



CMI Submission to Women on Boards Consultation

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Introduction

The Chartered Management Institute (CMI) welcomes the opportunity to submit evidence to BIS in its consultation on addressing the under-representation of women on the boards of UK companies. CMI is the UK's only chartered professional body for management and leadership. With 88,000 members across the UK, we are dedicated to raising standards of management and leadership across all sectors, thereby improving business productivity and national wellbeing.

CMI agrees that women are under represented in the boardrooms of UK companies and believes that businesses will benefit from greater diversity in the boardroom. Leading employers understand and accept the business case for diversity and we believe that the case extends to the boardroom. Companies would benefit from drawing on a wider talent pool and more diverse perspectives by appointing more women to board positions. However, Ruth Spellman, CMI's Chief Executive, has recently warned that "the glass ceiling remains in place and has been reinforced with concrete". We support the Government's aim of smashing this ceiling and increasing the representation of women in the boardrooms of British companies.

CMI actively supports women in management and leadership positions, with nearly one third of our membership being female – a number that is growing year-on-year, with half of our younger members being women. A number of specific CMI initiatives support women, including the Women in Management Network. This network provides a supportive and dynamic environment for female managers in all sectors, facilitating the exchange of ideas, good practice and impartial advice. Another example is the Ambitious Women toolkit, available at www.managers.org.uk/glassceiling, which was launched in August 2010. The toolkit contains practical advice for women on issues including how to challenge unequal pay, returning to work after maternity leave, and, critically, how to ask for access to skills development to support career progression. An 'Ask the Expert' service is offered for specific questions relating to equality and diversity and there is also information to help employers offer better support to women workers and cultivate female talent. We would be happy to discuss these initiatives in more detail with the Department and how, as a professional body, we may be able to further promote the adoption of good practice among our membership.

The under representation of women in the boardroom

Under representation of women in the boardroom has to be seen in the context of an under-representation of women in the management profession as a whole. Women constitute a minority of the management population: only 12 per cent of women are managers and senior officials, compared to 19 per cent of men (ONS, Focus on Gender – Labour Force Survey data 2008). Although the management population is set to expand from 4.8m to 5.7m over the next seven years, projections published by the UK Commission for Employment and Skills show that "men get the lion's share of jobs in the managers and senior official category" (*Working Futures 2007-2017*, 2008). The effect of this could be to limit the talent pool of female managers in senior posts who are the future directors of UK businesses.

The situation may also be seen in the context of the ongoing gender pay gap. The National Management Salary Survey published by CMI and XpertHR shows that women continue to be underpaid compared to men. This may have contributed to the survey's finding that women are more ready to leave their jobs than men – and the view that many women prefer to opt out of corporate life, which is perceived to have treated them unfairly. As CMI's paper to the 2009 Treasury Select Committee inquiry into Women in the City (enclosed) showed, the pay gap between women and men is not only at its biggest at director level in absolute terms, but in percentage terms, reaching 16.6 per cent at director level. This suggests that the perceived rewards for women of reaching the top levels of business are less than for men.

In terms of progression to senior posts, research carried out by CMI and IES for the DWP has highlighted that factors such as work-life balance are often more important to women than to men in making job choices: 27 per cent identify it as an important factor compared to 23 per cent of men. Similarly, 23 per cent of women say that a reasonable travel time to work is important, compared to 15 per cent of men. However, men were more likely to cite remuneration (39 compared to 32 per

cent) and factors such as “ability to influence strategic decisions” (25 compared to 21 per cent) (*Management Recruitment: understanding routes to greater diversity*, CMI, 2008).

Sandra Pollock, National Chair of the Women in Management (WiM) Network which CMI supports, has pointed out that there can be resistance to appointing women to boards and few get the opportunity to work at this level – sometimes because it is felt that they do not ‘fit’. However, she points out: “My experience as a management consultant and a woman is that neither do many men ‘fit’ initially, but many are given the encouragement, training, flexibility of opportunity, coaching and mentoring, etc. to help them to ‘fit’.”

CMI’s membership has included an increasing proportion of female managers in recent years, and is currently around 30% of total membership. Building on our activity in this area, CMI is currently developing a proposal for research among the management population to explore the barriers to women reaching more senior management posts and the potential detrimental impact on business performance. It will also explore the aspirations of senior women managers, in light of the emerging view that many women would prefer to start up their own businesses rather than opt for the corporate life on FTSE boards. We would be happy to discuss this with Government.

Potential actions to achieve the aim of more women being recruited to the boardroom

Debate about the policy options to promote gender equality on the boards of listed companies has naturally focused on the immediate mechanisms for affecting the composition of boards, such as quotas. Many CMI members are deeply sceptical about the justification for such quotas. Feedback has been gathered through CMI’s online forums, where one female member commented “I would much rather reach the boardroom based on merit than any forced quota. All women want is a fair crack of the whip, not to be patronised.” Another member suggested that quotas will “achieve nothing but resentment and will detract from those women who do make the boardroom entirely on merit”. Such sentiments are typical of a majority of CMI members and there is a strong preference for measures which help women reach senior management roles, putting them in a position to be able to make the move to the boardroom on merit, rather than on the basis of quotas.

However, some responses, such as Sandra Pollock’s response from the Women in Management Network, do accept the justification for quotas. She argues that “if 40+ years of asking kindly for women to be treated and paid equally and fairly has not worked, then... it is right that the Government look very seriously at doing something to make it work”.

A less bureaucratic measure may be the use of “soft” quotas in the form of a voluntary charter for better representation of women, which the Fawcett Society has pointed out are being used in Germany (*Breaking the Mould for Women Leaders*, 2008). Such measures could be measured by Government or relevant partners – such as, for instance, professional bodies – to celebrate success among those listed companies who do improve gender representation, and perhaps to ‘name and shame’ those who do not comply over a defined time period.

If Government decides to move towards quotas – whether obligatory or “soft” quotas – then such a policy must be based on the premise that a suitable time lead is required for companies to achieve a rebalancing of boardrooms. CMI supports the Government’s intention to move rapidly to effect change but a policy that destabilised company boards by requiring major changes in board memberships in too short a short time frame would risk damaging UK plc.

Beyond the question of quotas, an alternative approach would be to require that interviews for any board appointment should include at least one woman. This has the benefit of avoiding the sense of “tokenism” which could undermine women who are appointed to boards under a quota requirement, as women would still be required to achieve their appointment on merit. However, it may help to focus recruiters on the talent that does exist among senior female managers and help open the door to the boardroom.

Furthermore, CMI believes that the Government should not restrict its policy to measures immediately focused on the boardroom. More needs to be done to encourage women to aspire to reach the top of business and to encourage more women into the management profession. We have evidence that

women managers are less likely to aim for the top of their organisations. Thirty-one per cent of men say they would like to become a CEO, compared to 21 per cent of women. Fewer female managers than male managers would like to become a board director (30 per cent compared with 20 per cent) or non-executive director (23 per cent compared with 17 per cent). (*Management Recruitment: understanding routes to greater diversity*, CMI, 2008). While the reasons may be complex, we believe this mismatch is to the detriment of UK organisations who would benefit from higher levels of ambition and the widening of the talent pool at senior levels.

Women also need to be supported with greater access to management development activities in order to ensure that they develop the skills necessary to operate at the highest levels of business. Development activities, including formal qualifications, can play an important role in career progression: two thirds of the managers surveyed for our 2008 report on diversity felt that having the right qualifications is a key selection criterion for senior management appointments. This is therefore one of the areas addressed by CMI's Ambitious Women's toolkit (www.managers.org.uk/glassceiling) in order to help female managers access the development opportunities required to reach their full potential. Government can encourage the spread of good practice and we would be pleased to work with the Government to promote this.

Raising aspiration should also be supported among younger women, as the Women and Work Commission identified in 2006. The careers profession and the new all-age careers service being developed by the Government should actively encourage women's aspiration for senior management posts. CMI looks forward to supporting this work through the role of our Chief Executive, Ruth Spellman OBE, who has been asked to chair the new Careers Alliance group of careers bodies. Government should also support independent initiatives such as the CMI Academy, our new programme to give young people to develop professional management skills alongside their studies whether in school, FE or HE. Such schemes may help raise young women's aspirations.

The Government is also right to maintain its commitment to family friendly policies, such as the right to request flexible working, which CMI members have consistently supported. Indeed, CMI has supported the extension of the right to request flexible working to all employees, which can help to counter any resentment at perceived special treatment for women or parents. Providing women with the tools to help manage the impact of starting a family, so they do not feel forced to exit the workforce when they have children, is critical. Some of these tools are provided by employers, not Government: as Sue Street, a CMI Companion and strategic advisor to Deloitte has said, many organisations offer family friendly benefits "that I would have killed for as a working mum" (*Management Today*, November 2010). However, Government should promote the adoption of good practice, for example through employer networks, which professional bodies can help to facilitate.

For instance, CMI has highlighted one firm which has taken steps to improve its policies, the law firm Eversheds. Caroline Wilson, Eversheds' Head of Diversity and CSR has said: "Our lifestyle policy, which places emphasis on flexible working, is just one of the ways that we support our colleagues, including mothers and carers; helping them to balance their commitments whilst continuing to deliver the best possible service for our global clients. Traditionally, it would have been seen as a big deal for a partner to leave the office at 5pm, but due to our remote working options, we've found ways to help our colleagues continue to be client-centred, whatever their circumstances." Helping to disseminate information about the experience of implementing such changes can help persuade other employers to take the necessary action.

Conclusion

We welcome the Government's commitment to take action to increase the representation of women in the boardroom. This commitment is right not only for reasons of fairness but because it will be to the benefit of business to draw on a wider talent pool and a diversity of viewpoints.

We would welcome the opportunity to work with BIS to contribute further to this important agenda. Please contact either Petra Wilton, Director of Policy and Research, or Patrick Woodman, CMI Policy & Research Manager, on 020 7421 2704 or at policy.development@managers.org.uk.