

NHH



ZDROJE GENDEROVÝCH ROZDÍLŮ V KARIÉŘE A PLATECH: PŘÍKLAD NORSKA A ČESKÉ REPUBLIKY

by Professor Astrid Kunze
(Norwegian School of Economics, IZA; CESifo)

Presentation at the Conference «Break the glass ceiling –
support the career development of women»



NHH

SOURCES OF GENDER DIFFERENCES IN CAREERS AND WAGES:EVIDENCE FROM NORWAY AND CZECH REPUBLIC



by Professor Astrid Kunze
(Norwegian School of Economics, IZA; CESifo)

Presentation at the Conference «Break the glass ceiling –
support the career development of women»





Work and parenthood, and gender diversity





- **The Italian MEP who brings her daughter to work is highlighting the stark choice facing many women: career or motherhood? (The Independent – UK, 22 Nov. 2013)**

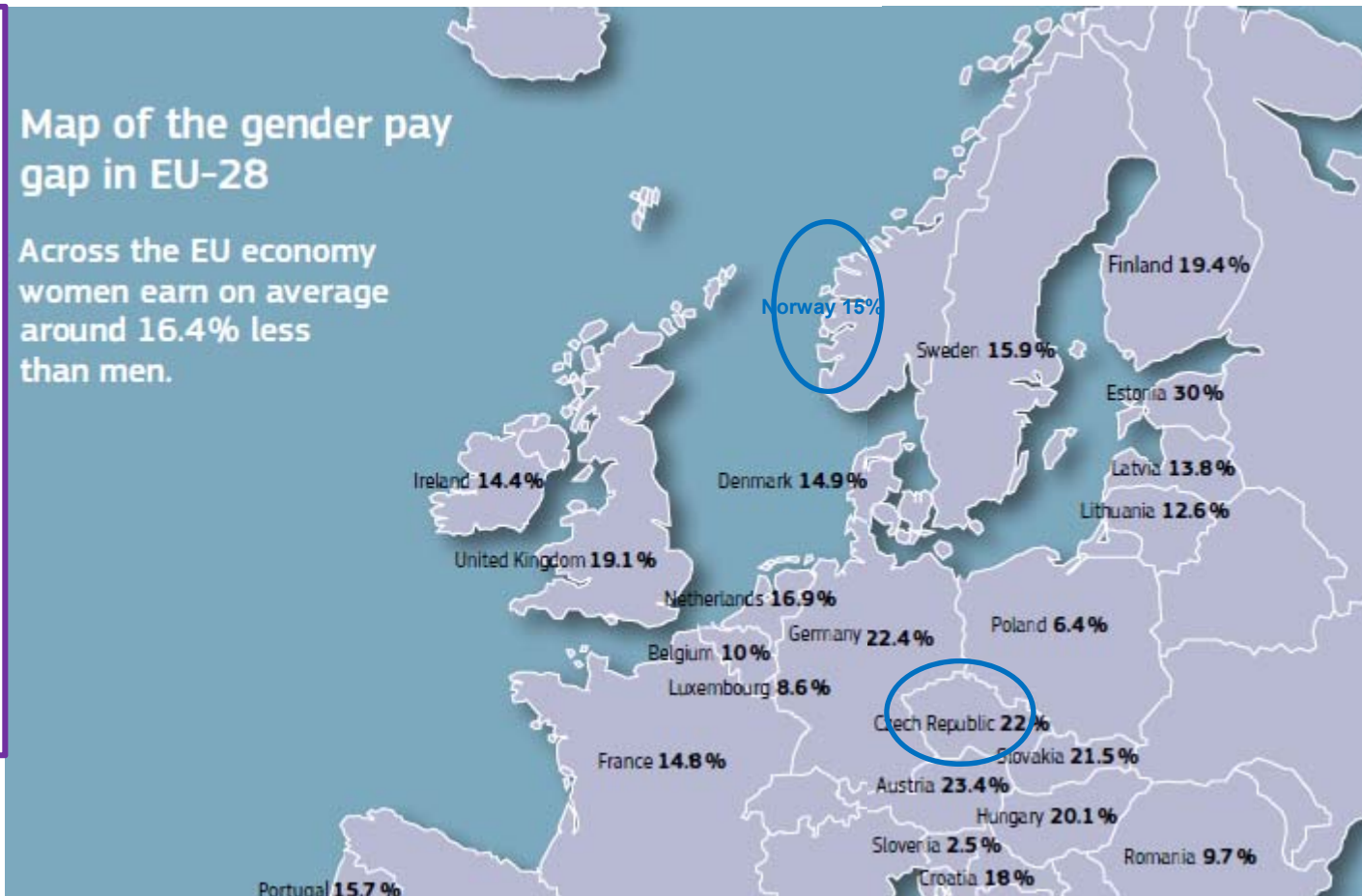
Map of the gender pay gap in EU-28 and Norway (EEA/EFTA member country), 2012



EU average GWG:
16 %

Countries with the largest GWG:

Estonia: 30%
Austria: 24%
Germany: 23%
Czech Republic: 22%



*Definition of gender pay gap:
Difference in mean full-time earnings of all women and men.*



More on rankings

- Global gender gap report, 2014:
 - Norway is on rank 3
 - Czech Republic is on rank 97

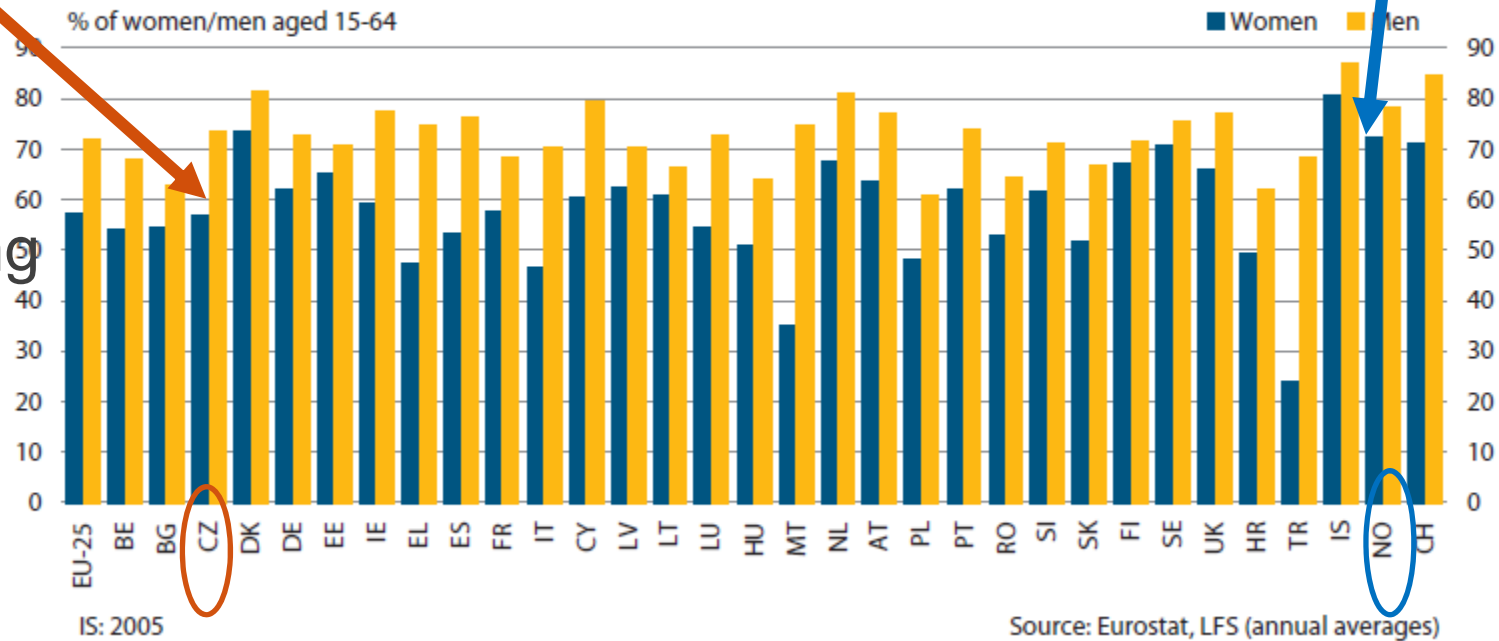
Employment rates, by gender

Norway:
73 % of women
are working



Fig. 42 Employment rate of women and men aged 15-64, 2006

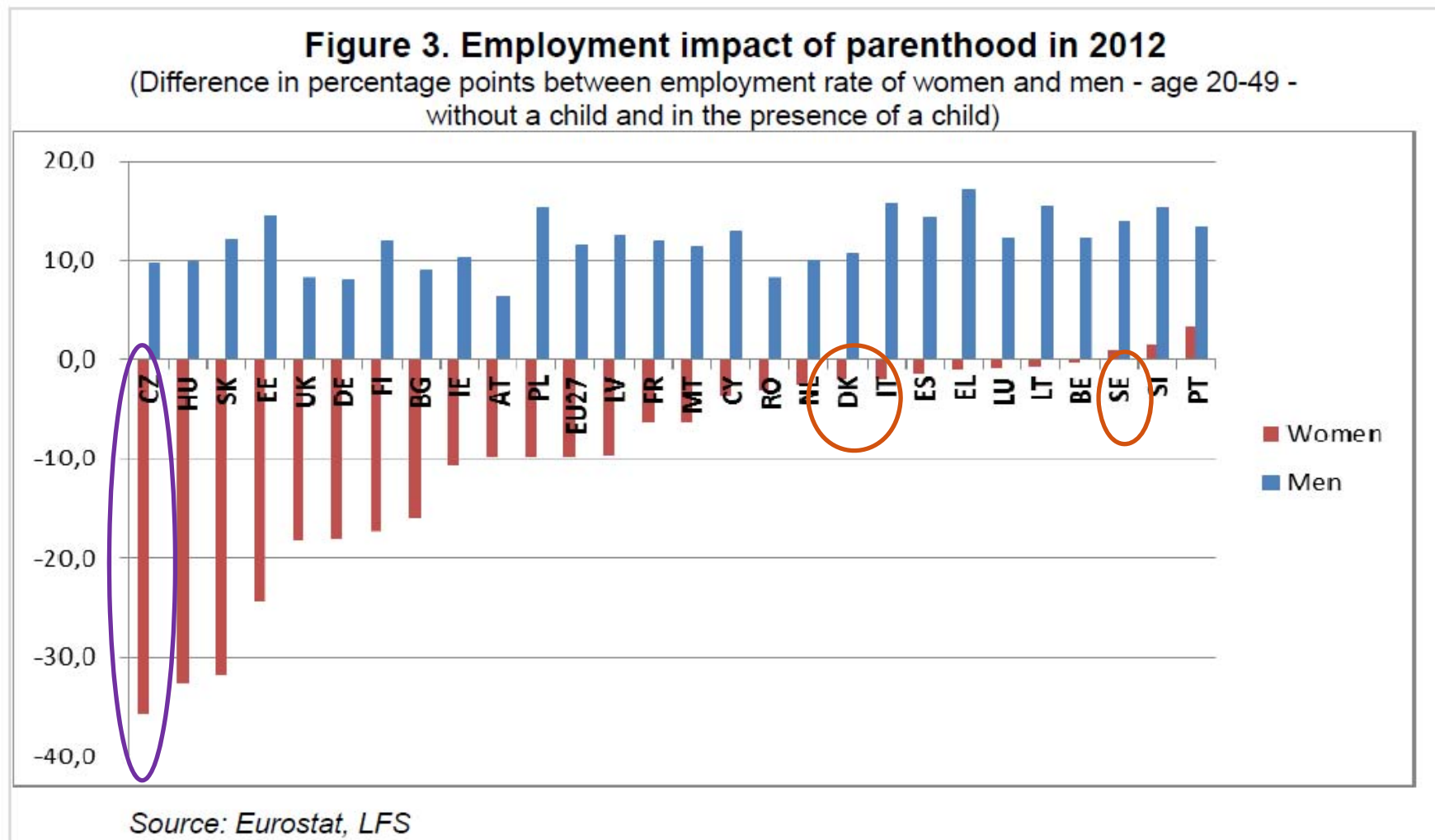
Czech Republic:
59.6 %
of women
are working



Norway: 73 % of women are working (top range)
Czech Republic: 59.6 % of women are working (middle range)



Do women return to work after childbirth? In Scandinavia, YES, in Czech Republic, not many.





Women, children and work

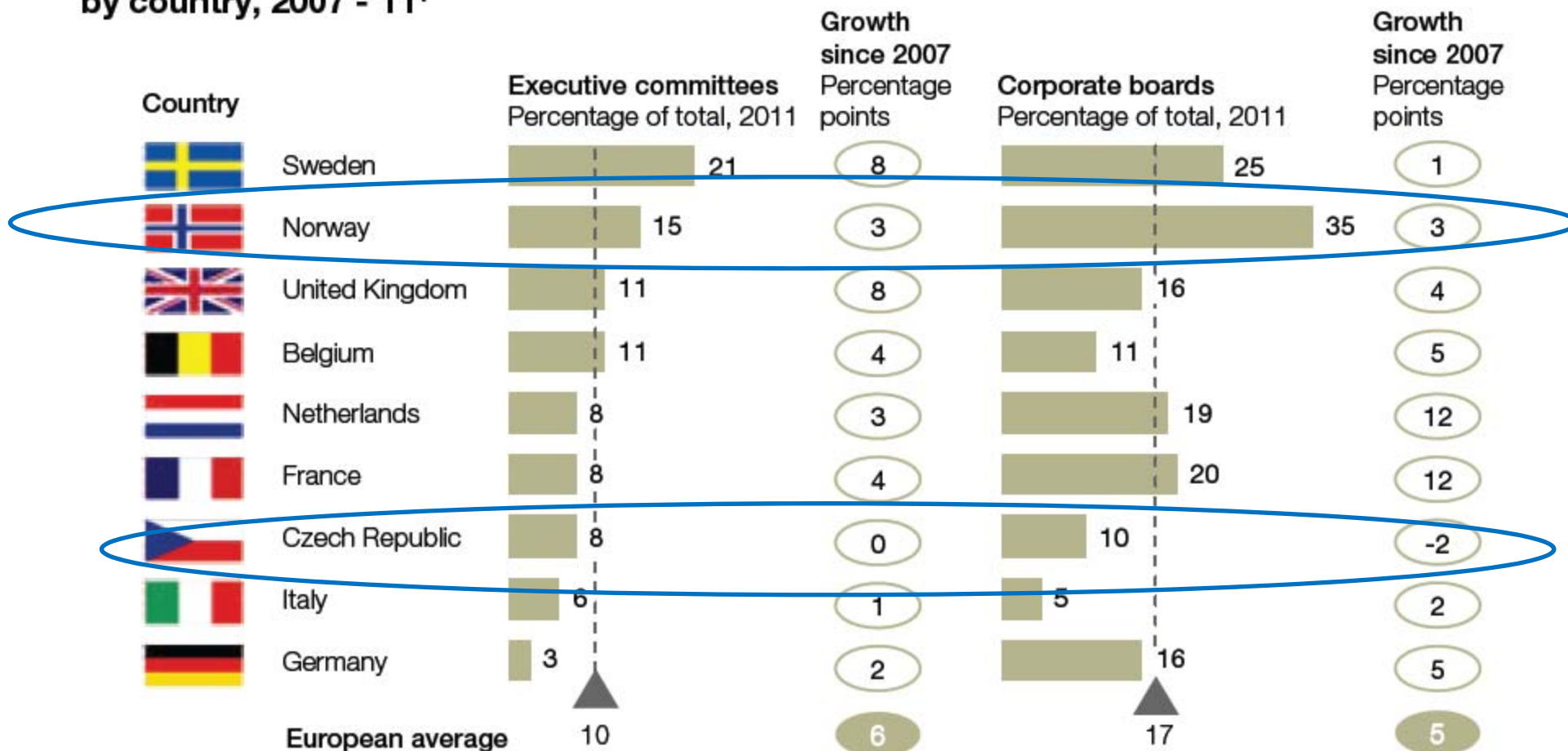
- Norway has a high fertility rate:
 - Norway: 1.9
 - Czech Republic: 1.5

- Work-adjustment after childbirth:
 - Czech Republic:
 - 25.4 % are not working because of children age less than 6 yrs old (third highest in the EU)

 - Norway:
 - High employment rate, 70 %, for those with pre-school children
 - 47 % of the workforce are female, and women have overtaken men in terms of number graduation rate from master and bachelor programmes

Exhibit 1

Women's representation on executive committees and corporate boards by country, 2007 - 11¹



¹The 2011 figures are mostly derived from 2010 annual reports

SOURCE: Analysis based on annual reports of companies listed on each country's main index, and press searches. Italian data provided by Alberti Governance Advisors

In Norway, less than 5 percent of CEO in public limited corporations are women.



FIGURE I
Percentage of Women Directors and CEOs of Norwegian Public Limited Firms



Two challenges

- Norway has achieved a high level of family-work balance and high gender wage equality
- A challenge still in both countries is the underrepresentation of women in top positions



What do we know from research on what is driving the gender gap in careers and wages?

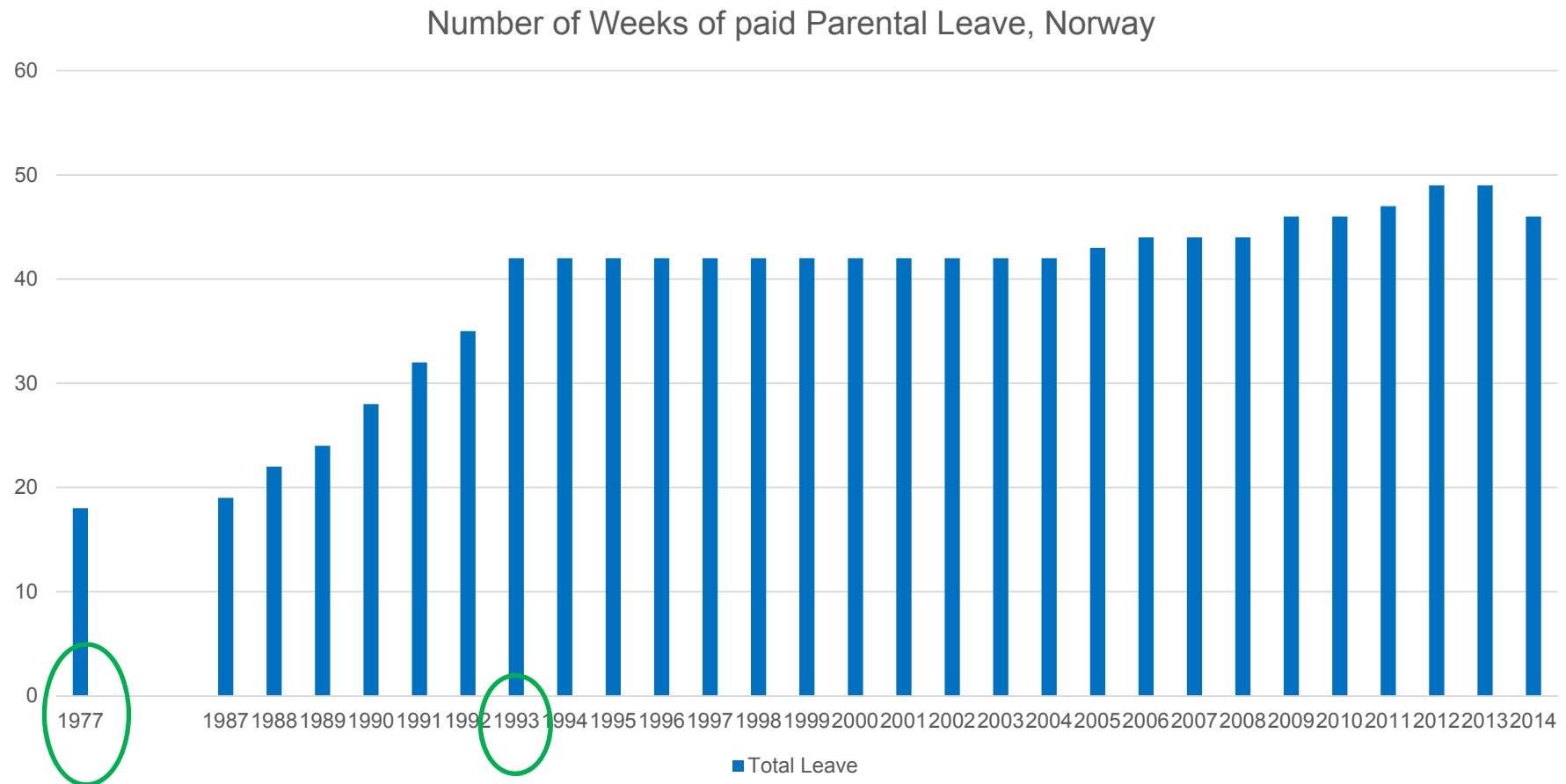
- I. The role of institutions, i.e. parental leave and child care
- II. Gender and organizations



I. The role of institutions

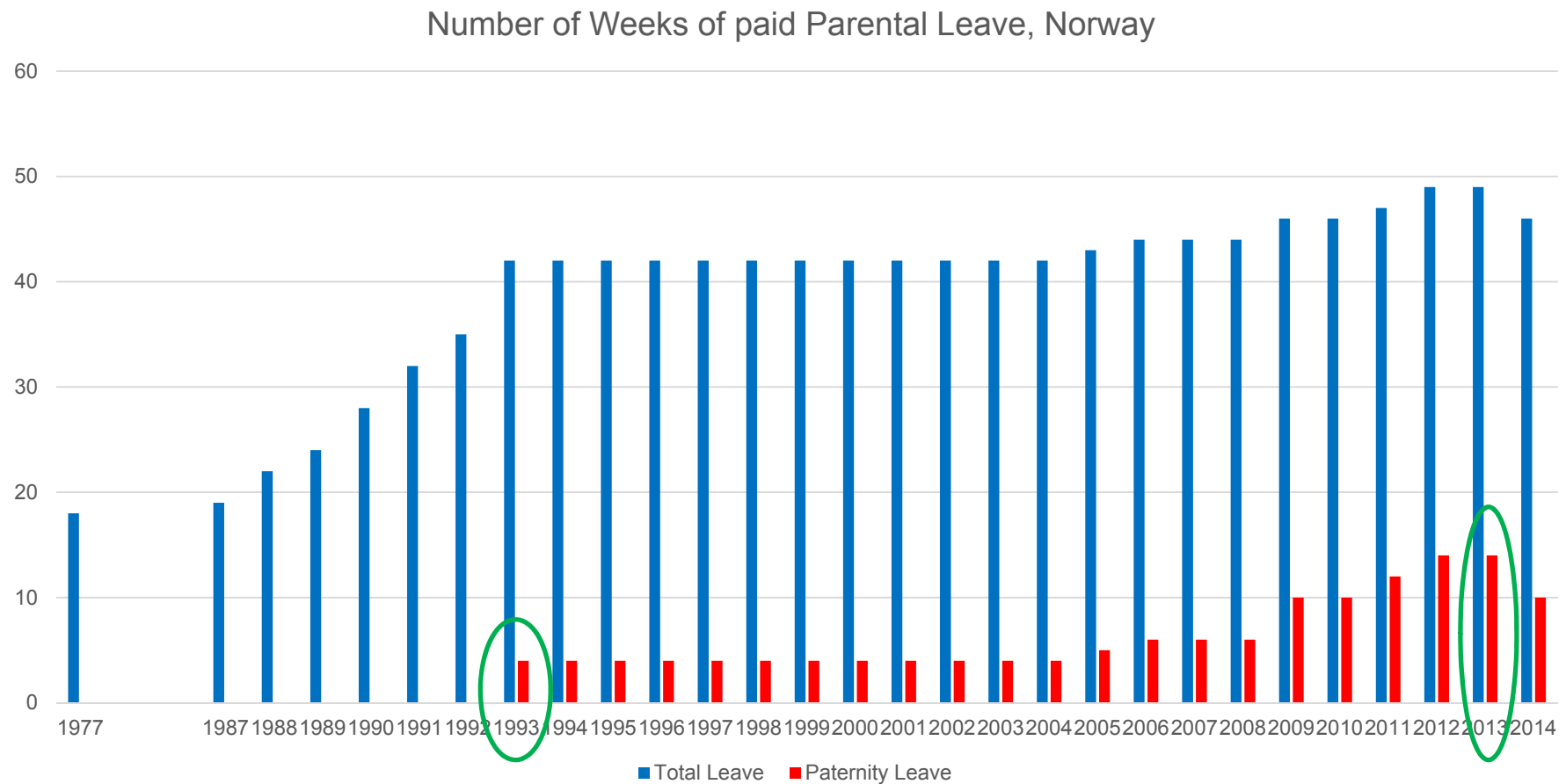
Paid parental Leave (total in weeks), 1977 to 2014 for Norway

The goal of the introduction of parental leave was to increase female labour supply



Paternity Leave Quota for Fathers, 1993 to 2014 for Norway

The goal of paternity leave was to increase active child care role of fathers and gender equality



International evidence on effects of parental leave on female employment and wages



Do we see a positive effect on employment? Evidence is mixed:

- long parental leave leads to a decrease in the probability to return
- probability to return to full-time work decreases

Most of the studies show a negative effect on wages after return from parental leave to work

- The negative effect increases with months of parental leave
- Effects are stronger for highly educated than low educated workers
- Indicates depreciation of human capital and detachment

Short parental leave has positive effects on employment and no wage effects, long leave negative



Evidence on the effects of paternity leave

- Since 1998 in Norway more than 60 percent of fathers take leave (4 weeks)
- Effects on more gender equality in labour market is unclear



Norway reached full child care coverage (approx. 80 %) in 2008 for all children 3-5 years old

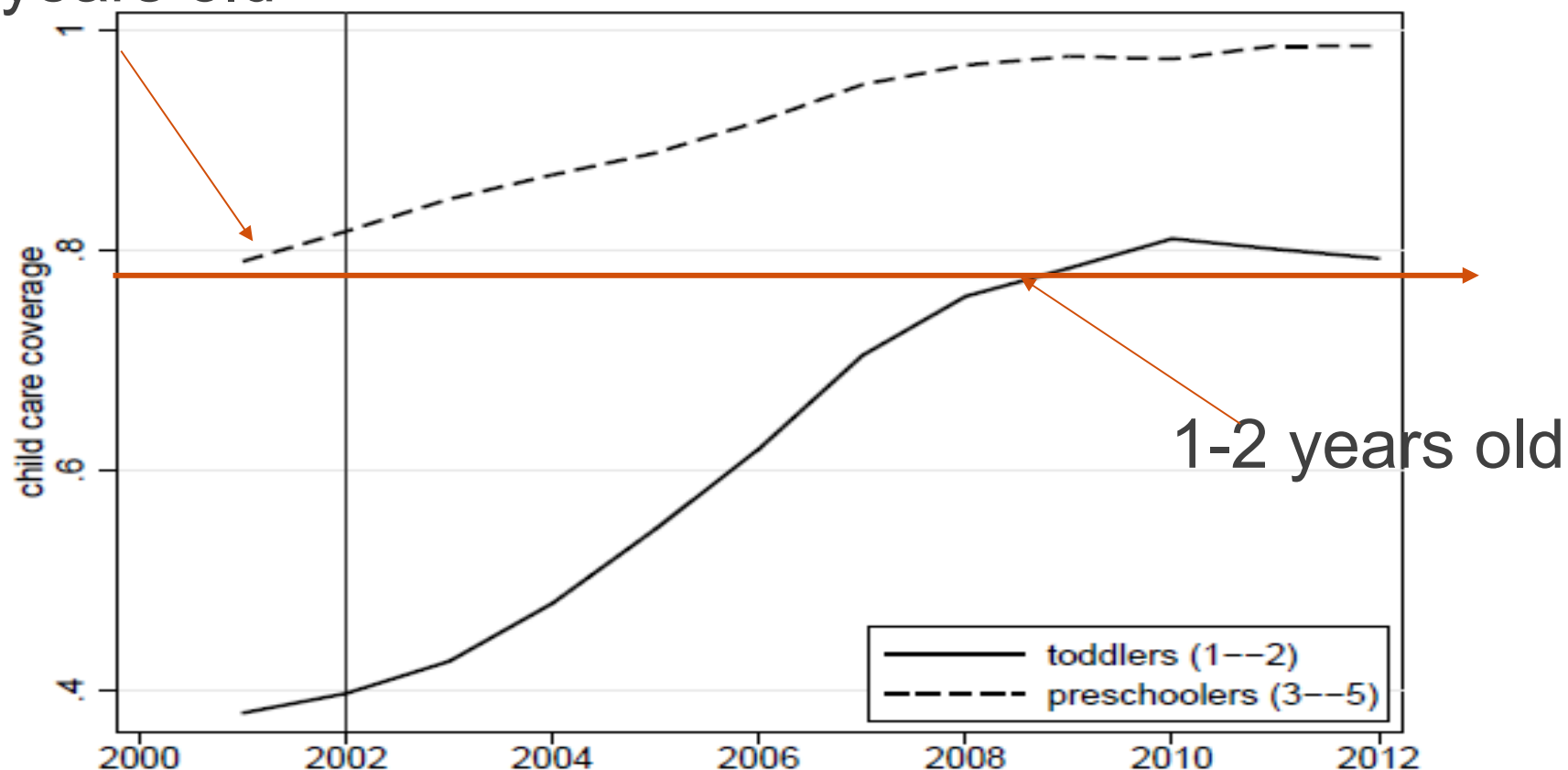


Figure 1: Child care coverage rates in Norway, 2001-2012

Source: Statistics Norway



Does child care increase female employment?

- Mixed evidence on effect of child care on mothers' employment for the 3 to 6 years old
- Child care for the youngest children seems to have positive effects on hours of work and employment



II. Gender and organizations



The family gap in career progression

- Data for the private sector in Norway, 1987-1997
- During that period Norway had moderate family policies in place
- Women with children are 25 % less likely promoted on the career ladder than women without children,
the family gap in career progression
 - 2/3 of the total difference cannot be explained by differences in years of education, work experience and rank in the hierarchy
 - Women with children enter on lower ranks than women without children
 - Sorting into «family friendly» establishments does NOT explain the family gap in career progression.

Gender gap in career progression within workplaces in the private sector in Norway



- *Women are less likely promoted than men* within any rank of private sector establishments
- This means on
 - Top ranks (glass ceilings)
 - Middle ranks (bottle necks)
 - Lower ranks (sticky floors)

Evidence of workplace *gender spillover effects*



- **Top-Down:**

- A larger proportion of women among the «bosses» increases the likelihood of a woman to be promoted
- Predicted change in the gender promotion gap from a standard deviation increase in female representation is 13.8 %

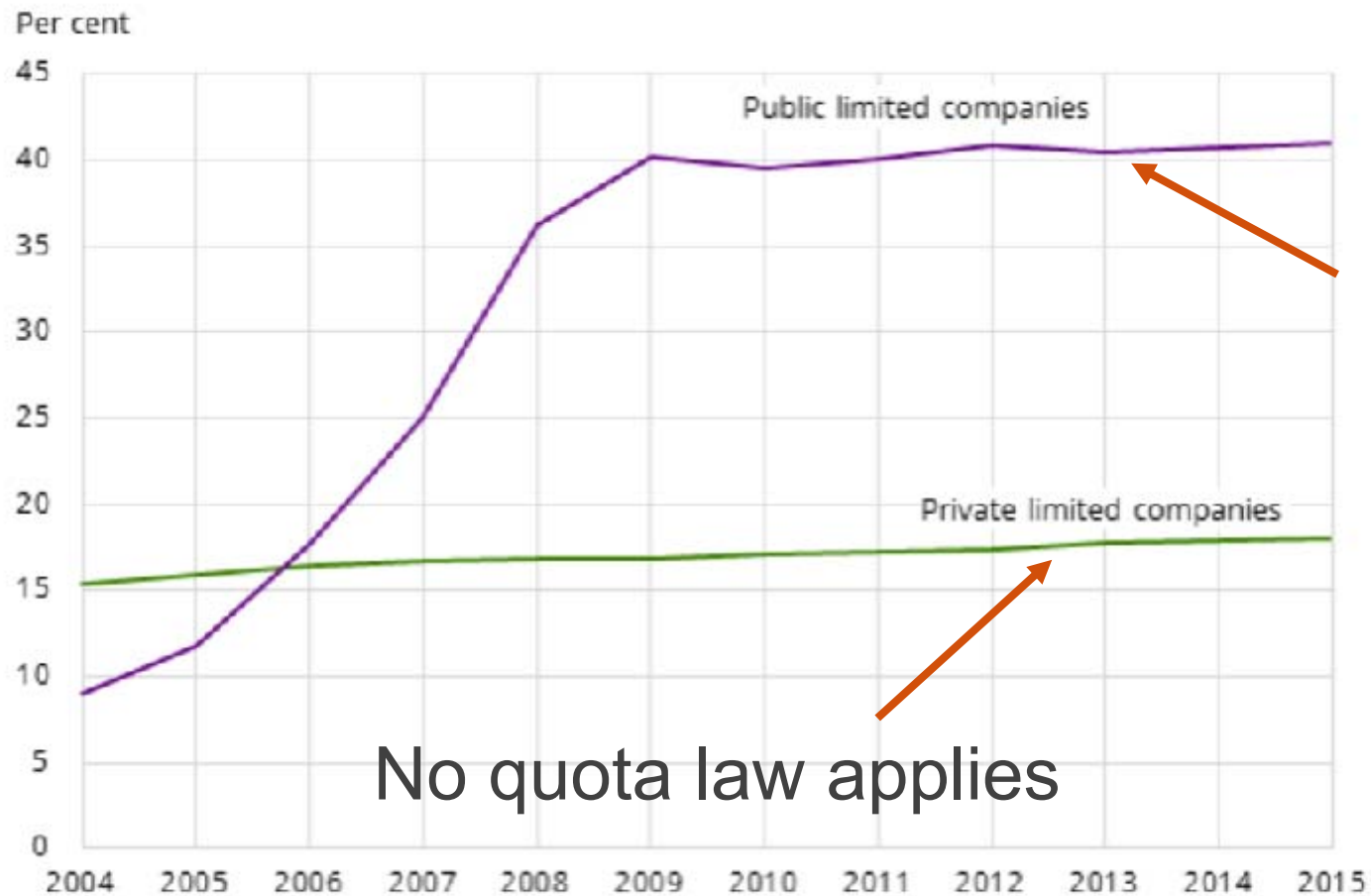
- **Within the same rank:**

- A larger proportion of women on the same rank decreases the likelihood to be promoted for women on the same rank
- Predicted change in the gender promotion gap from a standard deviation increase in female representation is 51 %

Do we need affirmative action policies?



Figure 1. Share of female board representatives in private and public limited companies. 1 January



The Norwegian gender quota of 40 percent on director boards. Fully binding since 2008 for all public limited corporations.

No effects of Gender diversity quota on firm performance, gender spillover effects



What can firms gain from more gender diversity?

- women are shown to be better monitors on corporate boards which is important for firm performance
- more gender diverse boards hold CEOs more responsible for bad firm performance
- more gender diverse teams perform better in terms of firm performance. Women and men bring in different skills.



Concluding remarks

- Two topics that are important for gender equality:
 - Family – work balance
 - Gender and organizations
- To increase family - work balance governments have a role for provision of parental leave and public child care



Also an important role for the firms

- Firms have to offer attractive workplaces to all workers in order to recruit the best workers
- Input factor labor is core to firm performance, growth and innovation
- Diversity policies to recruit from the entire pool of qualified workers
- Policies to keep women with children, and fathers, in the firm to prevent loss of human capital
 - Examples are return to work policies, training programmes after parental leave
- Transparent promotion criteria, feedback on career planning
- Highlights the role for human resource managers and CEOs to place diversity and work-life balance as part of the strategy



Selected references:

- Ejrnaes, M. and A. Kunze (2013): Work and wage dynamics around childbirth, *Scandinavian Journal of Economics*, 115 (3) 2013, 856-877.
- Kunze, A. (2015): The family gap in career progression, *Research in Labor Economics*, 2015.
- Kunze, A. and A. R. Miller (2015): Women helping women? Evidence from Private Sector Data on Workplace Hierarchies, NBER DP.



Thank you for your attention!