



# Why do so few European women reach top management positions —and does it matter?



Berlin, October 9, 2012, Nina Smith

# Agenda:

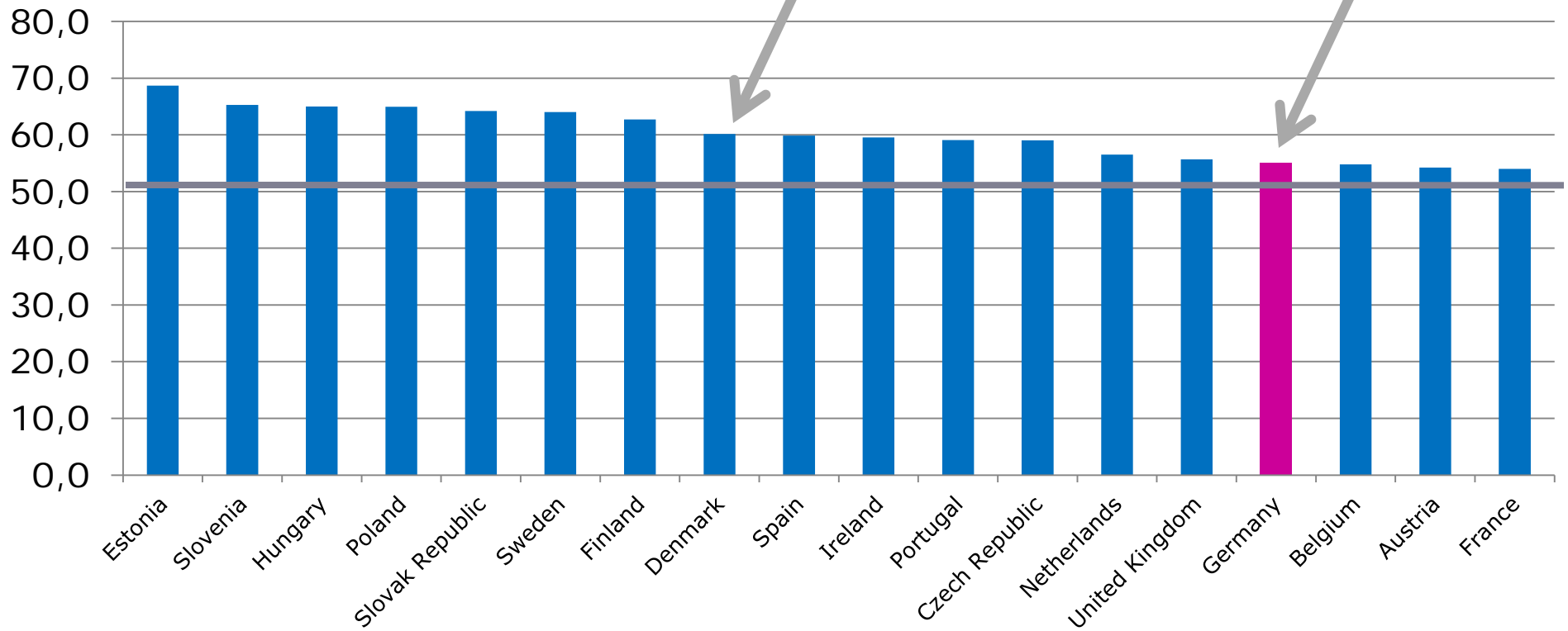
1. Why important?
2. A few facts – Women in Top positions in Europa?
3. Why – where are the women?
4. Does it matter?
5. Where to go? Policy implications?

# Females in Top Positions - Why important?

- **Does it matter for the 'average woman' in Europe?**
  - *Yes, power matters!*
- **Can Europe afford to lose talent?**
  - *No, Europe is in trouble in many ways!*
- **Huge investments in education of the female work force**
  - *Girls are very succesful at school and university*

# Women are in the lead in the educational system

Percentage of tertiary degrees awarded to women,  
All fields of education (2009)



Source: OECD, Education at a Glance 2011, Chart A4.1

# Politicians are changing signals

## Northern Future Forum

<http://www.bbc.co.uk/news/uk-politics-16958852>



9 February 2012 Last updated at 11:47 GMT

### **David Cameron won't rule out women in boardrooms quotas**

**Bloomberg Febr 9, 2012:** Companies may face quotas unless they promote more women to board level, U.K. Prime Minister Cameron said arguing that businesses are “failing” the economy by not having enough females in senior positions. Appointing women as directors and encouraging them as entrepreneurs are “about quality, not just equality,” Cameron said at a meeting of the Northern Future Forum in Stockholm today.



Viviane Reding´(2012):  
says equality will take another 40 years  
without tough action  
*Published 06 March 2012:*  
**EU Justice Commissioner Viviane Reding  
has kicked off a three-month debate that  
could result in more decisive legislative  
action, a year after she called on  
companies to take voluntary steps to  
increase the number of women on boards  
to 30%by 2015 and 40%by 2020.**

[http:// www.euractiv.com/ socialeeurope/ reding-jump-starts-debate-gender-news-511294](http://www.euractiv.com/ socialeeurope/ reding-jump-starts-debate-gender-news-511294)



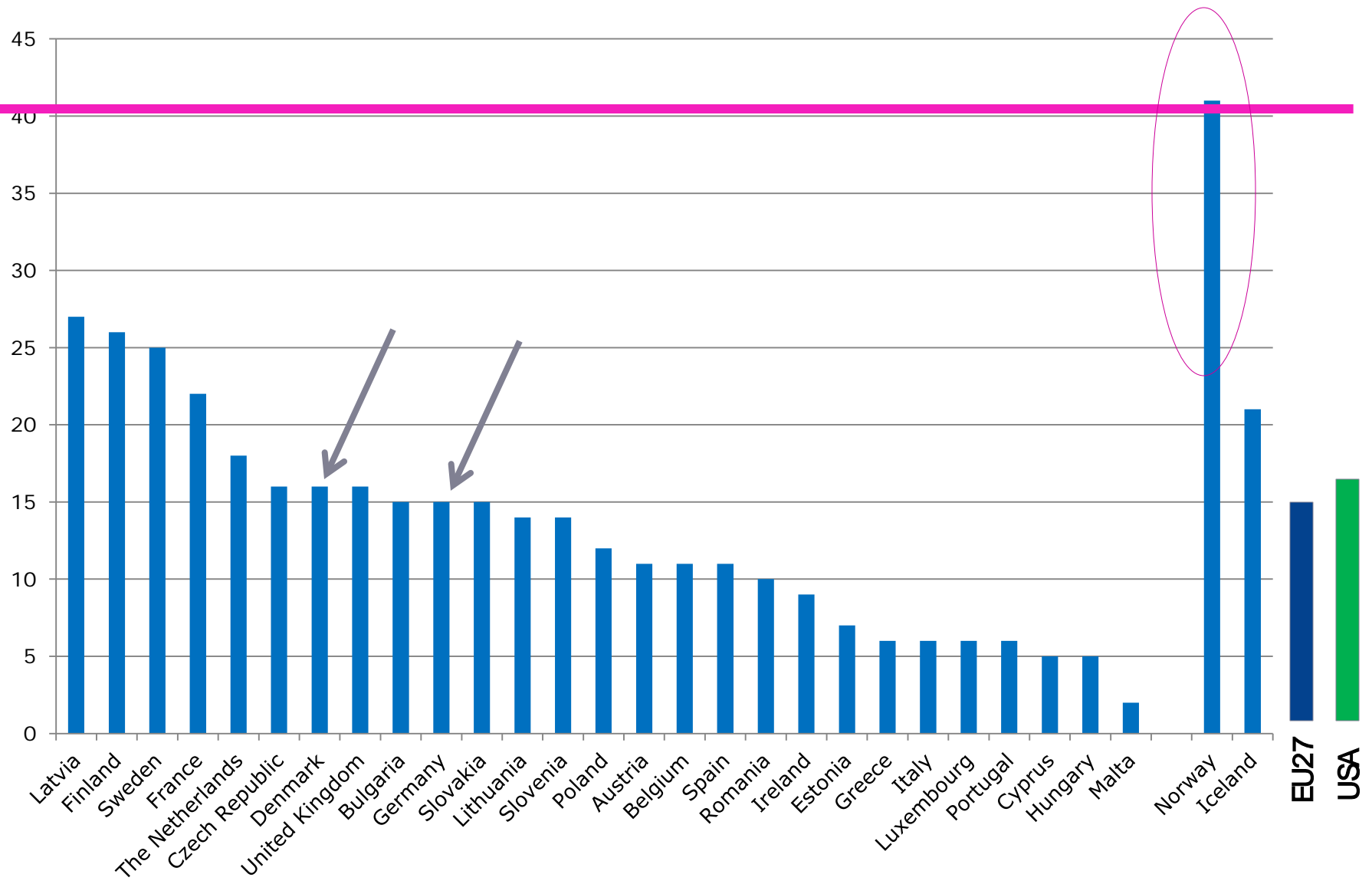
*„Dass der Frauenanteil in den Vorständen der 200 größten deutschen Unternehmen bei drei, vier Prozent liegt, ist für mich nicht akzeptabel. Vor zehn Jahren hat die Wirtschaft eine Selbstverpflichtung abgegeben, und seitdem ist herzlich wenig geschehen. Ich [erwarte] Fortschritte [...]. Noch einmal zehn Jahre Geduld habe ich nicht [...].“*

Bundeskanzlerin Dr. Angela Merkel, Südwest-Presse, 13.02.2011

# **A Few Facts: Women in top positions in Europe**

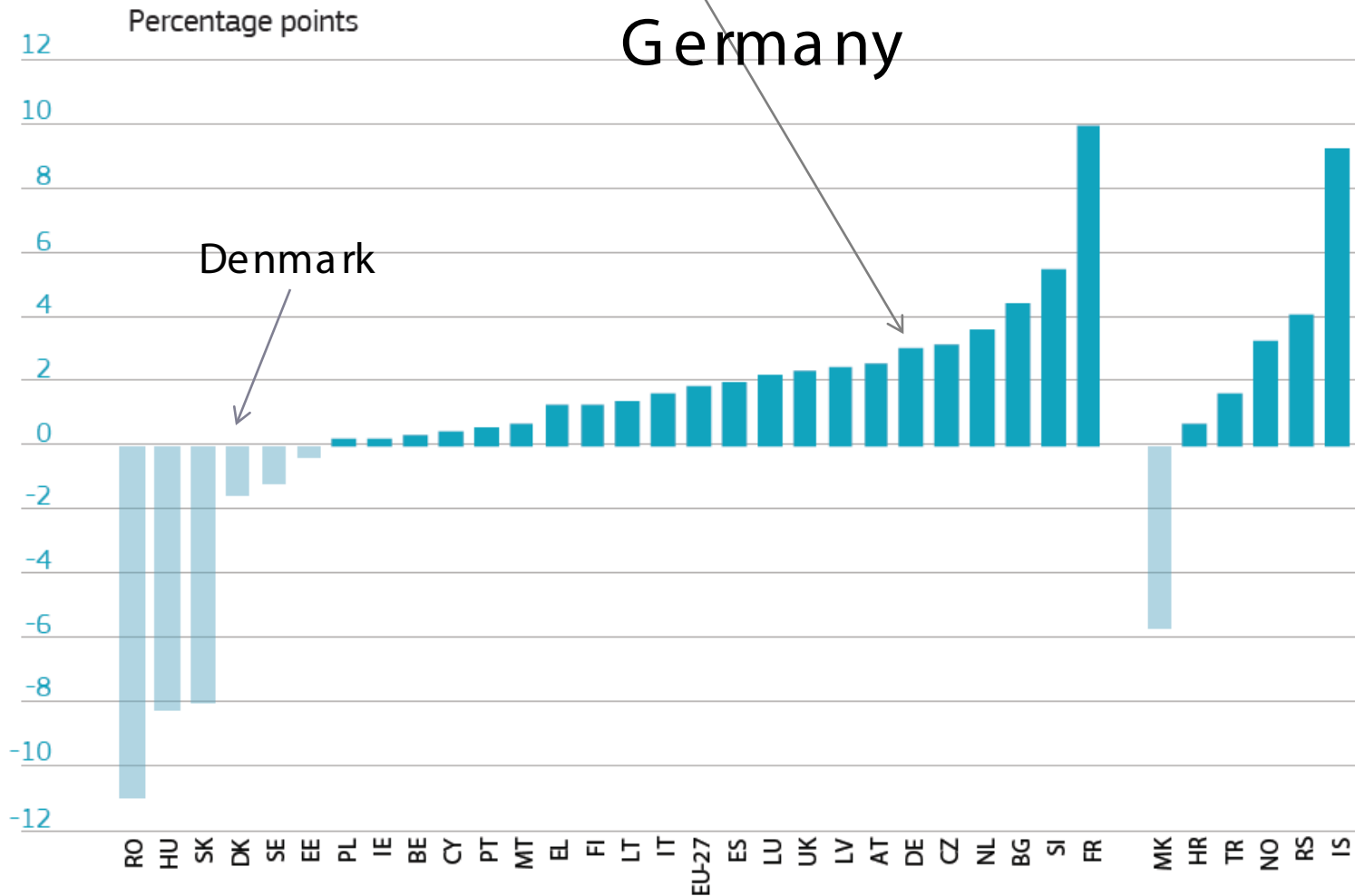
# Female fraction on boards, largest listed companies, EU+, 2011,

40 %



# Times are changing — in most European countries

Figure 3 – Change in the share of women on corporate boards, October 2010-January 2012



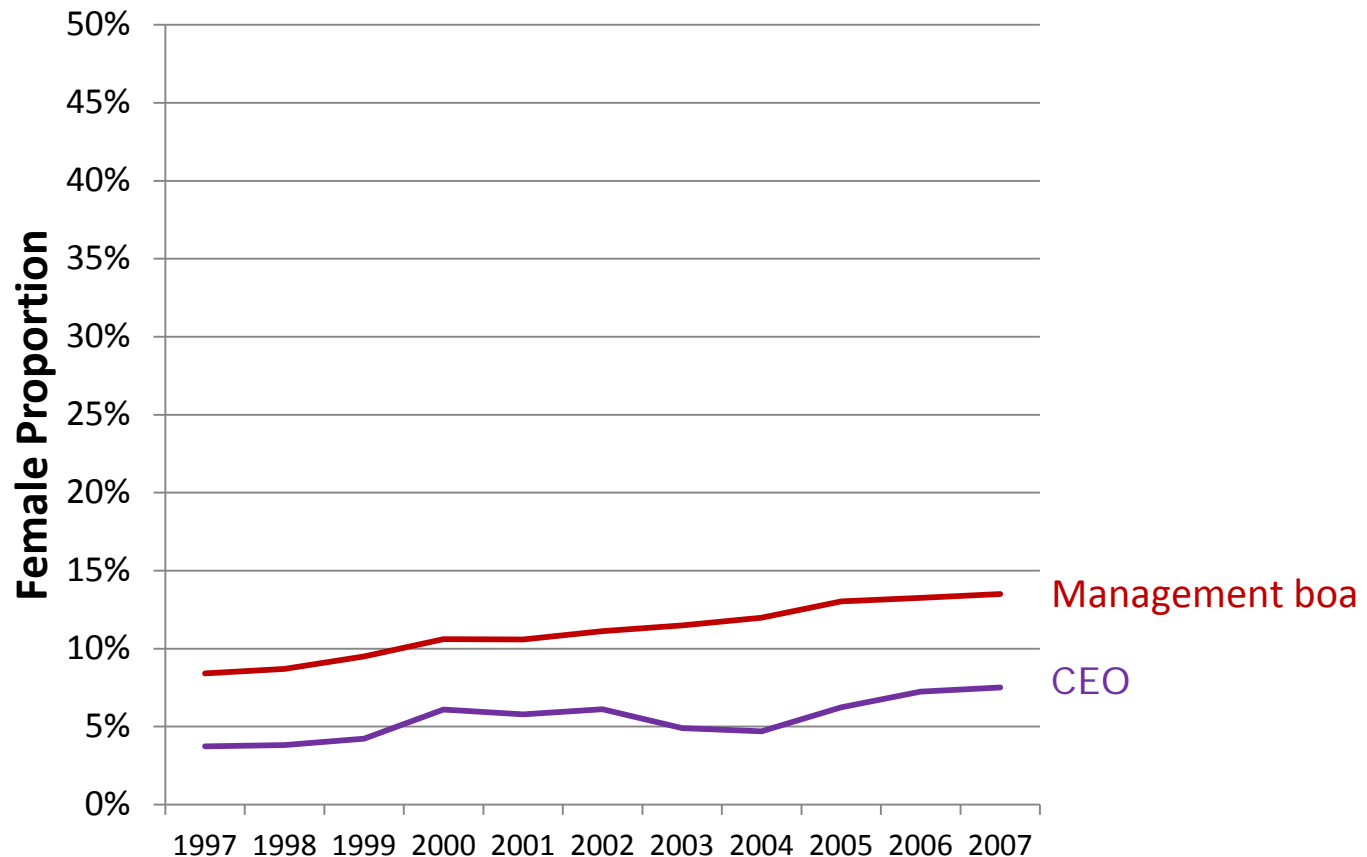
# The "Pipeline": Very few female CEOs in largest companies!

## **GERMANY 2011** (source, DIW Ec. Bull 4, 2012):

- Female CEOs - Top 100 companies: 0
- Female CEOs – Top 200 companies: 1
- Females on management boards – Top 100: 2.4%
- Females on management boards – Top 200: 3.0%

# Denmark is not very different from Germany!

**Women in top management positions  
in the 2000 largest private sector companies in Denmark,**  
Source Smith et al. (2012)



**Why – where are the women?**

# *The “usual suspects”*

1. ‘Old boys’ network’ – discriminating companies?
2. Women choose the ‘wrong’ career tracks?
3. Women’s responsibilities at home?
4. Preferences, values, and gender stereotyping?



**Smith, Smith and Verner (2012, forthcoming Industrial and Labor Relations Review):**  
**“Why are So Few Females Promoted into CEO and Vice-President Positions?”**  
**A panel study of the 2000 largest Danish companies 1997-2007**  
**(plus other recent research results)**

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## 1. ‘Discriminating’ companies?



- We do not find that individually discriminating companies can account for much of the gender gap in promotion

## 2. Women choose the 'wrong' career tracks

Yes, women 'crowd' in public sector,  
HR but not in typical Vice-CEO-tracks



Smith, Smith & Verner (2012)

Nielsen, Simonsen & Verner (2004)

## 3. Household responsibilities and children?

Gupta & Smith (2002)

Gupta, Smith and Stratton (2007)

Smith, Smith & Verner (2011, 2012)

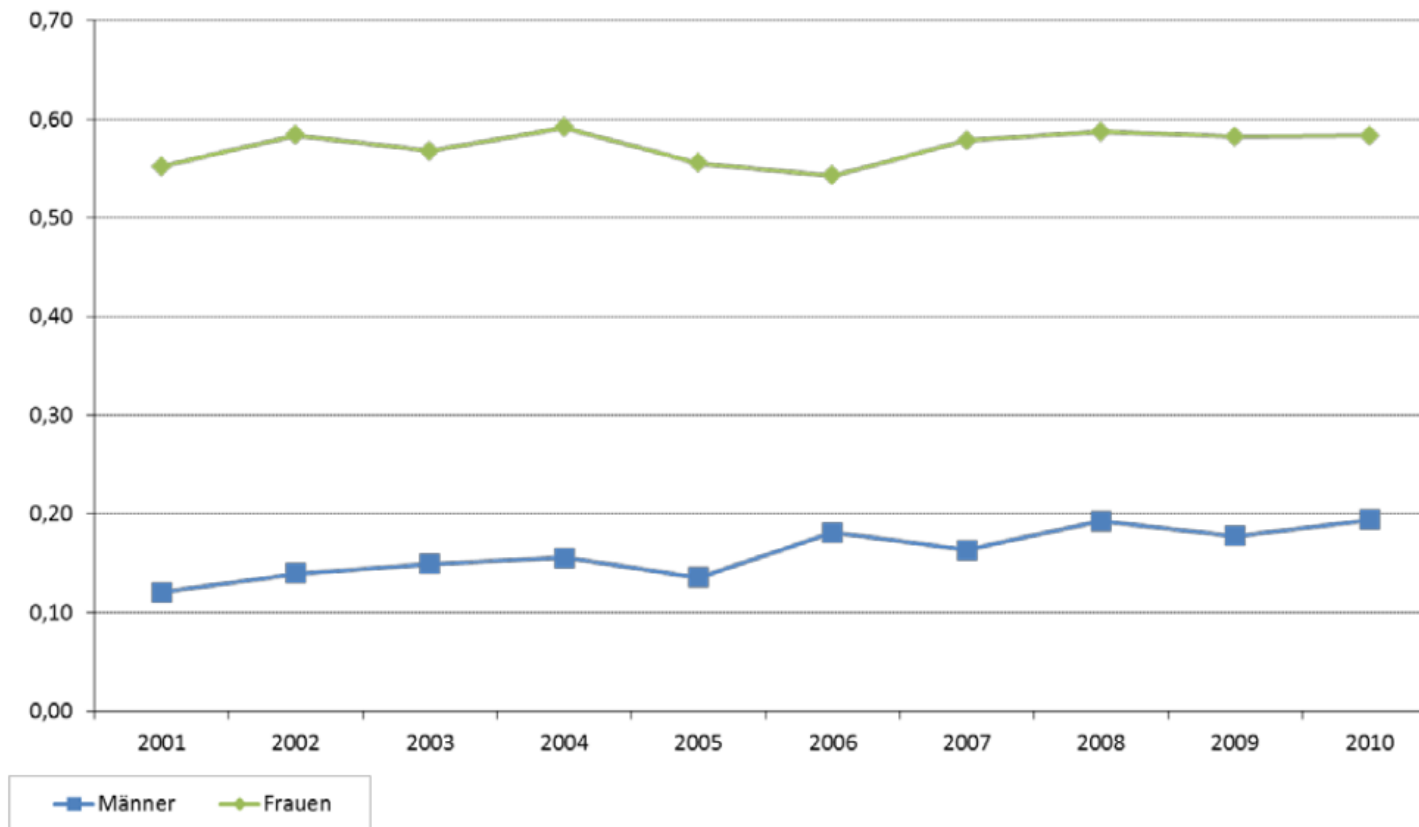
- Marriage and children favour men's career/promotion chances
- Men who take up parental leave are 'punished' (when parental leave schemes and no father quota)
- Women are not in general individually 'punished' with respect promotion chances due to family responsibilities in Denmark



# GERMANY:

## Household responsibilities for German managers – the classical picture - also for female managers

Abbildung 1.8.6: Vollzeitwerbstätige Führungskräfte in der Privatwirtschaft: Aufteilungsindex der Hausarbeit in der Partnerschaft im gemeinsamen Haushalt 2001 – 2010 (Mittelwerte)



Quelle: SOEP V.27; Berechnungen des DIW Berlin.

# 4. Preferences, values and gender-stereotyping?



Difficult to document in 'hard register data' and quantitative statistical analyses

**Q1: Are men and women different?** Do men and women have different preferences?

**Experimental research** (Niederle and Vesterlund (2007) and many more recent studies):

Yes, men and women are different.

Women tend to shy away from competition, not because that women are much more risk averse than men, but because men are much more self-confident on their abilities and performance than women!!  
Women have less preferences for performing in a competition!

## Q2: Is gender stereotyping still an important issue?

Schein (1973): "Think manager – think male" - hypothesis

**Survey questions and more qualitative data:**

**Gender stereotyping is still widespread in Europe**

*(though difficult to separate inherent preferences from gender stereotyping in research)*

**EUROBAROMETER 2012:**

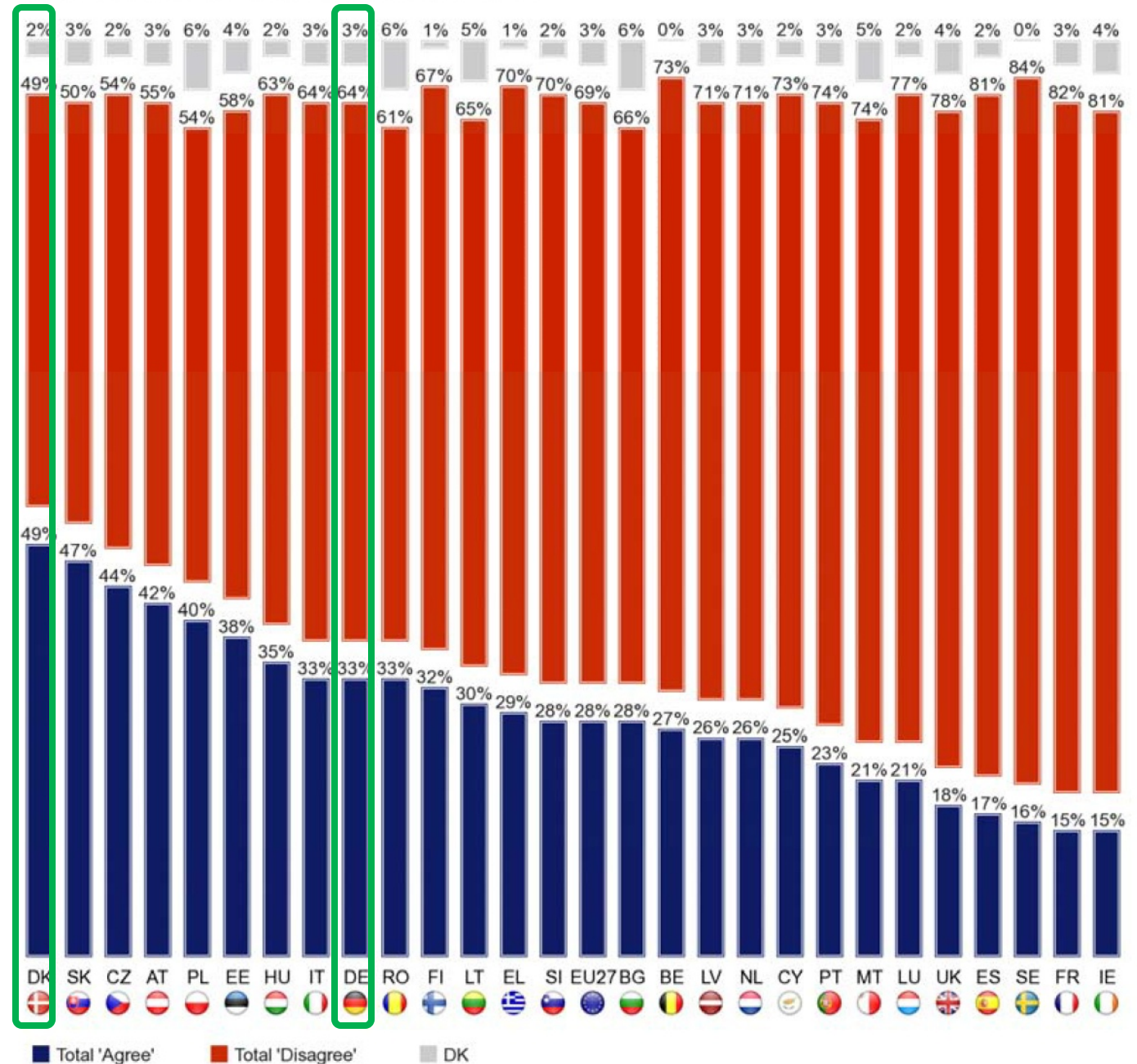
**QE1.1: Women are less interested than men in positions of responsibility? (in the labour market)**

QE1.1. At the present time, in the EU, women are less likely than men to hold positions of responsibility. Please tell me whether you agree or disagree with each of the following statements on this subject.

Women are less interested than men in positions of responsibility

EU Barometer 2012:

QE1.1: Women are less interested than men in positions of responsibility (in the labour market)



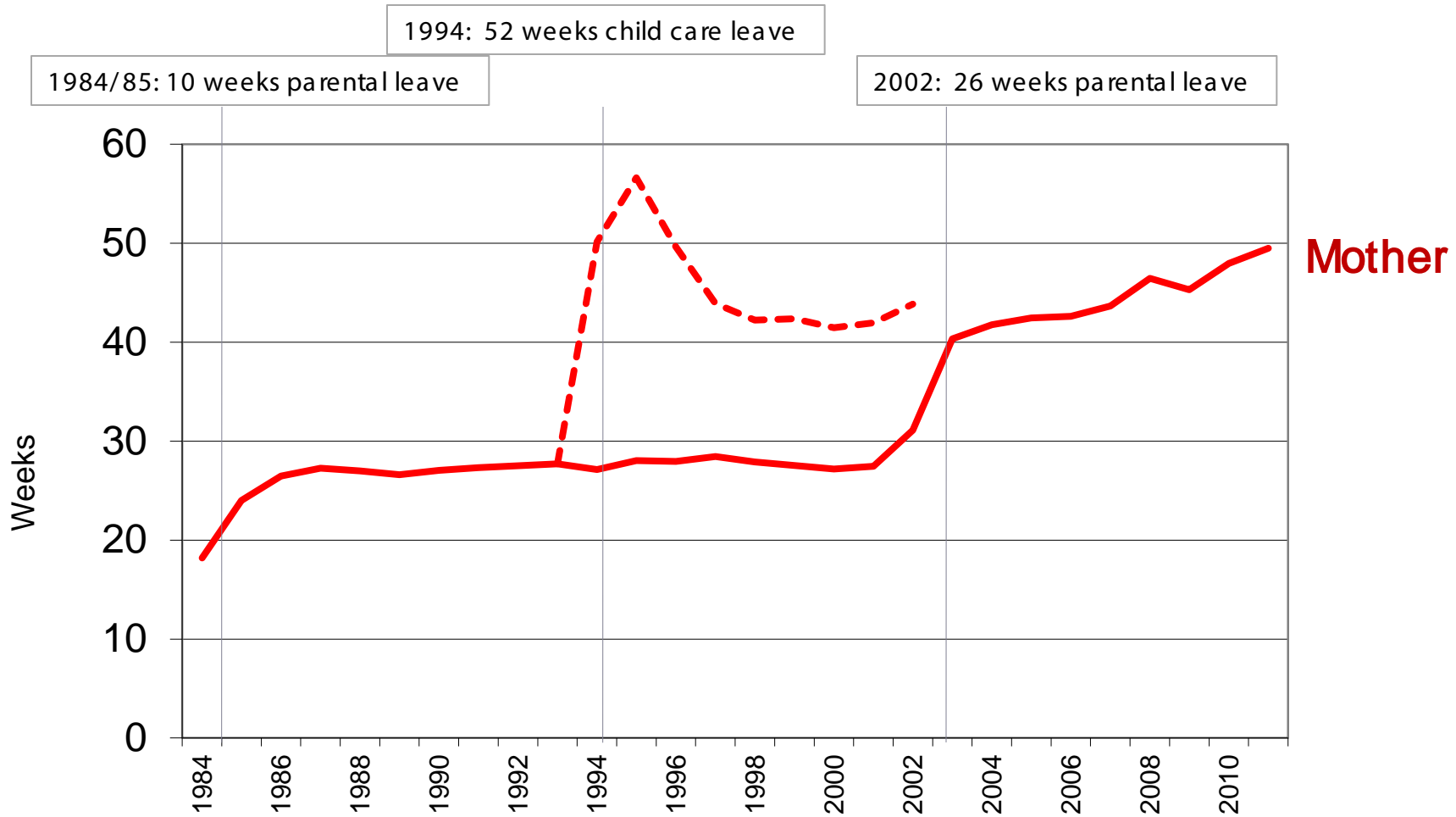
# WHY - DENMARK?

## Boomerang effects of female friendly schemes if not gender neutral?

See Gupta, Smith and Verner (2008)

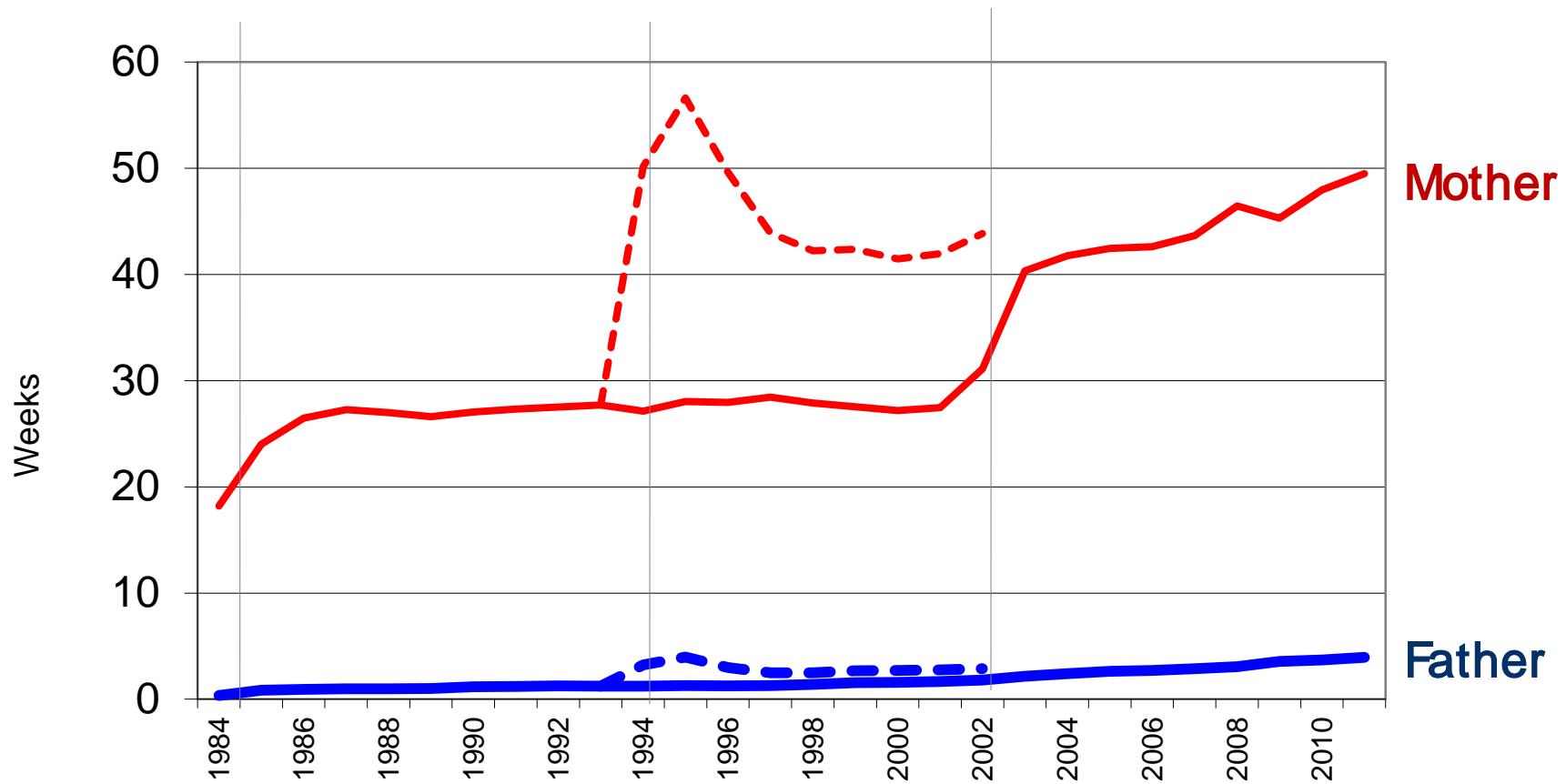
- Family friendly policies were introduced in Scandinavian countries in the 1960s and 1970s - helped women enter the labour market
- Negative side effects of some policies: Maternal leave schemes
- Father quotas extended in Sweden, Norway and Iceland => fathers on leave in these countries
- Denmark different, parental leave extended – a father quota introduced 1998 – but was abolished in 2001!

# Take-up of parental leave schemes in Denmark: 'Mother's business'



Source: Statistics Denmark and Smith (2012)

# Danish fathers do not take much leave!



Source: Statistics Denmark and Smith (2012)

# Why focus so much on gender neutral schemes?

Our hypotheses which we have not (yet) causally proven but found many empirical indications of:

1. Women are **not individually** harmed much from take-up of parental/maternal leave
2. A **collective burden** on all women and potential mothers – statistical discrimination!
3. Opposite for men: **Men are individually** 'punished' if they take up leave but benefit from having children

=> **The gender stereotyping mechanisms**



Women in top management positions

**Does it matter?**

# Does it matter?

Sources: Smith et al. (2006), Adams and Ferreira (2009), Huse & Nielsen (2010), Matsa & Miller (2011), Ahern & Dittmar (2012)

- **Equal opportunities and fairness**
- **The talent pool – better resource allocation**
- **Better decision making processes in gender diverse decisions making bodies**
- **No clear answers from international research on the relation between women on boards and firm performance**

# Norway

## *6 years after the quota law*

- Norway: Female share of board members in **2002**: 9-10%
- December **2003**: Law is passed in Parliament. 40% of board of directors shall be women ultimo 2005 in listed companies (ASA). Voluntary compliance.
- Ultimo **2005**: The goal of 40% was not fulfilled.
- **2006**: New law was passed. ASA-Firms that did not comply January **2008** would be closed down.
- **2008**: April: 40% goal was reached in ASA firms
- **2012**: Mixed results from research on economic consequences

# Has the Quota helped to get more female CEOs in Norway?

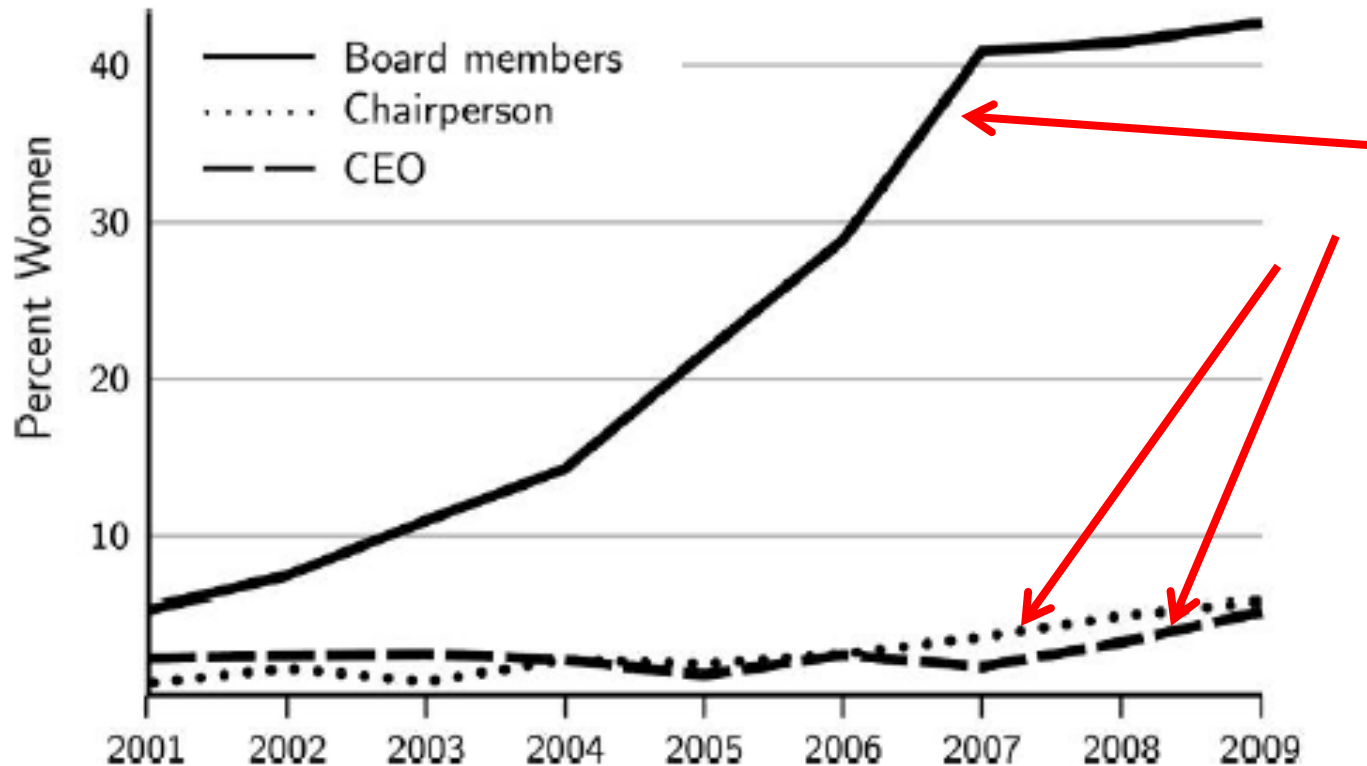


FIGURE I

Percentage of Women Directors and CEOs of Norwegian Public Limited Firms

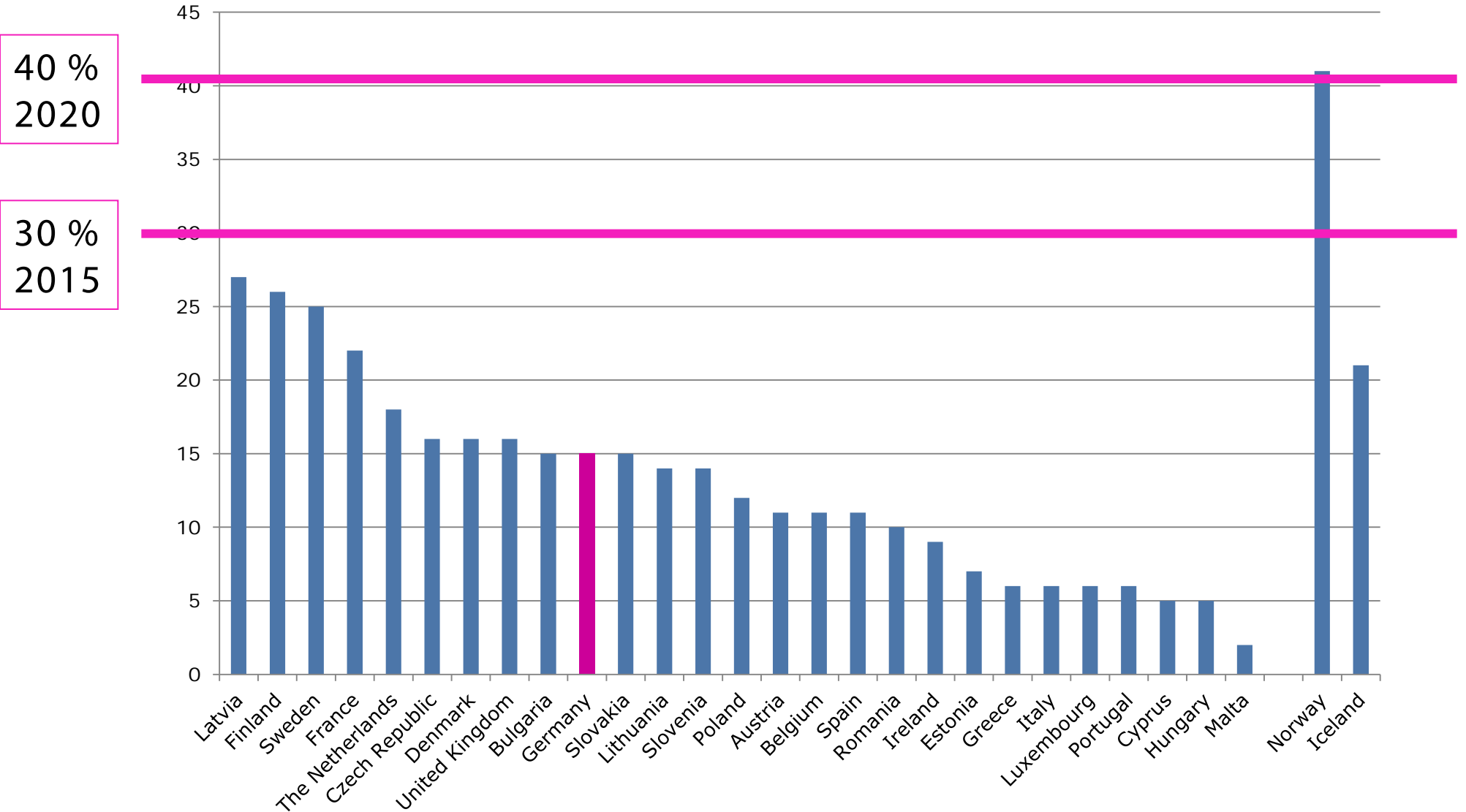
# **Where to go - Policy implications?**

Quotas? Soft Law?  
Or other policy measure?

# Quotas - European countries

- **Norway: 40%**
- **Italy, Iceland, France, Belgium : 20/30/33/40% binding quotas**
- **Spain, Netherlands : 30/40% quotas but no sanctions**
- **More or less voluntary initiatives – in many European countries:**
  - Heated discussions
  - Soft laws on good corporate governance – diversity on board of directors
  - Targets for women in management
- **Germany: Flexi quota**
- **Denmark:** A 'Flexi quota' for 1100 largest companies: Selfdefined (ambitious) goals for BOTH female proportion on board of directors and management board plus executives at lower levels – addressing 'the pipeline problem'

# EU proposal: 30% in 2015 and 40% in 2020: And female fraction on boards, largest listed companies, EU+, 2011



# Policy IS needed!

## • Quotas?

- A pipeline of qualified women?
- Will more soft regulations of companies have any effect?
- Do quotas have "spreading effect" in top management?



## • Gender neutral family friendly schemes? Break 'gender stereotyping' mechanisms

- The gender roles at home have to change if more women on boards – the long steady pull!!
- => Quotas on parental leave – it starts with the babies!

