

Transcript of the speech given by Arni Hole, Director General Ministry of Children, Equality and Social Inclusion, Norway at the Ibec gender balance debate "Should business be doing more to achieve gender balance at the top of organisations". She articulates the Norwegian example of affirmative action where gender quotas have been introduced, and the pros and cons of that measure towards achieving gender balance.

*Director General Arni Hole  
Dublin, Ibec, March 14<sup>th</sup> 2011*

## **Sustainable Economy means Gender Equality**

Ladies and Gentlemen,

Thank you to Ibec and Kara McGann for inviting me. It is always a pleasure for a Norwegian to come to Dublin.

Let me go straight to the core of my message and I will speak from a governmental point of view:

No country (or region) can afford not to acknowledge gender equality as a key to economic stability, innovation and growth. We have strong indications showing this, and I think no one would disagree. The World Economic Forum in Davos this year, spent quite some time to discuss the Nordic (or Norwegian if you like) model of organizing an economy: Equality was a core part of that discussion. The report on the Global Gender Gap contains research of high quality.

However, if the countries are not able to include the gender perspective into all societal sectors, to make the sectors "deliver" on equality **within** and through their operating and ordinary tasks, it is difficult to succeed.

Experience has showed and research has measured, that including gender issues in all sector efforts, public and private sector, is the way to go. **If equality is seen as a small bag of issues, on the side-line, and tasks for women only**, it is difficult to succeed .

GE is a business case as well as a case of human rights, not exclusively a women's issue.

In policy making, we build on the basis of the tripartite cooperation between the social partners; active consultations and securing broad support before going to Parliament to have a social reform issue up for vote. **In these processes, gender analyses is always present. To perform gender budgeting is accepted as a sound method to produce good results and better target the use of public or private money.**

Since the Human Capital is a decisive part of our economy (in Norway Human Capital constitutes 82 % of our national wealth. The Petrol Revenues constitutes 7 % ,ref. The National Budget of Norway 2011) it is paramount how we make best use of our hands and heads. Equality is a pre-requisite in this respect.

Nevertheless, traditional patterns die hard; sometimes it takes legal and radical affirmative actions like quotas to produce results and eradicate some stereotypes.

It started in the 70's with voluntarily gender balance (40 – 60% or more) in all the political parties, but one. (And I am sure you have heard of the Brundtland "Women's Cabinet" from 1986, never again a Cabinet without at least 40 -60 % in Norway. It has had enormous symbolic value ! )

Today we have parity in the Cabinet, 40 percent women in the Parliament, 38 percent women in the elected Municipal Councils.

Legal Actions: The Gender Equality Act of 1979 (cross-sectors, not limited to work life only) was strengthened in 1988 with a requirement for 40 % of either sex for all **governmental appointed** committees, councils, working groups and delegations etc. No Ministry will have a committee or council

approved in Cabinet if there is no gender balance. A tough sanction it seemed at times, but no big deal, any more.

In 1993 similar regulation was introduced in the Municipal Act; applying for committees **appointed by the elected municipal** councils. (The County Governors (18) do the follow-up)

In 1993: **The Father's quota (by law)** within the Parental Leave Scheme was introduced. A number of weeks are reserved for the father and not transferable to the mother. With other words; it is "choose or loose". (From July 2011 the father's quota will be 12 weeks of a total period of 47/57 weeks. )

The legal quota of parental leave for fathers has contributed to a mental change both in the business community and among the fathers and mothers. Taking care of your children is the normal and expected thing to do. A parent is no longer synonymous with a woman.

In 2003: Four different company laws were amended with a requirement of 40 % of either sex of the companies' **elected board of directors**. This regulation was enforced for Public Limited Companies (PLC's, often listed on the stock exchange) January 2006 with a period of transition to January 2008. The National Business Register enforces the rules and sanctions may apply; a company may be dissolved by court if not complying, or have a considerable fine. These sanctions were not developed for the gender balance regulation, but have been with us for 35 years, regarding setting up legal boards in any company. (For the 3 other types of companies the amendments were enforced by January 1<sup>st</sup> 2004. By 2006, after a transition period of 2 years, they were all in place, with 43 % on an average. )

We did this because in 2002/03 , women were almost totally absent in the board rooms of the PLCs. Only 7 % of elected members were women; today the score is 40.2 %.

We had invested billions educating our daughters as much as our sons. Equal number of women graduated from universities and colleges already in 2000 (now 62 % are women); in law, science and economics (less in technology).

The ongoing exclusion of competent persons of the female gender from corporate boards and top management in private sector - so important to society - just didn't make economic sense. Nor democratic or moral sense.

It is simply a matter of return on investment and a decent societal development.

At the time (2002/2003) these legal proposals created a lot of heated discussions in the media and in the general public debate.

However, this was a golden window of opportunity to attract new and untraditional stakeholders to the fore ; to discuss economy, growth and gender equality, in all aspects . We succeeded in doing just that.

The new legal requirements were proposed by a relatively conservative cabinet (3 parties) – and endorsed by the opposition, but one party . It was truly bi-partisan and passed by large majority in Parliament.

However, this same Cabinet waited two years before enforcing the requirement of gender balance for the PLC's (the other ones had the regulations enforced right away...), **expecting that these companies would sort it out themselves, with a "sleeping law" eventually to be enforced**.

Nothing happened. When the present Cabinet took office in October 2005 after the general election, the enforcement bill was immediately taken to the King for approval (from Jan.1<sup>st</sup> 2006 with 2 years of transition).

Several top Norwegian business leaders say today that they were opposed in principle to quotas, but believe the law has been effective and are happy with the results. Fears of not finding enough qualified women to fill board seats proved unfounded.

The quota is simply a tool to display women's competence, not a goal in itself.

All candidates to board positions, including of course the female ones, are nominated by an election committee set up by the General Assembly in a PLC, and it is for the General Assembly to elect the board

members from a short list. To those who say that “quotas are wrong, competence should rule”, I would ask: Does anyone really believe that an election committee would look for incompetent candidates ? Or that a responsible General Assembly of shareholders would elect incompetent persons ?

According to a recent study by the Norwegian Institute for Social Research 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.

Other, recent statistics show women on company boards being on average younger and more educated than men. But men, more often than women, are owners and have no other occupations than to be “professional board members”. The skills seem to be more or less similar between the genders. The differences are between persons – of both genders.

Not all has changed - changes take time: Not more than 2 % of the chairs of the boards of the PLC's, are held by women.

A recent study by 3 professors in Norway and Italy, scrutinizing 317 Norwegian businesses, underscores that a critical mass of at least 3 women is needed to create changes in the way the strategic board room work is performed and planned. The study sums up that when such a critical mass is present, more innovation in the firm are taking place.

A study from last year, published internationally (of more than 1000 enterprises and not only PLC's), show that gender balance on boards, or diversity, gives more focus on competence, long term planning, less conflicts.

Norway has still not used quotas for elections to the boardrooms of the 160.000 private ltd.companies (mostly SME's, family owned, but some quite large). These companies have today 22 % women elected to their boards.

Not so bad. And we are, at present, discussing if and how to design a similar legal action for the largest of these companies (France did their legislation according to size and output)

Norwegian law does not apply radical affirmative actions for top management jobs or any other type of jobs. However, we have mild “positive discrimination” in our Gender Equality Law (if two persons have the same competence in the competition for a certain job, you ought to choose the one from the underrepresented gender at the workplace or the specific level of administration) . This goes for both private and public sector.

In the state sector women hold 27 per cent of the top positions compared to 17 per cent in private sector . The state sector has for many years set goals and targets accompanied by campaigns and mentor-adept programs. And the regulations of 40-60% of either sex on committees and councils etc, has provided – for years – a pool of competence to recruit from.

Being a board member in private sector is a stamp of approval. It makes women more visible and more eligible for other positions in economic decision-making.

The corporate sector itself, does operate successful recruitment programs – such as the “Female Future” (The Main Business Federation) and the “Futura” (The Financial Sector Employers Fed.), in order to sustain a competence pool from where to elect women to boards and for inviting individuals to compete for corporate management top jobs.

Enterprises and federations have many mentor-adept programs, diversity goals and targets with operative measures.

Our laws have a positive duty (obligatory) to work for equality and report annually for private and public sector alike. Very important tools, also covering equality for minorities as well as persons with disabilities.

Why we needed affirmative actions like quotas:

1. A moral base: Equal opportunity for all – independent of your gender. It is about democracy and representation. Quotas may be necessary actions to ensure **equal outputs**.

2. Sound and modern economics! Our human capital being vital, a competitive economy needs all talents, the best heads and hands, regardless of gender. Modern firms profits in recruiting the best persons, through reputation building of being family friendly.

If you combine equality policies with modern, gender neutral family laws, ample parental leave and fathers quotas, full coverage of early childcare-places to an affordable price and flexibility in work life for parents with sick children, I can highly recommend the use of quotas.

Quotas are not a quick fix to achieve gender balance in all sectors of society. If quota laws are to be immediately effective, certain other conditions have to be in place, like the welfare measures I have mentioned above. The women have to be visible in the labor market; as a pool of competence. The men and fathers have to “come more home” .

Unless of course, one only aims at recruiting the small group of elite people, already there (the golden collar or the golden skirt syndrome...).

**Mission is not accomplished.**

- The wage gap between women and men per hour for work of equal value. A White Paper on equal pay is submitted to Parliament, waiting to be discussed April 12<sup>th</sup>, the first one in our history (50 years after we ratified the ILO conventions on equal pay, it is embarrassing and bad for productivity to measure 14 % per hour in wage difference between men and women )

- The gender segmented labor market, the labor market is thus not effective enough. Women in Norway are increasingly choosing more untraditional, but not the men. This is not promising for recruiting educated personnel to meet the increasing demands of the care sector (esp. the elderly); do we have to import more foreign workers ?

- A high number of women in involuntarily part time jobs, esp. in the health-, care-, and retail sectors constitute a problem

- The challenge of engaging boys and men more – in the equality project; we know equality is a win-win situation for men and boys (concerning marginalized boys and men of minority origin, men in rural areas, men's health, male exposure to violence, male perpetrators, crime, unhealthy masculine stereotypes, and so forth)

Our mission is:

- To have *more freedom* for every individual; being man or woman, boy or girl. Narrow gender roles are not very productive.

- To *improve our economy* and our welfare, through engaging all women and men in gainful, paid work and thus paying taxes back to the common good (N.has an unemployment rate of 3-4 %, 70 % of women work compared to men's 74 %, and a fertility rate of 1.98)

Talents and creativity are divided evenly among the genders. The EU-initiative “Innovation Union “ is designed to produce 3,7 million new jobs in the coming years and gives a wonderful window of opportunity for gender equality. As EU commissioner Maire Geoghegan-Quinn states: “If we are not able to create innovation in EU, our economies will suffer and weaken, and we will loose ideas and talents.” Be sure to include gender equality and all your talents in this initiative. Legal actions like quotas could make a difference !

Norway have used oil revenues to invest in equality and welfare. This principle has been bipartisan, but for one party, from 1970 and up to date. It pays off.

Thank you!