

DIGI GEN

Professional career guidance for women in management positions in the field of digital competence

LITERATURE REVIEW

German Report

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1 INTRODUCTION

Digitalisation is currently omnipresent and, at the latest, since the Corona pandemic, can no longer be ignored. The same applies to the ongoing efforts to improve the proportion of women in management positions. Therefore, at the beginning of 2020, the European Commission came up with a Gender Equality Strategy 2020-2025, placing this issue at the centre of European policy: women should be able to achieve professional and social goals in the same way as men and exploit their potential to the fullest (European Commission 2020). This goes along with an equal employment ratio across sectors, equal chances of work-life balance and an equal share of care work (European Commission 2020).

The Erasmus+ project DIGIGEN "Professional career guidance for women in management positions in the field of digital competence" focuses on designing a counselling approach for guidance professionals to support women in planning their entry, entering, and remaining in management positions by making use of the digital transformation. So far, the authors of this report have not found any widely spread and known approaches to foster female leadership, specifically under digitalisation, through an up-skilling programme for guidance professionals. This will therefore be subject to the Erasmus+ Project DIGIGEN. This report focuses on women, leadership, and digitalisation to get the needed background information. It will not specifically focus on the theory of counselling approaches because counselling itself will not be newly invented. This report aims to create a better understanding of the indirect target group of this project (women in management positions) and to understand their specific needs. Three chapters focus on women and leadership, digitalisation and leadership and the combination of these three aspects in Germany. In accordance with the aim of DIGIGEN, the given information will support the development of the content of the scientifically based up-skilling programme for guidance professionals.

2 WOMEN AND LEADERSHIP

The terms "women" and "leadership" did not go along for a long time. Although now, for many years, women have taken active participation in the active labour market, there is still a gap between men and women in general, specifically in management positions. The European Union and national governments have addressed the problem and designed regulations to improve the situation for women.

In Germany, the Equal Participation Act of Women and Men in Leadership Positions in the Private and Public Sector (FüPoG) came into force in May 2015. The law aims to significantly increase the proportion of women in management positions in the private and public sectors. For the private sector, this means the introduction of a fixed quota of 30 per cent of the respective underrepresented gender on supervisory boards for companies that are listed and subject to parity-based co-determination. Companies that are either a listed company or are subject to corporate co-determination and do not already have to meet the fixed quota must set their target values. In addition, the corresponding Equality Act of Women and Men in the Federal Administration was amended (BGleiG). For this purpose, the requirements for the equal opportunity plan were specified in more concrete terms and structured like the target size regulation in the private sector.

The law obligates extensive reporting (annually) to inform the public about the development of the proportion of women and men in management positions. The facts presented here are based on the fifth annual information provided by the federal government in 2021 (Bundesministerium für Familie, Senioren, Frauen und Jugend 2021).

The following presents aspects of the proportion of women and men at management levels in the private sector through fiscal 2018 and 2019 and in the public sector through the end of 2019:

- Since the law came into force in 2015, the proportion of women in leadership has increased. The ratio of women on supervision boards rose by 3.9 percentage points to 22.5 per cent in 2018.
- In the case of listed companies and companies with equal co-determination, which have had to meet a fixed gender quota of 30 per cent, there was an increase of 8.4 percentage points of women on supervision boards since 2015. The proportion of women was 33.4 per cent in 2018. Companies required to meet the quota increased the proportion of women on supervision boards by only 3.7 percentage points.
- The proportion of women on management boards of companies is low. In 2018, it was 8.3 per cent, and 79.5 per cent of companies had zero women on their management board.
- In the committees in which the federal government could appoint at least three members, the proportion of women in the mandates was 46.1 per cent in 2018 and mostly only an offset of one seat.
- In the area of the highest federal authorities, there is still a significant potential for improvement. In 2020, 37 per cent of employees with managerial and supervisory responsibilities in the highest federal authorities were female.

In accordance with the ongoing struggle, the current legislation (SPD, Bündnis 90/Die Grünen, FDP; from 2021 to 2025) states in their coalition agreement the following passages to support leading women in general and women in the context of digitalisation (SPD et al. 2021):

"To make successes and needs for action more visible, we are expanding the basis for reporting the federal government's annual information on the development of the proportion of women and men at management levels and on boards in the private and public sectors and, if necessary, tightening up the law. "

"We want to increase the proportion of female founders in the digital sector. To this end, we are creating a scholarship for female founders and reserving a portion of the Zukunftsfond. "

In conclusion, women in management positions are strongly supported by the German government to equal the existing gap between the number of male and female leaders. Although those laws and regulations have been in force since 2015, there has not been a vast improvement. Therefore, projects like DIGIGEN are essential to support women in getting into leading positions. Digitalisation may be a chance for women to set foot in management positions. The next chapter will have a closer look at the impact of digitalisation on leadership.

3 DIGITALISATION AND LEADERSHIP

Digital transformation processes have an impact on leadership and the competencies therein. Currently, the effects and bearing are unclear to a certain point. The research project "*Digitalisierungskompetenzen – Digital Leadership*" (Engl. *Digital Competencies – Digital Leadership*), funded by the Dr K. H. Eberle Foundation, aimed to identify relevant competencies for successful leadership in digital transformation using a mixed-method approach. First, a meta-analysis of existing studies on digitisation, digital transformation and competencies in German-speaking countries was carried out. From these studies, many competencies that appeared significant for leadership in digital transformation were extracted. These competencies were summarised by qualitative content analysis. In the next step, they were evaluated as part of a focus group workshop with representative practitioners. The resulting set of forward-looking competencies for digital leadership, including the associated descriptions and operationalisations, provides organisations and individuals with a better understanding and career orientation. (DHBW Lörrach)

As a result, the project identified ten competencies that are most relevant for successful leadership in digital transformation (Imbery et al. 2022, p. 103). These future-orientated competencies are:

- 1 Agility** The ability to adapt oneself and the organisation to changing conditions to achieve set goals in the best possible way. This includes reacting flexibly to unforeseen events and new requirements and acting proactively rather than just reacting to changes.
- 2 Translation of Methods** The ability to understand, choose from, and adapt new methodologies in an environment of increasing dynamics and uncertainty to achieve the desired impact.
- 3 Tolerance of Ambiguity** The ability to accept ambiguous situations and contradictory courses of action without evaluating them negatively or positively. Thereby resisting the urge to draw simplified conclusions. This includes seeing those conclusions in their specific context and making decisions under uncertainty.
- 4 Product and business model design** The ability to create digital products and new business models for developing the economic potential of digitisation for one's company.
- 5 Process innovation** The ability to design and introduce novel and significantly changed processes.
- 6 Technology Trend Assessment** The ability to identify new technologies and resulting opportunities and assess their impact and relevance to one's organisation.
- 7 Competence of transformation** The ability to design the process of fundamental changes in an organisation and guide this process from a current state to a target state.
- 8 Transdisciplinarity** The ability to think and act across disciplines by considering and integrating multiple perspectives.

- 9 Fasciliation** The ability to define a goal-oriented orientation framework within which employees are motivated and enabled to act in a self-organised and purposeful manner for the organisation's benefit and to feel responsible for the perception of internal and external changes.
- 10 Competence of Networking** The ability to create an environment where networking is a prerequisite for collaboration. This includes establishing and maintaining relationships in order to communicate and interact to obtain information and overcome problems.

The above competencies mainly focus on the social and communicative aspects of leadership competencies in digital transformation. Nevertheless, technical knowledge and technological know-how were often mentioned during the practitioner's workshops. Both are highly relevant to successful leadership. The difference is that technical and methodological competencies are assumed to be future competence in general, but social and communicative competencies are more relevant for digital leaders (Imbery et al. 2022, p. 101).

Similar results come from McKinsey's discussion paper "*Skill Shift: Automation and the future of the workforce*". It presents "new findings on the coming shifts in demand for workforce skills and how work is organised within companies, as people increasingly interact with machines in the workplace" (McKinsey Global Institute, in-brief text). Twenty-five workforce skills were defined and quantified by the time spent on each skill in 2016. The results forecast predicted changes in those workforce skills by 2030. A detailed executive survey of 3.031 respondents in Canada, the United States, and five European countries (France, Germany, Italy, Spain, United Kingdom) was conducted, as well as in-person interviews with chief human resources officers and other industry executives. Although those findings focus mainly on the effects of automation, some results also apply to the field of leadership and digitalisation.

- In Germany, the need for physical and manual skills and for basic cognitive skills will decrease by 22 per cent. The need for higher cognitive skills will increase by 5 per cent, social and emotional skills by 23 per cent, and technological skills by 41 per cent. The increase in the need for "digital skills will grow relatively slowly compared to the other focus countries. This is likely to reflect Germany's relatively advanced technology application in the workplace already; especially in manufacturing." (McKinsey Global Institute 2018, p. 15)
- The demand for social and emotional skills, especially such as leadership and managing others, will rise in general. It was found that future workers will spend considerably more time deploying these skills than they do today. "In aggregate, between 2016 and 2030, demand for these social and emotional skills will grow across all industries [...] by 22 per cent in Europe. While some of these social and emotional skills are innate, such as empathy, they can also be honed and, to some extent, taught [...]" (McKinsey Global Institute 2018, p. 11). The demand for technological skills will complement the increase in social and emotional skills. Executive leadership teams will need to evolve along with the workforce and structure of their organisations
- "Leadership and human resources will need to adapt: almost 20 per cent of companies say their executive team lacks sufficient knowledge to lead the adoption of digitalisation." (McKinsey Global Institute 2018, in-brief text)

In summary, McKinsey's discussion paper states that multiple skill shifts will apply to the future workforce. Leadership must evolve along with this development and increase their own technological and social-emotional skills.

Another study from the Georg-August-Universität Göttingen (Germany) specifically focused on needed soft skills for leaders embracing "New Leadership" (Lange et al. 2021). Commercial managers were interviewed in a qualitative, half-standardised interview. As a result, it was determined that increasing the use of digital structures often leads to decreasing hierarchy and, therefore, more personal responsibility on

the employees' side. Thus, leaders should be able to trust in their employees' sovereignty and coach them sufficiently through those decision-making processes. In addition, the following essential cornerstones for »new leadership« are crucial: the reduction of concerns and fears of employees about digitalisation, acting as a role model and coach in dealing with new tools, as well as recognising the need to adapt to changed requirements and to provide the personnel with suitable development measures.

Similar results come from a study of the recruitment group Hays (Hays AG, Institut für Beschäftigung und Employability IBE 2017). In 2017 591 leaders in Germany, Austria and Switzerland were asked for their opinions on competencies in a digital world. 82% consider *change management* the main challenge for leaders during digitalisation. 61% feel that *handling the increasing complexity of leading* is a considerable challenge and 55% say that *establishing transparency* challenges digital leaders. Additionally, 53% of respondents state that leadership needs to adapt to a new leading culture and flexible forms of work, and 42% of respondents see an increase in the complexity of processes and their management. In general, the study identifies the need for action in the following competencies for all employees and, therefore also, for leaders:

- The willingness to embrace changes,
- The capability to handle complexity, insecurity, and risks,
- The capability to think on the whole, understand processes, and prioritise,
- Self-Management and the willingness for life-long-learning,
- Communication skills and the ability to work in different teams,
- And the willingness to take responsibility.

In conclusion, digitalisation impacts the competencies needed for a leading position and the way of leading employees. The next chapter focuses on those changes and the resulting changes and risks for women in management positions.

4 WOMEN, LEADERSHIP AND DIGITALISATION

Currently, there are few concrete projects or studies dealing with leading women in terms of digitalisation and the needed competencies within. Nevertheless, two thoughts concerning the effects of digitalisation on women (in management positions) are prominently discussed.

The first thought connects to the above-mentioned competencies necessary in a digitalised leadership role. A study by Global Digital Women (Reimer and Onaran 2020) asks their 30.000 network members about their thoughts regarding digitalisation and its impact on diversity in the workforce. Competencies relevant to digital leadership were named numerously. Those are similar to the competencies in the previous chapter in the sense that they mainly focus on social and emotional skills. The authors of this study identify those social and emotional competencies as primary female properties. Thus, female leaders may have a natural advantage in adjusting to the new requirements of digital leadership.

Another thought concerning women in management positions in the context of digitalisation connects to the current deficiency in equal share of care work. In 2013 women did twice as much unsalaried care work and household jobs in a partnership with children and 1.3 times as much in a partnership without children (Destatis 2015). At the same time, women often work in fields where home-office is more complicated to realise than in the fields most men work in. Leading positions can be digitalised more easily (Sachverständigenkommission für den Dritten Gleichstellungsbericht 2021), which might support the needs of women with care work. Global Digital Women's study supports this, with half of the female respondents seeing an improvement in Work-Life-Balance by digitalisation; especially if the respondents already work in a leading position (Reimer and Onaran 2020). On the contrary, the opportunity for home-office has increased the amount of care and household work for some women if their male partners would continue working in an office space

(Sachverständigenkommission für den Dritten Gleichstellungsbericht 2021). Still, a review by Gulden and Thomsen (2021) points out the positive effect of the obligation for home-office during the COVID-19 pandemic. This obligation increased awareness and acceptance of men simultaneously doing home office and care work. They postulate that this awareness and acceptance will impact work-life balance in general and, therefore, the chances of women in management positions.

In conclusion, digitalisation may help women better balance their work and personal responsibilities. Especially the digitalisation of leadership could be a chance for women to enter the field of management positions. Additionally, women might naturally bring the competencies needed for digital leadership, which could give them an advantage in fulfilling a management position successfully.



5 SUMMARY

Women still need a lot of support in the labour market to reach the same level as men, particularly in management positions. The EU and the German government address this deficit in many laws and regulations, but there remains a long way to go until absolute equality. This report gave insight into the chances that digitalisation might offer for women in general but also for women planning to enter, entering, or remaining in management positions.

The following findings for Germany could be made:

- The existing regulations and laws slowly improve the situation for women in management positions but still leave a lot of freedom to the companies. The awareness of inequality is rising and may impact future development.
- Digitalisation requires new competencies, which an up-skilling programme for guidance professionals should address so they can be coached during the counselling process.
- Those competencies are of primarily social and emotional, as well as technical nature and mainly serve women as they are connotated as more female.
- Being able to work digitally might help women better balance their personal and professional lives. Not only because women can balance it better but also because the awareness of men doing care work is increasing due to the digital opportunities

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