

Annex 1

DG Human Resources
Employee Services Division

ECB-RESTRICTED

Gender Target Analysis

██████████, DG-HR/ESE (HR Analytics)

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This document assesses the feasibility of different possible gender targets in light of different scenarios on the demographical development. The first part of this report contains descriptive statistics. In order to more accurately investigate the demographic data for each salary band group, the first part will display staff on the managerial levels (salary bands I-J) and on senior management levels (K-L) separately. In addition, the descriptive plots include the salary band E/F for comparison. The second part provides projection figures for each salary band group to which targets will apply.

The projections are based on past demographic data and in/outflow numbers of employees since 2012, while for bands K-L they also consider future retirements and cases of the currently implemented CTS program.

Part 1: Descriptive analysis

Percentage of female staff since 2012

Figure 1 below shows the female representation per group. The data is based on staff¹ at the last day of each year.

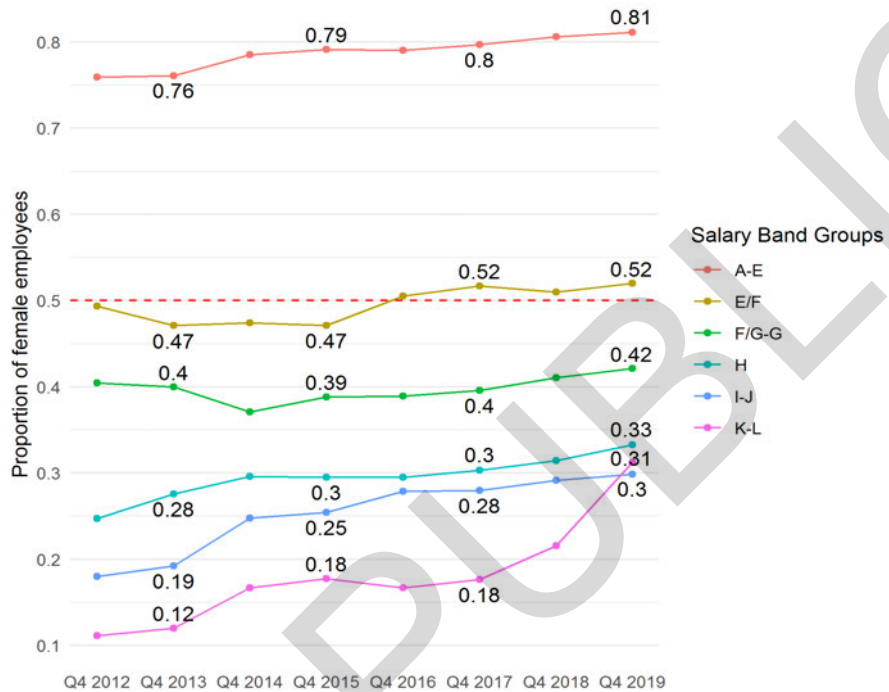


Figure 1: Proportion of female staff per band group

¹ Employees with permanent, fixed-term convertible, fixed-term non-convertible contracts and Graduates

Number of staff and staff outflow per year

The changes in the female share have to be put into relation in terms of headcount growth and employee outflow. Figure 2 below shows the number of staff per year split by band group since 2012. As with the previous figure, the numbers are based on the last day of each year.

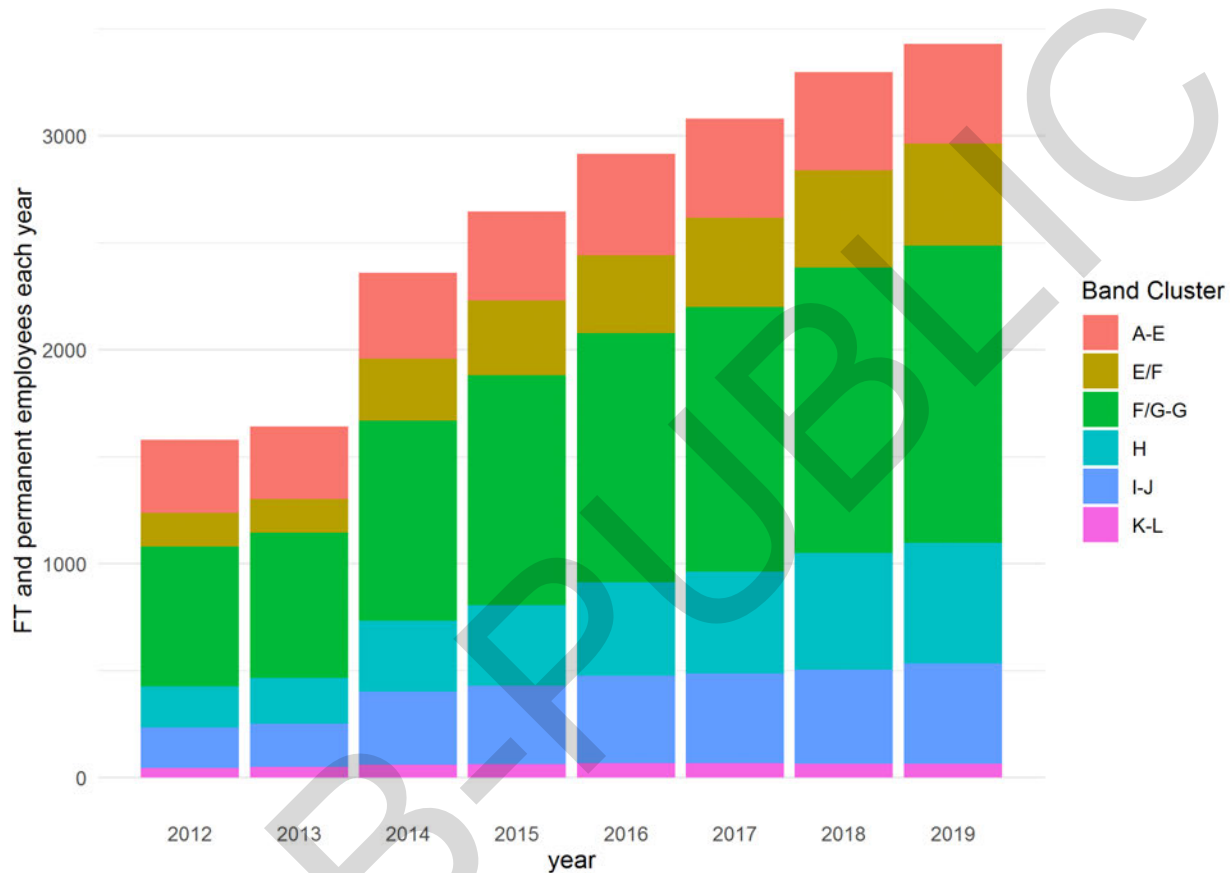


Figure 2: Number of staff per year

Figure 3 below shows the number of staff who “leave” their salary band group per year. The reason for leaving one of the respective salary band groups can either be that the member of staff is leaving the bank (e.g. contract expiration, resignation, retirement) or is being promoted. Please note that the outflow numbers below do not include cases where a person (a) was temporarily promoted and later returned to their original salary band (if the temporary promotion was shorter than one year) or (b) went on unpaid leave, as such cases do not account for long-term demographic changes.

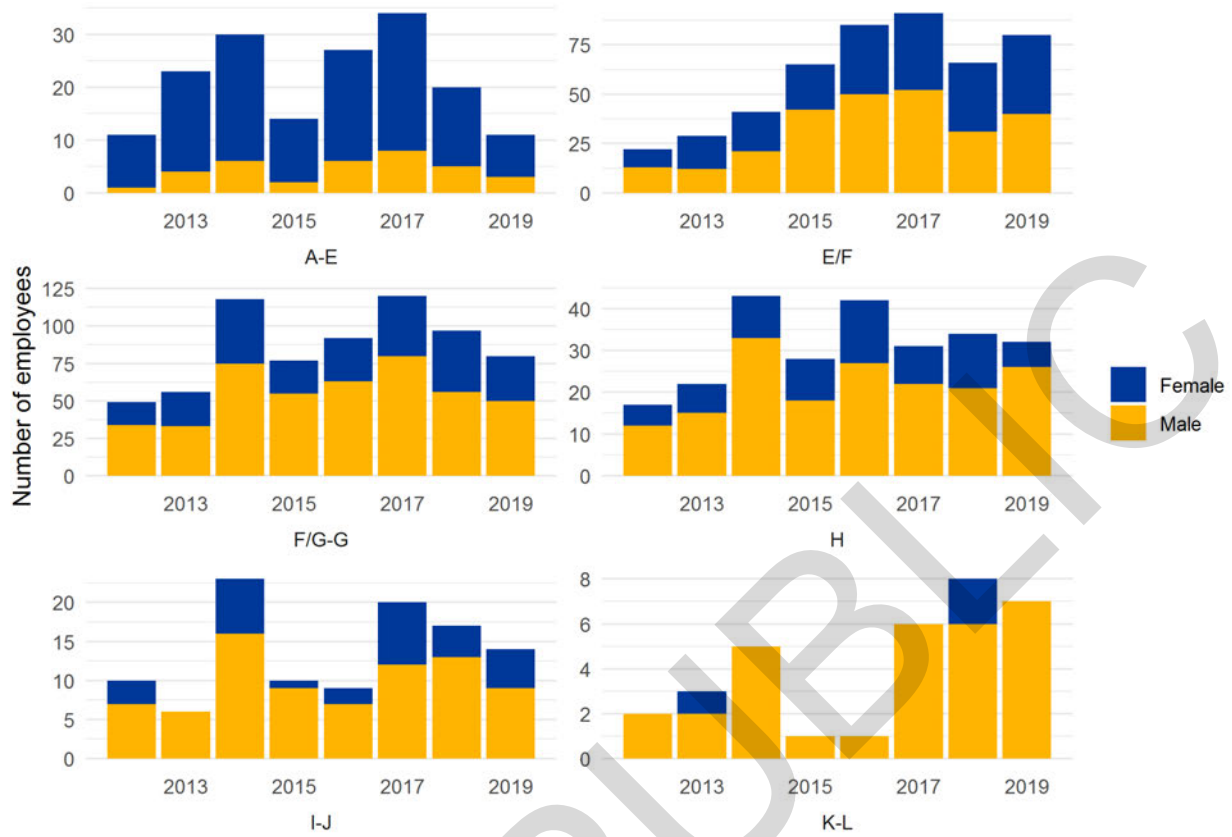


Figure 3: Yearly outflow per band group

For salary band groups between F/G and K-L, staff leaving them are mostly male. However, for E/F the percentage of female employee outflow was approximately 50% in 2018 and 2019.

Yearly proportion of employee outflow per salary group

Figure 4 shows the proportion of staff in each salary band group who leave per year. The graph shows the average over the last two years since the years before are less representative (e.g. due to the peaks in 2014). While more than 15% of staff left E/F per year, there was only a 3% outflow for I-J. This suggests that for I-J, any potential demographic changes will be restricted by a low outflow rate.

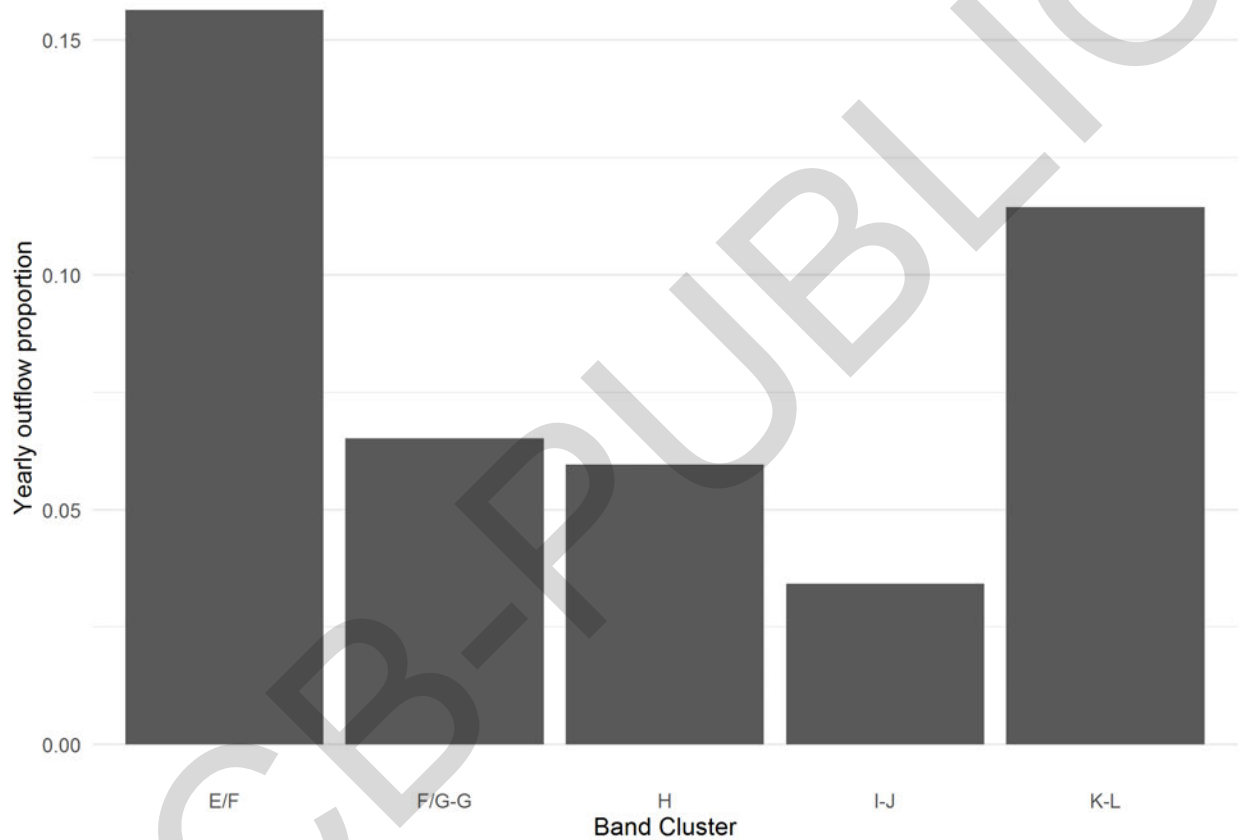


Figure 4: Proportion of outflow per band group (2019)

Proportion of female inflow per salary band

Figure 5 shows the proportion of female staff entering one of the five salary band groups per year. In this case, “inflow” can either be due to new hires, contractual status changes (e.g. from short-term to fixed-term) or promotions to the next salary band groups. As with the other figure, inflow due to temporary promotions and return from unpaid leave is not included.



Figure 5: Proportion of female employee inflow per year

As we can see in Figure 5, the inflow rate of staff for F/G-G was around 40% female from 2012 to 2017. However, in 2018 and 2019 the proportion of females increased to approximately 50%. For both H and I-J, the female proportion of employee inflow per salary band group in 2019 was below 40%. For K-L, the proportion of females in the inflow numbers varied a lot (ranging from 16% in 2017 to 85% in 2019).

Part 2: Simulation of potential demographic developments

In the following, potential scenarios for the female representation are shown based on data of the previous years. It is assumed that the number of staff will not further increase until 2026. Accordingly, figures as of Q4 2019 are used as a baseline to simulate gender-ratio scenarios.

Potential development for K-L

For salary band K or L, the most common cause of staff outflow is retirement. Since all current contracts in K-L are either fixed-term convertible or permanent contracts, leaving due to contract expiration can be ruled out as a cause for outflow.

Furthermore, while there are a few instances of resignation, the numbers here are too low to accurately predict the number of resignations in the future and to have a noteworthy effect on the estimations. Assuming a retirement age of 65, information of the age and participation in the CTS programme of staff currently on a K or L salary band was used to determine how many female/male leavers can be expected in 2022, 2024 and 2026. Furthermore, we assume that the total number of employees on K-L bands will stay constant (as of Q4 2019).

With these assumptions in place, Figure 6 below shows how the gender ratio could change based on a (1) 40% female employee inflow rate, (2) 50% rate and (3) 60% rate.

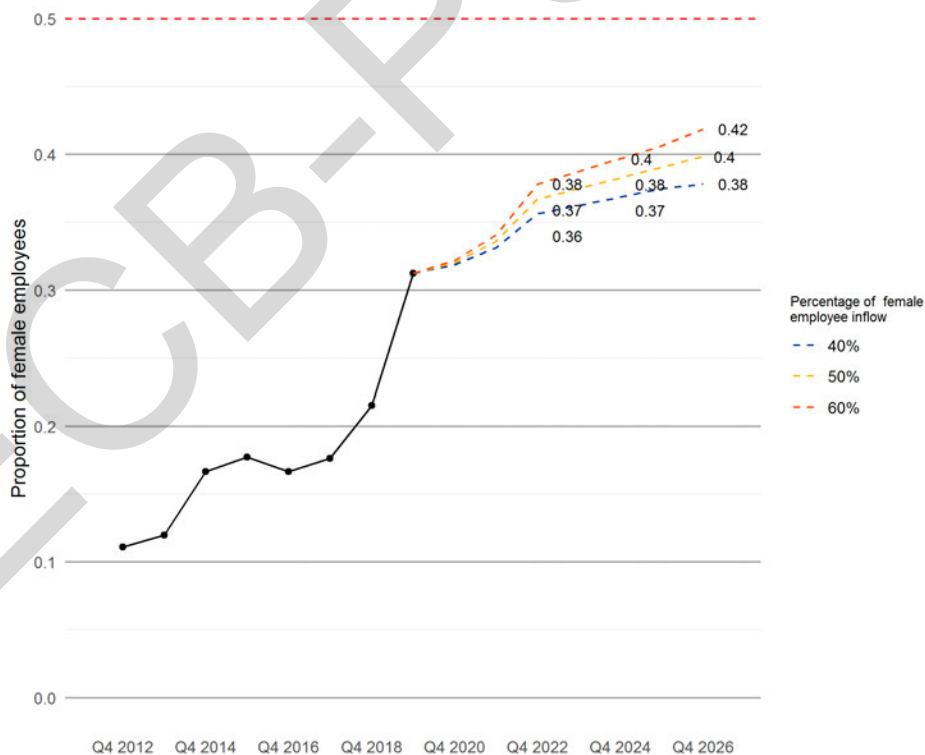


Figure 6: Projection for K-L

As Figure 6 shows, if at least 50% of new employees o K-L band positions are women, one can expect that by 2026, approximately 40% of employees on a K-L position will be female.

Potential changes for I-L

In order to predict prospective changes for F/G-G, H and I-J, the outflow numbers of 2018-2019 were used as an indicator of how much outflow can be expected until 2026.

To project changes for I-L, first I-J was isolated and then combined with projections for K-L. The majority of employees “leaving” I-J per year since 2018 were male (see Figure 3). If we assume that these numbers are representative of future expected outflow and assume that the number of employees stays constant, we can project the female representation as a function of the yearly outflow and assumed inflow.

Combining the projected numbers for I-J and K-L, Figure 7 shows how the female representation could change for I-L positions until 2026.

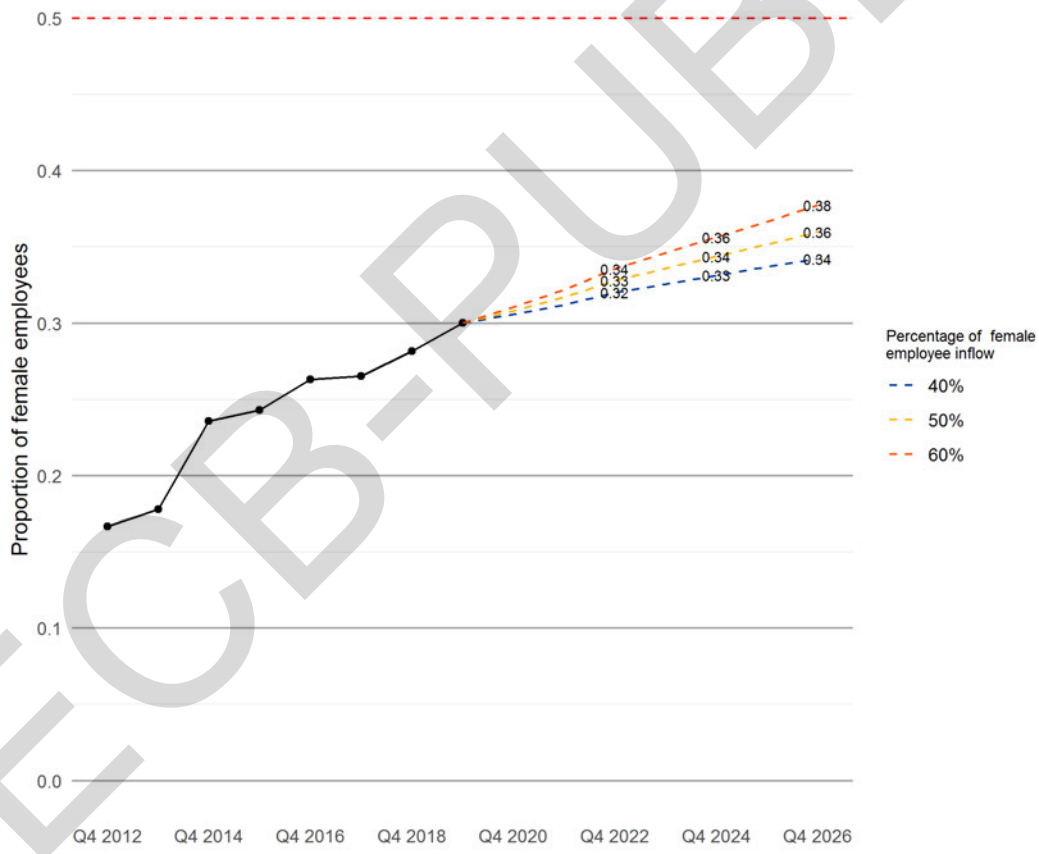


Figure 7: Projection for I-L

Potential changes for H

As for I-L, the outflow numbers of 2018-2019 were used for the projections. Applying a similar logic for H band positions, Figure 8 shows how different rates of female inflow could impact female representation over the coming years.

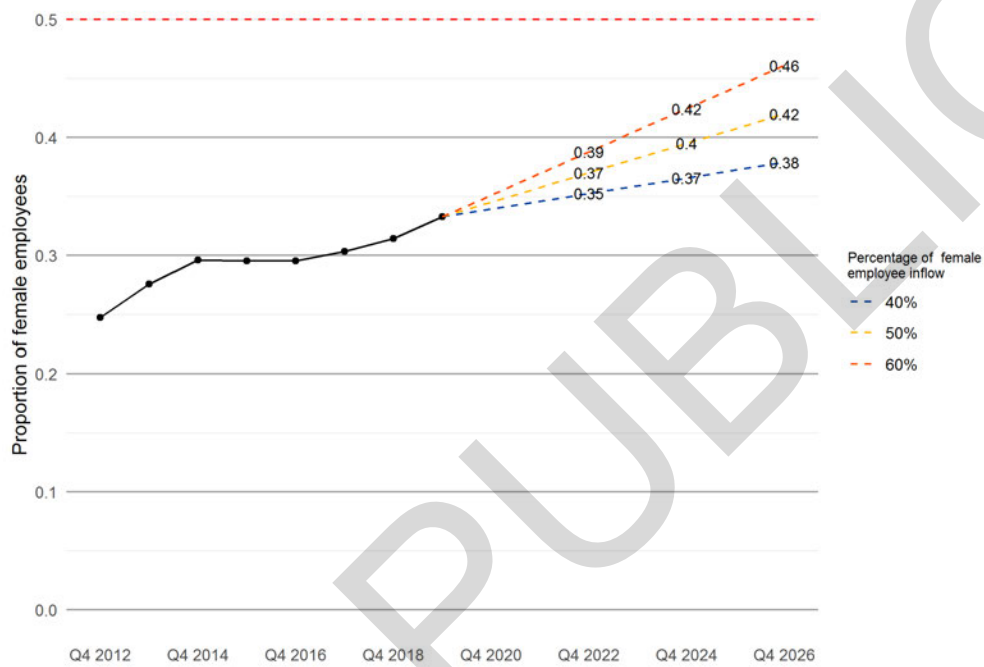


Figure 8: Projection for H

As Figure 8 suggests, if the rate of female inflow for H band does not increase compared to previous years, one can expect that a female percentage of approximately 40% can be achieved by 2026 with a female inflow of 40-50%.

Potential changes for F/G-G

As for the sections above, the outflow numbers of 2018-2019 were used for the projections for F/G-G, where approximately 60% of the outflow was male (see Figure 3). The outflow numbers and gender distributions of previous years suggest that with a female inflow proportion of 50%, it is realistic to expect a female representation of more than 45% by 2026.

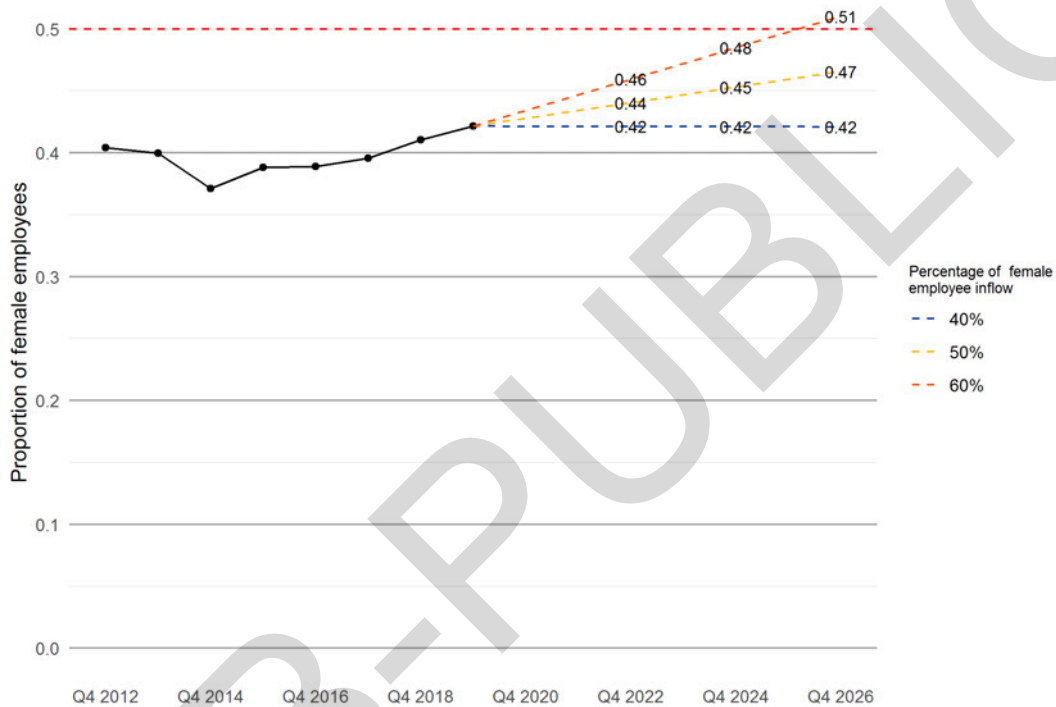


Figure 9: Projections for F/G -G

Potential changes for E/F

For E/F, the outflow of female staff was higher than of male staff in 2018 and 2019. Assuming that this pattern will continue in the coming years, Figure 10 shows how different rates of female inflow could impact female representation until 2026.

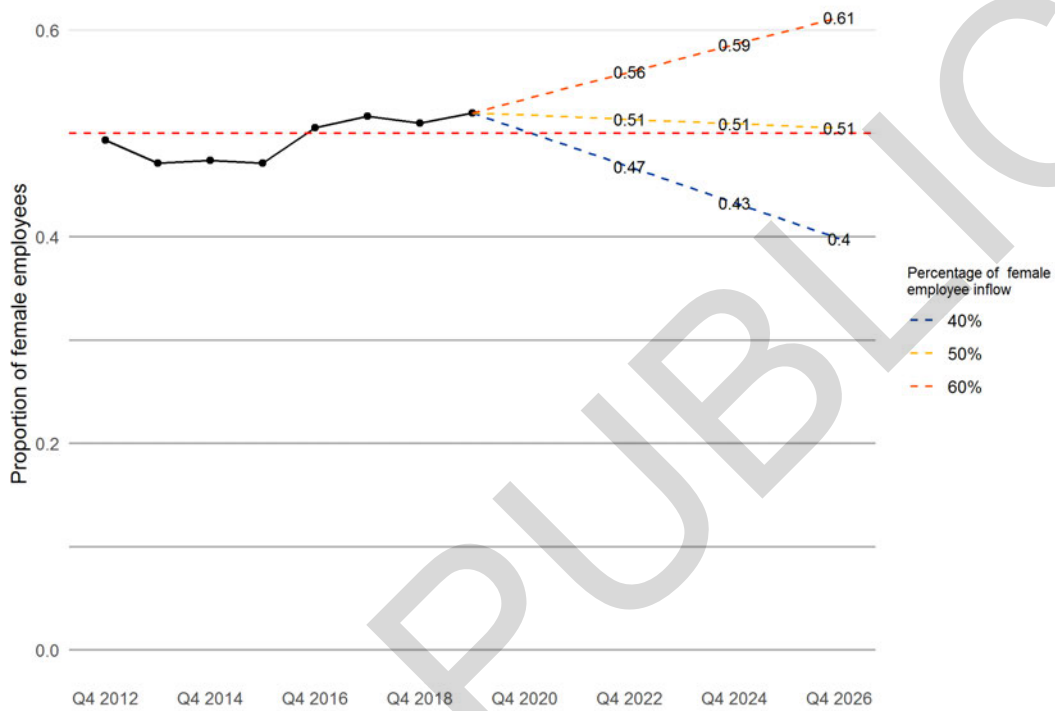


Figure 10: Projection for E/F

Part 3: The impact of the new career framework

The new career framework at the ECB, which among other changes will impose new mobility requirements for promotions without recruitment and promotions based on internal recruitment to H band or higher, can potentially have considerable effects on the flow of employees into and out of salary band clusters.

It can be expected that over the coming years the number of external recruitment campaigns will decrease for higher salary bands whereas for lower salary bands the number external recruitment campaigns will increase (Q6 of Career Framework FAQ).

Looking at past data of the ECB, Figure 11 below shows for each salary band group how much inflow was due to “external hires” (that is, anyone who was not a fixed-term or permanent contract before the new appointment) and the proportion of employees who move to the next salary band. Historically, inflow to H and higher has been mostly due to employees moving from one salary band to another, whereas for F/G-G and lower, inflow can be attributed mostly to new hires (as defined above). Assuming that this trend will be more present in coming years due to the Career Framework, increased female employee inflow into higher bands might lead to a higher proportion of female outflow from the previous bands, which would make it more challenging to achieve gender balance across all bands in the near future.

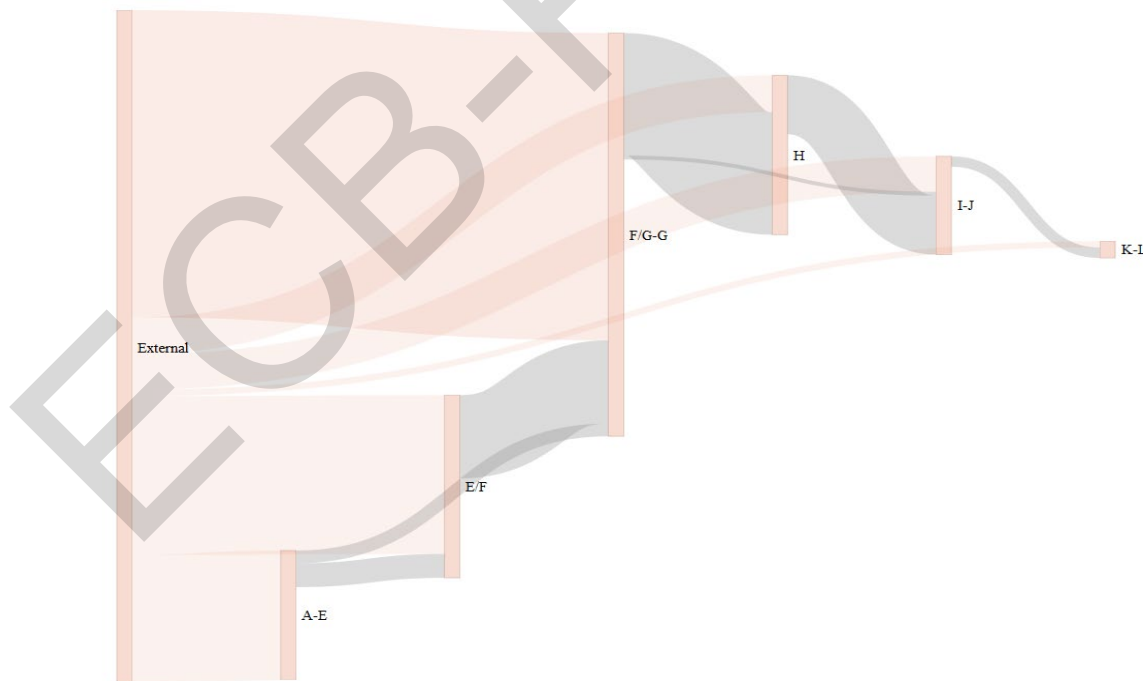


Figure 11: Promotion pipeline at the ECB (using past data)

However, the new policy also entails that meeting gender targets could justify launching an external recruitment campaign without first launching an internal campaign if the internal talent pipeline is not sufficiently diverse. As these decisions will be made on a case-by-case basis, it currently cannot be said to what extent external vs. internal campaigns will be launched in the coming years.

In addition, Figure 12 shows the percentage of E/F band employees (appointed between 2012 and 2019) who have been promoted to the next salary band(s) by gender. Although the proportion of appointments between males and females on E/F has been balanced, more males moved to F/G-G since 2012 than females. Furthermore, the graph shows that a small fraction of employees starting on E/F moved through F/G-G up to H. With the new career framework, it can be expected that a larger proportion of the current E/F pool will move up to F/G and some to H within the coming years.

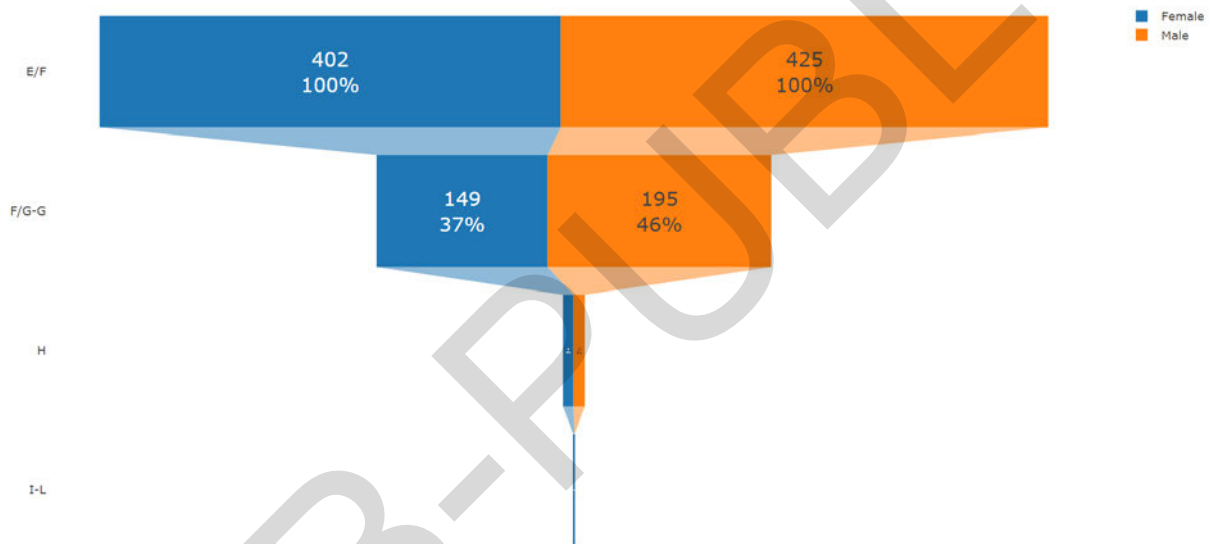


Figure 11: Promotion funnel from E/F onwards.

Promotion eligibility

Figure 13 below shows for each salary band cluster, the proportion of females and males currently fulfilling the mobility requirements – which is the eligibility criterion for promotion to the next salary band without recruitment. Please note that any changes in the eligibility criteria could lead to slight changes in the numbers.

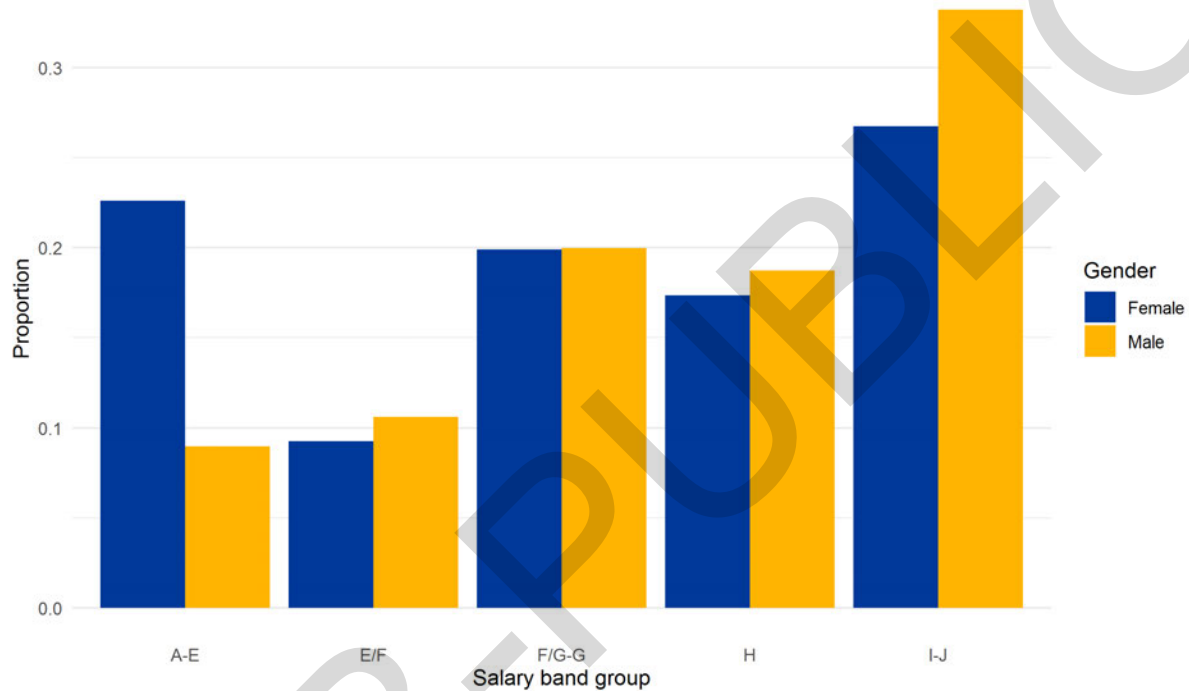


Figure 12: Promotion eligibility

Apart from A-E and I-J, the rate of employees who were mobile is roughly equal for males and females. For I-J, male employees are currently more likely to be eligible for promotion than females. Even though the proportion of employees who meet the mobility requirements is currently relatively low, it can be expected that this will change within the next two years, as it is likely that employees will see the new requirements for promotions as a motivation to be mobile. Since it cannot be said currently how many male/female employees will go on mobility as a consequence of the new policy, we recommend to incorporate the policy changes at a later point in time when data is available for the effectiveness of the new career framework.

Part 4: Recruitment data

Figure 14 below shows the average proportion of female applicants per campaign split by the band group for years 2012 until 2019. As can be seen in the graph, the proportion of female applicants has been considerably lower than 50% in all salary band groups except for A-E.



Figure 13: Female application rate

Limitations

The main limitation of the projections is that it is unclear to which extent data from the previous years will be representative for demographic developments in the coming years. In particular, new HR policies such as the new career framework, the end of the current CTS programme or the cost stabilization can be expected to influence the inflow and outflow per salary band. However, since the effect of the new policies is yet to be seen, they can not be included as reliable prediction factor at this point in time.

Furthermore, while the current ad hoc analysis gives a general indication of what trend can be expected over the next years, a more elaborate analysis could focus on including additional demographic variables and employee details such as the contract type, tenure and CTS information for salary band F/G to J.