Not finished yet

Although the FTSE Women Leaders Review has reported real progress on targets to achieve female representation on boards, smaller listed companies still have a long way to go.

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The recently published FTSE Women Leaders Review – Achieving Gender Balance shared the encouraging news that women now occupy 40% of directorships and 27% of executive committee roles within FTSE 350 companies. These are significant improvements on the situation in 2011, when just 9.5% of FTSE board positions were held by women – a figure that essentially represented the 'one and done' approach that was a common feature of many company boards of the time.

The report also included, for the first time, a snapshot of the position in the 50 largest private companies in the UK, noting that 34.3% of their leadership roles are now occupied by women. However, there is more to do in key areas.

First, the proportion of women occupying the four most significant board roles – chair, **SID**, chief executive and chief financial officer – remains much lower than the headline figures. While the report highlights that the percentage of female SIDs in the FTSE 100 is now 37%, only 19% of FTSE 100 chairs are women. Appointment as SID does tend, to some extent, to be a gateway to subsequent roles as chair, so there are reasons to hope that the current cohort of female SIDs may become women chairs in the medium term. Similarly, while the current number of female **CEOs** and **CFOs** is low, there is a healthy pipeline of women in finance roles at executive committee level that might yet progress to become executive directors.

Second, the progress made in larger companies does not seem to be replicated in smaller listed businesses which have not been subject to the same regime of gender diversity targets. A joint report published on International Women's Day by my own company, Indigo: Independent Governance, and Addidat, an **ESG** benchmarking data provider, highlighted that just one in seven **AIM**-listed company board roles is currently occupied by a woman, and that 42% of AIM-listed companies still have all-male boards. These woeful statistics sadly shine a light on just how much remains to be done.

There have been plenty of studies looking, in various ways, at the impact of boardroom gender diversity on profitability and long-term sustainability. Historical research was, to some extent, hampered by the low numbers of female directors. However, more recent studies have access to data based on companies with several female board and executive committee members, rather than just the lone woman director model of a few years ago. The influence of a solitary female voice on board dynamics and effectiveness is unlikely to be significant, whereas the impact on behaviours and culture where board composition is more balanced would probably be more substantial.

No one thinks that populating a board with directors who all have identical skills would lead to optimum decision-making. The right conditions for robust and challenging debate are created by bringing a range of views to the table, informed by diverse personal attributes, knowledge and experiences. While there are many diversity factors to address, gender has rightly been the starting point to improve that mix.

Interestingly, according to the FTSE Women Leaders Review, one of the executive committee roles most commonly held by a woman is that of company secretary, with 60 female company secretaries in the FTSE 100. As governance professionals we are, without doubt, more familiar with the workings of the boardroom and have a greater understanding of what the job of a director entails than any other functional specialist. We are, therefore, well placed to undertake directorships, and it would be wonderful for more female governance professionals to be part of the growing pipeline of board-ready women that will improve gender balance around the board table even further.

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