

The Strauss Group
and the Israel Women's Network
are proud to present:

THE ISRAELI CATALYST REPORT

WOMEN LEADING BUSINESS

The Fourth Israeli Census Report 2013
Women's Representation
in the TA-100 Companies Index
MARCH 2014



DIVERSITY IS AN OPPORTUNITY

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Written and edited by Dr. Galit Desheh, Executive Director, Israel Women's Network, Ms. Gal Deutsch, Researcher, Israel Women's Network and Daniela Prusky-Sion, Global Corporate Responsibility Manager, Strauss Group.

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The quantitative study was performed in accordance with the above research methods with the professional assistance of the Panels Research Institute, Innovation and Technology in the Service of Market Research, Israel.

Foreword



Strauss Group, in collaboration with the Israel Women's Network, is proud to publish the Israeli Census Report for the fourth year in succession. The census examines the percentage of women in senior executive positions and on the boards of directors of Israel's 100 most highly traded companies. Censuses are performed using Catalyst methodology in many countries and in different markets, and we in Israel are proud to be part of the world trend that strives to present the data spanning a number of years to provide for an understanding that will contribute to generating the necessary change in the rate of women's representation

in top executive positions and in the boardroom.


Next year we will be marking the fifth year that this Census is conducted in Israel. We are planning a special in-depth research project designed to examine whether there is a correlation between TA-100 companies in which the percentage of women in the company's most senior organs is higher, and the accomplishment of better business performance by those companies.

At the same time, we are still only at the beginning of this journey and there remains plenty to aspire to, as the data presented in this report show. Women account for around 47% of the workforce in Israel, are present in a variety of organizations and fill diverse positions and have the tools to lead and direct, yet the numbers at the top of the pyramid aren't growing.

Just as we at Strauss believe in an inclusive organizational structure and in setting concrete goals and measuring the percentage of women in top positions in the Group, we appreciate that measuring the data and monitoring them each year in line with world practice is a first-class management tool.

The goal of this report is to cast a spotlight on the business sector, where the issue of women's economic empowerment is a highly significant one. The debate on this issue includes concepts such as gender influence and sectorial impact on the composition of the executive workforce, and perceptions that assume that a diverse workforce is a key factor in our ability, as a country, to gain a competitive advantage in relation to other countries and companies. Research has proved that diminishing the gaps between women and men contributes to the GNP and to society as a whole. This is especially true in Israel, where the human fabric is rich and diverse and is our primary natural resource.

Only by joining forces among the sectors can we assure the slow but sure elimination of the barriers that prevent women from reaching top management positions. The goal of this report is to provide up-to-date, reliable data and around them, to unite all elements, from all sectors, to take joint action to change the situation. Now, more than ever before, we are witnessing a lively and active debate on the subject of equal opportunity. The inclusion of more women in senior executive positions and on boards of directors is an essential step that Israel must take to truly realize its natural resources – its workforce resources – and to maximize its competitive advantages.


Ofra Strauss,
Chairperson, Strauss Group



The Israel Women's Network is proud to present, together with the Strauss Group, the fourth Israeli Census Report, examining the representation of women in senior management in TA-100 Index companies.

This year, the Israel Women's Network marks its thirtieth anniversary. In the thirty years of its existence, the Israel Women's Network has worked tirelessly on a number of levels to change the status of women in Israel. We operate simultaneously in diverse spheres – public, legal and others – and apply various tools including legislation, monitoring, education, information and raising awareness, with the aim of driving a profound and substantial change.

Theoretically, this census examines a very narrow segment of the female population in Israel. The percentages and acquired knowledge regarding the poor representation of women in the most significant seats of power teaches us much about the disempowerment of many other women. The implications on the status of women at the bottom of the pyramid is both worrying and annoying.

It is the Israel Women's Network's duty, together with the women's organizations in Israel, to lead a deep and fundamental change that will bring about a reform in the status of women. We must use every possible tool and cast a spotlight on every hub where gaps and oppression exist.


Dr. Galit Desheh,
Executive Director, Israel Women's Network



Executive Summary

In 2010 the Strauss Group and the Israel Women's Network first joined forces and for the first time, presented our Census in Israel. This census is based on a measure developed by Catalyst in the USA in 1995, and it provides an accurate, up-to-date picture of the status of women in senior management and leadership positions in public companies.

As a tool, the measure grants the ability to comparatively interpret industry types, companies and countries while providing an accurate picture of the facts based on a count of the number of women in top executive positions and on the boards of directors of public companies.

And still, this tool provides only a partial response to the question of women's status in the economy and in the Israeli labor market.

Accordingly, it serves as a basis for heavy questions that need to be asked, questions such as the implications of the absence of women in senior management on

other groups of women in the work and salary pyramid in Israel. Questions about the ability to combine work and motherhood. Questions about how the economy perceives working women and women who are senior executives and leaders.

The data processed in this census and their comparison to the three censuses conducted since 2010 paint a complex, problematic picture in terms of the progress and power of women in business leadership and in top executive positions in the Israeli economy.

The growth process is a slow one, and moreover, this year a regression was observed in practically every parameter measured. Even an in-depth review examining who the women in senior executive positions and on boards of directors are indicates that this is a very limited group, far more limited than its male counterpart, and that the rise in numbers is not the result of the introduction of more women to the circles of influence, but rather, is due to the fact that those women serve on a number of boards of directors.

On the one hand – the presence of women on boards of directors has grown. On the other, the number of women has not increased, meaning that the entryway remains half barred, and those women who do pass through are those same ones who have already succeeded in breaking down the door.

This year, we have chosen to profoundly examine the character of women board members in TA-100 companies and the extent of their influence. We looked at their professional starting point, the reasons why they became board members, and also highlighted the differences in pay for board membership as a result of different professional educations.

The most important question that arises from this study does not only concern the numbers, but also considers which tools must be used so that the number of women in decision-making hubs and business leadership will increase, and how we can achieve representation that is as diverse as possible.

Dr. Galit Desheh, Executive Director, Israel Women's Network

Gal Deutsch, Researcher, Israel Women's Network

Daniela Prusky-Sion, Global Corporate Responsibility Manager, Strauss Group

Part A: The 2013 Israel Census

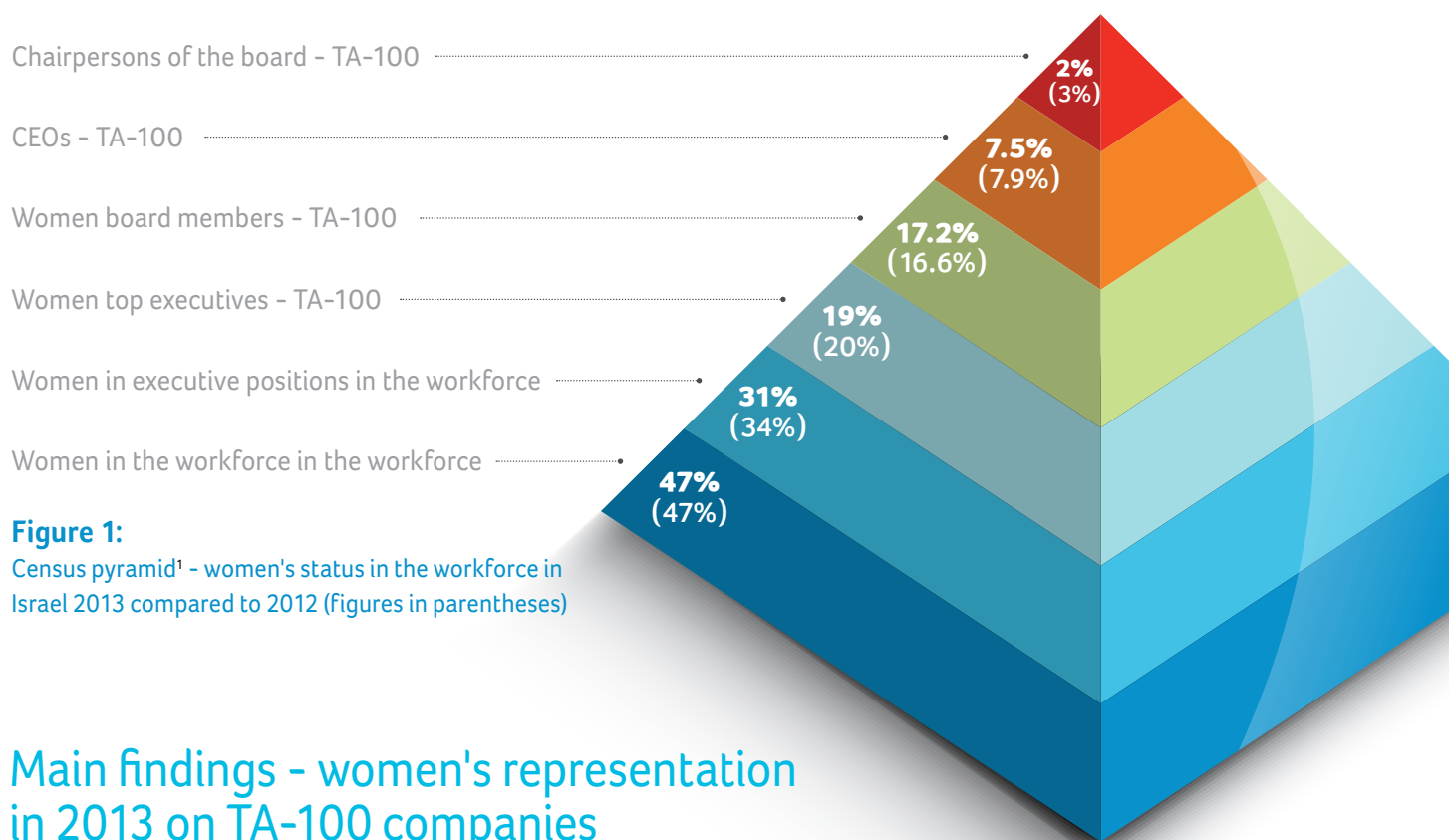


Figure 1:
Census pyramid¹ - women's status in the workforce in Israel 2013 compared to 2012 (figures in parentheses)

1. Main findings - women's representation in 2013 on TA-100 companies

The census pyramid presents the summarized data for 2013. The figures for the year as well as the comparison to 2012 indicate that the situation in Israel as regards the status of women in the job market is far from equal or fair. There has been no change in the general participation of women in the Israeli labor market, which is 47%. Women account for almost half of the workforce, but their status in the labor market is unstable and has even grown weaker. An in-depth examination of women's status in the job market reveals pay gaps, gaps in the assessment of roles and professions, and a substantial disparity in occupational stability and in the economic status of older women and those who have retired from the working world. Moreover, the situation of women in service and caregiving professions and their status as contract employees has not improved substantively in recent years.

The data relating to the status and presence of women in senior management in TA-100 companies are also indicative of the status of women in executive positions in the economy as a whole, and of their status in the Israeli job market.

A careful review of the figures throughout the four years of the census points to instability in the growth of the number of women senior executives in the Israeli economy.

The Israel Census data for 2013 demonstrate a clear decrease in the number of women in all management echelons.

After two years (2011-2012) of growth and stabilization in the percentage of women in senior executive positions (according to Central Bureau of Statistics figures), there

1. The data on the percentage of women in the workforce are from the Central Statistics Bureau 2013 Annual - Table 12.20 - Employees by Status at Work and Gender.
The data on the percentage of women in management positions are from the Central Statistics Bureau 2013 Annual - Table 12.18 - Employees by Profession, Population Group and Gender.

has been a 3% drop in the number of women managers. Considering the fact that the average is 30%, this is significant. The percentage of women in senior executive positions has also fallen by 1%. Here again, this should be looked at not only as an absolute rate of 1%, but also in light of the fact that the numbers are low to begin with. In 2012 the rate of senior women executives in TA-100 companies was 20%, and it is now 19%.

The percentage of women CEOs has fallen only slightly and is now 7.5% compared to 7.9% in 2012. The number of women holding board seats has risen only slightly and is now 17.2% compared to 16.6% in 2012.

The number of women serving as chairperson of the board has also dropped and is 2%. The number of women in this position in 2012 was 3%, while in 2011 it was 5%. There is no doubt that this figure is substantial in a small measurement group consisting of only 98-100 companies.

What do these data mean in terms of women's ability to gain proximity to decision making hubs, and even more, to change them and their priorities? The instability of the data and the absence of a significant increase in the numbers indicate that although there has been a change in the debate as to women's ability to attain senior executive positions in Israel and as to their professional competencies, this has not yet been translated into a material change in the numbers.

In light of the low percentages of women holding top executive positions, every replacement of a woman by a man or another appointment of a man to a vacant position has substantial implications on shaping the character of the organization and on shaping the character of the Israeli economy.

Summary of 2013 Israel Census data

Women on the boards of TA-100 companies

- The percentage of women serving as chairperson of the board is 2%, a slight drop that has persisted over time (down from 5% in 2011 and 3% in 2012).
- The percentage of women serving as board members has remained stable in the long term and is 17.2%.
- The percentage of companies with at least one woman on the board is 89%. This figure is slightly lower than 2012 (91%) but is similar to the findings for 2011 and 2010.
- The percentage of women serving on the boards of directors of more than one company has risen from 11% in 2012 to 16% in 2013.
- 38% of companies have more than one woman on the board of directors. This figure is identical to 2012, but the ratio has changed and there is a slight increase in the percentage of companies with 3 women and more serving as directors on account of a decrease in the percentage of companies in which there are 2 women on the board.
- The number of companies in which the percentage of women board members is 25% and more has risen compared to the prior year and is 22 companies versus 20 in 2012.

Women in top executive positions in TA-100 companies

- The percentage of women serving as CEOs has dropped by 0.4% compared to 2012 (when it was 7.9%) and is now 7.5%.
- The percentage of women holding senior executive positions in TA-100 companies this year is 19%, a decrease of 1% compared to 2012.
- In 83% of companies there is at least one woman in a top executive position.
- There has been a substantial drop in the percentage of companies with two women in top executive positions (from 30% in 2012 to 17% in 2013), in favor of an increase in the rate of companies with one woman in a top executive position (from 31% in 2012 to 43% in 2013).
- An increase was observed in the number of companies in which the percentage of women in top executive positions is 25% and more, from 35 companies in 2012 to 38 companies this year.



Ranking of companies with at least 25% women in top executive positions

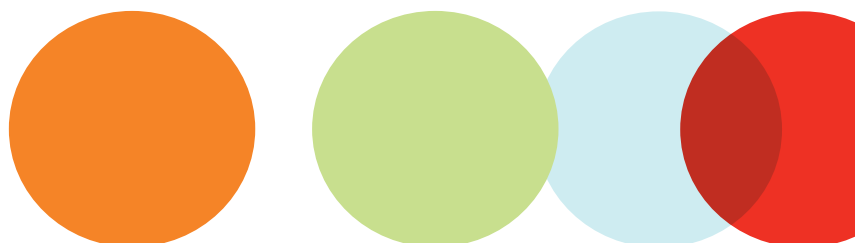
Name	Percentage of women executive officers
Compugen	83%
Kamada	55%
Ratio Oil Exploration LP	50%
Housing & Construction Holding Company Ltd.	50%
Union Bank of Israel Ltd.	45%
I.D.I. Insurance Co. Ltd.	42%
FIBI Holdings Ltd.	40%
Mivtach Shamir	40%
Africa Israel Investments Ltd.	40%
Matrix I.T. Ltd.	36%
Fox	36%
Kerur Holdings Ltd.	33%
Mizrahi Tefahot Bank Ltd.	33%
Electra Consumer Goods Ltd.	33%
Protalix	33%
Koor Industries Ltd.	33%
Migdal Insurance & Financial Holdings Ltd.	30%
Vilar International Ltd.	29%
Bank Leumi le-Israel B.M.	29%
Blue Square Real Estate	29%
Osem Investments Ltd.	29%
Clal Insurance Enterprises Holdings Ltd.	28%
Melison Ltd.	27%
Discount	27%
Plasson Industries	25%
Norstar Holdings Ltd.	25%
Delek Group Ltd.	25%
Opko Health Inc.	25%
Cellcom Israel Ltd.	25%
Delek Automotive Systems Ltd.	25%
REIT 1	25%
Rami Levy Chain Stores Hashikma Marketing 2006 Ltd.	25%
Tower Semiconductor Ltd.	25%
Partner Communications Ltd.	25%
ORL Oil Refineries Ltd.	25%
Brack Capital Properties NV	25%
LivePerson Inc.	25%
I.N.O.C. – Dead Sea LP	25%

The number of companies with 25% and more of women in top executive positions has risen and is 38 companies compared to 35 in 2012. However, the number of companies with at least 40% of women in top executive positions has fallen compared to last year, from 14 in 2012 to only 9 companies this year. These data show that companies with a high percentage of women in top executive positions remain unique and unusual.

Ranking of companies with at least 25% women on the board of directors

Name	Percentage of women board members
Azrieli Group Ltd.	44.4%
Strauss Group Ltd.	41.7%
Kerur Holdings Ltd.	40.0%
Formula Systems (1985) Ltd.	40.0%
Hadera Paper Ltd.	37.5%
Plasson Industries Ltd.	33.3%
Alony Hetz Properties and Investments Ltd.	33.3%
Evogene Ltd.	33.3%
Menora Mivtachim Holdings Ltd.	33.3%
Bank Hapoalim B.M.	33.3%
FIBI Holdings Ltd.	28.6%
Norstar Holdings Ltd.	28.6%
BIG Shopping Centers (2004) Ltd.	28.6%
Frutarom Industries Ltd.	28.6%
Perrigo Company Ltd.	27.3%
Ratio Oil Exploration LP	25.0%
Vilar International Ltd.	25.0%
Melison Ltd.	25.0%
Property & Building Corp.	25.0%
Alrov Properties and Lodgings	25.0%
Alrov Israel	25.0%
Pluristem Therapeutics Inc.	25.0%

In 2013 the number of companies with 25% and more of women holding board seats is 22, a slight increase compared to 2012 (20 companies) and low in relation to 2011 (26 companies). These data are compatible with a slight drop in the number of companies with only one woman holding a board seat, and although the number of companies with three and more women on the board rose in 2013, the figures remain low and there is no material increase in the number of women holding office.



2. Introduction

What does the future hold?

Far-reaching changes have taken place in the nature of the Israeli economy in the past decade.

Industry is changing, new positions are being created in organizations and others are becoming obsolete. Job descriptions are changing, the work environment is flexible and transforming at a relatively fast pace while new forces and players are entering the arena, making the economy and the job market flexible and unstable at the same time. In parallel to the (slow) process of assimilating processes of diversity in business firms, job requirements and the skills needed to perform them are also changing.

And yet, one of the gaps that have remained stable is the gender gap. It is precisely in an age of transition from an individual perspective and specific organizational solutions to the assimilation of broader changes, in an age when the talk about narrowing gaps has become a statement of commitment by organizations/countries to a policy of diversity, that the data illustrating that the pace of development of the equality debate has become dozens of times faster than the evolution of equality itself, have become increasingly prominent.

Naturally, glimmers and even change building events such the one which occurred in December 2013 when, for the first time since its establishment, a woman was appointed to Twitter's board of directors are happening all the time. This appointment took place following public pressure and criticism. The far-fetched explanation given by the CEO that, "We couldn't find a single woman who was suitable for the job" was what ignited the criticism and also led to the publication of a list of dozens of "suitable" women candidates².

If so, where's the problem? Why aren't the numbers climbing and why, as it appears in this census, have they even fallen? The encouraging data show that the percentage of women in Israel today who are earning advanced degrees is higher than the percentage of men, and the percentage of women with management experience is also rising steadily. But it seems as though a woman's career is like a ladder in which, with each step up, the rungs keep moving steadily further apart.

If so, why is there a discrepancy between these data, which show that women are able, and what is even more – want to reach senior executive positions, and their presence in top executive positions and decision-

making hubs? What are the tools we must use for the numbers to become equal?

The key change that must take place is a systemic one – the percentage of women with seats on public boards in Israel is lower than the percentage of their counterparts in state-owned companies and than that required under the affirmative action laws. This fact, along with world data showing that in countries with legislation or even regulation mandating the enforcement of quotas the number of women is rising but has not exceeded the quotas, attest to the efficiency of the legislative apparatus and affirmative action itself in increasing equality and fair representation.

A resolution passed by the European Parliament in November 2013 determined that companies listed on stock exchanges in the EU (with more than 250 employees) will be obliged to comply with the target of 40% of women non-executive directors by 2020. Companies will be required to plan recruitment procedures accordingly, and those which fail to comply with the target will face penalties. In 2013, only 17.6% of non-executive board members of the EU's largest companies were women. The draft directive was approved, but needs to be endorsed by the member countries to become a law.

The bill that was approved is based on the assimilation of the quota system to assure adequate representation in Norway (which is not a member of the EU), where the method has been applied since 2009 and targets have been accomplished, but has been met with criticism as this is a limited group of women who serve on a number of boards. Moreover, legislation in Norway permits companies that fail to meet the quota to be delisted and opponents of this method claim that it has caused significant damage to the economy.

Among the European Parliament members which objected to the imposition of the quota system were Germany and the UK. A government committee headed by the UK Minister of Trade prescribed the target that by 2015, women will form 35% of the board members in FTSE 100 companies, but this quota was not determined as binding by law.

Along with the opposition to the legislation on the issue the beginnings of trends of change can be discerned, such as the decision by the General Manager of Lloyds Banking Group that 40% of the 5,000 top positions in the British group would be filled by women – an unprecedented step in such a large British company.

2. Lynley, M., & Zeitlin, M. (2013). 12 Women Who Would Make Excellent Nominees To Twitter's All-Male Board Of Directors. Retrieved February 11, 2014, from <http://www.buzzfeed.com/mattlynley/12-women-who-would-make-excellent-nominees-to-twitters-all-male-board-of-directors>.

In Germany, publicly traded companies will be required to meet the quota of 30% women on supervisory boards³ by 2016. This decision was received with criticism and was likened to a toad which the German economy will be forced to swallow⁴, and was met by requests from company managers not to apply it to companies in industries which are not "feminine".

These processes succeeded in arousing harsh criticism from businessmen and politicians. Whether the EU directive will be endorsed in its entirety or will be modified, it is clear that its major contribution is in placing the gender gap in the center of the public debate, and in the recognition that it is possible that the criticism being voiced masks interests which are far more complex and aspire to maintain the status quo.

In Israel as well, the demand to include women on the boards of directors of public companies through quotas has given rise to much criticism, and as opposed to the legislation which mandates adequate representation of women in government companies, attempts at similar legislative amendments in the private sector have not succeeded⁵.

Are mandatory quotas indeed the right way? An in-depth review of the Israel Census data and those relating to the character of women directors who have been in office for years is certainly likely to provide an answer to this question.

3. Background, goals and methodology

This is the fourth year that the Israel Women's Network, in collaboration with the Strauss Group and at the initiative of Chairperson Ofra Strauss, have joined forces to conduct research in collaboration with the American Catalyst organization, with the goal of examining the level of women's representation on the boards of directors and in top executive positions in public companies in Israel.

The methodology used in this census was developed by Catalyst and applied for the first time in the USA in 1995. **This methodology provides an accurate and up-to-date picture of women's standing in leading positions in the business world.** Use of a uniform methodology enables us to compare the situation in Israel to that in other countries. This year, the study in Israel was performed by the Panels Institute.

The methodology is based on a count of the number of women in leading positions on the boards of directors and managements of public companies.

To this end, companies in the TA-100 Index on the Tel Aviv Stock Exchange were chosen. The TA-100 is an index that represents the aggregate change in the prices of the 100 shares with the highest market value traded on the Tel Aviv Stock Exchange, subject to the Index's threshold conditions.

The Index reflects the state of the Israeli economy as a whole, because it is composed of the shares of the largest, most highly-traded companies in the economy.

The Panels Institute built a database containing the names of the one hundred companies by industry, which includes the names of the board and management members of these companies, taken from the Tel Aviv Stock Exchange's website. This year, 12 companies joined the TA-100 Index and 12 left it, compared to 2012. In the second stage, the Panels institute verified the data with the companies. The verification process included an inquiry with official-legal sources (the MAGNA electronic fair disclosure system) on December 26, 2013, and confirmation of the data by the companies themselves. The verification rate is 93%.

The report includes a comparison to the measure for prior years (2012 and 2011), as well as a comparison to other countries where the census is published, such as the USA, Canada, South Africa, Great Britain and New Zealand.

3. Germany has a different corporate structure which is based on a model of division of management powers. Corporations are required to maintain a supervisory board and an administrative board. The supervisory board, to which the latest legislation refers, serves as the representative of the shareholders and company employees, and its major function is to represent the company vis-à-vis the managing administrative board and supervise its activities.

4. As German parliamentarian Michael Fuchs was quoted, "It's a toad that we're going to have to swallow".

5. According to Government Resolution 1362, adequate representation of women is 50%.





4. Detailed findings – women on boards of directors

4.1 Women on boards of directors

17.2% of the directors' seats in the one hundred companies in the TA-100 Index are held by women [142 seats out of 824] compared to last year, when 16.6% of directors were women [139 seats out of 836]. Although the total number of board seats in the TA-100 Index has decreased, the relative percentage of women directors increased slightly in 2013 compared

to 2012. In total, this year the number of directors has decreased by 12, while the number of seats held by women has increased by 3.

The data indicate that there are a high percentage of women serving as outside directors compared to the percentage of men in this position – 35% of women directors hold the office of outside director compared to 21% of men, similar to 2012.

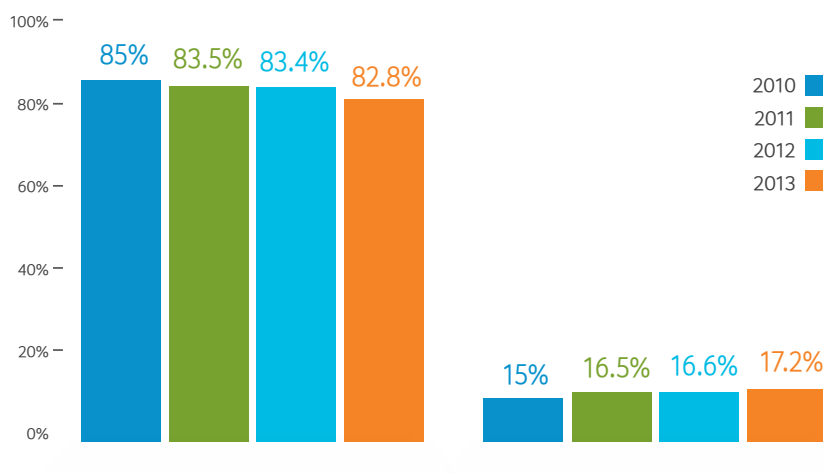


Figure 2: Directors in the TA-100 Index by gender

4.2 Chairperson of the board positions held by women

Only 2% of the companies have a woman as chairperson of the board, i.e. in 96 companies out of 98⁶ the chairman of the board is male.

This represents a slight decrease in the percentage of women holding this office compared to prior years. The data indicate a continuing trend of decline since 2011 in the number of women serving as chairperson of the board.

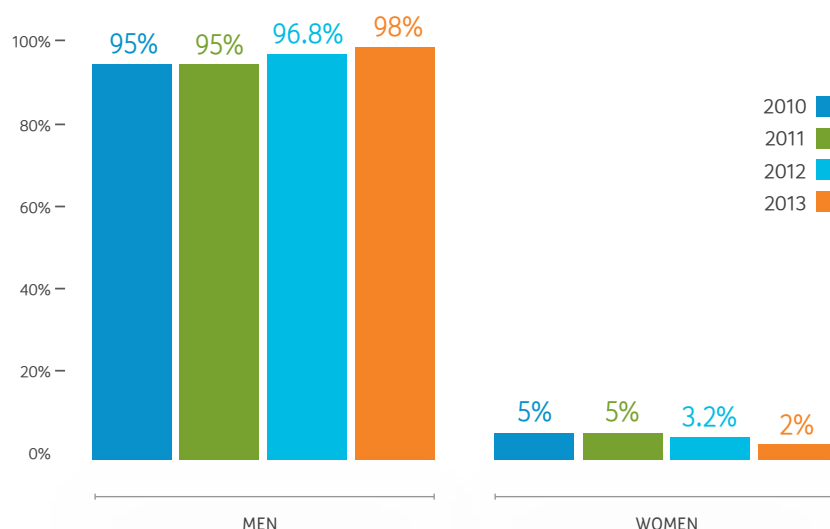


Figure 3: Chairman of the board of directors in the TA-100 Index by gender

4.3 Companies according to the number of women on the board of directors

In 89% of Tel Aviv 100 companies, there is at least one woman on the board. This figure represents a decline from 2012 when 91% of these companies had at least one woman on their board.

1. There has been a 2% drop since 2012 in the percentage of companies with at least one woman board member.
2. This year, there was a 3% increase in the percentage of companies with 3 or more women on the board of

directors compared to 2012. This is accompanied by a drop of 3% in the percentage of companies with 2 women on the board compared to 2012.

3. In 25 of the 51 companies in which there is only one woman on the board of directors, she is an outside director.
4. On average, there are 8.2 board members, of whom 1.4 are women (no significant change since 2012).

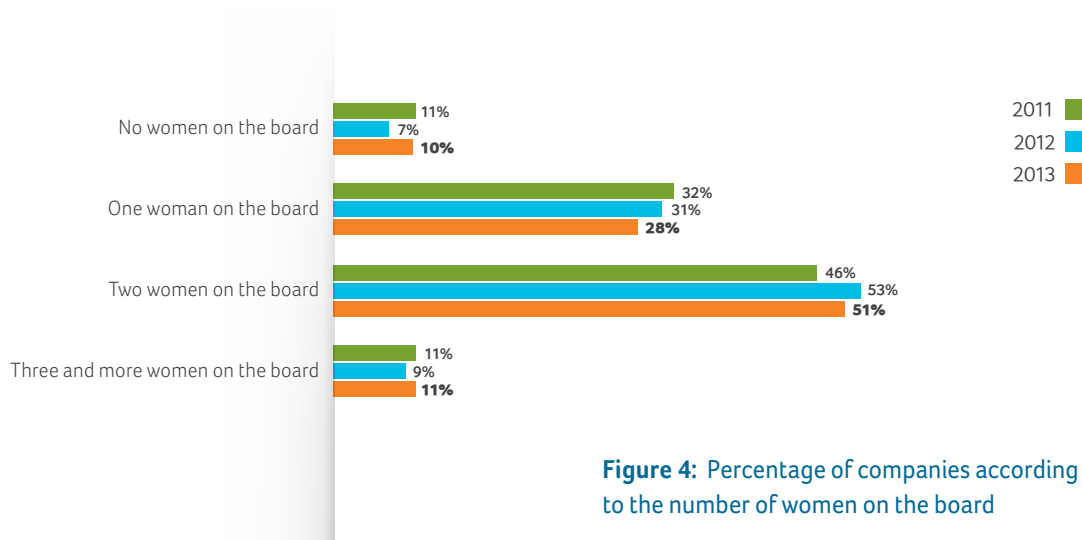


Figure 4: Percentage of companies according to the number of women on the board

6. Of the 100 companies in the TA-100 Index only 98 were included in calculations, because there is no chairman of the board in office in Avner Oil Exploration LP and Shufersal has two chairs serving as co-chairmen. Therefore, these companies were not included in the review of the number of women serving as chairperson.

4.4 Women on the board of directors by industry

Since 2012, there has been a rising trend in the percentage of women board members in the banking industry (up from 19.4% to 22.4%), in the wood, paper and paper products industry (up from 12% to 22.2%), in the computer industry (up from 12.5% to 17.2%) and in the oil exploration industry (up from 12.2% to 15.4%).

In the communications and media industry, despite a 10% increase in the percentage of women board members (up

from 18% to 28%) in the years 2010-2011⁷, in 2013 and 2012 the percentage of women holding board seats in this sector dropped to 16%. In the biomed and insurance industries there has been a moderate rising trend since 2012 (up from 15.3% to 16.5% and from 14.6% to 16%, respectively) as well as in the food industry (up from 24.3% to 26.3%). A significant decrease was observed in the electrical and electronics industry (down from 17.2% to 15%) and in financial services (down from 12.5% to 9.1%).

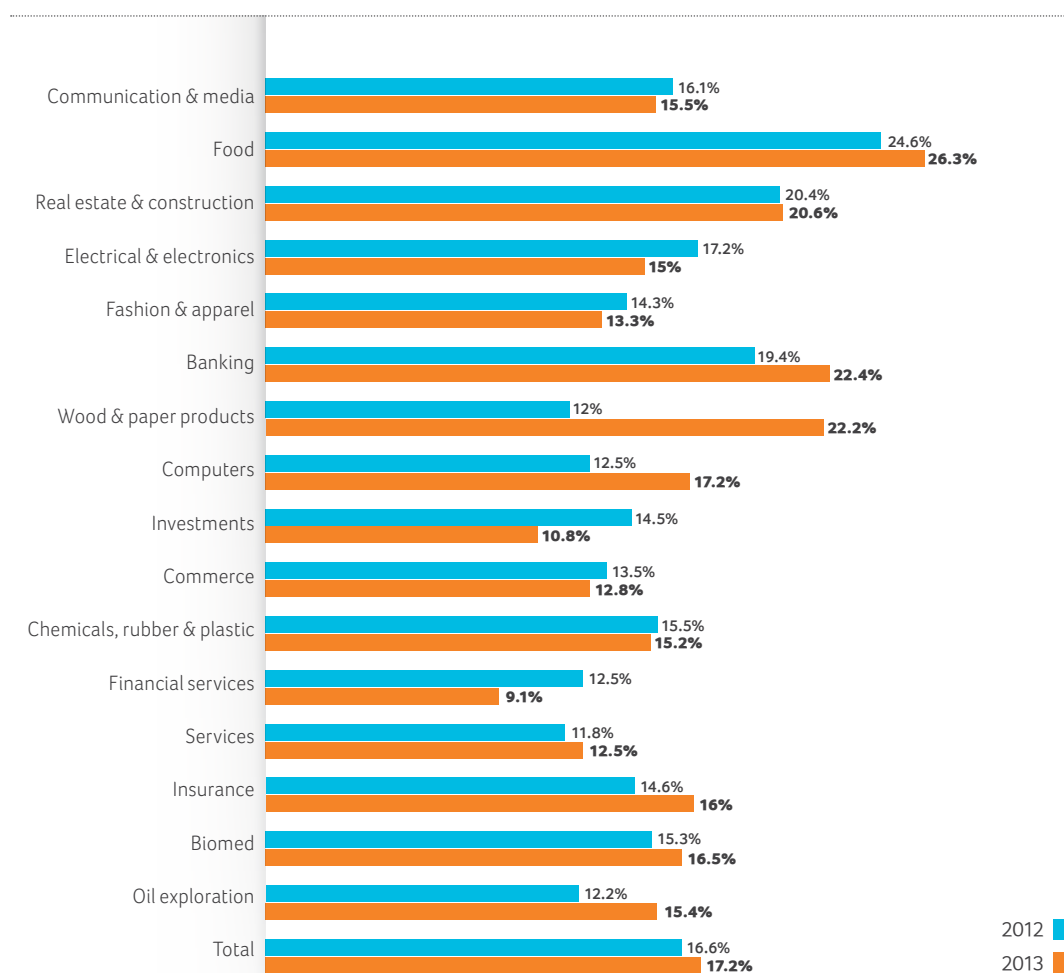


Figure 5: Percentage of women on the board of directors by industry

7. According to Catalyst figures for 2011 and 2010.



4.5 International comparison - women on boards of directors

The percentage of board seats held by women in Israel is 17.2%, and Israel holds sixth place in the world among the countries examined (down from fourth place in 2012). The countries with the highest percentage of women board members are Norway, Sweden and Finland⁸.

■ America
■ Asia-Pacific
■ Europe
■ Middle East & Africa

Figure 6: Percentage of women on the board of directors – international comparison

8. **Norway** is the only country where, since 2008, legislation has mandated a quota of 40% representation of women on the boards of directors of public companies. Failure to comply with the law grants the legal power to file a motion for the dissolution of the company or, in special circumstances, to fine the company for failing to comply with the required quota. In **Sweden**, recommendations in the Swedish Code of Corporate Governance of 2010 determine that when the size and composition of the board of directors is determined, the company is required to aim to create parity in the gender division between its members. Recommendations in the Code of Corporate Governance of 2007: Public companies will present the gender representation on the executive committee in the annual report, separately from the gender representation in company management. In **Finland**, legislation relates only to government companies and mandates a 40% quota for women. Recommendations in the Code of Corporate Governance of 2010: Both genders must be represented on the board of directors; companies are required to publish the composition of the executive committee including biographical information on the directors.

In **France**, 2011 legislation requires a 40% quota for women's representation in publicly traded companies and in non-traded companies with 500 employees or revenues of over €50 million. Companies were required to have 20% women on the board of directors by January 2014. In 2012 single gender boards were required to appoint at least one director of the opposite gender. In companies failing to comply, the directors will not receive payment (if the board comprises less than eight directors, the gap between men and women will be no more than two). Recommendations in the 2010 Corporate Governance Code: Up to 40% women on boards of directors within 6 years; if the board has less than nine seats the gap between men and women must be smaller than 2. If by mid-2010 there is no woman on the board a woman will replace a director in office or will be appointed as an additional director. In the **UK**, the recommendations in the Corporate Governance Code 2012 include: The annual report will state the board of directors' policy on diversity, targets and goals set on the subject, and progress made. The annual report will include reference to gender representation on the board of directors. Recommendations in the UK Corporate Governance Code 2010: When identifying candidates for the board of directors appointments will be made according to suitability and talent, taking the principles of diversity into consideration.

Catalyst, Increasing Gender Diversity on Boards: Current Index of Formal Approaches (2013).

4.6 International comparison - companies with at least one woman on the board of directors

89% of the companies in the TA-100 Index have at least one woman on the board of directors.

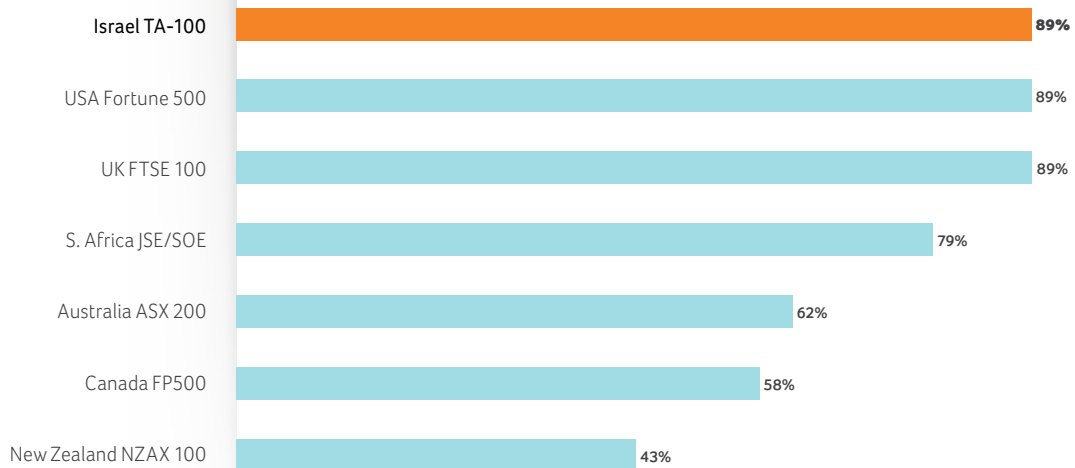


Figure 7: Percentage of companies with at least one woman on the board - international comparison

* The figure for Israel is updated as at 2013; data for the other countries are in accordance with the most recent update to the Catalyst website.

4.7 Summary - women on boards of directors

Theoretically, if we look at the absolute percentages, considering the general decrease in the rates of women's representation in senior management positions in the TA-100 Index in 2013, the only figure that could be considered somewhat encouraging is the slight increase in the number of women holding board seats. However, this figure, as well as the data representing the number of women in office on each board of directors, does not tell the whole story.

This year, we chose to take a profound look at the question of women's representation on boards of directors, because from the data presented in previous Census Reports it is clear this is a complex issue. Who are these women? Do they represent diversity besides the fact that they are women? Is this a limited group that moves among a number of boards, and why? And what is the significance of appointing women as outside directors? These questions and others will be answered in the next section of this study.



5. Detailed findings - women in top executive positions

5.1 Women in top executive positions

19% of the executives in the Tel Aviv 100 companies are women, a 1% drop from 2012. By contrast, the 2012 census found a 2% increase in the number of women executives compared to 2011.

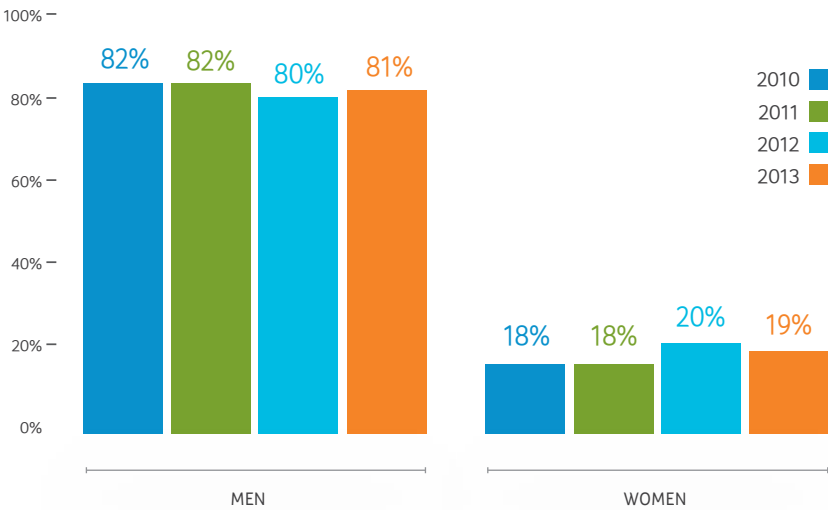


Figure 8: TA-100 Index managements by gender

5.2 Chief Executive Officer positions held by women

7.5% of those serving as CEO are women, a minute decrease (0.4%) compared to 2012. This follows a substantial increase of around 3% in the number of women CEOs reported in 2012 compared to 2011.

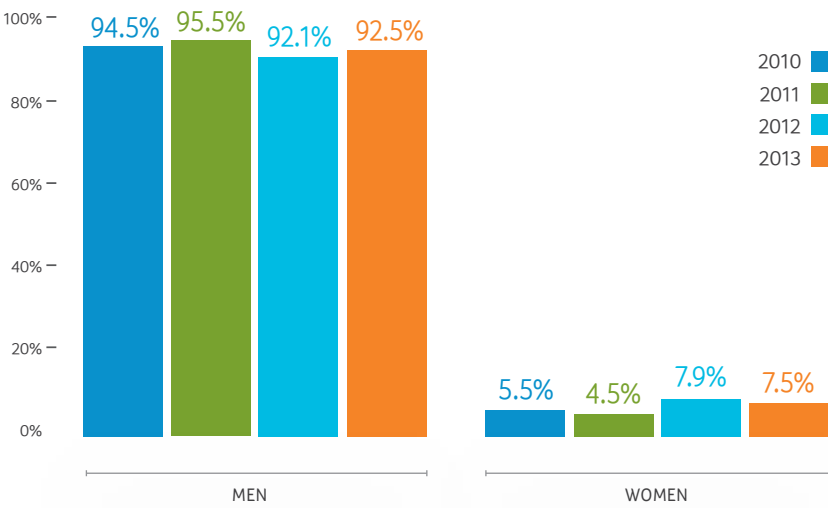


Figure 9: Percentage of CEO positions by gender





5.3 Companies according to the number of women in top executive positions

83% of the TA-100 companies have at least one woman who is a member of senior management. This constitutes a decrease compared to 2012, when the percentage of women in top executive positions was 85% (in 2011 - 82%; 2010 - 79%).

1. There has been a decrease in the number of companies with two women in senior management. In 2013, 17% of the companies have two women in top executive positions, while in 2012 there were two women senior executives in 30% of the companies.

2. By contrast, there has been a 12% increase in the number of companies with one woman in senior management compared to 2012 (up from 31% in 2012 to 43% in 2013).

3. On average, each company has 9.1 members of management, of whom 1.7 are women.

In 2012, the number of members of senior management in each company was 9.9, of whom 1.9 were women.

In 2011, the figures were similar to those for this year in terms of the average number of women among members of management (1.7 women out of an average of 9.4 management members in each company).

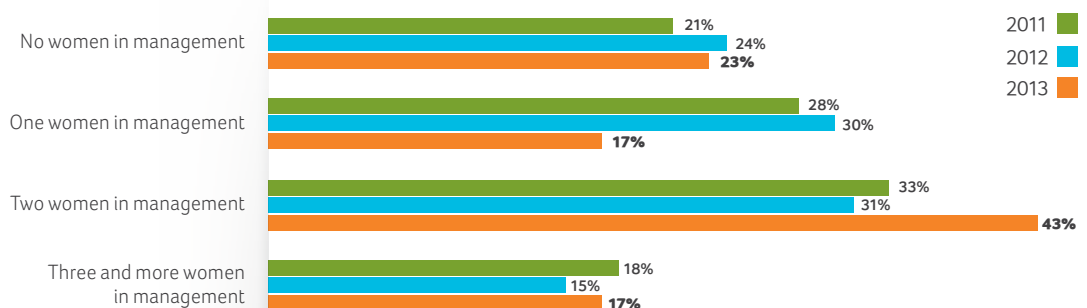


Figure 10: Percentage of companies according to the number of women in top executive positions

5.4 Women in top executive positions by industry

Compared to last year there has been a significant increase in the number of women in senior executive positions in the insurance industry (up from 18% to 23%) and in the food industry (up from 16% to 21%). In insurance, there has been a trend of continuous increase since 2010 (according to 2010 and 2011 Census data).

Following an increase in the percentage of women in management in biomed and computers in 2012 this percentage has dropped in 2013, but the percentages nevertheless remain high (25% and 17%, respectively) compared to 2011 and 2010 (12% in biomed in 2010 and 2011 and around 15% in the computer industry in those years).

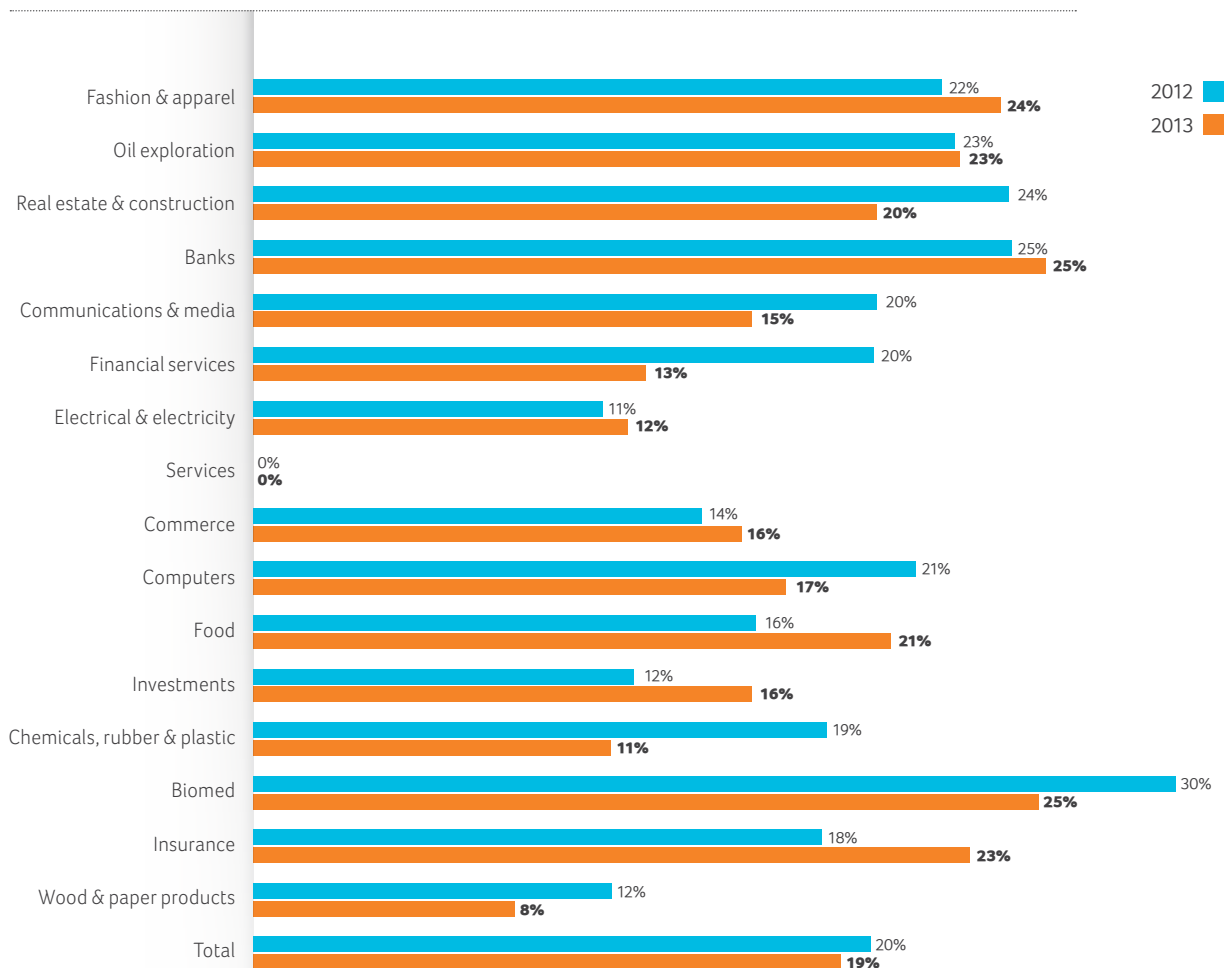


Figure 11: Percentage of companies according to the number of women in top executive positions by industry

5.5 Area of occupation in top executive positions - gender comparison⁹

The main area of occupation of top executives in TA-100 companies is finance. Most women in top executive positions in these companies have a background in finance, legal and HR. Other than finance, high percentages of men in top executive positions have a technological/scientific background.

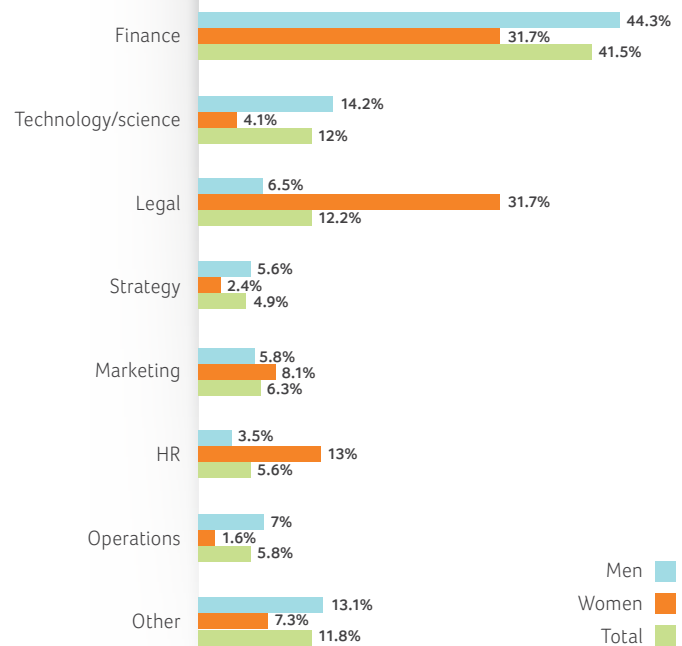


Figure 12: Area of occupation in top executive positions - gender comparison

5.6 International comparison - women in top executive positions

In Israel, 19% of the top executive positions in the companies are filled by women (a 1% decrease compared to 2012, when the figure was 20%). This rate is slightly lower than the rate of women in executive positions in South Africa (22%) and higher than the rate in the USA, Canada and Australia.

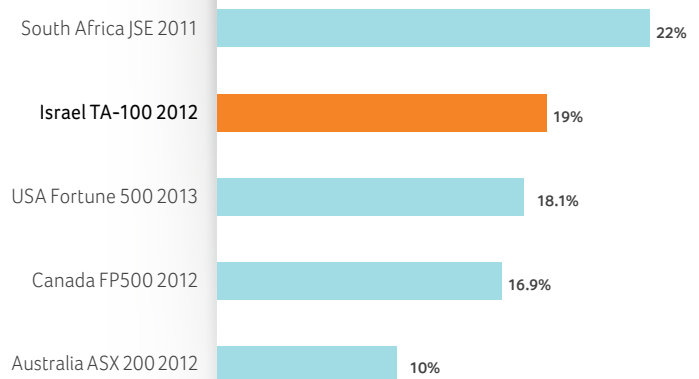


Figure 13: Percentage of women in top executive positions - international comparison

* All data are based on the recently published Catalyst Censuses in those countries, as posted on the Catalyst website.

9. Data are based on 552 top executives in whose respect data relating to their area of occupation were collected. They account for 60% of all senior management members who were reported on in the questionnaire.

6. Annexes

6.1 Census size

Category	2010	2011	2012	2013
Number of companies in the TA-100 Index	100	101	100	100
Chairmen of the Board	100	101	95	98
Directors	852	913	836	824
Chief Executive Officers	165	134	101	106
Senior executives	937	954	971	914
Women directors	128	151	139	142
Women senior executives	170	174	194	173

6.2 2012 Census data for comparison

The third Israeli Census (TA-100 Index figures for 2012)

Ranking of companies with at least 25% women on the board of directors

Name	Percentage of women board members
Kerur Holdings Ltd.	40.0%
Melison	37.5%
Strauss Group	36.4%
Evogene	33.3%
Alony Hetz Properties & Investments	33.3%
Golf Group	33.3%
Azrieli Group	33.3%
Bank Hapoalim	33.3%
Plasson Industries	33.3%
Blue Square Real Estate	33.3%
Mellano Technologies	28.6%
Menora Mivtachim Holdings	28.6%
FIBI Holdings	28.6%
Frutarom Industries	28.6%
Alrov Properties and Lodgings	25.0%
HOT Telecommunication Systems	25.0%
Clal Biotechnology Industries	25.0%
Norstar Holdings Inc.	25.0%
Ceragon Networks	25.0%
Pluristem	25.0%

Ranking of companies with at least 25% women in top executive positions

Name	Percentage of women executive officers
Compugen	80.0%
Ratio Oil Exploration LP	66.7%
Housing & Construction Holding Company Ltd.	55.6%
Kamada	54.5%
Norstar Holdings Inc.	50.0%
FIBI	50.0%
Plasson Industries	50.0%
REIT 1 Ltd.	50.0%
Union Bank	45.5%
Pluristem	45.5%
Africa Israel	40.0%
Delek Drilling LP	40.0%
Mivtach Shamir	40.0%
Protalix	40.0%
HOT Telecommunication Systems	38.5%
Cellcom Israel	38.5%
Matrix IT	38.1%
Golf Group	36.4%
Retalix	36.4%
Kerur Holdings	33.3%
Blue Square Real Estate	33.3%
Mizrahi Tefahot	28.6%
Property & Building	28.6%
FMS Enterprises Migun	28.6%
Frutarom Industries	28.6%
Rami Levy	28.6%
Melison	27.3%
Migdal Insurance	26.9%
Bank Leumi	26.1%
Airport City	25.0%
Babylon	25.0%
BIG	25.0%
Brack Capital Properties N.V.	25.0%
J.O.E.L. Jerusalem Oil Exploration	25.0%
Partner Communications	25.0%





Part B: Accompanying Research

How Many Women are "Enough"? Adequate Representation on the Boards of Directors of Public Companies

1. Theoretical review - why women directors? About the board of directors and its duties

In this year's accompanying research we chose to focus on the topmost management echelon – the board of directors. As presented in the first part of this study women's representation at this level is small, and as we shall demonstrate in this chapter, this is a significant key position in the organization, which makes the expansion of the representation of women at this level doubly important.

The board of directors is the uppermost management of the company, and its major function is to chart the organization's course and its business strategy, manage the senior management team and supervise the implementation of the board's policies through them. Consequently, public companies are obligated to a separation of duties between the top management echelon and the members of the board, and therefore, the law¹⁰ defines that in a public company, "the General Manager of the Company or his close relatives shall not serve as Chairman of the Board of Directors".

The powers of the board of directors of a public company are based on the Companies Law and on the specific company's articles of association, and the

board of directors must comprise a number of people, including an outside director who is not dependent on the company or related to it and must perform his/her duty as the "company's gatekeeper"¹¹. The structure of the board is based on committee work. Each committee is charged with specific subjects and holds separate work meetings before the issues are raised for discussion by all directors.

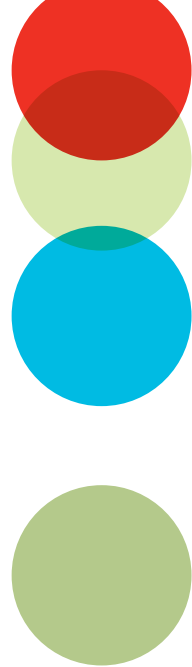
The structure of the committees and the manner of appointment to them varies from one company to the next, and the only committee which is mandatory for all companies is the audit committee. Membership of a committee allows for greater influence than that possessed by a director as such, as the committee members are direct partners in the processes which the board leads in the company, and consequently, the committees are yet another target and challenge for women seeking to reach positions of influence and to retain their place. Following previous research¹², which also found gender gaps in representation on board committees, in this study we will also examine gender representation on the committees.

10. The Companies Law (Amendment No. 16), 2011, new clause 95.

11. J. Gross (2012). The Outside Director in the Age of Corporate Governance. Research Report No. 10/2012. Tel Aviv University.

12. Bilimoria, D., & Piderit, S. (1994). Board committee membership: Effects of sex-based bias. *Academy of Management Journal*, 37(6), 1453–1477.

Peterson, C. A., & Philpot, J. (2006). Women's Roles on U.S. Fortune 500 Boards: Director Expertise and Committee Memberships. *Journal of Business Ethics*, 72(2), 177–196.



The members of the board are appointed by the controlling shareholders of the company and are required as part of their duties to define wage policy, make decisions on stock issues and loans, the allotment of shares and options, hiring and firing of senior executives in the organization, and to provide opinions to shareholders on special acquisition offers made to the company. The amount of hours required of a board member varies according to the size of the company and its business, but on average, the number of hours is around 10 per month.

In the absence of limitation in the law, today a director may serve on an unlimited number of different boards and will be compensated according to the fee prescribed in the law for an outside director¹³, such pay being determined on the basis of the shareholders' equity of the company and the director's financial expertise. The law provides details on directors' yearly fees and their fee per meeting, which increases according to the company's shareholders' equity. The gender composition of the board of directors is impacted, among other things, by the compensation received by board members¹⁴. Although the law makes no specific reference to a director's fee, the practice in most public companies is to pay all directors a fee equal to the fee paid to an outside director¹⁵.

2. How many women are "enough"? Adequate representation on the boards of directors of public companies

The debate regarding women's participation on boards of directors deals much with their influence and contribution to the organization and with formulation of policy and legislation to narrow the gaps, but nevertheless, the present research data demonstrate that women continue to be a minority group and as this section discusses, their low number poses a challenge not only to more women becoming board members, but

also to those presently in office, who find themselves in a double bind.

Men and women are measured differently as they progress on their professional paths¹⁶ and accordingly, are given different promotional opportunities and compensation. Moving up in the organizational hierarchy women's representation diminishes, and those women who do hold top positions are so exceptional that they become representatives of an entire sector rather than executives in their own right, and their decision-making methods and conduct among all directors are subject to additional scrutiny, from which their male counterparts are exempt. Moreover, sometimes the appointment of women to these positions is attributed to organizational trends relating to occupational diversity¹⁷ and diminishes their value as individual executives of equal value.

Appointment of three women and more creates a group which is able to exert greater influence over the forum of which they are members and accord them their place as managers in their own right rather than simply because of their gender as is evident in the regulations in different countries, which not only define the percentage of women on the board, but also the maximum difference between the number of men and women directors¹⁸. This method seeks to define the "appropriate" or adequate representation of women on the board, and the percentage varies from one country to another, as does the extent of enforcement of the implementation of this policy. Norway is considered the most progressive country in this regard; since 2008 they have implemented the rule of 40% women's representation, and enforcement is in place over companies which fail to comply with the required quota. In Germany, where women today account for 14.1% of board seats, a law was recently enacted which requires listed companies to appoint at least 30% women to their supervisory boards by 2016¹⁹. In the European Union, where the percentage of women directors is presently 16%, the proposal approved by Parliament in 2013 prescribes a target of 40% women on company boards by 2020²⁰ and an enforcement and penalty system for companies who fail to meet this target. The implementation of trends in the next decade holds the potential for appropriate and almost equal representation

13. The Companies Regulations (Rules Regarding Compensation and Expense Reimbursement of External Directors), 2000.

14. Singh, V., Terjesen, S., & Vinnicombe, S. (2008). Newly appointed directors in the boardroom: How do women and men differ? *European Management Journal*, 26(1), 48–58.

15. The Companies Regulations (Rules Regarding Compensation and Expense Reimbursement of External Directors), 2000.

16. Israeli Catalyst Census, 2013.

17. For example, appointment due to affirmative action or subject to the law.

18. Catalyst, *Increasing Gender Diversity on Boards: Current Index of Formal Approaches* (2013).

19. CDU and SPD Agree on Gender Quota in German Boardrooms. Retrieved February 06, 2014, from <http://www.spiegel.de/international/germany/cdu-and-spd-agree-on-gender-quota-in-german-boardrooms-a-934155.html>.

20. 40% of seats on company boards for women. (2013). European Parliament. Retrieved February 06, 2014, from <http://www.europarl.europa.eu/news/en/news-room/content/20131118IPR25532/html/40-of-seats-on-company-boards-for-women>.

for women. Broadening women's participation will also influence the nature of women's activity in organizations and will allow them to progress from a marginal minority to a group that influences and shapes the boardroom agenda. In Israel, legislation relating to women directors refers mainly to outside directors. In 2011, a proposed amendment to the Companies Law²¹ propounded that a public company in which a director of the opposite sex (i.e. usually a woman) is the controlling shareholder or his/her close relative, the company will be required to appoint an outside director who is also a member of the opposite sex and who is not the controlling shareholder or his/her close relative. This proposal aimed to assure that the director of the opposite sex would be appointed from the diverse talent pool in the company and in the general public, and not on the basis of his/her relationship to the controlling shareholder of the company, thus mandating the representation of women who are not the controlling shareholder or her relatives²².

Another action strategy aimed at altering the lack of women is through public pressure. In recent years public demand for placing women in key positions has increased, and use of the public power of consumers as a tool to pressure companies into creating a diverse board is evident²³. Women, who account for half the population, are an important target audience, and therefore failure to include them in top executive positions decreases the potential of the organization's human resource and is liable to diminish the company's access to this target audience. The integration of women in these positions is not merely a social responsibility issue but will contribute to the organization's access to additional target audiences and to strengthening the bond with existing ones, as the board's composition has an impact on the organization's target publics.

It seems that the gap between the representation of men and of women has in many hubs become an established fact. According to some metrics a change in the representation of women can be identified, but they permanently lag behind the participation percentages of men. In a recent study in which men and women

directors were asked why these gaps persist year after year, male directors mentioned the lack of sufficiently talented women, while women directors mentioned the lack of connections with decision makers²⁴.

At the same time, an extensive analysis of men and women directors in Israel and in other countries yields different findings, which present women as equal candidates and in some spheres, as even more talented and as possessing greater experience than their male counterparts²⁵. Thus, a study found that more women directors were university graduates and held an MBA than their male colleagues²⁶ and had a diverse professional background that did not necessarily include business, but they brought important resources to the boardroom such as marketing, PR, legal and experience in public activities, in addition to being opinion leaders in their communities²⁷. It is clear that women's diverse professional background enriches the board's effectiveness and its fields of professionalization. However, as mentioned, a director's fee is determined, among other things, on the basis of financial expertise, and the lack of such expertise among women is likely to preserve the salary gaps.

These differences give rise to the question, whether women are required to pay a higher price compared to their male counterparts. An analysis of organizational values and the culture on which organizations are founded is of great importance and impact in analyzing the barriers which women must overcome to achieve promotion. As we presented in the 2012 Census Report and further to previous studies²⁸, men and women are evaluated differently, have different job requirements, and talent and professional experience are not necessarily a deciding factor when it comes to questions of promotion and compensation for their work. As one moves up the corporate ladder the executive's social network, which turns the top echelons into a closed circle that replicates itself through promotions and/or by parachuting executives with similar characteristics from outside the organization into top positions, becomes increasingly important. Recruitment to these positions is mostly done in closed professional and social circles and

21. Companies Law bill (Amendment No. 14), 2011.

22. The Israel Women's Network (2013). Women in Israel – Between Theory and Reality.

23. An interesting example of this occurred in Twitter when, following public pressure via a variety of leading websites and the publication of a list of women able to serve on the board in the wake of statements by the CEO that no suitable woman had been found for the job, a woman was appointed director for the first time in the company's history.

24. Groysberg, B., & Bell, D. (2014). Women on Boards: Another Year, Another Disappointment. Harvard Business Review. Retrieved February 08, 2014, from <http://blogs.hbr.org/2014/02/women-on-boards-another-year-another-disappointment>.

25. Peterson, C. A., & Philpot, J. (2006). Women's Roles on U.S. Fortune 500 Boards: Director Expertise and Committee Memberships. *Journal of Business Ethics*, 72(2), 177–196.

26. Singh, V., Terjesen, S., & Vinnicombe, S. (2008). Newly appointed directors in the boardroom: How do women and men differ? *European Management Journal*, 26(1), 48–58.

27. Hillman, A. J., Jr, A. A. C., & Harris, I. C. (2002). Women and Racial Minorities in the Boardroom: How Do Directors Differ? *Journal of Management*, 28(6), 747–763.

28. Heilman, M. E. (2001). Description and Prescription: How Gender Stereotypes Prevent Women's Ascent Up the Organizational Ladder. *Journal of Social Issues*, 57, 657–674.



Knowledge is power, and knowledge is a tool to change women's status from marginal board members to key, leading directors. Membership of a number of boards is an effective tool for women to elevate their status in relation to men. Serving on several boards means membership of a number of networks and access to a great deal of information from several organizations at the same time, and the ability to channel this to the benefit of the organization during decision making³³. Thus, earlier research examining the impact of membership of a number of boards on women found that women tend to join another board within a shorter time than their male counterparts and a third board in half the time compared to men, and that those women serve in higher positions compared to men who serve on only one board of directors³⁴.

women, whose social networks differ from men's and are not as robust, find themselves in an inferior position versus men vying for the same positions. Thus, many of the job tenders and associated recruitment processes are not publicly revealed. One of the ways to reduce these gaps is through formalizing the recruitment process, defining uniform, public dimensions required of a director, and recruitment that is focused on target publics for these jobs, as state-owned enterprises in Israel have clearly begun to apply²⁹ and as is evident in the recommendations of the corporate governance code in a large number of European countries³⁰.

The promotion and appointment of directors and executives with similar characteristics to those in office is explained by the argument propounded by managers, that when staffing jobs which are based on withstanding pressure and a high level of discretion, executives trust executives who are "like them" and therefore prefer to promote other men in the stereotypical belief that women lack these skills³¹. These stereotypes continue to form a barrier even to women in senior positions. Their social networks remain less effective than those of their male colleagues, who consider them to be "worth less" than men when it comes to creating and maintaining professional relationships and therefore prefer to get close to other men who are "like them"³².

Why diversity? How gender diversification contributes to the company's business

With the increase in women's representation in the boardroom in the past decade, interest in research examining the advantages and challenges that accompany diversity on the board of directors has grown. The connection between women's influence and the company's profits is disputed and there is available research in support of both sides of the coin, but their influence on the organizational culture has been found to be key. Appointing a board that is diverse and represents the heterogeneity of the company as closely as possible increases the company's value in the eyes of consumers and contributes to accessizing the company's products and services to diverse publics, and provides a response to the interests of more stakeholders in the company³⁵. Similarly, the impact of gender diversification has been found to be meaningful to institutional investors in terms of the company's stock value³⁶.

As they apply them in the committees in which they participate, the management style of women directors and the different areas of knowledge women possess shape a more effective board. Women tend to take the board's role far more seriously than their male colleagues and lead to the improvement of intra-organizational management

29. An interesting example of this is the recruitment plan for women directors in state-owned enterprises.

30. Catalyst, Increasing Gender Diversity on Boards: Current Index of Formal Approaches (2013).

31. Kanter, R. (1977). Men and women of the corporation. New York: Basic Books.

32. McGuire, G. M. (2012). Gender, Race, and the Shadow Structure, a Study of Informal Networks and Inequality. *Work Organization*, 16(3), 303–322.

33. Burt, R. S. (2004). Structural Holes and Good Ideas. *American Journal of Sociology*, 349–399.

34. Steierstad, C., & Opsahl, T. (2011). For the few not the many? The effects of affirmative action on presence, prominence, and social capital of women directors in Norway. *Scandinavian Journal of Management*, 1–21.

35. Konrad, A. M., & Kramer, V. W. (2006). How Many Women Do Boards Need? *Harvard Business Review*, 84, 22.

36. Dobbin, F., & Jung, J. (2011). Corporate Board Gender Diversity and Stock Performance: The Competence Gap or Institutional Investor Bias. *North Carolina Law Review*, 89, 809–840.

techniques³⁷. The change and institutionalization of the organizational culture are able to influence the diminution of the cognitive bias of male executives towards women, as well as the gender stereotypes with which women must deal and which hold them back.

In light of the gap between the percentage of women and men executives with a financial management background, there is a mistaken assumption that women contribute less to the company's profitability and prefer to focus on the various spheres of philanthropy. Earlier research found that women board members advance greater philanthropic activity by the organization to which they belong than do their male counterparts³⁸, which attests to the unique business perspective women bring to the organization, but it would be a mistaken assumption to view their activity as such that does not contribute to the company's profits, because philanthropy is highly important to public opinion of the organization, makes for better public relations and expands the circle of partners and supporters of the organization's activities.

Moreover, a connection has been established between the percentage of women on the board of directors and the organization's corporate responsibility. The number of women on the board has been found to influence the firm's corporate responsibility in three spheres: the company's employees, the community and various charity activities, and furthermore, a connection has been established between the percentage of women on the board and environmental issues in the organization³⁹. While women's activity in this sphere is an advantage for the company, the question arises as to the perception of women directors as members of equal standing and of their values, and reflects the trap in which women are caught.

On the one hand, an increase in women's participation is an advantage for the company, reflects its customer public

more faithfully and renders the organization accessible to more stakeholders. On the other, these measures do not form a consideration in the appointment of men to the board of directors, and this reflects the different yardstick by which men and women are assessed in these roles. The advancement of women to senior executive positions and to board membership directly influences - and is influenced by - the organizational culture and demographics. In organizations with a large number of women and where women hold senior positions, one finds higher participation rates of women. The activity of women in senior positions has the potential to lead an organizational change of this kind from their position of influence as top executives and directors. Thus, a study found that a 10% increase in women's representation in the boardroom was accompanied during the research period by an increase of 21% in women's participation in filling senior executive positions in the organization⁴⁰, as well as an increase in the number of women in key positions directly connected with growing the company's revenue, such as development and marketing roles⁴¹.

The explanation given to these trends is that women directors create an inclusive work environment and work procedures that support women, and that companies with a large number of women on the board have been characterized as friendly to mothers and as promoting work-family balance programs⁴². Moreover, the management techniques applied by women include, among other things, a preference for teamwork, which is also an opportunity for women's networking within the organizational structure, as teamwork brings women of different levels and different jobs together and serves as an important resource for women seeking to advance in the organization⁴³ and to create social networks that are sufficiently strong.

In summary, the representation of women in top positions is highly important for both the organization's environment and the intra-organizational environment. Indeed, the integration of women leads to their increased integration in the organization's top executive echelon, but it is not enough on its own and mandates formulation and implementation of organizational policy.

Changing the gender balance in the boardroom is not simply a women's issue, it requires organizational commitment. Although the increase in women's



37. Huse, M., & Solberg, Anne Grethe (2006). Gender-related boardroom dynamics: How Scandinavian women make and can make contributions on corporate boards. *Women in Management Review*, 133-130.

38. Williams, R. J. (2003). Women on Corporate Boards of Directors and Their Influence on Corporate Philanthropy. *Journal of Business Ethics*, 42, 1-10.

39. Catalyst (2007). The Bottom Line: Corporate Performance and Women's Representation on Boards. *Women Board Directors*.

40. Catalyst (2013). Gender Diversity at the Top Pays Off: From the Boardroom to the C-Suite (pp. 6-8).

41. Joy, L. (2008). Advancing Women Leaders: The Connection between Women Board Directors and Women Corporate Officers, Catalyst.

42. Dolliver, M. (2004). "Office Issues", *Ad. Week Vol. 45*, No. 2, p.34.

43. Kalev, A. (2009). Cracking the Glass Cages? Restructuring and Ascriptive Inequality at Work. *American Journal of Sociology*, 114(6), 1591-1643.

representation in top positions has an important impact because they serve as a role model, break down gender stereotypes and allow for mentoring, which women lack⁴⁴, to lead an organizational change of this kind effectively sponsorship, intervention and allocation of resources are required, as well as officers in the organization who are in favor of implementing a plan aimed at narrowing the various gaps and creating a diverse organization⁴⁵.

In the second part of this research study we would like to present an analysis across two dimensions. In the first section, we will examine the gender differences between men and women board members, focusing on key criteria: the type of director, financial expertise and participation in committees of the board of directors.



3. Background, goals and methodology

This year, in the research carried out in collaboration with the US Catalyst organization and designed to examine the level of women's representation on the boards of directors and in top executive positions in public companies in Israel, a decision was made together with Strauss Group and the Israel Women's Network to focus on a review of the essence of women's function on the board of directors.

As part of the process of collecting data from the various public companies in the TA-100 Index, we received additional information about the members of the board of directors. The additional information we collected is the year in which the person was appointed director, the board member's area of occupation, financial expertise and participation in committees – audit, balance sheet and remuneration.

The data was collected from official sources, i.e. the data in the Israel Security Authority's MAGNA system and some of the information in the companies' websites (information that does not change, such as the year of joining the company). To corroborate the data, we contacted the company secretary and the data was verified by the company as correct.

Consequently, and on the basis of our experience in the 2012 Census, the data collected does not include all directors, and therefore they are analyzed in each section on the basis of those companies in regard to which the information was confirmed.

Following are details on the various subjects and the database:

- **Year of joining the board of directors:** Information was collected on 777 board members, who constitute 94% of all directors in the public companies in the TA-100 Index.
- **The directors' areas of engagement:** Information was collected on 410 board members, who constitute 50% of all directors in the public companies in the TA-100 Index.
- **The directors' financial expertise:** Information was collected on 590 board members, who constitute 72% of all directors in the public companies in the TA-100 Index.
- **Membership of committees of the board of directors:**
 - **Audit committee:** Information was collected on 75 companies out of the 100 public companies in the TA-100 Index; in total, information was collected on 543 directors.
 - **Balance sheet committee:** Information was collected on 59 companies out of the 100 public companies in the TA-100 Index; in total, information was collected on 463 directors.
 - **Remuneration committee:** Information was collected on 42 companies out of the 100 public companies in the TA-100 Index; in total, information was collected on 301 directors.

The research was conducted by the Panels research institute.

44. Ely, R. J. (1995). "The Role of Dominant Identity and Experience in Organizational Work on Diversity." In: Diversity in Work Teams: Research Paradigms for a Changing Workplace, edited by Susan E. Jackson and Marian N. Ruderman, 161–186.

Joy, L. (2008). Advancing Women Leaders: The Connection between Women Board Directors and Women Corporate Officers, Catalyst.

45. Kalev, A., Dobbin, F., & Kelly, E. (2006). Best Practices or Best Guesses? Assessing the Efficacy of Corporate Affirmative Action and Diversity Policies. American Sociological Review, 71, 589–617.



4. Summary of findings

Women on the boards of directors of TA-100 companies

- We found that beginning in 2011 there has been a change in appointments of women to the board of directors, and a higher rate of women have joined the boards of public companies (38.8%) compared to men who joined these boards (30.6%).
- In 2013 24% of the new board members are women, a decrease of 1% compared to 2012 (25%).
- This year, the percentage of women who are members of more than one board of directors is 16%, an increase compared to 2012 (11%); however, in 2011 the percentage was similar.
- As a rule, the main area of occupation of board members is finance, a fact which is also prominent according to the percentage of directors possessing financial expertise (69% of board members have financial skills). 70% of the men on the boards of directors have financial expertise, while among women directors 63% possess such expertise.
Among women directors, representation is slightly higher than that of men in the areas of law, marketing and strategy.
- A review of membership of board committees revealed that the participants in each of the committees (audit, balance sheet, remuneration) are mainly men (around 75% of board committee members).

5. Detailed findings of the accompanying study

5.1 Year of joining the board of directors⁴⁶ - gender comparison

Among the directors in office, 74 board members were found to have taken up office in 2013; of them, 24% are women. This percentage is similar to the percentage in 2012 (25%).

The number of women joining the board of directors has risen over the years, and the percentage of women appointed to the board since 2011 is prominent. Out of all new directors in the past three years, 22% are women.

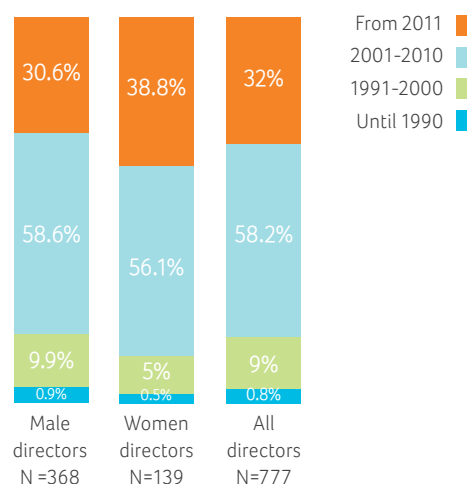


Figure 14: Year of joining the board - gender comparison

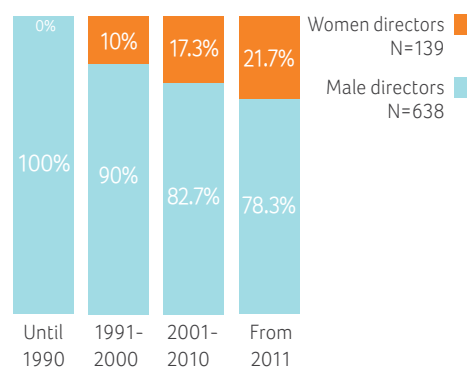


Figure 15: Year of joining the board - gender comparison

46. Data are based on the data collected in the 2013 Catalyst Census and include information on 777 board members in office in 2013.

Data relating to the year of joining the board were collected for the first time in 2012 as part of the verification process. In total, data were collected on 836 board members in office in 2012.

5.2 Membership of more than one board of directors - gender comparison

87% of directors are members of only one board, a slight increase over 2012 (83%) and 2011 (85%). 13% of men are members of more than one board, compared to 16% of women. The percentage of women who are members of more than one board of directors has risen compared to 2012 (11%) and has stabilized on a level similar to the level measured in 2011 (17%).

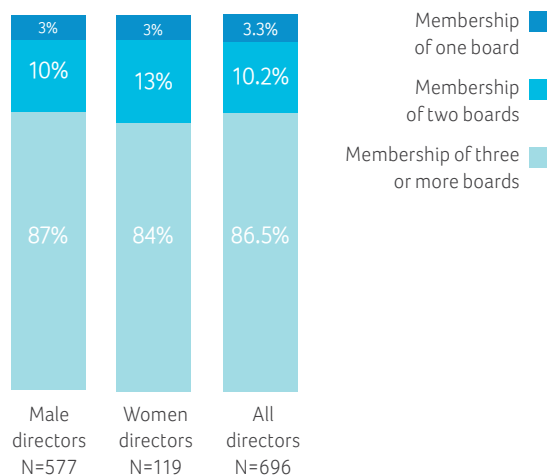


Figure 16: Membership of more than one board of directors – gender comparison

5.3 Area of occupation of members of the board - gender comparison⁴⁷

Board seats are held mainly by directors with a financial background. Of all directors, 55.4% are financial people. 58% of men have a financial background compared to 44% of women. Additionally, it was found that more women directors have a background other than financial (technology, legal, strategy and marketing).

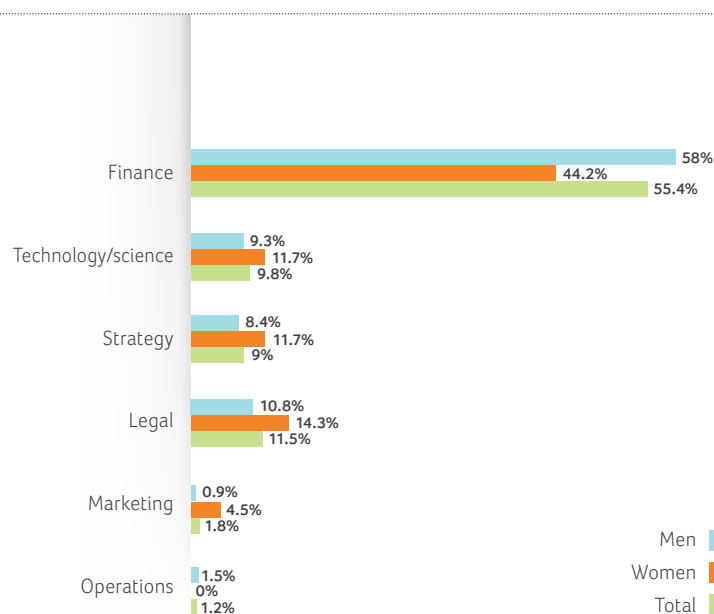


Figure 17: Area of occupation of members of the board – gender comparison

47. Data are based on 410 board members whose occupation was defined during the survey. It is noted that they account for 50% of all board members who were reported on in the questionnaire.

5.4 Financial expertise - boards of directors⁴⁸

69% of board members possess financial expertise. Of them, the percentage of male directors with a financial background is 83%, while the percentage of women with such expertise is only 17%. Among women outside directors 80% have financial expertise, compared to 83% for male outside directors.

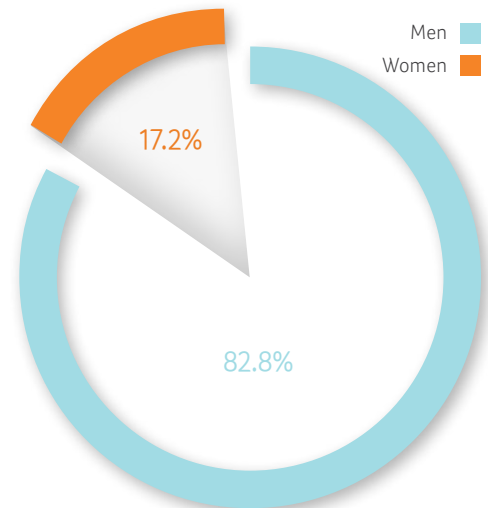
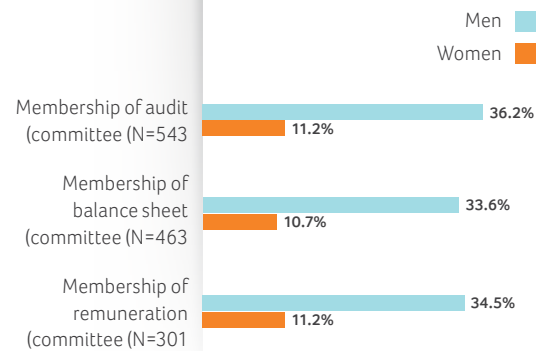


Figure 18: Financial expertise - gender comparison

5.5 Committee membership - boards of directors⁴⁹

47% of board members are members of the audit committee⁵⁰, 44% are members of the balance sheet committee, and 46% - of the remuneration committee. In all committees, there is a gap of around 20% between the percentage of men and women who are committee members, in the men's favor.

In each committee about one-quarter of the members are women, with no significant differences between the various committees.



6. Discussion, summary and recommendations for the future

In the past few decades women's participation in the workforce has increased and has been accompanied by an increase in the percentages of women in senior positions in the economy. As we presented in the first part of this study the rate of women's representation in all companies in the TA-100 Index is 89%, but if one breaks this figure down one will see that in fact, it attests to the continued marginal representation of women in the boardroom, because in only 20 companies out of 89 there are two or more women directors on the board and consequently, with such small percentages it is difficult to assess the impact, if any, on the company in which they serve as a whole.

The increase in women's membership of more than one board of directors provides the means to accumulate knowledge and resources⁵¹, create informal relationships and turn women into valued board members. In this study, we found an increase in the percentage of women who are members of more than one board of directors (16%), more so than men (13%). However, this should be qualified - this trend may well preserve the low number of women on all boards of directors as it will leave board membership in the hands of a limited group of women⁵² and will not necessarily contribute to expanding women's

48. Data are based on 590 board members on whom information was collected during the survey. It is noted that they form 72% of all board members who were reported on in the questionnaire.

49. Data are based on the data relating to committee membership. All in all, data were collected on audit committee membership from 75 companies (543 board members), balance sheet committee membership - 59 companies (463 board members), and remuneration committee membership - 42 companies (301 board members).

50. The only committee which is compulsory.

51. Burt, R. S. (2004). Structural Holes and Good Ideas. *American Journal of Sociology*, 349-399.

52. Criticism of this kind has been voiced in countries where the quota system has been applied in regard to women.

participation, but it is important in placing the issue on the public agenda.

An analysis of the board members' areas of expertise indicates that board seats are filled mainly by directors with a background in finance (55.4% of all directors) and that women directors have a non-finance background in greater numbers than men. Further to this is the significant gap in the distribution relating to financial expertise among board members: men account for 83% of directors with financial expertise compared to 17% women. This gap is doubly important, as financial expertise translates into remuneration of board members. On the basis of the Equal Pay for Men and Women Law and the legislation relating to directors, directors' fees were determined as equal for all directors with no gender distinction, but this law does not refer to compensation and accompanying expenses, which form a significant part of their pay. Thus, the difference between a male director with financial expertise and a regular director may reach tens of percent in directors' fees.

In organizations seeking to empower gender parity, creating a balance between areas of expertise is also important. An organization such as this will seek to recruit women with a financial education. A high percentage of women who are appointed as outside directors (80%) have a background in finance. As opposed to the gap in the financial field, an analysis of the other fields from which directors come reveals higher rates among women. In an era in which job requirements change and grow according to changes in the industry and in management concepts, emphasis should be placed on a combination of diverse areas of expertise among board members, such as those which women directors are likely to bring with them to the boardroom.

As mentioned, the method in which the board of directors' work is organized is based on committees which function as work teams, and we have therefore chosen to focus on a review of the gender distribution in these committees. Our findings indicate that among the committees examined in this study, there is a gap of about 20% between men and women in all committees. The structure of work in committees allows for a narrower arena which is at the same time diverse in terms of the number of members. As described above, how work is structured and organized in the company is important, and therefore an examination of the structure in place in the organization can also serve as a tool for narrowing

gaps and strengthening women's status in companies inside the boardroom. The committee framework allows directors to lead processes and make key decisions for the organization, and it may therefore be assumed that an increase in the participation of women in these committees is likely to contribute to strengthening their position as leading and valuable partners on the board of directors.

In summary, in this study we sought to present an analysis of boards of directors and their members on the basis of Catalyst's quantitative research methodology. This study is able to serve as the basis for future research, which will examine the characteristics of directors that were not considered in the present study such as education, ethnicity, age and family status, alongside a review of the organizational culture of the companies reviewed with respect to the adoption of work-family balance trends, which have been found to influence and shape the gender balance in companies.

The findings of this study demonstrate that women remain isolated representatives within a large group of male directors, and that those who have succeeded in breaking through the glass ceiling are still but a few among the mass of men. As opposed to trends which are assimilated in different forms in European countries, legislation in Israel has not taken extensive action to encourage organizations to expand women's representation on their boards of directors.

Other countries have found various solutions on the legal and regulatory level empowering the state's responsibility to change the gender balance, similar to comparable processes taking place in state-owned companies in Israel, and although this is not a sufficiently satisfying solution, this trend may be the beginning of a change in terms of placing the subject on the agenda.

Along with women's individual action strategies, such as membership of a number of boards of directors, we have presented two major dimensions for change – an intra-organizational change of procedures and structures, and legislative solutions such as the definition of quotas for women's representation in the boardroom. In both these dimensions, emphasis is on the need to transfer the issue from efforts by individual women in contending with the problem to involvement, responsibility and enforcement by intra-organizational and government mechanisms as a mandatory tool for change.

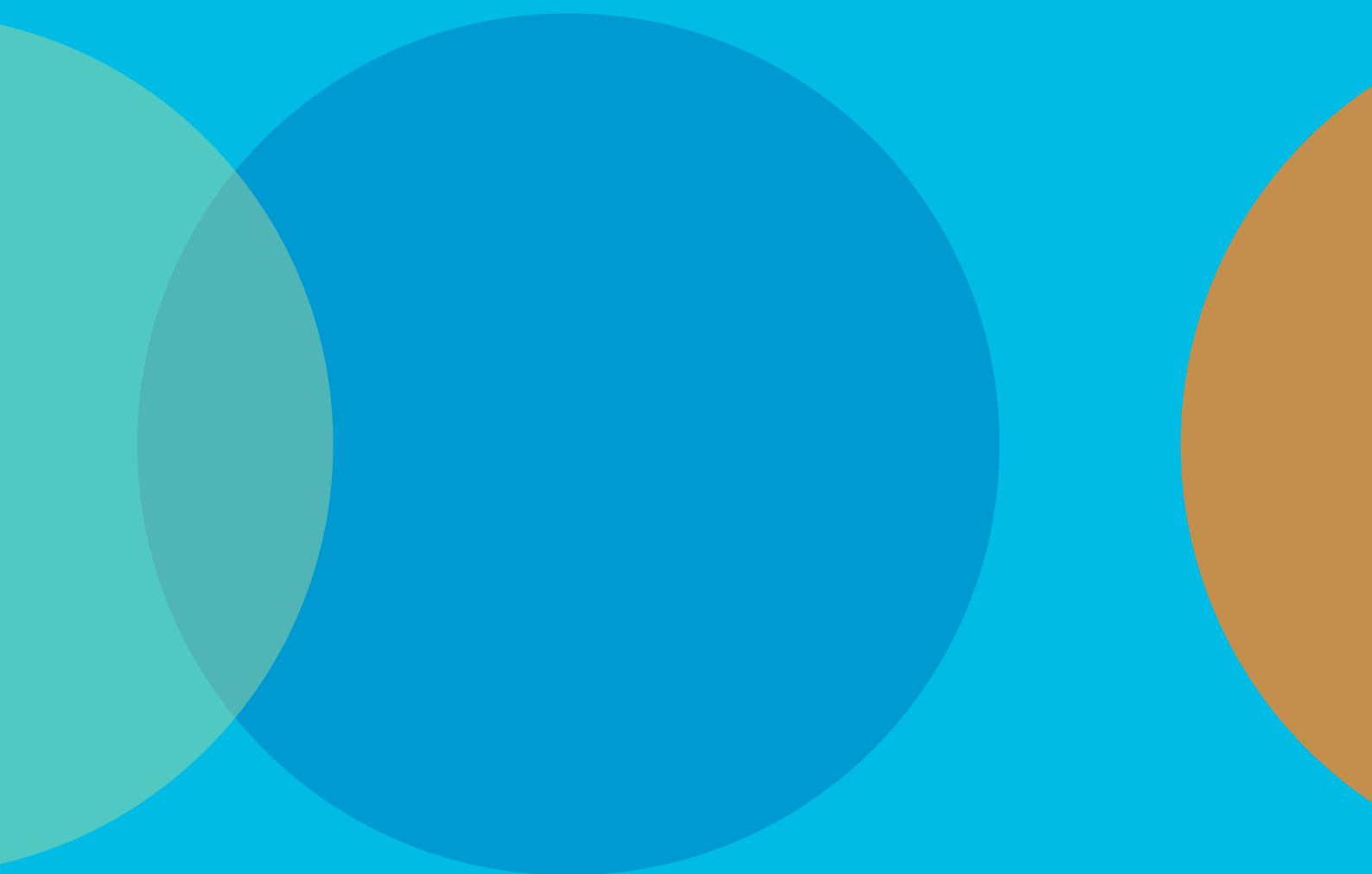


53. In companies with an annual turnover of more than NIS 100,000,000.

54. Kalev, A. (2009). Cracking the Glass Cages? Restructuring and Ascriptive Inequality at Work. *American Journal of Sociology*, 114(6), 1591–1643.







For more information about Catalyst in Israel, contact
daniela.sion@strauss-group.com

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