

# Governance News

NORWAY

## Women at the top

**Norway has made gender equality a boardroom necessity following legislation in January requiring all companies listed on the Oslo Stock Exchange to appoint women in 40% of director roles.**



The country's gender equality initiative began in 2004, when government-owned companies were required to have boards with at least 40% representation of each gender. It has now been rolled out to include all publicly-owned enterprises and companies in the private sector.

As a result, Norwegian companies have had to recruit some 1,000 female directors, with some businesses reporting difficulties in finding candidates with experience both at board and industry level. One outcome is that suitable female directors are often sitting on a large number of boards, causing investors to have some concern that their attention could be spread too thinly. However, the Confederation of

Norwegian Enterprise has launched a programme to train additional women for board and leadership positions.

In spite of these early difficulties, all the publicly traded companies in Norway that need to meet the minimum requirements have now done so. It's interesting to note that in its 2007 report, *Women Board Directors of the Fortune Global 200*, Corporate Women Directors International highlighted Norwegian company Statoil as second in its list of top ten companies for female director representation.

At a recent seminar in Zurich, Norway was again singled out for praise – along with Sweden, Finland, Denmark and the UK – as one of the most progressive countries in Europe for its

track record on female representation at director level. Professor Morten Huse of the Norwegian School of Management BI and Tor Vegata University, Rome said that the changes were sometimes organic – as in the case of the UK – and other times the result of alterations to laws or regulations. In Spain, for example, gender equality plans require that 40% of listed firm directors be female by 2016.

Professor Huse added that there is a need to understand the argument for minimum levels of female directors from a number of points of view: first, by asking 'what is best for society?'; second, by considering 'what is best for the companies?'; and third, by enquiring 'what is best for the individual women?'.

Although this is an area for future research, there is some evidence already which shows that greater female participation at senior level has real benefits for business. For example, in 2002, a Conference Board of Canada study found that corporations with female board directors have better governance practices, particularly on oversight and control of audit and risk. Meanwhile, a joint study of European enterprises by McKinsey and Amazone Euro Fund, with mixed reviews, concluded that companies whose management teams strongly represented both genders outperformed their peers by as much as 10% on return on investment.