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More women in economic and social decision-making bodies

Committee Opinion[1]
Committee on Economic Affairs and Development
Rapporteur: Ms Hermine NAGHDALYAN, Armenia, Alliance of Liberals and Democrats for Europe

A. Conclusions of the committee

The Committee on Economic Affairs and Development welcomes the report prepared by Ms Gisèle Gautier on behalf of the Committee on Equal Opportunities for Women and Men. It endorses the findings and proposals contained in the report, including the draft resolution and draft recommendation.

The committee underlines that balanced representation of women and men at all levels of governance is essential for society's progress and that their equality in terms of access to managerial and decision-making positions in the economic and social spheres should be the rule rather than the exception. Figures show that women remain *de facto* significantly underrepresented in top management and administration of many Council of Europe member states and that the pace of improvement has been too slow.

The committee therefore proposes to strengthen the emphasis, in the draft resolution, on the need to adopt national legislation requiring that both the public and private institutions achieve a minimum 40% representation of women in management and decision-making positions within a clearly defined time frame, and to put in place mechanisms for monitoring the implementation of such legislation.

B. Proposed amendments to the draft resolution

Amendment A (to the draft resolution)

In the draft resolution, paragraph 1, replace the words "an increasingly higher proportion" with the words "a high and growing share".

Amendment B (to the draft resolution)

In the draft resolution, after paragraph 7.10, insert the following sub-paragraph:

> *"adopt legislation requiring that public and private institutions achieve a minimum 40% representation of women in management and decision-making positions within a clearly defined time frame, and put in place mechanisms for monitoring the implementation of such legislation;"*

1. Reference to committee: Doc. 12144, Reference 3650 of 12 March 2010. Reporting committee: Committee on Equal Opportunities for Women and Men. See Doc. 12540. Opinion approved by the committee on 20 May 2011.

C. Explanatory memorandum by Mrs Naghdalyan, rapporteur for opinion

1. Introduction: from de jure to de facto gender equality

1. Council of Europe member states have all accepted the principle of non-discrimination, including in public life and in the workplace, in pursuance of commitments under Protocol No. 12 to the European Convention on Human Rights and Article E and Article 20 of the revised European Social Charter. One would therefore expect a balanced representation of women and men at various levels of society's structures. However, as the report by Ms Gautier points out, women remain under-represented in the economic and social spheres throughout the continent. There is a yawning gap between *de jure* and *de facto* gender equality, which calls for the continued attention – and strong action – of European policymakers to improve the situation.

1.1. Current situation and problems

2. As educational background paves the way for a fair access of both women and men to all professions,[2] the gap in employment rates between women and men in Europe has been narrowing (the average rate in the European Union is 58.6% for women and 70.7% for men). Yet significant differences persist between the northern and southern European countries, with Iceland being the best performing country and Turkey having the widest gap. The Global Gender Gap Report 2010 by the World Economic Forum ranks eleven European countries (Iceland, Norway, Finland, Sweden, Ireland, Denmark, Switzerland, Spain, Germany, Belgium and the United Kingdom) in its top-15 group as world leaders in narrowing the equality gap in four areas – economic participation and opportunity (including salary levels); educational attainment; political empowerment; and health and life expectancy.

3. Reflecting positive dynamics and increased public scrutiny of recent years, overall trends show that gender equality has been progressing at the recruitment stage, but less so as regards promotions (especially to managerial and top posts) and the remuneration for equivalent work (the pay gap is on average 18%). Curiously, according to studies of the European Bank for Reconstruction and Development (EBRD) and the International Labour Organization (ILO), most countries of central and eastern Europe have experienced deterioration in women's participation in the labour market over the transition years (1989-2008), notably with the restructuring of public services and evolving societal behaviour patterns.

4. In a consumer society such as ours, about four in five purchasing decisions are made by women; yet women's position in the workplace in terms of decision-making power and the scarcity of women leaders does not reflect the real capacities, merit and potential of women. In the European Union, fewer than 3% of chief executives and only a tenth of company board members are women. The instauration of quota systems has helped to improve representation of women in politics (parties, parliaments, governments) and in some countries, such as Norway, on company boards. However, it is often underlined that women themselves also need to show more initiative and demonstrate their readiness to take on more responsibilities at work, thus breaking through the "glass ceiling", including in their own minds.

5. Some major enterprises (including Deutsche Telecom, Siemens, etc.) across Europe have also moved forward with innovative initiatives to increase the proportion of women in key posts. Voluntary commitments by companies on the basis of corporate codes of conduct have proved quite effective in some countries like Finland, but, overall, self-regulation seems to work only if it is accompanied by clear benchmarks and close monitoring. With the current pace of progress towards true equality at work, it would take over half a century to achieve a gender-balanced situation in economic entities in Europe. Viviane Reding, European Commissioner for Justice and Vice-President of the European Commission in charge of gender equality, advocates more ambitious change aiming for at least 30% of women boardroom members by 2015 (leading to 40% by 2020) and is prepared to push for binding quotas if changes proceed too slowly over the next few years.

1.2. Proposed measures to accelerate de facto progress on equality in the "higher circles" of power

6. The report by Ms Gautier rightly acknowledges that action plans and framework programmes on gender equality help to build up a more balanced participation of women through the action of professional associations, trade unions and international organisations (the European Union, the Council of Europe, etc.),

2. Some 50% to 60% of university graduates in developed countries are women.

although “glass ceilings” and gender-biased stereotypes hindering the promotion of women persist widely in the workplace, especially in a male-dominated managerial world. The rebalancing of the distribution of tasks and responsibilities both at work and in family life remains a major problem and a good governance challenge.

7. The critical threshold for the fair gender representation in decision-making bodies in the political/public sphere is 40% according to the Committee of Ministers of the Council of Europe. This figure matches the European Union target of achieving 40% of women in the composition of management boards. The latter benchmark has the advantage of having a clearly defined timeline. In addition to voluntary, binding or progressive targets, your rapporteur feels it is necessary to also put in place indicative roadmaps for implementation, including a realistic calendar, monitoring mechanisms, sufficiently persuasive incentives and/or sanctions – in addition to measures helping to better reconcile professional and private life, and sustained public action of awareness raising (towards influencing gender-linked attitudes, dismantling stereotypes/mental barriers and improving working culture in general).

2. Equal opportunities as part of good governance

2.1. In terms of economic, political and social development

8. The opponents of strong action to anchor gender balance throughout all levels of governance in society often fear that any quota-type measures would hurt the efficiency of institutions and the competitiveness of companies by artificially favouring gender concerns over merit. Some have used the argument of financial and economic crises to justify the lack of progress towards genuine equality in the workplace.

9. There is, however, a growing body of studies, including by the private sector companies, which show that full participation of women is good for companies’ balance sheets (profitability, productivity, risk management and investment choices), performance (variety of skills and creation of new jobs) and public image. For instance, Goldman Sachs analysts consider that closing the gender gap would enhance the euro-zone’s GDP by up to 13%! Another study by the McKinsey consulting firm found that companies with more women on boards outperformed companies with men-only boards in terms of profitability, auditing results, risk oversight and control. In short, equality is good for business and it is high time to root it in the society with deeds, not just kind words and declarations of good intent.

10. Beyond the strictly business-centered view, equality at work is also a matter of non-discrimination, inclusion and social justice, which are essential for good governance. Yet, women’s contribution to the well-being and development of the family, society and the economy is systematically underestimated: a more accurate assessment of such an input (as unpaid work) in monetary terms would help adjust policies with a view to redressing imbalances and fostering women’s careers. With more women as decision-makers, choices made by companies, political institutions and social entities would correspond better to the reality of society – and its needs.

2.2. Involvement of European institutions and private sector companies

11. This gender challenge is increasingly acknowledged in the mainstream work of international and European institutions, development banks, professional associations, trade unions and private sector companies. The institutional actors play a major role in explaining that increased women participation in the labour market stimulates economic growth which in turn benefits society as a whole. Optimising development prospects thus requires making the most of women’s potential at all echelons of governance through adequate support.

12. Towards this end, the EBRD has done some highly valuable work in central and eastern Europe via its “Women in business” programmes, pilot projects fostering women’s access to financing, advisory services on human resources policies, and the more recent Gender Action Plan which seeks, *inter alia*, to achieve greater female representation at senior management levels in partner or client companies and its own structures. Other organisations have championed investment to improve women’s working conditions and balance between professional and private life (for example, with more company nurseries, resting rooms, personal service offers, flexible working hours), as well as providing leadership training and mentoring services, refining gender-disaggregated data collection to obtain a true picture of the market and the society, and promoting the inclusion of gender mainstreaming clauses in corporate governance codes.

13. We should also note the new legislation in the United Kingdom that strengthens the existing rules regulating equality of treatment at work and obliges employers to disclose salary levels of their employees. The latter provision enables employees to compare their remuneration, assess whether they are fairly paid

and seek redress if they feel discriminated against. Such practice could be exported to other European countries and help to fight the pay gap between women and men, which is highest, according to the Organisation for Economic Co-operation and Development (OECD), among high earners.

14. The Council of Europe and its Parliamentary Assembly also have a significant role to play in fostering women's accession to leadership/managerial positions, especially in the sectors where they are underrepresented. They could do so by encouraging member states to adopt strong positive measures together with implementation timelines, monitoring and sanction mechanisms where progress towards *de facto* equality at managerial levels proves elusive or too slow; foster change in corporate cultures in respect of appointment and promotion of women; invest in gender training and leadership programmes, women-oriented incentive schemes and pragmatic measures for better reconciliation of professional and private life; issue guidelines for gender disaggregated data collection across economic sectors and gender studies at national level, etc.

3. Conclusion: equality should be the rule, not the exception

15. Your rapporteur for opinion endorses the findings and proposals contained in the report prepared by Ms Gautier. Women and men constitute a mutually complementary driving force of progress in society: their equality in terms of access to decision-making positions in the economic and social spheres should be the rule rather than the exception, as is the case today with women being *de facto* significantly underrepresented in top management and administration. This calls for bold changes in mentalities, corporate cultures and policy priorities in order to assimilate a simple truth: equal participation of women in decision-making is essential for boosting economic, political and social development.

16. Although several European countries are world leaders in bridging the equality gap, the challenge remains considerable for many others. Your rapporteur considers in particular that effective and ambitious action by the Council of Europe member states needs to articulate clear quantitative benchmarks with pragmatic implementation schedules, close monitoring and adequate sanctions. The question of equality between women and men is a matter of justice in society and the Council of Europe has to press its member states hard to do their utmost to redress the gender balance swiftly in both the public and private sectors.