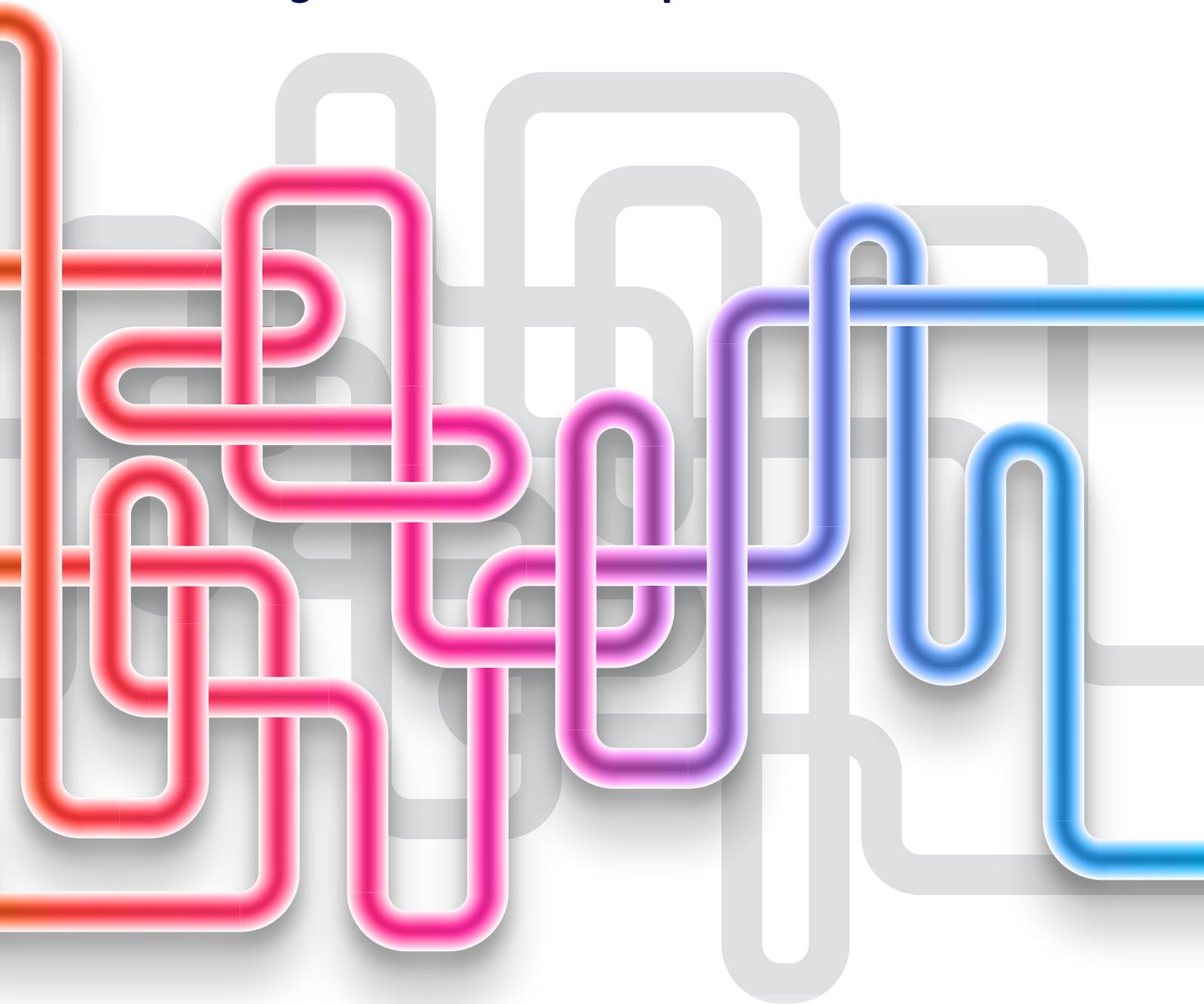


# Executive Women in the Workplace Inquiry

## **Building the Executive Pipeline of Talent**



Mary Macleod MP and Dr Thérèse Coffey MP

Conservative Women's Forum

June 2013

Sponsored by





### **About Dr Thérèse Coffey MP**

Thérèse is the Member of Parliament for Suffolk Coastal. After receiving a PhD in Chemistry at University College London she moved to Hampshire to work for Mars. While at Mars she trained as a chartered management accountant and became Finance Director for Mars Drinks UK. Before becoming a Member of Parliament in May 2010, Thérèse worked for the BBC in the Property Finance department.

Thérèse is Parliamentary Private Secretary to Rt Hon Michael Fallon MP, Minister of State for Business and Enterprise and Minister of State for Energy. Thérèse previously served a member of the DCMS Select Committee between 2010-2012.

### **About Mary Macleod MP**

Mary was elected as Member of Parliament in May 2010 for Brentford and Isleworth in West London. She previously had twenty years of business experience, in banking with ABN AMRO and RBS, as a management consultant with Accenture and served as Policy Advisor to HM The Queen.

She is Parliamentary Private Secretary to the Secretary of State for Culture, Media and Sport and Minister for Women and Equalities and has been appointed by the Prime Minister as Small Business Ambassador for London. Mary is also Chairman of the All Party Parliamentary Group for Women in Parliament, a Trustee of the Industry Parliament Trust and a member of the RAF in the Armed Forces Parliamentary Scheme.

Outside politics she is on the Advisory Board of Career Academies UK and Learning for Life, Trustee of the Holland Park School Trust and a Fellow of the Royal Society of Arts.

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# Foreword from Rt Hon Maria Miller MP

The Government is committed to harnessing the full potential of women in the workplace across the country and since 2010 there has been an array of tangible achievements. However, there is no doubt that we want to see greater gender equality in the boardroom. We believe there are many talented women across this country that have the ability to take on senior executive roles based on their talent, skills and experience but who find themselves faced with barriers in the workplace that prevent them from fulfilling their potential.



The Women's Business Council has done fantastic work and has just launched its inaugural report. We will make sure we drive forward its recommendations. Equally, Lord Davies' latest Women on Boards report highlighted the excellent progress that has been made so far, with an increase of nearly 40% in the number of women on boards. However, we need to maintain momentum to achieve 25% female boardroom representation in our listed companies by 2015.

The key challenge for the future though lies in increasing the number of women in executive positions right throughout an organisation at every level. Since 2010, the number of women at Executive Director level in the FTSE 100 has increased and we are making progress but more needs to be done. The picture is starkly painted by the fact that in spite of 60 per cent of graduates leaving university being women, there are currently only three female CEOs in the FTSE 100. I therefore welcome the contribution made by the Executive Women in the Workplace report from the Conservative Women's Forum in highlighting this issue.

The Government remains committed to a business-led approach to improving gender diversity in the workplace, delivering increased business performance and improved corporate governance and decision making. Along with the work of Lord Davies and the Women's Business Council, we will continue working together to unlock the potential in our female pipeline of talent in the UK.

A handwritten signature in black ink that reads "Maria Miller". The signature is written in a cursive, flowing style.

Rt Hon Maria Miller MP

*Secretary of State for Culture, Media and Sport and Minister for Women and Equalities*

# Foreword from Michel van der Bel

At Microsoft we value not only difference but also the free and voluntary expression of diverse perspectives. These perspectives, when outspoken and actively encouraged, liberate our employees to bring their whole selves to work and give us insights into the needs and wants of our diverse customers. We encourage all employees to come as they are but this had to cascade from our leadership team to ensure a culture of acceptance, creativity and collaboration. We believe that through our employees and especially our leadership team we must be reflective of our gender balanced society so that we can better serve our customers and provide them with the products and services they want to buy. Enabling women into those leadership roles via a robust talent pipeline is therefore crucial for the future and so I'm delighted that we are able to support this valuable Report and many other initiatives of this kind.



Over the last few years we have seen that businesses with gender diverse boards consistently outperform on share price and sales revenue, are more resistant to recession and are more agile to cope with the changing demands of customers. As a consumer driven business in a market where 66% of IT purchases are made by women having a deep understanding of women as customers across all levels of our business is not just nice to have, it is critical. Our leaders in particular need to understand and represent this consumer base and I'm proud that at Microsoft we have a gender diverse board and provide a working environment that has been celebrated as one of The Times Top 50 for women in the UK. Whether it's through the insights we'll gain from this latest Report or collaboration through 'Think, Act, Report' it is vital that British industry works together to create greater gender balance on our boards and across our employee populace.

We have been tracking and targeting female representation on hiring and in role, broken down by seniority for many years and feel that only by understanding what is happening in detail, can we build programmes that really make a difference. For us, there are three pillars to address gender balance in the workplace. Firstly Representation, the need to ensure we are creating a talent pipeline of women. Whether that be inspiring girls in schools in to great careers through access to female role models or working with education professionals to create engaging learning experiences. Two great examples of how we are doing this are the Digigirlz and Kodu Kup programmes that we have created. We believe that that the key to inspiring older girls into IT careers is by explaining how they can make a difference to people's lives and communities by demonstrating how we are addressing societal challenges externally and also working responsibly internally.

Secondly Inclusion, we are responsible for creating an engaging workplace that respects different life styles and supports employees flexibly throughout the shifts and changes life throws at us, is malleable enough to help them maintain control when things get tough and perform at their best by being responsive to new kinds of needs. We can only do this through ongoing consultation and employee driven practice and policy review enabled by our strong employee networks.

Finally Innovation, by focusing on the business case and competitive advantage of having a diverse and inclusive environment, we're able to harness the creativity and infinite possibilities of having people with different perspectives working on solutions together. With insight and an agile and challenging mindset we can solve problems more innovatively, with greater understanding and less risk of failure. Within this report we have included a case study where you will find more detail on the programmes we have delivered and the positive difference they have made to female representation across our business. I hope that by sharing what we have learnt, we will help to illuminate the importance of this issue and help elevate women in business across the UK.

We are delighted to be able to support this Report, giving UK industry a valuable insight in to what is working for others. Only through sharing of best practice, lessons learnt and aspirations can we hope to succeed together in creating more gender balanced boards for UK business which will support the UK economy and growth for us all in the future.

A handwritten signature in black ink, appearing to read 'Michel van der Bel', written in a cursive style.

Michel van der Bel

*Managing Director, Microsoft UK*



# Executive Summary and Recommendations

## Introduction

Following the leadership of the 2011 Lord Davies report commissioned by the Government, female participation on FTSE 100 boards has jumped from 10.5 % in 2010 to 17.3 % this year and women now account for 34 % of new appointments.<sup>1</sup> There is no room for complacency but the trend is substantially in the right direction.

FTSE chairmen are increasingly persuaded of the business case for greater numbers of women in senior corporate positions, thanks to the growing body of evidence demonstrating that increased gender diversity brings higher financial returns. More and more companies are recognising the value of diversity in order to access a wider talent pool, develop a better mix of leadership styles and maximise business performance.

However, progress to date has largely been driven by increases in non-executive director (NED) appointments. By contrast, the figures for women in executive positions are stark:<sup>2</sup>

- 3 % of FTSE 100 CEOs are female, down from 5 % in 2011;
- 5.8 % of executive directors are women, down from 6.6 % last year;
- Women on executive committees have fallen to 15.3 % from 18.1 % in 2009 and 16.3 % in 2007.

Our inquiry was therefore launched to explore how to increase the numbers of senior female executives and to build the executive pipeline of talent in order to provide a sustainable source of future executive directors.

During our research we received evidence from executives (both male and female), companies, coaches, mentors, headhunters, investors and the Government. In this report we outline a number of specific recommendations for companies, executive women and the Government which will help strengthen the female executive pipeline and make the most of the UK's female talent.

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<sup>1</sup> Lord Davies of Abersoch, "Women on Boards: Second Annual Review", April 2013, p.2

<sup>2</sup> All figures from Cranfield University School of Management, "Female FTSE Reports" 2007-13

## Summary of Recommendations

“If we fail to unlock the potential of women in the labour market, we’re not only failing those individuals, we’re failing our whole economy.”

Rt Hon David Cameron MP, BBC News, 9th Feb 2012

Companies, Headhunters and Investors	Collect and publish detailed data on pipeline	Establish mentoring and sponsorship programmes	Formalise career break and 'return to work' schemes	Implement 'unconscious bias' training
	Normalise flexible and part-time working	Inspire the next generation	Headhunters: Extend Voluntary Code of Conduct	Investors: Raise gender diversity with companies
Executive Women	Actively seek out both mentors and sponsors	Take on P&L and international roles early in career	Seek "stretch" assignments	
	Apply for coaching	Establish and use networks to increase spheres of influence	Be willing to negotiate	
Government	Extend gender diversity reporting to senior management	Bring forward Tax-Free Childcare policy and look at easing the transition period on return to work		
	Improve careers advice for girls, particularly in STEM	Extend Lord Davies' work to include public sector and professional services		

## Part 1: Companies, Headhunters and Investors

An ever-increasing body of research demonstrates that firms with more diverse leadership enjoy higher financial returns as well as improved corporate governance, leadership and decision-making. However, for maximum effect, gender diversity should be owned and led by the companies themselves rather than mandated by Government.

Business leaders' starting point should be a detailed knowledge of their pipelines. Different sectors have leakages and blockages at different stages so that companies must know their own numbers. Publishing pipeline data, for instance as advocated by the "Think, Act, Report" initiative, may also benefit a company's reputation among clients, employees and investors. Having measured and published their pipeline data, businesses need to drive gender diversity from the very top down with clear, measureable objectives in order to achieve a major difference.

**1. *Collect and publish detailed data on pipeline.* Businesses will focus on what they can measure. We encourage companies to collect and publish data on their pipelines and to drive gender diversity from CEO and board level down with clear objectives on gender diversity. One way to achieve this in a comprehensive manner is to commit to the "Think, Act Report" initiative. Data published should include the numbers of male and female employees at each level of management, the numbers of employees promoted by gender, the average pay gap between genders at each rank and attrition rates at each level by gender.**

Companies can offer women more support through mentoring programmes which can be a valuable means of providing guidance, role models and confidence. As well as cross-company initiatives we also encourage companies to adopt the best practice of internal mentoring for women at all levels. Furthermore, women are less likely than men to have a sponsor to advocate actively for them. Companies' senior management can take steps to redress this imbalance.

**2. *Establish mentoring and sponsorship programmes.* We encourage mentoring and sponsorship which can support women in the pipeline. Companies should establish internal mentoring programmes for women (or for male and female staff jointly) at all levels of the pipeline and participate in the Mentoring Foundation's cross-company pipeline programme, currently at pilot stage. We also recommend that companies require their senior executives to sponsor women in the pipeline as part of their top talent management.**

Women who have taken a career break for family reasons are well-trained and experienced and companies should make every effort to keep them in the pipeline. Research highlights the importance of commitment from the top of an organisation to embed practice and we hope companies will look at formalised schemes both for career breaks and for when women return to work. Such initiatives would cost much less than the price paid for losing women in whom a business may have invested for years.

**3. *Formalise career break and "return to work" schemes.* Companies should formalise their career break and return to work schemes in order to ease the transition period when women return to work. Formalised schemes could include providing funding and technology to allow those on career breaks to maintain contact with their colleagues, organising periodic catch-up meetings with line managers and establishing a refresher programme for those returning to work.**

In major companies where senior levels are male-dominated, “unconscious bias” damages women’s chances. Training to recognise unconscious bias through self-assessment tests or workshops is increasingly common and, so long as the results are put into practice, is a simple, cheap but effective tool. Our witnesses were strongly supportive of its beneficial impact, with one even claiming it to be the first step in transforming company hiring practices and making the most fundamental difference of any corporate policy.<sup>3</sup>

**4. *Implement “unconscious bias” training.* We recommend that companies introduce unconscious bias training universally for all levels of management and in-depth training for those in HR roles and actively involved in recruitment and career development.**

Many companies retain a culture demanding long hours spent in the office preventing the effective use of flexible or part-time working. This overwhelmingly affects women who may be blocked from promotion and may drain from the pipeline by leaving the company. An individual’s worth to a company should be judged on their talent rather than their contract type, and, above all, it is in businesses’ interests to retain and promote talent.

**5. *Normalise flexible and part-time working.* We encourage companies to review the culture within their organisations regarding part-time and flexible working so that talent does not drain from the pipeline. Our evidence indicates that the best means of normalising flexible and part-time working is to ensure it is a non-gender issue.**

In a society in which only 12% of graduate engineers (of whom there are already not enough) are female,<sup>4</sup> the pipeline does not start when a woman enters the workforce but in universities and schools. Evidence shows that girls break the mould when they have direct inspirational contact. We encourage companies to provide this transformative impact.

**6. *Inspire the next generation.* Companies and organisations should participate fully in schools, colleges and universities to inspire the next generation of women during subject and career choices.**

Headhunters play a critical role in increasing the numbers of women put forward for senior level positions. We welcome the new Voluntary Code of Conduct but feel that the Code could be strengthened, in particular by extending its focus below board level since the current Code often aims solely at boardroom diversity.

**7. *Headhunters: Extend Voluntary Code of Conduct.* Executive search firms should extend their Voluntary Code of Conduct so that it aims to improve gender diversity at senior executive levels as well as boards. Conversely, we expect companies to demand diverse lists from headhunters when filling executive positions.**

Our evidence has uncovered a mixed picture of investors raising the issue of diversity with investee companies. Indeed, one FTSE 100 Chairman revealed to us no shareholders had ever raised diversity in a meeting.<sup>5</sup> We hope our recommendations on reporting (see recommendations 1 and 10) will

<sup>3</sup> Oral Evidence, Q34 [Nigel Whitehead, BAE Systems]

<sup>4</sup> Ibid., Q1 [Nigel Whitehead, BAE Systems]

<sup>5</sup> Ibid., Q314 [Alison Carnwath, Land Securities]

improve investors' awareness but also feel shareholders still need to be more proactive, particularly by engaging with companies about their pipelines rather than taking a tick-box approach covering only board level.

**8. *Investors: Raise gender diversity with companies.* We urge investors to raise gender diversity in the pipeline more often with their investee companies. If the companies do not convince them of their efforts to harness their female talent throughout their pipelines investors should consider abstaining or voting against the re-election of chairmen of Nomination Committees.**

## Part 2: Executive Women

Efforts to strengthen the female pipeline will remain a challenge until the wider corporate culture changes and every level of the pipeline is addressed. Nonetheless, women in the pipeline must also take responsibility for their own career and personal development. During our inquiry we have heard from various successful female executives who advised us of the steps aspirant women can take. In general, our witnesses argued that women can put themselves forward more and think more strategically earlier about their career paths. At present, women are less likely than men to seek out a sponsor; negotiate pay or promotion; and they often progress into functional roles, unable to attain critical assignment positions or profit and loss (P&L) experience, and hence are not viewed as having the skills to be a future board member.

**9. *Executive women to take proactive action.* While we believe corporate culture needs to change to leverage female talent, women in the pipeline must also take responsibility for their own career and personal development. We encourage them to consider steps advised by successful female executives such as:**

- Knowing the difference between a sponsor and a mentor and actively seeking out both;
- Aiming early in their careers to reach roles involving general management and P&L responsibility and international experience;
- Looking for critical or stretch assignment positions which may be reputation-building;
- Putting themselves forward for coaching to build confidence, network better, move to better roles more frequently, "sell" themselves and their achievements;
- Establishing and using networks to increase their sphere of influence;
- Being willing to negotiate, including about promotion, salary and conditions of employment.

## Part 3: Government

The executive pipeline is of major importance to UK PLC because of the business case as well as promoting fairness in gender diversity. This issue should be business-led but the Government should raise awareness and encourage progress, and where necessary, legislate.

While we welcome the Government's current approach which expects companies to publish data voluntarily (see recommendation 1), there are also regulatory requirements to report on numbers of women in a company's workforce, executive committee and board. The executive pipeline is not witnessing the progress made at board level and research highlights how few companies collect and publish data already. This requirement for reporting should therefore be extended into the pipeline.

**10. *Extend gender diversity reporting to senior management.* We recommend that the Government extends the requirement for listed companies to report on gender diversity in their strategic reports to include three levels of senior management below the executive committee.**

The UK's childcare costs are the second highest in the OECD.<sup>6</sup> Average childcare price rises last year were more than four times the increase in average earnings.<sup>7</sup> We strongly welcome the Government's new policy but fear that, if these trends continue, by the time of full implementation of the scheme cost may dwarf support. There is also merit in exploring increased support for the transitional return to work period when parents' adjustment is most profound, childcare costs highest and their salaries lower than later in their careers.

**11. *Bring forward Tax-Free Childcare policy and look at easing the transition period on return to work.* We strongly support the Government's new Tax-Free Childcare policy but hope it can be brought forward to 2014 to maximise the support it offers to working families. We also call upon the Government to look at prioritising support for parents in the transitional period as they return to work.**

It has been estimated that closing the gender skills gap would add up to £23bn to the economy.<sup>8</sup> We welcome the Government's reforms to careers advice but believe more could be done to consider the gender challenges and in particular to increase the numbers of women taking science, technology, engineering and maths (STEM) subjects.

**12. *Improve careers advice for girls, particularly in STEM.* We ask the Government to assess the gender challenges involved in careers advice and careers choices, in particular with a view to improving the low numbers of girls taking STEM subjects. Ofsted should also make this a priority in its upcoming thematic review of careers advice.**

<sup>6</sup> OECD; Guardian, "Child Care Costs: How the UK Compares with the World", May 2012

<sup>7</sup> Average childcare costs of all types across Great Britain rose by over 6% last year; Daycare Trust and Family Parenting Institute, "Childcare Costs Survey 2013", March 2013, p.11. Average annual earnings increased by 1.5%; ONS Annual Survey of Hours and Earnings Statistic Bulletin, November 2012, p.1

<sup>8</sup> Women and Work Commission, "Shaping a Fairer Future", 2006, p.6

Finally, the progress the Government makes is significant both in itself and as a model for the corporate world. We welcome the ambitious 50 % target set for public appointments but in the past decade the figure has decreased from 39 % to 33 %, <sup>9</sup> and the Public Appointments Commissioner believes the target is unlikely to be reached.<sup>10</sup> The professional services industry faces similar challenges to FTSE companies as well as specific issues arising from the client-facing nature of the industry. Progress is mixed, however, and a man joining a top law firm is ten times more likely to make partner than a woman.<sup>11</sup> As a result in both cases we believe better understanding and further action are necessary.

**13. *Extend Lord Davies' work to include public sector and professional services. We challenge the public sector and the professional services to embrace gender diversity at the highest levels. We believe fresh impetus is needed in both cases to replicate the progress made in FTSE boardrooms. The Government should extend the remit of Lord Davies' work in order to cover the public sector and the professional services. This will make a real difference to the opportunities for women in all sectors to achieve their potential.***

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<sup>9</sup> Commissioner for Public Appointments, "Annual Report 2011-12", October 2012, p.14; Commissioner for Public Appointments, "Seventh Report 2001-2", 2002, p.17

<sup>10</sup> Commissioner for Public Appointments, October 2012, p.6

<sup>11</sup> 30 % Club, "The 30 % Club Takes Action to Accelerate Female Talent Development", 18/4/13, <http://www.30percentclub.org.uk/press/the-30-club-takes-action-to-accelerate-female-talent-development/> [accessed 31/5/13]

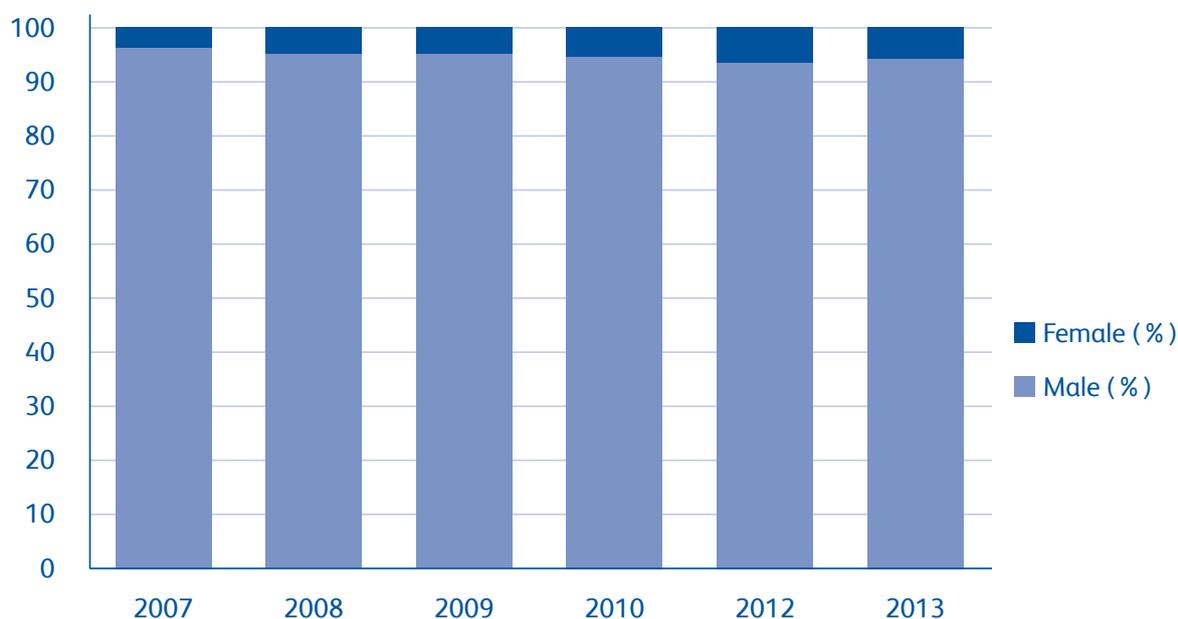
# Background

Following the leadership of the 2011 Lord Davies report commissioned by the Government, female participation on FTSE 100 boards has jumped from 10.5 % in 2010 to 17.3 % this year and women now account for 34 % of new appointments.<sup>12</sup> There is no room for complacency but the trend is substantially in the right direction.

This welcome progress is not, however, wholly uniform: looking specifically at numbers of executive women gives a different picture. Today there are just 3 female FTSE 100 CEOs (Angela Ahrendts at Burberry, Alison Cooper at Imperial Tobacco and Carolyn McCall at EasyJet) compared to 4 last year and 5 in 2011.<sup>13</sup>

Similarly, just 5.8 % of Executive Directors (EDs) in the FTSE 100 are female, a decline from 6.6 % in 2012. Over the course of a decade there has been slow growth (from 3.7 % in 2003)<sup>14</sup> but from a very low base, and the proportion of new appointments as EDs. Just 2 out of the 31 new EDs last year were women.<sup>15</sup> We highlight the FTSE 100 companies with the most female EDs in Table 1 at the end of this part of the report.

**Figure 1: A Long Way to Go**  
FTSE 100 Executive Directors by Gender



Source: Cranfield Female FTSE Reports 2007-13; NB no data available for 2011

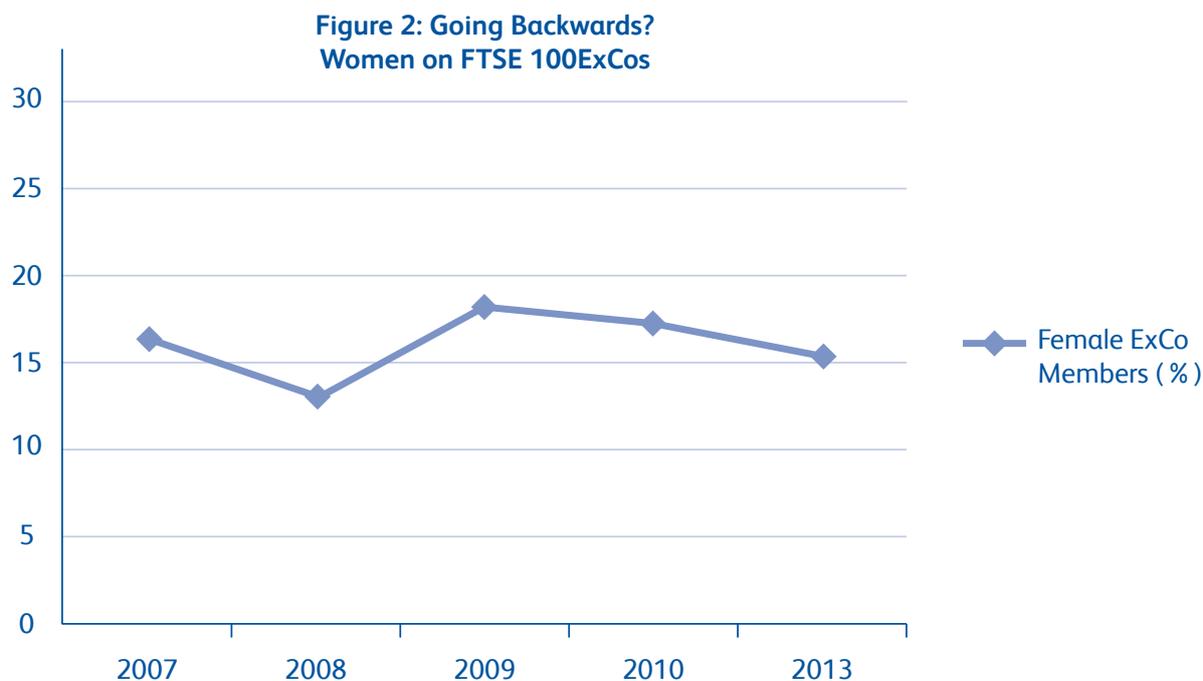
<sup>12</sup> Lord Davies, April 2013, p.2

<sup>13</sup> Cranfield University School of Management, 2011-13

<sup>14</sup> Ibid., 2005-13

<sup>15</sup> Ibid., March 2013, p.15

Even more striking is the degree of female participation at the tier below the board, variously named but for simplicity referred to here as the Executive Committee (ExCo). The present figure is that 15.3 % of positions on ExCos are held by women, representing a decline from a peak of 18.1 % in 2009 and lower even than in 2007 (16.3 %).<sup>16</sup> In short, in terms of female participation among the executives who actually run UK PLC's top companies, we are in a worse position today than six years ago. Table 2 at the end of this part of the report names the companies with the most women on their ExCos.



Source: Cranfield Female FTSE Reports 2007-13; NB no data available for ExCos for 2011-12

It is impossible to assess the figures below this level. The majority of companies are either unwilling or unable to state the number of women in the executive levels of their workforce.

The dearth of senior female executives is not unique to the very top companies. Of FTSE 250 companies:<sup>17</sup>

- 7 CEOs are female (just 2.8 %);
- 5.4 % EDs are female, a slight increase on previous years (4.6 % in 2012, 4.2 % in 2010);
- 17.0 % of senior executives are female, compared to 16.6 % in 2010.

A global analysis of women in senior management found a 3 % upward trend in numbers, mostly thanks to an improvement in diversity in major companies in emerging markets like China.<sup>18</sup> The UK is slipping behind while competitors across the globe are making progress.

<sup>16</sup> Ibid., 2007-13

<sup>17</sup> Ibid., 2010-13

<sup>18</sup> Grant Thornton, "International Business Report 2013: Women in Senior Management: Setting the Stage for Growth", March 2013, p.2

# 1 Companies, Headhunters and Investors

Gender diversity in the executive pipelines of talent of major UK companies must be owned and led by the companies themselves. They employ the men and women in their pipeline, they shape their workplace culture and they stand to benefit from the advantages which a strengthened pipeline can bring. In this part we outline the business case for action and outline specific steps which companies can take to improve their pipelines.

## 1.1 The Business Case

By and large our witnesses were optimistic about the prospects for increased numbers of senior executive women; a major step forward has been the strengthening of the business case for increased diversity. Female participation at executive levels is now viewed from two perspectives: while the case for equality in its own right remains as strong as ever, unsurprisingly for major companies it is the business case for improved financial returns and corporate governance which really strikes a chord.

Significantly, a number of studies have found a correlation between more gender-diverse companies and higher financial returns. A report in 2004 by Catalyst looked at 353 Fortune 500 companies over a period of four years, finding that those with the highest representation of women in their senior management teams experienced the best financial performance across all industries, both in terms of Return on Equity (ROE, 35.1 % higher) and Total Return to Shareholders (TRS, 34.0 % higher).<sup>19</sup>

McKinsey & Co. undertook a similar study in 2007 as part of its “Women Matter” programme, selecting 89 listed companies across Europe with the highest number of women in their senior management and comparing their financial performance with the rest of their sectors. On average, these companies outperformed their sector in terms of ROE (by 10 %), Earnings Before Interest and Taxes (EBIT, by 48 %) and stock price growth (by 36 %).<sup>20</sup>

The business case for more executive women:

- Higher financial returns
- Improved corporate governance
- Improved leadership and decision-making
- A wider talent pool
- Connection with the key consumers of society

<sup>19</sup> Catalyst, “The Bottom Line: Connecting Corporate Performance and Gender Diversity”, January 2004, p.2

<sup>20</sup> McKinsey & Co., “Women Matter 2007: Gender Diversity, a Corporate Performance Driver”, 2007, p.14

Most recently, a report by Credit Suisse's research division revealed that, globally, companies with one or more women on their boards outperformed those without any in terms of share performance, ROE and growth.<sup>21</sup> Other studies have also reached similar conclusions about the financial impact of women on boards or diversity more generally.<sup>22</sup> Causation would be impossible to prove because of the number of factors influencing the performance of a major company. Nonetheless, the evidence is robust.

Gender diversity has other arguments in its favour too: increased diversity is proven to enhance corporate governance, leadership and decision-making. McKinsey & Co.'s 2007 paper featured a second study, measuring companies against criteria of organisational excellence such as leadership, motivation and work environment and values. Those with three or more female senior managers significantly outscored the more male-dominated businesses.<sup>23</sup> Very similar findings were made by a Canadian research team looking specifically at board level.<sup>24</sup>

Leadership and decision-making is also thought to improve in a gender-diverse team: McKinsey & Co.'s 2008 study reinforced its previous findings, concluding that women apply five leadership behaviours more often than men ("people development", "expectation and rewards", "role model", "inspiration" and "participative decision-making").<sup>25</sup> Additional research has found that a more diverse, less homogeneous team can help avoid the possibility of group-think and thereby improve decision-making;<sup>26</sup> work by Professor Katherine W. Phillips et al. has also revealed that individuals prepare more thoroughly for work in a diverse team, debate a wider range of angles and are more likely to come to the correct decision.<sup>27</sup>

Two further points can be made to support the case for a stronger executive pipeline of talent. Women represent half the population and, owing to the fact that women comprise 57% of graduates entering the workforce,<sup>28</sup> arguably the majority of the executive talent pool for businesses. As such, any company not aiming for a gender-diverse pipeline is narrowing its available talent.

Finally, women are the key consumers in society, making 70% of household purchasing decisions and holding half the nation's wealth.<sup>29</sup> Businesses, particularly those which are customer-facing, are compromising on their ability to connect with a large majority of their customers if they neglect the female perspective.

We consider that this strong, multi-faceted business case should be the central inspiration for companies to act on gender diversity. More women at senior levels means better financial returns, better corporate governance, better leadership, better decision-making, a better talent pool and better connections with customers. Companies quite simply cannot afford not to strengthen their pipelines.

<sup>21</sup> Credit Suisse Research Institute, "Gender Diversity and Corporate Performance", August 2012

<sup>22</sup> Catalyst, "The Bottom Line: Connecting Corporate Performance and Women's Representation on Boards", 2007; C. Herring, "Does Diversity Pay? Race, Gender and the Business Case for Diversity", *American Sociological Review* 74 (2009), pp.208-224

<sup>23</sup> McKinsey & Co., 2007, p.12

<sup>24</sup> D.A.H. Brown et al., "Women on Boards: Not Just the Right Thing...but the Bright Thing", May 2002, p.13

<sup>25</sup> McKinsey & Co., "Women Matter 2: Female Leadership: A Competitive Edge for the Future", 2008, p.6

<sup>26</sup> L.M. Maznevski, "Understanding our Differences: Performance in Decision-making Groups with Diverse Members", *Human Relations* 47.5 (1994), pp.531-52

<sup>27</sup> K.W. Phillips et al., "The Value of Diversity in Organizations: A Social Psychological Perspective" in: D. De Cremer et al. (eds.), *Social Psychology and Organizations*, New York, 2011, pp.253-271; K.W. Phillips, D.L. Loyd, "When Surface and Deep-level Diversity Collide: The Effects of Dissenting Group Members," *Organizational Behavior and Human Decision Processes* 99 (2006), pp.143-160.

<sup>28</sup> Higher Education Statistics Agency: *Destination of Leavers from Higher Education, 2010/11*

<sup>29</sup> Lord Davies, "Women on Boards", April 2011, p.9

## 1.2 Data Measurement and Publication

Business leaders' starting point should be a detailed knowledge of their pipelines. Different sectors have leakages and blockages at different stages so that companies must know their own numbers. Publishing pipeline data, for instance as advocated by the "Think, Act, Report" initiative, may also benefit a company's reputation among clients, employees and investors. Having measured and published their pipeline data, businesses need to drive gender diversity from the very top down with clear, measureable objectives in order to achieve a major difference.

Knowing the numbers has an impact: research by McKinsey & Co. found that companies which know their numbers are 2.4 times more likely to have transformative diversity policies.<sup>30</sup> This was corroborated by an example from RBS: the company studied its entry level statistics for its investment bank division and discovered only 23 % of the intake was female.<sup>31</sup> Thanks to this information, the company was able to alter its graduate recruitment programme and subsequently to measure its progress. Its intake is now 45 % female. Microsoft provides a further example of the effect of data measurement in the best practice case study below. Their use of benchmarking and target-setting has had proven success which we commend.

The McKinsey & Co. report recommended that "the data should go deep",<sup>32</sup> suggesting that companies should collate, at a minimum, the proportion of women at each level of employment, pay levels, attrition rates and promotion ratios.<sup>33</sup> We agree that the collection of data of this nature would be useful for companies and should be encouraged. As Rebecca Salt of Balfour Beatty told us, the key point is to find where women are dropping out or are being prevented from rising higher,<sup>34</sup> or as Ruby McGregor-Smith CBE, CEO of MITIE, stated, "to understand the barriers at every single level that stop you being an equal employer".<sup>35</sup>

A second reason why a company should know its numbers is that the shape of a company's pipeline can vary significantly by sector. A comparison of the comments of our witnesses illustrates this point. Several engineering companies underlined the basic challenge they have of recruiting women when only 12 % of graduate engineers in the UK are female.<sup>36</sup> Any efforts they make to increase female representation at more senior levels, such as setting aspirational targets at board and ExCo level as BAE Systems does,<sup>37</sup> will be contingent for their sustainability on improving the entry level.

Detailed knowledge of their pipelines is a fundamental starting point for companies

<sup>30</sup> McKinsey & Co., "Women Matter: Making the Breakthrough", March 2012, pp.15-16

<sup>31</sup> Oral Evidence, Q30 [Marjorie Strachan, RBS]; details of the steps RBS took to improve its graduate recruitment can be found as a case study in Cranfield University School of Management, March 2012, p.24

<sup>32</sup> McKinsey & Co., March 2012, p.16

<sup>33</sup> Ibid.

<sup>34</sup> Oral Evidence, Q102 [Rebecca Salt, Balfour Beatty]

<sup>35</sup> Ibid., Q191 [Ruby McGregor-Smith CBE, MITIE]

<sup>36</sup> Ibid., Q1 [Nigel Whitehead, BAE Systems]; Ibid., Q96 [Rebecca Salt, Balfour Beatty]; Written Evidence, Submission 2 [Cynthia Carroll, Anglo American]

<sup>37</sup> Oral Evidence, Q1 [Nigel Whitehead, BAE Systems]

This entry level problem is not shared by companies in other sectors: indeed, women comprise 57 % of overall graduate workforce entries in the UK.<sup>38</sup> Microsoft, for instance, despite suffering from a related problem of too few women taking computer science degrees, are relatively happy with their entry level and cite middle management as the key leakage point.<sup>39</sup> McKinsey & Co. demonstrated this point in its 2012 paper. It split the average percentage of women at each management tier by sector, showing how energy and basic materials companies have fewer women overall while financial services see a sharper drop at middle management.<sup>40</sup>

We also advocate that companies should publish the data which they collect. Seeing a competitor's numbers would encourage companies to match their rivals' best practice. Additionally, prospective and existing employees would be able to analyse companies' gender records and factor this into their career decisions. One witness told us of the concerns she had for her daughter's career, but that publication of company data would allow her to see how companies' stated policies translated into action.<sup>41</sup>

Similarly, transparent publication of pipeline data would allow clients and investors to see companies' diversity profiles and act accordingly. Companies would be aware that clients and investors could view the data. We heard evidence that clients are now "more conscious of the fact that they should be confronted with diverse teams."<sup>42</sup> This source of pressure could only be enhanced by increased reporting.

Gender diversity needs to be driven from the board and CEO level down

Companies reporting their numbers voluntarily could also build a good reputation for their ethics and values. Two of our witnesses independently put forward an analogy with how companies are held to account for their environmental record thanks to transparency. As Jill May, formerly a Managing Director at UBS, told us:

*"All major companies now report on their environmental footprint or carbon usage of X, Y and Z. That wasn't the case ten years ago. I don't think there was any environmental reporting and yet now it's totally transparent and anybody who is remotely concerned can look at UBS, can look at Sainsbury's, they can look at anything and they can compare."*<sup>43</sup>

Lastly, once a company has collected and published its data, it needs to be aware how to use it effectively. It is known that the most transformative impact is made when initiatives are owned by the whole business and driven by the CEO and board from the very top down.<sup>44</sup> If a company's senior executives know their numbers and can set measurable targets for their improvement they will stand a much better chance of strengthening their pipeline.

<sup>38</sup> Higher Education Statistics Agency: Destination of Leavers from Higher Education, 2010/11

<sup>39</sup> Oral Evidence, Q21 [Anna Fullerton-Batten, Microsoft]

<sup>40</sup> McKinsey & Co., 2012, p.8

<sup>41</sup> Oral Evidence, Q154 [Jill May, formerly UBS]

<sup>42</sup> Ibid., Q150 [Jill May, formerly UBS]

<sup>43</sup> Ibid., Q154 [Jill May, formerly UBS]; Ibid., Q94 [Kate Grussing, Sapphire Partners]

<sup>44</sup> McKinsey & Co., 2012, p.15; Oral Evidence, Q265 [Dr Emily Lawson, McKinsey & Co.]

1. *Collect and publish detailed data on pipeline.* Businesses will focus on what they can measure. We encourage companies to collect and publish data on their pipelines and to drive gender diversity from CEO and board level down with clear objectives on gender diversity. One way to achieve this in a comprehensive manner is to commit to the “Think, Act Report” initiative. Data published should include the numbers of male and female employees at each level of management, the numbers of employees promoted by gender, the average pay gap between genders at each rank and attrition rates at each level by gender.

# Case Study:

## Microsoft's Benchmarking and Targeting

At Microsoft we believe that diversity enriches our performance and our products, the communities where we live and work and the lives of our employees. Consequently we recognise the importance of ensuring we achieve a greater gender balance in our workforce. We engage a 3rd party to benchmark the IT industry gender representation figures annually for every country in which we operate, and from that we apply targets for each subsidiary. The targets span female representation at all levels such as Senior Management, Management, Technical, Non-Technical, Graduate and all up representation as a % of our UK population. We track in-role, hiring and attrition by actual numbers of women and by percentage and we help the business by reporting in real terms the number of hires it would take to reach target. Our delivery against these targets is then tracked on a 3 year rolling basis so that we continue to drive improvement even if the target has been exceeded.

Leaders, Managers, HR Managers and Recruiters work collaboratively with D&I Business Sponsors to ensure that individual business division challenges are tackled and company-wide initiatives are delivered. Reporting is coordinated centrally, delivered monthly and leaders are held accountable through their objectives. Through careful and transparent management, collaboration, innovative strategy and cultural change we have seen the number of female senior managers climb to 14 % above industry target, female managers more than 3 % above target and technical women more than 5 % above target; all three of which we considered to be the most difficult to overcome for our industry. We've also seen female attrition reduced by 6 % in the last 12 months and over 30 % of our UK Executive Board are women.

We've employed a wide range of enablers to exceed these targets ranging from clear executive commitment, which is communicated regularly and embedded in to all key messages, recruitment processes have evolved to ensure all senior management succession plans and CV shortlists have at least 1 female candidate. We have also implemented training for Managers and Recruiters on unconscious bias, selling Microsoft's broad and inclusive culture and benefits to candidates with varying needs, understanding the value of different perspectives to drive innovation, and the business case for diversity and inclusion. We've also worked hard to change the perception of our business externally to ensure it is viewed as a place where women can thrive by commissioning an in-depth research study in to the drivers and experiences of women who work in tech. This has been complemented by a strong outreach programme aimed at top female talent delivering career development and community focussed content. All of which is accompanied by the repositioning of D&I as not just a series of programmes for select groups but rather the provision of a more inclusive, supportive and responsive environment for all.

## 1.3 Mentoring and Sponsorship

Companies can offer women more support through mentoring programmes which can provide guidance, role models and confidence.

We have heard during our evidence about the internal mentoring programmes which some companies have established. McKinsey & Co., for instance, run a scheme involving mentoring for women at all levels of the pipeline.<sup>45</sup> We consider this to be best practice with the potential to have impact throughout the pipeline and thereby act as a useful means of combating a dominant culture and unconscious bias. We hope other companies follow a similar approach in establishing pipeline mentoring programmes for female executives at all levels.

The Mentoring Foundation's FTSE 100 Cross-Company Mentoring Executive Programme has proved highly successful, with 82 out of 103 women involved to date going onto a senior executive position, a board or a non-corporate equivalent.<sup>46</sup> The Foundation is piloting a sister scheme in recognition of the importance of the challenges in the executive pipeline of talent; we await the evaluation later this year but hope that it is deemed successful enough to be rolled out to the full number of companies signed up to the Foundation. We encourage other companies to participate in the programme as a potentially effective means of strengthening their pipelines.

Sponsorship was also highlighted during our inquiry; it differs from mentoring by being less formal, involving senior figures being willing to pick up the phone, speak up for and network for a protégé. Having a sponsor can confer a statistical career benefit such as better chance of a pay rise and of a stretch assignment. In the United States this was estimated at 22-30%,<sup>47</sup> while a study in the UK found sponsored women are 52% more likely to move up the pipeline.<sup>48</sup>

Women with sponsors are 52% more likely to progress up the pipeline

However, while a number of mentoring programmes now exist for women, the same does not apply for sponsorship since men stand a better chance of having sponsors.<sup>49</sup> Executive women could be more proactive in finding a sponsor, as suggested in part 2 of this report, but companies can also take steps to enhance sponsorship as part of their top talent management. If companies were to require senior executives to sponsor women in the pipeline it could help redress the gender imbalance while leaving individuals free to find their own sponsees, preserving the natural chemistry vital to effective sponsorship.

<sup>45</sup> Oral Evidence, Q272 [Dr Emily Lawson, McKinsey & Co.]

<sup>46</sup> Ibid., Q262 [Peninah Thomson OBE, Mentoring Foundation]

<sup>47</sup> Centre for Work-Life Policy, "The Sponsor Effect: Breaking Through the Last Glass Ceiling", January 2011

<sup>48</sup> Centre for Talent Innovation, "Sponsor Effect: UK", June 2012

<sup>49</sup> H. Ibarra, N.M. Carter & C. Silva, "Why Men Still Get More Promotions Than Women", Harvard Business Review, September 2010; Centre for Work-Life Policy, January 2011

- 2. Establish mentoring and sponsorship programmes. We encourage mentoring and sponsorship which can support women in the pipeline. Companies should establish internal mentoring programmes for women (or for male and female staff jointly) at all levels of the pipeline and participate in the Mentoring Foundation’s cross-company pipeline programme, currently at pilot stage. We also recommend that companies require their senior executives to sponsor women in the pipeline as part of their top talent management.**

## 1.4 Career Break and Return to Work Schemes

Childcare is a universal pipeline issue. Some women will always drop out of the pipeline at this point but both companies and Government could do more to limit leakage and make coming back to work a more attractive prospect. We examine how Government can help in section 3.2 but look here at two areas where companies are performing poorly, namely with career break and return to work schemes.

Our witnesses agreed that this transitional period during a career break and return to work is not covered by many companies at the present time. Alison Carnwath, the only female chairman in the FTSE 100, made this clear:

*“Those that have families and have children find it mostly very difficult to keep engaged with an employer, and then come back after four or five years and slot in. I think just more needs to be done in the workplace[...]the world of business is not yet set up for this.”*<sup>50</sup>

Dr Heather McGregor, Managing Director of headhunters Taylor Bennett, illustrated this with the case of a woman in a telecoms company who unexpectedly had a third child, “but there was nobody there to say to her there would be or could be a strategy.”<sup>51</sup> Women at this age are well-trained and experienced and companies should make every effort to keep them in the pipeline, as evidenced by the outcome of this case: the woman in question, having stayed current through her own efforts and the suggestions of Dr McGregor, three years later moved to a competitor and is now in a senior finance position.<sup>52</sup> Another witness, a former female executive, agreed, saying the conversation and strategic advice a woman needs at this time is “a critical element missing”.<sup>53</sup>

As this example indicates, a career break does not have to prevent a woman returning to the pipeline. Dr McGregor also gave the example of Anne Spackman, until recently the comment editor of the Times. Before having children she worked for the Independent and was able to negotiate with the Editor in order to work from home as the Housing correspondent, enabling her to stay current in her profession.<sup>54</sup>

These two cases demonstrate how women can return to the pipeline and move into senior positions following a career break. Having the right support, however, is vital. Instances of best practice arising from our investigation include Deloitte LLP’s transition coaching (see case study, below),<sup>55</sup> Standard Life’s “keep in touch” days and internal coaching<sup>56</sup> and BAE Systems’ maternity

<sup>50</sup> Oral Evidence, Q295 & Q304 [Alison Carnwath, Land Securities]

<sup>51</sup> Ibid., Q172 [Dr Heather McGregor, Taylor Bennett]

<sup>52</sup> Ibid.

<sup>53</sup> Written Evidence, Submission 5 [Helen Owers, formerly Thomson Reuters]

<sup>54</sup> Oral Evidence, Q173 [Dr Heather McGregor, Taylor Bennett]

<sup>55</sup> Ibid., Q288 [Louise Brett & Ama Afrifa-Kyei, Deloitte LLP]

<sup>56</sup> Written Evidence, Submission 3 [Jackie Hunt, Standard Life]

returners programme to recover contacts and ensure flexibility.<sup>57</sup> We welcome these schemes: although a woman on a career break will sometimes stay in touch informally with her peers, research shows company policies must be formalised and embedded from the top down in order to have real impact.<sup>58</sup> This makes an impact on the confidence of women, who if they remain engaged with the organisation and workplace during their career break, are more likely to feel confident to return.

We recognise that sometimes women will choose to leave, and nothing a company can do will change their mind. For the most part, though, businesses can take steps to ensure that women are able to choose by making a return to work more attractive.<sup>59</sup> Such initiatives would cost much less than the price paid for losing women in whom a business may have invested for years.

**3. Formalise career break and “return to work” schemes. Companies should formalise their career break and return to work schemes in order to ease the transition period when women return to work. Formalised schemes could include providing funding and technology to allow those on career breaks to maintain contact with their colleagues, organising periodic catch-up meetings with line managers and establishing a refresher programme for those returning to work.**

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<sup>57</sup> Oral Evidence, Q44 [Nigel Whitehead, BAE Systems]

<sup>58</sup> McKinsey & Co., 2012, p.15; Oral Evidence, Q265 [Dr Emily Lawson, McKinsey & Co.]

<sup>59</sup> Oral Evidence, Q244 [Amanda Mackenzie, Aviva]

# Case Study:

## Deloitte LLP's Transition Coaching Programme

Returning from maternity leave is seen as one of the most difficult times to maintain career momentum and re-integrate fully into the business. Deloitte's transition coaching programme supports individuals by not only attracting and retaining the best talent, but also increasing the confidence and motivation of employees returning to work after maternity leave.

The programme was specifically designed for primary carers of children who find themselves out of the business for an extended period of time. Coaching is also available to men who perform the role of primary adopter. Deloitte's transition coaching programme has created a more inclusive culture. The programme has retained women in the firm, where they could have potentially left prior to the programme being launched. Retention rates rose in FY11/12 from 82% to 93% among women returning from maternity leave. The programme is now accessible across the UK firm.

- 456 on-going live maternity cases
- 166 employees currently taking part in Transition 1-2-1 coaching
- 51% the average take up of Transition Coaching
- 86% of eligible women have taken part in a maternity webinar
- 68% of eligible men have taken part in a paternity webinar
- 30 the average number of new maternity cases per month
- 7 the average number of coaches per coach

## 1.5 Unconscious Bias Training

A recurrent theme during our research has been the impact of “unconscious bias”, and the steps companies are taking to mitigate it.

Unconscious bias describes how individuals’ behaviour is largely instinctive, involving implicit stereotypes and associations.<sup>60</sup> Unconscious bias might, for instance, involve seeing women as too much of a risk to appoint to a senior position or a critical role;<sup>61</sup> studies have also shown how the framing of job descriptions and salary negotiations can impact each gender differently, meaning that women may be disadvantaged.<sup>62</sup>

Unconscious bias can also include in-group bias, the tendency to evaluate one’s own group more favourably than others, leading to an instinct to seek out those similar to oneself and an unwitting bias in favour of a “mini-me” culture.<sup>63</sup> In the context of large companies which remain male-dominated at middle to senior management it unsurprisingly damages women’s chances of successful appointment or promotion. Indeed, a recent report concluded that unconscious bias is the primary barrier to women’s progression.<sup>64</sup>

An increasing number of companies are acknowledging the existence of unconscious bias. By its instinctive nature it cannot be easily eliminated but businesses are taking steps to mitigate its impact. Training to recognise one’s own biases is becoming more common, often beginning with senior management and HR, through self-assessment tests and workshops. These training sessions are relatively cheap and simple to put in place, as was confirmed by our evidence.<sup>65</sup> Additionally, as Anna Fullerton-Batten of Microsoft observed, because unconscious bias is instinctive, no direct blame can be attached, so that training tends to be well received by employees.<sup>66</sup>

Moreover, our witnesses were unanimous that training can be extremely effective, so long as the results are put into practice. Ruby McGregor-Smith CBE related how her employees were not always convinced about the worth of some types of training but this was not a problem in the case of unconscious bias which was “very, very good”.<sup>67</sup> Marjorie Strachan of RBS commented “you see the light bulb going on”.<sup>68</sup> Louise Brett cited a specific type of unconscious bias training developed by Deloitte’s Australian practice which has had “a seismic shift”.<sup>69</sup> Nigel Whitehead of BAE Systems was the most emphatic, claiming that changing company hiring practices throughout the organisation, beginning with the use of unconscious bias training, makes the most fundamental difference of any company policy.<sup>70</sup>

<sup>60</sup> A.G. Greenwald & M.R. Banaji, “Implicit Social Cognition: Attitudes, Self-Esteem and Stereotypes”, *Psychological Review* 102.1 (1995), pp.4-27

<sup>61</sup> Oral Evidence, Q152 [Jill May, formerly UBS]; London Business School & Lehman Brothers Centre for Women in Business, “Inspiring Women: Corporate Best Practice in Europe”, 2007, p.5

<sup>62</sup> A. Leibbrandt & J.A. List, “Do Women Avoid Salary Negotiations? Evidence from a Large Scale Natural Field Experiment”, National Bureau of Economic Research Working Paper 18511, November 2012; L. Babcock & S. Laschever, *Women don’t ask: Negotiation and the Gender Divide*, 2003; D.A. Small et al., “Who Goes to the Bargaining Table? The Influence of Gender and Framing on the Initiation of Negotiation”, *Journal of Personality and Social Psychology* 93.4 (2007), p.610

<sup>63</sup> A. Page, “Unconscious Bias and the Limits of Director Independence”, *University of Illinois Law Review* 2009.1 (2009), p.252; Oral Evidence, Q152 [Jill May, formerly UBS]

<sup>64</sup> Harvey Nash, “The Balancing Act: A Study of how to Balance the Talent Pipeline in Business”, May 2013, p.5

<sup>65</sup> Oral Evidence, Q210 [Ruby McGregor-Smith CBE, MITIE]

<sup>66</sup> *Ibid.*, Q59 [Anna Fullerton-Batten, Microsoft]

<sup>67</sup> *Ibid.*, Q210 [Ruby McGregor-Smith CBE, MITIE]

<sup>68</sup> *Ibid.*, Q59 [Marjorie Strachan, RBS]

<sup>69</sup> *Ibid.*, Q264 [Louise Brett, Deloitte LLP]

<sup>70</sup> *Ibid.*, Q34 [Nigel Whitehead, BAE Systems]

In light of the apparent effectiveness of training at little cost, we propose companies follow the best practice of Standard Life, which is rolling out a course to all employees with further in-depth training for those in HR supporting recruitment and promotion.<sup>71</sup>

**4. Implement “unconscious bias” training. We recommend that companies introduce unconscious bias training universally for all levels of management and in-depth training for those in HR roles and actively involved in recruitment and career development.**

## 1.6 Flexible and Part-Time Working

Many companies have a variety of flexible and part-time policies which, if effectively used, can allow employees to stay in the pipeline and can add to productivity. This was the finding of a mass flexible working pilot,<sup>72</sup> and similarly a CIPD survey last year revealed that three quarters of businesses indicated a positive effect on employee motivation, employee engagement and staff retention, with just 3-4 % citing a negative impact.<sup>73</sup>

Numerous witnesses told us of the initiatives their businesses run, such as compressed hours, shorter working weeks, working from home, job sharing, and part-time working.<sup>74</sup> We welcome these initiatives and the fact that four out of five applications for flexible working are granted.<sup>75</sup> However, we feel these initiatives are being undermined by the culture in many companies valuing time in the office. Since women are three times more likely than men to work part-time this can have a large impact on the female pipeline.<sup>76</sup>

Our witnesses highlighted instances where women had been blocked from being promoted up the pipeline due to working part-time. An individual’s worth to a company should not be judged on this basis, particularly when there are indications greater flexibility can increase productivity. As well as being blocked from promotion, women may leak out of the pipeline: one witness told us that of those being turned down for part-time work, 85% left the company.<sup>77</sup> This runs contrary to a company’s interests: like career break and return schemes covered in section 1.4, businesses should be looking to retain and promote their talent, irrespective of their contract type.

Evidence demonstrates an effective way of removing this cultural barrier is to make flexible and part-time working a non-gender issue. Helena Morrissey CBE, CEO of Newton Investment Management, related how an unintended consequence of financial pressures forcing some staff to go part-time for a period removed prejudice because as many men as women took the offer, including senior male fund managers.<sup>78</sup> Dr Emily Lawson spoke of how McKinsey & Co.’s most

Three quarters of businesses say flexible working improves:

- Staff retention
- Employee engagement
- Employee motivation

<sup>71</sup> Written Evidence, Submission 3 [Jackie Hunt, Standard Life]

<sup>72</sup> “O2 releases the results of the UK’s biggest ever flexible working pilot”, 3/4/12, <http://news.o2.co.uk/?press-release=o2-releases-the-results-of-the-uks-biggest-ever-flexible-working-pilot> [accessed 24/5/13]; E.E. Kossek & C. Ozeki, “Bridging the work-family policy and productivity gap: a literature review”, *Community, Work and Family* 2.1 (1999), pp.7-32

<sup>73</sup> CIPD, “Flexible Working Provision and Uptake”, May 2012, p.3

<sup>74</sup> Written Evidence, Submission 3 [Jackie Hunt, Standard Life]; *Ibid.*, Submission 2 [Cynthia Carroll, Anglo American]; Oral Evidence, Q14 [Marjorie Strachan, RBS]; *Ibid.*, Q248 [Helena Morrissey CBE, Newton Investment Management]; *Ibid.*, Q276 [Louise Brett, Deloitte LLP]; *Ibid.*, Q280 [Dr Emily Lawson, McKinsey & Co.]

<sup>75</sup> *Ibid.*, Q353 [Jo Swinson MP, Minister for Women and Equalities]

<sup>76</sup> Government Equalities Office, November 2012, p.5

<sup>77</sup> Oral Evidence, Q26 [Anna Fullerton-Batten, Microsoft]

<sup>78</sup> *Ibid.*, Q248 [Helena Morrissey CBE, Newton Investment Management]

recent programme, giving a number of weeks of voluntary leave, has had equal uptake among men and women and also helped remove the cultural barrier around flexible working.<sup>79</sup>

**5. *Normalise flexible and part-time working.* We encourage companies to review the culture within their organisations regarding part-time and flexible working so that talent does not drain from the pipeline. Our evidence indicates that the best means of normalising flexible and part-time working is to ensure it is a non-gender issue.**

## 1.7 Inspire the Next Generation

Another common strand of our inquiry has been that the pipeline does not start with companies but in schools, colleges and universities. The UK has the 5th worst gender skills gap in both maths and science among the 65 PISA-ranked countries;<sup>80</sup> just 21.3 % of pupils taking Physics A Level in 2012 were female, and 30.0 % of those sitting Further Maths.<sup>81</sup> The challenge continues to universities, too, for instance only 12 % of graduate engineers are female.<sup>82</sup>

While Government can improve its career advice and broaden the career choices made by girls (see recommendation 12), companies can also have a transformative effect. A 2011 Ofsted report outlined that girls may hope to challenge gender stereotypes in theory but in practice make stereotypical choices and even from a young age have set ideas of what are “girls’ subjects”. The girls who are more likely to break the mould are those who have direct inspirational contact with a role model individual or business.<sup>83</sup>

We heard from witnesses such as BAE Systems about the efforts they are making to work with schools, colleges and universities, such as a school roadshow which inspires 25,000 schoolchildren across the country each year (more detail in the case study, below).<sup>84</sup> Similarly, Microsoft’s Digigirlz programme brings 200 girls to view the company per day.<sup>85</sup> We commend these companies’ initiatives as best practice which more businesses should follow.

**6. *Inspire the next generation.* Companies and organisations should participate fully in schools, colleges and universities to inspire the next generation of women during subject and career choices.**

<sup>79</sup> Ibid., Q281-2 [Dr Emily Lawson, McKinsey & Co.]

<sup>80</sup> OECD PISA 2009 data

<sup>81</sup> DfE; Guardian, “A-level results 2012: Breakdown by Subject, Gender and Region”, 16/8/12, <http://www.guardian.co.uk/news/datablog/2012/aug/16/a-level-results-data-gender-region-subject> [accessed 30/5/13]

<sup>82</sup> Oral Evidence, Q1 [Nigel Whitehead, BAE Systems]

<sup>83</sup> Ofsted, “Girls’ Career Ambitions”, April 2011, p.4

<sup>84</sup> Oral Evidence, Q1 [Nigel Whitehead, BAE Systems]

<sup>85</sup> Oral Evidence, Q17 [Anna Fullerton-Batten, Microsoft]

# Case Study:

## BAE Systems' Women in Engineering 2012

### Delivering skills for the future

#### Motivate

A 2010 report found that 45% of employers were having difficulty recruiting STEM skilled staff, while 59% of organisations expected difficulty in the next three years.

WISE (Women in Science and Engineering) also noted that in engineering, the predominantly male workforce is aging. In addition, nearly 100,000 female STEM graduates are either unemployed or economically inactive – a waste to the UK economy.

Whilst the number of young women studying STEM subjects at GCSE level has steadily increased over the past years, there is evidence that from A-levels onwards this trend has, at best, flat-lined; at worst, it is in decline.

BAE Systems is focused on attracting women into STEM related careers and addressing occupational segregation. With the sector facing a leaky pipeline of female talent, coupled with an aging male workforce, the organisation's motivation for this business case is clear.

#### Act

- BAE Systems has developed a 'Skills Strategy' with three strategic priorities:  
Workforce Skills Planning
- Employability
- Career Skills Development

The Skills Strategy is underpinned by leadership involvement, strategic partnerships and action. BAE System's Executive Committee (EC) members have D&I objectives included as part of their top 8 objectives, and each is responsible for cascading these down. A dedicated EC sponsor actively promotes the Skills Strategy.

BAE Systems has various Governance and Steering groups with specific remits, such as universities, education in general, graduates, apprentices and early career development. BAE Systems also works with a range of key stakeholders and competitors in the STEM field to develop UK education partnerships.

The Skills Strategy's third priority is to broaden the career aspirations of young women and, through its 'Early Careers' activities, BAE Systems aims to widen access to and interest in careers in STEM subjects.

This commitment includes (but is not limited to):

- 993 registered Science & Engineering Ambassadors (30 % of which are female) supporting partner schools up to three days per person per year, utilising our female apprentice and graduate role models as part of our school outreach programmes
- A schools engineering roadshow aimed at nine to 13 year olds. This has already reached more than 150,000 young people and includes an exciting theatre performance and practical workshop, with a female lead role to challenge gender stereotypes about female careers in engineering
- A dedicated website for young people, teachers, parents and employers offering a wealth of information on STEM careers – [www.baesystems.com/education](http://www.baesystems.com/education)
- A work experience programme that is advertised online and provides placements for around 500 young people each year
- A 'Take Your Sons & Daughters To Work Day' that has more than 300 children participating each year of which over 40 % are female

## Impact

In 2012:

- 25 % of the 500 young people who participated in the work experience programme were female
- Over 25,000 school children took part in our 2012 schools roadshow, with half of them being female
- 14 % of BAE Systems engineering graduate recruits were female, with 23 % of our overall graduate intake as female. This percentage bucks the national trend, which averages between 8 % and 12 % for our main engineering disciplines
- 9 % of engineering apprentice starters were female, compared to the national average of 5 % and 11 % of our overall current UK apprentice population is female (with 95 % of our apprentice intake engineering) Jenny Westworth, an ex-apprentice, won the Apprentice Champion of the Year Award in the National Apprenticeship Awards in 2012 in recognition of her work as a female apprentice role model. In addition to this in 2013 she has been asked by government to take part in a 'job swap' with Matthew Hancock, Parliamentary Under Secretary of State for Skills.
- Charlotte Tingley won the Institute of Engineering Technology's 2012 Women Engineering Society Prize

## 1.8 Headhunters

Companies' interactions with executive search firms (ESFs) are a significant factor in strengthening the pipeline of talent, particularly at its senior end where headhunters do much of their work. ESFs were the subject of Lord Davies' eighth recommendation which called for a Voluntary Code of Conduct to address gender diversity and share best practice.<sup>86</sup> This Code was duly drafted and is now subscribed to by 47 firms.

We welcome the progress headhunters have made. Our evidence also suggests the focus on gender diversity has had an impact: Charlotte Crosswell, CEO of Nasdaq NLX, described how she was "quite impressed" with the steps taken;<sup>87</sup> Helena Morrissey CBE told us that headhunters "have changed their tune quite a lot since the Davies report was published".<sup>88</sup>

We do, though, have some reservations with the Code. The introduction to the Code mentions both executive and non-executive positions on boards, but not the executive pipeline.<sup>89</sup> Similarly, under Diversity Goals, headhunters agree to look at board composition, but have no responsibility to consider a company's wider gender profile, and the Induction and Embedding Best Practice clauses refer only to boards. We accept that many ESFs are being proactive in their gender diversity efforts, and that a ninth and additional provision has been added to the original Code, encouraging headhunters to work with women in the pipeline, although this does not mention current executive placements.<sup>90</sup>

We note that this alteration was made following a report by Cranfield on the Code which recommended more focus on executive roles,<sup>91</sup> and hope that a further modification, in line with that report, would make the Code more relevant to the pipeline.

Companies have a responsibility in their use of headhunters too. We have heard about best practice where companies brief ESFs on their diversity targets for the pipeline, as in the case of BAE Systems,<sup>92</sup> and where Newton Investment Management sent back a shortlist of four men asking where the women were – when challenged the headhunter acknowledged his unconscious bias and included a woman he had initially removed. The woman came second for the role and remains in touch with the company.<sup>93</sup> We call on companies to take similarly proactive steps.

**7. *Headhunters: Extend Voluntary Code of Conduct.* Executive search firms should extend their Voluntary Code of Conduct so that it aims to improve gender diversity at senior executive levels as well as boards. Conversely, we expect companies to demand diverse lists from headhunters when filling executive positions.**

<sup>86</sup> Lord Davies, April 2011, p.21

<sup>87</sup> Oral Evidence, Q99 [Charlotte Crosswell, Nasdaq NLX]

<sup>88</sup> Ibid., Q258 [Helena Morrissey CBE, Newton Investment Management]

<sup>89</sup> Lord Davies, April 2013, pp.18-19

<sup>90</sup> Ibid.

<sup>91</sup> Cranfield University School of Management & Equality and Human Rights Commission, "Gender Diversity on Boards: The Appointment Process and the Role of Executive Search Firms", 2012, pp.69-73

<sup>92</sup> Oral Evidence, Q1 [Nigel Whitehead, BAE Systems]

<sup>93</sup> Ibid., Q258 [Helena Morrissey CBE, Newton Investment Management]

## 1.9 Investors

A final driver for companies of improved gender diversity in the pipeline can be institutional investors such as pensions funds and insurers. Our evidence has uncovered a mixed picture when it comes to investors raising the issue of diversity with investee companies, despite suggestions of progress since Lord Davies asked investors to “pay close attention” to companies’ boardroom diversity.<sup>94</sup> From this we conclude there is wide variation among the investor community and an inconsistent level of awareness of the business case for greater female presence in companies’ senior levels.

The shareholders from whom we received evidence were understandably eager to demonstrate their willingness to bring up diversity as an issue. The CEO of Legal & General, Dr Nigel Wilson, emphasised the proactivity with which they acted:

*“We’ve had 425 meetings last year in corporate governance; just over 300 raised the issue of diversity and women. We have written, now, to several of – most of the FTSE 100 we’ve had some engagement with. [...]The FTSE 250, however, is shocking, and we’ve joined with a few other shareholders and written formally to several FTSE 250 companies, and told them it is just totally unacceptable to have no women representation on your boards.”<sup>95</sup>*

Dr Wilson continued by stating that Legal & General has a declared policy of being prepared to vote against nomination committees in order to encourage company boards to have diverse representation.<sup>96</sup>

BlackRock’s EMEA Senior MD and Chairman, James Charrington, while taking a slightly different approach, also emphasised that the organisation has a whole governance section which includes diversity, and that as asset managers they will aim to engage with companies and give them advice.<sup>97</sup> Standard Life’s CFO, Jackie Hunt, wrote to us saying the company engages with its investee companies, encourages them to address diversity in board evaluations and asks them to make due provisions in appointment procedures for NEDs. Like Legal & General, Standard Life will also vote against re-election of Nominations Committees in the event that due regard for diversity is not held.<sup>98</sup>

There is an inconsistent level of awareness of the business case among investors

Most of our other witnesses agreed that investors were being more proactive since the Lord Davies report. Charlotte Crosswell told us that greater pressure from shareholders is “certainly starting. There is no doubt about it. [...]I think that’s an impact of the Davies report”.<sup>99</sup> Cynthia Carroll, formerly CEO of Anglo American, wrote:

*“Over the last few years general awareness has increased. [...] I absolutely expect interest levels will continue to increase in the coming years.”<sup>100</sup>*

<sup>94</sup> Lord Davies, April 2011, p.20

<sup>95</sup> Oral Evidence, Q224 [Dr Nigel Wilson, Legal & General]

<sup>96</sup> Ibid., Q225 [Dr Nigel Wilson, Legal & General]

<sup>97</sup> Ibid., Q224 [James Charrington, BlackRock]

<sup>98</sup> Written Evidence, Submission 3 [Jackie Hunt, Standard Life]

<sup>99</sup> Oral Evidence, Q134 [Charlotte Crosswell, Nasdaq NLX]

<sup>100</sup> Written Evidence, Submission 2 [Cynthia Carroll, Anglo American]

Similarly, Helena Morrissey CBE said:

*“I do think there’s a bit of a trickle down effect though, that I think people are realising one of the impacts of the financial crisis is clearly that people – well, investors – have reassessed the effectiveness of boards and there is more focus and scrutiny. Arguably this was a big miss from the investment community before. [...] So I think that general point has been seeping into the consciousness, but arguably a bit in slow motion.”<sup>101</sup>*

On the other hand, despite the consensus that investors have raised their voice in recent years, not all our witnesses accepted that gender diversity was seen as significant by investors. Mrs Carroll, while noting the upward trend, also observed “this is not an issue which comes up often with investors”;<sup>102</sup> Alison Carnwath, Chairman of Land Securities, revealed to us:

*“I have never, ever in my entire life in any shareholder meeting with my Land Securities hat on, been asked about diversity in the boardroom, never once.”<sup>103</sup>*

Other witnesses corroborated Mrs Carnwath’s statement. Kate Grussing of Sapphire Partners said:

*“The shareholders have been pretty quiet until recently. When I’ve asked chairmen or chief executives “do the shareholders raise this at meetings?” they would say, “less than 1% of the time.”<sup>104</sup>*

Her fellow headhunter Karoline Vinsrygg of Egon Zehnder International agreed:

*“I think it’s coming but it’s not yet a big issue for a chairman that they feel that the shareholders are putting pressure on them and talking about diversity.”<sup>105</sup>*

Our evidence therefore suggests that, although investors are taking more steps to ask companies to account for their gender diversity, there is substantial variation among the investor community. We are concerned that some investors are not yet convinced by the business case for increased gender diversity and also by only considering board level may be taking a tick-box approach.

It is in investors’ interests to improve their investee companies’ diversity, given the proof in the business case of higher financial returns and improved governance. We note that the Stewardship Code’s first aim is to promote the long term success of companies and the prosperity of the providers of capital, i.e. the investors. Investors are to monitor and engage, and if necessary vote, to accomplish this primary aim.<sup>106</sup>

In line with the Stewardship Code investors should promote the business case for gender diversity

<sup>101</sup> Oral Evidence, Q242 [Helena Morrissey CBE, Newton Investment Management]

<sup>102</sup> Written Evidence, Submission 2 [Cynthia Carroll, Anglo American]

<sup>103</sup> Oral Evidence, Q314 [Alison Carnwath, Land Securities]

<sup>104</sup> Ibid., Q93 [Kate Grussing, Sapphire Partners]

<sup>105</sup> Ibid., Q93 [Karoline Vinsrygg, Egon Zehnder International]

<sup>106</sup> Financial Reporting Council, “UK Stewardship Code”, September 2012, p.1

We hope that our recommendations 1 and 10 for increased reporting by companies of gender diversity will help investors to monitor their investee companies' records. In line with the Stewardship Code, however, we also consider investors duty-bound to make themselves and their investee companies aware of the business case behind increased gender diversity in the pipeline because of its benefits to both. Investors should engage with investee companies and to be prepared to use their votes if their investee companies do not take sufficient steps to strengthen their executive pipelines of talent.

**8. *Investors: Raise gender diversity with companies.* We urge investors to raise gender diversity in the pipeline more often with their investee companies. If the companies do not convince them of their efforts to harness their female talent throughout their pipelines investors should consider abstaining or voting against the re-election of chairmen of Nomination Committees.**

Table 1: FTSE 100 Female EDs<sup>107</sup>

Company	Sector	No. Of Female EDs	Female EDs
BURBERRY GROUP	Food, Drug & General Retailers	2	Angela Ahrendts, Carol Fairweather
DIAGEO	Beverages	1	Deirdre Mahlan
STANDARD LIFE PLC	Life Assurance	1	Jackie Hunt
CAPITA PLC	Support Services	1	Maggi Bell
WHITBREAD	Leisure & Hotels	1	Louise Smalley
ABERDEEN ASSET MANAGEMENT PLC	Speciality & Other Finance	1	Anne Richards
INTERCONTINENTAL HOTELS GROUP PLC	Leisure & Hotels	1	Tracy Robbins
BAE SYSTEMS PLC	Aerospace & Defence	1	Linda Hudson
KINGFISHER PLC	General Retailers	1	Karen Witts
MARKS AND SPENCER	Food, Drug & General Retailers	1	Laura Wade-Gery
EASYJET PLC	Transport	1	Carolyn McCall
IMPERIAL TOBACCO GROUP	Tobacco	1	Alison Cooper
RECKITT BENCKISER GROUP PLC	Clothing, Leisure, & Personal Products	1	Liz Doherty
BRITISH LAND CO PLC	Real Estate	1	Lucinda Bell
CRH PLC	Construction & Building Materials	1	Maeve Carton
HARGREAVES LANSDOWN PLC	Speciality & Other Finance	1	Tracey Taylor
EURASIAN NATURAL RESOURCES CORP PLC	Mining	1	Dr Zaure Zaurbekova

<sup>107</sup> Data updated from Cranfield University School of Management, March 2013

Table 2: FTSE 100 ExCos<sup>108</sup>

Company	Women % of ExCo	Total Women on ExCo
SHIRE	50.0 %	3
NEXT	46.8 %	11
UNITED UTILITIES	38.5 %	5
EURASIAN NATURAL RESOURCES COMPANY	37.5 %	3
ADMIRAL	33.0 %	10
LEGAL & GENERAL	33.0 %	4
EASYJET	33.0 %	3
BAE SYSTEMS	30.0 %	3
HARGREAVES LANSDOWN	30.0 %	3
RECKITT BENCKISER GROUP	30.0 %	3
SEVERN TRENT	30.0 %	3
MARKS & SPENCER	28.6 %	4
BURBERRY	27.8 %	5
PEARSON	27.3 %	3
SAINSBURYS	27.3 %	3
AVIVA	26.6 %	4
NATIONAL GRID	25.0 %	2
GLAXOSMITHKLINE	23.5 %	4
BRITISH SKY BROADCASTING	23.1 %	3
KINGFISHER	23.1 %	3
ASTRAZENECA	22.2 %	2
BHP BILLITON	22.2 %	2
BT GROUP	22.2 %	2
IMPERIAL TOBACCO	22.2 %	2
ROYAL BANK OF SCOTLAND	22.2 %	2
SMITH & NEPHEW	21.4 %	3
AMEC	20.0 %	2
BARCLAYS	20.0 %	2
BUNZL	20.0 %	1
INTERTEK	20.0 %	2
LAND SECURITIES	20.0 %	1
SAGE GROUP	20.0 %	2
TESCO	20.0 %	3

<sup>108</sup> Ibid.

## 2 Executive Women

Efforts to strengthen the female pipeline will remain a challenge until the wider corporate culture changes and every level of the pipeline is addressed. Nonetheless, women in the pipeline must also take responsibility for their own career and personal development.

Our witnesses, many of whom are themselves successful executives, advised us about the kinds of steps that women can take, which can be summarised as women putting themselves forward more and thinking more strategically about their careers. In both cases, increased mentoring and sponsorship, as advocated in our second recommendation, may also help.

Firstly, our evidence has suggested that women are less likely to find a sponsor and to understand a sponsor's role including how it differs from that of a mentor. A sponsor, as our witnesses pointed out, is someone with whom a sponsee strikes up a strong relationship and who is willing to pick up the phone to advocate actively on their behalf.<sup>109</sup> As well as this, Dr Heather McGregor told us that:

*“Women don't understand sponsorship. Men understand the difference between mentoring and sponsoring.”<sup>110</sup>*

We therefore encourage women in the pipeline to be strategic in identifying potential sponsors who could benefit them and to know what they can expect from a sponsor rather than a mentor.

Moreover, coaching can be another means of building confidence, learning how to network better, how to move into better roles and how to “sell” yourself and your achievements. Yet women are four times less likely to request coaching than men: only one in ten senior women request coaching of their own accord compared to 41 % of senior men.<sup>111</sup> This was corroborated by Dominique Hainebach, an executive coach and former partner at Accenture, who told us that women do not take up coaching, particularly if it is positioned as a remedial intervention for women, because they fear it shows weakness.<sup>112</sup> In fact, given the cost of highly-tailored personal coaching, it is more often an indication of faith that a company is willing to invest in a woman in the pipeline.

Men are four times as likely as women to request coaching

It also pays for women to think more strategically about their career paths: as Helena Morrissey CBE put it:

*“A lot of this starts quite early on [...] actually you do need to take control of your career and you do need to actually ask for things and be conscious of the choices that you make will have an impact on the direction that your career will take.”<sup>113</sup>*

<sup>109</sup> Oral Evidence, Q155 [Jill May, formerly UBS]; Ibid., Q177 [Dr Heather McGregor, Taylor Bennett]; Ibid., Q272 [Louise Brett, Deloitte LLP]

<sup>110</sup> Ibid., Q177 [Dr Heather McGregor, Taylor Bennett]

<sup>111</sup> Praesta, “Why Are There Still So Few Women on Executive Boards: Lessons from Coaching”, March 2012, p.4

<sup>112</sup> Oral Evidence, QQ180-1 [Dominique Hainebach, Renew Partners]

<sup>113</sup> Ibid., Q240 [Helena Morrissey CBE, Newton Investment Management]

A recurrent point made by witnesses was that women should be seeking out “critical” or “stretch” assignments. Such positions or projects are significant for several reasons: they provide challenges and the opportunity for fast learning; they offer good experience for executive positions; and, vitally for career advancement, they can be high visibility, providing access to senior figures and are potentially reputation-building for the individual involved.

Our evidence and numerous previous studies suggest that women do not receive these critical roles as often as men.<sup>114</sup> A study in the United States by Catalyst, for instance, revealed men’s projects tended to have budgets more than twice those of women’s, staffing more than three times as large, and on topics which were a third more visible and riskier to the company.<sup>115</sup> We believe a significant factor is unconscious bias and hope that our fourth recommendation will be of assistance here. Nonetheless, there are also suggestions women are blocking themselves from these roles by a lack of confidence.<sup>116</sup>

This point also relates to the types of roles which women occupy in large companies. Several of our female witnesses expressed regret that women may frequently move into functional positions, such as HR or Legal, while companies are more likely to promote those with P&L experience.<sup>117</sup> Amanda Mackenzie, Chief Marketing and Communications Officer for Aviva, was emphatic:

*“Realistically I’m going to really struggle to be a CEO in a FTSE 100 unless something quite interesting happens, and it’s very unlikely. I’m not saying this to be a, “poor me,” but it’s just the journey I should have potentially taken or other people like me, 15 years ago, to be very strict about getting into GM [General Management] roles.”*<sup>118</sup>

Once again, we believe this involves unconscious bias, but also that women can help themselves by thinking strategically and aiming for GM and P&L roles from an early stage.

In major companies which stretch across the globe international experience is often considered an advantage in individuals’ career advancement, demonstrating commitment to the organisation, experience of other markets and allowing an individual to widen their network. Kate Grussing observed to us that:

*“Having international experience is perceived as a real extra tick in the box or qualification for professionals and the women are more likely to have turned down international assignments, or not even been approached for them.”*<sup>119</sup>

We agree that here too women are subject to unconscious bias. Nonetheless, women can also help themselves by putting themselves forward and being aware of the potential benefits international experience can bring.

<sup>114</sup> Ibid., Q79 [Kate Grussing, Sapphire Partners]; London Business School & Lehman Brothers Centre for Women in Business, 2007, p.5; B.R. Ragins et al., “Gender Gap in the Executive Suite: CEOs and Female Executives Report on Breaking the Glass Ceiling”, Academy of Management Executive 12.1 (1998), pp.28-42; Kenexa, “Women Leaders’ Career Advancement: A Three-Level Framework”, 2012, p.5

<sup>115</sup> Catalyst, “Good Intentions, Imperfect Execution? Women Get Fewer of the ‘Hot Jobs’ Needed to Advance”, 2012, p.5

<sup>116</sup> Oral Evidence, Q43 [Anna Fullerton-Batten, Microsoft]

<sup>117</sup> Ibid., Q71 [Kate Grussing, Sapphire Partners]; Ibid., Q152 [Jill May, formerly UBS]

<sup>118</sup> Ibid., Q238 [Amanda Mackenzie, Aviva]

<sup>119</sup> Ibid., Q73 [Kate Grussing, Sapphire Partners]

As well as having a strong CV, career progression can be a matter of who you know. Our witnesses often mentioned the value of networks to their careers. These may be formal organisation established by companies but aspirant women can also get ahead by making use of their own contacts. Charlotte Crosswell, for instance, highlighted the influence of an informal cross-company women's network within her sector as a means of advancement and of support or guidance.<sup>120</sup> She also gave the example of a conference at which women of various industries and levels of seniority were able to meet and exchange advice and support.<sup>121</sup> We encourage women to establish and make use of similar opportunities for support and a wider sphere of influence.

Men can be 8-9 times more likely to ask for higher pay

Lastly, women are less likely to negotiate on their own behalf. This might take the form of requesting a pay rise, which witnesses told us men ask for more often than women.<sup>122</sup> Indeed, this hypothesis has been proven in academic study: survey and laboratory evidence has indicated men are up to eight or nine times more likely to ask for higher remuneration,<sup>123</sup> while a recent field experiment revealed men are more likely to negotiate when there is no explicit statement that wages are negotiable, although this is also a case of unconscious bias, as outlined in section 1.5.<sup>124</sup> Aside from negotiating pay, other instances where women should be prepared to negotiate include willingness to ask for a promotion, a sabbatical, or with an employer on flexible or part-time work, which more individuals now have the right to request thanks to action by this Government.

**9. Executive women to take proactive action. While we believe corporate culture needs to change to leverage female talent, women in the pipeline must also take responsibility for their own career and personal development. We encourage them to consider steps advised by successful female executives such as:**

- Knowing the difference between a sponsor and a mentor and actively seeking out both;
- Aiming early in their careers to reach roles involving general management and P&L responsibility and international experience;
- Looking for critical or stretch assignment positions which may be reputation-building;
- Putting themselves forward for coaching to build confidence, network better, move to better roles more frequently, "sell" themselves and their achievements;
- Establishing and using networks to increase their sphere of influence;
- Being willing to negotiate, including about promotion, salary and conditions of employment.

<sup>120</sup> Ibid., Q105 & Q119 [Charlotte Crosswell, Nasdaq NLX]

<sup>121</sup> Ibid., Q119 [Charlotte Crosswell, Nasdaq NLX]

<sup>122</sup> Ibid., Q219 [Dr Nigel Wilson, Legal & General; James Charrington, BlackRock]

<sup>123</sup> L. Babcock & S. Laschever, *Women don't ask: Negotiation and the Gender Divide*, 2003; D.A. Small et al., 2007, pp.600-613

<sup>124</sup> A. Leibbrandt & J.A. List., November 2012

# 3 Government

The executive pipeline is of great importance to UK PLC, both on account of its potential to improve productivity and growth of major companies and because of the simple fairness that women should be able to reach senior executive positions. As a result Government has a role to play in strengthening the pipeline of talent. Additionally, the failings of the pipeline have a direct impact on public finances. Closing the gap between male and female income tax returns would see the country £55.2bn better off.<sup>125</sup> In this part we examine four areas where we believe there is scope for Government action.

## 3.1 Mandatory Reporting

In section 1.2 we highlighted how companies need to know their numbers as a basic starting point for action to strengthen their pipelines and why they should publish their data. While we welcome the Government's current business-led approach which expects companies to bear responsibility for their pipelines and to be persuaded by the business case, we also note it includes some regulatory requirements, which we argue should be extended to cover the pipeline.

These requirements, recommended by Lord Davies, are that businesses must disclose their numbers of women at board level, on their ExCos and in their entire organisations, and on the company policies established, objectives set and progress made to improve diversity.<sup>126</sup> Lord Davies used the adage “what gets measured gets done”, which was repeated by one of our witnesses.<sup>127</sup> Following consultations on Lord Davies' recommendations, the Financial Reporting Council has amended the Corporate Governance Code to include a statement on company policy, objectives and progress, while the requirements for figures for boards, ExCos and whole companies, have been included in modifications to narrative reporting requirements and will take effect from October 2013.

We welcome this limited level of mandated reporting (as did three quarters of those who responded in the consultation)<sup>128</sup> as a necessary and effective policy to underscore the Government's predominantly voluntary approach, but believe the requirements should be extended into the pipeline to tackle the heart of the problem. It is the executive pipeline of talent where action is most urgently needed, particularly to bring about long term change, and we hope that Lord Davies' method, which has had success in a short period of time, can be replicated to include the pipeline. As Dr Nigel Wilson told us:

*“Non-exec targets are a good start but in themselves they aren't sufficient. So yes, I think it [publication of gender numbers deeper than board and ExCo level] would be a good step”.*<sup>129</sup>

<sup>125</sup> Written Answer to Harriett Baldwin MP from David Gauke MP, Hansard HC Deb, 30 Jan 2013, col. 796W; HMRC Survey of Personal Incomes 2010-11

<sup>126</sup> Lord Davies, April 2011, pp.19-20

<sup>127</sup> Ibid., p.19; Oral Evidence, Q56 [Anna Fullerton-Batten, Microsoft]

<sup>128</sup> BIS, “The Future of Narrative Reporting: Government Response”, March 2012, p.10

<sup>129</sup> Oral Evidence, Q236 [Dr Nigel Wilson, Legal & General]

As well as results suggesting its effectiveness, we support a degree of mandated pipeline reporting because too few companies publish data at present. As set out in the Background, once below the ExCo the majority of companies cannot or do not disclose their diversity numbers. This was the general finding of a global survey by McKinsey & Co.;<sup>130</sup> moreover when Cranfield wrote to FTSE 100 companies requesting the proportion of women in the whole company, at junior management, middle management, senior management and ExCo levels, 73 responded, and of these only 34 – less than half – could provide figures. The report consequently noted “several organisations clearly did not routinely track this information”.<sup>131</sup> A Government survey in 2009 also found less than half of large companies collected diversity information and only 8% published gender figures.<sup>132</sup> Alison Carnwath corroborated this evidence, saying:

“What gets measured gets done”

*“A number of them [companies] won’t yet have got to the stage where they are keeping decent records”.*<sup>133</sup>

However, while the difficulty of some companies in accessing these data was stated, the study also commented on the ease with which some were able to respond.<sup>134</sup>

We are sensitive to the suggestion that companies should not be burdened by over-enthusiastic Government with regulations which obstruct rather than assist. As Conservatives we are anxious only to regulate where absolutely necessary – indeed many of us have backgrounds in the private sector and know all too well the potential burden of red tape on businesses. The majority, even of those who highlighted the regulatory burden, supported our proposals.<sup>135</sup> While a number of witnesses raised this point, only one appeared unconvinced about the worth of a pipeline reporting requirement.<sup>136</sup> As a result of the importance of the pipeline to UK PLC, the potential impact of data collection and publication, and because still too few companies publish their data, we recommend mandated reporting be extended to the pipeline.

**10. Extend gender diversity reporting to senior management. We recommend that the Government extends the requirement for listed companies to report on gender diversity in their strategic reports to include three levels of senior management below the executive committee.**

## 3.2 Childcare

We strongly welcome the reforms the Government is making to childcare; our evidence illustrated exactly why Government action is necessary and why the previous Labour Government’s voucher system was inadequate. We also believe the Government’s shared parental leave policy will be an important inspiration for cultural change, but we acknowledge this is a long term cultural shift which will take time.<sup>137</sup> We offer two proposals to ensure that the proposed reforms have the greatest possible

<sup>130</sup> McKinsey & Co., March 2012, p.16

<sup>131</sup> Cranfield University School of Management, April 2012, p.34

<sup>132</sup> Government Equalities Office, “Private Company Reporting of Workforce Diversity Data”, July 2009, p.19

<sup>133</sup> Oral Evidence, Q324 [Alison Carnwath, Land Securities]

<sup>134</sup> Cranfield University School of Management, April 2012, p.34

<sup>135</sup> Oral Evidence, QQ153-4 [Jill May, formerly UBS]; Ibid., Q231 [James Charrington, BlackRock]; Ibid., Q310 [Alison Carnwath, Land Securities]; Written Evidence, Submission 3 [Jackie Hunt, Standard Life]

<sup>136</sup> Oral Evidence, Q192 [Ruby McGregor-Smith CBE, MITIE]

<sup>137</sup> Ibid., Q143 [Charlotte Crosswell, Nasdaq NLX]; Ibid., Q262 [Dr Emily Lawson, McKinsey & Co];

impact: firstly, that the reforms to vouchers be implemented in full as soon as possible, secondly that the crucial transition period when women return to work be made as attractive as possible.

Childcare was brought up again and again during our evidence as a key factor in the pipeline across all industries – we heard evidence on this point from witnesses working in finance,<sup>138</sup> construction,<sup>139</sup> property and facilities,<sup>140</sup> insurance,<sup>141</sup> and the professional services.<sup>142</sup> Some witnesses narrowed the issue slightly, saying it was not a problem at senior levels for reasons of age but certainly affected junior management tiers.<sup>143</sup> The most recent estimates for childcare costs illustrate exactly why childcare is such a critical leakage: the UK's costs are the second highest in the OECD, second only to Switzerland, at 26.6 % of family income.<sup>144</sup>

The Government's existing childcare scheme was generally criticised for being too small in scale to have an impact, for instance Charlotte Crosswell, a single mother and CEO, told us "it doesn't even pay half a week's salary".<sup>145</sup> Our evidence sessions were held before the Government made its recent announcements on childcare, but witnesses' comments seemed to pre-empt the reform of taxfree childcare vouchers, suggesting a better system with greater financial support to help cover the costs. Ruby McGregor-Smith CBE summed the situation up:

*"I know there's not a lot of money around in the country, but you know, if we're really serious about pipeline and talent and getting young women back into work, we need to do something about the cost of childcare. [...] The cost needs to be supported, it is too expensive and I think it is hugely prohibitive, and you have to ask yourself why you would come back when financially you may be no better off."*<sup>146</sup>

The details of the Government's new policy are yet to be announced but the timing has been set as a gradual phase-in from 2015,<sup>147</sup> which we feel risks diminishing the value of the policy. Childcare costs are rocketing: average costs rose by 6 % across Great Britain last year, four times the increase in average earnings.<sup>148</sup> Increases in specific types of childcare can be dramatic: in the East of England, the cost of a childminder for under 2s rose by a staggering 34.3 %; in the South East, nurseries for 2s and over charged 18.5 % more; and in London the cost of the same type of care rose by 11.1 %.<sup>149</sup> We fear that, should these trends continue, the support available through the new childcare voucher scheme may be dwarfed by the increased costs. We therefore believe the Government should look at bringing forward the date of full implementation of the policy.

The UK has the 2<sup>nd</sup> highest childcare costs in the OECD

<sup>138</sup> Ibid., Q135 [Charlotte Crosswell, Nasdaq NLX]; Ibid., Q157 [Jill May, formerly UBS]

<sup>139</sup> Ibid., Q140 [Rebecca Salt, Balfour Beatty]

<sup>140</sup> Ibid., Q201 [Ruby McGregor-Smith CBE, MITIE]

<sup>141</sup> Ibid., Q241 [Amanda Mackenzie, Aviva]

<sup>142</sup> Ibid., Q286 [Louise Brett, Deloitte LLP & Dr Emily Lawson, McKinsey & Co.]

<sup>143</sup> Ibid., Q14 [Marjorie Strachan, RBS]; Ibid., Q286 [Louise Brett, Deloitte LLP]

<sup>144</sup> OECD; Guardian, May 2012

<sup>145</sup> Oral Evidence, Q136 [Charlotte Crosswell, Nasdaq NLX]

<sup>146</sup> Ibid., QQ201-2 [Ruby McGregor-Smith CBE, MITIE]; c.f. *ibid.*, Q261 [Helena Morrissey CBE, Newton Investment Management]; Ibid., Q262 [Dr Emily Lawson, McKinsey & Co.]; Ibid., Q326 [Alison Carnwath, Land Securities]

<sup>147</sup> HM Treasury, "Tax-Free Childcare" Infographic, March 2013

<sup>148</sup> Daycare Trust and Family Parenting Institute, March 2013, p.11; ONS Annual Survey of Hours and Earnings Statistic Bulletin, November 2012, p.1

<sup>149</sup> Daycare Trust and Family Parenting Institute, March 2013, p.11

Secondly, we have already noted that the transition period when women return to work is critical (see section 1.4 above). In order to return to the pipeline, women need to be convinced that their work is attractive enough. Our recommendation 3 on companies' career break and return to work schemes will be a step towards making a return to work more appealing, but we suggest also that there is merit in considering whether parents at this stage might be eligible for increased support.

The transition period can be the toughest time for parents: the adjustment, after a period away from the workplace, can be most profound; at an earlier stage in their careers than when their children are older, parents are likely to be earning less; childcare costs are also likely to be highest as younger children require more intensive care and longer hours than those not at school.

This period can also be make-or-break for a woman who has left the pipeline. Research from 2005 found 93 % of women who leave work want to return to work but many find this more difficult in practice, with only 28 % actually returning to fulltime professional employment.<sup>150</sup> The aims of the Government's reforms are to support hard-working families and improve the productivity of the country's labour force; particular assistance for those at this crucial point would do both.

**11. Bring forward Tax-Free Childcare policy and look at easing the transition period on return to work. We strongly support the Government's new Tax-Free Childcare policy but hope it can be brought forward to 2014 to maximise the support it offers to working families. We also call upon the Government to look at prioritising support for parents in the transitional period as they return to work.**

### 3.3 Careers Advice, Choices and STEM Subjects

Section 1.7 outlined how companies can work with schools, colleges and universities to inspire the next generation. The Government also has a role to play in improving careers advice and broadening girls' careers choices. Several witnesses highlighted careers advice as a factor in strengthening the pipeline, such as Dr Nigel Wilson who claimed girls' schools may not instil the same degree of corporate ambition as the best boys' schools, preventing girls from a young age aiming for the top.<sup>151</sup>

Rebecca Salt, Group Communications Director for Balfour Beatty, also made the point about inadequate careers advice for girls with her own experience. She entered media and advertising almost by chance by meeting someone in PR during a year abroad in the United States. She remarked, "he got me into media and advertising, but I don't know how I would have got there without seeing that", and added that her last piece of careers advice at school recommended she would be a good librarian.<sup>152</sup>

As mentioned in section 1.7, the UK has the 5th largest gender skills gap in the OECD in maths and science.<sup>153</sup> Closing this gap would make a major difference to the economy: a 2006 report by the Women and Work Commission calculated that it could add £15-23bn to the UK's GDP.<sup>154</sup>

<sup>150</sup> Centre for Work-Life Policy, "Off-Ramps and On-Ramps: Keeping Talented Women on the Road to Success", 2005

<sup>151</sup> Oral Evidence, Q215 [Dr Nigel Wilson, Legal & General]; c.f. *ibid.*, Q262 [Dr Emily Lawson, McKinsey & Co.]; *Ibid.*, Q252 [Amanda Mackenzie, Aviva & Helena Morrissey CBE, Newton Investment Management]

<sup>152</sup> *Ibid.*, QQ129-31 [Rebecca Salt, Balfour Beatty]

<sup>153</sup> OECD PISA 2009 data

<sup>154</sup> Women and Work Commission, 2006, p.6

More recently the Women’s Business Council estimated that equalising labour force participation rates would add 0.5 % to GDP per capita growth each year and 10 % by 2030.<sup>155</sup> Moreover, quality of careers advice is by no means exclusively a gender issue. A recent survey of business leaders by Pricewaterhouse Coopers, for instance, revealed that nearly two thirds say a lack of key skills among their employees is hampering their growth.<sup>156</sup>

We welcome the action the Government is taking to understand and resolve the problems with careers advice, such as by launching the National Careers Service and the National Careers Council, but hope that more emphasis can be placed on gender segregation and stereotyping. We note, for instance, that the Government’s response to the House of Lords Science and Technology Committee inquiry into STEM subjects did not mention the paucity of girls, although the Committee’s report also neglected this topic.<sup>157</sup>

Similarly, the specific challenges around careers advice for girls was not covered in any of the other recent key reports into careers guidance, including:

- The House of Commons Select Committee report into careers guidance
- The Government response
- The Government vision for the work of the National Careers Service
- The national skills strategy published in 2010
- The plan of action to update skills priorities published in April.<sup>158</sup>

We find surprising the repeated omission of the real and significant issue of the gender challenges involved in careers advice and career choices. The recent Women’s Business Council study, which reached similar conclusions to this report, has helped to rectify this lack of attention, and we welcome the fact that the Government has set out a number of measures it will take in its response.<sup>159</sup> We hope it will build on these measures with a clear assessment of the challenges involved. We observe also that Ofsted is undertaking a thematic review of careers advice and suggest that it makes this topic a priority.

**12. Improve careers advice for girls, particularly in STEM. We ask the Government to assess the gender challenges involved in careers advice and careers choices, in particular with a view to improving the low numbers of girls taking STEM subjects. Ofsted should also make this a priority in its upcoming thematic review of careers advice.**

<sup>155</sup> Women’s Business Council, “Maximising Women’s Contribution to Future Economic Growth”, June 2013, p.3

<sup>156</sup> Pricewaterhouse Coopers, “Skills Gap is Hindering Growth for UK Businesses”, 29/4/13, <http://www.ukmediacentre.pwc.com/News-Releases/Skills-gap-is-hindering-growth-for-UK-businesses-PwC-report-13cb.aspx> [accessed 30/5/13]

<sup>157</sup> Government Response to the House of Lords Select Committee on Science and Technology Report: Higher Education in Science, Technology, Engineering and Mathematics (STEM) Subjects, 14th November 2012; House of Lords Select Committee on Science and Technology, “Higher Education in Science, Technology, Engineering and Mathematics (STEM) Subjects”, July 2012

<sup>158</sup> House of Commons Select Committee on Education, “Careers Guidance for Young People”, January 2013; Government Response to House of Commons Select Committee on Education Report: Careers Guidance for Young People, April 2013; BIS, “National Careers Service: The Right Advice at the Right Time”, April 2012; BIS, “Skills for Sustainable Growth”, November 2010; BIS, “Rigour and Responsiveness in Skills”, April 2013

<sup>159</sup> Government Response to Women’s Business Council, June 2013, p.3

### 3.4 Public Sector and Professional Services

A final key role for Government is to lead by example otherwise its encouragement of business holds little weight. Many of the issues major companies face around the executive pipeline of talent are also shared by Government and the public sector and, as such, the progress made in the public sector is of value both in itself and as a model for the corporate world.

Looking first at executives and the pipeline in the Civil Service and public bodies, we were pleased to hear from the Minister of how she is driving action both in her own department (BIS) and across Government.<sup>160</sup> She agreed that the latter point is crucial and added that for this reason the Cabinet Office is also leading, rather than one department acting alone. She acknowledged, however, that her proactivity was not necessarily shared across Government as uniformly as it might be.<sup>161</sup> This was corroborated by her uncertainty over which departments had commissioned unconscious bias training.<sup>162</sup>

We note the efforts of Sir David Normington, who has the dual role of overseeing appointments in both the Civil Service and the public bodies. Both present a substantial challenge: just 22 % of Commissioner-chaired Civil Service appointments in 2011-12 were female,<sup>163</sup> while 33.9 % of appointments and reappointments to public bodies were female, a notable decrease on a decade ago, when 39 % were women.<sup>164</sup>

This is a worrying decline and we agree with Sir David that progress is “not good enough”.<sup>165</sup> Sir David is not optimistic that the Government’s target of 50 % new female appointments by 2015 will be reached despite his new Code of Practice placing greater emphasis on diversity.<sup>166</sup> In its response to the Women’s Business Council report the Government declared it will publish each Department’s action plan to improve its numbers of senior women.<sup>167</sup> We are pleased at this demonstration of the Government’s commitment to gender diversity but given the severity of the position believe further measures are necessary.

We should also consider here the composition of Government itself and Parliament. At present 22.6 % of MPs are women, almost identical to the House of Lords which is 22.5 % female.<sup>168</sup> Four of the 22 (18.2 %) Cabinet Ministers are women, which the Prime Minister has himself labelled “not nearly enough”.<sup>169</sup> Sixteen of all 101 departmental Ministers are women.<sup>170</sup> There is a long way to go but we are pleased that the pipeline is stronger than at any time: the 2010 Commons has the most women ever;<sup>171</sup> the 2010 election saw the highest number of female candidates ever (a 20 % increase on 2005);<sup>172</sup> and the most

A man joining a top law firm is 10 times more likely to make partner than a woman

<sup>160</sup> Oral Evidence, QQ339-40 [Jo Swinson MP, Minister for Women and Equalities]

<sup>161</sup> Ibid., Q339 [Jo Swinson MP, Minister for Women and Equalities]

<sup>162</sup> Ibid., Q342 [Jo Swinson MP, Minister for Women and Equalities]

<sup>163</sup> Civil Service Commission, “Annual Report and Accounts 2011-12”, 2012, p.17

<sup>164</sup> Commissioner for Public Appointments, October 2012, p.14; Commissioner for Public Appointments, 2002, p.17

<sup>165</sup> Commissioner for Public Appointments, October 2012, p.6

<sup>166</sup> Ibid.

<sup>167</sup> Government Response to Women’s Business Council, June 2013, p.3

<sup>168</sup> Data from [www.parliament.uk](http://www.parliament.uk) [accessed 31/5/13]

<sup>169</sup> Independent, “‘Not Nearly Enough Women’ in the Cabinet, says David Cameron”, 19/2/13, <http://www.independent.co.uk/news/uk/politics/not-nearly-enough-women-in-the-cabinet-says-david-cameron-8500430.html> [accessed 31/5/13]

<sup>170</sup> Not including Whips: <https://www.gov.uk/government/ministers#ministers-by-department> [accessed 31/5/13]

<sup>171</sup> <http://www.ukpolitical.info/FemaleMPs.htm> [accessed 31/5/13]

<sup>172</sup> Ibid.

recent reshuffle in September 2012 saw 12 Ministerial appointments for the 2010 intake of MPs, of whom 6 were women.<sup>173</sup>

This inquiry has not examined in detail the professional services, but we are aware that this is a further area of the British economy which suffers from a similar lack of senior women and many of the same leakages and blockages as listed companies and the public sector. While recruitment is largely gender equal or even over 50 % women,<sup>174</sup> senior executive positions are again largely male, with the drop-off seeming to come dramatically at partner level.

This is particularly an issue for the legal profession: recent research by McKinsey & Co. and the 30 % Club established that a man joining a top law firm is ten times more likely to make partner than a woman.<sup>175</sup> Of the Magic Circle firms, female representation is around 15 % at equity partner level.<sup>176</sup> Regrettably, progress is not clearly heading in the right direction, since female promotions to partner status fell by 60 % this year, compared to 17 % for both men and women.<sup>177</sup> Consultancy and accountancy also have significant challenges within their pipelines. Just three of the UK's top 50 accountancy firms, for instance, have more than 25 % female partners, and only 2 of these 50 firms are run by a woman.<sup>178</sup>

Some of the challenges professional services firms face in strengthening their pipelines are unique to their business model. Their client-facing nature, for instance, which can be the dominant aspect of their work ethic, can undermine the types of solutions appropriate elsewhere, such as flexible working.<sup>179</sup> This point reinforces a long-hours culture, and can lead to women being sidelined into areas of expertise requiring less mobility and responsiveness to global clients, and accordingly seen as less high-powered and commanding less status and salary.<sup>180</sup>

The 30 % Club and McKinsey research uncovered a number of other unique issues. These included commitment among managing partners dwindled notably; performance evaluation processes were not fair or accurate; and women, without many role models, were left disheartened and believing they could not have a life beyond their work if they wanted to succeed.<sup>181</sup>

In light of these specific issues, the severity of the problems in the pipeline and the importance of the professional services to the productivity of the economy, we believe the Government needs to act to ensure the executive pipeline of talent is strengthened in all sectors of the UK's economy.

**13. Extend Lord Davies' work to include public sector and professional services. We challenge the public sector and the professional services to embrace gender diversity at the highest levels. We believe fresh impetus is needed in both cases to replicate the progress made in FTSE boardrooms. The Government should extend the remit of Lord Davies' work in order to cover the public sector and the professional services. This will make a real difference to the opportunities for women in all sectors to achieve their potential.**

<sup>173</sup> Oral Evidence, Q292 [Mary Macleod MP]

<sup>174</sup> Ibid., Q237 [Helena Morrissey CBE, Newton Investment Management]

<sup>175</sup> 30 % Club, "The 30 % Club Takes Action to Accelerate Female Talent Development", 18/4/13, <http://www.30percentclub.org.uk/press/the-30-club-takes-action-to-accelerate-female-talent-development/> [accessed 31/5/13]

<sup>176</sup> Law Gazette, "Women Trailing at Magic Circle Elite", 6/5/13, <http://www.lawgazette.co.uk/news/women-trailing-magic-circle-elite> [accessed 31/5/13]

<sup>177</sup> Legal Week, "Magic Circle Partner Promotions Fall 17 % as Female Promotions See 60 % Drop-Off, 3/5/13, <http://www.legalweek.com/legal-week/news/2265672/magic-circle-partner-promotions-fall-17-as-female-promotions-see-60-dropoff> [accessed 31/5/13]

<sup>178</sup> Accountancy Age Top 50+50 Survey 2012

<sup>179</sup> Written Evidence, Submission 6 [Dominique Hainebach, Renew Partners]

<sup>180</sup> Ibid.

<sup>181</sup> Oral Evidence, Q237 [Helena Morrissey CBE, Newton Investment Management]

