“SHE DECIDES, YOU SUCCEED”

Women in Top Management in Italy, Latvia, Romania, Spain and UK

Accelerating business growth by gender balance in decision-making

Centre for Inclusive Leadership

afaemme
Association of Organisations of Mediterranean Businesswomen

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Foreword

Introduction

This guide "She decides, you succeed – Women in Middle Management" is published as part of the EU project "She decides, you succeed". The project is initiated and led by AFAEMME, the Association of Organizations of Mediterranean Businesswomen, in cooperation with proje ct partners[1]. The project is jointly funded by the project partners with financial support from the European Commission under the Directorate-General Justice's PROGRESS program.

"She decides, you succeed" aims at promoting gender balance in the private sector by developing toolkits to disseminate the benefits for companies of having more women in decision-making positions at all levels in the organization. The project is carried out in five countries in which the project partner organizations are established: Italy, Latvia, Romania, Spain and the UK.

This guide forms the basis of and input for the development of the toolkits. It is one of a series of four guides, each on a specific segment or sector in which women in decision-making positions are seriously underrepresented. The following guides are part of the series and can be downloaded from: *http://www.afaemme.org/she-decidesyou-succeed/documentation*

- Guide on Women in Middle management
- Guide on Women in Top management
- Guide on Innovative Women Business Owners on Boards of Innovative Companies
- Guide on Women in Decision-making in Science, Technology and Engineering (STE) companies.

Each guide provides information on the specific segment or sector of women in decisionmaking positions in the five selected countries on the following key issues:

- What is the current status of women in decision-making positions and has there been any progress over the past years?
- What are the obstacles or barriers for women to access decision-making positions in the private sector?
- What are the enablers for women to access decision-making positions in the private sector?
- What is the legal framework (national and European) in which companies operate, and in what way is the legal framework a barrier or enabler for women to access decisionmaking positions?
- Which arguments can be used to convince companies of the benefits of having more women in decision-making positions?
- Which national initiatives, projects and activities have been successful in improving the situation and may serve as 'best practices'?
- Which recommendations can be put forward to help private companies that are serious in addressing the underrepresentation of women in decision-making positions?

Based on these Guides five Country Reports will be published, bringing together all relevant information on the topic of women in decisionmaking positions in corporations per country.

The research for the guides has been conducted by the project partners: AFAEMME (Guide on Women in Middle management), the Centre for Inclusive Leadership (Guide on Women in Top Management), the European Women Inventors and Innovators Network EUWIIN (Guide on Innovative Women Business Owners on Boards of Innovative Companies) and the European Association for Women in Science, Engineering and Technology WiTEC (Guide on Women in decision-making positions in science, technology and engineering (STE) companies), in cooperation with the project partners The Women's Business Development Agency (WBDA), Associazione Donne Imprenditrici e Donne Dirigenti di Azienda (AIDDA), the Spanish Organisation of Businesswomen and Management (OMEGA), Women in Business Romania and the Women's NGO's Cooperation Network of Latvia (WNCNL).

The Centre for Inclusive Leadership (CFIL) coordinated and supervised the content of the research and guide development with the project partners.

[1] See last page for a full overview.

2. INTRODUCTION

“There is a chicken and egg situation – to get more women on boards we need more women in senior executive positions, but equally having women on boards helps to accelerate that process. Business needs to use all available talent effectively”.

Scope of the issue

Women remain severely underrepresented on corporate boards and in top management positions. On average in the EU women occupy only 12 % of executive board and 20% of the seats on supervisory boards in the largest listed companies. In addition, women in leadership positions as CEOs (3%) and Board Chairs (5%) are even scarcer. The benefits of gender balance in decision-making are many and well documented. Company action programs as well as government activities, ranging from subsidizing local initiatives to implementing legislation, are trying to address the problem, but the results so far have been very modest and slow. Building on the strength of the EU’s variety of legal system and cultures, this Guide seeks to inform and inspire the readers on how to accelerate progress.

Content of the Guide

In this Guide we investigate the underrepresentation of women in top management in five selected countries: Italy, Latvia, Romania, Spain and the UK. We will address the following main questions:

- What is the current status of women in top management positions and has there been any progress over the past years?
- What are the obstacles or barriers for women to access top management positions in the private sector?
- What are the enablers for women to access top management positions in the private sector?
- What is the legal framework (national and European) in which companies operate, and in what way is the legal framework a barrier or enabler for women to access top management positions?
- Which arguments can be used to convince companies of the benefits of having more women in top management positions?
- Which national initiatives, projects and activities have been successful in improving the situation and may serve as ‘good or best practices’?
- Which recommendations can be put forward to help private companies that are serious in addressing the underrepresentation of women in top management positions?

Composition of the Guide

The Centre for Inclusive Leadership conducted a literature review of academic articles on the topic of women in top management in corporations. For Latvia and Romania very few articles were available, since these countries joined the EU relatively recently and the influence of EU legislation on the topic of equality in the workforce has not yet been as substantial as in the other three countries. In addition reports by governments, European institutions, the European Commission, companies and civil society organizations were reviewed. The partner organizations of “She Decides You Succeed” were invited to provide input on current developments, best practices and recommendations.

Limitations of the Guide
Due to the fact that the Guide's size is limited it does not offer a complete picture per country. Rather it seeks to identify key issues regarding the underrepresentation of women in top management and serves to inspire and motivate organisations working towards the betterment of this situation. All information has been derived from public sources (websites, reports etc.) and no interviews or company visits took place.

Structure of the Guide
The first chapter Women in Top management contains a description of the scope of the issue, definitions, and the benefits gender balance in decision making brings. It also presents the initiative at EU level, the draft directive to improve the underrepresentation of women on boards, and the status of the proposal. Then five main chapters follow, one for each country, each structured in a similar way.

Each country chapter (Part 1 through 5) starts with a short description of the current situation of women in the labor force and in decision-making positions in the corporate sector (State of Play). In the section 'Legal Framework' an overview is provided of the legal basis and measures; it includes both hard law (legislation) and soft law approaches (like corporate governance codes) and other measures, such as self-regulation by the industry. The third section describes the barriers and enablers for women to access decision-making positions (Barriers and Enablers), based on the review of documents and input from various sources. In the section Best Practices a selection of recent initiatives, company best practices, projects and approaches that have been successful are described. The last section puts forward a number of Recommendations for companies (and governments) to improve the underrepresentation of women in top management. Chapter 9 contains detailed information on resources used and further reading materials. The profiles of all project partners of 'She Decides You Succeed' can be found in the last chapter (10). The information on the legal frameworks was composed with the assistance of the University of Utrecht: professor dr Linda Senden, Dr. Sonja Kruizinga and Anne van Heijst. Since the information has been adapted to fit into this Guide the University cannot be held responsible for the accuracy and use of this information in this project.

Distribution of the Guide
It is the aim of the project 'She Decides You Succeed' to disseminate the findings as widely as possible. Therefore this Guide and parts thereof may be used and distributed widely, provided the source is always mentioned in this way: "Guide on Women in Top Management - Afaemme EU project She Decides You Succeed, 2015, by the Centre for Inclusive Leadership".

More information
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March 2015, Mirella Visser, Centre for Inclusive Leadership

3. WOMEN IN TOPMANAGEMENT

3.1 The benefits of gender balance

The need for new leadership

Companies are faced with increased levels of complexity and interconnectivity while dealing with the effects of globalization and the financial crisis. In addition, the increased diversity in our society poses new challenges for the new generation corporate leaders. Research has shown[3] that women prefer more transformational leadership styles, which are deemed the styles of the future since they better cater for dealing with new developments. Attributes like emotional intelligence, the ability to inspire and motivate and creativity ('softer' skills) will become critical for 21st century management. In addition, women graduate from universities in higher numbers than men, whereas the demographic changes in the EU point towards a shortage of management talent in the next 25-30 years. Therefore the challenge to ensure that women will take more equal part in the decision-making processes at the top of organisations becomes one of the most important ones for both society as a whole and for individual organizations.

The benefits of gender balance

The benefits of having more women in decision-making positions are many. Governments typically use arguments related to human rights, combating discrimination and equal opportunities. Companies use these and a variety of other arguments, or combinations thereof, such as:

- Enhanced financial performance: there is a positive relationship between a firm's relatively high proportion of women on board and their financial performance.
- Reflecting the customer base: women take 80% of household decisions. Women at every level of the organization bring specific knowledge and enable companies to better design new or adapt existing products and services to women's needs ('mirroring the market').
- Winning the war for talent: Society and organizations are missing out on valuable talent if the talent pool for senior executives and board members remains composed of primarily men. Especially since women in many countries are as well or even better educated than men.
- Demographic changes (retirement and low birth rates) make it necessary that women take part at all levels of society and companies.
- Improved corporate governance: some reports have associated the presence of female board members with a board's better oversight capabilities.
- Changes in behaviors: women in the boardroom have been reported to have a positive influence on director's behaviors, such as a better attendance at meetings, less conflict and better preparation for meetings.
- Better quality of decision-making because gender diversity brings new ideas and perspectives and thus stimulates debate.
- More innovation: diversity (including gender) leads to innovations in products and services.
- Management styles better reflecting the employee base: women tend to prefer participatory styles aimed at employee empowerment (so called transformational leadership styles) whereas men may rely more on transactional styles.

3 Sir Mark Moody, chairman Anglo American plc, in "A Woman's Place is in the Boardroom", by Peninah Thomson and Jacey Graham.

- **Compliance** with legislation and governance codes; companies are simply obliged to comply with the rules set by the industry (self-regulation) or by government (laws).
- **Ethical arguments:** being seen as an equal opportunity employer, **socially and ethically responsible.**
- Last but not least, in specific sectors, benefits have been demonstrated too; in the financial services sector research has shown women having a positive influence on **risk-taking behaviors of boards.**

Is it gender or culture?

However, despite the vast body of literature showing a positive trend between the presence of women in top management and the financial performance of firms, causality has not been proven. This goes to the question of **cause or effect.** It may well be that companies with more gender balance in decision-making are more successful not or not only because there are women on their board but because their corporate culture is more open-minded and innovative compared to their competitors. This culture might simply lead to more women being attracted to work for these companies since these companies are valuing gender diversity as a source of innovation and business growth.

3.2 Top management – the issue of supply and demand

This Guide is dedicated to the issues regarding 'women in top management'. 'Top management' consists of the **highest-ranking executives of a company,** with titles such as chairman/chairwoman, chief executive officer, managing director, president, chief financial officer (CFO). This group is also often referred to as **'the C-Suite'**, after the Boardroom in which they conduct their meetings. Senior managers, who report to one of the executive board members, may also be called top management. Senior management forms the talent pool or the pipeline to executive board positions.

Executive and non-executive positions

In this Guide we make an important distinction between women **on executive boards or executive directors** (also called Board of Management; Executive Committee) and women **on non-executive or supervisory boards** (also Non-Executive Directors; Supervisory Board members). In some countries executive and non-executive directors are formally part of one board (so-called 'one tier system') whereas in others they are part of separate boards ('two tier system'). The executive directors form the most senior management level, responsible for the day-to-day operation of the business. Supervisory Board members (or non-executive directors) are mandated with supervision on the tasks performed by the executive board and are not involved in the daily execution of tasks. In practice executive board members are full time employees of the company, whereas supervisory board members often hold more than one supervisory board position and devote a limited amount of time to their supervisory tasks at one particular company.
The **career paths** of executive and supervisory board members may differ. Often an executive board member has spent many years in the same or another company, starting at a more junior management level and being promoted to middle, senior and top management levels. Supervisory board members do not have a history of career advancement in the same company they are on the supervisory board

of (apart from CEOs), but may have had such a career in other companies. More often than executive board members supervisory board members may be recruited from outside the company, and from different sectors and disciplines than the corporate sector, such as from academia, NGOs, professional services firms, politics and government administration.

Across the EU **the presence of women on supervisory boards is higher (20%) than on executive boards (12%)** indicating that fewer barriers may exist for women to obtain a supervisory board position than for women to climb through the managerial ranks to the executive board level. However, contrary to the EU average, only in Romania women have been more successful in achieving the top executive levels (see below Table 1).

Table 1. Women on executive and supervisory (or non-executive) boards in Italy, Latvia, Romania, Spain and the UK 2012 – 2014 (in %)

	2014		2013		2012	
	Exec	Non-Exec	Exec	Non-Exec	Exec	Non-Exec
Italy	9	22	7	17	4	13
Latvia	22	31	22	29	22	28
Romania	24	11	22	9	31	13
Spain	10	18	9	17	6	14
UK	15	28	13	26	11	23
EU-28	12	20	12	19	10	17

Source: EC Database on Women and Men in Decision-making.[4]

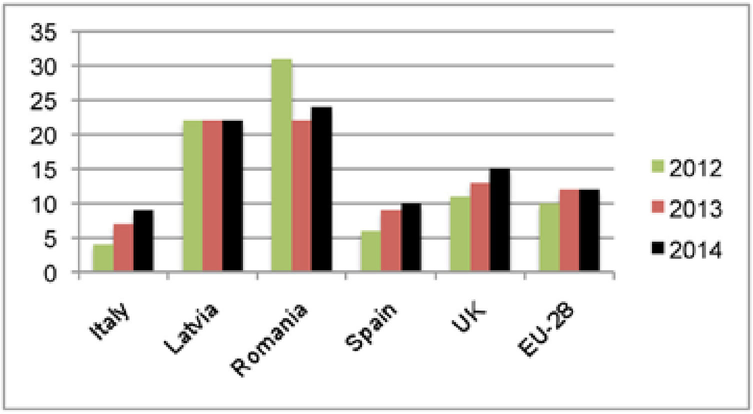
Regarding women on executive boards, there is slow progress in the EU in total, but with some exceptions. In Latvia the presence of women on executive boards of the largest listed companies is stagnating and in Romania it is even decreasing. Italy, Spain and the UK show solid increases.

For the correct interpretation of these trends it is important to bear in mind that only a small selection of the largest listed companies per country is included here. In the country chapters we will see that the picture may change when looking at larger groups of companies.

Figures 2 and 3 will show the above data for the separate groups of executives and non-executives per country.

4 EC Database Women and Men in decision-making. 2014 data collected between 01/04/2014-30/04/2014; 2013 data: 15/04/2013-01/05/2013; 2012 data: 15/01/2012-31/01/2012; 2011 data: 13/10/2011-31/10/2011; 2010: data 27/09/2010-08/10/2010; 2009 data: 03/08/2009-27/08/2009; 2008 data: 15/09/2008-31/10/2008.

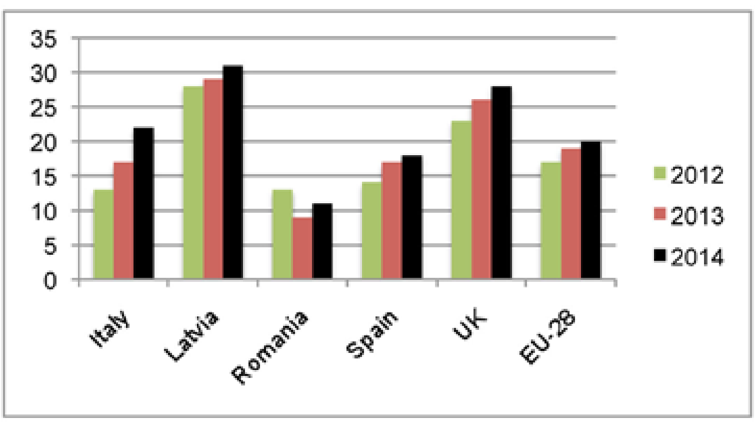
Figure 2. Women on executive boards in Italy, Latvia, Romania, Spain, the UK and EU-28 2012 – 2014 (in %)



Source: EC Database on Women and Men in Decision-making.

A more positive trend for all countries apart from Romania can be observed in figure 3 regarding the presence of women on supervisory boards or as non-executive directors.

Figure 3. Women on supervisory boards (or as non-executive directors) in Italy, Latvia, Romania, Spain, the UK and EU-28 2012 – 2014 (in %)



Source: EC Database on Women and Men in Decision-making.

The importance of women CEO's

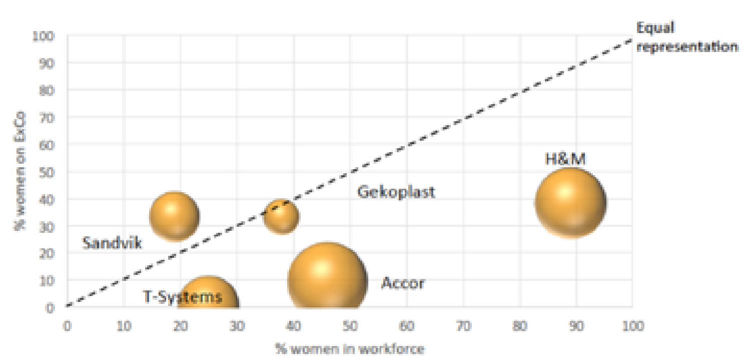
Women CEOs are very few (3% in EU), and their numbers are not increasing. Their presence is very important as role models and sources of inspiration for younger women to aspire to reach top positions in the corporate world. Because they are so few and rare, women CEOs often encounter more negative reactions than their male counterparts. Research[5] has shown that investors' reactions to the appointment of women CEOs are significantly more negative than to male CEOs. In addition, in the media women CEOs are treated differently than their male counterparts; articles about their appointment emphasize their gender and gender-related considerations.

5 SHE-E-OS: Gender effects and investor reactions to the announcements of top executive appointments', by P.M.Lee and E.H.James, in Strategic Management Journal (2007)

The issue of underrepresentation

Debates about the underrepresentation of women on boards often lead to discussions on numerical targets and quotas. As we will see in this Guide, many EU countries have introduced legislated quotas or soft targets. Also increasingly companies introduce numerical targets because in corporate culture the saying goes ‘What gets measured gets done’. The quotas and targets typically range between 30 and 40% minimum representation of both genders on a board. This number has been derived from research showing that a minority in a group of similar people will only be recognized and valued for their contribution if they make up at least one third of the group (‘the tipping point’). However, there is another way of looking at this issue. In companies with a predominantly female employee base it could be argued that a target of one third might be a relatively easy target to achieve. After all, the talent pool of qualified women in such a company should be much larger and should therefore lead to an equal representation of women at top levels too. Below graph from the EU funded project ‘Promoting women in management[6] demonstrates this point clearly. H&M, with 89% women in their workforce, currently has 37.5% women at the executive board level. It could be argued that a target of 30 – 40% would be too low for their employee base. Accor, with 46% women employees, only has 9% women at top level. Interestingly Swedish industrial engineering company Sandvik performs relatively well, with 33% women on board whereas women make up only 18.5% of the workforce. In the end, it is about gender-balanced boards; boards that are not dominated by one gender and in which both genders contribute to the best of their abilities to the decision making process. Therefore the sensible view could be that any gender should not hold less than 40% or more than 60% of board seats.

Figure 4. Share of women on executive boards compared to their share in the workforce



Source: “Promoting Women in Management”, CEC European Managers.

Supply and demand

When investigating the barriers for women to advance to top management positions two main perspectives should be distinguished: the supply side (the women) and the demand side (the companies).

6 “Promoting Women in Management”, by CEC European Managers, 2014: www.womeninmanagement.eu

On the 'supply side' (the size of the talent pool) there are issues related to the (perceived) lack of required background and experience; companies are looking for candidates for their board with specific characteristics such as line management experience in certain areas like production, business unit management, finance. Also international experience is often a requirement. Women are underrepresented in those areas; in most companies women can primarily be found in the support and staff roles (HR, PR, Communication, Marketing, Facilities management, Legal etc.), which are typically not the positions leading to top management and executive boards. Women's educational choices (like the preference for other subjects than STEM and management studies) and career choices (preference for local instead of international assignments, preference for staff roles in certain areas etc.) thus limit the pool of female talents for top management positions further. Research has shown a familiar career pattern that hinders women's advancement to senior positions. Often women maintain too strong a focus on the execution of tasks (performance) without paying sufficient attention to the other leadership competencies that are required, such as the ability to effectively do self-promotion (building a public profile of being professional and trustworthy) and the competency to develop networks through which power can be exercised[7] At the top levels the competencies of promotion and power become crucial.

On the 'demand side' (the intake by companies) there are issues related to gender bias in recruitment and selection processes, women's absence from in-company informal networks and certain elements of corporate culture (such as '24 hours 7 days a week' availability and certain group behaviors). For senior roles visibility in recruiters networks, being known among networks of (potential) board members, and having powerful connections are often prerequisites for being taken seriously as a board candidate. Also, in the recruitment and selection processes of executive and supervisory board positions shareholders may have an important influence, as well as other stakeholders like the Works Council.

A board's nominating committee, internal HR officers and executive search firms play a crucial role in matching supply and demand. In this Guide we will see an inspiring best practice in the UK, where executive search firms developed a voluntary code of conduct to ensure more gender balance on boards. Less inspiring is the practice in Spain, where it has been reported that 90% of board appointments are made by the president.

Therefore, interventions in companies to address this topic always need to take into account both sides of the chain.

The trickle down effect

Many initiatives, both legislative and voluntary, which address the underrepresentation of women in top management, are focused on supervisory board roles. However, part of the problem, the limited talent pool, lies in the advancement of women through the managerial ranks from junior to top management. Even in the UK, where a significant increase in women non-executive directors has been achieved as result of self-regulation, there is very limited growth in women as executives. The so-called 'trickle-down effect' of these measures, that is the impact on the gender composition of management at lower levels, is very important to take into account since women's presence at those levels are crucial to ensure a sustainable change of the situation.

7 "The Female Leadership Paradox – Power, Performance and Promotion", by Mirella Visser, 2011, Palgrave Macmillan

Women in middle management: the talent pipeline

Enlarging the talent pool at lower and middle managerial levels will increase the number of qualified and experienced women for senior management roles. The topics of the division of care tasks and work life balance issues play an important role in facilitating women's career advancement from junior to middle and senior management, but in particular during the first stages of a career which typically take place at the ages of 30 – 40. Companies that are serious in growing the pipeline will set up support systems and facilities for women to better navigate these career stages. At senior and top levels these issues may have become less important (children have grown up, work experience has grown self-confidence), and the focus shifts to other barriers blocking further career advancement. The Guide on 'Women in Middle Management', prepared by AFAEMME, focuses on these particular topics, whereas this Guide looks at the other barriers to access senior and top management.

3.3 The role of legal frameworks

Part of this study was to identify and analyze the legal rules that have been put into place with a view to enhancing the position of women on company boards, with a specific focus on legislation and corporate governance rules.

There are quite different views as to what constitutes a 'gender-balanced' company board (e.g. 33% in Italy and 40% in Spain). Furthermore, countries have developed very different regulatory approaches. While some countries have preferred using company law as the main tool to enhance the position of women on boards (Italy), others have relied on an approach based on equality law (Romania, Spain) or have moved towards a more stringent approach on the basis of company law only more recently (Spain). The UK has opted for a more liberal, policy-oriented approach, relying very much on self-regulation. Interestingly, Latvia has not developed any specific legal or regulatory approach to deal with the issue of under-representation of women on company boards, nor do companies adopt voluntary measures. Yet Latvia shows the highest figures (22% and 31%) of women on boards of the five countries in this Guide. Together with the UK, Latvia is among the countries that have raised serious objections against the European Commission's draft proposal on women on boards, described in more detail below.

The threat of European legislation

The European Parliament urged the European Commission to address the slow progress made to improve the underrepresentation of women on boards and welcomed the Commission's draft directive on improving the gender balance on boards[8] in 2012. The European Commission used a variety of arguments to convince Member States that EU legislation was necessary. First of all, the slow progress so far and the improbability of achieving greater gender balance if Member States continued to act individually because current rates of progress across the EU suggested that it would take more than 20 years to achieve the suggested targets. Second, that the growing discrepancies in the approaches taken by Member States may have a negative impact on the functioning of the internal market. Third, that there was a need to remove barriers to the participation of women in the labour market in order to stimulate

8 'Proposal for a directive of the European Parliament and the Council on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures' (COM(2012) 614 final: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0614:FIN:en:PDF

economic growth and competitiveness. The publication of the first proposal met with fierce resistance. Nine countries[9] , including Latvia and the UK, sent a letter to the European Commission stating that the proposal was violating the principle of subsidiarity. This principle of EU law is based on Article 5 (3) of the Treaty and prescribes that in policy areas which do not fall within the exclusive competence of the European Union, but where competence is shared with the Member States, the Union can act "only if and insofar as the objectives of the proposed action cannot be sufficiently achieved by the Member States"
.

Not quotas but aspirational targets

The draft Directive sets a **minimum objective of 40%** for members of the under-represented sex for non-executive members of the boards of publicly listed companies in Europe, to be reached by 2020 or by 2018 for listed public undertakings. The proposal also includes, as a complementary measure, a "flexi quota"; listed companies are obliged to set themselves individual, **self-regulatory targets** regarding the representation of both sexes among executive directors to be met by 2020 (or 2018 in case of public undertakings). Companies will have to report annually on the progress made. **The draft directive does not prescribe Member States to introduce quotas of 40%** in the strictest sense, i.e. with the strict obligation to achieve it. Rather it places an **obligation on Member States to put in their best efforts.** [10] Therefore, the 40% quota is in fact an aspirational, non-binding target. The directive prescribes certain criteria companies' recruitment and selection procedures need to meet. This includes a preferential treatment procedure. The 40% target applies to publicly listed companies, due to their economic importance and high visibility and not to small and medium enterprises. The Directive is a temporary measure and will expire in 2028. Member States will have to lay down appropriate and dissuasive sanctions for companies in breach of the Directive. Since the objective of 40% does not include an obligation to achieve the result rather an obligation of effort, the sanctions are not in fact related to achieving the target of 40%. Member States that already have an effective system in place will be able to keep it provided it is equally efficient as the proposed system in attaining the 40% objective by 2020. Member States are free to introduce measures that go beyond the proposed system.

Status of the draft directive (per March 2015)

Despite opposition from several countries, the European Parliament adopted the draft directive by 459 votes to 148 (with 81 abstentions) in its first reading on 20 November 2013, with some amendments; the EP added to the sanctions the exclusion from public call for tenders and partial exclusion from the award of funding from the European structural funds. On December 9 2013 the debate in the Council (Employment, Social Policy, Health and Consumer Affairs) did not lead to a decision; in fact, the topic was only informally discussed. Currently there is a **blocking minority in the Council.** Therefore the status of the draft directive is officially still "Awaiting Council 1st reading position" but it is clear that the **current proposal will have to be adapted to satisfy the blocking minority.** The new European Commissioner Vera Jourova (Justice, Consumers and Gender Equality) stated that she intends to have the draft directive adopted by the Council at the end of 2015 at the latest: "I will continue to defend (it) in the Council to break the current blocking minority. I am optimistic that (...) shifts will bring about a new momentum."

9 Czech Republic, Denmark, Germany, Estonia, Hungary, Latvia, The Netherlands, Sweden and the UK.
10 "Balancing a Tightrope: The EU Directive on Improving the Gender Balance among Non-Executive Directors of Boards of Listed Companies", by L. Senden and M. Visser, in European Gender Equality Law Review 2013

Part 1
The case of Italy

4. Part 1 - The Case of Italy

"You must not be afraid of things. If you are afraid of things you stay in this prison. If you are not afraid, you can do it. It's very difficult but you can do it."[11]

Introduction

Italy is well known for its rather unique family- and mother-centered culture. The country's track record in the share of women in leadership positions and on boards has not been good. However, this is rapidly changing since the introduction in 2011 of a quota law for the appointments of women to company boards. The impact of the law is far-reaching. Not only does it improve women's presence on boards, it also changes board members profiles in terms of education, age, family-affiliation and number of positions held per individual member.

4.1 State of play

In this section the current status of women in the labor market and in decision-making positions in particular is described, and the developments that have taken place over the past few years.

Women in the workforce

There is a strong attachment and loyalty to one's family; members rely on each other for both material and emotional support. The traditional family unit, with fathers as breadwinners and mothers as housewives, is – although declining- still prevailing. Italy's fertility rate is among the lowest in Western Europe, and academics have pointed towards issues related to gender equality being an important reason for this fact. Statistics show that the employment rate for mothers with children is one of the lowest in Europe. Many women feel forced to retire from work after having a child because the childcare and housework remain their responsibility. Although paternity leave has been implemented recently, very few fathers use this right. The media perpetuate and strengthen the stereotypes about women as not capable of being leaders and professionals.
Women's labor force participation is still very low. It is in fact the lowest of the five countries in this Guide. With only 49.9% of women in the work force Italy scores well below the EU average of 62.6%. Men's employment rate (69.8% in 2013) is also lower than the EU average (74.3%). Since the last decade, women's employment rate has gone up from 45.6% (2003) to 49.9%, whereas men's has gone down, from 74.6% to 69.8%.

Table 5. Women in the workforce in Italy 2008 – 2013[12]

	2013	2012	2011	2010	2009	2008
Women's employment rate[13]	49.9% (62.6)	50.5% (62.4)	49.9% (62.2)	49.5% (62.0)	49.7% (62.3)	50.6% (62.8)

Source: Eurostat; EU-28 figures between brackets.

11 Emma Marcegaglia, Chair of Eni, in Financial Times July 14, 2013.
12 Source: Eurostat; tsdec240; last update 5/11/2014; date of extraction 7/11/2014.
13 The employment rate is calculated by dividing the number of persons aged 20 to 64 in employment by the total population of the same age group. The indicator is based on EU Labour Force Survey. Employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.

Part-time employment[14] **has become popular** for women over the past decade and is similar to the EU average (32.1%) now. In 2013 31.8% of women were working part-time, against 17.2% in 2003; very few men (7.4%) work part-time.
Italy has **the lowest gender pay gap in the private sector** of the five countries in this Guide with 6.7% (2012)[15] and well below the EU average of 16.5%. Among the most cited reasons are that especially the higher educated women are working and pay gaps are less prominent there. In addition, the fact that very few women work part time influences the pay gap positively.

Women in decision-making positions

The numbers of women on corporate boards in Italy have been historically **very low** compared to other EU countries. However recently the situation has changed significantly, due to the introduction of quota legislation (see section 5.2).

Table 6. Women on boards[16] in top 40[17] listed companies

	2014	2013	2012	2011	2010	2009	2008
Women on boards of directors	9% (12%)	7% (12%)	4% (10%)	NA[18]	NA	NA	NA
Women on boards of auditors	22% (20%)	17% (19%)	28% (17%)	NA	NA	NA	NA
Women CEOs	0% (3%)	0% (3%)	0% (2%)	NA	NA	NA	NA
Women Chairpersons[19]	0% (5%)	0% (4%)	0% (3%)	3% (3%)	3% (3%)	5% (3%)	5% (3%)

Source: EC Database on Women and Men in Decision-making; EU-28 figures between brackets.

Table 6 provides the figures on the top 40 largest listed Italian companies. It clearly shows an improvement in the presence of women on both the executive and the board of auditors. However, for the positions of CEOs and Chairpersons no change can be observed; there are still no women serving in those posts. Looking at the situation for all 244 listed companies (table 7) a slight improvement is recorded for the CEO and Chair positions. Women CEOs of listed companies (15 in

14 Eurostat definition: "Full-time/part-time distinction in the main job is made on the basis of a spontaneous answer given by the respondent in all countries,(…)".
15 Source: Eurostat; Gender pay gap in unadjusted form in % - NACE Rev.2 (structure of earnings survey methodology) [earn_gr_gpgr2]; figures relate to Industry, construction and services (except public administration, defense, compulsory social security); last update 30-09-2014.
16 EC Database Women and Men in decision-making. 2014 data collected between 01/04/2014-30/04/2014; 2013 data: 15/04/2013-01/05/2013; 2012 data: 15/01/2012-31/01/2012; 2011 data: 13/10/2011-31/10/2011; 2010: data 27/09/2010-08/10/2010; 2009 data: 03/08/2009-27/08/2009; 2008 data: 15/09/2008-31/10/2008.
17 Data relate to listed companies at the FTSE MIB, which includes 40 companies
18 NA means Not Available
19 Chairpersons relate to 'presidents' of the boards: "chairperson of the highest decision-making body in the company".

total) can only be found in the smaller companies, whereas women Chairpersons were found in large companies.

Table 7. Women on boards of all listed companies

	2014	2013	2012	2011	2010	2009	2008
Women on boards of directors	22.2%	17.8%	11.6%	7.4%	6.8%	6.3%	5.9%
Women CEOs	3.1%	3.2%	0%	NA	NA	NA	NA
Women Chairpersons	3.1%	2.5%	0%	3%	3%	5%	5%

Source: Consob Corporate Governance Report 2014.

In Table 7 no distinction is made between the boards of directors and boards of auditors. The large majority of women directors (64%) serve as **independent directors.** From the Consob report it can be derived that **women come from different backgrounds than men.** Although managerial backgrounds prevail, more women than men come from academia or are professionals and consultants. This is a familiar pattern. Since women with top managerial experience are few, for non-executive roles boards are casting their net wider and recruit from others sources, such as universities, politics, NGO's, government, professional services and consultants firms.
The positive developments observed among the 40 largest listed compan ies (Table 6) are reflected in the figures for all listed companies (Table 7). The 2014 Report on corporate governance of Italian listed companies reported that "the share of all board seats held by women is equal to more than **22.2 percent at the end of June 2014**, up from 11.6 percent in 2012. Diverse-board companies are overall 220 (from 126 in 2008), implying that 9 out of 10 firms currently have both genders represented in the board of directors. (…) In the 138 companies (…) which underwent the first board appointment by the end of the first semester of 2014, women hold on average 2.5 board seats and account for over one-fourth of total board size. These figures rise further in the six companies already in the second term, with women holding on average 3.8 directorships and weighting 39 percent of the board. Women's positions drop to nearly 1.5 seats, corresponding to 15.2 percent of the board size, in the 99 firms which have not applied gender quotas yet". [20]

Family-relationships (between shareholders and directors) play an important role in board appointments. Research[21] (2011) shows interesting differences in terms of women's relationship with shareholders **(family-affiliation), company size and sector of industry**. Women can be found more frequently on the boards of smaller companies and of companies in the consumers sector. Women that are not family-related to the company owners typically are appointed to boards of companies owned by foreign shareholders, in the IT and telecommunications industry and in

20 Report on corporate governance of Italian listed companies, p. 20.
21 Women on Boards in Italy', by Consob, October 2011

companies with younger and more independent boards. Recent research (2015) [22] confirms these findings and further shows that in the majority of gender-diverse boards, at least one woman is a family member of the controlling shareholder. Family-affiliated women can be found more in smaller companies, with a small number of shareholders, operating in the consumer sector, and that have a large board. Non-family related women can be found on the boards of companies with a large shareholder base, that have younger and better educated boards, a higher share of independent directors, and a smaller number of interlocked directors. It is to be expected that the quota law will specifically increase the appointment of non-affiliated women on boards.
In literature in general positive outcomes have been reported for the quality of corporate governance, of gender diverse boards; better attendance and better preparation for meetings are among the reported benefits. This may be true in general; however, in Italy research done on this topic has found a negative correlation. Italian female board members have a statistically relevant lower attendance rate than their male colleagues[23] especially in smaller firms in which the female director is family-related. More research into the variables causing this outcome is needed before final conclusions can be drawn. Nevertheless, it is interesting to note this difference.

4.2 Legal framework

Corporate governance system

Most listed companies (237 out of 244) have adopted the 'traditional system' of corporate governance, with three corporate bodies: the shareholders' meeting, the board of directors and the board of auditors. The shareholders' meeting is entitled to appoint the board of directors and the board of auditors. [24]The board of directors manages the company and the board of auditors monitors the organization and management of the corporation. Directors may be removed at any time by the shareholders' meeting. To remove a member of the board of auditors or the external auditor a number of conditions must be satisfied. In the traditional system shareholders are very powerful since they control appointments of both boards. This is an important difference with the two-tier system (applied in 5 listed companies only but more widely used in other countries); in the latter system not the shareholders meeting but the supervisory board is entitled to appoint the board of directors. This system would be more favorable for women to get appointed to the board of directors since it might be easier to influence supervisory board members than large groups of powerful shareholders. So the prevailing traditional system might actually be a legal barrier to improving the position of women on boards.

Almost 70 percent of Italian listed companies are majority controlled by a single shareholder or have a dominant shareholder. In 61% of companies families are the ultimate controlling shareholders.

22 'Women on Corporate Boards in Italy: The Role of Family Connections', by M.Bianco, A. Ciavarella, R. Signoretti, in Corporate Governance: An International Review, Jan 2015
23 ' Women on Boards in Italy', by Consob, October 2011
24 F. Ghezzi and C. Malberti, Corporate Law Reforms in Europe: The Two-Tier Model and the One-Tier Model of Corporate Governance in the Italian Reform of Corporate Law – between Hypothetical Bargain and Regulatory Competition, Bocconi University Institute of Comparative Law "Angelo Sraffa" (I.D.C.) Legal Studies Research Paper Series, to be found at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1111528, p

Company law

Italy is one of the countries that use company law to improve the position of women on boards. The Act No. 120 of 12 July 2011 [25] (the Golfo-Mosca law) introduced a **quota system** for the appointment of directors and auditors of listed companies. [26] This Act modified a provision of the Merchant Banking Code. The articles of association of the relevant companies must provide that the choice of directors to be elected is made on the basis of a criterion ensuring a **balance between the genders.** [27] In particular, directors and auditors of one gender cannot be elected in a proportion, which is greater than two-thirds compared to the directors and auditors of the opposite gender. Thus, **at least one-third of the directors and auditors who are appointed must be of the less-represented gender.**

Pink quotas

These provisions have also been referred to as the **'pink quotas'.**[28] The provisions of this Act will apply from the first renewal of the corporate administrative and supervisory bodies of listed companies on regulated markets in the year following the date of the entry into force of this Act. The law came into force on 12 August 2011. Thus the Act provides gender quotas for the three board appointments, beginning **from the first renewal of the board after 12 August 2012.** This Act will enable, as Renga [29] stated, "within nine years, 700 more women to sit on company boards and 200 on supervisory boards".

It is important to emphasize that this criterion only applies for **three consecutive mandates.** Thus, this rule is to be enforced for three periods of tenure for directors and auditors (a total of nine years). Companies are given a r**easonable time to comply** with these provisions: for the first mandate, at least one-fifth of the directors or auditors appointed must be of the less-represented gender [30] In applying this provision, **no distinction is made between executive and non-executive directors** and these provisions also apply to companies, which have adopted the monistic system. As the criterion only applies for three consecutive terms of office, this new legislation is a **temporary measure.** As Zanardo [31] noted, insofar as this new legislation "aims to stimulate gender diversity, it is intended to be replaced by a voluntary approach when better gender balance has, presumably, been reached".

Sanctions

There is a **gradual system** sanctioning any failure to comply with the "pink quotas" law, which ranges from an **administrative fine** by the Consob to the **dissolution of the company board and/or the board of auditors.** If the composition of the board of directors or the board of auditors resulting from the election fails to meet the criterion of apportionment under this paragraph, the Consob will

25 Act no. 120 of 2011, published in the Gazzetta Ufficiale, Serie Generale, no. 23 of 28.01.2013.
26 http://www.camera.it/_dati/leg16/lavori/stampati/pdf/16PDL0046610.pdf (last accessed 9 January 2015).
27 See also A. Zanardo, Achieving Gender Balance in Corporate Boards: The Italian Experience, European Company Law 10 no. 3 (2013), p. 111.
28 See: http://www.lexology.com/library/detail.aspx?g=a3b4cfb7-f9f0-45da-8a2f-ce6097c684d0 (last accessed 9 January 2015).
29 S. Renga, National Report Italy in: G. Selanec and L. Senden, Positive Action Measures to Ensure Full Equality in Practice between Men and Women, including on Company Boards (2011), p. 127.
30 See A. Zanardo, Achieving Gender Balance in Corporate Boards: The Italian Experience, European Company Law 10 no. 3 (2013), p. 111; see also S. Renga, National Report Italy in: G. Selanec and L. Senden, Positive Action Measures to Ensure Full Equality in Practice between Men and Women, including on Company Boards (2011), p. 125.
31 A. Zanardo, Achieving Gender Balance in Corporate Boards: The Italian Experience, European Company Law 10 no. 3 (2013), p. 112.

warn the company concerned that it has to apply the said criteria within a maximum period of four months from the formal notice. In case of non-compliance with the notice, the Consob shall impose an administrative fine (of € 100,000 to € 1 million in the case of directors and € 20,000 to € 200,000 in the case of auditors), together with a second warning that the quota must be achieved within three months. A failure to comply with this second notice will result in the dissolution of the company board. [32] This means that all elected members will lose their position. In addition, the Act also provides that the articles of association of the relevant companies must include provisions regarding the substitution of members of a company board during their terms of office so as to ensure the balanced participation of the two sexes as specified by law. The Consob, the National Securities and Exchange Commission responsible for regulating the Italian securities market is authorised to monitor the enforcement of this rule.[33] In December 2014, the Consob published its yearly Report on corporate governance of Italian listed companies. It stated "female representation has faced a huge increase in the last few years, even though most women on boards still hold non-executive roles"[35].

The Consob has already issued its first warning to a company for breach of the law; in Consob Resolution no. 18583 of 20 June 2013[36] it warned TerniEnergia. The company mentioned the warning in its Interim Financial Report of 30 September 2013. [37]

Conclusions

Although the Italian corporate governance code included recommendations regarding the balanced composition of the board, it was the introduction of the quota law (Act No. 120 of 12 July 2011) that made significant positive impact. The Act introduced a quota system for the appointment of directors and auditors of listed companies. It provides that the articles of association of the relevant companies must provide that the choice of directors to be elected is made on the basis of a criterion ensuring a balance between the genders. At least one-third of the directors and auditors who are appointed must be of the less-represented gender. It is important to emphasize that this criterion only applies for three consecutive mandates. Thus, this rule is to be enforced for three periods of tenure for directors and auditors (a total of nine years). Companies are given a reasonable time to comply with these provisions: for the first mandate, at least one-fifth of the directors or auditors appointed must be of the less-represented gender. In applying this provision, no distinction is made between executive and non-executive directors and these provisions also apply to companies, which have adopted the monistic system. The implementation of the law has been very successful; the share of all board seats held by women is equal to more than 22.2 percent at the end of June 2014, up from 11.6 percent in 2012. However, most women on boards still hold non-executive roles.

32 S. Renga, National Report Italy in: G. Selanec and L. Senden, Positive Action Measures to Ensure Full Equality in Practice between Men and Women, including on Company Boards (2011), p. 125.
33 See also: S. Renga, National Report Italy in: G. Selanec and L. Senden, Positive Action Measures to Ensure Full Equality in Practice between Men and Women, including on Company Boards (2011), p. 125.
34 To be accessed at: http://www.consob.it/mainen/consob/publications/rcg/index.html
35 Report on corporate governance of Italian listed companies, p. 1.
36 http://www.consob.it/main/documenti/bollettino2013/d18583.htm
37 http://www.ternienergia.com/wp-content/uploads/2013/11/Interim_financial_report_Sept_30_2013.pdf

4.3 Barriers and enablers

General barriers for women to advance in management can be found in the family- and mother-centered culture and the perceptions of the roles of men and women. Women are not taken seriously as professionals and in management careers. Illustrative is a quote[38] of a company Ma-Vib, family-owned, that produces electric fans and air blowers. When the company's sales went down, 13 of the 18 women were fired, whereas the 12 male workers were not: "We are firing the women so they can stay at home and look after the children. In any case, what they bring in is a second income".

From research[39] in the Women Mean Business project among 250 evaluators that evaluated 16 different resumes from candidates applying for a higher level position it was confirmed that gender bias in selection processes is still a barrier for women. In this experiment women were hired more frequently than men. However, past working experience seemed to be more important in the selection of women than of men, and there was a significant gender gap (negative for women) in cases where the evaluators would 'certainly not' hire a candidate. In addition, the average salary offered to women that would be hired was slightly lower than men's.

A specific barrier for women to be appointed to corporate boards used to be a structural one, embedded in the legal framework for companies (see 5.2) and the fact that many companies are family-owned. Shareholders control the appointments of both the executive board and the board of auditors. The impact of the quota legislation has been that more non-affiliated women have been appointed to the boards.

Italy has made extraordinary progress due to the implementation of the Golfo-Mosca law. The preliminary results show that legislation, with penalties, can have serious impact on changing the status quo. From being a barrier for women to access boards the Italian law has now become an enabler.

4.4 Best practices

In this section a selection of government and company examples and initiatives is presented.

Government initiatives

• Italy's Prime Minister Matteo Renzi demonstrated that he is serious in trying to change his country's negative image when it comes to women in leadership positions. Not only does his cabinet consist of 50% women, in April 2014 he appointed four women as presidents at four of the five largest public corporations: Eni (oil and gas), Enel (electricity), the Post Office and Terna (national grid system). Despite the fact that these president's positions do not hold the powers invested in the chief executive positions, it has important value that women are now fulfilling these high profile tasks. The female presidents, who were all deemed very qualified in the public opinion, are recognized as inspiring role models for other women.

38 http://www.theguardian.com/world/2011/jun/30/italian-firm-women-job-cuts
39 "Is there a gender bias in selection of candidates? Experimental evidence from Italy", by Giulia Ferrari et al.: http://www.womenmeanbusiness.it/en/files/pdf/WP3__English_version.pdf

Company initiatives

Italian subsidiaries that are part of international groups (like IBM, L'Oreal, GE) benefit from the policies and plans for gender equality these companies have been developing at Group level more than a decade ago already. In this section we will look at Italian-based or Italian-founded large companies (not part of these large international groups) that have developed specific plans to advance women through the managerial ranks.

Many of the reported good practices below were developed and implemented during the time the quota law was being prepared and debated. It is clear that the quota law has had an unprecedented effect on companies to develop policies and tools to address the underrepresentation of women in management positions.

• Value D (Valore D)

Valore D is the first Italian association[40] of large companies to support the development of women's leadership. The association's goal is to promote a 'new cultural model that foresees full participation of women in economic and social life of the country'. One of its activities (since 2012) is to offer a 12-month training to women on boards of Italian listed companies. In collaboration with executive search firm Egon Zehnder and international law firm Linklaters the training prepares women to be effective in their role as board member. It focuses on developing the necessary competencies and capabilities. Companies also take part in the program and identify internal potential candidates. The training includes sessions of team mentoring, expert sessions on the functioning of the board (responsibilities, tasks), networking events with other board members and skill-building workshops (on networking, self-empowerment). From 2012 – 2015 270 women from business, culture and politics will be training through this program to take on board roles at listed companies. Autogrill, Unicredit and Eni have joined the Valor D program.

• Unicredit

Unicredit is an Italian-based listed banking group, and one of the largest banks in Italy, with around 150,000 employees worldwide. In 2013 41% of the total workforce consisted of women. However, top positions such as CEO, Chairman and all Vice Chairmen (4) of the Board are all in the hands of men. Currently, four out of 19 members of the board of directors are women (21%). Only one of the members of the Executive Management Committee (14 members) is female, Marina Natale, the CFO. This means the company does not yet comply with the requirement of having at least one-third female board members. In accordance with the law, the company will have to propose women board candidates at next Shareholders Meeting in May 2015.

The company is actively building a pipeline of talented women. In 2013 the share of open senior management positions for which candidates of both genders were considered had doubled, and almost 50% of these appointments went to women. In 2013 20% of senior management, 39% of middle management and 51% of professionals were women.

40 http://valored.it/en/key-facts/

The company introduced an international Gender Balance Program specifically dedicated to developing a more gender balanced leadership pipeline. The program includes setting targets of at least 30% women on the board of directors and on the boards of subsidiaries. In addition it provides specific guidelines for HR processes and practices that prevent gender bias and aim at creating a level playing field for all employees [41]. A learning module 'Inclusion@Work', about the impact of gender differences for the business, was developed at Group level for local implementation.

Setting targets is a first step, but implementing tools and policies and measuring outcomes are as important to ensure targets are reached. Unicredit has created a system of transparency reporting on this topic on their public website: a wide range of statistics on women and men is (or will be in the future) available at Group level and some on country level. This Gender Balance Monitoring Dashboard measures the impact of the local initiatives in the Group and enhances the efforts to promote gender balance.

Other measures implemented were the appointment of diversity managers in legal entities, a strong Group- and local-level communication plan to raise awareness of gender issues, a video featuring top managers affirming their commitment and further development of the UniCredit Women's International Network.

A specific program to increase women in leadership positions has been developed in Italy. The program consists of the identification and monitoring of career progress of 166 high potential women to make sure they become part of the leadership talent pool. So-called Leadership Lab for Inclusion sessions for 150 male and female managers was organized. Other general gender initiatives focused on raising awareness of the value of diversity and fostering cultural change.

Special mention needs the initiative of one of UniCredit's members, the HypoVereinsbank (HVB) in Germany. The HVB Women's Council is a forum for dialogue between the Bank, its customers and multipliers from industry, politics and society. Its members are 30 outstanding female entrepreneurs (in e.g. tax advice, consultancy) and managers from various companies (such as HP, Microsoft, Zurich Group) who are appointed for a term of 2 years. The Council organizes regular events and has a mentoring programme aimed at filling the Group's leadership pipeline. Members of the HVB Women's Council are mentoring women from middle and junior management on their career path.

• Autogrill

Autogrill is an Italian-based company in food and drink services for travelers, with almost 50,000 employees worldwide. The company prides itself to finding 'the best possible solutions to gender matters: maternity, safety at work and female leadership[43]
The workforce consists of 61% women. At Headquarters women make up 28% of top managers and 42% of senior managers. Women occupy almost a quarter (23%) of the most senior positions in the field (network management). On the board of directors (13) three women hold positions (23%), and none on the Board of Statutory Auditors (3)

41 https://www.unicreditgroup.eu/content/dam/unicreditgroup/documents/en/sustainability/reporting-and-metrics/reporting-and-metrics-ita/2013/Bilancio-Sostenibilita-2013-ENG.pdf
42 http://about.hypovereinsbank.de/en/frauenbeirat/initiativen/index.html
43 http://www.autogrill.com/en/people/grow-us/diversity

Autogrill has created an internal mentoring project ‘EmpoWer’ in which more experienced colleagues mentor younger ones. It aims at developing employees’ conduct and the company’s culture and organisation. The program acts as an extra channel for employees to learn new skills and enhancing organizational competencies. Because more experienced mentors share their experiences organizational competencies are being strengthened too. Issues regarding female leadership were the focus of the 2014 EmpoWer program.

A group of women operating in the Autogrill central headquarters took part in the association Value D and participated in meetings and workshops on these issues, investing in a different approach to business as an added value for the company.

• Eni

Eni is one of the largest public companies and is part of the oil and gas industry. Only 16.5% of employees are female. In April 2014 the Prime Minister appointed a woman, Emma Marcegaglia, as president of the company. The share of women in managerial positions is marginally increasing from 21% in 2011 to 21.5% in 2013. The presence of women on the Board of Directors and the Boards of Statutory Auditors of Eni Group companies grew dramatically: from 5.7% in administrative bodies and 8.5% in supervisory bodies in 2011 to respectively 14% and 27.6% in 2013. Per May 2014 the Board of Directors included three women out of 9 (33%).

A number of measures were taken by the company to ensure gender diversity in decision-making bodies would increase:

- Immediate appointments of women in accordance with the law (in 2013). Eni’s board of directors now consists of 3 women (33%) and 6 men. For the 2013 elections involving 23 Eni subsidiaries, the goal was raised with 38.8% of the Directors and 36.2% of the standing statutory auditors appointed being women, out of the total positions to be appointed by Eni.
- In 2013, Eni and its subsidiaries amended their By-laws to ensure that for three consecutive terms the composition of the Boards of Directors and the Boards of Statutory Auditors will comply with the new law.
- Eni’s Corporate Governance Code was revised to include gender in the Board evaluation process.
- At the Shareholders Meeting voting slates with three or more candidates have to include candidates of both genders. In case the amended voting slate mechanism does not result in the minimum required gender representation an impartial mechanism is used based upon the number of votes received by the candidates to identify members of the over-represented gender to be replaced by members of the under-represented gender.
- In 2013 a model for monitoring the composition of the boards of directors of Italian and foreign subsidiaries was implemented. Not only gender is being monitored, but also age, skills, nationality, experience, and seniority. The goal is to monitor long-term trends and make it easier to identify improvements to be made.
- Research will be conducted in 2015 in cooperation with SDA Bocconi to identify suitable indicators for greater inclusion of women in the workplace.

- In the board induction process for new members of the Board of Directors specific attention is paid to the benefits of diversity in the corporate decision making bodies
.

5.5 Recommendations

The impact of the quota law has not only been that companies have to appoint women to their boards but also that they have to focus on developing their pipeline of women board members for the future. The fact that the law will only apply to three consecutive terms of appointments (in total 9 years) needs to be taken into account. Civil society organisations need to continue putting pressure on companies to voluntarily or on the government to formally extend the practice after the 9th year. Based on the Best Practices in this study the following steps are recommended for companies:

- Ensure compliance with regulations
  As part of company's responsibility to adhere to legislation and act as a responsible employer, companies will have to review and amend their By-Laws, corporate governance codes and procedures (such as voting mechanisms at Shareholders' meetings) to ensure compliance with the new legislation.

- Concentrate on the pipeline
  In order to be able to comply with regulations, companies will have to develop their female talent pipeline to prevent from having to recruit qualified women from outside. This means setting up systems to identify, train and develop women managers at middle levels to senior and top levels.

- Educate shareholders
  Shareholders will have to be informed of the changes to the By-Laws, corporate governance codes and internal procedures (such a voting at Shareholders' meetings). But also of the approach the company will take to ensure that in the future sufficient and qualified female candidates will be on the voting slates.

- Develop broad-based Gender Equality Plans
  This process forces companies to think more strategically about gender issues, thus opening the possibility for broad-based gender equality plans and activities.

- Seize the moment
  The quota law creates momentum for fundamental change. The impact will be at board levels, but should also be at the levels below. In companies and in society there is room to start up initiatives and activities aimed at enlarging the talent pool of female board members. Seize the moment.
- Professionalize recruitment processes
  It starts with setting up systems and proc edures to ensure a high quality professional process to identify potential candidates for future board memberships within the company. Filling the pipeline and developing talents remains the most important task to ensure qualified women enter the C-suite.

- Ensure regular and transparent reporting
  In order to track developments, regular reporting on specific and relevant KPIs should beco me part of the company's internal monitoring systems.

- Seek cooperation
  Many companies, if they have not set up identification processes for potential board memberin the past, will also have to look outside for qualified female candidates. Also, female candidates may have different training and development needs than regular board programs have been providing. Several initiatives for companies to cooperate and exchange experiences have been started already, such as Valore D, and it is recommended to join one of them.

- Establish and use the corporate women's network
  Companies that do not have a corporate women's network yet, should seriously consider starting one now. Not only does the presence of a corporate women's network demonstrate to women in the company and potential employees that women's leadership is taken seriously. It also provides a platform for women to connect, develop their leadership skills and share their experiences in management in the company. The information from the women's network can provide valuable insights into the specific company barriers for women to advance in their managerial careers. It also provides HR managers with an extra opportunity to identify top talent and to see them behave in a different leadership role.

- Implement mentoring programs
  Mentoring programs connecting senior women with women in junior and middle management positions are a crucial part of the effort to increase the pool of talented qualified women for senior management and board positions.

- Prepare for the 10th year and after
  The law will apply for three consecutive terms, so in total nine years. In order to ensure that the change will last and old practices do not return it is recommended that a plan of action for the 10th year and after will be developed.

Part 2
The case of Latvia

5. Part 2 - The Case of Latvia

"Our experiences (with gender balance in management) are in line with study results, for our financial results have improved four years in a row."

Introduction

During its 23 years of independence Latvia has gone through times of high economic growth as well as deep slumps. Christine Lagarde, managing director of the IMF, has praised the country's resilience in overcoming the economic crisis: "Latvia has a bright future ahead" . Targeted policies towards business sophistication and the creation of new products and technologies are necessary to improve efficiency and set Latvia on the path to reach the levels of the advanced European countries . Emigration of skilled workers, spurred by rising taxation, has become one of the biggest problems. Latvia joined the Eurozone in 2014. It remains to be seen if this will lead to increased levels of foreign investment and access to cheap credit for local businesses. According to the World Bank social disparity in Latvia increased during the crisis and is one of the highest in the EU. Due to the fact that the education and health sectors are female-dominated and suffered severe budget cuts to counter the crisis, women have been affected more than men . In addition, the majority of activities and measures of the government's gender equality program were not carried out. The new equality plan 2015 – 2018 has not been published yet.

5.1 State of play

In this chapter the current status of women in the labor market in general and in decision-making positions in particular is described, in light of the developments that have taken place over the past few years.

Women in the workforce

Table 8. Women in the workforce in Latvia 2008 – 2013[48]

	2013	2012	2011	2010	2009	2008
Women's employment rate	67.7 % (62.6)	66.4% (62.4)	65.3% (62.2)	64.5% (62.0)	66.5% (62.3)	71.9% (62.8)

Source: Eurostat; EU-28 figures between brackets.

High female employment rate

44 Arttu Airiainen, General Manager of Neste Oil Latvia
45 Speech by C. Lagarde on June 2012, Riga.
46 "How great is Latvia's success story" by Aldis Austers, in Intereconomics 2014.
47 'The impact of the economic crisis on the situation of women and men and on gender equality policies', by EC, 2012: http://ec.europa.eu/justice/gender-equality/files/documents/130410_crisis_report_en.pdf
48 Source: Eurostat; tsdec240; last update 5/11/2014; date of extraction 7/11/2014.

High female employment rate

The overall employment rate of Latvia in 2013 is 69.7%, which is higher than the EU-28 average (68.4%). Especially women's labor force participation rate, 67.7%, is significantly higher than the EU-average (62.6%) and actually one of the highest in the EU. Women are almost as active in the labor market as men (men's rate is 71.9%). Historically women have been very active in the labor market. This is mainly due to the fact that average wages are low and dual-earner families therefore a necessity.

Few women work part-time

Another significant difference compared to other EU-countries and the EU average is that very few women work part-time. Only 9.4% of female employees work part-time, against the EU-average of 32.1% [49]This is caused by the fact that average wages are low and that flexible working arrangements, like part-time work, teleworking, working from home, flexible working times, are not common.

Women entrepreneurs

Latvian has a high rate of female entrepreneurs. Almost 40% of Latvian entrepreneurs are women (2012), which is higher than 31% in the EU-28 [50] . Interestingly, their income is somewhat higher than of their male counterparts. 69% of women entrepreneurs operate solely.

Gender pay gap

The gender pay gap in the private sector is somewhat smaller than the EU-average (16.5%) at 13.8% [51] (in 2012). However, the pay gap still exists and has remained rather stable in the past years (in 2007 it was 13.6%). There are differences per sector; in financial services men earn 35% more than women. One of the reasons for the pay gap is that women choose to work in sectors where pay is lower, such as education and health.

Serious gender segregation in occupation and education

Gender segregation in the labor market exists in a number of sectors and occupations and is higher than the EU average [52] . Women tend to work in the sectors "wholesale & retail" and "manufacturing" (31.7% of women, and 28.3% of men), and in typical female sectors "education", "health and social work" and "public administration". Very few women (4.6%) work in the male sector "transportation and storage". Also across occupations a gender divide is visible. Women are typically employed as "personal service workers" (11.8%), "legal, social, cultural professionals" (10.5%) and "business and administration professionals" (10.2%). Men dominate occupations like "drivers and mobile plant operators" (13.1%) and "metal and machinery workers" (9.7%), in which very few women (0.3%) work.

49 Source: Eurostat; [lfsa_eppga]; last update 30/10/2014; date of extraction 7/11/2014.
50 Statistical Data on Women Entrepreneurs in Europe, Country Fiche Latvia, by EC DG Enterprise and Industry, September 2014
51 Source: Eurostat; Gender pay gap in unadjusted form in % - NACE Rev.2 (structure of earnings survey methodology) [earn_gr_gpgr2]; figures relate to Industry, construction and services (except public administration, defense, compulsory social security); last update 30-09-2014.
52 The current situation of equality in Latvia - Country Profile, 2012, by European Commission: http://ec.europa.eu/justice/gender-equality/files/epo_campaign/130911_epo_country_profile_latvia.pdf

Also in education gender segregation is serious. In 2012/2013 88.2% of university and college students in education are female, and 82.7% in healthcare and social welfare. Only 21.3% of students in engineering, manufacturing and construction are women, and 31% in natural sciences, mathematics and ICT[53]

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Women in decision-making positions

Quite a few of Latvia's top political positions are or have been occupied by women: the current Prime Minister Laimdota Straujuma, current Speaker of the Saeima (Parliament) Solvita □bolti□a, ex-President Vaira V□□e-Freiberga and four out of fourteen (29%) ministers are women[54] . However, only 18% of members of parliament are female [55.]

Women in top management

Latvia is **doing well** in terms of women in management positions in large companies and SMEs (36%) and better than the EU average (33%), according to the EU Country Profile[56.] However, this number has only changed slightly in the past few years (from 35% in 2003) so it seems stagnation has set in

.

A recent study by consultancy firm Grant Thornton [57] reported that Latvia has the **second highest percentage of women in senior management** in the world (after Russia, and sharing second place with Indonesia); 41 percent of the overall number of senior managers over the past 5 years in Latvia was a woman. Since the data were collected from client sources and a non-typical or complete group of companies, these numbers may only serve as an indication that Latvia is doing relatively well.

The European Institute for Gender Equality published a Country Report on Latvia for its 'Review of the implementation of the Beijing Platform for Action in the EU Member States – Advancing gender equality in decision-making in media organisations' . Despite the fact that the media sector is relatively small in terms of economic value, their influence on public opinion is very important. The review found that Latvia scored better than the EU average when it comes to **women in decision-making positions in media organisations;** at the board level across the EU-27 24% of positions are taken by women, but already 42% in Latvia (2012). Although there is nearly parity at the top level of decision-making in media organisations, women journalists still find Latvian news to be a 'masculine profession'. The existence of a glass ceiling and barriers for women to advance to senior levels becomes clear when considering that the percentage of women studying media relations and women working in the media sector is around 90%. The review concluded that despite the existence of gender equality policies in general, none have been implemented in the media sector.

Although women in Latvia, like in the rest of the EU, are still underrepresented on the boards of the

53 Central Statistical Bureau of Latvia, presented by Lidere at She Decides You Succeed Round Table conference London on February 2 2015.
54 "Latvia 2nd in the world by percentage of women in senior management", by the Latvian Institute, 2014: http://latvia.eu/news/latvia-2nd-world-percentage-women-senior-management
55 EC Database Women and Men in Decision-making; data collected between 31/10 – 12/11/2014.
56 The current situation of equality in Latvia - Country Profile, 2012, by European Commission: http://ec.europa.eu/justice/gender-equality/files/epo_campaign/130911_epo_country_profile_latvia.pdf
57 Grant Thornton Women in Business Report 2014: http://www.grantthornton.global/globalassets/insights/article-pdfs/2014/ibr2014_wib_report_final.pdf
58 http://eige.europa.eu/sites/default/files/documents/MH0113730ENN.pdf

largest listed companies, already almost one out of three (31%) supervisory council members is now a woman (see below table 9). This is **significantly better than the EU-28 average** which stands at one out of five (20%). Like in many EU countries it seems Latvian women have been more successful in being appointed to supervisory councils than to executive boards. One out of five (22%) executive board members is female, which is also higher than the EU average.

Table 9. Women on boards[59] in top 30 listed companies

	2014	2013	2012	2011	2010	2009	2008
Women on executive boards	22% (12%)	22% (12%)	22% (10%)	NA	NA	NA	NA
Women on supervisory councils	31% (20%)	29% (19%)	28% (17%)	NA	NA	NA	NA
Women CEOs	3% (3%)	3% (3%)	3% (2%)	NA	NA	NA	NA
Women Chairpersons	17% (5%)	16% (4%)	10% (3%)	6% (3%)	9% (3%)	6% (3%)	3% (3%)

Source: EC Database on Women and Men in Decision-making; EU-28 figures between brackets.

Explanations for the high numbers if women in executive boards include the possible influence from the former Soviet Union, where women were more promoted in some sectors. Another explanation could be found in the fact that women are better educated than men, and perhaps coupled with the fact that women are simply more numerous in the population (54.2%). EWL60 notes that politics may play a role too especially in state-owned companies.

An important indication of how women are perceived as leaders is the number of women serving as CEOs or chairpersons. Since the representation of women on boards in Latvia is rather high, one might expect high numbers of women can also be found as CEOs and Chairpersons. This is not at all the case for women CEOs. Only 3% of CEOs of Latvian largest listed companies are women, in line with the EU average. However, women have been quite successful over the past years to improve their position as **Chairpersons** of the boards, with a growth from 3% in 2008 to 17% in 2014.

It is important to note that these numbers relate to a relatively small number of companies in the EC Database, i.e. the largest 30 companies listed at the NASDAQ OMX Riga. Looking at a larger group of companies (Table 10) the picture changes. This table is based on the numbers from the recently published "Study on the Situation of Men and Women in the Large Companies of Latvia[61] (hereinafter called "SIF Study"), in which data of a group of 110 companies (public and private sector) with more than 250 employees were analyzed. The study confirmed the earlier findings with regard to the relatively high percentage of women on executive boards (around 20%). However, with regard to women on

59 Source: EC Database Women and Men in decision-making. See footnote under Table 2.
60 http://www.womenlobby.org/news/ewl-news/article/women-on-boards-2nd-progress-7104?lang=en
61 "Study of the Situation of Men and Women in the Large Companies of Latvia", 2014; http://www.sif.gov.lv/images/files/SIF/progress-lidzt/Petijums_ENG_internets.pdf

supervisory councils the findings were more negative (only 16%). Importantly the presence of women in CEO positions is significantly higher and reaches 14%. Latvia is among the countries in the world with the highest number of women CEOs in large companies. Notwithstanding this result, it is still far below the numbers of women in the country (54%), in higher education (52%), the workforce (68%) and in management positions (36%), so still many women do not reach the ultimate power positions in business.

Table 10. Women on boards at 110 selected large companies

	2013	2012	2011	2010	2009	2008
Women on executive boards[62]	21%	20%	17%	19%	21%	20%
Women on supervisory councils[63]	16%	17%	15%	14%	13%	14%
Women CEOs	14%	10%	9%	8%	7%	6%

Source: Study of the Situation of Men and Women in the Large Companies of Latvia, 2014.

Gender balanced boards only in 2040

The current trend indicates that if no special measures or activities will be taken gender balance (meaning a minimum of 40% women) on boards would only be achieved in 2039-2040. Although Latvia is doing relatively well compared to other EU countries the Minister of Welfare, who is in charge of gender equality, believes that significant actions need to be taken to achieve true gender equality in decision-making [64]. Especially since women are better educated than men and currently almost 70% of graduate students at high schools and business schools are women, too few reach top positions in the current situation.

5.2 Legal framework

Latvia is among the countries that oppose the introduction of legally binding provisions to improve the gender balance on company boards, as proposed by the European Commission ("Proposal for a directive of the European Parliament and the Council on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures"). The country's policy is to embark upon a gender equality project to focus on reaching gender balance with 'soft' instruments. In a survey on society's attitudes towards gender equality issues (September 2014)[65] the majority (55.9%) was against the introduction of gender quotas for boards of enterprises. More

62 "Study of the Situation of Men and Women in the Large Companies of Latvia" (hereinafter "SIF Study"), 2014, figure 35; http://www.sif.gov.lv/images/files/SIF/progress-lidzt/Petijums_ENG_internets.pdf
63 "SIF Study", figure 37.
64 http://www.sif.gov.lv/index.php?option=com_content&view=article&id=9175%3APar-projektu-Dzimumu-lidztiesiba-instruments-un-vertiba&catid=2%3Afonds&lang=en&Itemid=244
65 Presentation by Ines Bers (Lidere) at She Decides You Succeed Round Table in London on February 3 2014

women (34.8%) than men (24.9%) were in favour. Among students more than 71% opposed. The Latvian government believes that sustainable results can be achieved in cooperation with the social partners and by providing all kinds of support for women's entrepreneurship and career advancement. It follows the prevailing reasoning that companies' objectives are to make profits and generate income for employees and society, regardless of the gender composition of its board and management. Gender should not be a mandatory factor in selecting top management; only professional qualifications should. Latvia was one of the co-signatories of a letter to the European Commission stating that although the countries acknowledge the need to improve the underrepresentation of women on boards the matter should be dealt with at the national and not at the EU level (so-called subsidiarity argument) . This letter was sent immediately after the European Commission's first proposal was published. Latvia stated that it could support a softer approach, which would allow Member States to choose their measures to meet specific national situations. The Latvian parliament has not issued a so-called reasoned opinion, unlike the Czech Republic, Denmark, Poland, Sweden, the Netherlands and the UK. This might indicate the Latvian government believes that the current amended proposal provides sufficient safeguards countries may adopt a national approach and measures

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Equality law

Art. 91 of the Constitution of Latvia provides for the principle of equality of rights before the law and for protection of these rights without any kind of discrimination. There are no legal norms allowing for positive measures in general or allowing for any positive measures to be taken by private persons (legal or natural) in the private sector.[68]

On 29 November 2012, the Latvian Parliament adopted amendments to the Law on the Prohibition of Discrimination against Natural Persons – Performers of Economic Activities.[69] This Law entered into effect on 2 January 2013. Such amendments were necessary to correctly implement the Directive on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity and the Directive establishing a general framework for equal treatment in employment and occupation. [70]

Corporate Governance Code

In May 2010, the Exchange NASDAQ OMX Riga published a Corporate Governance Code, which is referred to as Principles of Corporate Governance and Recommendations on their Implementation. This Corporate Governance Code entered into force on 1 June 2010. It should be complied with by the capital companies the shares of which are listed on the regulated market organized by NASDAQ OMX

66 Other signatories: Bulgaria, the Czech Republic, Estonia, Lithuania, Hungary, Malta, the Netherlands, UK.
67 http://www.delfi.lv/news/national/politics/latvija-un-vel-astonas-es-valstis-censas-bloket-kvotu-noteiksanu-sieviesu-parstavniecibai-uznemumu-padomes.d?id=42676708
68 K. Dupate, National Report Latvia, in: G. Selanec and L. Senden, Positive Action Measures to Ensure Full Equality in Practice between Men and Women, including on Company Boards (2011), p. 129 and 131.
69 Fizisko personu – saimniecisk□s darb□bas veic□ju – diskrimin□cijas aizlieguma likums, Official Gazette No. 199, 19 December 2012.
70 Directive 2010/41/EU of the European Parliament and of the Council of 7 July 2010 on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity, Official Journal 15.7.2010, L 180/1 and Council Directive 2000/78/EC establishing a general framework for equal treatment in employment and occupation, Official Journal L 302, 2.12.2000, p. 16-22. See also K. Dupate, National Report Latvia, European Gender Equality Law Review 2013/1, p. 82.

Riga. Upon the implementation of the corporate governance principles in their business, the relevant companies have to prepare the Corporate Governance Report that shall be prepared in compliance with the principle of "comply with or explain". Thus, the companies have the freedom to choose what principles to implement in their business and to what extent they will be applied. If any principle is not applied or is only partially applied, the company has to provide in its Report information on the circumstances due to which the principle in question is not or cannot be implemented. The relevant companies have to provide the Corporate Governance Report together with the annual report within the term set by the Stock Exchange as well as to publish the said information on their website.

Conclusions

The Corporate Governance Code does not contain any provisions for promoting gender diversity on company boards. In addition, there is no quota legislation or other measures to improve the gender balance on boards. [71] It is remarkable that Latvia without specific legal or regulatory approach or any voluntary measures by companies or organizations to deal with the issue of under-representation of women on company boards, has achieved one of the highest figures in the EU and higher than the other countries in this Guide.

5.3 Barriers and enablers

This section describes the barriers and enablers for women to access decision-making positions in corporations in Latvia. Barriers or obstacles can be found at three levels: society, organizational and individual. The interaction between the various barriers at three levels makes it complicated for companies to find the right policies and tools to enable women to advance to senior management positions.

At the level of society an important barrier can be found in the country's culture, which includes acceptable behaviours for men and women and the expectations about roles women and men should play in life. Prejudices and stereotypes may prevail about women in management and leadership positions. This is the case in Latvia. Public opinion surveys indicate that stereotypes in gender roles are very much alive. Only 3.4% of the population believes that the head of a company or entrepreneur is a suitable profession for women, and even fewer, just 2%, that entrepreneurship is a good choice for women.[72] According to this recent survey (2014) the main reason for women being less represented in management positions is that women are often the ones taking care of the family and household tasks.

Also women hold these views, not only men. In a survey on society's attitude towards gender equality issues by Latvijas Fakti (September 2014)[73] 59.3% of women and 76.4% of men found it acceptable that at managerial levels there are more men than women.

71 See Z. Kreckova, Are quotas solving the problem?, European Scientific Journal 2013, vol. 9, p. 234, L. Senden and M. Visser, Balancing a Tightrope: The EU Directive on Improving the Gender Balance among Non-Executive Directors of Boards of Listed Companies, European Gender Equality Law Review 2013/1, p. 23 and K. Dupate, National Report Latvia, in: G. Selanec and L. Senden, Positive Action Measures to Ensure Full Equality in Practice between Men and Women, including on Company Boards (2011), p. 132.
72 "SIF Study"
73 Presentation by Ines Bers (Lidere) at She Decides You Succeed Round Table in London on February 3 2014

Other obstacles at societal level are for instance the absence or limited availability of support mechanisms, such as the availability of child care facilities, which may cause difficulties for both women and men to combine family life with a (management) career. In Latvia this societal barrier exists too. Local governments provide public childcare for children from 4 to 7 years old. However the demand for childcare for children below 4 years old is not met . As a consequence, many women and increasingly men report having difficulties combining their careers with family life.

Examining the level of companies, a number of barriers for women to advance in their careers have been well documented in academic and company research. They include inflexible working arrangements, lack of part time work opportunities, corporate culture not favoring women in management positions, strong informal male networks, gender bias in the recruitment, selection and promotion processes, a general lack of gender awareness and absence of or limited access to specific management development programs.

The most recent report [75] on the situation of men and women in large companies mentions three main issues preventing women from reaching corporate decision-making positions. First of all, the traditional views in Latvian society on the role of men and women. Secondly, women's family responsibilities, as seen by the public, which make it difficult for women to take on a management career. Thirdly, the negative impact gender stereotypes are having on the educational and occupational choices of women. Thirdly, the individual choices women make regarding education and career may present barriers for their advancement too. As we have observed before, there is strong gender segregation in the labour market, with women taking on careers in sectors that are paid less.

Barriers and obstacles

Research done by Lidere and the Ministry of Economics on 200 women company owners and managers in 2012 [76] found a number of reasons why women are underrepresented in management, of which the main ones were:

- The traditional views of society on the role of men and women.
- The situation that family care tasks are primarily assigned to women.
- Gender stereotypes in educational and occupational choices.

Enablers

The most commonly cited instruments and tools to improve the situation include [77] :

- Establish support mechanisms for families with small children.
- Develop instruments to achieve a better work life balance.
- Provide for mentoring and coaching.
- Explore innovative forms of work organization (teleworking, working from home).

75 "SIF Study"
76 "Women in Business – Quantitative research", Lidere, November 2012;
77 "SIF Study"

• Offer gender awareness training to managers and HR specialists.
• Educate the public about gender equality issues (and the role of men and women).
• Make gender equality issues and their contribution to the company's development more topical: moving from personnel management to strategic human resource management.
In terms of convincing business leaders of the benefits gender balanced boards brings, it should be noted that the argument of better financial performance has been researched in the SIF study. In line with many other studies the SIF study did not find a statistically significant correlation and causal link between the proportion of women on executive boards and financial performance in Latvian companies. However, corporate financial analysis did show that the average net profit margin is higher for the companies, where there is female majority on the board. This means that companies managed by women are more efficient in producing one unit of product with a higher profit or profitability than companies managed by men. Companies managed by women have yielded higher returns on assets and equity, as the return on assets (ROA) and return on equity (ROE) has been relatively higher.

5.4 Best practices

Government initiatives

The Latvian government is actively working to stimulate and motivate companies to take gender equality in decision-making serious.

• Rigas satiksme [78]
The government has set an example with the gender composition of the boards of some of the government-owned companies: for instance the major public transport service in Latvia Rigas satiksme has a board on which 3 women and 4 men serve. One of the company's good practices is to always have representative of the less represented gender on the recruitment committees.

Another government initiative has been to add gender equality to the Sustainability Index.

• Index for Sustainability and Gender Equality [79]

The development of this index is part of the EU project "Gender equality in decision-making" of the EU PROGRESS 2007-2013 program. It consists of a voluntary business-led self-evaluation tool for companies to assess their non-financial performance in all aspects of corporate responsibility. The Index includes four key strategic areas, i.e. community, environment, marketplace and workplace. Companies that participate can be ranked in four categories, Platinum, Gold, Silver and Bronze. In 2014 the focus was on **gender equality issues.** Three main criteria were assessed: gender **composition** of employee base and decision makers, existence of the **equal pay gap** and the content of the company's gender equality **policy.** Participating companies receive special recommendations and guidelines on how to implement good practice and more specific individual recommendations from experts.

78 http://www.neste.lv/default.asp?path=14390,14497,14775,19065
79 http://www.sif.gov.lv/index.php?option=com_content&view=article&id=9309&Itemid=244&lang=en

Company initiatives

As for companies, the SIF Study concluded that specific support measures and initiatives to promote women in management positions are very rare. They can mostly be found in companies that are branches or subsidiaries of international companies. A few good practices, although not all specifically related to promoting women to top management, are listed hereunder.

- CEMEX [80] is an international company that produces cement and other building materials. Although it was mentioned in the "SIF Study" as a good practice further investigation did not confirm this status. The board of the Latvian subsidiary consists of 5 men and only one woman (17%). The only female board member is responsible for HR policies, which is often not the most powerful position on a board. CEMEX[81] provides employees with the option to work from home and reduced workloads for parents (men and women) [82]. Public information about the company's gender diversity policy is scarce. In the CSR Good Practice initiatives catalog 2014 [83] CEMEX HR director Linda Sedlere explained that employees are recruited on the basis of their ability and their career experience; gender, age, race, color or other personal characteristics are explicitly not taken into account. CEMEX personnel policy is transparent: job opportunities and personal growth are encouraged for women and men alike. Specific programs to improve the talent pool for women senior managers were not reported in public information. At Group level CEMEX has embraced the United Nation's Global Compact and stated that 'a strict Diversity and Equality Policy' is implemented. However, this policy is not published on the website. It also stated that initiatives and programs for women are in place in 50% of the operating countries. At Group level CEMEX Board of Directors consists of only men (10), so does the Group Management Team (14 men). On the Group website only general statements about diversity can be found, but none related to women or gender. In the CEMEX Code of Ethics and Business Conduct discrimination and harassment are addressed, but not gender diversity or equality between women and men. The only reference to women can be found in a few negative statements, which serve as examples to identify discrimination, such as: "Can you believe she was promoted? Everyone knows women don't make good leaders." [84]
- Neste Oil Latvia
  Neste Oil is a Finnish-based international oil company, with 5,000 employees, and recipient of the 'The Most Equal Company' award in Latvia. The Group's Equality and Diversity policy is based on the belief that diverse employee pool will give the company a competitive edge in the future, both in the marketplace and the labor market to attract the best possible talents.
  Neste Oil's Group executive board consists of 2 women and 8 men. The Group's board of directors is gender-balanced with 3 women and 4 men. However, the leadership of the Latvian subsidiary is 100% male . The percentage of women and men in the Riga office is 50-50, and the equal pay gap is relatively small (4.6%). The gender composition of the workforce and of each management level is closely monitored. In recruitment gender is not specifically taken into account, only 'suitability

81 http://www.cemex.lv
82 "SIF Study"
83 http://www.slideshare.net/llgtspeja/csr-ideju-tirguskatalogs
84 CEMEX Code of Ethics, page 10: http://www.cemex.com/InvestorCenter/files/CodeOfEthics.pdf
85 http://www.neste.lv/default.asp?path=14390,14497,14775,19065

for the job'. Parental leave is available for all employees, and unlike in many other Latvian companies women are not pressured to come back quickly after childbirth. At the ceremony for 'The Most Equal Company' award the company emphasized that equal participation of women and men in a company's senior and middle management improves the functioning of the organization and its financial results. Arttu Airiainen, General Manager of Neste Oil Latvia commented: "Our experiences are in line with the study results, for our financial results have improved four years in a row."
Neste Oil Latvia won the title of 'The most equal company'. Eva Sietinsone– Zatlere, chairman of the board of the company A/S Cesu Alus was awarded the title of 'The most successful woman enterprise leader'. The importance of this award was emphasized by Latvian Parliament Speaker Ms. Solvita Aboltina: "I believe that this nomination and the winner could be an inspiration and good example for other women who are willing to set high career targets".

• Glaxo SmithKline Latvia

GlaxoSmithKline Latvia, a subsidiary of one of the largest pharmaceutical companies, has 45 staff and annual sales 2012 of USD 12 million. Around 70% of employees and half of the managers are women. In the GSK Latvia Corporate Social Responsibility Report 2013 there is a specific paragraph dedicated to Equality and Inclusion. The company strives to create a work environment that is bias free, equal and inclusive and a company culture that is able to attract and retain talented employees. Only in the GSK Global Policy 'gender' is specifically mentioned. At the time (2013) the company had a female CEO. The company has actively developed and implemented family-friendly policies and was awarded the 'family-friendly enterprise status' by the Society Integration Foundation Sustainability Index: "GSK Latvia was one of the companies that participated in the evaluation, in order to qualify for a gender equitable corporate award, which is presented within the Sustainability Index Society Integration
Foundation. GSK showed real equality of treatment both in terms of sex ratios and remuneration paid to the various categories of workers, both educational opportunities and other aspects. Also, the resulting family-friendly enterprise status is indicative of the company's special treatment of their employees." The company provides flexible working time, to support staff with children, and ensures that women returning from maternity leave find their position as they left it, with no change in scope or activities. In addition, the company organizes specific children's activities at the office so children can learn where their parents are working. Regular employee surveys are being carried out and online seminars on energy management and work life balance are offered to employees. Specific programs for women in management in the Latvian subsidiary could not be found on the website.

Other good practices

• Mentoring programs

The women's association Lidere[86] has developed a free of charge mentoring program for women entrepreneurs (in 2005) to foster the development of entrepreneurship. New women entrepreneurs are paired with experienced male mentors for sharing of knowledge and experience. Until 2014 over 600 women participated in this program, of which 145 were already working in a company and of which 25 started their own company.
The European Successful Women Academy[87] by the National Coordination (2012) provides mentoring programs with a few high profile women mentors, such as former Latvian President Vaira Vike-Freiberga.

This program is very important for the role models they provide to younger women.

- Promoting women in science

L'Oreal is actively promoting women in science with the L'OREAL Latvian Scholarship[88] "For Women in Science" with the support from UNESCO Latvian National Commission and the Latvian Academy of Sciences. Since 2004 this scholarship has been awarded to 30 female researchers in the field of life and applied sciences.

5.5 Recommendations

Although Latvia is doing relatively well among the group of countries in this Guide without specific legislation or policies, there is no equal representation at top management levels in companies yet. Therefore the following recommendations could be proposed:

- Increase best practice exchanges
  Latvia has only rather recently started to implement the EU legislation on gender equality and conferences, studies and research supported by the EU have just started to make an impact. Latvia will benefit most from reviewing best practices in other countries in order to select the ones that would best fit with the country's culture and the way companies operate. Therefore, EU support to increase exchanges of best practices will need to continue in the coming years.

- Strengthen civil society
  The "SIF Study" concludes that companies are generally not interested in participating in research on gender equality. If this is indicative of the level of involvement companies would voluntarily display to promote more women to senior management positions and boards, Latvia needs a strong civil society movement, pressure from other stakeholders and an active role of government to point companies in the right direction. Organisations like the project partner Women's NGO's Cooperation Network of Latvia (WNCNL) and Lidere need to be fully supported and integrated into European networks for exchanges of best practices.

- Increase activities to reach more companies
  Neste Oil's CEO publicly stated that having more women in senior management positions in Latvia had been beneficial for the company in terms of an improvement of the financial results. The benefits of gender balance need to be further communicated, also outside of the small group of companies who are participating in the Index for Sustainability and Gender Equality. Enlightened CEOs, such as Arttu Airiainen of Neste Oil Latvia, could become ambassadors of change.

86 http://www.lidere.lv/en_mentorings.html
87 http://www.esmaja.lv/aktualitates/eiropas-veiksmigo-sieviesu-akademija
88 http://bmc.biomed.lu.lv/en/startpage/news/loreal-latvia-scholarship-for-women-in-science-2014/

- Implement support systems
  At society level Latvia needs to develop policies and instruments to address the gender segregation and stimulate women to work in typical male sectors and occupations and at the same time motivate men to enter typical female sectors and occupations. In addition, work life balance instruments, provided by companies and by the government, should be further developed and implemented. Solving these issues will have a positive effect on the numbers of women who aspire to and are successful in a managerial career.

- Increase mentoring programs
  In order to prepare more women for senior roles more mentoring programs need to be established. Not only do these mentors provide important role models for younger mentees, sharing their corporate experiences will better prepare upcoming women for the next steps in their career to senior management.

- Continue to raise awareness
  Changing the country's culture on gender equality takes time. Educating the public should be done by regular campaigns by the government aimed at raising awareness on gender issues, addressing stereotypes and ensuring that women leaders are being portrayed in the media in a fair way.

Part 3
The case of Romania

6.Part 3 - The Case of Romania

"I believe it is very important to provide support to women and provide them with role models whose aspirations for performance can be used as a standard."[89]

Introduction

Romania is still in a process of adapting national laws to EU equality legislation. It has been thought that women enjoyed a particular prominence under communism both in the workplace and in political life. The reality, however, was that men dominated in government, the party and state enterprises Another study[91] stated that the **gender gap in management** actually even widened during the post communist period: "In post communist Romania, women are perceived as being less able to lead/manage and more relational in their leadership style as compared to men, while in the communist period the gender differences were not significant." However, the institutional pressures towards egalitarianism in the communist period led to a certain percentage of women who were 'maintained' in leadership positions. According to EIGE's Gender Equality Index Romania has the lowest score in the EU with 35.3 (in which a score of 100 means full equality).

6.1 State of play

In this section the current status of women in the labor market and in decision-making positions in particular is described, and the developments that have taken place over the past few years.

Women in the workforce

Table 11. Women in the workforce in Romania 2008 – 2013[92]

	2013	2012	2011	2010	2009	2008
Women's employment rate	56.2 % (62.6)	56.3% (62.4)	55.7% (62.2)	55.9% (62.0)	56.3% (62.3)	57.3% (62.8)

Source: Eurostat; EU-28 figures between brackets.

The labor force participation of women in Romania is still significantly lower than the EU average. Slightly more than half the women are active in the workforce now (56.2%). This can partly be explained by the high rate of women working in the informal economy . However, women in the workforce typically work full time, which is demonstrated by a very low part time employment rate of 9.3%. Consequently, **the gender pay gap is one of the lowest** in the EU too, at 9.7% (against the EU average of 16.5%).

Although there is, like in the other EU countries, gender segregation in education, Romanian women are strongly and above EU average represented in the male dominated fields of science, maths and

89 Luana Crivat HR Director, GSK România
90 "Gender discrimination in Romania", by P. Manolescu, Journal of Organizational Change Management 2006
91 "Gender stereotypes in management: A comparative study of communist and postcommunist Romania", by P. Cursue and S. Boros (Tilburg University), in International Journal of Psychology 2011, 46 (4), p. 299-309.
92 Source: Eurostat; tsdec240; last update 5/11/2014; date of extraction 7/11/2014.
93 "The current situation of gender equality in Romania", by EC, 2012

computing, and engineering, manufacturing and construction. This is still an effect of the pre-1990 centralized education system catering for the large industrial sector in the country.
Women in top management
The share of women in executive management positions in large companies and SMEs was 29.0% in 2012, which is stagnant over the last decade and well below the EU average of 33.0%. Romania defies the trend in the EU that women are more frequently appointed to supervisory than executive boards. Almost one quarter of executive board members of the largest listed Romanian companies are women. However, there is a declining trend over the past years.

Table 12. Women on boards[94] in top 9[95] listed companies

	2014	2013	2012	2011	2010	2009	2008
Women on executive boards	24% (12%)	22% (12%)	31% (10%)	NA	NA	NA	NA
Women on supervisory councils	11% (20%)	9% (19%)	13% (17%)	NA	NA	NA	NA
Women CEOs	22% (3%)	11% (3%)	10% (2%)	NA	NA	NA	NA
Women Chairpersons	10% (5%)	0% (4%)	0% (3%)	0% (3%)	0% (3%)	0% (3%)	8% (3%)

Source: EC Database on Women and Men in Decision-making; EU-28 figures between brackets.

It remains to be seen if this picture is the same for all (listed) companies. In a study[96] of 121 companies (of which 66% multinationals) the following data were presented.

Table 13. Share of women in 121 selected large companies

	2013
Women CEO/GM	22%
Women on boards	28%
Women in management teams	42%
Women employees	49%

Source: 'Gender Diversity: How Is it Seen in Romanian Business?'

94 Source: EC Database Women and Men in decision-making.

95 Data refer to the top 9 companies registered in Romania and listed at the Romanian

Table 13 confirms the findings that in middle management positions women are relatively well represented but at top positions this is still not the case; there seems to be a glass ceiling in place.

Academic studies regarding **the leadership style**s of Romanian women are scarce. One recent article analyzed the skills women leaders in Romania need to possess in order to be successful; among them are the ability to compromise, self-confidence and the ability to act in situations of conflicts and threats. There is a need for more research in this area.

Women have been more successful in the **government sector**. The minister of Labor, Family, Social Protection and the Elderly[98] stated that in 2013 Romania ranked 1 in Europe with **47% women in** decision-making positions in the administration.

6.2 Legal framework

Gender equality bodies in Romania have suffered greatly due to the economic recession[99] . Not only the financial resources for their operations as well as the funding for their activities have been drastically reduced.

Equality law

The Romanian legislative framework contains some provisions concerning equality law, which are of relevance for the position of women on corporate boards. Art. 22(1) of the 2002 Act on equal opportunities for women and men stipulates that "**institutions and central and local authorities, social dialogue structures, associations of private companies (employers) and trade unions, and political parties shall promote and support the fair and balanced participation of women and men at all levels of decision-making.**[100] This law covers every type of entity that operates in Romania; political, social or economic. This provision also applies to the appointment of members of and/or participants in any council, group of experts and other managerial and/or consultative lucrative structures. Thus, there appears to be an imperative obligation for the equal participation of women and men in decision-making bodies as provided for in Article 22(1) of the Act. However, the provision is simply declaratory, and there is neither sanction attached to nor a mechanism of enforcement in place. Violations of this provision may be assessed by the CNCD (the National Council on Combating Discrimination) [101] and sanctioned with a written warning or an administrative fine. [102] The levels of administrative fines that may be imposed currently range from EUR 230 (RON 1 000) to EUR 23 000 (RON 100 000). [103] So far, however, no decisions have been issued by the CNCD with regard to the implementation of Art. 22 of the 2002 Act on equal opportunities.

97 "Phenomenon of Women-Leaders in Romania and Russia: Equal Gender Opportunities in Emerging Markets", by I. Budrina, Bucharest University, in Review of International Comparative Management, Vol 13, Dec 2012.
98 http://www.agerpres.ro/social/2014/10/04/ministrul-rovana-plumb-e-nevoie-de-o-mai-mare-accentuare-a-rolului-femeii-in-societate-19-27-32
99 'The impact of the economic crisis', by EC, 2012
100 Romania Law 340/2006 for the amendment and approval of Law 202/2002 on equal opportunities for women and men (25.07.2006). See also: R. Te□iu, National Report Romania in: G. Selanec and L. Senden, Positive Action Measures to Ensure Full Equality in Practice between Men and Women, including on Company Boards (2011), p. 188.
101 The CNCD is the Consiliul National pentru Combaterea Discriminarii : www.cncd.org.ro.
102 R. Tesiu, National Report Romania in: G. Selanec and L. Senden, Positive Action Measures to Ensure Full Equality in Practice between Men and Women, including on Company Boards (2011), p. 190.
103 Emergency Government Ordinance No. 19 of 27 March 2013 (Ordonanta de Urgenta nr.19 din 27 martie

Art. 22 of the 2002 Act on equal opportunities does not provide whether there will be any other legal consequences if social and trading companies fail to promote and support the balanced participation of women and men. In addition, this provision mentions the obligation to attain a balanced representation of women and men, but does not clarify or provide for any means of assessing when this balanced representation shall be considered as having been achieved or not. Consequently, it is impossible to assess whether the respective legal provisions have been complied with. Moreover, it remains unclear on whom the obligation rests. The formulation of this provision suggests that it is directed at the companies themselves. This would mean that an individual couldn't deduce any individual rights from this provision. For all these reasons, the provision is not likely to have any practical impact. Te□iu[104] stated on this issue that "(i) in practice, political parties do not consider the provisions of the 2002 Act on equal opportunities on balanced representation for women and men in their leading bodies and in fact women are hardly represented in these bodies. With regard to company boards, such practice is even harder to detect, as the business world would always consider that board seats should filled by the best-equipped individuals and argue that such individuals are appointed as board members based on their competencies. Consequently, it is only a coincidence that it is usually men who are the majority in company boards. In the business media there are statements of business women who have become members of company boards or even CEOs attesting to the fact they did not feel it was harder for them than for men to become members of such bodies".

Conclusions

There **are no national measures** in Romania to improve gender balance on boards. In Romanian company law there are no mandatory quotas for women on corporate boards and the Bucharest Stock Exchange Corporate Governance Code of 2008 does not contain any explicit provision on diversity in company boards. In equality law, there is a provision, which is of relevance for the position of women on corporate boards. Art. 22(1) of the 2002 Act on equal opportunities for women and men stipulates that social and trading companies shall promote and support **the balanced participation of women and men concerning management acts and the decision-making process.** A violation of this provision may be assessed by the National Council on Combating Discrimination (CNCD) and sanctioned with a written warning or an administrative fine. However, the provision is not likely to have any practical impact.

6.3 Barriers and enablers

Research into the barriers for women to specifically achieve top management positions is rather limited, as is research into gender equality issues in general. A few studies into female managers might shed a light on which barriers might exist.

The study 'Stakes and Challenges of Business Women on the Romanian Labour Market' reported on a pilot survey of women managers from Timisoara. The most frequently mentioned barrier (by more than 50% of women) was "fighting the old mentality, respectively the stereotype that women

104 R. Tesiu, National Report Romania in: G. Selanec and L. Senden, Positive Action Measures to Ensure Full Equality in Practice between Men and Women, including on Company Boards (2011), p. 190.
105 http://www.upet.ro/annals/economics/pdf/2012/part1/Popovici(Barbulescu).pdf

should take care of the children and not occupy prestigious positions". Other barriers cited were age too young for management position), education and children. An overwhelming majority (80%) reported that men treated women in a discriminatory manner, especially in situations in which the women managers were taking decisions and providing solutions for problems. Also women managers felt discriminated during pregnancy, despite the fact that they would continue to perform the tasks of their job like always.
In a survey of more than 200 entrepreneurs[106] a number of gender barriers were reported, such as professional stereotypes, traditional mentality, prejudices, balancing professional and family/ private life, maternity and childcare, and stereotyping women promotion in mass media. In addition the businesswomen considered that the lack of some real support networks between SMEs, the lack of models or mentors and insufficient authority for decision-making, were the most important shortcomings felt in their careers.

In the 'Women in Leadership Survey' by Stanton Chase [107] (2010) a select group of over 300 female senior executives from multinational, regional and Romanian companies operating in Romania were surveyed. Almost 60% reported that starting a family could be a limiting factor in achieving career development due to the time and commitment needed to pursue a career with a role in the family. However, 40% believe otherwise. In addition, the majority (57%) of surveyed female managers believed that gender is not a barrier in career advancement to leadership roles at all. However, almost 30% reported that female senior executives still may encounter a range of barriers such as gender discrimination, prejudice, limited advancement imposed by industry specifics, organization culture misfit, family constraints, less objective assessment criteria, emotionality, less availability for overtime and travelling, lack of powerful networks, strong patriarchal culture and differences between men and women in decision making and leadership styles.

Another study[108] confirmed the above and summarized that the reasons why women are underrepresented in top management positions are: society's beliefs related to women's and men's roles; marriage and children; a lack of facilities (kindergarten) for working women; men's prejudices and the omnipresence of men's values in organizational cultures.

6.4 Best Practices

Some initiatives and organizations have been set up to address issues like work life balance, gender violence and improving women's participation in political life. However, very few are (partly) dedicated to improving the underrepresentation of women in management positions. In addition, very few companies have published their plans on this topic. The selection below contains several initiatives and one company best practice.

- Gender Diversity Conference

Consulting firm HART initiated and carried out research on female leadership 'Gender Diversity: How Is

106 "Women entrepreneurship in Romania", by Angela ON, University of Tîrgu-Mure□, 2012
107 "Women in Leadership Survey", by Stanton Chase: http://www.stantonchase.com/best_practices/documents/Women_in_Leadership_Survey_Romania.pdf
108 "Women in leadership positions within Romanian public institutions" by Felicia Cornelia Macarie, Romanian National Council for Research in Higher Education 2008

it Seen in Romanian Business?'. It focused on various aspects, such as what types of roles or jobs are best suited for men and women, which attitudes do people have towards women in leader roles, how could diversity be managed in organizations and good practices and valuable lessons from abroad. The results of their research were presented in the conference that took place on the 27th of November 2013. First of all, it concluded that the topic has not been sufficiently researched yet. In addition it found that there are two prevailing myths about women in executive positions: women don't want to become managers, and women don't have the same managerial skills as men [109]. In the survey of 836 participants 83% disagreed with the statement that women do not like power positions, and 51% disagreed that women lack leadership skills. More than half (56%) agreed that management positions take women away from their family. Only 2% agreed that Romanian society treats men and women correctly and equally.

• Female Leadership Organization

Among the new initiatives is the platform 'Female Leadership Organization' (June 2014)[110] . It aims to contribute to increasing the proportion of women in board positions from 16% to 40% (the EU target) by offering a number of tools. These tools include mentoring programs and executive coaching, training programs and job searches. Since the platform started only recently no results have been published yet.

• Global Women Leadership Initiative Romania

This platform was established upon initiative of Hillary Clinton, which aims at achieving '50 by 50': 50% of women in leadership positions in 2050. This initiative aims to inspire and contribute to the development of a new generation of women, willing and able to assume influential roles in decision-making. GWLIR intends to develop programs and projects in the political-administrative, business and academic world while promoting the harmonization of Romanian legislation, the adoption of European legislation, UN and OSCE principles. It is cooperating with HR Club on the project dedicated to promoting women in leadership positions in public administration. In addition it works with the Ministry of Labor, Family, Social Protection and the Elderly, which will create the framework for the implementation of concrete projects. The GWLIR tries to capture the momentum for the next generation women leaders. The Minister said[111] that in 2014 29,000 women were patron manager of the company and 34% of women were in management positions in business. The minister added that in 2013 Romania ranked 1 in Europe with 47% women in decision-making positions in the administration.

• GSK Romania

At GSK Romania women are not only a majority in the workforce (63%), but also at the top level. Three out of four general managers are female. General manager Consumer Healthcare Romania and the Adriatics, Helen Tomlinson, is a well-known businesswoman and has become an important role model for younger women. She was included in the "Top 100 Young Managers" list of Romania's Business Magazine. GSK Romania has an innovative approach offering employees various choices in benefits packages,

109 http://hart.ro/assets/Rezultate_studiu_diversitate-prezentare_event_ENG.pdf
110 http://www.integraledu.ro/?mod=events&show=66
111 http://www.agerpres.ro/social/2014/10/04/ministrul-rovana-plumb-e-nevoie-de-o-mai-mare-accentuare-a-rolului-femeii-in-societate-19-27-32

in order to promote gender equality. In the Flexible Benefits Plan employees can choose benefits related to educational services, sports activities and other activities for the welfare of their family.

- Cross Company Mentoring Program for Women Leaders Romania

A specific program to promote more women in management positions is the mentoring program “Women Leadership – Cross Company Mentoring Program”. The program, started by Oracle, has been rolled out in a number of countries, like Spain, Switzerland, the UK and Romania. GSK Romania joined the program in 2013. Two female managers receive mentoring from senior women leaders in other companies. In addition, one of GSK’s general managers, Barbara Cygler, has become a mentor for women managers in other participating companies. Other Romanian companies that have joined are Petrom, Renault and Xerox. The benefits of this program are many, not only for the individual women mentees, but also for the companies involved. The mentees (all women) tap into the wealth of knowledge and experience of the mentors, who are all male and female directors or board members. The participating companies come from different industries but have similar business models. The mentoring relationship has duration of 6 months. Women mentees benefit from the program because it strengthens their position and career prospects, and builds their confidence and resolve. In addition, it expands their network at the executive level. Through the program the companies exchange their best practices and learn each other. This enriches the gender equality plans at company level.

6.5 Recommendations

Based on the research and best practices the following main recommendations can be proposed:

- Set up a database with relevant statistics
  During the research no reliable data were found on the gender composition of Romanian company boards, other than the limited statistics from the European Commission’s database on women and men in decision-making positions. Neither the Romanian Stock Exchange BVB, the National Institute of Statistics nor the Ministry of Family and Social Protection publishes this information. In order to start the process of raising awareness and debating the benefits gender balanced boards bring, it is imperative to be able to measure the starting point and monitor developments. This task could be assigned to the responsible ministry of Family and Social Protection since data on the gender composition of e.g. the public sector and politics can be found on the website.

- Cross-company mentoring programs
  The success of the initiative started by Oracle and joined by a number of Romanian companies shows that not only individual women managers benefit from cross company mentoring, but also the participating companies. This mutual benefit should motivate companies to either join this or set up similar programs.

- Promote and support research and studies
  Coupled with the lack of relevant statistics is the rather small body of literature and studies done on the Romanian situation, and then in particular on the topic of gender balance in decision

making in corporations. Since barriers and enablers to promote women in decision-making should always be analyzed in its cultural context it is important Romanian universities and institutes increase their research into this area.

- Awareness raising campaigns
  In order to address the stereotypes and prejudices regarding women in leadership positions, regular campaigns by government should be developed. This will prevent younger women to become demotivated by the sometimes negative press about women in leadership positions.

- Pressure from civil society
  Despite an increase in conferences and non-profit organisations on gender issues, there are few that concentrate on women in leadership positions in the corporate sector. Through international women's networks, such as AFAEMME, local networks can be strengthened and equipped with the arguments and tools to convince business leaders and government of the benefits gender balanced boards bring.

Part 4
The case of Spain

7.Part 4 – The Case of Spain

"Women are half of the labor market.
A company that waives 50 % of talent is committing a strategic error".[112]

Introduction

Spain is ranking 10th in the world (WEF Global Gender gap Report 2014)[113] on women in parliament (political empowerment), but only 84th on women's economic empowerment. Spain was the first EU country to introduce legislation (2007) to address the underrepresentation of women on corporate boards after the well-known quota law was implemented in Norway (2003). Not only is there an impressive body of academic literature on women in top management, there is a strong debate in the media and in politics. Women's organizations are active in raising awareness and promoting the topic in the corporate world. However, as we will see in this chapter, the impact of these encouraging developments on the actual numbers of women in top management has been rather disappointing. This is commonly blamed on the lack of sanctions for non-compliance with the legislation and the low interest in the topic in general from local Spanish companies. Although it is encouraging that now 42 large companies have signed a voluntary agreement with the government to increase the share of women in management positions, the target of 20% seems to lack ambition and commitment.

7.1 State of play

In this section the current status of women in the labor market in general and in decision-making positions in particular is described and the developments that have taken place over the past few years.

Women in the workforce

Women's participation in the labour force historically has been low, and well below the EU average. More importantly it has been deteriorating since 2008 due the financial crisis. Many women work in the informal economy, which is not reflected in the official numbers. The crisis has had a severe impact on overall employment. Men's employment rate went down even further than women's because the effect of the crisis on male-dominated sectors was more significant. Part-time employment for women is moderately popular in Spain (25.2%) and has been growing steadily since 2003 (17.0%). However, the gender pay gap is among the highest in the EU at 17.8%, and much higher than the EU average (16.5%).

Table 14. Women in the workforce in Spain 2008 – 2013[114]

	2013	2012	2011	2010	2009	2008
Women's employment rate	53.8% (62.6)	54.6% (62.4)	56.1% (62.2)	56.3% (62.0)	56.8% (62.3)	58.9% (62.8)

Source: Eurostat; EU-28 figures between brackets.

112 Maria Dolores Dancausa, CEO Bankinter, in PWC report 'La mujer directiva en Espana'.
113 http://reports.weforum.org/global-gender-gap-report-2014/economies/#economy=ESP
114 Source: Eurostat; tsdec240; last update 5/11/2014; date of extraction 7/11/2014.

Gender segregation

The Spanish labour market has a high degree of gender-segregation; women can be found in a few sectors, such as services, retail, catering. Also women are overrepresented in unskilled jobs. Gender-segregation is very clear in education too. Although 60% of university students are women (2010), only 29% of choose STEM and almost 70% in Health, Social Sciences and Law. If we take MBA students as a measure of women's interest in management careers, the percentage drops to on average 28%, in line with the rest of Europe.

Women fulfill typical roles in management

A study by accounting firm PWC shows that women are seriously underrepresented (lower than 20%) in the areas from which top management is recruited (finance, operations, commercial, ICT); especially in marketing (42%) and legal (34%) women can be found. This means that career choice may be an important obstacle for women reaching top positions.

Women on company boards

Of the 1.5 million largest companies 69% do not have any female presence on the board. Companies with more than 250 employees do slightly better but still more than half (57%) do not have female representation. These numbers are better in the largest companies, as shown below.

Table 15. Women on boards of top 35[116] IBEX-listed companies

	2014	2013	2012	2011	2010	2009	2008
Women executive directors	10% (12%)	9% (12%)	6% (10%)	NA	NA	NA	NA
Women non-executive directors	18% (20%)	17% (19%)	14% (17%)	NA	NA	NA	NA
Women CEOs	3% (3%)	3% (3%)	3% (2%)	NA	NA	NA	NA
Women Chairpersons	6% (5%)	6% (4%)	3% (3%)	0% (3%)	3% (3%)	3% (3%)	0% (3%)

Source: EC Database on Women and Men in Decision-making; EU-28 figures between brackets.

There are differences between the data reported in the EC Database and those reported by the CNMV (National Securities Market Commission) in the Spanish Corporate Governance Report 2013 (table 16), so we will present them separately below.

There are differences between the data reported in the EC Database and those reported by the CNMV (National Securities Market Commission) in the Spanish Corporate Governance Report 2013 (table 16), so we will present them separately below.

115 "La mujer directive", by PWC, http://www.pwc.es/es_ES/es/publicaciones/gestion-empresarial/assets la-mujer-directiva-esp.pdf p.13

116 Data refer to companies registered and listed in Spain at the IBEX35, so 35 companies.

Year	Women on boards (number)	Women on boards (in %)	Co.'s with at least 1 woman on board (number)	Co.'s with at least 1 woman on board (in %)
2013	75	15.5%	32	91.4%
2012	66	13.5%	31	88.6%
2011	61	12.1%	32	91.4%
2010	53	10.6%	29	82.9%
2009	50	10.2%	27	79.4%

Source: Informe annual de Gobierno Corporativo de las campanias del IBEX 35, Ejercicio 2013[117]

The share of women on the boards of the largest listed companies increased significantly from 10.2% to 15.5% from 2009 to 2013. Also, the number of companies that have at least one woman on their board went up from 79.4% in 2009 to 91.4% in 2013. Three companies still do not have a female board director.

The numbers differ per industry sector, with the consumer goods industry having the highest proportion of women on their boards (20.5%), followed by Technology and Telecommunications (17.8%), Petrol and Power (15.3%) and Financial services and real estate (15.2%) .[118]

In order to analyze if this progress has also resulted in more women in top executive roles or merely in non-executive functions, the following table 17 provides information.

Table 17. Affiliation of women on boards (IBEX-35)

Year	Executive director	Family-affiliated director	Independent director	Other
2013	4%	22.7%	72%	1.3%
2012	4.5%	25.8%%	66.7%	3%
2011	3.3%	27.9%	65.6%	3.2%
2010	3.8%	26.4%	67.9%	1.9%
2009	4%	32%	64%	0%

Source: Informe annual de Gobierno Corporativo de las campanias del IBEX 35, Ejercicio 2013

117 http://www.cnmv.es/DocPortal/Publicaciones/Informes/IAGC_IBEX35_2013.pdf
118 Fedea Policy Papers 2015/03: "Gender (in)Equality Act' and large Spanish Corporations", February 2015

Indeed, a familiar pattern emerges. The increase in non-executive positions (independent directors) has been the greatest, from 64% in 2009 to 72% in 2013, whereas the share of women in executive positions remained stable around a very low 4%. Another significant change can be observed in the proportion of women that are appointed to boards in which their families have shareholdings. In 2009 almost one-third (32%) of women on boards were family-related to the owners. This has now decreased substantially to almost one out of four (22.7%). Out of the 42 newly appointed directors in 2013 10 were women (24%). At this rate the target of at least 40% of both genders on the board in 2020 will not be reached.

Position of women on boards

Not all board positions are equally powerful. At the top of the Board's hierarchy are the Chairs, Vice-Chairs and CEOs. A very recently published Fedea paper [119] provides information about the positions of the 80 women (15.1%) who were serving on the IBEX-35 boards in 2013. On boards **women are seriously lagging behind in positions of power.**

Table 18. Position of women on boards IBEX-35

Role	No of women	% of women	No of men	% of men	Total
Chair	1	2.9%	34	97.1%	35
Vice-Chair	4	7.7%	48	92.3%	52
CEO	1	3.1%	31	96.9%	32

Characteristics of IBEX-35 board women

The Fedea paper provides a great level of detail about the background of the 80 women (15.1%) serving on the IBEX-35 boards in 2013. It analyzed remuneration differences and after breaking down into many variables the research found that women receive significantly less remuneration inside the board than their male colleagues. Another finding was that women are on average better educated than male board members; 27% of women have PhDs and only 18% of men do. As for the fields of education 29.5% of women hold MBA degrees against 18.5% for men. Second most popular educational background for women was Economic and Finance (26.1%), which was even more popular for men (31.1%). The third main area of studies was Law, where little difference can be observed between male and female board members (24.3% and 22.7% respectively). Women are less likely to hold public posts; only 11.4% of women do, against 14.5% of men. In terms of age, women are on average much younger than men (55 against 63 years of age). It should be noted that Spanish board members are on average 3 years older than the EU average.

119 Fedea Policy Papers 2015/03: "Gender (in)Equality Act' and large Spanish Corporations", February 2015

From the PWC study (which analyzed 5,300 executives in 1,200 leading companies in Spain) it appears that the share of women in senior executive roles with functional responsibilities (the 'pipeline' for the board) is only 19%, and their share decreases significantly to just 8% at the senior management level. This is a clear signal that the talent pool needs to be developed urgently. In addition, the career progress of women in those areas needs to be analyzed for gender bias (in selection committees, job profiles, candidates lists).

Women at top levels of the administration

Interestingly, women's share of top positions in the administration is much higher; according to the EC Database on women and men in decision-making 35% of the highest functions (level 1 administrators) at the ministries (non-political posts) and 31% of the level below (level 2 administrators) are occupied by women.

7.2 Legal framework

Equality law

Article 14 of the Spanish Constitution states that "Spaniards are equal before the Law, thus no discrimination for reasons of birth, race, sex, religion, opinion, or any other condition or circumstance may prevail." The right to equality under the Constitution expressly recognizes the inherent equality between women and men.

A number of regulations were enacted in order to implement the Constitutional mandate articulated in Article 14 with regard to gender equality. Such regulations, although binding, proved to be ineffective, as parity in different areas, especially in labour and business-related areas, had not been achieved. The Spanish Congress enacted Law 3/2007 on Substantive Equality between Women and Men (the "Equality Law"), with the intention being to unify these disparate regulations and to establish a single norm for equality and gender parity. The government used three main arguments to justify the positive action: democratic justice, cultural transformation and societal advancement, and economic fair play.[120]

The Act applies to listed companies with 250 employees or more and implements several European directives.[121] A number of provisions are relevant in relation to the promotion of gender equality on corporate boards[122]. The most important one is article 75, which effectively requires that women should occupy at least 40% of the board seats of Spain's largest companies by 2015. However, there is no sanction in case of non-compliance.

The Act authorizes the central, regional and local governments, through their contracting bodies, to establish special conditions to further labour market equality between women and men in accordance

120 Fagan, C., Gonzalez Menendez, M.C.et al. 'Women on Corporate Boards and in Top Management', 2012
121 Incl. Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions; and Council Directive 2004/113/EC of 13 December 2004 implementing the principle of equality of treatment between men and women in the access to and supply of goods and services.
122 Paul Hastings LLP, 'Breaking the Glass Ceiling: Women in the Boardroom' (Third Edition, 2013).

with the provisions of the legislation on government contracts (art. 33). In addition, the Council of Ministers will determine every year which of the contracts to be concluded by the Central Government and its public bodies will be required to include in their terms and conditions measures tending to further effective equality between women and men on the labour market (art. 34). Should this mean that companies are given an incentive to appoint women to their board positions by rewarding them with a priority status for governmental contracts, then it is questionable whether this would not be contrary to non-discrimination law.

According to article 45 employers must adopt measures towards preventing occupational discrimination between men and women, and formulate and implement an equality plan, negotiated with workers' legal representatives.

Company law

A very recent development is the adoption of the Law 31/2014[123] , amending the Spanish Companies Act to improve the corporate governance of companies. This law was published in Spain's Official Gazette on December 3rd 2014 and came into force on December 24th 2014. It promises to guarantee a balanced presence of men and women on the board of directors by a target representation of the least-represented gender. Furthermore, in procedures for the selection of board members, the appointment of women will be encouraged. [124] These provisions are all subject to the 'comply or explain' principle. [125] The National Securities Market Commission (CNMV) monitors compliance[126] Interestingly, for savings banks, a different regime applies. Companies must disclose the number of female directors sitting on the boards and their committees in their Corporate Governance Report, as well as indicate the development of this number over the last four years (from 1 Jan 2014).

Corporate governance code

In 2006 the Unified Good Governance Code of Listed Companies (the Code) was approved by the CNMV. The Code is subject to the 'comply or explain' principle, which means that each listed company must explain to what extent it has complied with the recommendations of the Code in its annual report.[127] The CNMV may request additional explanations from any company regarding its corporate governance practice and the information on its practice included in the annual corporate governance report. [128] Until February 2015, when a new Code was introduced, Article 15 of the Recommendations was particularly relevant since it stated that "the nomination committee should take steps to ensure that: (a) the process of filling board vacancies has no implicit bias against women candidates, and (b) the company makes a conscious effort to include women with the target profile among the candidates for board places." In February 2015 the new Good Governance

123 Law 31/2014 http://boe.es/buscar/doc.php?id=BOE-A-2014-12589
124 La Moncloa, 'Council of Ministers improves corporate governance of companies.' (Accessed 19th December 2014): http://www.lamoncloa.gob.es/lang/en/gobierno/councilministers/paginas/2014/ 20140523_council_ministers.aspx
125 Allen & Overy LLP, 'Nueva Ley de Sociedades de Capital'. (Accessed 12th January). http://www.allenovery.com/publications/es-es/Pages/Nueva-Ley-de-Sociedades-de-Capital.aspx
126 Comisión Nacional del Mercado de Valores.
127 Article 116.4(f) of the Securities Market Law requires companies to publish an annual report on corporate governance. This binding requirement does not only apply to companies whose shares are negotiated in stock markets, but also to other entities whose securities are offered and negotiated in other official mar kets as foreseen in Ministerial Order ECO/3722/2003.
128 Calkoen, W. 'Spain' in 'The Corporate Governance review', The Law Business Review: London 2014, p. 310. Applicable law: Article 116.5 of the Securities Market Law & Ministerial Order ECO/3722/2003.
129 http://www.cnmv.es/DocPortal/Publicaciones/CodigoGov/Good_Governanceen.pdf

Code of Listed Companies [129] was published. Under the principles regarding the Structure of the Board new recommendations were included: "..companies are encouraged to put on record their commitment to a diverse board of director membership from the first stage of identifying prospective candidates. They should also think of including concrete targets as a means to combat the still insufficient presence of women on company boards." And recommendation 14 states: "The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020." The new Code strengthens companies (voluntary) obligations and makes them more measurable and concrete.

Naming and shaming

The 2013 Corporate Governance Report (by the CNMV) shows that 26.5 % of companies with few or no women on the board stated that they have not taken all the measures recommended in the Code to correct the situation. The most commonly found explanation in annual reports is that the company's selection process is based on competency and experience of the candidates, evaluation of their profile, knowledge and experience and not on gender. Companies report on many areas of governance, but the explanations in the area of gender diversity are the weakest. However, it is improving. In 2010 only 57.6% of companies complied with the Code's recommendations on gender diversity, whereas in 2010 73.5% did. The Corporate Governance Report publishes the names of the companies and their level of compliance ('yes', 'partially' or 'no') per recommendation so it is clear which companies have not complied with providing an explanation. Well-known companies like Telefonica, Ebro Foods and Amadeus (ICT) did not provide sufficient information and explanations on the status of gender diversity in their organization. This transparency has an element of 'naming and shaming', which creates more awareness in the business community.

Principles of Good Corporate Governance for Unlisted Companies

In 2008, the Instituto de Consejeros Administradores published its 'Principles of Good Corporate Governance for Unlisted Companies.' The principles that were included were to be regarded as a benchmark to be followed by unlisted company directors if they were to apply international best practices of good corporate practices. This Code does not contain any reference to gender diversity.

Conclusions

Spain is one of the countries that have introduced quota legislation as part of its equality laws. The Law on Equality adopted in 2007 introduced a provision for companies to establish boards of directors with a "balanced presence" of women and men, defined as a minimum presence of 40% of each sex. Companies have eight years to comply with this requirement, but progress has been slow. This may be due to the lack of sanctions. The Equality Law does however contain interesting provisions that should encourage companies to apply gender equality policies. As a result of the slow progress, the Companies Act was amended in December 2014. As of 2015, companies are required to explain whether and, if yes,

130 Garcia-Cruces Gonzalez, J. & Moralejo Menendez, I. 'Spain: Listed companies' governance' in 'Comparative Corporate Governance: A Functional and International Analysis', Cambridge University Press 2013, p. 825.

which measures have been adopted to achieve a 'balanced participation' of women and men. An update is furthermore planned for the Spanish Corporate Governance Code. Because these measures still do not require any positive action to be taken nor contain sanctions for non-compliance, it remains to be seen to what extent these measures are sufficient to speed up the process of achieving a 'balanced participation'.

7.3 Barriers and enablers

There are many barriers for women to advance in management positions in companies; women seem to get stuck in middle management. The PWC Study[131] has identified the following main barriers: difficulties to reconcile work and life especially in the case of women with children; the fact that important career development often takes place around the same ages women have children and take maternity leave; old-fashioned company cultures that promote the traditional roles between men and women and in which women are responsible for taking care of the home; male-dominated or macho cultures in which women do not feel supported in higher management; selection processes for senior management often results in men selecting men they know and trust, while women being absent from those informal circles; lack of visibility of women.

The talent pool of female senior managers is therefore already limited. There are additional and specific barriers for women to get promoted to board positions. This has to do with the structure of Spanish corporate boards. High degrees of localism, endogamy and concentration of ownership characterize them[132] This means that board positions are primarily in the hands of a small group of 'insiders', often linked to the shareholders, who often serve on multiple boards. An additional barrier is the low rate of rotation so there are few places for newcomers every year. It has been reported that the president of the board proposes 90% of board members.[133] Women are typically not part of the group of 'insiders' unless they have a family connection to the owners.

Other barriers[134] specifically for women are:

• The conservative atmosphere in the board room, and the fear for innovation;
• Gender bias in selection procedures by headhunters;
• The preference for family- and friendship ties over professional qualifications and experience in selection processes;
• Lack of women in the informal networks that build trust among its members and from which board members are recruited.

Recent research[135] among the top 1000 Spanish companies revealed that there is clear proof of several forms of discrimination against women hindering their access to the board. Active gender equality policies are needed to address this.

131 http://www.pwc.es/es_ES/es/publicaciones/gestion-empresarial/assets/la-mujer-directiva-esp.pdf
132 Gimenez Zuriaga, I., 'Diversidad (de genero) en los consejos de administracion: propuestas y asignaturas pendientes', Economistas, 112 (2007)
133 Zuniga, 2007
134 Fagan, C., Gonzalez Menendez, M.C.et al. 'Women on Corporate Boards and in Top Management', 2012
135 'Disentangling discrimination on Spanish Boards of Directors', by Meteos de Cabo, Ruth et.al., in Corporate Governance: An International Review 19 (2010).

Conclusion

Not so much a desire to improve gender diversity on boards, rather the changing attitudes towards corporate governance have been the driving forces behind the increase of women on boards. There was a need to professionalize the boards and ensure their members are independent, spurred on by market pressures and foreign shareholders. As we have seen in table 17 the main increase was recorded in independent board members (from 64% in 2009 to 72% in 2013).

7.4 Best Practices

In addition to government initiatives we analysed three companies that had been successful in having women on their board (2013): Bankinter has a female CEO, whereas Jazztel and REE both had a large proportion of women on their boards. We investigated if these companies publish having specific policies to promote women in management and on their boards.

Government initiatives

• 'Proyecto Promociona' ('Promotion Project')

The Ministry of Health, Social Services and Equality has developed a 'promotion project' in collaboration with the Norwegian government and business school ESADE. The project's objective is to train 115 women senior managers in 3 years in order to prepare them to take board positions. Business school ESADE provides the training and additional coaching and mentoring. Participants are women senior managers from SMEs and large companies and from different sectors. The project is funded under a European Economic Area Agreement with Norway and is free for participants.

• Voluntary agreements

Voluntary agreements between the Ministry of Health and (now) 42 companies to increase the presence of women in management positions and on boards were signed in 2014. The agreement is unique since it also covers board positions. The signatories undertake to develop a variety of measures such as for reconciling work and private life and for improving the gender balance in training and career advancement and for the appointment of management positions. One of the companies that signed the voluntary agreement is Ferrovial.

Company initiatives

• Ferrovial

Ferrovial is one of the leading infrastructure and services operators. Of the total of 69.000 employees, 30% are women and 15% of the executives are female. On the Board of Directors (12 members) there is one woman only, so is on the Management Committee (11 members). The group's equality policy in the Human Capital Report states that equality is based on merit: "All employees are given equal opportunities to advance their professional careers on the basis of merit." Nevertheless the company is one of the 31 (now 42 already) companies that signed a voluntary agreement in 2014 with the Ministry of Health, Social

Services and Equality to increase the presence of women in executive positions to 20% in four years [136]. This increase (probably one or two board members) might seem not such an ambitious goal. Interestingly, the role of the Board's Appointments and Remunerations Committee in this process is emphasized: "The Committee ensures that all director selection procedures are free of any bias that might hinder the selection of a given director on the grounds of personal circumstances. As part of Board renewal, said Committee deliberately set out seek women matching the required professional profile". Under the voluntary agreement the company will have to issue biannual reports on progress in order to identify and address any barriers that may be encountered in the process. Ferrovial was among the first recipients of the 'Equal Employer' distinction in 2011, for its communication plan, training policies and approach towards equal opportunities.

• Bankinter

Bankinter is a large IBEX-listed commercial bank. In 2010 Maria Dolores Dancausa Trevino was appointed as its CEO. To date the board consists of two women (CEO and a board member) and 8 men, so 20%. The bank's gender equality policy is to combat positive and negative discrimination. Through half-yearly analyses and reporting on a number of indicators progress is being tracked. The company adheres to the EFR (Family-Responsible Firm) Model. From data reported in the Sustainability Report 2013[137] it can be observed that the gender balance in the workforce (51% women) does not translate into gender balance at director level; 34% of directors are women, which is a slight decrease compared to the year before (35.7%). In 2013 52% of the promotions went to women against 47% to men. Bankinter takes part in various initiatives related to the development of work/life balance measures and flexible working and prides itself in renewing the EFR qualifications. No specific programs to advance women in management positions or on boards have been published.

• Jazztel

Jazztel is a global telecommunications operator. In 2013 Jazztel had 40% women on the board. Currently it is 37.5%. There is no gender equality policy available on the website, nor in the Corporate Governance Report (2011 is the latest).

• REE

Red Electrica de Espana is the operator of the Spanish electricity system. REE has 36% women on the board and publishes this widely on the website, like the equal opportunities and diversity plans[138] In 2013 a Comprehensive Equality Plan was implemented with specific target areas, including the promotion of women into positions of responsibility. The company was successful in increasing the share of women in management teams via internal promotions. The company does not publish any targets for women in management, nor does it mention specific programs (like skills building or management development) for women. Main actions are geared towards raising awareness and participation in forums related to equal opportunities and diversity. REE has signed the voluntary agreement with the Ministry of Health to achieve at least 20% women in executive positions and the board in four years.

136 http://memoria2014.ferrovial.com/en/Management-Report/Human-Capital
137 https://docs.bankinter.com/stf/web_corporativa/responsabilidad_corporativa/informe/responsabilidad_corporativa.pdf
138 http://www.ree.es/en/our-management/employees/equality

7.5 Recommendations

The 'Gender Equality Act' of 2007 recommended companies to have at least 40% of each gender on their boards in 2015. This target will not be achieved by far. Therefore, **binding measures** may well be the only way forward to achieve real progress.

From the analysis it becomes clear that companies –in general- and local Spanish companies in particular are **not very interested or active** in the field of promoting more women to top positions. Companies do not seem to see any urgency in changing. This has to do with the lack of penalties for non-compliance, and the traditional and conservative corporate culture. In addition, since only 24% of newly appointed directors in 2013 were women, the target of at least 40% of both genders on the board in 2020 will not be reached with current measures in place. More is needed. This leads to the following recommendations:

- The main barrier for board selection committees to appoint women seems to be the **underestimation of women's abilities to be effective.** A number of actions could be recommended:
  - Address gender discrimination regarding women in leadership positions by **public campaigns.**
  - Develop targeted **actions towards board selection committees**, through execu tive search firms, board-ready women lists and other civil society initiatives (con ferences, publications).
- Investigate which arguments would be the most appropriate ones to instill a sense of urgency in companies to take a more active approach in this area ('**toolkit of arguments').**

- Use the often well-developed diversity and inclusion strategies of large international companies to kick-start the process in the local Spanish subsidiaries.

- Amend the Principles of Good Governance for **Unlisted Companies** so that they will include reference to gender diversity too, like in Corporate Governance Code. Since unlisted companies are the backbone of business, this will have a substantial impact on the required change in mentality

Companies' boards of directors that are convinced of the benefits gender balance brings should take a number of actions to achieve it:

- Lead by example by setting targets and a timeframe. Consider some form of reward and penalities for managers to achieve them
.
- Join the Voluntary Agreement between the Ministry and 42 large companies and commit to achieving at least 20% of women in management positions in four years time.

- Ensure transparency by communicating the plan and targets, both in the company as well as outside.

- Review the selection criteria and processes for senior management positions (talent pool) to prevent gender bias from blocking women's progress.

- Adapt the board selection processes:
Ensure that the Board's nominating committee is sufficiently **gender-balanced** and takes gender diversity into account
.
- **Actively search** for women candidates with the required profiles.

- Communicate to **executive searchers** that their lists of candidates should have at least 30% women or they will not be considered.

- Have management **regularly report** on the proportion of women at all management levels and especially just below the board (the talent pool).

Part 5

The case of the UK

8. Part 5 – The Case of the UK

"The key point is there is a lot of merit and talent out there that isn't being recognized and it often involves looking at things in a slightly unconventional way". [139]

Introduction

The UK has been at the forefront in the debates on the underrepresentation of women on boards in Europe. There is a vast body of literature available with very detailed analyses of the situation. The UK government's position has always been to strongly oppose any form of legislation in this area, including the EC's draft directive, and to promote self-regulation by the industry as the preferred way forward. The introduction of the Norwegian quota law in 2006 met with fierce reactions about the undesirability of government interfering in companies' basic legal rights to appoint board members. Led by 'one of their own', a well-respected former Chairman of the Board Lord Davies, companies jointly took on the challenge and worked in various formats to change the situation, with a relatively high degree of success so far. Some are warning that the growth of the share of women on boards seems to level off now and that more will need to be done to ensure fundamental change. A particular point of attention is that the initiatives seem to have had a significant impact on the proportion of women as non-executive directors but not so much on their share of executive directors. This so-called 'trickle-down' effect is important because these women form the talent pool for future board appointments.

A very recent analysis[140] shows that the women that have been appointed essentially have the same corporate background as the men they have replaced, thus calling into question if overall diversity has really improved at all. Although this is a valid point, the analysis also proves that there were enough qualified women with the required background and experience to serve on those boards in the first place

.

8.1 State of play

Women in the workforce

Traditionally women have been very active in the labour market in the UK and have been represented there well above the EU average. Over the past decade women's participation rate increased from 67.7% (2003) to 69.4%. This is in line with a relatively high participation rate of men too (80.5% against EU average of 74.3%).

Table 19. Women in the workforce in the UK 2008 – 2013[141]

	2013	2012	2011	2010	2009	2008
Women's employment rate	69.4% (62.6)	68.4% (62.4)	67.9% (62.2)	67.9% (62.0)	68.2% (62.3)	68.8% (62.8)

Source: Eurostat; EU-28 figures between brackets.

Source: Eurostat; EU-28 figures between brackets.

139 Vince Cable, UK Business secretary, in Financial Times, March 19 2015.
140 "Boards fail to alter their mix", in Financial Times, March 19 2015.
141 Source: Eurostat; tsdec240; last update 5/11/2014; date of extraction 7/11/2014

However, the UK is recording one of the highest proportions of women working part time in the EU. More than 41% of women are work part time, which is significantly higher than the EU average (32.1%). Although it is still much lower than women's rate, men work relatively more frequently part time in the UK too (11.4%). The impact of these characteristics on the equal pay gap is negative; women earn 19.1% less than men for the same work. This is one of the largest pay gaps in the EU. Although father's involvement in the care of their children has increased substantially over the past two decades, still very few (1%) take up paternity leave [142].

Women in management positions

More than one third of managers in the UK are women[143] and they are on average two years younger than their male colleagues. The share of women managers decreases with age. In the group managers below 30 there is almost gender parity, whereas in the age groups above 45 the women's share decreases to one third and less. Above 60 years of age, only 29% of managers is female. However, the drop is highest in the age group of 30-44 years, where women's share drops to 38%. This is commonly explained by the work life balance issues that are particularly challenging for working mothers in the ages between their mid 30s to mid 40s. Since experience and job tenure are often taken into account in the advancement to higher managerial levels, especially in large companies, this pattern partially explains the underrepresentation of women in top management. It is estimated that in the next decade the group of female managers under 30 will become a majority. This group presents junior and partially middle management. This enlargement of the female talent pool theoretically increases the female talent pool for senior management positions too.

A study [144] in 2012 by the Institute of Leadership & Management of 750 UK organisations in the public and private sector revealed that there is "real cause for concern at the current state of the UK's leadership talent pool and management development pipeline". Most organisations lack a functional talent pipeline that enables the development and flow of management and leadership skills throughout the organization; this deficit is primarily caused by a lack of talent strategy. Another indication of leaky pipelines is the fact that candidates for senior levels are increasingly recruited from outside the company, because of a lack of suitable internal candidates. The most crucial qualities and skills according to the surveyed organisations are communication, people management and planning and organization. The study also confirmed a worldwide trend that 'softer' leadership skills are ranked more important nowadays; emotional intelligence, the ability to inspire and motivate and creativity have become sought after traits. Surprisingly the study does not discuss the topic of gender composition of management talent pools at all.

Women on boards

Table 20 shows that the UK is well above EU average; currently one out of 7 executive directors and one out of four non-executives are women. However, the high percentage recorded for executive directors (15%) in the top 50 companies is shrinking significantly when enlarging the group of compa-

142 "The role of men in gender equality", Comments Paper United Kingdom, by Martin Robb, 2014
143 ILM Research Paper 3: UK Managers' Profile, 2013, by David Pardey & Tom May
144 "The leadership and management talent pipeline", by the Institute of Leadership & Management

nies to 100 and 250 to just 8.4% and 5.1% respectively (Tables 21 and 22). This may be explained by the role of public scrutiny, but also by the fact that the talent pool is limited and the largest companies with their good (international) reputation have an advantage in attracting top talent.

Table 20. Women on boards of top 50[145] listed companies

	2014	2013	2012	2011	2010	2009	2008
Women on executive boards	15% (12%)	13% (12%)	11% (10%)	NA	NA	NA	NA
Women on non-executive boards	28% (20%)	26% (19%)	23% (17%)	NA	NA	NA	NA
Women CEOs	2% (3%)	2% (3%)	6% (2%)	NA	NA	NA	NA
Women Chairpersons	2% (5%)	0% (4%)	0% (3%)	0% (3%)	0% (3%)	0% (3%)	0% (3%)

Source: EC Database on Women and Men in Decision-making; EU-28 figures between brackets.

Table 21. Women on boards of FTSE100 companies

	2014	2013	2012	2011	2010
Women on executive boards	8.4%	5.8%	6.6%	6.1%	5.5%
Women non-executive directors	27.9%	21.6%	22.4%	21.8%	15.6%
Total	22.8%	17.3%	15%	12.5%	12.5%

Source: Women on Boards report October 2014[146]

An important issue is the very slow pace of growth in appointments of women executive directors, from 5.5% in 2010 to 8.4% now. It may well be that by setting a combined target for both positions is less productive than setting targets for each of these positions separately.

On October 2014 39 of the FTSE100 companies had at least 25% women on their boards. Taking a minimum of 40% of each gender as definition for achieving gender balance, two companies (2%) have now reached gender balance on their boards: Diageo (45.5%) and Capita (44.4%).

It seems the boards of the FTSE250 companies are following suit albeit more slowly (Table 22). There are still 28 companies with all-male boards (11%), but this is a significant improvement compared to the 131 in 2011 (52%).

145 Data refer to the top 50 companies from the FTSE100 companies.
146 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/363077/bis-14-1121-women-on-boards-6-months-monitoring-report-october-2014.pdf

	2014	2013	2012	2011	2010
Women on executive boards	5.1%	5.4%	4.6%	5.4%	4.2%
Women non-executive directors	22%	16.6%	11.4%	16.4%	9.6%
Total	17.8%	13.3%	9.5%	7.8%	7.8%

Source: Women on Boards report October 2014

In order to increase the percentage of women on boards companies are making use of the natural turnover rate of non-executive directors. On average 14% of board seats are eligible for renewal each year. In the past 6 months (till October 2014) 31.8% of all new appointments went to women. However, this rate has not been sufficient to achieve the 25% target this year. On March 8 2015 International Women's Day Business Secretary Vince Cable underlined the importance to continue the effort: *"Businesses must continue to keep up the momentum to reach our ambition of having at least a quarter of women making up our top company boards in 2015. In the last 5 years, we have seen a real change in culture and the success of our voluntary business-led approach. Diverse management teams are good for business and I want to see even more talented and capable businesswomen appointed to the boards of Britain's biggest companies."*

Lord Davies of Abersoch echoed his positive remarks: "*The progress seen since I made my recommendations 4 years ago has been a revelation. It is inspiring to see that the biggest companies in Britain have appointed so many top businesswomen to their boards and I have every reason to expect that the 25% target will be reached this year. However, we must recognise there is much work to do before we achieve true gender parity and it is vital that companies focus on continued progress, increasing in the number of women appointed as executive directors. The evidence shows that companies with balanced boards are able to be more competitive globally*."[147]

8.2 Legal framework

There is only one mandatory provision of UK company law that is concerned with the promotion of gender diversity.

Since October 2013 companies that do not fall under the 'small companies exemption' have to prepare a strategic report for each financial year of the company (Strategic Report regulations). For quoted companies, the Regulations introduced additional content into the strategic report, such as information on human rights, greenhouse gas emissions and quantitative information on gender diversity. The Strategic Report must include a breakdown of the number of employees

147 https://www.gov.uk/government/news/vince-cable-celebrates-outstanding-progress-for-women-on-boards

of each sex, the number of directors and senior managers of each sex (art. 414C, par.8, subpar.c). If the strategic report does not meet the requirements set out in the SR Regulations, every director of the company who (a) knew that it did not comply, or was reckless as to whether it complied, and (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the report from being approved, commits an offence under the Companies Act. This may result in a conviction on indictment, leading to a fine, or a summary conviction, resulting in a fine not exceeding the statutory maximum. [148]

Corporate governance code

Following the recommendations of several extensive in-depth reports published showing the ´striking´ low number of female directors in the UK,[149] the Code was expanded to include provisions on board appointments promoting gender equality in June 2012. It states that "the search for board candidates should be conducted, and appointments made, on merit, against objective criteria with due regard for the benefits of diversity on the board, including gender." In addition the work of the nomination committee should be described in a separate section of the annual report, and should include "a description of the board's policy on diversity, including gender, and measurable objectives that it has set for implementing the policy, and progress on achieving the objectives". Also regarding the evaluation process of the board gender diversity should be taken into account: "Evaluation of the board should consider the balance of skills, experience, independence and knowledge of the company on the board, its diversity, including gender, how the board works together as a unit, and other factors relevant to its effectiveness."

Although the Code explicitly distinguishes between executives and non-executives and their roles in corporate boards, the recommendations related to the promotion of gender diversity apply to all board members, irrespective of their position as executive or non-executive.

The Code does not apply to listed companies with a Standard Listing on the London Stock Exchange and to companies, whose shares are traded on Alternative Investment Market (AIM); these are primarily smaller, fast-growing and innovative companies seeking access to growth capital. A special code applies to AIM listed companies, the QCA Corporate Governance Code for Small and Mid-Size companies.

The Davies Review

In 2010, the UK government appointed Lord Davies of Abersoch to review the situation with regard to female representation on corporate boards to identify barriers to women to enter these positions and to make recommendations as to what government and companies can do to increase the percentage of women on corporate boards. [150] The data revealed that efforts to bolster gender diversity on these boards were sorely needed.[151] In his February 2011 government-backed report Lord Davies recommended:

148 Art. 414D (2) & (3) SR Regulations.
149 Higgs, D. 'Review of the role and effectiveness of non-executive directors', (Department of Trade and Industry 2003), para. 10.22. Tyson, L. 'The Tyson Report on the Recruitment and Development of Non-Executive Directors', (London Business School 2003). Lord Davies of Abersoch, Women on Boards – 2011 (Department for Business, Innovation and Skills 2011).
150 Cabinet Office, Cabinet Office, The Coalition: Our Programme for Government (20 May 2010); Lord Davies of Abersoch, Women on Boards – February 2011 (Department of Business Innovation and Skills 2011).
151 Choudhury, B. 'New Rationales for Women on Boards', Oxford Journal of Legal Studies 34(3) 2014, p. 514.

*"FTSE 100 boards should aim for a m*inimum of 25% female representation by 2015 *and we expect that many will achieve a higher figure. All Chairmen of FTSE 350 companies should set out the percentage of women they aim to have on their boards in 2013 and 2015. Chairmen should announce their* aspirational goals *within the next six months (by September 2011). Also we expect all Chief Executives to review the percentage of women they aim to have on their Executive Committees in 2013 and 2015."*

Other recommendations included an amendment of the UK Corporate Governance Code, the engagement of investors and the responsibility of the executive search firms, which have now all been incorporated in the (soft) legal system.[152]

The Report of Lord Davies is extensively reviewed each year. [153] Factors that are assessed are whether the companies have set a target as to the percentage of women on their boards in 2015, whether meaningful information about the company's nomination process is disclosed and whether companies periodically advertise non-executive board positions to encourage greater diversity in applications. A 6-monthly monitoring report is published showing the last figures for women on FTSE 100 and FTSE 250 boards and updating figures from previous Women on Boards reports.[154] The Report contains recommendations, which are not legally binding, but its power should not be underestimated. In the reviews, companies are ranked based on their compliance with both the Codes and the Recommendations. Because they are publicly accessible, the rankings create an effect, which is hard to distinguish from the 'naming and shaming' effect.

Like Latvia, the UK was one of the co-signatories of a letter to the European Commission stating that although the countries acknowledge the need to improve the underrepresentation of women on boards the matter should be dealt with at the national and not at the EU level (so-called subsidiarity argument). Both the House of Lords and the House of Parliament issued so-called reasoned opinions against the draft directive. Main objections were that the situation is already improving, that the arguments for the minimum of 40% are not valid and that the link between women on boards and financial performance has not been proven and should not be used as an argument. In addition, research by the Cranfield School of Management would indicate that the UK is on a trajectory to achieve 36.9 per cent women on boards by 2020. Therefore the EU legislation would be unnecessary and perhaps even counter-productive.

Conclusions

Until the introduction of the Strategic Report and Directors' Report Regulations (SR regulations) in 2013, the UK framework on gender diversity on corporate boards was characterized by voluntary, non-legally binding instruments. Especially the UK Corporate Governance Code and the Lord Davies Review have played an essential role in the promotion of gender diversity on corporate boards. These instruments do not impose any sanctions on non-compliance, but because the results of individual companies are rated and published, they come with a naming and shaming effect. This has proved to be effective: progress has been tracked carefully since the Lord Davies Review of 2011 and shows a steady increase. In 2011 Lord Davies set a target for the FTSE 100 companies to achieve 25%

152 In the UK Corporate Governance Code, the Stewardship Code and the Enhanced Voluntary Code of Conduct for Executive Search Firms.
153 Last update: Lord Davies of Abersoch, Women on Boards – March 2014 (Department for Business, Innovation and Skills 2014); next one is due on March 25 2015.
154 Last update: Department for Business, Innovation and Skills, Women on Boards: 6 months monitoring report (Oct. 2014).

women in their boardrooms by 2015. With 22.8% women's representation in October 2014 (up from 20.7% in March 2014) this target seems within reach. Although it is too soon to comment on the extent of the effect of the SR Regulations in this process, no doubt they will contribute positively in influencing the consciousness of companies when deciding on the composition of their boards. An interesting new instrument in the promotion of the gender diversity on corporate boards is the instrument of a Voluntary Code of Conduct for Executive Search Firms, addressing the gender imbalances in board appointment processes.

8.3 Barriers and enablers

Recent research [155] in the UK among 30 CEOs of a variety of international companies (large and SMEs) identified that the lack of women in their organizations were clustered around three main themes:

- Management failure in terms of ineffective systems, processes and people dedicated to achieve gender parity; reasons were time constraints of leaders, absence of true commitment and lack of skills in recruitment (such as the tendency for men and women to select men).

- Social expectations, leading to women's struggle with work life balance and the demand for (international) mobility and flexibility; family responsibilities, and presumed lack of ambition and confidence of women; traditional perceptions resulting in women's contributions not being recognized in the same manner as their male colleagues .

- Intense competition for female talent in particular areas (such as women in science and technology, MBAs).

Another report [156] by KPMG, YSC and the 30% Club sets out to dispel 10 most commonly cited reasons ('myths') for the lack of women at top levels, such as issues regarding ambition, confidence, networks and childcare. To ensure more women are successful in reaching top positions a number of actions are proposed, including:

- Gender awareness training: make employees aware of the fact that women may behave differently (for instance women behaving modestly does not mean they are lacking confidence);
- Inclusion in networks: encourage senior leaders to share their professional networks with their female colleagues;
- Accountability: make male and female senior leaders as accountable for supporting women's progress in the organization;
- Individualize support: invest in tailor-made support solutions for women, as they value the informal personal connection with their manager;
- Personalize the business case: seek out personal stories about the importance of gender diversity (since these will be more convincing than the business rationale only).

155 "Winning hearts and minds: How CEOs talk about gender parity", KPMG & King's College, 2014
156 "Cracking the code", by KPMG, YSC & 30% Club, 2014

8.4 Best Practices

In February Business Secretary Vince Cable revealed the top 10 companies who had improved their female representation the most between 2010 and October 2014. These companies were Old Mutual, Aggreko, Glaxosmithkline, Wolseley, Land Securities Group, Associated British Foods, Capita, Petrofac, Weir Group and HSBC. Only two FTSE100 companies have now reached gender balance on their boards; Diageo (45.5%) and Capita (44.4%). We looked at which specific actions these companies publicly reported to have taken to reach this goal.

- Diageo

Diageo is a global company in beverage alcohol, with 28,000 employees. On its Board of Directors currently 5 out of 12 are women (42%), and on it's Executive Committee 5 out of 15 (33%). The company is recognized for being a leader in this area when it was awarded the 'Breaking the Mould Award' at the Institute of Directors (November 2014). Next to a firm board commitment (Lord Davies being one of the board members), the company actively sets out to create a pipeline of talented senior women for future leadership roles. Almost 30% of senior leaders are women already. In the 2020 Sustainability & responsibility Report the company sets a target of 30% of leadership positions to be held by women by 2020. In addition, it mentions implementing various measures to help female employees attain and develop in leadership roles. These include recognizing that women and men often face different challenges, especially women who are building a career while raising a family; flexibility of career paths, with the option to step on and off 'the fast track'; connections with diverse role models; building an inclusive culture, which offers opportunities to better manage responsibilities at work and at home; such as flexible hours, reduced schedules. The company's global women's network Spirited Women fulfills an important role in encouraging women to expand their ambitions and aim higher in their careers.

- Capita plc

Capita is a provider of business process management and integrated professional support service solutions, with 68,000 staff. Of the 10 members of the Board of Directors 4 are women (40%). It has a clear and published 'Equality and diversity policy'[157], which not only extends to employees but also to contractors and subcontractors. The policy is built on the belief that the company's success is a direct result of the experience and quality of its employees, and that developing talents while recognizing differences is the key to success. Employees are obliged to take online Diversity Awareness Training, and receive tools and handbooks. In addition, monitoring and reporting on every stage of employment is carried out to ensure any form of discrimination is removed. However, no specific reference is made to developing women leaders. In the Corporate Governance statement 2013 the board expresses to see "significant business benefit in having access to the diversity of thinking that comes from people with a wide range of backgrounds at all levels".

157 http://www.capita.co.uk/~/media/Files/CR%20Downloads/Policies%20and%20principles/Equality%20and%20Diversity%20Policy.pdf

Another good practice is the UK's voluntary Code of Conduct for Executive Search Firms. The board appointment process is one of the factors accounting for gender imbalances. Executive search firms play a significant role as intermediaries in the elite labour market.

- Voluntary Code of Conduct for Executive Search Firms

Lord Davies recommended in his report that "executive search firms should draw up a Voluntary Code of Conduct addressing gender diversity and best practice which covers the relevant search criteria and processes relating to FTSE 350 board level appointments." As a result of these recommendations, the original Voluntary Code of Conduct for Executive Search Firms was launched in 2011 and signed by over 70 search firms. In March 2014, the results of an independent research into the transparency, the integrity and the impact of the executive search agencies' Code of Conduct was published. [159] The review highlighted that some executive search firms had taken their commitment to the provisions of the code much more seriously than others. A new Enhanced Voluntary Code of Conduct for Executive Search Firms was introduced on July 1st 2014.

The Enhanced Voluntary Code of Conduct for Executive Search Firms is drawn up by the search firms themselves working with the Davies Steering Group and contains ten new provisions to promote gender diversity in the FTSE 350. These recommendations vary from launching initiatives to support aspiring women to the sharing of best practices and running awareness programmes within their own firms. It recognizes firms that have driven progress and have promoted gender diversity in the FTSE 350 companies, against the scope of the Davies Review by awarding them accreditation. [160] A separate accreditation category was set out in parallel under the Enhanced Code, to recognize the efforts of those firms working with boards outside the FTSE 350.

Firms that wished to be considered for accreditation under the Enhanced Code had to submit their data for a 12-month consecutive period covering 2013/2014. The names of firms accredited under the Enhanced Code were announced on the 30th September 2014 and published on the government's Department of Business, Innovation and Skills website. This time, six companies were accredited for promoting gender diversity within the FTSE 350, five companies outside the FTSE 350 and three companies in both categories. [161] Again, an indication of naming and shaming can be found here. The operation of the Enhanced Code will be monitored in the first 12 months and reviewed by key stakeholders at the end of 2015 and updated as appropriate.

158 Lord Davies of Abersoch, Women on Boards, Feb. 2011 (Department for Business, Innovation & Skills 2011).
159 Charlotte Sweeney, Women on boards: voluntary code for executive search firms – taking the first step – March 2014 (Department for Business, Innovation and Skills 2014) http://www.eeagrants.spain.msssi.gob.es/novedades/docs/UK_women_boards.pdf
160 Davies Review Accreditation. 'The Enhanced Voluntary Code of Conduct for Executive Search Firms', Sept 2014: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/355900/bis-14-1075-the-enhanced-voluntary-code-of-conduct-for-executive-search-firms-accredi tation.pdf
161 Women on Boards: Accredited Firms under the Enhanced Code of Conduct for Executive Search Firms https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/359770/enhanced-code-of-conduct-for-executive-search-firms-list-of-accredited-firms-ftse-350-and-beyond-R2.pdf

8.5 Recommendations

The UK serves as a good example of a country that has been able to reach a relatively high degree of success in improving the presence of women on boards without legislation, but by self-regulation. However, the pace of change is below target and for the companies outside the FTSE100 more needs to be done in order to sustain the change. Sue Vinnicombe (Cranfield) puts it this way [162] "It is not job done. The UK has to up its game considerably. Until we become a bit more open about accepting women with different experiences, it is going to be very difficult to significantly push this forward."

Two sets of recommendations are proposed, of which one is addressed to countries, civil society and companies, and one to companies specifically.

The 10 recommendations of the Lord Davies report may serve as guidelines for companies interested at implementing an effective self-regulatory approach and the companies that are part of it:

- Set targets
  Chairmen and CEOs should set a clear target for the presence of women on their boards; it shows commitment and sets the pace for change.
- Require transparency
  Quoted companies should be required to publish annually the proportion of women on their board, in senior management and in the employee base.
- Amend the corporate governance code
  In the corporate governance code companies should be required to develop a board room diversity policy and report on it annually.
- Report in corporate governance statement
  Companies should voluntarily report on board room diversity policy, targets and progress in their corporate governance statement because this enhances transparency. Public scrutiny will provide pressure on the board to achieve the targets and deliver on the policy.
- Include investors in the process
  Investors (shareholders) are required to monitor a company's boardroom diversity policies.
- Advertise non-executive board positions
  Companies are encouraged to advertise positions to ensure greater diversity in applications.
- Develop a code of conduct for executive searchers
  To ensure executive searchers take boardroom diversity into account in their selection processes a voluntary code of conduct could be developed.
- Enlarge the talent pool
  Include women from outside the corporate mainstream, such as entrepreneurs, academics, civil servants, from professional services firms.
- Ensure 6 monthly reporting
  Regular reporting on developments in the public domain.

162 "Boards fail to alter their mix", in Financial Times, March 19 2015.

The following actions are recommended for companies aspiring to develop their female talent pool:

- Develop an action plan to systematically build a female talent pipeline
  This includes setting targets for women's representation at various levels, and implementing them in performance and reward systems of managers.

- On the board's agenda
  Install a transparent system of regular reporting on gender composition at all levels. Ensure the topic is on the Board's agenda every 6 months.

- Create a support system
  Implement a variety of tools, such as career navigation tools, mentoring and coaching, and contacts with role models to motivate and support women to advance in management positions.

- Educate the organization
  Be aware that women's career preferences may be different from men's (preference for staff instead of roles with profit & loss responsibility) just like their aspirations may be voiced differently then men's. Educate the organization to deal with these differences more adequately.

- Ensure data collection
  Sufficient organizational data on gender diversity and career progress need to be available; this enables tracking progress, analyzing gaps between the current situation and the level of gender diversity aspired at the various levels and the identification of appropriate additional measures if needed.

- Message from top management
  To commit the organization to achieve gender parity in top management it is important to follow up well-intentioned words with acts, such as appointing women to top positions. CEOs speeches should be personal (anecdotes and personal stories), with an emotional appeal (to convince middle managers to become change agents) and focused on one or two specific areas or goals; CEOs should win 'the hearts and minds' and not only emphasize the business benefits. This goes for all senior managers and board members speaking about this topic.

Profile of project partners

9. Further reading

"Women on Corporate Boards and in Top Management – European Trends and Policy", edited by Colette Fagan, Maria C. González Menéndez and Silvia Gómez Ansón, 2012, Palgrave Macmillan.

"Report on Equality between Women and Men 2014", by European Commission (Justice and Consumers): http://ec.europa.eu/justice/gender-equality/files/ annual_reports/ 150304_annual_report_2014_web_en.pdf

"The Female Leadership Paradox – Power, Performance and Promotion", by Mirella Visser, Palgrave Macmillan, 2011.

"A Woman's Place is in the Boardroom", by Peninah Thomson and Jacey Graham, Palgrave Macmillan, 2008.

"Balancing a Tightrope: The EU Directive on Improving the Gender Balance among Non-Executive Directors of Boards of Listed Companies", by L. Senden and M. Visser, in "European Gender Equality Law Review 2013/1" : http://ec.europa.eu/justice/gender-equality/files/law_reviews/egelr_2013-1_final_web_en.pdf

"Promoting Women in Management", by CEC European Managers, 2014: www.womeninmanagement.eu

10. Profiles of project partners

The Centre for Inclusive Leadership

The Centre for Inclusive Leadership is a management consultancy company with a focus on advising companies and organizations on how to advance women to senior management positions and on boards. Its founder and managing director Mirella Visser is an internationally recognized expert, experienced international executive and non-executive board member and author of several books and articles on women and leadership. Parts of CFIL's activities are carried out not-for-profit as a contribution to the cause of striving for a more gender balanced leadership in society.

AFAEMME

AFAEMME, Association of Organization of Mediterranean Businesswomen, is the unique coordinator of Mediterranean business and gender equality projects and a networking platform for women entrepreneurs from all over the Mediterranean. AFAEMME has already implemented various projects in the field of gender equality in decision-making positions. More specifically, between the most important projects we can find "Implementing gender policies in decision-making positions in SME's" in 6 Spanish regions, "Promoting Women's Empowerment and Leadership" in Barcelona, and "Increase of SME's Productivity through the Application of Gender Policies in Decision-Making Posts" in Catalonia, Spain. AFAEMME has 13 years of expertise and counts with 32 national and international projects with the aim of boosting women entrepreneurship. Also, AFAEMME counts on its small but solid international projects team (Ms. Stella Mally and Ms. Giulia Fedele), with external experts, and with women entrepreneurs advisors and mentors (Ms. Esther de Frutos Gonzales and Ms. Beatriz Fernández-Tubau). Finally, AFAEMME counts on the expertise of Ms. Maria Helena de Felipe Lehtonen, its President, who was, together with Ms. Mirella Visser and Ms. Bola Olabisi, in the European Commission Network of Women on Boards.

The European Women Inventors and Innovators Network (EUWIIN)

EUWIIN was set up in 2006 and has had representation on various think tank groups in order to assist in the process of bridging the gap between women and men in decision-making over the years. One such affirmative action was the representation of the Director of EUWIIN, Bola Olabisi as an advisory member of the working group known as the European Commission Network to Promote Women in Decision-Making in Politics and the Economy. This was set up in 2008-2012 so that members of the group from various countries across Europe could suggest possible actions via the means of debate, exchange of information and the sharing of good practices including the identification of strategies that could help make progress on the issue. Furthermore, EUWIIN provided crucial information that contributed to intensive research under the DG Enterprise And Industry European Commission report "EVALUATION ON POLICY: PROMOTION OF WOMEN INNOVATORS AND ENTREPRENEURSHIP" submitted by the E E C (GHK, Technopolis) within the framework of ENTR/04/093-FC-Lot 1 Dated 25 July 2008 .

WiTEC

WiTEC was formed as a network in 1988 and after more than ten years of networking and project activities related to women and SET it established itself as a non-profit European association in May 2001. WiTEC is a European association with 25 years of history of promoting studies and activities related to empowering women in the field of technology, science and engineering (SET).