

Jörg Asmussen: Changing reality

Intervention by Mr Jörg Asmussen, Member of the Executive Board of the European Central Bank, at the Panel Discussion “Reverse Reality – What If: Lehman Sisters’ or the Sisterhood Ran G20 and Big Business?”, Women in Parliament, Global Forum, Brussels, 28 November 2013.

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1) Reversing reality

The title of our debate “What if Lehman Sisters...” invites us to a thought experiment: What would a reversed reality look like? Would the world be a better place per se? I doubt it.

There is plenty of empirical evidence on gender differences in finance and risk aversion. Experiments and field studies on gambling and betting show that women *on average* are more risk averse than men. My anecdotal evidence as a father of two young ladies age 6 and 5 proves quite to the contrary that female do behave hazardously on playgrounds. However, as an economist, I have no reason to doubt the empirical results.

But I doubt, indeed, that reversing reality in the sense of replacing “male dominance” in finance by “female dominance” would make the world a better, or the financial industry a safer place. It would merely create another type of “unbalanced reality” with the same tendency to herding behaviour.

2) Changing reality

I am, however, deeply convinced that it is time to change reality and to strive for more gender diversity.

a) Why is gender diversity important?

I see three reasons for this:

First, gender diversity brings new insights, skills and experiences to an organisation and is thus an asset and a competitive advantage. Mixed teams achieve on average better results. If you allow, I would like to use a successful soccer team as an example: yes, you need brave strikers, ready to take any risk and not shying away, even if it hurts. But to be successful, you also need the midfield, setting the scene for others and willing to run the extra mile. And you need the very cautious defence you can rely on.

Second, gender diversity allows accessing the widest talent pool. 50% of newly graduates are women and the majority of graduates with top grades are female. We simply cannot afford to not make use of these human resources and this argument weighs even heavier in ageing societies facing demographic challenges.

Third, gender diversity is simply a question of fairness and chances of participation in modern society and key to work-life balance for modern families. And in this sense, gender diversity is not only about affirmative action for women in the workplace. As I see it, there is something in it for men as well – it is about gender balance. Most men I know have a reluctant or clearly negative attitude towards gender diversity and enjoy making fun of it. They are often simply scared about their own career prospects. What is only rarely seen, however, is that improving the chances of participation of women in the workplace goes hand in hand with opportunities for men to engage more in family life, leaving the stigma and role models of the 1950s behind. And I do know many men who would enjoy this. They should therefore change their attitude towards gender diversity in the first place.

b) *How to get there?*

While I have been convinced of the need for change and more gender balance for a long time, I changed my mind on the question how to get there in recent years. When I graduated from university and started my professional career I thought that for my female fellow students eventually equal career opportunities would open up as for me and my male fellow students.

My personal experience over the last 20 years and the developments in the professional life in general proofed me wrong. The figures speak for themselves and I want to quote just one compelling finding: The UK's Equality and Human Rights Commission found in 2008 that it would take 70 years to achieve gender-balance in the UK's largest 100 companies at the current rate of change. We need to speed things up.

And we need a critical mass to achieve a breakthrough. McKinsey comes to the conclusion that the environment for women in senior roles improves only when about a third of leaders on that level are female.

I would like to share with you how we at the ECB want to achieve the breakthrough:

The Executive Board decided this summer to introduce gender targets with the aim of doubling the share of women in management within 6 ½ years. By the end of 2019, 35% of position in middle and senior management should be held by women. The overall share of women in management positions at present is 17%, while women hold 14% of senior management positions. In order to reach the gender targets, the ECB is currently implementing a gender diversity action plan. This action plan covers such measures as opening up vacancies for external recruitment campaigns and ensuring that women are better represented in selection panels.

The recruitment of staff for the single European banking supervisor will be a litmus test for our new strategy.

Gender diversity is high on the agenda of the ECB and it will stay there until we achieve our targets.