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WOMEN AND MEN AS BUSINESS LEADERS IN ICELAND



This publication is supported by the European Union Program for Employment and Social Solidarity – THE PROGRESS FUND. The information contained in this publication does not necessarily reflect the position or opinion of the European Commission.

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Introduction

This report is written for the Centre for Gender equality and discusses the conclusions of recent studies on women and men as managers and board members in Icelandic companies. The motivation behind the work is the implementation of laws on 40% minimum representation by each gender on company boards in Iceland in September 2013. The attitudes and experience of men and women as board members and high-level managers are covered. The report is based on three surveys: *Gender equality in business management: policy development and influence*, funded by RANNÍS 2014-2017; *The International Social Survey Program (ISSP)* 2013, and KPMG and the University of Iceland's Report, *Könnun meðal stjórnarmanna (2013). Bakgrunnur stjórnarmanna og störf stjórna.* The Report is written by Guðbjörg Linda Rafnsdóttir, Laufey Axelsdóttir, Sunna Diðriksdóttir and Þorgerður Einarsdóttir on behalf of MARK, Centre for Gender and Diversity Studies.

Data on boards and management in Icelandic corporate life is hard to come by. The information is not registered or maintained in a systematic way, and definitions are not clear and uniform. Statistics Iceland collects information on boards and managers in Icelandic companies (which pay wages and are registered as limited companies) and classifies companies by the number of employees. According to Statistics Iceland 26% of board members in Iceland were women at the end of 2014, and 22% of CEOs. This pattern is reversed when only the largest companies are taken into account (i.e. those with 250 employees or more). In those companies women are 39% of board members, however, they are only 8% of CEOs. The vast majority of companies in Iceland, or 98%, have fewer than 50 employees. In those companies 25% of board members are women, and 22% of the CEOs (Statistics Iceland 2015). Other information from Statistics Iceland will not feature in this report.

The study Gender equality in business management: policy development and influence is the main source for this report. The goal of the study is to examine gender equality in business management, focusing on policy, development of gender quotas and their influence. The study is carried out as a collaborative project involving the University of Iceland; KPMG; Samfunnsforskningsinstitutet in Oslo; the University of Malta, and the University of California, San Diego, UCSD.

The study was launched in November 2014 when an electronic questionnaire was sent to the management (i.e. all those who report directly to the chairperson or CEO of a company) in 250 of the largest companies in Iceland. The companies were chosen from the list of the business magazine *Frjáls Verslun* ('Free commerce') over the 300 largest companies in Iceland in 2014. The magazine classifies the companies according to their revenue (unlike Iceland Statistics which classifies companies by number of employees, see above). Sent out on 28 November the questionnaire was open until 26 January, 2015. A total of 1349 individuals were asked to participate (354 women, 995 men) and the total response proportion was 73%. It must be kept in mind that not all respondents answered all the questions. Participants were 27.4% women and 72.6% men, the same proportion as those who received the questionnaire. Data processing was carried out in SPSS.

In some question answers are scaled from one to five. In processing such answers were lumped into three categories.

The international attitude survey ISSP (International Social Survey Programme) is performed in 49 countries. In Iceland the survey is based on a random sample of 2,000. The Social Science Research Institute oversees the survey. In what follows some aspects of the survey from 2013 concerning gender equality, family life and work life will be presented. The survey was done in 26 June 2013-20 March 2014, with a response rate of 61%. The only responses considered are those of CEOs, managers, forepersons, heads of various organisations, elected representatives and high-level functionaries.

The report *Survey of board members. Background of board members and board operations* was produced in cooperation between KPMG and the School of Social Sciences of the University of Iceland. The report was published in 2012 and 2013. The survey cited here was done in the autumn of 2013 when 905 board members were asked to participate; 339 responded making the response rate 37%.

The Study Gender equality in business management

The typical top-level manager

According to the study Gender equality in business management

the typical Icelandic male manager is 49.6 years old. He has a graduate degree, often in the field of business or economics. He is married or in a relationship, has an average of three or more children and works 51-60 hours per week. A typical Icelandic female manager is 44.9 years old. She has a graduate degree, often in the field of business or economics. She is married or in a relationship, has an average of two children and works 41-50 hours per week.



Education of participants

Participants were asked what education they had finished. The options were: *primary school; secondary school; undergraduate degree; graduate degree* and *other*. As the picture 1 shows the majority of participants hold undergraduate or graduate degrees;

92% of the women and 77% of the men.

Picture 2 shows that the participants' educational background varies by gender, to some extent reflecting different educational choices by women and men in society. A question was posed on the type of university education finished by participants. The options were: *business or economics; law; other social science; engineering; science; humanities*, and *other*. The results showed that around half the participants are educated in business or economics; 55% of the women and 45% of the men. More women than men are educated in these

subjects, as well as law and other social sciences. On the other hand more men than women are educated in engineering or science, or 35% compared to 17% of the women.

Work and career of participants

Participants were asked about their positions at work (see picture 3). The most common position is *department/ division head* or *other manager*, this applies to around one third of the respondents and applies to both genders. Otherwise, there are large differences between women and men. The second most common position for men is the positon of CEO or Managing Director (33%), while the second most common answer for women is CFO or Chief Financial Officer (21%)

The participants were asked to eval-



Picture 2. Type of University Education finished by participants.



uate the importance of certain factors when they were hired as top-level managers.

As seen by pictures 4 and 5 the most common factor that the participants think affected their being hired is personal "drive" to succeed, or 97% of women and 92% of men. The second most picked options are professional focus and engagement picked by 91% of women and 85% of men, and challenges and responsibility early in career, chosen by 79% of women and 77% of men. Interest and involvement in management are considered important by 64% of women and men as an important factor. Furthermore, 50% of both genders choose attention from superiors early in the career as a decisive factor. Backing and support from colleagues and partner were more often seen as influential in there appointment by women than men. The answers show that leadership and development programmes and mentors are not considered influential, and here the gender differences are slight. When it comes to *backing* and support from parents there is a significant gender difference seeing how 29% of women see it as very important, whereas only 12% of the men see it as critical.

Gender division in the company

Participants were asked about the gender division at the company by a few different administrative fields, i.e. the board (permanent members), top-level management, intermediate management, and the company as a whole. The options were the following: *almost only men (over 90%); mostly men (61%-90%); gender balance (60-40%); mostly women (61-90%), and almost only women (over 90%).*

Pictures 6-9 show men in the majority in every case, except in the case of *boards* where there is gender balance in 56% of the cases. Boards have a male majority in 40% of cases, but merely 5% have a female majority.

The largest gender discrepancy is in *executive management*. Gender balance is present there in 25% of the case, while 68% have men in the majority, and 6% a majority of women. The discrepancy in *middle management* is slightly less, with gender balance in 30% of the companies, a majority of men in 60%, and 10% of case with a majority of women. *The business or organization as a whole* has gender balance in 33% of the cases, male majority is at 53%, and 14% of the companies have a female majority.





Men Opportunity to prioritize job/career Backing and support from colleagues Backing and support from partner Backing and support from parents Mentor Leadership and development programs Attention from superiors early in the career Challenges and responsibility early in the career Personal "drive" to succeed Interest and involvement in leadership 11% Professional focus and engagement 4% 0% 10% 20% 50% 60% 70% 80% 90% 100% 30% 40% Very important Neither ... nor Very unimportant

Picture 5. How important have the following factors been for you to be top manager?



Picture 6. Gender division on the company's board (permanent members)





Women, men and management positions

The participants were asked to what extent they agreed or disagreed with 12 claims about the hiring of women for top level management positions within companies.



Picture 7. Gender division on the executive management in the company



Picture 9. The business or organization as a whole.

Pictures 10 and 11 show that 54% of the women and 55% of the men agree with the statement that *there are too few women applying for management positions*. Over a third, or 36% of both genders, agree that women choose to a lesser extent than men to pursue a career path with responsibility for results and perfor-







Picture 11. To what extent do you agree/ disagree with the following statements. mance. A little bit fewer, or 29% of women and 27% of men agree that women are less willing to fight for their career than men. Finally, 22% of the women, and 25% of the men believe women are less interest in positions with a lot of responsibility than men.

Nevertheless, the majority of the answers show a significant difference between the answers of women and men. For instance, 84% of the women and 65% of men disagree with the statement that *many women handle the pressure from a leadership position worse than men.*

Similarly, there is a *real* difference between how men and women respond to the statement whether *too much of the recruitment for management positions happens through informal networks*; 73% women agree with this, but only 39% of the men. When asked whether the business sector is dominated by men with insufficient trust in women, just under half of the women agree, or 49%, while 25% of the men do. Just over half the women or 53%, compared to 33% of men, think that recruitment of women into management position is not a priority within the business sector. Just under 32% of the women and 40% of the men agree that women have less freedom to pursue their career because of responsibility for family and children.

Some of the statements do not seem to strike a chord with the participants, nevertheless, a difference between genders can be observed. For example 17% of the women and 10% of the men concur that *many men have problems working with female managers*, and 15% of women compared to 10% of the men agree that



Picture 12. With equal competence men and women should be equally represented in the business sectors top-positions.







Picture 14. Approximately equal distribution of men and women in top-positions is important because...

women applicants are disadvantaged in the recruitment process. Finally, only 6% of women vis a vis 16% of men believe that there are too few women applying for management positions.

The managers were asked to what extent they agreed with the statement: *With equal competence men and women should be equally represented in the business sectors top-positions.* Picture 12 shows that 85% of women agreed and 67% of men. Furthermore, there were far more men than women who disagreed, or 15% in compared to 6% of the women.

The participants were asked whether they agreed or disagreed on seven statements concerning the importance of having an equal number of women and men in top management positions in business. The statements are shown on pictures 13 and 14.

A large gender difference appeared in most of the answers. For instance, 72% of the women but only 27% of the men agreed with the statement that equal numbers of women and men in the top-level management positions *it promotes better financial results*. Additionally 83% of the women, compared to 44% of the men agreed that *it will make a difference for how the company is run*.

A similar gender difference is apparent when the question whether gender equality *it promotes better risk management*, for 83% of women, contrasted with 41% of men agreed with that.

When asked whether *women are equally qualified to men for management positions* 98% of the women agreed, and 85% of the men. The statement that gender equality *it ensures the optimum utilisation of society's resources* was approved by 86% of women and 64% of men. The lowest gender difference was to be found in relation to the statements *it concerns equal rights for men and women* and that the proportion of the genders in business should be as equal as possible: 64% of the women and 58% of the men agreed with that.

Laws on gender balance on corporate boards

Participants were asked if they agreed or disagreed with the following statement: *Legal requirements regarding gender balance in executive management is a well suited means to achieve gender balance* (see pictures 15 and 16).



Picture 15. Legal requirements regarding gender balance in executive management is a well suited means to achieve gender balance in...



Picture 16. Legal requirements regarding gender balance in executive management is a well suited means to achieve gender balance in...



Picture 17. Legal requirements regarding gender balance in a business' management is a problematic measure because...

More women than men support the laws on gender quotas. The largest number agreed with this statement concerning *limited companies owned by the state or municipalities*, or 77% of women and 42% of men. Concerning *the business sector as a whole*, 69% of women and 23% of men agree that gender quotas are a good way to achieve equality.

Participants were also asked to what extent they agreed or disagreed with four statements to the effect that legal requirements regarding gender balance in a business' management is a problematic measure.

The answers by men and women

are very different, as pictures 17 and 18 clearly show. A majority agrees that *qualifications are more important than gender*, or 63% of the women and 84% of the men. Almost a third of the women, or 31%, and 64% of the men agree that it is unfortunate that *the state mandate who should represents owners*. Also 5% of the women and 17% of the

men agree that *there are not enough qualified women to man board positions.* The statement that it is *negative for profitability* is not widely supported.

Gender proportions in top management

The managers were asked how insubstantial or important they considered 12 factors in achieving a better gender balance in companies' top management. The results are shown in pictures 19 and 20.

Leadership programmes for women were considered important by 45% of the women and 40% of the men, but

52% of women and 38% of men viewed *mentoring for women within companies* as important. The majority of women, or 60%, believed that is important *to raise wom-en's awareness of career building*, while 44% of the men thought this a vital issue. Furthermore, a majority of women, or 56%, compared with 21% of the men said that *a duty to report and make visible gender proportions in management* was important.

Concerning hiring, 83% of the women and 53% of the men agreed that it was important to have *an active recruitment policies for middle management*, and 83% of the women and 56% of the men that the same should apply at the top level. Rather fewer, or 33% of the women, and 18% of the men, thought that it was important that *female applicants should be given priority if equally qualified*, and indeed 39% of women considered this insubstantial, compared with 55% of the men.



Picture 18. Legal requirements regarding gender balance in a business' management is a problematic measure because...

When asked whether gender guotas on company boards were important a significant gender difference revealed itself, with 56% of the women considering gender quotas important compared to 17% of the men. On the other hand, 22% of the women found gender quotas insubstantial, compared with 58% of the men.

In guestions concerning balance between family and work life as avenues to better gender proportions in top management a substantial gender difference is found in the answers. The majority, or 75% of women and 57% of men, believe that a more equal distribution of parental leave is important, and 82% of women and 59% of men believe a more equal division of family duties between parents is important. The majority, or 79% of the women and 61% of the men also think that better opportunities for career-comeback after the "toddler phase" is important. Furthermore, 61% of the women, and 49% of the men said that increased education for women is an important way to achieve better gender balance in top management.



Picture 19. How important do you think the following conditions are to achieve better gender balance in executive management?



Picture 20. How important do you think the following conditions are to achieve better gender balance in executive management? 16%

12%

13%

20%

20%

14%

14%

24%

Board membership

More men (54%) than women (42%) participants serve on a company board, or on more than one. The men were also more likely to be permanent members. A more precise division between permanent members and deputy members can be seen in picture 21 below.

Picture 22 shows that almost only men were on one third of the boards, while only 2% of the boards had almost only female board members.

Participants who are board members were asked if they had noticed any changes in board operations after the law on a minimum of 40% of each gender took force. It appeared that 22% of women and 6% of the men were not on boards before the law and could not evaluate this. Additionally 16% of the women and 17% of the men answered that the board they served on was not affected by the law.

The majority of men, or 60%, but only 28% of the women, said that no noteworthy change had occurred in board operations following the law. More women than men claimed to have noticed improvements, or 34% of the women and 14% of the men. No woman, and only 2% of the men said that board operations had become more difficult.



Picture 21. Proportion of women and men who said they were on a board, or boards of companies in Iceland.





Picture 22. Proportion of women and men who said they were on a board, or boards, of companies in Iceland.



Family and work life

Participants were asked to evaluate to what extent they are subject to certain expectations/demands at the job. The results are shown in pictures 24 and 25.

The majority of participants, or 60% of the women and 62% of the men say that their work is characterised *by demands to deliver results on short notice*, and an almost equal number says they have to *deliver on time even despite own sickness or having*

sick children. A majority is faced with demand for visible and quantifiable results.

The majority of women, 77%, and 81% of the men say they need to be available outside normal office hours by phone or online. In light of this, it comes as no surprise that 68% of women and 72% of men say they experience significant and constant pressure on the job, and that work outside normal office hours is common. Nevertheless, only 9% of women and 29% of men said that frequent traveling was common.







Picture 25. To what extent are you subject to the following expectations/demands at your job? Participants were asked to evaluate to what extent it was difficult to combine the certain expectations with their family situation. As seen in pictures 26 and 27, a less than a quarter of women (23) and men (24%), find it difficult to co-ordinated *deliver results on short notice* with family life. A larger number or 38% of women and 36% of men find that *significant and constant pressure* is hard on family life. Additionally 24% of the women and 31% of the men find it difficult to co-ordinate the *need to be available outside normal office hours by phone or online* with their home life, and the same applies to *work outside normal office hours* for 26% of the women and 31% of the men. Just under a fourth of both genders say that is difficult *to deliver on time even despite own sickness or having sick children* which is a similar number as those who find that *participation in professionall social events outside regular office hours* causes friction with family life. Only 8% of the women and 19% of the men say that co-ordinating *frequent traveling* with family life is difficult.

The participants were asked to what extent they believed possible to co-ordinate their present job with carrying the main responsibility for children and family life (for example transport for children, attending to sick children, sleepless nights, supporting children's hobbies and interests).







Picture 27. To what extent is it difficult to combine the following expectations with your family situation?

International Social Survey Programme (ISSP)

Pictures 28-32 below show results from the *International Social Survey Programmme (ISSP)* in 2013. As stated at the start of the report the only responses considered are those of CEOs, managers, forepersons, heads of various organisations, elected representatives and high-level functionaries.

Participants were asked how often the following had happened to them in the last three months: *I have come home from work* too tired to do what had to be done. It has been difficult for me to attend to my family because of the time I spend on my work. I have been to tired to do my job properly because of work for my family.



Picture 28. To what extent would it be possible to combine your current job with main responsibility for children and family logistics (sick children, night vigil, follow up on school / recreational activities etc)?



Picture 30. It has been difficult for me to attend to my family because of the time I spend on my work, the last three months.

It has been difficult for me to concentrate at work because of my duties towards my family.

As can be seen in picture 28 more women (57%) than men (43%) believe that it is mostly possible to co-ordinate their current job with having the main responsibility for family and children.

Picture 29 shows that just under a fifth of the women (18%) and a fourth of the men (25%) say that they have never *come home from work too tired to do what had to be done* the last three months. The largest group, 43% of the women and 35% of the men say that this happens a few times a month.

Picture 30 shows that a similar number of women (39%) and







Picture 31. The last three months I have been too tired to do my job properly because of work for my family.



Picture 32. It has been difficult for me to concentrate at work because of my duties towards my family the last three months.







Picture 34. On the whole, how happy are you with your family life?

men (36%) say that it has never been difficult for them the last three months to attend to their families because of work. One third of the women say that this happens once or twice a month, and the same number of men that it happens a few times a month.

Picture 31 shows that most women (77%) and men (75%) say they have never been too tired to work properly because of tasks carried out for their family. There is a little gender difference here.

Picture 32 shows little difference in the answers of women and men. The majority say they have never had any *trouble concentrating at work because of their family duties*. Comparing pictures 29 and 30 with pictures 31 and 32 it is clear that tiredness from home is much less likely to affect work than vice versa.

Contentment with life and work

Participants were asked how happy they were, on the whole, with their main job and family life. The answers were: *absolutely happy; very happy; quite happy; neither happy nor unhappy; rather unhappy; absolutely unhappy.* Answers were combined into *happy, neither-nor, and unhappy.*

Picture 33 shows that the majority of this group, or 91% of women and 88% of men are happy with their main job. Picture 34 shows that the vast majority, or 96% of the women and 94% of the men, are happy with their family life.

Survey of board members 2013. Background of board members and board operations.

In KPMG and the University of Iceland's report *Survey of board members 2012. Background of board members and board operations*, board members were asked about their attitudes towards laws on a minimum of 40% of each gender on corporate boards. A large gender difference was found in the answers.

A large majority of female board members, or 81%, were positive towards the legislation compared with 37% of the male board members. Only 7% of the women were negative towards the law, compared with 43% of the men.

In the same report board members were asked if they believed the law would influence *board operations, revenue, corporate image, gender ratio,* and *top management and corporate culture.* The results were that more women (45%) than men (20%) thought the law would positively impact *board operations.* Most of the respondents believed the law would have no effect on *board operations* 45% of the women and 70% of the men. A small minority believed the impact would be negative, or no women and 10% of the men.

Concerning the question on *revenue* the same pattern emerges, i.e. more women than men think the effect of the law will be positive. In line with this 29% of the female board members stated that the law would positively influence revenue, but only 9% of the men. On the other hand the majority was of the opinion that the law would not affect revenue, or 71% of the women and 86% of the men. No women and only 5% of the men said the law would negatively impact *revenue*.

When asked about the potential spreading effect of the law to the gender ratio in top management, 43% of the women said the law would positively impact the gender ratio in top management, and 19% of the men agreed. However, 56% of the women and 79% of the men said the law would have no effect on the gender ratio in top management. 1% woman and only 2% of the men believed the law would have a negative effect on the gender ratio in top management.

Summary

Men outnumber women as business leaders. Men and women answer differently, showing their different attitudes and positions. Women in top management and women on boards are younger than the men in similar positions, they are better educated, and they are more likely to be educated in business, economics or law, but less likely to have a background in science or engineering. Women and men, furthermore, also have different jobs. Most of the respondents believed that ambition for professional focus and engagement were the most important factors in their being hired as top managers.

More than half of both the women and the men think too few women apply for management positions. A large gender difference appears when the questions revolve around various attitudes towards women in such positions. Women are for example more likely than men to say that business is controlled by men who do not trust women; that hiring for top management jobs takes place through informal networks, and that recruitment women is not prioritised. Women are also more likely to say that many men find it difficult to work with female managers. An active recruitment policy is considered very important by a large majority of women, and about half the men, both at the middle management and top levels of management.

Men are more likely than women to think that women find it harder to cope with the pressure involved in management jobs, and that responsibility for family and children will make it more difficult for them to get ahead in their careers. Men are also more likely than women to believe that there are not enough qualified women to fill management positions.

A large gender difference is apparent in attitudes towards the

positive effect that gender equality in top management will have for the companies. Thus women are much more likely to believe that an equal number of men and women in top management will promote better financial results and better risk management. Women are also significantly more likely to say that gender quotas are a good way to achieve gender equality in the management of companies, in top management and in business as a whole. The majority of both genders agree that gender quotas are best suited to companies owned by the state or municipalities. Women are much more positive towards such quotas than men.

More men than women serve on corporate board, and they are more likely to be permanent members. One third of the women said that a positive change for the better on board operations has occurred following the gender quota laws, but six out of ten men said they had not noticed any change. Hardly anyone said that board operations had become more difficult.

More than half the men and women agree that better co-ordination between family and work life is an important way to achieve a better gender balance in top management of companies. Women are, nevertheless, more likely to see this as important. This applies to more equality in the taking of paternity and maternity leave; more equal work concerning children and family, and better opportunities for returning to challenging work when children grow up.

Just over half the women and just under half the men say that it is possible to combine their job with the main responsibility for family and children. Many respondents say they come home too tired to perform necessary tasks at home, and women are more likely to say this than men. Participants are much less likely to say that family issues affect work than the other way around.

There is clearly a big gender difference in the positions of top managers and board members, and in their attitudes towards what causes this difference. Further research is needed in this field.

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