



Council of European Employers  
of the Metal, Engineering and  
Technology-based industries

## **CEEMET's answer to the public consultation on gender balance in corporate boards in the EU**

### **(1) How effective is self-regulation by businesses to address the issue of gender imbalance in corporate boards in the EU?**

*Self-regulation has all the prerequisites to succeed in improving the situation and give women a larger presence in corporate boards. When looking at the Commission Staff Working Document on Progress on equality between women and men in 2011, a clear link can be seen between the lack of care services for children or other dependent persons and female participation in the workforce and thus women's representation in company boards. When societies as a whole properly support women's activity in the labour market, a natural evolution seems to lead to a higher representation also in higher positions in organisations including the board memberships. The EU countries which have the highest rates of women represented in the corporate boards in fact do not have women quotas in place.*

### **(2) What additional action (self-regulatory/regulatory) should be taken to address the issue of gender imbalance in corporate boards in the EU?**

*It is necessary to raise awareness and promote good examples of companies where the gender balance has materialised in order to inspire and encourage others to follow the example. A general change in public attitudes towards gender equality is the starting point.*

*CEEMET does not believe that women quotas are the answer to encouraging progress of giving women a larger presence in corporate boards. Unfortunately, today there are still often not enough women to replace experienced board members. Any drastic changes in board member composition should not be taken on the expense of competence.*

*Sustainable changes can be better achieved by measures on a voluntary basis. However, the most important precondition is that companies have enough qualified women prepared to have managerial responsibilities including the top level. In the metal, engineering and technology (MET) based industries, which traditionally have been male-dominated sectors, many initiatives have been taken to encourage more women to consider science, engineering and technology careers. The necessary changes of traditional role models in our societies including career choice of young women is a long-term process and need the support of all stakeholders.*

### **(3) In your view, would an increased presence of women on company boards bring economic benefits, and which ones?**

*Many studies have indicated that this indeed is the case. (McKinsey, 09/2008 "A business case for women": Research in Europe and the United States suggests, for example, that companies with several senior-level women tend to perform better financially. Hiring and retaining women at all levels also enlarges a company's pool of talent at a time when shortages are appearing throughout industries". Quarterly Journal of Economics, on the other hand, carried out a study, published in January 2012, on the "Impact on firm valuation of mandated female board representation", and concluded that "the constraint imposed by the quota (in Norway) caused a significant drop in the stock price at the announcement of the law" and that "the quota led to younger and less experienced boards, increases in leverage and acquisitions and deterioration in operating performance".*

*From the empirical evidence that exists, no conclusion can be drawn on whether or not the increased presence of women in company boards brings economic benefits or not.*

**(4) Which objectives (e.g. 20%, 30%, 40%, 60%) should be defined for the share of the underrepresented sex on company boards and for which timeframe? Should these objectives be binding or a recommendation? Why?**

*CEEMET does support the overall aim to increase the presence of women on all company levels including boards. However CEEMET does not believe that women quotas are the answer to encouraging progress of giving women a larger presence in corporate boards. The shareholders right to elect board members has to be respected. Above all, we don't see that the European Commission has a legislative basis for a binding gender quota for company boards, nor do we see any competence in relation to the internal market, since a binding quota is not necessary to secure the functioning of the internal market.*

*In the view of CEEMET boards should be constituted by the individuals the owners of the company believe will best represent their interests, be they men or women.*

*All quota systems will lead to discrimination and CEEMET does not support the idea of reducing individuals to a single characteristic, e.g. gender or ethnicity. The best way to facilitate a higher level of female participation in company boards is to ensure that companies have access to enough qualified women who are prepared to have managerial responsibilities in the sector in which the company operates. For industry this involves attracting more women to educations which are relevant to the sector and to jobs in the sector.*

**(5) Which companies (e.g. publicly listed / from a certain size) should be covered by such an initiative?**

*CEEMET rejects binding quotas for all companies for the reasons mentioned in Nr. 2 and 4.*

*Some sectors would be even more affected than others, as statistics show that women participation varies considerably from industry sector to another. MET industry sector companies could not commit to specific numbers since it does not seem like having a level playing field vis-à-vis other sectors with*

higher women participation. MET sector companies are committed, however, to continue to attract women to choose an education that would lead to a MET sector career.

**(6) Which boards/board members (executive / non-executive) should be covered by such an initiative?**

*CEEMET does not support a quota for women in the corporate boards.*

**(7) Should there be any sanctions applied to companies which do not meet the objectives? Should there be any exception for not reaching the objectives?**

*CEEMET supports voluntary company code of conduct/ agreements concerning gender balance in corporate boards. Member States could do much more to enable the natural evolution of increase in women participation in the labour market, certain industry sectors such as MET industries and finally increased presence in corporate boards.*

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**About CEEMET:**

CEEMET is the European employers' organisation representing the interests of the metal, engineering and technology-based industries. Its members are national employers' organisations and federations, representing 200 000 member companies across Europe. The vast majority of them are SMEs, providing over 13 million jobs of direct employment.

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