

Exchange of good practices on gender equality

Women in economic Decision- making

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Women in economic decision-making in Spain

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1. Introduction

Women's participation in the Spanish workforce has increased greatly in the last few years. Nowadays, it is similar to that in countries around it, such as Germany, France or the United Kingdom. In the last decade (1998-2007), the employment ratio of women in Spain has risen to 54.7 percent from 35.8 percent, while the European mean has risen to 58.3 percent from 51.6 percent and in the United States the ratio has stayed around 66 percent. The situation of women is also relevant in the education system. For several years now, more than 60% of students finishing university studies have been women.

The social and political commitment to equality of opportunities between women and men has led to legislative changes in the last few years, so Spain has become one of the most advanced countries on this issue. These efforts have been reflected on a political level, but not on an economic level. From 2004 to 2011, 50 percent of senior ministers in Spain were women¹, an amount only equalled by Norway and Sweden. The example set by the Spanish Government has had its results; i.e. since 2007 women have occupied more than 40% of the positions in regional parliaments (Spanish Woman's Institute, 2012). In 1998, 13.3 percent of ministers in the Lower or Single House were women; by 2008 Spain had risen to 10th place in the world ranking with 36.3 percent (higher than Norway), while in Sweden, the top country in the 1998 ranking with 40.4 percent women, the figure had risen to 47 percent in 2008.

In spite of this, women hold relatively few of the highly visible decision-making positions in Spain. In 2006 (and previous years), women represented 3.5 percent of the members of the highest decision-making bodies, compared to 27 percent in Norway (Eurostat, 2008). After initiatives taken in the following years, significant changes have been observed. In 2008, the first year that the IBEX 35 Spanish firms had to provide information about gender issues, the number of women on boards was 6.4 percent, and in the following years this figure rose to 8.5 percent (2009), 10.3 percent (2010) and 10.1 percent (2011).

In Spain two kinds of measures have been taken: on the one hand the law passed by the Spanish Government; and on the other hand the recommendation for good corporate governance by the CNMV (Spanish National Securities Market Commission).

The law

The Constitutional Act 3/2007 of 22 March for Effective Equality between Women and Men calls for a balanced presence of women and men (no less than 40% of each sex)

¹ The new conservative party in government has not kept this quota. Currently female ministers represent 31% of the total (4 women and 9 men).

on corporate boards. This is compulsory for public administrations and firms, but it is only recommended for private companies to introduce affirmative actions.

Article 75. Women's participation in mercantile companies' boards of directors: "Companies obliged to present unabridged financial statements of income will endeavour to include a sufficient number of women on their boards of directors to reach a balanced presence of women and men within eight years"

This law could be described as a law of quotas similar to the Norwegian law, but because it is not binding and does not impose sanctions the result ends up being a declaration of intentions.

Corporate Governance Code

Spain has also followed the trend observed in the majority of developing countries to include recommendations on gender diversity in good corporate governance codes. The Conthe Code (approved in 2006), which relates to listed firms, says:

"When women directors are few or non existent, the board should state the reasons for this situation and the measures taken to correct it, in particular [that]...the Company makes a conscious effort to include women with the target profile among the candidates for board places"

These suggestions are justified in terms of efficiency. Missing out on the opportunity to use the talent from 51 percent of the population is not efficient for companies, apart from the ethical-political character that adequate gender diversity could provide. The Code recognizes that male-dominated corporate boards are a self-induced phenomenon, so the lack of diversity will not be corrected without an intentional effort. The Code demands the principle of "comply or explain", but Spanish firms are not ready to explain. In 2007, the first year, 17 of the 35 largest firms, some of them without any women, didn't give any explanation. At present, they are just starting to provide explanations, mainly "We don't find women" – even though this explanation cannot be true since headhunters assert that there is a large pool of adequately qualified women due to the increase in demand on the part of companies in recent years.

2. Policy debate

The debate in Spain is being developed around two key points. On the one hand there is debate between supporters of voluntary regulatory and mandatory legal measures; on the other hand those supporting regulation also have an internal debate about how to be more effective using the measures already taken.

Supporters of voluntary regulation consider that the main handicap is the professional career of women (Castaño *et al.*, 2009). In Spain it is observed that most women act as *dominical*² directors when they belong to the family owning the company, but the number of executive directors is very low. An effort should be made to start taking measures against discrimination in order to support the promotion and/or contracting of women in top management so that they can gain access to boards in the usual way. In this sense, the women managers' report (Pricewaterhouse, 2012) points out as main barriers the difficulty of combining work and family life, and the male patterns or promotion systems that are not always based on merits.

² *Dominical* directors are family members who have control in companies as opposed to *independiente* directors, who are expert professionals; both are non-executive directors.

Defenders of the mandatory legal approach try to contribute opinions to obtain more effectiveness in the existent norms. In this sense, opinions are polarized between supporters of hardening the existing law to impose its obligatory nature and those who support the current law as it is now, but would offer incentives to firms that follow its recommendations through public subsidies and/or the awarding of contracts with the Spanish government (Mateos *et al.*, 2011).

Nevertheless, we cannot be very optimistic about advances in Spain in the coming years. It should be borne in mind that the socialist party, the main defender of quotas and responsible for the Equality Law of 2007, is no longer in power, and it is the conservative party that is now governing; this party is against any regulation.

3. Transferability issues

Comparing the situation in Spain with the good practices supported by the United Kingdom, Norway and Denmark, we can say that the Spanish position is nearer to Norway in the sense of regulating the gaining of access for women by law. Nevertheless, the non-obligatory nature of the law and the inexistence of sanctions has prevented the law from having good results as in Norway. For this reason, as in the United Kingdom and Denmark, in Spain the measure has proved to be a voluntary declaration of intentions, with an added disadvantage: in Spain there was neither collaboration nor support on the part of the business sector; on the contrary, private companies have severely criticized the Equality Law and Conthe Code recommendations. Taking into account that Spain is currently being governed by a conservative party, it could be a good moment to implement some of these liberal measures, making business organisations participants in them. Nevertheless, supporting this kind of dialogue in Spain could result in a step back. We must take into account that Spain was the second country after Norway to regulate by law gender balance on boards. There are just three years left until the deadline recommended by law to pursue gender balance, so Spain should make some efforts to regulate in the coming years in order to stimulate companies to reach the gender balance target in 2015.

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