

Gender Equality in Corporate Germany (March 6, 2015)

Abstract

The statutory gender quota for supervisory boards went into effect on January 1, 2016. Many saw it as a historical step toward cracking the “glass ceiling” but others were more skeptical or criticized the low bar of 30 percent. Change will be gradual as both cultural and structural factors impede quick progress.

Source

30 per cent women on corporate boards

With an overwhelming majority, the Bundestag has passed a women’s quota of 30 per cent for the supervisory boards of German companies. Smaller companies must publicly set “management quotas” for themselves.

A large majority in the Bundestag has voted for the introduction of a women’s quota of 30 per cent on supervisory boards of large companies. Beginning in 2016, this affects around 100 companies that are publically traded and subject to co-determination. On Friday, the CDU and the SPD voted for the bill proposed by the coalition government. The Greens and the Left abstained. Manuela Schwesig, the Minister for Family Affairs, spoke of a “historic step” toward the realization of equality. Another 3,500 companies are required in the future to set binding targets for raising the proportion of women in management positions.

The last ten years, in particular, had seen a tough fight over such a statutory regulation. The law had the somewhat awkward title “Law for the equal participation of women and men in leadership positions in the private economy and the public sector,” though it will be familiar to most under the label “women’s quota” [*Frauenquote*].

For its advocates, the women’s quota is a milestone on the long road to helping in the implementation of Article 3 of the Basic Law. Since the founding of the Federal Republic, the constitution has stated that men and women are equal, and that the state must promote that equality. However, when it comes to the influence of women over the levers of power in the economy, we are a long way from that even today. A paltry fifteen per cent of supervisory board seats at the 200 largest companies in Germany are in the hands of women – and this, even though women account for more than 50 per cent of the population overall, and nobody seriously argues any longer that women are less well educated or less competent for management tasks.

If a position becomes vacant, a woman has to be selected

This gender imbalance at the levers of power in companies is now supposed to change, under pressure from a statutory regulation and under pressure from the public. Beginning next year, a quota of 30 per cent is to apply to supervisory bodies in the largest German companies, a quota which is to be reached gradually. Whenever a new supervisory board is to be elected, companies must give the nod to female candidates. If no suitable woman for the job can be found, the seat must remain unfilled.

In somewhat smaller companies (500 to 2,000 employees), companies must publicly establish their own management quotas and subsequently report regularly about compliance with them. Companies in which the federal government participates and federal agencies will also be given quotas. The fact that it requires a law to pave the way for women into leadership positions in the twenty-first century has to do

chiefly with the social structures in Germany.

Elsewhere in Europe, the participation of women and mothers in the workforce has become a matter of course over the decades thanks to a modern family policy. But here in Germany, it is especially the available childcare options, as well as the German tax system, which often entail that women's opportunities for work are curtailed when they establish families and raise children. To be sure, while the proportion of women within the political parties has been a topic of discussion for a very long time and quotas were introduced, the German economy was successful in evading the gender issue.

Public debate on this issue did not set in until the late nineties. But instead of using the quota as an initial aid for a change in societal trends, companies merely adopted a voluntary commitment. What kind of success that had was recently detailed by the Berlin research institute DIW in its "Barometer of female managers 2015." At the end of 2014, women accounted for merely 5 percent on the supervisory boards of the 200 largest companies by revenue. Only one in five of the top 200 companies even had a single woman on its board.

It was a long road for the CDU

When the Bundestag votes on the quota law this Friday, the CDU and CSU members of parliament will have come the longest way. For the SPD, the Greens and the Left, the need for the quota is no longer in question. But it is for the CDU/CSU, whose Minister for Women's Affairs, Kristina Schröder (CDU), still tried during the CDU-FDP coalition to serve the economy's delaying tactics with a "flexi quota." What will remain unforgotten in this context are the backroom meetings of women in the CDU with then-Labor Minister Ursula von der Leyen (CDU) and the opposition Green parliamentary group about a bill that the CDU women wanted to vote for – even at the risk of a scandal that would have been unavoidable due to the snubbing of their own group and their coalition with the FDP. In the end, the CDU women pulled back in spring 2013, but in return they extracted a promise from the Chancellor to include the introduction of the quota for women in the CDU election platform. This is how, in the autumn of 2013, the quota was included in the coalition agreement between the CDU/CSU and the SPD.

As pleased as the supporters will be this Friday that the law is now being passed and that the path for women to the levers of economic power is being made easier, there are legitimate doubts about how effective it can be in the end. For the proof that women can lead companies on their own merits and not because of the quota is something women will have to furnish in daily clashes with those who currently occupy the top positions in excessive numbers – and who still regard the quota law as pointless interference on the part of politics. The quota law must therefore be followed by a process of rethinking.

Incidentally, on Thursday, 15 new judges were elected to the highest positions on federal courts. Of those 15 six are women, meaning 40 percent.

Source: Antje Sirleschtov, "30 Prozent Frauen in Aufsichtsräte," *Der Tagesspiegel*, 6 March 2015.

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