Still a man's world?

THE RECENT DAVIES REPORT URGES THE FTSE 100 TO ENSURE THAT BY 2015 AT LEAST 25% OF THEIR BOARD MEMBERS ARE FEMALE, WHILE THE EU IS CONSIDERING EVEN MORE DRAMATIC INTERVENTION. **GRAHAM BUCK** INVESTIGATES GENDER IMBALANCE IN UK BOARDROOMS.

Companies with a poor track record in promoting female staff to executive positions are under pressure to change their attitude, following the publication of a government-sponsored paper on the composition of company boards.

The report was commissioned by business secretary Vince Cable and produced by Lord Davies, former chairman and chief executive of Standard Chartered Bank, and trade minister under Gordon Brown. He headed a panel of business leaders who compiled the report, which found that women represent only 12.5% of all directors on the boards of FTSE 100 companies.

Other studies have suggested that the economic performance of both the UK and Europe suffers from the gender imbalance in the boardroom. A Goldman Sachs study suggested that closing the gender gap could improve gross domestic product in the euro zone by up to 13%. A McKinsey analysis found that companies where women were well represented on the board typically reported operational profit 56% higher than those with men only at the top level.

Among the recommendations in the Davies Report is a steady increase in the UK's 12.5% figure. The panel suggest that at least 20% of the directors of every FTSE 350-listed firm should be female by 2013, and 25% by the year 2015.

These percentages would represent a particularly sharp culture change for 18 companies in the UK top 100, which currently have no women directors at all. Yet some commentators have noted that even a 25% female target still leaves the UK some way below the 40% quota that businesses in France, Spain and Norway have introduced in recent years.

The targets set by the Davies Report are also below those considered

equitable by the European Commission. Its vice president, Viviane Reding, who is also EU justice commissioner, has called for women to have at least 30% representation on European company boards by 2015, and for a further increase to 40% by 2020.

Reding says that the Commission and several national governments will meet with the CEOs of Europe's largest publicly listed companies over the coming months to hear proposals for self-regulatory initiatives for more women executives. However, she has warned that in the absence of "credible progress" the EU would move to "legally binding quotas that can be enforced".

UP TO 60% OF TRAINEES AT THE UK'S TOP 10 LAW FIRMS AND UP TO HALF OF THOSE AT THE BIG FOUR ACCOUNTING FIRMS ARE WOMEN. DESPITE THIS, THE SENIOR RANKS IN BOTH SECTORS ARE STILL DOMINATED BY MEN.

Lord Davies and his team also recommend that both company chairmen and recruitment agencies widen their search for new board members beyond the usual middle-aged male executives they typically limit it to, by actively promoting more women from the next tier of management. They also want companies to show in the annual report how many of their board members are women, and how many of their female employees hold senior executive posts.

However, the report stops short of imposing the targets as soundings from the business world indicate that such a move would meet fierce resistance. There is also concern that the imposition of quotas would result in "tokenistic" appointments rather than any permanent change in attitude towards female executives.

Media coverage of the Davies Report noted that up to 60% of trainees at the UK's top 10 law firms and up to half of those at the Big Four accounting firms are women. Despite this, the senior ranks in both sectors are still dominated by men. At the legal firms the percentage of partners who are women varies between 11% and 22%; at accountancy firms the range is between 14% and 17%.

Evidently, many female trainees do not go on to take up senior positions. A major contributory factor in the discrepancy, according to many firms, is the reluctance of many female employees who subsequently become mothers to meet the long hours and demands from clients that are typical of most executive positions.

Data on the ACT's membership also supports the view that long hours and the competing claims of family life conspire against women. The ACT currently has 4,169 members, 864 of whom (21%) are female. This is an improvement on March 2010, when the total was 3,904, with women accounting for 750 (19%).

However, the data for students shows that there are currently 1,836 in all, with 695 (38%) of the total being female.

Peter Matza, the ACT's head of publishing, says: "Our student body reflects the growing impact of women in the treasury profession, both in the UK and globally given that the rise in our student numbers has an overseas bias."

PROFITS OF DIVERSITY According to the report, businesses are losing out from their failure to promote more female talent. As the authors note: "Evidence suggests that companies with strong female representation at board and top management level perform better than those without, and that gender-diverse boards have a positive impact on performance. It is clear that boards make better decisions (based on) a range of voices drawing on different life experiences."

The Davies Report recommendations have generally received a guarded welcome. Lesley Flowerdew, tax and treasury director for corporate services at engineering design services group Atkins, says: "The report is encouraging. I recall one incident during my initial training contract when a female colleague was asked not to wear a trouser suit at work. We have clearly come a long way since then. The demands on a senior executive are high and require an individual to be collaborative, agile and flexible – characteristics that may suit females. One question that the report leaves me with, though, given the percentage of working females within the UK, is whether a 25% target is representative or sufficient."

Deborah Thomas, executive manager at recruitment agency Michael Page, says that recognition of the need for a better balance of male and female executives on company boards is overdue. "The current situation varies from sector to sector, but my impression overall is that the UK compares relatively poorly with other countries," she says. "Although some progress has been made in promoting women it has been slow, and despite years of legislation women still trail behind on pay. Treasury has traditionally been male-dominated and treasurers tend to remain in their position for a long time. There are also next to no women treasurers offered the opportunity to work part-time."

CHALLENGE OF PRESENTEEISM However, Thomas is sceptical that the targets set by the Davies Report could be achieved in the absence of any force to push through the recommendations. She cites the long hours culture and the apparent need to be seen in the workplace at all hours as a particular obstacle. "Women are willing to work hard, but they also want a better work-life balance and the opportunity, should they so require, of putting their career on hold for a while," she says. "Fortunately, it's also something that more men have also now begun to look for."

Birds Eye Iglo's group treasurer, Julie Fabris, believes that the report strikes a good balance in raising awareness while stopping short of recommending mandatory quotas. "Boards should naturally represent the general public, automatically having good female representation without any need for enforcement or positive discrimination," she says. "Companies should be able to select people of the right calibre, which wouldn't be achieved through legislation. The composition of the board should be more flexible. Too often the assumption is that women employees will lose their commitment to the company once they start a family."

Fabris adds that her own group recognises this. Three of its 10 board positions are held by women, and company conditions extend to a more flexible working environment and better work-life balance, including a four-day week.

Joanna Hawkes, group treasurer at Misys, agrees that women often need to juggle careers with childcare and maternity leave and maintain this ability throughout the career. "Otherwise they get 'parked' in dead-end jobs that theoretically meet legislative anti-discrimination requirements, but which in practice don't offer real career development," she suggests. Consequently, they are at a disadvantage when the opportunity to step up to senior executive level arises.

"There is still an overt and endemic assumption that women will be defocused, less committed and productive post-children," Hawkes

says. "These attitudes must change everywhere, by example and from the bottom up to the top. I have wearily witnessed, time and again, capable women being derided implicitly or explicitly by less effective male colleagues for being less physically present in the office. That may be relevant in jobs such as receptionist, PA or credit control – where job sharing is the solution – but it's nonsense in more strategic, senior jobs."

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Hawkes adds that in senior leadership meetings: "I've heard male colleagues, whom I respect, say things like 'Make sure we get the most out of her now – in my experience after the fifth month of pregnancy their brains have gone and you've lost them.' The reality is often that after the sleep-deprived experience of running a home, meeting unmissable deadlines around four-hourly feeding and young children, women become more productive upon returning to work, more focused on priorities, waste far less time, multitask better and work more efficiently. This needs to be recognised."

Misys is another organisation that encourages flexible working hours, but Hawkes admits that "to get to a good situation like this is difficult". She adds: "You still have to be in a disproportionately strong position to secure it. As I was a proven contractor that they needed, I could negotiate. Even then, when taking the contracting job I had to make sure that I had the job in the bag and only mentioned flexible working right at the end. When I have discussed flexible working from scratch with recruiters for group treasurer roles, the conversation generally stops."

Gillian Wilmot, a partner of executive search firm Exley Hervey, agrees with the report's conclusion that most recruitment companies contribute to the problem. "It is no longer appropriate for companies to approach simply their own network, or for the large search consultancies to produce only a list of the white male 'great and good' they happen to work regularly with and get search briefs from."

Wilmot suggests that search firms should ensure that female candidates comprise at least three in 10 names on a long-list for an executive position, and one in three on a shortlist; and should sign up to these targets in the code of practice and self-audit. She adds: "Companies must only appoint search firms with a positive policy who have signed up to the code of practice and must also look beyond the big search companies."

So does treasury offers a path for women to the boardroom? Kim Holdsworth, head of treasury and tax at Alpha Trains, says: "In my own experience I have not come across a treasurer as a main board director, and not many finance directors who have come from a treasury background, so I wouldn't expect the treasury profession to be a good 'feed' for women onto the main board as it is perhaps too much of a specialism.

"However as the treasurer's role broadens to include other financial responsibilities, such as tax, insurance and pensions, I can see that this should provide candidates for finance director roles provided they have an accounting qualification as well as treasury. I don't think there are many opportunities for this to happen in practice, albeit perhaps more so outside of the FTSE 100."

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