The Female FTSE Board Report 2020

Taking Targets Seriously

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The Female FTSE Board Report

2020

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Sponsor's foreword

If you have a board that largely looks and thinks the same, with similar experience, it will have a narrow view on a world that is changing fast, regardless of how talented its members are.

In unsettled times, it is perhaps a natural reaction to maintain the status quo and avoid change. But in fact, accelerating progress on diversifying the boardroom is now more important than ever. Faced with exceptional challenges, businesses will need creativity, different perspectives and experiences to navigate the year ahead and stimulate long-term growth.

Invisible barriers

Gender diversity has long been a focus for many boardrooms and evidence shows that UK boards have taken action to improve female representation. But there is no doubt that progress needs to be accelerated. A colleague of mine, Arun Batra, recently described to me the 'invisible barriers' that are holding businesses back.

Arun, who works with UK boards to identify how they can improve diversity and inclusion within their own organisations, explained that some barriers are so deep-rooted they can be invisible. Longstanding policies and procedures, as well as attitudes and behaviours, need to be carefully unpicked to understand how they can inadvertently favour some people over others.

Boards need to challenge themselves and ask questions about some of the historic pillars their organisation was built around. For example, is the recruitment process suited to a certain type of person? Does it exclude certain pools of talent from applying? Does the promotion process allow certain individuals to display their strengths more easily?

Targets enable cultural change

Targets are a natural part of how business works. They set a clear vision and keep an organisation on track – it is how boards are largely measured. The diversity and inclusion ambitions of a business are no less commercially important and, if treated in the same way as other priorities, they will be held to account in the same way.

However, in our experience at EY, we know that targets alone will not drive the necessary change in the long-term. Last year our UK & Ireland business upped our own diversity targets to double the representation of female and ethnic minority talent amongst our Partnership by 2025 to 40% and 20% respectively. Those clear goals provide a focus for our leadership and our entire business and reinforce the cultural values of our firm.

But critically, in partnership with these targets are the initiatives that we have put in place to help make it happen. At the same time as doubling our targets and looking hard at our culture, we also doubled our investment in the coaching and sponsorship programmes we have for our high-performing female and ethnic minority talent – for example, EY's Future Leaders Programme and CareerWatch.

It is undeniable that diversity of thought at board level can deliver direct business success, but it can also spark a much-needed ripple effect that can filter throughout the organisation, the sector it operates in, the economy and more widely. UK businesses have a responsibility beyond delivering profits; they must also lead with purpose, using their resources to positively contribute to society.

Like many businesses EY is investing in improving gender diversity within our own organisation, but we know there is more to do. To that end EY has collaborated with Cranfield in this report to share our mutual experiences, fire-up momentum and ultimately help drive social change.

Alison Kay

Managing Partner for Client Service
EY UK & Ireland

Professor Sir Peter Gregson's foreword

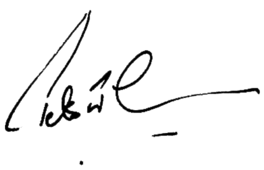
I'm delighted to contribute the foreword to this leading research. Every year the publication of this report prompts us all to challenge ourselves as to whether we are doing enough either individually or as an organisation.

As the father of three daughters, at the beginning of their careers, I'm determined that they, and other women, should be offered the same opportunities and life chances that I have had. I am proud of the work undertaken by Professor Sue Vinnicombe CBE at Cranfield University to ensure that more women, both now and in the future, have the opportunity to play leading roles in some of the world's largest companies.

Looking back on previous years, it has often been a case of two steps forward, followed by one step back in the struggle for more diversity at the upper echelons of our leading companies. I'm pleased that this year we have again made strides forward and look set to hit the Hampton-Alexander targets for women on boards of FTSE 100 companies. While this achievement should be acknowledged, we should stop and ask ourselves whether reaching the target has truly changed the cultural diversity of the boardroom.

The report highlights once again, that while more women are being appointed to boards, there is still a dearth of women holding executive roles. With that fact in mind, we must see meeting the Hampton-Alexander targets as a stepping stone on a continuing journey, and redouble our efforts for greater diversity in the boardroom.

I look forward to this report once again prompting vital discussions about how we strive for greater diversity, exceed targets and achieve true parity in the boardroom.



Professor Sir Peter Gregson
Vice-Chancellor and Chief Executive
Cranfield University

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Executive summary

This year we see a positive picture in terms of the number of women on corporate boards. The percentage of women on FTSE 100 boards is 34.5% and the equivalent figure for FTSE 250 boards is 31.9%, so hopefully all FTSE 350 boards should hit the Hampton-Alexander target of 33% by the end of 2020.

In total 324 women hold 355 FTSE 100 directorships. The percentage of female non-executive directors (NEDs) is at an all-time high of 40.8%, whilst the percentage of female executive directorships has risen slightly this year to 13.2%. There has been more progress recorded on the FTSE 250 boards, where the percentage of female NEDs is 37.6% and the percentage of female executive directors (EDs) is 11.3%. There is quite a lot of variance across boards indicating that only 63% FTSE 100 and 53% FTSE 250 have reached the target of 33% women in their boards.

June 2020	FTSE 100	%	FTSE 250	%
Female-held directorships	355	34.5%	620	31.9%
Female executive directorships	31	13.2%	47	11.3%
Female non-executive directorships	324	40.8%	573	37.6%
Companies with female executive directors	28	28.0%	42	16.8%
Companies with at least one female director	100	100.0%	250	100.0%
Companies with at least 33% female directors	63	63.0%	132	52.8%

FTSE 100 companies with female directors

Severn Trent and Taylor Wimpey rank first in terms of the percentage of women on their boards at 56%, not the most likely companies to be in that position, showing that where there is commitment to diversity then it can be implemented. At the other end of the ranking it is surprising to see companies such as Associated British Foods, BT Group, Carnival, London Stock Exchange Group, Ocado Group, Wm Morrison Supermarkets, Coca-Cola and Bunzl, all in sectors where there are many women.

There are 31 women holding executive roles in 28 companies, so, again, a marginal increase on last year. Whilst the number of women in finance continues to grow, the number of women in Chief Executive Officer (CEO) positions stays stubbornly low. Last year we had seven women in CEO roles; however, Véronique Laury stepped down from Kingfisher, Direct Line fell out of the FTSE 100 list and Alison Cooper has announced her departure from Imperial Brands, leaving four women CEOs. They have recently been joined by Alison Rose at Royal Bank of Scotland, taking the total to five. We have a long way to go to make it 25 women CEOs by 2025!

The number of women in the Chair role has increased from five last year to eight this year, whilst the number of women in the Senior Independent Director (SID) role has stayed the same at 21. There has been a big increase in the number of board committees since last year (393 compared to 295) yet the percentage of women chairing those committees has dropped slightly from 31% to 29%. It is essential that Chairs ensure greater gender diversity of Committee Chairs especially as capacity expands, as it has this year. The most popular committees for women to chair are remuneration (49) followed by audit/risk (29).

This year there were 28 fewer directors on FTSE 100 boards compared to last year. The majority of both male directors (90%) and female directors (86%) hold only one seat. Men continue to be, on average, two years older than their female equivalents, but interestingly the average tenure for female and male directors for both executive and NED roles has narrowed this year (1.3 years more for male EDs and 0.5 years for male NEDs). Five women and 23 men have been in their NED roles for longer than the recommended nine-year period – in the latter group are five men holding Chair roles.

Due to the continuing slow progress of women into senior leadership roles (Executive Committee and Direct Reports) we undertook a special investigation of the relationship between women on boards and the group of women below the boards across FTSE 100 companies. Using Qualitative Comparative Analysis (QCA), we identify four configurations that are sufficient to result in a critical mass of women in senior leadership roles. The two most significant pathways are when there is a critical mass of female NEDs and a critical mass of female EDs and female interlinked board members; and a critical mass of female EDs and the female interlinked board members and female committee chairs. Examples are Diageo, Burberry, Compass Group and Taylor Wimpey. This analysis provides empirical support for the importance of women not just to be appointed to NED roles, but to have influential roles which gives them a louder voice at the table.

FTSE 250 companies with female directors

Progress on the FTSE 250 boards has been even better than on the FTSE 100 boards. There are 573 women holding 620 directorships; 37.6% of the NEDS are women and 11.3% of the EDs are women. There are 42 FTSE 250 companies with female EDs. There are now seven women in CEO roles but 29 in Chief Financial Officer/Financial Director (CFO/FD) roles. It is disappointing to see that women are not making much progress into these vital executive roles.

Taking targets seriously

Voluntary targets have become the main mechanisms used by British business to improve gender balance in leadership ranks. Interviews in seven varied organisations that use targets to drive their diversity and inclusion (D&I) agenda revealed the following:

- Most of the organisations adopted voluntary targets because previous diversity initiatives had failed. There had been little resistance to targets and this demonstrates how gender targets have become relatively normalised in the UK. There is still work to be done to explain that diversity targets do not compromise meritocracy, but rather enable it.

- Two features of targets emerged as critical: ambitiousness and accountability. Despite a general emphasis on realistic targets, more ambitious targets were sometimes seen as a way of mobilising organisations into action, even when they are not fully met. The trend was a target of 30%-40% women in senior leadership roles, while fewer organisations had set ethnicity targets around 20%. Everyone agreed that ethnicity is a far more challenging area to address, and one where future work is needed.

- In terms of accountability, there was significant variance around how organisations enforce their targets – there was a concerted effort to tie targets to leadership performance in organisations with more experience in using targets, but an ambivalence to do so in others. There was also a need for more clarity on how to cascade holistic corporate targets to the level of various business units, and how to hardwire accountability locally.

- Targets were seen as a tool for culture change. When implemented thoroughly and ambitiously, targets created scrutiny and unrooted bias across key talent management processes (such as selection, performance management, promotions, talent development), fostering a more data-driven approach to people decisions and a more systemic focus on inclusion.

- Participants raised both dangers and opportunities regarding the impact of COVID-19 on the D&I agenda. The forced lockdown normalises working from home, flexible working and reduced hours, challenging assumptions about the structure of work. Organisations do need to address more proactively the long-term effects of the current pandemic on the pipeline of female talent by taking tangible actions to buffer the disproportionate impact the lockdown has had on women's careers.

"Although it is good to see gender diversity steadily improve across the boards of FTSE 350 companies, it is disappointing that the executive gender diversity remains very low. Having, or moving closer to, executive gender balance should be an imperative for any company. Ideally all FTSE 350 companies lead by example and now develop clear actionable targets, both at board and executive level."

Charlotte Valeur
Chair, IoD

Section 1: Introduction

We launched our first women on boards report in 1999 when no one spoke about the topic. Back then only 7% of directors on FTSE 100 boards were women. Today there are 34.5%, so we have certainly come a long way. But how far have we really come?

In our 2017 report our ten-year analysis drew attention to the increasing percentage of women on the FTSE 100 boards but the decreasing percentage of women directors in senior board roles. Last year we extended this observation by reporting on women directors' consistently shorter tenures – a trend that pre-dates both the Davies and Hampton-Alexander Reviews – and their slightly younger age (counter-intuitive since women are more likely to have taken time out of their careers for family). This year we investigate whether having women on corporate boards has an impact on the women in the executive pipeline. Both the Davies and Hampton-Alexander Reviews were important not only in driving an increase in the number of women on boards (because that change in itself was good for business) but also because that would surely help to trickle down gender diversity to those important executive levels and the pipeline to them.

The UK chose to go down the road of targets rather than quotas because it was believed that it was more likely to bring about the much needed broader cultural change rather than just increasing the number of women on boards. We now realise that this is not a simple binary decision. Targets that are hard driven, such as those in the UK, may be much more effective than soft quotas. Whilst much has been written about the strengths of quotas, very little has been done on targets. In this report, as we reach the end of Hampton-Alexander, we reflect on the nature of targets and on how companies have made them work – the 'downs' as well as the 'ups' of the journey. We feel that the story of how the UK has used targets to make progress in the number of women in leadership over the past ten years is worth documenting and the learning transferred to other areas requiring change, namely race and ethnicity.

"While this has been a tumultuous year it is encouraging to see the number of women on boards and in senior leadership positions on the rise, with many firms reaching the Hampton-Alexander target by the end of 2020. It is a clear sign that businesses are committed to addressing the gender imbalance in senior business leadership. But there is still a long way to go. Firms must continue to remove roadblocks that prevent women from reaching the top and ensure they have a voice in key decision-making roles. A steadfast commitment to building a fair and inclusive workplace is the only way to bring about lasting change. And as one target is reached, another more ambitious one should take its place."

Dame Carolyn Fairbairn
CBI Director-General

Section 2: FTSE 100 companies

The figures for women on the boards of FTSE 350 companies and the various data on the women directors of FTSE 100 boards were downloaded from BoardEx on 1 June 2020.

2.1 FTSE 100 companies with female directors

Once again women continue their progress on FTSE 100 boards this year in all respects. As of 1 June 2020, there are 355 female-held directorships across the FTSE 100 corporate boards. The percentage of women on those boards has risen from 32.1% last year to 34.5%, thus exceeding the 33% by December 2020 target set by the Hampton-Alexander Review.

The percentage of female NEDs has increased to 40.8% and EDs to 13.2%. This is the biggest increase in the past five years. In total 305 women hold 355 directorships.

Table 1: FTSE 100 directorships 2016-2020

FTSE 100 Directorships 2016-2020	2020	2019	2018	2017	2016
Female-held directorships	355	339	305	294	279
	(34.5%)	(32.1%)	(29.0%)	(27.7%)	(26.0%)
Female executive directorships	31	28	25	25	26
	(13.2%)	(10.9%)	(9.7%)	(9.8%)	(9.7%)
Female non-executive directorships	324	311	280	269	253
	(40.8%)	(38.9%)	(35.4%)	(33.3%)	(31.4%)
Total female directors (NED and ED)*	305	292	264	259	244
Companies with female executives	28	25	22	21	20
Companies with at least one female director	100	100	100	100	100
Companies with at least 33% female directors	63	48	32	28	19

* The total number of female directors is lower than the number of female-held directorships because some women hold more than one directorship

At present 63 companies have reached the target of 33%. Severn Trent and Taylor Wimpey hold top position with 56% women on their boards, followed by Auto Trader Group, CRH, Rentokil Initial and Rightmove with 50% women on their boards. At the other end of the ranking there are 17 companies with 25% or less women on their boards, with Bunzl last with only 17%. This is an interesting picture and clearly demonstrates how sector does not determine the percentage of women on the board!

2.1.1 FTSE 100 companies with women in executive roles

The percentage of women in executive roles now stands at 13.2%. There are 31 women holding these roles in 28 companies.

There continue to be three companies with two women in executive roles, i.e. Next, Whitbread and Royal Bank of Scotland Group (Alison Rose was appointed CEO during the year). TUI, which also had two women in executive roles last year, dropped out of the FTSE 100 in March due to a Coronavirus driven shares slump in price. Alison Cooper is to stand down as CEO of Imperial Brands after nine years, reducing the already small number of female bosses of FTSE 100 companies from six to five in October 2020. Last November Alison Rose officially started as CEO of the Royal Bank of Scotland, the first woman to lead a major British bank. In October 2019 Véronique Laury left the struggling Kingfisher. This means that there are only five women in the CEO position now but a jump to 17 for the number of women CFOs/GFDs. The remaining women executives work in operations, sales, communications, Human Resources (HR) and external affairs, with two women in roles as Regional CEOs. Back in 2014 Egon Zehnder UK publicly committed to a target of 25 female CEOs in the FTSE 100 by 2025. In 2014 there were five female CEOs; now there are still five female CEOs but if ITV falls out of the FTSE 100, as predicted, that number will reduce to four.

Table 2: The 28 FTSE 100 companies with female executive directors

Rank	Company	Female board %	No. female directors	No. female EDs	Executive roles	Sector	Women in executive roles
1	Severn Trent Plc	56%	5	1	CEO	Utilities - Other	Olivia (Liv) Ruth Garfield
1	Taylor Wimpey Plc	56%	5	1	Group Operations Director	Construction & Building Materials	Jennifer (Jennie) Daly
3	Auto Trader Group Plc	50%	4	1	COO	Media & Entertainment	Catherine Rose Faiers
3	Rightmove Plc	50%	4	1	FD	Media & Entertainment	Robyn Perriss
7	Burberry Group Plc	45%	5	1	Chief Operating & Financial Officer	General Retailers	Julie Belita Brown
7	Royal Dutch Shell Plc	45%	5	1	CFO	Oil & Gas	Jessica Rodgers Uhl
7	Standard Life Aberdeen Plc	45%	5	1	CFO	Life Assurance	Stephanie Jane Bruce
12	Land Securities Group Plc	44%	4	1	Division MD	Real Estate	Colette O'Shea
12	Meggitt Plc	44%	4	1	CFO	Aerospace & Defence	Louisa Sachiko Burdett
12	Next Plc	44%	4	2	GFD, Group Director - Sales/ Marketing	General Retailers	Amanda James; Jane Margaret Shields
16	M&G Plc	43%	3	1	CFO	Speciality & Other Finance	Clare Jane Bousfield
16	Pennon Group Plc	43%	3	1	CFO	Utilities - Other	Susan Jane Davy
20	GlaxoSmithKline Plc	42%	5	1	CEO	Pharmaceuticals and Biotechnology	Emma Natasha Walmsley

20	Pearson Plc	42%	5	1	CFO	Media and Entertainment	Sally Kate Johnson
20	Royal Bank of Scotland Group Plc	42%	5	2	Group CEO, Group CFO	Banks	Alison Marie Rose-Slade; Katie Murray
20	Vodafone Group Plc	42%	5	1	Group CFO	Telecomm Services	Margherita Della Valle
25	3i Group Plc	40%	4	1	GFD	Private Equity	Julia Susan Wilson
25	Halma Plc	40%	4	1	Group Talent and Comms Director	Engineering and Machinery	Jennifer Suzanne Ward
25	Intermediate Capital Group Plc	40%	4	1	Chief People and External Affairs Officer	Speciality and Other Finance	Antje Hensel-Roth
25	RSA Insurance Group Plc	40%	4	1	Group CFO	Insurance	Charlotte Claire Jones
34	Barratt Developments Plc	38%	3	1	CFO	Construction and Building Materials	Jessica Elizabeth White
34	Diageo Plc	38%	3	1	CFO	Beverages	Kathryn (Kathy) A Mikells
40	Compass Group Plc	36%	4	1	Group CFO	Leisure and Hotels	Karen Witts
40	ITV Plc	36%	4	1	CEO	Media and Entertainment	Dame Carolyn Julia McCall
40	Legal & General Group Plc	36%	4	1	Division CEO	Life Assurance	Michelle Sylvia Scrimgeour
40	Whitbread Plc	36%	4	2	Group HR Director, Chief Executive	Leisure and Hotels	Louise Helen Smalley; Alison Jane Brittain
47	Johnson Matthey Plc	33%	3	1	CFO	Chemicals	Anna Olive Manz
47	National Grid Plc	33%	4	1	ED	Electricity	Lucy Nicola Shaw

2.1.2 Women in senior non-executive roles

We continue to monitor the trend of an increasing percentage of women NEDs but a decreasing percentage of women in senior NED roles.

This year the number of women holding Chair roles has increased to eight:

Annette Elizabeth Court
Chairman (Non-Executive)
Admiral Group Plc

Christine Mary Hodgson
Chairman (Independent NED)
Severn Trent Plc

Fiona Catherine McBain
Chairwoman (Independent NED)
Scottish Mortgage Investment Trust Plc

Deanna Watson Oppenheimer
Chairwoman (Independent NED)
Hargreaves Lansdown Plc

Anita Margaret Frew
Chairwoman (Non-Executive)
Croda International Plc

Irene Mitchell Dorner
Chairman (Independent NED)
Taylor Wimpey Plc

Cressida Mary Hogg
Chairman (Independent NED)
Land Securities Group Plc

Therese Marie Esperdy
Chairman (Independent NED)
Imperial Brands Plc

Accelerating women into the chairman role

1. Aim for 50/50 male/female shortlists – for more exposure to the process and to widen the pool.
2. Nomination committees to begin their succession planning by mapping the career paths of the last five individuals in the Chairman role, to understand the pattern.
3. Each plc board, under the leadership of the SID, to consider how the strategic direction has changed before drawing up a dynamic brief for the appointment – no recycled job descriptions.
4. Ensure more transparency in the appointment process by involving the outgoing Chair, asking him/her to consider their strengths and perceptions on the changing expectations of the role. A Chair network that is accessible online could be a useful collaborative exercise on diversity, championing leadership.
5. Use externally facilitated boardroom reviews for context on what is required from the role before starting the recruitment process. (Ensure the recruitment process is comparable for both men and women.)
6. All executive search consultants involved to be advised on the need for a targeted recruitment process, with buy-in on a new specification for the role and the need for fresh names on the longlist due to changing skill requirements. The appearance of new names would be a sign that the process is moving away from box-ticking.
7. Boardrooms to give serious consideration to setting up 'shadow boards' as a way of finding new talent, growing the pool and diminishing group think in the interim. Shadow boards can open up boardroom opportunity across gender and across industry sectors – and could be a good route for future Chair recruitment. Examples of businesses setting up such boards include Pinsent Masons.
8. Boardrooms and Nomination Committees to actively use lists openly available (Cranfield University's annual 100 Women to Watch list) of women currently on plc boards and chairing committees. Currently the most common committee chair role occupied by women is RemCom – which is under strong investor scrutiny. But it also has a link to HR, which in turn is often denied a seat in the boardroom. Circular thinking of female appointments needs to be avoided.
9. Boardrooms to actively consider initiatives such as being a host board with Board Apprentice as a way to shine more light on their thinking on the background needed for appointments.
10. Nominations Committee to have a clear career plan for all NED appointments and for this to be linked to a succession plan for the Chair role, with investor input.

This initiative is being led by Helen Pitcher OBE, Chairman of Advanced Boardroom Excellence.

The number of women holding SID roles has remained the same at 21:

Linda Ruth Cairnie
Associated British Foods Plc

Baroness (Shriti Vinodkant) Vadera
BHP Group Plc

Paula Rosput Reynolds
BP Plc

Vanda Murray
Bunzl Plc

Gillian L Platt
CRH Plc

Helena Louise Ganczakowski
Croda International Plc

Susan Saltzbart Kilsby
Diageo Plc

Shirley Jill Garrood
Hargreaves Lansdown Plc

Susan (Sue) Michelle Clark
Imperial Brands Plc

Julia Susan Wilson
Legal & General Group Plc

Elizabeth (Liz) Anne Hewitt
Melrose Industries Plc

Dr Vivienne Cox
Pearson Plc

Dr Gillian (Gill) Ann Rider
Pennon Group Plc

Jacqueline de Rojas
Rightmove Plc

Yiu (Euleen) Kiang Goh
Deputy Chairman (SID) Royal Dutch Shell Plc

Dame Susan Ilene Rice
Sainsbury(J) Plc

Dr Geertrui (Trudy) Elizabeth Schoolenberg
Spirax-Sarco Engineering Plc

Christine Mary Hodgson
Standard Chartered Plc

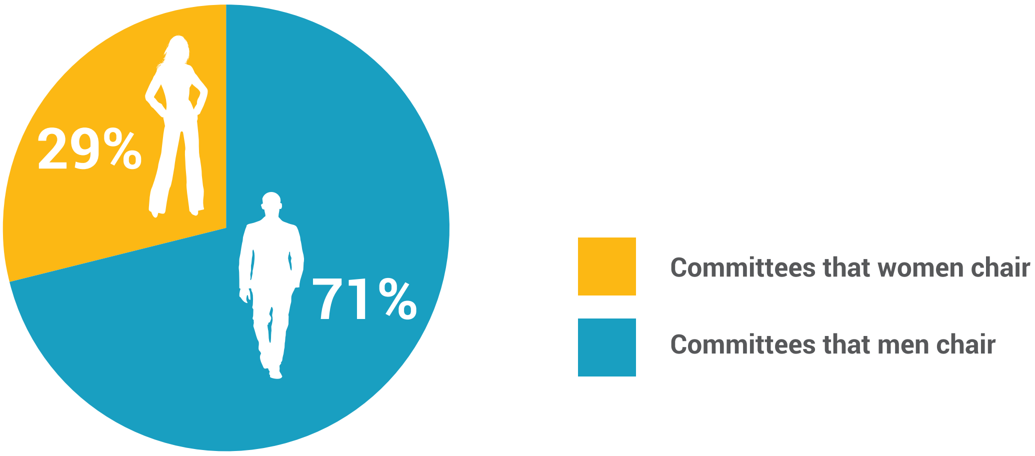
Deanna Watson Oppenheimer
Tesco Plc

Professor Doctor Youngme E Moon
Vice Chairman (SID)

Valerie (Val) Frances Gooding
Designated Employee Representative (SID)
Vodafone Group Plc

The number of board committees has increased from 295 to 393 this year, whilst the percentage of board committees chaired by a woman is 29%, a slight decrease on last year (31%). It is disappointing that this increase in positions has not been matched with an increase in the number of women appointed to board committees. The majority of women committee chairs sit on Remuneration (49) with the next most populated being Audit/Risk (29).

Figure 1: Chair of FTSE 100 board committees



"The continued and welcome progress of women on boards sadly doesn't yet translate to more women taking up CEO positions. It's ironic that the number of female leaders in the FTSE declines just as data emerges that shows female-led countries have experienced six times fewer deaths from Covid than their male-led counterparts.
Whether it's creating more inclusive cultures, driving superior financial returns or saving lives, diversity delivers. It's essential we recognise, anchor and accelerate this trend as an intrinsic part of our pandemic recovery."

Ann Francke OBE
CEO, CMI

Table 3: Women who chair committees in the FTSE 100

Organisation name	Role name	Individual name
3i Group Plc	Audit and Compliance	Caroline Janet Banszky
Admiral Group Plc	Nomination and Governance	Annette Elizabeth Court
	Audit	Karen Ann Green
	Group Risk	Jean Craig Park
Anglo American Plc	Remuneration	Anne L Stevens
Antofagasta Plc	Sustainability and Stakeholder Management	Vivianne Amelia Blanlot Soza
	Remuneration and Talent Management	Francisca Castro Fones
Ashtead Group Plc	Remuneration	Lucinda Jane Riches
Associated British Foods Plc	Remuneration	Linda Ruth Cairnie
AstraZeneca Plc	Science	Professor Sabera Nazneen Rahman
Auto Trader Group Plc	Remuneration	Jill Easterbrook
Aveva Group Plc	Remuneration	Jennifer Margaret Allerton
Aviva Plc	Customer, Conduct and Reputation	Amanda Jayne Blanc
	Remuneration	Patricia Anne Cross
	Risk	Belen Romana Garcia
BAE Systems Plc	Remuneration	Paula Rosput Reynolds
BP Plc	Safety, Ethics and Environment Assurance	Melody Boone Meyer
	Remuneration	Paula Rosput Reynolds
British American Tobacco Plc	Audit	Holly Keller Koeppel
British Land Co Plc	Remuneration	Laura Katharine Wade-Gery
	Audit	Rebecca (Becky) Jane Worthington
BT Group Plc	Digital Impact and Sustainability	Leena Kumar Nair
Bunzl Plc	Remuneration	Vanda Murray
Burberry Group Plc	Remuneration	Orna Gabrielle Ni-Chionna
Coca-Cola HBC AG	Remuneration	Alexandra Papalexopoulou-Benopoulou
Compass Group Plc	Remuneration	Carol Ann Arrowsmith
CRH Plc	Remuneration	Heather-Ann McSharry
Croda International Plc	Nomination	Anita Margaret Frew
	Remuneration	Helena Louise Ganczakowski
DCC Plc	Audit	Jane Ann Lodge

Diageo Plc	Remuneration	Susan Saltzbart Kilsby
DS Smith Plc	Remuneration	Celia Frances Baxter
easyJet Plc	Remuneration	Dame Moya Marguerite Greene
	Audit	Julie Helen Southern
Evraz Plc	Audit	Deborah Jane Gudgeon
Experian Plc	Audit	Deirdre Ann Mahlan
Ferguson Plc	Remuneration	Jacky Simmonds
Flutter Entertainment Plc	Risk	Zillah Ellen Byng-Thorne
GlaxoSmithKline Plc	Corporate Responsibility	Lynn Laverty Elsenhans
	Audit and Risk / Financial Expert	Judy Carol Lewent
Glencore Plc	Nomination	Patrice E Merrin
Halma Plc	Audit	Carole Jean Cran
	Remuneration	Jo Nell Harlow
Hargreaves Lansdown Plc	Remuneration	Fiona Jane Clutterbuck
	Risk	Shirley Jill Garrood
	Nomination	Deanna Watson Oppenheimer
Hikma Pharmaceuticals Plc	Remuneration	Doctor Pamela (Pam) Josephine Kirby
HSBC Holdings Plc	Group Remuneration	Pauline F van der Meer Mohr
Imperial Brands Plc	Remuneration	Susan (Sue) Michelle Clark
	Audit	Karen Witts
Intercontinental Hotels Group Plc	Remuneration	Jo Nell Harlow
	Corporate Responsibility	Gillian (Jill) Clare McDonald
Intermediate Capital Group Plc	Remuneration	Virginia Anne Holmes
	Risk	Kathryn Purves
Intertek Group Plc	Remuneration	Doctor Gillian (Gill) Ann Rider
ITV Plc	Audit and Risk	Margaret Ewing
	Remuneration	Mary Elaine Harris
Land Securities Group Plc	Nomination	Cressida Mary Hogg
Legal & General Group Plc	Remuneration	Lesley Mary Knox
Lloyds Banking Group Plc	Responsible Business	Sara Vivienne Weller
M&G Plc	Remuneration	Robin Ann Lawther
	Audit	Clare Eleanor Thompson
Meggitt Plc	Corporate Responsibility	Nancy Lee Gioia
	Remuneration	Doctor Alison Jane Goligher
Melrose Industries Plc	Audit	Elizabeth (Liz) Anne Hewitt

Mondi Plc	Remuneration	Tanya Dianne Fratto
	Sustainable Development	Dominique Jacqueline Reiniche
National Grid Plc	Finance	Therese Marie Esperdy
Ocado Group Plc	Audit	Julie Helen Southern
Pearson Plc	Remuneration	Dame Elizabeth Pauline Corley
	Nomination and Governance	Doctor Vivienne Cox
	Reputation and Responsibility	Linda Koch Lorimer
Pennon Group Plc	Remuneration	Doctor Gillian (Gill) Ann Rider
Persimmon Plc	Audit	Rachel Elizabeth Kentleton
	Corporate Responsibility	Joanna (Jo) Ruth Place
	Remuneration	Marion Jane Sears
Phoenix Group Holdings Plc	Remuneration	Kory Beth Sorenson
Polymetal International Plc	Safety and Sustainability	Tracey Louise Kerr
Reckitt Benckiser Group Plc	Remuneration	Mary Elaine Harris
	Corporate Responsibility, Sustainability, Ethics and Compliance	Doctor Pamela (Pam) Josephine Kirby
RELX Plc	Audit	Suzanne H Wood
Rentokil Initial Plc	Remuneration	Angela Charlotte Seymour-Jackson
	Audit	Julie Helen Southern
Rightmove Plc	Remuneration	Lorna Mona Tilbian
Rio Tinto Plc	Sustainability	Doctor Megan Elizabeth Clark
Rolls-Royce Holdings Plc	Remuneration	Irene Mitchell Dorner
Royal Bank of Scotland Group Plc	Innovation and Technology	Doctor Yasmin Jetha
	Board Risk	The Rt. Hon. Baroness Sheila Valerie Noakes
Royal Dutch Shell Plc	Audit / Financial Expert	Ann Frances Godbehere
RSA Insurance Group Plc	Group Investment	Sonia Ameena Baxendale
	Group Remuneration	Kathleen (Kath) Mary Shailer
Sage Group Plc	Remuneration	Annette Elizabeth Court
Sainsbury(J) Plc	Corporate Responsibility and Sustainability	Jo Nell Harlow
	Remuneration	Dame Susan Ilene Rice
Schroders Plc	Audit and Risk	Rhian Lynn Davies
Scottish Mortgage Investment Trust Plc	Nomination	Fiona Catherine McBain

Segro Plc	Audit	Carol Ann Fairweather
Severn Trent Plc	Nomination	Christine Mary Hodgson
	Corporate Responsibility	Dame Angela Rosemary Strank
Smith & Nephew Plc	Remuneration	Angela (Angie) Susan Risley
Smurfit Kappa Group Plc	Audit	Carol Ann Fairweather
Spirax-Sarco Engineering Plc	Employee Engagement	Caroline Ann Johnstone
	Remuneration	Jane Sarah Kingston
SSE Plc	Remuneration	Dame (Sue) Susan Bruce
	Safety, Health and Environment	Helen Margaret Mahy
Standard Chartered Plc	Financial Crime Risk	Gay Huey Evans
	Remuneration	Christine Mary Hodgson
	Brand, Values and Conduct	Jasmine Mary Whitbread
Taylor Wimpey Plc	Remuneration	Gwyneth (Gwyn) Victoria Burr
	Nomination	Irene Mitchell Dorner
Tesco Plc	Corporate Responsibility	Lindsey Jane Pownall
United Utilities Group Plc	Remuneration	Sara Vivienne Weller
Vodafone Group Plc	Remuneration	Valerie (Val) Frances Gooding
Wm Morrison Supermarkets Plc	Audit	Belinda Jane Richards
WPP Plc	Sustainability	Sally Susman

"It is great to see that the number of women on boards has increased and I hope that that the FTSE 350 hits the Hampton-Alexander target by the end of 2020, but we must keep our eyes on the bigger prize: A fundamental culture change in business. The argument for equality – and the increased value which accompanies it – has been made time and again. As we approach the 33% target, our focus must be on increasing momentum, particularly in the face of 2020's extraordinary changes to our society. Now is no time for complacency."

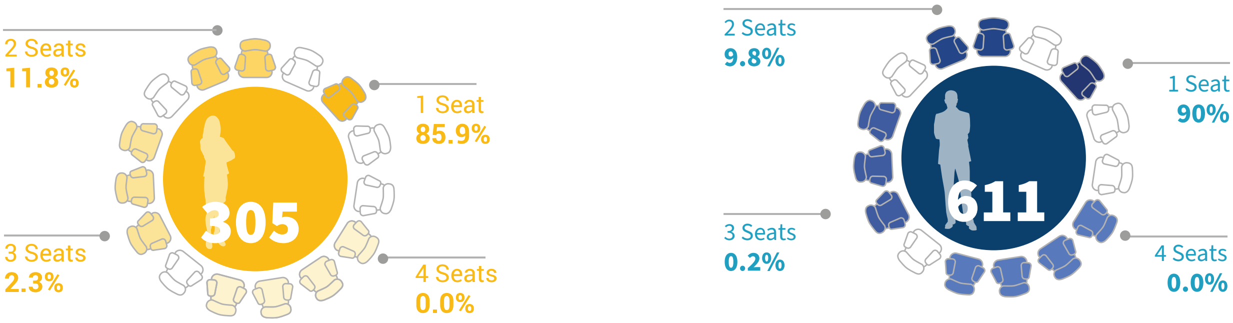
Amanda Mackenzie OBE
Chief Executive of Business in the Community
and member of the Hampton-Alexander steering group

2.2 The characteristics of female directors

2.2.1 Multiple directorships

In Figure 2 we see that the number of female directors is 305, an increase of 13 since June 2019 and the number of male directors is 611, a decrease of 34. The same percentage of women as last year hold multiple directorships (i.e. 14%), with seven women holding three seats each.

Figure 2: Multiple directorships



2.2.2 Age

The average age of female directors continues to be two years younger than the average age of male directors with the gap slightly larger at 3.5 years for NEDs. This difference in age has remained consistent over the years of measuring it since 2003, albeit it has slightly narrowed for NEDs.

Table 4: FTSE 100 directorships by age and tenure

Directors	Age			Tenure		
	All	EDs	NEDs	All	EDs	NEDs
Men	59.8	54.5	62.1	4.1	4.8	3.8
Women	57.9	50.4	58.6	3.3	3.5	3.3

"It's great to see continued progress in terms of the number of women on corporate boards, but frustrating to see that we are not making enough progress in the more important executive roles, particularly CEO. We need to look at the succession bench for the C-suite drill down into the executive pipeline to make significant and sustainable progress."

Brenda Trenowden CBE,
Global Chair, 30% Club

2.2.3 Tenure

Interestingly the average tenure for female and male directors for both EDs and NEDs has narrowed this year – 1.3 years more for male EDs and only 0.5 years for male NEDs. The number of men sitting on FTSE 100 boards for over the recommended nine years is 23, a reduction of three since last year, whilst the comparative number for women is five, a slight increase since last year. The figure for the males includes four who have Chair roles.

Table 5: Female non-executive directors over nine years

Time in role (Yrs)	Women in NED roles	Company	Sector	NED role
9.1	Paula Rosput Reynolds	BAE Systems Plc	Aerospace and Defence	Independent NED
9.1	Judy Carol Lewent	GlaxoSmithKline Plc	Pharmaceuticals and Biotechnology	Independent NED
9.2	Tessa Elizabeth Bamford	Ferguson Plc	Construction and Building Materials	Independent NED
9.2	The Hon. Shih (Laura) May-Lung Cha	HSBC Holdings Plc	Banking	Independent NED
9.3	Renée J James	Vodafone Group Plc	Telecommunication Services	Independent NED

Table 6: Male non-executive directors over nine years

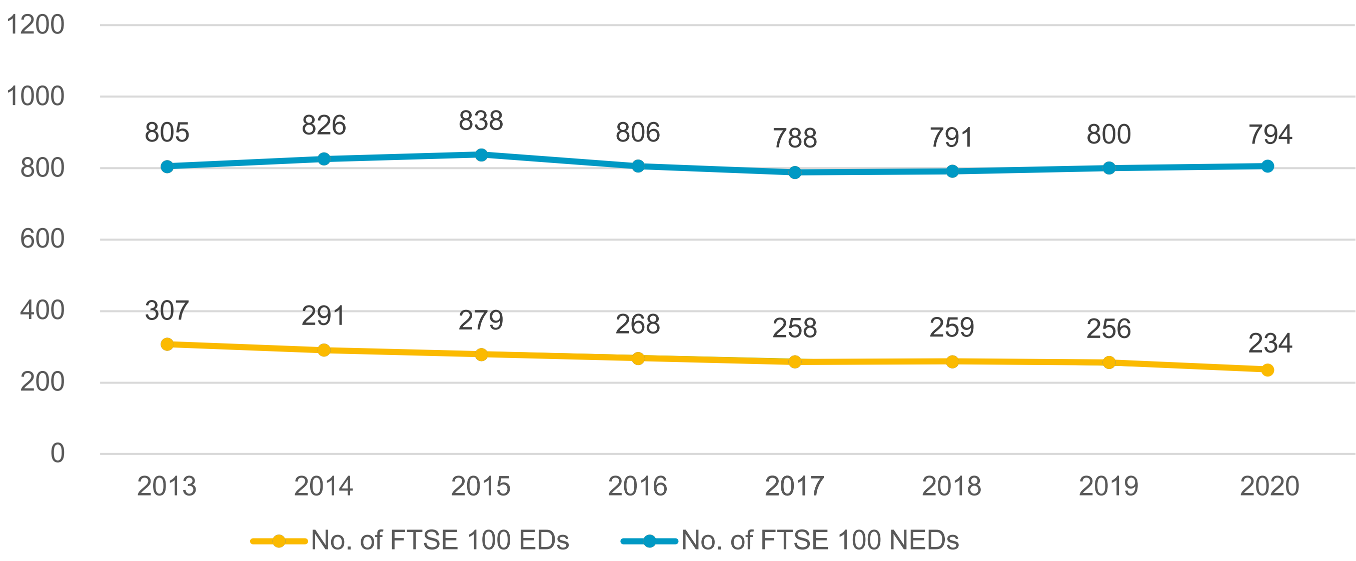
Time in role (Yrs)	Men in NED roles	Company	Sector	NED role
9	Leonhard (Lenny) H Fischer	Glencore Plc	Mining	Independent NED
9.2	Lindsay Philip Maxsted	BHP Group Plc	Mining	Independent NED
9.3	Matthew (Matt) John Brittin	Sainsbury(J) Plc	Food and Drug Retailers	Independent NED
9.3	Antonio Vázquez Romero	International Consolidated Airlines Group SA (IAG)	Leisure and Hotels	Chairman (Independent NED)
9.3	Kieran Charles Poynter	International Consolidated Airlines Group SA (IAG)	Leisure and Hotels	Independent NED
9.3	Andrew Marvin Leslie	JD Sports Fashion Plc	General Retailers	Independent NED
9.5	Brendan Robert Nelson	BP Plc	Oil and Gas	Independent NED
9.6	Solomon (Sol) Dennis Trujillo	WPP Plc	Media and Entertainment	Independent NED
9.8	Bruno Francois Angelici	Smiths Group Plc	Engineering and Machinery	Independent NED
10.1	Admiral Sir Jonathon Band	Carnival Plc	Leisure and Hotels	Independent NED

10.2	Malcolm William Broomhead	BHP Group Plc	Mining	Independent NED
10.5	Richard George Burrows	British American Tobacco Plc	Tobacco	Chairman (Independent NED)
10.9	Sir Anthony (Tony) John Habgood	RELX Plc	Media and Entertainment	Chairman
12	Doctor Arturo Manuel Fernández Pérez	Fresnillo Plc	Mining	NED
12	Juan Bordes Aznar	Fresnillo Plc	Mining	NED
12	Doctor Alberto Bailleres González	Fresnillo Plc	Mining	Chairman (Non-Executive)
12.2	Derek Mapp	Informa Plc	Media and Entertainment	Chairman (Independent NED)
12.3	Godefridus (Frits) Peter Beurskens	Smurfit Kappa Group Plc	Containers and Packaging	NED
14.6	Mohammed Ali Al-Husry	Hikma Pharmaceuticals Plc	Pharmaceuticals and Biotechnology	NED
15.8	Richard J Glasier	Carnival Plc	Leisure and Hotels	Independent NED
17.2	Ramón Felipe Jara Araya	Antofagasta Plc	Mining	NED
19.1	Sir Thomas (John) Parker	Carnival Plc	Leisure and Hotels	Independent NED
21.1	Marcus Wallenberg	AstraZeneca Plc	Pharmaceuticals and Biotechnology	NED

2.3 Trends in board composition

The number of FTSE 100 directorships in 2020 is 1028, consisting of 794 NEDs and 234 EDs. Both of these figures represent a slight reduction on last year (800 NEDs and 256 EDs).

Figure 3: FTSE 100 board composition 2013-2020



2.4 The relationship between women on the board and women in the executive pipeline

Quota and voluntary target programmes have been adopted in a number of countries and have been largely successful at increasing the numbers of women board members. However, most of these increases have come from increases in the appointment of NEDs (BoardEx, 2020)[1]. Notwithstanding the industry target of 33% by 2020, the percentage of females in the FTSE 100 at the senior executive level (Executive Committee and Direct Reports) averaged 28.6% as at June 2019 with significant variation across companies (Hampton-Alexander Review, 2019)[2].

The goal of board quotas and targets was the development of a critical mass of women on corporate boards, a top down approach to improve gender diversity more broadly. Extant research offers much support for critical mass theory which concludes that critical mass is necessary to overcome the disadvantages of tokenism and numerical minority (Bilimoria, 2006[3] ; Konrad, Kramer and Erkut, 2008[4] ; Schwartz-Ziv, 2017[5]; Torchia, Calabrò and Huse, 2011[6]). Indeed, a number of qualitative studies report that female board members often mention critical mass as necessary for their presence to be normalised and for them to have influence at the board table, particularly as it relates to gender issues (Chesterman and Ross-Smith, 2006[7]; Ehrenberg et al., 2012[8]).

There have been a number of studies exploring the effect of increases in the numbers of women on boards and any subsequent increase in female representation at senior executive levels. While there is some evidence of a 'trickle-down effect' from women on boards to senior levels (Bilimoria, 2006[4]; Gould, Kulik and Sardeshmukh, 2018[9]; Matsa and Miller, 2011[10] ; Skaggs, Stainback and Duncan, 2012[11]), these were quantitative studies employing econometric methods, typically regression techniques which imply singular causation, linear relationships and additive effects. Correlational techniques are ill-equipped in determining causality and dealing with the complexity of the interdependence of multiple causal variables (Fiss, 2011[12] ; Parente and Federo, 2019[13] ; Ragin, 2008[14]). Given that organisations are highly complex social systems and outcomes are rarely the result of a single factor or intervention, such methods can be inadequate in investigating and explaining organisational phenomena.

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1 BoardEx (2020) *Global Gender Diversity Report*.
2 Hampton-Alexander Review (2019) *FTSE Women Leaders*.
3 Bilimoria, D. (2006) 'The Relationship Between Women Corporate Directors and Women Corporate Officers', *Journal of Managerial Issues*, 18(1), pp. 47–61.
4 Konrad, A.M., Kramer, V. and Erkut, S. (2008) 'Critical Mass:. The Impact of Three or More Women on Corporate Boards', *Organizational Dynamics*, 37(2), pp. 145–164.
5 Schwartz-Ziv, M. (2017) 'Gender and Board Activeness: The Role of a Critical Mass', *Journal of Financial and Quantitative Analysis*, 52(2), pp. 731–780.
6 Torchia, M., Calabrò, A. and Huse, M. (2011) 'Women Directors on Corporate Boards: From Tokenism to Critical Mass', *Journal of Business Ethics*, 102(2), pp. 299–317.
7 Chesterman, C. and Ross-Smith, A. (2006) 'Not tokens: Reaching a "critical mass" of senior women managers', *Employee Relations*, 28(6), pp. 540–552.
8 Ehrenberg, R.G., Jakubson, G.H., Martin, M.L., Main, J.B. and Eisenberg, T. (2012) 'Diversifying the faculty across gender lines: Do trustees and administrators matter?', *Economics of Education Review*, 31(1) Elsevier, pp. 9–18.
9 Gould, J.A., Kulik, C.T. and Sardeshmukh, S.R. (2018) 'Trickle-down effect: The impact of female board members on executive gender diversity', *Human Resource Management*, 57(4), pp. 931–945.
10 Matsa, D.A. and Miller, A.R. (2011) 'Chipping away at the Glass Ceiling: Gender Spillovers in Corporate Leadership', *American Economic Review*, 101(3), pp. 635–639.
11 Skaggs, S., Stainback, K. and Duncan, P. (2012) 'Shaking things up or business as usual? The influence of female corporate executives and board of directors on women's managerial representation', *Social Science Research*, 41(4) Elsevier., pp. 936–948.
12 Fiss, P.C. (2011) 'Building Better Causal Theories: A Fuzzy Set Approach to Typologies in Organization Research', *Academy of Management Journal*, 54(2), pp. 393–420.
13 Parente, T.C. and Federo, R. (2019) 'Qualitative comparative analysis: justifying a neo-configurational approach in management research', *RAUSP Management Journal*, 54(4), pp. 399–412.
14 Ragin, C. (2008) Redesigning Social Inquiry: *Fuzzy Sets and Beyond*. Chicago: The University of Chicago Press.

Developing a critical mass of women on boards has not generally resulted in more gender balance at senior executive levels; however, a number of companies have made noteworthy progress in reaching a significant level of gender diversity for not only their boards but for executive and senior management levels as well. More recently, a number of studies have begun to differentiate between board positions, in terms of their influence and power, and to investigate the effect that female board members in positions of power, such as CEOs or interlinked board members (when a board member sits on more than one board), have on their organisations.

These studies conclude that all power is not equal and provide evidence that influential women can overcome their token or numerical minority status and impact organisational deliberations and decisions (Glass, Cook and Ingersoll, 2016[15] ; Glass and Cook, 2018[16]).**Given that different board roles carry different levels of status, power and therefore influence, taking a more nuanced view of corporate boards by disaggregating roles and investigating how the configurations and gender diversity of the various roles combine to effect diversity outcomes may help to account for the variations across companies and provide insight into improving gender diversity.**

In order to study the configurational effects of corporate boards we developed a pilot study applying a research method called Qualitative Comparative Analysis (QCA), more specifically fuzzy set QCA (fsQCA). QCA provides three main advantages over traditional quantitative methods. It allows for the analysis of multiple conditions on an outcome, allows for the possibility of multiple pathways to the same outcome and can handle asymmetry, a situation where a condition can be related in one configuration but not necessarily in another.

QCA is a research tool that facilitates the empirical exploration of cases and their various configurations, identifying which configurations are associated with an outcome. In other words, QCA allowed us to look at which configurations of board roles had a critical mass of females and whether and how often these configurations were associated with the outcome of interest, in this case, a critical mass of women at senior executive levels.

In order to disaggregate various different aspects of board roles, five indicators (causal conditions) were identified:

- **a critical mass of female NEDs,**
- **a critical mass of female EDs,**
- **one or more female committee chairs,**
- **the presence of female interlinked board members,**
- **the presence of a female SID or Board Chair.**

In order to proceed with a QCA analysis there are a number of steps to be followed including calibration, applying a consistency threshold and a minimisation process to eliminate redundant conditions. A detailed explanation of the methodological steps followed can be found in the Appendix. The final output, a Solution Table, is found in Table 7.

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[15] Glass, C., Cook, A. and Ingersoll, A.R. (2016) 'Do Women Leaders Promote Sustainability? Analyzing the Effect of Corporate Governance Composition on Environmental Performance', *Business Strategy and the Environment*, 25(7), pp. 495–511.

[16] Glass, C. and Cook, A. (2018) 'Do women leaders promote positive change? Analyzing the effect of gender on business practices and diversity initiatives', *Human Resource Management*, 57(4), pp. 823–837.

Table 7: Solution table

Configurations for achieving gender diversity in senior executive levels				
Casual conditions	**Solution**			
	1	**2**	**3**	**4**
Non-Executive Director	●		●	X
Executive Director	●	●		
Interlinked Board Member	●	●	●	●
Committee Chair		●	X	●
Senior Independent Director (SID) or Board Chair				
Consistency	0.93	0.92	0.89	0.89
Raw coverage	0.32	0.28	0.19	0.05
Unique coverage	0.00	0.00	0.09	0.02
Overall solution consistency	**0.89**			
Overall solution coverage	**0.44**			

Conditions are denoted by ● (present) **X** (absent). Blank spaces indicate "doesn't matter" meaning that condition can be either be present or absent.

"I am pleased to see continued progress for women on FTSE boards in Executive and Non-Executive Director positions. Delighted to see women in Non-Executive Director positions at an all-time high. Those companies making progress should be applauded. In particular Severn Trent and Taylor Wimpey for achieving 56% women on their boards. Clearly those in the bottom quartile are a surprise and with plenty of opportunities to address given the sectors they are in. I hope the progress continues as we recover from COVID 19."

Shirley Cooper,
Chair, International Women's Forum

The solution table identifies four configurations that are sufficient to result in a critical mass of women at senior executive levels. The ‘raw coverage’ score indicates the importance of a configuration in explaining the outcome while ‘unique coverage’ indicates the share of the outcome explained exclusively by the pathway. The first two pathways have the highest raw coverage scores but very low unique coverage, indicating that companies are exhibiting both causal configurations and either one will lead to the outcome.

- The first pathway shows that when there is a critical mass of NEDs and a critical mass of EDs and female interlinked board members are present, a critical mass at the senior executive level results.
- The second pathway shows that a critical mass of EDs and the presence of female interlinked board members and female committee chair(s) are also sufficient to result in a critical mass of females in executive teams. Examples of companies exhibiting both of these configurations include Burberry, Severn Trent, GlaxoSmithKline and Diageo with 61.3%, 43.9%, 38.1% and 33.3% female representation on their senior executive teams respectively.
- The third pathway indicates a formula that shows a critical mass of women in NED positions and the presence of female interlinked board members and no female chairs is also sufficient for a critical mass of women in the company’s senior management ranks. Companies in this configuration include Unilever with 33.8% female senior executives and Next with 53.9%.
- The fourth pathway is perhaps the most interesting, even though it has the least coverage, offering a pathway to a critical mass of senior executives even when there is not a critical mass of NEDs on the board. It shows a configuration of female interlinked board members and one or more female chairs and the absence of a critical mass of NEDs leading to a critical mass of female senior executives. An example of this is NatWest Group with female representation on their senior executive of 34.8%. The relevant conditions in this pathway at NatWest Group include a female chairing one of their committees and only 22% female representation in their NED roles but these women are highly interlinked board members, serving on five or six boards each.

The pathways above indicate configurations that are sufficient for the outcome of a critical mass of females in senior executive teams. Surprisingly, the presence of a critical mass of females in NED roles was only present in two of the pathways. Perhaps this offers a partial explanation of why the increased presence of women on boards, which is dominated by non-executive roles, has not translated consistently to improving gender diversity at the executive levels of organisations and suggests that it is important to consider whether women are also represented in other roles that may carry more status and ability to influence.

This pilot study was interested in looking at causal configurations and the degree to which various board roles influenced gender diversity below the board. Combined, the four pathways in the solution are sufficient to lead to a critical mass of women at senior executive levels 88% of the time. This solution explains 44% of the outcome we were investigating. While this offers a substantive explanation, it also indicates that there are other conditions that, together with these, may explain the remaining outcomes. Other conditions such as the use of targets, how ambitious they are and any enforcement mechanisms used, is a good example of an additional condition to consider.

The analysis does, however, provide support for the importance of ensuring that women on boards are not just appointed to NED roles to fulfil a target but that they take up influential roles on the board, thereby having a bigger voice at the table. Doing so is much more likely to lead to an increase in women in senior executive roles, a space where women have been stalling for many years.

Section 3: FTSE 250 companies

There has been further encouraging progress in the number of women on FTSE 250 boards. The percentage of women on FTSE 250 boards has increased from 27.3% to 31.9% this year.

The number of companies who have reached the 33% target has risen to 132 (52.8%) so whilst overall FTSE 250 companies are close to meeting the target of 33% by the end of 2020, there are still many remaining companies needing to make progress in their appointment of women to their boards.

3.1 FTSE 250 companies with female directors

Table 8: FTSE 250 directorships 2016-2020

June 2020	2020	2019	2018	2017	2016
Female-held directorships	620	537	462	453	406
	31.9%	27.3%	23.7%	22.8%	20.4%
Female executive directorships	47	37	30	38	29
	11.3%	8.4%	6.4%	7.7%	5.6%
Female non-executive directorships	573	500	432	415	371
	37.6%	32.8%	29.1	27.8%	25.7%
Companies with female executive directors	42	34	29	37	26
	16.8%	13.6%	11.6%	14.8%	10.4%
Companies with at least one female director*	250	247	240	242	235
	100%	98.8%	96.0%	96.8%	94.0%
Companies with at least 33% female directors	132	88	59	53	39
	52.8%	35.2%	23.6%	21.2%	15.6%

Table 3.1 FTSE 250 Companies with Female Directors - Since June 1st one company has reported an all male board- Aston Martin*.

3.1.2 FTSE 250 companies with women in executive roles

The number of FTSE 250 companies with women in executive roles has increased from 34 in 2019 to 42 in 2020.

Seven women hold the CEO role and 29 hold the CFO/FD role.

Table 9: The 42 FTSE 250 companies with female executive directors

Rank	Organisation name	Female board %	No. female directors	No. female EDs	Executive roles	Women in executive roles
1	Moneysupermarket.com Group Plc	63%	5	1	CFO	Scilla Grimble
7	Ascential Plc	57%	4	1	CFO	Amanda (Mandy) Jane Gradden
7	Go-Ahead Group Plc	57%	4	1	Group CFO	Elodie Brian
10	Assura Plc	50%	3	1	CFO	Jayne Marie Cottam
10	Euromoney Institutional vestor Plc	50%	4	1	CFO	Wendy Monica Pallot
10	Games Workshop Group Plc	50%	3	1	GFD	Rachel Frances Tongue
10	Greencore Group Plc	50%	5	1	CFO	Emma Hynes
10	Marks & Spencer Group Plc	50%	5	1	Chief Strategy and Transformation Director	Katie Bickerstaffe
10	Ninety One Plc	50%	4	1	FD	Kim Mary McFarland
10	OneSavings Bank Plc	50%	4	1	CFO	April Carolyn Talintyre
27	Brewin Dolphin Holdings Plc	44%	4	1	CFO	Siobhan Geraldine Boylan
29	Essentra Plc	43%	3	1	CFO	Lily Liu
29	Future Plc	43%	3	2	CEO, CFO/Company Secretary	Zillah Ellen Byng-Thorne, Penelope (Penny) Ladkin-Brand
29	Genus Plc	43%	3	1	CFO	Alison (Preston) Jane Henriksen
29	Grainger Plc	43%	3	2	CEO, CFO	Helen Christine Gordon, Vanessa Simms
29	Redrow Plc	43%	3	1	GFD	Barbara Mary Richmond
29	Senior Plc	43%	3	1	GFD	Bindi Jayantilal Foyle

43	Direct Line Insurance Group Plc	40%	4	1	CEO	Penelope (Penny) Jane James
43	Trainline Plc	40%	2	1	CEO	Clare Gilmartin
66	Britvic Plc	38%	3	1	CFO	Rosemary Joanne Wilson
66	Ibstock Plc	38%	3	1	Division MD	Kate Helena Tinsley
66	Lancashire Holdings Ltd	38%	3	1	Group CFO	Natalie Kershaw
66	Rathbone Brothers Plc	38%	3	1	GFD	Jennifer Elizabeth Mathias
85	Beazley Plc	36%	4	1	GFD	Sally (Horrocks) Michelle Lake
85	Hiscox Ltd	36%	4	1	Group Chief Underwriting Officer	Joanne Musselle
85	IG Group Holdings Plc	36%	4	2	CEO, Chief Commercial Officer	June Yee Felix, Bridget Elizabeth Messer
90	Dunelm Group Plc	33%	3	1	CFO	Laura Elizabeth Carr
90	FDM Group (Holdings) Plc	33%	3	1	COO	Sheila May Flavell
90	John Laing Group Plc	33%	3	1	CFO	Luciana Germinario
133	Tui Ag	31%	8	2	CFO, Chief Human Resource Officer	Birgit Conix, Doctor Elke Eller-Braatz
134	Cineworld Group Plc	30%	3	1	Chief Commercial Officer	Renana Teperberg
134	McCarthy & Stone Plc	30%	3	1	CFO	Rowan Clare Baker
149	Capital & Counties Properties Plc	29%	2	1	ED	Michelle Veronica McGrath
149	Chemring Group Plc	29%	2	1	Group Legal Director/Secretary	Sarah Louise Ellard
149	Hill & Smith Hldgs Plc	29%	2	1	Group CFO	Hannah Kate Nichols
149	Law Debenture Corp Plc	29%	2	1	CFO	Katie Elizabeth Thorpe
149	PayPoint Plc	29%	2	1	FD	Rachel Elizabeth Kentleton
149	Spirent Communications Plc	29%	2	1	COO/CFO	Paula Bell
149	Wetherspoon(J.D.) Plc	29%	2	1	ED - Legal	Susan (Su) Alina Cacioppo
184	HarbourVest Global Private Equity Ltd	25%	2	1	Director - SD	L Carolina Espinal de Carulla
184	PureTech Health Plc	25%	2	1	CEO	Daphna (Daphne) Zohar
216	TalkTalk Telecom Group Plc	20%	2	2	CEO, CFO	Tristia Adele Harrison, Catherine (Kate) Elizabeth Ferry

Section 4: Taking targets seriously

This year marks an important milestone in the UK's journey for gender balance on boards. Over the last decade, under the Davies and Hampton-Alexander Reviews, increases in women's representation on boards and in senior leadership have been substantive. As of November 2019, there were 32.4% women on the boards of FTSE 100 companies and 29.6% women on the boards of FTSE 250. Importantly, women's representation in the two leadership layers below boards (Executive Committee and Direct Reports combined) stood at 28.6%[17] , suggesting some progress in expanding the voluntary targets from boards towards lower senior leadership levels. Unlike many other countries, the UK has rejected mandatory quotas, opting instead for voluntary gender targets as a key change mechanism. While targets were initially unpopular when Lord Davies announced in 2011 the 25% goal for women on FTSE boards, over the past nine years organisations have come to recognise the value in using targets to instigate the change that other initiatives had thus far failed to achieve. **Nowadays, from boards to leadership pipelines, targets are becoming the main mechanisms used by British business to improve gender balance in leadership ranks[18]. Other sectors such as media[19], healthcare[20] and the arts[21] are also embracing diversity targets. In this section, we seek to understand why, how and when targets work. To this aim, we review existing literature on targets (Section 4.1) and explore how targets are used in practice in leading organisations based on the experiences of senior leaders (Section 4.2)**.

4.1 The adoption and implementation of voluntary diversity targets: existing evidence

In order to understand effective voluntary target setting, we reviewed academic and practitioner literature on voluntary targets for diversity management. We note that while gender board quotas have been extensively studied, there is limited academic research on voluntary diversity targets, but there is more practitioner literature on the topic. We begin by locating the conversation about targets for women on boards and in senior leadership in the wider context of gender equality in the UK workforce.

4.1.1. Diversity targets in the wider context of gender equality in the UK workforce

Extant research suggests that the effectiveness of board equality interventions (whether mandatory or voluntary) depends on the institutional context of each country. Across several countries, there is evidence that the following factors are conducive to effective gender equality interventions on boards and in senior leadership: equal female participation in the labour market, gendered welfare state provisions, national-level gender equality legislation and sanctions for non-compliance with workplace equality policies (including board quotas and targets)[22,23,24] . Therefore, the wider societal and political context in which targets are embedded can impact their transformative potential by providing enablers or inhibitors for gender equality. While the journey towards gender balance on British boards tells a rather optimistic story of voluntary change, the broader landscape of gender equality in the UK workforce is more complex. The following trends are noteworthy:

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[17] Hampton-Alexander Review (2019) *Improving Gender Balance in FTSE Leadership.*

[18] Sealy, R., Doldor, E., & Vinnicombe, S. (2016). The Female FTSE Board Report: Taking Stock of Where we are.

[19] BBC (2017) BBC Annual Report 2017/18.

[20] Sealy, R. (2017) NHS Women on Boards: 50:50 by 2020.

[21] Arts Council England (2020) Let's Create: Strategy 2020-2030.

[22] Terjesen, S., Aguilera, R. V., & Lorenz, R. (2015). Legislating a Woman's Seat on the Board: Institutional Factors Driving Gender Quotas for Boards of Directors. *Journal of Business Ethics*, 128(2),pp. 233–251.

[23] Humbert, A. L., Kelan, E. K., & Clayton-Hathway, K. (2019). A rights-based approach to board quotas and how hard sanctions work for gender equality. *European Journal of Women's Studies*, 26(4), pp. 447–468.

[24] Mensi Klarbach, H. & Seierstad, C. (2020) Gender quotas on corporate boards: Similarities and differences in quota scenarios, *European Management Review.*

- In terms of **overall gender equality**, the Global Gender Gap Report ranks the UK 21 out of 144 countries, based on economic participation, educational attainment, health and survival, and political empowerment[25]. While the UK ranks high in terms of equality in education and literacy, it is placed 58th for economic participation and opportunity gap because of the large disparity between men and women's earnings and because of women's low representation among legislators, senior officials and managers. In terms of political representation, the UK ranks 20 out of 144. As of February 2020, women hold 34% of Member of Parliament seats in the House of Commons and 27% in the Prime Minister's Cabinet[26].

- The **gender pay gap** between men and women's full-time average wages in 2019 endured at 8.9%, a decline of only 0.6 percentage points since 2012. The gender pay gap among all employees was 17.3% in 2019[27]. Women remain over-represented in low-paid occupations, many of whom were deemed essential jobs during the COVID-19 pandemic. The government's decision to postpone the 2020 Gender Pay Gap reporting in light of the current pandemic is unlikely to accelerate progress.

- The **COVID-19 pandemic** threatens to reverse gender equality progress on several fronts. The unequal burden of care placed on working women during the lockdown will exacerbate already existing gender inequalities and the gender pay gap, leading to potential reductions in working time and productivity, reduced access to career-enhancing opportunities, increases in part-time or precarious employment or even exit from the labour market. BAME women also have to contend with the disparate health effects COVID-19 has had on Black, Asian and minority ethnic communities. Generations of future female leaders are being pushed out of or stalled in leadership pathways by these amplified gender inequalities[28] .

Taken together, these broader indicators of economic and political inequality suggest that at national level the division of power and labour between men and women – in work and at home – remains problematic. The UK context provides a neutral or at best a mildly positive institutional environment for gender equality; despite visible and impactful voluntary initiatives for gender balance on boards and in senior leadership (e.g. Davies and Hampton-Alexander Reviews), **the legislative frameworks for broader societal gender equality are not particularly forceful or comprehensive in the UK. Moreover, the current pandemic makes gender equality even more fragile**, raising the question of whether the current voluntary approach is robust enough. As we examine the usefulness of voluntary targets in creating more gender balance in FTSE leadership, it is important to acknowledge this contextual backdrop.

4.1.2. Mapping out targets

Our prior research, as well as industry evidence from other countries, indicates that diversity targets are useful because they provide clear goals that make tangible otherwise abstract diversity commitments. By specifying interim milestones and timelines, targets provide a disciplined approach to change and a sense of urgency. Drawing on a recent taxonomy for corporate board quotas , and on industry research about targets[30,31,32], we propose that two key dimensions are relevant to understanding targets:

Ambitiousness. Setting stretching but realistic targets is considered industry best practice. Ambitious and achievable targets should be based on an honest assessment of obstacles and opportunities for change for specific organisations, given their sector, current state and internal and external pipelines of talent.

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[26] Uberoi, E., Watson, C., & Kirk-Wade, E. (2020) *Women in Parliament & Government Briefing* Paper.
[27] Office for National Statistics https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2019#:~:text=The%20gender%20pay%20gap%20among,2019%2C%20and%20continues%20to%20decline.
[28] Doldor, E, & Athnanasopoulou, A. (2020). *Female leaders have proved themselves during the COVID-19 crisis: Now it's time to empower a new generation*. https://www.qmul.ac.uk/busman/newsandevents/general/items/cred-blog-series---female-leaders-have-proved-themselves-during-the-covid-19-crisis---now-its-time-to-empower-a-new-generation.html
[29] Mensi Klarbach, H. & Seierstad, C. (2020) Gender quotas on corporate boards: Similarities and differences in quota scenarios, *European Management Review*.
[30] Workplace Gender Equality Agency (2013) How to set gender diversity targets: *Guidelines for setting and meeting targets to increase gender diversity in the workplace*, Commonwealth Government of Australia.
[31] Employer's Network for Equality and Inclusion (2015) Board Diversity - T*argets vs quotas*.
[32] Virgin Money (2016) *Empowering Productivity: Harnessing the Talents of Women in Financial Services.*

Since the beginning of the UK's journey with targets, FTSE 350 companies were initially encouraged by the Davies Review to set themselves achievable individual board targets, to reflect their different starting points on the journey to gender balance. While practitioner reports usually emphasise the importance of realistic targets, academic literature[33] provides a useful perspective on what might constitute indicators of progressiveness for diversity targets:

- **Leading the way in introducing targets within the sector,**
- **Requested end target,**
- **Scope of change from starting point,**
- **Implementation schedule.**

From a goal setting perspective, targets are useful because they provide tangible end goals and interim milestones. The extent of progress achieved will naturally reflect the ambitiousness of the goals set. A study[34] across 91 countries that examined the association between reporting requirements, targets, quotas and the representation of women on public company boards, found that: (a) reporting requirements accelerated female representation on boards; and (b) higher goals were associated with increased female representation. It therefore seems necessary that companies consider, to a greater extent, the importance of setting targets that are not just realistic, but also ambitious.

Accountability. Individuals and companies might employ a range of strategies to avoid complying with weakly enforced diversity goals, as has been the case with women's representation on FTSE boards prior to the Davies Review. Even mandatory quotas with soft sanctions were found to be only marginally better than not having any measure in place[35] . Therefore, a second key aspect to consider in relation to targets is accountability and enforcement mechanisms. The following conditions ensure effective self-regulation once diversity targets are introduced[36,37] :

- **Reporting requirements and public monitoring of progress towards targets**: this serves as a feedback mechanism to identify compliant and deviant company behaviour, with reputational consequences. This has been a longstanding effective practice in the UK private sector, particularly as high-profile yearly reports such as the Hampton-Alexander Review scrutinise progress towards gender balance in senior leadership.

- **A credible threat that mandatory quotas will be imposed** if diversity goals are not achieved. While hard sanctions are incompatible with voluntary targets, the threat of mandatory EU legislation has been effective for the acceptance of targets as change mechanisms across corporate Britain at the outset of the Davies Review[38]. A similar effect was noted in other European countries with self-regulation[39] . With no national or EU quota threat looming, it will be interesting to observe whether self-regulation through targets is at this point sufficiently embedded in the culture of British business.

- **External peer pressure** occurs when the increasing adoption of a good practice enhances legitimacy among companies. Systemic change usually occurs through a mix of early adopters who set the trend and late adopters who jump on the bandwagon; this does require a critical mass of adopters to instigate bandwagon pressures on non-adopters. For adopters, peer pressure is also applied through diversity charters such as the Finance Women's Charter[40] .

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[33] Mensi Klarbach, H. & Seierstad, C. (2020) Gender quotas on corporate boards: Similarities and differences in quota scenarios, *European Management Review.*

[34] Sojo, V., Wood, R., Wood, S., & Wheeler, M. (2016) Reporting requirements, targets, and quotas for women in leadership. *Leadership Quarterly*, 27, pp. 519-536.

[35] Humbert, A. L., Kelan, E. K., & Clayton-Hathway, K. (2019). A rights-based approach to board quotas and how hard sanctions work for gender equality. European *Journal of Women's Studies*, 26(4), pp. 447–468.

[36] Mensi-Klarbach, H., Leixnering, S., & Schiffinger, M. (2019) The carrot or the stick: Self-regulation for gender-diverse boards via codes of good governance. *Journal of Business Ethics*, 1-17.

[37] Doldor, E. (2017) Gender diversity on boards in the UK: The merits and shortcomings of a voluntary approach, in *Gender Diversity in the Boardroom*: *European Perspectives on Increasing Female Representation*, by Seierstad, C., Gabaldon, P., & Mensi-Klarbach (eds.), Palgrave Macmillan, pp. 13-44.

[38] Vinnicombe, S., Doldor, E., & Sealy, R. (2015). The Female FTSE Board Report: *Putting UK progress into a global perspective.*

[39] Mensi-Klarbach, H., Leixnering, S., & Schiffinger, M. (2019) The carrot or the stick: Self-regulation for gender-diverse boards via codes of good governance. *Journal of Business Ethics*, pp. 1-17.

[40] HM Treasury (2016) *Women in Finance Charter.*

- **Internal leadership accountability.** Our prior research into inclusive talent management practices found that a key driver for developing female talent across the organisation is commitment and accountability from senior leaders and managers. Companies leading the way in terms of talent management hardwire diversity target achievements to managerial responsibility, performance and reward[41]. Linking senior leadership remuneration to progress on gender outcomes "*will further focus the minds of all senior Executives and incentivise them to take the issue seriously.*"[42] A 2019 McKinsey survey of US and Canadian companies found that more than half of companies hold senior leaders accountable for progress on gender diversity metrics, up from a little over a third in 2015[43], suggesting that businesses are becoming more comfortable with putting in place more tangible mechanisms for leadership accountability.

4.1.3 Diversity targets beyond gender

We note that most academic and practitioner literature discusses gender targets and quotas; when broader diversity targets are mentioned, there is less tangible detail and importantly very few examples of ethnicity targets. This shows a lack of intersectional focus in practice and research on this subject.

4.2 Driving diversity through voluntary targets: perspectives from key stakeholders

We explored, through a qualitative study, how companies use voluntary diversity targets to drive gender balance in the organisation. We interviewed key stakeholders involved in setting and implementing voluntary diversity targets in their organisations: Diversity & Inclusion and HR leaders, as well as senior business leaders actively involved in driving the diversity agenda. Between June and August 2020, we carried out interviews with nine key stakeholders (four males and five females) across seven organisations[44]. Of the seven organisations investigated, three were professional service firms of very different sizes and the other four were in finance, technology, automotive and telecoms. All but one (a small professional service firm) were global organisations. Interviews explored experiences in introducing and implementing voluntary diversity targets, probing on enablers and obstacles as well as ways of overcoming them. We summarise below lessons learned across participants and organisations, using pseudonyms to preserve confidentiality.

4.2.1 Rationale for setting targets and framing strategies

Most of the organisations had had targets for several years. The main reason for having adopted targets in the first place was that previous diversity initiatives had failed to produce tangible results, or had generated only a slow pace of change. Two of the participating organisations had only introduced targets in the past year. The newest to targets was a finance company where the Head of Diversity and Inclusion, with experience implementing targets in other organisations, had very clear views:

> We have set a target of 40% of women in senior leadership and we define senior leadership as executive committee and direct reports, so in alignment with Hampton-Alexander. I am not going to have different metrics internally and externally. The 40% is through to 2025; we are going to have a five-year plan in place. (Participant 2)

[41] Vinnicombe, S., Doldor, E., & Turner, C. (2014) The Female FTSE Board Report 2014: *Crossing the Finish Line*.
[42] Virgin Money (2016) *Empowering Productivity*: Harnessing the Talents of Women in Financial Services.
[43] McKinsey (2019) *Women in the Workplace 2019 Report*.
[44] The pandemic and the lockdown made it challenging to reach a wider range of organisations.

Another participant took a rather different view on targets:

> I have tried to drive our diversity discussions around proportionality rather than around a target. So the 30% cap [for female partners] is flawed in that 50% of the population is female... if your population of senior managers is 30% female then it could be proportionate in the short term. (Participant 7)

In this case the organisation looked at the actual pool of talent for the partnership and acknowledged that if it was 30% then it would not be realistic to set a target of female partners above that number. Once the talent pool improves, the expectation was that the target becomes higher, based on the understanding that the lack of women at the top is generally not due to a gender imbalance at entry level, but rather to flawed promotion processes that disadvantage women. This is often referred to as the 'broken rungs'.

The particular target agreed upon in this firm was important as it was seen not as a tick-box exercise but as a business imperative. The target was approved centrally and everyone was expected to take it seriously. This was not seen as a problem as financial targets and other targets were embedded in the business. Across all organisations, **framing diversity goals as any other business objectives that need to be quantified via tangible targets** was the main strategy used to 'sell' the idea of voluntary diversity targets.

> It wasn't difficult [to introduce targets] and I think that is because as a business, we are very comfortable with the concept of targets and that's how we operate, particularly with financial targets that have to be met and when you start as a junior you have to account for your hours – so as a business the concept of targets is very comfortable and we are used to having to meet those. (Participant 6)

Somewhat surprisingly, none of the participants reported resistance to introducing targets in the UK. This suggests a degree of mainstreaming of the practice in the UK business environment over the last few years. Interestingly, however, in companies headquartered in other countries less familiar with the practice, there were issues of persuading their directors that targets were an appropriate way of working in the UK. In the end:

> It's really all about pitching localisation: convincing people that we need to set an agenda that's resonant to our local context and makes us competitive in a local market. We didn't really face much resistance internally in the UK because it is a few years since we had a pretty mature and involved conversation about D&I and we are all clear that this is best practice. (Participant 4)

In contrast to the two new adopters of targets, a company headquartered in Sweden, had introduced targets over ten years ago:

> In Sweden we have a very good social security system and women are working and it is easier to be independent and we have a very good childcare system... but still when you look at the female representation in a companyit is still lagging. (Participant 1)

On reflection it seems that the targets set by both the Davies and Hampton-Alexander Reviews have normalised targets in the UK over the past ten years and helped them to be seen as best practice. All the participants spoke about the targets they have developed for either, in the case of professional service firms, the percentage of female partners, or in the case of all but one of the commercial companies, the percentage of females in senior leadership. A smaller professional service firm had an additional target for working flexibly as they felt this was linked with women's ability to sustain their careers.

Whilst none of the participants reported resistance to setting gender targets in the UK, they did vary in terms of how they framed targets, and particularly how they **addressed the issue of meritocracy in relation to targets**. One company was at pains to point out that:

> A target is not a quota – no woman wants to sit in a chair that is only saved for her because she is a woman; every woman wants to get the chair because they are excellent. At the end of the day, I choose the best candidate and it doesn't matter if it is a man or a woman. (Participant 9)

Clearly there is still work to be done to explain that diversity targets do not compromise meritocracy, that meritocracy does not exist in most companies and that is the reason why white men tend to dominate leadership levels in most organisations in the UK and beyond.

A theme less often mentioned was having to **challenge the notion that setting targets can drive bad behaviour** from those seeking to game the system:

> Setting targets uncovers bad behaviour, it doesn't drive it because if you've got a senior leader who is going to game the system to hit their people target, I would bet they are gaming the system to hit their cost target or their market share target… because that's the way they are running the business – so it uncovers bad behaviour, it doesn't breed it. (Participant 2)

4.2.2 Ambitiousness of targets

Across the seven organisations the general consensus was a target of 30%-40% women in senior leadership roles; and in the two companies that set ethnicity targets, the goal was 20% ethnic minority representation in senior leadership. The company in the financial sector specifically pegged their number to Hampton-Alexander in order to achieve internal/external alignment. The two outliers in terms of aspiration and scope were the companies in the automotive and the software development sectors:

> More than 10 years ago we were quite ambitious with a target of 35% women in leadership positions by 2020 and at that time we were around 18%; right now we are on 28.5%. A year ago, our top management team saw it was moving too slowly, so now we have 50/50 commitment that we should hire and promote so that we have a 50/50 gender balance when it comes to leaders. (Participant 1)

In contrast, in the software and services company, a year ago they set a target of 30% women represented overall by September 2022. As they explained:

> We set the target a year ago and we set it for three years. We put more emphasis on the fact that it was a 20% increase on where we were at the time. In the tech industry women are less represented. (Participant 8)

There were differences in the targets set in the three professional services firms. In the smallest firm, they had a target of 25% women partners, which they have exceeded at 27%, and are currently deciding what to do next.

> There are fewer women in businesses at partner level so we are having to compete with a smaller pool of talent and so we have probably focused more on the internal promotion whilst keeping a focus on the external hiring as well. (Participant 5)

Alongside their target for women partners, they also had a target for employees working flexibly, which started at 20% back in 2013/14 but now 42% of employees are working flexibly. At the top end, the large global professional services firm had a target of 40% female partners by 2025:

> We could have 40% of our partners female tomorrow but we would have to take radical action, probably getting rid of a load of male partners, but we could do it if we wanted to – however […] I don't think it's about disenfranchising our majority. (Participant 7)

The third professional services firm had a target of 25% female partners. As the managing partner explained:

> That is not particularly aspirational but in terms of the number of partners we promote every year and the slowness with which our partnership evolves… it takes some time to get from 17 or 18 to 25. Ownership of that is quite difficult. (Participant 3)

Overall, the interviews suggested that in setting up targets, it is important for organisations to address explicitly how they will strike a balance between being realistic and being ambitious in the targets chosen. Perceived ambitiousness of targets is sometimes a contested issue within the same organisation:

> Why would you make an impossible target because it just leaves you incredulous […] They [senior leaders] can throw out aspirational statistics, but I think they have more credibility if they can explain why or how they are going to meet that target. (Participant 7)

> Some of the resistance we got was from our senior executives who were driving this but they were resistant to the number – they wanted it to go higher. So we provided them with a lot of analysis as to why this is a tangible goal historically in the market, and I would say they fought us a lot on 30%, like really we could aim for a higher goal and we were not being ambitious enough. (Participant 4)

Most participants were of the opinion that targets that are too stretching and ultimately impossible to meet are demoralising; yet, a few others suggested that slightly **overly ambitious targets are a useful way of mobilising the organisation into action**, even if they are not met:

> We all understand that the targets are not there to be achieved – the targets are there to set as a compass and to set a direction. It is fine to put a target even if you don't achieve it – there is a purpose other than achieving the target. (Participant 8)

4.2.3. Accountability for targets

The second theme widely discussed in our interviews was that of accountability and enforcement of targets. Targets used to be seen as the soft alternative to quotas but actually hard driven targets can be more effective than weakly enforced quotas. This has been the story behind the success of both the Davies and Hampton-Alexander Reviews, particularly in terms of increasing the number of women on corporate boards; the targets set by both reviews were driven by new corporate governance requirements on gender diversity reporting, the annual reporting through both reviews, the Investment Association's red capping of companies with no women on their boards, public recognition through awards for progress, and regular media coverage. In practice, these mechanisms can apply more pressure than weakly enforced mandatory quota laws. This suggests that the labelling of interventions as voluntary or mandatory is perhaps less important than the enforcement mechanisms designed. An interviewee from a major professional services firm raised this point:

> Voluntary is an interesting word because in a way, whether it be voluntary or mandatory, I don't think it makes a huge amount of difference as it's more about consequences and as long as you are clear in what you are wanting to achieve and the consequences of not doing it. (Participant 6)

There was significant variance around how organisations enforce their targets. There was a real concerted effort to tie targets to performance in some of them, but an ambivalence to do so in others. Companies with more experience in working with targets seemed to have more mature conversations about enforcement; in contrast, organisations that were at the beginning of the journey in using targets, appeared more invested in selling the idea towards implementation, rather than in hardwiring accountability. An obvious enforcement mechanism is **linking achievement of diversity targets to performance appraisal**:

> The analytics are absolutely essential (the solution is not the same for each part of the business). The reporting on progress – I think semi-annually is enough but it has to be embedded into the performance management process. (Participant 2)

Whilst this is a sound principle, how it is embedded may be quite problematic. A particular challenge was devolved accountability – translating the organisation's broad target into local goals at business unit level:

> I don't think it's hard to set the target but it is hard to get to that target... how do you cascade that target down to individuals?... I think it's a collective responsibility (for partners) versus individual responsibility and I think that is quite challenging. There is often a very good and reasonable narrative within the sub-unit as to why it is not achievable... because they are in different markets, be it from a geographical, cultural or business sector perspective. The final piece that has enabled progress is that for the very first time last year each partner had to have on their scorecard a 'D&I' goal prescribed, like mentoring a talented female manager or improving the diversity of your client teams. (Participant 6)

Another managing partner of a professional services firm agrees:

> I am held to account more than anyone by my oversight board and my own personal goals now drive my reward. I haven't given them hard goals yet because it is really hard to dice and slice it in terms of practicalities. (Participant 3)

A relatively straightforward answer to the issue of shared and devolved accountability for a firm-wide target was to focus on the **share of progress expected from each business unit**, rather than on the end percentage:

> Each division has to reflect its own target based on the company target – and at the beginning they were like all really stressed [...] and we would say 'hang on – not everyone needs to reach 37% – what needs to happen is everyone needs to increase 20%' and if everyone does that then by simple maths it is supposed to work and we can reach the corporate target gradually. (Participant 8)

This approach implies accepting uneven outcomes across business units, despite progress and effort across the organisation. It is worth remembering that the targets set by both the Davies and Hampton-Alexander Reviews were for each FTSE company; whilst FTSE 100 boards have met the overall target of 33% women on their boards, individual companies vary from 56% to 17%. This variance also occurred with meeting the Davies target in 2015.

Whilst respondents were able to talk about how targets are followed up, it was less clear as to what happened if targets were not met.

> The 50/50 target is now part of the corporate KPIs and these are followed up quarterly on the Executive Management Team, so the accountability is partly there; it is the functional leader who is responsible for driving this in their section, with the help of us who provide the data. We are now working to develop a diversity dashboard which makes it much more accessible for anyone to get the data and to look at that and do your own analysis and draw your own conclusions. (Participant 1)

In other settings, rather than driving the targets by tying results to performance assessment, **peer pressure** is used:

> In terms of accountability, the general managers meet for a quarterly business review, which is when they are presenting their business results. One of the things was on gender diversity… and it is like a walk of shame if you didn't do anything and the others did. (Participant 8)

Elsewhere, rather than top management owning the targets, they sit with HR – this was more often the case in organisations at early implementation stages:

> It mostly gets driven on the ground by HR. So it's their heads that are chopped if nothing changes in D&I. It is easy to say that accountability should be on senior leaders, but I don't think we have really unlocked how to make that deal real. So, in an ideal world the responsibility is on senior leaders to be accountable for this, but obviously it is also led by a huge coalition of people across the board. (Participant 4)

These quotes demonstrate an eagerness in many cases to enforce targets but an uneasiness about how it is accomplished. In professional service firms, where partners typically take collective responsibility for goals, then it may be countercultural to apportion responsibility at the individual level. However, there is a spectrum of accountability from having none to closely tying results to performance, with regular internal reporting thus being able to exert peer pressure on those who are not driving the target sufficiently, as well as being able to offer specific practical help to them.

4.2.4 Changing processes and cultures to meet voluntary targets

All the organisations emphasised the importance of a good and robust database in order to set and implement their targets. Granular diversity metrics and a data-driven approach across processes and hierarchical levels appeared critical in diagnosing and raising awareness of blockages in talent pipelines and calibrating targets accordingly.

> We can now cut all of our management data by ethnicity and by gender means so that we get a much clearer lens into actually where there are disproportionate outcomes and people know that. So, the fact that people know we can see what's happening makes them more conscious of their decisions and in respect of any unconscious bias now we have a tool that makes people think and if they don't, we have tools that say 'look what the outcome was, you need to think'. So those tools have been really powerful for different reasons. (Participant 6)

> What has helped us a lot is that we have finally made some investments in our data systems to provide us with the people data... Because it is very easy to think or speculate that 'now we are maybe only hiring young women', but when we are looking at the high potential talent pool and we can see the detail and "oh no it's still the same names that pop up!". So, I think that we have developed a lot there and made it easier also for anyone to use the data. (Participant 1)

> It's one thing to say 'I am a true believer' and this is when data is so crucial because it is the 'aha' moment: when you put the data in front of senior leaders' eyes, their unit or group and they see how poorly women are represented there. This is where we have them with their 'aha' moment and they sit less straight in their chairs because they might believe they are true believers in equality, but when it comes down to showing the data as it is in their teams... it shows them it is less fair. (Participant 8)

> All the partners get to engage with the diversity dashboard which looks at every client engagement and the diverse team that is working on that client engagement. Those management tools have made a big difference because we have visibility and can see through the narrative now. (Participant 7)

Beyond increased representation, **targets create scrutiny and challenge non-inclusive practices across talent management processes, thereby contributing to culture change**. Interviews provided ample examples of how talent management processes have changed since bringing in diversity targets. One area was recruitment and selection:

> For a few years we have worked with changing the way we write job advertisements because we realized we were very exclusive in the way we wrote them. (Participant 1)

> One of the things we have done in terms of our graduate intake is that it is now blind for the first layer... so nobody knows your background, ethnicity or gender. (Participant 3)

There were also efforts to **make senior leaders more accountable and better equipped to hire from more diverse pools of talent**:

> We are looking at various ways to help senior leaders develop... including more intentionally diverse ways of how they develop and mobilize their networks to create long-term relationships with candidates so that when they get a role opening they can campaign on their network – that is very different to what they saw prior to before we did all of this work. Rather than them saying 'oh we have the perfect candidate for this role' and just hiring another white male, they hire someone they know well and is very well qualified based on the activities that we are helping them with. (Participant 4)

Other areas where diversity targets have forced an increased scrutiny of bias include **performance management, promotion processes and developmental opportunities:**

> Over the past five years we have brought in support and structure and rigour into the promotion process and we now have development centres that run at different career levels. Beyond the HR processes of development there is also probably more potential for devolved sponsorship. So, a combination of the HR process being much more substantive, but also actual leaders sponsoring and bringing them into areas of the business where they can build their platforms and build their roles. (Participant 5)

> Whenever we have a selection decision for a senior leadership role now we ensure we have a male and female on the panel and we encourage a BAME to be one of those people. After panels we run various arithmetics to look at the proportionality outcomes. If we choose a disproportionate selection we go back and challenge ourselves. (Participant 7)

A key benefit of targets is that they expand scrutiny from senior leadership levels downwards and create a holistic focus on talent pipelines across the ranks. This is perhaps the most important systemic change triggered, and one that was more comprehensively addressed by organisations with more experience in using voluntary targets:

> One of the positive things about having a target at partner level is the work we do on the pipeline – if we want to promote 10 people in five years' time, what actions do we need to take now? What interventions do we need to take at all these levels down, that are driving better behaviour? (Participant 3)

A more specific manifestation of this systemic approach was to **seek proportionality in people decisions across all levels**:

> Unless you start by getting your emerging talent pipelines full of proportionate outcomes, you will never fulfil your targets for different ethnic groups or gender in five- or ten-years' time. So you have to cascade the objective of the 40% or 50% target for leadership role levels down to your talent pipeline selection lines and talent investment, but also into just retaining people. You have to retain females and BAMEs in your population to be able to promote them in 10 years' time; and that means you need to give them bonuses at junior levels, and you have to promote them as fast-track talent proportionately, and you have to look at your attrition statistics and not look at certain types of people as cannon fodder and certain types of people as the future – you've got to cascade it down as a cultural change and that takes a lot of effort. (Participant 7)

In summary, a robust database and fine-tuned metrics were the starting point to making good use of diversity targets but, in the process, organisations are identifying key decisions related to selection, job advertising, work allocation and promotions as areas to manage well if they are to meet their targets. Among companies with more experience in the journey of implementing voluntary targets, we noted a more structured, holistic approach to talent management where inter-linked processes of talent identification, retention, development, promotion and succession are scrutinised and challenged to unroot bias in people decisions at all levels of the organisation. In these cases, there was a clear understanding that diversity in leadership cannot be sustainably reached without managing more inclusively the entire workforce. In practice, that meant cascading the organisation's holistic target into more specific goals at lower levels and applying the principle of proportionality in decision-making.

4.2.5 Race and ethnicity

Only two organisations out of the seven had set ethnicity targets at 20% representation. Everyone agreed that this is a far more challenging area to address in D&I practice, and generally there appeared to be less readiness to address racial diversity through voluntary targets:

> It is much more complex. The main group (ethnicity) is not homogeneous because you have different ethnicities and therefore the challenges are very different and people find that topic much more uncomfortable. People don't have the fluency they might have around the gender conversation and so if you find a formula that works for gender, it might not necessarily mean it works for anything else. (Participant 6)

> I think people are scared of race and they are not so scared of gender. So people are now prepared to talk about maternity and getting married and lifestyle decisions and the effects on careers. I think that is something that people are much more able to coach and counsel on; but people are just not comfortable to coach or counsel on decisions around race and the impact that has on people. Race is also difficult because I think race, in some respects, gets complicated by faith. (Participant 7)

Everyone agreed that they were significantly behind on their work on race and ethnicity compared to gender. One of the main issues is collecting the data from a categorization point of view. In global companies, this was complicated by the fact that the categories capturing racial and ethnic diversity vary across geographies and are sometimes contested within the same country:

> Everything we do is standardized which means when we collect data for our region we have to consider data collection in France, in Nigeria and in Saudi Arabia and so on. It is incredibly hard because we have to be compliant for lots and lots of different country datasets. (Participant 4)

This issue has now had a lot of public debate recently with individuals criticizing both the terms BAME and People of Colour in the UK and other countries, because these aggregate terms incorporate many different groups and mask the low number of Black individuals in leadership roles. As one interviewee put it:

> When we look at our ethnicity numbers you can say "ok they are very ethnically diverse as a team". But when you look into it, you can see that all of the ethnicity is driven by for instance South Asian people and so actually it's not that diverse. (Participant 6)

Moreover, gender targets cannot be implemented inclusively in organisations without addressing ethnicity as well, because the career experiences of ethnic minority women are not identical to those of White women. There is recognition that when we make progress on gender at senior levels it is more likely to inadvertently benefit White women over women of colour in organisations. This is why historically we have advocated in this report the importance of intersectional thinking, i.e. thinking about 'what kind of women' or 'what kind of people of colour'.

The Parker Review is currently discussing how to move forward on this thorny issue. The recent Black Lives Matter movement has raised awareness about persistent racial inequalities and generated public statements from senior leaders about racial equality at work. Recent experience reflects our participants' comments – compared to gender diversity, many HR professionals and organisational leaders are not 'race fluent'. Race fluency[45] refers to the degree of confidence and proficiency in understanding and articulating differences in experiences and career outcomes for employees of different ethnic backgrounds (including patterns of the experiences of White colleagues). This is the first stage of awareness-raising work necessary for change before substantive commitments can be made. After deeper understanding and awareness substantiated by increased race confidence, these commitments need to be backed up by much more tangible and forceful D&I actions within organisations, at personal and systemic levels, including by the use of voluntary targets to address ethnic inequalities at work.

4.2.6 COVID-19 and the D&I agenda

We enquired about the impact of COVID-19 on targets and the D&I agenda more broadly. Participants stressed both dangers and opportunities for D&I. One participant was very concerned about the impact:

> Huge impact [...]. I will start internally. It took out our momentum – for the first few weeks and months we were busy as an organization on surviving and moving everyone to work from home and making sure we were able to deliver. It took away the spotlight from our gender agenda, but now we are working on bringing it back on track. (Participant 8)

Others were keener to reflect on the positive outcomes of the health pandemic in terms of increased acceptance of flexible/remote working, whilst noting the differential effects on women and ethnic minorities:

[45] Adapted from Atewologun, D. (2018). Minority ethnic careers in professional services firms. In *Research Handbook of Diversity and Careers*. Edward Elgar Publishing, and http://deltaalphapsi.com/our-insights/race-fluency/

> I don't think our focus will change. We are incredibly blessed that [the organisation] has prioritized D&I and also with our ability to work from home. So actually, working from home has been more effective than working in the office. The thing that worries me is the differential effects of Covid-19 on groups such as women and BAME. (Participant 4)

> Covid has demonstrated that we can be working remotely, and I am now hearing White males in their 50s previously stalwarts of people tied to the office, now seeing the benefit of this alternative working. (Participant 6)

A participant pointed out that two immediate downsides were women shouldering most of the responsibilities back home and that disrupted their ability to work and the fact that more women are losing their jobs. While many participants reflected on the uneven effects of the lockdown on women's careers, there were few tangible ideas about how this impact will be mitigated to preserve the organisation's gender balance goals in the long term:

> The biggest downer is that although we tell ourselves that we are in the journey for equality and equal rights, then came Covid and brought us 100 years back. [...] I realized that equality wasn't achieved because men and women are carrying the equal burden, it was achieved because women were able to outsource their gender roles and have nannies and cooks and cleaners. The second you couldn't have that because there was lockdown [...], it came back to being the woman's responsibility. And for me, this is the most depressing part. (Participant 8)

> People are at home with kids or with their elderly parents and invariably that is going to impact women more than it is going to impact others. [...] Anecdotally, we are hearing feedback from women 'I don't even care about being promoted any more' and that is something never heard before at [our organisation] until now. So that is very troubling for us. (Participant 4)

On the upside, remote and flexible working was seen as a chance to level the playing field when it comes to accessing career-enhancing opportunities, regardless of location:

> Covid gives us a massive opportunity to do [central resourcing] because we are not geographically tied any more – that person could be sat in Manchester, Glasgow, Birmingham or London, it makes not a blind bit of difference to the client because we are not travelling to the client. So people in various geographic locations can have wider opportunities if we can centralize them and have a bit more oversight when giving the opportunities out. (Participant 3)

> I think we should challenge ourselves as an organization on location-based roles going forward. My position would be that you would clearly have to explain why a role has to be location-based now if everyone is working remotely. Now that opens up your talent market around diversity... that could be amazing. (Participant 2)

Clearly there need to be many serious discussions everywhere on the future structure of work, but as one managing partner summed up:

> We have done surveys and people's mental health oscillates and it does feel as if we are in for the long haul as people's mood goes down, but 90% of the people said they didn't want to return to the office full-time. (Participant 3)

Working from home, flexible working and the possibility of reduced hours to save jobs re all on the agenda as we move forwards. However, organisations should remain vigilant to the gendered effects these alternative ways of working can have on people's careers, particularly in the context of the lockdown. If these initiatives are used appropriately they could go some way to protecting those most vulnerable to the negative fallout of the lockdown.

4.3 Conclusion and recommendations

The evidence reviewed and the interviews with senior leaders involved in driving targets point to a few key issues when it comes to using voluntary diversity targets:

- Attitudes towards targets are changing and **targets are becoming normalised** D&I practice across leading British and global companies. While the use of **gender** targets is widespread and seen as relatively unproblematic, companies feel less equipped to address **race and ethnicity** in general, and through targets. Corporate commitments to racial equality at work need to materialise through more tangible actions.
- In **making the case for diversity targets** within organisations, it is important to address concerns about meritocracy by explaining that targets do not undermine, but rather enable meritocracy. Moreover, framing diversity goals, as with any other business objective that requires tangible indicators, enhances the acceptance of targets.
- **Ambitiousness** of targets chosen is best considered within a specific organisational and sectoral context. However, while there is emphasis on setting realistic targets in practitioner literature, academic literature and some of our interview accounts suggest that more ambitious targets can drive increased representation and mobilise organisations into action. We thus encourage organisations to consider the value of more stretching targets.
- **Accountability** remains a pressing issue in the implementation of targets. Devolved accountability needs to be specified in greater detail in the implementation of targets by articulating how the overall corporate target will be cascaded at local level. Moreover, organisations more mature in their journey of using targets are more prepared to hardwire accountability for targets' achievement through leadership performance and remuneration. There is unease to use these practices in organisations early on in the journey. Effective accountability mechanisms are essential in order to embed target setting in organisational cultures.
- Targets can be a **tool for culture change** rather than a tick-box exercise, when implemented long-term, thoroughly and ambitiously. Targets create scrutiny and unroot bias across key talent management processes, fostering a more data-driven approach to people decisions and a more systemic focus on inclusion.
- Looking ahead, organisations need to address more proactively the **long-term effects of the current pandemic on the pipeline of female talent**. Despite a general awareness that the lockdown has had disparate effects on women's careers, there are no tangible actions considered to buffer this disproportionate impact. Conversely, the pandemic opens up opportunities to progress the D&I agenda through an enhanced focus on flexible/remote working and on wellbeing.

We would like to thank senior leaders in the following organisations who shared their insights and experiences with us in the context of our research: Amdocs, EY, Foot Anstey, Grant Thornton, Google, M&G Prudential, Volvo.

EY sharing practice: Using targets in the UK firm

Public targets

In 2019, EY published a commitment to double the proportion of female and ethnic minority talent in its **UK partnership** to 40% female and 20% BAME by July 2025. In July 2020, EY went further by announcing new anti-racism commitments, including a goal that 15% of its BAME Partner appointments would be Black. To embed a focus on achieving this public commitment, each business unit has a new suite of D&I metrics based on improving the representation and inclusion of female and BAME talent at all levels of the firm. These metrics are given the same level of focus and scrutiny as any other business KPIs.

- To achieve the **Partner representation** shift, there is an in-year target to improve female Partner representation by 2% and BAME Partner representation by 1%. The aim is to increase that percentage each year until 2025.
- EY monitors recruitment at every level of the firm through a diversity lens, from apprentices through to Partner level.
- **Resourcing teams at EY** utilise data to analyse and monitor **work allocation** rates, checking for any potential differences based on gender or ethnicity. This is monitored through monthly reports reviewed by Service Line Talent Leaders and D&I Partner Sponsors and forms part of EY's quarterly business reviews.
- EY conducts regular surveys amongst its people, at both a UK and global level. These surveys include questions around inclusion to assess the firm's culture. For example, questions such as "At EY, I feel my contributions are recognized and appreciated" and "EY provides a work environment where I feel free to be myself" are closely monitored for any divergencies based on gender or ethnicity.
- In addition, underperformance, promotions, pay and bonuses are also tracked closely.

What makes them effective?

The steps taken by EY's Resourcing team are having a particularly positive impact and are encouraging powerful conversations across the UK business and putting gender and ethnic diversity at the front of mind in crucial 'business as usual' decision making.

EY's actions to accelerate the diversity of its UK Partnership are also driving change. In the first year after introducing the targets, female representation in the UK partnership grew 2% to 22% female Partners and improved by 1% to 11% ethnic minority Partners.

EY's people surveys have helped to engage the firm's business leaders who want to understand their teams and take action to create a more inclusive culture. Over the last four years, there has been greater parity in the survey responses from men and women, albeit there is still more work to do in closing the gap for some other minority groups.

Year-end promotion and progression outcomes are scrutinised closely. EY has developed mechanisms to capture potential promotion and progression decisions at an earlier stage in the process to ensure that interventions can be made when required. This has been a priority for all areas of the UK business.

EY recognises the importance of transparent reporting and published its gender pay gap six months ahead of the Government's regulatory deadline. EY has also gone beyond the Government's regulations by publishing its ethnicity pay gap, sexual orientation and disability pay gaps. In 2020, the firm has also committed to publishing its Black pay gap.

Transparency is key to EY's business and values; having targets allows the data to be accessible and visible to all.

Lessons learned

Data and targets are a key focus for EY but the firm is clear about the importance of cultural and behavioural change and that targets should not be prioritised at the expense of understanding the underlying barriers to diversity and inclusion. Targets are only part of the picture and will not stand alone without a commitment to, and action plan to achieve, a culture of equality.

Section 5: Concluding remarks

FTSE 350 companies should be congratulated on their progress of appointing women to their corporate boards. FTSE 100 boards have already met the Hampton-Alexander target and are at 34.5% women on their boards with FTSE 250 only a little behind them at 31.9%.

Last year we raised the concern of possible symbolic appointments since women NEDs were likely to have shorter tenures than their male counterparts and very few of them were promoted into senior roles. Interestingly tenure is less of an issue this year, but we continue to see few women in either SID or Chair roles (there is a slight increase to eight women in Chair roles this year). This is worrying. We have seen huge numbers of women being appointed into NED roles over the past ten years, when the Davies Review was established, so there is simply no excuse for why more women are not being promoted into these roles. This year we saw a significant rise in the number of board committees, yet no rise in the percentage of women chairing them – why is this?

The number of women in executive roles remains stubbornly low. Given the recent evidence demonstrating the success of female political leaders in managing the health pandemic, it is time to reflect on why we still have 95 male CEOs in the FTSE 100. Our analysis this year of the relationship between having a critical mass of women on FTSE 100 boards and the number of women in senior leadership positions clearly shows that it is not enough just to have a critical mass of women NEDs. It is essential to also have women in influential roles on the board who have voices that are going to be heard and acted on, such as EDs, committee chairs and women with interlocking board roles.

We finish the report with a study of how varied organisations are using voluntary targets to drive gender balance internally. What we have found is that whilst the UK was unusual in driving gender balanced boards and senior management teams through targets (and not quotas), the Davies and Hampton-Alexander Reviews have established targets as a normal business practice and the targets set by them have shaped the targets set by organisations internally. This is a very worthy legacy from the Reviews and hopefully offers some useful lessons on how to energise the work addressing the lack of ethnicity on boards and beyond. When implemented thoroughly and ambitiously, targets contribute to culture change by creating systemic scrutiny and change across talent management processes and hierarchical ranks. Key challenges moving forward are to find more effective ways of embedding accountability for targets within organisations, to ensure a more intersectional approach in target setting and to address proactively the effects of the pandemic on pipelines of female talent.

APPENDIX – Methodology for section 2.4

Data and methods

In order to determine the influence of different board roles we first disaggregated the roles into the following five indicators (causal conditions):

- a critical mass of female NEDs,
- a critical mass of female EDs,
- one or more female committee chairs,
- the presence of female interlinked board members,
- the presence of a female Senior Independent Director (SID) or Board Chair.

The outcome of interest was the presence of a critical mass of female senior executives. The definition of senior executives for this study includes members of the Executive Committee and their direct reports.

A database was assembled with details on the causal conditions above for FTSE 100 companies with information found on BoardEx. Data for the FTSE 100 senior executive levels was obtained from the Hampton-Alexander Review 20193 (the 2020 Hampton-Alexander Review was not available at the time of writing this report). The six conditions above (five conditions and one outcome) were analysed using QCA, specifically fuzzy set QCA (fsQCA).

Calibration

In order to proceed with an fsQCA analysis, values in the conditions need to be assigned a fuzzy membership score through the process of calibration. Calibration is a process where interval variables are transformed into fuzzy set membership scores between 0 and 1, representing the degree of membership in a condition. 0 represents full non-membership while 1 represents full membership in a set. A crossover point is identified and represents the point of maximum ambiguity (i.e. neither in nor out of the membership) (Fiss, 201114; Ragin, 200816). The process of calibration requires the identification of qualitative anchors for full membership, full non-membership and a crossover point in the membership set.

Calibration allows us to determine the extent to which each of the conditions and the configurations are in the set of 'critical mass'. Theoretical and practical knowledge assists in identifying these qualitative anchors. The qualitative anchors for determining what critical mass is in this study will be grounded in critical mass theory. Critical mass theory posits that until a minority group reaches a threshold in terms of numbers or percentages of the overall group, their degree of influence is compromised. A critical mass then, is the point at which the numerical minority is mitigated, and more fulsome participation is realised. Extant research pegs critical mass anywhere between 25% and 33% (Bilimoria, 20064; Ely, 199546 ; Kanter, 197747 ; Konrad, Kramer and Erkut, 20086). For this study, 33% has been chosen to represent full membership in the critical mass set, while 0% will represent full non-membership. The crossover point will be set at 25%, the lower bound of critical mass discussed above, which was selected to represent neither critical mass nor the absence of critical mass. Any values at 25% or above will be assigned a membership score of .5 or above and will be based on their relative position of being in the full membership set of critical mass. Any values below 25% will be assigned a membership score of less than .5 and reflect their relative position in being in the non-membership set of critical mass. These qualitative anchors were used to calibrate the percentage of women NEDs, EDs and senior executive management.

The condition for female chairs was calibrated by specifying full membership for companies having one female committee chair and full non-membership for companies with no female chairs. This crossover point was set at the mid-range of .5.

The condition for interlinked board members was first calculated by taking the total number of public boards all the women board members sat on for each company and then taking the the average. This average was calibrated where 1 represented full non-membership reflecting the fact that female board members who sit on one board only are not interlinked; 4 was selected to represent full membership, which was the highest average in the sample and a crossover point was set at 2.

Finally, the presence of SIDs or Board Chairs is a dichotomous variable and therefore does not require calibration. 1 was assigned to those companies that had either a female SID or female Board Chair and 0 was assigned where there were none. Table 1A summarises the threshold values for calibration.

Table 1a: Threshold values for calibration

Condition	Fully in	Crossover (point of maximum ambiguity)	Fully out
Critical mass female of NEDs	33%	25%	0%
Critical mass female of NEDs	33%	25%	0%
Female interlinked board members	1	0.5	0
Female interlinked board members	4	2	1
Senior executives	33%	25%	0%
SID or Board Chair*	1		0
*This condition is already dichotomous and therefore does not need to be calibrated			

Procedure

In order to identify causal configurations fsQCA proceeds in three steps. The first step is to construct a truth table that will consist of 2k rows where k is the number of causal conditions. In this case we have five causal conditions indicating 32 possible configurations. Membership scores are assigned to the causal configuration based on the degree of their membership in the configuration. Gender diverse cases, i.e. those companies with a value greater than .5 in the fuzzy set, are included in the truth table. In total 87 cases (companies) had a membership score greater than .5 in the causal configuration and are included in Table 2A. These are distributed across nine unique configurations.

[46] Ely, R.J. (1995) 'The Power In Demography: Women'S Social Constructions Of Gender Identity At Work', *Academy of Management Journal*, 38(3), pp. 589–634.

[46] Kanter, R.M. (1977) 'Some Effects of Proportions on Group Life: Skewed Sex Ratios and Responses to Token Women', *Source: American Journal of Sociology*, 82(5), pp. 965–990.

Table 2a: Possible and empirical configurations for causal conditions

NED	ED	SID/ Board Chair	Inter Linked	Committee Chair	Cases	Senior Executive	Raw consist.	PRI consist.	SYM consist.
1	0	0	1	1	37		0.744356	0.568206	0.719728
1	0	1	1	1	17		0.717251	0.565934	0.710345
1	1	0	1	1	10		0.874236	0.791908	0.852255
1	1	1	1	1	8		0.982434	0.978626	1
1	0	0	1	0	8		0.812195	0.588236	0.763889
1	1	0	1	0	3		0.991119	0.984127	1
1	0	1	1	0	2		1	1	1
0	1	0	1	1	1		1	1	1
0	0	0	1	1	1		0.8375	0.442857	0.442857
0	0	0	0	0	0				
1	0	0	0	0	0				
0	1	0	0	0	0				
1	1	0	0	0	0				
0	0	1	0	0	0				
1	0	1	0	0	0				
0	1	1	0	0	0				
1	1	1	0	0	0				
0	0	0	1	0	0				
0	1	0	1	0	0				
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1	1	1	1	0	0				
0	0	0	0	1	0				
1	0	0	0	1	0				
0	1	0	0	1	0				
1	1	0	0	1	0				
0	0	1	0	1	0				
1	0	1	0	1	0				
0	1	1	0	1	0				
1	1	1	0	1	0				
0	0	1	1	1	0				
0	1	1	1	1	0				

The next step in the analysis is to apply minimum consistency and frequency thresholds. Applying a minimum consistency threshold ensures that the configurations consistently lead to the outcome. Those configurations at or above the minimum consistency threshold are assigned a 1, which signifies that the configuration leads to the outcome most of the time. Those configurations whose consistencies are less than the threshold are assigned a 0, representing considerable inconsistency in leading to the outcome. We selected the recommended consistency threshold of .8 (Greckhamer et al., 2018[48]). Table 3a shows the final configurations to be analysed.

Table 3a: Causal configuration table

NED	ED	SID/ Board Chair	Inter Linked	Committee Chair	Cases	Senior Executive	Raw consist.	PRI consist.	SYM consist.
1	0	1	1	0	2	1	1	1	1
0	1	0	1	1	1	1	1	1	1
1	1	0	1	0	3	1	0.991119	0.984127	1
1	1	1	1	1	8	1	0.982434	0.978626	1
1	1	0	1	1	10	1	0.874236	0.791908	0.852255
0	0	0	1	1	1	1	0.8375	0.442857	0.442857
1	0	0	1	0	8	1	0.812195	0.588236	0.763889
1	0	0	1	1	37	0	0.744356	0.568206	0.719728
1	0	1	1	1	17	0	0.717251	0.565934	0.710345

A final step is logical minimisation using an algorithm to identify and eliminate redundant conditions and produce a final solution table (see Table 7). The algorithm takes into account both the degree of inconsistency and the set membership scores to weight the relevance of each case. The configurations remaining are each sufficient to produce the outcome.

[48] Greckhamer, T., Furnari, S., Fiss, P.C. and Aguilera, R.V. (2018) 'Studying configurations with qualitative comparative analysis: Best practices in strategy and organization research', *Strategic Organization*, 16(4) Sage Publications Ltd, pp. 482–495.

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Elena's research expertise is in the careers and leadership experiences of women and ethnic minorities in organizations. Her work uncovers organizational processes accounting for the lack of diversity in leadership. Across different projects she has examined head-hunters' board selection practices and their impact on gender balance on corporate boards; promotion processes and leadership journeys for women and ethnic minority professionals in corporations and professional services firms; gender bias in 360 developmental feedback provided to leaders; diversity targets; and gendered experiences of organisational politics for leaders. She has published in journals of recognized international excellence such as The Leadership Quarterly, Human Relations, Human Resource Management Journal, and British Journal of Management. Elena has co-authored the Female FTSE Report since 2009, which has informed the Davies and Hampton-Alexander Reviews. She has led the research on targets in this year's report. Her research has been sponsored or endorsed by organizations such as Aviva, EY, KPMG, Barclays, the Equality and Human Rights Commission, and the Government Equalities Office. Elena is a regular speaker at international academic and practitioner conferences (e.g. IBM Business Connect, European Parliament, Professional Women's Network) and regularly draws on her expertise to advise organizations and policy makers on ways of supporting women leaders. As a business psychologist, she has been involved in diversity management and leadership development programmes. Elena is a member of the British Academy of Management and was a Fulbright scholar at Northwestern University, USA. In 2020, she was elected Representative-at-Large on the executive committee of the Academy of Management, Gender and Diversity in Organisations Division.

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