

Exchange of good practices on gender equality

Women in economic decision making

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Women in economic decision making in Ireland

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1. Introduction

In 1995 the Irish Government introduced a requirement for a minimum of 40% of women and men appointed to all State boards (Government decision S21590E of March 1995). There are no such measures for the boards of public limited companies.

Aside from proposed legislation to increase the number of women selected by political parties, there is no formal mandatory target, or plans to introduce a mandatory target, to increase the representation of women on State and corporate boards.

2. Policy debate and overview of progress on gender representation in economic decision-making

National Women's Strategy 2007-2016

The National Women's Strategy (2007-2016) reinforced the target for 40% representation of each gender on each State Board and that Government Ministers 'will appoint members to State boards in line with the gender targets set by the government'. It also set a target for a significant increase in the representation of women in national politics.

Other measures to increase the representation of women in economic decision-making include a goal to 'Develop a database of women who might be considered for appointment to State boards' and to 'Develop training programmes to prepare suitably qualified women to participate in the work of State boards'. Another target was set to increase the percentage of women on boards of private sector companies through the development of a data base and training programmes.

The National Women's Strategy also set a target for a significant increase in representation of women in future elections for local authorities, Dáil (lower house), Seanad (upper house) and the European Parliament. Specific resources, under the Equality for Women Measure, were given to political parties at the time to promote strategies to increase the representation of women in politics.

The Gender Equality Division of the Department of Justice and Equality is responsible for monitoring and overseeing the implementation of the commitments made on gender equality under the National Women's Strategy, including the representation of women on State boards and in monitoring European and international commitments on gender equality. A national Sub-Committee on Women and Decision-Making has been

established by the Gender Equality Division with the aim to put in place measurable actions and targets to progress the representation of women in decision-making and put in place steps to achieve the 40% target of women in decision-making roles at all levels in management positions, on corporate and State boards, in politics, in the Diplomatic Service and women in the judiciary. The Report arising from this work will be submitted to Government shortly.

The 2010 report on progress on the implementation of the National Women's Strategy under Objective 14 'To increase the number of women in decision-making bodies in Ireland' showed that women's representation had not improved in any significant way:

- Women were 19.2% of business leaders, but only 8% of the Directors of decision-making bodies of the largest publicly quoted companies in Ireland.
- Women's representation in national politics was at a very low level, with Ireland ranking 23rd out of 27 EU Member States in the representation of women in the lower and upper house (representing a one percentage increase in the representation of women from 13% in 2005 to 14% in 2010); Ireland was ranked 17th of 27 EU Member States regarding representation of women amongst senior ministers (representing a one percentage drop from 21% in 2005 to 20% in 2010).¹
- By the end of 2009 women represented only 34% of those on State Boards and only 17.8% of Chairpersons of State boards. There had been an increase of 5% over the previous year on the appointments made to State boards.

In 2011 the government gave a renewed commitment to achieving the 40% target and called on Ministers and Departments to consider positive action measures. The Programme for Government, issued by the incoming government in 2011, reinforced the commitment by stating that "We will take steps to ensure that all State boards have at least 40% of each gender".

There have been recent moves to scrutinise the appointment of Chairperson to Irish State boards, for example, introduced under the Joint Oireachtas Committee on the Environment, Transport, Culture and the Gaeltacht. This greater transparency is seen as one way to promote a better visibility of women on State Boards. Another recent initiative from the Department of Public Expenditure and Reform is to ensure that all future vacancies on State Boards are advertised on the web site of the relevant Department. The Department of Public Expenditure and Reform is inviting expressions of interest from persons interested in being appointed to State Boards. When a vacancy arises on any of the State Bodies/Boards all CVs from the talent bank will be examined with a view of ensuring that the most qualified/suitable persons may be considered for the vacancies.

Legislation on improving the numbers of women selected by political parties

In the area of improving the number of women in politics new measures have been introduced to ensure that more women are selected by political parties for election to parliament. The UN Committee on the Elimination of Discrimination Against Women (CEDAW 2005) has been critical of Ireland's record on gender representation in politics and has recommended the introduction of electoral targets to improve the

¹ In the 2011 election to the Dail (lower house) just 15% (25) women were elected, while 30% (18) women were elected to the Seanad (lower house).

representation of women in politics. A report of the Joint Oireachtas Committee on Justice, Equality, Defence and Women's Affairs (2009) highlighted a number of barriers to female participation in politics including childcare, lack of resources, confidence, culture and candidate selection procedures.

New legislation, proposed by the Minister for the Environment, Community and Local Government under the Electoral (Amendment) (Political Funding) Bill 2011, proposes that political parties that do not have a minimum of 30% women and men candidates in the next general election, and 40% at the subsequent general election, will have their State funding reduced. A national conference held in January 2012 aimed to promote a national dialogue on the issue.

Women on State Boards and Public Limited Companies

The requirement for a minimum of 40% of women and men appointed to all State Boards introduced by the Irish Government in 1995 provides a voluntary target for the representation for a minimum of 40% women and 40% men on State boards. Since 2003 the Gender Equality Division of the Department of Equality and Justice has monitored the representation of women on State Boards.

The appointment of women to State Boards has not risen substantially under the Fine Gael/Labour Coalition government, elected in 2011, with women representing 30% of all new appointments. However, this still falls short of the government policy of 40% representation of women.

Currently, women make up 27% of commercial State boards and 33% of Government bodies. One board, Bord Gáis has a chairwoman. If we take a sample from the area of health care, which has the highest representation of women in both the workforce and senior/managerial positions, some State boards have a very good representation of women. For example, on the State boards appointed by the Minister of Health there is an average male representation of 56% and an average female representation of 44%. However, these tend to be the State boards where women predominate, which is not the case in State boards which cover the economy and finance where women's representation is significantly lower². Overall 19.9% of the Chairs of State boards are women.

There are no guidelines or targets in place in Ireland on the representation of women on company boards. Overall women only account for around 8% of non-executive directors on corporate boards of the top public limited companies of Ireland, accounting for just 10% of non-executive directors at top public companies. It is estimated that the rate at which women are currently being appointed onto boards will take another 70 years to achieve a representation of just one-third women. Currently, 40% or 24 of the largest Irish public limited companies have no women on their boards and only 20% have two or more. An analysis of the top 25 Iseq-listed companies shows that just 21 of some 280 boardroom positions are occupied by women, or 7.5% of the total. In the ten

² A few examples of the representation of women on State boards selected for this report include the National Economic and Social Council (29% women and 71% men), National Statistics Board (14% women, 86% men), An Bord Bia (15% women, 85% men) to the Irish Bank Resolution Company (0% women, 100% men). Some of Ireland's smaller State boards and a small number of the larger Boards have achieved the 40% quota, a selection of which includes the Family Support Agency (89% women, 11% men), the Adoption Authority of Ireland (83% women, 17% men), Citizen's Information Board (53% women, 47% men), An Bord Altranais (65% women, 35% men), Dental Council (55% women, 45% men), the Pensions Board (53% women, 47% men) and the Heritage Council (50% women, 50% men).

biggest companies, female representation is less than 5%. This compares unfavourably to the UK, where some 14.2% of FTSE 100 board seats are now held by women, up from 12.5% last year.

Women in management positions

Despite gender inequalities in the labour market and continuing gender segregation women have made significant strides to enter managerial positions in the private sector in Ireland. Part of this can be explained by the fact that 53 per cent of young women have third-level qualifications, compared to 39 per cent of men³. In 2011, nearly one-quarter (23.6%) of women were employed in professional occupations compared to 14.9% of men; in contrast 5.27% of all women employed were in senior management positions, compared to 9.6% of men. It is evident that many women hit the glass ceiling in reaching senior level positions.

A report carried out by Ireland's equality body the Equality Authority and the Economic and Social Research Institute⁴ found that although women's participation in the labour market and in managerial positions had increased, men were twice as likely to hold senior and middle management positions than women. Between 1996 and 2006 women's representation in traditionally male occupations increased significantly. During this time women's participation in the labour market increased from 37% to 43%, while their share of managerial and executive positions increased from 32% to 42%.

According to a poll carried out by Grant Thornton to mark international women's day in 2011 Ireland ranked second in Europe for promoting women into senior financial positions, representing 27% of chief financial officers and financial directors in private Irish companies⁵. However, the overall figures for women in senior management showed that there had been a reduction of women in senior management positions from 22% to 19% in 2011.

Despite the downturn in the Irish economy it is expected that in the light of changes in the educational and age composition of the labour force, women's participation rates in work are expected to rise by 4%, compared to 7-8% during the period 1994-2007. Women's participation in third level education and professional training will be key to driving women future labour market participation, as will the implementation of commitments under the National Women's Strategy to promote women's labour market participation.

Arguments for and against the introduction of mandatory gender quotas on corporate boards

There is no consensus in Ireland about the need for mandatory quotas for either corporate or State Boards. On the one hand, feminists and women's organisations argue that quotas should be binding and that equality instruments are needed to achieve gender equality. On the other hand businesses argue that quotas are an artificial way to create gender balance and that this interferes with selection processes

³ Central Statistics Office (2011) Women and Men in Ireland.

⁴ Russell H, McGinnity F, Callan T and Keane K (2009) A Woman's Place: Female Participation in the Irish Labour Market, Equality Authority and ERSI: Dublin.

⁵ Grant Thornton (2011) Ireland is a European leader in promoting women to senior financial positions. <http://www.grantthornton.ie/db/Attachments/Ireland-is-a-European-leader-in-promoting-women-to-seni.pdf>

based on merit.

The National Women's Council of Ireland (NWC) has a campaign on political equality and decision-making which aims to improve awareness of the under-representation of women in decision-making in government, State bodies, company boards, trade unions and community organisations. The campaign aims to achieve stronger participatory politics and representation of women as a basis for gender equality and social justice. The NWC supports the introduction of mandatory targets for gender representation on State and Company Boards. They argue that without targets it is unlikely that State bodies and companies will improve gender representation over time.

However, there appears to be no appetite amongst companies for mandatory quotas for the representation of women on company boards. A recent Institute of Directors survey⁶ showed that more than 40% of directors of public companies considered their boards to be sufficiently gender-diverse. Two-thirds (66%) stated that they were not in favour of a formal quota to increase the number of women on Boards, as exists in other European countries. In contrast, 60% of women directors were in favour of a formal gender quota system, and one in three female directors were in favour of quotas as a temporary measure.

Other measures to promote women in economic decision-making / alternatives to mandatory quotas

Tackling the under-representation of women in decision-making requires a multi-faceted approach. A strong gender equality framework, including the full implementation of the National Women's Strategy, is vital to achieving gender equality in areas such as the reconciliation of work and family life, childcare and workplace equality strategies. This is the building block for balanced gender representation in economic decision-making. An example of the promotion of workplace equality strategies in State and Semi-State companies was the programme, led by the Equality Authority under the previous National Development Plan, to support Equality Action Plans in the workplace. Similarly, the government's current proposals to strengthen the equality infrastructure through a positive duty on equality will be important to this.

There are a number of business initiatives and networks in Ireland that have promoted the better representation of women in economic decision-making. These include the Board Diversity Initiative which aim to raise awareness amongst companies of the benefits of tapping into the 'talent pool' of women and increase the representation of women on company Boards to 25% by 2013. A list of suitably qualified women, who would be willing to take up non-executive director roles on corporate, State and Semi-State Boards, has been circulated to companies to promote improved gender balance on Boards and raise awareness of the highly-qualified women's talent pool in Ireland.

In the voluntary and community sector the Board Match initiative, although not targeted specifically to women, is an interesting example of a method for connecting people with skills that would be valuable for the Boards of charities, foundations and community and voluntary organisation. Supported by the government and a number of private companies the initiative has been very successful in matching the requirements of

⁶ Institute of Directors (2011) Directors oppose gender quotas to increase the number of women on boards in Ireland. http://www.iodireland.ie/news-events/current-news/directors-oppose-gender-quotas-to-increase-the-number-of-women-on-boards-in-ireland?searched=women&advsearch=oneword&highlight=ajaxSearch_highlight+ajaxSearch_highlight_1

Boards with the skills of people who register with Board Match.

A number of initiatives to improve and promote women's representation in decision-making have also been funded by the Department of Equality and Justice under the Equality for Women Measure. For example, annual Women's Enterprise Days have been organized by the County and City Development Boards across Ireland. Network Ireland has provided business networking for women across Ireland and a forum for women in business, the professions and the arts to share ideas and contacts, and promote women's roles in decision-making bodies. In the trade unions, a project to promote women into senior and decision-making positions in trade unions, the LIFT project, is an example a programme of networking, training and capacity building to promote the visibility of women in trade unions and to improve the representation of women in trade union decision-making positions.

Recommendations under the National Women's Strategy to introduce a database of women for nomination to State and company Boards and training of women in Board skills are practical measures that can be introduced to enhance the visibility and presence of women. While these are very important measures to build both the awareness of the benefits of more gender diverse board representation and the capacity and confidence of women to become Board members, they are unlikely to have a major impact unless there are stronger incentives for Boards to improve gender representation.

It is important that any measures to improve the representation of women in economic decision-making take place with the involvement of the social partners and women's organisations. All of these bodies are represented on the Sub-Committee on Women in Decision Making, which will be making its submission to Government in 2012. IBEC, the Irish employers' organisation has a key role to play in raising awareness amongst its members and to build on its commitment to promote the representation of women on company boards as part of good governance and 'smart economics'. In this respect, equality and diversity are positive drivers leading to superior financial performance, good governance, winning the talent war, improved customer focus and enhancing brand and reputation. IBEC has been started a debate through its web site entitled 'Should business be doing more to achieve gender balance at the top of organisations?' amongst its membership about new and innovative ways to improve gender balance at senior levels and on company boards. The EU Boardroom Pledge is one such voluntary initiative that enables companies to spell out the steps that they are taking to improve the representation of women in senior positions.

Promoting diffusion of gender balance from corporate boards to top management

Increasing the visibility and representation of women at all levels of economic decision-making, in the workplace, in politics and on Boards is vital for women to be seen as having legitimate roles to play in top management positions.

Addressing gender equalities across the economy and society, by tackling the 'glass ceiling', the male dominated culture of senior management structures and in giving legitimacy and value to women's roles and skills are all essential if women are to break through into senior management positions in significant numbers. It is likely that a more balanced representation of women on Boards will also contribute to the visibility of women in senior positions across the economy.

3. Transferability issues

Voluntary measures

There is widespread agreement that diversity and gender balance in economic decision-making is good for business by making best use of a wider talent pool. There is a lot of valuable learning from the voluntary measures introduced in Denmark and the UK. There is also the potential for transferability to Ireland of both approaches taken.

The introduction of Operation Chain Reaction in Denmark, and the more recent proposed legislation to further promote gender balance on company Boards, is a good example of a voluntary instrument for companies to commit themselves to improve the representation of women on the supervisory boards of limited liability companies. This initiative is not only important for awareness raising and is a useful approach to take in the light of a low level of political commitment to binding quotas. There is some evidence that progress has been made in companies in setting gender targets for the representation of women to Boards.

The weaknesses of the initiative are that there are no specific targets for the representation of women and that the initiative is of a voluntary nature. The introduction of the 'Charter for more women in management' and the implementation of diversity under corporate governance recommendations is another valuable initiative aimed at committing organisations to focus on gender equality and the career development of women. This is certainly an approach that could be introduced in Ireland.

The UK's voluntary initiative to increase the representation of women on corporate boards, introduced under the Davies report, reflects a business case for gender diversity and talent management as part of good practice in corporate governance. The Davies report focussed on goals and targets that companies should take, rather than one based on 'fixing the women'. The evidence of the implementation of the Davies report shows that substantial progress has been made and that 25% of new appointments were of women in the first 12 months. Based on the projections of the progress achieved in the first 12 months it is anticipated that the percentage of women on Boards will be 22.2% by 2015 and 27.5% by 2020. Good practices include the introduction of gender metric reporting, widescale corporate networking around the recommendations of the Davies report, a partnership and multi-stakeholder approach between business, the government and the media.

These initiatives are certainly ones that could be taken in Ireland on a voluntary basis and could be progressed through the Gender Equality Division and the Equality Authority in Ireland in partnership with employers' organisations, trade unions, women's organisations and business organisations.

The question remains as to whether transferability of these voluntary measures would be sufficient to substantially change gender balance on Irish Boards. However, in the current climate it is evident that companies and business leaders in Ireland are not in favour of mandatory measures – therefore, it is likely that elements of the voluntary measures introduced in Denmark and the UK could promote much better awareness of the benefits of gender balance, how companies can harness the benefits for a female talent pool and through this improve gender balance on Boards.

Mandatory quotas

Ireland can learn a lot from the introduction of mandatory quotas in Norway and the overall results in terms of a significant improvement in the representation of women on the Boards of public limited companies, from 6% in 2002 to 40% in 2011. It is of interest to note that there has been limited impact of the mandatory quotas on the representation of women on non-quota Boards, suggesting that mandatory quotas rather than awareness raising activities are the driver for improved female representation. The policy has clearly been a success. The experience does show that gender quota take considerable time to embed into policy and practice and that they require a change in thinking and culture. For gender quotas to work in practice it does appear that companies need to be incentivised through penalties.

A phased implementation of quotas appear to be the best way to enable women to participate on Boards so that company practices and culture can evolve over time and women can become prepared and resourced to participate. When gender quotas were first introduced in Norway business leaders stated that there were insufficient women with the skills and experience required. Experience and time has proved them wrong and women now play a very active role on Boards. However, at the current time in Ireland there is no commitment to introduce mandatory quotas, which points to the need to raise awareness about the impact and benefit of the quotas introduced in Norway amongst companies in Ireland and to progress some of the positive elements of the voluntary methods to improve gender representation in Denmark and the UK.