Women are still underrepresented in Norwegian Business Life – and it is costly

If companies need the best talents, they are handicapping this by 50%. Today only 18,5% of the managers listed as primary insiders at Oslo Stock Exchange are women.

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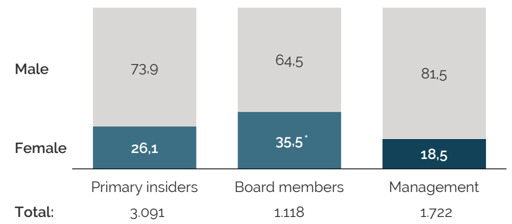
Globally Norway is ranked as number 2 in World Economic Forum´s Global Gender Gap Report 2015. However, our recent study documents that Norwegian businesses are consistently keeping women out of influential management positions.

The HA Barometer – a research from Human Assets Consulting – is an analysis of all people registered as primary insiders for companies listed at Oslo Stock Exchange (OSEBX). Primary Insiders are people who – mostly through their position – have business critical information. Once excluded for non-influential positions (Accountants, Advisors, PAs etc.) it serves as an important proxy to understand who are influencing important business decisions in Norway.

The list documents parts of the demographic of people with decision power. Big as the price may be, our recent analysis documents that women are consistently underrepresented in influential management positions. Exhibit 1 shows that only 18,5% of the managers listed as primary insiders at Oslo Stock Exchange are women.

Exhibit 1: The gender gap is still prevalent



Source: Human Assets Consulting

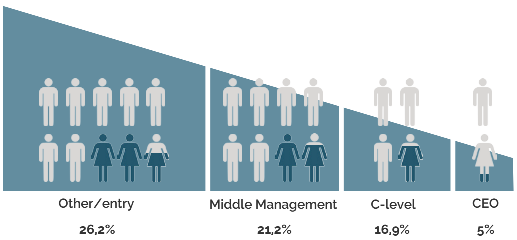
** Companies are compliant with the gender representation law however, employee elected members reduce the overall share of women*

Gender inequality – a reinforcing effect

One of the most common – and provoking – statements we hear about gender inequality is the "Women should step up – and be bold enough to take positions". The underlying logic is that women are not willing to do what is required to get qualified for top executive positions. Some claim indirectly that there are opportunities for those who want it, and that women are actively choosing not to. Most will agree that women still are required to accept an asymmetric burden of family life and child-care, and this constitutes a relevant barrier to close the gender gap. This could especially influence the choice and ability to take the step to the C-Suite level. While these and similar drivers might influence gender equality, the challenge transcends these traditional arguments.

Exhibit 2 illustrates the structural challenge against gender equality. The gender gap is significant at all levels in the organization not only at the top. Women are not participating in important arenas. Even at semi-entry levels the gender gap is significant and does not reflect the demographics for relevant graduates.

Exhibit 2: The gender gap creates a skewed talent pipeline:



Source: Human Assets Consulting

"The trend is not only unfair – it is disturbingly expensive for business. Even zat lower levels companies fail to build a sustainable pipeline of talented women"

Needless to say; this does not correspond to the trend in educational attainment. In the last two decades' women have matched or even out-numbered male students in typical "business degrees". Most will agree that business profits from attracting the best talents, thus companies are handicapping their position by 50% by excluding women. The implication is that very few women are allowed to influence business critical decisions. More concerning: they are prevented from participating in important on-the-job training arenas.

The likelihood of a woman being elected as CEO is very low. It is a provoking idea, but one could argue that this proves that the owners/election-committees are making the necessary assessment. With the current pipeline far less women than men are qualified for C-Suite levels – based on experience. This is not derived from an assumption on intrinsic capabilities but lack of exposure to the right type of jobs.

"Companies are just not producing a sufficient number of women in relevant leader positions"

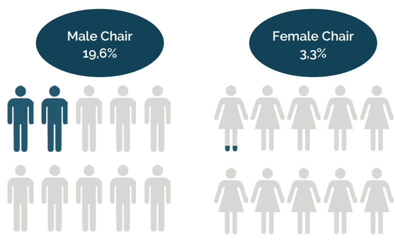
The gender inequality creates a Catch-22 situation: Even at entry level very few women are allowed to participate in – and more importantly learn from – challenging projects/positions. Executives are recruited based on previous experience and performance; this is especially true for C-Suite levels. As so few women have the right exposure it is not likely to expect the share of female CxOs to improve in the near future.

Aggressive ambitions have reduced the gender gap on company boards

Ten years ago a legislation secured gender balance in boards in public limited companies in Norway. The requirement of the gender representation law is that both sexes shall be represented on company boards by 40 per cent. All Norwegian public limited companies are – obviously – in compliance with the gender representation law. Initially there were some objections to the law, but after a two-year transition period all companies where compliant. It is important to note that there are very few women who have multiple board positions in listed companies (the same trend applies to men). It seems fair to conclude that for companies listed at OSEBX it was not difficult to recruit qualified women to their board positions. The fact is that women in board positions actually improves the overall numbers for gender equality in our research.

Exhibit 3 shows that while the quota is met things are still not quite equal. The likelihood of being elected chair of a board is still fairly slim if you are a woman.

Exhibit 3: Very few women are elected chair of a board



Source: Human Assets Consulting

Building a sustainable pipeline of women eligible for C-Suite level

Our analysis should not be misconstrued as an argument in itself for imposed quota; we are simply pointing out that the current inequality should be addressed, also because it is good for business. Furthermore, it is doable and it is right

In our discussions with successful female executives it is remarkable how often they point out how crucial it was for them to have leaders who recognized their potential, created learning- and advancement opportunities at an early stage. As one CEO puts it: "I was exceptionally lucky with my first boss – he saw a potential I couldn't even understand myself and pushed me to accept challenges". The common driver for their careers was that– at an early stage – their potential was recognized and they were systematically placed in or offered relevant positions.

Building a sustainable pipeline of management talent at multiple levels is challenging regardless of demographics, but we know from existing clients that it is doable.

Most companies struggle to maintain realistic and ambitious succession plans even at C-Level. Successful development of leaders is closely linked to the ability to identify and reward talent and performance in concert with a relevant and ambitious development program. A dedicated focus on diversity – in terms of attracting, retaining and developing successful people regardless of gender, ethnicity or sexual orientation – is in itself a cost efficient way of strengthening the pipeline of talents. Furthermore, it is an effective way of communicating corporate values and attract talent in general.

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Human Assets Consulting was founded by seasoned executive search and management consultants. We aim to provide clients with a truly bespoken service, focused solely on identifying and developing human assets.

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Our goal is to ensure that our clients **avoid empty chairs**, either by developing internal talents or acquiring them externally