Gender-equal management approach: Handbook

GEMA – GENDER-EQUAL MANAGEMENT APPROACH

HANDBOOK

GEMA

ZDRUŽENJE DELODAJALCEV SLOVENIJE GIZ ZDS

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GEMA – GENDER-EQUAL MANAGEMENT APPROACH

HANDBOOK

Silke Machold, Wen Wang

Silke Machold, PhD, is Professor of Corporate Governance at the University of Wolverhampton Business School where she also serves as Co-Director of the Management Research Centre. She was a visiting professor at the USEK University, Lebanon, and has been invited guest speaker at universities in the UK, Italy, Norway, China and Germany. She is the founding associate editor, and current editor of the International Journal of Business Governance and Ethics. She has also a long-standing involvement with the European Academy of Management and currently serves as the Vice-President for Governance. Her research interests are in board processes and behaviours, women in boards and feminist perspectives on corporate governance. She teaches and consults on these topics in the UK and overseas.

Wen Wang, PhD, is a Senior Lecturer in Managerial Economics at the University of Wolverhampton Business School. Her current focus of research spans gender career gap and employment relations; she has been involved in projects on women career progress at UK higher education institutions and gender balance on boards in the EU. She has extensive experience in quantitative research, predominantly focused on workplaces in the UK and EU. Wen has a PhD in Labour Economics from the University of East Anglia.

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Executive summary

Equality between men and women is one of the founding principles and values of the European Union. Yet, women continue to be under-represented in boards and top management teams of companies. In 2014, only 20% of the board members of the top public listed companies in the EU28 countries were women. The picture is similar in the South/East European countries of Bulgaria, Croatia, Macedonia and Slovenia, with little or no change in the recent past.

This gender imbalance in the highest decision-making teams in companies is not only a social but also an economic concern. Our data, and that from elsewhere, show that improving gender balance in boards and top management teams improves board dynamics and leads to better governance, strengthens stakeholder relations and CSR, and ultimately reflects in improved company performance. Promoting gender balance is therefore as much a matter for competitiveness of companies as it is for social justice.

The barriers that exist are complex and multi-faceted, ranging from deeply ingrained social norms, to individuals' attitudes and behaviours, to gender-biased organisational cultures and practices. Based on the evidence from surveys, interviews and good practice case studies, we put forward five recommendations for how companies can improve gender balance in their top decision-making teams.

The scope of the handbook

Gender equality is one of the key principles and values of the European Union and can be traced back to the 1957 Treaty of Rome. Despite the undoubtedly significant progress that member states have made in achieving gender equality, we still witness differences in pay and under-representation of women in decision-making. The European Commission's Strategy for Equality Between Women and Men addresses this important economic and social dimension and provides a comprehensive work programme for gender mainstreaming and tackling remaining inequalities.

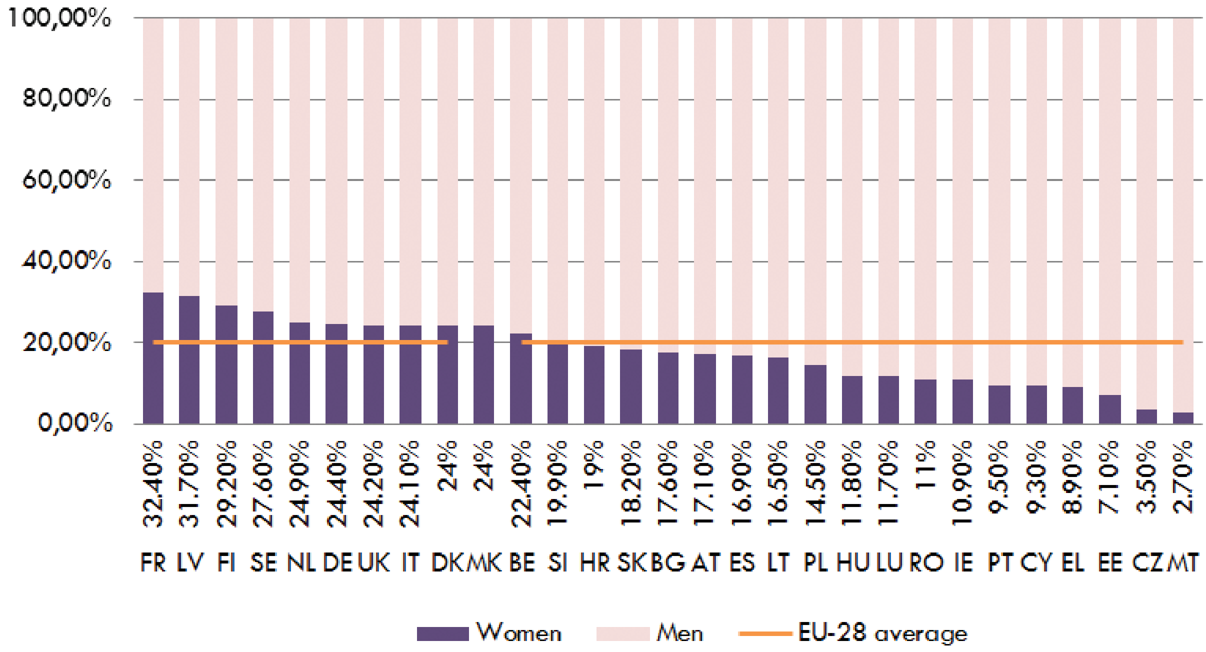
The GEMA project falls within the over-arching EU strategy. Co-funded by the PROGRESS Programme of the European Union, we focus in this project on gender balance in decision-making teams (boards and top management teams) in companies located in the South/East European countries, specifically Bulgaria, Croatia, Macedonia and Slovenia. The project partners that have contributed to this handbook are the University of Wolverhampton Business School (UoW), the Association of Employers of Slovenia (ZDS), the Bulgarian Industrial Association (BIA), the Croatian Employers Association (HUP), the Business Confederation of Macedonia (BCM) and Eurocoop Slovenia.

In this handbook, we review the current situation on gender balance in decision-making teams in the partner countries and the wider EU, investigate the business case for improving gender balance, identify barriers to progress and finally develop a set of recommendations and actions for companies, policy-makers and social partners. The report is underpinned by a comprehensive evidence base drawn from published data; a survey of companies in the four S/E European countries; interviews with business leaders, senior political figures, academics and advocacy groups; as well as series of case studies of companies that have made progress in achieving gender balance. Details of the evidence base can be found in Appendix 2.

The current state of gender balance in decision-making teams

In the last decades, we have witnessed much progress in improving gender equality in the European Union. Female employment rates have increased from 54.8% in 2003 to 58.8% in 2013, and almost 60% of university graduates are female. Yet, women continue to be under-represented in leadership positions. This is especially evident in boardrooms where, on average in large listed companies, women hold only about 20% of board positions[1] (see figure 1).

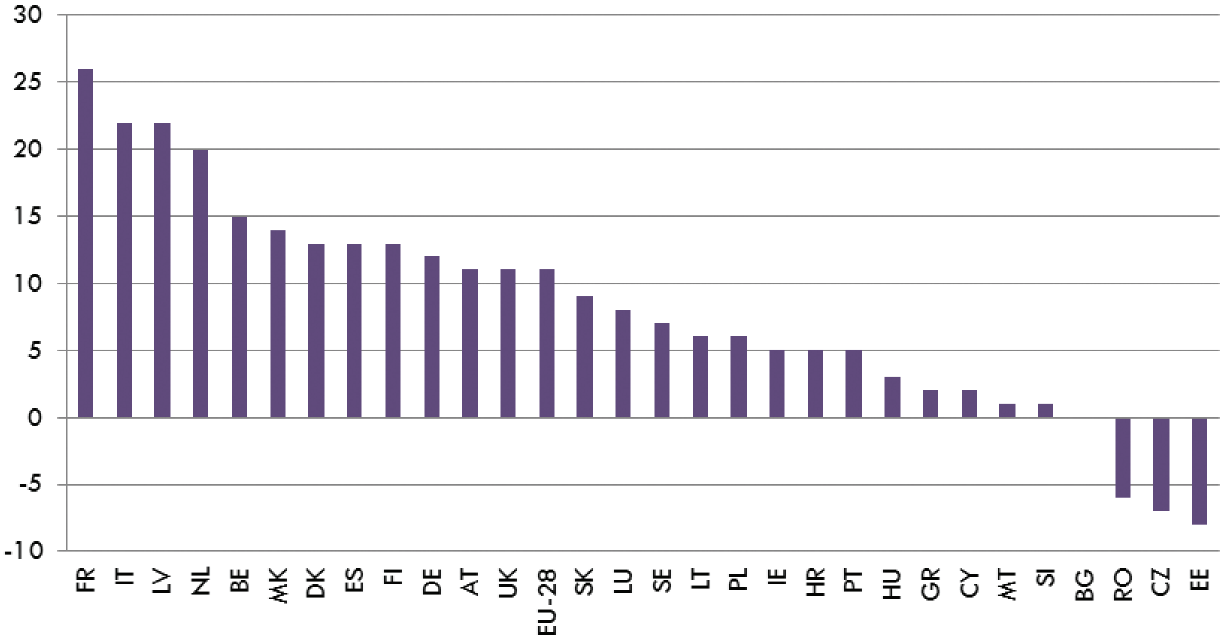
Figure 1: Presence of women and men on the boards of large listed companies in the EU, October 2014



[1]The data are based on the percentage of male and female board members in the 613 largest public listed companies that make up the stock market indices in the EU28 countries (EC, 2014).

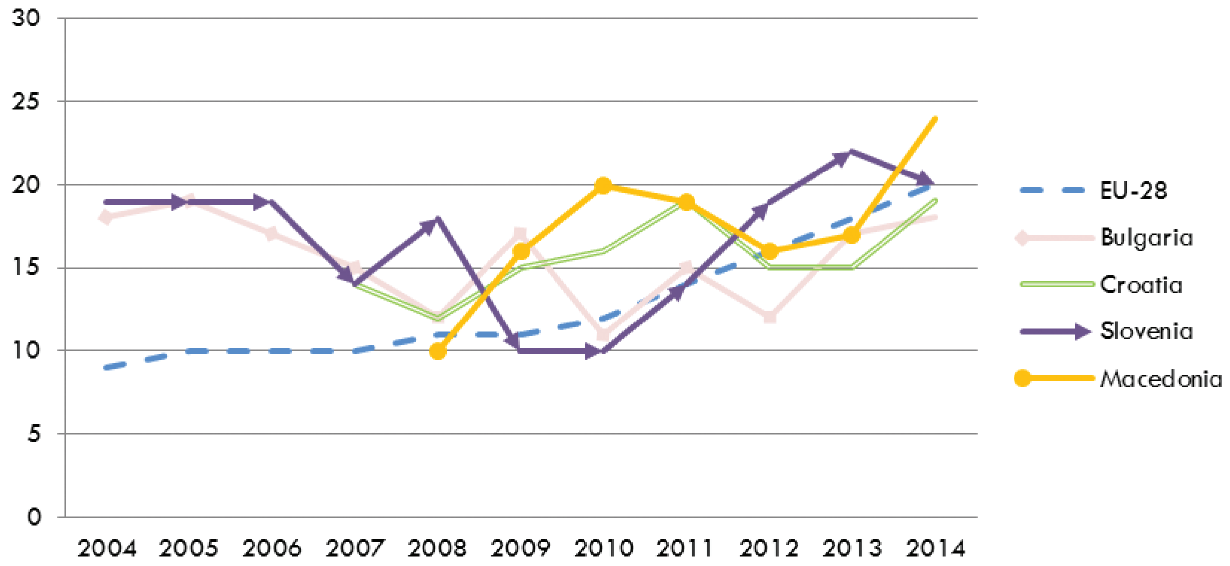
Progress in re-dressing this gender imbalance in the top decision making teams has been relatively slow and uneven as figure 2 demonstrates. Countries such as France, Italy and the Netherlands have seen the biggest step-change, largely due to the introduction of quota regimes. Voluntary actions and targets in countries such as the UK are also slowly paying dividends. Yet many other countries are showing little or no progress, and in three member states the proportion of women on boards has actually declined.

Figure 2: Change in the share of women on boards, EU-28, 2004-2014



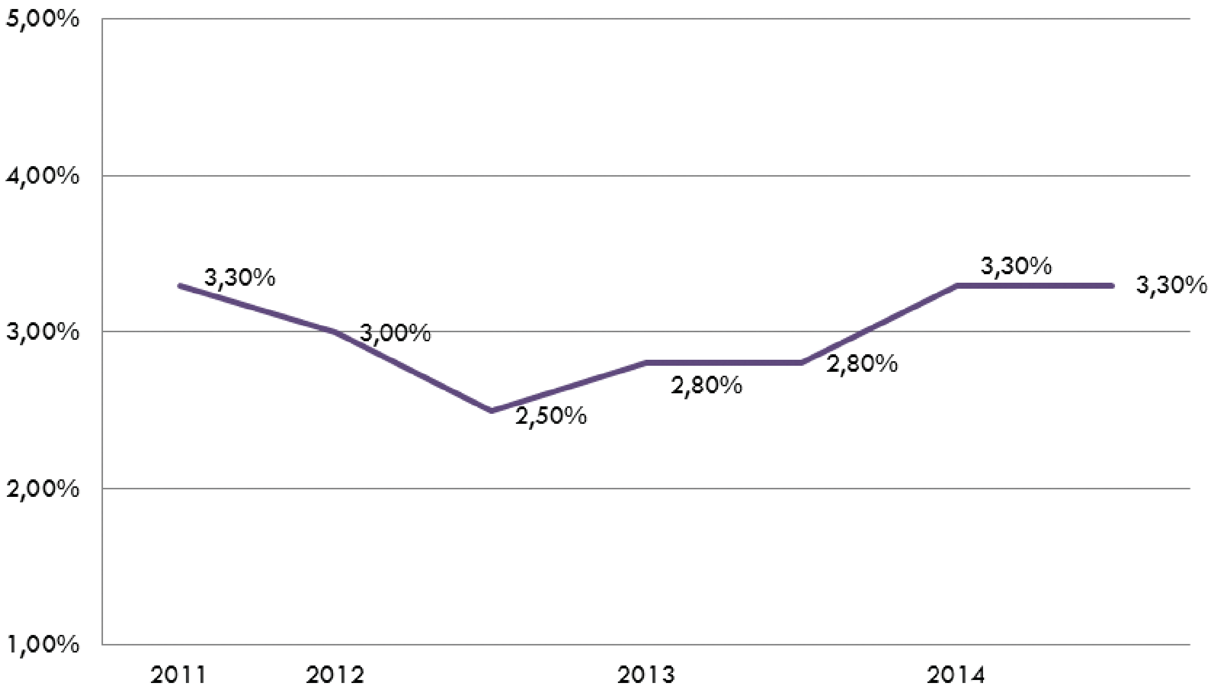
The gender composition of boards in the top listed companies of the South/East European countries is little different from the EU average. However, as figure 3 shows, progress over the last ten years is more uneven: whereas the EU28 member states overall show a slow but steady increase in the proportion of women on boards, all but Macedonia show little change in the last decade.

Figure 3: Women representation on boards of stock market index companies in partner countries, 2004-2014



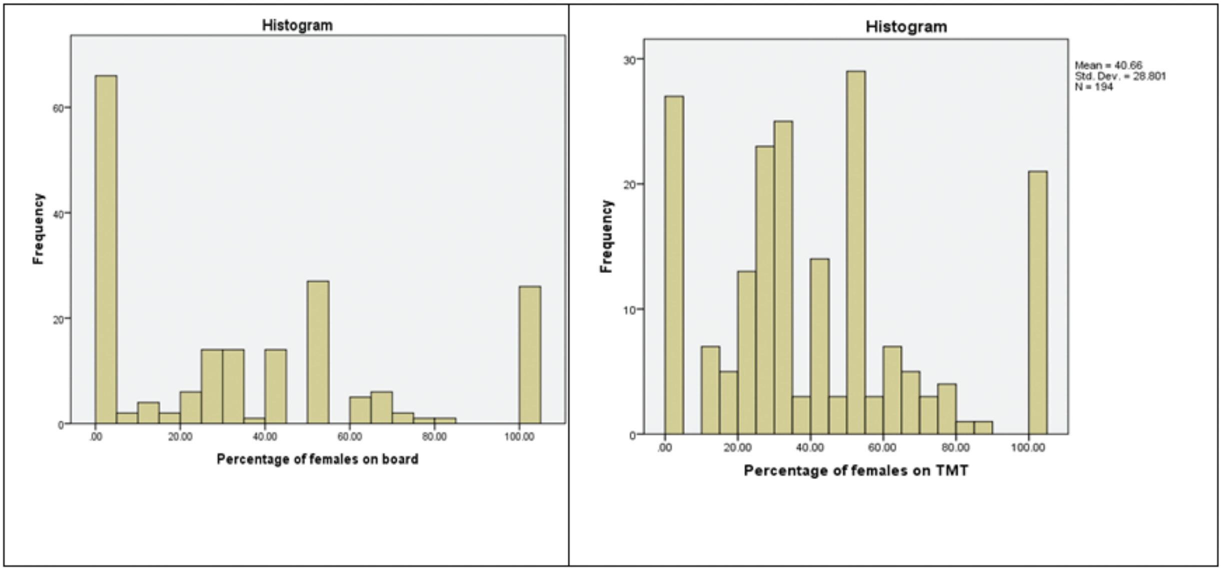
Women also continue to be under-represented in executive management teams. Especially noticeable is the dearth of female CEOs which at approximately 3.3% of all CEOs has remained static in the recent past.

Figure 4: Share of women CEOs, EU-28, 2011-2014



Our survey results show generally a similar trend regarding the under-representation of women on boards of directors (see Appendix 2 for survey details). 35% of responding companies had male-only boards (13% female-only boards). Only 19% of responding companies would currently meet the European Commission's recommendation to have at least 40% representation of each gender on their boards. As far as top management teams are concerned, the data show more gender diversity at this level of decision-making team. 14% of responding companies had male-only TMTs (11% female-only TMTs), and 35% had a female CEO. Figure 5 shows the distribution of women on boards and TMTs among the survey respondents.

Figure 5: Representation of women on boards and TMT among survey respondents



The recurring imbalance in respect of equal gender representation in decision-making bodies, especially in boards of directors as the highest decision-body in companies, remains a concern for both social and economic reasons. We will explain why gender balance matters in the next section.

Why gender balance matters

Enshrined in the 1957 Treaty of Rome, gender equality is one of key founding principles and values of the European Union. For democratic societies, the lack of progress in promoting gender balance in the highest decision-making bodies of companies is of concern because it suggests unequal treatment of men and women in the workplace and the persistence of discriminatory practices. Thus, gender diversity matters from the perspective of social justice and equality.

> *"Gender equality is not a matter of only one or a few areas, but it involves all areas of public and private life. Otherwise we cannot say it has been achieved in full. Gender equality is not only a matter of human rights of women but of equal representation, visibility and possibilities for women and men in all sectors." (CR2)*

In addition, there is also a business-case argument for greater gender diversity, specifically that improving gender balance in boards and top management teams can lead to enhanced team and company performance, better governance and improved stakeholder engagement. In the following sections, we discuss the economic arguments for gender balance and the associated evidence.

Gender diverse boards matter for company performance

In their 2007 landmark study, McKinsey & Company showed that companies with more gender-diverse decision-making teams outperformed the industry average by as much as 48% points on EBIT (Earnings before Interest and Tax). Subsequently, other studies showed that gender balanced boards and top management teams can make a real difference to companies' bottom lines as summarised in figure 6 below.

Figure 6: Gender diversity and firm performance

RETURNS

- 10% higher Return on Equity (McKinsey, 2007)
- 16% higher Return on Sales (Carter & Wagner, 2011)
- 34% higher Total Return to Shareholders (Catalyst, 2007)
- 26% higher Return on Invested Capital (Carter & Wagner, 2011)

SHARE PRICE GROWTH

- 1.7% higher stock price growth (McKinsey, 2007)
- positive stock market reaction to appointment of female directors (Campbell & Minguez-Vera, 2010)
- higher firm value (Nguyen & Faff, 2006)

EARNINGS

- 48% higher EBIT (McKinsey, 2007)
- higher earnings for firms with gender-diverse senior management teams (Krishnan & Parsons, 2008)

Why do we observe these connections between gender diversity and firm performance? One explanation can be found at the level of team, and how gender-diverse boards deliver better governance through improved boardroom dynamics.

Better board dynamics and board performance

Boards of directors are at the apex of company's decision-making hierarchies and provide strategic direction and oversight to companies. Typically, boards are involved in three broad tasks: 1) strategic tasks (proposing, ratifying and implementing long-term strategies and goals); 2) advisory or service tasks (networking, mentoring the CEO, contributing with specialist technical or functional advice); and 3) control tasks (financial control, risk management, CEO performance). It is through the performance of these tasks that boards can directly and indirectly influence firm performance.

Our results show that more gender-diverse boards are strongly associated with strategic task performance, and a higher proportion of females on board is associated with higher levels of service task performance (table 1).

Table 1: Correlations between board diversity, presence of women and board task performance

	1.	2.	3.	4.	5.
1. Board gender diversity (Blau index)	*1*				
2. Presence of women on board	*.624***	*1*			
(% female directors)					
3. Board control task performance	*.134*	*.163*	*1*		
4. Board service task performance	*.192*	*.188**	*.617***	*1*	
5. Board strategy task performance	*.288***	*.153*	*.692***	*.640***	*1*

***. Correlation is significant at the 0.01 level (2-tailed).*

**. Correlation is significant at the 0.05 level (2-tailed).*

The link between gender diversity and boards' involvement in strategy matters since the latter has especially high pay-offs for firm performance. Recent research by McKinsey & Company (2014), for example, showed that high impact boards devote more of their time to strategic issues compared to low impact boards that only engage in basic compliance and financial monitoring.

> *“You need to have mixed gender boards also because of the teamwork.” (SL1)*

> *“Of course, having different points of view creates more options for resolving issues and then taking actions.” (MK4)*

Research tells us that diversity works through interactions, behaviours and processes within the team. Our interview respondents frequently pointed out that improving gender balance leads to more creativity and discussion in board meetings as it allows for the exploration of a wider and a different range of perspectives. Through the survey, we measured four different types of team interactions:

Board cognitive conflict: The extent to which board members critically discuss issues, put forward alternatively perspectives and constructively explore alternative options – generally seen as positive for team performance

Board affective/relationship conflict: The extent to which there are personality clashes on the board and board members have emotional disagreements – generally seen as negative for team performance

Board use of knowledge and skills: The extent to which the board draws on a variety of knowledge and skills and whether tasks are allocated according to the competences of board members – generally seen as positive of team performance

Board effort norms: The extent to which the board emphasises the need for active preparation before and engagement during board meetings – generally seen as positive for team performance.

Table 2 shows gender diversity is positively related to critical debate, effort norms and better use of knowledge and skills, and also that gender-diverse boards have less emotional or relationship conflict. Similar results were found for board conflict in studies in the UK (Walker et al., 2015); and in Norway (Nielsen & Huse, 2010). However, to date and to our knowledge, this is the only study which shows the positive impact of board diversity on effort norms and use of knowledge and skills.

Table 2: Correlations between board diversity and board behaviours/interactions

	1.	*2.*	*3.*	*4.*	*5.*
1. Board gender diversity (Blau index)	*1*				
2. Board cognitive conflict	*.242**	*1*			
3. Board relationship conflict	*-.226**	*-.389***	*1*		
4. Board effort norms	*.338***	*.637***	*-.475***	*1*	
5. Board use of knowledge and skills	*.232**	*.685***	*-.378***	*.715***	*1*

***. Correlation is significant at the 0.01 level (2-tailed).*

**. Correlation is significant at the 0.05 level (2-tailed).*

These results matter because they show how boards can improve their working style by paying attention to their gender composition. More gender-diverse boards make better use of the competences of all board members which leads to better decision-making. The link between effort norms and board diversity is also significant as highly engaged and active boards govern better (McKinsey & Company, 2014).

Using and managing the talent pool

Back in 1997, a McKinsey study found that companies face an increasing shortage of skilled and competent employees and in coining the phrase 'war for talent' highlighted the competitive need to attract and retain talented people, especially in leadership positions (Chambers et al., 1998). If anything, this 'war for talent' has accelerated since then. Smart companies pay attention to managing their talent and that includes leveraging the competences of both men and women at all levels of the organisation. Research has shown that in companies that pay attention to diversity management, employees have lower intentions to leave and higher levels of job satisfaction (Kaplan et al., 2011; HR Solutions International, 2007). It is also about sending signals that talented staff can and do progress. More women than men graduate from universities and often with better grades. By not tapping into this pool, companies potentially jeopardise their long-term competitiveness.

"In Croatia (as in some other European countries) women make up the majority of those who graduate (60%) and yet they are excluded from the top positions which require higher education. That way, their talent and qualifications are not used…" (CR2)

“It sends a good message to the whole company…that there is a chance to get to the top if you are talented.”
(SL6)

Mirroring the market

Nowadays, women constitute an important consumer group. Research by Bloomberg (2011) and others has shown that women control as much as 70% of consumer spending globally. Women are often in charge of household spending on financial services, healthcare and insurance, and have been estimated to account for 93% of food and 65% of car purchases. Leading consumer goods companies such as Burberry, Diageo and Nestle have recognised that they need to capture the voice of women in their top decision-teams and are often at the forefront of increasing the number of women on their boards (The Guardian, 2012).

Also in Business-to-Business (B2B), there is now evidence that clients increasingly demand that companies pay attention to gender balance when awarding contracts. For example, a study on UK City law firms found that their private sector clients demanded information on gender diversity policies and initiatives when bidding for contracts (Braithwaite, 2010).

Greater engagement in Corporate Social Responsibility (CSR)

> *"The world started to pay more attention to the society, to the social responsibility of companies, that business should have a human face. This is exactly what women can bring to the board."(BG1)*

Many companies have recognised the need to engage in corporate social responsibility initiatives in response to societal and stakeholder demands. Studies found that gender diversity on boards had a clear positive effect on corporate social performance (Hafsi and Turgut, 2013) and a positive reputational effect (Bear et al., 2010), and that women leaders are associated with higher quality CSR programmes (Soares et al., 2011). Improving gender balance can thus contribute to long-term business sustainability.

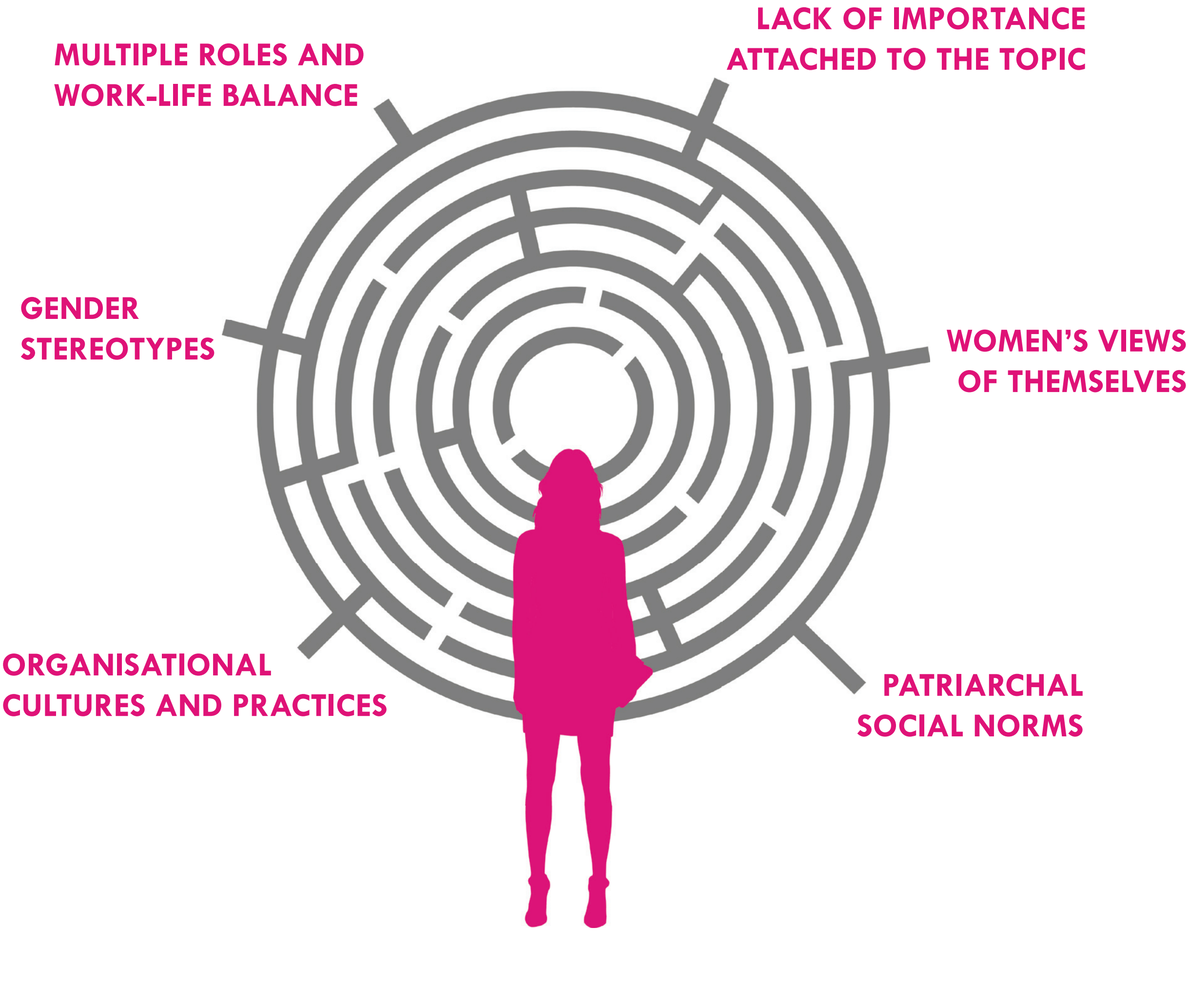
What our data and other research shows is that improving gender diversity is not only important for social justice reasons, but there is also a persuasive business case. Gender diversity in boardrooms and management teams is associated with better team dynamics and team outcomes which ultimately affect companies' financial and social performance. In the next section, we show why, despite this strong social and business case, progress in achieving gender balance has been slow.

Barriers to achieving gender balance

The metaphor Glass Ceiling came into popular use following a 1996 Wall Street Journal article by Carol Hymowitz and Timothy Schellhardt. It described an invisible barrier that originated from organisational practices and deep-rooted prejudices about gender roles in organisations. Women climbed the corporate ladder up to a certain point beyond which they could not progress. The Glass Ceiling became a powerful symbol that drew companies' attention to why their talented female employees did not advance to executive positions and the boardroom. More recently, a new metaphor has come into usage, that of the Glass Labyrinth proposed by Alice Eagly and Linda Carli (2007). Eagly and Carli (2007) argue that the Glass Ceiling can be mis-leading because it implies a single obstacle at one point in women's career paths that is invisible from a distance, and ultimately prevents women from reaching their goals. In reality, women have to navigate a complex maze of both seen and unseen barriers throughout their career, not only at a single point. Moreover, examples of women that have made it to CEO and board positions, albeit still too rare, evidence that there is light at the end of the tunnel. The metaphor of a Glass Labyrinth better symbolises the complexity of barriers to achieving gender balance whilst simultaneously recognising that there are possibilities to succeed.

Our respondents agreed that barriers to gender diversity in boards and top management teams are complex, multi-faceted and interlinked:

Figure 7: The Glass Labyrinth in the South/East European countries



A high-level theme that emerged from the data was that traditional social norms and values create a powerful impediment to women progressing to leadership positions.

> *"It is very hard to compare ourselves with Scandinavian countries. In our countries, there is still a male-driven culture….and it starts early in childhood." (SL6).*

> *"It is mainly about tradition…in the Balkan countries, women are traditionally dedicated to families and households instead of seeking positions in companies…and this perception is difficult to overcome." (MK4)*

> *"…the absence of women from economic decision-making in Croatia is tightly related to traditional division of gender roles within Croatian society." (CR2)*

Even though equal opportunity legislation exists in all the countries, these deep-seated traditions about gender roles shape the discourse and behaviour in both public and private domains. Linked to this is evidence that women continue to fulfil multiple roles – in the domestic sphere as mothers and often primary carers for elderly relatives, in the world of work as employees and in the communal sphere as voluntary activists. Even when women do juggle these multiple roles and responsibilities, it is often perceived as detrimental to either their work or care roles, or both. Efforts to re-dress this role segregation have only met with limited success.

"Many general managers and boards think women are involved in different activities, raising children and caring for families, and so they are not always available or their focus is on other things." (BG2)

"It is hard…there is a lot of pressure from society, people are looking at you as if you are not a good enough mother if you are not home at three." (SL4)

"Although according to the law, fathers can also take the (parental) leave, in most cases mothers take the leave. Business see this as a complication…" (MK3)

A second high-level theme from our data is how women view themselves and their career paths. Strongly linked with wider socialisation into gender roles, our respondents noted that many women may not wish to put themselves in the limelight, under-estimate their own abilities or simply do not have enough role models to follow.

> *"We usually under-estimate ourselves and don't raise our hands when we should. We are still ashamed to be seen and to lead, to command, to be aggressive if needed." (BG1)*

> *Women are sometimes less competitive, sometimes show less ambitions, sometimes have less experience….and that is the consequence of certain organisational and societal frameworks and norms." (SL3)*

These views are reinforced through discourses that stereotype female leaders, which are often associated with their perceived femininity, or lack of feminine qualities. Several respondents noted that this form of stereotyping creates a Catch 22 scenario that serves as a barrier to women putting themselves forward for high profile positions.

> *"They do get stereotyped…in Macedonia it is mostly commented on their looks, and stereotypes associate with their looks." (MK3)*

"It's wrong if they wear high heels, and it's wrong if they don't."
(SL2)

Finally, there are also barriers at the organisational level. First and foremost, respondents stressed that gender diversity in decision-making teams is not on the agenda of many companies, and if it is, it tends to have a low priority compared to other initiatives.

"…diversity management is not seen as something that is important for the company; important for the future of the company…there is a focus on short-term financial results." (SL5)

"The absence of women from economic decision-making is not a subject of any noticeable media interest or public debate… Croatian employers are not aware of the economic or social cost." (CR2)

Organisational practices and cultures further militate against women progressing into leadership positions. Respondents cited examples of 24/7 work cultures or male-dominated informal settings that thwart women's efforts to break into higher positions. Organisational recruitment and promotion tend to favour the status quo, and talent management initiatives with a strong diversity focus are still relatively rare.

> *"There are non-transparent recruitment practices, nominating board members through personal or political networks and not through clear, transparent and measurable selection procedures." (SL2)*

> *"You can only make good business in the bar." (MK2)*

Even though many of these barriers have also been identified in other countries (Eagly & Carli, 2007), there are interesting differences between the S/E European countries and elsewhere in terms of the degree of emphasis and importance that respondents attach to these different barriers. Figure 8 compares the responses from our research with that of UK's Davies Report (2011) on Women on Boards.

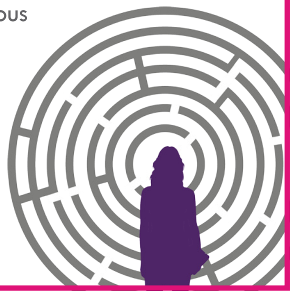
Figure 8: Causes of under-representation of women in decision-making bodies: High level themes in S/E Europe and the UK compared

S/E EUROPEAN COUNTRIES

- Societal norms and values
- Multiple roles
- organisational cultures and practices
- women's views of themselves
- Miscellaneous

UNITED KINGDOM

- Attitudes in the workplace
- Work environment
- Career advancement
- Promotion/hiring
- Compensation/ benefits
- Miscellaneous



Whilst UK respondents most frequently cited organisational-level barriers as the cause for the under-representation of women on boards, our results showed a greater prevalence of societal barriers. As transition economies in societies with strong patriarchal values, the topic of gender diversity on boards has hitherto not achieved prominence in business and public debates and this has reinforced the status quo as far as individual-level and organisational barriers are concerned.

The way forward

Progress to achieve gender balance in boards and top management teams in companies in S/E Europe has been static, and a range of barriers at societal, organisational and individual level remain. It is clear that action needs to be taken in order to improve the gender balance to promote social justice and reap the full business benefits of gender diversity. We have developed five recommendations building on the evidence base and good practice examples.

Recommendation 1: Companies, business associations, social partners, the media and government should raise awareness about the social and economic dimensions of gender balance in decision-making bodies.

Our data showed that to up to now there is little public debate about the topic in the S/E European countries, and generally a low level of awareness about its importance for social and economic reasons. As a result, gender diversity does not feature as a high priority on corporate and political agendas in the region. A number of initiatives are now underway that will contribute to increased awareness. These include, for example:

- The EU Progress Project " Dismantling the Glass Labyrinth – Equal Opportunity Access to Economic Decision-making in Croatia" under the leadership of the Ombudsperson for Gender Equality in Croatia
- The "Toolkit for Gender Equality in Practice" developed by the Slovenian Managers Association with support from the European social partners
- The EBRD's "Women in Business Programme in Macedonia"
- Our GEMA (Gender-equal management approach) Project co-funded by the EU's Progress grant involving Bulgaria, Croatia, Macedonia and Slovenia

It is beyond the scope of this report to investigate the efficacy of quotas versus voluntary action programmes. Our respondents had mixed views on quota regimes ranging from strong support to clear opposition. A public debate and consultation, similar to what happened and is happening at EU and various national levels, could further raise the importance of this topic in S/E Europe.

Recommendation 2: State-owned and public- listed companies should disclose annually data on gender balance in their boards, top management teams and within their workforce.

There is a need for greater transparency on the status of gender diversity at different levels in companies. Experience from elsewhere shows that such reporting can be a driver for change. For example, the UK's Davies Report (2011 and following), associated with the Cranfield School of Management's annual 'FTSE Female Report', has made great inroads into promoting disclosure of gender balance on boards of UK companies, and allows companies to compare progress with their peers.

Improved reporting can also be a powerful tool for change, as measures are often associated with actions. The good practice example of Nestle shows how such internal reporting tools can be used to not only monitor progress but drive improvements in gender balance at all levels.

Box 1: Gender Balance Initiatives at Nestle

Nestle is one of the world's leading companies with a portfolio of 2,000 brands in nutrition, health and wellness. The company employs about 333,000 people and has 447 factories in 86 countries, including Zagreb-based Nestle Adriatic (. In 2008, the then newly appointed Chief Executive Paul Bulcke made gender diversity one of the top priorities of his executive team and initiated a comprehensive gender diversity programme involving:

- Flexible work arrangements and parental support initiatives;
- Mentoring and coaching;
- Dual career support;
- Gender education;
- Networks; and
- Gender Balance business sponsors (http://www.nestle.com/csv/our-people/diversity)

The objective of the programme is to be a gender-balanced company by 2018. Internal reporting tools are used to systematically track progress at recruitment, promotion and retention levels.

RECRUITING					
		Actual	Aspirational		
Milestones		2013	2014	2015	2016
New hires at Manager level	% Men	55%	64%	55%	45%
	% Women	45%	36%	45%	55%
PROMOTING AND DEVELOPING					
		Actual	Aspirational		
Milestones		2013	2014	2015	2016
Talent pool	% Men	63%	63%	60%	58%
	% Women	37%	37%	40%	42%
Succession plans	% Men	66%	72%	67%	67%
	% Women	34%	28%	33%	33%
Ready now	% Men	78%	77%	70%	67%
	% Women	22%	23%	30%	33%
1-2 years	% Men	61%	67%	67%	67%
	% Women	39%	33%	33%	33%
3-5 years	% Men	68%	75%	67%	67%
	% Women	32%	25%	33%	33%
Promotions to N-2 level and above	% Men	73%	75%	72%	70%
	% Women	27%	25%	28%	30%
RETAINING					
		Actual	Aspirational		
Milestones		2013	2014	2015	2016
Mentoring of talent	% Men	-	-	4%	10%
	% Women	-	-	8%	15%
High performer turnover	% Men	0,6%	0	0	0
	% Women	1,2%	0	0	0

Source: Hassan & Siddiqua, https://www.academia.edu/9837600/Human_Resource_Approach_On_Gender_Diversity_Initiatives_in_Multinational_Company_in_Bangladesh_To_Improve_Business_Performance_And_Workforce_Harmony_A_Case_on_Nestle_Bangladesh_Limited)

In 2014, 25% of the company's senior leaders and 34% of managers were women, and four of the fourteen board members are female. In 2015, Yana Mikhailova was appointed as the regional director for Nestle Adriatic.

Recommendation 3: Companies should review internal policies and procedures to take account of gender dimensions in recruitment and promotion

Very often, it is hidden biases in recruitment and promotion procedures that create barriers to gender diversity. For example, relying on informal social networks to recruit new board members is more likely to lead to persistence of the status quo as male directors and chairs tend to recruit people with characteristics similar to their own (Doldor et al., 2012). The use of transparent recruitment and promotion procedures, including the use of advertisements and external search firms where appropriate, has been shown to improve gender balance on boards (Eagly and Carli, 2007).

Recommendation 4: Companies should consider talent management with a strong diversity dimension as way of leveraging and retaining talent

The evidence shows that managing your internal human resources makes good business sense. But companies can make greater efforts to recognise a diversity dimension in their talent management programmes. This may include training programmes to prepare future female leaders and board members (see box 2 for a good practice example from Hrvatski Telekom d.d.), mentoring and sponsorship schemes, assigning women to appropriately demanding tasks, and investments in social capital of women through the provision of gender-friendly networking opportunities.

Box 2: Developing leadership talent: Supervisory board readiness programme at Hrvatski Telekom d.d. (Croatian Telecom Inc.), Croatia

Hrvatski Telekom d.d. (HT) is the leading provider of telecommunications services in Croatia and offers fixed and mobile telephony, wholesale, Internet and data service. Hrvatski Telekom Group Members include Iskon Internet, JSC, KDS Ltd., Combis Ltd., Optima Telekom, JSC, and HT Mostar. The company is a member of the Deutsche Telekom (DT) Group that is the majority shareholder in HT.

HT employs 4,325 people, out of which 2,528 are men and 1,797 are women. There are a total of 187 managerial positions, of which 113 are occupied by men and 74 by women. The share of women in managerial positions has increased by 3% in comparison to 2011.

In 2014, under the sponsorship of Ms Claudia Nemat, a board member of DT Group, an international educational programme called “Supervisory Board Readiness Programme” was launched. The programme aims to improve the representation of women in the management of the company, and especially in Supervisory Boards of the companies within the DT Group. The programme has been designed and organised in cooperation with the European School of Management and Technology (ESMT). 29 women managers from different business areas were selected by the boards in the DT Group and attended the programme. From Hrvatski Telekom Group, two managers were selected and participated: Ms Irena Hatchet (finance background, responsible for controlling at HT) and Ms Maja Mandic (legal background, responsible for legal and regulatory affairs at HT). The ambition for the company is to select and enable highly qualified female executives to take on a mandate in the supervisory boards of DT affiliates by building a talent pool and network, and ultimately increase the gender balance on the supervisory board.

EMPOWER TO PERFORM: Key facts on the Supervisory Board Readiness Programme

- 29 female executives with different backgrounds were selected within DT Group;
- An international programme was designed that qualifies and prepares participants for taking over responsibility as supervisory representatives of DTs subsidiaries;
- The programme is conducted in cooperation with ESMT and consists of five days of workshops and coaching sessions in three modules;
- It started in December 2014 with the first workshop including a peer-to-peer-coaching session; the 2nd and 3rd workshop took place in the first half of 2015;
- The candidate pool of all participants will be interlinked with all stakeholders in the succession process for vacant seats, e.g. Asset management, (Top) Executive Management, HR, coordinators in the segments;
- After the programme a network between the programme participants, and new and experienced supervisory board members will be set up to foster best-practice exchange and continued peer-to-peer-coaching.

Recommendation 5: Companies should consider the development of family-friendly HR policies

The difficulties of balancing work with family and care responsibilities are well documented. Many companies globally have developed family-friendly HR policies which include flexible working arrangements, telecommuting, support with childcare arrangements, ‘alumni’ programmes for women returning after giving birth, and parental leave arrangements for both men and women. Research in the US has shown that such family-friendly policies substantially increase the proportion of women in senior management teams (Eagly and Carli, 2007). Examples of the development of family-friendly policies can also be found in S/E Europe, as the good practice example of the Bulgarian pension insurance company Doverie below illustrates. But these examples are still the exception rather than rule.

Box 3: Creating a family-friendly environment: Pension Insurance Company Doverie, Bulgaria

Doverie was set up in 1994 with the business purpose to supply pension insurance. It runs three pension funds set up as independent legal entities, has over 1.1 million customers, and manages assets of 2.37 billion lev. Nowadays, the majority shareholder is the Vienna Insurance Group.

In 2000, there were no women on Doverie’s management board and only two women in the senior management team. In 2015, there are two women on the management board of the company (33%), including the chair of the board who is female. In the top management, which includes directors of directorates, heads of autonomous departments and territorial entities, a 50/50 gender balance has been achieved.

There is no specific policy in Doverie regarding gender representation, and a basic principle of the company since its inception has been to not tolerate any discriminatory actions or behaviours against employees. Staff development, regardless of gender, religious, racial, ethnic and other backgrounds, is encouraged, to enable employees to grow in the organisational and management structure. To secure equality in the workplace, Doverie engages with the following voluntary initiatives (beyond the common specialized laws and regulations governing this field, which the company strictly follows):

- The 10 principles of the UN Global Compact
- Code of ethics of PIC Doverie
- Remuneration policy in PIC Doverie
- System of categorization of offices and determining the remuneration of their employees
- Career development system
- Social policy of PIC Doverie

As part of these, the company:

- Provides financial assistance to purchase the necessary clothing during pregnancy
- Grants a one-off financial assistance for any newborn child, whether it comes to a female or male employee
- Keeps the workplace and position during maternity leave, updates and informs employees of changes and novelties in the company for them to be prepared upon

returning to work

- Gives a special encouragement award to a directorate in which most children were born during the current year
- Treats with tolerance and understanding all situations that require absence from work associated with raising children
- Allows a reduced working day for all mothers with children up to 7 years, if so desired.

It is a personal responsibility of the chair of the management board to conduct an annual analysis of the gender - age structure of the employees and to maintain a proper balance between generations and between sexes.

Our research and data from elsewhere show that boards and companies perform better when they utilise the talents of both men and women. The obstacles to achieving gender balance are multi-faceted and complex. Our five recommendations, if taken up by companies, will go a long way towards achieving gender equality in decision-making teams.

Box 4: Summary of recommendations

Recommendation 1: Companies, business associations, social partners, the media and government should raise awareness about the social and economic dimensions of gender balance in decision-making bodies.

Recommendation 2: State-owned and public- listed companies should disclose annually data on gender balance in their boards, top management teams and within their workforce.

Recommendation 3: Companies should review internal policies and procedures to take account of gender dimensions in recruitment and promotion

Recommendation 4: Companies should consider talent management with a strong diversity dimension as way of leveraging and retaining talent

Recommendation 5: Companies should consider the development of family-friendly HR policies

APPENDIX 1

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List of country codes

EU28 countries plus Macedonia

Short name (source language)	*Short name (English)*	*Official name*	*CODE*
Belgique/België	*Belgium*	*Kingdom of Belgium*	*BE*
България	*Bulgaria*	*Republic of Bulgaria*	*BG*
Česká republika	*Czech Republic*	*Czech Republic*	*CZ*
Danmark	*Denmark*	*Kingdom of Denmark*	*DK*
Deutschland	*Germany*	*Federal Republic of Germany*	*DE*
Eesti	*Estonia*	*Republic of Estonia*	*EE*
Éire/Ireland	*Ireland*	*Ireland*	*IE*
Ελλάδα	*Greece*	*Hellenic Republic*	*EL*
España	*Spain*	*Kingdom of Spain*	*ES*
France	*France*	*French Republic*	*FR*

Short name (source language)	Short name (English)	Official name	CODE
Hrvatska	*Croatia*	*Republic of Croatia*	*HR*
Italia	*Italy*	*Italian Republic*	*IT*
Κύπρος	*Cyprus*	*Republic of Cyprus*	*CY*
Latvija	*Latvia*	*Republic of Latvia*	*LV*
Lietuva	*Lithuania*	*Republic of Lithuania*	*LT*
Luxembourg	*Luxembourg*	*Grand Duchy of Luxembourg*	*LU*
Magyarország	*Hungary*	*Hungary*	*HU*
Malta	*Malta*	*Republic of Malta*	*MT*
Nederland	*Netherlands*	*Kingdom of the Netherlands*	*NL*
Österreich	*Austria*	*Republic of Austria*	*AT*
Polska	*Poland*	*Republic of Poland*	*PL*
Portugal	*Portugal*	*Portuguese Republic*	*PT*
România	*Romania*	*Romania*	*RO*
Slovenija	*Slovenia*	*Republic of Slovenia*	*SI*
Slovensko	*Slovakia*	*Slovak Republic*	*SK*
Suomi/Finland	*Finland*	*Republic of Finland*	*FI*
Sverige	*Sweden*	*Kingdom of Sweden*	*SE*
United Kingdom	*United Kingdom*	*United Kingdom of Great Britain and Northern Ireland*	*UK*
поранешна југословенска Република Македонија	*FYR of Macedonia*	*the former Yugoslav Republic of Macedonia*	*MK*

APPENDIX 2
Project data collection

The survey

We conducted a questionnaire-based survey to study the effects of gender balance on team (board) dynamics and team (board) performance. To that end, the survey was designed in three sections. In section 1, we collected data on the gender composition in the company, the top management team (TMT) and the board of directors. We also asked respondents whether the Chief Executive Officer (CEO or similar) was male or female. Section 2 dealt with board interactions, behaviours and board performance. We used a series of measures that had been validated in prior studies (e.g. Huse, 2007; Machold et al., 2011; Zona & Zattoni, 2007). Section 3 asked for background information on the company and the respondent – this section was optional for respondents to complete.

The survey was digitised and the link sent to the member companies of the participating employers' associations. The cover email stressed that participation in the survey is entirely voluntary and that individual respondents or their companies cannot be identified. In total, 377 respondents logged into the survey, and 195 completed or partially completed the survey (the latter did not respond to the optional questions).

Since the respondents were self-selecting, the data on gender composition cannot be taken as representative of all companies in the four countries. Table 3 shows the distribution of responses from the 4 countries. We conducted a Kruskal-Wallis test to check for differences in the compositional categories. The percentage of women on boards showed a statistically significant difference in the means across the countries with Croatia showing the highest and Macedonia the lowest mean. Because some 20% of responding companies had boards or TMTs with a majority of females, we computed the Blau index ($1 - \sum pi2$) to better capture gender diversity.

Table 3: Women representation in responding companies

	Bulgaria	Croatia	Macedonia	Slovenia
Number of responses	21	54	44	76
Average % of women in workforce	61.15	42.33	38.16	37.05
Women in TMTs				
0-25%	9	16	18	26
26-50%	6	21	15	37
51-75%	1	8	8	7
76-100%	5	9	3	6
Women on boards				
0-25%	9	17	25	46
26-50%	7	18	14	18
51-75%	1	7	4	2
76-100%	4	12	1	10
% female Chief Executive Officers	57.1	60.4	20.5	21.1

The Blau index can range from 0 (perfectly homogeneous = all male or all female) to 0.5 (perfectly heterogeneous = equal proportion of males and females). In our sample, the mean Blau index score for TMT was 0.36 (mode 0.44) and for boards 0.29 (mode 0) which suggests that top management teams are more gender diverse compared to boards in our sample (see table 4).

Table 4: Gender diversity in the responding companies

	Minimum	Maximum	Mean	Mode	Std. Deviation
Gender Diversity in TMTs (Blau index)	.00	.50	.3643	.44	.16284
Gender diversity in boards (Blau index)	.00	.50	.2871	.00	.21385

The interviews

In order to gain richer insights into the effects of gender balance on decision-making teams, and prevailing barriers to achieving gender parity, we conducted a series of semi-structured interviews with informants from business, politics, academia and NGOs, who have first-hand knowledge and experience about the topic. The interviews were structured into three sections – section 1 asked questions about the respondents' background and their experience with gender balance in decision-making teams; section 2 asked about the respondents' views and experiences regarding the effects of gender-balance and barriers to achieving gender parity; and section 3 discussed the policy environment in the respondents' country as well as actions that could be taken to improve gender balance. The interviews were digitally recorded and transcribed. In order to preserve the anonymity of respondents and their organisations, we use acronyms when quoting from the interviews (e.g. SL1 for respondent 1 Slovenia). Table 5 provides a breakdown of the respondents by country and background.

Table 5 Interview respondents' profiles

	Business leaders	Politicians	Academics	Other (including NGOs and trade unions)	Totals
Bulgaria	2	1	1	1	5
Croatia	2	3	0	0	5
Macedonia	2	0	1	1	4
Slovenia	4	1	1	0	6
Totals	10	5	3	2	20

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