

ACCELERATE 50/50

1 March 2024

One year later, are we accelerating towards gender balance in the Netherlands' financial services industry?

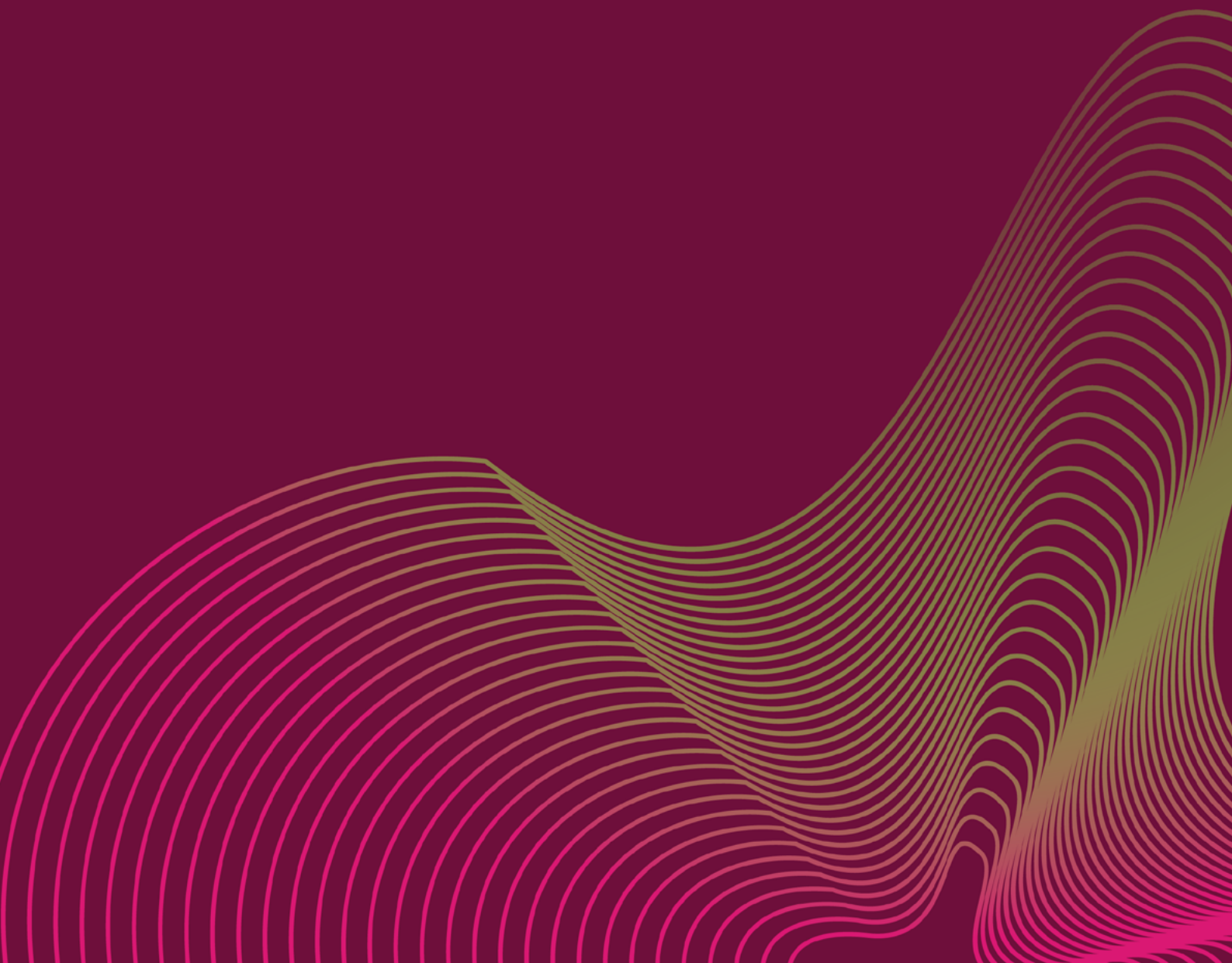
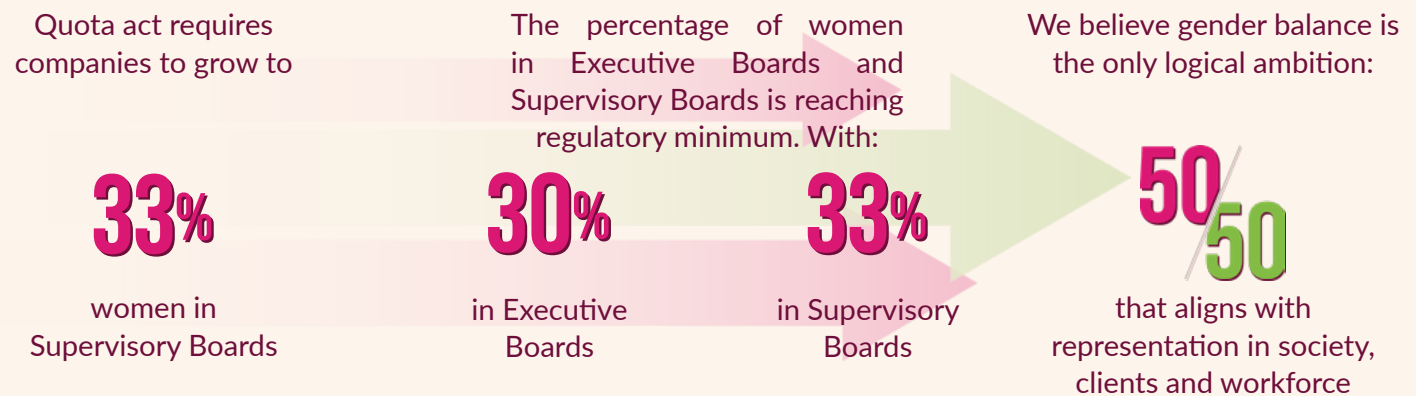


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Gender balance at the top is a strategic asset that reaches beyond compliance

Complying to 33% women representation in supervisory boards is not sufficient. How far has the FSI come? And, how much further can it go to achieve a more inclusive culture and systemic change?



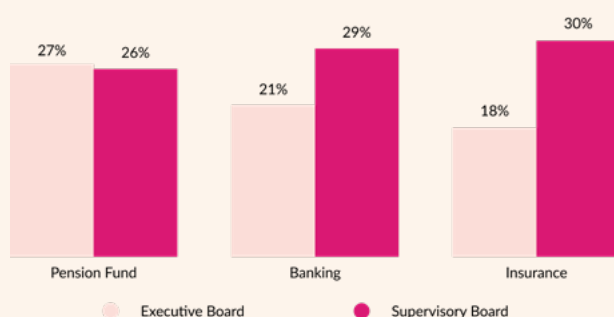
In this report on the representation of women, within the Dutch FSI in the years 2016 - 2022, public quantitative data were used. Interviews were conducted with 4 financial institutions for qualitative data.

OBSERVATIONS

Significant acceleration was most notable in insurance companies' executive boards. Many financial intermediaries, lacking sufficient data, fail to report their targets.

2037

if the entire FSI sector has a similar performance as the investigated companies, we predict that gender balance in the sector will be achievable by 2037.



FSI organisations that set their ambitions for gender balance (50/50) have a higher percentage of women on boards and in top roles.



CHALLENGES

The story told in organisations is mostly driven by compliance, while building inclusive culture needs a story that goes beyond compliance to break down systemic barriers.

Commercial goals are still leading in FSI. In the long term Human-centred leadership is crucial for business success, this requires more traditionally feminine traits.

Young women in FSI will leave the sector if they don't see growth opportunities or recognition for their work. Which results in pipeline leakage in the middle management.

CALL TO ACTION

- 1 Embed a mechanism that proactively invites new perspectives in. Frame the story on the (gender) balanced teams instead of KPIs.
- 2 Rethink the principles of success in your organisation. Reward and support the vision and these principles of success through policies, processes and systems.
- 3 A systemic overhaul of career opportunities and talent reward mechanisms is essential. This should be seamlessly integrated into an inclusive company culture, influencing behavior accordingly.

Introduction

“Despite the ‘diversity law’ men keep dominating businesses in the Netherlands”ⁱ was the headline after the Sociaal Economische Raad (SER) published its Dataverkenner dashboard for the first time since the Quota Act (or Wet Ingroeiquotum & Streefcijfers) was implemented. Another study showed that the appointments of women in big financial services firms in Europe declined by 7%ⁱⁱ.

Last year, WIFS and Deloitte created the first ripple for promoting gender balance in the FSI. In 2024, one year later, we want to know whether the Wet Ingroeiquotum & Streefcijfers is accelerating our ambition of 50/50 and what initiatives help to create a more inclusive culture and address the needed systemic change.

On 8 March 2023, International Women’s Day, WIFS and Deloitte launched our Accelerate 50/50 movement at Goldman Sachs Asset Management in the Hague. Our main goal was, and still is, to embrace gender balance, not from a compliance point of view, but with intrinsic motivation. WIFS and Deloitte stipulate that organisations need to go beyond the law’s 33% compliance and should aim for gender balance (50%). The VUCA (volatile, uncertain, complex and ambiguous) world we live in requires more human-centred leadership, for challenges like climate change; having a balanced group composition is imperative to unleash the creative and innovative value of diversity. Gender balance should be the ambition, because if society is 50% women and 50% men, why is this not reflected in our organisations?

In October 2023, SER launched the online Diversiteitsportaal. Around 100 large Dutch publicly listed organisations were required to report their appointed members on supervisory boards with the objective of working toward a minimum of 33% women. Another 5.000 large organisations were required to report on their ‘ambitious targets’ regarding gender balance. All organisations subject to the Wet Ingroeiquotum & Streefcijfers were also required to be transparent in reporting their current representation of women on supervisory and executive boards and indicate what their plans are to achieve more gender balance.

Last year’s Accelerate 50/50 report showed a levelling off in terms of women representation at 30%. In other words, the initiative seemed to slow down upon nearing compliance rather than advance to a gender balance of 50/50. That year’s interviews with selected FSI organisations and the 2023 event also highlighted that more effort was needed. The importance of diversity, equity and inclusion (DEI); wellbeing and sustainability, and the underpinning need for psychological safety, has become clearer and has been translated into training programs.

However, training alone is not enough to truly change FSI working culture. Research and the feedback from our interviews addressed the need for systemic change that adapts policies, processes and systems to mitigate unconscious biases. They must acknowledge how organisations recognise and reward ‘masculine’ behaviour more than ‘feminine’ traits – which can be possessed by men or women.

For this year’s Accelerate 50/50 report, we added data from 2022 indicating the changes in women representation on FSI supervisory boards and executive boards and in leadership positions below the managing board level (sub top). Our aim is to examine how FSI organisations are accelerating on their way towards gender balance. Can we see the first effects of the Wet Ingroeiquotum & Streefcijfers? Did this act already led to different strategies and initiatives, and how are they different from the previous Quota Act (2013–2020)?

Recap of Last Year's Results

- Our first Accelerate 50/50 report, launched in March 2023, reported the representation of women in the FSI in the Netherlands.
- The Wet Ingroeiquotum & Streefcijfers was implemented in the Netherlands, focusing mostly on the representation of women on supervisory boards and compliance with 33% women representation in organisations; WIFS and Deloitte stated that organisations should aim higher, for 50%.

Key figures from 2023:

- FSI organisations included in the 2023 research showed women representation was not higher than 28%; we saw the majority applying 33% as a target, rather than gender parity (50%)
- Compliance with 33% on supervisory boards was regarded as within reach, but women representation on executive boards remained behind in the banking and insurance sectors.
- Our study in 2023 showed a positive correlation between women on the board

and in leadership roles – supporting the so called multiplier effect.

- We predicted that the rate of growth indicates FSI will reach gender parity (50/50) in 2043 .

Challenges in 2023 included:

- Achieving gender balance is a systemic issue with unconscious biases in the whole organisation that favour men over women.
- FSI was described as having a culture by which masculine traits are overrepresented, reflected in the behaviour of both men and women and in HR practices/processes.
- Small talent pools are a challenge in attracting engaging women for leadership positions.

2023 calls to action were:

- Implement gender targets and use gender data to monitor progress.
- Start succession programmes for inclusive leadership throughout the whole organisation.
- Reduce unconscious bias continuously by creating a culture of psychological safety.



The Deloitte-WIFS Collaboration

WIFS and Deloitte found each other through their mutual network within FSI. We share the same passion and engagement regarding this important topic.

WIFS

WIFS is a community of like-minded professionals who have the ambition to challenge the FSI to accomplish gender-balanced leadership. The premise is that the industry should be as diverse and inclusive as society itself. Only then can we have a positive impact on society by using the power of money for the good of all. To make a positive impact, it is crucial to balance masculine and feminine energies in yourself, your leadership and your organisation.

The core values of WIFS are connecting, sharing, inspiring and empowering people within the FSI. For WIFS, last year's research and event were a first call to action to accelerate the industry. WIFS strongly believes in cooperating with partners, sharing best practices amongst each other and creating momentum with partners to accelerate gender-balanced leadership in the Netherlands.

Deloitte

At Deloitte, we believe that we have a responsibility to be a force for good and lead the way through the increasingly complex challenges our society faces

today. Our purpose is to make an impact that matters for our clients, our talent and our society. We bring this to life in shared values that guide us every day: Lead the way, serve with integrity, take care of each other, collaborate for measurable impact and foster inclusion. We aim to create a workplace where everyone feels they can be themselves to thrive at work, in every country, in everything we do, every day. By enhancing our everyday inclusive culture that champions respect for diversity in all its forms, people can grow and achieve their full potential to deliver the impact that matters.

Gender balance has been a prominent focus of Deloitte's inclusion strategy since the beginning. It includes aspirational representation goals at the most senior levels of our firm, and actions to reduce any gender pay gaps. Achieving gender balance is not limited to actions within our own organisation. By launching our Panel & Proposal Promise, we also challenge our clients and speaker panels we are invited to regarding the mix of people involved and the gender balance in our proposal bids. Recently, Deloitte Consulting also launched the Women Retention campaign, aiming to focus on what is needed to retain women within the organisation. We have developed interventions from extensive research on what causes women to leave and what should make them stay to further develop their professional career in Deloitte Consulting.

“Commercial goals are still leading when it comes to the FSI.”

- Laura Lee

Diversity & Inclusion Manager, Van Lanschot Kempen

Methodology & Approach

For this year's Accelerate 50/50 report, we again collected quantitative data on the representation of women in FSI organisations and qualitative data garnered from interviews about challenges and practices. This year's sample added 'pension fund' as a category of the FSI, alongside banking and insurance, to help us investigate whether there are differences within the industry.

Through a bottom-up approach, we used the Company.info database to search for available annual reports, financial reports and diversity, equity and inclusion (DEI) reports for the years 2016 through 2022 – one year more than in last year's report. We studied data on women representation in top positions and throughout organisations, and on supervisory boards and executive boards. The data for the calendar year 2023 was not available at the time of writing this 2024 report, and is therefore not included. The AFM (Netherlands Authority for the Financial Markets) list Financiële Dienstverleners was used as the starting point for the sample, and included 18.196 organisations. After inclusion criteria (see appendix) were applied, the sample was narrowed down to the final size of 86 organisations: 27 in banking, 35 in insurance and 24 in pension funds.

Financial intermediaries were not included in this study because of the limited publicly available gender representation data. The data from all 86 organisations were used in the analysis for each year from 2016 to 2022. The report findings may contain reporting biases, which could paint a more positive picture of

the FSI. Organisations that report on diversity and inclusion in their annual reports were more likely to be included in the analysis. It is important to keep this in mind when interpreting the findings of this report.

In conducting this year's research, we meticulously adhered to the data collection criteria (see appendix), mirroring those of the previous year to ensure a meaningful year-on-year comparison. We also reassessed the companies included in the previous study, to uphold consistency. Although our sample remains comparable to last year's, the representation of pension funds increased from 18 to 24 companies, leading to the exclusion of asset management and regulatory entities due to their limited representation in the sample. This adjustment ensures a well-balanced sample that we consider to accurately represent the FSI.

Semi-structured Interviews

In addition to analysing publicly available data, we invited representatives from the following organisations for a semi-structured interview: Athora, Turien & Co, Onderlinge 's-Gravenhage, Aon and Van Lanschot Kempen. We decided to interview different organisations this year to add other perspectives, and aim to check in with last year's organisations again for next year. We asked questions about the challenges and practices linked to gender balance, plus questions about the implementation of the Wet Ingroeiquotum & Streefcijfers and how this influenced strategy and initiatives. The interviews were recorded and transcribed for analysis.

Companies in the research sample N=86



Banking = 27



Insurance = 35



Pension fund = 24

Analysis of Women Representation in FSI

How much did organisations in the FSI accelerate before the Wet Ingroeiquotum & Streefcijfers was officially implemented? In terms of women representation, what is the difference between supervisory and executive boards? Is there a correlation with reporting gender targets or not? These are a few questions we are curious about this year and have aimed to answer through our analysis.

Key Takeaways

- 67% of FSI organisations reported on gender targets in 2022 before the Wet Ingroeiquotum & Streefcijfers was fully implemented and presents a continuously growing trendline for women represented on boards.
- FSI organisations that set their ambitions for gender balance (50/50) have a higher percentage of women on boards and in top roles, compared to organisations lacking these targets.
- Banking and pension fund entities are reporting more on gender targets. Insurance companies that reported on gender targets showed the highest percentage of women on boards, suggesting that only those insurance companies that scored well reported on targets.
- The greatest acceleration was observed in women represented on executive boards: The figure rose from 23% in 2021 to 30% in 2022 (+7%), which is the highest since 2016.
- Looking at women on boards across segments, insurance companies meet the 33% compliance target; pension funds (31%) and banking (29%) do not fully meet the compliance target yet.
- Insurance companies accelerated most in the representation of women on executive boards, from 19% in 2021 to 32% in 2022 (+13%).
- We found no correlations between boards and the sub top in FSI organisations, suggesting putting women on boards does not directly lead to more women in the rest of the organisation and more is needed to increase the pipeline in the sub top.



This section provides an overview of the women representation in our sample of FSI organisations in the Netherlands on boards (supervisory and executive) and in leadership roles (sub top). Like last year, we are also interested in what differences we can identify among the banking, insurance and pension fund sectors.

Current State of FSI Women Leadership in the Netherlands

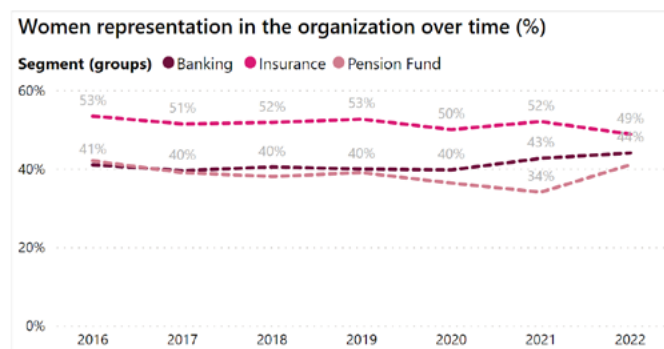
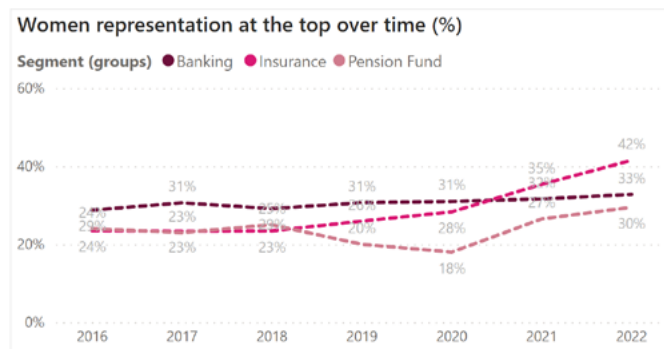
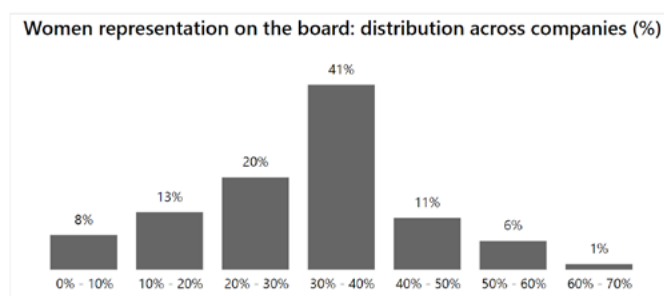
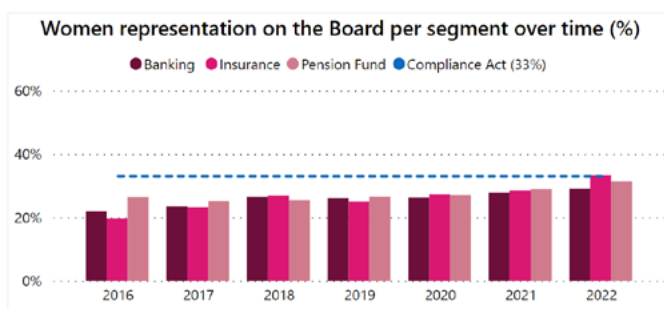
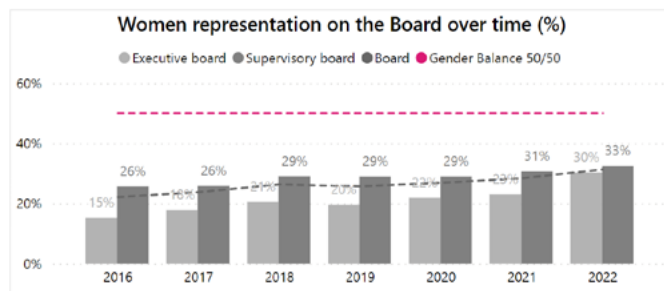
When looking at the representation of women on boards, the compliance target of 33% came within reach in 2022. On supervisory boards, women representation did achieve 33% that year – although it was only a slight increase from 2021 (31%). The representation of women on executive boards before 2020 was stable at about 20%, but in 2021 it leaped to 23%, and then to 30% in 2022. That acceleration occurred before the Wet Ingroeiquotum & Streefcijfers came into full effect, meaning we can be optimistic if this growth continues in upcoming years.

In insurance companies, women representation figures were around the 33% compliance target for both supervisory boards (35%) and executive boards (32%). As a sector, insurance stands out for already meeting the compliance target when supervisory and executive board members are considered together.

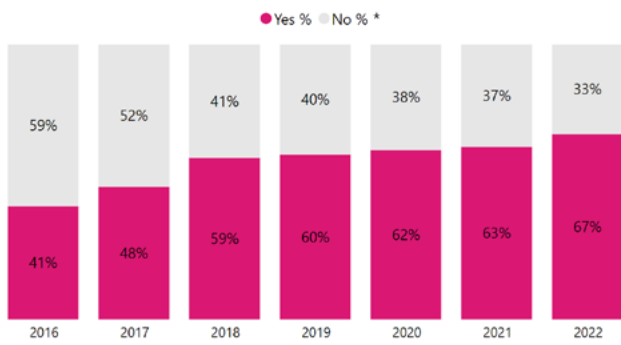
Pension fund entities were nearing the compliance percentage for its boards with 31%, and banking followed behind at 29%. That lower percentage for banking seems to be mostly owing to fewer women on executive boards (26%).

Insurance organisations continued to have the highest overall figure for women representation (49%) in any role in 2022, followed by banking (44%) and pension funds (41%). Zooming in on women in top FSI roles, we saw a clear upwards trendline in 2022 for insurance and pension funds. This shows a positive development of promoting women in FSI into the upper echelons of organisations, as organisations readied for when the Wet Ingroeiquotum & Streefcijfers would be in full effect in 2023.

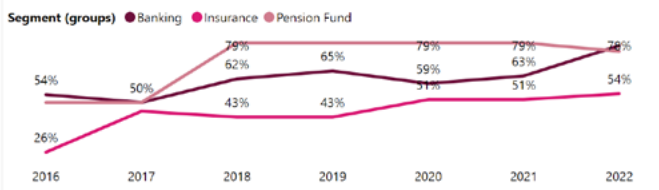
Despite these signs of acceleration, to reach our ambition of gender balance we still need to close the gap.



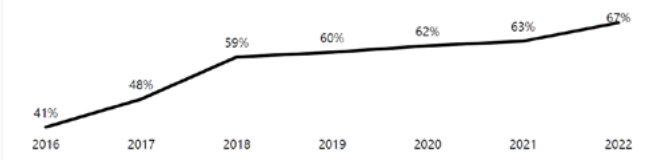
Gender targets reported per year (%)



% of companies per segment reporting gender targets over time



% of FSI companies reporting gender targets over time



Reported Targets and Target Effects

Our data set included the year 2022, when it was still not yet mandatory to report on gender targets for the Wet Ingroeiquotum & Streefcijfers to the SER, but organisations were preparing and initiating initiatives to achieve gender balance. Since 2016, there has been an upward trend of FSI organisations reporting gender targets: In 2016 only 41% of organisations did so, but in 2022 that figure became 67%. The increase in organisations reporting gender targets suggests that the awareness of women representation in FSI continues to grow.

The banking segment reported gender targets the most: 77% of the sector did so in 2022. That figure was closely followed by pension funds with 75%. Organisations in the insurance sector reported the least (54%), despite that sector having the highest women representation on boards and in top roles. An explanation may be that only those insurance organisations having strong women representation were already reporting gender targets. As of 2023, all organisations need to report gender targets, so the percentage could be less positive for insurance next year.

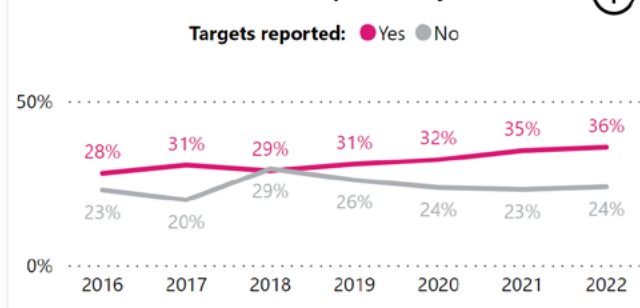
Our results suggests that organisations reporting gender targets also have a higher percentage of women on both the supervisory board and the executive board. In 2022, organisations that reported gender targets showed an average of 36% women supervisory board members, compared to 24% for organisations that did not report gender targets: a gap of 12%.

Regarding women executive board members, there is a smaller difference between how many organisations report gender targets and how many do not. In 2022, organisations that reported gender targets had 31% women executive board membership on average: only 2% more than the 29% of organisations that did not report gender targets.

Total companies = 86

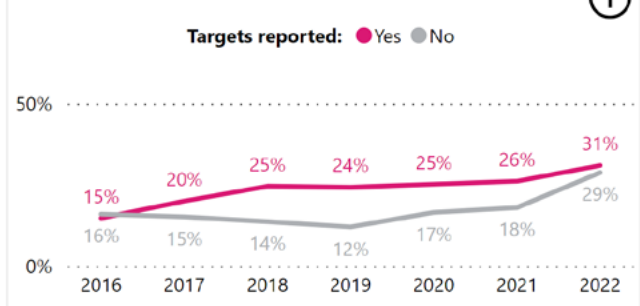
BOARD

% Women on Supervisory board



n = 85

% Women on Executive board



n = 85

“Laws like the Wet Ingroeiquotum & Streefcijfers and CSRD targets, which are much broader and go beyond gender, help create more awareness. The fact that you have to report on them make it a real target for an organisation, which helps if it is an obligation.”

- Femke Bakker (Turien & Co)

Gender Quota and Organisation Performance

Studies on gender quota have been giving conflicting results. The ‘critical mass theory’ of Rosabeth Moss Kanterⁱⁱⁱ is often used in reference to women representation on boards, to indicate that a ‘critical mass’ of women needs to be reached before we can see the benefits of the different abilities and skills women bring to the boards. Kanter’s theory splits groups into four categories: Uniform (0% minority), Skewed (up to 20% minority), Tilted (20 to 40% minority) and Balanced (40-60% minority). The theory predicts that tokenism disappears once the Tilted ratio is reached because a minority group becomes more visible and able to influence the group culture. One could say that the legislation in the Netherlands is aligning with this sentiment in introducing the quota of 33%. But will it be enough?

“We fully underscore that it is logical to have gender balance (50/50) as the target. Why should you only strive for one-third? To us, it is evident you aim for a balanced composition. At the very least, it should be the ambition.”

- Femke Bakker (Turien & Co)

Even with Kanter’s critical mass theory, a quota of 33% is only ‘Tilted’ and the start of a cultural change. In a study by Esteban Lafuente and Yancy Vaillant^{iv} the authors provide evidence that banking organisations perform better only with balanced number of genders of board directors. In other words, having women leaders or achieving a critical mass is not conditional to positive performance – but having a gender-balanced board of directors is.

The basis is that gender balance changes the culture of the group’s dynamics: it makes more room for diverse perspectives, challenging questions and promotes outside-the-box thinking. This implies a subtle, but important difference in the way the story needs to be framed. To achieve the true goal of gender balance as Lafuente and Vaillant’s study suggests, the balanced group also needs all phases of psychological safety, and to allow for social interactions that make individuals feel safe to learn, contribute and challenge the status quo^v beyond being admitted to the group, like the Wet Ingroeiquotum & Streefcijfers stimulates.

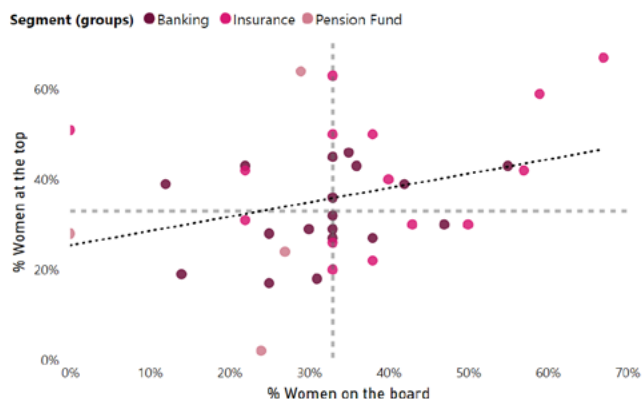
Correlations

Lisa M. Leslie has written that ‘false progress’ is an unintended consequence of diversity initiatives.^{vi} With that in mind, a diversity initiative such as the Wet Ingroeiquotum & Streefcijfers may be treated

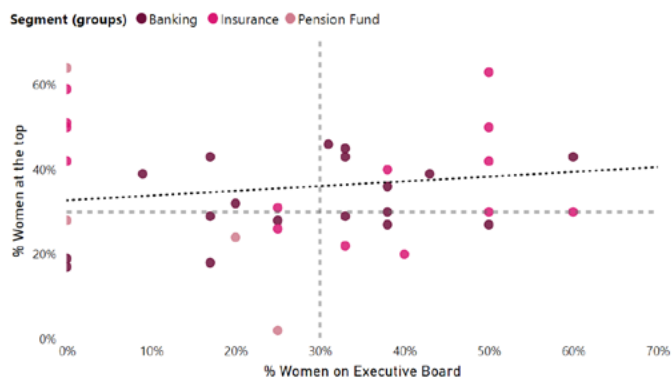
as a metric to assess an intended outcome (more women in the upper echelons of organisations), but it does not address the actual issue (e.g., culture or the value and reward of certain behaviour). In the worst case, such an initiative can even backfire and lead to more subtle exclusionary behaviour, such as incivility or ostracism.

Christopher Lennartz, et al^{vii} built on the concept of moral licensing by suggesting that informing employees of the organisation’s success in increasing workforce diversity can compel covert forms of discrimination. A prior moral deed, in this case the organisation appearing to be successful in gender diversity, increases the moral self-image, which subsequently allows them to relax moral strivings and engage in less moral behaviours. This suggests a counterintuitive idea: Although diversity initiatives are well intended to address systemic culture change, and can present a great story when it comes to gender diversity, they can make more covert discrimination more likely.^{viii}

Relation between % Women on the board and % Women at the top in 2022



Relation between % Women on the executive board and % Women at the top in 2022

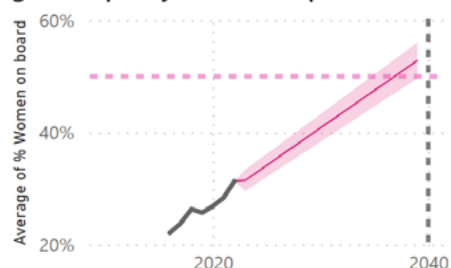


We did not find correlations between the number of women on boards and in top FSI roles. This confirms that, to achieve a more balanced organisation, we need more than targets for women in the upper echelons. It also highlights the potential pitfall of presenting false progress.

Cautious Optimism: Is FSI Gender Balance achievable by 2037?

Although the *Wet Ingroeiquotum & Streefcijfers* was not in full effect yet in 2022, higher numbers of women representation were already being reported, particularly on supervisory boards. If this same growth rate continues, we predict that 2037 will be the year that gender balance is achieved in FSI. However it is important to note that the growth rate will, most likely, not be linear. Our prognosis is based on assumptions and calculations based on the historical data and should be treated with caution

Estimation of FSI reaching 50/50 gender parity at current pace



The increase of women on supervisory and executive boards started to grow in 2022 since the *Wet Ingroeiquotum & Streefcijfers* was adopted, as noted by one of our interviewees (see box below). It created an awareness among leaders and activated conversations that are needed to make meaningful change.

*“We knew in October 2021 that this law [Wet Ingroeiquotum & Streefcijfers] would come into effect in January 2022. It helped accelerate the women representation in our organisation, because it triggered the conversations. So we already started the discussions at board level about what our approach would be and took a structured approach to go to all the management teams of the different business units, bottom up, to figure out what our plan would be, especially tailored for IT or for investment banking or support functions. Collectively, we defined what is our ambition and what we are going to do on, for example, recruitment, but also on retention by looking at our employment conditions. So I think the *Wet Ingroeiquotum & Streefcijfers* really helped put it on the agenda and focused our efforts by emphasising its importance. We have made steps in the percentage of women in senior roles in the subtop of the organisation, a slow progress from 15% to 19%, but, still, progress in the right direction.”*

- Laura Lee (Van Lanschot Kempen)

The data are showing growth, but we need to remain committed, given that the previous law mandating 30% women board membership did not lead to gender balance between 2013 and 2020. To echo our results from last year: Research and organisations themselves indicated that it requires a cultural transformation,^x supported by reviews of systemic barriers and unconscious gender biases in formal HR practices on organisational level. At the individual level, informal practices must also be transformed, such as leadership behaviour and ways of working.

*“To create inclusion,
alternative ways of
perceiving reality
must be available”*

*- Jacqueline A. Gilbert and John
M. Ivancevic*

Current Challenges & Practices: The Needed Cultural Transformation

This year we invited different FSI organisations to add their perspectives of the challenges and good practices in achieving gender balance. The stories of Athora, Aon, Onderlinge 's-Gravenhage, Turien & Co and Van Lanschot Kempen gave us an opportunity to reflect and put their findings into a framework for building inclusive cultures. Building on last year's results, we have identified opportunities for FSI to accelerate gender balance.

Key Takeaways

- It is important to continue to drive a vision of inclusion that emphasises balanced teams instead of focusing solely on representation of women.
- The focus on gender-balance targets should be expanded to form a clear narrative that explains how diversity and inclusion makes better business.
- Building an inclusive culture requires congruence among the story leaders tell about gender balance and their actions; the story must manifest in the employee's daily experience: ways of working and the infrastructure of HR policies, processes and systems.
- Organisations should continuously invest in proactively inviting other perspectives, to understand individuals' needs and integrate these into the business vision and mission.
- Nudging behaviour is short term and reactive; organisations should build in more time for reflective behaviour and more inclusive behaviour (ethical behaviour requires this reflection and, one could argue, inclusion equals more ethical behaviour).
- Principles of success need to be redefined and followed by the adaptation of HR processes and systems.

Culture Change in Daily Workplace Behaviour

Following up on the findings of last year, it is clear that a systemic change is needed to successfully get to gender balance in FSI. The story of 'why' gender balance should exist is clear, but there is often a mismatch between the narrative leaders tell and the everyday experience of employees. Researchers call this phenomenon a 'decoupling' of what leaders say versus what they do that shape employees daily work, as acknowledged in Deloitte's Congruence Model for organisation cultures.

Congruence is needed if we are to support the transformative culture needed for business to become a force for good. Leaders need to show consistent behaviour in explaining why gender

balance is important (including improving business) and translating it into everyday work behaviour. They should articulate the expectations and be role models for inclusive behaviour, discourage exclusionary behaviour and continuously assess policies, systems' and processes' effectiveness for all employees.

Is it as simple as installing 'nudges' for the right behaviour, as marketing content often suggests? Julian Friedland and colleagues indicate that nudges are only activating reactive behaviour and fundamentally do not allow for the (self) reflection that is needed for inclusive behaviour.^x Instead, they suggest that leaders allow for time to think about the 'ethical self-awareness'. In other words: free up time for strategizing and being more deliberate,

instead of going for short-term reactive behaviour by appealing to the moral self-image and idealised self. Draw attention to the longer-term impacts of individual actions, and highlight how the organisation is positioned in a broader stakeholder picture.

Writing the Story, and Manifesting It

Applied to gender balance, an organisation needs a powerful story that explains ‘why’ – one that captures hearts and minds. It should be a call to engage (hearts), underpinned by a compelling business case and rooted in business metrics (minds). The story should answer specific questions: How does gender balance positively influence the business? What is the purpose and morals of the organisation that this story aligns with? How is it reflected in the strategy and initiatives?

Once this story is defined and delivered by leaders, it needs to be brought to life in ways of working and leadership behaviour, as well as HR policies, processes and systems. Consider, for example, how do you reward people in your organisation? How do you upskill and train people? There needs to be an ongoing dialogue to constantly enquire into the story being told: Is it congruent with the style and substance of behaviour and ways of working?

Laws and regulations, such as the Wet Ingroeiquoteum & Streefcijfers and CSRD, are an effective way to put gender representation on the agenda. This effect was also mentioned by one of our interviewees, regarding

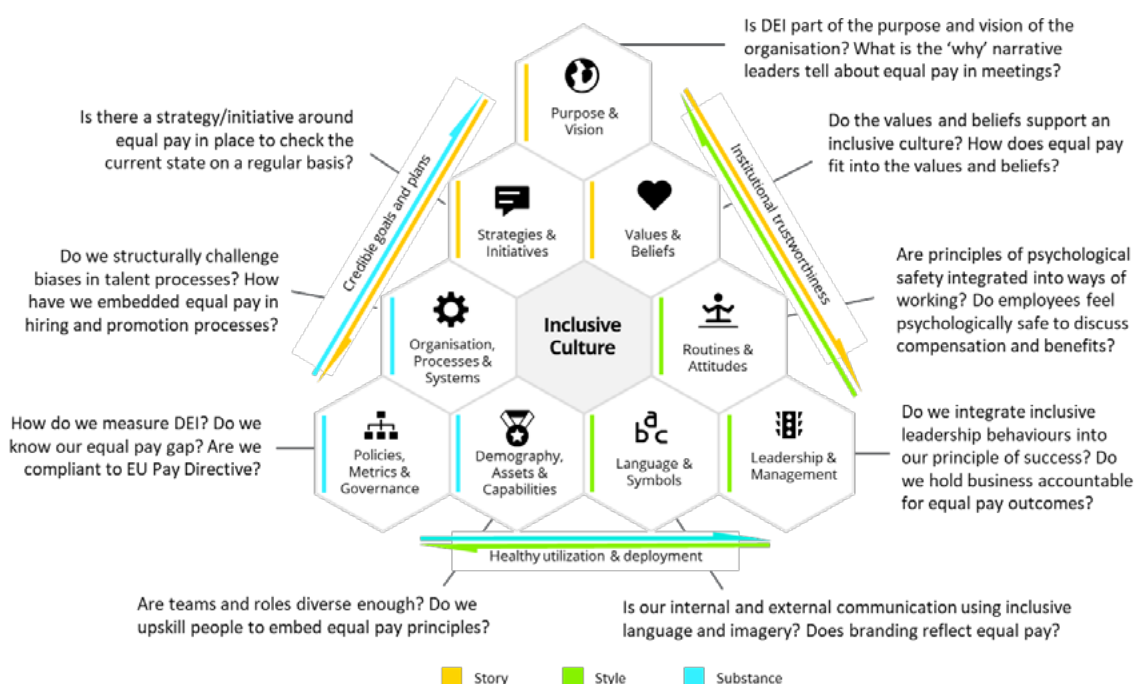
how the introduction of these laws increased urgency with leaders. But the true challenge lies in how this reflects in daily work – the story needs to be visible in day-to-day practice, because that is what drives employee behaviour.

“The real challenge, which has become apparent to me, in the financial services sector is the juggle between commercial goals and gender balance or gender equity goals. [...] Commercial goals are still leading when it comes to the FSI. In day-to-day practice, managers each need to run their own business unit or commercial area. And then the primary focus is on achieving your commercial targets.”

- Laura Lee (Van Lanschot Kempen)

The Congruence Model indicates that the story leaders are telling, for example in their business strategy, should match what KPIs are measured and what behaviours are valued in performance management, and should match the way of working. To create systemic change, the vision needs to be clear, principles of success should be re-evaluated and HR systems and processes should be adapted accordingly.^{xi}

In the following paragraphs, we zoom into what these phases of building an inclusive culture can look like.



Building an Inclusive Culture: The Change Cycle Framework

So how do you build an inclusive culture that makes the story congruent with the style and substance of an organisation? Nicola Pless and Thomas Maak introduced a framework with four phases that form a continuous cycle.

In general, many organisations are engaged in Phase 1, by creating awareness of gender balance and inviting different perspectives. Most organisations are also able to create a vision of inclusion to show why it is important (Phase 2) and adjust HR policies and processes accordingly (Phase 4).

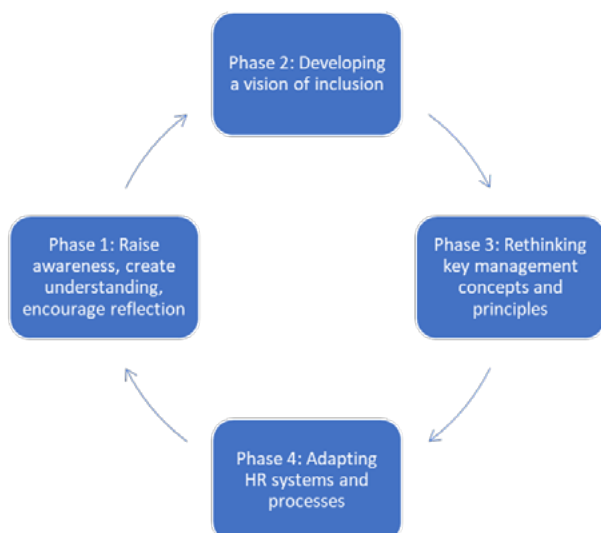
However, less attention is paid to Phase 3: rethinking organisations' key principles for success. We will detail the four phases and illustrate them with practices found in the interviews and research.

Phase 1: Raise Awareness, Create Understanding, Encourage Reflection

“To create inclusion, alternative ways of perceiving reality must be available”

– Jacqueline A. Gilbert and John M. Ivancevich^{xii}

In essence, this phase is about reflecting on current practices and learning about how inclusion is experienced from different perspectives. As a starting point, organisations must raise awareness of the different ways people can experience their work, work environment and colleagues they interact with daily. The foundation is the basic tenet that people with different backgrounds (e.g., education background) can perceive things differently; Pless and Maak call this ‘standpoint plurality’.^{xiii}



“We just launched an initiative at Turien & Co to support colleagues with a caregiver responsibility. Each quarter we aim to address a specific theme and bring people together to engage in a conversation about the challenges and worries. We did the same with the younger generation entering the workforce, to also better understand what they are going through.

“You truly do not realise what other colleagues, part of a minority group, are confronted with. Even though we feel we are like a family, approachable and close to each other and society, it still surprised me in some conversations to hear people are still confronted with prejudices and insensitive comments. You simply do not know what you don’t know.”

– Femke Bakker (Turien & Co)

The interviews revealed plenty of initiatives and events that revolve around creating awareness of different experiences. Examples include an exercise in ordering a coffee with someone who is deaf, or finding out more about colleagues who have an informal caregiver responsibility. The core aim is to start a dialogue to better understand how other people see and experience reality.

“We constantly learn from people with a specific background experience working at our organisation. Though it seems simple, I think it is important to continuously have a dialogue with each other. Be curious about other perspectives and talk about how you can work together from these different perspectives.”

– Jikke de Jong (Onderlinge 's-Gravenhage)



“To improve inclusion and diversity you need to engage in conversations with each other. Unconscious-bias training is good to remind people of its impact, but above all people have a need to talk with each other. It is needed to better understand the different perspectives – that’s also diversity.”

- Merel Mulder (Aon)

In this phase, the organisation gathers different perspectives, in the same vein as Clark’s inclusion safety concept:^{xiv} Invite others in, to become able to bridge differences. Those differences comprise job-related diversity (e.g., less observable aspects, such as knowledge, education, values, perceptions and personality characteristics) or non-job-related diversity (e.g., observable demographic aspects, such as age, gender, race and ethnicity). This process can only succeed if everyone is heard and is included, rather than excluded. It also requires an organisational culture that allows people to voice their experiences.

Actions to Raise Awareness, Create Understanding, Encourage Reflection

- Structurally embed awareness sessions throughout the year, based on, for example, colleagues in caregiver roles or listening to employees’ experiences to learn.
- Organise dialogue sessions centred on employee experiences for all to listen to, for example through the ‘living library’ concept.
- Focus training sessions on having conversations, being curious about other ways of thinking and reflecting on one’s own behaviour.

Phase 2: Develop a Vision of Inclusion

At the core of an inclusion culture should be a story that explains why the organisation finds diversity and inclusion important. For gender balance, how does this help the business achieve better results? How will gender balance impact and improve daily work? How does it come to life in the organisation's mission, vision and values? This vision of inclusion needs to be integrated into the purpose of your organisation and carried out in leadership. One of our interviewees reinforced the importance of framing the story to promote balance.

“It is important to constantly emphasise that it is about getting more balance in the teams as a reason why, rather than speaking of ‘We need women or younger people’ – that will trigger immediate resistance because people feel excluded or not wanted.”

- (Marieke Schut, Athora)

The story could address how you are going to prevent or act on exclusionary behaviour and create a work environment that is free of harassment, discrimination and sexism. It could also include how you are stimulating inclusion behaviour that creates trust in decision-making and problem-solving processes. The most important aspect is the tailoring of your story to the organisation's broader vision and ensuring that it supports your organisation's credibility and legitimacy, inside and outside the organisation.^{xv}

One interviewee elaborated on an aspect of framing your story in the right way, noting that often we talk about a feminine culture or traits but this is not the same as talking about women, just as referring to women is not the same as referring to females.

“About masculine/feminine culture: For me that is independent from a man or a woman because there are very masculine women and feminine men, as well. Our culture is quite feminine, I would say. We aren't a family business but our culture seems to be like that – being involved with each other, equality, being social.

- Femke Bakker (Turien & Co)

The language we use is important, as gender stereotypes are reflected in the way we talk about gender. It is no coincidence that the European Commission emphasises that equality depends on the creation of a common language among all those who strive for it.^{xvi} This is also important to move to the next phase: enabling the system to reward feminine traits as well as masculine.

Actions to Develop a Vision of Inclusion

- Frame your organisation's story around gender balance in teams, and how it benefits the business, instead of trying to achieve higher women representation for the sake of compliance.
- Listen to what story leaders are telling about gender balance in meetings, communication and events, and adjust the story if it is not tied to the organisation's business success.
- Embed employees' voices and experiences into decision making processes to create visibility that goes beyond employee surveys.



Phase 3: Rethink Key Management Concepts and Principles

An important accelerator is rethinking of the principles of success in your organisation: the written and unwritten guidelines for being successful as a leader and professional. When a vision for inclusion is defined and embedded in a story, it needs to also come to life in the way you do things in your organisation. Think about the way colleagues interact with each other, the way leadership and management teams are behaving and whether these behaviours are in line with the (new) developed vision of inclusion for your organisation.

Studies indicate that women experience micro-aggressive behaviour at work (44% over the past year), such as: being interrupted/talked over (22%), being given fewer opportunities to speak up than men (20%) and being excluded from informal interaction or conversations (17%).^{xvii} Moreover, women receive twice as many comments on their emotional state as men do,^{xviii} and only masculine personality traits are associated with workplace success.^{xix} Marieke Schut, of Athora, called for an initiative to rethink the principles of success:

“Not only ‘what you achieve as results’, but also important ‘how do you achieve these results’ [should be] part of leadership success.”

- Marieke Schut (Athora)

Rather than limiting the principles of success to what could be described as masculine aspects of outcomes, the principles should now include how a leader achieved these results. The underlying premise is that feminine traits are needed to be successful. This mindset places importance on the way leaders engage in conversations and encourage their employees to effectively communicate, minimise withholding and disruption, and encourage contribution and processing by all participants, regardless of gender.^{xx}

This approach also allows the concept of psychological safety to be part of leadership success: people feeling safe to ask questions and make mistakes, feeling safe to contribute and perform, and, ultimately, having permission to challenge the status quo and speak with confidence to unleash innovation and creativity.^{xxi} In other words: This is how employees can experience the ‘why’ story of gender balance on a daily basis. It is how the organisation shows its commitment to well-being, psychological safety and diversity and inclusion.

An organisation's principles of success are evident in the way roles are described in vacancies, as Merel Mulder, from Aon, indicated. The language used to describe what success looks like reflects what is seen as important in the culture, and therefore should be considered in any effort to manifest the needed systemic change.

“Most organizations in the Netherlands are characterized by a masculine culture. Therefore, it is not surprising that masculine traits are often dominant in vacancies and that the way in which the vacancies are written are more attractive to men. This can hold especially true for roles in which we typically see more men than women, like account managers. In order to appeal equally to both women and men in vacancies, organizations need to be aware of this and make changes accordingly. For example, software is available to screen job descriptions on gender specific language and provide guidance in a more gender neutral description. Besides, women are more likely to be triggered by a description of the behaviour compatible with a competency rather than just the notation of the competency, whereas this doesn't matter for men.”

- Merel Mulder (Aon)

From the position of Onderlinge 's-Gravenhage, the principles of success are also evident in the services offered to clients – what is offered, how and to whom. As Jikke de Jong explains below, the organisation's business reflecting its success principles is a concept not just supported by women.

“We are currently investigating if we can also offer specific services for women in uncertain financial positions? It's a broader look and also nice to point out. Because diversity also needs to be reflected in the services we offer to our clients. That's what ultimately matters for business. These ideas are not just brought up and supported by women, but there are also men who encourage this.”

- Jikke de Jong (Onderlinge 's-Gravenhage)

These aspects of how success is defined and reflected are often overlooked. However, together, they will drive employee behaviour and be a powerful enabler of the systemic change to a more gender-balanced organisation. It is part of bringing the vision of inclusion to people's everyday work.

Actions to Rethink Key Management Concepts and Principles

- Enquire deeply into how the principles of success look in your organisation, reflecting on whether it favours both masculine and feminine traits.
- Scrutinise how the principles of success are reflected in your internal and external communication (e.g., company website and or job vacancies).
- Identify how your core products and services incorporate the principles of success to encourage desired behaviour.

Phase 4: Adapt HR Systems and Processes

As already indicated, changing the principles of success likely means HR systems and processes will need to adapt, to complete the congruency between policy and practice.^{xxii} Incorporate the principles of success into all formal HR practices, such as performance evaluations, not only in terms of accountability for targets and KPIs but also mechanisms to report how these results were achieved. Following up on the example of placing importance on how a leader does something, Marieke Schut noted that that approach is becoming more integrated into the performance cycle, to hold people accountable for their behaviour.

“With new success principles, we also use the framework to assess leaders on how they are achieving their targets – are they inspiring others or allowing them to grow – [and it] is more and more part of the performance cycle.”

- (Marieke Schut, Athora)

Interviewees talked about adjustments being made in recruitment, onboarding and performance-management processes to align with their vision of inclusion. Making these adaptations explicit in policies can also spark valuable conversations, as noted by Laura Lee, of Van Lanschot Kempen.

“With respect to recruitment, we implemented many things, varying from making sure the vacancies use gender-inclusive language to the imagery that is used, to make sure it is representative of the people we want to work with us. We also have incorporated tailored leave arrangements into our policies for people with menopause, who are in IVF trajectories or in the unfortunate event of a miscarriage, to support employees. [...] We try to incorporate these into our conditions to facilitate the conversation and make employees more aware that we are there to support them also in these times of need.”

- Laura Lee (Van Lanschot Kempen)

Just like the framework of Pless and Maak^{xxiii} intends, this completes a cycle back to dialogues that invite other perspectives. That feedback can then be used to further develop the vision, starting another cycle in which HR systems and processes are adapted to the principles of success. The phases represent continuous tasks that needs to be embedded structurally into the organisation.

Actions to Adapt HR Systems and Processes

- Adapt HR policies, systems and processes, spanning the complete talent life cycle (e.g., employee benefits, performance management requirements), to align with the inclusion vision and principles of success.
- Implement feedback mechanisms that invite employees’ unique perspectives on the talent life cycle.



As an example of an ‘incongruence’, let’s say a company decides its vision includes stimulating more colleague collaboration. Cultural value statements are written to reflect this vision, and it is emphasised in the corporate narrative that leaders share internally and externally. This creates an expectancy of what the employee experience would be like if you join the company; you would expect the value of collaboration to come to life in everyday behaviour. So, it would be strange if you found that the company only rewarded people for individual performance. It would be incongruent with the value shared in the corporate narrative. In a similar way, an incongruence can be having gender targets without changing the performance cycle, data monitored or leadership behaviours. The ambition does not meet reality and therefore remains but a fairy tale. All talent process and ways of working need to be held to the same measures.

Looking Towards the Future

One year after our launch of the Accelerate 50/50 movement, we offer more evidence both research and practice that affirms our message: Organisations need to solidify an ambition for gender balance and propel the required systemic change by framing the narrative, rethinking principles of success and adapting policies and practices. Next year, we will be able to fully expand the data set in FSI with the SER Dataverkenner. What can we learn and expect from developing trends?

Key Trends Towards the Future

- Each year, outside forces demand that FSI organisations become more transparent and proactive in progressing social sustainability – via environmental, social and governance (ESG) regulations; Sustainable Development Goals and national laws. These are helping drive more gender balance, but also addressing recruitment and reward systems.
- Feminine leadership traits are adding value to our VUCA world; for example, long-term vision and collaborative skills are imperative within sustainability and other fields, as well as human-centred leadership is beginning to adopt a focus on inspiration, empowerment and relationships.
- “DEI will not die” – according to Josh Bersin’s recent HR predictions for 2024^{xxvii}; one of the paradigm shifts is an overhaul of the Chief Diversity Officer role, but its importance will only increase and needs to go beyond the HR domain and be integrated into business/operational domains.
- 2023 was the first year it was mandatory to report on gender balance ambitions, targets and actions, meaning more data is available for the FSI on women representation. Since organisations that have reported on targets thus far might already be performing well, the results next year could be less positive. Yet, we predict it will create more awareness and urgency to further accelerate to gender balance.

Bersin^{xxiv} believes that for the Intelligence Age we currently live in, with an increasing shortage of skills and workers, human-centred leadership is imperative for business success. As artificial intelligence (AI) and generative AI (GenAI) are being adopted more and more to automate white-collar jobs, employees need to collaborate and tap into their creativity and critical thinking skills. The paradigm must shift from seeing people as a means to an end, to seeing people as the purpose of business. Businesses can support this by pushing the DEI agenda beyond HR into business and operational domains.

To put people first, organisations must establish their vision of inclusion^{xxv} that tells the story of ‘why’ DEI is important and contributing to daily business performance. This aligns with the Congruence Model presented earlier, suggesting that a mission of gender

balance needs to be translated into how it drives business and operations. It needs to be reflected in the definition of success and supported by policies, systems and processes that value and acknowledge specific behaviours.

Human-centred leadership requires skills that are traditionally seen as more feminine. It means a shift away from focusing on efficiency and results, to putting people first and business second. Bersin predicts an evolution of principles of success oriented towards goals, rewards and constant growth – instead prioritising inspiration, empowerment, relationships and constant learning from problems to progress the organisation^{xxvi}. This is something Marieke Schut, of Athora, pointed out when she suggested the measure of success should include how results are achieved.



Female x Finance: How to Retain the Next Generation of Women in Finance?

Since the pipeline leak of women leaving FSI organisations in middle management positions was mentioned last year, it is worthwhile to investigate what the next generation of women is experiencing in the FSI. People born in the late 1990s and early 2000s bridge the gap between 'millennials' and 'Generation Z' and are also known as 'zillennials'. A study about zillennial women in the FSI in the Netherlands by the Female x Finance platform revealed that more than half of young women are actively seeking new job opportunities. Moreover, 85% of young women in the FSI have said they will consider leaving their jobs if they do not see growth opportunities or recognition of their work. The latter aspect is susceptible to unconscious gender biases, as 43,8% indicated they are judged by their gender and 44,5% indicated their gender influences their career advancement.

The study affirms the need for a systemic rethinking of career opportunities, talent rewards and behaviour in the organisational culture – and adaptation accordingly. The study suggests that this will positively influence the retention of zillennial women working in FSI organisations. Female x Finance aims to help FSI organisations hire and retain young women. [Read their full report on retention of Zillennial women here.](#)

SER Dataverkenner now available

On 30 January, the SER published the first results of the Diversiteitsportaal on their website through the Dataverkenner^{xxviii}. The SER provides transparency regarding the representation of women, including on the supervisory board and executive board

and in the sub top. When zooming into the FSI (Financiële Dienstverlening), we can see that even though the Wet Ingroeiquotum & Streefcijfers law was not in full effect in 2022, the representation of women on supervisory boards already met the 33% compliance target. However, considering that of the 92 organisations that already reported, almost half (48,4%) reported no women were represented on Bestuur, we are looking out for next year and hope to see a leap in women representation on executive boards.

Conclusion

Gender balance should be the ambition of FSI organisations. The quantitative results presented in this report show a slight acceleration towards this goal, particularly looking at women representation on executive boards. We are conscious that the last two reports only included FSI organisations reporting gender targets before Wet Ingroeiquotum & Streefcijfers was fully in effect. Therefore, SER's data set can provide a different outlook with the addition of companies that did not report these numbers before.

This report also provided a framework for accelerating the cultural change, underpinned by congruence between the story told, the style of how work is done and the substance of policies, systems and processes in an organisation. In line with the predictions and paradigm shifts related to HR and talent, (future) leaders should focus on developing more human-focused skills for employees to thrive in our Intelligence Age.

Acknowledgements

Interviewees

We would like to thank the organisations and interview participants who generously shared their time, expertise and valuable insights. They help us obtain a deeper understanding of challenges, current practices to learn from and the outlook of gender equality in the FSI.

Femke Bakker
Turien & Co

Jikke de Jong
Onderlinge 's-Gravenhage

Merel Mulder
Aon

Laura Lee
Van Lanschot Kempen

Marieke Schut
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Appendix

Methodology and Quantitative Data Scope

This report presents findings on gender diversity in the Dutch FSI, including the impact of Wet Ingroeiquotum & Streefcijfers, the in-growth quota and target figures law introduced in January 2022. The research focused on three main sectors: banking, insurance, and pension funds in the Netherlands, using public data from 2016 to 2022.

The data scope was defined based on classification used by Statistics Netherlands (Centraal Bureau voor de Statistiek, or CBS). CBS uses SBI codes (Standaard Bedrijfsindeling, or standard business grouping) for sector classification. Under Financial Institutions, there are three broad SBI-code categories: A) 64 Financiële instellingen (geen verzekeringen en pensioenfondsen), B) 65 Verzekeringen en pensioenfondsen (geen verplichte sociale verzekeringen) and C) 66 Overige financiële dienstverlening. This classification is also in line with that used by the Dutch Chamber of Commerce (Kamer van Koophandel, or KVK). For the purpose of this report, the sector classification was defined as: Banking and Asset Management (64), Insurance and Pension Funds (65) and Financial Intermediaries (66).

Organisations with statutory designations of N.V. and B.V. were included in the reporting sample.

Data Collection

Data was collected with a bottom-up approach, using public resources, such as annual reports, financial reports and DEI reports. Data was also gathered from the KVK using the Company.info database. Thorough online research was performed whenever data was not available in annual reports, and directly collection from the source organisation representatives.

The following guidelines were considered for data collection:

- The board composition is reported on the last date of the year.
- The data is reported for the years 2016 through 2022.
- 2023 was excluded due to a lack of data by the majority of organisations.

- Principle 33 (Norm 33), which applies to pension funds, is considered equivalent to Wet Ingroeiquotum & Streefcijfers.

Due to data limitations, this report does not include information on financial intermediaries, as at the time of writing there is not any publicly available information on gender representation. In the future, this information may be collected directly from the source organisations.

Bias

This report may contain reporting biases, as organisations that report on diversity and inclusion are more likely to be included in the analysis. Additionally, the interpretation of the findings applies to results up until the end of 2022, and thus might not reflect the current performance of organisations, which may already be better.

Data Quality

To ensure data quality, guiding principles were established prior to the data collection, as there was no strict data cleansing process in place during the report's development. The data was manually extracted from each annual report, which made it necessary to establish guidelines for data cleaning and quality control.

Data Inclusion Criteria

The AFM (Netherlands Authority for the Financial Markets) list for financiële dienstverleners was used as the starting point for the sample and included 18.196 organisations. The following inclusion criteria were applied to narrow down the sample to the final size of n=86:

- AFM official listed companies
- Organisations with statutory designations of N.V. and B.V.
- No organisations under a holding with consolidated report (for example, OHRA, which is reported under group level Nationale Nederlanden)
- No companies with less than 70% reporting data required

Despite maximum effort in data collection, women’s representation in organisations and in top roles relies on partial data. However, that data tells a compelling story, and we are witnessing continual improvement in the completeness of the data: Completed data on women in organisations increased from 27% in 2016 to 46% in 2022, and on women in top roles from 26% in 2016 to 41% in 2022.

Qualitative Data Sample

In addition to the quantitative data collection and analysis, seven organisations were selected to participate in semi-structured interviews:

Organisation	Turien & Co.
Name	Femke Bakker
Function	Chief Financial Officer

Organisation	Onderlinge 's-Gravenhage
Name	Jikke de Jong
Function	Manager HR

Organisation	Aon
Name	Merel Mulder
Function	Consultant Corporate Social Responsibility

Organisation	Van Lanschot Kempen
Name	Laura Lee
Function	Diversity & Inclusion Manager

Organisation	Athora
Name	Marieke Schut
Function	HR-Director

During these semi-structured interviews, information was collected on the challenges and best practices for achieving more gender balance in organisations. The information was then coded and translated into insights.

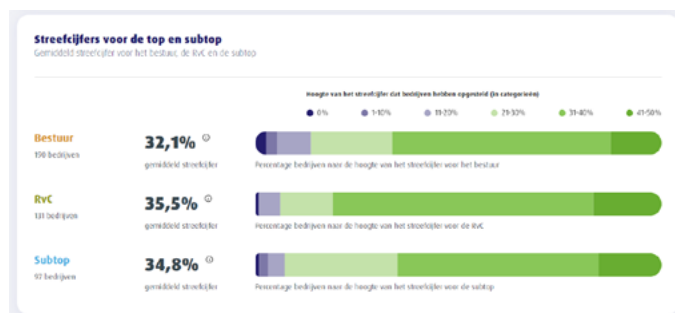
SER Diversiteitsportaal: Financiële Dienstverlening

Since 2023, organisations in the Netherlands that are subject to the Wet Ingroeiquotum & Streefcijfers must report, via the SER’s online Diversiteitsportaal, their representation and appointments of women on boards, ambitious targets and action plans to increase transparency and exchange good practices. On 29 January 2024, the first overview of the SER was

presented on the Dataverkenner with data on the year 2022. Looking at the Dutch organisations belonging to the FSI in 2022, the following observations can be made.



In the FSI, in 2022 executive boards had 20% women representation and on supervisory boards the women representation was almost 34,9%. Compared to the organisations in our sample (30% for executive boards; 33% supervisory boards), the notable difference is the women represented on executive boards.

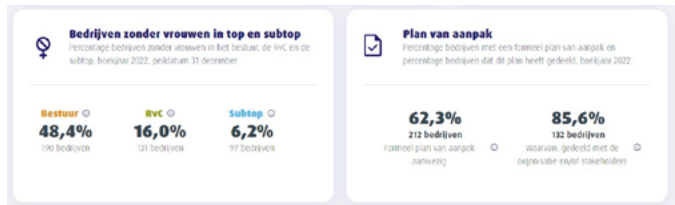


Looking at the ambition for the top and sub top of organisations in FSI, in 2022 the average numbers are 32,1% women representation on executive boards; 35,5% on supervisory boards; and 34,8% in the sub top. A small number of organisations have set their ambition (Streefcijfers) for gender balance (12,6% for executive board; 16,8% for supervisory board; 15,5% for sub top).



A notable finding here is that for executive boards, 23,5% newly appointed members were women and 19,4% of members leaving were also women. For

supervisory boards more than half (51,3%) of newly appointed members were women. This might explain the difference between the lower number of women on executive boards in FSI in 2022.



FSI organisations mostly lag behind in terms of women on executive boards. In 2022, 48,4% organisations had no women represented on the executive board and 16% of organisations had no women on the supervisory board.

Short Deep Dive: Laws & Regulations

- SER Dataverkenner was published on 29 January 2024 and shows results for organisations in the FSI:
 - Priority area is the low number of women represented on executive boards
 - Ambition numbers are mostly focused on compliance (≈33%), but only 12% have gender balance as their ambition for the supervisory board
 - A low ambition number for the sub top is worrisome and evidence of the 'leaking pipeline'
- Compliance alone will not drive culture change: Leadership buy-in is necessary to tell the right **story** why gender balance is needed (top-down) and continuous feedback from the organisation (bottom-up) is also necessary.
- **The behaviours** of all employees and the **policies, processes** and **systems** that support these behaviours need to be in line with the story that leaders are telling – otherwise, an incongruence might lead to scepticism and backfiring effects.
- There is a critical stance towards quota acts requiring 33% of women representation. Research shows that better performance in financial organisations is not associated with representation of a critical mass of woman leaders, but rather the group composition being gender balanced (40-60%). It shows that acceleration towards 50/50 men and women is the logical ambition for all.

Wet Ingroeiquotum & Streefcijfers

About the law

- The law contains two parts. Ingroeiquotum is aimed at approximately 100 large Dutch listed organisations and their supervisory board (or: Raad van Commissarissen, or RvC). Streefcijfers is aimed at approximately 5.000 'large' organisations in the Netherlands that need to report their 'fitting' and 'ambitious' targets to create more gender balance on the supervisory board (RvC), executive board (RvG) and sub top (upper echelons) of the organisation. The law also requires organisations to include a plan of action showing how they are trying to achieve targets.
 - 'Fitting' – the target goal depends on the size of the upper echelon of the organisation and the current gender balance
 - 'Ambitious' – a better gender balance than the current situation
 - 'Large' organisations – defined by the SER as meeting at least two of three criteria:
 - Worth more than EUR 20 million
 - Revenue of more than EUR 40 million
 - 250 employees or more
- This law follows the previous mandatory law (2013–20) of 30% representation of women on supervisory and executive boards, and will be in effect for eight years. In 2027 the law will be evaluated.
 - For transparency, the SER will also publish organisations' target goals and plans to increase gender representation via their Dataverkenner on the Diversiteitsportaal.
 - The aim is to know what the status quo is and how organisations are making progress when it comes to gender balance in organisations in the Netherlands.
 - This allows for benchmarking and insights into what organisations can do to increase gender diversity and learn from each other.
- Other relevant laws for achieving gender balance are: Wet Arbeidsmarktdiscriminatie, EU Corporate Sustainability Reporting Directive (CSRD; starting in 2024) and EU Pay Transparency Directive (2023).

EU Pay Transparency Directive

- EU Commission research shows a 13% pay gap in the EU and a 30% pension pay gap in the EU.
- The EU wants to strengthen the principle of equal pay for equal work between men and women through new EU rules on pay transparency (final text adopted in April 2023).
- The Pay Transparency Directive makes it mandatory for organisations to be transparent to job seekers what the starting salary or pay range of a job vacancy is, prevents them from asking about a candidate's pay history and requires them to be transparent to employees about the differences in pay for similar work.
- The directive also requires organisations to report on gender pay gaps for publication by the authorities. Organisations with more than 250 employees are required to report annually, and organisations with more than 100 are required to report every three years.
- If a pay gap cannot be explained or justified by objective, gender-neutral criteria, and a gap of 5% or more remains, organisations need to collaborate with workers' representatives on a joint pay assessment.
- The directive will be transposed into local legislation in 2026, but some countries are expected to introduce legislation as early as 2024.

Pay equity – as targeted by the EU Pay Transparency Directive – is only one part of the puzzle. The opportunity gap that results from unconscious biases, lack of support and company culture may lead to groups of employees experiencing fewer opportunities than others. Here are questions for organisations to reflect on:

- Is your organisation making deliberate choices in adopting non-discriminatory processes and mitigating for biases in vacancy texts, recruitment processes and pay settings, by means of a job evaluation system?
- Does your organisation have objective and clear guidance on rewards and promotions for employees? Are these guidelines embedded in your organisation structurally?
- Is your DEI strategy aligned with ESG goals and your organisation's business and talent strategy? The required change may seem time consuming and complex but a holistic strategy is required to reap the benefits.

Both the Wet Ingroeiquotum & Streefcijfers and EU Pay Transparency Directive are initiatives to achieve more equitable outcomes, but organisations need to go beyond mere compliance with them. Systemic change requires a holistic approach that addresses the policies, processes and systems to enable desired behaviours and align with the story and purpose of an organisation.

A good start is to gain insights through a current-state assessment to know where your organisation stands when it comes to the upcoming law enforcement. Such a 'readiness scan' can be entry point to a deep dive into the gender pay gap, by a proven methodology. This helps to reveal blind spots and biases in current systems and processes. Ultimately, it is a cultural change that encompasses equity principles.

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