

Advancement of women in business:

Members of the European Round Table of Industrialists launch two proactive initiatives



Carlo Bozotti, President and CEO, STMicroelectronics

“Greater diversity in organisations, including more women, leads to higher performing teams and better business results,” stated Carlo Bozotti, President and CEO, STMicroelectronics and Chairman, ERT Societal Changes Working Group. **“We believe that having more women throughout the talent pipeline gives us a competitive advantage and is essential for the prosperity of the European region.”** Thirty-one leading European companies, all members of ERT, announced on 1 March two new initiatives to promote opportunities for women at all levels in their companies. (See <http://www.ert.eu/women>.)

“We are keenly aware of the need to significantly boost the number of women prepared and qualified to serve on supervisory boards and as non-executive directors,” explained Vittorio Colao, CEO, Vodafone Group. **“The creation of a database of top female talent recommended by their own CEO or Chairman as qualified for non-executive or supervisory board positions in other companies proactively expands the candidate pool. The women appreciate the support that they receive in further developing their careers and in broadening their exposure to different business sectors.”** The participating ERT Members, in an innovative cooperation with leading executive search firms Egon Zehnder International, Russell Reynolds Associates, and Spencer Stuart, are working together to promote the placement of women in non-executive director and supervisory board positions.



Vittorio Colao, Chief Executive, Vodafone Group

While increasing the number of women in non-executive director and supervisory board positions is important, the greatest challenge is to increase the number of women in the talent pipeline, in the management of operations, and in executive roles. The second initiative, publicising company-specific targets, is driven by the knowledge that measuring performance is the best way to improve. “It is in the interest of companies, and also the prosperity of Europe as a whole, to encourage a better utilisation of the vast female talent pool. ERT Member Companies are already leading in this field and by publicising our company targets, we show our commitment to make breakthroughs and demonstrate results,” said Peter Löscher, CEO, Siemens.

There are still far too few women entering the workforce with science, technology, engineering and mathematics (STEM) skills. To support industrial companies in developing female talent for future leadership

positions, actions by European policy makers to increase the number of women entering the STEM talent pipeline are strongly encouraged. In addition to numerous individual company initiatives, ERT Member Companies have already initiated youth education programmes such as the European Coordinating Body for mathematics, science and technology, inGenious (<http://www.ingenious-science.eu>).

Because the situation varies widely between industrial sectors and between country cultures, the participating ERT Member Companies determine the voluntary targets appropriate to their talent base. At each yearly update, companies can enrich their target commitments, and additional companies can join the initiatives.

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The Norwegian example

Petter Sørlien sets out the Norwegian approach to improving gender balance on company boards

The Norwegian regulations for 60/40 per cent gender balance on company boards – world known as the quota law – has become a benchmark and a field study for Europe’s aim of increasing the number of women in economic and commercial decision-making. Many things have been said and written about the Norwegian quota in the current debate.

The quota is neither a separate entity nor a part of equality law but represented in its time an amendment of four company laws. Thus it is perhaps more correct in conceiving the Norwegian strategy for increasing women in economic decision-making as a best practice for gender mainstreaming of a set of company laws.

The current debate in Norway on women on boards is less ideological and more pragmatic than in Europe, where the debate is between proponents of either regulation or self-regulation. This used to be the case in Norway, but today we need both regulatory and self-regulatory measures.

Norway also has a machinery of self-regulatory measures initiated by the business community. Particularly successful is the Norwegian business confederation’s ‘female future’ programme, in which participants are private companies not regulated by quota legislation that wish to recruit young

talented women for positions in economic decision making. Female future is complementary in the sense that it recruits and educates both for board positions and executive positions and that it targets all types of companies. About 1300 young talented female participants have so far passed through the training programme with good prospects of attaining top positions. The latter is very much needed. Norway has very few female CEOs and top managers – even below European average. The intended effect – that gender balance on company boards should have a positive effect on the number of women in executive top management – has so far not materialised.

Female future was originally designed as a self-regulatory alternative to the proposed quota-regulation in 2003, but failed to deliver the 40 per cent target. It was only after mandatory gender quotas on company boards were introduced that the female future programme took off and started to fly. Perhaps legislation paved the way for self-regulatory and complementary measures in Norway. Nowadays, board management is also lectured at Norwegian business schools.

It is broadly recognised that the quota has been an important driver for change and has produced good outcomes for company governance and society. Norway does not have a formal stand or position on regulation at European level. However, as a fully fledged participant in the internal market – with the adoption of relevant aquis within the European economic area agreement – Norway will also have to relate to a proposal for a European regulation on company boards. Spain, France, the Netherlands, Belgium and Iceland all have regulations for gender balance, while other European countries, such as Sweden and the UK, have strong and viable self-regulatory measures.

Norway exchanges experiences on good practice with her European partners, studying both regulatory and self-regulatory arrangements while seeking inspiration and input to further national policy development in achieving our common objective in getting more women on top of economics and business. ★

Petter Sørlien is counsellor for equality and non-discrimination to the mission of Norway to the EU

On the board

The national business register is monitoring and sanctioning the compliance of these regulations along with other company accountabilities. In this respect the management of quotas are free of costs and non-bureaucratic. Norway regulates supervisory boards and does not regulate executive management positions. The regulations state a minimum of 40 per cent representation of either women or men in boardrooms, a range of enterprises and companies. The regulation encompasses all together around 2000 companies. Norway’s 260,000 SMEs are not regulated by the law. They are very often small and family driven companies where the owners themselves constitute the board. Private limited companies have approximately 18 per cent female board members. Although there has been some voices to further extend the regulation to encompass big companies in the private sector, this is not government policy. Norway will continue to feed into the European debate on women on boards. An EU-expert seminar on women in economic decision-making will take place in Oslo on 10-11, with Denmark and the UK and the participation of another 15 member states. It is expected that the seminar will focus upon both regulatory and self-regulatory strategies. I hope and believe that the conclusions from this seminar will be a useful contribution to EU commissioner Viviane Reding’s public hearing on women on boards.