Gender balance on company boards

A summary from a research project about the impact of the Norwegian gender quota legislation

Mari Teigen (ed.)
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Foreword

This report presents the first broad survey of the effects of legal requirements regarding gender balance on company boards. The report provides summaries of the main findings from a project funded by the Ministry of Children, Equality and Social Inclusion: "Effects of gender balance on company boards."

The project has been carried out by several collaborators, who have contributed as authors of the various chapters. The thematic scope, which overall is relevant for studying the effects of laws requiring gender balance on company boards, has made this an instructive, yet also demanding, project. Big thanks to each of the contributors! In addition, I would like to thank Christina H. Stoltenberg, research assistant at the Institute for Social Research. She has been an important contributor to the final phase of the preparation of this report.

Oslo, 12.05.2015
Mari Teigen
1 Gender balance on the boards and management of the Norwegian business sector
Mari Teigen

At the end of the 1980s and 90s, male dominance in the senior management positions was a hot topic in the international gender equality policy debate. This debate hit a particular nerve among the Scandinavian countries, where major changes in the direction of gender equality had taken place. Women's entry into higher education, and increasing participation in the labour market and in politics characterised all the Scandinavian countries, but when it came to women in senior management positions, especially in business, it was at least as bad here as in other European countries and the US. Figures from the early 2000s revealed that Norwegian company boards consisted of less than 5 percent women (Skjeie and Teigen 2003). Figures for Norwegian company boards showed that they almost exclusively consisted of men (see Table 1.2).

The Equality Act Section 21 has regulated gender representation on public boards, committees and councils since 1981. In the private sector, there has been no tradition of equivalent regulations. In 2003, a legal requirement of at least 40 percent representation of each gender on company boards was passed. The legal requirement was both historic and unique in Norway as well as by international standards. The Quota Act had an immediate effect on state and municipal companies from January 2004, while it was first fully implemented for public limited companies from 2008. The legislation includes public limited companies, publicly owned companies, along with cooperative companies. Privately-own limited companies are not subject to legislation that regulates gender balance on company boards (see Table 1.1).

The legal requirement was controversial and met by powerful protests, especially from key players in the Norwegian business sector. Yet there was a high degree of political consensus when the bill was presented: all parties except the Progress Party voted for the law requiring gender
balance on company boards. The broad political support can be interpreted as an expression of the fact that the lack of gender equality and gender imbalances in economic decision-making are to a certain extent recognised as a political problem.

The political process
There was a lengthy political process that led to resolutions and the implementation of the law requiring gender balance on company boards (Teigen 2011). As Table 1.1 shows, a stipulation was set in the proposed Quota Act for public limited companies: If the companies achieved at least 40 percent of each gender by 2005, the legal requirement would not be implemented. In 2005, the proportion of women had increased a great deal, but was relatively far from a target of at least 40 percent of each gender (see Table 1.2) - and the law was thus implemented.

Table 1.1 Overview of the political process that led to the board quota law

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
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<tbody>
<tr>
<td>1999</td>
<td>Proposals for hearing on legal regulation of at least 25 percent of each gender on company boards. Was part of the revision of the Gender Equality Act.</td>
</tr>
<tr>
<td>2001</td>
<td>Proposals for hearing on legal regulation of gender balance (at least 40 percent of each gender) in publicly owned (governmental and inter-municipal) and public limited companies. Legislation proposed to be included in company legislation.</td>
</tr>
<tr>
<td>2002</td>
<td>Government announces that they will proceed with the legislative process, but that legislative regulation can be avoided if the companies themselves increase the gender balance on their boards.</td>
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<td>2003 (June)</td>
<td>The bill is presented and will include publicly owned companies, and public limited companies (PLC). The date of voluntary adjustment is set to July 1, 2005. If the PLCs have achieved 40 percent gender distribution by then, there will not be a legal regulation of the quota target.</td>
</tr>
<tr>
<td>2003 (December)</td>
<td>The law is approved in Parliament</td>
</tr>
<tr>
<td>2005 (July)</td>
<td>The proportion of women on PLC boards has increased sharply to around 25 percent, but is considerably below the requirement of at least 40 percent of each gender.</td>
</tr>
<tr>
<td>2005 (December)</td>
<td>The government’s decision that the legislation should be put into</td>
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1 See also Nygaard (2011).
The direct impact of the Quota law

A direct and immediate impact of the law requiring gender balance can be seen in the increase in the proportion of women on company boards that are subject to public regulation. Over the last ten years, female presence has changed from an almost total absence to about 40 percent women. The strong increase mostly applies to public limited companies. The impact of the legislation becomes particularly evident when compared with the gender composition of the boards of private limited companies, where the proportion of women has remained stable at a lower level (see Table 1.2 and Figure 1.1).

The direct effects of the law requiring gender balance on company boards must be characterised as successful, in the sense that the proportion of women has greatly increased on the boards subject to the legislation. However, it is worth noting that there is a minimum approach to the gender balance requirement that characterises the companies, many companies have 40 percent women on their board, and few have a higher proportion of women than they are instructed to have.
Table 1.2. Percentage women on the boards of various companies in the Norwegian business sector 2002-2012.

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<td>PLC</td>
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<td>State Ltd</td>
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<td>Municipal Ltd</td>
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<td>State enterprise</td>
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<td>County municipal enterprise</td>
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<td>Inter-municipal</td>
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<td>Municipal enterprise</td>
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<td>Cooperative enterprise</td>
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Source: Statistics Norway

Figure 1.1. Percentage women on the board of public limited companies (PLC) and private limited companies (Ltd.)
International attention

The legal requirement has especially attracted considerable international interest, and since the implementation of the gender quota act, several countries have passed similar laws to regulate the gender balance on company boards. By 2011, similar regulations were introduced in Spain, Iceland, France, Belgium, the Netherlands and Italy. The German parliament adopted in March 2015 a legal requirement of at least 30 percent of each gender on company boards (Aufsichtsräten) for businesses with more than 2 000 employees, which will apply from 2016 for new board members.2

2 If the statutory law is not complied with, the management positions will remain vacant. Altogether, this applies to approximately 100 companies. For companies with fewer than 2 000 employees, there are requirements that they set objectives that the proportion of women on the board applies to both the board and the corporate assembly (Aufsichtsrat and Vorstand) along with employees in senior positions. This applies to approximately 3 500 companies. They are to be held bound by their objectives, along with publishing the results. Sanctions are not attached to the legislation. It is expected that public enterprises should lead the way.
The course of the report

This report provides a summary of the main findings from a project on the effects of gender balance on company boards. The project is funded by the Ministry of Children, Equality and Social Inclusion (BLD) and carried out at the Institute for Social Research. The project has been led by Mari Teigen, and the project collaborators are authors of the various chapters of this report. As previously mentioned, the report provides a summary of the main findings from the project, which will be more thoroughly described in a book that will be published by Gyldendal Publishing House in the Spring of 2015 on the effects of the law requiring gender balance on company boards (Teigen, Mari (red.) (2015), Virkninger av kjønnskvotering i norsk næringsliv. Oslo: Gyldendal Akademisk).

The various chapters that will be summarised in the following sections are based on multiple data sources. We have collected a dataset on the basis of the composition of the board and management of the approximately 250 biggest Norwegian companies by turnover (Chapter 3). Furthermore, we conducted a survey that has gone to the senior management of the same companies (Chapters 4 and 5). The studies of the board networks and career effects of the legislation use registry data from Statistics Norway and Brønnøysund Registers (Chapters 6 and 7). In addition, we conducted a content analysis of how a selection of the biggest companies chooses to profile themselves on gender equality and diversity on their online sites (see Chapter 8). The last contribution is a normative analysis on the basis of policy documents and other available material about the law requiring gender balance on company boards (Chapter 9).
A potential legal regulation of gender balance on company boards came on the agenda as a response to the public debate surrounding persistent male dominance in senior management positions in the Norwegian business sector. To understand the relationship between recruitment and unequal distribution by gender, a distinction between explanations regarding supply and demand is often referenced. Supply explanations focus on characteristics of the employee, where unequal distributions are understood as being the result of individual choice, for example, that women choose less relevant educational paths, or have different work values or other career orientations. Demand explanations look at employers’ actions or values, or the organisation of the work establishment as key factors for understanding unequal distribution by gender. Although there is frequent reference to such a distinction between supply and demand explanations, Halrynjo and Lyng (2010) point out that such a dichotomisation simplifies the complexity of the processes leading to the unequal patterns.

In the following section, we will present some of the findings from existing studies of the significance of the law requiring gender balance on company boards.

Recruitment to board positions

A great deal of evidence suggests that there has been a professionalisation of the recruitment to boards in the Norwegian business sector. The formalisation of selection procedures and the establishment of selection committees in the search for new board members have led to increased transparency and professionalisation. However, selection committees have different roles in practice. In some cases, it is the shareholders themselves who choose board representatives, which in some cases then implies that job-related
acquaintance networks are still relevant, while in other cases, it is the selection committee that is responsible for the entire recruitment process (Hetland, 2007). The professionalisation of recruitment processes is of course not a direct result of the gender balance requirement, but a part of the development of principles of good corporate governance and company management (Heidenreich 2010, 2014). Neither recruitment databases nor recruitment agencies have replaced network connections which are still the dominant recruitment channel for both genders. Meanwhile, Heidenreich’s studies suggest that women are employed to a greater extent after a systematic search of the networks.

Studies of the composition of boards indicate some differences between male and female board members that are worth noting: the female board members are somewhat younger, have higher education and have less ownership interests when compared to male board members (Heidenreich and Storvik 2010, Teigen 2012). Still, the age composition of the boards has not changed significantly. On the contrary, there are reasons to believe that in order to meet requirements for gender balance, younger male board members are replaced with younger female board members (Matsa & Miller, 2013). One concern that was raised in connection with the introduction of the quota legislation was that the number of women with multiple board positions would increase, so-called "golden skirts". Early analyses find support for such a tendency (Seierstad and Opsahl 2012). However, subsequent analyses show that the number of board members with many duties is declining among both women and men, even though there are still a few more women, with many board positions (Løyning 2014 and Chapter 7).

The effects of gender balance

Existing studies are not clear in their analyses of whether a growing number of female board members involve changes in the companies' profitability. The analyses of Ahern and Dittmar (2012) conclude that the quota law has had a negative effect on profitability. It is worth noting that Ahern and Dittmar did not find the same result for companies that had women on the board before the legislation came into force. Ahern and Dittmar (2012) explain their findings by showing that the quota law made it necessary for certain companies to replace experienced board members with younger female board members with
less experience, which is further believed to have led to a negative development in the companies' profitability.

Other studies find no particular reason to claim that there is a negative correlation between gender balance and profitability (Nygaard 2011). Nygaard bases his argument on the difference between internal and external board members. The representatives possess different qualities where a balance between the qualities will lead to the best outcome for the company's profitability. It is believed that external representatives will be more able to critically relate to corporate management assessments. Women serve as external representatives to a greater extent than men, which is something Heidenreich (2012, 2014) has also pointed out. Nygaard’s thesis is that more women will entail an improved balance between internal and external representatives, which can positively contribute to profitability. However, Nygaard points out that studies of correlation between the percentage of women and profitability are mostly insignificant.

Matsa and Miller (2013) show that there was a decline in profitability in the short term, while the analysis conducted by Dale-Olsen, Schøne and Verner does not find support for a relationship between corporate profitability and more women on boards. Although several studies have attempted to identify a correlation between profitability and an increase in female board members, there is still uncertainty about how robust these analyses are.

Another presumed negative impact of the law requiring gender balance is that companies presumably have chosen to re-register from being PLC to LTD companies to avoid having to comply with the requirement regarding gender representation. On the one hand, Bøhren and Staubo (2013) claim that there is evidence for such a relationship: they point out that the legal requirement caused half of the public limited companies changing their type of registration. On the other hand, the Institute for Social Research gives a different picture from a 2009 survey: companies stated that factors like there being fewer rules and reporting requirements attached to being an LTD than a PLC and changes in the Securities Trading Act in 2007, as more important reasons for the number of transitions from PLC to LTD. There are probably several factors that help to explain the relatively sharp decline in the number of companies that are registered as public limited companies. It is not unreasonable to believe that legal requirements for
gender balance were a contributing factor in an overall assessment of the reasons for registering PLC companies that otherwise did not have any plans to become listed

“Ethnic balance” on boards and management

As a result of the increased attention to gender balance in the business sector’s elite, questions about recruitment to board positions and senior management positions along other dimensions, such as ethnic minorities, have appeared on the agenda. In Norway, discussions around this have not been very central, but in other countries, particularly the US, this has been a prominent part of the debate on quotas in general. The affirmative action model is the most famous model for equalising differences between gender and ethnic groups in the workplace. In the US, positive discrimination (affirmative action) has been a part of the legislation since the Civil Rights Act was passed in 1964. One of the measures in the American model is, for example, a financial reward system connected to a duty to act, where private companies wanting public procurement contracts commit to promoting the employment of underprivileged groups through targeted, proactive work. Different variants of these regulations can be found in several countries: for example, India, South Africa and Northern Ireland. With the Anti-discrimination Act of 2005, Norway has a similar regulation: discrimination is not allowed, and proactive efforts will be made to increase equality between ethnic groups. With regard to the profitability of ethnic diversity on boards, most studies show mixed or virtually no effects, even though some may also demonstrate positive correlations (see overviews in Brown 2002; Fairfax 2011; Trautman 2014).

“Ethnic balance” in Norwegian boardrooms?

Requirements for the representation of ethnic minorities on company boards do not exist in Norway or other countries. However, there have been discussions about whether this could be a possible extension of the quota rule that applies to the composition of numerous boards in the business sector. An important reason for why such an expansion would be problematic is that it is more difficult to operationalise ethnicity than conventional notions of gender, which is something that will create challenges for such legislation. On the other hand, an important reason for the law requiring gender balance is that men are favoured over
women, and this mindset can also apply the majority who are favoured over minorities. It is therefore not inconceivable that this will be a debate that comes up in the future.
In this chapter, we examine the ripple effects of the law on gender balance on company boards in the form of connections between the legal requirements for gender distribution and actual gender distribution on boards and senior management groups in 247 of the largest companies in Norway.

Our range consists of companies that have Norwegian boards registered in Brønnøysund and senior management groups headquartered in Norway, where the management team consists of three or more people and where information about the composition of the group has been available. Senior Management Group is defined as the chief executive officer (CEO), as well as those who report directly to the CEO. Based on these criteria, we have a sample of 247 companies, among the 312 largest Norwegian businesses. The selection includes different types of companies: listed companies, state-owned private limited companies, inter-municipal/county-municipal companies, state enterprises, health enterprises and consumer cooperatives.

Variation in the gender composition of boards
The composition on the boards of the largest Norwegian companies clearly varies by company type and legal requirement. Among companies without legal requirements, only 13 percent of the businesses in our material have gender balance on their boards, which is defined as at least 40 percent women. Among companies subject to a
legal requirement, two-thirds have at least 40 percent women. Among large private corporations without legal requirements, almost all boards (90 percent) are male dominated. A third of companies with legal requirements and almost nine out of ten companies without legal requirements still have male-dominated boards. Legal requirements regarding gender balance on boards are being complied with. When the gender composition of boards with legal requirements is still less than 40 percent women, this has to do with how the legal requirement is formulated. Both the board’s size and number of employee representatives can lead to the board having fewer than 40 percent women and still be in compliance with the law.

Despite the increase in gender-balanced boards, it is increasingly men who dominate as chairmen. Nine out of ten chairmen are men. Still, we find some variation between companies. Such variation does not, however, follow a distinction between companies with and without legislative requirements on gender balance, but varies between companies that are publicly and privately owned. In publicly owned companies, cooperatives and foundations, there are 21, 33 and 29 percent female chairmen, respectively, while there are only 6 to 7 percent female chairmen in the privately owned LTD and PLC companies in our material. Laws on gender balance have thus resulted in far more women board members in the companies that are subject to the law. Based on our survey of the 247 largest businesses, however, we find neither that the legal requirements relating to gender balance have helped to increase the proportion of women on the boards of the large businesses that are not subject to the law, nor that women have gained a more prominent position as chairmen.

Gender composition in senior management
While the gender composition of the boards varies in terms of legal requirement and company type, the situation for the senior management groups in the 247 companies is surprisingly similar: Nine out of ten senior groups are male-dominated (consisting of more than 60 percent men). Here we find no significant variation between types of companies or legal requirements. Even the chief executive officer (CEO) is almost without exception a man (92 percent). Although the board is directly responsible for appointing the chief executive officer (CEO), it is not
the case that companies having legal requirements for gender balance on their boards have a female CEO more than other boards.

In addition to comprising a small minority in senior management groups, there are also clear patterns regarding where the women who enter into the senior management groups of the largest Norwegian enterprises are located. A key distinction exists between line management positions and staff / support functions. Line positions are considered to be demanding and not very flexible - and often necessary to qualify for CEO positions. Worldwide, women are underrepresented in line positions; instead, women occupy typical staff and support positions (WWW.20-first.com). Even in our selection of the biggest Norwegian companies, this pattern is clear. In positions with line function, which mostly entails positions consisting of results and personnel responsibilities, there is a clear predominance of men.

While the women who enter into corporate management far more frequently enter into positions of staff and support functions within HR, communication, law, strategy and IT, 79 percent of male managers have line management positions, compared with 47 percent of women. A comparison of the proportion of women in staff and line positions with women in management in general reveals that the proportion of women in staff positions is 37 percent, while the proportion of women among managers with line functions is 14 percent. The proportion of women in line manager positions is somewhat higher in the public companies, but also here the proportion of women having staff functions is almost twice as high as for men. The demanding positions that qualify for top senior manager are thus still clearly overrepresented by men.

Different objectives of gender balance in senior management

With a less stringent objective of gender balance, the picture slightly changes. Thirty-nine percent of the businesses have at least two women in senior management. It is the publicly owned enterprises that draw the average up. Nearly eight out of ten publicly owned companies have at least two women in senior management. Still, this is not a manifestation of the legal requirements, since the listed companies are positioned at the opposite end of the scale with only three out of ten companies with
at least two women in senior management. Also when we measure average female representation, it is the public enterprises that positively distinguish themselves. There is on average 18 percent women in the senior management group of the 247 businesses. Public companies have a female proportion of 30 percent, while the listed companies only have a female proportion of 15 percent. We find a weak, significant correlation between actual gender balance on the board and the percentage of women in senior management. Controlled for company type, it turns out that the relationship between gender balance on boards and women in senior management groups are only significant for publicly owned enterprises. It is thus publicly owned businesses that have a higher proportion of women in senior management than any other company. We find no robust relationship between company size, the gender of the chairman or senior manager and proportion of women in the senior management group.

Summary and conclusion

We see clear effects of the law, but these are limited to the boards the laws apply to and only to the gender composition of the boards. Laws on gender balance have thus resulted in far more women on the boards - in the companies the law applies to. There is little evidence that this has led the largest limited private companies to follow suit to recruit more women to the boards. The chairman is almost always a man - even in companies with legal requirements for gender balance. Having more women on the boards has also not led to more women in senior management. A strong majority of men still characterises Norwegian senior management groups. While the gender composition of the boards varies by legal requirement and company type, 89 percent of the senior management positions are dominated by men across business types and legal requirements. Even the chief executive officer (CEO) is almost invariably a man. Although the board is directly responsible for appointing the chief executive officer (CEO), it is not the case that companies with legal requirements for gender balance on the board hires female CEOs to a greater extent than other boards.

A less stringent objective of gender balance slightly changed the picture. Four out of ten businesses have at least two women in senior management. However, it is the publicly-owned enterprises that draw the average up. Listed companies are positioned at the opposite end of
the scale with very few businesses having at least two women in senior management.

In addition to being a significant minority in senior management groups, women are also in the minority in line management positions. Line management positions with result-based responsibilities are regarded as particularly important to qualify for the CEO positions, and here there is a clear predominance of men. The few women who are in corporate management are thus even in Norway concentrated in staff functions to a greater extent than men.
How do Norwegian senior managers understand and explain the fact that the senior management of the Norwegian business sector is still very male dominated and what do they think about measures that can contribute to more equality? We examine here the general perceptions among those who hold senior positions in the Norwegian business sector. We are concerned about what the prevailing conceptions of measures that can contribute to change are. This is not necessarily about which measures will create change, but about what senior managers themselves think, and especially how the perceptions vary within this group. The senior manager's perceptions of explanations and measures may also provide an indication as to what steps they envisage as being relevant to recruiting and retaining women managers in their own business. For example, knowledge of what are perceived to be particularly important explanations for male dominance can also tell us something about what sort of willingness to act exists among business managers. The analyses are based on a survey among senior managers of 173 of the largest Norwegian companies.

One important assumption in attitude research is that there is to some extent a correlation between attitudes and actions. Applied to the area of gender equality, this means that one assumes that positive attitudes toward gender equality (at least to some extent) go hand-in-hand with practices that are oriented toward gender equality.

Attitudes toward gender equality among Norwegian senior managers
The senior managers are generally in agreement about how the problem is portrayed, but there are also significant differences in priorities. On most issues, we find clear differences between male and female senior managers.
Perceptions about why there are few women

We have investigated the senior managers' support for different explanations for why women are still underrepresented in senior positions in the Norwegian business sector. Both male and female senior managers emphasise that women less frequently seek out management positions and that they are less likely than men to choose operative career paths with results-based responsibilities. In particular, there are gender differences in understandings of how internal organisational factors may have a dampening effect on women's careers. For example, there are far more women than men who believe that it is a problem that too much recruitment occurs through informal networks. These gender differences suggest that, among the small minority of women in Norway who have actually succeeded in making a career in business, there are quite a few who believe that barriers for women exist. The men in senior management positions much less frequently perceive that such barriers for women exist.

Reasons for gender equality

We have also examined what the senior managers perceive as important reasons for gender equality. In particular, there are many who believe that women ought to be represented to the same extent as men because they are equally qualified. The differences between men and women are most evident when it comes to reasons having to do with the fact that more women in business will make a difference in how companies are run, and lead to better economic results and better "risk management". Far more women than men agreed with this. While both women and men believe that more gender equality will be good for women, women more often than men believe that gender equality will also be good for business.

Attitudes toward gender equality measures

Furthermore, we have investigated attitudes to different types of equality policy related to gender balance among the elites of the business community. Women are generally more positive than men toward various measures for improving the gender balance here. We find that there is great support for an active recruitment policy among both women and men. As we have already seen, this corresponds well with the fact that the most supported explanation for the
underrepresentation of women is that there are too few women who apply.

Attitudes to legal requirements for gender balance
Finally, we have investigated attitudes to legal requirements as appropriate instruments to promote gender balance on the boards of the business sector. The women are generally more positive than men.

We have here also examined whether senior managers of businesses that are subject to legal requirements are more positive towards gender equality measures and gender quotas than senior managers who are not subject to legal requirements. Here we find an interesting pattern. There are no differences between the senior managers of LTD companies and PLC companies. However, most senior managers in LTD and PLC companies clearly distinguish themselves from senior managers in other businesses that are subject to legal requirements, which essentially mean publicly-owned companies. Senior managers in the latter group are considerably more positive toward legal requirements than senior managers in the former group. In other words, it is not whether the business is subject to legal requirements or not that has significance for the managers’ views on gender quotas. These other types of businesses are more closely linked to the public sector, whether the municipality or the state, than the other LTD companies and PLC companies.

Conclusion
The analysis of variation in attitudes among the senior managers in the largest Norwegian businesses leads to two main types of reflection. First, it does not seem that the legislation in itself has a particular effect on support for gender equality. There are admittedly certain differences between the public and private sectors, but these probably reflect differences in attitudes that were there even before the law requiring gender balance was introduced. Second, it is worth noting that there is a large degree of consensus both regarding why women are underrepresented and what kinds of measures are needed to change the gender imbalance. Meanwhile, there are some very interesting gender differences in response patterns, which reflect important differences
between women and men in the perception of what poses challenges to gender equality in the business sector and what measures are necessary to promote gender balance at the highest level.
Underrepresentation of women in senior management is a widespread phenomenon across countries, but the situation in Norway represents a special paradox: Despite the fact that Norway is exemplary when the world’s countries are ranked on general gender equality and the economy and labour market, Norway ends up in 58th place when the countries are ranked on senior management and gender equality (The Global Gender Gap Report 2014). Here, we look more closely at the senior management groups, and examine what characterises the many male senior managers and the few female senior managers in large Norwegian businesses. Based on the survey on senior management, recruitment and gender balance, with responses from 404 senior managers (114 women and 290 men) distributed among 173 different businesses, we examine first what kind of positions women and men have in senior management in Norwegian companies, who has operational line responsibility, whether they have board positions and what kinds of board positions. Then we map the managers’ backgrounds, how they were recruited and what conditions the managers themselves emphasise as important for their own management careers. Finally, we will look at the managers' family situation.

Previous studies on gender, career and senior management
A lack of gender balance on boards and in senior management - in the form of an absence of women - is a widespread phenomenon. Several studies show that the proportion of women decreases as the level of management increases and that the middle management level is crucial. (Barsh and Lee 2012, Rønning and Karlsen 2014). It is about finding out what is required to ensure that women do not leave the business world at this level, but remain and advance, particularly through the phase of having small children, even in line management jobs. Line management jobs are more demanding and less flexible and family-
friendly than staff jobs (Barsh and Lee 2012). Senior management jobs pose typically high demands on effort, mobility and performance. The family situation can thus have an impact on who may choose to pursue a career with operational management responsibilities. Previous studies of elite educated Norwegian women and men have shown that the distribution of responsibilities for children and different maternal and paternal adaptations to work and family influences who become managers regardless of career preferences and gender ideals (Halrynjo and Lyng 2010). The senior managers themselves point to more equitable distribution of responsibilities at home and for children as an important factor for improved gender balance. Seventy-six percent of female senior managers respond that more equitable distribution at home is important (see Chapter 4). In this sample, we have only included men and women who have succeeded in getting to the very top. We will examine the extent to which female and male senior managers have different family situations and if we find any correlation between gender, family situations and operational management responsibilities.

Women and men in senior positions in the Norwegian business sector

Similar to the findings in chapter 3, the survey shows that male senior managers are far more likely to have an operational line management position with results responsibilities. Male managers are also twice as likely to be CEO/administrative directors and COO/vice administrative directors, while women are overrepresented among HR and other staff functions like communications director, strategy, marketing or legal director or other functions related to HSE (health, safety and environment). Both female senior managers in general and CEOs in particular are strongly underrepresented in all types of industries and businesses with and without legal requirements, except in state enterprises including health trusts.

Two-thirds of the senior managers in the survey have board positions in Norwegian businesses. Male and female senior managers have board positions in approximately equal measure, and we also do not find gender differences across industries. Yet male senior managers have far more board positions than female senior managers. Male senior managers are also almost three times as likely to be chairmen. Female
senior managers are typically ordinary members. It also seems that female and male senior managers have board positions on different boards: Female senior managers far more frequently have board positions on gender balanced boards. The survey of Norwegian senior managers shows a clearly gendered hierarchy also within boards and senior management groups, where the men sit on top in both senior management and board positions. We find no correlation between the companies subject to the gender quota legislation and the gender composition of senior management - men dominate as CEO/administrative directors and operational positions regardless of legal requirements. Male senior managers have far more board positions and are far more frequently chairmen. Still, more female senior managers have board positions after the reform.

The road to senior management
Both female and male senior managers in our study are highly educated. Half of the senior managers have a business/economics education (MBA). The average age among senior managers in the sample is at 50.6 years. The women are on average four years younger than the men. However, it is not the case that senior positions are first offered when a person approaches 50 years of age. The average age of when senior managers on the committee got their first job at the CEO level is 38 years. Two-thirds of the senior managers got their first manager position either prior to or when they were 40. This suggests that a person’s career path in his/her 30s greatly influences who gets promoted to director/the top echelons of the Norwegian business sector.

A concern has been raised that informal network-based recruitment favours men, and that an increased formalisation of recruitment processes will give more women the opportunity to become senior managers. The degree of formalisation typically increases via external recruitment and by involving recruitment firms. However, we find no significant difference in how male and female senior managers are recruited. A scant majority were recruited internally, but external recruitment and the use of recruitment companies is also common. Regardless of whether the senior managers are recruited internally or externally, or through a recruitment firm or not, it is still mostly men who are recruited to senior management in large Norwegian businesses.
What does it take to become senior manager? Senior managers primarily emphasise individual characteristics such as drive and commitment. Professional focus and commitment, one’s own "drive" to succeed and interest and commitment to management are given great importance. Yet in addition to having the internal momentum and willingness to invest, it is vital to get on the path early leading toward the top: to be seen by superiors and be given challenges and responsibilities early in their career is considered important. Then it is imperative to have an actual opportunity to be able to prioritise work and career. Back-up and support from a partner and colleagues lies somewhere in the middle of the scale. However, there are some interesting gender differences. Having support from partners, parents and colleagues is more important for women. Mentoring and leadership development programmes are not considered important for one’s career among those currently holding senior management positions. Such programmes and arrangements are not considered to be important measures for succeeding in achieving better gender balance in senior positions in the Norwegian business sector. Our study cannot be used to say that mentoring and leadership development programmes have no effect, but we can conclude that today’s senior managers of both genders have little faith in such measures.

Senior managers’ work-family adaptations

Most senior managers of both genders are in relationships and have children. Yet we still see tendencies toward a gender-biased pattern where women senior managers are more often childless, have fewer children, are less frequently cohabitating/married and more often have children from previous relationships. Both male and female top managers work a great deal. Six out of ten senior managers of both genders say they work more than 50 hours a week. Male senior managers travel much more than women in connection with their jobs. The difference in travel days relates largely to whether one is working on staff or line. Line managers travel much more than senior managers having staff functions. Thus, line management jobs are also not very family friendly. While male and female senior managers work about an equal amount, there are major differences between the male and female senior managers when it comes to the employment of their partners/spouses, and thus the extent to which they have what may be referred to as a ground crew at home. Female senior managers largely
have partners who work full time. Male senior managers often have partners who work part-time or are homemakers. In addition, the partners of male senior managers who have full time jobs work much less than the partners of female senior managers.

Who is in charge at home?
Even senior managers have homes and families that must be looked after. When it comes to attitudes, Norwegian business managers are generally very gender equality-oriented and believe that the best thing for a family with children under school age is that both parents work an equal amount and share equally in the responsibility for the home and children. However, it is typical for a male senior manager to have a cohabitant/spouse who does the most work. In contrast, it is typical for a female senior manager with cohabitant/spouse to share equally. The everyday logistics in a senior manager’s family with long and unpredictable working days and many travel days can be challenging. Here once again the gender-biased conditions for male and female senior managers are conveyed. Male senior managers report partner efforts as being most important. Female managers, however, report their own efforts as being most important.

Work-family and senior management career
The average age at the birth of the first child is 29 years, for both male and female senior managers. The average age at acquiring the first senior management position is 38 years for men and 39 years for women. This often means that it is during the child phase that senior management careers are built and here the conditions for men and women are very different. Male managers can to a much greater extent count on their partner not only helping with practical tasks, but also taking on the greatest part of the responsibility.

Getting responsibilities and challenges early in one’s career and pursuing operational line management positions is considered important. Based on what we have presented here, it is not a given that it is the willingness to recruit women that is lacking, but the conditions for being able to be seen and take on responsibilities and challenges. If we compare the gender gap in the family situations of senior managers, which is described in this chapter, with what they have emphasised as
measures to promote women's presence at the top of the Norwegian business sector in Chapter 4, an interesting pattern appears. The female senior managers are to a far greater extent than men concerned about the importance of making women aware of career building, better opportunities for a career-related comeback after the small child stage - and more equal distribution of the responsibilities for children and family between mothers and fathers. Given the differences in the familial circumstances of male and female senior managers and work-family adaptation, it is precisely the conditions for making one’s career that women in particular focus on.

A challenge for politicians, organisations and businesses who want gender balance in senior management is then to look at opportunities for encouraging businesses toward an active recruitment policy in order to recruit women at all levels. Yet it is also important to make the fathers within the business community accountable for taking greater responsibility for their own children and their own families.
6 Gender balance on boards and women’s careers

Kjersti Misje Østbakken, Harald Dale-Olsen and Pål Schøne

Norway is in most international comparisons considered among the most gender equitable countries in the world, but there are still relatively large hourly wage differentials between women and men (Barth et al. 2013), and women are still greatly underrepresented among people in management positions in the labour market (Bartsch and Skårerhøgda 2010). There is an ongoing discussion among researchers, politicians and others regarding both the reason for this gender gap and what can be done to reduce it.

Starting out from this issue, we have examined whether a political reform that facilitated access to the boardrooms for women in public limited companies (PLC) has had an impact on outcomes other than the direct effect for the women who entered into the boardrooms. Specifically, we examine whether the gender quota law - which greatly increased the proportion of women on the boards of Norwegian PLC companies - has served as a "lever" for improving women's career development on the Norwegian labour market. We analyse whether the introduction of this type of reform has had any measurable effects on career development and equality between women and men on the labour market. Our measures of career development will be salary increases and the probability of having a management position in business.

A number of assumptions have emerged about the possible ripple effects of the law requiring gender balance in public limited companies; in particular, it has been argued that increased female representation on the boards of PLC companies could conceivably have an indirect positive effect on women's career development within these businesses. Such a development may be, for example, a consequence of women gaining access to better and more productive networks, and changes in attitude, both among employers and women in working life. If one
reason for the low percentage of women in PLC boardrooms prior to the reform was unreasonable restrictions on women's access to such boardrooms, then the reform could have positive indirect effects in that employers get "forced" or become more aware of women's expertise in the business, for example, in the recruitment of managers. An increased proportion of women in boardrooms can also conceivably have a positive effect in that women gain more faith that the way to the top has become shorter for all women, not just those who have gained entry into the boardrooms. In this way, it is conceivable that the law requiring gender balance on the boards of public limited companies has affected the likelihood of women becoming managers and the general wage growth.

The introduction of the law requiring gender balance on company boards has been evaluated along a number of dimensions and with different outcome variables. A section of the quantitative research literature has evaluated the reform in terms of whether it has affected businesses' profitability. The results differ substantially. Ahern and Dittmar (2012) find that the reform has negatively affected the businesses' profitability, while Dale-Olsen et al. (2013), among others, find that the reform did not have any measurable effects on profitability. The quantitative research literature that has analysed the significance of legal requirements for gender balance on the boards of public limited companies on women's career development is relatively limited. Still, a recent example is Bertrand et al. (2014). They utilise Norwegian registry data to analyse the impact of this reform. They find few effects of the law requiring gender balance on women's career development. They find that the gender balance requirement has improved women's relative position at the very top of the distribution of wages (top five percent), but they do not find that the effect of the reform spread to other women further down in the distribution of wages. They also find no measurable changes in the wage gap between women and men as a result of the reform. Thematically, we will discuss several of the same general questions that Bertrand and colleagues (2014) do. Our methodological approach is still somewhat more straightforward, and part of our analyses has a somewhat more descriptive character. Still, our results seem to be relatively consistent.
Data and variables
In this chapter, we utilise administrative register data at the individual level. The data were taken from several different registries, collected and processed by Statistics Norway (SSB). We have included information about whether the person works in a PLC or LTD company, whether this person has a management position in business, and how high this person’s hourly wage is. The last two pieces of information are our two outcome variables.

Results
Our main results can be summarised as follows: We find that the probability that women work as managers in business has increased for PLC companies relative to women in LTD companies, after the introduction of the law requiring gender balance on PLC boards. This may initially indicate that the reform has helped women’s opportunities to become managers on the labour market, but we find the same pattern for men. There is therefore no reason to argue that the law requiring gender balance on the boards has increased women’s likelihood to become managers relative to men. There is still reason to mention that this result gets slightly modified when comparing large PLC and LTD companies (more than 50 employees). Among these, we find an indication that the introduction of legal requirements for gender balance among PLC companies has had somewhat of a positive effect on women’s opportunity to gain management positions in business.

When it comes to wage developments, we find that the law requiring gender balance on the boards of public limited companies seems to have increased the hourly wage of female board members in PLC companies; both in relation to female LTD board representatives and in relation to women who do not sit on any boards. With regard to the development in the level of hourly salaries of women employed in PLCs in general, we find that they are higher than the hourly salaries of women employees in LTD companies, but this difference seems to already be present even before the introduction of the reform. It therefore does not seem like that the introduction of the law requiring gender balance on the boards of public limited companies have had any lasting positive effect on hourly wage levels.
Conclusion
Although this analysis calls for some caution when it comes to how effective such a reform can be in relation to affecting women's overall career opportunities, it is probably still too early to come to a firm conclusion on the long term consequences. The establishment of effective networks takes time, and any "glass ceiling" mechanisms will likely shift slowly. Studies of the type we have conducted here should probably therefore be repeated at a later date, when one is more certain that any potential long-term effects can be uncovered.
The starting point for this part of the project is that boards constitute a basis for networks. When one individual is a member of at least two boards, connections are established between these boards and their respective board members. Thus, when the significance of the law on gender balance on the boards of public limited companies is being considered, it is not only interesting to study it based on the individual board or the individual board member, but also from a network perspective. This especially applies because part of the objectives of the law on gender balance on boards was that there should be a certain balance with regard to having access to the key decision arena that constitutes the large enterprises of corporate boards, in other words a certain balance with regard to power. Networks have in many cases proved to be of great significance with regard to power (most directly in the fact that one person can influence certain others), and it is therefore important to analyse the "board system" coming from a network perspective.

In this contribution, gender differences are analysed based on the centrality of board networks based on the distribution of duties. However, the majority of board members, both women and men, hold only one to two board positions. The analyses that follow thus concentrate on the centrality of board networks.

Centrality of board networks
Although it is true that the law does not directly regulate the board network, it only regulates the composition of individual boards, it is reasonable to assume that it will affect the board network. When the composition of boards is changed markedly, it is unlikely that the derived network will not be affected. Studies of the network just after the implementation of the law for all PLC companies showed that the
law was of great significance. Women became generally more central in the
network than men, measured according to various indicators of centrality (with number of positions as the easiest indicator). This completely reversed the previous situation, where women were in a minority among board directors in general, and among board members with several positions in particular. The issue examined here is whether the women's central position is maintained over time.

A reasonable assumption is that the reason for the relatively central position women received after the implementation was due to an adaptation process, and that after such an initial adaptation phase, the position of women will become less central. The main finding is that this is not the case. Women are central in the entire period examined here. Women had an average of 1.29 positions in 2008, while men had 1.19. These numbers are reduced to 1.19 and 1.12 for women and men, respectively, in 2013. Although the figures are reduced, women are still more central than men throughout the period. When we look at the proportion of women among the more central board members, this pattern becomes even clearer: the proportion of women increases the more exclusive group of board members we focus on. Among those with at least two positions, the proportion of women approaches 50 percent; among the board members with three or more positions, women make up at least half during the entire period. At all times (that is, for every year between 2008 and 2013), it is a woman who has the most positions and thus are the most central. The tendency for women to persist in being central in the network also applies when we measure centrality using another indicator (intermediary position).

If we look at the gender balance at the core of the network, which here is defined as those with at least three positions, the female presence is strengthened over time. While half of the core (totalling 102 members) was women in 2008, women constitute a clear majority in 2013 (21 of a total of 36 board members). In sum, there is thus nothing to suggest that the central position of women in 2008 was a transient phenomenon, rather women's central position is maintained, and in some ways strengthened over time. Meanwhile, there has been a sharp decline in the number of board members holding at least three positions.

Another question that is exposed has to do with careers on the board: here we examine whether it is typical that those holding one position in
2008 acquire more positions over time. In other words, is it typical to have a "rising" board career where one accumulates several positions over time, is this characterised by stability, or is there high turnover among board members. This has been studied both generally and specifically for the core of the network. Here, there is a striking finding regarding the degree to which board members, both women and men, are replaced over time. Already in 2010, a majority among those holding one office in 2008 (regardless of gender) had lost their position, and even among those with more than one position in 2008, a majority ended up with no positions during the period up to 2013. We also find this tendency, albeit to a lesser extent, when we only take into account companies that have existed as a public limited companies throughout the period.

We find the same trend when we solely focus on the core of the board network, that is, those with at least three positions. Even in this group of board members, there is high turn-over, only 15 of the 102 board members who were part of the core in 2008 were still with the core in 2013. It is also worth noting that 11 of these 15 are women, in other words, women make up an essential element of the stable core of relatively few centrally placed board members.

From a network perspective, the main conclusion is that the legislation regulating gender balance on the boards of public limited companies thus far has been striking: the law quickly led to women becoming central in the network, and they maintained this position throughout the entire period being examined. Women have thus not only gained access to the power entailed in the individual positions, but also to the power and the possibilities that the board network represents. Some individuals, including some women, have key positions throughout the entire period, although the main pattern is that there is relatively high turnover among board members.
We have investigated the extent to which – and in what ways – some of the biggest Norwegian companies choose to outwardly profile themselves with respect to gender equality. Do they represent themselves as businesses with the goal of gender balance and diversity among their employees, management and boards? Do they seem concerned with the issues related to the general underrepresentation of women on boards and management in Norwegian business? How are these issues handled in the companies’ external communications?

Selection of businesses
Among the 25 largest Norwegian companies, a selection has been made of twelve companies that together represent a range of types of businesses, ownership and gender composition in boards and management. These are categorised according to actual gender composition at the top, according to the picture from January 1, 2014. Forty-sixty percent of each gender is described as balance:

Table 8.1 Overview of 12 of the largest Norwegian businesses by gender composition of boards and management

<table>
<thead>
<tr>
<th>Gender-balanced management</th>
<th>Gender-balanced board</th>
<th>Gender-skewed board</th>
</tr>
</thead>
<tbody>
<tr>
<td>A/S Norske Shell Posten AS</td>
<td>Exxonmobil Exploration and Production Norway AS</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender-skewed management</th>
<th>National Oilwell Varco Norway AS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eni Norge AS</td>
<td>Orkla ASA</td>
</tr>
<tr>
<td>Storebrand ASA</td>
<td>Coop Norge SA</td>
</tr>
<tr>
<td>ConocoPhillips</td>
<td></td>
</tr>
</tbody>
</table>

3 From the DN500-list from 2013, ranked according to turnover
For these twelve companies, an analysis has been carried out of how the companies profile themselves as businesses and workplaces with regard to gender balance, equality, diversity, discrimination, family friendliness and opportunities for career and manager development. The company’s profiling is understood as the overall impression given by text and visual effects used on the respective companies' websites, and in other words is an analysis of how the companies choose to promote themselves externally. Companies are categorised by degree of gender equality profiling (gender balance and diversity):

### Table 8.2 Overview of the 12 companies’ gender composition and business profiling

<table>
<thead>
<tr>
<th>High diversity profile</th>
<th>Average gender balance profile</th>
<th>Low gender balance profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>High gender balance profile</td>
<td>A/S Norske Shell Posten AS Orkla ASA</td>
<td>Norgesgruppen ASA</td>
</tr>
<tr>
<td>Average gender balance profile</td>
<td>Norsk Hydro Storebrand ASA</td>
<td>Coop Norge SA Helse Vest RHF Conoco Phillips Skandinavia AS</td>
</tr>
<tr>
<td>Low gender balance profile</td>
<td></td>
<td>Exxonmobil AS National Oilwell AS</td>
</tr>
</tbody>
</table>

### Variation in self-profiling

There is a broad range among the company profiles. At one extreme, we find ExxonMobil Exploration and Production Norway AS, who do not refer to or illustrate gender balance or diversity, and National Oilwell Varco Norway AS which apparently operates with a minimum understanding of gender equality as the absence of discrimination. On the other extreme, we find Posten AS, Storebrand ASA, Orkla ASA, A/S Norwegian Shell and Norwegian Hydro ASA, which have a more general focus on proactive measures for gender equality in their external communications.
Between the proactive companies and those who practice a minimum understanding of gender equality, we find those that mention gender equality, but do not specify measures. Here, we also find those who do not write much on the subject, but who profile themselves as gender equality-oriented through visual means.

There is therefore considerable variation between the largest Norwegian companies when it comes to the profiling of gender equality measures and objectives. While some companies omit gender in contexts where it is almost striking, one company has stipulated measures for moderate gender quotas for managerial positions (Posten AS). Seven out of twelve companies have an overrepresentation of women in visual effects on their web pages, and half of the companies profile themselves as having family-friendly measures such as flexitime, extended parental leave, care leave, home office, kindergarten spaces and the fact that meetings should be held within normal working hours. It is also interesting to note that very few emphasise gender equality as a goal for their work with managerial recruitment.

**Gender equality profile and actual gender balance**

Several companies do not make issue out of their gender equality, diversity and gender balance measures. One possible interpretation of this is that they view the goal of equality as something natural that there is agreement on - and which therefore does not need to be explained. Among the companies that choose to raise the issue, we find utility arguments, which refer to the operation, production, recruitment, manpower needs, broader market and customer understandings, and fairness arguments, which refer to integration, social responsibility, "gender equality aspect" and values like "respect for people". The utility argument is more frequently raised, but is in no way absolute when business itself argues for gender balance and diversity at the top.

Individual companies like Orkla ASA and Norwegian Hydro ASA stand out with a particularly large gap between a high gender equality profile and a strong under-representation of women in management (Orkla) and board and management (Hydro). This could be interpreted as the companies having a desire for improved gender balance, but for various reasons have not succeeded. Yet it can also be interpreted as
indicating that the companies put more emphasis on being perceived as
gender equality oriented than creating gender balance in practice, and
that profiling in that sense is considered to be more for reputation-
building. To answer what this disparity is all about, however, it will be
necessary to examine the measures and practices of the companies
themselves closer. For most of the companies studied, however, there is
a correlation between profiling and practice when it comes to equality.
The companies with the most and least gender-balanced management
and boards are also those with the highest and lowest gender equality
profiling. The companies that place themselves at the midrange of
equality practice usually find themselves also at the midrange when it
comes to the company’s gender equality profiling. Among the
companies analysed, there is also a tendency for the companies that
come under the legal requirements for gender balance on the boards to
profile their gender equality measures a bit more than companies that
do not. Here the "best practice" company A/S Norwegian Shell, without
the legal requirements, is a clear exception.
9 The Right to Participation – How far does it extend?
Fredrik Engelstad

When Parliament in 2003 changed the Public Limited Companies Act and stipulated a specific distribution of women and men on the boards of public corporations, something new happened. Gender quotas were not implemented by virtue of internal decisions, but because the state as an outside entity intervened in the private sphere. Many perceived it as incompatible with property rights and shareholder democracy and democratic rights in general, that the shareholders could not elect their representatives to the board freely. How could it then be justified that Parliament, as a democratically elected assembly, departs from what are perceived to democratically-based standards? To answer this question, it is necessary to take a detour; about the understanding of democracy and of property rights as a democratic right, and possible conflicts and necessary trade-offs between various democratic rights.

Democracy and property rights
In general, there are two types of justification for the limitation of property rights. First, property rights must be restricted so that they are consistent with other rights that citizens have. Legal philosopher Stephen Munzer (2009) puts it this way: Property rights must be designed so that they are consistent with other people’s opportunities to realise their welfare. Second, a distinction can be made between ownership of personal objects and means of production that others rely on to sustain life. John Rawls (1970: 61) points out that the right to ownership of personal objects is a part of basic personal freedom, and falls under the principle of equality. In this lies the idea that reasonable restrictions are of the same type as the limitations on personal freedom that are necessary for everyone to be free individuals. The importance of ownership to the means of production, however, is subject to greater restrictions; they fall under Rawls' difference principle. This means that ownership of the means of production is organised so that it provides the best possible outcome for the disadvantaged, for example, by creating jobs that provide income they otherwise would not get.
Evaluation in light of various types of companies

Quota schemes of boards apply to a number of company types. In terms of public enterprises, this applies to various types of governmental, municipal and inter-municipal enterprises. The state or municipalities are the sole owners or majority owners, and can appoint the boards they want. Cooperative enterprises occupy a different position. These are not private in the same way as public limited companies and they have a different type of democratic legitimation. Although they were also subject to a legal quota from 2008, the arrangement can largely be seen as self-imposed, given that the Board of Norwegian Agricultural Cooperatives themselves took the initiative to implement gender quotas for boards of cooperative enterprises as far back as 2003, five years before it became law. One reason might have been a desire to have prior influence on the formation of a law that could potentially come into being; another that the agricultural cooperative would distinguish itself as a modern enterprise in line with the requirements of the time (Bjørkhaug and Sørensen 2012).

The types of organisation that require a more extensive discussion are limited companies (LTD) and public limited companies (PLC). In Norway, there are around 150,000 limited companies, with around 450,000 board seats. They vary enormously, both in revenue and number of employees, but most are small and a majority have family-based ownerships. This means that the shares are owned by a relatively small number of people. Such shares are negotiable, but there is no formalised system for potential revenue. In comparison, public limited companies constitute a small group. In 2003, when the statutory provision on gender quotas were adopted, there were around 630 PLCs. They fell into three main groups: Companies listed on the stock exchange, companies that could potentially be prepared for stock exchange listing, and companies that engaged in securities trading. In the meantime, two important changes have taken place: Enterprises engaged in securities trading have been exempted from the PLC structure, and a number of companies that were PLCs have been re-registered to LTD companies. Still, all companies on the stock exchange must be PLCs. The consequence of these two changes is that the number of PLCs has been halved since the law was passed. In practice, the majority of PLCs are either listed on the stock exchange or they are considering becoming so in the future.
Why PLC and not LTD?
There are two important differences between LTDs and PLCs. Limited companies have lower capital requirements and less extensive reporting requirements than public limited companies. And the ownership is consistently more personal in LTDs than PLCs. The vast majority of PLCs are listed or are candidates to become so. On the stock exchange, shares may be subject to purchase and sale at any time. This distinction between the personal and the impersonal is not absolute; there are listed companies with an element of personal ownership, just as there are also limited companies that by virtue of their size and shareholder composition do not have a clear personal foundation. Yet in any case, having a company listed means that ownership is available to shareholders and potential shareholders who are not part of a limited group of owners. The fact that gender quotas are imposed on PLCs and not on LTDs raises the question as to whether implementing quotas is reasonable in one case and not in the other. Put another way, should the two types be treated equally, so that both either do or do not have a quota requirement?

The fact that imposing a quota on the board means an encroachment on property rights is clear enough. Yet this regulation is modest; it does not intervene in the shareholders' ability to influence the board’s decisions, only aspects of their choices which have little or no importance. It does not interfere in their personal relationship to what they own. This disadvantage must be weighed up against democratic considerations. It is likely that the element of gender discrimination will be reduced. Moreover, the arrangement will likely have positive effects on women's aspirations for and participation in senior positions in business. Within moral-philosophical theories, these factors may be considered in several different ways, and several of them suggest that reform is acceptable (Engelstad 2011).

It is reasonable to assume that the proportion of personal connection among the owners of the companies is clearer in the limited companies than for listed companies. However, this can also be seen in conjunction with other regulations of boards and their boardroom work. Personal owners with over 30 employees must accept that the employees may demand to be represented on the board, so they are also in a sense put on the board due to quotas. Is there any difference between this constricted of ownership and that which follows from...
gender quotas? Here it should be noted that this intervention in ownership is of a different character. The employees are part of the business, and have a personal interest in being informed about and being able influence matters relating to the company’s long-term dispositions. Women as a group do not have these types of personal interests, what they represent are general democratic considerations.

When one compares the justifications for quotas in PLCs and LTDs, it can be done in two ways: Either by considering the two separately or looking at the one in light of the fact that the other already exist. First, with regard to considering the two separately, a crucial difference lies in the argument related to type of ownership. The fact that LTDs in many cases have owners with a strong personal relationship with the company does not mean that in every context it is unreasonable to intervene in their ownership. Still, it requires a weightier justification than for PLCs, where the board position increasingly has the quality of being a public position.
Literature


48 Gender balance on company boards


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Denne rapporten gir et sammendrag av hovedfunn fra prosjektet: Effekter av kjønnsbalanse i bedriftsstyrer. Prosjektet er finansiert av Barne-likestillings- og inkluderingsdepartementet.

De ulike kapitlene tar i tillegg til innledningskapitlet, som beskriver bakgrunn for lovkravet om kjønnsbalanse i bedriftsstyrer (kapittel 1), samt foreliggende kunnskapsstatus (kapittel 2), for seg hvordan lovkravet om kjønnsbalanse har virket. Vi er opptatt av mulige positive og negative virkninger, samt mangel på betydning. Vi undersøker betydningen av kjønnsbalanse i styret for kjønnsbalanse i ledelsen i de største norske selskapene (kapittel 3); holdningsvariasjon til spørsmål om likestilling, og spesielt forskjeller mellom virksomheter med og uten lovkrav (kapittel 4); kjønnsforskjeller i karriereveier, kjønnsforskjeller mellom topplederne i familiesituasjon og karriereveier (kapittel 5); betydningen av lovkravet om kjønnsbalanse for forfremmelser og lønn i allmennaksjeselskap sammenlignet med aksjeselskap (kapittel 6); kjønnsforskjeller i sentralitet i styrenettverk (kapittel 7); de største selskapenes selvprofilering på likestilling og mangfold (kapittel 8); samt en analyse av normative begrunnelser og demokratiaspektet ved lovkrav om kjønnsbalanse for ulike selskapstyper (kapittel 9).
This report summarizes main findings from the research project: Effects of gender balance in corporate boards. The project is financed by the Ministry of Children, Equality and Social Inclusion.

This report consists of nine chapters. The introductory chapter will provide key information about the gender quota legislation, as well as describe the policy process that led to the gender balance legislation; the second chapter will present some of the existing research on the gender balance regulation of corporate boards; chapter three investigates the relationship between gender representation on corporate boards and in the top management group; chapter four analyses differences in attitudes to gender equality among top managers; gender differences in career patterns and gender differences among top managers in family situation and background is analyzed in chapter 5; the effects of gender balance legislation for career progress and gender wage-differences, is studied in chapter 6; gender differences for centrality in corporate networks is studied in chapter 7; the largest companies profiling on their web-sites in regard to gender equality and diversity are studied in chapter 8; chapter 9 interrogates normative reasoning and aspects of democracy in relation to the legitimacy of legal regulation of gender balance for corporate boards.

Index terms

Gender balance, gender quota, economic decision-making, corporate boards, career, network.