



# Breaking through

Do you believe that non-mandatory quotas will have a material effect on the number of female FTSE directors?



19%: It will have a material effect

67%: It is unlikely to have a material effect

14%: I'm not sure

Following the recent publication of Lord Davies' report *Women on Boards* we asked the *Chartered Secretary/CSS* survey group for its views on initiatives to enhance diversity in the boardroom. Rather than enforcing mandatory quotas for female representation at board level, Lord Davies has opted for voluntary quotas, to be set by the companies themselves. But will a voluntary quota such as this work? Respondents to the 'Quick question' survey thought not: 65 per cent felt it was unlikely that non-mandatory quotas would have a material effect on the number of female FTSE directors, while only 19 per cent thought that they would; 14 per cent were unsure.

Despite this initial scepticism, however, 40 per cent of respondents did feel that internally generated quotas would last beyond 2015 to become a permanent feature of the UK governance regime. Yet, almost a similar

amount, 39 per cent, felt that such quotas were only a temporary measure until the situation improves. We asked how voluntary quotas might affect smaller and unlisted companies. The majority of respondents, at 65 per cent, felt that gender quotas were unlikely to 'trickle down' to smaller firms, with only 25 per cent believing that smaller firms would take up voluntary quotas.

Lord Davies also recommends that, 'investors should pay close attention to the recommendations from the report when considering re-appointments to a company board.' When asked if they felt that investors would hold companies to account in this area, 79 per cent of respondents thought that they would be unlikely to do so and only 9 per cent were confident that they would. A further recommendation of the report was that non-executive appointments should be advertised more widely in order to encourage a greater diversity of applicants. Respondents were split on the impact such an approach might have; 52 per cent thought that it would encourage more women to put themselves forward for these roles, but 43 per cent were unsure that it would provide such encouragement. When asked if the proposals put forward in the report would encourage more company secretaries to take up non-

executive director roles, the response was again quite even; 43 per cent thought that more company secretaries would apply for NED roles, whereas 45 per cent thought that they would not.

Some interesting additional comments were made. There was a belief among many respondents that appointment to fulfil a quota negates appointment on merit, so that the most qualified person for the post is not always appointed. However, it may be that the aim of quotas is to redefine our understanding of what makes an individual qualified for a role. Others pointed to the pivotal role that the chair can play in defining the board's approach to diversity and therefore the nature of its recruitment process. A need for better coaching and training for women was identified, as well as for headhunters and executive search companies to take a more inclusive approach to board recruitment. One assistant company secretary from a private group commented: 'Perhaps more young women should be encouraged to set their sights much higher and push until they achieve higher levels.' Indeed, the culture within an organisation has a vital role to play; one company secretarial consultant commented: 'What is really needed is a corporate culture that genuinely sees women as no threat.'



Conducted in association with **Company Secretarial Services**

If you're a company secretary of a leading UK business, and you'd like to take part in or comment on future surveys, e-mail Caroline Evans at [cje@blt.co.uk](mailto:cje@blt.co.uk).