

Rhetoric and Realities: Analysing Corporate Social Responsibility in Europe (RARE)

A Research Project within the EU's Sixth Framework Programme

EU Goals Concerning Gender Equality: To What Extent Does CSR Contribute to Achieving Them?

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EU Goals Concerning Gender Equality: To What Extent Does CSR Contribute to Achieving Them?

Irmgard Schultz

1 Preliminary Remark

What are EU policy goals in the field of promoting gender equality? To what extent do CSR activities contribute to achieving these? In the following, we will tackle these questions with a focus on five gender issues¹:

- to promote equal opportunities
- to close the gender pay gap
- to promote reconciliation of work and family life
- to prevent sexual harassment
- to guarantee equal access to and supply of financial services.

As the field of gender policy contains very different topics and goals in different political sectors a kind of selection with respect to employment and social affairs was needed. The above cited gender issues were selected through an analysis of EU laws and directives against the benchmark that they have showcase character for the policy field and that they give room for CSR measures “going beyond laws” (Schultz 2007). These gender issues were operationalised with regard to key performance indicators and examined empirically in a survey at seventeen banks in Europe (Vigano and Nicolai 2006) and in more detail in two case studies in the banking sector: Caja Madrid/Spain and Dexia Belgium/France and Luxembourg (Schultz 2007b). The empirical base of the below presented insights refers to the findings of these studies.

2 EU Goals Concerning Gender Equality

“Gender Equality is a fundamental right, a common value in the EU, and a necessary condition for the achievement of the EU objectives of growth, employment and social cohesion”.²

¹ We use the *term gender issues* in the sense of different thematic fields and topics of gender policy. In the current political language of non-discrimination mainstreaming the term ‘equality strands’ is used (European Commission/ Centre for Strategy & Evaluation Services 2007).

² Commission of the European Communities: A Roadmap for equality between women and men 2006-2010, COM (2006)92 final, Brussels 01.3.2006.

The promotion of gender equality is a separate policy field in EU politics and a cross sector issue. Basically, this policy is defined by EU treaties and legislation concerning antidiscrimination and equal opportunities, by the overall renewed EU Sustainable Development Strategy and by the EU Framework Strategy on Gender Equality. Regarding the policy field of Employment and Social Affairs, political gender goals are introduced into the European Employment Strategy.

The *overall political goal of the EU* that includes equal opportunities and antidiscrimination is formulated in the renewed EU Sustainable Development Strategy (Renewed Strategy). It defines “Social equity and cohesion” as one of three key objectives: “Promote a democratic, socially inclusive, cohesive, health , safe and just society with respect for fundamental rights and cultural diversity that creates equal opportunities and combats discrimination in all its forms.”(Council of the European Union 2006: 4).

The EU framework strategy on gender equality defines concrete political goals of EU. The current framework strategy, the *Roadmap of equality between women and men*,³ outlines six priority areas of EU action for the period of 2006 - 2010:

1. Equal economic independence for women and men;
2. Reconciliation of private and professional life,
3. Equal representation in decision-making;
4. Eradication of all forms of gender-based violence;
5. Elimination of gender stereotypes;
6. Promotion of gender equality in external and development policies.

Except for the fourth one, all priority areas define key actions for policy concerning employment and social affairs, including the task to “encourage corporate social responsibility initiatives on gender equality”. (Commission of the European Communities 2006a: 27). They correspond with the selected gender issues, except for the sixth policy area ‘*Promotion of gender equality in external and development policies*. This issue is not tackled in our empirical research because the selection of gender issues (strands) was finished before the new framework strategy on gender equality, that addressed this issue for the first time, was introduced in 2006.

Against this backdrop four of our five selected gender issues: equal opportunities, equal pay, prevention of sexual harassment and equal access to and supply of financial services relate to the first, third and fifth priority area of the Roadmap. The gender issue of work – life balance relates to the second priority area.

The priority areas of the Roadmap don’t define quantitative goals. But indirectly they define political goals in the sense that their objectives are reached if parity between women and men will be given.

³ Commission of the European Communities 2006a: A Roadmap for equality between women and men 2006 – 2010. SEC (2006) 275, COM (2006) 92 final. Brussels, 01.03.2006, short: Roadmap.

Quantitative goals that relate to some of the selected gender issues are defined by the *European Employment Strategy*⁴ (in their Employment Guidelines). They are based on agreements of the Barcelona European Council in 2002, which relate to the Lisbon Agenda (Lisbon Strategy of 2000)

- To achieve a EU wide employment rate of 70% and of 60% for female employees by 2010,
- To reduce the gender pay gap by 2010,
- To improve the conditions of reconciling work and family,
- To guarantee the provision of child care facilities for 90% of all children from age 3 to kindergarten and for 33% of all children under the age of 3 (according to the agreements of the Barcelona European Council in 2002).⁵

2.1 The Policy Framework for Gender Equality

EU policy with regard to Gender Equality takes a comprehensive approach which includes:

- Legislation
- Positive actions for women
- Gender mainstreaming

Financial support is also available through an action programme. Against the EU definition that CSR activities refer to action fields “going beyond laws” the difference between legislation on the one hand and positive actions for women and gender mainstreaming on the other hand will be explained.

2.1.1 Legislation

Since the introduction of a European common market the first treaty (Treaty of Rome 1957) already contained the principle of “Equal opportunities and treatment for men and women”. Article 119 of this treaty introduced the principle of equal pay to women and men for equal work⁶. Since then a comprehensive body of EU directives concerning this gender issue as well as more antidiscrimination and gender equality issues were introduced (see Schultz 2007a).

Since 2000, two directives: the Race Equality Directive (EC/2000/43) and the Employment Equality Directive (EC/2000/78) broadened EU policy on antidiscrimination and

⁴ European Commission, DG Employment and Social Affairs 2004: More and better jobs for all. The European Employment Strategy. Brussels

⁵ Commission of the European Communities 2003, Employment Guidelines, Council Decision of 22.July 2003 (2003/578/EC).

⁶ European Community 1957: Treaty Establishing the European Community. Short: Treaty of Rome.

equal opportunities. These directives prohibit direct and indirect discrimination on the grounds of racial or ethnic origin, religion and belief, disability, age and sexual orientation.⁷

Meanwhile, the corpus of laws and directives concerning gender equality and antidiscrimination is manifold and provides a lot of space to companies to “go beyond laws. Without repeating the already given analysis (Schultz 2007a) just one directive shall be mentioned: *Directive 2006/54/EC on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation*⁸. This directive provides a specific legal basis for the adoption of Community measures to ensure the application of the principle of equal opportunities and equal treatment in matters of employment and occupation, including the principle of equal pay for equal work or work of equal value. Furthermore, it clarifies, that harassment and sexual harassment are contrary to the principle of equal treatment between men and women and constitute discrimination on grounds of sex for the purposes of this Directive. Another topic is equal treatment in security schemes. The gender issues addressed in this directive can be promoted by gender training and education measures and by companies’ internal institutions (gender action plans, recruitment and selection principles, gender monitoring etc) that go beyond measures and activities demanded by law.

Legal framework and overall strategy for all Community’s gender activities is *gender mainstreaming*. It was introduced in the *Treaty establishing the European Community* (Treaty of Amsterdam 1996/1999)⁹. Gender mainstreaming means: “The systematic consideration of the differences between the conditions, situations and needs of women and men in all Community policies and actions: this is the basic feature of the principle of ‘mainstreaming’, which the Commission has adopted. This does not mean simply making Community programmes or resources more accessible to women, but rather the simultaneous mobilisation of legal instruments, financial resources and the Community’s analytical and organisational capacities in order to introduce in all areas the desire to build balanced relationships between women and men.”¹⁰

Our empirical findings show, that gender mainstreaming is not a leading principle for the banking sector. In practice, laws and directives define “what is demanded” in the economic sector and activities of gender mainstreaming and positive actions are “going beyond”. The analytical distinction between what is demanded by laws and what are voluntary activities differ widely in different European Member States, as legislation on

⁷ Current feminist debate discusses very controversially the EU stimulated trend of developing gender policy to “diversity policy” (femina politica 01/2007).

⁸ European Commission 2006: Directive 2006/54/EC on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation 26.7.2006 Official Journal of the European Union L 204/23

⁹ European Community 1996/1999: Treaty establishing the European Communities (short: Treaty of Amsterdam). Retrieved January 15, 2005, from http://europa.eu.int/employment_social/equ_opp/treaty_en.htm

¹⁰ Communication: “Incorporating equal opportunities for women and men into all Community policies and activities” (COM (96)67final).

gender equality and equal opportunities differ very much in the European Member States (Schultz 2007a).¹¹

2.1.2 Gender Mainstreaming and Positive Actions for Women

Gender mainstreaming addresses both sexes and the relation between them. According to the above given definition of the EU, this strategy concerns all policy fields (cross-policy field approach of gender equality). Since the adoption and introduction of gender mainstreaming in 1999, many different measures have been developed to integrate this strategy into the different EU policy fields. Gender impact assessments and gender budgeting are two predominant tools to do this. However, strategic debate and empirical research on gender mainstreaming shows that concrete strategies, measures and means differ widely in different European countries and more efforts to clarify the approach on a strategic and operational level are demanded (Pollack 2002, Shaw 2002; Luxembourg Presidency 2005; Moser 2005; Verloo 2005; Walby 2005).

The concept is often seen as ‘affirmative action’ like in the USA, which is discussed very controversial. In Europe, positive action is enabled by directives, but the scope of issues that can be regarded as ‘positive action’ is not really clear. EU’s legal framework, as for example the Race Equality Directive and the Employment Equality Directive (EC/2000/43 and EC/2000/78), lacks a clear definition of what is allowed. EU Member States have different legislation with respect to this point: the UK distinguishes between positive action and positive discrimination. The latter one means employing someone because the person comes from a minority group in spite of whether she or he has the relevant skills and qualifications (preferential selection of a social group), which is unlawful in the UK and also in Sweden. Norway, in contrast, has a law defining a quota: 40 % of the (supervisory) boards of all public companies with more than five members must be women. In Spain the new gender equality law (2007) also defines a quota for the board of companies to be reached within the next six years.

European framework legislation does not regulate the question of quotas. EU bodies take positive actions more by ‘positive measures’ and funding. The gender award system ‘Empresa Optima’ in Spain, which is analysed as a very effective CSR instrument dedicated to gender equality (Schultz 2007b), was developed in the 1990’s with help of the EU Structural Fund to promote positive actions for women. Meanwhile this instrument is adopted by the CSR approach and integrated into CSR activities. It has the potential to be developed further as an important tool for gender mainstreaming addressing both sexes as for example parental leave of fathers as well as parental leave of mothers or promoting part time work of men as well as part time work of women.

In the business sector, the difference between gender mainstreaming and positive actions for women is not addressed. Equal opportunities and antidiscrimination relate to

¹¹ The big differences in national antidiscrimination legislation are often explained by the ‘Open Mechanism of Coordination’ between EU laws and national laws (Schultz 2007a). In response to this critique the Commission started a ‘Better Regulation’ initiative.

the antidiscrimination legislation and to business strategies of *diversity management*.¹² Diversity management concerns gender differences as well as those of ethnic backgrounds, of religious and sexual orientation, of cultural differences, and according to the European antidiscrimination legislation also of disabilities and age. It is mostly related to Human Resource management in companies with respect to the development of the company's workforce (Cooper 2004, Krell 2004, Mor-Barak 2005, European Commission/Centre for Strategy and Evaluation Services 2006, Verloo 2006). As already mentioned above, diversity management in the business realm and gender mainstreaming are not linked very well. The two strategies imply different demands of governance: one has the institutional setting of the public sector as frame (gender mainstreaming), the other one the institutional setting of competitive businesses and the market (diversity management).

Against this backdrop RARE project works with the hypothesis, that *CSR concepts for gender equality* have the potential to bridge this gap on the level of implementation and impact assessment.

2.2 The Role of CSR

The European Commission understands corporate social responsibility as a concept with which companies integrate social and environmental concerns into their business operations and into their interactions with stakeholders on a voluntary basis. (Green Paper).

In practice it is difficult to evaluate the contribution of CSR to gender equality in contrast to other policy strategies for gender equality. With regard to the amount of impact to policy goals that derive from "activities beyond laws" the case of Caja Madrid demonstrates *the benchmark character of laws* concerning activities for equal opportunities. Caja Madrid voluntarily promoted gender equality by participating in the Spanish gender award system "Empresa Optima" since 2002. Improvements in the six defined action areas of this gender award system have been proven. Most effects were detected in the area of reconciliation of work and family life and in the area of promoting equal opportunities (selection and gender trainings). In 2007 a new law on gender equality was introduced in Spain defining activities of companies for gender equality. The company compares every activity demanded by this new law and the activities already in practice within the company. Thus, it is able to diagnose how far already existing activities and performances of its equal opportunity activities go "beyond law". Laws and CSR activities are strongly interrelated.

¹² In terms of epistemological grounding the approach of "diversity" is not very clear. The theoretical term of "intersectionality in feminist debate suffers a lack of methodological references and empirical operationalisation" (Hardmeier/Vinz 2007)

Caja Madrid has *labour agreements concerning parental leave* which go far beyond the legal demands (of free days). Within the company, they are also seen in relation to what is demanded by law. In the explanatory model of the RARE project trade unions are seen as a success factor/driving force to CSR. The case study of Caja Madrid demonstrates that CSR can contribute to this issue by forcing already existing dynamics within the company to promote the reconciliation of work and family life. The example demonstrates, that benchmark for CSR activities are legal requirements of *national* laws.

The contribution of *EU programmes and EU funds* for gender equality cannot be strictly divided into “CSR sections” and “gender mainstreaming” or general gender policy sections. Nowadays is seen as part of CSR what ten years ago was introduced for promoting positive actions for women without any connection to social corporate responsibility.

Since EU policy has broadened its focus from exclusive gender antidiscrimination to other diversity issues, positive actions *for women* create “visibility” of the gender issue within diversity activities addressing different diversity groups. The case study of Dexia demonstrates, that a clear ‘pro action for women’, which is the ‘Project on the situation of women in Dexia’ (Dexia 2004, 2005a, 2005b), contributes clearly and very efficiently to the goal of equal opportunity and to the increase of the share of women in management (with the exception of the highest level of management).

One key indicator taken in the case studies is the overall gender indicator: *Key Performance Indicator for Gender Equality*: % of women in the total workforce in relation to % of women in top positions (EIRIS). This key indicator of gender equality is taken as general indication of goal attainment in equal opportunities. In both cases, the case of Caja Madrid and the case of Dexia, this indicator has increased consistently in the last three years (Schultz 2007b).

In order to relate outcome *on company level* to impact *on societal level* this key performance indicator was related to average data of the EU equality report. This benchmark showed that these data in both banks lie high (better) over European average data. Thus, the conclusion can be drawn, that both banks show high impact on gender equality. Furthermore, these data were related to average data of the banking sector in these countries. It demonstrates that the share of women in the workforce in relation to the share of women in management within these two banks lies high above the average of the banking sector in Southern countries in the case of Caja Madrid and above the banking sector of Western European countries in the case of Dexia:

Caja Madrid (2004): 42,7% of women in total workforce compared to 28,1% of women in top positions, which has to be seen against the data of 33% of women in the total workforce to 7,9% of women in top positions in banks of Southern Europe.

Dexia (2004): 46.4 % of women in the total workforce to 35.12 % of women in top position which has to be seen against the data of 45,6 % women in the total workforce to 14% in top positions in Western European banks (Schultz 2007b).

This double benchmarking: *absolute benchmarking concerning key performance indicators* and additionally a kind of *relative benchmarking* that relates the impact data to national/EU average data on gender equality issues could be the base of interlinking the gender mainstreaming strategy with CSR activities in the private sector on an impact level. A mixture of both methods is the base of the below presented compilation. The case study on gender equality by CSR in the banking sector examines this kind of benchmarking in detail for all selected issues (see Schultz 2007b).

Conclusion: Benchmarking against policy goals could be developed further in a systematic way. In order to realise this potential, more clarity of definitions (what is gender equality, what is gender mainstreaming, what is the link to diversity policy and diversity management) is needed. New methods to combine CSR performance measuring data (for example delivered by CSR reporting with GRI/G3 indicators) in relation to EU gender equality data /national gender equality data of economic sectors could combine the public-political and the business approaches of gender equality/ diversity policies. The below presented attempt of measuring goal attainment of CSR impacts is a first step in this direction.

Table 2.1: The contribution of CSR to achieve EU policy goals on gender equality, diversity and social inclusion

Policy Goal	Contribution of CSR	Main CSR measures leading to contribution
Legislation	With room for CSR activities	
Gender mainstreaming	So far not combined explicitly with CSR activities for gender equality	
Positive actions for women	Used in the CSR instrument gender award system. So far not defined explicitly as measures of gender mainstreaming.	
Gender issues and policy goals:	Contribution of CSR	Main CSR measures leading to contribution
<u>(1) Equal opportunities</u> – Policy goal: <i>Economic independence for women and men (Roadmap):</i> Employment targets: 60% employment rate for women by 2010 (Renewed Lisbon strategy);	Yes. Improvement of gender equality indicator (% of women in the total workforce to % of women in top positions) within the last three years proven in both banks. Data of this indicator lie high above European average and above average of banking sector in South respective Western Europe.	“Project on the situation of women in Dexia”: Internally and externally communicated commitment, action plan with key performance indicators and follow-ups, reporting and external verification. <i>Gender award systems</i> (management systems) to introduce ‘positive actions for women’. <i>Company specific tools</i> for selection principles, gender trainings, mentoring, education measures etc
<u>(2) Gender Pay Gap –</u> Policy goal: <i>Reducing the gender pay gap until 2010 (Lisbon Strategy, EES 2003)</i>	Punctual: Equal pay in equal remuneration classes (unclear: bonuses and classification system) Sectoral and occupational segregation (hierarchies within companies) is not tackled	Gender audits/ internal reporting, external reporting; GRI indicators (pay data were not obligatory in GRI performance indicators, GRI 2 but will be in GRI 3)

<p><u>(3) Work life balance -</u></p> <p><i>Policy goal: Recon- ciliation of private and professional life (Roadmap)</i></p> <p>European. Pact for Gender Equality (2006)</p> <p><i>Policy goal: Barcelona targets on childcare</i></p>	<p>Yes, except part-time work of fathers that could be promoted more</p> <p>Yes.</p>	<p>Agreements on flexible working times, e-learning, facilities for home work etc.</p> <p>Agreements on parental leave beyond legal re- quirements, sensitisation measures</p> <p>Creation of child care fa- cilities, of nurse's surgery and a gym for company's employed parents and more</p> <p>Providing in-hours-services (baker's, cleaner's etc.)</p>
<p><u>(4) Prevention of Sexual Harassment</u></p> <p><i>Policy goal: Economic independence for women and men (Roadmap)</i></p>	<p>Not measurable so far.</p>	<p>Preventive measures against sexual harassment and bullying;</p> <p>Internal commitment, lead- ership principles etc.</p>
<p>Overall EU goal of <u>So- cial Inclusion</u> (EU Sus- tainable Development Strategy/ Lisbon Goal)</p>	<p>Yes.</p>	<p>Financial product: "Guar- anteeing a basic banking service" (Dexia);</p> <p>"Social Work" (second column of saving banks): projects for disadvantaged societal groups: migrant women etc.</p>

Source: ISOE.

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