

Nout Wellink: The position of women in the financial sector

Address by Dr Nout Wellink, President of the Nederlandsche Bank and President of the Bank for International Settlements, at the Conference on "Women at the Decision Making Positions", organised by the Russian Association of Regional Banks, Amsterdam, 24 February 2003.

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I rarely have the privilege of addressing an audience largely made up of women. That in itself is telling - and is not a good sign. But the fact of the matter is that the financial world is still dominated by men. That applies to both commercial and central banks, and the Netherlands is no exception. So, in the run-up to International Women's Day, you have every reason to hold this conference to focus on the role of women at senior management levels in the financial sector.

The position of women in the labour market can and must be improved, notably in the financial sector. That's not just because I think women deserve a better deal but also, if not mainly, because it would be good for companies and for society as a whole to see an improvement in women's labour market participation and their chances to advance to the top. The world would be a bleaker place if it only consisted of men, and the same applies to organisations. An organisation with a mix of men and women on all levels has a more pleasant atmosphere, which possibly makes for a better performance. Moreover, the economy as a whole will benefit from higher women participation rates, for the participation rate among women in the euro area is one of the reasons why the growth of income per capita here lags behind that in the United States.

And women should be appropriately rewarded, of course. Which reminds me of what was written about Alan Greenspan in a recent biography. When still running his own financial consultancy, some 40 years ago, Greenspan chose to recruit women rather than men. His motivation was purely rational. He was convinced that women were just as qualified as men, but since the labour market did not fully appreciate the quality of women they were undervalued and hence cheaper. Greenspan used his sharp insight to benefit from this arbitrage opportunity.

Back to the present day. The good news is that in the euro area the labour market participation for women aged between 24 and 45 is far higher than that for those of 45 and over. This indicates an improvement over time and is a promising development. The bad news is that women still lag far behind in terms of qualitative participation. Let me keep to the Netherlands on this point. According to a report by our Social and Cultural Planning Office a few years ago, not a single woman sat on the Managing Boards of the top 25 Dutch companies. In the top 100, there was only one woman to over 400 men, and women made up no more than 2.5% in the top 5000. The situation on the Supervisory Boards was better, but with an average of one woman to 12 men, still not exactly positive. And as far as our banking sector is concerned, I am not sure whether we would have sufficient women top managers to create a delegation like yours.

As regards the position of women in senior management, I must unfortunately share some of the blame. The Nederlandsche Bank has one woman among the 12 members of its Supervisory Board. Prince Claus, the late husband of our Queen Beatrix, was instrumental in getting her on our Supervisory Board by stressing time and again that the successor to him should be a woman. Our Governing Board is made up entirely of men, so in that respect we have a lot to learn from your country. Two of our eight deputy executive directors are women. While this is an improvement on the past, we still have a long way to go. We are hence actively working on a plan for a larger number of women at the Nederlandsche Bank, with more advancement to the top. Before I tell you how we intend to do this, let me first go into the reasons why women lag behind.

Both demand and supply factors play a role. As regards demand, all too often, women are passed over as potential candidates for recruitment or promotion. Whereas some feel that this is done with intent, I am inclined to think that it is an unconscious process, arising from a stereotyped view of men and women. In fact, research indicates that men are inclined to appoint men, and women are inclined to appoint women. Since management traditionally consists of men, it is easy to see where the glass ceiling comes from, and that it will not disappear unless we make a conscious effort.

Turning to supply, and women themselves have a role to play here, several causes present themselves. Women are less self-confident than men, are not as quick to think that they're suitable or to push themselves forward. That is not just my impression, it has been confirmed by psychological

research. Another factor is that women sometimes have other preferences in respect of combining their career and family. That is only to be respected and means that, wherever we can, we should create the conditions for combining work and childcare. Not every job can be done part-time but there are plenty of positions, even at senior levels, that offer the flexibility that women prefer because of personal circumstances.

That brings me to the Nederlandsche Bank's policy in this area. Let me begin with the plus-es. Our general terms of employment are well-disposed towards women. We have a standard 36-hour working week, opportunities for all, including senior staff, to work part-time, flexible working hours and good financial arrangements for childcare. Our recruitment policy is geared to attracting women employees, and in fact over time more women, especially the higher educated who are the high potentials for advancing to the top, have joined the Bank. To give you some figures, whereas our percentage of female employees increased merely from 30 to 34 percent over the last 6 years, the percentage of women in the higher salaried positions has doubled in that period.

But, and that is a minus, we apparently don't do enough to allow women to advance to the top. Whereas 25% of our female employees has an academic background, only 11% reaches the level of senior management. So we still have a long way to go.

One initiative in the Netherlands to promote the advancement of women in the boardroom has been the creation of a network of ambassadors, comprising top male executives in larger organisations who are willing to push for more opportunities for women. I was recently asked to join this network. As one of the ambassadors, I am obliged to draw up three personal points for action and to stick to them.

Your conference gives me a wonderful opportunity to announce my three personal points for action or, to use words that I feel more comfortable with, policy targets. If it's up to me, what will the Nederlandsche Bank do in the near future to stimulate women's advancement to the top?

- My first personal point of action is to make it more visible, both to the outside world and to everyone working at the Nederlandsche Bank, that I am committed to promoting the career possibilities of women in our organisation. Research has shown that explicit commitment by board members makes women more confident to apply for senior positions. Moreover, it makes managers more aware that they are expected to pay attention to women candidates when it comes to promotion, and to be flexible when it comes to the demands of those who have the ambition to combine a career with the care of a family. This conference is one way to create this visibility, for which I thank you. Giving interviews on the subject is another and I promise that in the course of this year I will actively look for possibilities to get press coverage of my views on the subject.
- My second point of action is to invite high potential women working at the Nederlandsche Bank for a discussion about the problems they encounter in their job fulfilment and career planning. If I want to promote opportunities for women in my organisation, I must have a clear picture of how they perceive the glass ceiling. I intend to discuss the outcome of these conversations with our management. I expect that from this exchange of information we will be able to draw lessons that may be translated in specific measures for improvement of the career possibilities for women.
- For my third point of action I would like to draw upon that information. I intend to establish a (moving) target figure for the participation of women candidates in our management trainee programme. Not all high potential women may be interested in a career to the top, for the reasons I mentioned earlier. But, depending on the number of women that are, I will establish a target rate of participation of women in our management development programme. Moreover, when it comes to promotions I want every shortlist to contain as a rule at least one woman.

Sticking to these three personal points of action, or policy targets, is a question of commitment. Being a central banker, I am well aware of the importance for my reputation of holding on to this commitment. But not only my reputation is at stake. Promoting opportunities for women in the financial sector is very important, as we are responsible for bringing out the best in our human capital, male and female. I hope that this conference, and the other activities being organised for International Women's Day, will contribute to more equal and fair representation in management in general and in the financial sector in particular.