

The Female FTSE Report 2007

How many Women on Top?

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BoardEx



The FTSE findings

The interesting bits...

- Ninth successive report, started in 1999
- Looked initially just at demographic composition of the Board of FTSE 100 (largest by market capitalisation)
- Now looks at F100 and F250 (101-350)
- Also now looks at demographic composition of Executive Committee
- As well as the stats, also include some qualitative research
- Substantial press coverage, widely regarded as the authority on such demographics and cited by ONS

- Company data for FTSE 100 and FTSE 250 companies from Boardex database 8th Sept 2007, plus company websites and annual reports (public domain).
- Executive Committees data also contacted company secretaries, media or PR contacts – information on 93 of FTSE 100.
- Analysis using Excel, Access and SPSS. Undertook correlation analyses and t-tests.

Female FTSE 100

| | 2007 | 2000 |
|----------------------------|----------------|--------------|
| Female held directorships | 123 (11.0%) | 69 (5.8%) |
| Female NEDs | 110 (14.5%) | 60 (9.1%) |
| Female Executive Directors | 13 (3.6%) | 11 (2.0%) |

More individual women...

| | 2007 | 2000 |
|--------------------------------------|------|------|
| Women holding FTSE 100 Directorships | 100 | 60 |

- 30 women appointed to new directorships this year (=20% of new appointees)
- 5 of those women not previously held a FTSE 100 directorship

- There are some significant differences between companies with and without female directors:
 - Market capitalisation is higher ($p=0.024$)
 - Board size is higher, averaging 11.7 directors as opposed to 9.7 directors on all-male boards
 - Then number of NEDs also higher ($p=0.002$)

- There are some significant differences between male and female directors:
 - Female directors are younger ($p=0.000$), average age of 53.3, as opposed to 56.1yrs
 - Women also have significantly shorter tenure ($p=0.000$)
 - Five female FTSE directors hold 3+ directorships (5%) compared to only seven men (<1%)

FTSE 100 vs. FTSE 250

| | FTSE 100 | FTSE 250 |
|---|--------------|----------------|
| Female-held directorships | 123 (11%) | 150 (7.2%) |
| Companies with female executive directors | 11 (11%) | 19 (19.6%) |
| Companies with at least one female director | 76 (76%) | 113 (45.2%) |
| Companies with multiple female directors | 35 (35%) | 28 (11.2%) |

Female FTSE Organizations

| Female FTSE 100 | 2007 | 2000 |
|---|------|------|
| Companies with female executive directors | 11 | 10 |
| Companies with at least one female director | 76 | 58 |
| Companies with multiple female directors | 35 | 12 |
| Companies with no female directors | 24 | 42 |



- Rosabeth Moss Kanter “Men & Women of the Corporation” (1977)
- The concepts of “homophily” and “tokenism” were based on the premise that people prefer to work with similar others.
- Through processes of stereotyping, polarisation and exaggeration, women became both highly visible and isolated.
- balanced representation reduces sex-role stereotyping, and sex ceases to be an issue.
- This is not a male/female issue – it has been proven with other minorities – it’s a numbers game.

- *“in a group of 10, if you have at least three people that are the same, then you actually have a platform to speak from and be heard... for most of us, literally we’re the only woman in a group of 40 (men).
...So if you agitate you’re being an emotional female, if you’re angry you’re being a bitch, if you cry you’re being weak. But if there were three or four of you kind of, then you actually get heard.”*

(female Managing Director, global investment bank)

Critical Mass: Does the number of Women on a
Corporate Board make a Difference?
(Erkut, Kramer and Konrad, 2008)

“Our results show that while individual women directors’ expertise and skills play a role in how much leadership they exert on boards, they are more likely to be effective leaders on boards that have reached a critical mass or tipping point of three women.”

- In 2007, data for 93 of the FTSE 100 companies
- Since 2006, sizeable increase noted in the percentage of female executive committee members.
- Sixty companies now have women (executive directors and/or listed senior executives) in the top executive team.
- Women now make up 16% of the senior executives – an encouraging 40% increase on 2006.

- And also the spread of roles, no longer just the HR or Company Secretary function
 - divisional/regional CEOs/MDs/directors;
 - directors of communications or external/corporate affairs;
 - marketing, sales or operations directors;
 - divisional/regional finance directors,
 - directors of strategy or business development and the relatively new positions of director of governance and risk.
- This sizeable increase in the proportion of female senior executives brings a considerable addition to the talent pool

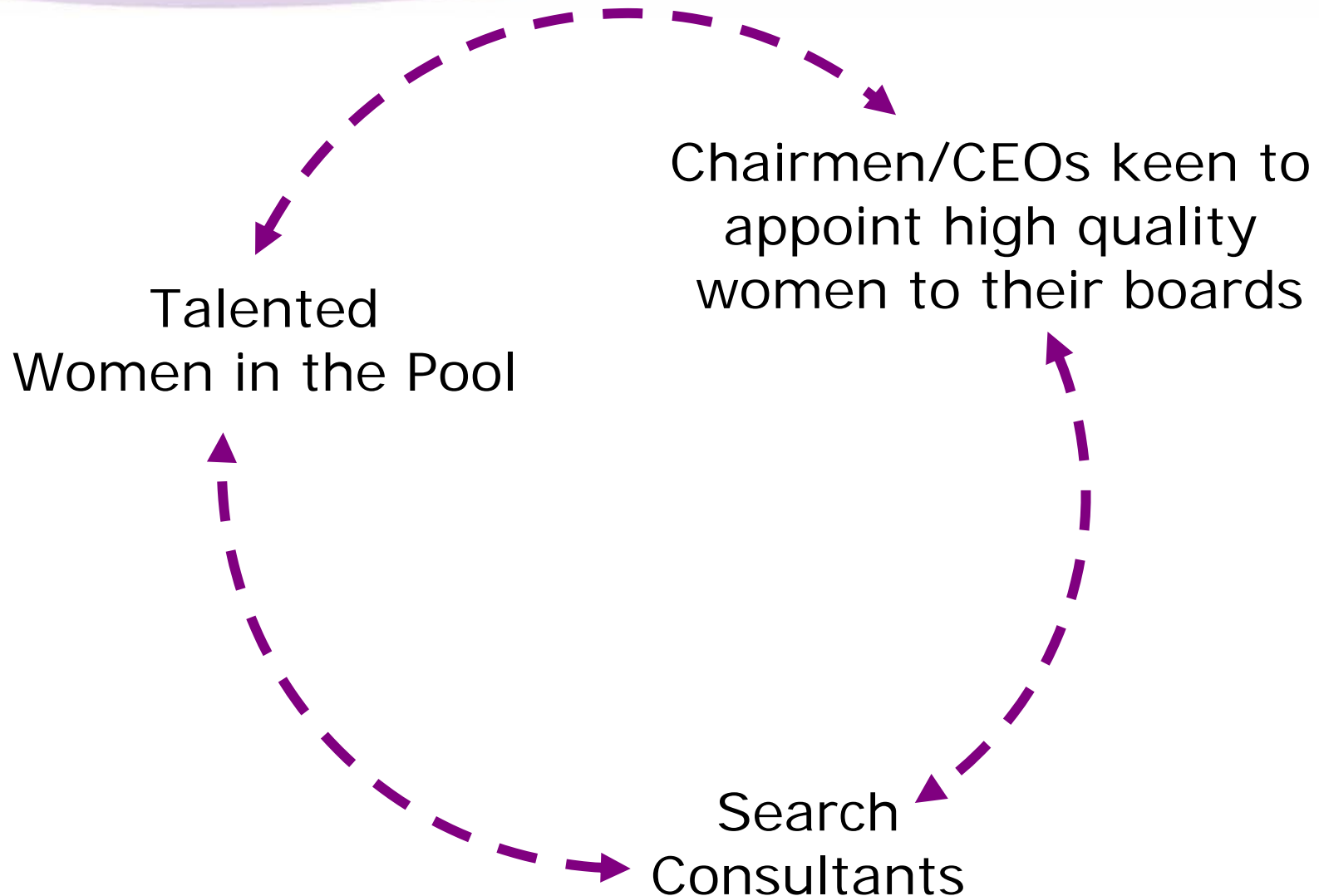
Pipeline to FTSE 100 Board

150 women
FTSE 250 Exec
and non Exec.
directorships

122 women
FTSE 250
Exec. committees

122 women on
FTSE 100 Executive
committees

Some sort of disconnect?



- *“When I first left the bank I did the rounds of all the head-hunters with my CV and followed up with them from time-to-time, but that came to nothing. Now I get calls from head-hunters every week – word of mouth just goes round.” (Female FTSE 100 Director)*
- Future research project...

- In depth boardroom cultures study on 5 Science, Engineering, Technology firms, suggests it is not a lack of interest or ambition, but disillusionment with and unattractiveness of the board.
- Analysing the pipeline of women to FTSE 100 boards (with Opportunity Now)
- Thirty+ interviews with female MDs in investment banks, with similar results.

Change Agents and Gender Diversity at Top Level

