Employee representation on supervisory boards in Germany:

Exploring women’s access to non-executive directorships
“Aha! Just as I suspected!”
Overview

- Women’s access to boards: state of research
- Women’s access to boards in Germany: historical data
- Research agenda: Women directors…
  - Access for different types of directors
  - Women employee directors’ roles
Women’s access to boards: state of research

Macro-, meso- and micro-level factors facilitate or prevent women’s access to boards

**Macro:**
Role of institutions and actors across countries

**Meso:**
Characteristics of boards, firms and industries

**Micro:**
Director recruitment and selection processes, and women directors’ human capital and networks
Macro-level: cross-national differences in women’s access to boards is related to …

- Gender equality in public life
  - in the economic sphere (labour force participation, presence in senior management, gender pay gap)
  - in the political sphere (women in parliament)
  - in education
- Formal and informal institutions
  - Regulation (quota and disclosure regimes)
  - Gender egalitarianism in national cultures
  - Gendered nature of welfare policies (maternity leave, paternity leave, parental leave, childcare services)
- Interests of and alliances between actors
  - stock exchanges, professional associations of company directors, lobbying groups, search and advisory firms and the media

Meso-level: lots of functionalist reasoning…

Idea that women will be appointed to boards if the effect of doing so is beneficial for firms.

- by making their boards representative of salient external stakeholder constituencies (relating to women consumers or employees, providing legitimacy)
- or by enhancing their board’s monitoring capabilities (because women are more independent)

Some research results: more women on boards of…

- Large firms
- Small family firms
- Firms with large boards
- Established firms
- Firms in the service sector (banking, retail…)
- Firms in industries with high female employment and a high proportion of female managers
- Firms with international institutional investors

See for example Hillman et al. (2007), Mínguez-Vera and Martin (2011), Nekhili and Gatfaoui (2013), Oehmichen et al. (2012)
Micro-level: “socially embedded” point of view

Directors as members of a corporate elite to which access is restricted.

Concepts of homosocial reproduction (Kanter 1977), homosociality (Lipman-Blumen 1976), homophily (Ibarra 1993) and similarity–attraction (Byrne 1971) are used to explain women’s exclusion from boards.

Some research results:

• nomination committee members have a tendency to recommend candidates who resemble themselves regarding demographic characteristics
• demand for diversity influences director selection: board appointment processes are not gender neutral, as the addition of women to boards is related to whether there are already women on a board and whether a female director has departed
• first-time directors’ access to additional appointments is dependent on mentoring from incumbent directors – minorities receive less
• resistance to too much diversity among the established elite on boards weakens as diversity among male directors increases
• women politicians and public officials and those with financial or legal expertise as well as a high number of network ties have been able to access boards

See for example Farrell & Hersch (2005), Gregorič et al. (2015), Hodigere & Bilimoria (2015), Kaczmarek et al. (2012), McDonald and Westphal (2013)
Women’s access to boards in Germany: data

- Calculations using Hoppenstedt Aktienführer (formerly Saling Aktienführer) data 1979-1999 – all German companies listed on German stock exchanges (around 450-620 companies per year)

- Calculations from DIW Managerinnen-Barometer 2006-2015 – around 500 companies per year, but not all are listed – Top 200 by sales, Top 100 banks by assets and top 60 insurance firms by revenues from premiums, and the largest firms by stock market capitalization
## Access 1979-1999

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>supervisory board members who are women</td>
<td>105/4189 (2.5%)</td>
<td>115/4356 (2.6%)</td>
<td>141/4577 (3.1%)</td>
<td>219/4981 (4.4%)</td>
<td>302/5214 (5.8%)</td>
<td>356/5243 (6.8%)</td>
</tr>
<tr>
<td>women supervisory board members who are employee representatives</td>
<td>67 (63.8%)</td>
<td>66 (57.4%)</td>
<td>97 (68.8%)</td>
<td>153 (69.9%)</td>
<td>232 (76.8%)</td>
<td>256 (71.9%)</td>
</tr>
</tbody>
</table>

Source: Hoppenstedt Aktienführer, own calculations
# Access 2006-2015

Percentage of supervisory board members who are women

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2008</th>
<th>2012</th>
<th>2015</th>
</tr>
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<tbody>
<tr>
<td>Top 200</td>
<td>7.8</td>
<td>9.3</td>
<td>12.9</td>
<td>19.7</td>
</tr>
<tr>
<td>DAX 30</td>
<td>13.1</td>
<td></td>
<td>19.4</td>
<td>26.8</td>
</tr>
<tr>
<td>MDAX</td>
<td></td>
<td></td>
<td>13.9</td>
<td>21.2</td>
</tr>
<tr>
<td>SDAX</td>
<td></td>
<td></td>
<td>11.4</td>
<td>17.3</td>
</tr>
<tr>
<td>TecDAX</td>
<td></td>
<td></td>
<td></td>
<td>23.9</td>
</tr>
<tr>
<td>Top 100 Banks</td>
<td>15.1</td>
<td>15.5</td>
<td>17.8</td>
<td>21.3</td>
</tr>
<tr>
<td>Top 60 Ins. com.</td>
<td>11.3</td>
<td>13.5</td>
<td>15.3</td>
<td>19.1</td>
</tr>
</tbody>
</table>

Source: DIW Managerinnen-Barometer, various years.

Note: not all firms provide data on the composition of their supervisory boards.
**Access 2006-2015**

Percentage of women supervisory board members who are employee representatives

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2008</th>
<th>2012</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top 200</strong></td>
<td>76.0</td>
<td>74.4</td>
<td>58.5</td>
<td>55.7</td>
</tr>
<tr>
<td><strong>DAX 30</strong></td>
<td></td>
<td>73.2</td>
<td>63.5</td>
<td>54.7</td>
</tr>
<tr>
<td><strong>Top 100 Banks</strong></td>
<td>82.5</td>
<td>74.3</td>
<td>63.5</td>
<td>54.5</td>
</tr>
<tr>
<td><strong>Top 60 Insurance co.</strong></td>
<td>91.4</td>
<td>75.9</td>
<td>81.1</td>
<td>63.4</td>
</tr>
</tbody>
</table>

Source: DIW Managerinnen-Barometer, various years.
Note: not all firms have employee representatives and not all that do provide data on employee representation on their supervisory boards.
‘And now I’d like you to join me in welcoming to the board Arne Savin from Morgan Stanley, Chet Bentson from Bankers Trust, and Tempest Dawn from ‘Baywatch.’ “
Research agenda: Women directors

• Approx. 890 individual women directors across 21 years (1979-1999)

• Classifying them into types

• Eliciting their views, experiences and roles on boards
## Types of directors

Taxonomy by Hillman et al. (2000), adapted to German supervisory boards by Arnegger et al. (2010)

<table>
<thead>
<tr>
<th></th>
<th>Representatives of capital interests</th>
<th>Firm-level employee representatives</th>
<th>Union officials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insiders</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Business experts</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support specialists</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community influencers</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Types of directors

Taxonomy by Gerum (2007)

### Capital interests

- Shareholders and representatives of shareholders’ associations
- Representatives of firms, banks and foreign firms with majority stakes
- Representatives of firms, banks and foreign firms with minority stakes
- Representatives of firms, banks and foreign firms without equity ownership
- Consultants, experts, academics
- Former members of the management board
- Public representatives without equity ownership

### Employee representatives

- Works councillors
- Union representatives
- Managerial staff
1979-1999: Women directors

• Approx. 889 individual women directors across 21 years (1979-1999)

• Overwhelmingly one board appointment only

<table>
<thead>
<tr>
<th>Number of board seats</th>
<th>Women</th>
<th>Category / description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>1</td>
<td>Member of the management board of Deutsche Bank</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
<td>Member of an owner family; manager of a shareholders’ association</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>Union official and later politician; member of the management board of an insurance company; lawyer</td>
</tr>
<tr>
<td>2</td>
<td>13</td>
<td>3 members of an owner family; 2 politicians; 2 union officials; 2 works councillors; 1 member of an owner family &amp; entrepreneur; 1 union official &amp; public official; 1 manager at a business firm; 1 manager of a shareholders’ association</td>
</tr>
<tr>
<td>1</td>
<td>870</td>
<td></td>
</tr>
</tbody>
</table>
Access to corporate elites

Holders of multiple directorships are particularly influential and can be seen as members of the corporate elite.

McDonald & Westphal (2013) find that women and minorities are persistently underrepresented among holders of multiple board seats:

- They receive comparatively less mentoring about prevailing norms regarding proper ways of participating in board proceedings and consequently follow prevailing norms less consistently. Less consistent adherence to these norms makes it less likely that incumbent directors will support their candidacy for appointments to other boards, and they receive fewer appointments as a result.

→ No access to inner circle of corporate leaders

Heemskerk & Fennema (2014) study the „incremental feminization of the corporate elite“ in the Netherlands:

- 1st wave of women on boards were female politicians, especially in state-controlled firms (1970s)
- Increasingly women with corporate background, but mainly foreign women (2000s)

→ Access to corporate elite remains restricted
Roles on boards

Women directors

• Various findings on whether women on boards are expected to, feel obliged to, try to escape from or tend to represent women’s needs and interests.

• Examples of early studies:
  - Mattis (1993) survey USA: Do women directors believe that they have any special responsibility, in their positions of power, to speak up for women’s interests? Found that around 50-65% felt it their responsibility to address issues such as women on the board, equal opportunity, and policies that enable employees to balance work and family.
  - Similarly Burke (1994) survey Canada: Do they see themselves as representing women’s concerns (i.e. feminists) and championing change? Found that around 20-25% had actually raised the above issues on the boards.

Employee representatives

• Clearer findings that employee representatives on boards interpret their role as the representation of workers’ interests.
  - Conchon & Waddington (2011) survey F / DK: What priorities do employee representatives on boards define, what subjects to they raise, whose interests do they defend? Found that 40 and 48% thought raising employee issues on the board most important, but only 3 and 10% had raised gender policy/promotion of women issues.
References


