

/translation from Portuguese by Norwegian Institute of Directors/

Norwegian 'success' inspires Europe to adopt quotas for women in business

Ruth Costas

BBC Brazil in London

http://www.bbc.co.uk/portuguese/noticias/2012/09/120919_cotas_mulheres_ru.shtml

In late 2002/early 2003, when the Norwegian government resolved to compel publicly listed companies to adopt quotas for women on their boards of directors, it was greeted with a flurry of doomsday prophesies.

Under the new rules, Norwegian companies which boards of directors did not hold 40% women by 2008 could face penalties that could ultimately lead to the company's discontinuation. At the time, the average female presence was 7%. Among the 611 companies subject to the new rules, 470 had no women on their boards of directors at the time.

Critics held that local businesses would not find professionals with the experience or talent to fill the female quotas, and that the effort would be aimless and would lead to decline in productivity, shrink GDP and reduce employment.

Almost a decade after the adoption of quotas, the forecast corporate cataclysm has not materialized. Some argue that Norwegian companies have become more competitive – although that opinion is controversial.

There is, at least, a consensus that things continue more or less as they were before the quotas, as concluded in a study from the Confederation of Norwegian Enterprise (NHO). And amid the crisis sweeping Europe, the Norwegian economy is performing surprisingly well – the country's GDP growth is estimated at 2.8% to 3% this year, higher than Brazil.

It was due to these findings that Norway not only became an example to other Europeans in the adoption of quotas for women in corporate directorships, but also dragged the country to the center of a heated debate on the role of the European Union (EU) with regards to this topic.

Other countries

Last year, France, Belgium, Netherlands, Italy and Iceland adopted similar female quotas, ranging from 33% to 40%. In Spain, a law was passed in 2007, whereby companies have until 2015 to adjust.

The general rules for the EU, which are being promoted by EU Commissioner Viviane Reding, provide for the introduction of female quotas in the companies of the EU's 27 member states. Although a group of countries, led by the UK, promise to veto the measure, for some it is not because they are against quotas, but rather because they oppose supranational regulation of this field.

In Brazil, Senator Maria do Carmo Alves (DEM UP) proposed a bill to set 40% quotas for women on the boards of directors of public and listed companies, but the debate is still in an early phase.

To the extent that diversity is measurable, quotas are a way to correct the lack of diversity in the top echelons of business, and enable women to achieve leadership positions more quickly. While the percentage of women in universities and companies in Europe is currently already around 50%, the average for corporate boards is only 12%.

In Brazil, the rate is 7.7% for public companies, according to the Brazilian Institute of Corporate Governance, and even lower in some large public companies.

Defense

"About a century ago, women could not vote, and a few decades ago, many were not studying or working," recalls Marianne Johnsen, an executive who is one of the strongest advocates of quotas in Norway, in an interview with BBC Brazil.

"Just as today we look back at those years and realize how much things have evolved, we hope that in the future, our sons and daughters will look back at the beginning of this century and think: 'Good thing we overcame that time when women were excluded from leadership positions'", she says.

Johnsen, the founder of the investment group X-lence Group, was board director of several companies before the adoption of quotas, but in the early 2000s, she was often the only woman in the room.

"Diversity has broadened the perspectives and angles from which problems are analyzed," she says. "Why would we think that the best decisions for a company would be made by a group of men in their 50s or 60s, who think alike?"

Another strong advocate of quotas is the Managing Director of the IMF, Christine Lagarde, who says she has changed views on the subject, as progress in this area, in her opinion, is going too slowly. "I sincerely believe that there should never be that much testosterone in a room where important decisions are made," she stated in an interview with the *Financial Times*.

Recruitment

According to Turid Solvang, Managing Director of the Norwegian Institute of Directors, which promotes good corporate management practices, quotas forced companies to look elsewhere to recruit for boards of directors.

"Board recruitment turned more professional. Companies had to start searching for women with qualifications and leadership ability – and, in doing so, realized that, contrary to initial predictions, these women were out there," says Solvang, who herself was recruited to the board of a bank after the adoption of the measure.

As early as 2003, the Confederation of Norwegian Enterprise created *Female Future*, a program to help female executives and managers of listed companies develop their leadership potential. Since then, 1321 women have participated in the program.

But that does not mean that the Confederation of Norwegian Enterprise supports quotas. As explained Kristina Hagen, Adviser of Equality and Diversity, the Confederation is against the system as a matter of principle, because they consider it to be undue interference of government in the freedom of companies to decide from whom they will take directions.

"We wanted government to work with companies instead of interfering in this manner," she says.

Criticism



Turid Solvang: 'Quotas helped professionalize recruitment'

Some critics of quotas in Europe emphasize that quotas force companies to let competent and experienced directors go. For every woman who enters a board as a result of the system, another director must be dismissed.

"Quotas are not only unnecessary, but potentially harmful, and undermine the groups that aim to defend pro-quota," wrote British executive Helena Morrissey in a recent article. Morrissey is president of Newton Investment Management, a mother of nine children and the creator of an organization that promotes the inclusion of women on the boards of UK companies – without government intervention.

Another frequent criticism is that quotas end up favoring a small group of women who are invited to serve on the boards of many companies simultaneously. In Norway, the group, of which Johnsen would be considered part, became known as the "golden skirts".

"But my male colleagues also serve on several boards at the same time, and have always done so, and I have never heard anyone refer to them as "golden suits" or some such thing," says Johnsen.

A third criticism, mentioned by Hagen, concerns the supposed limited effect of quotas on the operative end of business.

The board of directors is responsible for strategic decisions, but do not participate in the day to day business – that is the responsibility of executive management. Many of those who support quotas believe that the presence of women serving on boards of directors helps break stereotypes and convince the rest of the corporate pyramid that professional women can be good leaders.

But there is no evidence that the percentage of women among executive management in Norway is in considerable growth.

"The results in this area are, in fact, still modest, but it is too early to draw conclusions," says Mari Teigen of the Institute for Social Research in Oslo.

"It is at least clear that the pessimistic predictions that women would not be able to take on these positions have not become reality. So while Europe is beginning to look to Norway for answers, this is no longer a topic that raises serious debate here."