

GENDER DIVERSITY IN THE WORKPLACE: BABY STEPS BUT MILES TO GO!

CONTEXT

Public debate around gender equality has been enjoying a new boom over the past years. Indeed, stakeholders have enhanced their expectation – including civil society organizations, workers, public authorities and investors - regarding companies' ability to prevent gender discrimination and promote gender equality. Innovative products such as "gender bonds", aiming at pushing funds to invest in companies promoting working gender equality and women professional empowerment, have emerged on the market and met relevant success among investors.

Non discrimination is a fundamental right which has been recognised in international norms and standards (ie. Universal Declaration of Human Rights, U.N. Global Compact, ILO convention etc.), and all companies, regardless of economic sector or country of origin, are concerned. Discrimination, whether caused by actual deeds or perceived as giving rise to a "climate of discrimination" can affect the legal security, the reputation, the organisational efficiency and the human capital cohesion of a company. On the other hand, businesses which are proactive in promoting diversity can attract workforce, improve their brand image and foster innovation and productivity. Multiple research studies confirm the benefits of gender diverse boards and managers, including improved business results, better decision making and a contribution to more employee engagement and talent retention¹.

International Women's Day, on March 8th, highlights the fight for women's rights, more than 40 years after the launch of this day of mobilisation by the United Nations. It is a global day celebrating the social, economic, cultural and political achievements of women. The day also marks a call to action for accelerating gender parity². Is gender equality possible to reach? Where do companies stand on this? Vigeo Eiris contributes to this important celebration with a research paper analysing business practices in terms of non-discrimination and promotion of equal opportunity. The reference universe is composed of 4,659 companies listed worldwide and operating in 39 sectors. Data have been collected between January 2017 to January 2019. Main findings reveal that despite some progresses, women's access to the highest management positions in companies remains difficult and the gender imbalance remains stagnant, even in countries where the regulatory framework encourages gender equality.

¹ "Delivering through diversity" - McKinsey website – Accessed 06/03/2019 - <https://www.mckinsey.com>

² International Women's Day website – Accessed 06/03/2019 - <https://www.internationalwomensday.com/>

VIGEO EIRIS FINDINGS

As part of the assessment on companies' ability to respect and promote human rights, Vigeo Eiris' Equitics© rating framework assesses companies' strategies and measures in place to prevent discrimination and to promote diversity within the workforce, including at Board and senior management levels. This one is part of the criteria composing the Human rights domain of analysis.

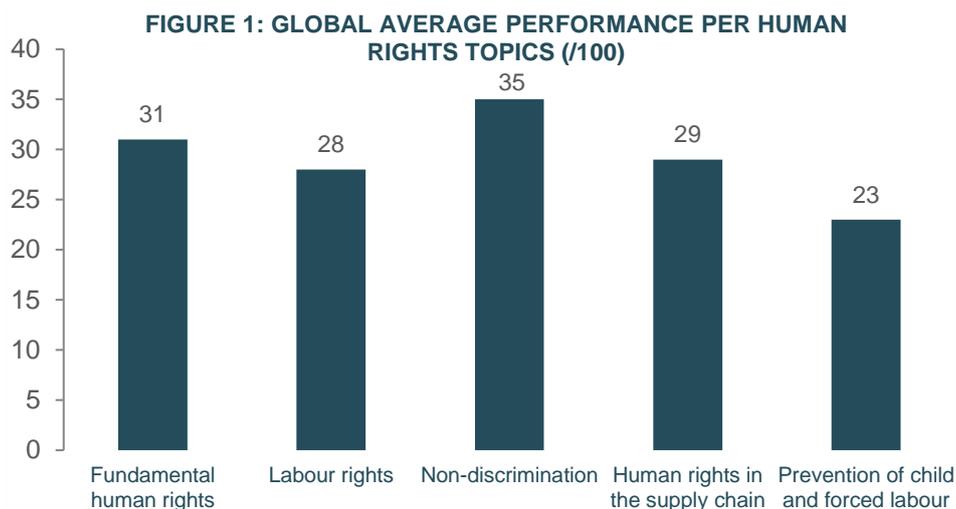
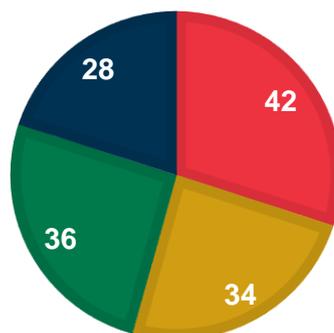


FIGURE 2: AVERAGE SCORE (/100) PER GEOGRAPHIC ZONE

■ Europe ■ North America
 ■ Asia Pacific ■ Emerging Markets



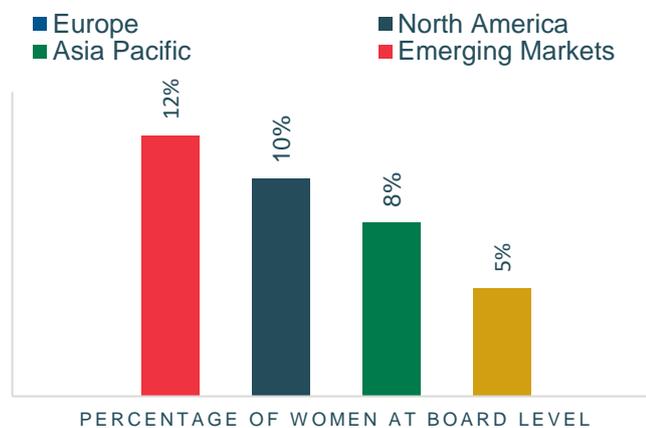
Our findings show that the global average performance on diversity and non-discrimination is limited and reaches a score of 36/100. Nonetheless, non-discrimination represents the human rights topic most addressed by companies³. The average scores per geographical zone show some disparities: Europe (42/100), North America (34/100), and Asia Pacific (36/100), are all considered limited in absolute terms, whereas Emerging Markets (28/100) is considered weak in absolute terms⁴. Moreover, the global average share of women at board level is around 9%, and also show geographic disparities: Europe 12% (with an average of

³ See Figure 1.

⁴ See Figure 2

13% in France), North America 10%, Asia Pacific 8%, and Emerging Markets 5%⁵. Our research reveals that even among the best performing companies⁶, although the share of women in top management has increased over the years, female remain under-represented in top management. Top performers include companies, which adopted targets to increase the share of women into top management and demonstrate to have implemented affirmative action programmes, such as programmes to facilitate networking, mentoring, and empowerment of women. However, we observed that there is no direct correlation between overall companies' commitment to promote diversity and prevent discrimination, and the share of women in top management positions (board of directors and executive committee) within these companies. Furthermore, within Vigeo Eiris' top 20 performers⁷ on non-discrimination and diversity, 14 companies are European (57% from France), and only 6 Asia Pacific companies are listed.

FIGURE 3: AVERAGE SHARE OF WOMEN AT BOARD LEVEL PER GEOGRAPHIC ZONE

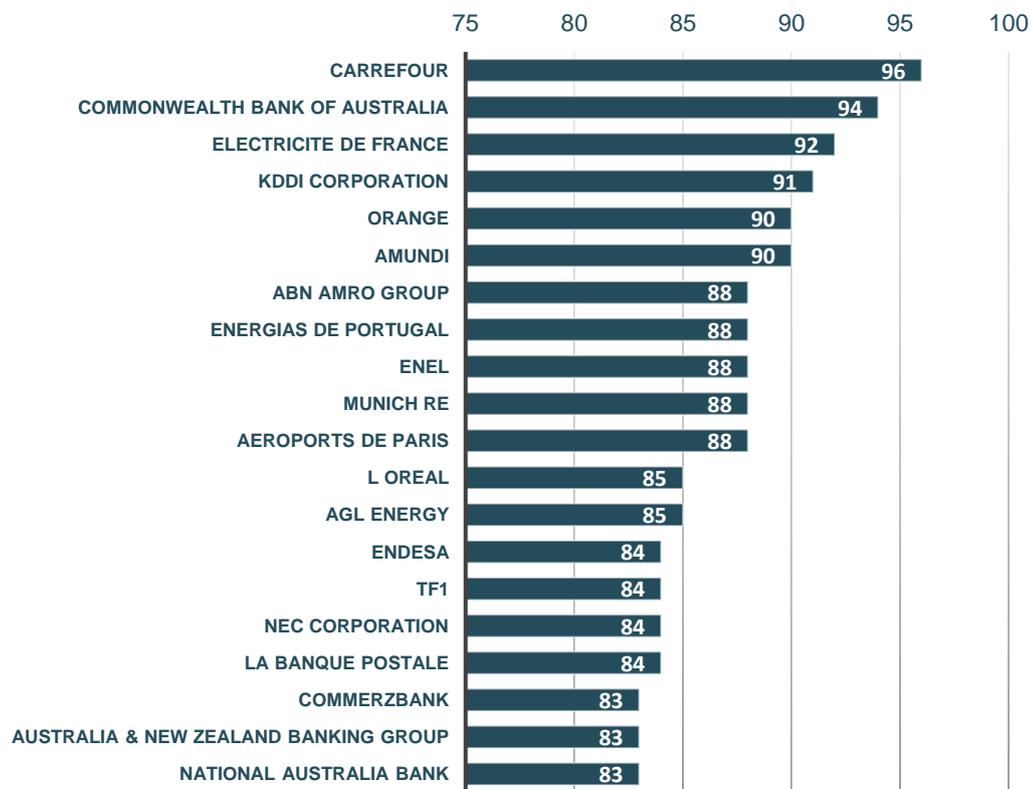


⁵ See Figure 3

⁶ In terms of their performance on the VE SD that analyses 'Non Discrimination and Diversity'. See Figure 4.

⁷ Ibid.

Top 20 Performers



COMPANIES' GOOD PRACTICES AND CONTROVERSIES

Danone has signed an agreement with the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF), an international trade union, in favour of the professional equality between men and women, as well as an agreement on diversity. In addition, the company has set the following 2020 targets:

- 30% of Executives are Women (vs baseline year 2015: 18%)
- 42% of Directors are Women (vs baseline year 2015: 35%)

The company has several programmes in place to facilitate networking, mentoring, and empowerment of women (example: Women Leadership Development programmes, HeforShe (UN supported), EVE programme).

BNP Paribas has signed a global framework agreement in September 2018, along with global service sector union Uni Global Union. In this agreement the bank reaffirms its commitments on human rights in the workplace, equality, diversity, and the fight against sexual and psychological harassment. With the agreement, BNP Paribas is to implement a worldwide procedure governing the way cases of sexual and psychological harassment are dealt with. In addition, the Group has set the targets to achieve the following 2020 targets:

- 25% of women in the Group's transversal/multi-business/multi-country executive committees (out of approximately 500 top executives)
- 30% of women in senior management (on approximately 2,500 senior management positions - SMP)

On all the human rights controversies identified by Vigeo Eiris, more than 15% are related to employee discrimination and in particular to gender bias and discrimination towards pregnant women.

In May 2017, **Facebook** faced allegations of gender bias within its engineering team. Indeed, a former employee conducted an analysis and found out that female coders received 35% more rejects and 8.2% more comments on their code than their male counterparts. The engineer also found that the disparity in rejections for male and female coders was "consistent across time at company".

In January 2019, the US Department of Labour (DoL) filed a motion against **Oracle** for a discrimination lawsuit. The case claims that women and minorities have been underpaid for years. According to the lawsuit, Oracle underpaid more than 1,200 female employees by USD 165 million, more than 2,700 Asian employees by USD 234 million, and black employees by USD 1.3 million for the period from 2013 through 2016. The authority reported that, for example, some women were underpaid by as much as 20% compared with their male peers.

REGULATORY FRAMEWORK IN FRANCE AND GOOD PRACTICES IN OTHER COUNTRIES

From 2012 to 2018, France rose from 45th to 12th worldwide in the field of gender equality, according to the annual survey of the World Economic Forum⁸ (based on 4 indicators: economic opportunities, education, health and political emancipation).

The French Diversity Charter, launched in 2004, has been signed by over 3,800 French companies⁹, committing to raising awareness about diversity among staff involved in the recruitment processes, and to dedicating a chapter in the organisation's annual report on the concrete diversity measures undertaken. But this charter is only a "declaration of intent", as there are no constraints or enforcement means to ensure that anti-discrimination measures are applied. Subsequently, at the initiative of the French State, the Diversity Label was launched in 2008. Created and supported by public authorities, the Diversity Label is a useful management tool to ensure that the processes of recruitment, integration and career development of a company's employees are not likely to be discriminatory¹⁰. To be awarded the label, a true diagnosis must be made with the support of an independent expert body and an audit every 18 months to measure progresses.

France has implemented legislative tools to ensure a greater diversity in the constitution of the management bodies of large companies. The most significant initiative is the law of January 27th, 2011, dubbed the *Copé-Zimmermann Act*, which introduced a relative parity requirement on the boards of directors and supervisory boards of listed companies and companies meeting certain criteria. Thus, the proportion of directors of each gender can not be less than 40% in these companies¹¹. Moreover, on August 4th, 2014, a law on *the Real Equality between Women and Men*¹² was adopted, defining specific measures to promote the respect for women's rights and the fair representation of women at work. For instance, companies are required to comply with the principles of professional equality to access public contracts. Also, new gender equality rules for parental leave have been established¹³, with the aim of encouraging women to return to work and to rebalance the distribution of parental responsibilities within a couple. Finally, dismissals related to gender or sexual harassment are more severely sanctioned. More recently, the September 5th, 2018 law for *the freedom to choose one's professional future*, stipulates that companies with more than 1,000 employees have to make five indicators on their gender pay gap public¹⁴. These indicators are: the pay gap between men and women on the same job and at the same age; the chances of getting an increase for a woman; the chances of getting a promotion for a woman; back pay for women after maternity leave; and the number of women among the highest paid in the company. On September 1st, 2019, these requirements will be extended to companies with more than 250 employees¹⁵.

At European level, Iceland comes top in the World Economic Forum's Global Gender Gap Index¹⁶. In 2018, Iceland became the first country to officially codify equal pay for men and women, taking a major step toward closing the gender pay gap. The new law requires government offices and private businesses greater than 25 people undertake a certification of their equal-pay programmes, or else risk being fined or audited¹⁷. Great Britain as well, is one of the few countries to require employers with over 250 employees to disclose their gender pay gap data. The new regulations came into force in April 2017¹⁸.

⁸ "The Global Gender Gap Report" - World Economic Forum – 2018 – p.10

⁹ Charte de la Diversité website – Accessed 06/03/2019 - <https://www.charte-diversite.com/>

¹⁰ AFNOR website – Accessed 06/03/2019 - <https://www.afnor.org/en/>

¹¹ Secrétariat d'Etat Chargé de l'Egalité Entre les Hommes et les Femmes et de la Lutte Contre les Discriminations website – Accessed 06/03/2019 - <https://www.egalite-femmes-hommes.gouv.fr/>

¹² Ibid.

¹³ "Réforme du congé parental : les nouvelles règles entrent en vigueur" – Le Parisien – 31/12/2014

¹⁴ Legifrance website – Accessed 06/03/2019 - <https://www.legifrance.gouv.fr/>

¹⁵ Ibid.

¹⁶ "The Global Gender Gap Report" - World Economic Forum – 2018 – p.10

¹⁷ "Iceland set to tackle gender pay gap with world's toughest law" - BBC – 05/04/2018

¹⁸ "Equal Pay Day 2018: What is the gender pay gap and why are UK women working the rest of the year unpaid?" - Evening Standard – 09/11/2018

CONCLUSIONS

Despite encouraging shifts and the progress on gender diversity, women's access to the highest management positions in companies remains difficult and the gender imbalance remains stagnant, even in countries where the regulatory framework encourages gender equality. Also, in 2018, inequalities between men and women, especially in terms of salary¹⁹, are still a reality, as it appears that companies do not display a significant progress in terms of key gender diversity indicators. Therefore, there is no point in having good legislation on gender equality if these are not enforced. Control and monitoring devices are too weak and strict measures such as financial penalties are needed²⁰. Gender equality should happen, sooner or later, depending on how quickly government and corporations move toward a fairer workplace for all.

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¹⁹ "Inégalités de Salaires Hommes-Femmes : Un Ecart de 9% que Personne ne Parvient à Expliquer" - Novethic – 25/01/2018

²⁰ "Egalité Femmes-Hommes : La loi n'est pas appliquée, c'est comme s'il n'y en avait pas" - Novethic – 30/08/2017