

Women in finance: a springboard to corporate board positions?

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This report explores whether having a financial background or qualification affects the likelihood that senior women will obtain a FTSE 100 board directorship.

The study includes a review of relevant literature; an analysis of the publicly available CVs of 1,086 male and female FTSE 100 board directors and findings from 20 interviews conducted with key stakeholders, including board consultants from seven executive search firms, five chairmen of FTSE-listed companies and eight individual female directors.

Women in finance: a springboard to corporate board positions?

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With global expertise on women on corporate boards, Ruth has been the lead researcher of the UK's annual Female FTSE Report since 2007. Sponsored by government and major organisations, the report analyses the demographic composition of the FTSE 350 corporate boards and executive committees. The annual report has a considerable reputation and research impact, with the findings cited in over 100 broadsheet newspapers, radio and television channels, and practitioner journals across the world each year. Ruth was the academic adviser for a recent CBI report into women on boards, advised a cross-party parliamentary group, advised the EU Commission group on EU-wide quotas, was called as a witness for the House of Lords enquiry on the same issue and has led the research following Lord Davies' review for the UK government on the same subject.

Ruth's research interests cover many aspects of retaining women in leadership, particularly board composition and corporate governance. Her doctoral research considered the importance of role models for female directors in investment banks, and how the lack of them may affect women's work identity formation and career aspirations.

Ruth speaks regularly at academic and practitioner conferences, lectures postgraduate and doctoral courses, and has written a number of book chapters and journal articles. Before becoming an academic, Ruth was the managing director of a specialist holiday company, which she sold to a larger tour operator, and then worked for a number of years as a business psychology consultant.

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Noeleen is a senior research fellow and a chartered member of the British Psychological Society and holds a first degree in Psychology, a masters degree in Applied Psychology and a PhD in organisational psychology. Having combined both academic and practitioner roles in previous employment, including the role of occupational psychologist with the Royal Mail, her focus is on generating research relevant to practice.

Internationally renowned as a research leader in career studies, her primary area of interest is in the dynamics of career management and development. Noeleen speaks regularly at international and national conferences and engages with broader audiences through regular media coverage. She is on the editorial board of *Career Development International* journal. She has published a range of books, book chapters and articles, recently featuring in the *Journal of Vocational Behavior*, *International Journal of Human Resource Management*, *Career Development International* and *The British Journal of Management*.

Noeleen has studied high-potential careers, the career transitions of managerial populations, talent management and the career implications of international working for both individuals and organisations. Her current research interests include gender aspects in career development, the self-initiated international expatriate experience, careers in the Third Sector and the field of work and well-being. She collaborates closely with international and national colleagues in developing a research agenda for the future.

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Executive summary

What can facilitate the path to the top of the corporation for women? This is a question underpinning a surge in interest in women's progress to board level, not least prompted by the 'Davies report' of 2011, *Women on Boards* (Davies 2011). In support of the business case for greater diversity at board level, Davies called for action to ensure an increase in the numbers of women to PLC boards in the UK. There have been significant moves towards this aspiration, with an increase in the proportion of women appointed to FTSE 100 boards from 12.8% to 17.5% in the 18 months following publication of the Davies report.

Anecdotal evidence suggests that companies may be more positively disposed to appointing women to board positions if they have a financial background or financial qualification. This report comprises an analysis of trend data outlining board composition and a series of in-depth interviews with key stakeholders, describes the current context, and situates the issue of financial background and qualification within the present debate about women on boards. The perceptions of chairmen, executive search consultants (ESCs) and individual female board directors add a depth of understanding of the key skills, knowledge and abilities required and the opportunities, barriers and facilitators for women aiming for board membership.

A range of capabilities and competencies are needed by all individuals aiming for a board-level position. These include knowledge, motivations and networks. What is unclear is what role a finance qualification or background plays in these three career influencers.

KEY TREND DATA

2012 has been a dramatic year for women on boards in the UK. The percentage of female-held directorships on FTSE 100 boards had risen to 17.5% in September 2012. This increase of 5% over 18 months equalled that made in the previous decade. In fact, women's gains were made in non-executive (NED) positions (which rose to 21.8%) and no change was made in their much lower representation among executive directors (ED) (which remains at 6.6%). Interestingly, of the 20 female EDs in place, nine are current CFOs (45%), two are former CFOs, now CEOs, and two have held major finance roles in the past. In fact, 45% of female EDs are financially qualified and 65% in total have financial backgrounds, giving them substantial financial expertise. The comparable figures for their male colleagues are just 26% and 44%: so what is it about the finance function that works for women?

Of the 47 new female appointments analysed in the report, the majority (57%) had finance backgrounds. This suggests that women from finance backgrounds are at a distinct advantage when applying for new board positions.

THREE VIEWS ON WOMEN'S APPOINTMENT TO BOARDS

This report draws on the perceptions of three key stakeholder groups in the progression of women to board positions. Executive search consultants, who are tasked with identifying an appropriate target pool of suitable individuals, provide one perspective. Chairmen, who are instrumental in the recruitment and selection of board members provide another. Finally,

women who have attained board membership offer valuable insights into personal experiences of their paths to the top.

BARRIERS AND FACILITATORS

Much has previously been written about the barriers to women's progression to the highest echelons of the corporate world. Uniquely, this study focuses on the facilitative aspects of financial knowledge and expertise. A financial qualification or a background that demonstrates substantial financial acumen was seen as a significant facilitator for women obtaining FTSE directorships. In addition, there were characteristics specific to a career within the finance function of these organisations that was seen to be facilitative for women's careers over other functions.

Many of the usual suspects were identified as barriers for women's progression to the upper echelons of corporate life, but the three stakeholders emphasised different aspects. Even so, overall, there was a very clear message from the executive search consultants and the chairmen that a finance background was a facilitator.

- From the chairmen's perspective a finance background was necessary but not sufficient.
- For the ESCs it was a sign of a viable candidate and an objective leveller, placing all candidates on a par.
- The female board members felt it gave them credibility to be perceived as not so different from the men, enabling them to be

judged in the same terms, giving them perceived legitimacy and a common language. Finance was described as the language of the board and having it gave women access to the conversation.

The language of finance also helps to break down some persistent stereotypes about women's competence and emotional nature. Having this common language could go some way to addressing the challenges of differing communication styles.

WOMEN, FINANCE AND THE NED ROLE

Although the chairmen agreed that not all NEDs needed to be financially qualified, there was consensus that they needed to be 'financially literate'. Nonetheless, there was no one definition of this and in some cases it appeared to be judged on a case-by-case basis.

For some ESCs this meant having had 'chief' in their job title. This was a proxy for having had 'substantial P&L experience', which some women claimed was a criterion applied more stringently for them than their male colleagues.

An alternative definition of financial literacy was to have had a significant career in investment banking.

All the women interviewed agreed that there was no shortage of suitably qualified females suitable for NED roles. Some of the ESCs admitted to having to 'work harder' to find the requisite women.

WOMEN, FINANCE AND THE ED ROLE

Women appear to have been more successful in reaching the most senior jobs through the function of finance than through other functions. They hold 9% of CFO positions as opposed to 6% of other ED roles. For male EDs only 26% are financially qualified and a total of 44% have financial backgrounds. In contrast, 45% of female EDs are financially qualified and 65% in total have financial backgrounds. The ESCs and chairmen suggested a number of reasons why women are faring better within the finance function:

- accountancy firms admitted women in substantial numbers 20+ years ago
- clear career paths make professional service firms (PSFs) attractive to women
- objective definitions of success mean that politics is less important
- the attraction of technical, portable skills
- minimal damage caused by career breaks
- HQ-based jobs mean less extensive travel and less 'in the field' culture.

IMPLICATIONS FOR POLICY AND PRACTICE

Given the longevity of the value attributed to the finance qualification (ie more than graduate degrees or MBAs at the most senior levels), corporations and careers advisers should highlight these benefits and the attractiveness of the potential career paths that exist.

Organisations should learn from the fact that women are managing to sustain their careers in the finance function more than in other areas, owing to characteristics such as the lack of excessive travel, an ability to return easily after breaks and the relatively HQ-based nature of such jobs. These insights should be applied to other functions.

Women (and men) who choose non-finance functions should recognise the need to be able to prove significant financial 'literacy', for example by taking on profit and loss roles, if they aspire to board directorships.

1. Introduction

THE BACKGROUND

Since the global corporate failure of the 1990s, and particularly following the 2008 financial crisis, profound questions have been asked about the efficacy of the governance mechanisms of large corporations. The board of directors is the main mechanism of internal corporate governance and there has been much focus on both the composition and processes of corporate boards. Until recent years, despite diverse workforces, corporate boards in Western economies were almost entirely composed of Caucasian men, typically aged 55–70, from a middle-class, well-educated background. For example, across Europe the average percentage of female directors on corporate boards is 13.7% (EU Commission 2012). There has been a growing focus on the business case for greater boardroom diversity, highlighting the benefits of including more women as board members. Research suggests that diversity facilitates better decision making, greater independence, better adherence to corporate governance, less insolvency, greater innovation and creativity, and less 'group-think', where members of similar backgrounds can tend to ignore alternative views or concerns, leading to flawed decision making.

A THREAT OF QUOTAS

There is currently a significant emphasis on increasing the numbers of women holding corporate board directorships in North American, European, Australasian and some Asian countries. A number of European countries are adopting a regulatory or legislative route (including Norway, Spain, France, Netherlands, Iceland, Finland, Denmark, Belgium and Italy). Most recently, on 14 November 2012 the European Commission published its proposal for a gender diversity directive for improving gender balance on company boards, with an objective that 40 per cent of non-executive members of boards of publicly listed companies in Europe should be women by 2020. In the UK, there has been substantial research into the barriers that women face in getting to the top corporate positions and, more recently, the focus has turned to challenges within the appointment process. The government commissioned an open consultation on the issue and a report was produced in February 2011, *Women on Boards*, 'the Davies report', (Davies 2011) with recommendations for various stakeholders (chairmen, CEOs, executive search consultancies, institutional investors and the Financial Reporting Council) to ensure an increase in the numbers of women on PLC boards in the UK.

WHERE WE ARE TODAY

Following the Davies report, anecdotal evidence from conversations with executive search consultancies indicates that companies, when looking to expand their pool of possible board director candidates, are focusing on women with financial qualifications and backgrounds. In practice, the term 'financial background' is ill defined. Informal conversations with some chairmen did not reflect this claimed shift in focus to the importance of financial credentials. Therefore, this report sets out to investigate these discrepancies and the current thinking regarding recent hires.

In the 18 months after the Davies report there was a significant increase in the proportion of women appointed to the FTSE 100 boards – increasing from 12.8% to 17.5%.

This increase in women's representation, of almost 5% in 18 months, equates to the entire increase over the previous decade.

13.7%

OF EU BOARD DIRECTORS
ARE FEMALE

AIM OF THE RESEARCH

This is a time of change, as more women are taking up positions on major corporate boards. To what extent does being financially qualified enhance the likelihood of achieving a board position for an individual woman?

The aim of this research is to explore more thoroughly some of the positive influences that are helping women attain board positions. Plenty has been written about barriers to women's progress and, rather than concentrating on these, this report, uniquely, focuses on the facilitative factors and, in particular, the role of the finance qualification or a financial background.

REPORT STRUCTURE

The remainder of this report is structured as follows. The next section sets out a brief overview of the context of corporate boards, directorships and what is currently known about the appointment process. Next, it looks at the key elements influencing women's progress to the boardroom through three categories of occupational knowledge, personal motivation and networks; this section is based on the career capital framework (DeFillippi and Arthur 1994).

A brief description is given of the methodology used, then descriptive trend data are detailed. The findings from the interviews reveal the role of finance as a facilitator and a perspective on career paths is given. The report concludes with a summary of some of key findings and some recommendations for practice.

CORPORATE BOARDS AND DIRECTORSHIPS

The board of directors of a listed organisation is the main mechanism for internal governance. In the UK, companies operate a unitary board, which means that the board consists of both executive directors (EDs) and non-executive directors (NEDs). Executive directors are full-time employees of the company, with executive roles in the daily running of the business. They are often promoted from within the company. NEDs are not full-time employees of the company and are concerned with the corporate governance of the board, sometimes described as 'critical friends'. Their role is to attend (usually) monthly board meetings, engaging in any preparatory work required, plus that of any Committees to which they belong. They are appointed from outside the company. In the UK, the aspiration is that NEDs will be 'independent', which means that they have not been full-time employees of the company and they do not have significant share-holdings in the company. Their functions are primarily concerned with monitoring performance (to enhance shareholder value); strategy development and the allocation of resources; and conflict resolution within the board. The board also includes a number of committees, at a minimum the Audit Committee, the Remuneration Committee and the Nominations Committee, which provide 'checks and balances' for board activity.

Recent reports have estimated that an NED of a FTSE-listed company typically spends 17–30 days a year on board work

(Russell-Reynolds Associates 2011). NEDs are remunerated, typically between £1,300–£1,800 per day, in a FTSE-listed company. Following the corporate failures of the late 1990s, the role of a board director has become more professionalised since the Higgs Review of 2003. Both EDs and NEDs take on more personal responsibility and liability and a requirement for frequent board evaluations has been incorporated in the UK Corporate Governance Code (known as 'the Code'), the principles by which UK PLCs operate, recorded in their annual reports and monitored by the Financial Reporting Council (FRC).

The corporate board of a FTSE 100 company today has an average of 10.1 directors (with a range of 6 to 18). Following the 2003 Higgs Review, which recommended a better balance between NEDs and EDs on FTSE boards, there has been a year-on-year decrease in the numbers of executive directorships. Whereas, previously, boards had a majority of executive directors, today 72% of FTSE 100 companies have only one, two or three EDs on their board (Sealy and Vinnicombe 2012). These executive roles always include a chief executive (CEO) and a finance director (CFO/ Group FD). An additional ED role may be in operations, technology, strategy, a regional/divisional CEO or, very occasionally, human resources or legal counsel. These changes have resulted in fewer executive board directorships and a greater number of NED directorships, and this is where women have begun to make inroads to greater representation.

GETTING APPOINTED TO A BOARD

Being appointed to the board of directors of any organisation is considered by some to be the pinnacle of a corporate career. By definition, therefore, only an elite group of individuals reach those upper echelons. To illustrate this, within the 93 FTSE 100 companies for which data were available, there are a total of almost 5.5 million employees (Boardex.com 2012). These 93 companies have a total of just over 1,000 board positions between them – ie only one board member for every 5,500 employees. In order to graduate to such positions any individual must demonstrate his or her exceptional ability, in terms of appropriate skills and requisite experience. This is in addition to being sufficiently motivated, both to have put in the necessary work to get to that

point in their career but also to want to take on the additional responsibilities of board directorship.

There is currently a debate regarding whether career mobility or organisational stability facilitate progress to the top executive positions of chief executive and finance director (Hamori and Kakarika 2009; Sullivan and Arthur 2006). A recent report on Fortune 100 companies in the US stated that 69% of CFO appointments were internal promotions and 31% external and that the majority of internal hires had long tenures with their organisation (Russell-Reynolds Associates 2012). Long tenure with an organisation enhances the potential of internal candidates to accrue social networks, providing more access to information and contact with current board members, thus increasing their profile.

THE APPOINTMENT PROCESS

Success in career progression is not just the result of capability and motivation, but also of one's ability to navigate the vagaries of promotion and appointment processes along one's career path (Singh et al. 2008). Some of the psychological processes that affect who gets appointed into various positions include stereotyping, unconscious bias, and homophily, which tend to perpetuate the notion of 'Think manager, think male' (Schein 1975; 2007). While the major barriers to women's advancement were identified by CEOs as a lack of general management experience and lack of women in the managerial pipeline, female executives themselves emphasised the impact of organisational culture on stereotyping and exclusion from important networks (Ragins et al. 1998).

93

FTSE COMPANIES

have

5.5 million

EMPLOYEES

and

1,000

BOARD POSITIONS

ONE BOARD MEMBER FOR EVERY 5,500 EMPLOYEES

Source: Boardex.com (2012).

Women in organisations may experience distinct development and advancement patterns that are different from those available to men, even in the same company. In male-dominated environments, women appear to be viewed as less competent than men by both males and females (Moss-Racusin et al. 2012). Previous research, including interviews with FTSE chairmen, has touched on the different skills that women bring to the boardroom (Singh 2008; Vinnicombe et al. 2010). In order for any individual to attain board directorships not only must they be capable of performing the role and want to undertake it but, in addition, they need to find their way into and navigate through the complex appointment process. So what is it that a finance qualification is adding or seen to be adding?

WHAT DO WOMEN NEED TO DO TO ACHIEVE BOARD-LEVEL POSITIONS?

All individuals aiming for a board-level position need a range of capabilities and competencies. These include knowledge (knowing-how), motivations (knowing-why) and networks (knowing-whom) (Inkson and Arthur 2001). While it is known that these three skills sets are important to the progression of women to board level, it is still not clear just how important a functional background in, and knowledge of, finance are for women aiming for the top.

FINANCIAL KNOWLEDGE AND PROGRESSION FOR WOMEN

There is statistical evidence of the unequal progress of women and men in achieving board-level positions, both in the UK and across the world (Vinnicombe et al. 2008). Lack of progression is not due solely to an absence of knowledge. On the contrary, women have been 'over-achieving' in terms of education and qualifications more generally. OECD data (2011) now show that women and girls outperform men and boys at every stage in the education system, including postgraduate education.

Women taking up new board directorships appear to have substantial qualifications and managerial experience: specifically, they have more MBA qualifications, more multiple sector experience and more international experience than their male peers (Singh et al. 2008). This finding is confirmed among MBAs achieving recent Norwegian directorships (Storvik and Teigen 2010). In the Fortune 100 US firms, 54% of CFOs hold an MBA, although only half received their qualification from a 'Top 25 business school' (Russell-Reynolds Associates 2012). Is it that an MBA is seen as a possible proxy for financial knowledge?

PROFESSIONAL STATUS

In the UK today, equal numbers of men and women are being admitted to membership of the major UK professional accountancy bodies (Gallhofer et al. 2011), indicating that they are gaining relevant financial knowledge. In 2011, more than half of ACCA's student members were female and the majority of all finance graduates in the US and UK are women. In other

professions, such as medicine and law, women have made up the majority of graduates since 1993 (Deech 2010) and as long ago as 1990, 59% of new graduates hired in public accountancy firms in the US were female (Collins 1993). Despite this, women today account for only 20% of the most senior jobs held in finance, so strong academic achievement does not appear to equate directly to advancement to top-level positions (Devonport 2008; Rapacioli 2010). The lack of women's progress to corporate boards, for example in accountancy and in professional service firms, has attracted attention that focuses on the barriers they face, rather than on the facilitative benefits that skills and knowledge in finance can bring. There is a need to find out what positive impact an accountancy qualification or finance experience can have in helping women to get onto the paths to senior management positions, and this report aims to address this need.

Beliefs and biases about the required qualifications or experience are often based on misinformation (Singh and Vinnicombe 2004) and, in addition to professional qualifications, certain types of previous work experience can counteract negative expectations of a woman's performance (Heilman and Haynes 2005). Men are more often judged on their perceived potential, whereas women are judged on their previous experience (Byrne 2011). In selecting individuals for consideration for board positions, executive search consultants still use vague terms such as 'intrinsic' and 'fit', as opposed to more objective measures such as qualifications, as deciding factors about an individual's suitability as a candidate for board roles (Doldor et al. 2012).

MOTIVATION AND PROGRESSION FOR WOMEN

Those with the motivation and ambition to reach top-level management positions and, ultimately, board level are driven by a clear sense of direction and purpose, identification with others in top positions and a sense that they will fit. For women, motivation and ambition appear to be closely linked to identification with similar others in the hierarchy above them, which can help their career progress. Role models appear to be important in encouraging and supporting ambition for women already in mid to late career (Sealy and Singh 2010; Sealy and Doherty, unpublished). If women cannot see the 'fit' between themselves and those above in their organisation, then their ambition levels decline, as does their belief in the meritocracy of their organisation (Peters and Ryan 2010; Sealy 2010). If more women with finance backgrounds are succeeding today to the top positions, then they may serve as role models for future aspirant female directors. Does having a finance background support the motivation and drive of women aiming for the top?

NETWORKS AND PROGRESSION FOR WOMEN

Developing networks is important to an individual's career progression (Dickmann and Doherty 2010), particularly for women (Chen et al. 2012) and especially for board directorships (Terjesen et al. 2009). Women often lack access to key organisational contacts (Eagly and Carli 2007) or, because of their sex, are excluded from important networks (Ragins et al. 1998). Having a banking background appears advantageous for women aspiring to attain an NED position, and in particular having connections through working with chairmen or CEOs of FTSE companies (Singh and Vinnicombe 2006). Being known by existing members of the FSTE board elite seems critical to gaining NED positions in the UK and across other countries such as the US (Mattis 2000), Canada (Burke, 1997) and Australia (Sheridan and Milgate 2003). Being known within elite circles appears to be an essential first step in getting to board level, an issue highlighted in an earlier conversation with the head of board practice at one of the global search firms. With

particular reference to women, the search executive stated that if the woman were not already known to the search firm when first expressing an interest in an NED role, it was already too late. Social ties are a likely indication of women's capabilities that may serve to reassure nomination committee members. Being known by key players in the appointments process can help to confirm the suitability of a person for a board role (Doldor et al. 2012).

Networking and using social connections are essential, therefore, in the pursuit of a board position. Does having a finance background or qualification give women better access to some of these networks than they would otherwise have?

In combination, the knowledge, motivation and networks that women develop can facilitate their career progression. This report explores specific aspects of the capabilities that help women on the paths to board membership.

2. Methodology

TREND DATA

In phase one of the project, data for a trend analysis were gathered from 'BoardEx'. BoardEx is a 'Relationship Capital Management' database that holds data on individuals at senior management and director level, within listed and non-listed large corporations across the globe. It does not hold (nor does it claim to hold) all information about every individual. Therefore, there is more information about some individuals than others. Often this reflects how long the individuals have been 'in the public domain'. At other times it reflects how private the individual may choose to be as only certain limited information has to be made public.

BoardEx holds data at both an organisational and individual level. The data are updated daily and are only current – ie data can be collected on the current holder of a particular FTSE 100 directorship, but not past holders. The trend data used in this project were downloaded on 10 January 2012. Data were collected on the list of FTSE 100 companies at 10 January 2012 and on all the directors of those 100 boards. Updated figures were then taken for the percentages of women on boards on 10 September 2012.

INTERVIEW DATA

The second phase of the research involved in-depth interviews with selectively targeted individuals. Interviews were conducted with eight female FTSE 100 directors, seven executive search consultants and five FTSE chairmen.

The eight individual women all held NED positions in FTSE listed companies and had all been appointed to new positions since 2010. For four of the women this included their first FTSE NED position. The other four had held FTSE NED positions for between three and five years. Only two of the interviewees had formal finance qualifications and three had MBAs (from Harvard, US, Cranfield, UK, and Baldwin-Wallace College, US). Three had had long careers in investment banking (from 15 to 35 years). One was a CEO of a major charity and only one had had experience as a FTSE 100 executive board director. The eight women between them held 12 FTSE NED positions and five additional major NED roles. Six of the eight had or were constructing portfolio careers, and only two were still in full-time executive roles. Detailed descriptions of their career paths were ascertained, and their perceptions of the value of educational and professional backgrounds, in particular a financial background, both in securing the board position and in their current role, are drawn together in this report.

In-depth interviews with seven executive search consultants (ESC) enquired about the range of data gathered on potential board candidates to gauge their understanding of the importance of a financial background or

qualification, how this informs their search process and what emphasis they place on it as a sign of suitability for board positions. The ESCs either led or were part of the board practice of seven different executive search firms who were regularly placing directors on FTSE 350 boards. One female search consultant responded to some of the interview questions from the perspective of her role and to others from a personal perspective as a senior female executive within her organisation, with a finance background and an MBA.

Interviews with five FTSE chairmen ascertained their take on the importance of a finance background or qualification, and the extent to which this is included in their brief for potential board members. The chairmen had been in post for an average of four and a half years, ranging from less than a year to eight years. They had an average of 15 years of FTSE board experience, ranging from 12 to 23 years.

Interviews were conducted either face-to-face or via the telephone by one of the two researchers. With the permission of the interviewees, interviews were recorded and professionally transcribed. Interviews were 45–60 minutes long. A software analysis tool (NVivo) was used in the analysis of the data. Key themes and findings are detailed below.

TRENDS IN BOARD MEMBERSHIP OF THE FTSE 100

Data from BoardEx were analysed for current trends and patterns in board membership for the FTSE top 100 UK companies.

3. Board composition

FTSE WOMEN ON BOARDS

As at January 2012, within the total FTSE 100 companies there were 1,086 directorships. These positions were held by 898 individuals. Of the 100 companies, 11 of them had entirely male boards. Of the 89 companies with women on their boards, 50 had more than one woman – 29 companies had two women, a further 18 had three women and just 3 companies had four women on their boards. Only 17 of the FTSE 100 companies had female executive directors, with three of those having two such positions held by women.

An analysis of the breakdown of directorships (ED and NED) by gender was conducted. In total, directorships were held by 753 males compared with 145 females. The split between ED and NED positions indicated 20 female ED

roles, 143 female NED roles, 285 male ED roles and 638 male NED roles.

Eight months later, in September 2012, there were some significant changes. Within the total 100 companies there were 1,077 directorships, a reduction of nine roles. Of the 100 companies, only eight now have entirely male boards. Of the 92 companies with women on their boards, 61 have more than one woman – 34 companies have two women, a further 19 have three women, 7 companies have four women and one company has five women on its board. Still, only 17 of the FTSE 100 companies have female executive directors, with three of those each having two such positions held by women.

The analysis of the trend data is of the earlier data set. The later data were taken to demonstrate a changing market.

FTSE WOMEN IN EXECUTIVE ROLES

Of the 20 ED roles held by women in the FTSE 100 companies, four of them were chief executive officers (CEOs) and nine were in finance roles (chief finance officer or finance director). Of the CEOs, two have entirely finance backgrounds, and have been CFOs (the CEO of Imperial Tobacco and Divisional CEO of Pearson), and a further two female EDs have held major accountancy roles in the past. So, of the female-held executive directorships in September 2012, 45% were finance roles. Of the 20 executive directorships then held by women, a total of 13, or 65%, had finance backgrounds or experience.

In contrast, only 75 of the 285 male executive directorships were in CFO/GFD roles. This equates to 26%. An additional 50 had a finance background,

Figure 3.1: Backgrounds of FTSE 100 new female appointments



Source: Female FTSE Report 2012 (Sealy and Vinnicombe 2012).

meaning that a total of 125, or 44% had finance backgrounds or experience.

Proportionately women appear more 'successful' in attaining executive roles where they have a financial background.

As can be seen in the table below, female EDs not in finance roles hold positions in areas such as divisional CEO, HR, operations, merchandise, corporate legal affairs, and business development.

For the 160 male EDs who are not in CFO/GFD roles, a much wider spread of positions appear to be available. For example: chief investment officer, chief

operations officer, and directorships in such areas as corporate affairs, regulation and strategy, and production; company secretary in areas such as sales, customer relations, retail, and exploration; and chief technology officer in the areas of risk, supply, and marketing. Many more male than female EDs are in divisional/regional CEO roles, which one might surmise would be an obvious route to a full CEO role. The Russell-Reynolds report (2012) on Fortune 100 US firms confirms that 'nearly half of F100 CFOs have served as a divisional CFO, making this the most common job on the route to the top'. It is difficult to comment on this for women as the number of female EDs is so small.

Interestingly, these 17 companies in which the 20 female ED roles are held represent a spread of sectors. Some of these sectors would not traditionally be considered 'female-friendly' – for example, oil and gas, mining, construction and building, aerospace and defence – and yet they lead the way with women in their most senior executive posts.

Figure 3.2: The finance roles of executive directors

45%
OF FEMALE EDs
ARE IN FINANCE ROLES

26%
OF MALE EDs
ARE IN FINANCE ROLES

65%
OF FEMALE EDs
HAVE A FINANCE BACKGROUND

45%
OF MALE EDs
HAVE A FINANCE BACKGROUND

NEW APPOINTMENTS

In the 12 months preceding January 2012, 190 new FTSE 100 directorships were appointed, of which 47 went to women. This means that women took almost a quarter (24.7%) of new appointments. This has been a fast-changing trend since the publication of the Davies' report on women on boards in February 2011. In the decade before this (2001–10), the percentage of new appointments going to women was on average 14.2% (Sealy et al. 2011). The increase in the percentage has continued month by month during 2012. In the 12 months up to 1 March 2012, women took 45 of the 168 new board appointments (26.7%); to 1 May 2012, women took 44 of 156 new appointments (28.2%); and to 10 September 2012, women took 48 of 135 new appointments (35.5%).

As reported in the Female FTSE Report for 2012 (Sealy and Vinnicombe 2012), of the 47 new female appointments in the year to January 2012, four were executive directorships.

Two of these new female appointments were finance director/CFO positions. One of these was an internal promotion and the woman's first FTSE board position. The other was an external appointment for a woman who had already held a FTSE NED position and an NED position in another major listed company.

The backgrounds of the 47 newly appointed women were analysed, in terms of their functional roles (as opposed to industry sectors), and it was found that over half (27=57%) had financial backgrounds. Of these 27 women with financial backgrounds, five

had mixed experience in law and politics and one also had strategy and marketing experience.

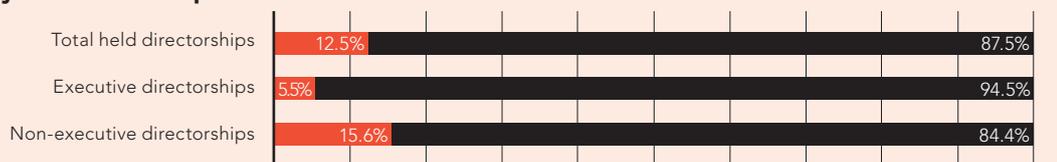
Of the 48 new female appointments made in the 12 months to September 2012, however, not one was for an ED role. There were nine new CFO appointments in that period, all of which were male.

From a historically very low base, the percentage of new appointments going to women is increasing.

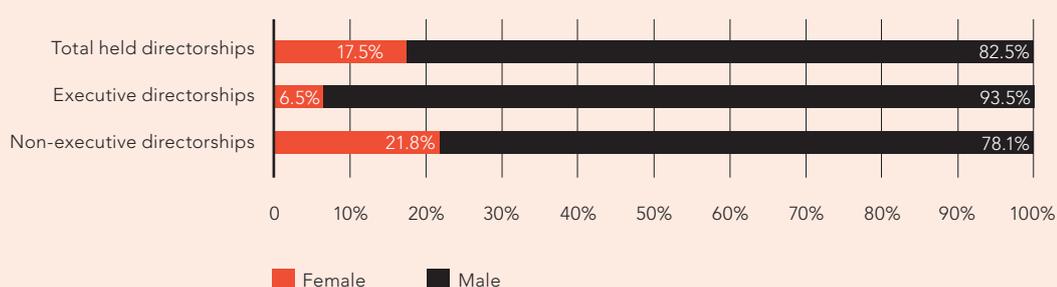
The majority of these new female appointments are women with financial backgrounds.

Figure 3.3: Board composition by gender and directorships

Pre February 2011 Davies report



September 2012



QUALIFICATIONS

Accountancy

From the January data, a total of 301 board directors were indicated as holding a professional accountancy qualification.

In the UK there are five main accreditation bodies for accountants. These are:

- ACCA (The Association of Chartered Certified Accountants)
- Chartered Institute of Management Accountants (CIMA)
- Chartered Institute of Public Finance and Accountancy (CIPFA)
- Institute of Chartered Accountants in England and Wales (ICAEW)
- Institute of Chartered Accountants of Scotland (ICAS).

These five bodies show substantial differences in terms of geographical

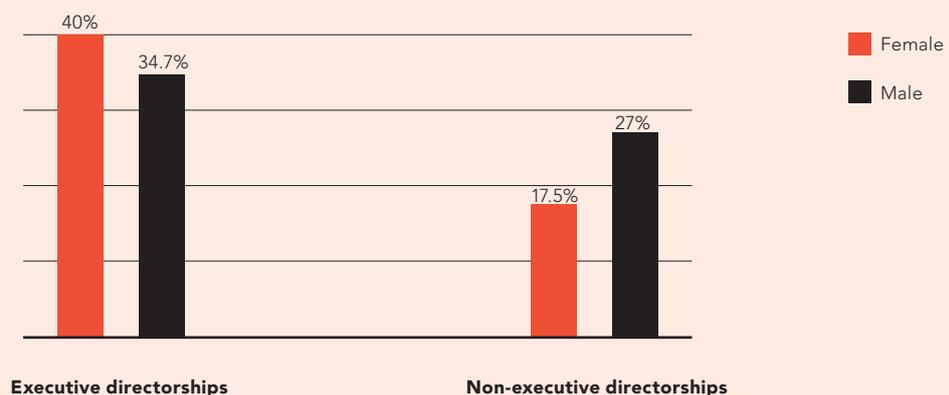
distribution of members and students, in size, growth rate, age and sex profile (for a full analysis, Financial Reporting Council 2011).

Analyses of these data indicate that only 20% of all female held directorships were filled by women with accountancy qualifications in the period in question, whereas 30% of all male held directorships were. From Figure 3.4 we can see that within the ED roles there is a difference between the sexes: of the 20 female EDs, eight (40%) held professional accountancy accreditation, while of the 285 male EDs, 99 (34.7%) were accountancy accredited. It appears that while proportionately only a few more women than men hold accountancy qualifications, it is apparent that males hold a broader range of board roles (eg in marketing, strategy, operations, technology). There is a more substantive difference, however, in the NED roles (see Figure 3.5), where 17.5% (25 of 143) of female held roles were filled by women with accountancy qualifications whereas 27% (172 of 685) of male held directorships were.

Historical influences

These figures represent a snapshot of today and, therefore, include the legacy of appointment trends made in the past. The professionalisation and accountability of boards has increased substantially since the Higgs Review of 2003. Although governance guidelines today recommend that board directors sit a maximum of three 3-year terms (after which time they are deemed to be liable to lose 'independence'), with a norm of two terms, it is important to remember that the tenures of current directors range from zero to 50 years! Therefore, the trends regarding professional and other qualifications that appear important today may not be reflected in the backgrounds of those longer-serving directors.

Figure 3.4: Accountancy-qualified directors by gender and role



MBA

Of the 1,086 board memberships recorded in January 2012, 227 recorded a professional qualification in the form of a Master's in Business Administration degree (MBA). Of the female-held directorships, 41 were held by women with an MBA while of the male held directorships, 186 were held by those who were MBA qualified. The study next considered how these were spread by roles.

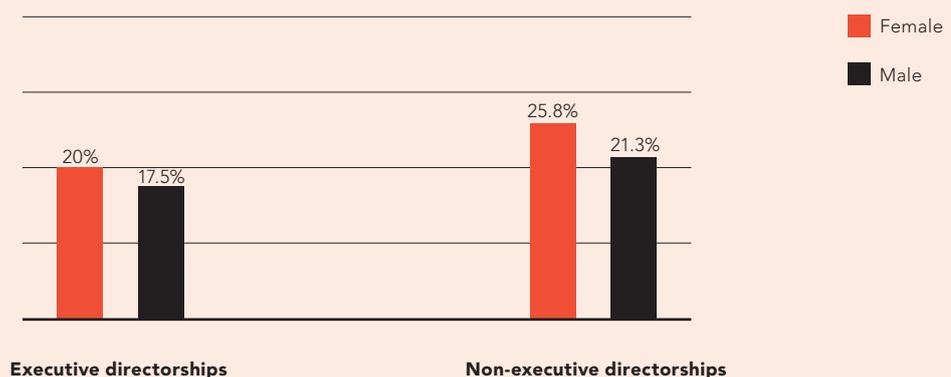
Of the 20 female EDs, four were MBA qualified (20%), while of the 285 male EDs, 50 were MBA qualified (17.5%). Of female NEDs, 37 out of 143 (25.8%) and of male NEDs 136 out of 638 (21.3%) were MBA qualified. Female EDs and NEDs are only slightly more likely than male ones to hold an MBA qualification. In addition, the requirement of holding an MBA does not seem to be substantially greater for acquiring either an ED (17.7%) or NED (22.2%) position.

A recent report by an executive search firm has stated that 'whilst female executive appointments from accountancy backgrounds still perform strongly, their number decreased in favour of MBA/strategy/consulting experience' (Norman Broadbent 2012). This observation by ESCs may indicate a widening of the candidate pools away from only the traditional accountancy route to include postgraduate qualifications and strategically focused management consultant type experience as appropriate for board membership.

Accountancy qualified and MBA qualified

Data were analysed to see if there were any directorships held by those with both MBA and accountancy qualifications and found 29 recorded out of the 1086. These 29 positions were held by 24 individuals. Two of these 24 were women, holding three board roles. Of the 29 roles, only four (14%) were currently CFO roles. Having both qualifications might be thought to be particularly relevant for holding a CEO position (ie the combination of both financial and management), but in fact only one of the 29 roles was a CEO position.

Figure 3.5: MBA-qualified directors by gender and role



4. Finance as a facilitator to board roles for women

INTERVIEW FINDINGS: PERSPECTIVES OF THREE STAKEHOLDER GROUPS

In order to understand more fully the nuances of these trends, three key stakeholder groups contributed to in-depth interviews exploring the career progression of women to boards.

Quotes in the text that follow are attributed to interviewees within one of these groups:

- recently appointed female board directors (individual)
- executive search consultants (ESC)
- chairmen (chair).

Much has been written recently, in both academia and practitioner reports, on the barriers to women's progression, both within organisations and to the boardroom. Women who aspire to and achieve board-level positions are an elite group because they are relatively underrepresented. While there has been an emphasis on the barriers to women's career progression in accountancy and women are often perceived as being constrained in their career progress, those who do succeed refuse to conform to any stereotypes, including gendered ones. They exhibit a certain 'tenacity'.

Do we think that there are systemic issues that can largely be prescribed to a gender? Yes. Do they apply to us? By definition, no, otherwise we wouldn't be where we are.' (Individual)

The drive to succeed and particularly to want to achieve a board-level position was substantial among the women in this study.

'I am ambitious – I came out of the womb that way.' (Individual)

The notion that these women are highly driven was recognised by search consultants.

'There is something in the personality that's driving them to want to succeed in business.' (ESC)

For some current female executives, gender was not an issue that affected their aspiration to secure a board level position: as one said, 'I just don't define myself by my gender'.

Therefore, in the spirit of the positivity of many of the women directors who contributed to this research, this report does not focus heavily on the barriers, but will summarise some of the key findings and then look more closely at what was said by the interviewees regarding facilitators and the role of finance. Nonetheless, to be true to the interviews, the researchers acknowledge that a significant proportion of each interview, across all groups, was spent discussing the additional challenges and burdens women face. All three groups of interviewees have positive comments to make about the role of finance, either as a qualification or a background, in assisting individuals, but particularly women, in their careers.

Table 4.1: Summary of barriers to women's progression to board level

Addressed/discussed by directors, search consultants and chairmen	Addressed/discussed by search consultants and chairmen	Addressed/discussed by directors and search consultants
Work/life balance	Childcare issues	Generational differences
Women's lack of confidence	Lack of supply	Lack of demand
Lack of role models		
Stereotypes		

A VIABLE CANDIDATE

In discussing qualifications, the 'sales' element of the search consultant's role was apparent. Their job is to 'sell' a number of candidates as 'suitable for the job' according to the brief given by the client. Even though a number of search consultants are committed to increasing the representation of women on boards, there was still a sense that it is a 'harder sell' introducing women.

'Good qualifications are an indicator of ability and performance, so if you haven't got them, it's a harder starting point.' (ESC)

'Head-hunters and chairman seem to think that it's important to have P&L experience and they seem to, for some reason, emphasise that more when they're looking at women, than when they're looking at men.' (Individual)

One search consultant focused very much on the requirement of having had 'Chief' in the 'day job' title (eg divisional chief executive, CFO, chief of operations, chief technology officer), because it is assumed that this equates to having run a substantial Profit and Loss (P&L). The women were aware of this and implied that it was more of a necessity for women than for men. Having 'chief' in a title was being taken as evidence of financial literacy. One consultant said that boards only care whether the woman has an accountancy qualification 'where the individual has not had the 'C' in front of their title. So it gave them the extra comfort' (ESC). It appears that it is an either/or situation. The candidate either:

- has a financial qualification, or
- has 'substantial P&L experience.

These are used interchangeably when describing a viable candidate from the ESC's perspective. 'Substantial P&L experience' appears to be one commonly used definition for 'having a financial background'.

One could also infer that it gives the consultant the extra comfort, but what is it about a finance qualification, more than any other type of qualification, that makes a woman more 'saleable' to the consultant and more 'acceptable to the board'?

CREDIBILITY

Individuals, chairmen and consultants all talked about financial qualifications giving 'credibility'. This perception varied between chairmen and ESFs. The chairmen did not seem as concerned about it as the consultants. A number of chairmen talked about balancing the board and, therefore, suggesting that not all NEDs need be financially qualified.

'I think it gives you credibility, it's a tick, but it's not more than that.' (Chair)

This implies that the value of the qualification is that it is necessary but not sufficient, although, as is shown in the trend data, a financial background does not always appear to be necessary, in particular for men.

From the search consultants' perspective, candidate credibility was more about whether the individual proposed would be deemed suitable and there was a sense of how that reflected back on them.

'If you're sitting in a board meeting and you get the numbers wrong, your credibility is gone in a heartbeat. More so if you're a woman. Because it's all fluff or numbers.' (ESC)

This suggests that women may be seen as one of two types – the numbers type or the 'soft and fluffy people-issues' type, which would include those in HR.

SEARCH CONSULTANTS SEE A FINANCE QUALIFICATION AS A LEVELLER

'Inadvertently it does help, even if it's not explicitly asked for...it's a massive tick in the box and it's a leveller...male or female qualification, you can't argue against it.' (ESC)

'So...the financial qualifications [almost] get you there, irrespective of whether or not you can contribute to the right growth strategy...it gets you the locker key.' (ESC)

GIVING WOMEN ACCESS

A number of the individual women board members indicated that there is an element of credibility in making a connection with the male board directors.

'Finance is a brilliant way of getting on the playing field...It allows you to connect on a different level about business. It isn't everything and having it alone isn't the answer, but I think it helps enormously.' (Individual)

It was about levelling and making the women less 'strange', more like the men.

'Financial qualifications help because it's an alternative to having those other different roles.' (Individual)

'I think it gives you a certain gravitas when you're talking, because quite a lot of the people on boards in my experience are either actuaries or accountants and you don't need to be highly qualified but you need to be able to understand and interpret.' (Individual)

One of the more experienced female directors felt the language of finance helped her attain 'gravitas', a very male construct.

THE LANGUAGE OF FINANCE BREAKS DOWN THE BARRIER OF STEREOTYPING

The challenges of stereotyping were mentioned by all three groups of interviewees.

One of the stereotypes concerns the perception of women as 'other' or different from the men who occupy the boardrooms. Individuals tend to hire 'in their own image'. In a male-dominated context such as the board, women are viewed as different and this seems to put them at a disadvantage in a subjective hiring process. There is still a sense of 'the alien' about women and not knowing how to deal with them:

'there is still a concern amongst boards that women are more emotional than men, that they're not used to dealing with emotional women.' (Individual)

The finance qualification is seen to help overcome this notion of women as different, combating some stereotypes about women, such as being poor at maths and too emotional.

'Men are only used to working with women in a domestic environment.' (Individual)

The credibility associated with a financial qualification was recognised by women who had gained board roles 'I am financially literate', 'it is a comfortableness with numbers and a familiarity.' (Individual)

Some of this is identified as being generational and it is hoped will fade with time, particularly with the current generation of men in middle management positions who are much more likely to have partners who work. In addition, as more chairmen have professional daughters who are beginning to face challenges, they are also gaining a better understanding of the issues.

STEREOTYPES ABOUT WOMEN'S COMPETENCE

'I was interviewed for a board role on a currently all-male FTSE 250 and I got the very, very distinct impression that they were interviewing a woman because they thought they ought to, and I think they were very surprised when they interviewed me exactly how much experience I had...I'm not going to repeat it...it was put very crudely but basically, the gist of the comment was 'my goodness, how on earth does a woman manage to do this in her career?'' (Individual)

On a constructive note, the finance qualification may be seen as 'a more male qualification' and this can be of assistance to a female candidate.

'[Selectors will] view a finance candidate and somebody that's got a finance qualification as slightly more male-ish.' (Individual)

Thus, the finance qualification is seen as a masculine qualification that combats some of the female stereotypes.

One chairman was very open that stereotypes exist and operate within his organisation.

'Not enough women surface in management. That limits the pool for directorships. And why is that? And there are a couple of reasons: one is the organisations are biased, they're biased. Men generally appoint men, they're uncomfortable with women. They think they're weak because they communicate differently and they're not direct. I've talked to a man, here's what I want you to do, can you do that? I want you to do this, this, this and this. A woman would say, look, we've got this problem, I've been thinking about it and this is one of the options, this is the other option, what do you think? They're different. So, an unaccomplished man looking in at that situation would say, she needs more time. Whereas it's not true!' (Chair)

This quote illustrates the impact that different communication styles can have.

But some did not perceive the lack of female representation on boards as a gender issue.

'It might feel like it's a gender thing, but I don't think that's right, I think it is just, generally, finance is the language...and more men have participated in their executive careers in business that will have given them that skill set.' (ESC)

All the interviewees agreed that either through having a finance qualification or having worked in a role with significant financial responsibility, individuals learned a unique language (eg financial terminology). This was viewed as critical because, as one consultant said, 'finance is the language of the board'.

FINANCE AND THE NON-EXECUTIVE DIRECTORSHIP

Having a financial qualification or at least substantial 'financial literacy' was seen exclusively as a positive when search consultants were discussing female board candidates. Despite this, there was some discussion about whether there was too much emphasis placed on financial qualification or capability with regards to achieving a balanced board of NED roles.

The chairmen also presented views that not all board members needed to have financial qualifications (with the obvious exceptions of the CFO role and the chair of the Audit Committee). A number of them detailed the other particular skills and experience required for their board (eg sector experience, international experience). Even so, they all clearly stated also that all board members needed to be numerate to the extent that they could understand and interpret the longer-term implications of a balance sheet and a profit and loss sheet. Nonetheless, for some chairmen and ESCs, definitions of how sufficient numeracy was established were rather vague. The

question of whether the applicant had had 'chief' in their job title was one proxy. As earlier research has shown that women are less concerned with hierarchical job titles than men, this could put women at a disadvantage. In addition, women's careers are often in different types of role than men's and, therefore, females may slip under the radar.

'There are certainly many very capable women who've done amazing executive roles in companies without a financial qualification who are not being promoted.' (ESC)

OTHER DEFINITIONS OF 'FINANCIAL BACKGROUND' REQUISITE FOR NED ROLES

In addition to having had 'chief' in their job title or being able to demonstrate 'significant P&L experience', the other route to ticking the financial background box was through having a career in investment banking. Three of the individual director interviewees in the sample each had more than 15 years in banking. They believed their banking experience gave them the financial knowledge and language.

'I can talk about capital markets or the impact of institutional investors.' (Individual)

As bankers they had had experience in advisory roles, which helped ease the transition from executive to non-executive duties and they had strong networks. In fact, all three women stated that their NED position had been gained through their work networks, rather than through a search consultant.

Investment banking was a career path that both search consultants and chairmen seemed to view positively for

female NED roles. One chairman (a former investment banker himself) points specifically to management roles within investment banking as not only a valid route to the board but a more viable route for women:

'I think maybe there are some roles that you can have in investment banking, they're management roles...that allow you to keep in the swim for that time when you do want a bit of flexibility.' (Chair)

The figures for women reaching managing director grade in the major investment banks are still famously low (commonly averaging 5–15%, depending on the division) but this may point to one of the reasons why this is a talent pool for potential 'financially literate' board director candidates. The point was also made, however, by chairmen that the excessive hours of current executive roles may deter an individual (male or female) from taking an NED role – which on a PLC is today a more onerous undertaking than in the past. This then becomes a catch-22 to getting a board directorship if the 'must have had previous PLC board experience' rule is to be applied.

THE SUPPLY OF POTENTIAL FEMALE NEDs

With the single exception of the role of chair of an audit committee, the individual women directors did not agree with the search consultants and chairmen about 'a lack of supply' of talented 'financially literate' women available to take up NED roles. Not all chairmen or search consultants held this view, but none of the women did. Overwhelmingly the women spoke with one voice to say it is a demand-side problem.

'It's not a shortage of women, it's a shortage of demand.' (Individual)

'I meet almost every day, through some network or another, women that would make great board members.' (Individual)

It is worth noting that those women who did get to board level appeared to be strategic and planned in their aspirations and activities. This included building a CV with the skills, knowledge and abilities, including establishing credibility in financial knowledge that would be attractive at board level. A successful female board member indicated that:

'I probably started to think about it at least six years ago, so I took a small board position in my field...I'd worked out the difference between the exec and non-exec, I had experience and had been on an audit committee, so all these things which for your first big board role are quite crucial, I'd already done.' (Individual)

Unfortunately, there is continued evidence of a negative perception of some search consultants regarding the search process. One director who had recently been involved as a board member with a search process for another NED position illustrated this.

'They have their list and even if you suggest people, they don't necessarily like that. Because if you look at them as a business, they earn most of their money searching for executives rather than non-executives. So they are much more inclined to spend time with their retained client base, than outside of that and actually put effort into finding people who aren't on their list. So from

a business point of view you can entirely understand it, of course, but from a trying to break down some of the barriers, it makes it harder.' (Individual)

Some of the search consultants spoke of 'having to work harder' and of 'finding new sources of women'. One spoke of looking abroad for such women and how this sometimes made them 'an easier sell' as they had an added element of 'internationalism', which many organisations are currently seeking. The figures above showing that the majority of new female appointments (64%) are new to FTSE 350 boards are evidence that they have been looking wider than the known pool. The fact that the majority of them have finance backgrounds (57%) gives weight to the importance of finance as a function or a qualification.

FINANCE AND THE EXECUTIVE DIRECTORSHIP

At the start of this study, the researchers were asking why women appeared to be under-represented in non-finance function executive director roles, in comparison with the finance roles. Through the process of gathering and analysing the data, the researchers have turned that question around to ask why are women proportionately better represented in the finance function than other functions (eg women hold 9% of FTSE 100 CFO roles in comparison to just 6% of all ED roles)? Or why is it that, as one consultant put it 'finance as a function has allowed women to succeed'?

One simple structural reason behind this may be that women have been admitted to the professions in sizeable numbers for the past two decades. For

example, since the early 1990s the majority of both legal and medical graduates have been women (Deech 2010).

'A very large proportion of senior women in business today did start their careers qualifying as accountants... because 20 and 30 years ago the accounting firms were good at attracting women, and women were less likely to be offered roles in the big financial institutions, or into graduate tracks in corporates.' (ESC)

Why are women well-represented in the finance function?

- Accountancy firms admitted women in large numbers 20+ years ago.
- Clear career tracks make professional service firms attractive.
- Objective definitions of success means that politics is less important.
- Attraction of technical, portable skills.
- Minimal damage caused by career breaks.
- HQ-based jobs mean less extensive travel and less 'in the field' culture.

FINANCE OFFERS CLEAR CAREER PATHS

Women appear to be attracted to the professional service firms (PSFs) because they perceive a clear career path, with less hierarchy (Kumra 2010).

'One often finds women gravitating towards areas where their technical skills help them advance.' (ESC)

When talking about the finance function within organisations this clarity around progression was confirmed by the search consultants.

'Finance is a very clear track and ladder.' (ESC)

Financial knowledge and understanding was perceived to help overcome a possibly less direct path to the top sometimes experienced by women in their non-linear career patterns.

'If the woman has a more circuitous career path, an early accountancy qualification is a bit of a hygiene factor.' (ESC)

There was discussion about the finance function's clearly measurable objectives that denote success.

'Because there's a lot of clarity over it, there's a right and wrong. But there are clearly defined expectations around the roles that a woman can achieve, in a way that maybe for a marketing director, there are more unseen barriers or clubs.' (ESC)

'With clearly defined objective measures, there is a sense that there is less politics involved in promotions, 'and women are often not as savvy at playing politics.' (ESC)

'So it has a lot of appeal for women, they start as a finance manager...but the difference with PSFs is that the key to partnership is about actually being a rainmaker, it's not your technical skills... it's not how good an accountant are you.' (ESC)

A PORTABLE CAREER

Having trained at a PSF, women may gravitate towards the CFO function of a large corporate.

'The CFO function is a very clear stepping stone.' (ESC)

The accountancy qualification and experience become very portable. Every corporation has a finance function, with clearly defined roles.

'I think accountancy is a very portable, attractive qualification that many women understand is a great currency to have. And a bit like if you're a woman doctor, or lawyer, or accountant, those are great things that just add to your intellectual capital and will maximise your capital, in a way that a woman who has gone into marketing, communications, operations – these are harder careers to prove you're good at.' (ESC)

'I think that women are properly represented in the finance function and I don't think there's an equal distribution of talent across functions and I think the women in the non-

financial areas – those pipelines are leakier.' (ESC)

THE NATURE OF THE ROLE

The career paths that women follow tend to be non-linear, indirect and interrupted, often owing to the pragmatic need to combine a variety of roles, while men appear to have more opportunity to follow a hierarchical, linear career path. For those aspiring to board level there is a perception that the moves need to be planned and strategic. Men appear to follow a more strategic path and the women who had got to board level saw this need to plan.

'They [women] don't plan their career, they play chequers instead of chess.' (Individual)

Added to this is the nature of the finance role, in that it is fairly stable. If functional knowledge develops year on year, it is knowledge that one can easily refresh, either before or upon returning, for example, after a maternity break. For other career paths, there may be more reliance on client relationships that are substantially more negatively affected by taking breaks.

'If a woman has taken a mini break, I think it's much easier to come back [to finance] than if the woman has climbed up through a sales function or marketing or operations function.' (ESC)

One chairman explained how the CFO function tends to be based in the corporation's head-quarters and did not require extensive international travel, suggesting that for other routes to the top 'you've probably had to

disrupt your life more than if you're the CFO'. Another chairman talked about how the HQ may be a more conducive culture for women, than out 'in the field'. Most other career paths would necessitate some time in the field, which depending on the sector can mean 'a more macho environment'.

A FINANCE ROUTE TO EXECUTIVE DIRECTOR

'I think probably the role of CFO and the route to it is more compatible with the lifestyle that women either want or are forced to want, in order to progress, would be my instinctive answer.' (Chair)

EXECUTIVE/NON-EXECUTIVE IMBALANCE

On the imbalance between women in executive and non-executive directorships, a number of different suggestions were proposed. Two of the women who had previously held executive-level jobs described how their new 'portfolio careers' were giving them a work/life balance they desired as well as new intellectual challenges and an ability to make a contribution.

All the women interviewees had held major executive roles in the past. Only for two had the long hours that this involved been a motivator for taking a portfolio career. Otherwise the women did not focus on work/life balance (WLB) as a main barrier to their succession onto boards.

Two of the chairmen were of the opinion that 'big jobs' have 'excessive

hours'. Some seem aware of the importance of being able to offer flexibility at work as a counter to this. They also mention that the extensive requirement to travel on the way up the career ladder may also be a problem for women. As mentioned above, it was suggested that this is less so for a career in the finance function. Most of the search consultants mentioned that WLB is an issue for women. This in itself can be a barrier, as it can unconsciously become an assumption among ESCs who are gatekeepers of entry to the pool of candidates for consideration.

One of the women who had left investment banking for a portfolio career spoke of how she has been offered further executive roles in banking. She explained how she had very much enjoyed her career there but felt it was time to leave.

I think the whole environment in banking is horrible right now. So I think it goes back to what I was saying about staying morally intact and reputationally sound, and that was more important to me than climbing up a greasy ladder any further than I felt...I was more than happy with what I'd achieved, more than happy. (Individual)

Undoubtedly in the post-Davies report climate, there is an increased demand for female NEDs, as one chairman said 'the doors have now been battered down'. One chairman put it simply, saying that: 'there are more barriers to executive roles for women than there are to non-executive. And the demand for female NEDs is currently greater'.

The attractions of a portfolio career include:

- a better work-life balance
- new intellectual challenges
- an opportunity to make a contribution and give back knowledge.

GETTING TO BOARD LEVEL

Those women who aspire to and succeed in attaining board-level positions appear to have a combination of the right kind of background, qualifications and experience. Financial understanding appears to be a fundamental skill for all board members since this is the language of business, and if board members are not fluent in numbers then their credibility could be compromised. For women this appears even more crucial as being financially literate is seen as one key to establishing their credibility.

Alongside the skill of financial literacy is an important constellation of other skills. To get to the top women need to be motivated, driven, determined and known.

Networking, in particular being known as well as knowing those who are already in board roles, is essential. If individual women are not known to a chairman or fall under the radar of an executive search firm then it is highly unlikely these women will be considered for board roles.

5. Conclusions

Unsurprisingly, historic trends in board membership of FTSE 100 companies show a distinct gender bias. There is a predominance of men, irrespective of the growing number of well-educated and qualified women within the available talent pool, and increasing impetus from government to address the issue.

Nonetheless, recent trends in board appointments indicate a clear and substantial shift towards more female directorships, with the same increase in representation achieved in the 18 months after the 2011 Davies report as was made in the previous decade.

The trend data indicate an increase in the percentage of new appointments going to women, for NED roles. Of this new cohort, the majority (64%) have not held FTSE 350 board positions before and more than half (57%) have a functional background in finance.

Although the numbers are very small, trend data also show that, for women, finance (in comparison with other functions) is clearly a successful route to executive directorship. There are 45% of female EDs in CFO positions and a total of 65% of female EDs have financial backgrounds. The comparable figures for men are 26% and 44%.

For the NED roles, financial knowledge and experience help to position women as viable for the candidate pool of suitable individuals. Although there was a lack of clarity as to how a 'financial background' is defined and a sense of 'we'll recognise it when we see it', for women who did not have a financial qualification, then either a 'substantial P&L role' or a long career in investment banking appeared requisite.

A financial qualification or background helps to establish credibility and validates women's suitability for consideration for board appointment, in the view of search consultants. Being conversant in the language of finance also helps to break down the stereotypical image of women as different from men and establishes their ability to converse on the same terms as men.

The finance function provides clear career paths, which may help to overcome the more frequently punctuated routes taken by a number of women. The skills and knowledge of finance are also portable across many corporate boundaries. Women have been admitted to the profession in large numbers for more than 20 years and, as the function tends to be more frequently HQ-based, there are perhaps fewer requirements to travel and less 'in the field' culture.

IMPLICATIONS FOR PRACTICE

There are interesting lessons to be taken from this study about the attractiveness of a function that may traditionally have been believed to be very male oriented. Firstly there are some practical advantages in the way the function operates that make it slightly more amenable to women's career patterns than other roles. For example the perception of clear career tracks with more objective criteria; a technical and portable skill; the possibility of returning to a career after short breaks; and an HQ-based job meaning less extensive travel.

Secondly, as finance has traditionally been viewed as masculine, those women with financial qualifications or background have added credibility. Issues of stereotyping are still very prevalent and all three parties involved in the appointment process (the individual, the search consultant and the chairman) should endeavour to be aware of this.

Thirdly, for talented women capable of and aspiring to join a board, encouragement to develop their CV to include either a financial qualification or financial experience may help widen the pool of candidates as well as assisting individuals to move on to the paths to the top.

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