

Myth & Reality

Forget all the talk of equal opportunity. European women can have a job—but not a career

By Rana Foroohar

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Here's a pop quiz on gender equality. In which part of the world are women most likely to reach the highest rungs of power? Choice A offers new moms 12 weeks of maternity leave, almost no subsidized child care, no paid paternity leave and has a notoriously hard-driving business culture. Choice B gives them five months to three years of paid time off from their jobs after having kids. Millions put their offspring into state-sponsored day-care centers for several hours a day. Government agencies, full of female directors and parliamentarians, protect workers at the expense of business and favor a kinder, gentler corporate culture. So which place is better for women who want to make it to the top? If you guessed A, the United States, you'd be right. If you chose B—Europe—think again.

It sounds impossible, but it's true. For all the myths of equality that Europe tells itself, the Continent is by and large a woeful place for a woman who aspires to lead. According to a paper published by the International Labor Organization this past June, women account for 45 percent of high-level decision makers in America, including legislators, senior officials and managers across all types of businesses. In the U.K., women hold 33 percent of those jobs. In Sweden—supposedly the very model of global gender equality—they hold 29 percent.

Germany comes in at just under 27 percent, and Italian women hold a pathetic 18 percent of power jobs. These sad statistics say as much about Europe's labor markets, lingering welfare-state policies and corporate leadership as they do about its attitudes toward women. It's not that European women are stuck in the house. (After all, **57 percent of women in the EU 15 work**, less than the U.S. rate of 65 percent, but not dramatically so.) The real problem is that Europe has been consistently unable to tap the highest potential of its female workers, who represent half of college graduates in most countries. Women, it seems, can have a job—but not a high-powered career.

Why is this? Simply put, Europe is killing its women with kindness—enshrined, ironically, in cushy welfare policies that were created to help them. By offering women extremely long work leaves after children, then pushing them to take the full complement via tax policies that discourage a second income, coupled with subsidies that serve to keep them at home, Europe is essentially squandering its female talent. Not only do women get off track for long periods, many simply never get back on. Nor have European corporations adapted to changing times. Few offer the flextime that makes it easier for women to both work and manage their families. Instead, women tend to get shuffled into part-time work, which is less respected and poorly paid. Those who want to fight discrimination find themselves hamstrung by laws favoring employers.

Among Europe's myriad problems, this one is huge—with ramifications way beyond gender relations. In fact, it wouldn't be an exaggeration to say that Europe's future hinges on it. "We have got to get more women into the labor market," says Vladi mir Spidla, the EU commissioner of Employment and Social Affairs. Declining birthrates and aging populations threaten the financial stability of almost all European nations, he explains. With a massive skills gap and pension crisis looming, the Continent must bring in more high-level workers. Immigration—the main solution thus far—presents obvious cultural challenges. Taking better advantage of existing female populations is an obvious answer.

Yet consider the "female friendly" policies touted by many Europeans as solutions—to the work-life dilemma, among them those legendary maternity leaves. Any number of studies, including some by the OECD and the ILO, have shown how excessively long leaves can derail women's career prospects, often permanently. Employers are understandably reluctant to hire and promote someone who may absent herself for years on end, often more than once. "Being a potential mother becomes an obstacle for women in certain types of jobs, and that is the case all over Europe," says ILO labor sociologist Manuela Tomei. Removing one's wedding ring for job interviews has thus become commonplace. So have probing questions. "Your family plans come up at every single job interview," says Sasha Buehler, a Munich film buyer. "I've had to promise potential employers that I won't get pregnant." While questions like this might elicit a lawsuit in the United States, European women are less likely to fight back. Europe doesn't allow class-action suits and, outside of the public sector, the burden of proof in a discrimination case still falls on the individual rather than the corporation, making it incredibly difficult for a single person to initiate and win a case.

The result is a system where most European women do some kind of work outside the home, but relatively few enjoy genuine upward mobility. Often excluded from the more lucrative and competitive private sector, they work in disproportionately large numbers as teachers, nurses or health-care aides rather than as business managers. There's also a marked concentration of women in public-sector and government jobs compared with the United States and even some developing countries. This is particularly pronounced in the Nordic countries, where women enjoy as many as 480 paid days of maternity leave. Half of Sweden's working women are in the public sector, for example, while more men work in better-paid private-sector jobs. Compare that to 30 percent of women in the public sector in the U.K., and 19 percent in America.

Consider as well the double-edged benefits of part-time work—also held up in Europe as a solution for working mothers. In reality, it's a trap for those who want to get ahead. A recent study by the U.K. Equal Opportunities Commission found that women part-time workers made 40 percent less per hour than men—the same pay gap as 30 years ago. The two-tier nature of the European labor market—in which jobs tend to be either lucrative and protected or low-skilled and precarious—makes it tougher to turn those part-time jobs into better full-time ones. Taken together, the combination of a very long leave and a part-time job "can give the impression that women aren't serious about investing in their careers," says the OECD's Willem Adema, a senior economist and author of the *Babies and Bosses* report.

The system doesn't help women break out of this downward spiral. To the contrary, most European countries base their tax structures around the notion of a single breadwinner. The result: taxwise, it's often advantageous for families if the mother doesn't work. Germany is exhibit A. Second incomes are immediately taxed at the highest bracket. Many union contracts are still modeled after the single-breadwinner family, providing standardized pay increases for marriage and each child. Public health care is free for stay-at-home moms if the husband works—but if both parents do, they pay hefty premiums. A monthly stipend of €800 for child care can be paid out only if parents take care of their own child, which has led the German Association of Working Mothers to call it a "stay-at-home subsidy."

Child care is another big problem. American women might dream about the advantages of subsidized, Continental-style day care. But access and cost vary wildly. In —Germany, there's an extreme shortage of child care, and much of it is available only for the morning and early afternoon. Most kindergartens and grade schools let out at lunch—yet another blow to working mothers. In the Nordic countries, well-developed state day-care centers offer longer hours, which mean that women sacrifice much less of their earning power than they do in, say, Spain or Italy. Still, says the OECD's Adema, "there's a social pressure on mothers in places like Denmark or Sweden not to use more than six hours of care a day." France counts among the best countries for working mothers. There, any child over 3 years old is guaranteed state-funded day care, without social stigma. That means roughly 80 percent of French women who wish to work can do so. Still, French women hold only about 30 percent of managerial positions.

These problems do not all grow from misguided public policy, of course. Despite the mythology of European enlightenment, retro attitudes toward women die hard. The best European blue chips are starting to institute diversity programs, but the blunt fact is that the upper echelons of corporate Europe are still very much a man's world. In France, power brokers tend overwhelmingly to be graduates of the *Grande Ecoles* that were first opened to women in the 1970s. That means the pipeline of female execs is still very much developing. Germany only recently began unwinding chummy corporate structures that perpetuate a small cadre of business titans who sit on each other's supervisory boards and pass out top-tier jobs. This insider culture is reflected in a 2004 study by the European Professional Women's Network, which found that women hold only 8 percent of board seats of Europe's largest 200 companies, versus 14 percent in large American companies.

Add to this the fact that Europe's business culture is still more hierarchical and less flexible than America's. Women tend to thrive in less formal, more entrepreneurial environments where they can help set the rules, as in the United States. If Europe is to tap into the full potential of its underemployed female work force, says Valerie Gauthier, associate dean of the HEC School of Management, a business —school in Paris, it will have to similarly modernize its labor markets: "The government should support more entrepreneurs and [encourage them] to set their own work environments, creating situations better suited to the needs of women."

That would unquestionably include more flexible hours. Europe's workplace culture may not be as hard-driving as America's, but it is certainly more rigid. Only one in five Europeans works some sort of flexible schedule, as compared with almost 30 percent in the United States. And because European companies have traditionally invested less in technology than their American counterparts, the notion of such accepted U.S. practices as "remote work" are less common. So-called face time also counts for much more in Europe than in America. "The problem is that management is command-and-control-focused, rather than objective-based," says Alexandra Jones, associate director of the Work Foundation in Britain. "When bosses make decisions about who is doing a good job based on who spends the most time at their desks, then women are inevitably disadvantaged."

That's a bad move all around, because research shows productivity to be surprisingly independent of time logged at the office. A study released in January by the London School of Economics found that the biggest, most global and best-managed companies tend to be those offering employees the best work-life balance—flexible hours, job sharing, time banking and working from home. British Telecom is a perfect case study. One of the U.K.'s most competitive companies, it has been on flextime since the 1980s, with 70,000 of its total 102,000 workers (from chief executive to secretarial assistants) participating. Indeed, internal company studies show that flex work tends to be some 25 percent more productive than office work. The policy has not only saved the company £10 million yearly in fuel costs, it has also given it a 99 percent return rate for working mothers. (Compare that to the U.K. national average of 47 percent.) Given the cost of hiring and training new workers, that puts another £5 million a year in the company coffers. Most important, says BT's director of people networks Caroline Waters, "our policy gives us a leg up in the talent wars. Women are in a position where they are making choices, and we have to create the kind of environment they want to work in."

Take heed, Europe. The very things that create a better working environment for women will also make Europe grow faster. Topping that list is the liberalization of service markets. "Overregulation of the service sector creates a higher price for things like child care and household help, and that penalizes women," says Fredrik Reinfeldt, Sweden's opposition-party leader. Not only would less regulation bring down the cost of child care, it would also create new jobs for women, the majority of whom work in services. While the EU did pass a draft services bill last week, the 211 amendments watering down the most controversial (read: aggressive) parts of the proposal reflect Europe's continuing reluctance to undertake serious service reform.

Politicians should also rethink tax structures that penalize a second family income, encourage shortening maternity leaves (limiting their length to six months to a year) and come up with creative ways to divide parental leave more equally between mothers and fathers. Germany's new minister for Family Affairs, Ursula Von der Leyen, a working mother of seven, recently pushed through a law stipulating that only couples in which both parents take time off with babies will be eligible for a full 36 months of leave. And Iceland now stipulates that at least three months of the allowed nine months of leave must be taken by a father—which 30 percent of dads now do.

Other positive signs are emerging. This past December, France passed a law mandating pay equity between men and women within five years. Over the past two years the French business school HEC has launched a major campaign to recruit more female M.B.A.s, raising the percentage of women in the program from 16 to 32. Norway recently decreed that all corporate boards must be 40 percent female within two years, or face being shut down, while the European Commission for Employment and Social Affairs will soon begin a yearlong study to determine whether discrimination laws in Europe are being properly enforced. Meanwhile, the EU has set aside funds for the creation of a gender-equality institute in 2007. Its goal: to "come up with concrete solutions" to Europe's gender gap, according to Commissioner Spidla. If it does, the future will be a lot brighter for all Europeans.

With Emily Flynn Venkat in London and Stefan Theil in Berlin

Editor's Note: An earlier version of this report incorrectly stated that women make up 57 and 65 percent of the overall workforces in the EU 15 and the United States respectively. In fact, the percentages refer to the number of women who work in those countries--not their proportion of the work force