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Article

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Weekly Report

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Weekly Report

Twenty-nine women to 906 men: Continuing gender inequality on the boards of Germany's top companies

The executive boards¹ of Germany's 200 largest companies are still almost all male. In 2010, women occupied only 3.2% of all board seats. This negligible percentage is even lower in the top 100 and DAX30 companies, which are only 2.2% female, despite a voluntary commitment dating back to 2001, in which companies promised to give more women access to senior positions.

A similar, although less extreme picture can be seen on the supervisory boards. On average, 10.6% of all supervisory board members in the top 200 companies were women; 30% of all supervisory boards examined in this study were 100% male. Most of the women (70%) were appointed as employee representatives under co-determination legislation.

The massive underrepresentation of women on the boards of Germany's top businesses has remained virtually unchanged for years. Since the data show non-binding commitments to be ineffectual, companies will have to set clear targets and monitor them consistently to achieve a significant near-term increase in the proportion of women in senior management.

DIW Berlin regularly investigates the representation of women on the executive and supervisory boards of Germany's largest companies.² The present study examined two-hundred businesses (excluding the financial sector).³ To identify changes, data from 2010 were compared to data from 2006–2009. For 2010, DAX30 businesses and companies listed in the government-owned shares report were assessed separately according to their percentage of women in top positions.⁴

1 In Germany's two-tier corporate governance system, corporations have two boards with clearly separated functions. The executive board is responsible for managing the company; the supervisory board oversees and advises the executive board.

2 Most recently, in 2010: Holst, E., Wiemer, A.: Women still greatly underrepresented on the top boards of large companies. Weekly Report no. 7/2010, p. 45-53. For a general overview of the situation of women in top positions, see Holst, E., Busch, A.: Führungskräftemonitor 2010. DIW Berlin, Politikberatung kompakt, no. 56.

3 Data were obtained from company websites between November 2010 and early January 2011; if unavailable, information was taken from 2009 business statements and annual reports or provided by the companies themselves. Selection of the 200 largest companies by turnover was based on: Wolters Kluwer Deutschland GmbH: Die großen 500. Deutschlands Top-Unternehmen. November 2010. Müssig Verlag.

4 The selection of companies was based on the government-owned shares report: Bundesministerium der Finanzen, Referat VIII B 1 (ed.): Beteiligungsbericht 2009, Bonn, 2010. Data were obtained from company websites as of January 2011; if unavailable, information was obtained from 2009 business statements and annual reports or the 2009

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Overview 1

Women on executive boards in Germany in 2010

Rank	Company	Name
100 largest companies (without financial sector)		
2	E.ON AG	Regine Stachelhaus
4	Siemens AG	Brigitte Ederer, Barbara Kux
42	Adam Opel GmbH	Rita Forst, Susanna Webber
61	SAP AG	Dr. Angelika Dammann
71	Vodafone D2 GmbH	Dr. Susan Hennersdorf
80	Volkswagen Leasing GmbH	Dr. Heidrun Zirfas
91	Anton Schlecker	Christa Schlecker, Meike Schlecker
95	DB Regio Aktiengesellschaft	Dr. Bettina Volkens
101-200 largest companies (without financial sector)		
116	Sandoz International GmbH	Isabell Remus (chairwoman), Susanne Faust
117	dm-Drogerie Markt GmbH & Co. KG	Petra Schäfer
140	Fujitsu Technology Solutions GmbH	Sabine Schweiger
141	OMV Deutschland GmbH	Ana-Barbara Kuncic, Hannelore Scheidt
152	IBM Deutschland GmbH	Martina Koederitz
156	Telefónica O2 Germany GmbH & Co.OHG	Andrea Folgueiras
163	HAVI Global Logistics GmbH*	Eva-Daniela Menzky
169	Nestlé Deutschland AG	Elke Strathmann
174	IKEA Deutschland Verkaufs-GmbH & Co. Einrichtungs KG	Petra Hesser (chairwoman), Zuzana Poláková, Claudia Willvonseder
176	citiworks AG*	Stephanie Möller
179	Air Berlin PLC & Co. Luftverkehrs KG	Elke Schütt
181	DOUGLAS HOLDING AG*	Anke Giesen
189	Tchibo GmbH*	Wioletta Rosolowska
192	Dirk Rossmann GmbH*	Alice Schardt-Roßmann

* These businesses are part of the sample for the first time in 2010.

Source: DIW Berlin Survey.

DIW Berlin 2011

Women remain a rare exception on the executive boards of the top 200 German companies ...

The executive boards (management included) of the 200 businesses in Germany with the highest turnover (excluding the financial sector) were nearly all male in 2010 (Table 1). Out of 906 executive board members, only 29—just 3.2%—were women. In the top 100 companies, only 2.2% of all executive board members—11 out of 490—were women.

Not a single top-100 business had a board chairwoman. Among the top 200, however, there were two: Isabell Remus at Sandoz International (rank 116), which also has another woman in top management, Susanne Faust. The other top-200 board chairwoman is Petra Hesser at IKEA Deutschland (rank 174), who is in the company of two other women in top positions: Zuzana Poláková and Claudia Willvonseder. Women make up 40% of company directors at Germany's 46 furniture stores (Overview 1).⁵

government-owned shares report.

⁵ Information requested by DIW Berlin from IKEA Deutschland's press office, December 16, 2010.

The proportion of women on the executive boards of Germany's top 200 companies rose slightly in 2010 (+0.7 percentage points higher than in 2008 and 2009). Thus, in 2010, there were 29 women and 877 men on Germany's executive boards. About one-tenth of the top 200 companies were newly listed in 2010, e.g., HAVI Global Logistics GmbH (rank 163), Citiworks AG (rank 176), Tchibo GmbH (rank 189) and Dirk Rossmann GmbH (rank 192), each of which had one female member on their executive board. A comparison with 2006 shows that the percentage of men on boards has declined very slightly over time. But at 96.8%, men still occupied nearly all executive board seats in 2010.

... and are only represented on supervisory boards because of co-determination regulations

On supervisory boards, the percentage of women is higher. The supervisory boards of the top 200 companies were 10.6% female in 2010, a slightly higher percentage than in the previous year (+0.8 percentage points). In absolute figures, there were 243 women and 2,050 men on supervisory boards. One-third of businesses still did not have even a

single woman on their supervisory board in 2010. Among them were major companies like Porsche Automobil Holding SE (rank 7), E.ON Energy Trading SE (rank 15), and Robert Bosch GmbH (rank 17).

There was only one major company in Germany with a gender-balanced supervisory board: NOWEDA eG Apothekergenossenschaft (rank 185), five of whose nine members were women. NOWEDA was followed by Douglas Holding AG (rank 181) with a 43.8% female supervisory board and IBM Deutschland (rank 152) and Sanofi-Aventis Deutschland (rank 126), with 41.7% each (Table 2). Supervisory boards with one-third or more women were still the exception (3%; see Figure 1). Approximately one-tenth of Germany's top 200 companies were 25% or more female.

In part, the higher average percentage of women on supervisory boards than on executive boards was the result of federal co-determination legislation, which regulates the percentage and number of employee representatives based on company size.⁶ In 2010, the majority of women on supervisory boards were appointed as employee representatives (Table 1), with 73.7% of women on the top 100 supervisory boards being elected representatives, compared to 71.9% in the top 200. On the employer side, women were often appointed to supervisory boards because of a family stake in the company. Two such women are supervisory board chairwomen: Dr Simone Bagel-Trah (Henkel KGaA) and Bettina Würth (Würth group).⁷

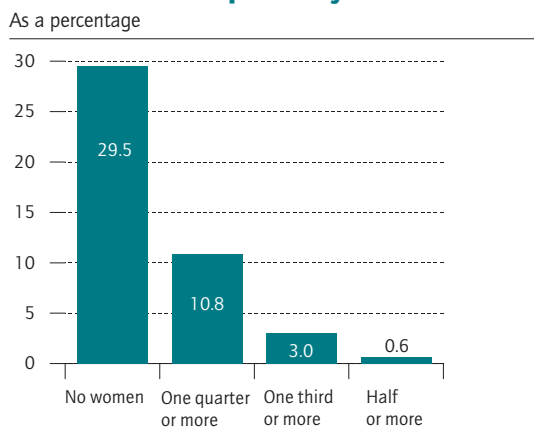
Since 2006, the percentage of women on supervisory boards has increased very slowly, and more women than before are now being appointed to the supervisory boards of top 200 companies. However, this has produced only minor effects on the overall representation of women in the top supervisory bodies, since the base level was very low to begin with. Our results confirm other studies showing that the

⁶ According to the Montan-Mitbestimmungsgesetz (MontanMitbestG) BGBI [Mining Codetermination Act], par. 1 and 4, businesses in the coal, iron and steel industry with more than 1000 employees must have a supervisory board with balanced proportions of employer, and employee representatives. According to the Mitbestimmungsgesetz (MitbestG) BGBI [Codetermination Act], par. 1 and 7, a supervisory board with balanced proportions of employer and employee representatives is also compulsory for companies with more than 2000 employees and with the legal status of an AG, GmbH, KG a.A. or cooperative. According to the Drittelbeteiligungsgesetz (DrittelbG) BGBI [One-Third Employee Representation Act], par. 1 and 4, one-third of supervisory board members have to be employee representatives in companies with more than 500 employees and with the legal status of an AG, GmbH, KG a.A., insurance association a.G. or cooperative.

⁷ The Würth group is governed by an advisory board with a supervisory function.

Figure 1

Companies by their percentage of women in their supervisory board



Source: DIW Berlin calculations.

DIW Berlin 2011

Less than one percent of the supervisory boards of the top 200 companies in Germany is gender-balanced.

appointment of women to senior positions is still very much the exception rather than the rule.⁸

DAX30 executive boards: just four women to 178 men

Among DAX30 businesses, the proportion of women on executive boards was, at 2.2% in 2010, even lower than in the top 200. Of 182 board members, just four were female (three more than in 2009): Brigitte Ederer and Barbara Kux at Siemens, Dr Angelika Damman at SAP, and Regine Stachelhaus at E.ON.

Nearly all DAX30 supervisory boards had female members in 2010, while four boards were all-male: Linde AG, Fresenius Medical Care KG, HeidelbergCement AG, and Fresenius SE. The percentage of women on supervisory boards overall was 13.1%. Again, most women were appointed as employee representatives (71.2%). The highest percentage of women was found at Deutsche Bank AG (30%), followed by Deutsche Post AG, Henkel

⁸ See, for example, KIT (Karlsruhe Institut für Technologie): Frauen in Führungspositionen – Status Quo in der deutschen Wirtschaft – Analyse organisatorischer Erfolgsfaktoren und individueller Potentiale. Projekt-Abschlussbericht, 07/14/2010. Kohaut, S., Möller, I.: Führungspositionen in der Privatwirtschaft: Frauen kommen auf den Chefetagen nicht voran. IAB Kurzbericht 6/2010. It is also striking that men often enter top positions by way of dramatic career leaps, which is not the case for most women, especially in Eastern Germany. See Wippermann, C.: Frauen in Führungspositionen – Barrieren und Brücken. Secondary analysis of this study in: Bauer, U., Dähler, S.: Frauen machen neue Länder. Das volle Leben. Frauenkarrieren in Ostdeutschland. Berlin, 2010.

Table 1

**Women in executive and supervisory boards in the top 200 companies
(without financial sector)**

	Top 100					Top 200					Dax 30
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2010
Executive boards/Management											
Total number of businesses	100	100	100	100	100	200	200	200	200	200	30
With data on composition	97	95	96	92	95	195	184	191	187	195	30
Without women in the executive board	96	88	93	88	87	186	169	174	171	173	27
Percentage	99.0	92.6	96.9	95.7	91.6	95.4	91.8	91.1	91.4	88.7	90.0
Total number of members*	531	536	526	441	490	953	893	934	833	906	182
Men	530	529	519	437	479	942	877	911	812	877	178
Women	1	7	7	4	11	11	16	23	21	29	4
Percentage of women	0.2	1.3	1.3	0.9	2.2	1.2	1.8	2.5	2.5	3.2	2.2
Number of chairpersons*	97	95	96	92	97	195	184	191	187	195	30
Men	97	95	96	92	97	195	184	190	186	193	30
Women	0	0	0	0	0	0	0	1	1	2	0
Percentage of women	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	1.0	0.0
Supervisory boards/Administrative councils											
Total number of companies	100	100	100	100	100	200	200	200	200	200	30
With data on composition	87	86	88	78	86	170	145	168	153	166	30
Without women in the board	22	21	20	18	25	60	44	44	43	49	4
Percentage	28.2	24.4	22.7	23.1	29.1	35.3	30.4	26.2	28.1	29.5	13.3
Total number of members*	1 389	1 373	1 385	1 166	1 263	2 500	2 268	2 466	2 175	2 293	502
Men	1 270	1 255	1 249	1 048	1 142	2 304	2 074	2 236	1 961	2 050	436
Women	119	118	136	118	121	196	194	230	214	243	66
Percentage of women	8.6	8.6	9.8	10.1	9.6	7.8	8.6	9.3	9.8	10.6	13.1
Number of chairpersons*	87	86	88	78	87	170	145	168	153	167	30
Men	85	84	86	76	85	167	143	166	152	165	29
Women	2	2	2	2	2	3	2	2	2	2	1
Percentage of women	2.3	2.3	2.3	2.6	2.3	1.8	1.4	1.2	1.3	1.2	3.3
Companies with information on employees' representation	81	71	66	58	58	123	108	129	103	110	22
Total number of members	565	1 180	1 035	968	835	2 147	1 773	1 910	1 732	1 506	369
Men	487	1 087	940	868	759	2 023	1 616	1 742	1 563	1 360	317
Women	115	93	95	100	76	183	157	168	169	146	52
Employees' representatives	84	67	69	76	56	139	117	125	121	105	37
Percentage of all women	73.0	72.0	72.6	76.0	73.7	76.0	74.5	74.4	71.6	71.9	71.2

† Only companies supplying data on the composition of their boards.

Source: DIW Berlin calculations.

DIW Berlin 2011

Since 2006, the percentage of women in the boards of the top businesses has risen only slightly. In 90% of the largest 100 companies not a single woman is part of the executive board.

AG & Co. KG, Commerzbank AG, Beiersdorf AG, and Merck KGaA, with 25% each.

Public-sector businesses as role models? The percentage of women on the boards of companies with government-owned shares

This is the first study of its kind by DIW Berlin to present comprehensive data on the percentage of women in management of public-sector companies. We surveyed 61 companies listed in the annual government-owned shares report with direct or significant indirect government-owned shares.

It must be noted, however, that these businesses—which range from large and influential businesses like Deutsche Bahn AG, Deutsche Telekom AG, and KfW bank group to diverse small enterprises—can hardly be compared to the top 200 companies. Still, it is interesting to take a closer look at women's chances of joining corporate boards in the public sector.⁹

As of early 2011, the executive boards (and management) of public-sector businesses were 6.6% female (Table 3). Three women were executive board chairwomen: Dr. Almut Wieland-

⁹ For an overview of these companies, see *Beteiligungsbericht des Bundes*, op. cit..

Karimi at Berliner Zentrum für Internationale Friedenseinsätze (gGmbH), Sabine Brünger-Weilandt at Fachinformationszentrum Karlsruhe, Gesellschaft für wissenschaftliche Information mbH (FIZ Karlsruhe), and Prof. Dr. Anke Kaysser-Pyzalla at Helmholtz-Zentrum Berlin für Materialien und Energie (GmbH). At the Bayreuther Festspiele GmbH, both executive directors were female: Eva Wagner-Pasquier and Katharina Wagner.

Of the public-sector supervisory boards under investigation here, 14.8% were all-male—a far smaller percentage than in the top 200 companies. The percentage of women on public sector supervisory boards was 18.2%, and the percentage of chairwomen on these boards was 15.1% (Overview 2 lists the supervisory board chairwomen of businesses with government-owned shares by name). This relatively high percentage can be explained by the fact that public officials (such as high-level ministry representatives) are often automatically given seats on supervisory boards to protect the state's interests as owner.¹⁰ The better representation of women in high-level political and administrative positions is reflected in their higher representation as chairs and members of public-sector supervisory boards. Additionally, a law governing the appointment and delegation of officials to public-sector bodies (Bundesgremienbesetzungsgesetz, BGremBG) has been in effect since 1994 with the aim of ensuring equal participation of men and women in government-appointed bodies.¹¹ Most of these are smaller businesses, where more women on average reach top positions anyway (Table 4). Despite their higher percentage on boards, women remain significantly underrepresented on the boards of businesses with government-owned shares. Since the majority of employees in the public sector are women,¹² and since legislation supporting equal opportunities for women and men in decision-making positions has been in place for years,¹³ this issue still poses a considerable challenge for the federal govern-

10 There are eight public-sector supervisory boards with female chairs, with seven women occupying these posts. All seven women are high-level officials in a federal ministry.

11 Every four years, an evaluation report is presented to the Bundestag on the representation of women in key committees appointed by the government. Most recently: Fünfter Bericht der Bundesregierung über den Anteil von Frauen in wesentlichen Gremien im Einflussbereich des Bundes (Fünfter Gremienbericht), Bundestagsdrucksache 17/4308, 2010.

12 Since 2008, there have been more women than men in the federal public service. See Zweiter Erfahrungsbericht der Bundesregierung zum Bundesgleichstellungsgesetz, Bundestagsdrucksache 17/4307, 2010.

13 For example, Bundesgleichstellungsgesetz of 2001 (previously: Frauenfördergesetz) and Gesetz über die Berufung und Entsendung von Frauen und Männern in Gremien im Einflussbereich des Bundes (Bundesgremienbesetzungsgesetz, BGremBG) of 1994. "Bodies" in the sense of this law are executive boards, advisory boards, commissions, committees, administrative and supervisory boards, collegial bodies, and similar groups irrespective of their name, insofar as the federal government has the right of appointment or delegation of their members (BGremBG, par. 2).

Table 2

Top 200 companies¹ (without financial sector) with at least 25% women in their supervisory board in 2010

Rank	Company	Total members	Female members	Percentage of women
185	NOWEDA eG Apothekergenossenschaft	9	5	55.6
181	DOUGLAS HOLDING AG	16	7	43.8
152	IBM Deutschland GmbH	12	5	41.7
126	Sanofi-Aventis Deutschland GmbH	12	5	41.7
197	ALBA AG	6	2	33.3
8	REWE-Handelsgruppe	20	5	25.0
49	Henkel KGaA	16	4	25.0
86	Merck KGaA	16	4	25.0
12	Deutsche Post World Net AG	20	5	25.0
66	Otto GmbH & Co KG	20	5	25.0
29	E.ON Ruhrgas AG	16	4	25.0
168	VR-LEASING GmbH	12	3	25.0
200	Envia Mitteldeutsche Energie AG	20	5	25.0
109	Beiersdorf AG	12	3	25.0
144	B. Braun Melsungen AG	12	3	25.0
147	Andreae-Noris Zahn AG (ANZAG)	16	4	25.0
175	Hella KGaA Hueck & Co.	16	4	25.0
189	Tchibo GmbH	12	3	25.0

¹ Only companies supplying data on the composition of their supervisory board.

Source: DIW Berlin calculations.

DIW Berlin 2011

Table 3

Women in executive and supervisory boards of companies with government-owned shares in 2011

Executive boards/Management	
Total number of companies	61
With data on composition	60
Without women in the executive board	51
Percentage	85.0
Total number of members ¹	152
Men	142
Women	10
Percentage of women	6.6
Number of chairpersons ¹	54
Men	51
Women	3
Percentage of women	5.6
Supervisory boards/Administrative councils	
Total number of companies	61
With data on composition	54
Without women in the board	8
Percentage	14.8
Total number of members ¹	577
Men	472
Women	105
Percentage of women	18.2
Number of chairpersons ¹	53
Men	45
Women	8
Percentage of women	15.1

¹ Only companies supplying data on the composition of their supervisory board.

Source: DIW Berlin calculations.

DIW Berlin 2011

In the boards of companies with government-owned shares, the proportion of women is only 6.6%.

Table 4

Development of the percentage of women in top management over time by company size

	2004	2007	2/08	01/09	5/09	1/10	10/10	Change 10/10 – 2004
	Percent							Percent points
Top management large companies	6.8	7.5	5.4	5.7	5.7	5.9	6.1	-0.7
Top management medium-sized companies	9.1	9.4	10.3	10.6	10.7	10.9	11.1	2.0
Top management small companies	11.2	11.9	12.4	12.7	12.8	12.9	12.9	1.7
Top management big corporations above € 1 bn turnover					3.4	3.5	3.7	0.3*
Top management DAX companies					2.8	3.2	3.0	0.2*
Top management associations & public administration	16.4	13.5	15.0	15.6	15.9	16.0	16.3	-0.1

* Changes 10/10 – 5/09.

Source: Hoppenstedt Firmeninformationen GmbH, 2010; compiled by DIW Berlin.

DIW Berlin 2011

The smaller the company, the higher the percentage of women in top management. In large companies, the percentage even went down compared to 2004.

Overview 2

Chairwomen of supervisory boards in companies with government-owned shares 2011

	Company	Chairwoman	Position in federal administration
1	Helmholtz Zentrum München, Deutsches Forschungszentrum für Gesundheit und Umwelt GmbH	Bärbel Brumme-Bothe	Department director, Federal Ministry of Education and Research (BMBF)
2	Helmholtz-Zentrum für Infektionsforschung GmbH	Bärbel Brumme-Bothe	Department director, Federal Ministry of Education and Research (BMBF)
3	GSI Helmholtzzentrum für Schwerionenforschung	Dr. Beatrix Vierkorn-Rudolph	Subdepartment director, Federal Ministry of Education and Research (BMBF)
4	Kunst- und Ausstellungshalle der Bundesrepublik Deutschland GmbH	Dr. Ingeborg Berggreen-Merkel	Department director, Federal Government Commissioner for Culture and the Media (BKM)
5	Deutsches Institut für Entwicklungspolitik (die) gGmbH	Gudrun Kopp, MdB	Parliamentary State Secretary, Federal Ministry for Economic Cooperation and Development (BMZ)
6	NOW GmbH Nationale Organisation Wasserstoff- und Brennstoffzellentechnologie	Hilde Trebesch	Subdepartment director, Federal Ministry of Transport, Building and Urban Development (BMVBS)
7	Transit Film Gesellschaft mbH	Ulrike Schauz	Head of division, Federal Government Commissioner for Culture and the Media (BKM)
8	Gesellschaft für Anlagen- und Reaktorsicherheit mbH	Ursula Heinen-Esser, MdB	Parliamentary State Secretary, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)

Source: Data compilation by DIW Berlin, beginning of January 2011.

DIW Berlin 2011

ment. Special attention is being given to the major state-owned companies, whose appointments to top positions should provide a model for the rest of the economy. In this respect, it is especially surprising that in 2009 not a single woman was appointed to Deutsche Bahn AG's newly restructured executive board. Previously, the board had one woman member, Margret Suckale, who moved to BASF SE in 2009 and will join BASF's executive board in May 2011.¹⁴ Daimler AG also recently appointed Dr. Christine Hohmann-Dennhardt as the first woman on their enlarged executive board.¹⁵

¹⁴ BASF SE: Margret Suckale und Michael Heinz in den Vorstand der BASF SE berufen. Press release, October 21, 2010. <http://www.basf.com/group/pressemitteilungen/P-10-460>.

¹⁵ See Unabhängige Reformierin: Die frühere Verfassungsrichterin Christine Hohmann-Dennhardt zieht als erste Frau in den Daimler-Vorstand ein. Handelsblatt, February 16, 2011, p. 54.

Norway as an example of the effective use of quotas to raise the percentage of women in top management

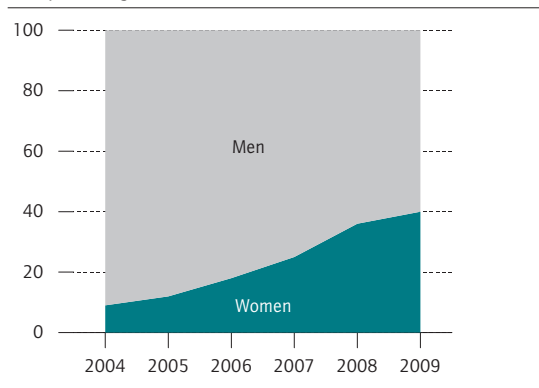
In 2003, Norway introduced a quota stipulating a minimum of 40% for both women and men on the supervisory boards of exchange-listed companies. The first studies on the effectiveness of this law have already been published.¹⁶ From 2002 to 2009, the proportion of women rose from 6% to the required 40% (Figure 2). Targeted policy efforts thus achieved their aims within a relatively short time span. In contrast, the percentage of women in similar

¹⁶ Storvik, A., Teigen, M.: Women on Board. The Norwegian Experience. Friedrich Ebert Stiftung, Bonn, 2010. See also Holst, E.: Führungskräfte im internationalen Vergleich: Frauen in Aufsichtsräten in Deutschland meist von Arbeitnehmervertretungen entsandt. DIW Berlin Wochenbericht no. 35/2005, p. 2-10.

Figure 2

Development of the percentage of women in supervisory boards in Norway

As a percentage



Source: Institute for Social Research Norway. In: Storvik, A., Teigen, M.: Das norwegische Experiment – eine Frauenquote für Aufsichtsräte. Friedrich Ebert Stiftung, Bonn, 2010, p. 9. **DIW Berlin 2011**

After the introduction of a women's quota in Norway, the percentage of women in supervisory bodies of exchange-listed companies is more than four times higher than before.

bodies in Germany has remained more or less constant (Figure 3). The introduction of gender quotas in Norway was accompanied by a range of support measures by companies and professional associations. These included special training and qualification programs, databases for potential candidates, and the creation of women's networks.

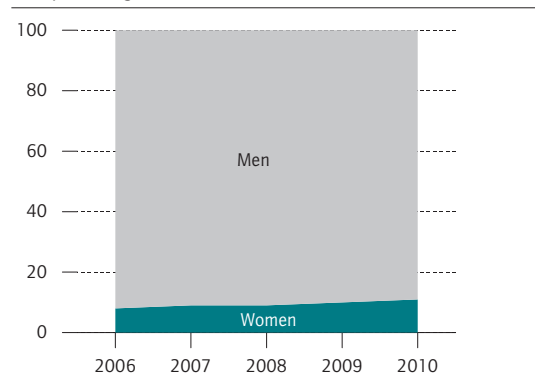
Efforts to introduce binding regulations in Germany ran aground again just recently. In October 2010, Bündnis 90/Die Grünen presented a draft bill for gender-balanced supervisory boards, asking for a minimum percentage of 40% for both men and women among employer-appointed board members. Their proposal also included broader as well as tighter regulations on the appointment of employee representatives. So far, the bill has not found a majority in the Bundestag.¹⁷

¹⁷ Entwurf eines Gesetzes zur geschlechtergerechten Besetzung von Aufsichtsräten. Deutscher Bundestag. Drucksache 17/3296, October 13, 2010. The draft bill was discussed on December 3, 2010, in the Bundestag, http://www.bundestag.de/dokumente/textarchiv/2010/32523214_kw48_de_frauenquote/index.html. Further information on the situation in other countries can be found at the interparty and interregional initiative Women in the Supervisory Boards (FidAR): <http://www.fidar.de/>.

Figure 3

Development of the percentage of women in supervisory boards in Germany

As a percentage



Source: DIW Berlin calculations. **DIW Berlin 2011**

The percentage of women in supervisory boards of the top 200 companies is stagnating at a low level.

Germany in international comparison

When comparing the percentages of women in top management in major European exchange-listed companies, Germany has maintained its position around the middle of the ranking¹⁸ (Table 5), thanks primarily to the frequent appointment of women to supervisory boards as employees' representatives. Germany ranks ninth overall, one percentage point above the EU-27 average. The top EU-27 countries for women in management are Finland and Sweden. It must be noted, however, that the number of companies in this European Commission sample is quite small.

In another comparison of the percentage of women on executive boards in 11 countries, Germany came in last, together with India (Figure 4). Again, Sweden was the winner with 17%, followed by the USA, the UK, and Norway. Russia, China, France, Spain, and Brazil ranked in the middle.

Women in senior management: The business case

There are a number of international studies suggesting a correlation between the percentage of women in top management and company performance:¹⁹

¹⁸ For 2009, see: Holst, E., Wiemer, A.: Women still greatly underrepresented on the top boards of large companies. Weekly Report no. 7/2010, p. 51.

¹⁹ McKinsey & Company: Women Matter 2010. Women at the top of cor-

Table 5
Percentage of women in the highest decision-making body of large exchange-listed companies in Europe in 2010

	Companies supplying data	Members	
		Women	Men
		Percent	
1	Finland	24	74
2	Sweden	26	74
3	Latvia	33	77
4	Slovak Republic	10	78
5	Romania	10	79
6	Denmark	18	82
7	Netherlands	21	85
8	Hungary	13	86
9	Germany	30	87
10	Lithuania	28	87
11	United Kingdom	49	87
	EU-27	588	88
12	Czech Republic	11	88
13	France	36	88
14	Poland	19	88
15	Bulgaria	15	89
16	Belgium	19	90
17	Spain	34	90
18	Slovenia	17	90
19	Austria	19	91
20	Ireland	19	92
21	Estonia	14	93
22	Greece	19	94
23	Italy	38	95
24	Portugal	19	95
25	Cyprus	19	96
26	Luxemburg	10	96
27	Malta	18	98
	Non-EU countries		
	Norway	16	61
	Macedonia	10	80
	Iceland	7	84
	Croatia	20	84
	Serbia	14	88
	Turkey	48	90

Data collected from 09/27/2010 till 10/08/2010.

Source: European Commission, Database on women and men in decision-making positions; compiled by DIW Berlin.

DIW Berlin 2011

Because of co-determination regulations for supervisory boards, Germany even ranks slightly above EU average. Leaders within the EU are Finland and Sweden.

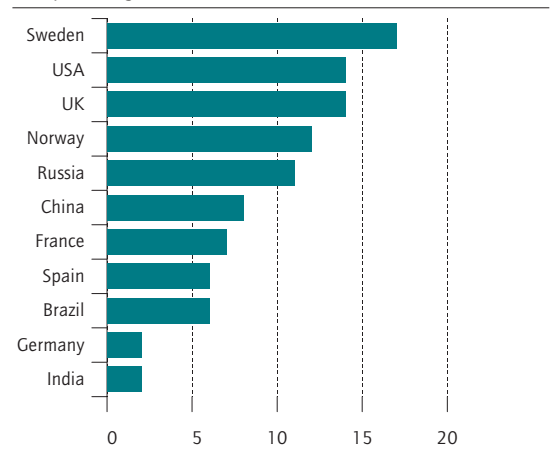
findings have shown, for example, that returns on equity and investment as well as stock prices in-

corporations: Making it happen. 2010. Catalyst, The Bottom Line: Corporate performance and women's representation on boards. Catalyst, New York 2007. Francoeur, C., Labelle, R., Sinclair-Desgagné, B.: Gender Diversity in Corporate Governance and Top Management. In: Journal of Business Ethics, 81, 2008, p. 83-95. Carter, D., Simkins, B., Simpson, G.: Corporate governance, board diversity and firm value. Financial Review, 38, 2003, p. 33-35. Erhardt, N., Weibel, J., Shrader, C.: Board of director diversity and firm financial performance. In: Corporate Governance: An International Review, 11 (2), 2003, p. 102-111. Smith, N., Smith, V., Verner, M.: Do Women in Top Management Affect Firm Performance? A Panel Study of 2500 Danish Firms. IZA DP No. 1708, 2005.

Figure 4

International comparison of the percentage of women in executive boards in 2010

As a percentage



Source: McKinsey & Company: Women Matter 2010: Women at the top of corporations: Making it happen. October 2010, p. 3.

DIW Berlin 2011

In international comparison, the percentage of women on German boards is far lower than in other European countries, but also lower than in emerging countries like China or Brazil.

crease with the appointment of a woman as CEO.²⁰ It has also been shown that executive and supervisory boards with a higher percentage of women tend to make better use of existing company and market potentials.²¹ Higher board diversity provides different perspectives, leading to more balanced decisions. Finally, a stronger representation of women on supervisory boards also provides added legitimacy for decisions in the eyes of employees, customers, investors, clients, and the public.²² International businesses are under growing pressure to open up higher levels of senior management to women in order to maintain a positive image in the international business community.²³ The introduction of a gender quota by Deutsche Telekom AG provides one strik-

²⁰ Haslam, S., Ryan, M.K.: The road to the glass cliff: Differences in the perceived suitability of men and women for leadership positions in succeeding and failing organizations. Leadership Quarterly, 19 (5), 2008, p. 530-546.

²¹ KIT (Karlsruher Institut für Technologie): Frauen in Führungspositionen – Status Quo in der deutschen Wirtschaft – Analyse organisatorischer Erfolgsfaktoren und individueller Potentiale. Projekt-Abschlussbericht, 07/14/2010, p. 6.

²² Lückerrath-Rovers, M.: Female directors on corporate boards provide legitimacy to a company. A resource dependency perspective. In: Management Online Review, Oxford Management Publishing, July 2009.

²³ See also BMFSFJ and Deutscher Juristinnenbund (ed.): Aktionärinnen fordern Gleichberechtigung. Berlin, 2010.

ing example of the potential of equal opportunity policies to improve a company's public image.

The government commission German Corporate Governance Code²⁴ (DCGK), which aims to communicate standards for good corporate governance to Germany's exchange-listed companies, has responded to the arguments put forward in favor of greater diversity in corporate management. In June 2010, the DCGK explicitly recommended "appropriate consideration of women" on both executive and supervisory boards. Companies that do not comply with this recommendation have to publicly explain their actions ("comply or explain" principle).

Conclusions

The percentage of women in the governing bodies of large companies remains low; indeed, at only 3.2% on the executive boards of top 200 companies, it is infinitesimal. Despite public efforts and laws favoring gender equality, not a single woman was appointed to the executive board of Deutsche Bahn AG—a company which is 100% government-owned—when it was restructured in 2009.

An increased proportion of women in senior management and the growing participation of women in economic decision-making have long been explicit goals of businesses, governments, parties, and professional associations. Yet the lack of success with voluntary commitments between the government and employers' associations²⁵ suggests that rules with a more binding character, more concrete targets, and more measurable objectives—as well as strict oversight—are desperately needed if significant progress is to be made within a reasonable time frame.

The upshot: businesses have to change.²⁶ Deutsche Telekom AG has set itself a clear target of 30% women in top management. This must be based on the understanding that good intentions alone will not change the status quo and that a higher percentage of women in top positions will pay off for companies.²⁷ Some businesses have already introduced targets,

target corridors, and target agreements. But they are still in the minority.

Given the sobering realities of female under-representation in top management, there is growing public discussion of legislation to overcome gender inequalities. EU Vice-President Viviane Reding no longer rejects the idea of a women's quota.²⁸ And just recently, the Association of German Women Entrepreneurs (VdU) called for a gender quota in corporate boards.²⁹ France has already introduced a quota of 40% women on company boards, a target that is to be reached within six years.³⁰

(First published as "29 von 906: Weiterhin kaum Frauen in Top-Gremien großer Unternehmen", in: Wochenbericht des DIW Berlin Nr. 3/2011.)

²⁴ See <http://www.corporate-governance-code.de/ger/kodex/1.html> (January 3, 2011).

²⁵ Vereinbarung zwischen der Bundesregierung und den Spitzenverbänden der deutschen Wirtschaft zur Förderung der Chancengleichheit von Frauen und Männern in der Privatwirtschaft, July 2001.

²⁶ Even Germany's biggest bank has recently made this statement. See Deutsche Bank Research: Towards gender-balanced leadership. Trend research. Current Issues, November 24, 2010.

²⁷ Sattelberger, T.: Praxisbeispiel Telekom: Die Frauenquote – Qual der Entscheidung und der schwierige Weg vor uns. In: Krell, G., Ortlieb, R., Sieben, B. (ed.): Chancengleichheit durch Personalpolitik, 6th edition, Gabler, Wiesbaden. Forthcoming in summer 2011.

²⁸ EU-Kommission droht mit Frauenquote. Die Welt, 09/17/2010. Some European countries have introduced laws promoting gender balance. Norway has a binding women's quota of 40% for supervisory boards. The Netherlands have decided on a percentage of 30% women for supervisory and executive boards in 2009. Belgium, Finland, France, Iceland, Austria, Sweden and Spain have initiated or decided on corresponding laws as well. See, e.g., FidAR: Europas Regierungen setzen auf mehr Frauen in Aufsichtsräten. Press release, March 10, 2010, October 3, 2010, www.fidar.de/fileadmin/user.../PM_100315_FidAR-Forum_II_end.pdf, as well as Storvik, A., Teigen, M.: l.c.

²⁹ See VDU: Deutsche Welle: "Unternehmerinnen fordern Frauenquote," 2010, http://www.vdu.de/presse/vdu_in_den_medien/1283 and Deutsche Welle: Unternehmerinnen sind für die Quote, December 20, 2010, <http://www.dw-world.de/dw/article/0,,6317122,00.html>.

³⁰ Frankreich führt Frauenquote für Vorstandsetagen ein. FTD, 01/14/2011. Last year, a quota of 40% women in supervisory boards until 2016 had already been approved. See Französischer Senat stimmt für Frauenquote. Zeit online, October 29, 2010.

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