

TITLE :

**Equal opportunity for women and men in European enterprises
Results of surveys conducted by three shareholder associations**

INTRODUCTION:

Equal opportunity for women and men and the question of reconciling professional and family life constitute an important aspect of a company's social sustainability. Three member organisations of a European network of responsible shareholders launched a campaign to contact companies they hold shares in for a status report concerning equality between women and men. The organisations are the following associations:

- **Sisyfos** in Sweden;
- **ACTARES** in Switzerland;
- **Dachverband der Kritischen Aktionärinnen und Aktionäre** in Germany.

SUMMARY:

In accordance with the particular regulations in each country and the methods preferred by each organisation, each has addressed its companies in its own way. The primary reason is the difference in legislation in favour of equal opportunity and reconciling family and professional life. For instance, Swedish and German laws concerning paid leave for parents go well beyond the Swiss. In Sweden the companies are even legally required to implement company regulations and concrete plans concerning equal opportunity for women and men, which is not the case in either Switzerland or Germany.

Another reason for choosing different strategies is that there are different ways for minority shareholders to share their positions. This has to do with national legislation; however, beyond legislation, national traditions in economic life play an important role. For example, in Germany annual general meetings normally take about half a day, but even an entire day is not much of an exception. In almost every meeting there are questions raised by minority shareholders. Special back-office staff is ready for any ad-hoc research necessary, because giving (formally) correct answers is, by law and tradition, of great importance. This is the reason why questions are first collected, with a set of answers being given somewhere between 20 minutes and several hours later. In most other countries, like Switzerland and Sweden, general meetings proceed in a much more formal manner and interventions by minority shareholders occur only occasionally. It is no wonder then that organisations from different countries have different points of view concerning whether the annual general meeting is the appropriate place to bring forward issues of sustainability and social responsibility.

The Swedish association **Sisyfos** has proceeded in the following way:

- Wrote to eleven companies (**AstraZENECA, Billerud, Electrolux, H&M, Industrivärden, Nordea, SAPA, Sw Match, Sydkraft, Telia, Volvo**) whose members hold shares into, inquiring about the concrete means management had taken to increase the number of women on the board of directors and in top management positions. Some companies answered, some did not.
- Intervened at several annual general meetings, often getting answers that were vague rather than concrete.
- Communicated with a pension fund that has already dealt with the question of insufficient female representation on boards of directors.

The association **ACTARES**

- Undertook its survey in collaboration with the Swiss consulting firm UND, whose field is promoting better compatibility between family and professional life;
- Sent a questionnaire, consisting of two parts, one about the current situation, the second about the means already taken, to thirty Swiss companies (**ABB; Adecco Gruppe; Ascom Holding; Baloise; Ciba Spezialitätenchemie; Clariant; Credit Suisse Group; Georg Fischer; Holcim Gruppe; Kuoni Reisen Holding; Nestlé; Novartis International; Rentenanstalt/Swiss Life; Richemont AG; Rieter Konzern; Roche Gruppe; Saurer Gruppe; Schindler; SGS Surveillance; SIG Holding; Sika; Sulzer; Swatch Group; Swiss Re; Swisscom AG; Syngenta International; UBS; Unaxis Holding; Valora Gruppe; Zurich Financial Services.**). Five companies have answered the questionnaire to date;
- Re-contacted those companies that had not responded in order to know why they had not completed the questionnaire;
- Intervened at the annual general meeting of two companies that had not answered the questionnaire;
- Limited its inquiry to company locations in Switzerland.

Dachverband:

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- Addressed itself systematically to 9 companies during their annual general meetings. (**Adidas-Salomon, Allianz, BASF, Bayer, Deutsche Lufthansa, Deutsche Post, Deutsche Telekom, EON, Fraport**);
- Took over part of ACTARES' questions;
- Sent the questionnaire in advance to the companies. Some answered in written form and gave shortened answers during their annual general meetings, while others only answered orally during the meetings;
- Inquired not only into the German situation but also into the situation at the companies' affiliates abroad.

The present report consists of summaries of the three organisations that took part in this campaign. The complete survey can be found at www.actares.ch

1. Sweden: Sisyfos

What is happening in Sweden within the field of equality? ¹

Sweden often boasts about its progress within the field of equality. In some respects this could be seen as reasonable: there is an even gender distribution within the parliament, there are advantageous possibilities for maternal and paternal leave, and the salary standards are higher than in many other places. Yet there is nothing much to boast about within the Swedish business world.

The past few years there has been an ongoing debate on how to get more women on boards of directors and into company management. The imbalance and homogeneity prevalent within the boards today is increasingly recognised as a problem, even from the companies' own point of view. The issue has also been receiving increased media attention, and the companies are under pressure from society to take action.

The following highlights roughly illustrate the recent debate on equality:

- In 2001, the Swedish Minister of Industry (Björn Rosengren) challenged the private sector by promising that the companies within the public sector shall have at least 40 % women on their boards of directors by 2003.

In 2002

- There were 37 % women on the boards of companies within the public sector, compared to 6 % in the private sector;
- Of the total number of board chairs in Swedish companies (2170), only 132 were occupied by women;
- Of the 30 largest companies on the Swedish stock exchange, 13 still did not have any women on their boards;
- If the percentage of women on company boards increases at the same pace as over the last ten years (about 3% per decade), it will take about 150 years for a fifty-fifty situation to be reached on Swedish boards.

- In 2002 the Swedish Minister of Equality and Deputy Prime Minister (Margareta Winberg) stated that if it is shown not to be possible to reach the goal of 25% female membership on boards on a voluntary basis by 2004, then legislation for a quota system would be enacted to put more women on boards.
- The private sector is still mainly against such legislation and prefers voluntary measures. Ruter Dam, a network of women in high positions has also stated that

¹ Sources:

Dagens Industri (2002-06-05), Rosengren bryter gubbväldet.

Dagens Industri (2002-06-17), Regeringen tar strid om gubbstyrelserna.

Dagens Nyheter (2002-07-31), Ännu få kvinnor i toppen.

Svenska Dagbladet (2002-09-06), Ja till ägaransvar – nej till kvotering.

Dagens Nyheter (2002-09-08), Krönika/Sanna Björling. Jämställdhet: Män har inga problem med män.

Dagens Industri (2002-10-16), Kvinnliga chefer säger nej till lag om kvotering.

Dagens Nyheter (2002-10-29), Näringslivstoppar lovar att arbeta för fler kvinnor i företagsledningarna: "Vi måste ändra inställning radikalt".

Svenska Dagbladet (2002-11-25), Margareta Winberg förbereder kvoteringslag.

Dagens Industri (2002-11-25), Winberg hotar med lagstiftning.

Dagens Nyheter (2002-11-26), Jämställdhet: Få bolag klarar Winbergs krav.

Dagens Industri (2002-11-26), Medveten kvotering succé i FS-banken.

Dagens Industri (2002-12-10), Lätt att fylla kvoten i styrelserummen.

Dagens Industri (2002-12-18), Inget gehör för Folksamns krav.

Dagens Industri (2003-01-11), Slopa den dolda kvoteringen av män till styrelseposter.

Dagens Nyheter (2003-01-19), Bennet stöder kvotering av kvinnor i styrelser.

Dagens Nyheter (2003-02-06), "Tvång ange könsfördelning".

they oppose legislation for a quota system. However over this past year there has been, even among business leaders, a notable change of attitude towards this sort of quota system.

- A group of business leaders stated in the Swedish business press in autumn 2002 that they need to improve equality and diversity on their boards and they promised to take action on it. Voluntary action.
- Swedbank (FöreningsSparbanken) has successfully used a voluntary quota system for the past ten years to put more women on the 91 local boards of the bank. Today women represent 40.6 % of the local boards. On the central board of directors for the bank, the proportion is 25 %.
- A prominent Swedish business leader (Carl Bennet) has stated that he believes that the private sector could reach the goal of 25 % women on its boards by 2004. He also says that if he does not reach this target, he will accept a quota system.
- Folksam, a major insurance and pension fund, now demands greater equality on the boards of the companies in their portfolio. In late 2002, the CEO (Håkan Johansson) wrote a critical letter to the companies, threatening to sell Folksams' shares in those companies failing to show action on this issue.
- One leading Swedish business magazine (Dagens Industri) has published a long list of potential female board candidates within all sectors. This ought to work as antidote to the often-heard excuse that there are no competent female candidates to choose from.
- In early 2003, the Swedish Minister of Law (Thomas Bodström) proposed new legislation that would require companies, in their annual reports, to account for the distribution of men and women on their boards of directors, among their managing directors and in top management. He emphasized the importance of this by mentioning even the managing directors here, as it is often within this group that new members of boards are recruited.
- One sign of changing views within the field of equality is the increasingly frequent discussion now on how the structure and the recruitment system for boards could be changed to broaden the possibilities for putting more women on the boards of directors.
 1. The rule that a candidate should have had a position as a managing director before being recruited to a board of directors of course greatly limits the possible choices. As a consequence of this rule, there is a major risk that other important competences might be lost;
 2. Another proposed change is to limit the period of service on a board of directors to, for example, a maximum of three years. This could facilitate attracting women to commit themselves to work on the boards;
 3. A third point is making it possible, even within high positions in a company, to combine work, family, and leisure time.

2. Switzerland: ACTARES Equal opportunity for women and men: Study results

A "sustainable" business rests on the three pillars of the economy, the environment, and social issues. Equal opportunity for women and men constitutes a major aspect of this third pillar. In order to capture the actual state of affairs concerning the question of equality between women and men in the most significant Swiss companies, the association ACTARES and the research consulting firm UND conducted, in the spring of 2002, a study of the subject.

The research is a first. Participation reached 16.6% (that is, five companies: the Credit Suisse Group, Clariant, SIKA, Swiss Re, UBS), a rate of return below our expectations. Nevertheless, the returned questionnaires have allowed to draw certain conclusions on the

state of equal opportunity and have furnished information on the measures taken by the companies that responded to the questionnaire.

2.1 Gender equality: General characteristics

The personnel structure of the five companies cited above confirms a familiar situation: the percentage of women working in the financial and insurance sector is higher than in industry. The higher up in the hierarchy, the lower the percentage of women. Mandates for boards of directors remain almost exclusively in masculine hands. Few changes over time.

Nor is there anything new on the question of full or part-time work. Part-time jobs are found in the lowest levels of the hierarchy and remain almost exclusively a feminine domain. Still, there are differences among companies. While part time work is reserved for administrative posts without responsibility in some companies, in others it is possible for managers, too, and, in certain cases, is also available to men.

Concerning employment contracts, the situation varies from one company to another (individual contract and/or collective convention). On a positive note, in spite of the differences, there are relatively few employees, women or men, hired by the hour without specifying the working hours in advance.

Only UBS was capable of giving differentiated information according to gender (women or men) and the hierarchical level on the budget for continuing education. The distribution according to gender shows that the sums available are quite different for women and men. In the majority of companies, the turnover rate of women is higher than that for men.

The study did not ask direct questions as to the way in which salaries are distributed according to gender and hierarchy: companies have little inclination to furnish this type of data. Instead, they were asked for information about how salaries were determined and the transparency surrounding this process. Three companies indicated that their salary grids are based on a system of evaluation that assures equal compensation to women and men. A fourth indicated that it relies on an external organism for the establishment of an equitable compensation grid. Although two companies inform their personnel about the salary system, none cultivates absolute transparency in this area.

2.2 General principles and implementation

The questionnaire then asked questions on the measures undertaken to favor equality between women and men as well as the compatibility between professional and family life. All the companies that participated in the study maintained that they subscribed to one or several official documents relating to equal opportunity. Almost all made reference to their guiding principles. The three companies (the Credit Suisse Group, UBS, and Swiss Re) that supplied social or sustainability reports also made statements of varying depth in these documents on equal opportunity. There are also internal documents that serve as a basis for implementing equality. Of the five companies, three have created departments charged exclusively or partially with the question of equality of prospects. Those in these posts are directly under the responsibility of the director and answer directly to him or her. Along with general consulting, their authority and job descriptions are the following:

- Consulting and coaching of managing executives and personnel managers;
- Organizing seminars on the question of equality and other related topics;
- Occupying a privileged position on questions of equality, assuming the roles of coordinator and mediator in general and also in charge of particular questions like moral and sexual harassment as well as social problems.

2.3 Concrete objectives for measuring progress

Only the Credit Suisse Group and Swiss Re already have plans for concrete measures to promote equal opportunity and compatibility between professional and family life. The Credit

Suisse Group is the sole company that indicated it has concrete annual objectives. Since 1995, Swiss Re has implemented the six-point program *Actions not Words (Taten statt Worte)*. It is composed of various measures: establishing a department for equality, setting up recruitment campaigns specifically for women, increasing the number of women in executive positions, and offering forms of work rendering professional and family life compatible. There are no quantitative objectives, yet the number of women in personnel and management positions has visibly risen since 1995. When questioning the companies about the specific measures they are taking in favor of equal opportunity, it clearly seemed that the Credit Suisse Group and Swiss Re were the most aware of the lack of women in personnel and management positions and as a result have developed activities to remedy the situation. All the companies have engaged themselves to battle against sexual, sexist, and moral harassment. Four of the five companies have a regulation to this effect. Four companies offer their women employees maternity leaves that go beyond what is required by law. Three have set up their own day care centers and also participate in financing day care structures outside the company. In three companies, the ability to foster equal opportunity is one of the criteria for hiring and promoting executives. And at last, a construction company has participated in an initiative whose goal is to render technical professions more attractive to women. Several companies make occasional use of gender-neutral language. This takes on special significance in both French and German, because there are separate nouns for female and male employees, shareholders, and clients, among other nouns, and adjectives agree with their nouns in both number and gender. But this effort is very often limited to chapters where mention is made of "collaboratrices et collaborateurs" or "Mitarbeiterinnen und Mitarbeiter" (employees). Elsewhere, only "chers actionnaires" or "sehr geehrte Aktionäre" (dear male shareholders) and "nos clients" or "unsere Kunden" (our male clients) are used.

2.4 Refusal to participate

The report is not limited to the analysis of the responses proper but also extends to studying the reasons given by the companies to justify their refusal to respond. Among these are the lack of resources (human and material), the lack of data in the required form, the too great engagement necessary to respond to the questionnaire, reorganizations in progress, and a concern about confidentiality. A new study is planned.

3. Germany: Dachverband der Kritischen AktionärInnen Gender equality in major German firms

A survey on gender equality in major German firms was conducted in 2002 under the aegis of the Dachverband der Kritischen AktionärInnen, an association of shareholders concerned about sustainable development. It was primarily conducted in person at the annual general meetings, although the questionnaires had been sent in advance to the firms. Some firms replied in writing, others at the annual general meeting. Seventeen questions, some taken over from the Swiss study, were prepared, covering a range of areas: The percentages of women and men employed by the firm; the percentages of women and men in training or continuing education; the percentages of part-time and casual workers; the firm's policies on and budgets for gender issues, family-friendly measures, harassment; average annual incomes; and finally, about the firm's reporting on such activities. In addition, it was generally requested that the information be broken down into figures for the firm's operations in Germany as well as its figures worldwide or abroad. In all, the *Dachverband* contacted a total of nine firms: Adidas-Salomon, Allianz, BASF, Bayer, Deutsche Lufthansa, Deutsche Post, Deutsche Telekom, E.ON, and Fraport.

In such a small sample, precise statistics lose meaning, although tendencies may emerge. In fact, several have emerged here, all in the predictable direction and similar to the Swiss

findings: Women earn significantly less than their male counterparts, part-time workers are overwhelmingly women and non-executives, attempts at addressing these imbalances are being made and changes in these numbers are occurring at the slow-motion speed of a glacier. The one refreshing exception is a healthy percentage of women either in training courses or as management trainees. With 56% female participation in its general training courses, Allianz heads the list, while Deutsche Post and E.ON are a bit further behind with approximately 45% female participation in training. Adidas-Salomon is the undisputed leader in management training with 22% female participation. If these figures accurately reflect an on-going shift, this bodes well for greater gender equilibrium in the corporate giants in the medium to long run.

Of the nine firms responding either orally or in writing to the seventeen questions for a total of 153 responses, only two were left totally blank (both by Deutsche Telecom) and each of the seventeen questions was at least partially answered by a majority of the nine respondent firms. Of the partial responses, there were only nine "no details" (*Keine Angaben*), meaning that most responses to the questions contained actual, albeit partial, information. These sparse rather than ample responses provided a sketch rather than a richly detailed picture. For example, when asked about concrete measures, regulations, or published reports, the responses indicated a great deal of activity, but provided no details about the activity itself. This suggests that, in general, there was a sincere attempt to provide information already on hand and a willingness to respond at least superficially.

So, on the one hand, uninspiringly predictable trends have emerged and on the other, the firms' plethora of activities shows responsiveness to the issue of gender equilibrium at the workplace.

Conclusion

Cynics might conclude that the firms, never intending to change, did not act in good faith when inaugurating and carrying out their actions. However, the data at hand do not imply this conclusion; on the contrary, the paradox of little change and much activity begs for an explanation, which seems to lie well beneath the superficial responses. Could it possibly lie within the questions or survey itself in the German and the Swiss cases?

Perhaps Swiss cheese can help here. The renowned traditional Swiss cheese, *Emmentaler*, is full of holes. This is one of its essential characteristics. Apparently the holes not only form part of its structure, but also add to its flavor. Apparently as well, the holes result from the process of production, i.e., they are intrinsic, functional, and meaningful. Perhaps this is also the case with a survey that elicits many partial responses. How might this survey have (unintentionally) elicited partial rather than complete responses? Let us also recall that the findings offer neither fresh insights nor particularly encouraging changes, despite much activity. Was the survey itself too superficial to register deeper shifts of either attitude or behavior? In other words, was the survey inadvertently designed to produce this kind of information? Let us look at a question and one of its responses as an illustration. To the question of what specific measures for employees have been taken to optimally reconcile their family and professional lives, the German company BASF responds "A number of flexible regulations for part-time employment, expectant mothers and fathers supported by the personnel department, low-interest loans on the birth of a baby, and continuing education during parental leave". This simple list has an air of substantial and concrete action to it, but what lies below its surface? It actually raises more questions than it answers, such as how these measures came about. How are they meeting the needs of (new) parents? What changes in the workforce, both attitudinal and behavioral, have been noticed since these policies have been implemented? Are these measures innovative and pioneering or have they been taken over from other firms? Are BASF and its employees proud of them and feel a difference, although the figures do not indicate much outward change? This type of response occurred again and again, hinting at the possibility that the underlying situation could not be adequately described in the context of the survey.

Shifting focus to the firms, the responses show that there are gaps in the firms' information. It would be interesting to know the bases on which they gather their information and what policies there are on information gathering and dissemination. As suggested above in the discussion on the Swiss study, this raises the question as to the human, financial, and other resources the firms allocated to the completion of the survey: Were they adequate to the task? Either deliberately or inadvertently, did the firms fail to provide the necessary human, budgetary, or other resources to complete the task fully? Other possibilities also come to mind. The questions may not conform to or be relevant for the reality of the firms' operations. In the future, then, should they be simply re-worded or should they be completely revised in discussion with representatives of the firms? They may not have been adequately understood, either in their content or their intention, which ultimately was to engage in an on-going dialogue between the firms and these concerned shareholders. There may have been too many questions, resulting in the firms' respondents' feeling bombarded or overwhelmed by the enormity of the task. Within the firms, complete information or figures may simply not be available. Concerning the survey itself, while it is possible that the firms perceived it as hostile, invasive, unconstructive, adversarial or the like and thus chose to respond in a less-than-cooperative, foot-dragging way, the data does not seem to support this explanation. So the question remains: Why do the firms seem to have such little inclination to furnish such information?

In conclusion, the partial and superficial findings, regardless of their origin, apparently point to a divergence of interest between the firms and their concerned shareholders with regard to gathering and disseminating information. This is understandable, given that seeking gender balance at work is in the pioneering stage. Still, good communication between firms and their shareholders is necessary. So how can the firms provide the information they would genuinely like to share with their shareholders? And how can concerned shareholders obtain the information they are truly seeking? Would on-going dialog between designated persons from each group or alternatively, in-depth interviews within the firms and among concerned shareholders yield richer and more fruitful findings than a survey conducted by correspondence and through interventions at annual general meetings? These are matters to consider, as the next step is prepared.

SRK, AS, BM, JR/ Geneva, Stockholm, Hamburg, Bern, July 2003