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**WOMEN IN LEADERSHIP POSITIONS – OPPORTUNITIES AND REALITIES IN BIG BULGARIAN COMPANIES**

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**Abstract:** In recent years the issue of gender equality has been continuously in the centre of attention of politicians, business people and researchers, especially in view of the fact that gender equality is a basic principle and a common value of the European Union, as well as a key factor for achieving sustainable, intelligent and coherent economic growth.

This article considers the issue of gender equality with regard to the inclusion of women in the composition of corporate boards in the biggest listed companies in Bulgaria. The legal framework of gender equality in Bulgaria is reviewed: European context and legal guarantees for equality contained in current Bulgarian legislation. A snapshot of the current status of the involvement of women in the management of Bulgarian companies is presented, especially what percentage of the management cadre in the big Bulgarian publicly traded companies are women. An outline is given of the potential and need for further studies of the problem in the light of the ever-greater involvement of women in management and the related elements of corporate governance.

**Keywords:** gender equality, women on boards, gender balance on boards

## 1. INTRODUCTION

Gender equality in all spheres of life is a common value, a basic principle and an objective of the European Union (EU). As the European Community, and then the European Union, evolved, with it evolved its legislation and case-law, promoting gender equality as a key factor for achieving social justice and coherence, sustainable, intelligent and inclusive economic growth<sup>47</sup>.

Gender equality, including the equal access to education, employment and resources, the prevention of gender discrimination, and the effective involvement in decision-making, are guarantees for any society's progress and for mobilising the potential and talent of all its members.

## 2. TOPIC RELEVANCE

The unequal treatment of women in the workplace has been widely discussed in the past few decades. As early as the 1980s the term "glass ceiling" emerged to denote "an invisible barrier that prevents women from moving beyond middle management into positions of senior executive status"<sup>48</sup>. The issue is so significant, that for 6 years now the weekly business magazine *The Economist* has been calculating its own "glass ceiling index"<sup>49</sup>. Although the problem is widely discussed, on all levels in both the private and the public sector there is a disbalance of men and women in top managerial positions. In the 2016 issue of its publication on gender equality the European Commission (EC) states that "on average, only 23.3% of board members of the largest publicly listed companies in the EU are women"<sup>50</sup>. The figures quoted by the Commission are based on the regularly updated gender statistics database of the European Institute for Gender Equality (EIGE)<sup>51</sup>. The chart in Figure 1 below, containing the latest EIGE statistics, illustrates the degree of representation of women and men on the boards of large listed companies in the EU in 2015.

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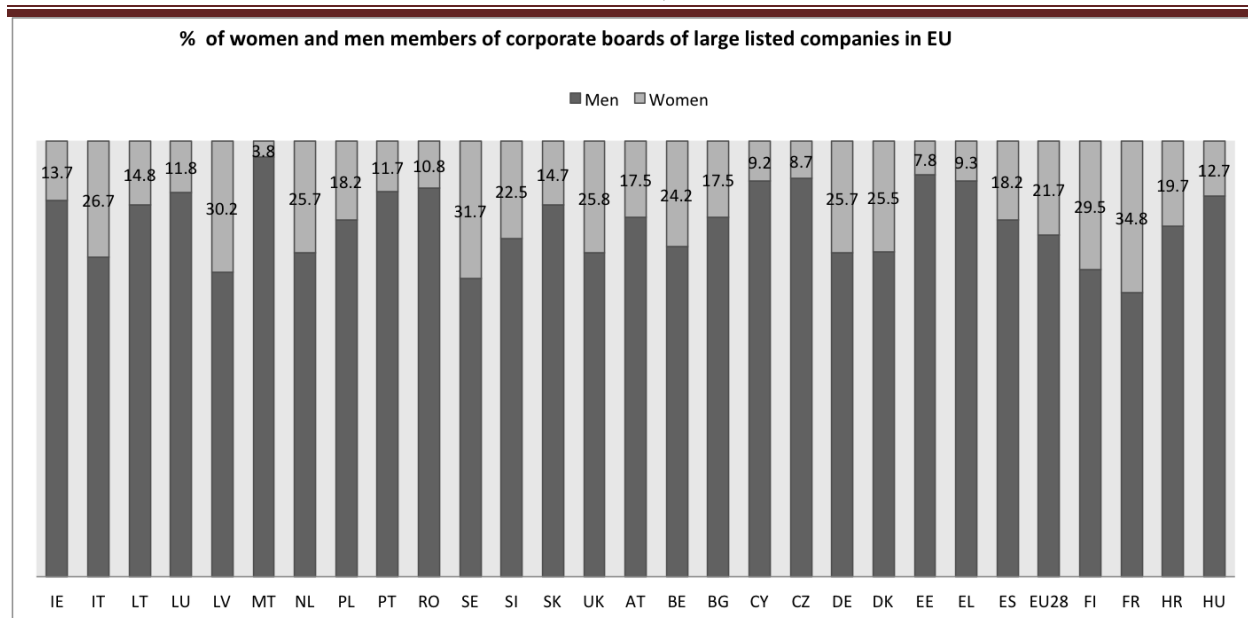
<sup>47</sup> This article considers a specific aspect of the gender gap in the labour market, namely the relatively low percentage of women in corporate boards.

<sup>48</sup> Inman, P. L. (1998), Women's Career Development at the Glass Ceiling. New Directions for Adult and Continuing Education, 1998: 35-42, page 35

<sup>49</sup> Accessible at <https://www.economist.com/graphic-detail/2018/02/15/the-glass-ceiling-index>

<sup>50</sup> "Gender Balance on Corporate Boards: Europe is cracking the glass ceiling", Fact sheet July 2016.

<sup>51</sup> Accessible at [https://eige.europa.eu/gender-statistics/dgs/indicator/gei\\_core\\_pwr\\_econ\\_offic\\_\\_gei\\_pwr\\_econ\\_board](https://eige.europa.eu/gender-statistics/dgs/indicator/gei_core_pwr_econ_offic__gei_pwr_econ_board)



**Figure 1, % of women and men members of corporate boards in the largest listed companies in the EU, based on EIGE data for 2015**

The chart shows that the skills of highly qualified women are not used to a sufficient degree in roles related to management and decision making, which is a waste of talent and loss of potential for economic growth.

### 3. SUBJECT OF THE STUDY

For the purposes of this article we reviewed the EU legislation and the legislation of the Republic of Bulgaria in the field of gender equality. Parallel to this we studied data contained in various reports and studies on the involvement of women in company management in Bulgaria. Publicly available data on companies listed on the Bulgarian Stock Exchange (BSE) and included in two of its indices – SOFIX and BGBX40 was gathered and analysed.

Equality between women and men is a common value of the European Union that is enshrined in the Lisbon Treaty. Pursuant to the Treaty on the European Union, promoting gender equality is one of the Union’s tasks (Article 3). It aims to eliminate inequalities and to promote equality between women and men in all its activities (Treaty on the Functioning of the European Union, Article 8). EU’s legislation regulates issues such as equal pay, equal opportunities and equal treatment of men and women in matters of employment and occupation, equal professional development, etc.

To tackle the significant gender gap in economic decision-making at the highest level, the European Commission submitted a proposal for a directive on gender balance among non-executive directors of companies listed on stock exchanges in November 2012<sup>52</sup>. Despite a broad consensus across the EU in favour of taking measures to improve the gender balance on company boards, not all Member States support EU-wide legislation and some Member States consider that binding measures at the EU level are not the best way to pursue the objective<sup>53</sup>. In July 2017, the trio presidency (July 2017-December 2018)<sup>54</sup> issued a declaration on gender equality noting the under-representation of women in management and leadership positions, highlighting the need to place gender equality high on the EU agenda, and pledging to continue work and discussions begun under previous presidencies.

Before Bulgaria joined the EU, gender equality was stipulated in Article 6 of its constitution, and the Protection against Discrimination Act was passed in 2003 to achieve harmonisation with EU directives. The accession to the EU has had significant effect on Bulgaria’s gender-mainstreaming policies, as during the accession process it needed to align its legislation with the *acquis communautaire*. Today Bulgaria’s national legislation includes a wide

<sup>52</sup> Proposal for a Directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures/\* COM/2012/0614 final - 2012/0299 (COD), достъпна на адрес <https://eur-lex.europa.eu/legal-content/BG/TXT/HTML/?uri=CELEX:52012PC0614&from=EN>

<sup>53</sup> Denmark, the Netherlands, Poland, Sweden, the United Kingdom, and one of the two chambers of the Parliament of the Czech Republic (Chamber of Deputies)

<sup>54</sup> Estonia, Bulgaria and Austria

framework for gender equality – the Constitution of the Republic of Bulgaria, the Labour Code, the Social Insurance Code, the Employment Promotion Act, the Protection Against Discrimination Act, the Social Assistance Act, the Equal Treatment of Men and Women Act, etc. The analysis of these sources shows that no gender quotas in corporate boards are provided for in the laws, i.e. there are no legally imposed requirements for companies to have a proportion of women in top decision-making positions.

#### 4. DATA AND SOURCES USED

This study aims to explore the participation of women in the corporate boards of companies traded at the Bulgarian Stock Exchange. The companies within the SOFIX and BGBX40 indices are examined: the 15 companies in the first index have market capitalisation of the free float of over BGN 10 million, while the second index comprises the 40 companies with the greatest number of transactions and the highest median value of the daily turnover in the past 6 months. Under “corporate boards” this study means the managing and supervisory boards of companies with dual board structure, and the boards of directors of companies with unitary board structure, as Bulgarian legislation provides for both options.

The research questions posed are: what is the participation of women in corporate boards in Bulgaria and what is the percentage of women in these corporate boards.

The data referred to includes studies made by the European Commission<sup>55</sup>, the European Bank for Reconstruction and Development (EBRD)<sup>56</sup>, Ernst and Young jointly with the Peterson Institute for International Economics<sup>57</sup>, and the World Economic Forum<sup>58</sup>, as well as data gathered and analysed by the authors and given in the appendices.

#### 5. Results from the study

In its fact sheet on gender balance on corporate boards as at April 2016<sup>59</sup> the European Commission indicates that the representation of women in the boards of the large listed companies in Bulgaria is 17,9%, which well below the EU average of 23.3%. It is also noted that between October 2010 and April 2016 the figure improved by 6,7 %<sup>60</sup>.

In its Bulgaria Country Report issued in December 2017 EBRD defined gender diversity in corporate boards as weak, being at only 10,1%. Out of their sample of ten companies, four counted at least one female director amongst its board members; among these companies, and given the small size of the board, female representation averaged 25.24%<sup>61</sup>. When counting all the ten companies in the sample, the average of female directors per board fell to 10.1%.

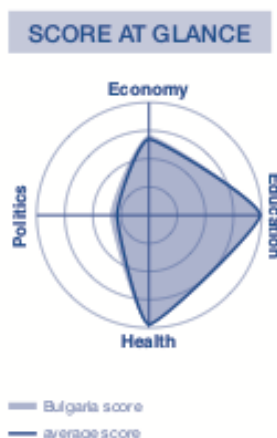


Figure 2 Bulgaria's global gender gap score according to WEF

In its 2017 Global Gender Gap Report, the World Economic Forum notes that “Bulgaria rises more than twenty spots on the overall Index this year [2017] to become the second-ranked country in the region”, following Slovenia. The country scorecard for Bulgaria contained in this report shows both key and detailed indicators on gender equality which are summarised in Figure 2. It clearly shows that out of the four examined areas, politics has the biggest gender gap, followed by economy. Health care and education, on the other hand, are strongly dominated by women.

The joint working paper of Ernst and Young and the Peterson Institute for International Economics on gender diversity places Bulgaria among the world's top 5 gender-balanced countries<sup>62</sup>.

Our review of data on companies with the BSE indices Sofix and BGBX40 shows a higher

<sup>55</sup> Source: European Commission, Database on women and men in decision-making <https://eige.europa.eu/gender-statistics/dgs>

<sup>56</sup> *Corporate Governance in Transition Economies. Bulgaria Country Report, December 2017. EBRD*

<sup>57</sup> Noland, Marcus and Moran, Tyler and Kotschwar, Barbara R., Is Gender Diversity Profitable? Evidence from a Global Survey (February 2016). Peterson Institute for International Economics Working Paper No. 16-3.

<sup>58</sup> World Economic Forum, Insight Report: The Global Gender Gap Report 2017

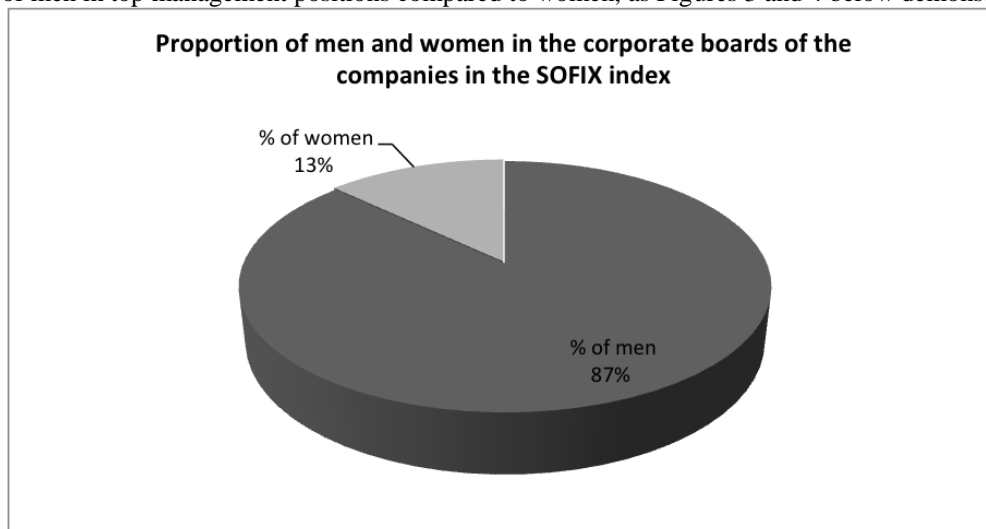
<sup>59</sup> “Gender Balance on Corporate Boards: Europe is cracking the glass ceiling”, Fact sheet July 2016, page 1

<sup>60</sup> Ibid., page 3

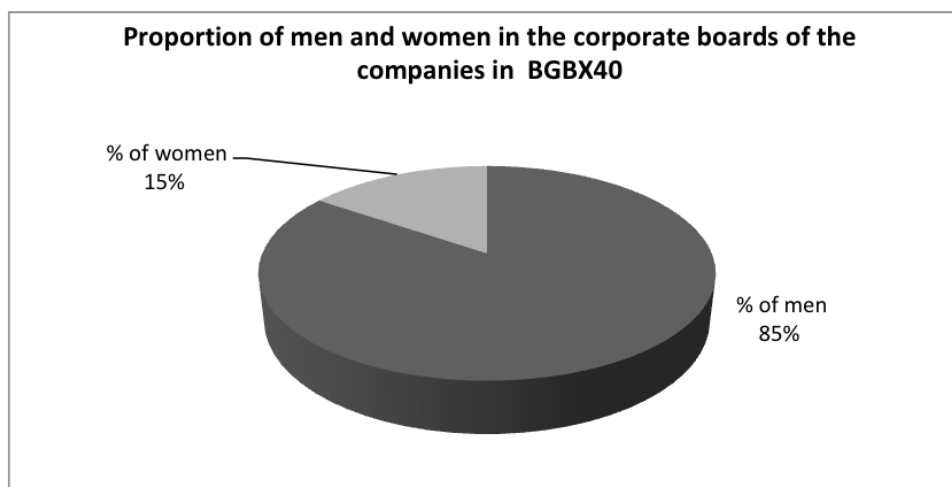
<sup>61</sup> Out of 46 board members, only 5 are women.

<sup>62</sup> Noland, Marcus and Moran, Tyler and Kotschwar, Barbara R., (2016), page 32.

percentage of men in top management positions compared to women, as Figures 3 and 4 below demonstrate<sup>63</sup>:



*Figure 3 Proportion of men and women in the corporate boards of the companies in Sofix. Source – Appendix 1.*



*Figure 4 Proportion of men and women in the corporate boards of the companies in BGBX40. Source – Appendix 2.*

The data collected shows that women constitute 13% of the members of corporate boards in the companies from the Sofix index, and 15% of the members of corporate boards in the companies from the BGBX40 index<sup>64</sup>. This percentage increases to 16% for BGBX40 companies with unitary board structure (26 in all), while in the 14 companies with dual board structure from that index it is 15<sup>65</sup>. Both unitary board structure and dual board structure companies from Sofix have the same participation of women in their corporate boards – 13%. The corporate boards of almost half of the BGBX40 companies (19) include no women, while only one third of the companies in Sofix have all-male boards. In BGBX40 whose corporate boards include at least one woman, women represent 27% of all members, while in SOFIX companies which women in their boards, women account for 20% of all members.

## 6. CONCLUSION

The brief overview of data shows that even in the largest public companies in Bulgaria women are underrepresented in corporate boards.

<sup>63</sup> Details are contained in the tables shown in the appendices

<sup>64</sup> See Appendix 1 and Appendix 2

<sup>65</sup> See Appendix 2

The goal of this study is to identify the degree of involvement of women in the corporate boards of companies traded at the Bulgarian Stock Exchange. Since there is no data available on the gender distribution within the managing and supervisory boards and the boards of directors of these companies, the information was extracted from their 2017 annual reports and from their websites. It was found that the corporate boards of the 40 most significant companies in the BSE are dominated by men. There are no women at all in the corporate boards of a large number of companies, and where there are women, they are only 13% to 15%. Such underrepresentation of women is evidence of disbalance and lack of gender equality.

This study is initial in nature, as it is limited to a selection of companies and to data for one particular year. Further research on the issue can cover, on the one hand, a larger set of companies, and on the other – different periods, thus exploring development over time. The various features of the corporate boards can also be examined in greater detail. A comparative analysis with other EU countries might be another fruitful avenue for future research.

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### Appendix 1 – Representation of women in the corporate boards of the companies from the BSE index SOFIX

Company	Board structure	Total number of members of corporate boards	No. of women	% of women
Elana Agrocredit AD-Sofia	unitary	4	1	25%
Sopharma AD-Sofia	unitary	5	1	20%
CB Central Cooperative Bank AD-Sofia	dual	11	1	9%
Eurohold Bulgaria AD-Sofia	dual	11	0	0%
Bulgaria Real Estate Fund REIT-Sofia	unitary	3	0	0%
CB First Investment Bank AD-Sofia	dual	12	4	33%
Monbat AD-Sofia	unitary	9	1	11%
M+S Hydraulic AD-Kazanlak	unitary	6	0	0%
Stara Planina Hold AD-Sofia	unitary	3	0	0%
Holding Varna AD-Varna	dual	6	1	17%
Advance Terrafund REIT-Sofia	unitary	3	0	0%
Albena AD	unitary	5	2	40%
Chimimport AD-Sofia	dual	8	0	0%
Sirma Group Holding AD-Sofia	unitary	8	1	13%
Trace Group Hold AD-Sofia	dual	6	1	17%
		100	13	13%

### Appendix 2 – Representation of women in the corporate boards of the companies from the BSE index BGBK40

Company	Board structure	Total number of members of corporate boards	Number of women	% of women
Elana Agrocredit AD-Sofia	unitary	4	1	25%
Speedy AD-Sofia	unitary	5	0	0%
CEZ Distribution Bulgaria AD-Sofia	dual	9	0	0%
Sopharma AD-Sofia	unitary	5	1	20%
Svilozha AD-Svishtov	unitary	3	0	0%
Neochim AD-Dimitrograd	unitary	9	2	22%
CB Central Cooperative Bank AD-Sofia	dual	11	1	9%
Eurohold Bulgaria AD-Sofia	dual	11	0	0%
Hydraulic Elements and Systems AD-Yambol	unitary	3	0	0%
Industrial Capital Holding AD-Sofia	unitary	8	1	13%
Industrial Holding Bulgaria AD-Sofia	dual	7	3	43%

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<i>Company</i>	<i>Board structure</i>	<i>Total number of members of corporate boards</i>	<i>Number of women</i>	<i>% of women</i>
Korado-Bulgaria AD-Strazhitsa	dual	8	3	38%
Lavena AD-Shumen	unitary	3	2	67%
Elhim Iskra AD-Pazardzhik	unitary	3	0	0%
EMKA AD-Sevlievo	unitary	4	0	0%
Billboard AD-Sofia	unitary	5	0	0%
Bulgarian River Shipping AD-Ruse	dual	9	0	0%
Bulgaria Real Estate Fund REIT-Sofia	unitary	3	0	0%
Doverie United Holding AD-Sofia	dual	6	2	33%
CB First Investment Bank AD-Sofia	dual	12	4	33%
Monbat AD-Sofia	unitary	9	1	11%
M+S Hydraulic AD-Kazanlak	unitary	6	0	0%
Stara Planina Hold AD-Sofia	unitary	3	0	0%
Holding Varna AD-Varna	dual	6	1	17%
Advance Terrafund REIT-Sofia	unitary	3	0	0%
Albena AD	unitary	5	2	40%
Alcomet AD-Shumen	dual	13	0	0%
Chimimport AD-Sofia	dual	8	0	0%
FairPlay Properties REIT-Sofia	unitary	3	2	67%
Sopharma Properties REIT-Sofia	unitary	3	2	67%
Synergon Holding AD-Sofia	dual	6	2	33%
Sofia Commerce-Pawn Brokerage AD-Sofia	unitary	3	0	0%
Tchaikapharma High Quality Medicines AD-Sofia	unitary	3	0	0%
Alterco AD-Sofia	unitary	5	0	0%
Agria Group Holding AD-Varna	unitary	5	3	60%
Bulgarian Stock Exchange AD-Sofia	unitary	5	1	20%
Sirma Group Holding AD-Sofia	unitary	8	1	13%
Sopharma Trading AD-Sofia	unitary	3	0	0%
Zarneni Hrani Bulgaria AD	dual	8	1	13%
Trace Group Hold AD-Sofia	dual	6	1	17%
		239	37	15%