

## Women's access to decision-making positions in companies: Necessity or opportunity in the light of Corporate Social Responsibility

After the world of politics, it is now the turn of the corporate world to be questioned on the subject of gender equality, whether by the media, public authorities or, even, the employees themselves.

With many signs suggesting that a more balanced representation of men and women in decision-making positions appears to be crucial for companies as well as for society as a whole, the Study Centre for Corporate Social Responsibility (ORSE) has published a study designed to raise awareness among players in the professional world and to guide them in their search for solutions.

Based on French and foreign surveys and studies, the ORSE study describes and analyses major initiatives undertaken by corporations and their stakeholders (public authorities,

supranational institutions, NGOs, ethical shareholders, etc.). It shows the need for the theme to be taken into account by companies wishing to participate in a socially responsible approach and maintain their economic as well as their social performance. Firstly, the study conducts a review of the number of women in decision-making positions, then, examines the main reasons for the low presence of women in directorial positions.

The second part is devoted to the analysis of the interests and means of the company's stakeholders in this theme.

The third part presents the way in which, beyond the constraints, the question of women's access to decision-making positions may be viewed as an opportunity for companies to increase their performance.

### → What the figures reveal... ←

*In companies, women occupy a small share of decision-making positions.*

*A study conducted by the rating agency EIRIS in 2003 revealed that:*

- *in European companies, fewer than 6% of directors are women; this share rises to 7.1% in European corporations;*
- *50% of European companies have no women on their board of directors and fewer than 17% have one woman director or more.*

*A survey conducted among major French companies in spring 2003 by GEF<sup>1</sup> and Accenture revealed that among the 54 companies which responded:*

- *30% of executive staff are women*
- *14% of management committee members are women (compared to the national average of 7%)*
- *10% of board members are women.*

### → Glass ceiling, glass walls and sticky floor ←

In Anglo-American countries, over the past twenty years, much research has attempted to explain and analyse the intra-organisational mechanisms behind the difficulties experienced by women in their career advancement. These difficulties, real "invisible barriers", differ greatly and may be interlinked in a number of ways to form a whole which is extremely complex to study and to understand: the "glass ceiling".

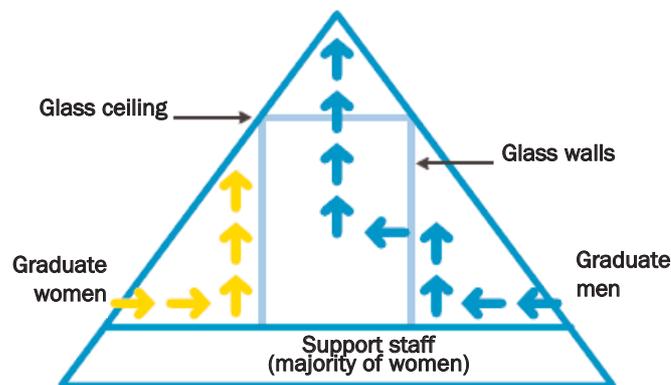
This expression was first used in 1986 by two journalists from the Wall Street Journal to define the barriers excluding women

from the highest echelons in the majority of companies.

Women do not have to deal only with the glass ceiling which blocks their access to the top of the organisational pyramid: there are also invisible vertical barriers, called glass walls, which reflect the fact that in companies where women succeed in accessing high level positions, they, often find themselves in sectors considered to be less central or less strategic to the organisation (human resources, administration, etc.).

Thus, it is extremely difficult for women to move sideways in order to access strategic sectors such as product development or finance, and rise up through the “central alley” to key directorial positions in the pyramid structure (see diagram opposite).

The sticky floor concept sometimes completes this representation of obstacles to women’s career advancement: this describes the antagonistic force to women’s development in companies, which restricts them to remaining at lower levels on the organisational pyramid.



## → Obstacles to the advancement of women’s careers ←

There are many obstacles facing women wishing to access decision-making positions and they are present in the majority of companies. For example, stereotypes exist which lead people to believe that a particular type of work is more suited to men than to women (or vice-versa), as illustrated by the expression used in Anglo-American countries “think manager, think male”. Obstacles also concern preconceptions about the recruitment of executive women managers (a reluctance to recruit women to manage services comprising a majority of men; concern that women have more difficulty in obtaining the trust and respect of customers; concern about the professional implication of women executives who are mothers, etc.).

In the absence of particular vigilance by the company’s management, preconceptions may have a real influence on the implementation of the recruitment policy and on skill management.

Effectively, obstacles involve practices which directly or indirectly discriminate against women. In companies, these are, in particular:

- the age at which “high potential” is detected, which, most of the time is between the ages of 30 and 35 years, precisely the same period when women are least present in companies (maternity, young children);
- evaluation systems often based on a logic of male development which does not include constraints specific to women; for example, it is sometimes difficult for them to meet certain demands for mobility or even length of service (particularly for those who have children, have worked part-time, or have stopped work temporarily for family reasons).

To compensate for these discriminatory effects, some large companies have started to “change the game rules” in order to adapt themselves to the characteristics of women executives:

- for example, the detection period for high potential among women may be extended to the age of 40 years,
- the criteria of geographic mobility may become the criteria of a “recognised change in environment”, etc.

## → Classifications, awards and business certifications ←

Changes in a company are promoted partly by “stakeholders”. In the same way as the OECD Guiding Principles, the UN’s Global Compact, or even the European Commission which, through its Green Book introduced the theme of women’s career advancement in the framework of Corporate Social Responsibility (CSR), a growing number of initiatives are designed to encourage companies to change their practices by means of, among other things, raising awareness among employees and consumers.

Inspired by the media success of “100 Best Companies to Work For” compiled by the American magazine Fortune, several prize lists, some of them entirely devoted to the theme of male/female equality, have seen the light of day:

- Catalyst, a North-American NGO founded in 1962 and devoted to women’s career development, has rewarded companies every year since 1987 for their strategic approaches favouring women’s advancement;
- in the United States, since 1986, the magazine Working Mothers compiles and publishes the list of the “100 Best Companies for Working Mothers”, an initiative designed as a source of information for women as well as for companies;
- in 2002, the European Commission launched a programme entitled A Great Place to Work, a list of companies by Member State and on a European level, combined with a European competition to promote best practices; this inclu-

des an award for gender equality something for which no French company has ever qualified.

In parallel, several certification initiatives and buyers’ guides are devoted to gender equality:

- A pioneer of its kind, “Shopping for a better world” published by CEP, an American NGO, as well as its Internet equivalent “Responsibleshopper.org” include criteria and information concerning women’s career advancement in companies;
- French public authorities are also interested in the question; following on from the 2001 Genisson Law, which obliged companies with more than 50 employees to draw up a report on the comparative situation between men and women, followed by bargaining with social partners, the government is in the process of finalising an equality certification project to identify companies which are developing good practices in the field of gender equality.

The CREDOC has been studying the phenomenon of responsible consumption in France and, in particular, the sensitivity of consumers to gender equality.

For a product of comparable price and quality, a certification or any other certification guaranteeing equality, would be likely to influence the purchases of 83% of French consumers.

For companies, the underlying challenge of these initiatives, designed to inform a wide audience, is considerable: raising awareness among employees and consumers on this topic and the possibility of disseminating both good and bad practices may involve a risk to their reputation.

This risk is even more significant for companies working on markets where competition is severe and the prospect of a demographic shock (a consequence of the “senior boom”) may lead to a shortage in the number of qualified workers in the medium-term.

## ➔ Socially Responsible Investment (SRI) ←➔

The world of Socially Responsible Investment (investment meeting social and environmental criteria, as opposed to solely financial criteria) has not been unaware of stakeholders’ growing interest in gender equality.

This phenomenon has several consequences.

1. The arrival on financial markets of fund managers specifically interested, or not, in the theme:

- for example, the Women's Equity Mutual Fund based in San Francisco offers its subscribers the opportunity to invest in companies which demonstrate their wish and ability to improve the status of women in the world of work, to increase the number of women among their directors, to reduce the differences in salary with male staff members, or even to review the status of women conveyed in advertising; in terms of results for the reference period of 01/02/01 to 31/01/04, the fund recorded an outstanding performance of +4.48 % in relation to the S & P 500 index.

2. For social and environmental rating agencies (in France: Core Rating,

Innovest, Vigéo, etc.), the integration of criteria and indicators about women’s advancement within companies:

- for example, the existence of a policy made public concerning the promotion of non-discrimination and equal opportunities (EIRIS), progress in the promotion of women and minorities (KLD), etc.;
3. For ethical shareholders, the development of guidelines, resolutions and questions introduced at AGMs which take into account the theme of gender equality:
- although this type of approach is still not very much adopted in France, some corporations have already been questioned at AGMs on the subject of the low presence – or absence – of women on their board of directors;
  - in the United States, CalPERS, the largest pension fund in the world notes, in its voting instructions, aspects concerning women’s career advancement (ensure that minorities and women are not under-represented at the highest echelons of the hierarchy, report on practices in the field of equal opportunities, report on results

of audits concerning the glass ceiling, etc.);

- again in the United States, Johnson & Johnson has been the object of a resolution designed to encourage the group to break through the glass ceiling in which it was asked explicitly to explain how it has taken into account the recommendations of the Federal Glass Ceiling Commission, the consultative body of the Labour Ministry dedicated to the fight against the phenomenon of the glass ceiling.
4. The main reporting tools in the field of CSR are, more or less, directly concerned by the question of women’s access to decision-making positions:
- for example, article 116 of the NRE Law (New Economic Regulations) imposes the presentation of indicators on gender equality;
  - the GRI (Global Initiative Reporting) asks for a description of equal opportunity policy or programmes, the composition of the organisation’s general management and board of directors with the proportion of men/women, etc.

## ➔ A factor of performance for companies ←➔

Companies, depending on the geographic location, history and culture from which they come from, deal with the theme differently. Originating from North-American tradition, two approaches are commonly adopted:

- the management of equal opportunities focuses on one group of individuals (for example, women or a given race); above all, it is set up by the company’s Human Resources Manager and deals with the question of discrimination by attempting to erase the differences between individuals;
- the management of diversity aims for a structure which is a reflection of society and, therefore, of the markets in which it is developing; it favours a culture where all employees and, in particular the executives, are responsible; it is devoted to cultural or social differences between individuals which it helps to build as a value to be defended and which can then be turned into a competitive advantage.

In France, companies try to reconcile an integrated universalistic model (founded on the principle of equality which prevails culturally in the country) and the management of diversity (which is being developed mainly in the Anglo-American business world).

There are no turnkey methods for moving forward with the question: each organisation must find its own method of change according to its sector of activity, its culture, the specific features of the constitutive elements of its glass ceiling, etc.

When, in the first instance, it devotes itself to the eradication of all forms of discrimination between men and women, diversity may constitute a relevant framework for the implementation of gender equality and also favours a dynamic for global membership within the company. According to the increasingly numerous studies, diversity may be a source of performance in several ways.

1. More profitable companies: financial performance could be a correlation of diversity; on this subject, a study conducted by Catalyst in 2004 among 353 companies listed among the 500 most important in the world showed that companies with the highest level of female directors had better financial performances than those with proportionally fewer women on their board of directors. (The Bottom Line: Connecting Corporate Performance and Gender Diversity, Catalyst, 2004 ;
2. Companies where life is good: the arrival of women at all levels of the company may be an opportunity to re-examine its methods of functioning in order to improve them; the report by the European Commission, “Costs and advantages of diversity” (November 2003) shows that among the 200 companies asked, 60 % affirmed that actions in favour of diversity (in the widest sense of the term and not only in terms of gender) have improved

motivation, have increased efficiency (for 58% of the companies which replied), or, even, have permitted the alleviation of shortages in the workforce (for 57% of them).

3. Companies more in line with their market: diversity at all levels of the hierarchy may contribute to making the company more competitive because it allows it to improve its understanding of the preferences and expectations of customers and to develop products and services which are more user-friendly for women; the report, "Costs and advantages of diversity", also shows that among the companies asked, 57% believe that diversity has stimulated innovation and an identical share of companies recognises that it has led to an increase in the level of service and customer satisfaction.

Furthermore, some of them evokes "feminine values" (for example, the ability to listen, the sense of community, the sense of contact and the fear of complexity) which men do not lack completely, but which women master more naturally. For the supporters of this approach, these values could lead to a more "feminine-style management", as opposed to the dominant model of "male-style management"

Beyond a debate which divides actors involved in the implementation of gender equality, it appears that a management system which is inspired equally by the values and behaviour of women as much as of men and which could be led by either of them could prove itself to be of benefit to companies as well as to society as a whole.

Therefore, the question of women's access to decision-making positions

concerns both the company's social and economic performance:

- on the one hand because the implementation of gender equality permits guaranteeing women free access to all functions of the organisation on the sole criterion of skill; this is a factor of social cohesion and a guarantee of good relations between the company and its stakeholders concerned by the issue;
- on the other hand, because diversity offers many interests as much from a point of view of reputation risk management or shortages in the qualified workforce, as from the point of view of the competitive advantages which it provides or even the optimisation of methods of functioning and of organisation which it generates for the benefit of all.

#### Main bibliographical references for the research and most recent studies published on the subject:

**The Bottom Line:** Connecting Corporate Performance and Gender Diversity, Catalyst, 2004  
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[www.europa.eu.int/comm/employment\\_social/fundamental\\_rights/prog/studies\\_fr.htm](http://www.europa.eu.int/comm/employment_social/fundamental_rights/prog/studies_fr.htm)

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[http://www.eiris.org/Files/PressReleases/Women on board \(Europe\) Aug 2003.PDF](http://www.eiris.org/Files/PressReleases/Women on board (Europe) Aug 2003.PDF)

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Mage Les cadres et ingénieur-e-s au regard du genre, 20 June 2003, IRESCO (PARIS)

**Belghiti S., Rodhain F., Salariées : un potentiel humain négligé ? Entre droit à l'égalité et égalité des droits...**, 15th National Days of the IAE (Institutes of Business Administration) Biarritz-Bayonne, September 2000

## → Equality Campaign: shareholder activism for the promotion of gender equality ←

"A sustainable company is based on three pillars, economy, environment and society. Equality between men and women is an important aspect of this third pillar". [www.actares.ch](http://www.actares.ch)

Ethical shareholders, a European network of ethical shareholder associations, launched the "Equality Campaign" in 2002, devoted to gender equality. Several projects have seen the light of day under this initiative.

In Sweden, the association Sisyfos contacted the management of 11 companies (Electrolux, H&M, Volvo, etc) by letter, asking them what actual means they had implemented to increase the number of women on their board of

directors and among their directorial staff. The association then intervened at the AGMs of some of the companies in question.

In Germany, the association Kritische Aktionäre asked 24 publicly traded companies (Adidas-Salomon, BMW, Commerzbank, Deutsche Bank, Deutsche Lufthansa, Deutsche Post, Deutsche Telekom, Schering, Volkswagen, etc.) 17 precise questions in order to obtain answers from them during their AGMs. In 2003, the association renewed its approach and collected information from companies which had not expressed themselves on the subject during the AGMs in 2002.

In Switzerland, the association ACTARES associated itself with a research agency: 5 publicly traded companies out of the 30 asked agreed to answer a detailed questionnaire. According to the association, the survey showed that even "exemplary" companies still have much to do to really improve themselves. Apart from being an encouragement to progress, the work conducted by ACTARES is designed to see the inclusion of figures on equal opportunities between men and women and the reconciliation between professional life/family life in reports on sustainable development.