GENDER EQUALITY POLICIES AND THEIR OUTCOMES IN NORWAY

Abstract
The article presents selected institutional solutions and highlight good practices of gender equality policies in Norway and analyses the outcomes. It reviews the recent research on the subject, especially studies concerned with the controversial quota-law of 2003 and its consequences. A problem of low gender diversity in the Norwegian labor market and managerial positions is addressed, as well as a persistent pay gap between men and women salaries. Costs and gains of quota-law are discussed in micro and macro perspective.

Keywords: equality, quota-law, labour market effects, progress

Streszczenie
Polityka równości szans kobiet i mężczyzn i jej efekty w Norwegii

Artykuł przedstawia wybrane działania instytucjonalne i przykłady dobrych praktyk w polityce równości kobiet i mężczyzn oraz efekty tej polityki w Norwegii. Dokonano w nim przeglądu aktualnych badań naukowych w tej dziedzinie, a w szczególności kontrowersyjnego prawa z roku 2003 o konieczności wyboru kobiet i mężczyzn do zarządów spółek publicznych, oraz konsekwencji wynikających z realizacji tego prawa. Pokazane są problemy niskiej dywersyfikacji rynku pracy z punktu widzenia zatrudnienia pracowników obu płci, w szczególności widoczne na stanowiskach kierowniczych. Przedstawiono również kwestię utrzymującej się luki płacowej między zabanżkami kobiet i mężczyzn. Pozytywne i negatywne efekty prawa z roku 2003 analizowane są w skali mikro- i makroekonomicznej.

Słowa kluczowe: równość, kobiety i mężczyźni w zarządach, wyniki dla rynku pracy, postęp
Introduction

Why equality is essential for economic progress

The innovative gender – InnoGend project subject aims at identification of society’s new capacities and capabilities, looking for smart solutions to shape up an innovative society where all citizens – men and women – use their knowledge and skills to contribute to long-lasting GDP growth. Therefore the subject is relevant in economics, and not only as human rights issue.

In this paper I will concentrate on two research questions: how gender equality has been practiced in Norway and what costs gains it created. The method applied is a comparative analysis of recently published relevant to subject literature. Institutional settings are important to underline, because the macro scale provisions are essential factors for creation of an equal society and its outcomes.

Institutions are the rules of the game in a society, or, more formally, are the humanly devised constraints that shape human interaction [...] Institutional change shape the way societies evolve through time, that shape economic, political, and social organization. Institutions are composed of formal rules (laws, constitutions, rules), informal constraints (conventions, codes of conduct, norms of behavior), and the effectiveness of their enforcement. Enforcement is carried out by third parties (law enforcement, social ostracism), by second parties (retaliation), or by the first party (self-imposed codes of conduct). Institutions affect economic performance [North 1990; 3] [...].

A short update on gender equality status in Norway

When the British feminist and writer Mary Wollstonecraft (1759–1797) visited Norway, Sweden and Denmark in 1795, she wrote in later published Letters... from this journey: “Norwegians seemed for me like the most free society I had ever seen” [Owesen, 2015: 18].

Mary was among the first British feminists, inspired by the French Revolution, claiming equal rights for women as for men in her book Vindication of the Rights of Women, published in London in 1792. The equalitarian Scandinavia she met, in contrast to highly hierarchical British society, must have been for her a quite impressive experience. At that time Norway was in union with Denmark, but few years later went out of the union and proclaimed own Constitution in 1814. Voting rights were given to Norwegian citizens, at that time understood as men owning property, not all the citizens of the country [Owesen 2015: 21]. Women did not get voting rights until 1913, but along 1800-years could get education and paid work, mainly in commerce, telephone & telegraph and as school teachers [Hodne, Grytten, 2000]. The ideas on equal right were breaking through in Europe and got strong
support from well-known philosophers, like, for example, John Stuart Mill, who published a book *The Subjection of Women* in 1869, two years earlier as his most known one – *On Liberty*, in 1871.

As the historical overview over gender equality policy milestones in Norway had been presented in the book chapter a year ago [Tomczak, 2015], I will just list up the most important moves, which have been raising equality between men and women in Norway to a higher level, step by step.

4. Women as “breadwinners” – labor market (LM) participation: 1900 – 30%; 1970 – 32%; 2014 – 78%; high level of LM participation crucial (Fig. 1); social security law 1966 – right to free public healthcare, social benefits, pension for all citizens.

5. Access to education – free education at all levels + financial support during the time of studies (loan & scholarship to students from The State Bank, Lånekassa, low interest rate).

6. Family policy with equal rights & duties – from 1972 fathers share baby-leave, fully paid leave 42/52 weeks since 1993, divided between mother and father, kindergarten place on request from 1 year of age since 2009.

7. Radical move in 2003 – The quota-law – obligatory 40% of each sex in boards of public companies (ASA) from 1.01.2006 – promoting women to top positions.

![Figure 1. Share of persons 15–74 years in the labour force](http://www.ssb.no/en/befolkning/nokkeltall/key-figures-on-gender-equality)

What results have been achieved in Norway over the century of targeted policy is shown in Figure 2 published by Central Statistical Office (Statistics Norway) recently

The good news is: a high level of education of women (higher share of women than men in tertial education), a high rate of employment, high usage of public
child-care (kindergarten) – 90%, high rate and fathers' share in parental leave quota. The bad news is: a high pay gap – around 33%, and low diversity at the work places, both in public and private sector, where women dominate in the public sector and men in the private one. Also proportion of men and women on managerial positions is not satisfactory, as women are strongly underrepresented.

In international comparisons all Nordic countries – Norway, Sweden, Finland and Denmark score high in the well-known indices measuring equality, life quality and progress (Tab. 1). This is the effect of forming the Nordic model of welfare state in these countries, evolving since 1900s to 1990s, and not only a specific effect of gender equality policy [Esping-Andersen, 1990]. Equality is a fundamental component of the model.
Table 1.

Selected country indices for life quality and gender equality

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Norway scores high and represents a country with high gender equality level, but before we conclude that Norway should be a “look to” country, as an example to follow up for other countries, let us have a look on recent decade’s progress – effects of the most radical move in equality policy to improve the gender balance on top management positions – the quota-law.

Ten years experience with the quota-law: what happened?

The “quota-law” – claim of 40 % representation of each sex in boardrooms of public limited liability companies (ASA), was announced in February 2003, passed in the Norwegian Parliament in December 2003, and has been mandatory from 1.01.2006, with 2 years transition period. ASA companies are big companies, beside there are many more private companies with limited liability – AS (aksjeselskap), not obliged to apply the quota law.

The quota-law resulted – in accordance with intention – in increased number of women in ASA companies’ boards, but not in other companies’ boards (AS).

Representation of women in Boards of companies:


The gender balance claim, forced by law, has given expected 40% of female members in boards of public companies, but also raised a strong opposition from business at the time of law announcement and enforcement. Business groups and societies were against the state involvement in business organization and management. It resulted at the end in change of company form mode – ca 1/3 of the ASA companies had changed the company form from ASA – public to AS – private company [Løyning, 2015: 140], in order to avoid implementation of the quota law. This change is illustrated in Table 2 below.
The numbers in Table 2 cannot be explained otherwise than a protest against forced equality progress, and, a polemic step in equality improvement. Or – maybe no issue to be bothered with, if we talk about reducing a number of women in ASA Boards in the entire country from potentially 700, if ASA companies’ wouldn’t shift to AS, to the real number of 430 in 2013? In percentage there is a significant fall, but if we talk about 270 women who did not get or loose the Board position in a country with workforce of 2 650 000 (15–74 years) employed, so the above change may not cause significant effects.

Bøhren and Staubo [2014] studied ASA companies’ change of organizational form due to quota law introduction, and according to their findings quite often young and profitable ASA, not listed at stock exchange, transformed the company form to AS. The plausible explanation the authors give is the fact that these companies are often depending on special competence of Board members, and were not willing to meet the state’s claims. This response suggests that forced gender balance is costly for a company. As the authors argue the companies had to choose between high costs of involuntary board restructuring and low costs of abandoning the exposed organizational form, so they did the last. The authors conclude that mandatory gender balance may produce firms with inefficient organizational forms or inefficient boards.

Løyning [2015] analyzed network effects of female entry to the exclusive group of board members. As demand for qualified women with experience was high and the time for law implementation short, more women entered key business networks. Those who got two or more positions in Boards, with maximum 10 for women and 7 for men in 2008, were only 2,73% of women and 2,49% of men, and in 2013 with 7 for women and 5 for men – the percentage 2,46% of women and 2,25% of men [Løyning, 2015: 145].

According to author’s estimation, among Board members in 2008 and 2013 the centrality of female members in network cooperation has been:

- among 10% most central board members: 46% of women in 2008; 45% in 2013;
- among 25% most central board members: 68% of women in 2008; 52% in 2013 [Løyning, 2015: 148].

The purpose of the quota-law was to get a better work balance and power division between men and women in business management. The above presented research brings up ambiguous conclusions on the effect, as quota law first increased,
and so, due to the change of the company form, reduced women’s entry into top management business networks, as the number of Board members fall down from 1926 to 1224 between 2008–2013 [Løyning, 2015: 140].

The number of ASA companies got strongly reduced, both as the quota-law result and other reasons (bankruptcy, etc.), 702 board members have lost their posts, so the number of women who entered boards in 2008, or before, had been reduced per 2013/2014.

On the other hand, those women who entered central positions on boards and not lost them between 2008–2013, have got access into important business networks, and even if numbers here are not high, we talk about less than 500 women, so the effect of better balance may come later, after several years of building up relations and recruit new women. Therefore it is hard to say today if the quota law has been a success or if it failed. In a short-time perspective the results are not impressive, but it may get better in a long-term perspective.

We have to examine other factors than gender balance in management top teams.

Segregation in the labor market in Norway

The above and earlier presented statistics show a clear picture of a deeply segregated labor market in Norway, more than in many other countries, both horizontal and vertical

- Employment divided by sectors: public sector dominated by female labor – 70%; private sector dominated by male labor – 64%; horizontal segregation.

Vertical segregation — low female representation in top management

The picture of women on top positions in 2011 differs depending of sector – according to Reisel and Teigen the distribution was as follow:

- Defense – 4%; Industry – 13%; Media – 23%; Culture – 41%; Politics – 41%.
- Culture and politics are close to balanced distribution, other show imbalance [Reisel, Teigen, 2014: 51].

The Norwegian Gender Balance Scorecard, published in May 2016 by Center for Research on Gender Equality – CORE, bring new facts:

- In 100 biggest Norwegian companies there are 20% women in executives committees and 30% on Corporate Boards.
- Among executives there are 7% women, but of all, quite few, having senior executive positions only 16% are in ‘line roles’ (CFO, Country Head, Business Unit Head) and 40% in ‘staff roles’ (HR, Communication, Legal).

This power imbalance in top managerial positions is not a good example of gender equality, even if in comparison with US, Asia and Europe Norway scores best! View the CORE report with all results: http://www.likestillingsforskning.no/Toppledieberbarometer/Toppledieberbarometeret [access: March 2016].
Bertrand et al. [2014] investigated if the quota law has increased representation of women on top corporate positions and reduced the disparities in earnings, and improved qualifications, what was the objective of the reform, as they assume. Underrepresentation of women in top positions, often described as “the glass ceiling,” and also the persistent wage gap were the reasons for new approach – as quota-law, to improve equality. Did quota law improved equality?

The authors investigate qualifications of board members, earnings gap, outcomes for other women within and outside the firm. They found out that qualifications of board members improved, the gender gap in earnings fall within the board, but not for others [Bertrand et al., 2014: 14]. There are not observable spillovers except the very top group, and no evidence for benefit for other women except those directly affected. But the positive outcome is an improved representation of women in top positions within the firm [Bertrand et al., 2014: 23].

One can also consider as positive that the quota has moved attention for finding women with qualifications, what also may act as encouragement for career path for the new graduates. It has also had effect on other countries, which passed legislation on quotas after Norway (France, Belgium) and pushed a new EU legislation in progress.

Bertrand et al. [2014] concludes that women on boards are younger than men, are better educated, but still stay behind both in salaries and top positions.

The other diffusion effect of the quota-law might be the European Central Bank (ECB), for example: the Executive Board of ECB in August 2013 passed a gender target – doubling the share of women in management within 6,5 years. By the end of 2019, 35% of position in middle and senior management should be held by women. The overall share of women in management positions in 2013 was 17%, while women hold 14% of senior management positions [ECB, 2013, https://www.ecb.europa.eu/press/pr/date/2013/html/pr130829.en.html, May 2015 [access: January 2016].

**Horizontal segregation — women in public sector, men in private sector**

Furre-Haaland, Rege and Telle [2013] had undertaken a study on how inherited gender norms can explain labor market participation and segregation. They observed labor market participation for man and women in relation to region and place where they grew up as children. Local support to political parties in elections there and participation of mothers at labor market had been studied, as it is well known that political parties have different view on roles of men and women in family and society. Why the picture of high LM participation of women in Norway is to get a foot in the public sector and so drop out due to sickness? Women have much higher sickness absence rate than men [Furre-Haaland, Rege, Telle, 2013: 3]. Are the really equal opportunities for professional career? Or do fully employed women have a double job at home?

The authors show that labor market participation of daughters is connected to tradition prevailing at the place of growing up and mothers’ occupation and work, but not of sons. The rate gap between fulltime working men and fulltime working
women was 12% in Oslo, 19% in Bergen and Stavanger, and 24% in Kristiansand, and that may illustrate inherited view on men- and women roles, specific for different regions in Norway [Furre-Haaland, Rege, Telle, 2013: 6].

Lisa Reisel and Mari Teigen show – using Duncan Index – that the segregated labor market exists in several European countries, and differences are quite persistent. It express that segregation is the case also in countries with high gender equality measures, what suggests that reasons for segregation are more complex and not necessarily depending on policy. Therefore new studies and tools for provoking change are necessary.

Gender segregation in the labor market is the subject of an ongoing project (2014–2018) directed by Lisa Reisel, Institute for Social Research, where Norway will be compared with other countries to find answers what causes segregation, http://www.samfunnsforskning.no/Prosjekter/Paagaaende-prosjekter/Gender-Segregation-in-the-Labour-Market [access: June 2016].

The gender pay gap

The persistent pay gap in salaries of men and women is a well-known phenomenon, and lot of international statistical data are available, so I will just mark it here, without wide-ranging discussion, as the impact of it is quite obvious and recognized. Economic Commission of the EU presents all necessary material on its gender equality pages, http://ec.europa.eu/justice/gender-equality/files/gender_pay_gap/140319_gpg_en.pdf [access: 10 March 2016].

In 1950s and 1960s the pay gap in Norway between men-women was on 60% level, in 1980s on 20% level and later get stabilized around 15% level. The pay gap shows small changes in recent 20 years [Tomczak, 2015: 39], so the quota-law did not narrowed the gap.

Just to illustrate the perspective, ECONA’s (Norwegian Society of Business Economists) newly published wage statistics show the earnings perspective for new graduates with Master of B&A, entering labor market: start salary is now around 500 000 NOK a year, the same for men and women. After 5 years of work a woman will earn 630 000 – a man 720 000 NOK. The difference increases with years: after 10 years a woman will earn 730 000 and men 930 000 NOK. The explanation of the director of Econa, Tom Bolsta is that 35% of graduates women choose work in public sector (among men 25%), and that for women the salary is not a top preference for taking a job, other factors tell also. Finally, men get after a while managerial positions, what raise their salaries [Løhne, 2016: 28].

Economic outcomes of quota-law

The gender approach and equality policy has – in addition to other dimensions – clear economic outcomes. It is essential to look upon effects both in micro and macro scale – the results for the firm and/or business sector are usually
different from those for the entire economy and society. The question is what to measure and how.

**Micro-level: the company costs and value**

In the already mentioned study of Bøhren and Staubo [2014] of ASA companies, the authors concluded that change of organizational form, due to quota law introduction, has been costly for the firms, direct and indirect way, as fall in their stock value, cost of transition of the company form from ASA to AS, cost of changing the board structure, and possibly long term effects of all modifications on company’s efficiency. The authors also concluded that mandatory gender balance may generate inefficient organizational forms or/and inefficient boards.

Ahern and Dittmar [2012] estimated the impact of the quota-law on firm value, using large panel data from 248 public companies between 2001 and 2009. The start year represents the situation before announcement of quota-law, and the last is a year after the transition period for law execution. They authors found that quota-law – when first announced, caused the fall of stock return for firms with no female directors – 3.54%, compared to – 0.02% for firms with at least one female director [Ahern, Dittmar, 2012: 139]. The impact of quota-law on long-run firm value, regarded as external shock, has been measured by Tobin’s Q, which on average fell by 12.4% [Ahern, Dittmar, 2012: 140]. Both mentioned effects means loss of the firms’ value.

They also studied by which mechanism the value of the firm was affected – mergers, acquisitions, restructuring may contributed to negative results and stock exchange reaction. Two main reactions were pointed out – negative reaction of stock exchange on quota-law and inefficiency caused by shift of experienced board members with unexperienced ones, so related other involuntary organizational changes (replacement or shift from ASA to AS).

The higher representation of women in boards did no change wage and salary gap.

The main conclusion of the authors’ various calculations of the effects of quota law is its negative impact on the firm value.

**The macro-level: national economy**

Kjersti M. Østbakken [2016] analyzed effects of increased female labor market participation on economic growth in Norway in a long term perspective from 1972 to 2013, so this study brings important macroeconomic insight to the discussion of costs and gains. She was looking on impact on aggregate efficiency, caused by better human resources allocation, and on individual benefit from labor market participation and education for women themselves, as well as for the family’s increased purchasing power.

The effects are divided into three categories: supply-side explanations, demand-side explanations and institutional explanations. Growth in employment has been connected to development of service sector in the 1970s and institutional solutions improving social security, child care and parental leave. Østbakken concludes that
the mainland GDP average growth per capita, due to increased female employment, was for the analyzed period around 2% yearly. Decomposition of the result into two effects: effect of employment growth and effects of productivity increase relates 10% to employment growth and 90% to productivity growth.

This 10% effect of employment growth is a clear outcome of the female employment boost, which Østbakken calculate in money value to NOK 3300 billion in the analyzed 40-years period. The other non-monetary effects are expansion of public sector services, increased level of education, better child care services and better family economy, to name the most important ones.

Conclusions

1. Over decades Norway has been a leading country implementing institutional solutions to attain equality between men and women. Results of these policies are signified in several international Index presentations, where Norway and Scandinavian countries are on top.

2. Equality has different dimensions, as it relates to childhood, family relations, equal chances for education and professional career, all deeply rooted in a society’s culture and tradition. Therefore both understanding and measuring of advancement of gender equality is compound and controversial issue.

3. State’s instruments of policy shaping equality, and institutions role in the process, are grounded on principles of democracy, fairness and justice, but differ in form – instruction, recommendations, law. Law must be followed, therefore a quota law of 2003 in Norway, forcing gender balance on Boards of public companies – 40% of each sex, raised lot of debates, for and against.

4. Up to now there is no reasonable answer on question why the labor market is so deeply segregated, both horizontal and vertical, and even radical equality policy did not succeed to change it.

5. The research studies on impact of quota law give various results: many refer to negative results, as rise of the firm’s costs and fall of its stock value, due to forced restructuring of management or/and change of company’s form. The ones looking on other than quantitative results see advantages of variety, better risk management, younger leadership team.

6. Macroeconomic effect are mainly connected to high labor participation of women, which bring better social services to families (kindergarten, after-school activities), better family economy and higher growth of GDP.

The implication for practice is that pressure from the top of the organization is sometimes needed, and that the resistance from this exercise of hierarchical power does not have to be avoided. Rather, a combination of inclusive and transformative strategies seems to be the best recipe available for change towards gender equality.
After all, gender and diversity change are all about a different division of power and resources, also about power to define norms and values [Kumra, Simpson, Bruke, 2014: 348].

References


