



EUROPEAN CENTRAL BANK

EUROSYSTEM

Christine LAGARDE

President

Mr Gunnar Beck
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 30 September 2021

L/CL/21/213

Re: Your letter (QZ-039)

Honourable Member of the European Parliament, dear Mr Beck,

Thank you for your letter, which was passed on to me by Ms Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs (ECON), accompanied by a cover letter dated 26 July 2021.

The ECB remains committed to our primary mandate of price stability, which guides all our policy actions. We attach great importance to the clear, effective and timely communication of the ECB's policy decisions. This communication takes the form of our regular monetary policy statement following the meetings of the Governing Council, my regular hearings before the ECON Committee, speeches by ECB Executive Board members and other publications on our website. Moreover, as the world around us is constantly evolving, it is essential that our conduct and communication of monetary policy accounts for changes that are relevant to our ability to fulfil our mandate. This is reflected in the new monetary policy strategy announced on 8 July, in which the Governing Council acknowledged that climate change has profound implications for price stability and, accordingly, that we have committed to an ambitious climate-related action plan.¹

Regarding the diversity of ECB staff, let me first stress that the ECB strives to ensure that its staff composition reflects the European society it serves. To achieve this, greater diversity and an inclusive working culture are essential. We strongly believe that this ambition enables us to deliver the best possible outcomes for Europe

¹ For more information, see ECB (2021), "ECB presents action plan to include climate change considerations in its monetary policy strategy" and the annex outlining a "Detailed roadmap of climate change-related actions", 8 July, available at: https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.pr210708_1~f104919225.en.html.

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and for our institution and staff.

With regard to your specific question on the benefits stemming from greater gender diversity, a wide range of research has shown that gender-diverse teams operate differently to single gender teams. For example, discussions in gender-diverse groups can be more complex and richer² as different perspectives and needs are considered, which can lead to enhanced group processes³ and better decision-making. It has also been shown that boards of banks whose members are sufficiently diverse in terms of gender, age, geographical origin, education and professional background incorporate a richer set of information, experiences and values, and this results in better decision-making, governance and operational efficiency.⁴ A diverse board is also better equipped to understand its stakeholders and employees, as well as consumers with varied backgrounds, and is more likely to achieve higher returns.⁵ Finally, it is also important to acknowledge that women have historically been under-represented in the leadership of the ECB.⁶

To address this issue and foster diversity, the ECB's gender strategy for 2020-26 has set ambitious gender targets and we have taken concrete action to support women at the beginning of their career and increase their representation at managerial level.⁷ These gender targets need to go hand in hand with other activities that broaden the diversity of our applicant pool and overcome unconscious bias. We have seen improvements since this strategy was adopted, and we believe that we need to continue on this path to eventually reach equal gender representation at the ECB. Existing biases against female leaders can only be convincingly addressed if people see competent women in leadership positions. In line with this ambition, and as you

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- ² Bohnet, I. (2016), *What works: Gender equality by design*, Harvard University Press; Kanyutu, E. (2021), "Effect of Board Gender Diversity on Organization Performance. A Critical Literature Review", *International Journal of Leadership and Governance*, Vol. 1, No 1, pp. 35-45, available at: <https://www.iprib.org/journals/index.php/IJLG/article/view/1283>; Bogan, V.L., Just, D.R. and Dev, C.S. (2013), "Team gender diversity and investment decision-making behavior", *Review of Behavioral Finance*, Vol. 5 No 2, pp. 134-152; Zhang, L. (2020), "An Institutional Approach to Gender Diversity and Firm Performance", *Organization Science*, Vol. 31, No 2, pp. 439-457, available at: https://www.hbs.edu/ris/Publication_Files/An_Institutional_Approach_to_Gender_Diversity_and_Firm_Performance_4c0479f3-9d13-4af8-82da-7f1713af940d.pdf; Fine, C., Sojo Monzon, V. and Lawford-Smith, H. (2020), "Why Does Workplace Gender Diversity Matter? Justice, Organizational Benefits, and Policy", *Social Issues and Policy Review*, Vol. 14, No 1, pp. 36-72; Noland, M., Moran, T. and Kotschwar, B.R. (2016), "Is Gender Diversity Profitable? Evidence from a Global Survey", *Working Paper Series*, No 16-3, Peterson Institute for International Economics, available at: <https://ssrn.com/abstract=2729348>; Lee, H.W. and Kim, J. (2019), "When Employee Gender Diversity Benefits Firm Performance: The Importance of TMT Gender Diversity", *Proceedings*, Vol. 2019, No 1, Academy of Management, available at: <https://doi.org/10.5465/AMBPP.2019.13900abstract>.
- ³ Bear, J.B. and Woolley, A.W. (2011), "The role of gender in team collaboration and performance", *Interdisciplinary Science Reviews*, Vol. 36, No 2, available at: <https://www.tandfonline.com/doi/abs/10.1179/030801811X13013181961473>.
- ⁴ García-Meca, E., García-Sánchez, I.-M. and Martínez-Ferrero, J. (2015), "Board diversity and its effects on bank performance: An international analysis", *Journal of Banking & Finance*, Vol. 53, April, pp. 202-214, available at: <https://www.sciencedirect.com/science/article/pii/S0378426614003811>.
- ⁵ European Banking Authority (2020), "On the benchmarking of diversity practices at European Union level under article 91(11) of Directive 2013/36/EU (2018 data)", available at: https://www.eba.europa.eu/sites/default/documents/files/document_library/News%20and%20Press/Press%20Room/Press%20Releases/2020/EBA%20calls%20for%20measures%20to%20ensure%20a%20more%20balanced%20composition%20of%20management%20bodies%20in%20institutions/EBA%20report%20on%20the%20benchmarking%20of%20diversity%20practices.pdf.
- ⁶ For example, in Q4 2013, when the ECB first introduced gender targets, only 19% of our managers and 12% of our senior managers were women.
- ⁷ For more information, see ECB (2020), "ECB announces new measures to increase share of female staff members", 14 May, available at: <https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200514~94dbb7c109.en.html>.

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mention in your letter, the ECB will increase paternity leave from two to four weeks in early 2022 to foster a more balanced share of family responsibilities and give fathers the opportunity to spend more time with their children. Beyond gender diversity, which is one of several facets we value in our broader efforts to increase the diversity of views, we also work to foster an inclusive environment at the ECB with the help of various diversity networks. Our aim is to raise awareness and promote the inclusion of different groups such as colleagues with disabilities, those from culturally diverse communities and the LGBT+ community.⁸

Yours sincerely,

[Signed]

Christine Lagarde

⁸ For more information, see <https://www.ecb.europa.eu/careers/why-we-value-diversity/diversity-networks/html/index.en.html>.

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