



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Women's Rights and Gender Equality

2010/2115(INI)

24.2.2011

DRAFT REPORT

on women and business leadership
(2010/2115(INI))

Committee on Women's Rights and Gender Equality

Rapporteur: Rodi Kratsa-Tsagaropoulou

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION	3
EXPLANATORY STATEMENT	7

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on women and business leadership (2010/2115(INI))

The European Parliament,

- having regard to the Fourth World Conference on Women, held in Beijing in September 1995, the Declaration and Platform for Action adopted in Beijing and the subsequent documents adopted at the United Nations Beijing +5, Beijing +10 and Beijing +15 Special Sessions, on 9 June 2000, 11 March 2005 and 12 March 2010 respectively, on further actions and initiatives to implement the Beijing Declaration and Platform for Action,
- having regard to the 1979 UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW),
- having regard to the Universal Declaration of Human Rights of 1948,
- having regard to the Charter of Fundamental Rights of the European Union, particularly Articles 1, 2, 3, 4, 5, 21 and 23 thereof,
- having regard to Article 2 of the Treaty on European Union, which sets out the values common to the Member States, including pluralism, non-discrimination, tolerance, justice, solidarity, and equality between women and men,
- having regard to Article 19 of the Treaty on the Functioning of the European Union, which refers to combating gender discrimination,
- having regard to the Commission communication of 5 March 2010 entitled ‘A Strengthened Commitment to Equality between Women and Men: A Women’s Charter’ (COM(2010)0078),
- having regard to the Commission communication of 21 September 2010 entitled ‘Strategy for equality between women and men 2010-2015’ (COM(2010)0491),
- having regard to the Commission communication of 27 October 2010 entitled ‘Towards a Single Market Act for a highly competitive social market economy: 50 proposals for improving our work, business and exchanges with one another’ (COM(2010)0608),
- having regard to the Commission green paper of 6 June 2010 on corporate governance in financial institutions and remuneration policies (COM(2010)0284),
- having regard to the European Pact for Gender Equality adopted by the European Council in March 2006¹,
- having regard to the annual meeting of the World Economic Forum, from 26 to 29 January 2011 in Davos, and the programme entitled ‘Women Leaders and Gender

¹ Bull. EC 3-2002, point I.13.

Parity’,

- having regard to its resolutions of 15 June 1995 on the fourth World Conference on Women in Beijing: ‘Equality, Development and Peace’¹, of 10 March 2005 on the follow-up to the fourth World Conference on Women Platform for Action (Beijing +10)² and of 25 February 2010 on Beijing +15 – UN Platform for Action for Gender Equality³,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Women’s Rights and Gender Equality (A7-0221/2011),
- A. whereas gender equality is a fundamental principle of the European Union, enshrined in the Treaty on European Union and ranking among its objectives and missions, and whereas the Union has specific mission to mainstream gender equality in all its activities,
- B. whereas one of the Union’s primary objectives should be to afford competent and qualified women access to jobs that are currently difficult for them to obtain,
- C. whereas gender equality in employment must entail the advancement of men and women, without distinction, both within the labour market generally and in terms of their promotion to management posts, in the interests of social justice and balance as well as effective economic performance, and must afford women the same career development prospects as men;
- D. whereas another possible factor impeding women’s representation may be a combination of stereotypical behaviour patterns that tend to persist within companies and to restrict mentoring provision for women with management potential,
- E. whereas studies produced by the Commission and the private sector have demonstrated a correlation between companies’ commercial and financial performance and the presence of women in their decision-making bodies; whereas the clear message is that meaningful representation of women at management level actually serves to enhance performance and commercial competitiveness,
- F. whereas it is therefore essential to proceed with the introduction of methods such as case studies and exchanges of good practice in this field, as well as affirmative action, in order to achieve optimal use of female human resources at all levels within companies,
- G. whereas however – albeit with differences from country to country and between different occupational sectors – women currently make up only 10% of the membership of boards of directors of the largest listed companies in the EU, and only 3% of the CEOs of such companies are women,
- H. whereas chambers of commerce and industry and the organisations that represent trade unions and employers have a long way to go to achieve a balanced representation of men

¹ OJ C 166, 3.7.1995, p. 92.

² OJ C 320E, 15.12.2005, p. 247.

³ OJ C 348E, 21.12.2010, p. 11.

and women, and this mirrors the low proportion of women in corporate managing bodies,

- I. whereas it is incumbent on policymakers, the Member States and companies to remove the barriers to women joining the labour market generally and management bodies in particular, and to offer women equal opportunities so that they can obtain senior posts, with a view to ensuring that all existing resources are efficiently utilised, that women's skills and strengths are channelled to best effect and that the best possible use is made of the Union's human potential,
- J. whereas the proactive initiatives and measures taken by the private sector to increase female representation – such as in-company human-resources development with a view to improved career support for women, or the creation of networks, beyond the bounds of the company, to encourage women's participation and advancement as well as regular exchanges of good practice – have proved insufficient to alter the status quo within companies, and women remain under-represented at management level,
 1. Notes the clear progress on women's representation in Norway since the adoption in 2003 of legislation imposing a 40% threshold for female membership of the boards of listed companies with a workforce of more than 500;
 2. Welcomes the initiatives of Member States such as France, Spain and the Netherlands in setting thresholds, which companies have to achieve, for women's representation on management bodies, and is following the debate about women's representation in other Member States such as Germany and Italy; notes that voicing a political will is the only way of getting binding measures adopted to help ensure meaningful representation of women in corporate management bodies;
 3. Insists that positions on corporate management bodies must not be given to women on an honorary basis, in order to achieve set thresholds, but must instead go to women who have proved themselves within the companies in question;
 4. Invites the Member States and the Commission to consider introducing new policies for enabling more women to become involved in managing companies, in particular by:
 - a. initiating a dialogue with the management of large companies about ways of increasing female representation,
 - b. supporting initiatives to assess male-female equality on recruitment committees and in other areas, e.g. with regard to wage differentials and career patterns,
 - c. establishing arrangements to help parents employed in business to balance family and work commitments,
 - d. developing women's individual capabilities in-house, by means of specific further-training courses and other forms of professional support, in order to prepare them effectively for management duties;
 5. Awaits the findings of the Commission consultation of 1 March 2011 with women managers of large companies;

6. Warmly welcomes all voluntary steps by companies to reach the critical threshold of 30% female membership of management bodies;
7. Invites the Commission to:
 - a. present comprehensive current data on female representation within companies in the EU and on the measures taken by the business sector as well as those recently adopted by the various Member States with a view to increasing such representation,
 - b. following this exercise and if the steps taken by companies and the Member States are found to be inadequate, to consider taking concrete measures for increasing female representation in corporate management bodies, while taking account of the Member States' responsibilities and of their economic, structural (i.e. company-size related), legal and regional specificities;
8. Invites the Commission to draw up a road map setting specific, measurable, appropriate and realistic targets, with a timetable, for the achievement of balanced representation;
9. Instructs its President to forward this resolution to the Council and the Commission, and to the governments of the Member States.

EXPLANATORY STATEMENT

The subject of ‘women and business leadership’ is a recurring one that reflects issues and challenges in today’s society. On the one hand, it encompasses all the areas of difficulty associated with both women’s circumstances and the world of work – including access to the labour market, parity and fairness, the balance between work and family life, individual ambition and cultural stereotyping – while, on the other, it raises a more general issue about how human resources contribute to economic growth and competitiveness. It is a subject that perfectly illustrates the new condition of today’s women in the modern world.

Our aim and motivation is to afford competent and qualified women access to jobs that they currently have difficulty in accessing.

The public hearing on the subject held at Parliament on 27 October 2010 was fruitful in many respects, addressing and providing some responses to a number of the problems, notably by facilitating discussion between women from the private sector and the world of politics, as well as members of various networks for women in corporate management. The clear message from the public hearing, and the message underpinning our report, is that is now imperative to release women’s potential and their creative energy and to put to good use their talent for management, entrepreneurial spirit, feeling for communication and compromise and sound ability to assess risks.

The statistics currently speak volumes. Despite some variation across the EU Member States, there is only one conclusion. Women are poorly represented at management level within companies, both in managing roles as such and on the various types of management bodies. Sadly, corresponding statistics on other areas of the business world (trade-union and employers’ organisations, for example) are equally unimpressive, but this report will concern itself solely with women’s representation at boardroom level in medium-sized and large companies, and it seems useful to note – without labouring the point – that this issue is closely linked to that of the gender pay gap.

Good human resources management should be guided, on the one hand, by economic logic and, on the other, by a social ethic that addresses the social context and the question of staff development, and it should seek to eliminate wastage of resources. High numbers of women graduates ought to be reflected in a high rate of female occupancy of corporate management posts.

It would seem, however, that the further one climbs up the corporate ladder the fewer women one encounters – an apparently paradoxical situation given the many women in entry-level or middle-ranking management posts. A response is thus urgently needed in order to prevent a loss of talents and skills in the EU workforce.

Research¹ has shown that when women are present and integrated into companies, including at the highest level, those companies perform better, are more efficient and turn in better results and profits.

¹ Women Matter 2010, McKinsey.

Currently, 10% of the board members of the EU's largest stock-exchange listed companies are women and just 3% of those boards are chaired by a woman¹. That situation is either static or changing only very slowly.

We have therefore set out to consider the current data, to try to understand the reasons for the figures insofar as possible, to attempt to identify barriers to women's promotion to the top jobs, as well as good practices and models, and finally to put forward a number of ideas for remedying the under-representation of women in senior posts. While a few companies and professional networks have already launched relevant initiatives, many of these are today either outmoded or inadequate. So the task now is to identify what action can be taken.

The subject was aired recently on the fringes of the 2011 Davos Economic Forum², in a study that covered the world's largest companies in 20 countries and 16 sectors, investigating corporate practices and policies with a view to reducing aspects of gender inequality. Several key factors were studied: identification of barriers; work-life balance; measures taken, such as the setting of targets; management training for female executives; and the impact of the crisis. The research aimed to evaluate current levels of participation and rates of adoption by companies of equality policies.

The study found that a majority (64%) of the companies in question – both those in which women were well represented in the boardroom and those where their representation was poor – had taken no proactive steps to improve the situation.

Why are women are so poorly represented at the top in big companies? There are many contributory factors.

There are factors generally inherent in working conditions that constitute barriers to women's career progression: notably maternity leave, the problem of reconciling family life with work, career breaks, the issue of flexibility of working hours and the lack of facilities for parents (such as crèches and childcare centres). Further factors include the problem of access to mentoring and professional support for women, as well as the economic crisis, which has hit women harder than men in some countries. At the same time, we recognise that traditional sexist cultural stereotypes are dying hard and that women lack the necessary motivation to take on the various challenges they will face in seeking to advance their careers.

Action required – outside companies – to overcome these barriers includes developing the existing networks of women executives and encouraging women to participate in them. Such networks enable women in corporate executive positions to exchange views and experiences with others whose career path has been similar – often a beneficial process – and to air shared problems and suggest solutions to some aspects of coping with a career. The effect is to make the women more self-confident and encourage them to take risks in their companies in order to move their careers forward. Within companies, more effort needs to be invested in specialised further training, fast-track programmes, mentoring and individual career support

¹ European Commission, DG Employment, Social Affairs and Gender Equality – More women in senior positions: Key to economic stability and growth, January 2010.

² Corporate Gender Gap Report 2010.

for women. At the same time, it would seem wise for companies to prioritise a policy for achieving balance in the representation of men and women – which might mean, for example, recruiting women to decision-making posts or encouraging them to apply for positions of greater responsibility.

The reasoning behind board members' appointments also needs to be considered. In most countries, board members are traditionally co-opted, and given that women are in the minority in certain sectors of the economy and types of job it thus becomes very hard to guarantee them a representative presence. It is also the case that, because of the economic crisis, the appointment of board members is another area that has not been prioritised.

Further relevant factors include general standards and practices in the countries concerned, the different types of business culture in the EU, associated structural differences in management bodies (boards of directors and/or supervisory boards), scant monitoring of staff policies and the lack of exchanges of best practice among European companies.

All the analyses tend to the conclusion that it is now imperative for companies to promote better representation of women. They need to put in place systems for encouraging women with managerial aspirations, notably offering more career opportunities and better prospects within their organisations.

It also seems necessary for companies to introduce target setting for greater female involvement and for the recruitment of women to top posts, with a view to promoting equality and diversity and putting brain power to good use.

Several Member States have tried ways of improving low rates of female involvement in management. Following the recent adoption in France of a law requiring companies to observe quotas for women board members – under which listed companies with more than 500 employees and an annual turnover of more than EUR 50 million will have to achieve a threshold of 40% by 2015 – Italy is proposing its own quota legislation, while Spain has had a quota law since 2007, also providing for 40% female representation by 2015.

Other countries have also embarked on debate about this thorny issue. In the UK, for instance, the Government tasked an MP with reporting on the gender pay gap and possible ways of tackling it, and the problem of low representation of women on company boards was an issue which surfaced and became the focus of specific debate. In the Netherlands and Belgium too, the problem is currently under discussion. In Germany, the Federal Minister for Family Affairs, Kristina Schröder, had said she wanted to see female membership of company boards at 20% by 2015, and that failure to reach that level should result in the adoption of binding legislation with a quota. The Bavarian Justice Minister, Beate Merk, had similarly advocated a quota system, involving a 15-20% quorum figure that would eventually rise to 40%.

The Norwegian model

Norway, as the first country to adopt legislation setting quotas with a view to substantially improving the representation of women in boardrooms, constitutes a model to which others refer.

When the Norwegian law was passed, in 2003, it met initially with stiff resistance. Adopted at the initiative of the Minister for Trade and Industry rather than the Equality Minister, it obliged listed companies to meet the target of at least 40% female board membership, with provision for penalties or liquidation in the event of failure to comply. Tangible results have since been achieved.

Similar legislation has been adopted in Quebec.

Effectiveness of existing measures – where should we direct our efforts?

Deutsche Telekom is the single German example of a big company taking steps to get more women into the boardroom: it voluntarily set itself the target of a 30% quota by 2015. The groundbreaking effort produced conclusive results and information about it has been disseminated within the sector.

Corporate codes of conduct

Recent studies show that several countries (e.g. Portugal, Italy, Greece, Belgium, Spain and France) have significantly boosted female participation in management bodies through the introduction of corporate codes of conduct¹.

What further measures ought to be considered?

Given the poor results of efforts so far and the slow pace of change, some form of kick start is required, so wider discussions with the business world in each country, and at European level, need to begin in order to break the current deadlock.

Governments ought to be concerned with improving women's participation and establishing a framework conducive to such improvement. Companies need to be presented with a practical guide to encouraging female participation, and a road map must be drawn up, setting quantitative targets and realistic deadlines for meeting them.

Quotas could also be considered, given that they have proved their effectiveness. It is a fact that, in various countries, movement towards significantly better representation of women on corporate managing bodies has been achieved either by the adoption of legislation imposing quotas or, in some cases, by policy initiatives in advance of such legislation. The figures for France illustrate this effect: in 2008, 7.6% of management employees were women; by 2010, when the legislation was in the pipeline, there had been an increase to 11.9%. The fact of legislating would appear to have had a persuasive effect, prompting companies to be proactive and take voluntary measures towards attainment of the statutory targets. The same phenomenon can be observed in Italy, where legislation on quotas is currently under discussion: in 2008, 2.1% of management staff were women, and by 2010 female membership of managerial bodies had risen to 3.9%. In Spain, the corresponding figures were 6.6% in 2008 and 11% in 2010². The question of quotas is still open and this draft report seeks to stimulate debate about their relevance – and that of other related measures.

¹ EuropeanPWN [Professional women's Network] Boardwomen monitor 2010.

² EuropeanPWN [Professional Women's Network] BoardWomen Monitor2010.

It is important to stress, however, that there are certain vital prerequisites for legislation on quotas¹, namely:

- a clear strategy for bringing in the binding legislation;
- provision for releasing the necessary financial resources;
- policies on balancing work and family commitments;
- a clear political will;
- deadlines;
- creation of a database containing individual profiles of women making careers for themselves in business;
- training provision for professional women with a view to their appointment to management posts, and other motivational policies.

While quotas would make for better female representation in managerial posts within big firms, our efforts would thus address companies in their entirety because the presence of women at every level of the corporate structure is essential to the achievement of gender balance in the boardroom.

The Commission's position

The Commission has declared its support for efforts to increase women's presence on boards of directors, with a target of 30% female membership by 2015 and 40% by 2020, to be achieved through voluntary measures and self-regulation. Should that approach fail to produce convincing results, recourse to goal-specific initiatives at Union level will be considered. The Commission has recently stepped up its activities in this area: at the time of writing, a meeting with women managers of large companies was scheduled for 1 March 2011 and a staff working document was due to be published later that month, describing the current situation in the Member States.

We therefore expect the Commission to bring forward specific proposals, not only addressing the needs of women executives with a view to enhancing their career prospects but also addressing the needs of the European economy. Crucially this will entail taking account of the EU-wide diversity that exists in this field, both in terms of company structures and in terms of how well women are represented.

¹ 2010 Corporate Women Directors International (CWDI) Report on 'Accelerating Board Diversity Globally'.