



IFFD

INTERNATIONAL FEDERATION FOR FAMILY DEVELOPMENT

EN

Rufino Blanco, 8 · 3B - 28028 Madrid (España)

www.iffd.org

IFFD PAPERS no. 10

PRODUCED BY



THE FAMILY WATCH
www.thefamilywatch.org

Involvement of men in care work The benefits of introducing more women on boards of directors

1st June 2012

Introduction

The EU included the gender perspective in corporate social responsibility (CSR) and in its strategy for sustainable development because of the social aspects inherent in the definition of the concept, among them gender equality (Council of the European Union, 2006. Renewed Sustainable Development Strategy. 10117/06. 'Social Equity and Cohesion; Promote a democratic, socially inclusive, cohesive, healthy, safe and just society with respect for fundamental rights and cultural diversity that creates equal opportunities and combats discrimination in all its forms'). This was in fact done ahead of much of the CSR literature, which has so far hardly mentioned the gender perspective.

The idea defended by the EU is the participation of both sexes in both private and public life. Equality does not mean identity, but it involves consideration of the differing views of women, their special needs in balancing work and family life (though this would also apply to men), and their perceptions as consumers and stakeholders.

An apparently neutral focus is not, in fact, the fairest approach because it may end up by discriminating against women or adopting a view of needs that is based on male parameters.

Gender Mainstreaming and CSR

This view of Gender Mainstreaming (GM) has also been incorporated into the concept of CSR. The approach is considerably more advanced than the usual proposals to be found in the US literature on CSR. In fact, the EU maintains that the gender perspective should have a mainstream presence in all Community policies [European Commission, Work Programme for 2005 for the implementation of the Framework Strategy on Gender Equality. European Commission, Staff Working Document, Brussels, 29-7- 2005, SEC (2005) 1044, 2005].

Another novel idea is to apply the concept of women's participation not only in the public political forum (i.e. political parties) but to all decision-making processes (women's empowerment). This entails encouraging the participation of women in the private sector and in business organisations.

Another key term in the EU's philosophy is solidarity, a word that hardly appears in the CSR literature. In 2006 the European Union established a social solidarity programme that reasserted its commitment to GM (Community Programme 2006 for employment and social solidarity, Progress). It includes the matter of balance between family life and work in the social agenda, as well as the effective attainment of the principle of gender equality and GM in all Community policies, thereby following up the key concepts of economic growth, full employment, social cohesion and sustainable development established at the meeting of the European Council held in Lisbon in March 2000.

Gender and stakeholders

The new literature from the gender perspective makes a novel departure by demanding that stakeholders be treated as citizens in relation to companies via the dealings between the corporation and its stakeholders.

Crane addresses with this issue in terms of rights, representation, participation and democracy. Relations between stakeholders form a sub-set of relations between citizens as such. Hence, stakeholders are entitled to the representation of their interests on company boards and executive committees (Crane, Matten and Moon, 2008).

This gender-based stakeholder theory also argues that stakeholders must be democratic, participative and inclusive. Consequently, women must be listened to as an interest group and must not once again be shut out from relations of this kind with companies, or indeed within the firm itself.

Women are viewed on two planes, as employees and as the beneficiaries of welfare. As the consumers of goods and services, meanwhile, they are also stakeholders, as they make up half of society in numerical terms. Accordingly, it is necessary to increase the actual power and involvement of women in the corporate context as active players in decision-making processes.

Mandatory quotas or not for women on the Boards of Directors

These EU recommendations are grounded in ethics rather than law (i.e. they are not mandatory legal norms), and it is understood that CSR should be undertaken freely and voluntarily by firms working through codes of best business practice, while regulation should not be imposed upon them by Community legislation. The EU has thus sought to persuade firms using arguments based on the defence of human rights and shared European values. In short, it has based its approach on an integrative theory of stakeholders, which is considered fairer, combining economic efficiency with social justice and equity, including the attainment of equality between men and women in organisations and in posts at all levels.

Not mandatory, but goals

In relation with the Administrations Boards should be propose goals not obligatory, starting with the object to have at least 20% women in boards. In our opinion, why should not be compulsory? Because the freedom of enterprises has to be respected and with more reason in the high positions, which are posts of trust. But this idea is compatible with the introduction in the Ethics Codes or soft Law the obligation of justification of their choosing of persons in high posts and at the same time the enterprises have to propose to add more women in the board administration little by little.

One aspect of this approach would be the demand for equality of opportunity for women in the matter of access to company boards. This assertion is not intended to claim that women can only be represented by women, for example as consumers, but to highlight the utility for firms' marketing efforts of understanding women's mentality and needs as consumers. This understanding may be best achieved by employing women who are able to put themselves in the shoes of other women, for example in designing the proposals made to households, taking working women and carers into account in the definition of trading hours, and so forth.

The new Spanish Regulation

In Spain two kinds of measures have been taken: On one hand the law passed by Spanish Government and on the other hand, measures taken by the CNMV (Agency in charge of supervising and inspecting the Spanish Stock Markets and the activities of all the participants in those markets). Specifically, the Constitutional Act 3/2007 of 22 March for Effective Equality between Women and Men calls for a balanced presence of women and men on corporate boards which is compulsory for public administrations and firms but it is only recommended for private companies to introduce affirmative actions.

“Article 75. Women' participation in mercantile companies' boards of directors. Companies obliged to present un-abridged financial statements of income will endeavour to include a sufficient number of women on their boards of directors to reach a balanced presence of women and men within eight years of the entry into effect of this Act.”

Spain has also followed the observed trend in majority of developing countries to include gender diversity in good corporate governance codes. The Code Conthe ('Código Unificado de Buen Gobierno de las Sociedades Cotizadas', approved in 2006. Conthe is the name of Manuel Conthe, president of CNMV) that obliges to listed firms says:

“When women directors are few or non existent, the board should state the reasons for this situation and the measures taken to correct it, in particularThe Company makes a conscious effort to include women with the target profile among the candidates for board places.”

These suggestions are justified as an efficient objective. Missing the opportunity to use the talent from 51 percent of the population is not efficient to companies, apart from the ethical-political character that adequate gender diversity could provide. They recognize that male-dominated corporate boards are a self-induced phenomenon so the lack of diversity will not be corrected without an intentional effort.

The data show that in Spain women on boards of listed companies represent only 9,2% in 2011, however, a slight increase compared to 8,1% in 2008.

In companies IBEX35 this percentage is still 8,7%, now 44 the number of counsellors available in the Boards of Directors of the most important in Spain, compared to the 463 directors who currently exist.

Of these, only 3% are presidents of the boards of directors, 16,7% are members of the Executive Committee, 26,7% belong to the Appointments and Remuneration Committee, 38% are members of the Audit Committee and a third of them (38,7%) not part of any delegated committee, as contained in the Annual Report of Corporate Governance.

Data are in line with the report showing the V Meeting of Shareholders of IBEX35, covering the year 2009, which found that 25% of the companies in this select group of 35 (6) does not have any women on its Board of Director.

Sensitize managers on equality and non discrimination of women in the Boards of Directors

As the conclusion to a survey of 34 organisations in the United Kingdom concerning the benefits of gender diversity (Shapiro, 2009: 15-22), Gillian Shapiro, managing director of Shapiro Consulting Limited, remarked that executives would be unlikely to support long-term investments in diversity unless they could discern a direct contribution from diversity to the attainment of short-term strategic goals. For example, an investment bank launched a successful campaign targeting women as possible investors. The aim of the survey was to train specialist diversity programme managers as a key organisational objective. If this issue is to achieve strategic importance, then the executives in charge of diversity must be seen as leaders by their own boards and coordinate with executive diversity managers who are able to achieve specific results (access to new markets, more customers, competitive advantage, a clearer understanding of customers' needs, expansion of the business, etc.). Diversity executives must have influence in the firm and an understanding of the market or industry in which it operates. The stakeholder literature needs to include GM in its analysis of the different stakeholder groups. Attempts to remain neutral leave the methodology skewed by sexist attitudes, and the exclusion of women continues.

No sanctions, but incentives and tax breaks for the compliant

The sanctions do not seem the right way, since you must first change attitudes and practice, and also because it is incompatible with the principle of freedom of contract supported by the EU legislation. It could be a more appropriate way to apply incentives and to increase measures for harmonisation between family life and work for directives women and men.

Finally, we shall need to differentiate between public policies implemented by the State (or other tiers of government) and private business decisions. Setting these limits is essential in a theory of justice that must balance equality with freedom, especially as regards EU law in defence of market freedoms.

Differentiate between aspects enforceable codes of conduct and ethical

In this light, it would be advisable to distinguish clearly between legally enforceable norms and merely ethical codes of conduct. However, the Green Paper itself conflates these two spheres where it seeks to ground certain CSR measures by reference to ILO Conventions, as these consist of mandatory rules enshrined in labour law.

The clarification of these different levels is a matter of enormous urgency at a time when equality between women and men has begun to emerge in the concept of CSR and among the measures proposed. This need not be seen as negative, however. In fact, it could be positive if it helps delimit mandatory from voluntary CSR measures.

There are, however, two potential dangers. The first would arise if action on equal opportunities were subsumed within the scope of a purely voluntary CSR framework, because any antidiscrimination measures mooted would then lack the necessary legal backing.

The second problem would arise if measures intended to foster conciliation of professional and private life were left to the purely at the discretion of enterprises, because they might then disappear from collective bargaining agreements. For example, relatively few Spanish Collective Bargaining Agreements actually include conciliation measures, despite numerous legal measures currently provided for in the Workers Statute. The trade unions themselves in fact tend to avoid such issues in collective bargaining processes, even where measures are mandatory. The concern is that if such issues are tabled for debate, the situation may actually worsen, because many of the stakeholders concerned, including employee representatives and the trade unions themselves, are formed mainly by men (Elósegui, 2005). Were such measures to be treated as merely voluntary CSR matters, they would escape the control of the official employment inspectorate and firms might come to regard any concessions as an act of corporate generosity, risking avoidance of legal obligations.

The request of the unions of mechanisms of control over the actual implementation of CSR

Thus, the trade unions and civil society emphasise that voluntary initiatives are not sufficient to protect workers' and citizens' rights. They advocate a regulatory framework that would establish minimum standards and establish a level playing field by means of mandatory compliance. As the Green Paper notes, however, accountability and CSR audits have so far been a voluntary matter implemented and arranged by enterprises themselves in line with common practice. While external controls may exist, they depend in the last resort on acceptance by the firm, which voluntarily seeks evaluation and chooses the stakeholders involved in the process. Though some evaluation agencies institutes consult workers before preparing their conclusions, there is no mechanism that obliges them to follow this strategy. It is therefore hardly surprising that these actors should advocate the implementation of other mechanisms to evaluate firms' actual CSR practice.

Investors, meanwhile, stressed financial disclosure and transparency of companies' and pension funds' practices.

Importance of awareness of all stakeholders according to the EU

The EU recognises that governments, international organisations and civil society have an important business case role in raising awareness of the issues and demanding compliance [COM (2002) 347 (final): 7]. This extends further

to publicising CSR principles and providing resources for SMEs, and to the transparency and coherence of public policy.

The adoption of CSR is a matter for enterprises interacting with their stakeholders. At the same time, however, there is evidence that CSR creates value for society as a whole (Idem), and public authorities therefore need to play a role in promoting responsible social and environmental practices. Action of this kind is especially necessary at the global level. Public CSR policy must play a positive role going hand-in-hand with business and accompanying public efforts to achieve sustainable development. Respect for international agreements provides the framework for action in accordance with the principle of subsidiarity.

There are two powerful reasons to take Community Action in the field of CSR. In the first place, it is an instrument that reinforces Community policies. In the second, the European Communities are in a position to facilitate convergence of the instruments employed and put an end to the piecemeal state of affairs, which causes uncertainty among all concerned, be they consumers, investors, other stakeholders or the general public. All of this would contribute to clarity, transparency and shared objectives.

The policies to reconcile work and family life and involvement of men in care work

Meanwhile, scholars concerned with the ethics of caring see quite clearly that equality at work will not be achieved unless family responsibilities are shared more fairly and do not remain a matter for purely private decisions by the worker. Rather, the firm needs to provide the means, not only for women but also for male workers to perform their fair share of tasks related with the upbringing of children and care for other dependents within the family unit.

These authors have argued that organisations should incorporate a ‘care perspective’ in such a way that relations between stakeholders take account of caring needs in the private sphere and negotiated conciliation measures are implemented within the firm. This would include issues like the balance between work and free (personal) time, flexible working hours and care facilities (e.g. company kindergartens), not just for women but for all workers. It also includes non-discrimination of part-time workers and refraining from any kind of penalties that might affect employees who take time off or leave to care for their children. The academic literature on CSR has hardly a word to say about such matters, but they already have a strong presence in EU policy.

Some proposals

1. Policies to increase the number of women on boards of directors should be voluntary and not mandatory.
2. Should be promoted with incentives and tax breaks with no penalties.
3. It should conduct awareness programs for managers.
4. In turn real assessments should be introduced on the implementation of codes of ethics of companies, not to use the label of CSR only to benefit from a corporate image that does not correspond to the reality of equality.
5. The goal of increasing women on boards of directors should concern all the positions, levels of both executives and non executives.
6. Especial goal should be proposed business plans on equality and conciliation between family and work in companies with more than 250 workers in both public and private sectors. These plans should not include mandatory quotas of women and men on the boards, but really fight against discrimination in career advancement of women in the company and to establish real measures to reconcile work and family life.
7. Article 75 of the new Spanish law on effective equality for women and men, who discussed above, could be offered as good practice to enter into any EU Directive.
8. Also we suggest the inclusion of the compromise to increase the number of women in Boards of listed firms, following the trench of the Code Conthe (Código Unificado de Buen Gobierno de las Sociedades Cotizadas, approved in 2006) that obliges to listed firms as stated above.

María Elósegui Itxaso.

© The Family Watch 2012

Extract from ‘Reply to the Public Consultation on Gender imbalance in corporate boards in the EU’, written by the author and produced by the Law Section of The Family Watch.

This paper does not represent the official position either of the International Federation for Family Development, The Family Watch or any other institution, but only the views of its authors. It is licensed under a Creative Commons Attribution-Noncommercial 3.0 Unported License.
