Press Release

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# Women Executive Barometer 2015: Highest Decision-Making Bodies in German Companies Still Male-Dominated

**Persistently low shares of women on executive and supervisory boards – very few companies presently meet pending compulsory gender quotas – DIW Berlin presents proposals to remedy this**

In 2014, women remained the exception at the top of the corporate ladder: at barely five percent, the share of female executive board members in the top 200 companies (ranked by turnover) was up just one percentage point over the previous year. This is equivalent to 47 of a total of 877 board seats. If the figures for the top 100 only are taken into account, the share of women in top management has in fact fallen from just under five to just over four percent. These are the findings of the latest women executive barometer analysis conducted by DIW Berlin, one of the leading economic research institutions in Germany. “There has been next to no progress on the executive boards. They remain male-dominated monocultures, despite the obligation toward increasing the representation of women in senior management undertaken by the leading associations of the German business community in 2001. This is anything but a positive development,” explains Dr. Elke Holst, Research Director Gender Studies at DIW Berlin. Dr. Holst and fellow researcher Dr. Anja Kirsch from the *Freie Universität* in Berlin conducted a study involving over 500 corporations, banks, and insurance companies. Women are better represented on supervisory boards: here, the share of women on the supervisory boards of both the top 200 and the top 100 companies increased by around three percentage points to 18 percent in each case. The corresponding figure in the DAX 30 was almost 25 percent, which can probably be accounted for by the public discussions surrounding the introduction of gender quotas. “Nonetheless, much is yet to be done to achieve anything resembling a gender balance on corporate boards,” adds Dr. Holst. “The planned compulsory gender quota alone can’t change the world.” Besides systematic improvements in internal career opportunities for women in order to facilitate their ascent to top management positions, employment procedures, promotions, and salary structures all need to be made more transparent. Companies also need a more flexible approach to career models, working hours, and attendance policies.

## Companies with Government-Owned Shares Catching Up

In the case of listed companies, a very mixed picture emerges: on the one hand, DAX 30 companies showed an increase in female executive board members of a good one percentage point over 2013, taking them to just over seven percent – the highest share of women on executive boards among all the company groups in the study. At the bottom of the scale, on the other hand, are the MDAX companies (mid-cap) with less than three percent. In fact, the figures for female representation on the executive boards of the companies in this group

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were on the decline, as were those in SDAX and TecDAX companies. Better representation of women was observed on the supervisory boards, although here, too, women hold no more than just under 14 percent (SDAX) and almost 25 percent (DAX 30) of supervisory board seats. “Despite the slight upward trend seen on supervisory boards in recent years, we are a long way away from having a balanced ratio of men to women on these boards,” conclude Dr. Holst and Dr. Kirsch. In addition, the majority of female supervisory board members are employee representatives, although the number of shareholder members is gradually catching up.

Considerable progress has been observed among the 60 companies with government-owned shares. For reasons of size, however, this group of companies does not lend itself well to comparisons with the other company groups. The share of women on the executive boards of these companies went up by a good two percentage points to almost 15 percent; an increase of five and a half percentage points to just under 24 percent was seen on the supervisory boards. This equates to 142 female supervisory board members at the end of 2014, 42 more than in the previous year. Further, companies with government-owned shares also had the highest number of female chairs on their executive and supervisory boards compared to the other company groups in the study: five female CEOs (almost ten percent) and nine female supervisory board chairs (a good 18 percent). In the top 200 and listed company groups, the share of female chairs in 2014 ranged from zero to a good two percent and zero to almost seven percent, respectively. Supervisory board positions in public sector companies are frequently linked to a senior public administration post or to a political position and, consequently, to the proportion of women in these positions. “The bottom line is that, despite the positive developments in the companies with government-owned shares, this group is still not setting an example to other companies as it perhaps should,” explains Dr. Holst.

**Finance Sector: Public Financial Institutions Bridging the Gap to Private Banks**

In the financial sector, the share of women in the highest decision-making bodies remains similarly low, despite the fact that women make up the majority of workers in this sector. On the executive boards of the 100 largest banks and savings banks, at the end of 2014 women made up, on average, almost seven percent of executive board members; the corresponding figure in the 60 largest insurance companies was 8.5 percent – in both cases, almost no change over 2013 was observed. Even on the supervisory boards, where, as in all the other company groups, female representation is better than on the executive boards, developments were still rather sluggish: at 18 percent (banks) and a good 17 percent (insurance companies), a very slight improvement in female representation on the corporate boards was seen over the previous year. The progress made in public sector financial institutions, in particular savings banks and regional state banks, was not particularly exemplary: here, female representation on the executive boards increased by approximately two percentage points to just under seven percent. All this did, however, was close the gap to private banks. As to the supervisory boards, in both groups, the proportion of women is almost identical at just under 19 percent (public sector banks) and a good 18 percent (private banks).

**Gender Quota Alone Will Not Suffice**

In December 2014, the German Federal Cabinet adopted legislation with the aim of increasing women's participation in leadership positions in the private and public sectors—the gender quota. The new provisions, which are expected to come into effect in January 2016 and which will introduce, among other things, a 30-percent quota for women on supervisory boards, are expected to step up the development of female representation at the very least on the supervisory boards of those companies affected by the new legislation. Indeed, the discussion about the introduction of compulsory gender quotas was not without any impact on the development of the share of women on the decision-making bodies of large corporations. In none of the company groups examined, however, has it been possible to come even close to achieving a gender balance on the corporate boards. DAX 30 companies, which are very much in the public eye, would appear to have done the best job of paving the way for the new regulations and now boast a share of women on their supervisory boards of almost 25 percent. Calculations by DIW Berlin show that, at the end of 2014, in 20 of the top 200 companies outside the financial sector, women held 30 percent or more of supervisory board seats, compared with 19 of the largest banks and insurance companies. Thus, the majority of companies—108 companies in total that will be affected by the new gender quota according to the latest data—are about to face major challenges.

According to the authors Dr. Holst and Dr. Kirsch, a compulsory gender quota alone will not suffice to achieve a sustainable gender balance on the upper management levels. "The introduction of a gender quota is, of course, a step in the right direction. However, it is but one of many steps that are absolutely essential," they explain, adding that more open-mindedness toward women in senior management is needed, for example, within the corporate culture. Compulsory targets that also apply to executive boards, where the figures lag far behind those of supervisory boards, are another important must. According to the authors, greater flexibility in career and work models is required, as are better childcare options to enable women to achieve a better work/life balance in the face of family or caregiving commitments.

## DIW Women Executive Barometer

The DIW Women Executive Barometer monitors trends in the ratio of men to women on the corporate boards of large companies in Germany. For this purpose, in 2006, DIW Berlin began conducting an annual analysis of the representation of women on the executive and supervisory boards of Germany's 200 largest companies. DAX 30, MDAX, SDAX, and TecDAX companies, as well as companies with government-owned shares, were later included in the study. This analysis also examines developments in the financial sector, specifically the 100 largest banks and financial institutions, along with 60 insurance companies.