Norwegian Business Life is consistently lagging in gender equality

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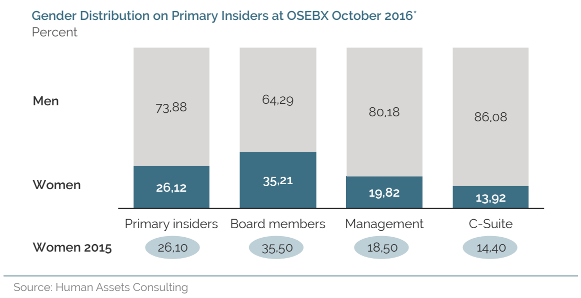
Our annual study of gender equality in Norwegian Business Life shows some small improvements – however companies are still handicapping their search for talent by 50%. HA Consulting's updated HA Barometer documents that only 19,8% of the managers listed as primary insiders at Oslo Stock Exchange are women.

Our recent study documents that Norwegian businesses are consistently failing to develop sufficient number of women in influential management positions.

Every year HA Consulting conducts 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 analysis confirms that women are consistently under-represented in influential management positions.

Exhibit 1 shows that only 19,8% of the managers listed as primary insiders at Oslo Stock Exchange are women. While this is more than 1 percentage point more than last year it is still surprisingly low. At C-Suite Level (CEO and CxO) we have actually seen a decrease in share of women.

Exhibit 1: The gender gap is still challenging for business



* Excluding external or non-influential positions (advisors, PEAs etc)

Gender gap – a reinforcing effect with a twist

The traditional advice to women is too often phrased as "Women should step up – and be bold enough to take positions". The assumption seems to be that women are not willing to take the risk or to "step up". Or that an asymmetric burden of family life and child-care forces women to actively opt out on an executive career.

The HA Barometer 2016 documents two structural challenges that increases the classical barriers women are facing:

1. Skewed Talent Pipeline; There is a clear structural challenge where women are underrepresented at all levels

2. Women lose out on Line Positions; Less women have line positions at EVP level – thus reducing the chance for further advancement

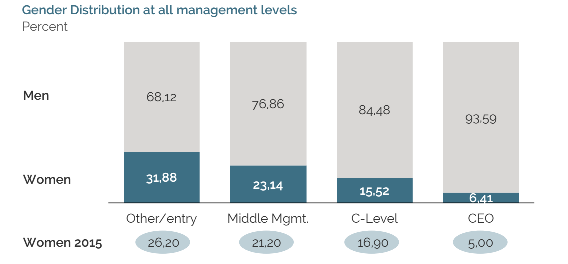
Below we will outline how these structural challenges limits the chance of closing the gender gap.

Skewed talent pipeline – with a reinforcing effect

The good news is that the we see a real improvement at lower levels – however more than two out of three entry positions are still filled by men. At CEO level, only 6,4 percent are women – while this is an improvement by 1,4 percentage points, the likelihood of finding a woman in a CEO position is still very low.

Exhibit 2 illustrates the structural challenge for 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: A skewed talent pipeline



Source: Human Assets Consulting

There are some changes in the last twelve months. At Other/Entry level we see clear increase of women, similar at the CEO level. With the sample size and short timespan (12 months) it is a bit early to celebrate quite yet. Similar the decrease at C-Level needs to be monitored over time to make a final conclusion. Overall the gender gap is significant – even at lower levels. As most know: this does not correspond to the general trend in educational attainment.

Women are matching or even outnumbering male students in many of the typical business degrees, and have been doing so for quite some time. This trend is not reflected even at Other/Entry- or Middle Management levels – thus companies are handicapping their position by 50% by excluding women from their talent pool. The trend is obviously unfair – and it is disturbingly expensive for business.

The skewed pipeline is a very visual sign of where the companies are failing; the pipeline is not sustainable as it will not produce enough qualified women for top management positions.

While intrinsic capabilities play an important part; people are elected to C-level positions based on their experience, skills and track record. The only way to acquire this is through exposure to challenging projects/positions.

The current structure shows that fewer women can influence business critical decisions than men – as important: the skewed pipeline excludes women from important learning arenas.

Even at lower levels more men than women can gain experience and demonstrate their abilities – thus companies are still producing more qualified men than women. Unless companies focus on where they fail to bring more qualified women into the pipeline it is not likely to expect the share of women at C-Level to improve soon.

Women lose out on line positions – reducing their impact

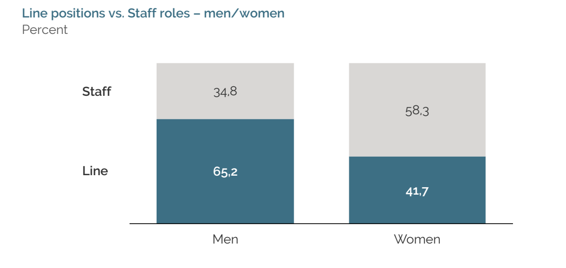
Another stumbling block for companies – and women – are the type of qualifications that is built during their career. One distinguishing differentiator for CEO elections is whether the executive has had P/L responsibility or not (line vs staff functions).

Having demonstrated that she can handle a full P/L responsibility prior to assuming the CEO role is for the most part a reasonable expectation, and most CEOs have been in line positions before they were elected CEO.

Less women have line positions at EVP level than men

At C-Level 38,5 percent of all positions are staff functions – without a clear P/L responsibility (HR, Legal, Finance etc.). Exhibit 3 shows that for the exclusive group of female C-Level executives the majority (58,3 percent) are filling staff functions. For men, the same number is 34,8 percent. Potentially this is a result of women opting out of classical executive roles due to the prevailing asymmetric burden of childcare etc. Unaddressed it will continue to handicap the access to talents for companies.

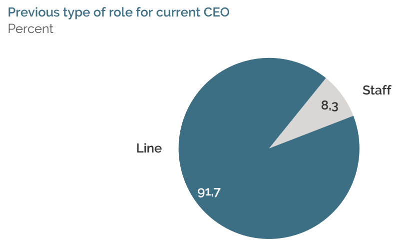
Exhibit 3 Line positions vs Staff roles– Men/Women



Source: Human Assets Consulting

This trend might explain parts of the huge gender gap at CEO level, part of the requirement for a would-be-CEO is successful results from a line position. Very few women have made it to C-Level and even less of them have a line responsibility in the executive management team. Exhibit 4 shows that very few CEOs came directly from a Staff function to a CEO role.

Exhibit 4 Previous type of role for current CEO



Source: Human Assets Consulting

Out of those 8,3 percent that was elected from Staff; the majority came from the CFO function. Most people are not – nor should they be – elected CEO. However; if the ambition is to become a CEO companies and women should prefer a Line position over a Staff position.

We have anecdotal evidence of women being promoted from middle management Line positions to Staff functions at C-Level. While these positions are clearly valuable and they are in fact influencing executive decisions, their chances of becoming a CEO are slim.

Closing the gap – it's all about the numbers

Companies should aim to reduce the gender gap and obviously do the same for other inequality issues such as ethnicity, disability and sexual orientation to name a few.

Fundamentally addressing inequality is the right thing to do – and the awareness of these issues makes it impossible to ignore for any company.

Also, we believe it is very good for business; finding talent is very difficult and most executives see major constraints in their talent pool. It is only rational to improve the pipeline – and very much doable. A dedicated focus on diversity – in terms of attracting, retaining and developing successful people regardless of gender, disability, ethnicity or sexual orientation – is 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.

These gaps will not close themselves without a dedicated focus on the quality of people development and the actual numbers.

Companies are not even close to produce enough women eligible for C-Suite level. The numbers indicate a talent drain – either because women are not included at all, or they head towards non-line positions

Wo do not believe that the answer is an imposed quota – the root cause to the problem is that organizations fail to develop enough qualified women. It starts at entry level as too few women are allowed to participate and throughout the pipeline too many women are dropped or decide to drop out. Accepting the business challenge companies need to make sure that female talents are included, seen, encouraged and developed.

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