Norway was the first country to introduce a quota for women on company boards. Since its introduction in 2003, the number of »women on board« has reached 40 percent as required by law.

In several European countries, Germany being one of them, a debate has begun on how to increase the number of women in leading positions in business. The question of whether or not quota legislation is needed to reach this goal is highly contested.

The Norwegian experience reveals that a quota is the key to a successful implementation. Not only does it create the pressure needed for fundamental change but it also triggers a public debate at the core of which are questions of gender equality in wider society.
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Executive summary

Norway was the first country to introduce a quota for women on company boards. Since its introduction in 2003, the number of »women on board« has reached 40 per cent as required by law. While initially, other European countries might have shrugged off this policy as yet another progressive and inclusive Scandinavian initiative, the Norwegian experience has since sparked off a Europe-wide debate about quotas and women in leading positions. Many countries have started discussing quotas nationally; and European Commissioner Viviane Reding has signalled that the EU could also address the issue.

In Germany, the debate has centred on the question of whether or not a quota is needed to increase the number of women on supervisory and executive boards, and in leading positions in general.

With this expertise, the Friedrich Ebert Stiftung provides a substantial input for the debate. Norwegian experts Mari Teigen and Aagoth Storvik help us understand how the quota came into being, why it was successful and which changes it has set in motion.

These are the main lessons to learn:

■ There was broad political support for the quota legislation by the conservative-centre government coalition as well as the oppositional Labour Party and Socialist Left Party.

■ Norway witnessed an intense political and public debate leading up to the decision of the parliament. Supporters and opponents of the quota put forward arguments relating to equality/discrimination, diversity and the independence of companies.

■ No sanctions, no success: The successful implementation of the quota was due mainly to sanctions, the toughest of which was the forced dissolution of non-compliant companies. When there were no sanctions in the initial phase, companies did not widely implement the policy on a voluntary basis.

■ Companies were given four years to meet the quota.

■ A number of data bases was established for women to register and for companies to search for talents.

■ The Norwegian employers’ association created a Female Future training programme that companies could join and send their employees to.

■ Women are different: Women on Norwegian company boards are generally younger than their male colleagues and better educated. Men, more often than women, are owners and/or have no other occupation than their board membership. The skills profile of women, however, is more or less identical with that of their male colleagues.

■ Although 40 per cent of board members were female by 2009, some facts have not changed: the majority of boards are still chaired by men and a mere 2 per cent of the CEOs of companies listed on the Oslo stock exchange are women.

■ Seven years after it was passed, the quota is widely accepted in Norwegian politics and society. The employers’ association has not reported any problems and interviews with business leaders suggest that the policy is no longer controversial.

■ There is, however, one thing that other countries should not emulate. The whole process, from the first government motion until the final implementation of the quota, took ten years!

The Norwegian experience shows clearly that without a quota legislation, there will be no change. Once companies start recruiting more women for leadership positions, a widespread consensus emerges in business, politics and society as a whole. Well done, Norway!

Cilia Ebert-Libeskind
Internationale Politikanalyse
The legal framework

This expertise focuses on the recent Norwegian quota amendment. It was passed in 2003 and regulates the gender composition of a wide spectrum of Norwegian company boards: public limited companies, state and municipality owned companies, as well as cooperative companies.1

The Companies Act (as amended in 2003):

§§ 6–11a. Requirement of representation of both genders on the board.2

(1) In the boards of publicly listed ... companies both genders should be represented, as follows:

1. Where there are two or three board members, both genders should be represented.
2. Where there are four or five board members, both genders should be represented with at least two members each.
3. Where there are six to eight board members, both genders should be represented with at least three members each.
4. Where there are nine or more members of the board, each gender should be represented with at least 40 per cent each.
5. Rules 1 to 4 also apply to the election of deputy members.3

Public listed companies have drawn the most attention, but the quota requirements also apply to the boards of state-owned and inter-municipal companies.4 Later, the regulations were expanded to include the boards of all municipal and cooperative companies. In addition, there was an even more recent extension within the framework of the Local Government Act, which includes rules on the representation of both sexes on the boards of private limited companies, where municipalities own two-thirds or more of the shares. The Ministry of Local Government and Regional Development is responsible for implementing this Act. The amendments entered into force from 1 January 2010 with a two-year transitional period. The transitional period was established to give companies time to adjust.

The quota requirements apply to all publicly owned enterprises (state-owned limited liability and public limited companies, state-owned enterprises, companies incorporated by special legislation and inter-municipal companies) and all public limited companies in the private sector. A public limited company (plc) is a company in which none of the members are personally liable for the company’s debts. This type of company usually has many shareholders and is governed by fairly strict rules with regard to board composition and share capital. A company must be registered as a public limited company to be listed on the Oslo Stock Exchange. There are approximately 450 public limited companies in Norway.

No rules have yet been proposed for privately owned limited liability companies. Private limited companies have less strict rules with regard to board composition and share capital than public limited companies. Most of these companies are small family enterprises with few owners and the owners are themselves board members. One reason for not extending the quota regulation to private limited companies is probably the belief that it would interfere too much with the autonomy of private ownership in small and medium-sized businesses. In such companies, private, personalized ownership is more significant than in public limited companies. The legislation’s concentration on public limited companies may also be seen as a first step, and the legislation may be extended if women’s representation does not improve. In Norway, there are 164,000 private limited companies. Nevertheless, the requirement of at least 40 per cent of both genders in boardrooms today regulates central areas of Norwegian business life.5

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1. A cooperative company is a business organisation owned and operated by a group of individuals for their mutual benefit. The company is a legal entity, owned and democratically controlled by its members. Members often have a close association with the enterprise as producers or consumers of its products or services, or as its employees. Cooperatives often share their earnings with the membership as dividends, distributed in accordance with their participation in the enterprise, for example, in the form of patronage, instead of according to the value of their capital shareholdings (as is the case with a joint stock company). In Norway, this type of companies is common in food production, well-known examples including TINE, which produces and sells dairy products, and Coop, which sells groceries, primarily produce from Norwegian farms.

2. For the composition of the board see p. 5.

3. The rules regarding representation of both sexes are to be applied separately to employee-elected and shareholder-elected representatives in order to ensure independent election processes.

4. Inter-municipal companies are publicly owned by two or more municipalities together.

5. See Heidenreich (2009, 2010) for information on the characteristics of the Norwegian ownership structure, and the role of different types of companies in the Norwegian economy.
The economic set-up

In contrast to the situation in Continental Europe, Norwegian companies have only one board, constituting a so-called «one-tier» system (Hagen 2009: 67). This is a board of directors, consisting of owners’ representatives, but also employee-elected representatives. The task of management is delegated to the general manager (CEO). Every public limited company must have one, appointed by the board of directors. The general manager is responsible for day-to-day management. However, the board has the final responsibility for the management of the company, and the general manager must follow its guidelines and orders. The board is also supposed to ensure that business activities are carried out properly. The board must be kept informed of the company’s financial position and is under an obligation to ensure that its activities, accounts and asset management are subject to adequate control.

According to company law, public limited companies must have a board of directors. The board of directors should be of a certain size and composition:

- The board of directors must have at least three members. If the company has a corporate assembly, the board of directors must have at least five members.

- The board of directors itself shall elect its chair if the chair has not been elected by the general meeting.

- The general manager cannot be elected as chair of the board of directors.

In addition to these requirements, the employees also have the right to elect board members under certain circumstances. The law states that:

- If a company has more than 200 employees and it has been agreed that it will not have a corporate assembly the employees shall elect one member of the board of directors and an alternate member, or two observers with alternates, in addition to their representatives under the two previous subsections.

- If the company has a corporate assembly the employees may demand that up to one-third – and at least two – of the members of the board of directors, with alternates, be elected from among the employees, if one-third of the members of the corporate assembly demand it.

The political arena

Getting the ball rolling…

In December 2003, the Norwegian Parliament amended the Company’s Act, adding the requirement that at least 40 per cent of both genders be represented on company boards. This has applied to all publicly owned companies – whether by the state or municipalities – since January 2004. Such companies were allowed some time to adjust, but from January 2006 the rule applied to all newly established public limited companies, while from 2008 all public limited companies were subject to the quota requirement.

The new quota legislation received broad political support in Parliament. It was proposed by the then Conservative-Centre government coalition (Bondevik II) and passed with support from the Labour Party and the Socialist Left Party. Only the representatives of the Progress Party voted against the reform.

The political process, from the first government motion submitted by the Ministry of Children and Equality to the relevant consultative bodies in 1999 until it was fully implemented in 2008, lasted almost ten years. This reflects the considerable controversy that surrounded the issue, not least the fact that a quota regulation would breach the existing norms of Norwegian gender equality policy, which traditionally did not infringe on the private economic sphere.

6. The consultative bodies are typically the actors affected by the proposal within the public administration, as well as the social partners, trade and industry organisations, and a wide spectrum of civil society organisations.
The first step towards a regulation on the gender composition of corporate boards was made by the minority Centre government coalition (Bondevik I) in 1999, as part of a major revision of the Gender Equality Act.\(^7\) Partly due to the need to more thoroughly evaluate the legal aspects of such a quota regulation, the motion was excluded from the wider revision of the Gender Equality Act (Proposition to parliament No. 77, 2000/2001). Expert legal opinion suggested that such a quota law should be part of the Companies Act, not the Gender Equality Act. Simultaneously, the quota was changed from 25 per cent to 40 per cent, in harmony with the quota requirements applying to publicly appointed (that is, by a government ministry) boards and committees (§21, Gender Equality Act, 1988). The adoption of a quota rule in the Companies Act was presented to Parliament by the new Conservative-Centre government coalition (Bondevik II) in 2003 (Proposition to parliament No. 97, 2002/2003), and passed the same year.

A heated debate – main arguments for and against the quota

The quota law was approved after a prolonged political process, including much political conflict, intense public debate and a great deal of media attention. Nevertheless, the law was approved by a large parliamentary majority.

The debate was characterised by the polarisation of opponents and supporters. The opponents were represented mainly by industrial managers and representatives of employers’ organisations, while the supporters were represented by politicians, often with key posts in the government. The supporting politicians came from a broad spectrum of political parties, mainly the Norwegian Labour Party (Arbeiderpartiet), the Conservative Party (Høyre) and the Christian Democratic Party (Kristelig Folkeparti) (Cvijanovic 2009).

Three main types of argument were central to the debate, based on justice, skills and democracy.

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7. The idea was to extend Article 21 of the Gender Equality Act to include all company boards, but with a 25 per cent quota for each gender, not the 40 per cent which applies to public limited company boards (Høringsbrev, Barne- og familiedepartementet, 1999).

8. A study by Teigen (2002) analysed the government consultative process in 1999 (statements of invited organisations), before the quota regulation was introduced. A study by Cvijanovic (2009) looked at the public debate over a ten-year period in two Norwegian national newspapers with a clear business profile, Aftenposten and Dagens Næringsliv.

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The »justice« argument

**Proponents:** The arguments formulated by the supporters of the quota legislation emphasised gender balance as a principle of justice. They underlined justice in the sense of redistribution of resources, claiming that positive discrimination is necessary in order to achieve gender equality. The heavy male domination on Norwegian corporate boards was posited as unacceptable, and as a possible indication of unfair gender discrimination.

**Opponents:** The main counter-argument was that regulation of the gender composition of corporate boards would not be fair. Recruitment to corporate boards should not be based on the gender of candidates. The owners should have the right to select the candidates they find most suitable to sit on the board. Quota regulations were considered to be illegitimate unequal treatment and as discrimination against men.

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The »skills and utility« argument

**Proponents:** This argument came in two versions. First, the human capital argument claimed that, since the total talent potential of a population is distributed fairly evenly between men and women, the extreme male dominance in corporate boards indicated underutilisation of women’s skills. Boards tend to recruit only from the talent pool of the male population, while qualified and competent women candidates are not seriously considered. Second, the argument concerning the special contribution of women asserted the (organisational) advantages of integrating women. The claim is that gender differences in attitudes, experiences, interests and so on mean that more women on boards will provide new perspectives and ways of solving problems.

One of the government’s central arguments was that gender balance on boards will positively affect profitability, which is strongly connected to the positive skills argument.

**Opponents:** The skills-related argument against quota reform was primarily that it would lead to less competent women replacing more competent men. The claim was that not enough women had the relevant experience, and that the recruitment of qualified women had to start earlier and further down the organisational hierarchy to
create a pool of well-qualified women. In addition, it was strongly asserted that owners are best qualified to select the most competent board members. It was also argued that foreign investors would be less inclined to invest in Norwegian firms as a result of the quota regulation. Supposedly, Norwegian companies would be considered less profitable as a consequence of the priority given to the gender ratio above the recruitment of the most competent and suitable board members.

The democracy argument

**Proponents:** The democracy argument was particularly prominent among the government’s justifications for the quota legislation. It was argued that more gender-equal participation in economic decision-making was crucial for Norwegian democracy. A related argument concerns the importance of equal rights to participation in the boards of influential companies, where the state often is a major owner.

**Opponents:** A main counterargument concerned economic democracy, in the sense of shareholders’ democracy. The claim was that the quota law would hinder owners’ democratic right to recruit candidates and, in particular, interfere with the election process at the shareholders’ meeting. Owners invest in their companies and risk their money; they should therefore have the right to decide who they want to represent them on the board. The regulation challenged established principles of autonomy based on ownership.

Step by step – the political process

The political process which led to the present quota law was initiated by the Minister for Gender Equality, Valgerd Svarstad Haugland of the Christian Democratic Party. She made the proposal for quotas on corporate boards at a hearing in 1999, in connection with a broader revision of the Gender Equality Act. The fact that an issue containing all the hallmarks of traditional social democratic policies – with regard to both the type of measure and the desire to regulate private business – was suggested by a Christian Democrat minister probably contributed to the emergence of a somewhat unusual framework for the debate. The proposal was innovative; nobody had suggested such a thing before.

Though Minister Haugland’s successor Laila Dåvøy kept up the pressure, it is the role of the Conservative Party Minister of Trade and Industry Ansgar Gabrielsen in the last stages of the political process that has been ascribed particular importance. He gave an interview to Norway’s largest-circulation newspaper *Verdens Gang* (22 February 2002), just before the government’s final debate on the issue. In the interview, Gabrielsen said that he was »sick and tired of the male dominance of business life«.9 This move was probably especially important in that it helped to secure the support of more sceptical representatives of the Conservative Party in both government and Parliament, who were on the verge of voting against the law. An expressed resistance, on the other hand, might have undermined the basis for a broad majority in favour of the issue.

The unusual political constellations with regard to this issue probably helped to erode opposition to the proposal, among other things because it was impossible to dismiss it as an attempt on the part of social democrats to regulate corporate life. As already mentioned, only the representatives of the Progress Party voted against the reform. In line with liberal economic doctrine they argued that free market competition is the best protection against discrimination and that a quota regulation itself can be seen as a form of discrimination (Cvijanovic 2009: 57).

There were two main consultative processes on the quota legislation, which resulted in the new amendment to the Companies Act. A survey of the viewpoints of the different actors revealed that, on the proponents’ side, were employees’ organisations, representatives of ministries, directorates, the gender equality apparatus and so on. Women’s organisations, however, were inactive. We can only speculate about why this should be, but it is possible that they saw the issue as primarily affecting elite women. However, women’s organisations within the political parties were very active in promoting quota reform. The role of women within the Conservative Party was significant, particularly because the issue probably provoked considerable controversy. The quota law was also strongly promoted by the media, and in particular the tabloid press. At the last hearing in 1999 all trade unions were positive towards the new regulation, except for the lawyers’ association (Teigen 2002:86).

Taking stock

Since the quota law was implemented it has generally not been much debated. A survey of the debate in the newspapers reveals that the law was most keenly discussed in 2002, the year before the amendment was voted on in the Norwegian Parliament. The debate also increased in 2005, the year before the regulation entered into force, but did not reach the same level as in 2002 (Cvijovic 2009:50). Since 2005 there has been little media debate. No opinion polls have been carried out and we therefore know little about public opinion on this matter. What is striking is that employers’ associations do not report problems even though the law has been in effect for several years. As already mentioned, all employers’ associations were against the new amendment before it was introduced, and some stated that it would be difficult to find competent women. The fact that such problems have not been reported to the employers’ associations might mean that the expected difficulties have not appeared. Neither owners nor CEOs have stated that they have had problems finding suitable female board members; having said that, this would reflect badly on the company, so it is not surprising.

The many sides of change

Abbildung 1 Women on the boards of public limited companies, 2002–2009 (%)

The quota law has led to major changes in the gender composition of corporate boards.10 At the end of the 1990s, there were no reliable statistics on the proportion of women on boards of directors. However, it was clear that Norwegian company board rooms were «men only» zones, with women accounting for as little as between 2 and 4 per cent of board members. After proper statistical gathering commenced, the proportion of women gradually increased, rising to 6 per cent in 2002, 9 per cent in 2004, 12 per cent in 2005, 18 per cent in 2006, 25 per cent in 2007, 36 per cent in 2008, and finally 40 per cent in 2009 (Teigen 2008). The proportion of women has not increased above the 40 per cent limit, partly because companies where one gender represents less than 20 per cent of the employees are given some leeway in meeting the gender requirements. In addition, the number of small boards with three or fewer board members also has the effect of reducing the proportion of women. As already mentioned, such boards are required to have only one female member.

Although the gender composition of corporate boards has changed rapidly, within boards a gender hierarchy persists. The chair is almost always a man. Only 5 per cent of chairs are women. Women managing directors/CEOs are also few in number: only 2 per cent of the managing directors/CEOs of the companies listed on the Oslo Stock Exchange are women. Of the top management of the largest companies only about 10 per cent are women (see Heidenreich 2009, 2010). All in all, it is probably too early to predict the future effects of the quota reform.

Abbildung 2 Women in public limited company boards, total and chair (%) (register data)

Sanctions – the key to success

The successful implementation of the quota law is due mainly to the fairly tough sanctions. No new sanctions were introduced because the law in respect of which the quota regulation was an amendment already laid down adequate measures. The Companies Act applies identical

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10. There are around 450 public limited companies in Norway, with about 2,400 board seats. These seats are filled by approximately 1,400 persons: 800 men and 600 women.
sanctions for breaches of its rules, with the ultimate sanction of forced dissolution\textsuperscript{11} if a company fails to establish a board in accordance with the law, despite several warnings. In addition, the Register will refuse to register a company board if its composition does not meet the statutory requirements, just as it refuses registration if the chief executive officer or auditor do not meet the legal requirements. According to the Company Register’s report, all companies subject to the quota law currently meet the requirements.

According to the Public Limited Companies Act, the Ministry of Trade and Industry may decide that a forced dissolution shall not be implemented because of a »substantial public interest«. In such cases, the company will have to pay a fine until it is in compliance with the law.

Dissolution has been part of the legal system since 1977. Experience shows that most companies issued with warnings promptly correct the problem. This was also the case when the quota regulation was introduced. In January 2008, 77 public limited companies were in breach of the gender representation rules. These companies received a letter from the Brønnøysund Registration Centre, giving them four weeks to comply. A press release from the Brønnøysund Centre, dated 22 February 2008, states that 12 companies would be subject to a second four-week notice period. In April 2008 it was clear that none of the companies would be dissolved; however, some companies changed their legal status from public limited company to private limited company.

Major effects of the quota

A number of databases have been developed, often in combination with specific programmes to qualify women for board positions. The aim was to publicise women’s skills. Women interested in becoming board members can register their names and CVs with these databases, which can be searched by companies looking for someone to fill a board position. Four national databases have been established, as well as a number of smaller regional and sector-specific databases. We will here focus on the four national databases, which are the largest and best known. Two of the databases were established by state directorates, a third by the lawyers’ association and the fourth by the largest employers’ association.

The two public databases were established in 1998 and 1999. Their mission was to get more women into leadership positions in general and onto boards of directors in particular. In one of the databases all women are entitled to register, while in the other they must take a course in board-related topics or have prior board experience. The latter also includes male candidates for board positions.

The third database was established by the lawyers’ association in 2004 and was part of a programme also containing a network and courses in management and board work. A major reason behind this initiative was that the association saw lawyers’ skills as especially suitable for board and higher management positions. To join the network one had to be female and a lawyer.

The fourth database, established by the largest employers’ association, has a somewhat different character from the others. The association initiated a programme called »Female Future« based on the idea that company managers should be a driving force for getting more women onto boards. The project does not recruit women candidates, but companies and CEOs/managing directors. The companies must commit themselves to the programme. They have to identify talented women and motivate them to take up management and board positions at the end of a two-year period. The companies sign a statement of intent which is binding for both the company and the women concerned. Within the framework of this programme, it is the enterprise which selects talented women from its own ranks. The latter have to attend mandatory courses and be registered in the database. The courses concentrate on management development, the role and task of the board of directors and network building in order to make women more visible, creating arenas in which women can meet. In addition, women are trained in presentation skills. The target group for the programme from 2003 to 2005 was companies which had to comply with the new quota regulation. All in all, 370 women from these public limited companies participated (reaching 1,070 women by the end of 2008). The programme remains active but only a few public limited companies still participate.

Generally speaking, the participants are satisfied with the courses and networks, but are sceptical about the data-\textsuperscript{11} Another reason for forced dissolution might be that a company has not submitted the mandatory annual reports to the Company Register on time.
bases. Others who have reviewed the databases have come to similar conclusions (see Moe 2009: 86–88). Our own research also suggests that the effect of the databases has been limited (Heidenreich forthcoming). One reason for this appears to be that companies do not want to recruit board members that they do not know personally (Hetland 2007).

With the exception of the female lawyers’ association, trade unions did not develop programmes or databases. The programme developed by the female lawyers’ association and the programme developed by the employers’ association seem to rest on the assumption that women lack the necessary competence to be board members. Both programmes are open only to women and, in addition, require that they attend special board-related courses. This assumption was also pointed out in the public debate when the programmes were established. It was stated that men had long been board members without having to attend courses to qualify for their positions.

The economic performance of companies

The economic consequences of the law reform have yet to become clear. However, there is a large international economic literature that has analysed the relationship between women in leadership and on boards and the economic performance of firms. Still, there is no consensus about the direction and strength of these relationships (Terjesen, Sealy and Singh 2009). One key challenge is to isolate the causal effect. Some studies report correlations where the causality is not clear. Different types of measures of economic performance are used. In what follows, we provide a short overview of some of the more recent studies.

Drawing on data on 112 American Fortune-listed firms, Erhardt, Werbel and Shrader (2003) examine the link between executive board diversity (25 per cent of non-whites and females) and economic performance (ROA and ROI).12 They report a positive association with both financial indicators, suggesting that board diversity has a positive impact on company performance overall. In another American study of 797 Fortune 1000 firms, Carter, Simkins and Simpson (2003) find that boards with at least two women perform better on Tobin’s Q13 and on economic performance (ROA) compared to firms with fewer women.

Smith et al. (2006) use Danish data and examine the relationship between women in top executive jobs and on boards of directors and company performance. They find that the proportion of women in top management jobs tends to have positive effects on company performance, even after controlling for numerous characteristics of the firm and direction of causality. The results for women on boards are more mixed, depending on the measure of performance. Rose (2007) finds no relationship between Tobin’s Q and gender diversity on Danish boards, suggesting that the lack of impact might be explained by the fact that there are so few women on Danish boards (approximately 4 per cent), which might be too few to function as a critical mass.

Another line of research to which Terjesen, Sealy and Singh (2009:330) refer is the immediate impact on the share price when a female director is appointed. Ding and Charoenwong (2004) present a study of Singapore firms and find a positive relationship, while Lee and James (2007) find for US firms a negative development in stock prices after a new female board director is appointed, compared to when a male board director is appointed. In a study of English firms Ryan and Haslam (2005) find that when a female director is appointed during a general economic downturn the share price increases, even if economic performance does not change. Haslam and Ryan (2008) use both ‘objective’, financial and stock-based measures. They find no relationship between women’s presence on boards and financial measures of performance. However, they find a significantly negative relationship with the stock-based measure, measured by Tobin’s Q.

Women in management

A recent survey of the gender composition of CEOs and the top management of listed companies reveals continuing male dominance: less than 2 per cent of the CEOs are women, and about 10 per cent of top management

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12. ROA means ‘return on assets’, an indicator of how profitable a company is, related to its total assets. ROI means ‘return on investment’, a measure of the efficiency of investments.

13. Tobin’s Q shows the ratio between market value and replacement value.
(Heidenreich 2009). It is too early to conclude that the quota reform will lead to an increase in the presence of women in top management positions in Norwegian business life.

Research on the presence of women on boards generally has found some effects. Nielsen and Huse (2010) find that in Norway, boards with women are better at strategic control. Brown, Brown and Anastasopoulos (2002) find that in Canada this type of board develops more formal procedures and guidelines.

How women on boards influence work organisation has scarcely been studied. Two exceptions are Brown, Brown and Anastasopoulos (2002) and Billimoria (2006), who have looked at the situation in Canada and the USA. They find a positive relationship between the number of female board members and the number of female managers in a company. They argue that it is likely that having female board members results in more female managers, but acknowledge that the causation could be the other way around or work both ways (many female managers means that there are more women to choose board members from).

The attitudes of managers

In the transitional period after the law was introduced, companies sent talented women from their companies to the »Female Future« programme. However, the number has now fallen to a trickle.

It is not unlikely that many companies and managers see the quota rule as an unnecessary and bothersome regulation. However, both the public debate and interviews with business leaders indicate that the quota rule is generally accepted and is no longer the object of controversy. It seems that the fairly strong opposition to the quota law which arose before it was passed in Parliament has faded away. Many people express acceptance, and even satisfaction, with the new policy. This is particularly the case among women in the business sphere. A kind of conversion story seems typical, along the following lines: I used to be very critical of quotas, but today, after experiencing the changes going on in business life and in corporate boards in particular, it is now clear to me that this was an important and necessary move. The preliminary result from our recent survey of board members (see below) points in the same direction, with very few expressing discontent.

Who are they?
Characteristics of female board members

As part of our research project we conducted a survey in autumn 2009. Our analyses are not yet finished, so we can present only a few preliminary trends. We sent out a questionnaire to all board members in public limited companies, with a 62 per cent response rate.

The survey reveals almost complete male dominance among chairs of boards of directors, with a few more women among the deputy chairs. Female board members are generally younger than the men, and their educational level is somewhat higher. While 29 per cent of the men were over 60 years of age, only 6 per cent of women were in this age group; and while 36 per cent of female board members had a university education lasting six years or more, this was true of only 22 per cent of male board members.

When it comes to areas of study there are only minor differences between male and female board members. Somewhat more men than women are educated in technical and natural sciences. If we look at occupations, there are some differences between male and female board members. Men more often state that they are owners as their main occupation or that board members are their main occupation. Female board members somewhat more often state that they are managers as their primary occupation, but the difference is not significant. However, an unpublished study by Ahren and Dittmar (2009) finds that the number of CEOs has decreased in Norwegian boards of public limited companies since the introduction of the new quota regulation. This finding indicates that the new female board members are seldom CEOs and more often are managers. If we look at all these findings together it appears that the reform has resulted in both gains and losses with regard to board members’ formal skills. While the new female board members have introduced more educational qualifications they seem to lack occupational skills. Their skills profile, understood in terms of type of education and type of occupation, seems more or less identical to their male colleagues, however.
Our study shows that in general female board members do not hold more public limited board memberships than their male colleagues. There is one minor exception to this trend; among board members who have four or more board memberships at public limited companies we find more women. Our survey shows that this applies to 1 per cent of male board members and 4 per cent of female board members. If we look at all types of corporate board membership, male public limited companies board members clearly have more board memberships than female board members.

The women’s experience

Lippold and Sandaker (2008) have researched women’s experiences of their role on boards. The study includes women who were appointed board members as a result of the quota regulation, women serving on boards of public limited companies before the reform and women serving as board members in other types of companies. The study shows that female board members feel very welcome on boards and that they are held in high regard. Female board members are not afraid to speak their minds and they appreciate their position as board members. The study is somewhat more inconclusive regarding inclusion in networks, but a clear majority of female board members do not experience exclusion in this regard. A minority have some problems, but this could also be the case for male board members. These findings are also in line with the preliminary analysis of our own study.

Lessons to learn

No quota, no success

Developments before the quota regulation came into effect can tell us something about the importance of the new regulation. Before the Norwegian Parliament passed an amendment to the Public Limited Companies Act in 2003, female board members made up only 6 per cent of the whole. When the amendment was introduced it was stated that it should not come into effect if the companies themselves raised the number of female board members to the demanded level. This did not happen, probably because of owners’ ideological resentment towards the quota regulation. The representatives of private business enterprises were against the law in principle, as newspaper debates and earlier research have shown (Teigen 2002, Skjeie and Teigen 2003, Cvijovic 2009). In addition to this ideological resistance it is also likely that the quota regulation represented a practical inconvenience for public limited companies. It is likely that the owners’ regular networks for recruiting board members contained few women, and that they therefore initially experienced some difficulties in recruiting female board members. Only a moderate increase to 16 per cent female board members was achieved before 2006. This implies that it was very important that the law was made mandatory.

Did Norway go far enough?

In addition to public companies, only a small group of private enterprises in Norway were targeted by the reform. How the scale of the reform has influenced the result is an interesting question. One could only speculate about what would have happened if all private companies – both private and public limited companies – had been targeted by the law. A much larger number of women would in this case have had to be recruited to board memberships. Would the pool of talented women have been large enough? It is worth noting that the companies where the quota regulation applies are generally more influential in the Norwegian economy. In 2004, each public limited company had sales of around 136 million euros, while each private limited company in general had sales of only 2 million euros (Heidenreich 2009: 222). The public limited companies are the most influential enterprises in Norway and therefore they are also likely to attract the most competent male board members who, one would think, would be the hardest to replace. It can be argued that, since all these companies managed to find women who are apparently able to replace male board members, it is likely that smaller and less influential companies might also succeed in doing so.

Europe is catching up

When the Norwegian quota rule was introduced it was unique. Since its introduction, however, a process of diffusion seems to have got under way. All over Europe the Norwegian corporate board quota rule has sparked off debates on persistent male dominance in economic decision-making and the possibility of adopting similar quota
arrangements: The Spanish government has made a commitment to achieving at least 40 per cent of each gender by 2015 (De Anca 2008); Iceland recently followed suit and will require companies with more than 50 employees to have at least 40 per cent of each gender represented on boards from 2013. Similar policies are also in the process of being either implemented or intensely debated in a large number of countries, including the Netherlands, France, Sweden and Germany.

These ongoing debates and substantial steps towards imposing similar regulations in several European countries signal that the Norwegian quota legislation cannot be dismissed as just another distinctive Norwegian gender equality invention, with little relevance outside Norway. Thus it is urgent that we be able to explain how the idea to legally regulate the gender composition of corporate boards came about and what kind of political processes resulted in the law’s passage through Parliament and successful implementation. In particular, the law calls attention to possible movements in the interface between the political and the economic spheres: how strong is the autonomy of private capital with regard to state interference? Against the background of the ongoing debates in several European countries, it is important to note that, even though the distinct national processes were decisive for the first establishment of a quota law to regulate the gender composition of corporate boards, they are not necessary for the diffusion of similar regulations in other countries. Variation in the adoption of such legislation in other countries should probably be understood as facilitated by the extent to which aspects of the law, and the context of the law, resonate in the distinct political processes of different countries.

14. Available at: http://www.nikk.no/?module=Articles;action=Article.publicShow;ID=1054
15. In December 2009 the Dutch government decided that at least 30 per cent of the board members of all companies with more than 250 employees should be women. If this goal is not reached by 2016, companies must prepare a plan on how they intend to achieve it. Whether this will be implemented or not has not yet been confirmed, however.
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