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TOWARDS GENDER-BALANCED LABOUR MARKETS **A BUSINESS CASE FOR EQUALITY BETWEEN WOMEN AND MEN**

EXECUTIVE SUMMARY

Over the years, women have increased their labour market participation. They account for about half of the workforce and are represented in an increasingly wide range of occupations. This is something to be proud of, but Europe should not be complacent.

Various structural obstacles remain to be addressed to further increase female participation on the labour market. This would not only open more opportunities for women and make use of their full potential, but it is also a prerequisite to economic growth.

Well-functioning and open labour markets, including a wider use of flexible working arrangements, are needed to improve the situation for women and men, and therefore tackle gender inequalities. BUSINESSEUROPE is concerned that labour markets are too rigid and that substantial differences exist in participation across European countries.

Further action must consist in improving the availability of childcare facilities, addressing cultural barriers (such as stereotypes and gender roles) and tackling gender segmentation. Taken together, such policies will not only help to further increase female labour market participation; they should also result in more gender equality in decision-making positions.

Companies in Europe are increasingly aware of this latter challenge and are taking positive and voluntary action. These initiatives should be encouraged and disseminated widely as examples of best practices; BUSINESSEUROPE is ready to play an important role in this respect.

Tackling gender discrimination should be understood as an ongoing process that will take time to achieve, as it relies on changing attitudes, beliefs, practices and traditions. In this respect, BUSINESSEUROPE does not support further legislative action at EU level. For example, the gender pay gap will not be solved by legislation but by tackling gender segmentation which is the main underlying reason behind it.

Addressing inequalities in society necessitates a broad understanding of the numerous complex, interrelated and objective factors at work that determine why certain trends exist and / or persist. BUSINESSEUROPE strongly believes that addressing these factors is the best way to improve the situation for European women and move towards greater gender equality in labour markets.



I. INTRODUCTION

1. The Employment and Social Affairs Council adopted a new “European Pact” for gender equality for the period 2011-2020 on 7 March 2011. It follows the publication by the European Commission of its ‘strategy for equality between women and men 2010-2015’, referred to hereinafter as the ‘new strategy’.
2. Against this background, BUSINESSEUROPE outlines the position of European businesses on the issues of gender equality which are of most relevance to the labour market: equal economic independence, equal pay for equal work and work of equal value, and equality in decision-making.

II. GENERAL REMARKS

3. BUSINESSEUROPE strongly supports gender equality and women’s full and equal participation in the labour market.
4. The past decade shows encouraging progress for the female employment rate. With marked differences between Member States, it increased by over 5% from 2000 to 2009 and rose to 62.5%, accounting for almost 80% of the overall employment increase during that same period.
5. Whilst these are positive developments, employment and activity rates will have to rise even further to achieve the 75% Europe 2020 employment rate target for both women and men. It is a prerequisite to stimulate economic growth and address demographic ageing in Europe.
6. To reach this goal, BUSINESSEUROPE believes that all mechanisms to better utilise women’s talents and to increase female employment rates should be supported. But they should be voluntary in nature, as it is particularly the case for actions promoting women in decision-making positions. This is the surest way to identify and implement socially and economically sound solutions which can work for the interests of individuals, companies and society at large.
7. The effectiveness of policies and actions to promote equal opportunities also lies in the more general implementation of the flexicurity principles – all of which are pertinent, but in this context most notably the objectives of overcoming labour market segmentation and promoting gender equality.

III. SPECIFIC REMARKS

Equal economic independence through employment

8. The increasing of women’s skills level, together with the growing use of flexibility at work are important factors explaining the rise of women’s participation in labour markets.
9. To further increase female employment rates – which is a must – policy measures are needed, in particular to reconcile work and family life. Indeed, women should not be forced to choose between children and career. But there are multiple ways to improve that situation without imposing heavy constraints and costs on companies or on public finances.



10. Firstly, flexible work arrangements exist for both women and men who need them or prefer them. This means for instance, making better use of flexible working, including part-time work. Nevertheless, it has to be noted that part-time work must not lead to an overall reduction of working time, but has to be understood as an instrument which helps to combine family and career in a more flexible manner.
11. With respect to part-time work, 75% of part-time workers do so voluntarily according to Eurostat. This clearly shows that not only there is a need for that form of work, but also that many workers have a preference for it. Recent OECD evidences show that part-time jobs tend to have more family-friendly working hours, better health and safety conditions and less stress, and emphasise that "*The growth of part-time work does not seem to have reduced its quality*".
12. Part-time workers are protected from discrimination and benefit from extensive protection through EU and national legislation as well as collective agreements. BUSINESSEUROPE therefore believes that the negative depiction of part-time work is unjustified. If anything, the possibility to work part-time should be further promoted and Member States should not restrict it.
13. Flexible working to reconcile work and family life does not only cover part-time work. In fact, many companies throughout Europe allow other forms of flexible work such as telework and working time accounts. Flexible working should therefore be recognised more thoroughly and proactively as an efficient way to increase women's labour market participation and maintain employability.
14. In this context, European social partners have taken concrete steps and concluded effective agreements to promote flexible forms of work that can facilitate reconciliation (agreements on telework in 2002 and part-time work in 1997). In 2008 they also provided a joint evaluation of the progress made by Member States addressing the need to encourage better reconciliation of professional, family and personal life.
15. Secondly, it is necessary to reorganise the accessibility and opening hours of public offices, stores and other service providers, childcare facilities and schools and the schedules of public transport systems (the so-called "times of the cities"). This will offer a better response to all the different needs of the city's users and an in-depth understanding of their life rhythms.
16. Thirdly, the supply of quality childcare facilities plays a crucial role and enables women to enter the labour market and work full-time. But it is also a means for parents to maintain employment in order to support their families. Here, BUSINESSEUROPE fully welcomes the action targeted at Member States to organise childcare facilities and hopes that this will provide renewed impetus towards reaching the Barcelona objectives. Indeed, the availability of childcare places remains unequal between Member States and the majority of them are still below the early childcare coverage targets¹.

Finding the full potential of existing leave arrangements at national level

17. Member States have at their disposal a complex mix of leave arrangements and in many cases are exploring modern ways to seek improvements in the functioning of

¹ For 0-3 year olds, the majority of EU countries are falling behind the 33% coverage target, with eight achieving only 10% or less. For the over 3 year olds, only eight countries have exceeded the 90% coverage target and close to one third are below 70% (European Commission Communication on Early Childhood Education and Care, February 2011).



their systems. Experiences in countries across Europe show that such solutions can be effective and work in the interests of companies and workers alike.

18. European social partners have concluded in 2010 the revision of their Framework Agreement on parental leave of 1995 (transposed into EU Directive 2010/18/EU) containing innovative changes designed to improve work-life balance. A solution would be to share family responsibilities better between the parents and a more balanced use of the part-time work and leave systems by both parents.
19. However, it must be borne in mind that granting more leaves cannot be a panacea for the lack of care supply and would be detrimental to the goals of reaching financial sustainability of social security systems and of increasing employment rates. It also runs the risk of detaching more people from the labour market.
20. The European Commission is contemplating the idea of taking action on carers' and paternity leaves. BUSINESSEUROPE is opposed to such a move as it is for the Member States to regulate and to find the most coherent mix of leave arrangements.

Promoting female entrepreneurship

21. BUSINESSEUROPE strongly supports initiatives to boost female entrepreneurship and promote equal treatment between self-employed men and women.
22. While there is a growing demand, entrepreneurial potential of women has not yet been fully exploited and BUSINESSEUROPE looks forward to supporting new initiatives on promoting female entrepreneurship in the EU.

Equal pay and equal work

23. The differences in pay between men and women across the EU to a very large extent are not a matter of not paying equal pay for equal work, but of men and women making different educational, professional and private choices. As a result of traditional gender roles and a lack of child care, women prioritise family over career in many Member States and are more tied up in family chores than men.
24. Gender roles and stereotypes continue to have a strong influence on career paths and individual preferences, and therefore also on the level of pay. For example, women are in higher proportion in the public sector rather than in the private sector and more men aspire to be managers than women.

Tackling the gender pay gap on a broader strategy with a holistic view

25. BUSINESSEUROPE advocates an approach that would focus actions on gender-segregated societies and labour markets. Ensuring equal opportunities for women and men with a holistic view can provide a greater leverage for reducing pay differences.
26. Moreover, performance-based reward schemes are more common in functions dominated more by men such as sales and marketing, whereas women tend to occupy a higher proportion of managerial positions in HR or communications. Thus, companies should also encourage women to also seek more challenging and rewarding positions in order to perform equally and tackle pay discrepancies.



Crossing boundaries in the workplace and at an early age

27. BUSINESSEUROPE welcomes actions to encourage women to enter non-traditional professions and to enhance the effectiveness of non-stereotyped career advice and guidance services, targeted at both women's and men's choices.
28. It is of utmost importance to promote gender-sensitive education in schools and universities as parents, education and the social environment remain the dominant influences in career choices from a young age.
29. Attracting women into male-dominated technology-intensive, scientific and technical professions remains a key future challenge. To reach this goal, the participation of both male and female students in academic disciplines such as Science, Technology, Engineering and Maths (STEM), which are relevant for business life, should be stimulated.
30. National examples show how cooperation between schools and enterprises can maximise early exposure to and knowledge of real working environments and the full range of careers available in certain sectors and industries. In Austria and Germany, a successful tradition of "Girls' Day" programmes exist where one-day work experience is available in specific technical professions where women are under-represented, together with initiatives such as "Industry gets female" and "techwomen".

Respecting the autonomy of companies and social partners to assess transparency

31. All the above would go a long way in reducing the pay gap and should be done. However, BUSINESSEUROPE opposes the need to tackle the transparency of pay as formulated in the Commission's strategy, such as developing tools for employers, awards or labels. This could lead to notions of making individuals' salaries public, which European employers cannot support.
32. Transparency of pay is a topic on which the European social partners have not envisaged taking action. The Commission's initiative therefore does not respect the autonomy of the European social dialogue in this regard.

Equality in decision-making processes and positions

33. BUSINESSEUROPE fully supports the main objective of increasing the proportion of women in decision-making positions. But quotas are not the right way to approach the issue of career progression, as they interfere with private ownership and shareholders' rights to make decisions about the company. Not only have quotas not achieved the intended outcome, but in addition they have not helped to solve structural imbalances within labour markets.
34. The "Norwegian success story" is not as successful as is often portrayed. Recent studies showed that the quota law requiring 40% of women on boards had no impact on the number of women CEOs or women in the pipeline for managerial posts. They also showed that there is no consensus about the direction and strength of the relationship between this quota law and the economic performance of companies.
35. Finland and Sweden are good examples of countries where the number of women on boards has steadily increased as more and more women have entered the traditionally male-dominated fields. As a result, the number of women in the largest



listed companies in Finland and Sweden has more than doubled in the past 10 years to 26 percent. All of this has been achieved without quotas.

Attracting and retaining the best qualified workers and managers, based on qualifications and skills

36. Decisions regarding the composition of the board of companies should be based solely on qualifications, skills and personal suitability. What is more, the nomination of women in a board position should not be compared with the selection processes for top management positions, as they are more associated with human resource strategies.
37. It ought to be the competent corporate bodies which freely and voluntarily decide what are the key qualifications that companies believe are the best for their profitability and prosperity. Both men and women as a main rule should be represented on boards. However, when candidates meet the same requirements, corporate governance codes could encourage the nomination of more women.
38. Within the next years many companies will make use of the pool of qualified women to fill board positions. Nevertheless, specific sectors and context of individual companies have to be taken into account for the transition periods.

Taking stock of a wide range of initiatives

39. Figures prove that more gender-balanced management structures produce better results. Companies are increasingly aware of this and are actively setting strategic objectives and targets to achieve a better gender balance. Nevertheless, it takes time to assess the effectiveness of the wide range of actions nowadays available.
40. UK, Denmark and Austria have designed specific initiatives aimed at training women to be “board-ready”. For example, Danish companies have created “Women on Board 2008”, a database of qualified female candidates for board positions. In Austria, the platform “Zukunft.Frauen” offers a range of workshops designed to prepare women for senior management positions as well as a database of qualified women seeking for positions on supervisory boards.
41. In Germany, the 30 largest publicly listed companies have submitted the declaration “Women in executive positions”, aimed at increasing the number of women in staff and company boards. And in other countries like Belgium, France and The Netherlands, corporate governance codes or codes of conduct exist specifically to recommend the presence of both genders on boards, even though the primary criterion is the candidate’s credentials.
42. The share of women and men in top managerial positions is also affected by the share in general of both genders in the specific sector concerned. If both women and men generally advance in their career into the top positions through long experience in their own field, it is therefore natural that there are fewer women in top positions in some highly segregated sectors.
43. Creative solutions exist to support women in leadership. In Denmark for instance, the “Ambassador Corps 2010” was launched by a group of CEOs and the Minister of Equality in order to maintain a positive focus on women in management. The “Top Depeche 2010” project also aims at encouraging women to share learning about top management and their conception of senior positions.



IV. HORIZONTAL ISSUES

Engaging both men and young generations

44. BUSINESSEUROPE fully endorses the Commission wish to address the role of men in gender equality. However, the full participation and cooperation of men should be encouraged if we look at gender equality from a broader perspective as gender roles evolve.
45. Over the years, the underperformance of boys in higher education has contributed to a reversal of the gender gap for younger generations and could lead to an increased pressure in the labour force. In a context of high youth unemployment and of young men dropping out of school and not getting education, equal opportunities for all should be privileged over preferential treatment directed only at women.

Seeking a better coordination between all relevant actors

46. BUSINESSEUROPE and its member federations are directly involved in numerous fora to promote gender equality. While there is already a considerable amount of reporting being undertaken in all fields, the focus should centre on reinforcing synergies and cooperation between the relevant actors: public authorities, education and training institutions, individuals, trade unions and companies.
47. BUSINESSEUROPE welcomes the initiative to institute a Gender Equality Dialogue at EU level involving key stakeholders and encouraging the identification and sharing of best practices. Specific themes such as “Better informed career choices”, “STEM studies and professions” and “Boosting entrepreneurship” could be more extensively covered as part of the European Commission’s Annual Report.

V. CONCLUSION

48. It is paramount to emphasise that achieving greater gender equality in the workforce works as much in the interests of business as for women and men. In this regard, further legislation will not help to address the challenges of labour market segmentation, reducing the pay gap, and addressing gender stereotypes.
49. EU level actions can have a genuine added value by raising awareness and sharing best practices. But companies should therefore be encouraged to implement actions and initiatives in a voluntary manner according to their characteristics and context.
50. There are numerous examples of initiatives within Member States that are voluntary and very effective with proven results when it comes to enabling individuals to make more informed choices. However, policy-makers should take into account that, in general, it will take a few years until initiatives will bring the desired effects such as a certain percentage of women in board positions.
51. The discussions on gender equality should avoid adopting one-size-fits-all approaches that would not be beneficial to Member States’ labour markets.
