

# **Exchange of good practices** on gender equality



## **Summary report**

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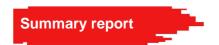


This publication is supported by the European Union Programme for Employment and Social Solidarity - PROGRESS (2007-2013).

This programme is implemented by the European Commission. It was established to financially support the implementation of the objectives of the European Union in the employment, social affairs and equal opportunities area, and thereby contribute to the achievement of the Europe 2020 Strategy goals in these fields.

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## Women in economic decision-making

The exchange of good practices held in Oslo, Norway, on the 10-11<sup>th</sup> May 2012 discussed the ways in which the participation of women in economic decision-making can be increased. In addition to exploration of the host country's approach, there were presentations on the approaches taken by two associated countries, Denmark and the United Kingdom and 14 other countries<sup>1</sup> participated in the debate, in addition to representatives of the European Commission, DG Justice and the European Institute for Gender Equality (EIGE).

As a backdrop to the discussions, in the EU women comprise only around 13.7 per cent of members of the boards in the largest publicly listed companies, and of these just three per cent are chaired by women<sup>2</sup>. Furthermore, progress remains too slow: at the previous rate of increase it would take around 40 years to achieve gender balance in board representation (at least 40% of each sex), hence the impetus for more effective policy in this area. In March 2011, the European Commission Vice-President Viviane Reding launched the 'Women on the Board Pledge for Europe', aiming to get a commitment from publicly quoted companies to sign a voluntary commitment to increase the representation of women on their boards to 30 per cent by 2015 and 40 per cent by 2020<sup>3</sup>. In fact, to have more women in economic leadership positions is important for EU economic growth and a competitive internal market. Indeed, there is a clear business case for gender diversity in corporate decision-making positions both from the microeconomic perspective — i.e. in terms of individual companies' performance — as well as from a macroeconomic perspective — i.e. in terms of higher, sustainable rates of economic growth<sup>4</sup>.

## 1. The good practice of the host and associated countries

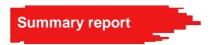
In Norway, Denmark and the United Kingdom (UK) attempts to increase the participation of women in economic life have a long history and is seen as part of the wider policy stance on gender equality and a desire to ensure that each country makes full use of all its human resource potential. However, recent developments in policy in this area have seen a divergence in approach with Norway choosing to take the more stringent quota route, while Denmark and the UK have remained with essentially a voluntary approach, though with different emphases and actions. This provides an interesting basis for comparison, though the social, economic and political context will to a great extent dictate what works in a country and this comes through from the discussion among all countries that participated in the seminar.

The countries were: Austria, Belgium, Croatia, Estonia, Germany, Greece, Iceland, Ireland, Lithuania, Malta, Poland, Slovakia, Spain and the Netherlands.

<sup>&</sup>lt;sup>2</sup> Data collected in January 2012: <a href="http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/index\_en.htm">http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/index\_en.htm</a>

http://ec.europa.eu/commission\_2010-2014/reding/womenpledge/index\_en.htm

Women in economic decision-making in the EU: Progress Report. Available at: <a href="http://ec.europa.eu/justice/newsroom/gender-equality/opinion/files/120528/women on board progress report en.pdf">http://ec.europa.eu/justice/newsroom/gender-equality/opinion/files/120528/women on board progress report en.pdf</a>



### 1.1 The background and policy approach in Norway

In comparative terms, Norway has an enviable record in gender equality, reflected in high employment rates for both men and women, and strong representation in the political institutions at local and national levels. However, there are familiar signs of traditional gender segregation within these broad trends with, for example, more women in the public sector and fewer in the private sector, and in the occupational and management structures within the employing organisations.

As far back as 1988 there were attempts to strengthen the gender balance in certain areas of corporate life and in 2003 the Norwegian Enterprise Organisation (NHO) created a new initiative, 'Female Future', aimed at bringing more women into top management and boardroom positions through changing systems and attitudes and providing personal development programmes. A key force behind this initiative was recognition that employers needed to make best use of the talents and resources available to them and so it was seen to be driven by business reasons. However, in that same year legislation was introduced requiring companies to increase the proportion of women on their boards, and in effect this was an admission that the voluntary approach alone was not working, or not working fast enough, and so this dual approach was adopted with strong political backing.

The mandatory gender quota requirement for the composition of corporate boards was passed by the Norwegian Parliament in 2003. The law requires that there is a minimum representation of at least 40 per cent of each gender on the boards and initially the legislation applied to public limited companies from 2008 (or 2006 in the case of new ones), inter-municipal companies and state-owned enterprises (from 2004), but was extended to include cooperatives companies in 2008 and municipal companies in 2009. In total the legislation applies to around 2,000 entities of which just over 300 are public limited companies and while the 150,000 or so private companies are not in scope, the coverage nevertheless encompasses the key players in the Norwegian economy.

An important part of the quota system is a regular monitoring system that requires employers to prepare an annual plan that sets targets and reviews progress towards them. The National Business Register has responsibility for enforcing compliance with the quota and sanctions may be applied in cases of non-compliance, with the ultimate sanction being the dissolution of the company by the courts. However, the reporting and monitoring system helps ensure that those companies making insufficient progress are encouraged to improve and so the sanctions provide an effective threat, though are unlikely to be invoked.

The social and economic context in Norway is an important factor underpinning this legislative approach. Through such measures as access to childcare (which is a legal right), parental leave and payment for time off to look after a sick child, women and men are afforded equal rights that at least allows some gender equality in working lives. Similarly in Norway there is a widespread belief in making the most of the human resources available and harvesting the benefits of education and experience.

### Assessment of the Norwegian approach

Even though the quota requirement has been in place for several years, the wider benefits are expected to accrue over a long period, with the expectation that changes in the board room will filter through to the management structures of companies and

other aspects of corporate life. Most research to date has focused on changes in the larger publicly quoted companies and here there has been significant improvements since 2003 to the extent that now the 40 per cent target has been reached, but has levelled off and there is no signs that companies are working towards exceeding the target. This raises many questions but one issue to consider is that men are still dominant in the recruitment to company boards.

A survey of all board members in publicly quoted companies (totalling around 880 individuals giving a 62 per cent response rate) found that the increase in women on the boards had not come about through any direct recruitment through agencies, publicity or drawing in family members from existing board members. The research also found that most women have regular board positions and in terms of age, in most cases younger women have taken the place of younger men but the educational background is similar. The research was somewhat restricted on the sorts of questions that could be asked, though the impression was that attitudes towards the imposition of a quota had shifted significantly from hostile to wide acceptance.

However, while there has been considerable success as changing the imbalance at board level, the desire to effect change in a wider employment context has been disappointing. At the time of the survey 83 per cent of top managerial posts in these companies were still held by men, though this was an improvement on the figure of 93 per cent in 2003. Here the public sector is showing the lead with men accounting for 80 per cent of top management posts. The research also addressed the so-called 'golden skirt' problem where women may hold multiple board positions and found that the vast majority of women had just one board position.

In broad terms it was felt that the quota requirement had been successful in both boosting the proportion of women board members and showing the potential for change. However, one problem of setting targets is that once reached, the impetus to keep on trying tends to falter. Also, it is unrealistic to expect success in changing the composition of boards to have a ripple effect throughout corporate structures – this needs more effort and policy. It was also felt that to be successful, the social partners need to be activated more to implement voluntary measures.

### 1.2 The background and policy approach in the United Kingdom

The approach taken in the UK is predicated on business-led case and a preference for a self-regulatory approach to allow businesses to improve the situation without binding legislation. It is based on a belief that women should be fully represented on the boards of companies in the interests of diversity and maximising the use of talent. There is a recognised need for the economy to fully benefit from the active participation of women and it is estimated that bringing this about could generate significant economic benefits over time. However, it was emphasised by the speakers that it is not just about the numbers. The aim of the policy is to bring about a cultural change in the attitudes to women in business and a significant part of this is to look at the 'pipeline' from education through working lives. In this sense there is recognition that a quick fix is not an option and the aim is to bring about sustainable change.

Significant progress has already been made in creating the right climate for the increased participation of women, such as extending the option of flexible working to all, shared parental leave and there are clear signs that more women are moving into companies at senior levels, though significant occupational segregation still exists. The comprehensive provisions of the Equality Act can be invoked in such circumstances



but the emphasis is on bringing about a top-down commitment that includes working with representative bodies such as the Women's Business Council and getting the media in tune with the policy objectives.

Recognition of the need to improve the representation of women on boards has been around for at least 20 years and has formed part of the monitoring activity of the Financial Reporting Council (FRC). This has mainly consisted of encouragement through best practice, embodied in The UK Corporate Governance Code (CGC) aimed at public limited companies (PLCs), the guidelines of which are not in any way binding. In 2010 the Code was revised to incorporate a more specific statement on the value and need for diversity in the boardroom, stating that 'the search for board candidates should be conducted and appointments made on merit, against objective criteria and with due regard for the benefits of diversity on the board, including gender'.

In October 2011 the FRC announced that in the light of the public consultation following the Davies Report (see below), the CGC would be further amended to require companies to report on the board's policy on boardroom diversity (including gender), on any measurable targets set, and on progress in achieving them. This will be implemented from October 2012, though the FRC has encouraged companies to start as soon as possible on a voluntary basis.

However, progress was judged to be slow and this concern coincided with the introduction in Australia of a new reporting structure for listed companies that highlighted the proportion of female board members and which demonstrated significant success without the need for a statutory requirement<sup>5</sup>. Therefore, in recognition that more impetus was needed in the UK, in 2010 the in-coming government appointed the industrialist Lord Davies to head a review of representation on the boards of companies with a remit to explore all options. The process has involved wide consultation and one of the first options to be considered was the use of a quota, but this found little support (only 11 per cent of those consulted were in favour) and so was rejected. Instead the needs of business have become paramount in deciding the approach to take and the Davies Report<sup>6</sup> set out ten main recommendations and underpinning them all was a focus on the role of all stakeholders rather than focusing on actions on women themselves. The recommendations are summarised below:

- All Financial Times-Stock Exchange (FTSE) 350 companies should set aspirational targets for the percentage of women they aim to have on their corporate boards by 2013 and 2015, with a recommendation that FTSE 100 companies should aim for a minimum of 25 per cent;
- Quoted companies should disclose proportions of women in their workforce and in senior executive positions and chief executives should review the percentage of women they aim to have on their executive committee;
- The FRC should amend the UK CGC to require companies to establish a policy on boardroom diversity, including measurable objectives and disclose annually their progress;

Exchange of good practices in gender equality, Norway, 10-11 May 2012

Following introduction of the new governance code in Australia the proportion of female board members increased from 5 per cent in 2009 to 27 per cent in 2010.

Davies Report - Women on Boards, February 2011, available at <a href="http://www.bis.gov.uk/assets/biscore/business-law/docs/w/11-745-women-onboards.">http://www.bis.gov.uk/assets/biscore/business-law/docs/w/11-745-women-onboards.</a>

- Chairmen will be encouraged to sign a charter supporting the recommendations;
- Chairmen should disclose meaningful information about the board appointment process;
- Investors should pay close attention to recommendations when considering companies;
- Companies are encouraged to advertise non-executive directorships positions;
- Executive search firms should draw up a voluntary Code of Conduct addressing best practice for gender diversity on boards;
- The pool from which potential female directors are drawn should be widened. As well as the current corporate mainstream, female academics, entrepreneurs, civil servants and those with professional services backgrounds should also be considered.
- The Steering Board should meet every six months to review and report on progress.

The recommendations are underpinned by the launch by government of the 'Think, Act, Report' initiative, representing a new approach to improve transparency on pay and wider workforce equality that is intended to drive forward change.

#### Assessment of the United Kingdom approach

The monitoring of board room representation in the UK has been going on for some time but the Davies report has added impetus to the need for more incisive analysis. The latest review of progress in the FTSE 100 companies shows a dramatic increase to 16 per cent on unitary boards (including executive and non-executive members) and the proportion of all male boards has fallen to 9 per cent. Further evidence of progress is that in 2010 around 13 per cent of new board appointments were women, but this had more than doubled to 28 per cent in 2012. Based on these trends, the projection is that the proportion of women on boards will reach 26 per cent in 2015 and 36 per cent by 2020. In addition, there has also been some progress in the FTSE 250 companies.

Almost two-thirds of the recent increase in female board members comprises those without previous experience of the FTSE 100 companies, though most have other relevant experience, including from the voluntary and community sectors. In terms of multiple directorships, there is no real difference between men and women – it exists for both genders.

However, the situation is not without its negative aspects and here there is some concern that companies are not keeping the necessary information to monitor the targets set. Some of this reluctance may be due to the perception of targets as another term for a quota and so seen as interference in corporate affairs. However, embedding the approach in the CGC is seen by proponents as essential to give sufficient strength to the targets.

On the other hand, there is also some evidence to show that the new regime of transparency is starting to be seen by investors as a basis for choosing where to place their investments. These encouraging changes have been driven by the voluntary

actions of companies, though with significant media exposure of the issue and peer pressure (including that from the Davies Report). Some of the recent changes have been influenced by the example of Australia where a key part of the incentive to take action was the threat of legislative change if there was insufficient improvement. This threat has also been wielded in the UK, though it is unclear to what extent it has acted as an incentive to accelerate change. Progress in meeting the targets will take place every six months, carried out by an independent body on behalf of the government. The latest monitoring report<sup>7</sup> (October 2011) shows that there has been significant progress with 22.5 per cent of new board appointments going to women compared with 13.3 per cent in 2010, though this rate of increase is not expected to be sustained over the next few years.

### 1.3 The background and policy approach in Denmark

The process of increasing the representation of women on company supervisory boards in Denmark essentially relies on a structured voluntary approach that involves a high degree of cooperation between government departments and agencies. In 2007 a *Charter for more women in management* was launched in an attempt to get public and private sector employers to commit to give more attention to gender issues with a view to increasing the proportion of women in management roles. While participation in the charter was voluntary, targets were expected to be set and a corps of ambassadors for women was energised, drawing on the top level managers in big companies.

Information suggests that the proportion has changed little from the 1990s, hovering around 10-12 per cent among the 2,500 largest firms. However, underlining the problems in gathering accurate data on the issue, the Committee on Corporate Governance estimated a higher figure currently of around 19 per cent, though this is based on all corporate firms and when the figures are disaggregated, a different picture emerges. For example, among publicly listed companies, the proportion tends to be much lower than this average, more like 6.5 per cent in 2011 which appears comparatively low, but represents a distinct improvement on the figure of 5.0 per cent that was obtained in 2008.

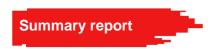
This low representation is also reflected in the proportion of women among Chief Executive Officers (CEO) of Danish companies, with 6-7 per cent for the largest 2,500 firms, but falling to just 2 per cent for the listed companies, again according to the data collected by the Committee on Corporate Governance<sup>8</sup>. Thus the low representation of women appears to be endemic and there is some concern that the low numbers in senior management might be causing a shortage of supply to the boardrooms. Yet Denmark is a country with recognised attention to policy that promotes gender equality in the labour market, through the availability of childcare, parental leave and measures to enable an equitable work-life balance. Nevertheless, it would seem that the measures are not filtering through to the senior management and supervisory boards of private sector companies.

It is against this background and concern that the process needs stimulation that Operation Chain Reaction (OCR) was introduced in November 2010. The main aim was to ensure that members of supervisory boards were selected on the basis of the most complete information on the candidates and so the focus was on the whole

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Sealy, Doldor, Singh & Vinnicombe, 2011.

<sup>&</sup>lt;sup>8</sup> See the Danish discussion paper prepared for this seminar: <a href="http://ec.europa.eu/justice/gender-equality/tools/good-practices/review-seminars/decision\_making\_en.htm">http://ec.europa.eu/justice/gender-equality/tools/good-practices/review-seminars/decision\_making\_en.htm</a>



recruitment chain. Initially it applies to all publicly listed companies and requires (on a voluntary basis) companies to sign up to a series of recommendations to develop and recruit more women to their supervisory boards, as follows:

- Increase the percentage of female candidates for supervisory board membership;
- Monitor, evaluate and follow up on the percentage of female supervisory board members in the Annual Report management's review;
- Account for the recruitment and selection criteria applied in connection with filling directorships in the annual report;
- Increase the pool of potential female supervisory board member candidates by working consistently to increase the number of female corporate executives in general;
- Listed companies undertake to work towards meeting the 'Recommendations on Corporate Governance' in terms of diversity.

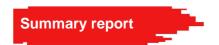
A key aspect of the OCR has been its development in collaboration with the social partners and their part in the task force that is also involved with recruiting new employers to the cause, and their support is seen as crucial to its success. Companies are required to set specific targets and timeframes and monitoring mechanisms to chart progress.

### **Assessment of the Danish approach**

The OCR is a relatively new initiative and so it is too early for any comprehensive assessment of its success – this will need to be judged over the medium to long terms. However, given that it starts from a very low base of female participation in company boards, there are high expectations of success and of those employers that have signed up (currently numbering 55), around 63 per cent have launched concrete action plans and 50 per cent have implemented specific activities. Nevertheless, despite some high profile players (such as Carlsberg and Novo Nordisk), commitment to the approach has been disappointing with few employers in the target group signed up at this stage.

A first official evaluation of the OCR is in process and questionnaires have been sent by the Ministry to employers to assess progress. However, since the OCR was introduced there has been a change of government and recently a new strategy for improving gender equality on corporate boards has been developed. According to the Danish official presentation, in 2012 the so called 'Danish model' should respect the rights of companies to run their affairs but with a requirement that they define measurable targets for the proportion of board members of the underrepresented gender. This is a legislative instrument that applies to the largest 1,100 companies (including some state-owned ones) and there are various categories to comply with extending to women in management in general.

According to the presentation by Mette Kaae Hansen, Danish Ministry for Gender Equality and Ecclesiastical Affairs.



## 2. The situation in participating countries

Looked at across the countries participating in the seminar, there are two main approaches to increasing the participation of women in economic decision-making. The first and most common approach is the voluntary route and this is followed in 11 of the countries, namely Austria, Croatia, Estonia, Germany, Greece, Ireland, Lithuania, Malta, Poland, Slovakia, and the United Kingdom. The second approach is the quota route backed up by legislation but here there are two variants. The first is based on fully-fledged quota legislation for company boards, backed up by sanctions and here one EU Member State participating in the seminar, Belgium, has adopted this approach (as has France and Italy) in addition to Norway and Iceland. The second approach involves setting quotas but without the threat of sanctions and this is the case in the Netherlands and Spain. However, within these two broad categories, each country has its own approach that reflects current and historical social, economic and political contexts and it is important to consider these differences as a prelude to any discussion on transferability.

In Austria, there has been active debate on the composition of company boards not just from the gender perspective but also in terms of such factors as age and nationality and the self-perpetuating nature of how board members are selected (mostly through existing networks). Various education and training programmes (such as the Governance Excellence Programme) have sought to raise the standard of those going onto boards and one (Future Women) was specifically aimed at women and has been judged an important contributory factor in raising the profile of women for board selection. However, in 2011 the federal government decided to introduce specific measures to speed up the recruitment of female board members and so semi-public companies are expected to commit themselves to achieving a 40 per cent quota, though this is expected to take time (the first goal of 25 per cent is set for 2013) and there are no effective sanctions in place for those companies that under perform. The measure has not been extended to the private sector where there is resistance to any form of binding quota and so the push has come through a broader review (in 2012) of the Corporate Governance Code that is expected to be implemented. This is based on self-compliance and the aim of increasing the proportion of women on executive and supervisory boards.

Belgium has a long history of measures to bring about gender equality in decisionmaking positions, with a significant development in 2002 that applied to candidates for political elections. However, progress in changing the composition of company boards has been slow and so in 2011 legislation was introduced amending the Company Code that required specified government owned companies, publicly listed companies, and the National Lottery to guarantee certain levels of representation on their boards. In effect a quota of one-third of members should be a different sex and where this is not the case, then preference should be given to the underrepresented gender when new appointments are made. For the state enterprises, the legislation applies from 2012 but listed companies are being allowed a longer implementation phase ranging from six to eight years, depending on the size of the company according to various criteria (such as number of employees and annual turnover). Where organisations fail to comply with the law, a specific sanction can be imposed in the form of suspension of any advantage, financial or otherwise, attached to the position of director for all the members of the board for as long as the composition of the board fails to comply with the quota.

There is concern in **Croatia** about the under-representation of women in most key decision-making areas including politics and company boardrooms. However, the

infrastructure and legislative framework for promoting equality are established, but have not yet been effective in changing the composition of company boards where currently around 16 per cent are women. This is seen as part of a wider debate about the role and treatment of women in business that encompasses such issues as socio-cultural attitudes towards women working, system-imposed barriers (such as male dominated networks) and self-imposed barriers such as lack of confidence to achieve. There have been numerous activities to address the gender issue in business by a range of organisations, but through a lack of co-ordination and the varied commitment of the relevant stakeholder groups, they have failed to have much impact on the situation. In addition, the difficult economic conditions in the country have not provided the best environment for moving the issue forward. However, many companies have made a voluntary commitment in their codes of business conduct to address gender equality issues, though this does not necessarily apply to board room composition.

The number of publicly listed companies in **Estonia** is small at 20, though this is augmented by a large number of private companies and state-owned organisations, but in all the representation of women in senior positions is small. In addressing the gender balance in company board rooms, there are many barriers to face, not least the general perception of women in business and how this is reinforced by the media. Part of the problem is that recruitment to boards in the private sector, and to a certain extent the public sector, are often not open and rely on networks and covert appointments and these would tend to be male dominated. The current legislation on gender equality is not specific on the composition of boards, though does require such bodies to include both genders 'if possible' and this optional requirement appears to dominate company structures. Here the stated aim is to allow companies flexibility to choose the best people for their supervisory boards in the interests of business performance and so the recent debate on the introduction of quotas has not received much support.

While **Germany** does not have a quota system, some existing legislation may affect the gender balance on company boards. For example, the rules regulating workers' representatives on boards recommend that the proportions of men and women on boards should reflect the gender representation among the workforce in general. However, comparatively low representation of women in publicly quoted companies is an issue gathering more attention in particular with regard to the 'flexi-quota' plan put forward by the German Federal Ministry for Family, Senior Citizens, Women and Youth. In effect this would establish a legal obligation of self-commitment whereby listed companies (and certain others) would establish a publicly available self-determined quota for women both in their executive and supervisory boards. The aim would be that by 2013 those companies that had failed to triple the average percentage of women on these two boards, then a specific target date would be set. If the targets were not met then legal sanctions could be invoked (such as contesting board appointments), though this legal threat would cease to apply when the company has achieved 30 per cent representation on both supervisory and management boards.

Other activities have included discussions with the Federal Minister for Family, Senior Citizens, Women and Youth and representatives from the major listed companies on the German Stock Exchange (DAX) on the voluntary setting of targets and how they might be achieved. Also, various actions in both federal and state parliaments have attempted to introduce bills of motions towards the introduction of gender quotas, but all have so far failed, though have managed to raise the profile of the issue even further. In Germany media pressure has played a crucial role in raising the profile of the representation of women in economic decision-making and also giving out information on both sides of the debate. The unilateral decision by Deutsche Telekom to introduce its own gender quota simply added momentum, though has not led to a flood of companies following suit.

There have been various initiatives in **Greece** on increasing the representation of women in politics and business, most notably the provisions of the Gender Equality Act of 2000 which imposed a one-third quota requirement for those appointed by the state to the boards of state or local authorities and including companies either fully or partially state controlled. Where the requirements are breached, the board members appointed can have their positions annulled. In the private sector there have been no direct interventions setting specific requirements, but instead there have been various recommendations and positive action programmes to help persuade companies to consider any gender imbalance, though none directly address the issue of representation on company boards. The current situation is that the level of debate on gender balance tends to be quite broad and concentrated in the academic arena. In this context, government initiatives have been extremely limited, though it helps that some of the measures to improve the work-life balance are creating the right environment. This has meant that some companies have acted on their own to improve their gender policies that might ultimately filter through to the board room.

Attention to gender equality in the employment context has been a feature of government policy in **Iceland** since the 1976 Gender Equality Act and reflects the historically high labour market participation rate of women. Nevertheless, there is still gender segregation in business and in particular women are significantly underrepresented in executive and board room positions and so it is against this background that various initiatives have emerged to address the matter. These include a requirement introduced in 2008 that at least 40 per cent of each gender should be represented on boards and in senior management in public corporations and such quotas have also been proposed across municipal committees. There was also a commitment (in 2009) from the main employer bodies to increase the proportion of women on private company boards, with a target of a minimum of 40 per cent of each gender by 2013. However, progress towards this goal has been slow and so with variable public and business support, the government introduced legislation confirming the 40 per cent quota as a requirement of private company boards from 2013.

As far back as 1995, the government in **Ireland** enacted a voluntary requirement that a minimum of 40 per cent of each gender should be appointed to the boards of all state bodies. However, despite a reaffirmation of the targets in the *National Women's Strategy* (2007-2016), they have yet to be met, though some progress is acknowledged. Furthermore, the requirement has never been extended to the private sector and so the representation of women on publicly quoted companies is comparatively low at around 10 per cent. Nevertheless, there has been considerable movement in the role of women in managerial positions in private companies and in professional occupations, alongside a general increase in the labour market participation of women. This improvement has been fuelled by the range of business initiatives and networks that have promoted the role of women in business, some of which is funded by government. The situation now is that while the possible introduction of a quota has been raised, there is no widespread support for it and so much of the impetus for change will come from existing measures such as the *National Women's Strategy*.

In **Lithuania** the role of women in business is comparatively strong, but this is not reflected in their representation on the boards of big companies. The country has a comprehensive legislative framework on equality and in 2003 the *National Programme* on Equal Opportunities for Women and Men directly addressed the issue of the genders in decision-making. For women, the measures have focused on improving the motivation and skills of women and eliminating stereotypical images so that more opportunities can be opened up. More recently, attention has focused on the role of

women in economic decision-making, involving government initiative debate and exploration of policy options – including the imposition of quotas, though this has not received widespread support at this stage.

Membership of the EU in 2004 provided an impetus for change in **Malta** and this included slow but sure improvements in the area of gender equality. However, labour market segregation is marked and women have a comparatively low employment rate and are concentrated in certain sectors and occupations. Few women hold high-level posts in economic decision-making and research has shown that part of the continuing difficulty in altering the balance is the slow progress in reconciling work and family life. Women can also be excluded from the traditional (male dominated) networks that recruit to senior positions in companies and significant cultural barriers remain in place adding to the difficulties in changing the situation. It therefore seems that much of the impetus for change will come through the on-going improvements in the educational achievements of women and a gradual shift in attitudes and perceptions to dual income households – but it could take some time.

Significant progress in gender equality has been made in **Poland** over the past 20 years, as demonstrated by the increasing proportion of women in politics and business. Much of the improvement in the role of women has been achieved without recourse to quotas despite lobbying from the active women's movement, though various measures such as those in politics have been seen as 'soft quotas'. However, the First Women's Congress in 2009 and its 'Parity Act' marked a watershed in the approach to raising gender equality and this led to legislation being passed by parliament. This provided for a quota of at least 35 per cent for each gender on electoral candidate lists and has led to the proportion of women rising to 24 per cent, the highest ever level. This success led to consideration of quotas in the business arena, the first step being a Code of Best Practice of the Warsaw Stock Exchange on companies aiming for a 'balanced proportion' of men and women in management and supervisory roles, which has started to have some impact on corporate thinking. Subsequent measures include a voluntary Diversity Charter in 2012 with large companies signing up to avoid discrimination and promote diversity in the workplace.

After a comparatively slow start, gender equality in **Slovakia** has gathered pace with, in addition to equal pay, issues such as increasing the involvement of women in politics and supporting women entrepreneurs appearing on the agenda. However, this increasing attention has yet to reach the issue of the number of women on company supervisory boards or in senior management roles. Recent statistics show that women are comparatively under-represented in politics and business, though there have been signs of some improvement over the past two years. A targeted campaign, More Women to the Political Life, raised the option of a quota in politics of 30 per cent, but it is unlikely to be followed by legislation, though it has served to raise the awareness level. Building on this and previous success in raising the awareness of employers to the need to create a better work-life balance for their employees (through, for example the good practice award that has been operational for eleven years), the country is likely to proceed down the voluntary route using a combination of activities encouraged facilitated by government and industry.

The position of women in education and the labour market in **Spain** has improved considerably over the years, assisted by a political commitment to equality of opportunity. This increased role of women is reflected in political life where at regional and national levels the proportion of women is among the highest in Europe even if it has declined. However, this diversity has not filtered through to business and few women hold senior positions in companies. Efforts have been made to encourage companies to improve this position and in 2007 Article 75 of the Spanish Organic Law

on Gender Equality encourages large companies to make gradual changes to the composition of their boards until each sex accounts for at least 40 per cent, with a target date of 2015. This has the status of a recommendation for private sector companies and is without any sanctions in the event of non-compliance, though in cases where companies fail to comply it may be taken into account when the 'equality label' is awarded and possibly in decisions to award public sector funded contracts. This has helped fuel a debate over the relative merits of voluntary or mandatory approaches to achieving a better gender balance on company boards, but for the private sector the country is likely to stay with the voluntary for the foreseeable future.

The position of women in **The Netherlands** labour market is reflected in a high employment rate but this does not necessarily mean a similarly strong representation in the management and boards of companies. This is despite a history of self-regulation and voluntary codes (in particular the *Dutch Corporate Governance Code* of 2004) to increase the representation of women on company boards and so from July 2012 a temporary law will be enacted that requires companies to have women comprising at least 30 per cent of their executive and supervisory boards by 2016. This will apply to all private companies (limited liability and publicly quoted) with a few exceptions based on financial or employment size. However, this period of adjustment will rely on employers taking their own steps towards the goal, though there will be monitoring of progress and reporting requirements. In 2015 an *Emancipation Policy* will come into force that underlines the provisions of the temporary law and is based on the value principles of having a more diverse representation and use of all talents.

## 3. Summary of the discussion at the exchange seminar

The discussions during the seminar were coloured by the different political, social and economic contexts of the participating countries that provided the backdrop influencing what was decided in policy terms. The three detailed presentations from Norway, Denmark and the United Kingdom provided a rich and contrasting set of approaches on how to improve the representation of women in economic decision-making, in particular on boards, and stimulated the discussions, which are summarised below grouped under three broad headings.

#### The choice of approach

It was generally felt that the quota approach would tend to deliver higher levels of equality in boardroom representation. The post-communist countries suggested that there would tend to be suspicion and opposition to quotas because of the legacy of government interference and so for them, a voluntary approach was the best option at this juncture. However, whatever approach is taken, the policy needs to be seen as integrated as much as possible with other efforts to improve the gender balance in industry. It was felt that aiming at more women on the boards of companies was not likely to automatically filter down to improvements in the mix of senior managers and subsequently further down the workforce structure, though this was seen as one of the most desirable outcomes.

This wider perspective was felt to be more evident in the Danish and UK approaches where there was an emphasis less on target numbers (though they still have a role in both countries) and more on changing mindsets and bringing about systemic and

sustainable change throughout the working environment. Some felt that the experience in Norway of a levelling off in the proportion of women on the boards of companies once the quota had been reached was indicative of this approach perhaps not being as effective as might be expected in bringing about a cultural shift in employer thinking.

The basis for the choice of approach in tackling improvements in the gender balance in economic decision-making can be considered from a range of perspectives. From the labour supply side, for example, the issue of whether there were sufficient numbers of women with the right skills and experience available to fill boardroom roles was discussed. Broadly it was felt that the alleged lack of enough qualified women was a myth that needed to be dispelled. Nevertheless, some countries did feel that the supply side issues needed to be addressed through appropriate investment in human capital and the emphasis away from what women need to do to increase their participation in senior management and board roles in companies, towards an approach that facilitated their involvement based on the aim of maximising human capital was widely appreciated.

This argument principally rested on the microeconomic issues that greater gender diversity can bring. These include improved company performance, mirroring the market (recognising that women control a significantly higher proportion of consumer spending than men), enhancing the quality of decision-making, improving corporate governance and ethics, and making better use of the available talent pool. Furthermore, all these factors combine to provide a macroeconomic case, contributing to economic growth and prosperity.

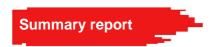
It was also agreed that the process of awareness-raising on the role of women in economic decision-making should start at the earliest possible stages such as in schools, higher education and other formative areas.

#### Stakeholder involvement

Whatever route is chosen, the role of key stakeholders was felt to be crucial in bringing about sustainable change in the role of women in economic decision-making. This would need to be set against a receptive political environment and two key groups of stakeholders were identified.

The high degree of consensus that permeates most aspects of policy in Norway was recognised by participants and accepted as a desirable pre-condition for the successful introduction of a quota system. However, this strong involvement of the social partners in particular was also evident in Denmark, where the so-called 'Danish Model' has for many years created a consensual environment where stringent policy options have been able to be progressed often without recourse to legislation, Operation Chain Reaction being a good example of this approach, though also indicative of a need to revitalise the interest of employers. However, even in countries where this level of social partner involvement is absent, given the right approach, policy can also be successful and in this context the example of the UK was discussed. In particular the setting of a special inquiry led by a respected industrialist was seen as an effective way to convince fellow industrialists of the value in a more open recruitment approach to company boards.

However, while setting up a dedicated inquiry such as that in the UK was one approach, in some other countries much of the impetus for change was coming through the work of pressure groups. This was the case in Germany, for example, where the activities of women's organisations and networks played a crucial role in raising



awareness and bringing about change and, importantly, sustaining the call for change. A similar effect was also felt to come from a stronger representation of women in politics at national, regional and local levels, but this varied greatly between the countries.

#### **Further research**

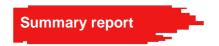
While it was accepted that there has been extensive research on the role of women in economic decision-making, there were nevertheless important areas where knowledge was lacking and further research needed. This should provide a balanced view of the effectiveness of the different approaches, but set in a context that identifies the requisite political, economic and social conditions. Some discussants also drew attention to the large body of academic research on the sociological and psychological reasoning behind the slow rate of progress in more women in economic decision-making and felt it should feature more prominently in any contextual analyses.

### **Transferability issues**

All three approaches had their adherents but it was the quota system that had been replicated most closely, now part of the policy in number of countries represented at the seminar. However, even here there were variations on how such a system was implemented and enforced and this underlines the challenges in policy transfer – context is all important, as is the political will to see it through. It was also evident in the presentations that quotas work best where there is a high degree of consensus among the social partners and other key stakeholders.

For most countries the voluntary route offered the most likely approach, at least in the short to medium terms, with the possibility that this could lead to a quota in the longer term if it fails to deliver the desired results (as happened in Norway). However, the type of voluntary approach will again need to reflect the national context. For example, in the case of the approach in Denmark, the prerequisites would include this high level of consensus among the social partners (similar to that required for a quota system), but also a strong groundswell of opinion on the need for change in an environment that has made substantial progress towards gender equality. In such circumstances, getting employers to commit to codes of practice becomes easier.

For countries with a less formalised consensus, the UK approach to justifying the case for more women in economic decision-making is seemingly attractive. It is based on factors that employers should be able to relate to, such as the business benefits of maximising use of all the talent in the labour supply and the potential effect on the 'bottom line'. It was also felt that in the finance industry, one positive outcome from the recent financial crisis is that there is now a common consensus that the male-dominated culture must change if the sector is to behave more responsibly in the future. Thus, the crisis has raised awareness of the gender inequalities that exist and created a unique opportunity for change which needs to be taken up.



### 4. Conclusions

While there was a common consensus that bringing about positive change in the representation of women in economic decision-making was desirable, there was no conclusion on what the best approach is. The three approaches presented by Norway, Denmark and the United Kingdom were different and each had their relative merits and shortcomings, but also concerns were raised about how they would fit into the different national contexts. However, the following general conclusions emerged from the seminar:

- There is no single approach to increase the representation of women in economic decision-making but quota legislation in Norway delivered positive results in an acceptable timeframe.
- A long-term commitment and involvement of all stakeholders is necessary to have sustainable results;
- Achieving a good gender balance in the political sphere at national, regional and local levels, in public sector bodies and state-owned companies sets a good precedent for extending policy to the private sector;
- Strong social partner commitment and concrete actions aimed at achieving gender balance on company boards and in senior management roles is desirable, though may depend on the traditions of involvement in the different countries. In particular, the active support of employers' organisations can be crucial to getting individual firms signed up to an initiative;
- The existence of role models and the support of sponsorship, mentoring and networking activities for women can be important factors in increasing the number of female board members.
- Highlighting restrictions on the supply of suitable females candidates for board room and senior management roles is misleading and should not be used as an impediment to improve gender balance on leadership positions;
- Creating the right employment policy environment that allows women and men to achieve an effective work-life balance can provide the necessary catalyst for more women seeking and finding high-level economic decision-making roles;
- Improving the role of women on company boards and in senior management positions makes business and economic sense since it recognises that all available human capital needs to be utilised for the benefit of individual businesses and whole economies.

Some countries called for a greater lead from the European Commission on the issue, especially given the comparatively slow progress being made in the EU overall. The recent Commission's progress report on women in economic decision-making confirms the slow progress made during the previous years and stresses that voluntary measures have the advantage of greater flexibility and an enhanced sense of ownership for the companies that undertake such measures, but that they have not given a marked impetus to the improvement of gender balance on boards. The figures show that legislative measures result in more rapid progress, especially if accompanied by sanctions, as is demonstrated by the example of Norway