

‘Concerning’ trends identified by the Female FTSE Board Report 2019 despite positive progress

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The Financial Reporting Council (FRC) has noted that a recent report published by the Cranfield University’s School of Management, reveals that while the percentage of women on FTSE 100 boards has risen to 32%(an all-time high) and is now on track to reach 33%by 2020, many FTSE 100 companies are implementing a ‘tick box’ attitude to diversity. Sheryn Omeri, barrister at Cloisters, Scott Milligan, partner at Harper Macleod and Professor Ruth Sealy, associate professor in management at the University of Exeter, share their thoughts on the report.

The report, supported by the FRC, has also found that women serve shorter tenures than men (on average, female non-executive directors serve 3.8 years—with men serving five years) and are less likely to be promoted into senior roles. It has also been revealed that only 11% of women on boards are from black, Asian or other minority ethnic backgrounds. The report uses FTSE BoardEx from June 2019 in its methodology and used nationality, ethnicity, tenure and employee role as variables in its analysis.

Both Milligan and Sealy were quick to praise the progress that has been made, with Sealy highlighting in particular ‘that the government-backed target of 33%’, in terms of women on FTSE 100 boards, ‘for 2020 may well be met in aggregate’.

However, this praise does not extend far, and all three interviewees voiced concerns.

Sealy highlighted the fact that women ‘hold approximately one third of committee chair roles, but only 5% of board chairs’. She comments that this shows ‘the lack of inclusive cultures’ in leadership and highlights the ‘superficial window-dressing’ that can be seen to occur in board figures.

Omeri was also concerned with ‘the number of women holding the role of chair of the board’ decreasing and further concerned with ‘the tenure of women executive directors of FTSE100 companies being, on average, half that of their male counterparts’. She calls for questions to be asked over why female employees ‘are not reaching the summit of the business world in equal numbers to their male colleagues’, especially considering that the FRC states ‘that women enter the professions regulated by it in equal numbers to men’.

She points to two explanations—either women ‘are not being exposed to the same opportunities for enhancing their experience’ or women ‘are leaving the profession in large numbers at a certain point in their careers for reasons which may be systemic’. This could be for reasons of ‘a workplace culture that is unwelcoming to women’ or a work-life imbalance being promoted that is ‘incompatible with many women’s caring responsibilities’.

Omeri further highlights the importance of examining the qualifications and experience of male board members. The ‘report does not examine the qualifications of male executive (or non-executive) directors but does note that 61% of women appointees hold public awards, with many holding over ten awards’.

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Does this mean women are 'more qualified than their male counterparts? If they are having to attain greater qualifications in order to be appointed to the same roles, that is clear sex discrimination.'

Both Milligan and Omeri believe that more should be done in the future to ensure that progress is made with regards to board and company gender diversity. Indeed, Milligan states that 'employers should be considering proactive steps to address diversity issues within their organisations...[and that] failure to do so could leave businesses vulnerable to discrimination claims'.

Omeri contends that employers should consider appointing a board member as equality and diversity officer (EDO) on a 'rotational basis'. She further commented that 'this person should have a counterpart in the company's Human Resources department'. She asserts that the EDO 'should be responsible for suggesting, implementing and reporting on the results of concrete plans to enhance and then maintain diversity at all levels of the company'. Omeri further states that this role should not necessarily always be bestowed upon women and/or people of minority ethnicity. Consideration should also be given to appointing directors of the (politically) dominant sex and/or race to take on this work'. Indeed, she believes that 'the only way to break the cycle of discrimination and the absence of diversity is with the buy-in of the most powerful'.

As Sealy states, if in the future there are true 'inclusive cultures' in FTSE 100 firms, there will be 'genuine cognitive diversity' and in turn 'better decision-making processes'.

Source: 'Tick box' attitude to women on FTSE 100 boards must stop

The views expressed by our Legal Analysis interviewees are not necessarily those of the proprietor.