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THE GENDER DEBATE: NORWAY MOVES ON

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By Dina Medland

Supporters of a rapid increase in the number of women in UK boardrooms are fond of pointing to Norway as an example of quota-led change for the better. They tend to be less inclined to look at the boardrooms within which that change has occurred, or at the values of the society it may have reflected.

The debate over gender diversity has been reignited by a proposal from Viviane Reding, the EU's justice commissioner, to impose quotas on companies in Europe. Her move suffered a setback last week when lawyers ruled it could breach EU treaties; Ms Reding is expected to submit a revised voluntary scheme this month.

But Norway has already achieved quotas. Women who now have experience of sitting on boards in the country can offer insights into why they think they were appointed, the dynamics of more diverse discussion in the boardroom, and the extent to which the Norwegian experience has evolved out of a multiplicity of factors, rather than a single act of legislation in 2005.

The facts are that Norway became the first country to introduce board gender quotas in that year, when the Norwegian Public Limited Company Act was amended. It said: "If a board has two or three members, both sexes shall be represented"; "if more than nine members, each sex shall be represented by 40 per cent of directors".

Companies had until January 2008 to meet the requirements under the threat of being dissolved for non-compliance. A disclosure of the state of diversity within the company was also required under the Norwegian Accounting Act.

The aggregate ratio of women now on boards in Norway, compiled by GovernanceMetrics International in its Women On Boards report 2012, is 36.3 per cent. It is therefore clear that quotas can kick-start the process of appointing women to boards. It also formalised the appointments process, made it more professional and might have changed how people think.

Carol Bell, with more than 30 years experience in the oil and gas sector and who has sat on Norwegian boards since 2007, says: "At the start it might have been about having

sufficient candidates for the boardroom, but I believe it is now a way of thinking in Norway.”

On the Revus Energy board, the first one she joined, there were four women and three men. “They were looking for specific expertise, rather than gender – there aren’t that many women in the oil and gas sector with the specific expertise I have – and I wasn’t there as a woman,” she adds.

Dr Bell says that on the second Norwegian board she joined – seismic contractor PGS – there were two directors from the UK, two from the US and three Norwegians. “It was about diversity with a capital D – a very disparate skill base, people who knew about technology, about ships, and about Norwegian corporate governance as well.”

Dr Bell’s specialist expertise made her the first foreigner when she joined the board of Det Norske Oljeselskap. Before her arrival they conducted most meetings in Norwegian.

Jane Hinkley was a non-executive director alongside Dr Bell at Revus Energy, after working for Navion in Norway, partly owned by Statoil. She has served on a variety of Norwegian boards, all of which have been internationally mixed, and have included men as well as women. She is clear that “just putting women on the board won’t make a difference”.

With a perspective that also includes UK boards, Ms Hinkley says: “One of the big social questions in the UK is a huge divide between business and society. The former is seen to be white and male dominated, whereas society is not. Unless we start by bringing in people from different walks of life, we will have a problem.” By contrast, she says, Norway prides itself on its inclusivity, its transparency – everyone’s pay and taxes can be viewed online – and its lack of extreme disparity of income.

Dr Bell adds: “Norway is a society that values minimising the gap between the high paid and the low paid. It’s hard to imagine the kind of situation that has developed in the UK – they would not let it get there, because of the nature of the shareholder base and their values.”

She says: “When I first went there in the late 1980s, senior people would be happy to be paid four times what the janitor was paid. It’s something they value highly. It’s very healthy.”

Kirsten English, formerly chief executive of Reuters Norway and now living in London, is on the board of Birdstep, a listed Norwegian technology company. She says: “Our chairman is very thoughtful about bringing together the appropriate blend of competencies – there is no discussion about fulfilling a minority quota.

“The only debate is about achieving the right equilibrium at the board level for Birdstep’s business needs. It makes commercial logic and gives a better signal to reflect the equality we find in the company’s major stakeholder groups: our customers, our investors, our

workforce.

“Norway had its own debate on quotas; all the same arguments as in the UK. They expedited change efficiently and moved on to the next phase of the journey. True, it’s a small country but it’s also a rather successful one.”

Hege Sjo is a senior adviser in ownership matters within Hermes Fund Managers, the investment arm of one of the UK’s largest pension funds, and is also on several Norwegian boards. She says: “It’s so much about the culture in the boardroom, and not all about gender.”

Ms Hinkley adds: “One important difference between Norway and the UK is that in the UK women let other things ‘get in the way’ of going up the tree. In Norway it is not a question of choice between family or career – it’s all part of life’s experience, for both women and men, and the system makes it easier for you to do that.”

Norwegian-born Elin Hurvenes, founder of the Professional Boards Forum, which also operates in the UK, points out that board work in Norway is “miserably paid – around £12,000 a year, unless it is a big company like Statoil and even then it is not huge”. Comparisons with the UK are also made difficult by the fact that many women are on the boards of very small Norwegian companies.

On the other hand, Ms Hurvenes challenges the myth that the total number of women on Norwegian boards is small, with the same few occupying many board positions each. She refers to figures from Statistics Norway for July 2012, based on companies on the Oslo Stock Exchange, that show: 89 per cent of male board members have one board role; 83 per cent of women board members have one role. Ten per cent of male board members have two or three board positions; for women, it is 15 per cent. And 1 per cent of board members with four or more posts are men, 2 per cent are women. These figures suggest it is not true that the same few women hold all the board positions.

But although the changes are great, they are narrow: Norway has made little progress on redressing gender imbalance on the executive side, for example. Even a country that places an emphasis on fairness and equality has yet to find all the answers.

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