EU gender equality legislation key to breaking the glass ceiling

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Opinion

Gender equality is not a luxury, it is an imperative, writes Věra Jourová.

As European commissioner for justice, consumers and gender equality, I am strongly committed to advancing equal opportunities for men and women in the EU. The proposed directive on women on corporate boards is one of my main priorities for gender equality, as there is a direct link to economic recovery and Europe’s growth strategy.

Although I am the first European commissioner to carry 'gender equality' in her title, the EU’s commitment to gender equality dates back to the treaty of Rome in 1957. It has yielded commendable progress so far: 60 per cent of university graduates are women, more women work in Europe than ever before, with their employment rate exceeding 60 per cent.

The EU is making more use of its talent and better use of its skills. Women and men cannot be discriminated against on grounds of gender due to the existing legislation.
"The figures show that regulatory pressure works. Since the commission proposed a law, cracks in the glass ceiling have started to show"

We have made progress on many aspects of gender equality but many inequalities remain. In addition to the gender pay gap of 16 per cent on average, women continue to work more unpaid hours than men at home. Women are still overrepresented in lower paid sectors in the labour market and under-represented in decision-making positions.

Here, the glass ceiling remains very much intact. Despite the fact that over 60 per cent of university graduates are female, only 18.6 per cent of board members of the largest publicly listed companies in the EU are women and less than four per cent of these companies have a female chief executive officer.

It is my priority to break down the barriers that women face in their professional lives, and to increase the representation of women in business leadership. Gender equality at all levels of society is crucial for Europe’s economic recovery. Studies suggest that companies with higher female representation at the most senior levels deliver better organisational and financial results.

Gender diversity in the boardroom is shown to lead to innovative ideas, increased competitiveness and performance, and improved corporate governance. More women in leadership positions also signals to the outside world that a company understands the complexity of world markets and is prepared to compete at the global level.

As we face the joint challenges of an ageing population and skills shortages, it is more important than ever to take advantage of everybody’s skills, regardless of their gender. We cannot afford this systematic gender imbalance at the top levels of economic decision-making. It is a waste of talent and resources.

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Gender equality is not an option, it is not a luxury, it is an imperative and it is a competitive advantage. That is why Europe needs strong rules to tackle the gender imbalance in company boardrooms.

In November 2012, the commission put forward a law which ensures that women get a fair chance in the recruitment process. This followed attempts to motivate business in 2011 to self-regulate through the ‘women on the board pledge for Europe’, which did not result in real change.

The proposed directive would set a minimum objective of 40 per cent of the under-represented sex in non-executive board positions in listed companies in Europe by 2020. It requires companies to demonstrate the application of clear and gender neutral selection criteria in their selection processes until this objective is reached. The proposal enhances fairness and transparency in board selection by pushing companies to consider a broader base of candidates from the outset. Qualification and merit remain the key criteria for choosing candidates.

This proposal follows the example shown by a number of member states who have laws on gender equality or who have had intense public debate on the issue, which are also the countries to see the biggest improvement in the share of women on boards.
We do not aim to prescribe rigid targets; the directive is smart, flexible and limited in time. It obliges member states to establish a process that improves the gender balance in company boardrooms.

The figures show that regulatory pressure works. Since the commission proposed a law, cracks in the glass ceiling have started to show. More and more companies are competing to attract the best female talent. Since October 2010, the share of women on boards has risen by 7.6 per cent.

The parliament strongly supported the proposal in November 2013, and I hope that the council will soon follow suit. Equal representation on corporate boards is well overdue.

We should now rise to the challenge and make swift progress on this draft law, which places qualification and merit centre stage. At the same time, this step towards gender equality will be a big leap forward for the competitiveness of European business.

About the author

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