



# GENDER QUOTAS IN CORPORATE BOARDS

## THE NORWEGIAN EXPERIENCES

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# Presentation outline

- 1 Facts and figures
- 2 How the quota reform came about
- 3 Who sits on public limited company boards in Norway – results from a survey
- 4 Consequences of the quota law
- 5 Positive effects

# 1. Facts & figures

# The Company Act

- **§ 6-11a.** Demand of representation of both gender in the board
  - (1) In the boards of publicly listed (etc.) companies both gender should be represented as follows:
    - 1. Where there are two or three members of the board, both genders should be represented
    - 2. Where there are four or five members of the board: both genders should be represented with at least two
    - 3. Where there are six to eight members of the board, both genders should be represented with at least three.
    - **4. Where there are nine or more members of the board, each gender should be represented with at least 40 %**
    - 5. Rules 1 to 4 are the same as for election of deputy members

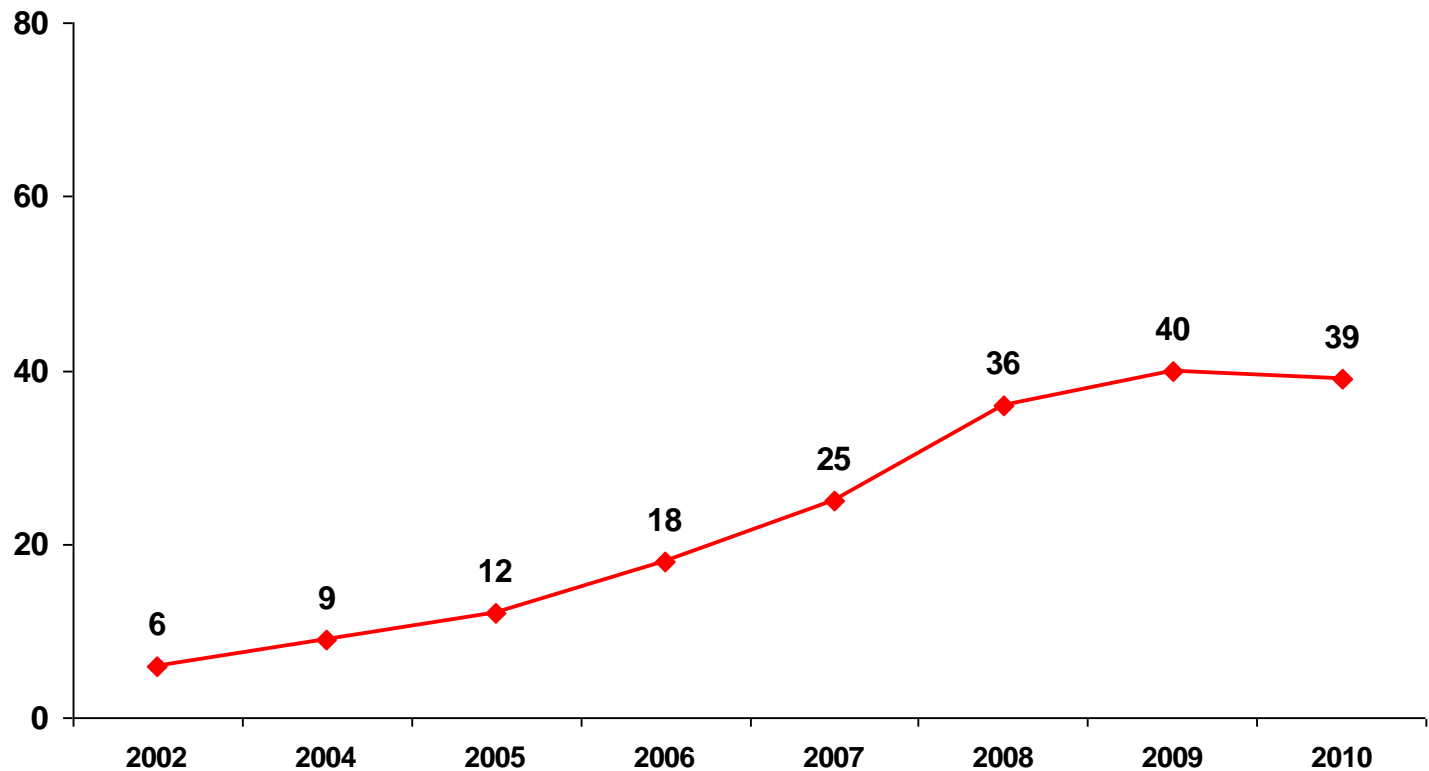
# Types of companies

- The quota law applies for:
  - Public limited companies
    - New established (2006)
    - Established (2008)
  - Inter-municipal companies (2004)
  - State owned companies (2004)
  - Municipal companies (2009)
  - Co-operative companies (2009)

# The Public Limited Companies

- About 350 to 400 companies
- Total number of seats on the boards: ~ 2400
- These seats are filled by ~1400 persons
  - 800 men
  - 600 women

# Women on the boards of public limited companies, 2002-2009 (%)



# Sanctions

*A company that does not have a legal board , despite several warnings with the possibility of correcting the matter, will be subject to forced dissolution.*



## 2. How the quota law came about?

# Gender quotas on boards in Europe

- Legislation

- Norway: 40 per cent 2008
- Iceland: 40 per cent 2013
- Spain: 40 per cent 2015
- France: 40 per cent 2016
- Belgium: 30 per cent (about to be adopted)

- Non-legislative arrangements

- Finland: Stock Exchange regulation. No less than one woman on each board
- Sweden: Corporate Governance code
- Netherlands: 30 percent women until 2016 ( + 250 employees) ??
- Germany ?

What kind of political processes brought the law to be passed by the parliament and then relatively successfully implemented?

# Why quotas in Norwegian company board

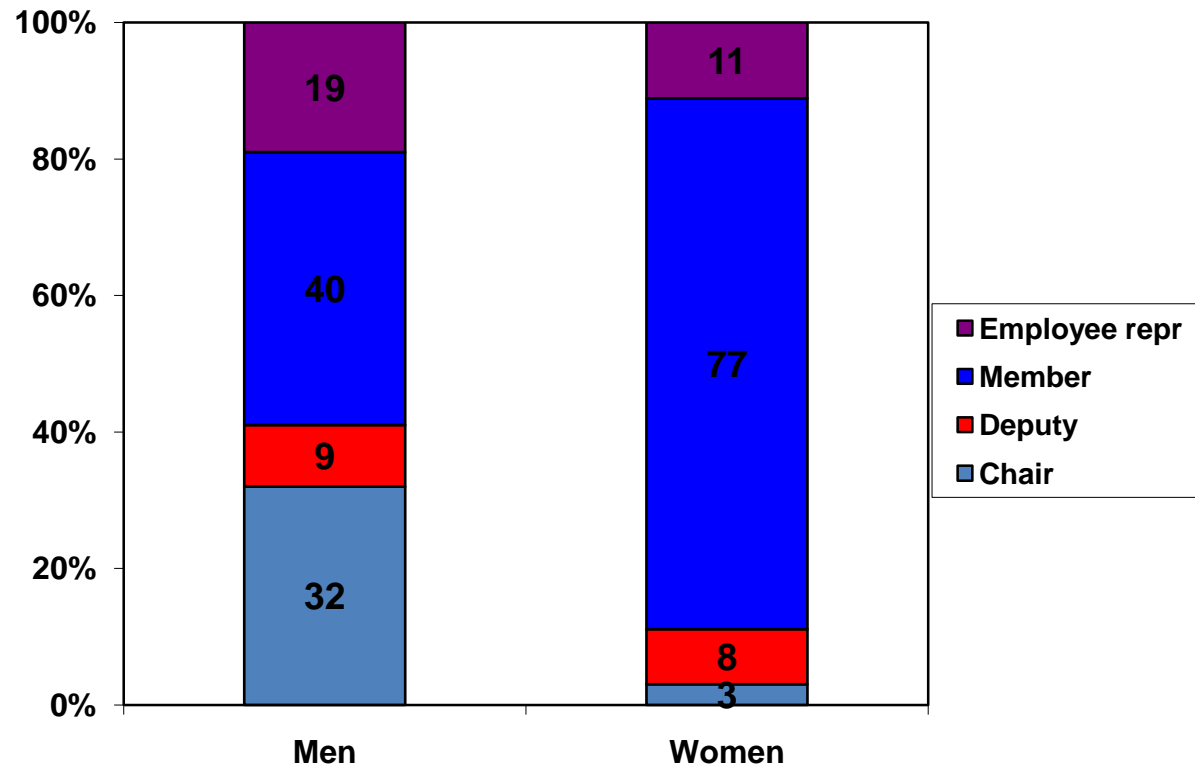
- Women in management debate hit Norway and Scandinavia hard
- The Norwegian quota tradition
- The politics of deregulation and liberalization
- The acts and moves of individual politicians

4. Who sits on Norwegian public limited company boards – results from a survey

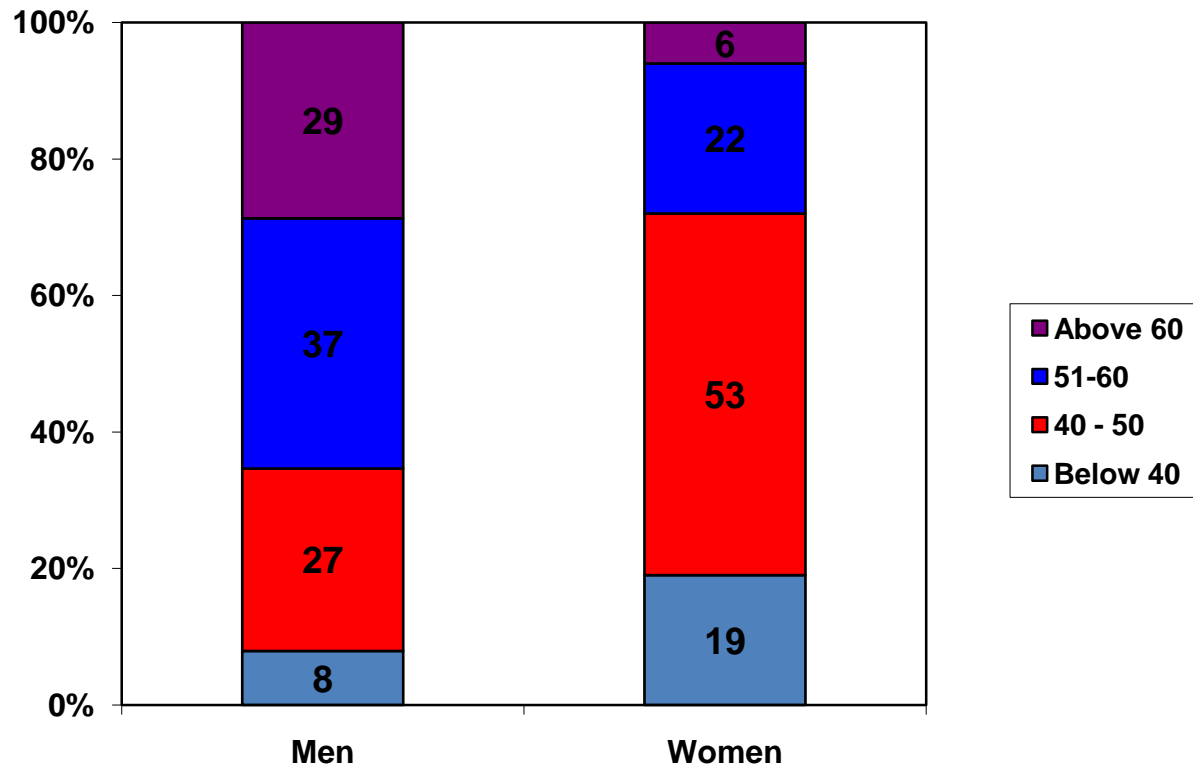
# The Survey

- Survey – autumn of 2009
- 900 members of boards – answered 40 different questions
- A response rate of 62 %

# Position on the board (%)

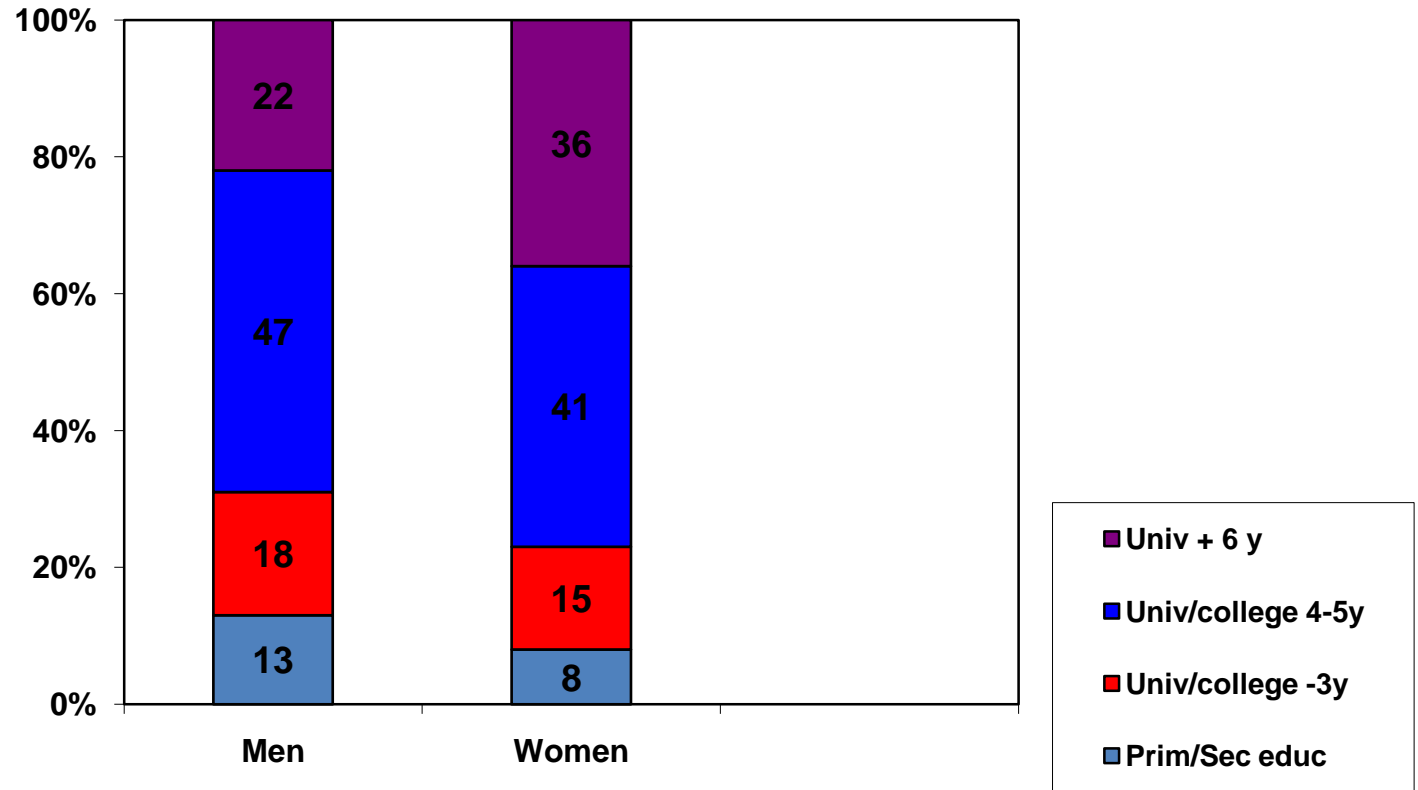


# Age distribution (%)

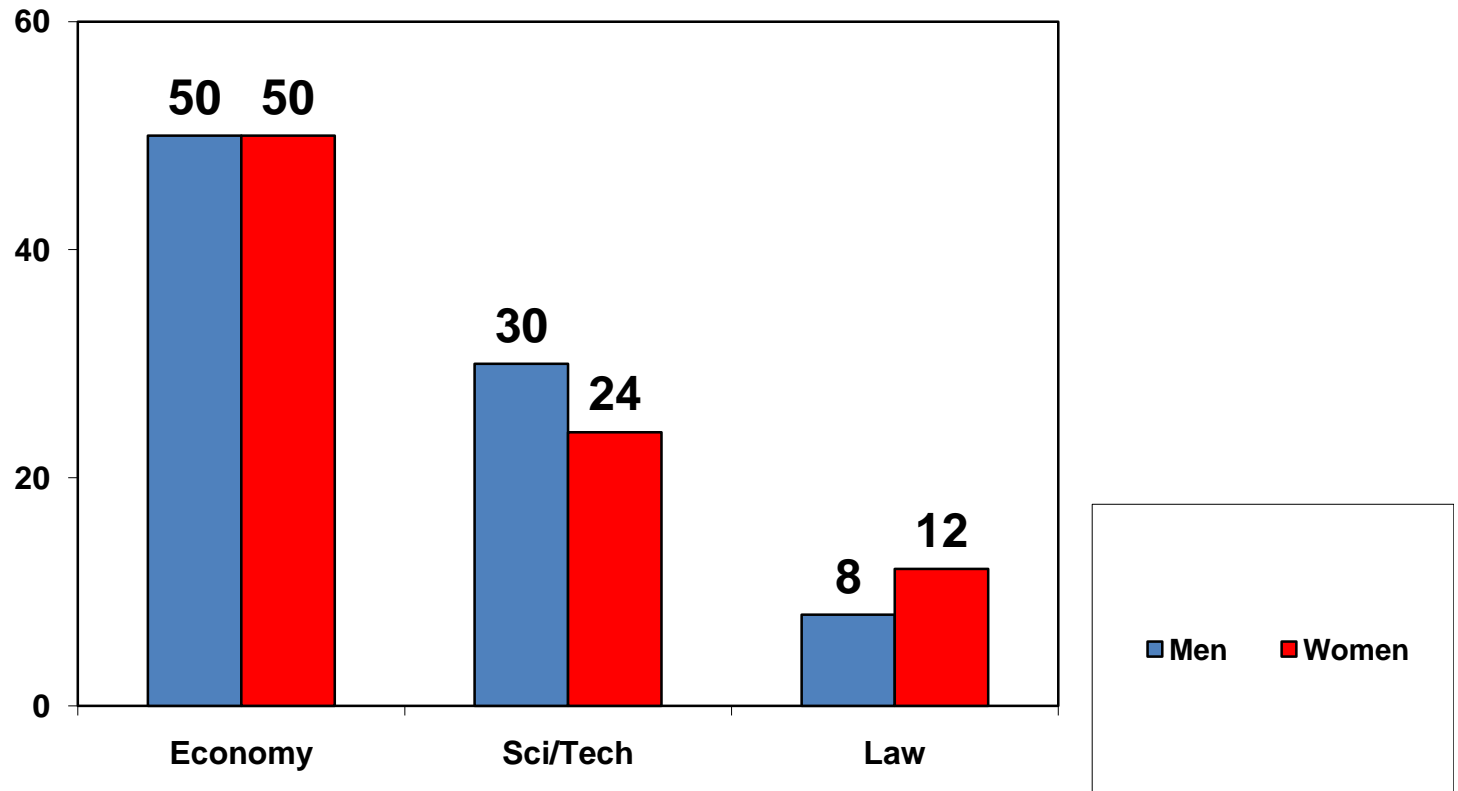




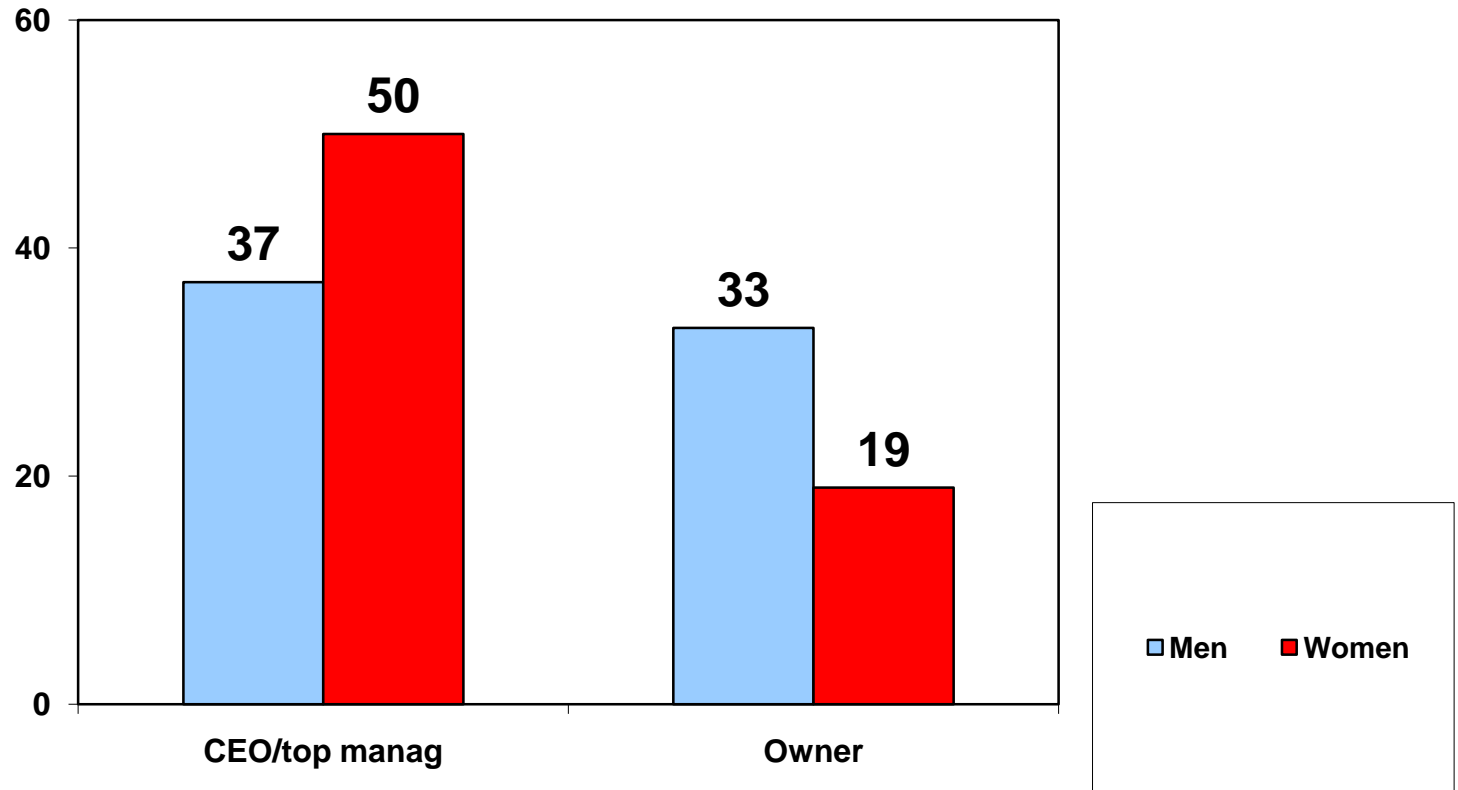
# Education attainment (%)



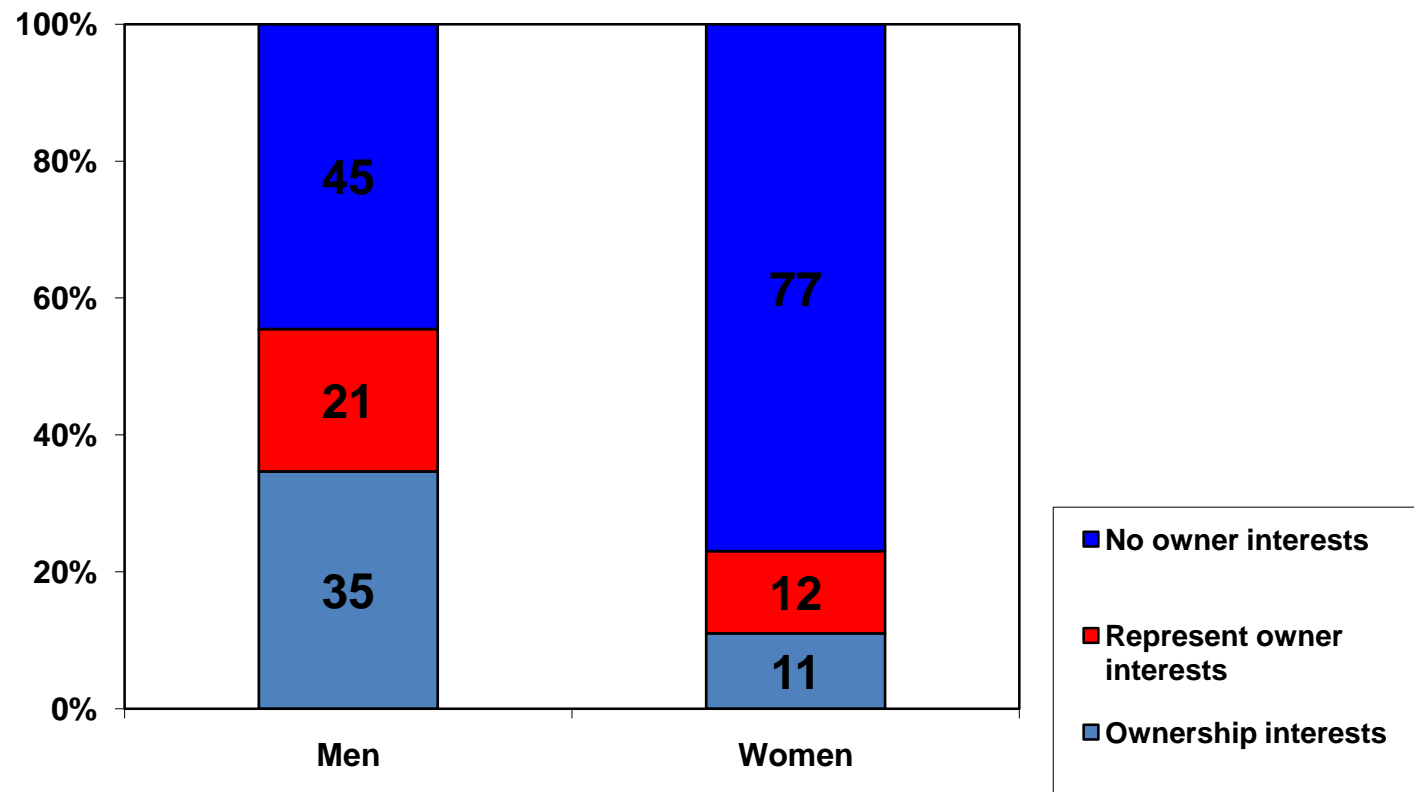
# Type of education (%)



# Main occupation (%)



# Ownership interests (%)



# Summing up: Who sits on the company boards?

- More women
- Younger women, compared to men
- More highly educated women, compared to men
- Men are (more typically) owners, women managers
- Men more often chair of board, women ordinary board member
- Women are less experienced board members

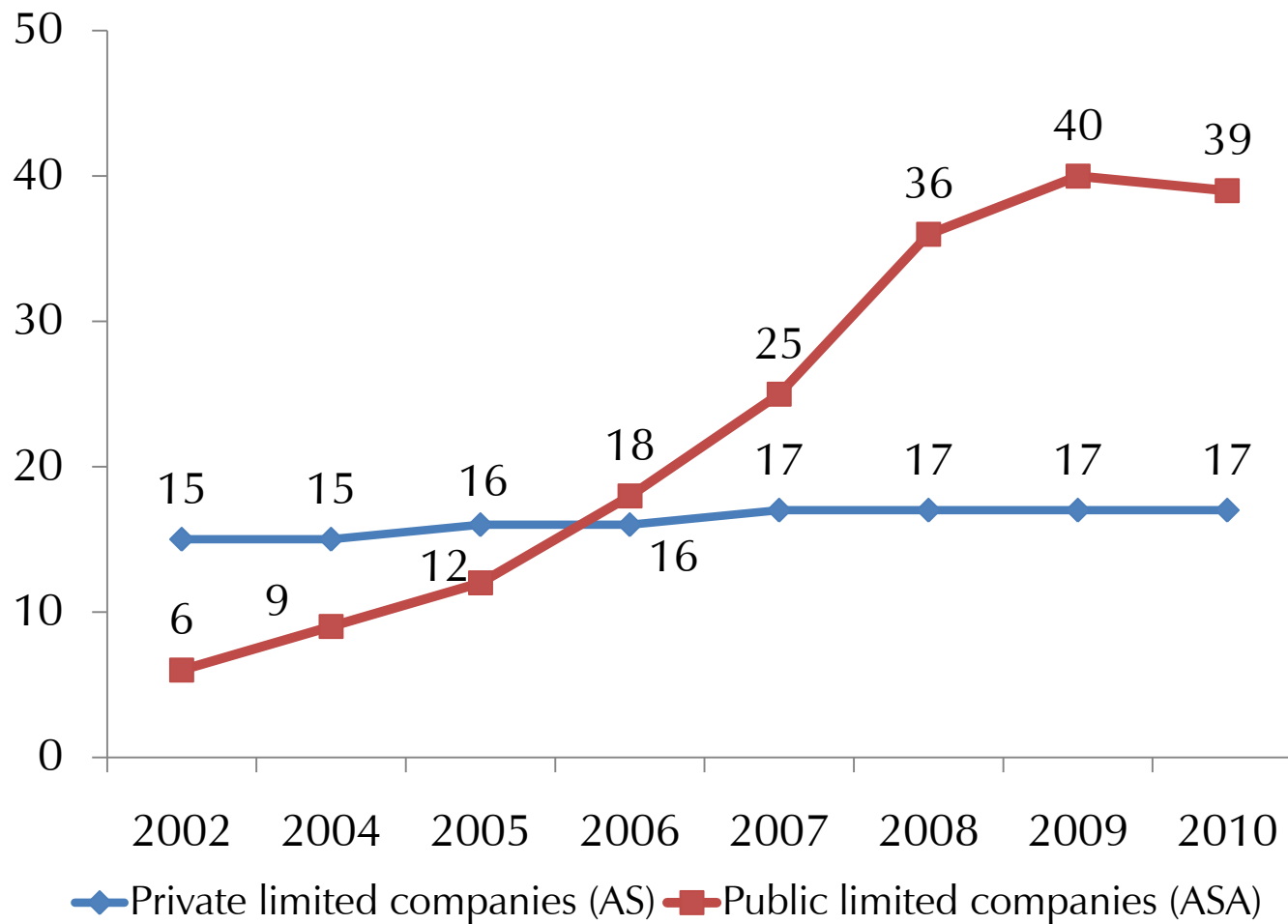
# 4. Consequences

- Decline & diffusion
- Power concentration
- Status of women board members

# Decline & diffusion

- Declining number of public limited companies
- Diffusion from boards to management
- Diffusion from public limited to limited liability companies

# Women on company boards (%)





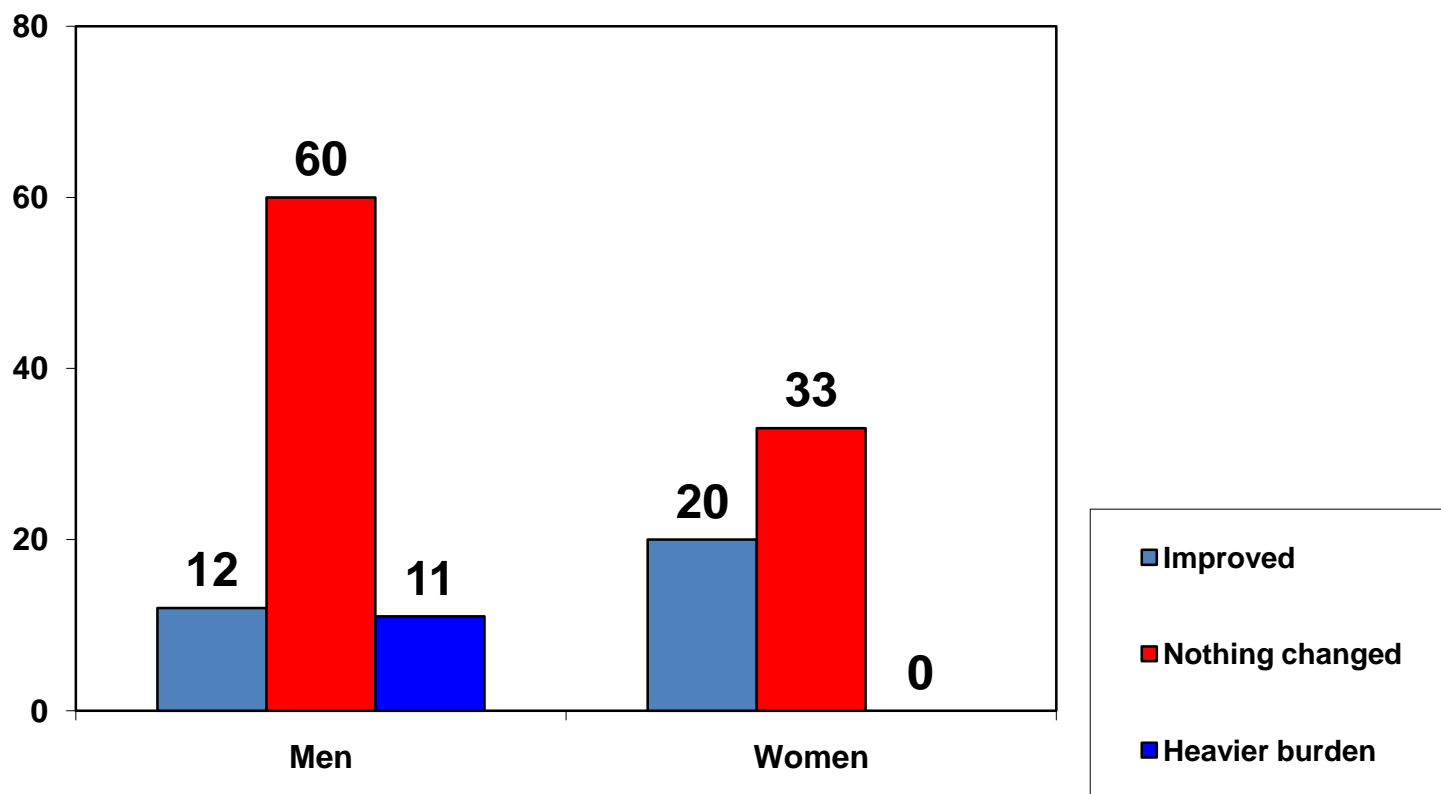
# Power concentration

- Increase in multiple board membership among women
- Women increasingly centrally placed in Norwegian business life

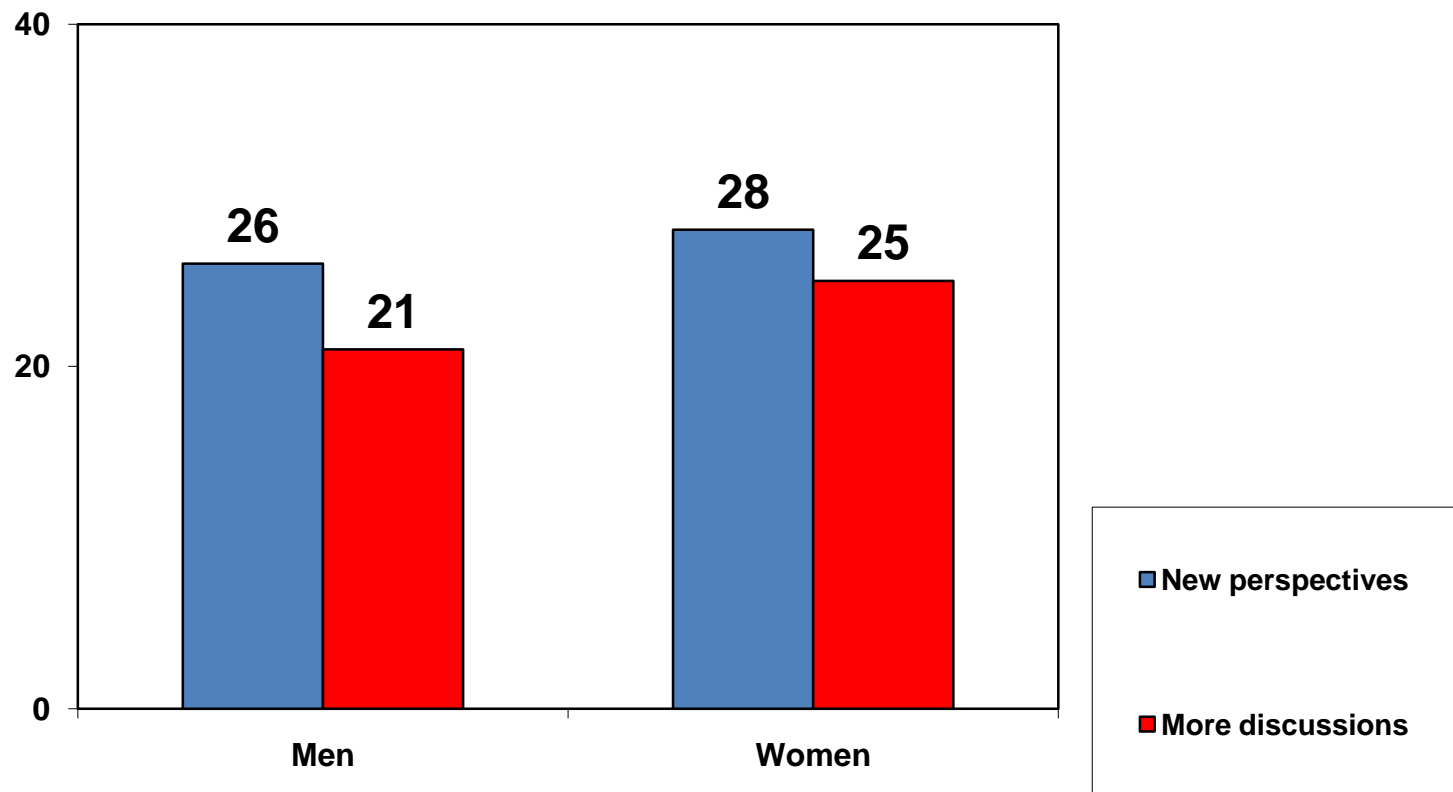
# Status of women board members

- Has the increased proportion of women led to a heavier burden for the functioning of the board?
- In what ways have the workings of the boards changed?

# Changes in the functioning of the board (%)



# Improvements in the functioning of the board (%)



# 5. Impact on economic life

- The composition of the boards have changed, more women, younger, less tied to owners, more educated
- The social capital of board members has increased, more board members, men and women, who sit on several boards
- The quota legislation widely accepted as a strategy to changes 'unchangeable' male dominance

- From a skeptical point of view
  - Not much – Norwegian business life is operating as if nothing has happened
- From the proponents point of view
  - Women has got a more equal access with men to positions of economic decision making
  - Enormous symbolic value
    - a contravention with a long established tradition of economic power being only for men
  - More visible women role models
  - More women made visible for top management positions