

Female Board Members in Leading European Corporations.

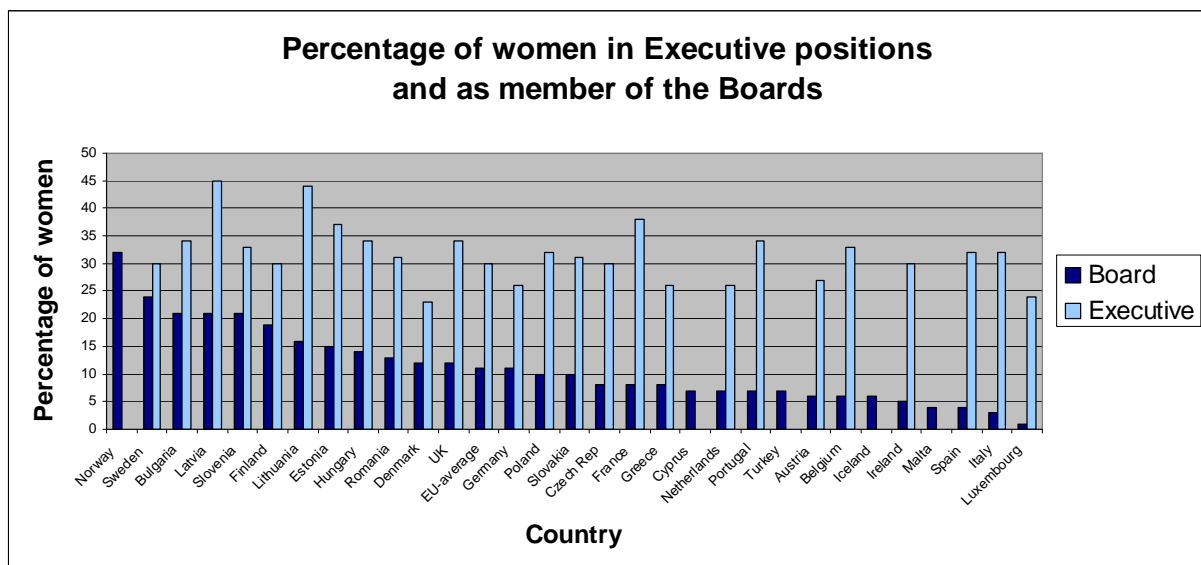
There are major differences within Europe regarding the number of women who are Main Board members. However, what is clear is that women are in a substantial minority in the whole of Europe when it comes to Board members.

Recently, the EU Commission carried out an investigation to show and compare the figures in each country. The survey included the 50 biggest listed companies in each country. On average, the percentage of women in the Boards amounts to 11%. This figure should be compared with women as business executives, which is 30% in Europe.

Extreme cases are Norway at top-level position with 32% women in the Boards and Luxemburg with the lowest level of only 1%.

Table: Comparison between the percentage of women as Business Executives (2005) and the percentage of women as Board members in the 50 biggest listed companies (2006) N.B Incomplete information regarding Norway, Cyprus, Turkey, Malta and Iceland.

Source: The EU Commission, 2006, published in DIW, Berlin 2007.



Why these differences? The discussions about this issue are many and differ from country to country. In some countries public opinion is in favour of a quota system. In 2004, by inaugurating a quota system stipulating a minimum level of 40% women on company Boards, Norway was the first country that really showed that they wanted to change the current situation. This spring, 2007, Spain decided to go the same way – not only in the Board rooms but in order to increase the number of women in the business world.

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Is a quota system really the solution? The pros and cons of quotas have caused a lot of discussions all over Europe. For fear that the competence of the Board could be diluted by quotas, many people don't want that system. Their argument is that you should be elected Board member not because of gender but because of experience, competence, ability. For them a quota system would not favour women – rather the opposite. Whatever one's opinion about the method, I guess we can all agree on the fact that the discussion caused by the idea of a quota system will draw attention to the lack of women in the Board rooms and, hopefully will result in an increasing number of women as member of the Boards.

Do we really need a Board room equality? Our populations, our markets, our staff all consist of around 50% women and 50% men, don't they? The role of the Board is to make sure that the company develops further, is competitive, and looks after shareholders' interests. From this point of view, the constitution of a Board should aim to reflect the population, its market, its staff and that in turn will create a dynamic atmosphere in the Board rooms. As you know, you don't get a dynamic Board by a standardised group of people but by a *variety* of people.

Some people say that women don't want the responsibility of being a Board member. As an average 30% of the Business executives in Europe are women - women who take a great deal of responsibility through their jobs - there is no reason why they'd say "no" to a seat on the Board. Furthermore, the 3 European countries with the lowest percentage of women as member of the Board, have a "normal" percentage of women as Business Executives: Luxemburg, Italy and Spain with respectively 24%, 32% and 32%.

So, there is no lack of female candidates for a seat on the Board!

The EU commission investigation shows that 26% of the Business Executives in Germany are women. At the same time, the investigation shows that on the Board (=Aufsichtsrat) of the 200 biggest companies in Germany, there are only 7.8% women. A good half of them are elected as trade union- and employee representatives. There is only 1 woman in the Executive Board (=Vorstand) among the 100 biggest companies in Germany! The corresponding figure for the 200 biggest companies is 11 women.

Why? Maybe the reason why we have this situation is that nominating committees are like "the good old days" - clubs for men - where it is difficult to find opportunities to renew or revitalise the Board – and where women are if not absolutely forbidden, certainly not encouraged. These "Clubs" can be tricky to get in to even for younger men or for people outside the "inner circle". So, we have to find new ways to the Board rooms!

In order to renew and develop the Boards further and to let them reflect the market more clearly, and even better look after the shareholders' / owners' interests we have to find better ways. We have to show that there are new, competent, experienced and devoted potential Board members outside the long-serving, well-established selected few. We have to broaden these narrow circles:

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- Think different
- Use, for example, Executive Search in order to identify Board Room talent.
- If it is difficult to change the Board Room immediately, try - the model of “Advisory Board”
- Look at changes and renewals as a competitive advantage.
- And remember, changes hurt but without changes you will run backwards as the market moves forward.

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