



Board diversity wins over critics

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Nearly five years after the Norwegian Parliament passed a law demanding public corporations to appoint a lot more female board members, disagreement lingers over its use of quotas. Most, though, contend the law is no longer a major issue and other countries are following Norway's lead.



Ansgar Gabrielsen, a former trade minister from the Conservative Party, was behind Norway's pioneering effort to get more women onto corporate boards. "If anyone thought they'd have trouble finding qualified women, I told them, 'just call me,'" he said at a conference this week. PHOTO: Views and News

Scores of high-level executives, lawyers, government bureaucrats, businesswomen and several ambassadors gathered in Oslo this week for an intensive two-day conference that examined the status of corporate board diversity. The conference also attracted two cabinet ministers from Norway's current left-center government, both of whom praised the law even though it was initially proposed by an earlier trade and industry minister from the Conservative Party.

"Traditional work patterns die hard," said Business and Trade Minister Trond Giske, who opened the conference and noted that sometimes it takes "laws and actions" like quotas to get results. Other speakers generally agreed that the huge jump in women on boards in Norway never would have occurred unless the corporations had been forced into it.

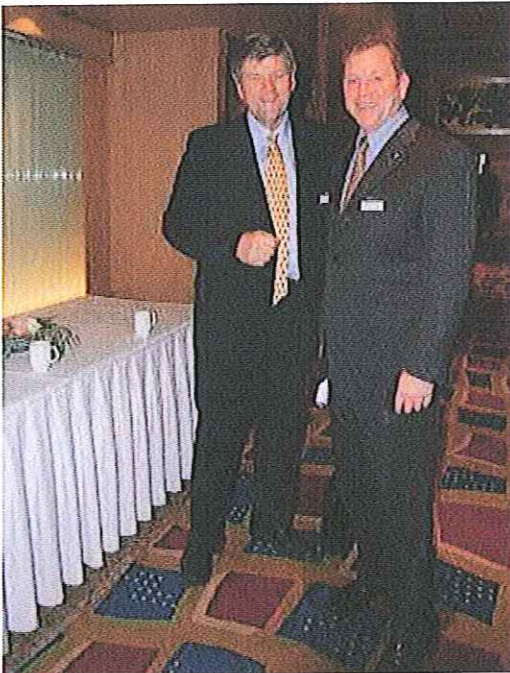


Conference organizer Elin Hurvenes (left) with current Trade Minister Trond Giske from the Labour Party, who inherited Gabrielsen's law but is proud of it. PHOTO: Views and News

Conference organizer Elin Hurvenes, founder of Professional Boards Forum, claimed Norway ["put corporate board diversity on the global agenda"](#) with its so-called "quota law" for women on boards. The law demands that public shareholder-owned corporations (called ASAs in Norway) must have an average of at least 40 percent women and 40 percent men on their boards or face dissolution. Today, female representation on boards has risen from around 6 percent in 2002 to more than 40 percent, according to a new study by the Norwegian Institute for Social Research (*Institutt for samfunnsforskning, ISF*) and the number of of women board members in Norway has more than doubled.

Vibeke Heidenreich of ISF said their research showed that the women joining corporate boards were "just as qualified as the men," in terms of education and professional experience. Women were recruited in the same manner as men, mostly through professional networks, Heidenreich said, adding that 60 percent of male board members questioned said there had been no major changes to board operations since the law took effect but there were some improvements: "more discussions" and "new perspectives."

"The quota law has opened boardrooms to an extent we've never seen before," said Mari Teigen, research director for ISF. It also, however, has led to "more concentration of power," Teigen said, because of an increase in multiple board memberships, with many women now serving on several different boards.



John Bernander (right), who heads Norway's major employers' organization NHO, is no fan of quotas. Gabrielsen (left) conceded that "NHO did not support the quota law, but they supported the goal." PHOTO: Views and News

Critics of the law maintain that it robs corporations of the right to freely choose their own board members, and may have scared off some foreign investment in Norwegian companies. The strong performance of most Norwegian companies that now have lots of women on their boards is largely a result of the country's oil wealth, not diversity, they note.

Newspaper *Aftenposten* reported Wednesday that many small companies in Norway have changed their status from publicly held corporations (ASAs) to privately held (ASs) in order to avoid the quota law. Privately held firms lag in female board representation, with about 17 percent of their board members being women among those seeking support from state business development agency Innovation Norway, but they are also under pressure to boost board diversity. "We can challenge them and influence them," said Per Niederbach, divisional director at Innovation Norway. "We also want 40 percent of our financial support to go to firms led by women, because women are the most important factor in promoting innovation."

Several top Norwegian business leaders said they were “opposed in principle” to quotas and still are, but believed the law has been effective. Fears of not finding enough qualified women to fill board seats proved unfounded. “I’m in principle against quotas,” said Harald Norvik, chairman of major Norwegian telecoms firm Telenor and former CEO of Statoil. “But I’m happy with the result.”

John Bernander of employers’ organization NHO (the Confederation of Norwegian Enterprises), which represents 20,000 member companies in Norway, said NHO had urged its members to “clean up their own acts” and promote women in management and on boards. “We are more in favor of freedom for our business owners than government quotas or regulation,” Bernander said, “but when the law came, the competence was there.”

‘Go for it’

Pending legislation in France will also call for increased board diversity, and faces little opposition, according to Anne Bouverot of France Telecom Orange, who thinks the global finance crisis has helped women’s chances for moving onto boards of directors. “The general public feels there’s something wrong with the way companies are being run today,” Bouverot said, “and that women can come with new perspectives.” Spain, Belgium and several other countries are also considering board diversity legislation.

“Just do it, go for it,” urged Tone Bjørnov, who, after a long career at Norway’s biggest bank, now serves on the boards of several stocklisted companies. Bjørnov and most other members on the panel of executives including Norvik claimed debate has died down, that board diversity is accepted and no longer a controversial issue.

Ansgar Gabrielsen, the government minister from the Conservative Party who first launched the board diversity law in Norway, said he never viewed the law as “an export product” but still believes “it’s crazy” for any country to only have a small percentage of its female population represented on boards. For him, it was mostly about return on investment.

“We have invested billions educating our daughters as much as our boys,” Gabrielsen said. Their ongoing exclusion from corporate boards, “such an important part of our society,” just didn’t make economic sense, Gabrielsen said.

News from Norway/[Nina Berglund](#)

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they are saying they are too busy. So we are already in a situation where good women are in high demand.”

The solution, he said, would be for companies to start promoting female candidates who are not yet working at board level so that there is a larger pool of experienced talent, but no company wants to be the first to do something that is seen as risky.

“The other thing that will start to happen in the medium term is that women will see a flexible Ned portfolio career as an alternative to an executive career,” he said. Women who might otherwise have aspired to a long career as chief executive, say, might instead take on a handful of non-executive positions.

Rising to the top

The proportion of women on the boards of big British companies has risen from 11.5% in 2008 to 13.6% in 2010. Across Europe, the proportion has increased from 9% to nearly 12% over the same time. Norway still leads the rankings, with women taking almost 38% of board roles — down from 44% in 2008, but still considerably higher than the 29% registered in 2006 before the quota legislation came into force.

Spain introduced a quota recommendation in 2008 and has since increased the number of women on boards by 67%, although they still make up only 11% of directors. Legislation is being discussed in France, which has contributed to a 57% increase in women directors, to 12%.

Nearly 85% of British companies have at least one woman on the board, compared with 81% in 2008.

Source: The European Professional Women's Network Board Women Monitor 2010

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