

# IAB Brief Report

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Up-to-date analyses by IAB

## In brief

- For the second time since 2004 the IAB Establishment Panel of 2008 provides data on the proportion of men and women holding executive positions. The results are very sobering.

- Over 70 per cent of establishments are run by men. At the highest executive levels only every fourth manager is a woman – and here nothing has changed since 2004.

- At the second executive level the proportion of women is 10 per cent higher (35%). The fact that only 22 per cent of enterprises actually have a second executive level relativises this figure however.

- Women in executive positions are more likely to be found in fairly small establishments and in branches that tend to have a high proportion of women in total. This includes "Other services" as well as the sector "Trade and repair". The financial sector is an exception: while an above-average number of women work there, few are found on the executive floors (see Figure 1).

- Women tend to "be leaders" more in owner-run establishments than in those run by managers. In view of the competition in filling management positions this may be an indication of lower entry for women in this segment.

## Executive positions in private enterprise

# Only a few women reach top positions

by *Susanne Kohaut and Iris Möller*

Women are rarely found at the uppermost executive levels of large-scale enterprises. Not much has changed, even in the last four years since the previous survey. It may be true that there are more "women managers" in small and medium-sized establishments and at the second management level, but they are not found in any executive area in numbers corresponding to their share of the workforce.

The high participation of women in gainful employment is – still – not mirrored in an equal distribution of the sexes on the executive floors. This applies to the executive level in private enterprise as well as to the compilation of boards of directors and management boards (Holst/Wiemer 2010; Weckes 2009). Hence the demands for a legal basis that would help facilitate women's entry into executive circles are getting louder. Norway, for example, has legally anchored a specific quota of women in all state-controlled and publicly-owned companies. Spain followed this example in 2007, but – in contrast to Norway – with-

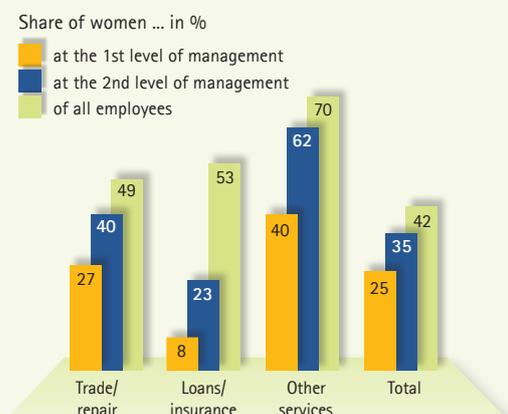
out the possibility of sanctions in the case of breach of the law.

The German Federal Government on the other hand relies on voluntary action: in 2001 the government made an agreement with the head associations of German in-

Figure 1

### Women in leadership positions 2008 according to economic branch

Selected sectors with a high overall share of women employees, establishments in the private sector



Source: IAB Establishment Panel 2008.

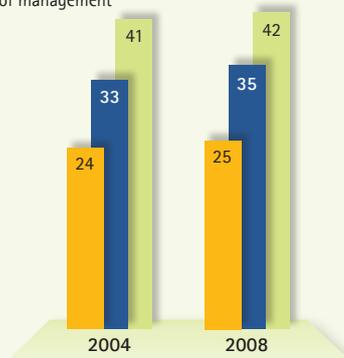
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Figure 2  
**Women in leadership positions 2004 and 2008**

Establishments in the private sector

Share of women ... in %

■ at the 1st level of management  
■ at the 2nd level of management  
■ of all employees



Source: IAB Establishment Panel 2004 and 2008. © IAB

Table 1

**Women in leadership positions 2008 according to size of enterprise**

Establishment in the private sector

Establishments with .... employees	Share of women ... in %		
	At the 1st level of management	At the 2nd level of management	Of all employees
1 to 9	27	–	50
10 to 49	21	37	44
50 to 99	20	34	41
100 to 199	16	28	40
200 to 499	12	23	39
500 and more	9	18	34
Total	25	35	42

Source: IAB Establishment Panel 2008.

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**The IAB Establishment Panel**

The economic parameters of individual establishments are surveyed annually via the representative employer survey. Near to 16,000 establishments of all sizes and from all branches of the economy are surveyed. The basic unit is establishments with at least one employee liable to social security. The survey has been in existence in western Germany since 1993 and in the east since 1996. As a comprehensive longitudinal data set, it forms the basis for research into the demand side of the labour market. In personal, orally conducted interviews, information is ascertained on various subjects.

The standard questions asked every year are complemented by a focused theme that differs from year to year and deals with current political or economic topics. Questions on "Women in leadership positions" were first asked in 2004 and then again in 2008 (see info box, page 3).

For more on the IAB Establishment Panel, see Fischer et al. (2009) or the IAB website at <http://www.iab.de/en/erhebungen/iab-betriebspanel.aspx/>.

dustry to promote the equality of women and men in private enterprise. The topic was even mentioned in the Coalition Contract of the newly formed Federal Government in Autumn 2009. According to this, the proportion of women in executive positions in the economy and public service was to be significantly boosted. To do this, a step-by-step plan towards increasing the proportion of women on management boards and boards of directors was to be presented. However, although the step-by-step plan does emphasise binding obligatory reports and the transparency of self-commitment, compliance with it is only on a voluntary, appellative basis.

In Germany women occupy executive positions in enterprises much less often than men. This has not changed at all over the last few years. In 2008 the IAB Establishment Panel (see info box, below left) asked employers for the second time how many women there were in the first and second level of management at enterprises (for the precise questions used, see the info box on page 3). The figures remain sobering: 71 per cent of all establishments in private enterprise in Germany are headed by men; women are not present in these establishments either as individual executives or as members of the executive squad.

While 42 per cent of employees in private enterprise are female, only about every fourth top position has been filled with a woman. At the second level of management, below the executive board, women are found more often, with a share of 35 per cent of the positions.<sup>1</sup> Since 2004 – when this data was first ascertained – the distribution has not changed significantly for either the first (24%) or second (33%) level of management (see Figure 2).

**Women are less often at the top in large-scale enterprises**

The larger the enterprise, the lower the proportion of women as measured against the total workforce. At the same time, the proportion of women in executive positions decreases with the increase in the number of employees – and this to an over-proportional degree (see Table 1). In very small establishments (1 to 9 employees) more than every fourth top position is held by a woman. In large-scale establishments (of

<sup>1</sup> The fact that a second management level does not exist in over three-quarters of the establishments relativises this "high" figure however.

500 employees and upwards) the proportion of women in the highest management level only amounts to 9 per cent. All the same, there has at least been an improvement: four years earlier the figure equalled 6 per cent.

The higher proportion of women at the second level of management is reflected in the individual sizes of establishments. In each of the enterprise sizes studied, women were found at this level more often – a fact that loses in significance however on account of the low number of establishments with a second level of management (22%) and the limited executive responsibility at this level.

While it is true that women are better represented on the executive floors of small establishments, here they have a great many less subordinate staff.<sup>2</sup> In addition these enterprises offer executive staff much less job security and lower occupational advancement (Holst 2009). In other words, management in small enterprises does not only differ in quantity from that of large establishments but also in quality. What is clear is that the proportion of female executive staff in establishments of all sizes is smaller than their share of the workforce.

### ■ Highest quota of women in enterprises in the sector "Other services"

Proportions of women staff that are well above average can be observed in the sector "Other services" – and that at all levels. 40 per cent of positions on the first executive level and 62 per cent on the second are held by women (see Figure 1 on page 1 and Table 2). The latter almost corresponds to the likewise very high proportion of women in this sector in general (70%). The reason for the high figures are doubtless the economic branches "Education, restaurants and hotels" as well as small-scale service firms such as laundries, dry cleaners, hairdressers, cosmeticians, etc. in which the staff are mainly women.

In the same way an over-proportional number of women are found in the sector "Trade and repair", both in total (49%) and also in management (first level of management: 27%; second level of management: 40%). However the high proportions of female

<sup>2</sup> On average, women in executive positions have a great many less subordinates: men have 41 staff under them on average, women only 18 (Holst 2009).

Table 2

### Women in leadership positions 2008 according to branch

Establishments in the private sector

	Share of women ... in %		
	At the 1st level of management	At the 2nd level of management	Of all employees
Mining/energy/water supply	8	9	20
Consumer goods	19	30	44
Industrial goods	19	14	21
Investment goods	12	12	21
Construction	9	15	15
Trade and repair	27	40	49
Transport/communications	20	24	23
Loans/insurance	8	23	53
Company-support services	20	30	42
Other services	40	62	70
Total	25	35	42

Source: IAB Establishment Panel 2008.

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The IAB Establishment Panel – concrete questionnaire on the subject of "Women in leadership positions"

55. The following concerns the leadership structures in your enterprise/bureau. Often there are various levels. The management staff of each level act as superiors to the lower levels.

a) How many people in total in your enterprise/bureau act as superiors at the highest level (executive board, owners, board of directors, branch management, management committee)?

b) And how many of them are women? a) Total b) Of these, women

56. a) Does your enterprise/bureau have a second level of leadership beneath the first one?

Yes .....  No .....  ▶ Continue with question 57

b) How many people in total act as a superior on the second level of leadership?

c) And how many of them are women?

a) Total b) Of these, women

Info:

Over three-quarters of the establishments have

■ one person at the top,

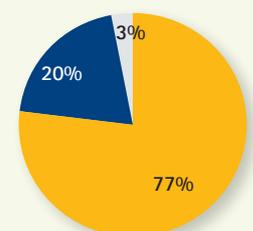
while a fifth of the establishments

■ are run by at least two people.

Three per cent of establishments say they

■ do not have any person/s at the top.

These are for instance branch offices with no local management staff.



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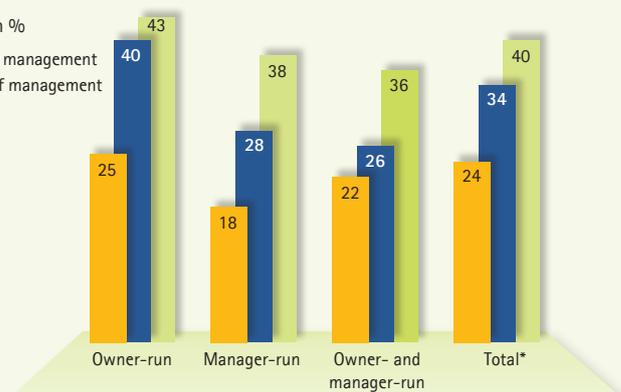
Figure 3

### Women in leadership positions 2008 according to leadership structures

Establishments in the private sector

Share of women ... in %

■ at the 1st level of management  
■ at the 2nd level of management  
■ of all employees



\* Deviation from overall number because of missing figures

Source: IAB Establishment Panel 2008.

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managers in these sectors cannot hide the fact that here also women are not represented in proportion to their overall share in employment.

In establishments in the financial sector, women make up over half of the employees but are seldom found on executive floors: not even every tenth executive at the first level of management is female. At the second level, the proportion of women is higher (23%) but still lies clearly below the average figure. The fact that the proportion of women in very top executive positions is infinitesimally small is also confirmed by other studies relating to top management positions (Holst/Wiemer 2010). Especially when it is a question of "economic power" women are hardly represented.

#### ■ Managerial positions are seldom held by women

This impression is also confirmed when one takes a closer look at the enterprise management structure. An individual establishment may be run by its owner or by members of the owning family. On the other hand management, especially in fairly large establishments, may rest in the hands of a manager or management team. The combination of both forms of leadership is also possible – particularly in medium-sized establishments.

<sup>3</sup> Here "qualified" means that the person has a university/university of applied sciences qualification, has finished his/her apprenticeship or a similar occupational training and/or has the equivalent professional experience.

In contrast to owner-run establishments, women are less often the "leaders" in manager-run establishments. The proportion of women at both management levels is below average in establishments exclusively run by managers (see Figure 3). In contrast, owner-run establishments have women more often in management positions or the women themselves are owners of the establishment.

This is not only due to the size of the establishment. Even when the different sizes of establishments are studied, the influence wielded by the management structure of the establishments remains the same. The differences are thus an indication of unequal entry chances as far as management positions are concerned. Usually these are filled competitively, i.e. male and female applicants are in direct competition with each other. Men tend to form influential networks in management and directors' boards which women as outsiders can hardly penetrate (Holst/Wiemer 2010). The better networking of male applicants can prove an advantage.

#### ■ The recruitment pool of qualified women is not used in an optimal way

A prerequisite for the promotion to the executive floor is adequate qualifications – both for women and men. Here both formal school (or university) qualifications and professional qualifications play a role. The pool of employees from which executive staff can be recruited – in as far as positions are to be filled internally – is reduced to a relatively limited segment of (highly) qualified persons. Not all employees in an establishment fulfil the necessary requisites to enable them to carry out executive tasks. Here the notion is in the foreground that human capital affects efficiency and working productivity. Hence human capital plays an outstanding role in defining careers (Busch/Holst 2009).

It therefore stands to reason that the pool of women from which female executives can be recruited will also become larger as the proportion of qualified women increases. This is the reason why establishments in private enterprise (with 10 or more employees) were classified into five groups according to their share of qualified women:<sup>3</sup> establishments with a share of qualified women of up to 10 per cent, between 10 and 30 per cent, between 30 and 70 per cent, between 70 and 90 per cent, and over 90 per cent.

It became obvious that with the increase in the proportion of qualified women the share of female executive staff also increased – both at the first and second level of management (see Table 3). But it was also obvious that this occurred to very varying degrees: in the segment of establishments with a very small portion of qualified women (up to 10 %) women were found relatively often in leadership positions (12%); by way of contrast however only every third enterprise with a high proportion of qualified women (over 90%) was run by a woman.

The supposition that the potential that well-qualified women definitely have which would allow them to climb up into the executive squad is not being optimally used is supported by these figures. This is different from the second management level: here women are much more clearly represented in enterprises with a high share of qualified women, if however not in proportion to their share of the qualified staff.

### ■ What keeps women away from the executive floors?

Various reasons can be deduced from other scientific studies for the fact that women's climb to the top is difficult. The downtime spent by women during the family phase often overlaps with the important phase of career-building. This not only has a negative effect on career starts but also on the later careers adopted by women. It is at this time that traditional structures in the family in respect to the distribution of work are solidified, which by implication ties women down much more than men as regards the amount of time they have available. The chances women have of achieving an executive position are also reduced (Holst 2009; Schulz/Blossfeld 2006) because these periods of downtime in support of the family can usually never be made up for again.

But even women who decide in favour of a life without children still have to surmount barriers to their career. Even they are often seen by those responsible for personnel as "potential" mothers. That is why it is not surprising that women in leadership positions are comparatively less often married and more often have no children in their household than men in leadership positions (Holst 2009; Kleinert 2006). In addition there are usually no female role models – that is, women in top positions – that other women can orientate themselves on when planning their careers.

Table 3

### Share of women in leadership positions and in the number of qualified employees at the establishment 2008

Establishments in the private sector with more than 10 employees

Establishments in which... % of the women are qualified	Share of women .... in %		
	At the 1st level of management	At the 2nd level of management	Of all qualified employees in the establishment
up to 10	12	9	6
from 10 to 30	11	15	18
from 30 to 70	19	31	49
from 70 to 90	33	61	80
over 90	34	87	96
Total	20	32	38

Source: IAB Establishment Panel 2008.

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Likewise differences in the professions chosen by women and men are also responsible for unequal opportunities in professional advancement and earnings. Women choose professions with structural disadvantages more often than men (horizontal segregation); these offer less opportunities to reach a leadership position. The professional fields chosen by women often tend to be in the service area which has traditional disadvantages vis-à-vis the production industry – not only, but also because the enterprises in this sector are smaller. For instance, the job of a dental assistant is almost exclusively practised by women (2007: 99%) (Holst 2009), a profession that offers neither opportunities for promotion nor attractive earning possibilities.

### ■ Conclusions

There are still less women on the executive floors of private enterprise than their share of employees would warrant. Women are especially not found in large-scale establishments – that is, at the switch-points of economic power. In establishments with 500 and more employees, their share of the first level of management is only 9 per cent. There has been a slight rise in figures in these establishments since 2004 however. On the other hand, at the second level of management 35 per cent of women have a leadership position.

The economic branch also has an important influence on how top positions are filled: women tend to run establishments in the service sector whereas men tend to run them in the processing industries.

A high proportion of women employees in a particular branch does not however mean that their share of leadership positions rises. In the finance and insurance sector in particular, with an above-average number of female staff, women in leadership positions are few and far between.

Moreover the findings of the IAB Establishment Panel show that not much has changed in this field over the last four years. Whether the step-by-step plan of the Coalition – which is still relying on voluntary measures – will get anything moving here remains to be seen. The emerging demographic change with its anticipated shortage of skilled employees may indeed mean that it will become more and more necessary to employ qualified women in leadership positions. Some companies have started to recognize the signs of the times and have recently begun to rely on quotas when filling their leadership positions.

It would be good if it were no longer unusual for the younger generations to have female superiors.

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