REPORT

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

Committee on Women’s Rights and Gender Equality

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

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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, in particular 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 report on Progress on Equality between Women and Men 2011,

– 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 2006, and the new European Pact for Gender Equality adopted by the European Council on 7 March 2011,
having regard to Council Recommendation 1996/694/EC on the balanced participation of women and men in the decision-making process,

having regard to the annual meeting of the World Economic Forum, held from 26 to 29 January 2011 in Davos, and the programme entitled ‘Women Leaders and Gender Parity’,

having regard to its resolution of 11 May 2011 on corporate governance in financial institutions¹,

having regard to its resolution of 8 March 2011 on equality between women and men in the European Union - 2010²,

having regard to its resolutions of 15 June 1995 on the fourth World Conference on Women in Beijing: ‘Equality, Development and Peace’³, of 10 March 2005 on the follow-up to the fourth World Conference on Women Platform for Action (Beijing +10)⁴ and of 25 February 2010 on Beijing +15 – UN Platform for Action for Gender Equality⁵,

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 (A7-0210/2011),

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 tasks, and whereas the Union has set itself the specific task of mainstreaming 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, by removing the persistent barriers and gender inequalities that prevent women from advancing in their careers,

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 at all levels, in the interests of social justice and of making full use of women's skills so as to strengthen the economy in the process, and must afford women the same career development prospects as men,

D. whereas, in 2008, 59.5% of university qualifications awarded in the EU went to women, whereas women outnumber men in business, management and law faculties, but whereas, however, the proportion of women in the highest decision-making bodies of the largest publicly listed firms was only 10.9% in 2009,

E. whereas other possible factors impeding women's representation may be a combination of

¹ Texts adopted, P7_TA(2011)0223.
² Texts adopted, P7_TA(2011)0085
sex-based discrimination, stereotypical behaviour patterns that tend to persist within
companies and limited mentoring provision for women with management potential,

F. whereas studies produced by the Commission and the private sector have demonstrated a
correlation between companies' improved 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,

G. whereas it is therefore essential to introduce 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,

H. 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, whereas the gender pay gap is still as high as 17.5% for the EU as
a whole, and also applies to leadership positions,

I. whereas the number of women in corporate boardrooms is currently increasing by only
half a percentage point per year; whereas at this slow rate it will take another 50 years
before corporate boardrooms contain at least 40% of each gender,

J. 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
and women, and this mirrors the low proportion of women in corporate management
bodies; whereas, however, chambers of commerce and industry and the organisations that
represent trade unions and employers can contribute to the dissemination and exchange of
good practice in this respect,

K. whereas it is incumbent on policymakers at both EU and Member State level and on
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, that the best
possible use is made of the Union’s human potential, and that the EU’s core values are
defended, given that equality is a fundamental principle,

L. 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 useful and should be encouraged even if they
are not yet sufficient to alter the status quo within companies, and women remain under-
represented at management level,

M. whereas the Commission has announced that it will present legislative measures to ensure
that publicly listed companies take effective measures to reach equal representation of
women and men in boards, in case self-regulation fails to do so within the next 12 months,
1. Welcomes the measures announced by the Commission on 1 March 2011, and in particular the Commission’s intention to propose European legislation in 2012 if companies do not manage to achieve through voluntary measures the targets of 30% women on company boards by 2015 and 40% by 2020,

2. Urges companies to reach the critical threshold of 30% female membership of management bodies by 2015 and 40% by 2020,

3. Notes the clear progress on women's representation in Norway since the adoption in 2003 of legislation requiring a minimum of 40% of both women and men on boards of listed companies with a workforce of more than 500 and making provision for effective sanctions for non-compliance;

4. Stresses that companies are required to ensure equal treatment of and equal opportunities for men and women at work and with this aim in view measures should be adopted to prevent any kind of discrimination;

5. Welcomes the initiatives of Member States such as France, the Netherlands and Spain 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 Belgium, Germany and Italy; notes that demonstrating political will is the only way of speeding up the process of getting binding measures adopted to help ensure the balanced representation women and men in corporate management bodies;

6. Welcomes Finland's Corporate Governance Code, under which firms' decision-taking bodies must contain both male and female representatives and there must be public disclosure of any non-compliance; notes that, because of the code, the proportion of women on Finnish firms' decision-taking bodies is now 25% and that, since the introduction of the code was announced, the proportion of stock exchange-listed firms with women on supervisory or management boards has increased from 51% to about 70%;

7. Insists that recruitment to positions in corporate management bodies must be based on the competence required in the form of skills, qualifications and experience and that the principles of transparency, objectiveness, inclusiveness, effectiveness, non-discrimination and gender equality must be observed in corporate recruitment policies;

8. Takes the view that consideration should be given to introducing effective rules to prevent people from holding multiple positions on boards of directors, both in order to free up posts for women and to help ensure the effectiveness and independence of board members of medium-sized and large companies;

9. Stresses that public enterprises listed on stock exchanges should set an example in implementing balanced representation of women and men on their boards and in management positions at all levels,

10. Invites the Member States and the Commission to implement new policies to enable more women to become involved in managing companies, in particular by:
a. initiating a dialogue, not limited to the issue of quotas, with the boards of large companies and with the social partners about ways of increasing female representation, which could take place annually;

b. supporting initiatives to assess and promote male-female equality on recruitment committees and in other areas, e.g. with regard to wage differentials, job classification, training and career patterns;

c. promoting corporate social responsibility for European companies, with a commitment to ensuring managerial responsibility for women and family-friendly services;

d. supporting cultural measures to orient young women more towards scientific and technological studies, as called for by the United Nations Economic and Social Council;

e. introducing specific measures and arrangements for the provision of high-quality and affordable services, for example childcare and care of the elderly and other dependent persons, fiscal incentives for companies or other compensation to help women and men employed by businesses to balance family and work commitments;

f. developing women’s individual capabilities in-house, by means of specific further-training courses and other forms of professional support, such as dedicated mentoring and networking in order to prepare them effectively for management duties at all levels;

g. developing training on gender equality and non-discrimination;

h. promoting precise and quantifiable commitments on the part of companies;

i. encouraging all stakeholders to set up initiatives to change the way women are perceived and women’s self-perception in the work field, so as to enable more women to take on leadership responsibilities on the operational side of the business, and not just on the functional side; takes the view that such initiatives should aim at encouraging girls and young women to consider a broader spectrum of careers with the support of teachers, family members and various role models, and presenting female leadership positively in the European media;

j. identifying ways to increase the representation of women from particularly under-represented groups, such as those from an immigrant or ethnic-minority background;

11. Emphasises the problem of pay differentials within companies and, in particular, differences between the salaries of women in management positions and those received by their male counterparts; calls on Member States and the Commission to take measures to tackle the lingering pay inequality connected with traditional stereotypes which affect career development and are partly responsible for women’s under-representation on corporate management bodies;

12. Considers in particular that companies required to submit unabridged profit and loss accounts should be required to achieve balanced representation of women and men on their boards within a reasonable time frame;
13. Encourages companies to adopt and implement corporate governance codes as a means of promoting gender equality on company boards, utilising peer pressure to influence organisations from within and implementing the ‘comply or explain’ rule, obliging companies to clarify why there is not at least one woman on the board;

14. Takes the view that the Member States and the Commission should set up initiatives designed to address the fairer sharing of family care responsibilities not only within the family, but also between the family and society and reduce the disparities in the salaries earned by women and men for the same work; considers that specific measures should be taken to:

a. address problems in accessing childcare facilities, which should be affordable, accountable and local,

b. introduce flexible work practices to enhance organisational capacity and maximise women’s contribution; such practices must gain support and cooperation from across the workforce; leadership is therefore needed to challenge cultural attitudes and traditional principles of good business and to usher in new ways of thinking about the role of men and women in society, sustainable workforce planning, social capital and responsibility towards the community;

15. Encourages senior corporate managers to raise their staffs’ awareness of the career patterns of men and women and to become personally involved in career monitoring and support programmes for female executives in their companies;

16. Calls on the Commission to:

a. present, as soon as possible, comprehensive current data on female representation within all types of companies in the EU and on the compulsory and non-compulsory measures taken by the business sector as well as those recently adopted by the 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 propose legislation, including quotas, by 2012 to increase female representation in corporate management bodies to 30% by 2015 and to 40% by 2020, while taking account of the Member States' responsibilities and of their economic, structural (i.e. company-size related), legal and regional specificities;

17. Invites the Commission to present a road map setting out specific, measurable and attainable targets for the achievement of balanced representation in enterprises of all sizes, and calls on the Commission to draw up a specific guide for small and medium-sized enterprises;

18. Calls on the Commission to set up a website dedicated to good practice in this area, with a view to disseminating and exchanging best practice; stresses the importance of establishing a communication strategy in order to inform the public and the social partners effectively about the significance of such measures; therefore invites the Commission and Member States to launch targeted information campaigns;
19. Instructs its President to forward this resolution to the Council, the Commission, and 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 it 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.

Research\(^1\) 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

\(^1\) Women Matter 2010, McKinsey.
results and profits.

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 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

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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.
specialised further training, fast-track programmes, mentoring and individual career support 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 conduct.

**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 2010. The question of quotas is still open and this draft report seeks to stimulate debate about their relevance – and that of other related measures.

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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 it 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.

## RESULT OF FINAL VOTE IN COMMITTEE

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<tr>
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<th>25.5.2011</th>
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| **Result of final vote** | +: 26  
| | −: 0  
| | 0: 6 |
| **Members present for the final vote** | Regina Bastos, Edit Bauer, Emine Bozkurt, Marije Cornelissen, Silvia Costa, Edite Estrela, Iratxe García Pérez, Livia Jaróka, Teresa Jiménez-Becerril Barrio, Nicole Kiil-Nielsen, Rodi Kratsa-Tsaralopoulou, Constance Le Grip, Astrid Lulling, Elisabeth Morin-Chartier, Angelika Niebler, Siiri Oviir, Antonyia Parvanova, Raül Romeva i Rueda, Joanna Katarzyna Skrzydlewska, Eva-Britt Svensson, Marc Tarabella, Britta Thomsen, Marina Yannakoudakis, Anna Záborská |
| **Substitute(s) present for the final vote** | Anne Delvaux, Mojca Kleva, Kartika Tamara Liotard, Gesine Meissner, Norica Nicolai, Antigoni Papadopoulou |
| **Substitute(s) under Rule 187(2) present for the final vote** | Roger Helmer, Jacek Włosowicz |