RESEARCH PROBLEM:

Over the last two decades, the popularity of international arbitration has become uncontroversial not only because it is confidential, but also because parties can choose their decision makers. It shall be noted from the statistics provided by LCIA, ICC and SIAC that women arbitrators represent only around 10% of all appointments and confirmations. This gender gap takes a toll on diversity and stands an evidence of socio-legal issue requiring action.

LITERATURE REVIEW:


This article talks about the lack of gender diversity in the field of arbitration. The article concludes by saying that increase transparency and greater access to information is the only way to secure significant change in improving gender diversity in international arbitration. This article was of great use in writing this paper as it provided in-depth knowledge about
gender diversity and the importance of the same. This article also for certain statistical data about the appointment of women arbitrators in international arbitration fora in recent times which is a significant change.


This article talks about the demographics of international arbitration and the type of diversity existed such as diversity as to gender, age, legal training, native language and nationality of international arbitrators and concept. This article also talks about certain perceived challenges as to diversity and the issues and challenges that exist as a result of diversity. This article also discusses the limitations of a diversified international arbitration forum. This article, unlike other articles concentrates mainly on the cons or limitations of diversity and this paper is based on empirical analysis.


This article talks about the importance of cultural diversity international arbitration and the challenges faced by the decision makers in the process of decision-making because of the lack of cultural diversity. The problems and misunderstandings caused by cultural diversity are also examined in this paper in detail. This article helped us by providing a in-depth knowledge about the importance of diversity in international arbitration, the issues and challenges faced by diversification also.


This article explores the need for increasing gender and ethnic diversity in arbitral tribunals. The current status of the women and ethnic minorities in the arbitral regime and causes for the existing parity are explored along with finding innovative solutions and role of arbitral institutions to resolve the issue are suggested in this paper. This article was of intense aid in understanding the importance of diversity in international arbitration.

**SCOPE:**

The scope of this paper is limited to analysing the gender gap/diversity in international arbitration scenario. This paper shall not focus on cultural, ethnic or racial diversity in international arbitration.
OBJECTIVE:

The primary objective of the paper is to understand by the dynamics of gender diversity is in indispensable in international arbitration. The secondary objective of the paper is to analyse the factors which lead to diversity based on various literature and scholarly writings. The last objective of the paper is to propose various remedies that could be implemented to bring a change in international arbitration forum.

RESEARCH QUESTIONS:

1. Why is gender diversity indispensable in international arbitration?
2. What are the factors that lead to diversity in international arbitration and what shall be the solution to bridge the gap between the same?

HYPOTHESIS:

Although it is undisputed that a diversified judiciary is a quintessential requirement of the democracy, there are several factors such as cognitive bias and lack of mentoring etc that lead to a gap in the diversity. Such gap shall be bridged by various means such as initiatives by arbitral institutions and bar associations to clear the taboo that arbitration is a no-woman’s land.

RESEARCH METHODOLOGY:

A combined and integrated descriptive-analytic approach is taken to provide a detailed article on the analysis of diversity in international arbitration.

In general, various approaches are combined to make this article extensively useful such as:

- Analytical study
- Descriptive approach
- Critical analysis

II. INDISPENSABILITY OF GENDER DIVERSITY

IIA. SKILLS, POINT OF VIEWS AND PERSPECTIVES:

“If everyone is thinking alike, then nobody is thinking” said Benjamin Franklin. According to this popular quote, a wider group of thinkers instils viewpoint, varied points of view, new arguments, and ways of thinking. It also brings a varied set of talents and perspectives to the table, which is reflected in the final product. The panel of arbitrators’ homogeneity obstructs higher justice and the quality of the outcome in the current scenario. Because almost all decision-makers come from the same tree, it stifles the growth of creative solutions. If the
way of thinking is coherent, the outcome is more likely to be uniform. As a result, this "routine" of thinking contributes to the predictability of the solution.¹

Diversity should not be sought solely to achieve a utopian system in which all people are treated equally. A progressive judicial system means that every citizen should find their interests represented by the bench and, as a result, agrees and enforces the bench's decisions.² If this does not happen, the whole system will crumble, and the population's faith in its institutions will erode. Furthermore, a lack of diversity may cause important facts to be overlooked or a failure to clearly explain one party's point of view. To keep this from occurring, concrete steps should be taken.

A system that implements gender diversity measures in a consensual approach in which parties choose their judge risks omitting and dismissing certain viewpoints that could change the outcome's face. As the general public's awareness of the issue of diversity grows, concrete actions must be taken. If this does not happen, international arbitration may lose legitimacy in contrast to litigation, which is better prepared to deal with it.

II. B. LEGITIMACY OF THE SYSTEM:

International arbitration and litigation are two parallel systems sharing a common core of features. Each of them is perceived as real alternatives for disputants.³

It is uncontroversial that "a diverse judiciary is an indispensable requirement of any democracy". A judicial system that reflects its users leads to a greater acceptance and a more deliberate compliance with the law and with decisions taken. Deanell Tacha, former federal judge in the United States, highlighted the importance of diversity among judges: "When the judiciary is composed of people who all look the same way, speak the same way, and identify the same way, then there are many, many people in our country who don’t feel like the life experiences—and the resultant mindset—of the judge are the same as their own."⁴ Even though she is referring to the judiciary, this statement might be transposed to a panel of arbitrators.

As a result, arbitrators should reflect the specificities of the disputants in order to ensure "fairness" of process; otherwise, a significant percentage of parties would not be represented, jeopardising the entire legitimacy of international arbitration. Parties should be especially concerned about who sits on their arbitral tribunal, given the lack of diversity in the field. This need for representation is becoming more urgent as statistics show that the diversity of

¹ Erdem & Erdem Law - Ezgi Babur, ‘Turkey: Diversity In International Arbitration’ (mondaq, 22 August 2018) accessed on 13 March 2021
³ Riya Dani, ‘Diversity In International Arbitration’ (White Code VIA Mediation and Arbitration Centre, 04 June 2020) accessed 14 March 2021
disputants is growing. For 2016, the ICC registered a record number of cases filed, involving more than 3,000 parties, including a 15% increase of parties coming from Latin American countries, and record figures for cases filed by parties coming from Korea, Nigeria or Turkey. This illustrates a growing need for diversity among arbitrators.

III. FACTORS LEADING TO GENDER GAP:

IIIA: THE LACK OF MENTORS, AND WOMEN’S SELF-BARRIERS:

The lack of effective female arbitrators discourages women from pursuing careers in the field. Indeed, because there are so few women in the arena, young women who are considering arbitration as a career choice are more likely to change their minds. Furthermore, it has been suggested that women, on average, have lower self-confidence than men and have self-barriers regarding their own talents and abilities. When young women refuse to join the profession due to a combination of low self-confidence and a lack of female mentors, the serpent bites its own tail. It’s a vicious cycle in which women believe they’ve reached a dead end because they doubt their ability to succeed, so they quit before they even begin because no other women seem to succeed. Only the emergence of female mentors could break this vicious cycle. This negative cycle will be broken as soon as a few women reach the market and set an example. Young women will be encouraged to believe in their own abilities, which will boost their self-esteem.

IIIB: THE “PIPELINE-LEAK” AND THE “OLD BOY NETWORK”

The key factor regarding the lack of successful female arbitrators is often called the “pipeline leak”. The term "pipeline" refers to the robust resume that can be built through legal education, experience, and affiliations in order to become a successful arbitrator. In this context, the common arbitrator nominated for major foreign cases is likely to be a lawyer, most likely at the partner level, or a former judge, who is chosen from a small pool of occupations. The root of the problem is that women are underrepresented in both of these fields compared to their male counterparts.

The “pipeline-leak” effect exacerbates the challenges women already face in being accepted into the “old boy network”. In How to Become an International Arbitrator Without Even Trying, William Tetley amusingly illustrates the strength of this “men’s private club” and the

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6 Erdem & Erdem Law - Ezgi Babur, ‘Turkey: Diversity In International Arbitration’ (mondaq, 22 August 2018) accessed on 19 March 2021
7 ibid
role it played in his career.\textsuperscript{10} He describes how, despite having no prior experience in the field and having never heard of the ICC Rules, he was appointed to arbitrate a major international case. His appointment came as a result of an informal call from arbitrator Patrick Neil, an old friend with whom he had studied, who invited him to be the Chairman of that case. Despite the fact that he had no prior experience in the field, both of his co-arbitrators praised his work, confirming that the "old boy network" still plays an important role in individuals becoming effective arbitrators.

\textbf{IIIC: THE INFAMOUS CLIQUE:}

Taking on the issue of diversity in international arbitration is a difficult task, owing to a lack of data.\textsuperscript{11} Confidentiality is a cornerstone of arbitration, and it is often cited as one of its primary benefits. As a result, there is a lack of transparency in the selection process and finding out who sat at the table in international commercial arbitration, as opposed to international investment arbitration, is difficult.\textsuperscript{12}

As a result, arbitrators' "quality" can only be determined by their international visibility. The more an arbitrator is visible and draws attention, the more he or she is regarded as an undisputed local celebrity. International exposure serves as a guarantee of professionalism and experience in this respect. As a result, there is a small pool of "elite arbitrators" who are more likely to be invited and can be referred to as a "famous clique."

Furthermore, legal counsellors often recommend celebrities to their clients. This way, if the claim is denied, the bad outcome will not be blamed on bad advice about the suggestion. This prohibits entrants with strong resumes from progressing to the arbitral stage, which would result in a more diverse panel of arbitrators. Women aren't well represented in the "famous clique," and therefore aren't visible on the global stage. The result is a vicious cycle in which less women are appointed and, as a result, are not recommended by law firms, which increases women's lack of visibility and leads to fewer women being appointed.\textsuperscript{13}

Risk aversion is a natural part of human nature, so it's understandable that you'd want to make sure your suggestions don't backfire in the event of a bad outcome. However, international visibility does not always imply experience (or knowledge) in a particular legal field, as well as availability and professionalism in specific cases. To put it another way, a well-known and commonly appointed arbitrator may have extensive expertise and experience in construction law but may not be an expert in the field of oil and gas, for which they were nominated. Although, it is unquestionable that the more they are appointed, the more procedural


\textsuperscript{13} ibid
experience they acquire, elite arbitrators might not be, substantively, the best experts for the particular issue presented to them.

Furthermore, "superstar" arbitrators handle a large number of cases at once. Every case entails a significant amount of work, which is not always manageable on its own. Those arbitrators are well-equipped for the job and are surrounded by capable teams to whom they delegate work. Choosing someone solely on the basis of their celebrity does not guarantee that they will be professionals in the field or that they will handle the case from beginning to end.

IIID: COGNITIVE BIAS:

Women may also contend with unconscious bias in addition to the "pipeline-leak." Unconscious biases may be the most difficult task to overcome when it comes to improving diversity, particularly because they can occur from good intentions (e.g. not wanting to put a woman in a position where she will be surrounded by male co-arbitrators, male parties, and male experts, in a traditionally male-associated area). Because cognitive biases are innate, they must be unconsciously overcome. Then, in every region, including arbitration, bias must be acknowledged and addressed. It is suggested that a system of blind reviews of arbitrator resumes be implemented. In her work “Could “Blind” Appointments Open Our Eyes to the Lack of Diversity in International Arbitration?”, Lucy Greenwood has already suggested the idea. Only in this way would the selection of arbitrators be based on their resume rather than, unconsciously, on bias. However, while such an effort is appealing, the real question is whether it is capable of concealing the arbitrator's identity in a sensible manner. Due to their large number of publications, associations, and experiences, prominent arbitrators could be readily identified even from a blind resume. In comparison to the studies quoted above, despite its good intentions, such a measure may have reduced results in practice.

IV: PROPOSED REMEDIES TO BRIDGE THE GAP

In terms of diversity, it could be argued that only widespread awareness and coordinated action will lead to a positive outcome. All of the players in the field must work together to create higher diversity. When considering local characters, arbitrators may be the first thing that comes to mind. Arbitral institutions, law firms, judges, and even bar associations all play

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15 Erdem & Erdem Law - Ezgi Babur, "Turkey: Diversity In International Arbitration” (mondaq, 22 August 2018) accessed on 19 March 2021
important roles. Individually, they must all take concrete steps that will benefit the entire community.\textsuperscript{18}

**IVA: ARBITRATORS:**

The current small pool of arbitrators has unquestionably valuable expertise and expertise. However, it is undeniable that this group is getting older. It is critical that they pass on their knowledge in order to ensure that the method's effectiveness does not deteriorate over time. The "famous clique" is responsible for a more diverse new generation to whom the torch will be passed. Their dedication to diversity can be seen in their everyday work.\textsuperscript{19} For instance, in Scandinavia it is not unusual to see business conferences exclusively held by male lecturers. Male speakers from Sweden and Norway have taken concrete action and have launched the “Tackanej” or “Takknei” action, known as the “Thank you, but no thank you” initiative. When male speakers are asked to speak at a conference, they only agree to do so if female speakers are also invited.\textsuperscript{20} They cannot refuse the offer if this is not the case. The concept is to cultivate diversity by taking concrete actions on a personal level. More than 200 people signed the petition right away, including journalists, academics, and successful business people.\textsuperscript{21}

**IVB: ARBITRAL INSTITUTIONS:**

Institutions are in a unique position to address diversity for two reasons. For starters, they keep track of the identities of arbitrators who are usually nominated. Only organisations can accurately assess the scope of the diversity problem and take appropriate action. They'd also be in a better position to evaluate the outcomes of any actions taken. Despite the fact that a general trend is developing, pursuing greater transparency in the appointment process should be a top priority.\textsuperscript{22}

To begin with, the fact that institutions routinely release statistics about their panels and appointments in general is already a positive sign. Nonetheless, this data isn't all-inclusive and it would be useful to obtain accurate figures.

Second, institutions have the authority to make substantial decisions about arbitrator selection. They would increase diversity by selecting who will sit on the tribunal. In other words, when parties are unable to agree on a decision-maker(s), arbitral institutions should provide them with a choice. Even though parties typically tend to choose their own arbitrators

\textsuperscript{20} Erdem & Erdem Law - Ezgi Babur, ‘Turkey: Diversity In International Arbitration’ (mondaq, 22 August 2018) accessed on 19 March 2021
\textsuperscript{21} ibid
rather than allowing the institution to do so, there is still enough room for the institutions to make a distinction.\textsuperscript{23}

Furthermore, arbitral institutions will use a more diverse panel of speakers. Such an effort could have significant advantages without being expensive to set up. In public conferences, international organisations are well positioned to highlight entrants. These events serve as showcases for young talent, and international institutions may broaden their appeal by inviting more female lecturers. Such programmes have the potential to break the glass ceiling that has long been a barrier in women's professions, as well as provide clear visibility on the international stage. Speakers with in-depth experience in specific topics could be identified and assigned with greater ease. Last but not least, arbitral institutions will gain credibility as "diversity avant-gardists" as a result of their efforts.\textsuperscript{24}

**IVC: LAW FIRMS, LAWYERS AND BAR ASSOCIATIONS**

Not only do law firms and attorneys advise their clients on the substance of the case, but they also make recommendations for arbitrators. This begs the question of how they can recommend the appointee to their client.\textsuperscript{25} When a law firm receives a list of prospective arbitrators, it is wise to conduct background checks on the people before recommending them. To begin, the list of candidates' information could be circulated through the firm in order to receive input on each arbitrator.\textsuperscript{26} Some law firms keep track of and information on prospective decision-makers in order to choose the best one for the job. However, when still in doubt, lawyers tend to turn to their peers and their network to seek advice from other lawyers.\textsuperscript{27}

Lawyers normally do not take the risk of recommending unknown arbitrators, even though their profiles are good. Law firms reduce the likelihood of a negative outcome by selecting from a pool of noticeable and well-known arbitrators. However, by behaving in this manner, law firms discourage new profiles from entering the market and adding "fresh blood" to the field, even in minor cases.\textsuperscript{28} This "zero-risk" strategy prohibits women from entering the field and breaking the glass ceiling that has prevented them from doing so. As a result, law firms and their attorneys should propose candidates based on their actual characteristics rather than

\textsuperscript{23} 
Erdem & Erdem Law - Ezgi Babur, 'Turkey: Diversity In International Arbitration' (mondaq, 22 August 2018) accessed on 19 March 2021

\textsuperscript{24} 
Riya Dani, 'Diversity In International Arbitration' (White Code VIA Mediation and Arbitration Centre, 04 June 2020) accessed 18 March 2021

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Diganth Raj Sehgal, 'No more a man’s arena: gender equality in arbitration' (iPleaders, 7 October 2020) accessed 16 March 2021

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Erdem & Erdem Law - Ezgi Babur, 'Turkey: Diversity In International Arbitration' (mondaq, 22 August 2018) accessed on 19 March 2021
their number of appearances on the international stage. Because law firms and attorneys are aware of the problems surrounding diversity, their recommendations should be inclusive.\textsuperscript{29}

Law firms and attorneys play an important role in promoting diversity and can serve as a hub. With the help of new technologies, various law firms have attempted to cultivate diversity within their own structures. In this respect, law firms are frequently at the forefront of the diversity movement.\textsuperscript{30}

Lawyers should apply their principles to all aspects of their work, including international arbitration, and have the courage to stand by their convictions. In this regard, the lack of desire of lawyers may be counterbalanced by bar associations' strong incentive to encourage diversity.\textsuperscript{31} The American Bar Association, for example, makes specific recommendations in the report for particular areas (such as law schools, law firms, corporate departments, the judiciary, and even bar associations) to achieve greater diversity. The same approach may be used in the selection of arbitrators.\textsuperscript{32}

V: CONCLUSION

Overall, while gender statistics show that “pale, male, and stale” arbitrators are still far more frequently appointed, the trend appears to be moving in the right direction. This is moving forward, with a variety of projects being conducted at different levels. Another well-known effort is the "Arbitration Pledge," which was launched by a diverse group of lawyers, arbitrators, arbitral institutions, corporate and state officials, and academics. Their primary aim is to raise the profile of women in international arbitration and increase their representation. Through "the Pledge," they hope to persuade conference organisers to approve a more diverse lineup of speakers. They also try to inspire countries, arbitral institutions, and national committees to add more women to lists of potential arbitrators. They call on their affiliates to be more accountable and to support, mentor, and sponsor women in the field. In February 2017, approximately 1,700 members had already taken “the Pledge”, including the LCIA, the ICC, the SIAC, but also illustrious arbitrators and academics. Such initiatives signify great progress as they bring the diversity issues into the public sphere, thus making them visible. To achieve positive outcomes, everyone must be aware of the situation. To produce a meaningful result, however, more efforts and initiatives are required. As previously noted, we will only be able to achieve an effective result by uniting forces. The fact that all of the solutions discussed in this paper are easily conceivable is especially striking.

\textsuperscript{29} Nishith Desai Associates - Payel Chatterjee, Vyapak Desai, ‘Is Increasing Gender and Ethnic Diversity in Arbitral Tribunals a Valid Concern?’ (Kluwer Arbitration Blog, 1 March 2020) accessed 18 March 2021
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