

THE GERMAN DIVERSITY DILEMMA

German Diversity Monitor 2021

A DIVERSITY STUDY BY BEYOND GENDER AGENDA



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THE GERMAN DIVERSITY DILEMMA

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Due to the pandemic, the failures of German companies in the area of diversity have come much more into the focus of the general public. Therefore, the apparent inequality of opportunities for people with disabilities, of different genders, ages, sexual orientations and gender identities, as well as cultural and social backgrounds, once again significantly increases the pressure on companies to change. Equity, diversity, and inclusion are being demanded more and more intensively, leading companies to engage in pronounced diversity actionism. For example, women's quotas are published, rainbow flags are waved, and Diversity Weeks are held in a way that is noticeable to the public. As pleasant as this intensified commitment to diversity by the German industry is, the title of the German Diversity Monitor

2020 still applies: "In German companies, diversity is more lip service than reality".

If you compare last year's results with this year's, you quickly come to the conclusion that despite positive developments in individual companies or in individual diversity dimensions, overall, there is a diversity standstill in the German economy. Two small steps forward in one place almost always mean a big step back in another. The German economy is therefore currently stuck in a **DI-VERSITY DILEMMA**. Rainbow marketing and lip service are no longer enough for stakeholders. Instead, they expect words to finally be followed by actions.

From the perspective of many top managers, they are thus faced with a choice between two equally difficult challenges. While, on the one hand, the necessary diversity transformation is a cost-intensive and tedious feat for the entire organization, the inevitable consequence of deciding against it is that companies will not be able to compete in the intensified competition for talents, innovations, and the urgently needed answers to the major economic challenges of our time. Thus, the choice is between profound change, which puts processes, acting persons and established structures equally to the test, and ignoring the potential of diversity as a critical economic factor. The latter will most likely drag companies into the **SPIRAL OF IGNORANCE**.

TWO STEPS FORWARD. ONE STEP BACK.

The good news: Courageous corporate leaders who are willing to align their companies with a future-oriented approach can resolve the diversity dilemma and thus fully exploit the potential of diversity as an economic success factor.

The results of this year's German Diversity Monitor show the standstill in diversity and highlight the risks companies run if they ignore diversity as an economic success factor and thus are in danger of slipping into the spiral of ignorance. Furthermore, we identify a clear relevance gap between the various diversity dimensions, which leads to the **DISCRIMINATION OF INDIVIDUAL DIMENSIONS**.

Therefore, this year we are paying particular attention to the developments in the dimensions **GENDER, LGBT+** (Lesbian, Gay, Bisexual, Transgender and Other), and **DISABILITY**. Regarding these three diversity dimensions, the changes compared to the previous year were particularly impressive.

→ Board members in the DAX remain male despite the legal minimum requirement. The expansion to 40 companies in the German share index has even intensified the dominance of male board members.

→ There is a large gap between communicated ambition and actual implementation when it comes to the diversity dimension **LGBT+**. Companies present themselves extensively in rainbow colors, but the measures to support this target group remain far below expectations.

→ The sad taillight this year is the diversity dimension **Disability**. People with disabilities are commonly not the focus of German companies' commitment to diversity, but they are currently being hit particularly hard. The decrease in the relevance of the diversity dimension **Disability** is like a descent into insignificance.

About BeyondGenderAgenda

BeyondGenderAgenda has set itself the goal of securing and expanding the international competitiveness of German business in the long term by integrally anchoring Diversity, Equity & Inclusion (DE&I) in the DNA of listed and medium-sized companies.

SPIRAL OF IGNORANCE



An insufficient understanding of diversity is often the trigger for a **SPIRAL OF IGNORANCE** and can lead to wrong business decisions. The lack of recognition of **DIVERSITY AS AN ECONOMIC SUCCESS FACTOR** results, for example, in diversity not being made an **EXECUTIVE RESPONSIBILITY**, in insufficient **PERSONNEL AND FINANCIAL RESOURCES**, and in the failure to establish a **SUCCESS MEASUREMENT OF KEY PERFORMANCE INDICATORS (KPI MANAGEMENT)** and an **INCLUSIVE WORK ENVIRONMENT**. Once

the **SPIRAL OF IGNORANCE** is set in motion, it becomes increasingly difficult for companies to resolve their **DIVERSITY DILEMMA**.

Only 26 % of all companies make DIVERSITY an EXECUTIVE RESPONSIBILITY



With the recognition of diversity as an economic factor critical to success, the question arises as to how responsibility for diversity is anchored. In the respondent companies, only a good quarter of the people responsible for diversity are on the board or in management. However, the organizational anchoring of responsibility at the remaining 74 % of the companies surveyed makes it clear that diversity is not yet an **EXECUTIVE RESPONSIBILITY** and that the role of CEOs, which is critical to success, is not recognized.

70 % of companies do not provide a diversity budget

If the responsibility for diversity does not lie with top management, the financial and human resources required to manage diversity in the company pose a challenge. Among the companies surveyed that attribute medium importance to diversity, 86 % do not provide a budget. Even among those who ascribe high importance to diversity, more than half (52 %) do not allocate a budget for diversity measures! Nevertheless, more than 75 % of the surveyed companies allocate their diversity budgets centrally, which at least makes it easier to plan measures.

84 % of the companies use their diversity budget for recruiting purposes

The budget allocated to diversity measures is used by 84 % of the companies for recruiting purposes. A one-sided use of financial resources can lead to the neglect of essential diversity measures, such as the establishment of an inclusive work environment. However, the full potential of diversity can only be realized if the company invests specifically in measures to establish an inclusive work environment.

Furthermore, it is evident that less than 5 % of the companies have a dedicated budget for various diversity dimensions. This bears the risk that the overall budget will mainly be invested in one dimension and that others will be funded insufficiently or not at all.

Only just under 20 % of companies with a responsible person for diversity have a 100 % DIVERSITY POSITION

In most of the companies surveyed, no **PERSONAL RESOURCES** are used to anchor diversity in the corporate organization and culture in the long term. If human resources are available, these are usually limited. 76 % of the companies surveyed do not have an independent organizational unit to promote diversity. The persons responsible for diversity often have to perform the associated tasks in addition to their actual work. In 22 % of the companies, less than a quarter of their working time is available for diversity issues.

DISCRIMINATION OF INDIVIDUAL DIVERSITY DIMENSIONS

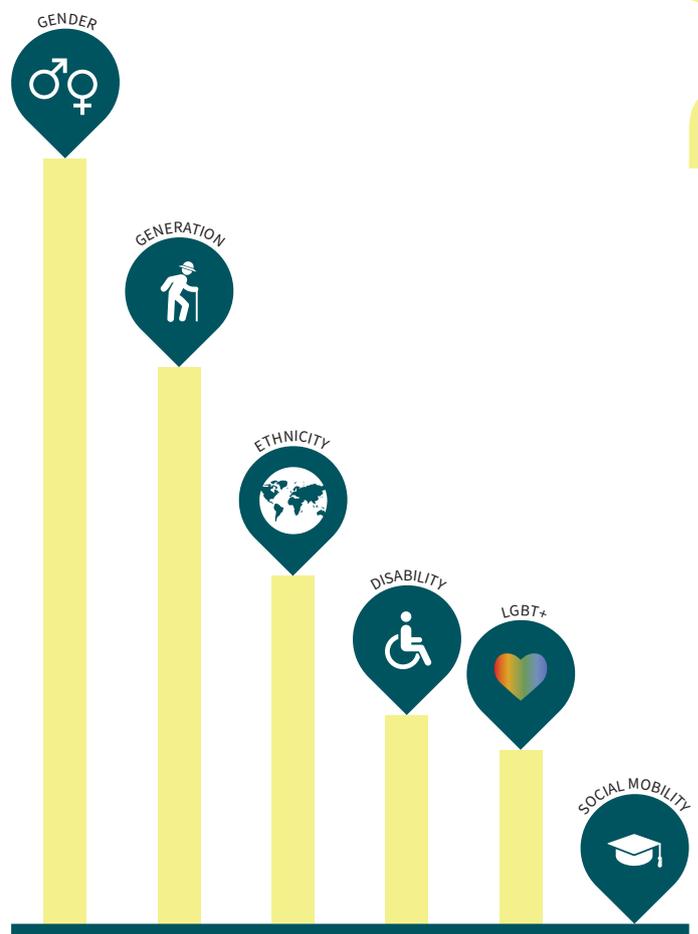
The question of the respective relevance of certain diversity dimensions in companies results in a clear ranking¹:

GENDER DIVERSITY is by far in the lead. On the one hand, this is based on the fact that discrimination against the dimension **GENDER** affects half of humanity and thus the largest group. On the other hand, this is due to the legal regulation for companies (FüPoG II), which strongly shapes the public and political discourse.

GENERATION AND ETHNICITY are in the middle of the relevance scale for the diversity dimensions. However, the relatively high relevance of these two dimensions is not reflected in the composition of the board committees. For example, the age range on the boards of DAX 40, MDAX and SDAX was constant at around ten years between 2015 and 2020.*

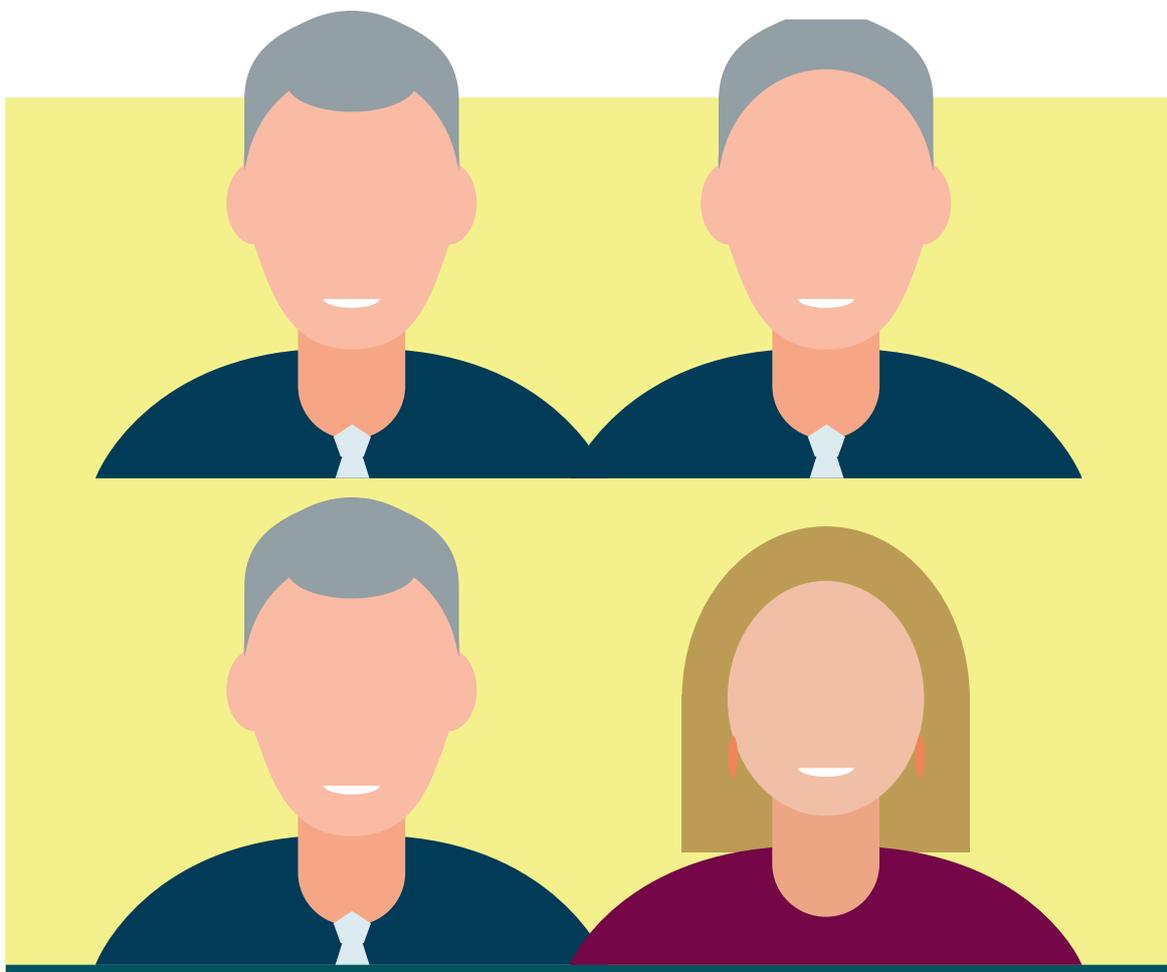
In addition, almost 60 % of these boards still have no member with roots outside the DACH region in their ranks.* The diversity dimensions **DISABILITY, LGBT+** and **SOCIAL MOBILITY** are at the bottom of the relevance ranking. The fact that the diversity dimension **SOCIAL MOBILITY** has not yet established itself is because it is relatively new. Its low relevance is therefore no surprise. On the other hand, the low relevance of **LGBT+** is surprising as it is in strong discrepancy to the presence in marketing and communication of companies. The fact that in

Germany the statutory hiring quota of 5 % people with disabilities can easily be circumvented by a relatively low compensation payment explains the low relevance of the diversity dimension **DISABILITY**.



The assessment of the relevance of individual diversity dimensions shows that diversity in German companies is a development forced from the outside and does not result from a holistic understanding of diversity. A change usually arises through legal regulation and public pressure, which is clear from the example of gender diversity and FüPoG II. As positive as it is that more women are occupying board positions in this way, the **DISCRIMINATION OF INDIVIDUAL DIVERSITY DIMENSIONS** through a one-sided focus on the dimension **GENDER** is not very promising from an entrepreneurial perspective.

MALE DEFIES LEGAL MINIMUM REQUIREMENT



The dimension most often associated with diversity is **GENDER**. On the one hand, this is reflected in the high proportion of companies that attribute a high relevance to this diversity dimension, so that it occupies first place in the relevance ranking (see p. 8). On the other hand, it is reflected by the fact that almost all of the DAX 40, MDAX and SDAX companies address Gender diversity in their annual reports of 2020.* The high level of attention and relevance that this dimension experiences in comparison to the other dimensions leads us to expect a correspondingly high proportion of women in the top management of the companies.

*DAX 40 even MORE MALE –
only 39 WOMEN among
233 BOARD MEMBERS
and with one female CEO –
only 2.5 % female CEOs***

However, while women make up almost half (47 %) of the workforce in Germany they are still heavily underrepresented in the executive boards. More than half of the companies in the DAX 40, MDAX and SDAX do not have a single female member.* The proportion of women was only around 11 % at the end of 2020.*



60 % of the BOARDS
have 0 % WOMEN*

Even among the DAX 40 companies, only 39 of a total of 233 executive board positions are held by women. This is exactly where the Leadership Positions Act (FüPoG II), which came into force on August 12, 2021, comes into play. Currently, five of the 40 DAX companies - Brenntag SE, Deutsche Wohnen SE, HelloFresh SE, MTU Aero Engines AG and Sartorius AG - do not meet the required quota for women when FüPoG II comes into force.** Linde plc also attracts negative attention due to the exclusive appointment of men to the Executive Board, which has been expanded from six to nine departments. The proportion of women in the DAX 40 is only 16.7 % **. So even the quota of the strongest diversity dimension, **GENDER**, is very low.

Extension to DAX 40 **

Since September 20th, Germany's leading share index has included 40 companies. The ten additional companies add another 41 board members, but only seven of them are women, none in CEO positions. Five of the 10 added companies have no women on the board at all.

FüPoG II

The law stipulates that in future at least one woman must be represented on the executive boards of listed companies with equal co-determination if their executive board consists of more than three persons.

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Based on FüPoG II, companies with four board positions only have to meet a quota of women of a maximum of 25 %. In companies with ten board positions, it is only 10 %! This means that the statutory requirement is far below the „critical mass“³ of 30 %, above which women are no longer regarded merely as representatives of the female sex but can also contribute their competencies profitably. The legal regulation of the women's quota by FüPoG II therefore represents an important step toward achieving equal opportunities for the binary sexes. However, the full exploitation of the benefits of diversity is just as unsuccessful as an equal number of 50% women is guaranteed. **THE MALE DOMINANCE DEFIES THE LEGAL MINIMUM REQUIREMENT AND IS EVEN STRENGTHENED BY THE EXTENSION TO DAX 40.**

TINA MÜLLER, CEO, DOUGLAS GMBH



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The history of Douglas is shaped by strong women. The support of women is part of our daily practice and a central cornerstone of our success. We have at least 50 percent women at all management levels, and the trend is rising. At the top management level, the proportion of women is 2/3 – unique for companies of our size. This makes us a pioneer in Germany. With a variety of formats and campaigns, we set an example against discrimination and for inclusion: For example, on International Women's Day, we create space for exchange, networking, and dialog with our #FORWARDfemaleLEADERSHIP initiative. As a member of the „Initiative Women into Leadership e.V.“, we support women in their professional development. At the same time, we provide targeted support for female founding teams. Gender equality is a matter of course for us. We must live up to our role model function. This is the only way we can make a real contribution to social progress.

“

PALE FACTS BEHIND COLORFUL RAINBOW FLAG



Anyone who has followed the social debate on diversity and discrimination in the media and social networks in recent months could get the impression that **LGBT+** is currently the most relevant diversity dimension in Germany. Everywhere the colorful rainbow flag could be seen as a symbol of empowerment and recognition of the LGBT+ community. This increase in the importance of **LGBT+** is also confirmed in the annual reports of the companies surveyed: While in 2015 not even 20 % of the companies examined communicated on

sexual orientation and gender identity, in 2020 it is almost half of the companies surveyed. Correspondingly, 40 % of the companies analyzed assess the relevance of **LGBT+** as „high“ – respectable 7 % more than in the previous year. Against this background, it is all the more surprising that **LGBT+** only occupies last place in the planned recruitment of employees with different diversity dimensions. There is thus a significant gap between open diversity communication and the actual planned hiring of employees of diverse sexual orientation and gender identity.



Although 40 % of the companies rate the RELEVANCE of LGBT+ as HIGH, less than 20 % offer specific measures for promotion

It also seems unambitious that only just under half of the companies planning to recruit specifically from the LGBT+ community also use specific recruiting measures to address them. Less than one-fifth of the companies offer corresponding programs to promote employees of diverse sexual orientation as well as gender identity. And less than 10 % of the companies surveyed plan to introduce any measures at all.

DR. RICHARD LUTZ, CEO, DEUTSCHE BAHN AG



Deutsche Bahn sets colorful, loud, and visible signs for diversity and has strengthened its commitment to LGBTIQ* in the Group strategy with the diversity initiative „Einziganders“ (uniquely different). The diversity of our employees is a valuable asset for us and an asset for Team DB. For us, active support is not tied to campaign months. We work very closely with our LGBTIQ* employee network „railbow“ throughout the year and help LGBTIQ* colleagues to stand by their identity. For example, we enable participation in coming-out seminars, offer peer-to-peer counseling on the topic of „trans* at work“ and engage in close exchange with trans* employees through a wide variety of formats. At job and career fairs, we introduce ourselves to the LGBTIQ* community as an open-minded employer. We are also continuously committed to AIDS Aid. For us, pink-washing is a red rag. The flag of tolerance, recognition, and appreciation flies with us every day.



The conspicuous presence of the colorful rainbow in corporate communications and marketing suggests a deceptive equality of people of different sexual orientations as well as gender identities. The reality of everyday corporate life is different: **PALE FACTS BEHIND COLORFUL RAINBOW FLAG.** Specific measures for the target group are rarely offered and implemented in a sustainable manner. This behavior further aggravates the situation for employees of diverse sexual orientations and gender identities. This is because their discrimination seems to be a thing of the past, while in reality little change has taken place. The gap between communicated ambition and actual improvement of the situation urgently needs to be bridged.

DESCENT INTO INSIGNIFICANCE



The Corona crisis has presented companies with many challenges and called for greater prioritization of corporate activities and investments. The resulting focus on certain diversity dimensions has hit the **DISABILITY** dimension particularly hard: For more than 30 % of the companies surveyed, the diversity dimension **DISABILITY** is only of minor importance – that is 20 % more than in 2020! This is also reflected in the diversity communica-

For OVER 30 % of the companies, the diversity dimension Disability is of only minor importance

tion of the DAX 40, MDAX, SDAX companies.* Compared to 2015, 5 % of the companies communicate less about disabilities in their annual reports. Apart from **GENDER**, the dimension **DISABILITY** is the only diversity dimension that is subject to legal regulations. However, the specified quota of employees with disabilities can be circumvented relatively easily and inexpensively by paying a compensatory levy for severely disabled people. This levy can be fur-



ther reduced by up to 50 % by assigning tasks to workshops for people with disabilities (WfbM) or workshops for the blind.

However, the workshops are being increasingly criticized because they generally employ people with disabilities below the legally applicable minimum wage and offer few development prospects. In this environment, people without disabilities only appear as superiors and supervisors.

But it is not only people with disabilities who are at a disadvantage when they are excluded from the primary labor market altogether. Companies also miss out on a major opportunity. Only about one-third of all companies surveyed currently use systematic internal data management for the diversity dimension **DISABILITY**. However, without knowledge of the number and requirements of employees with disabilities, companies cannot take targeted measures to integrate and promote them.

Compensatory levy for severely disabled persons

In Germany, companies with more than 20 workplaces are required to employ severely disabled people in at least 5 % of their positions. If they do not fulfill this quota, they must pay an annual compensatory levy to the Integration Office.

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Although people with disabilities can make a relevant economic contribution in companies, they are often excluded from participation. Companies shy away from the effort and expense involved in creating accessibility, e.g., through necessary training of the workforce or modification of buildings. The decreasing relevance of this diversity dimension is a frightening warning signal indicating that the German economy will continue to fail to put people with disabilities on an equal footing. This is not only discriminatory, but also raises the question of whether state regulation in the form of a Disability Equality Act, as it has been in force in Austria since 2016, is necessary due to the lack of self-regulation. People with disabilities must no longer be perceived as a burden, discriminated against, and their attitude perceived as charitable. It is high time to stop the **DESCENT INTO THE INSIGNIFICANCE** of people with disabilities as employees.

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There is no work that cannot be done by a person with a disability. It used to be unthinkable that a woman could become a doctor or head of a company, today it is quite normal for most people. How long will it take before it is commonplace for all of us that someone with Down Syndrome teaches at university or a deaf journalist asks questions at the federal press conference? Once employers stop using the payment of the compensation levy to keep outstanding colleagues away, we can finally begin to work in a 21st century work environment. We can all only benefit from this, both humanly and economically.

“

DISABILITY

OUT OF THE DIVERSITY DILEMMA

The results of this year's German Diversity Monitor are alarming: two small steps forward and one big step back. The diversity standstill is putting German companies under pressure to act. To fully exploit the potential and not lose further economic power, diversity must be recognized as an economic factor critical to success, be given appropriate responsibility within the company, be provided with resources, and be defined as a strategic corporate goal.

CEO IS RESPONSIBLE FOR DIVERSITY

The CEO is responsible for the economic performance of the company and thus also for the economic success factor of diversity. She/He must create the framework conditions for a successful diversity transformation of the company, be a role model, and personally take on the role of Chief Diversity Driver.

PROVISION OF RESOURCES CRITICAL TO SUCCESS

To achieve the ambitious goals of diversity transformation and promote an inclusive work environment, resources such as budget and personnel must be made available in critical amounts. The scope of diversity measures and management should be proportionate to the number of employees as well as the size of the company.

DETERMINATION OF AN AMBITIOUS DIVERSITY QUOTA

Companies should convert the legally prescribed women's quota into a self-committed diversity quota to actually be able to fill top management positions with people with the best qualifications, regardless of their background. In this context, individual diversity dimensions must not be discriminated in any way.

The ambitious diversity goals should apply to all hierarchical levels, be measurable and published.

Despite the current diversity dilemma, companies should focus on the opportunities of diversity and initiate a comprehensive diversity transformation. The benefits will quickly outweigh the costs and will be appreciated by stakeholders in the early stages of the transformation.

VOICES FROM THE BOARD OF MANAGEMENT

WHAT IMPORTANCE DOES THE ECONOMIC SUCCESS FACTOR DIVERSITY HAVE FOR YOUR COMPANY?



”At Allianz, we are convinced, that a diverse workforce is key to high-performing teams, innovation, and creativity, as we can only understand and serve our customers best if we represent their diversity in our workforce. Our **SUCCESS FACTOR FOR PROMOTING** diversity are clear goals supported by transparency, passion and strong management commitment!“

Renate Wagner,
Member of the Board of Management, Allianz SE



”Diversity and participation are important for Deutsche Bank because they help us to be innovative - and that is the basis for sustainable growth and business. Innovation does not come from everyone thinking the same, from everyone having the same background. It arises from the competition of ideas and from different experiences, insights, and perspectives. **AND FROM THE DESIRE AND THE FREEDOM TO INTRODUCE THIS DIVERSITY.**“

Christian Sewing,
CEO, Deutsche Bank AG



”**DIVERSITY AND INCLUSION** are very important to Bayer because they are crucial building blocks for our long-term success. An inclusive organization where people with different backgrounds and experiences are enthusiastic to contribute creates the environment needed for future growth. Creative brainstorming drives innovation, open and transparent communication improves effectiveness and productivity, and a caring yet stimulating work environment attracts and engages the best talent.“

Sarena Lin,
Chief Transformation and Talent Officer, Bayer AG



”We are 9,000 people from over 100 countries in 60 locations worldwide. For us, recognizing people in all their diversity is not only an ethical imperative; it is also crucial for our economic performance. **DIVERSITY MEANS MORE THAN NATIONAL ORIGIN AND CULTURE;** it includes not only social background and educational history, but also sexual orientation, individual character and much more. And only those who appreciate and encourage this in their workforce will also do justice to the diversity of their customers and remain innovative as a company.“

Dr. Theodor Weimer,
Chairman of the Executive Board, Deutsche Börse AG

ABOUT THE GERMAN DIVERSITY MONITOR 2021

With the **GERMAN DIVERSITY MONITOR 2021**, for the second time after 2020, a survey is being conducted of diversity on the boards of leading German companies and of the inclusive work environment in German companies. This is intended to identify progress and changes and to make the impact of the BeyondGenderAgenda diversity initiative measurable.

The scientific basis of the **GERMAN DIVERSITY MONITOR 2021** is formed by two studies that together provide a comprehensive overview of the status quo of diversity in the German corporate landscape:

STUDY 1 - *Analysis of the annual reports of companies listed in the DAX 30, MDAX and SDAX. The annual reports of the 160 companies listed in DAX 30 (or DAX 40), MDAX and SDAX in 2020 were used to determine the composition of the Board of Management and the target and compliance rates for the proportion of women on the Board of Management. In addition, 155 annual reports from 2015 were evaluated to record the development over time of the female representation on German executive boards as of December 31st. The reference date for a company to belong to the respective share index was May 11, 2020. Information was also taken from websites, reports, and press releases of the companies.*

STUDY 2 - *Execution of an anonymous survey on the perception of diversity and an inclusive work environment in DAX 40, MDAX, SDAX listed and mid-sized companies. The data was collected from March to June 2021 in standardized web-based surveys. Companies listed in the DAX 30 (or DAX 40), MDAX, SDAX and medium-sized companies based in Germany were asked to participate in the survey. A total of 119 companies took part.*

Due to particularly noticeable current developments and study results, the dimensions of Gender, LGBT+, and Disability will be examined in more detail this year.

LEGEND

- * Was collected as part of the study as of July 31, 2021
- ** Extension to DAX 40 as of September 10th, 2021 additionally collected to the best of our knowledge and belief. At Airbus SE and Qiagen NV, all persons with the title Chief were counted as board members, except for the Division Chiefs.

VICTORIA WAGNER



PROF. DR. SUSANNE SCHMIDT



IMPRINT

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FOOTNOTES

1. The score is calculated as the difference between the proportion of companies surveyed that attach high relevance to the respective diversity dimension and those for which this dimension is only of low importance.
2. Participation of women in working life 2019. Federal Statistical Office (Destatis), 2021: <https://www.destatis.de/DE/Themen/Arbeit/Arbeitsmarkt/Qualitaet-Arbeit/Dimension-1/teilhabe-frauen-erwerbsleben.html>
3. From a proportion of women of 30 % (= critical mass), the quota regulation has a positive effect on the performance of the diversified teams/management level. Apesteguia, J. et al. (2012): The Impact of Gender Composition on Team Performance and Decision Making: Evidence from the Field. *Management Science*, 1, 78–93.