



Government
Equalities Office

Putting equality at the heart of government

Increasing diversity on public and private sector boards

Part 2 – What is being
done to improve diversity
on boards and how
effective is this?

Dr. Ruth Sealy, Elena Doldor and Professor Susan Vinnicombe
International Centre for Women Leaders
Cranfield School of Management

November 2009



Increasing diversity on public and private sector boards

Part 2 – What is being done to
improve diversity on boards and
how effective is this?

Dr. Ruth Sealy, Elena Doldor and Professor Susan Vinnicombe
International Centre for Women Leaders
Cranfield School of Management

November 2009



Contents

Executive summary	3
1. Introduction	5
2. Methodology	8
3. Overview of initiatives to increase diversity on boards	10
4. Initiatives to increase diversity on boards	13
4.1 Board-ready training	13
4.2 Professional networks	18
4.3 Development programmes	20
4.4 Databases	24
4.5 Mentoring schemes	27
4.6 Diversity charters	28
4.7 Official recommendations and targets	30
4.8 Mandatory equity laws	32
5. Case studies	35
5.1 Case studies from the United Kingdom	35
Case study 1 – Black and minority ethnic women on boards	35
Case study 2 – FTSE 100 cross-company mentoring scheme	37
Case study 3 – UK Resource Centre for women in science, engineering and technology	39
5.2 International case studies	41
Case study 4 – Norway	41
Case study 5 – Spain	44
Case study 6 – The Netherlands	47
6. Conclusions and recommendations	51
6.1 Conclusions	51
6.2 Recommendations	53
References	56
Appendix – List of interview respondents by country	59

Executive summary

Introduction

The project was commissioned by the Government Equalities Office in order to examine the issue of diversity on boards of directors in the private and public sectors. The project addresses two main questions:

- Why are there so few women and other under-represented groups on public and private sector boards? and
- What is being done in order to increase diversity on boards?

The report is published in two parts: Part I considered the available evidence on diversity on boards. It examined academic and non-academic literature in the field, in the UK and internationally, and reviewed available evidence concerning the factors accounting for the absence of diversity on boards.

This second part maps out current practices aimed at increasing board diversity. It is based on interviews with several international experts in the field, giving case studies of various initiatives in four country contexts (UK, Norway, Spain and the Netherlands). In drawing together the report's conclusion, some recommendations are formulated for further action to increase board diversity in the UK.

Key findings

- International initiatives to increase board diversity vary in the extent to which they are legislation-driven or voluntary.
- A number of categories of board initiatives have been identified: board-ready training, professional networks, development programmes, databases, mentoring schemes, diversity charters, legal recommendations and mandatory equality legislation.
- These initiatives can be mapped against the three types of obstacles identified: for example, development programmes and board-ready training aim to build human capital and nurture aspiration; networks, mentoring schemes and databases create relational capital by raising visibility; databases of women's profiles, and search consultancies, address the factors relating to the appointment process.
- The most successful initiatives are those which tap into all three categories of obstacles (individual, interpersonal and appointment process factors).

- The report contains six in-depth case studies presenting some of these initiatives in their corresponding context in four countries: the UK (FTSE 100 cross-company mentoring scheme, black and minority ethnic (BME) board-ready training and UK Resource Centre (UKRC) for women in science, engineering and technology (SET) multi-level initiative to increase gender diversity in science, engineering and technology), Norway (compulsory legal requirements), Spain (advisory legislation) and the Netherlands (voluntary diversity charters).
- There is no 'one size fits all' approach to increase board diversity. It is vital to consider the cultural and political context when action is taken.

Conclusions

- There are obstacles to board diversity at three levels: personal, interpersonal and appointment process.
- In terms of personal factors, there is **little support for the 'pipeline' argument**: minority candidates in the pipeline do not lack the qualifications and the aspiration to sit on boards. There is however persistent bias in assessing their competence and ability.
- At the interpersonal level, **informal and relational factors are essential** in gaining access to boards and successfully integrating board dynamics and tend to put under-represented groups at a disadvantage.
- In addition, the **appointment process to boards remains open to subjective bias** due to a lack of transparency of openings and unclear selection criteria, particularly in the private sector.
- Several types of board **diversity initiatives** exist in Western countries and the **most successful ones tapped into all categories of obstacles**.
- There is a **significant lack of measurement and evidence about such measurement** with regard to the various initiatives tried in a number of countries.
- In order to understand the **global trends in terms of board diversity**, research is needed that is both **comparable and contextualised**.
- **Initiatives need to tackle subtle factors such as stereotyping and informal cultures**.
- The efficacy of such measures depends upon the **cultural and social policy** context of each country.

I Introduction

Despite attempts to promote diversity in the workplace in the UK, there has been slow progress in the advancement of women and other under-represented groups onto public and private sector boards.

The Government is committed to increasing the representation of women and other under-represented groups, for example people from ethnic minority backgrounds or disabled people, at senior levels in both the public and private sectors. This is for a number of reasons. Firstly, as the country moves towards economic recovery, it is imperative that our public bodies and private businesses are accessing the widest possible talent pool. Secondly, diverse boards better understand the needs of the clients and communities they serve. Thirdly, there is an obligation to ensure that there is strong and effective corporate governance. There is a danger of 'group-think' if we allow boards to be comprised of individuals who share the same backgrounds, experiences and biases. Fourthly, the Government's vision is of a fair and family-friendly labour market for both women and men, and this cannot be achieved if women who take on the majority of family responsibilities are excluded from the highest levels of decision-making. Finally, there is a notable absence of women on boards, yet they represent half of the population. There is no lack of aspiration, education or experience amongst women, and the Government must do all it can to remove the obstacles to their progression.

The Government Equalities Office (GEO) commissioned the Cranfield School of Management to review the levels of diversity on public and private boards, the reasons for this under-representation and what is being done to address this issue.

The first part of this research explored the lack of diversity on private and public sector boards and possible reasons for this. The findings are published in *Increasing diversity on public and private sector boards: Part 1 – How diverse are boards and why?*, which is available at GEO's website: www.equalities.gov.uk.

The second part of the research attempts to map out current initiatives aimed at increasing board diversity based on a review of the literature and interviews with a number of international experts and practitioners in the field.

Although there is a growing evidence base on the extent to which boards are diverse, some clear evidence gaps have been identified. From Part 1 it became apparent that most of the available evidence focuses on gender as a dimension of diversity. There is very little research on **ethnicity or disability** in relation to public and private sector boards. In addition a number of further evidence gaps were identified:

- The appointment process is still relatively opaque in both the public and private sectors at board level – more research is needed to ensure that no bias takes place in selecting appointees.
- Research is needed to better understand what obstacles are the most significant for various under-represented groups to explore the joint effect of belonging to more than one such group – for example, being both black and female.
- A small but increasing body of research is showing that diversity on the board is not sufficient in itself, but that it is the diversity of knowledge and skills that is important. More research should be conducted into how under-represented groups contribute in terms of knowledge and skills and consequently how they influence the effectiveness of the board.
- There was a lack of evidence regarding the extent to which the experience on public sector boards is recognised in the private sector. It is possible that board experience in one sector transfers to board experience in another sector, but further research is required in this area.
- The report appeared to highlight the weak relationships between search consultants and potential directors from under-represented groups. More research is needed to establish why this is, what part this plays in the lack of such people being appointed and what can be done to remedy the situation.

In the research for Part 2, we found little literature exists on the nature of initiatives to promote boardroom diversity and even less on the impact of their effectiveness.

The research project takes a first step towards addressing the gap in knowledge and practice by providing an overview of board diversity initiatives. This report identifies and compares international initiatives to improve board diversity. It critically assesses to what extent the obstacles highlighted in Part 1 of the research are actually addressed in practice, and acknowledges the challenges of assessing individual initiatives.

Whilst we have adopted a systematic approach to reviewing the literature, the information presented in this report is **not a fully comprehensive account** of existing practices targeting board diversity. This report represents an overview of trends and issues provided through discussion with relevant international experts and the review of evidence.

2 Methodology

This research was conducted over a six-week period in August to September 2009. Given the limited literature available on initiatives to improve board diversity, an **exploratory approach** and a qualitative design were adopted. In addition, this project had an **international scope** to facilitate a high level of coverage of possible initiatives to improve board diversity.

Given the limited time period involved, information about relevant initiatives and practices was collected from interviews with key individuals – some of whom are internationally renowned for their expertise in this field and some were found through a ‘snowballing’ technique of recommendations. Expert interviews are suited to ascertaining individuals’ understandings and perspectives on their areas of expertise (Easterby-Smith, Thorpe and Lowe, 2002). We conducted **20 interviews with UK and international experts in the field**. The interviewees included seven internationally recognised academic experts on women on boards or board diversity as well as those with practitioner experience in the field of board diversity, including:

- independent consultants in the field;
- corporate diversity experts;
- search consultants;
- experts in public appointments;
- senior female board members; and
- the Director General from the Ministry for Equality and Family in Norway.

The interviews were semi-structured. This allows for consistency across the cases, ensuring appropriate information is collected regarding the research questions. However, they are flexible enough to allow the interviewer to probe any areas of particular interest, or to allow the interviewee to take the discussion in the direction most relevant to them.

Questions were informed by prior knowledge of the field and refined as a result of the Rapid Evidence Assessment process. The interviews covered the following themes:

- the context of the scheme or initiative;
- details of the scheme or initiative;
- factors driving its implementation;
- the impact of the scheme or initiative; and
- its relevance to the UK context (if from abroad).

A further eight **informal conversations** were also conducted with practitioners in the field, including corporate heads of diversity and a partner of the board practice of a global search consultancy. This enabled us to gain perspectives on initiatives in the UK, Norway, USA, Canada, Australia, New Zealand, Iceland, the Netherlands and Spain. For a full list of interviewees see the Appendix.

The interviews were recorded and professionally transcribed. We conducted a **thematic analysis** in order to identify broad categories of board diversity initiatives at an international level. In addition, we also compiled six case studies which provide a more in-depth view of some of these initiatives.

Limitations

- The research **does not claim to be fully comprehensive, but rather representative** of some of the better-known initiatives and programmes. For that reason the style of this report is not to include statistics on how many or what percentage of the interviewees made a certain statement – to do so would be methodologically meaningless. Rather we rely on the expertise of the academics and long-serving practitioners in the field of diversity to share their knowledge and understanding of initiatives and programmes of which they have experience.
- There is **very little evidence of attempts to measure the effectiveness** of the initiatives described and as such we rely on the expert opinion of those observing them.
- Part of the reluctance to measure effectiveness is due **to problems with attributing success** to one particular event/action or another. Future research may wish to address this by triangulating opinions of the individuals involved – for example, a successful female board candidate, the search consultancy involved and the Head of the Nominations Committee.

3 Overview of initiatives to increase diversity on boards

Initiatives, in the UK and internationally, vary in the extent to which they are driven by legislation (mandatory or advisory equality law) or adopted through voluntary action in both the public and private sectors (databases, training, professional networks, mentoring).

Social policy and corporate governance rules play an important role in influencing what initiatives are started, but their effects are often dependent upon whether they translate into legal requirements and sanctions or whether they remain advisory. For instance, whilst in the UK the Higgs review (2003) called for more transparency and less bias in the appointment process of corporate board directors, there are no sanctions for companies' non-compliance with the recommendation and there is little evidence of its impact in terms of increasing ethnic diversity on boards (Singh, 2007). Therefore it is important to consider the cultural and social policy context of each country.

In this report we found that the **initiatives relating to improving diversity on boards can be mapped against the main barriers identified from the literature** discussed in Part I as follows:

- **Individual level** – beliefs about under-represented individuals' human capital (qualifications and experience). How aspirations are affected by the lack of diverse individuals on boards, and how persistent stereotypes and bias unconsciously disadvantage under-represented groups.
- **Interpersonal level** – members of under-represented groups tend to have less social capital (relationships and informal networks), which is known to be crucial for career success at the higher levels. Boardroom cultures tend to be male-dominated and are perceived as inhospitable and unattractive, which can affect aspiration to join them.
- **Appointment process** – under-represented groups are often unaware of opportunities, particularly in the private sector, where there is no requirement to advertise. The recruitment process remains opaque, characterised by unclear selection criteria and recruitment practices open to bias. Weak links between search consultancies and diverse candidates in the private sector can further exacerbate the situation.

The rest of this report outlines the initiatives we found, occurring in a number of countries around the world, and aims to critically analyse them. We provide contextual information about the initiative and the country context in which it occurred, and identify which level of barrier each initiative addresses. The nature of the evidence in this report is based on interviews with international experts in both academic and practitioner fields of diversity on boards.

The report shows that:

- **very few initiatives are robustly evaluated** and there is little evidence of the effectiveness of different initiatives in the public domain;
- most of the initiatives described were **aimed specifically at increasing gender diversity** on boards. There was considerably less evidence regarding other under-represented groups;
- there is **little evidence concerning which types of initiative are more effective**;
- it was unclear what factors would affect the **perceived effectiveness** of the various initiatives;
- there **are challenges in measuring the outcomes** – what is measured and when?; and
- initiatives for which there was the most enthusiasm were those which **address all three of the barriers**. These were considered the most likely to be effective in increasing boardroom diversity.

The range of initiatives

The focus of the initiatives ranges from building the right human capital to making sure women and people from under-represented groups develop the vital networks and relationships necessary to facilitate their access onto boards.

A summary of the initiatives identified is presented in Table I, which also highlights which of the three barrier levels the initiative addresses.

Table 1: Types of initiatives which seek to improve representation on boards

Summary of initiatives				
Scheme	Countries located	Target group	Impact	Impact level
1. Board-ready training	UK, Norway, Canada, Australia, Spain	Predominantly women, sometimes mixed sex, a few at BME – private and public	Helps women and BME feel confident. However, appears sometimes to be viewed as remedial – assumption of an innate ability.	Individual
2. Professional networks	Canada, Norway, Spain, UK, the Netherlands, France, USA, New Zealand, Australia	Women	Mixed impact, depending on how managed and whether can get board-level males involved.	Interpersonal
3. Development programmes	UK	Women and men in financial and professional service firms to predominantly public/third sector boards	Seen as developmental opportunities with obvious strategic benefits for organisation. In addition, internal board-ready programmes include managing placement roles. One bank made public commitment to first woman on board within 36 months.	Individual + Interpersonal
4. Databases	Norway, Spain, Canada, USA, UK, the Netherlands	Women – private and public sectors	Often not been utilised to any great advantage, but UKRC and Public Appointments Commission exceptions. Spain is hopeful, recent F350 launched.	Appointment Process
5. 'Recommendations' (i.e. legislation without recourse)	Norway, Sweden, Spain and possibly France	Women – private sector	Increased numbers in Norway and Sweden but nowhere near to target. Likewise so far in Spain.	Appointment Process
6. Equity Law	Norway, Canada	Norway – women on boards, Canada – Employment Equity Law, not board level aimed at women, visible minorities, Aboriginal and disabled	Norway – met societal target of 40+%. Impacts still being researched. Canadian law has not had significant impact on numbers, but is viewed as competitive within industries.	Societal
7. Charters	None known about at board level. General diversity level in the Netherlands, Germany, France, Belgium, UK, Spain, Switzerland	Public and private sectors, some just women (Netherlands, UK), some more general	Useful when at early stages of diversity management. Public commitment to measurement and targets is generally positive. More successful when led by business rather than government.	Individual, Interpersonal + Appointment Process
8. Mentoring Programmes	UK, Norway, Canada, Australia, Spain, USA, France, New Zealand, South Africa, the Netherlands	Predominantly women, a few for BME – public and private sectors	At the level of Chair/CEO being mentor, the biggest benefit is at the interpersonal level in terms of the mentee breaking into the network. In addition it may also affect the appointment process once the Chair/CEO becomes true advocate.	Individual, Interpersonal + Appointment Process

4 Initiatives to increase diversity on boards

From the interviews conducted, thematic analyses revealed eight main types of initiative to increase boardroom diversity. The next section of this report will look at each of these, and give examples from the UK and internationally, identifying the level of barrier the initiative aims to address.

The subsequent section of this report will then present six case studies, from four different national contexts, which give a richer, contextualised analysis of some of the initiatives identified.

4.1 Board-ready training

There are a number of initiatives which are clearly aimed at the individual level factors concerning why women and under-represented groups are not present in the boardroom. These are based on the assumption (correct or otherwise) that these groups are lacking certain skills requisite for a board directorship, and that with some sort of training they will become 'board-ready'. Such initiatives are organised by a variety of private individuals or companies or public bodies. Some are specifically aimed at public appointments and some are generic. Some target women or particular under-represented groups and others are more openly targeted at anyone aspiring to a board position.

A number of the interviewees stated that one of the key challenges appears to be getting people from under-represented groups to actually apply for positions on boards. This is reflected in previous research which states that the homogeneity of boards (i.e. that the members are all of a particular demographic group – for example white, male and of a similar age) can deter different others from applying (Singh, 2008; Sealy, 2009). For example, a public appointment consultant we interviewed, who had about 50 women on his books each year, reported that:

“It is not hard to get women appointed, but it is difficult to get them to apply.”

(Public appointment consultant, UK)

Some interviewees raised issues around under-represented individuals being more **reluctant to put themselves forward** for board directorships, whether public or private, than perhaps their white male counterparts. There were suggestions that this may be an issue of a lack of confidence, particularly for female candidates. But, as was demonstrated in Part I of the research, an individual's decision not to pursue their career to the highest level is significantly related to a perceived lack of opportunity (Stroh, Brett and Reilly, 1996), and a paucity of others like themselves in the position they

aspire to makes it difficult to identify with those individuals. The corporate boardroom is seldom accessible to non-members and there is a sense of the unknown ‘behind closed doors’ nature of boardroom activity (Singh, 2008). One of the objectives of some of the ‘board-ready training’ initiatives, discussed by the interviewees, was to remove some of the unknown, helping individuals to feel more prepared and therefore more confident to apply. These initiatives do not tackle interpersonal barriers or those related to the appointments process.

Board-ready training addresses:	
Individual level barriers	X
Interpersonal level	
Appointment process	

4.1.1 Initiatives in the UK

Consultancy

In the UK, a small number of consultants are hired individually specifically to help assist women address the entirety of the board application process, from deciding to apply to accepting the right position. One such consultant takes women who already hold senior roles from within predominantly large private sector organisations (household names) and helps them prepare for a position on a public board, through one-to-one training. He coaches the women individually for up to a year. Another consultant trains both women and under-represented individuals from any background on aspects of public appointments at various levels.

The individuals receive coaching and/or workshops on:

- corporate governance;
- risk management;
- the role of the non-executive director (NED);
- updating and rewriting their CVs, targeting a public appointment; and
- assistance in finding an appropriate type of board for their interests and strengths.

Consultants report that in some cases a number of large private firms paid for senior women to access this training as they believe it to be a beneficial developmental opportunity for the individuals involved. In other cases, the individual would pay for the service themselves.

Leadership development days

Only 6.1% of people taking up public appointments are disabled, compared with 14% of the wider population (GEO, 2009). **RADAR**, the disability network, won funding earlier this year from the Equality and Human Rights Commission (EHRC) to deliver a series of **leadership events** for disabled people, especially for those from minority ethnic backgrounds. These 'Leadership development days' are aimed at anyone interested in taking up a public appointment and offer "a blend of skills training and personal development work" and are free to the individual.

The training is aimed at increasing representation in public positions **at all levels** not just board level. RADAR claims that its events deliver leadership skills to individuals as well as play a part in getting disabled people's voices heard in public life, and in changing cultures for the better. Whilst there is no proof that these courses have led directly to an increase in disabled individuals on public boards, RADAR identifies "tangible personal outcomes" from the project for their leadership delegates. These are practical, identifiable steps which are sometimes small but always significant. The outcomes include:

- applying for public appointments;
 - being invited to apply for local/regional leadership roles;
 - applying for trustee positions;
 - growing in confidence and self-awareness;
 - more focus in terms of what they are aiming for in leadership; and
 - setting up mentoring and shadowing arrangements.
- (from RADAR's website)

Demystifying the application process

As mentioned above, often the sense of the unknown, and the air of mystery that surrounds boards and boardroom processes, deters under-represented groups from considering themselves as likely board candidates (Singh, 2008). It is possible that **demystifying the whole process** of applying for board positions could help under-represented groups consider applying for board positions (see section 5, case study 1). One of the challenges particular to the private sector is that there is no requirement for board positions to be publicly advertised, thus perpetuating the mystique of the process by keeping it behind closed doors.

Some of the UK-based interviewees pointed to the important role of the provision of information in the process of making boardroom applications accessible to a more diverse population. There are a number of resources, online or otherwise, which provide such information. For example, the former Department of Trade and Industry (DTI) published a report called *Building Better Boards* (2004), focusing not only on the business benefits of diversity, but also clearly outlining some of the processes and responsibilities of board directors.

The UKRC for women in SET sectors demystifies the appointment process by providing information on it, from guidance on the application form to what to expect once in the role, for positions in science, engineering, technology and the built environment.

4.1.2 International initiatives

‘Board-ready training’ initiatives were found in a number of other countries.

In **Canada**, the Institute of Corporate Directors runs a nationally recognised and **certified mixed-sex training programme** to prepare individual men and women for board positions. Rather than provide courses directed only at women, in addition to this there are specific private initiatives which seek to increase the number of female participants on the mixed-sex course. For example, a privately run industry network called Canadian Women in Communications raises funding from communications organisations to sponsor senior women on this course.

As in the UK, there is an understanding that the provision of information aids accessibility. For example, in a bid to get more women to the top of their industry, the Canadian Association for the Advancement of Women and Sport published an online **guide to boards**. Being transparent with women and other under-represented groups about what is involved, both in the application process and in the workings of the board, appears to help to remove uncertainty and an element of fear. This makes the individual better prepared for the selection process and for starting in the actual role (Singh, 2008).

In **Spain**, following the Spanish Government recommendations for 40% female representation on publicly listed corporate boards by 2015, it is estimated that **approximately 400 additional women will need to be appointed to boards** in order to meet the Government’s recommended target. One private search consultancy has publicly taken on the challenge

of supplying corporate organisations with shortlists of qualified women. However, according to the search consultants involved, there is a shortage of supply and they feel that by putting their female candidates through various board training programmes, this will make them more attractive to organisations. There is no real evidence to support this assumption, but their argument is that if it convinces the organisation of the candidate's credibility, then it is justified. Whilst it may well be the case in some instances, we would treat with caution the assumption that women need board training, unless a similar approach is taken across the board with all potential directors.

In **Norway** a programme was set up, called 'Female Future', by the NHO (Norwegian national employers' federation), specifically aimed at training women, in particular in the **financial and governance aspects of being on private boards**, in preparation for the 40% female representation quota law. However, according to three of the academics interviewed and a director in the Ministry for Equality, in Norwegian society the implication that women needed specific training and the assumption that men were innately capable of being 'board-ready' does not sit comfortably with the social norm of gender equity. In addition, the Norwegian Government suggested that both sexes could learn from each other and so the programme was opened up for men. Neither the academics nor the director interviewed were aware of evidence monitored showing that this training led directly to board appointments. However, Norway appointed 1,000 women to its corporate boards in order to meet the targets imposed in January 2008. Whilst there is no direct evidence, according to our interviewees it is likely that some of the women came from this pool.

In **Australia**, a small private organisation runs a programme aimed at getting women to board level positions. It engages chief executives of large corporations to nominate three senior women in their organisation to prepare for board level. This organisation works with the women for a year addressing various career development challenges particular to moving onto a board. In addition, the senior women from the various organisations formed **a network of high-level contacts** and the CEOs of each organisation were made aware of the other women. The **CEOs** were also provided with feedback from the programme directors on such things as how the culture within their own organisation is perceived and were educated about some of the challenges to promotion the women faced in the appointment process to the board. Because a number of the women

have obtained board positions, either within their own organisations or as external directors on other boards, **this programme is regarded by both the individual women and the CEOs as successful.**

A second measure of success, which the CEOs fed back to the programme organisers, was a new **understanding from the CEOs of the previously unacknowledged challenges women faced in their own organisations.** This appears to be one of the few initiatives that spanned not only the individual factors of aspiration and ability, but also some interpersonal factors and some related to the appointment process.

4.1.3 Evidence of effectiveness

Evaluating the effectiveness of board-ready training is a challenge. As with any kind of training programme, there are issues about the timeframe of when such evaluation should take place, and the attribution of success or otherwise. Do you measure a candidate's willingness to apply for a board position, or their success in doing so? If they succeed in getting a board place 12 months after the course, can this be attributed to the course or not? Whilst individuals may find the programmes helpful in terms of increased knowledge and/or confidence, when applying for a board position there is no way to assess how those selecting candidates may respond. Will they see it as a positive addition to their skills, or will it just affirm remedial stereotypes that women or under-represented groups require additional training? A study by Catalyst and Opportunity Now (2000) showed that whilst CEOs believed women had insufficient experience for board positions, senior women in the study cited stereotypes and a lack of female role models as the main issues. More recently, a study in Finland found that whilst female board professionals mention gaining relevant experience and demonstrating credibility as key to increasing the presence of women on boards, they also believe that this cannot be accomplished without changing the attitudes of influential men (Pesonen, Tienari and Vanhala, 2009).

4.2 Professional networks

The importance of social capital and informal networks for career progression has been recognised by practitioners and academics (see Part I of the report). In addition, the fact that women and other under-represented groups are not as effectively networked as many white males has also been recognised, along with the possible detrimental effects that this may have on their careers. This has led to an increase in professional networks being set up for women and other under-represented groups

across industries and sectors and geographical regions, at a range of levels (Singh, Vinnicombe and Kumra, 2006). These professional networks target only one of the three levels of barriers to progression:

Professional networks address:	
Individual level barriers	
Interpersonal level	X
Appointment process	

The aim of these networks is usually to connect, support and inform individuals from specific under-represented groups, through their career at a particular organisation or within a particular industry. These networks may be **organisation-based**, usually run on a voluntary basis, involving networking events with either a business or personal development focus. Alternatively, they may be **industry-specific** and web-based, but again with organised networking events.

There are a few examples of **networks which exist for very senior women**, which could relate to improving board diversity. These were usually industry-specific for executive level women. There were also a few virtual networks for female executives. However, we did not come across any similar networks for senior minority ethnic or disabled people at executive level.

4.2.1 Initiatives in the UK

Examples of UK-based networks for senior women include City Women's Network, Forum and the Civil Service Senior Women's Network. In the case of City Women's Network and Forum, potential members have to be nominated by current members and there is an informal vetting process to ensure the individual is 'senior enough'. Another example in the private sector is that of British Telecom's Executive Women, which it claims is dedicated to inspiring women in senior management within BT to achieve their aspirations. They do this by offering a coaching scheme, talks by inspiring leaders and lobbying the company on issues important to members.

4.2.2 International initiatives

In **Canada**, as in other such developed countries, there were a number of examples – Canadian Women in Communications, Women in the Lead (ex-Ivy League alumni) and Women's Executive Network (the 100 most powerful women in business). Organisations such as these are set up and

run by private individuals, either for or not for profit, and have stated aims such as “building a feeder pool for women on boards in communications firms”. As with lower-level networks, they do this by connecting individuals who provide mutual support and advice for each other’s careers and provide information about possible directorship opportunities.

4.2.3 Evidence of effectiveness

One of the challenges regarding the effectiveness of such networks is that if they only involve individuals from under-represented groups, then they are still separated from where the power and influence is based within organisations (usually with white males). For this reason, **if the networks can involve senior men, then they are more likely to increase women’s access to influential networks** (Westphal and Stern, 2006). In addition, if an organisation has informal links with another organisation that has women on its board, this increases the likelihood of the first organisation appointing a woman to its board (Hillman, Shropshire and Cannella, 2007). As with other initiatives, it is difficult to ascribe any effect on the access of under-represented groups to boardroom positions purely to executive or professional networks, and such networks do not generally keep such measures. However, **the value and worth to the women and other under-represented individuals is apparent in the continued and growing existence of such networks**, given that they are usually run on a voluntary basis by individuals who already have full-time senior positions.

4.3 Development programmes

We interviewed representatives from a number of the large corporations that had recently embarked on what they generically call ‘development programmes’ specifically for their most senior women. These programmes involve a number of staged interventions. In the two following examples, the programmes were **not explicitly directed at placing the women onto the corporate board**, but more generally about first retaining and then further developing the most talented senior women to establish whether further promotions were a possibility.

The motivation for the programmes was frequently the acknowledgment that a high number of women were leaving senior positions. These experiences were also backed by academic research and coverage of such issues in the business press (e.g. Belkin, 2003; Mainiero and Sullivan, 2006).

4.3.1 Initiatives in the UK

We interviewed a Global Head of Diversity at one of the largest European investment banks and a Head of Diversity for Europe, Middle East and Africa for a global professional services firm.

CASE STUDY I

A global investment bank

In a London-based global investment bank, an investigation by the global head of diversity revealed only 10% of Managing Directors (the highest corporate grade) were female and that the majority of these women were not in what were deemed to be 'influential positions' in these organisations:

- *“Do we have any women that are senior revenue producers or have significant infrastructure responsibility?”*
- *Do we have women who run countries for the business?*
- *Do we have women who are direct reports to the executive committee that runs that group or to any of the regional or product executive committees?”*

The answer to these rhetorical questions was invariably 'no', and there were concerns about how this would limit the career progression of an already limited pool of employees. To address this problem, a programme was set up targeting 21 of their most talented female Managing Directors. The stated aim of the programme was to move all 21 women employees to 'significant' positions of influence within a 12–18 months time period.

“So if the dial moves from on average of having 10% of managing directors being female to 15%, that's great. But really what is going to move the dial is if there are more women in influential positions. So that is one way that we are going to measure it.”

Moving to such positions was regarded as the springboard for further career progression, as evidenced by the organisational traditions.

“Moving roles in order to get relevant experience that is going to build out their career and enable them to continue to progress upwards.”

This particular programme appears to address all three levels of barrier to progression, by including:

- any requisite skill-based training;
- sponsorship by a business head;
- mentoring from members of the Executive Committee (where there are currently no women);

- introductions to members of senior management;
- sponsorship by the CEO; and
- a statement from the Global Head of Operations that within 36 months they would place their first woman on the corporate board.

Development programme in a global investment bank addresses:	
Individual level barriers	X
Interpersonal level	X
Appointment process	X

CASE STUDY 2

A global professional services firm

In 2008, a global professional services firm set up a programme to support women in the ‘partner pipeline’ (i.e. one to three years away from being a partner) and to increase the number of women partners, in association with Cranfield School of Management. There were three cohorts each with 20 female participants in its first year.

The development programme, which is still running, addresses two out of the three barriers:

Development programme in a global professional services firm addresses:	
Individual level barriers	X
Interpersonal level	X
Appointment process	

The objectives of the programme are to:

- build participants’ confidence to make a difference, in a way which is wholly authentic;
- ascertain the key challenges participants face in navigating their careers and identify the appropriate focus for their future development;
- create a space in which participants can explore a diverse range of effective leadership styles and understand the inherent differences in typical male/female strategies; and
- facilitate the establishment of a collegiate, peer network to provide ongoing support and strategic challenge.

The programme lasts two and a half days and contains a strong coaching element in it, alongside short classroom presentations and sessions with both male and female partners. The Director of Diversity and the Global Director of Leadership in the firm are present throughout the programme, engaging with the women at both an individual and group level, and offering advice on any potential career barriers. The participants also receive two personal coaching sessions after the programme, aimed at realising and encouraging their career potential and providing assistance with identified challenges. In addition, Cranfield debriefs the firm on the issues raised by the women, facilitating organisational learning (this information is confidential and as such was not made available during the interview)

4.3.2 International initiatives

Whilst both of the case studies above were from global organisations, it was clear that these programmes were specifically aimed at women in the UK. Whilst many of the issues facing senior women are very similar worldwide (particularly within global organisations), it is also important to note that social norms and cultures may vary from country to country.

In a previous piece of research, interviews with female managing directors in a different global investment bank also spoke of a development programme, run in the US. It was aimed at the bank's 20 most senior women globally, five of whom were UK based (Sealy, 2009). Four of these women were interviewed, and all spoke about the programme in unreservedly positive terms. Of interest was the emphasis they placed on the indirect value of the programme. Whilst the actual content was useful and of interest, greater emphasis was placed on:

- the **support gained and knowledge gleaned** from relationships from spending intensive sessions with other senior women; and
- the symbolic importance attached to the **organisation overtly committing to their development**.

4.3.3 Evidence of effectiveness

We did not find any published evidence on the effectiveness of the development programmes identified above. However, as most of these were in early stages of execution and in private organisations, we would not expect to find such reports.

From case study 2, those who participated in the development programme were interviewed for their views of the programme. Overwhelmingly, the programme was **highly rated** by the participants. They reported they had gained much insight, support and specific advice from it regarding their career progression and prospects.

Since being involved, there have been a number of promotions to partner, but it would be unrealistic to attribute such success purely to the programme. An invisible, but no less important, benefit of the programme identified by these senior women has been the **support** it has offered them through a challenging 12 months, in which a number of them have been denied a promised partnership due to the difficult economy.

4.4 Databases

Databases of candidates are another initiative which are aimed at **increasing the monitoring and visibility** of talented diverse candidates in the pipeline. We found a number of examples of databases launched internationally, predominantly for women, whether held by public or private bodies. The databases were varied in terms of stipulated requisite requirements and the amount of information contained. These were not lists that women paid to join, but were compiled by bodies (which are not search consultancies) wishing to increase the number of women on boards by making available information about potential board candidates.

All of these initiatives are directed at affecting the appointment process, where, as well as dealing with the challenges of an opaque selection process and non-diverse recruiters, across Western economies there is a **public rhetoric of a lack of supply** in the pipeline. The **counter-rhetoric is that there is insufficient demand** to utilise such databases of board-ready women.

Databases of candidates address:	
Individual level barriers	
Interpersonal level	
Appointment process	X

4.4.1 Initiatives in the UK

In the UK the *Female FTSE Report* has for the past few years named women at executive committee level of the FTSE 350 companies, and in 2008 it named 1,800+ women at executive committee level or on the boards of smaller listed companies who, by virtue of their current senior position, are potential candidates for FTSE 100 board positions. In 2008, just 10.7% of all new FTSE 100 board appointees were women. The 1,800+ names are across a variety of industries and were compiled as a very real response to the 'lack of pipeline' argument. However, it is just a list of names. It was hoped that these names would then be on the radar of search consultancies, which would go and assess the individuals. We have no knowledge regarding whether this has been done at all.

Also in the private sector, very recently a major executive search consultancy has announced that it is compiling a database of senior female executives in the FTSE 250 companies, aimed at increasing the percentage of female board members on those organisations – at only 7% in the 2008 *Female FTSE Report*. It is unclear to what extent this is a name-gathering exercise, or whether the search consultants will proactively manage this list – i.e. vet the candidates and actively engage in trying to find them a position. We were not aware of any examples in the private sector where using a database has made a real contribution to increasing the numbers of women or under-represented groups on boards.

However, more positively, also in the UK, the Appointments Commission and UKRC for women in SET both proactively manage their database of potential female candidates. Individuals within these organisations are tasked with 'scanning the horizon' of available public appointments and making matches between opportunities and those women on their databases. Given the comments above about a lack of awareness of public appointments, this should have a positive effect (see below for more details on the UKRC for women in SET case study). A recent conversation with a senior member of the Appointments Commission confirmed that 34% of its board appointments go to women, including, for example, a number of CEO positions in the NHS. In addition, its figures for new appointments have now exceeded the Government's target of 11% for ethnic minorities, launched in June 2009.

4.4.2 International initiatives

Examples of databases held by public or private bodies were also found in some of the other countries we considered. For example, in **Norway**, in the run-up to the 2008 quota law which stipulated that a minimum of 40% of board directors in publicly limited companies need to be female, the NHO (Norwegian national employers' federation) created a database of 'board-ready' women. Its function was to help provide information about appropriate women to the organisations which required female directors. The NHO stipulated that the women take part in 'Female Future', a board-ready training programme mentioned above. In **Spain**, the Foundation for Economic Studies in Spain set up a similar database to help fulfil government recommendations of 40% female boards by 2015. However, various academic experts in both countries did not believe that the databases were used successfully to help organisations attain more women on their boards. The challenge with databases seems to be that unless they were proactively managed (as in the UK public appointments examples above), then they do not create any great advantage.

Similar to the UK search consultancy mentioned above, in Spain a search consultancy has charged itself with finding 1,000 board-ready women between now and 2015, and is proactively searching for such women, categorising them as ready now or within two to five years. Unlike in the UK, it is actually struggling to find that number of suitably qualified and skilled women. However, in actual fact in order to meet the target, approximately 400 new female board directors are required, not 1,000. The scheme is in early days and no evaluation can be made of it yet.

The Norwegian example is illustrative of how misleading statements about a lack of pipeline, made here in the UK, can be when, **from a population of just 4.5 million, it was able to 'uncover women's merits' and place 1,000 new female board positions**. In the UK if we could find just an extra 100 women for the FTSE 100 boards, this would almost double the number of female directorships and significantly change the landscape.

4.4.3 Evidence of effectiveness

We found no published evidence regarding the effectiveness of holding databases. However, our interviews in both the UK and abroad appear to point towards the importance not of simply *having* databases of under-

represented groups, but of effectively *managing* them. This includes investing resources into *match-making* between the individuals and the available board positions.

4.5 Mentoring schemes

There is a wealth of academic literature on the benefits or otherwise of mentoring. However, the vast majority of this literature does not address mentoring specifically as an initiative to get more diverse individuals to board level. The traditional definition of mentoring would refer to an older or senior individual (the mentor) chosen and paired with a younger or more junior individual (the mentee) specifically to assist the latter in their career progression, through embedded organisational knowledge. More recent literature also discusses the benefits, accidental or planned, of ‘reverse mentoring’, whereby the mentor learns important organisational information from the more junior mentee.

During the past five years mentoring schemes specifically aimed at increasing board diversity have been introduced in the UK and other countries.

Mentoring schemes address:	
Individual level barriers	X
Interpersonal level	X
Appointment process	X

4.5.1 Initiatives in the UK

In the UK, the FTSE 100 cross-company mentoring scheme was set up in 2004. Its aim was to provide mentoring at the most senior level for senior women in FTSE 100 companies who were deemed to be potential board members. It is being rolled out in other countries by its directors. Although that scheme is aimed at women, there have been examples where similar schemes have targeted other visible minorities.

Whilst the FTSE 100 scheme is aimed at private sector boards, there are also similar schemes aimed at public boards in the UK. These mentoring schemes appear to involve some coaching and identifying any additional skill requirements. When aimed at board level, with the Chair or CEO as the mentor, one of the biggest benefits is the interpersonal level in terms of breaking into an incredibly high-level network. The ‘**match-making**’ **role of Chair** is regarded by those who organise these schemes as crucial

to the programme's success. In some schemes there are opportunities for the mentees to observe boards in process. Feedback from the mentees shows that often helps to **demystify the process of obtaining board seats**. In addition, feedback from the mentors has shown that appointment processes and indeed cultures within participating organisations may also be affected once the Chair/CEO becomes a true advocate for female board members. The fact that when these schemes are run well (with careful matching of pairs, and guidance regarding the mentor/mentee relationship) they address **all three levels of barriers** to the boards is what makes them so successful, as measured by the participants' career progress and board appointments.

More detail can be found on three UK mentoring schemes in section 5.

4.5.2 International initiatives

The directors of the FTSE 100 cross-company mentoring scheme are currently advising on the set-up of similar schemes in France, Canada, Australia, the Netherlands and South Africa.

4.5.3 Evidence of effectiveness

The success of the FTSE 100 cross-company mentoring scheme has been recognised globally and there has been investment from other countries into the set-up of similar schemes. More detail on the effectiveness of this and two other UK-based schemes can be found in section 5 (case studies 1–3).

From the interviews conducted for this research and the literature reviewed concerning the barriers, it would appear that one of the reasons for the success of such schemes is that they address all three levels of identified barrier – individual, interpersonal and appointment process level.

4.6 Diversity charters

Diversity charters provide tailored action plans for companies, whether government bodies, or public or private sectors, depending on their progress in the diversity journey. They are suited both for companies that have never taken action in this respect and for companies already having diversity policies they wish to extend. Operating at both national and regional level, diversity charters can be financed by a mix of governmental, private and public organisations.

Diversity charters address:	
Individual level barriers	X
Interpersonal level	X
Appointment process	X

4.6.1 Initiatives in the UK

The UKRC for women in SET has recently launched a gender equality charter which SET organisations, or their suppliers, can voluntarily sign up to (section 5). However, it is a general benchmarking tool and not specifically aimed at board level.

4.6.2 International initiatives

We did not find any evidence of charters directed specifically at board level, internationally, in terms of increasing diversity either for women or other under-represented groups. However, at a more general diversity level, the European Commission (2008) illustrates that diversity charters are voluntary initiatives in countries like the Netherlands (section 5), Germany, France, Belgium, Spain and Switzerland.

The nature of charters varies across countries. In France and Brussels Capital Region, charters were adopted after political activism and company initiatives, whilst in Germany it was mostly a company-driven initiative. In France and Germany there is a single charter for private, public and charity sector organisations, while Brussels has a separate charter for each sector and provides signatories with financial assistance to develop and implement diversity policies.

A survey in 2008 of 335 European companies signed up to a charter found:

- nearly three-quarters (73%) said that charters increased internal awareness of diversity issues;
- 50% reported a beneficial effect on company reputation; and
- 47% witnessed an increased commitment of management on diversity issues.

Most signatories insisted on the **importance of tailoring charters to the economic, social and political realities of each country**. It would seem that the attraction of charters is that, if managed well, they operate at each level of barrier. They engage the organisation in addressing the individual, interpersonal and structural barriers and, in doing so, adapt the appointment processes to become more transparent.

4.6.3 Evidence of effectiveness

Taking the social and political into account, the experts we spoke to in the Netherlands and the UK suggested that the charters in private corporations are more successful when business-led rather than government imposed, although they did not provide any evidence of this. However, as previously mentioned, we were not aware of such charters at board level.

4.7 Official recommendations and targets

Recommendations or targets regarding the appointment of women or other under-represented groups to the boards of directors have been made in a few countries. However, for this type of policy, there are no legal sanctions for non-compliance. Such policies are aimed at directly affecting the appointment process level of barrier.

Official recommendations and targets address:	
Individual level barriers	
Interpersonal level	
Appointment process	X

4.7.1 Initiatives in the UK

In the UK the Higgs review (2003) made recommendations regarding diversity on boards, but there is no requirement for any organisation to conform to the review's suggested board composition. In the private sector, recommended targets on diversity would be a challenge as metrics are often not monitored. The annual *Female FTSE Report* produced by Cranfield School of Management measures the percentages of women on the boards and executive committees of the FTSE 350 companies, and more recently some of the smaller listings as well. However, similar monitoring of other under-represented groups is challenging due to the lack of necessity for

organisations to monitor or disclose such information. As was reported in Part I of the research, definitions of other under-represented groups are left to the individual in the private sector, making targets difficult to impose. However, in the public sector, the UK Government has introduced targets set for 2011 that all new OCPA-regulated appointees in public appointments are 50% women, 14% disabled people and 11% ethnic minorities. These figures are representative of the UK population. Whilst a 'cross-government action plan' has been launched to assist departments in various ways to ensure targets are met, if they are missed, there are no sanctions for non-compliance.

4.7.2 International initiatives

The **Spanish** Government has implemented 'recommendations' in its Governance Code of 2006 and Equality Law of 2007 (see case study 5 in section 5 below), meaning legislation but without recourse. They have recommended that all listed companies on the Stock Exchange have 40% representation of each gender on their boards, by 2015. In 2006 before the recommendation they had 5.1% women on the IBEX35 boards. Today it stands at just 9%. At this pace of change they will not make the Government's recommendation target. This is a repeat of the **Norway** story, when after 2003 the Government brought in similar recommendations. However, upon seeing the lack of voluntary action, the Norwegian Government made the legislation mandatory, within the Company's Act, punishable by dissolution. **Sweden** also made similar recommendations but backed down from making them mandatory by law.

In **France**, efforts have previously been made to introduce equality legislation on corporate boards but were rejected. The initiative was driven by a persistent gender gap at the highest decision-making levels in both the public and private sectors. There are only 10.5% women on the boards of French companies listed in the CAC40 (top 40 companies in terms of market capitalisation). Amongst the top 500 French companies, there are only 8% women holding board directorships and 58% firms have no women on their boards. Now, once more, in autumn 2009, France is getting ready to promulgate legislation requiring state-owned enterprises and publicly listed companies to have 40% women on their boards six years from now, with an interim objective of 20% women on boards within the next two years. It remains to be seen whether the French parliament will **accept this slow pace of change or decide to accelerate it through mandating quotas.**

4.7.3 Evidence of effectiveness

In both Norway and Sweden some improvement in the percentage of women on boards was made with the introduction of **recommendations plus the ‘threat’ of a quota**. However, neither country hit the recommended targets. In Norway this invoked the quota law, but in Sweden the Government backed down from any further action. Whilst it could be argued that having the recommendations enhanced gender diversity on corporate boards in Sweden, it is not possible to measure the additional impact of what is described by Swedish academics and practitioners as ‘the quota threat’. In Spain the impact remains to be determined. In the two years since the introduction of the recommendation in the governance code and Equality Law, there have been improvements in the figures but, as with Norway and Sweden, the current **pace of change will not lead to sufficient change within the given time period**. At this point there is no clear evidence of the Spanish Government’s intention regarding the possibility of sanctions.

4.8 Mandatory equity laws

If a government introduces mandatory equity laws, specific targets are outlined in specific environments, with clear consequences for non-compliance. For example, in Norway gender equity on private corporate boards has been defined by at least 40% of each sex. In Norway, this requirement is specified in the corporate code of governance and non-compliance is punishable by dissolution. Such laws directly affect the appointment process level of barrier.

Mandatory equity laws address:	
Individual level barriers	
Interpersonal level	
Appointment process	X

4.8.1 Initiatives in the UK

Whilst we do have laws that intend to prevent discrimination in the workplace, on the basis of gender, ethnicity, disability, religion, age or sexual orientation, including at the point of appointment, we do not currently have any mandated equity laws in the UK. Here, progress on board diversity has characteristically been led in a consensual way involving government, academics, quangos, lobby groups, chairmen, search consultants and journalists.

The Equality Bill, however, currently going through Parliament, will introduce positive action provisions for both public and private sectors for under-represented groups. Whilst it states that recruitment must still be based on merit and not on favouring a person solely because of their protected characteristic, for the first time, employers will be able to take positive action at the point of recruitment or promotion in order to address under-representation within the workforce. These new measures will be particularly helpful in those areas of employment where women and under-represented groups are disadvantaged, and could also be used at board level.

4.8.2 International initiatives

The notion of mandatory equity laws is being debated in public across European countries. As previously mentioned, Spain has recently issued recommendations for women on boards, and the discussion now is whether they will enforce these recommendations by law if companies do not voluntarily comply.

Norway's equity law has directed significant media and academic attention to what is a societal level intervention to mandate at least 40% of each gender on the corporate boards of publicly listed companies (see case study 4, in section 5 below). The target has been met – 40.2% of board positions were held by women in 2008 (Hoel, 2008) – and the social and economic impacts for business and women are currently under scrutiny. But this is not the first time Norway has had such quotas; in the 1980s a similar quota was introduced for public and municipal appointments. This and the subsequent cultural shift led to a majority of women seeking employment within the public sector, leaving the domain of management in the private sector to white middle-class males.

Canada has an Employment Equity Act, which whilst not aimed at board level is worthy of note in this report. The Act covers four protected groups (women, visible minorities, Aboriginals and disabled people), in industries identified to be particularly male-dominated (including the financial sector) and any suppliers to the Canadian Government. It is estimated to affect about half of the economy, and requires organisations to measure, monitor and publish equality information (Ng and Wiesner, 2007). Statistics have to be measured at all levels of the organisation, employment systems have to be reviewed and plans have to be made as to how barriers for minorities will be reduced, and pay bands for those employees within the four groups have to be identified (numbers and percentages). The information is publicly

available and the Government compiles lists of the various employers. It is very visible, and particularly organisations such as the banks have become competitive about rankings and being employers of choice.

4.8.3 Evidence of effectiveness

In Norway, the quota law is perceived to be a success. It achieved the stated societal aim of relative gender equality in the boardrooms of publicly listed companies. There can be no doubt that the quota law has been effective in producing substantial change. There is still debate as to whether that change has been good or otherwise for business. There is no evidence that businesses are imploding or that there is any significant negative effect, and new academic evidence is emerging showing that the new female directors are making significant contributions and feel valued (Ladegard and Elstad, 2009). In Canada, academic research has shown a small positive effect of employment equity policies on the representation of visible minorities (Ng and Wiesner, 2007). Results of this study suggest that under-represented groups are more likely to be hired when employment equity policies are in place, and that women are less likely to be employed when they are not in place. There also appears to be a subtle backlash against women if employment equity directives are strengthened. However, as mentioned before, this is not directed at board level.

5 Case studies

The following case studies present a richer and contextualised analysis of some of the initiatives identified in Chapter 4. We focus on four different national contexts:

- UK
- Norway
- Spain
- the Netherlands,

with three individual initiatives from the UK. Details are provided on the background, the initiative and any evidence of the impact of the initiative. What becomes apparent when making international comparisons is that it is vital to consider cultural and political context.

5.1 Case studies from the United Kingdom

CASE STUDY I

Black and minority ethnic women on boards

Background

A pilot training programme for BME women to access public sector board appointments, committees and corporate governance bodies was run by Cranfield School of Management in 2006. The Learning and Skills Council (LSC) commissioned the pilot in partnership with the European Federation of Black Women Business Owners to redress the disparity in the figures of women from BME backgrounds that make up public appointments in the UK (2% in 2006). The LSC's own research had suggested that such women are excluded because of the male-dominated structure of appointments, closed networks and a lack of knowledge of some of the key competencies required for boards and committees.

Initiative

An open invitation was sent out to BME women in London via a printed brochure and the LSC then selected 12 women for the pilot programme. A total of 90 women expressed interest in the pilot and 20 were interviewed. The majority of women on the pilot were from African backgrounds (46%). There was an even distribution of 9% of participants from Chinese, Indian, White European, Black Caribbean and Black British backgrounds, as defined by the LSC. Participants were helped to assess their training needs with regard to attaining a board appointment; this

was used with their personal coach as a means of monitoring how they were progressing against their agreed goals and aspirations. The actual programme ran from February to May 2006. It comprised:

- a half-day launch with an evening reception hosted by the Commissioner for Public Appointments;
- two coaching sessions – firstly to discuss the training needs and secondly to draw up an action plan;
- a one-day workshop on ‘Understanding the World of Boards’ – covering legal responsibilities of being an NED, corporate governance and the role of an effective NED;
- board observation;
- a one-day workshop on ‘Taking up a NED role’ – covering debrief of board observations, human and social capital needed for a board appointment, and a BME female external speaker’s journey to the board;
- a plenary session to share learning; and
- interviews with a search consultant to provide feedback on CVs.

Impacts

The programme was evaluated by Cranfield and by an independent consultant. In general, participants were very positive about their experience. What set this programme apart was its multi-dimensional approach. An overwhelming majority of participants felt that they were now ready to take up board positions and would start to look for board vacancies. All participants reported that they were more confident about applying for board positions as their knowledge and awareness had been increased. The programme was successful in raising awareness amongst the women of how to identify board opportunities, and equipped them with the knowledge and understanding of how to identify what strengths they can contribute to a board and what they can expect to gain from being a board member. Two participants were offered places on boards and another was elected as a councillor in the local elections. There was subsequently a growing interest amongst other LSCs, seeking to replicate similar programmes in their region. This pilot was regarded as a positive and bold step by LSC London Central in addressing an important area of diversity and challenging the status quo.

CASE STUDY 2

FTSE 100 cross-company mentoring scheme

Background

This scheme was initiated by a small private–public sector consortium of diversity experts, called Women on Boards. Starting in 2004 with an invitation from Professor Susan Vinnicombe, of the consortium, to all FTSE 100 Chairs, the scheme was set up by programme directors Jacey Graham and Peninah Thomson with only seven mentoring pairings. It is sponsored by a private coaching company and, fundamentally, the role of the two programme directors is to facilitate and manage the processes.

Initiative

The chairs commit to at least two years of mentoring a senior woman from a non-competing FTSE 100 company, and nominate a woman from their own company to join the programme to be mentored by the chairman of another company. The women on this scheme have to have a stated objective of wanting a board position – whether executive director on their own board or non-executive on another – and be regarded as having that potential by their nominating chairman.

The key aspect of this programme is that it has the backing and active involvement of about 30 of the most influential chairmen in UK business.

As a result of their involvement in the FTSE 100 programme, mentors also tend to take more ownership within their own organisation in championing a climate that is acceptable to change and to more women progressing to the top; they also commit to look for opportunities for their own mentees. On a level of personal awareness and enhanced understanding, the chairmen report learning more from their mentees about some of the difficulties faced by women in large organisations.

Whilst there is some individual assistance given to the women – for example, helping them to update their CVs and coaching if required – one of the main roles of the programme is monitoring stakeholder and process management. The mentoring is not about remedial help, but the provision of advice, guidance and insight which helps the mentees prepare for director-level roles.

A highly important part of the programme is the 'social capital' aspect of it – i.e. putting highly talented women in front of chairs who know other chairs, headhunters, and chairs of nominations committees. As a chairman of a FTSE 100 retail company recently explained, when he first became a chair he was shocked at just how much of his time was spent 'having lunches'. But it is all about the network, and this is one of the things women can tap into through their mentors. Both the chairs and the programme directors actively look for introductions which might facilitate positions for these women and so much of it is about 'making the match'.

Impacts

There are currently 31 mentor/mentee pairs within the FTSE 100 scheme, and an additional 32 alumni of the scheme. To date the programme has facilitated the following:

- 10 women have achieved promotion to the Executive Committee or main board of their own organisation;
- 5 women have an NED appointment on a FTSE company or abroad;
- 3 women have an NED appointment on a not-for-profit or charitable organisation;
- 4 women have public sector or government appointments;
- 3 women have become Chief Executive Officers of non-FTSE 100 companies (one of which is in the US); and
- a further 12 women have achieved a significant promotion.

As well as the career progression of individual women, another substantial outcome of this programme has been the evolution of a very high-level group of 'change agents' amongst the chairmen, who are strong advocates for women on the board. For example, a number of the mentors involved with this scheme recently wrote an open letter to a national newspaper calling for more to be done to increase the number of women on boards.

The success of this programme has been recognised globally and the facilitators are currently advising on the set-up of such schemes in France, Canada, Australia, the Netherlands and South Africa.

CASE STUDY 3

UK Resource Centre for women in science, engineering and technology

Background

UKRC is a resource centre for women in SET organisations, funded by the Department for Business, Innovation and Skills, with additional sponsorship from the Office of the Commissioner for Public Appointments (OCPA). It has two teams specifically aimed at providing:

- services for women; and
- services for businesses.

The services for businesses help organisations improve their gender diversity at senior levels. The UKRC frequently has organisations coming to it to ask for its help in these matters. The UKRC suggests that the biggest driver for change has been increasing legislation, such as new enforced procurement rules for supplier organisations.

Currently, only 18% to 19% of the total workforce in the SET sector in the UK are women. Many in the SET sector believe that considerable work needs to be done be as low as primary school level, in order to increase the female percentage of the SET workforce and stand a better chance of greater parity at board level.

Initiative

The UKRC has taken a multi-pronged approach to the problem of a lack of women in senior positions in SET organisations. Most of its work is in the public sector, but through the organisations it works with, it does cross over into the private sector. In 2007, it commissioned an innovative piece of work looking at the boardroom cultures and barriers to women of both public and private sector SET organisations (including one FTSE 100 and one FTSE 250 company). It was published in 2008, entitled *Transforming Boardroom Cultures in Science, Engineering and Technology Organizations* (Singh, 2008) and, according to the UKRC interviewee, they have used this report to inform some of their current initiatives.

The UKRC supplies resources, printed and online, for individual women who are considering taking their career to the top level and applying for a position on (predominantly) public boards. The UKRC has provided the following:

- a booklet aimed at persuading businesses of the benefits of releasing their staff to contribute to public boards, and for women this is a means of enabling them to have this discussion with their employer;
- printed guides on completing application forms and a best practice guide to steering through the application process;
- a number of half to one-day courses from the more generic leadership readiness (including aspects such as envisioning and making brave recruitment decisions) to how to be successful at the public appointments process (explaining the system, using the right language, analysing one's skills and giving evidence-based criteria); and
- 'GetSET Women' – an online database where women can register their profile and indicate their particular interests in terms of public appointments. There is also a 'match-maker' at the UKRC whose job it is to 'horizon-scan' for various appointments and match them to individual women listed.

UKRC operates a charter which SET (or supplier) organisations can sign up to. The CEO would be the signatory to the gender equality charter and this is a well-publicised event, with good PR for the organisation concerned. The UKRC then facilitates the organisation through a cultural audit, usually with a few days' in-house consultation, using cultural analysis tools, to find out where the organisation is in terms of gender equality. The company receives a report including feedback on many areas and specific recommendations. They are then given a quality mark, which is a benchmarking exercise. Then at predetermined intervals the organisation will be asked for evidence that gender equality is improving.

The UKRC has also recently embarked on a mentoring scheme. It has now completed two cohorts of mentor/mentee pairings, in 2007 and 2009, and is soon to embark on a third. Initial commitment from the mentor/mentee pair is six months, although most continue longer. Mentors are men and women currently serving on a board, broadly connected to the SET sector – e.g. they may also be from a supplier organisation. An initial launch event explains the scheme and its objectives. In the first cohort, the scheme was open to anyone interested in public boards. Today the objective is more precise in that applicants are strongly recommended to make an application for a board position within six months.

The UKRC has identified a list of 58 ‘particularly influential boards’ within which they would like to place women – for example those of research councils. This idea of marking out particularly influential positions for women is something that is also happening in the private sector when planning career routes to the board for women, ensuring that women hold positions at senior levels within the strategically and functionally important roles.

Impacts

In terms of the mentoring, there has been an increase in pairings. In the first cohort (January 2007) there were 22 mentor/mentee pairs, and in the second (January 2009) there were an additional 29 pairs. So far, the scheme has helped to place eight women onto public boards, including some that the UKRC considers very important positions, such as a trustee of the Science Museum, and other significant charitable trustee positions.

In terms of the Charter, the programme was formally launched in November 2008 so, as of yet, there is little evidence on the effectiveness of this Charter.

5.2 International case studies

CASE STUDY 4

Norway

Background

The context of Norway is quite different from the UK. Firstly, women’s employment rates are very high, with near gender parity in the political sphere for some time, and yet a near total absence of women from the decision-making of the economic sphere characterises the Scandinavian gender paradox (Teigen, 2009). Secondly, quotas and positive action have been a feature of Norwegian life for the past 30 years, affecting areas such as education, employment, politics and even the family – the ‘father quota’ means that men must take at least 10 of the given 44 weeks’ fully paid parental (not ‘maternity’) leave. Gender equality is taught at school from kindergarten level upwards. After the Gender Equality Act of 1981, which led to 40+% women on public boards and committees, the extension of the law to private boards was an issue raised and discussed frequently.

Interestingly, one of the reasons for this was that an unintended consequence of the privatisation that occurred in the 1980s (similar to the UK) was that state-owned publicly listed companies were then no

longer subject to the same gender quotas. A main idea behind much of the deregulation was to ensure equal competitiveness between public and private companies, and so somehow the same gender equality regulation needed to be applied.

During the 1990s, when the subject of women in management became a hot topic in most Western economies, Norwegians were quite shocked to realise the discrepancy between the near parity in political life but the total under-representation in leading business roles (between 2% and 4%). The figures for Norway were behind those of other European countries, including the UK and the US. This went against the grain of their egalitarian culture. Various initiatives were implemented over the next 10–15 years: political arguments, developing women's networks, research programmes, development programmes for women, mentoring schemes and databases. However, in 2002 the figure for women on boards was 6%.

Initiative

With the revision of the Norwegian Companies Act in 2003, all state and municipality boards were required to have at least 40% of each gender on board. Publicly listed companies were given time to make this transition and told that legislation could be avoided if the target was met by July 2005. Despite a substantial increase, in 2005 women made up just 17% of boards and therefore the law was introduced. By January 2008 all publicly listed companies had to make the quota or face dissolution. The figure in 2007 was 25% and today is 40.2% (Hoel, 2008).

It is also important to be aware of differences in corporate structure in Norway. Their two-tier board system allows for the quota to be filled on the supervisory boards and women can be taken on as the employee or shareholder representatives. The quota does not stipulate any executive roles. In reality, boards are not believed to be where the executive power of a business lies, but they are within the reach of legislation, through the Companies Act. It is interesting to note that still only 2% of CEOs are women.

The role of state ownership versus private property rights is also important in this context. On the Oslo Stock Exchange, approximately 40% of the value is owned by the state, about 33% by foreign investors and only 19% by private enterprise. The value owned by individuals is under 4% (VPSInfo, 2009). This large state ownership gives a sense of legitimacy to action. Private limited companies, however, are typically small, very

often family-owned businesses. In the public debate this was where much of the resistance to gender equality quotas was felt and these types of organisations have not been affected by the law. In 2008, figures in these companies also rose and 17% of board directors were female.

Impacts

Norway has achieved an impressive 40.2% of women on boards due to the quota legislation stipulating that a minimum 40% of board members should be of either sex. Failure to comply leads to sanctions, including delisting of the company and removal from the Oslo Stock Exchange. The quota requirements apply to public limited companies (ASA) and not to ordinary limited companies (AS) and they have been implemented after many previous non-mandatory attempts to increase board diversity have failed.

Although the quota system was initiated in a disputed atmosphere, Norway is in many ways a success story. Not only did the percentage of women on boards rise sharply, but their performance on boards has dispelled to a great extent opposing arguments related to women's shortcomings (Hoel, 2008).

Some international business press has focused on the increased number of Norwegian companies who changed their status from ASA to AS in order to avoid opening up their boards to women (European Commission, 2009). However, there has also been an increase in the number of companies changing their status from private limited to public limited – in 2007 96 switched from ASA to AS and 62 the other way. It should also be realised that a number of the 96 would have been so-called 'empty companies', for whom adapting would have made no sense.

In terms of societal impact, the law has achieved its high-level desired effect. However, research questions remain about the impact on democracy, participation and real gender equality. Who are the women, how are they elected and how do they behave in the boardroom? In terms of impact on women, there has been discussion about the danger of the quota stigma. Concerns in Spain are raised about women being treated as lesser board members, if they are there because of quotas rather than on their own merit. In Norway the same argument was heard years ago when quotas were imposed on the public sector, but few would argue today that it has done women's careers any damage. In addition recent emerging evidence from Norway suggests that this is not the case for those women newly appointed to Norwegian boards (Ladegard and Elstad, 2009), but that women are respected and are making significant contributions.

Is it good for business? A small, but increasing, body of research is pointing out that having diversity on the board is not sufficient; it is using the diversity of knowledge and skill that is important. This comes about with active board leadership and good working structures (Singh, 2008). In addition, recently appointed women to bank boards in Iceland have confirmed that both the greater proportion of women and the new sense of purpose in response to the financial crisis have meant that female directors feel their contribution is considerable and appreciated (Jonsdottir, 2009).

Another impact for women which researchers are predicting, again based on Norway's previous experience, is that once women are on supervisory boards and they become better known by their male colleagues, the social networks can facilitate opportunities of executive positions. The value of networking at such a senior level has been highlighted by other initiatives, such as the mentoring schemes. This is a virtuous circle that will produce more experienced businesswomen and increase their presence in the top management of business. "Highly qualified women are numerous, they are now getting more experiences and becoming more visible" (interview with Morten Huse, August 2009). The other positive benefit is isomorphic pressures – i.e. it has become good for a company's reputation to have female board members, so this is leading to more businesses not currently covered by the law bringing women on board, as reflected in the increasing figures for women on boards of private companies.

CASE STUDY 5

Spain

Background

Spain, along with Greece, Belgium, Italy and Portugal, is amongst the European countries with the lowest percentage of women on boards. Ironically, Spain is one of the countries that have taken the furthest steps to increase the number of women on corporate boards, but even after several years of innovative initiatives the percentage of women on boards in 2008 was only around 6% (de Anca, 2008). A number of external initiatives have been implemented in the public and private sectors, but the internal hurdles remain substantial.

In 2006 women made up 40% of working population and were gaining considerable power in public administration and legislative power (40%) and in managing small enterprises (30% to 45%). However, that same year

women held only 5.1% of board directorships on the IBEX35 companies. The figures, interestingly, are better for the non-IBEX listed companies (which is contrary to most other countries where the further a company is down the listing the worse the figures). However, this is probably due to the very large percentage of women representing family shareholders' interests, as there is traditionally a stronger family presence in small corporations. Since 2005 there has been a considerable focus on improving corporate governance procedures generally, and it was recognised that this should include more diverse and more independent directorships. In 2006 a new Code of Corporate Governance explicitly stated that board nomination committees should ensure no implicit bias against women candidates and that the companies should make a conscious effort to include as directors women with the target profile. As in other countries, one of the main responses back from business claimed a lack of women in the pipeline. There was substantial resistance to change and heads of the IBEX35 companies grouped together to resist en masse believing, therefore, that none would have to change.

Awards and rankings for employer initiatives are quite common initiatives in Spain, with support of business schools and national and regional governments. Concerns about a lack of supply pipeline led to databases of senior management women in 2006 (Organisation of Spanish Executive Women) and 2007 (Foundation for Economic Studies), but businesses did not support them or use them. Prominent academic Celia de Anca says that major cultural change is necessary to address the issue of board diversity. Over the past decade, the Spanish Government has launched a number of measures to tackle poor ratios including incentives and support for private initiatives, public awareness campaigns and, finally, legislation.

Initiative

The Equality Law of March 2007 covers companies with more than 250 employees and requires them to develop gender equality plans and specific measures to tackle work/life balance issues – believed to be one significant cause of low numbers of women in senior positions. Such companies “will endeavour to include” sufficient numbers of women on boards to reach a balance of men and women within eight years (balance is defined as at least 40% of each sex). The Spanish Government is keen to stress this is not a quota, as quotas are for minorities and women represent the majority of the population. The law recommends rather than obliges but it's clear that any company wanting to work with public administration or procurement is more likely to do so if it has taken heed of the recommendations.

The law has sparked much public debate and also a flurry of activity in terms of initiatives. Also launched in 2008 were cross-company mentoring schemes, specific women's training for board readiness and various research programmes. The issue is rarely far from the newspapers' front pages but was initially comprised of opinion pieces. One consultant, formerly from the Foundation for Economic Studies, and now running a search consultancy, has been working hard to inform the press and supply them with evidence-based research so that the public debate is as informed as possible. Concern has been expressed in the press by women that they will be perceived as filling a quota and not worthy of contribution but previous and current experience from Norway and Iceland suggests this would not be the case.

In addition this search consultancy is attempting to collect the profiles of 1,000 'board-ready or near ready women'. In order to fulfil the recommendations 400 new female directors need to be found. Whilst this sounds a lot, unlike in some other countries, there is a high turnover of directors in the IBEX35 companies. In an interview for this project, Ana Maria Llopis, a corporate governance expert and herself a major board director, shared some research in which she found that 53% of Spanish board directors had rotated in four years – 848 directors appointed out of approximately 1,600 directors. However, she also believes that there is a need to completely redefine selection procedures and introduce impartiality. A clear definition of the required profiles in a well-defined grid of needs at board level will lead to a more balanced representation.

The Madrid-based search consultant who was interviewed agrees and is working hard "to professionalise the recruitment of all board members" through generating a large pool of such profiles: "At the top management it's like a club, they play cards together...if there is a vacancy I give it to my friend. If women lower down are stopped by the glass ceiling then let's open a window and help them climb up a different way." She is asking companies to sign up to her company's scheme whereby if they need an independent board director, she commits to being able to provide them with the profiles of three relevant men and three relevant women. However, interestingly she has found that a small number of companies are now asking only for profiles of women. In response to the lack of pipeline argument, this consultant, like so many in academia and the field of gender in management, believes the women are there "...but they don't have enough visibility and so we have to work a lot with them", assisting them with refining CVs and

providing coaching for board interviews. “The most important thing is that they [board chairmen] see there are a thousand women that are waiting and they want to be there.”

Impacts

On the corporate boards of the IBEX35 companies today (September 2009) just 9.1% of directors are women – 47 out of 517 directors. Only 2 of those 47 (just 2.3%) roles are executive and they are both held by the same woman. Whilst there has been much improvement in this past decade, if the Spanish Government is to reach its 40% target there will need to be significantly more appointments made.

CASE STUDY 6

The Netherlands

Background

The impetus for the ‘Talent at the Top’ initiative was started by Marieke Bax, a successful Dutch business woman who had been working abroad for a number of years and upon her return home was shocked at the low gender diversity at the top of private and public sector organisations. She met with the Prime Minister at a dinner function and galvanised him into action.

Initiative

With some public funding from the Ministry for Economic Affairs, a small agency was set up called Talent at the Top. It has a supervisory board (Netherlands has two-tier boards) populated by those with strong connections to government and/or business. Initially, for the first year or so, the agency conducted some research into the barriers to women getting to the top of their organisations, mainly through working groups such as pro bono projects by professional service firms such as McKinsey and Accenture. The working groups looked, for example, at best practice Human Resource Management (HRM) tools and Dutch cultural norms regarding women as leaders (e.g. a pilot TV series about ‘She-Eos’ and a mood board for an ad campaign).

There were some initial criticisms, such as that the group looking at HRM tools was not evaluating effectiveness. For example, initially offering part-time work was proposed on the list of ‘best practice’ tools. But working part-time is actually a legal right in the Netherlands, not an issue of best

practice, and is already something that approximately 70% of working women do in the Netherlands. It is also something that has been shown to be bad for a woman's career in the Netherlands. The cultural context is particularly important in this case, as it is the Dutch norm for mothers to work two to three days per week, but very much frowned upon to do any more, and the affordable child-care facilities are not readily available for more than three days per week. It was therefore necessary to be a little more sophisticated, more nuanced – e.g. offer part-time work but ensure that it does not have negative impacts – and/or propose flexible hours more than part-time hours.

In summer 2008, Talent at the Top launched its new concept, 'The Charter'. Organisations sign up to a charter and commit to setting their own soft targets at different levels in the organisation within a realistic timeframe – e.g. three to five years – and implement policies and practices in order to achieve this target. Initial signatures are for a three-year period, with options to renew. It was a very public event – the Crown Princess and the Minister for Economic Affairs were present, and there was wide press coverage with photographs of signatories. Importantly, a large number of senior women – either already at board level or just below – were also present. This helped to challenge the idea that there was a lack of appropriately qualified or experienced women in the 'pipeline'. The Ministry of Economic Affairs funds the small agency that runs The Charter; the working groups were unpaid (e.g. pro bono by McKinsey/Accenture), and organisations are not charged to participate.

There were initially about 45–50 signatories of all sizes. They ranged from small enterprises to the entire national government (i.e. all the ministries), in the private (listed and not) and public sectors. However, one notable missing signatory was Royal Dutch Shell. It publicly stated that it would not be joining the charter as it believed its diversity policies and practices were, in fact, in advance of what was being proposed. It also felt that having an emphasis on gender only, as opposed to including other aspects of diversity, was a retrograde step. However, other similar sized organisations, such as KPMG, which has also had policies and practices embedded for quite some time, did join because its figures at the very top of the organisation are still not good – e.g. only 2% female partners.

Impacts

The agency continues to put pressure on other organisations to join The Charter. The issue has been brought to the public's attention and has remained consistently front-page news, and is publicly debated. There have been one or two cases of bad press for signatories, e.g. ING. Its 'Lioness Network' (the organisation's women's network) had conducted an internal report on why senior women were leaving, and the results were damning of the organisation. The report was leaked to the press and ING was accused of 'window dressing' with respect to its gender diversity policies. The business press called the CEO to account.

The Charter is a public declaration and organisations give a serious undertaking to address gender diversity at every level. This has changed the day-to-day job of equality and diversity managers in organisations. Whereas before they might just have been tasked with organising networking events, now they have clear business targets and funds and policies in place, and access to more influential individuals.

It is now more common to see data concerning gender diversity in annual reports. This can sometimes be problematic for organisations if the figures are not going in the right direction. But more often, measurement galvanises action. For example, when a top university signed The Charter and the Dean realised that undertaking a commitment to having 15% female full professors meant that 25% to 30% of all new professors should be female, he ensured that the candidate list was adjusted so that 60% of all candidates were female. Today his list of candidates looks very different from how it did just two years ago. What makes the initiative successful is that every organisation sets its own targets, specific to its own unique dynamics. So, for example, in some health organisations they actually have some negative targets; in other words, the organisation wants more men in the most senior positions.

The agency has recently published its first full report, compiling statistics from the participating organisations. As this is the first year, there is no similar report with which to make comparisons. Results are aggregated, arranged by sectors, rather than naming individual organisations. Critics are calling for 'naming and praising' to be part of the annual report. However, the agency is concerned with not losing the goodwill of the participant companies. Another criticism is that, presently, companies are asked to list their plans in terms of policies and practices on the one hand and the numbers on the other hand, and there is no investigation of the

'black box' between the two – i.e. is there a correlation or indeed a causal relationship between the two? There is a suggestion that participating organisations should engage in rigorous research into this.

Talent at the Top has been a culturally acceptable way to stimulate change in the Netherlands. It is not something the Dutch Government has mandated, as in Norway, or as currently proposed in Spain and France. It is something organisations choose to opt into. But once they do sign, the regular monitoring and reporting is culturally normative. The joint collaborative initiative from the business sector, with government support, puts companies in a position of responsibility and they feel ownership of the initiative.

6 Conclusions and recommendations

Parts 1 and 2 of this research project examine the issue of diversity on boards of directors in the private and public sectors. They explore why there are so few under-represented groups on boards and what is being done in order to increase diversity on boards.

6.1 Conclusions

1. A review of the current literature confirms the extent to which women, minority ethnic groups and disabled people are under-represented on public and private boards of directors in the UK. As with any complex social problem, the causes of the under-representation are multifaceted and often difficult to discern.
2. Barriers to board diversity can be grouped into three levels:
 - **Individual level** – No evidence was found that under-represented groups lack the skills or qualifications to be on boards. Persistent and unconscious stereotyping of under-represented groups leads to biased perceptions of competence and aspiration.
 - **Interpersonal level** – Diverse candidates lack social capital and are often excluded from influential social networks, affecting access to boards. In addition boardroom cultures can be inhospitable to individuals from under-represented groups.
 - **Appointment process** – This process remains open to subjective bias due to a lack of transparency about openings and unclear selection criteria, particularly in the private sector. Weak links between search consultancies and diverse candidates are also a problem in the private sector.
3. It is clear that the public sector in the UK is considerably ahead of the private sector in terms of:
 - the **number of people from under-represented groups** on boards. For example, in 2008 in the private sector, women held 12% of directorships in the FTSE 100 and 7% of directorships in the FTSE 250 companies. In comparison, women held a third (33%) of public appointments, disabled people made up one in twenty (5%) of appointees and ethnic minorities held less than 6% of posts. There are a total of 3,137 directorships on the boards of the FTSE 350 companies (2008); whereas there are around 18,500 appointments made to the boards of the UK public bodies. Therefore, not only are the public sector percentages much bigger, but so are the actual numbers of individuals from under-represented groups;

- the **monitoring** of diversity. The *Female FTSE Report (2008)* reports that only 4.7% of directors are from non-European ethnic backgrounds, but the monitoring of diversity in the private sector is not mandatory. In addition, monitoring of disabled individuals at the most senior levels in the private sector is almost non-existent;
 - the **targets** for diversity. For example, the Government has introduced targets for 2011 that all new appointees in public appointments are 50% women, 14% disabled people and 11% ethnic minorities. No such targets exist across the private sector boardrooms;
 - the **regulation of appointments** and legislation which further support diversity. There is no regulation of appointments in the private sector. By contrast, the Office of the Commissioner for Public Appointments regulates around 10,000 public appointments to the boards of around 1,000 public bodies;
 - the **open and transparent nature of the selection process** – for example, all public appointment posts are advertised; and
 - the relatively high number of organisations (for example, the Public Appointments Commission, UKRC) and other initiatives that exist to **encourage diversity** in board appointments;
4. Some clear evidence gaps have been identified. Most of the available evidence focuses on gender as a dimension of diversity. There is very little research on **ethnicity and disability** in relation to public and private sector boards. In addition a number of further evidence gaps were identified:
- The appointment process is still relatively opaque in both the public and the private sectors at board level – more research is needed to ensure that no bias takes place in selecting appointees.
 - Research is needed to better understand what obstacles are the most significant for various under-represented groups to explore the joint effect of belonging to more than one such group – for example, being both black and female.
 - A small but increasing body of research is showing that diversity on the board is not sufficient in itself, but that it is the diversity of knowledge and skills that is important. More research should be conducted into how under-represented groups contribute in terms of knowledge and skills and consequently how they influence the effectiveness of the board.

- There was a lack of evidence regarding the extent to which the experience on public sector boards is recognised in the private sector. It is possible that board experience in one sector transfers to board experience in another sector, but further research is required in this area.
 - The report appeared to highlight the weak relationships between search consultants and potential directors from under-represented groups. More research is needed to establish why this is, what part this plays in the lack of such people being appointed and what can be done to remedy the situation.
5. In order to understand the global trends in terms of board diversity, research is needed that is both comparable and contextualised. The indexes currently used to monitor board diversity in the private sector vary greatly across countries in terms of number and size of companies included. In addition, there is even less monitoring of public sector boards. The 'public sector' itself is often loosely defined, sometimes referring strictly to state-owned enterprises, and other times encompassing jobs in politics, the judiciary or the voluntary sectors. More consistent monitoring and research focus would allow for truly meaningful international and cross-sector comparisons.

6.2 Recommendations

1. Organisations and public bodies should set their own targets for gender and other under-represented groups and report on their progress in annual reports. This should include setting and monitoring key performance indicators of diversity at each organisational level to ensure a fresh stream of talent moving into the private and public sector boards. The business community and various industry bodies may be best placed to lead such an initiative.
2. There is considerable support for greater boardroom diversity amongst a number of chairs of private organisations in the UK. The UK should emulate the Netherlands with a voluntary charter scheme, whereby chairs are invited to sponsor, for example, one of their senior women into a FTSE 100 NED position. This initiative should work on the assumption that the women are board ready; hence the role of the chairman is to directly connect and sponsor her onto a board. These women may currently be members of their company's executive committees (six FTSE 100 companies have committees where 40% or more directors are women). We believe that if Norway was able to find

1,000 new female directors from a population of just 4.5 million, then the UK has enough talented and qualified women to appoint another 100 new female directors in a country of 61 million.

3. Evidence from this report showed that initiatives that addressed all three levels of barrier (individual barriers, interpersonal barriers and the appointment process barriers) were the most effective. For example, greater encouragement should be given to mentoring programmes and multi-dimensional programmes like the 'Women on Board' pilot programme run for BME women in London, in both the public and private sectors.
4. Lack of transparency of available directorships was apparent in this report. All directorships in the private sector should be advertised (as occurs in the public sector). Part I of the research showed how the opaque nature of the appointment process, particularly in the private sector, is a considerable barrier to under-represented groups. Information about all aspects of the appointment process, including the availability of directorships, would help address this.
5. The Government should maintain its targets of 50% female, 14% disabled and 11% minority ethnic candidates for all new OCPA-regulated appointments by 2011, and monitor progress.
6. From considering the various initiatives to improve diversity at board level in several other countries, this report suggests that diversity initiatives must be politically, socially and culturally aligned to be effective.

Summary of recommendations

1. Organisations and public bodies should set their own targets for gender and other under-represented groups, reported in their annual reports.
2. A voluntary charter scheme should be set up, with chairs sponsoring an individual from under-represented groups into a FTSE 100 NED position.
3. Initiatives to increase boardroom diversity should address all three levels of barrier (individual barriers, interpersonal barriers and the appointment process barriers).
4. All directorships in the private sector should be advertised.
5. Government to continue with its targets for new public appointment of 50% female, 14% disabled and 11% minority ethnic candidates.
6. Diversity initiatives must be politically, socially and culturally aligned to be effective.

References

- de Anca, C. (2008), 'Women on corporate boards of directors in Spanish listed companies', in Vinnicombe, S., Singh, V., Burke, R. J., et al (eds.) *Women on Corporate Boards of Directors: International Research and Practice*, Edward Elgar, Cheltenham, pp. 96–107.
- Belkin, L. (2003), 'The Opt-Out Revolution', *New York Times*, 26 October 2003.
- Catalyst and Opportunity Now (2000), *Breaking the Barriers: Women in Senior Management in the UK*, Business in the Community, London.
- Easterby-Smith, M., Thorpe, R. and Lowe, A. (2002), *Management research: An introduction*, Sage Publications Ltd, London.
- European Commission (2008), *Continuing the Diversity Journey: Business Practices, Perspectives and Benefits*, Office for Official Publications of the European Communities, Luxembourg.
- European Commission (2009), *Women in European Politics – time for action*, Office for Official Publications of the European Communities, Belgium.
- Higgs, D. (2003), *Review of the role and effectiveness of non-executive directors*, Department of Trade and Industry, London.
- Hillman, A., Shropshire, C. and Cannella, A. (2007), 'Organizational predictors of women on corporate boards', *Academy of Management Journal*, vol. 50, no. 4, pp. 941–952.
- Hoel, M. (2008), 'The quota story: five years of change in Norway', in Vinnicombe, S., Singh, V., Burke, R. J., et al (eds.) *Women on Corporate Boards of Directors: International Research and Practice*, Edward Elgar, Cheltenham, pp. 79–87.
- Jonsdottir, T. (2009), 'An exploratory study of the effect of gender demographics on none-executives' individual role interpretation and effectiveness of female directors', Cranfield School of Management, part of unpublished doctoral thesis.
- Ladegard, G. and Elstad, B. (2009), 'Diversity and perceived influence in corporate boards: The case of Norway', European Academy of Management 9th Annual Conference, 11–14 May, Liverpool.
- Mainiero, L.A. and Sullivan, S. (2006), *The Opt-out Revolt: Why People Are Leaving Companies to Create Kaleidoscope Careers*, Davies-Black Publishing, Mountain View, CA.

- Mainiero, L.A. (1994), 'On breaking the glass ceiling: The political seasoning of powerful women executives', *Organizational Dynamics*, vol. 22, no. 4, pp. 4–20.
- Ng, E. and Wiesner, W. (2007) "Are men always picked over women? The effects of employment equity directives on selection decisions", *Journal of Business Ethics*, vol. 76, no. 2, pp. 177–187.
- Pesonen, S., Tienari, J. and Vanhala, S. (2009), 'The boardroom gender paradox', *Gender in Management*, vol. 24, no. 5, pp. 327–345.
- Sealy, R. (2009a), *A qualitative examination of the importance of female role models in investment banks*, Cranfield School of Management, PhD thesis.
- Sealy, R. (2009b), 'How senior women experience extreme gender-imbalanced work environments', British Academy of Management Conference, 15–17 September, Brighton.
- Sealy, R., Vinnicombe, S. and Singh, V. (2008), *The Female FTSE Report 2008: A decade of delay*, Cranfield School of Management, Cranfield.
- Singh, V. (2007), 'Ethnic diversity on top corporate boards: a resource dependency perspective', *International Journal of Human Resource Management*, vol. 18, no. 12, pp. 2128–2146.
- Singh, V. (2008a), *Transforming Boardroom Cultures in Science, Engineering and Technology Organizations: Final report*, UK Resource Centre for Women in Science, Engineering and Technology, Bradford.
- Singh, V. (2008b), 'Contrasting positions of women directors in Jordan and Tunisia', in Vinnicombe, S., Singh, V., Burke, R. J., et al (eds.) *Women on Corporate Boards of Directors: International Research and Practice*, Edward Elgar Publishing, Cheltenham, pp. 165–185.
- Singh, V., Vinnicombe, S., and Kumra, S. (2006) 'Women in formal corporate networks: an organisational citizenship perspective', *Women in Management Review*, vol. 21, no. 6, pp.458–482.
- Stroh, L. K., Brett, J. M. and Reilly, A. H. (1996), 'Family structure, glass ceiling, and traditional explanations for the differential rate of turnover of female and male managers', *Journal of Vocational Behavior*, vol. 49, no. 1, pp. 99–118.

Teigen, M. (2009) 'Tomorrow's women, tomorrow's world: The science, engineering and technology workforce and workplace in 2030', *UKRC Conference 2009 Report*, London.

VPSInfo (2009) <http://vpsinfo.manamind.com/sectorstats/index.do?l=no>

Westphal, J. D. and Stern, I. (2006), 'The other pathway to the boardroom: Interpersonal influence behavior as a substitute for elite credentials and majority status in obtaining board appointments', *Administrative Science Quarterly*, vol. 51, no. 2, pp. 169–204.

Appendix – List of interview respondents by country

UK

- Anne Watts – Chair of Appointments Commission
- Norma Jarboe – several previous roles in this field, currently researching women on the boards of charitable trusts
- Rachel Tobell – Manager for Women’s Services, UKRC for women in SET
- Jacey Graham – Brook Graham, co- founder of FTSE 100 cross-company mentoring scheme
- Dame Rennie Fritchie – former Commissioner for Public Appointments
- Anonymous – independent consultant coaching women and people from under-represented groups for private sector to public board appointments
- Anonymous – Diversity in Public Appointments – an independent consultancy

Norway

- Professor Morten Huse – Oslo School of Management, Norwegian expert on women on public and private sector boards
- Professor Elbjorg Standahl – Oslo School of Management, expert on governance and board process
- Arni Hole – Director General – Ministry for Equality and Family, Norway
- Ingvild Myhre – Female board director of 18 years, in a number of major Norwegian companies; used to be CEO of large telecoms company in Norway
- Mari Teigen – Institute of Social Research, Oslo

USA

- Professor Diana Bilimoria – Case Western Reserve University, American expert on women on private sector boards

Canada

- Professor Alison Konrad – University of Western Ontario, Canadian expert on women on public and private sector boards

Australia

- Anne Ross-Smith – Associate Professor and Head of School of Management, University of Technology, Sydney; Australian expert on women on public and private sector boards
- Jane Bridge – CEO Boardroom Partners, Sydney, ex-CEO of Dept for Women, Australian Government, current board member on two Australian university boards

Netherlands


- Claartje Vinkenburg – Associate Professor at Vrije University, Amsterdam, expert on women in leadership in the Netherlands

Spain

- Anonymous – search consultancy in Madrid

Other

- Anonymous – Global Head of Diversity, one of the largest European investment banks
- Anonymous – Head of Diversity for Europe, Middle East and Africa for global professional services firm
- A further eight informal conversations were also conducted with practitioners in the field, including corporate heads of diversity and a partner of the board practice of a global search consultancy



Government Equalities Office
9th Floor
Eland House
Bressenden Place
London SW1E 5DU

Tel: 020 7944 0601
Email: enquiries@geo.gsi.gov.uk
www.equalities.gov.uk

© Crown copyright 2009

299150-2