



INSTITUTE OF DIRECTORS
IN IRELAND

DIVERSITY IN THE BOARDROOM

2019



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FOREWORD

The Institute of Directors (IoD) in Ireland is pleased to present the *Diversity in Ireland's Boardrooms 2019 report*. Our first report in this series was published in 2017. This new report presents the 2019 findings, and where significant and possible compares them against the findings from the 2017 report. This analysis illustrates the progress, or lack thereof, of diversity in the boardroom across a range of barometers of varying degrees of importance.

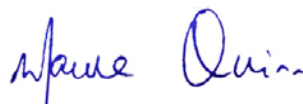
With our membership comprising 3,000 directors and business leaders in Ireland, the IoD is the leading voice in the debate on improving corporate governance standards. It is dedicated to building better boards through enhancing the effectiveness and performance of directors and boards throughout Ireland. We would like to thank our members for taking part in our survey.

This report provides a snapshot of the current state of diversity in Ireland's boardrooms. It covers key aspects of corporate governance, including board profiles and demographics, social diversity (gender, race, geography, age), professional diversity (education, expertise and skillsets) and the governance of diversity (board recruitment, composition and tenure).

Boards which are socially and professionally diverse are more likely to create a listening, collaborative environment, one which is constructively challenging and accepts and incorporates disparate perspectives to deliver enhanced board effectiveness and, ultimately, company performance. An egalitarian board should reflect the society in which it operates and the backgrounds and interests of all its stakeholders. Its inherent diversity of members will better anticipate and evaluate a wider range of risks, challenges and opportunities. Quite simply, a diverse board will be more effective in its primary functions of corporate governance and strategic oversight.

Of course, the rapid evolution of technology, a fluid and sometimes unpredictable global trading and economic environment, plus increased regulation in many aspects of business – including corporate governance – mean that the composition of boards and their members' skillsets and attributes must be able to adapt and face these many new challenges.

We hope you will enjoy reading this report and that you will gain valuable insights into diversity in Ireland's boardrooms in 2019.



.....
**Maura Quinn, Chief Executive,
Institute of Directors in Ireland**



INTRODUCTION

METHODOLOGY

This report is based on a research survey of members of the Institute of Directors (IoD) in Ireland. All IoD members were invited to take part in an online survey. The questions were a mix of open-ended, closed-ended and multiple-choice. Some multiple-choice questions allowed more than one answer. The response rate to this survey was 381 members which equates to 13% of the membership.

The survey was undertaken between 13th – 28th March 2019.

The elements of diversity that were included in this research were gender, age, ethnicity, racial, and geographical diversity, as well as diversity of skills and competencies. The IoD acknowledges that diversity extends beyond these characteristics to include socioeconomic background/status, ability/disability, worldview, and more. However, if all diversity characteristics were surveyed, the volume of data would ultimately result in the dilution of these research findings.

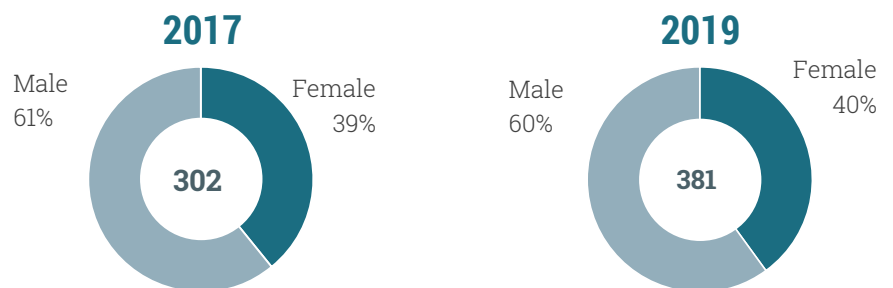
For the purposes of this report, all figures have been rounded to the nearest decimal point.

DEMOGRAPHICS

In this section, we look at the demographics of respondents by gender, company type, industry sector and the key role/position they hold in their primary organisations.

GENDER

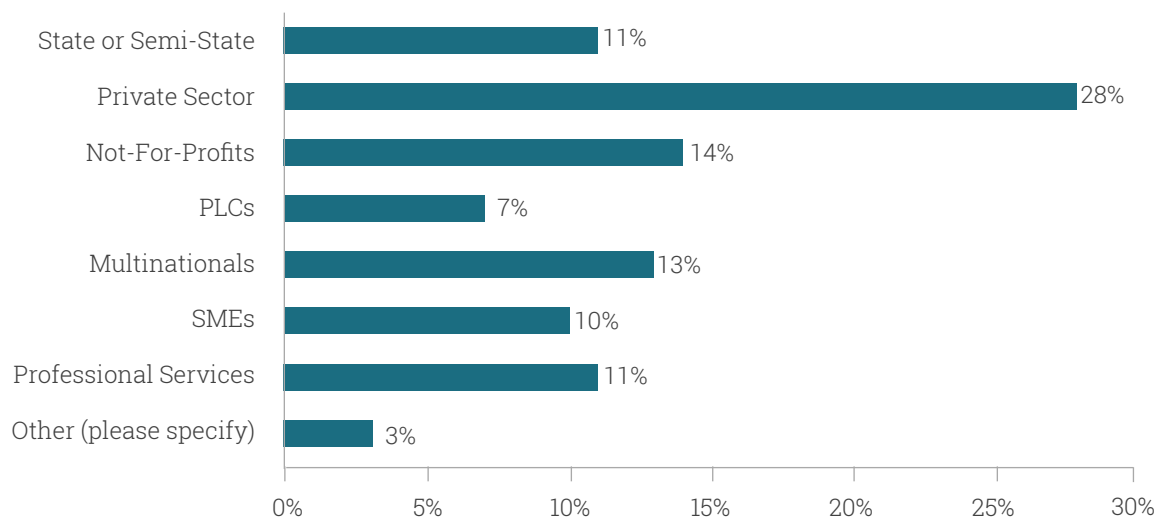
There were 381 respondents to the 2019 survey, 60% of whom were male and 40% female. In 2017, the response was 61% male to 39% female with a survey response of 302.



COMPANY TYPES

As can be seen from the chart below, private sector companies are clearly dominant among our respondents' principal organisations (28%), with not-for-profits (14%), multinationals (13%) and professional services (11%) next in line, followed by SMEs (10%) and PLCs (7%).

Figure 1: Company sector breakdown of respondents



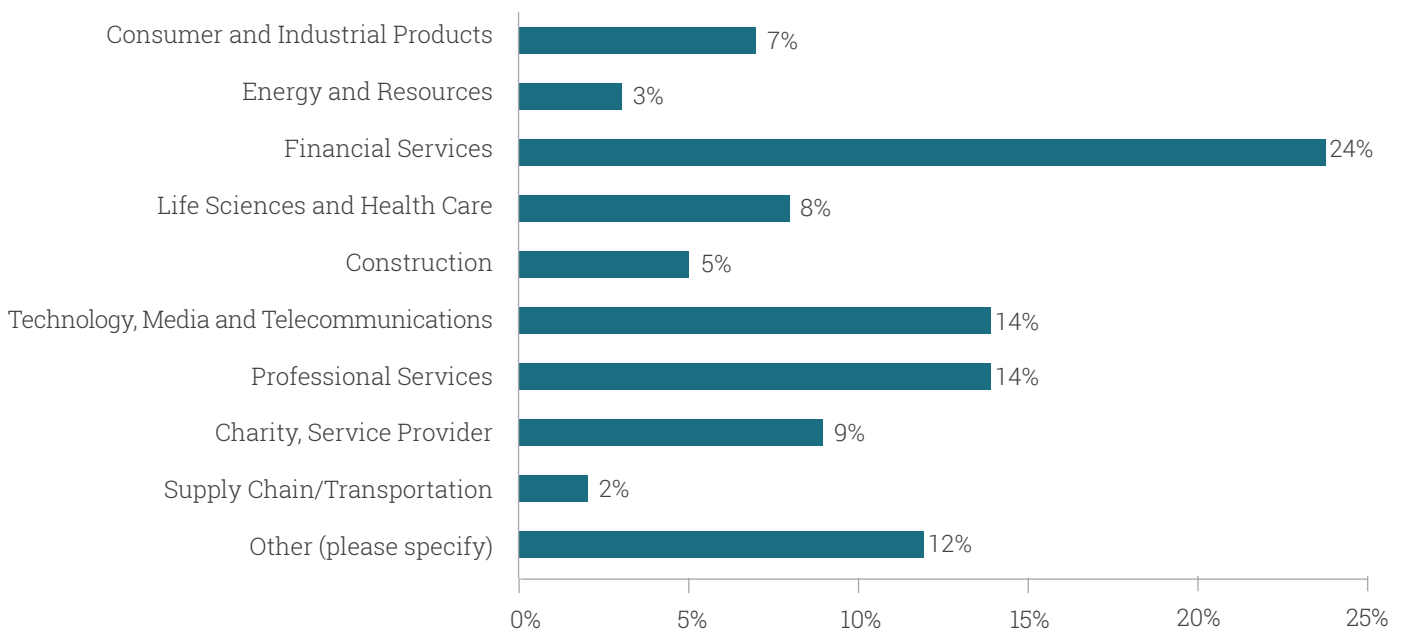
Source: IoD Diversity Survey 2019

INTRODUCTION

INDUSTRY SECTOR

At an industry level, the highest percentage of respondents came from the financial services sector (24%, a decrease from 28% in our 2017 survey). Some 14% of respondents work in professional services, with the same percentage in technology, media and telecommunications. In addition to this, 9% work with charities and service providers, 8% in life sciences and healthcare, 7% in consumer and industrial products, 5% in construction and, finally, 3% in energy and resources.

Figure 2: Industry sector

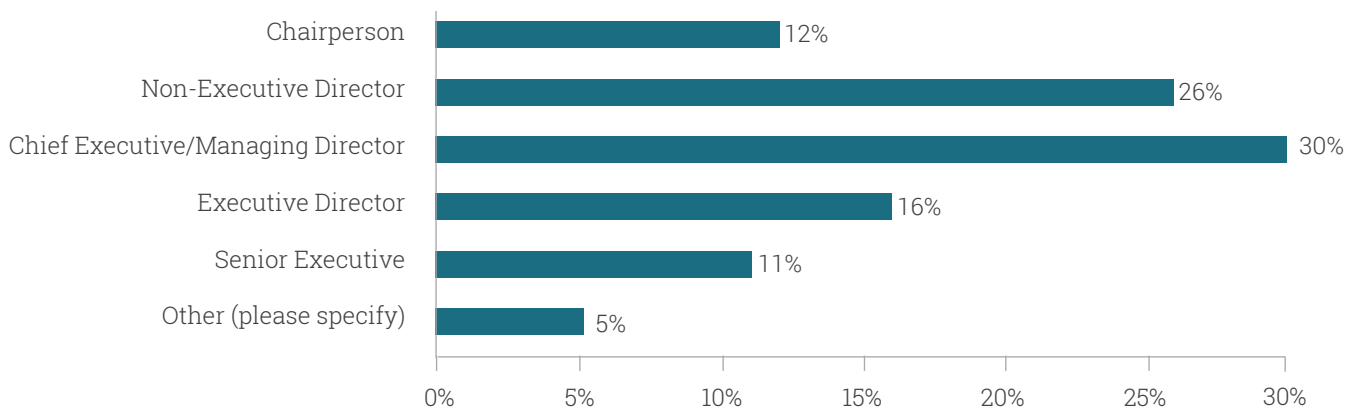


Source: IoD Diversity Survey 2019

ROLE/POSITION

Chief executives and managing directors are the highest represented cohort of respondents at 30%, with non-executive directors accounting for 26% and executive directors making up 16% of those surveyed. Chairpersons comprise 12% of respondents and senior executives 11%. A total of 84% of respondents are current board directors.

Figure 3: Role/position of respondents



Source: IoD Diversity Survey 2019

EXECUTIVE SUMMARY: KEY FINDINGS

Below is a summary of the main findings of our 2019 report. Where relevant and pertinent, we also cite the equivalent 2017 percentage finding for comparative purposes.

83%



somewhat agree or strongly agree that **board diversity** leads to enhanced board effectiveness.

BOARD DIVERSITY

- 83% (81% in 2017) somewhat agree or strongly agree that board diversity leads to enhanced board effectiveness. In addition, 77% (81% in 2017) believe that board diversity leads to enhanced company performance.
- 43% somewhat agree or strongly agree that directors view board diversity as important, an increase of 10% from 2017, and 24% strongly disagree or somewhat disagree, a decrease of 10% from 2017.
- 77% somewhat agree or strongly agree that their board is committed to supporting a culture of inclusion.

35%



strongly or somewhat agree that their **board has a diversity policy/statement** in place.

THE GOVERNANCE OF DIVERSITY

- 35% of respondents strongly or somewhat agree that their board has a diversity policy/statement in place.
- In terms of who on the board is responsible for board diversity, the disparity of views from the 2017 results continues, with 33% (30% in 2017) saying the whole board is responsible for ensuring there is diversity on the board, 29% (26% in 2017) saying the chairperson is responsible and 14% (17% in 2017) saying the nominations committee is responsible. However, when asked whether they agreed with the statement, 'I feel responsible for advancing diversity on my board', 67% somewhat agreed or strongly agreed with the statement.

47%



say that they do not have a **rotation system for board** tenure.

BOARD RECRUITMENT/TENURE

- 47% of respondents say that they do not have a rotation system for board tenure.
- 53% (51% in 2017) of respondents say that they have been in their current role on the board for five or more years.
- In terms of recruitment to the board, 34% were directly approached by the board or a member of the board. This is a decrease of 8% from our research in 2017, when this finding was at 42%.
- Only 12% (19% in 2017) of respondents were appointed to a board through an independent recruitment process.
- 26% of respondents knew up to three or more people on the board before they joined. A significant decrease from 67% in 2017.
- 54% of respondents say the increased regulation, scrutiny, and complexity of being a board director would not deter them personally from joining boards, but a slight majority (57%) says it might affect others' willingness to serve.

EXECUTIVE SUMMARY: KEY FINDINGS

39%



believe that **gender targets** rather than mandatory quotas should be introduced.

62%



say that they attended state/voluntary **secondary school**.

46%



of board members on boards **outside Dublin/Leinster** are from Dublin/Leinster.

GENDER

- 61% (60% in 2017) of respondents say that gender diversity is both very and extremely important when recruiting new board members.
- 23% of respondents noted that less than 10% of their boards are comprised of women. (This is a decrease of 5% from our research in 2017, when this finding was at 28%.)
- 39% of respondents believe that gender targets rather than mandatory quotas should be introduced to increase the number of women on boards. This is an increase of 7% from our research in 2017 when this finding was at 32%. It has also increased when we divided the respondents by gender, with 6% more women and 8% more men in favour of targets.
- Collectively, unconscious bias remains the main barrier that women face when being appointed to boards as directors in Ireland, and this has increased by 11% to 43% (32% in 2017).
- When broken down by gender, female respondents no longer cite unconscious bias as the top barrier, they now say access to the same networks/information of contacts as men is the main reason. This has increased from 44% in 2017 to 54% in 2019. Men cite the lack of a large enough pool of suitably qualified candidates as the reason, at 41% (this was 44% in 2017).

EDUCATION

- 62% of respondents say that they attended state/voluntary secondary school and 36% of respondents attended private secondary school. Just 2% attended 'Other' secondary education establishments.
- More women (34%) are educated to master's level than men (26%) while more men (30%) hold a professional qualification than women (25%).

GEOGRAPHY

- In terms of geographical diversity, the findings indicate that Irish boards, whether Dublin-based or outside the capital, are not regionally balanced. Indeed, Dublin/Leinster-based board members dominate within and beyond their own province in 2019, comprising 65% of the former and 46% of the latter. There have been decreases in the number of international and Munster-based board members on boards in Dublin/Leinster and in boards outside Dublin/Leinster.

EXECUTIVE SUMMARY: KEY FINDINGS

51%



.....
 first appointed as directors when they were
below the age of 40.

AGE

- The appointment of younger directors in Ireland, it would seem, is not unusual, with 51% of respondents first appointed as directors when they were below the age of 40.
- The highest number of respondents (40%) are currently in the 45 to 54 age group, and the 55 to 64 age group (35%).
- 55% say age is a consideration when it comes to being appointed to a board and 40% say it is not. A noticeably higher number of women feel that age is a consideration (66%) compared to men (48%).

97%



.....
 most respondents say the **race** of their
 boardroom is 97% Caucasian.

RACE AND ETHNICITY

- The vast majority of respondents say that the race of their boardroom is 97% Caucasian. All other races and ethnicities have extremely low representation. These are also consistent with the 2017 findings, showing little change in the interim.

76%



.....
 say their board has attempted to **address**
deficits in skills and knowledge with
 training sessions and workshops.

BOARD EXPERTISE AND SKILLSETS

- 93% (89% in 2017) of respondents say that they view differing skillsets and experience as either very, or extremely important.
- 70% of respondents say that the skillset and experience of their board has changed over the past two years. (In 2017, this was asked in relation to the previous five year period and the response was 79%.)
- 45% of respondents believe that there are deficits in skills and/or experience on their boards but 76% say the board has attempted to address deficits in skills and knowledge with training sessions and workshops.
- Looking at the most desirable skills, expertise and experience, the respondents selected financial expertise (94%), industry expertise (92%), corporate governance (87%), and risk management expertise (82%) as very or extremely important.
- 23% of respondents say that cybersecurity expertise is the most desired skill needed to contribute to their boards' success over the next two years. Furthermore, 51% of respondents say that they do not have sufficient cybersecurity expertise on their boards.
- In rating corporate governance and financial expertise in terms of importance in the boardroom, 87% (89% in 2017) rate corporate governance very, or extremely important; and 94% (92% in 2017) rate financial expertise as very or extremely important.

SECTION 1


BOARD PROFILE AND DEMOGRAPHICS

Research has shown that boards populated by people of diverse backgrounds bring a greater variety of different views to the decision-making process, which leads to better decision-making. This section offers a snapshot of whether people of diverse gender, education, age, ethnicity, race or geographic location are currently serving on boards in Ireland. Also measured is the extent to which these elements are valued by boards.

GENDER DIVERSITY

In this section, the IoD members who responded (60% male, 40% female) were asked a series of questions about gender diversity on boards in Ireland, including their personal experience of boards on which they sit, the barriers that women face in being appointed to boards in Ireland, and more. Male and female respondents' views are also reported separately with a brief analysis of results.

Figure 4: Percentage breakdown of female directors on boards

 Female Members	2017	2019
Less than 10%	28%	23%
11 to 20%	17%	15%
21 to 30%	20%	15%
31 to 40%	11%	19%
41 to 50%	16%	19%
51 to 70%	5%	10%













Source: IoD Diversity Surveys 2017 and 2019

Findings

23% of the respondents say there is less than 10% of women on the boards of which they sit, a decrease of 5% on 2017's findings. When asked if it was their perception that the percentage of women on their boards had increased in the past two years, 59% said they thought it had not.

SECTION 1 BOARD PROFILE AND DEMOGRAPHICS

Figure 5: How important is gender diversity when recruiting board members?

	 2019	 2019	 2019
Very, or extremely important	52% 	72% 	61% 
Moderately important	27% 	21% 	25% 
Not at all important or slightly important	21% 	6% 	15% 

Source: IoD Diversity Surveys 2017 and 2019

Note: The arrows indicate whether the percentage figures have increased () , decreased () and/or remained constant () when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

Findings

Collectively, the findings on the importance of gender diversity when recruiting new board members remain largely unchanged, with 61% (60% in 2017) of respondents noting that it is very or extremely important.

When compared with male respondents' views in 2017, however, a significantly higher percentage of female respondents attribute greater importance to gender diversity in 2019 when recruiting new board members. Broken down by gender in 2019, 52% of men (50% in 2017) and 72% of women (76% in 2017) cite this as important. In addition, 21% of men (15% in 2017) cite this as not important or slightly important, with just 6% (also, 6% in 2017) of women feeling the same way.















"The chairman of the board concerned told me that they preferred a woman to reach gender diversity targets"



IoD member (male)

SECTION 1 BOARD PROFILE AND DEMOGRAPHICS

Figure 6: Do you think that your gender has ever been a factor in you NOT being appointed to a board?


	 2019	 2019	 2019
Yes	19% 	18% 	19% 
No	74% 	62% 	69% 
Don't know	7% 	20% 	12% 

Source: IoD Diversity Surveys 2017 and 2019

Note: The arrows indicate whether the percentage figures have increased () , decreased () and/or remained constant () when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

Findings

Collectively, in the 2019 survey results, there has been a 4% increase in the number of respondents (69%) who believe their gender has not been a factor in their not being appointed to a board. When broken down by gender, there has been a bigger increase (7%) in the number of women (62%) who believe their gender has not been a factor in their not being appointed to a board compared to men (74%), who showed just a 2% increase. In terms of those who feel it has been a factor, in both demographics the percentages have reduced slightly; in 2017, 22% of women felt that their gender was a reason for not being appointed to a board, this is now 18%; and, in 2017, 20% of men felt that their gender was a reason for not being appointed to a board, this is now 19%.


















"Unconscious bias means that the decision makers (middle aged men) don't even consider young female candidates"

IoD member (female)

SECTION 1 BOARD PROFILE AND DEMOGRAPHICS

Figure 7: Is it more difficult for women to be appointed executive and non-executive directors in Ireland than men?

	 2019	 2019	 2019
Yes	39% 	65% 	49% 
No	43% 	17% 	33% 
Don't know	15% 	13% 	14% 
Other	3% 	5% 	4% 

Source: IoD Diversity Surveys 2017 and 2019

Note: The arrows indicate whether the percentage figures have increased () , decreased () and/or remained constant () when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

Findings

Our survey shows that women are still much more likely than men to believe that it is more difficult for women to be appointed executive and non-executive directors in Ireland. However, as the figure above illustrates, the data has shown a drop from 72% in 2017 to 65% in 2019. Collectively, 3% fewer respondents in 2019 (49%) believe it is more difficult for women to be appointed executive and non-executive directors in Ireland.
























"It is not a more difficult process to be appointed, but certainly there are more barriers for women, like expectation of time commitment, little tolerance of work life balance or alternative working conditions"


IoD member (female)

SECTION 1 BOARD PROFILE AND DEMOGRAPHICS

Figure 8: What do you think are the main barriers, if any, that face women being appointed to boards as directors in Ireland?

Ratings	 2019	 2019	 2019
1	41%  The pool of suitably qualified women is not large enough	54%  Women don't have access to the same networks/information of contacts as men	43%  Unconscious bias
2	37%  Unconscious bias	53%  Unconscious bias	36%  Boards in Ireland are too male dominated
3	33%  Boards in Ireland are too male dominated	49%  Interlocking directorships mean that a small group of people populate boards in Ireland	35%  Pool of suitably qualified women is not large enough
4	26%  There is a lack of openness and transparency in board appointments	42%  Boards in Ireland are too male dominated	35%  Interlocking directorships mean that a small group of people populate boards in Ireland
5	25%  Interlocking directorships mean that a small group of people populate boards in Ireland	37%  There is a lack of transparency in board appointments	34%  Women don't have access to the same networks/information of contacts as men
6	20%  Believe there are no barriers	4%  Believe there are no barriers	14%  Believe there are no barriers

Source: IoD Diversity Surveys 2017 and 2019

Note: The arrows indicate whether the percentage figures have increased () , decreased () and/or remained constant () when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

Findings













Collectively, unconscious bias remains the main barrier that women face when being appointed to boards as directors in Ireland, and this has increased by 11% to 43% (32% in 2017).

While, interestingly, female respondents no longer cite unconscious bias as the top barrier (dropping from 63% in 2017 to 53% in 2019), they now note access to the same networks/information of contacts as men as the main reason. This has jumped from 44% in 2017 to 54% in 2019. Men cite the lack of a large enough pool of suitably qualified candidates as the reason, at 41% (this was 44% in 2017). Indeed, more men (37%) now believe unconscious bias is the perceived reason than in 2017 (27%).

SECTION 1 BOARD PROFILE AND DEMOGRAPHICS


Figure 9: What is your view of gender quotas as a means of increasing the number of women on boards?

When asked this question, respondents were asked to choose statements from a list of twelve.

Statements	 2019	 2019	 2019
Gender quotas are the wrong approach, women should be appointed to boards based on merit, not gender	47% 	25% 	38% 
Gender targets rather than mandatory quotas should be introduced to increase the number of women on boards	34% 	46% 	39% 
Gender quotas are the most effective way to increase the number of women on boards	15% 	21% 	17% 

Source: IoD Diversity Surveys 2017 and 2019

Note: The arrows indicate whether the percentage figures have increased () , decreased () and/or remained constant () when compared with the results to the same question in 2017 (and this includes a 2% margin of error).



"I don't like quotas, but the ratio is not improving enough"

IoD member (male)

Findings

The results have shown an increase in the preference for gender targets rather than mandatory quotas being introduced to increase the number of women on boards. Collectively, this has increased from 32% in 2017 to 39% in 2019. It has also increased when we divided the respondents by gender, with 6% more women and 8% more men in favour of targets when compared with 2017. The survey also reveals that just 17% of respondents believe that gender quotas are the most effective way to increase the number of women on boards (this was 18% in 2017). When broken down by gender, 21% of women (a decrease of 6% on 2017) and 15% of men (an increase of 3% on 2017) agreed with this statement.

SECTION 1 BOARD PROFILE AND DEMOGRAPHICS



say there is **less than 10% of women** on the boards on which they sit.

GENDER DIVERSITY CONCLUSION

Gender quotas and targets

A key finding in our 2019 survey is that there has been an increase in support for gender targets at board level among business leaders in Ireland over the past two years. The findings also reveal that 23% of the respondents say there is less than 10% of women on the boards on which they sit. When asked if they thought the percentage of women on their boards had increased in the past two years, 59% said it had not.

39% of respondents believe that 'gender targets rather than mandatory quotas should be introduced to increase the number of women on boards', an increase of 7% on the 2017 survey findings (32% in 2017).

When the results are broken down by gender, there is an increase of 6% (40% in 2017 and 46% in 2019) more women and an increase of 8% (26% in 2017 and 34% in 2019) more men in favour of gender targets, compared with 2017.

Collectively, 38% of respondents believe gender quotas are the wrong approach, with just 17% of respondents believing that 'gender quotas are the most effective way to increase the number of women on boards' (this was 18% in 2017). However, when broken down by gender, 21% (27% in 2017) of women and 15% (12% in 2017) of men agreed with this statement.



believe that **gender targets** rather than mandatory quotas should be introduced.

Appointment to boards

The findings also show that 18% of female respondents (22% in 2017) believe that their gender has negatively impacted their chances of being appointed to a board. Also of concern is the fact that 19% of male respondents believe the same about their own gender.

Furthermore, 65% of female respondents say that it is more difficult for women to be appointed executive and non-executive directors in Ireland than men. When this question was put to female members in our previous survey, 76% said that it was more difficult for women in 2015 and 72% in 2017.



believe **unconscious bias** to be the main barrier to women being appointed to boards.

Barriers

Collectively, unconscious bias is seen as the main barrier to women being appointed to boards, with 43% of respondents believing this to be the case, an increase of 11% on 2017.

There is, however, a clear disparity between the views of male and female respondents, with 37% of men and 53% of women believing unconscious bias to be the main barrier.

In another key finding in our 2019 survey, most female respondents (54%) believe that 'women don't have access to the same networks as men' is the principal barrier to board appointments, overtaking 'unconscious bias' (53%) which was the main barrier in the 2017 survey (63%). In our 2019 survey, women rate this as the third-most common barrier (49%).

SECTION 1 DIVERSITY AND GENDER CONCLUSION

61% 

believe gender diversity on boards to be important when **recruiting** new members.

Most males (41%) say that the pool of suitably qualified women is not large enough. However, females are more likely to believe that there is a sufficient number of qualified candidates, with 26% of female respondents saying that the pool of suitably qualified women is not large enough, a significant increase from 13% in 2017.

Also noteworthy is that, while 20% of men believe there are no barriers facing women being appointed directors, just 4% of women feel the same way.

Importance of gender diversity

Collectively, 61% of respondents believe gender diversity on boards to be important when recruiting new members.

However, there is also a clear gap in the importance that male and female respondents attribute to gender diversity on boards. Over half (52%) of the male respondents say that it is very or extremely important, while a much higher percentage of female respondents (72%) believe so.

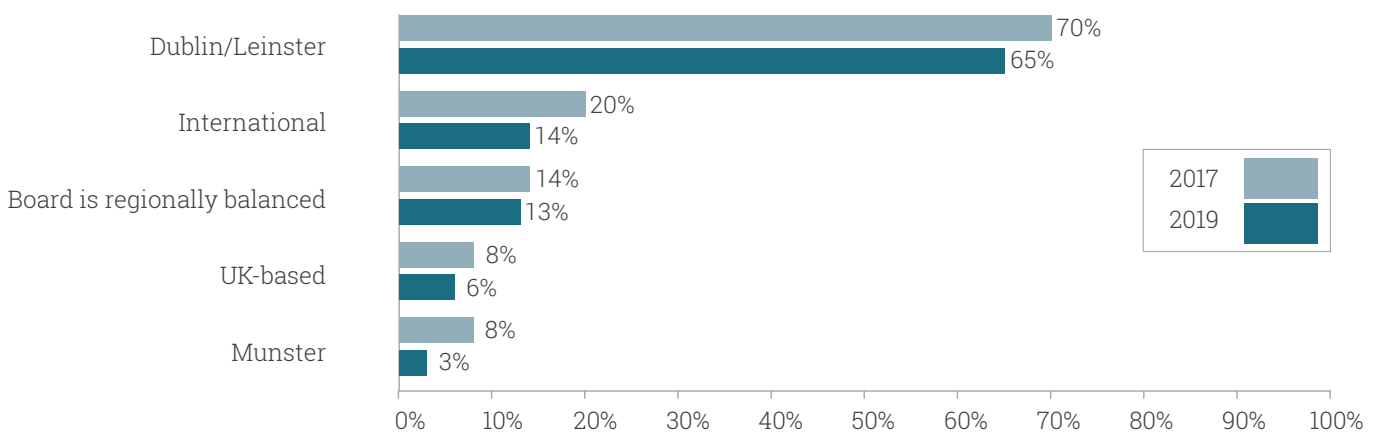
This gives pause for thought when one considers that the largest cohort of respondents (23%) says that their boards have 'less than 10%' of female members.

SECTION 1 BOARD PROFILE AND DEMOGRAPHICS

GEOGRAPHICAL DIVERSITY

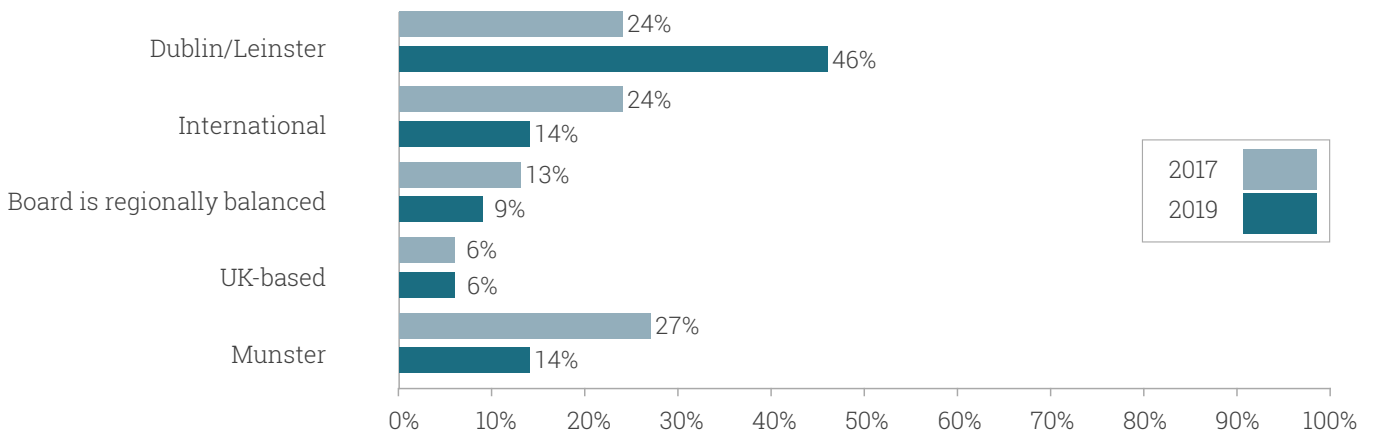
The importance of diversity of nationality and province is reflected in more expansive viewpoints, experience and knowledge gained from working across cultures and geographies. These research findings show that Dublin/Leinster-based board members dominate in their own province and, in a significant shift from 2017, also those outside the capital.

Figure 10: If your board is Dublin-based, please indicate if most of the board members are from:



Source: IoD Diversity Surveys 2017 and 2019

Figure 11: If your board is based outside of Dublin, please indicate if most of the board members are from:



Source: IoD Diversity Surveys 2017 and 2019

Findings

Dublin/Leinster-based board members dominate within and beyond their own province in 2019, comprising 65% of the former and 46% of the latter. The most substantial change in boards outside of Dublin is with a large increase in the number of Dublin/Leinster-based board members sitting on boards outside of the capital. At the same time, there have been decreases in the number of international and Munster-based board members on those boards.

The findings indicate that Irish boards, whether Dublin-based or outside the capital, are not regionally diverse amongst the provinces. Curiously, given the increasing internationality of Irish society and business, generally, the number of international board members - whether Dublin-based or outside the capital - has fallen by 6% for the former and 10% for the latter.

SECTION 1 BOARD PROFILE AND DEMOGRAPHICS

51%



.....
 were first appointed directors when they were **below the age of 40**.

55%



.....
 say **age is a consideration** when it comes to being appointed to a board.

AGE DIVERSITY

Our survey results indicate that the appointment of younger directors in Ireland would seem to be not unusual and that most respondents believe that age is a consideration when it comes to being appointed to a board.

Some of the key results in this category include:

- 51% of respondents were first appointed directors when they were below the age of 40.
- 36% of non-executive directors were first appointed below the age of 40, 65% of executive directors were first appointed to a board under the age of 40, and 60% of CEOs/managing directors say they were first appointed under the age of 40.
- The highest number of respondents (40%) are currently in the 45 to 54 age group, and the 55 to 64 age group (35%).
- 55% say age is a consideration when it comes to being appointed to a board and 40% say it is not. 5% do not know. A noticeably higher number of women feel that age is a consideration (66%) compared to men (48%).

When asked to what extent age is important in terms of diversity when recruiting new board members, 37% of respondents say it is very or extremely important (a decrease of 7% from 2017) and 19% say it is slightly or not at all important.



"On the one hand, board members must have relevant experience. On the other hand, they should not be 'past it'"

IoD member

Findings

While there has been little significant change in the past two years, the survey results suggest that the appointment of younger directors is not unusual in Ireland. It is worth noting, also, that a slight majority of respondents believes that age is a consideration when it comes to being appointed to a board, with more female than male respondents believing this to be so. Overall, the importance of age diversity has decreased from 2017.

SECTION 1 BOARD PROFILE AND DEMOGRAPHICS

62% 

say that they attended **state/voluntary secondary school**.

EDUCATION AND DIVERSITY

In this section, the focus is more on secondary education rather than third level accomplishments and professional qualifications - included under Section 2 of this report, 'Board Expertise and Skillsets' – and whether that education took place in state/voluntary or private schools.

Our 2019 survey has found that:

- 62% of respondents say that they attended state/voluntary secondary school and 36% of respondents attended private secondary school.
- 41% of male respondents attended private secondary school, while 30% of female respondents attended private secondary school.
- 58% of male respondents went to a state/voluntary school, while 68% of female respondents did so.

Findings

In terms of education, a clear majority attended state/voluntary secondary schools. Of the 36% that attended a private secondary school, more men than women attended those institutions.

SECTION 1 BOARD PROFILE AND DEMOGRAPHICS

97%



most respondents say the **race** of their boardroom is 97% Caucasian.

RACE AND ETHNICITY

Over the past two years, there has been little movement in terms of race and ethnic diversity of boards in Ireland, according to our survey.

- In terms of race, 97% of respondents say that the Caucasian race is represented in their boardroom.

"There is not enough ethnic diversity in Ireland yet to really enable this"



IoD member

Findings

There is a consistency of findings in terms of how race and ethnic diversity are viewed. 55% of respondents believe that racial diversity is either moderately, very or extremely important when recruiting board members. 56% of respondents see ethnic diversity as moderately, very or extremely important. These are also consistent with the 2017 findings, showing little change in the interim.

"As we expand the board, our policy dictates greater cultural, ethnic, and racial diversity, as our business is geared to a diverse global marketplace"



IoD member

SECTION 2

BOARD EXPERTISE AND SKILLSETS

This section presents respondents' views on skills and experience within the context of diversity. It provides insights on third-level and/or professional qualifications. It also showcases the level of importance that is currently ascribed to variances in skills and experience in the boardroom.

THIRD-LEVEL/PROFESSIONAL QUALIFICATIONS

The highest level of education for the majority of respondents is a master's degree (29%) or professional qualification, with the latter showing a significant jump from 18% in 2017 to 29% in 2019. A further breakdown shows that:

- 34% (35% in 2017) of women have a master's degree and 25% (31% in 2017) hold a professional qualification.
- 26% (19% in 2017) of men have a master's degree and 30% (40% in 2017) hold a professional qualification.
- 15% of respondents have undertaken the IoD Chartered Director Programme.
- 3% do not hold a third-level qualification.

Findings

It is worth noting that the percentage with a professional qualification for both men and women has dropped since 2017, reducing from 40% to 30% for men, and from 31% to 25% for women.

The percentage of men with a master's degree has increased from 19% to 25% and has remained more or less the same for women, with 35% in 2017 and 34% in 2019.

SKILLSETS/EXPERIENCE

Figure 12: Do you believe that there are deficits in skills and/or experience on your board?

	2017	2019
Yes	43%	45%
No	51%	49%
Don't know	6%	6%

Source: IoD Diversity Surveys 2017 and 2019

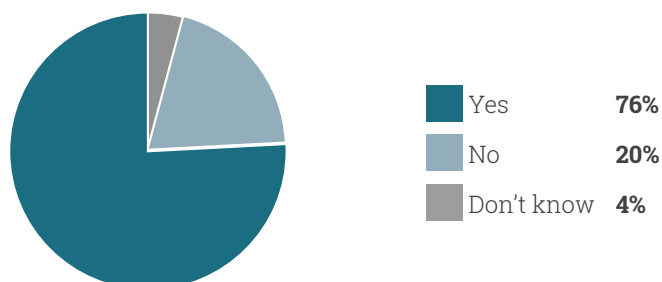
SECTION 2 BOARD EXPERTISE AND SKILLSETS

Figure 13: Do you believe that there are deficits in your own skills and/or experience that you bring to the board?

	2017	2019
Yes	35%	44%
No	55%	44%
Don't know	10%	12%

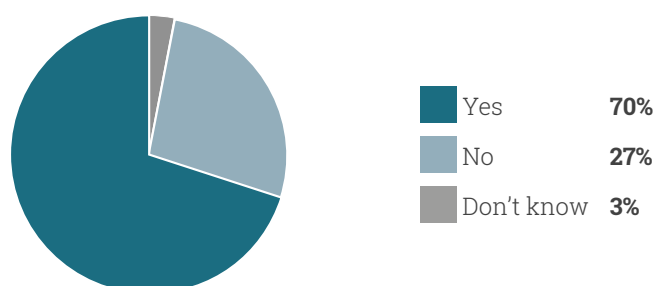
Source: IoD Diversity Surveys 2017 and 2019

Figure 14: Has your board attempted to address deficits in its skills or knowledge with training sessions and workshops?



Source: IoD Diversity Survey 2019

Figure 15: Have the skillsets and experience of your board's members changed over the past two years?



Source: IoD Diversity Survey 2019

Findings

45% of respondents believe that there are deficits in skills and/or experience on their boards. Furthermore, 44% (a 9% increase on 2017) believe there are deficits in their own skills and/or experience that they bring to the board. However, 76% of respondents say their board has attempted to address deficits with training and workshops. In addition, 70% say the skillsets and experience of their board's members have changed over the past two years.

SECTION 2 BOARD EXPERTISE AND SKILLSETS

Figure 16: Top five primary skills respondents say they bring to the board

Ratings	Skills	2019
1	Corporate governance	69% ↓
2	Industry knowledge (relevant to the business)	49% ↓
3	Risk management	36% ↑
4	Operations	35% ↑
5	International business exposure	34% ↑
5	Financial	34% ↑

Source: IoD Diversity Surveys 2017 and 2019

Note: The arrows indicate whether the percentage figures have increased (↑), decreased (↓) and/or remained constant (↔) when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

Figure 17: Top five attributes selected by respondents as being very or extremely important

Ratings	Attributes	2019
1	Financial expertise	94% ↑
2	Industry expertise	92% ↑
3	Corporate governance	87% ↓
4	Risk management expertise	82% ↓
5	Regulatory knowledge	72% ↓

Source: IoD Diversity Surveys 2017 and 2019

Note: The arrows indicate whether the percentage figures have increased (↑), decreased (↓) and/or remained constant (↔) when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

SECTION 2 BOARD EXPERTISE AND SKILLSETS

Figure 18: Top five desired skills, expertise and experience selected by respondents as needed to contribute to their board's success over the next two years

Ratings	Skills	2019
1	Corporate governance	36% ↓
2	Technology	27% ↓
3	Risk management	27% ↑
4	Regulatory changes (eg data protection)	23% ↓
5	Cybersecurity	23% ↓

Source: IoD Diversity Surveys 2017 and 2019

Note: The arrows indicate whether the percentage figures have increased (↑), decreased (↓) and/or remained constant (↔) when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

Findings

When it comes to the primary skills of board members, it is worth noting that the findings are very much in line with our findings in 2017. The results found that corporate governance is the priority skill that the respondents say they bring to their board, as well as being the most desired skill needed by their board to contribute to its success over the next two years. Financial expertise (94%) was rated as the top skill for boards to possess, followed by industry expertise. Cybersecurity (23%) and regulatory changes (23%) were also ranked in the top five. It is worth pointing out that skills and expertise in human resources, brand and/or public relations, sales and marketing, public affairs, and ethics and compliance again fall outside the top five in the above skills and attributes findings.

SECTION 2 BOARD EXPERTISE AND SKILLSETS

Figure 19: Does your board have the range of skills and experience necessary to drive the business and mitigate significant risks that may directly or indirectly affect the organisation?

Respondents were offered a number of options and were asked to answer 'yes' or 'no', or 'don't know' to all or any of the statements. These are the top five in the 'yes' and 'no' categories.

Ratings	Top five yes answers	2019
1	Organisation reputation	92% ↓
2	Management capabilities	90% ↓
3	Regulatory and legal requirements	90% ↓
4	Business continuity	89% ↓
5	Financing and liquidity issues	88% ↓

Source: IoD Diversity Surveys 2017 and 2019

Note: The arrows indicate whether the percentage figures have increased (↑), decreased (↓) and/or remained constant (↔) when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

Ratings	Top five no answers	2019
1	Cybersecurity	51% ↓
2	National politics	22% ↑
3	Fraud control	17% ↓
4	Strategy execution	17% ↔
5	GDPR and data protection	15% ↓

Source: IoD Diversity Surveys 2017 and 2019

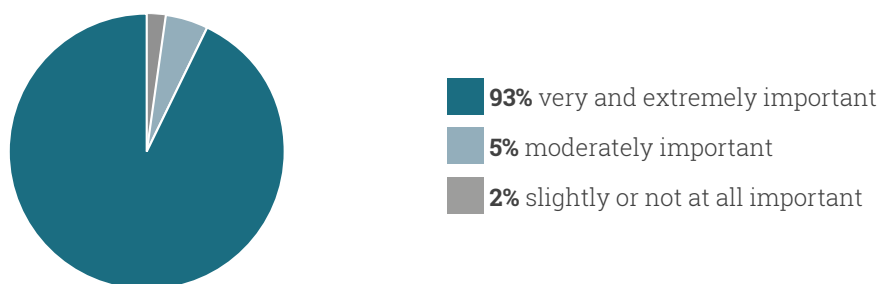
Note: The arrows indicate whether the percentage figures have increased (↑), decreased (↓) and/or remained constant (↔) when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

SECTION 2 BOARD EXPERTISE AND SKILLSETS

Findings

It is worth noting that, in 2019, organisational reputation has narrowly replaced management capabilities in the top slot of skills and experience. Respondents answered this in relation to a question on the top skills their board needed to drive the business and mitigate significant risks that may directly or indirectly affect the organisation. Business continuity also enters the top five for the first time. On the other hand, the skills and experience respondents say their boards do not possess but which are deemed necessary, such as strategy execution and GDPR and data protection, make a showing in the top five in 2019 which, given the importance of the latter post-May 2018, is unsurprising.

Figure 20: When recruiting new board members, respondents rate the importance of differing skillsets and experience as follows:



Source: IoD Diversity Survey 2019

SECTION 2 BOARD EXPERTISE AND SKILLSETS

BOARD EXPERTISE AND EFFECTIVENESS CONCLUSION

45%



believe that there are **deficits in skills and/or experience** on their boards.

Recognition of differing skillsets and experience when recruiting new board members is rated as either very or extremely important by 93% of respondents.

PRIMARY SKILLS AND DEFICITS

When asked about the primary skill(s)/experience that they brought to their board, it is interesting that financial skills have dropped 15% from 49% in 2017 to 34% in 2019. Financial skills are now placed in joint fifth in the top five, with corporate governance (69%) and relevant industry knowledge (49%) taking the top two places in the rankings. Interesting, too, that few respondents listed human resources (20%) and brand and/or public relations (13%) as their primary board skills/experience.

It should be a matter of some concern that 45% of respondents believe that there are deficits in skills and/or experience on their boards. However, it is encouraging that 76% say the board has attempted to address deficits in skills and knowledge with training sessions and workshops. It can be seen as a positive, too, that 70% of respondents say that board members' skills and experience have changed over the past two years.

23%



say that **cybersecurity expertise** is the most desired skill needed to contribute to their boards' success over the next two years.

FUTURE SKILLS

Almost a quarter (23%) of respondents say that cybersecurity expertise is the most desired skill needed to contribute to their boards' success over the next two years. In addition, 36% of respondents working in the financial services sector say that cybersecurity expertise is the most desired skill, followed by risk management (34%), technology (IT) (34%) and corporate governance (33%).

However, 51% of all respondents say that they do not have sufficient cybersecurity expertise on their boards (49% of respondents in the financial services say so). When all respondents' top ten skill(s)/experience are considered, the prevalence of experts from technology/IT (12%) and cybersecurity (5%) is comparatively low and only up by one percentage point, respectively, since 2017.

While there is general recognition among respondents that particular skills and experience are necessary for the board's future success, the findings show that boards have a deficit of members with these skillsets and experience.

17%



note **ethics and compliance** as necessary skills to contribute to the future success of the board.

Given a broad recognition that the underlying principles of good governance are accountability, transparency, probity and a focus on the sustainable future of the company, it is interesting that, while not ranked in the top five, a moderate number of respondents (17%) note ethics and compliance as necessary skills to contribute to the future success of the board, a 4% drop from the 2017 findings. Looking at the most desirable skills, expertise and experience, our respondents selected financial expertise (94%), industry expertise (92%), corporate governance (87%), and risk management expertise (82%) as very or extremely important.

SECTION 3

THE GOVERNANCE OF DIVERSITY

In this section, the relationship between diversity and good governance is examined. The current level of diversity on Ireland's boards and perceptions of it are explored in terms of board processes, composition, the appointment process for directors and the opportunities and challenges associated with board diversity.

83% 

somewhat agree or strongly agree that **board diversity** leads to enhanced board effectiveness.

77% 

somewhat agree or strongly agree that their board is committed to supporting a **culture of inclusion**.

THE IMPACT OF DIVERSITY

The survey findings are conclusive when it comes to the impact of diversity.

- 83% (81% in 2017) of respondents agree that board diversity leads to enhanced board effectiveness.
- 77% (81% in 2017) believe that it leads to enhanced company performance.

Furthermore, these results are reinforced by the following findings:

- 77% somewhat agree or strongly agree that 'my board is committed to supporting a culture of inclusion' (78% in 2017).
- 59% of respondents say the issue of diversity (in the widest sense) at senior management and at board level has been discussed at board meetings in the past two years.
- 56% of respondents somewhat agree or strongly agree that there are no significant impediments to increasing board diversity (61% in 2017).
- 43% (33% in 2017) of respondents somewhat agree or strongly agree that directors view board diversity as important and 24% (34% in 2017) strongly disagree or somewhat disagree. 33% are neutral.
- 36% (35% in 2017) of respondents strongly disagree or somewhat disagree that there are sufficient numbers of qualified under-represented candidates available for the board.
- 35% of respondents strongly agree or somewhat agree in respect of their board having a diversity policy/statement in place.



"There is still a lack of understanding that diversity returns better performance. It is not a social issue, it is a value to shareholders issue"

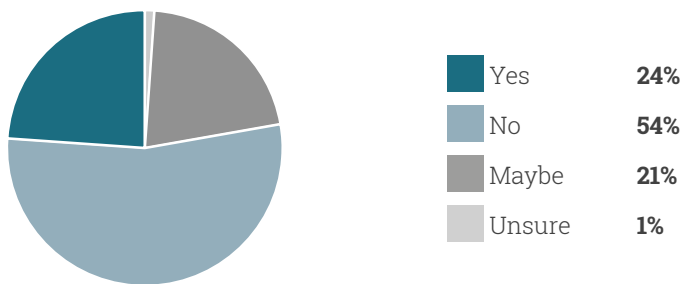
IoD member

SECTION 3 THE GOVERNANCE OF DIVERSITY

INCREASED REGULATION

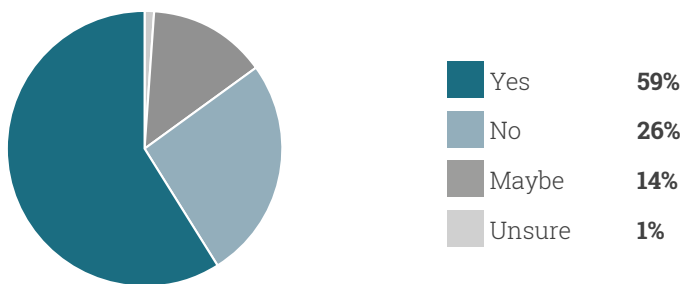
In 2019, we included additional questions on governance that were not asked in the 2017 survey. For this reason, there is no comparative data available on these findings:

Figure 21: Does the increased regulation, scrutiny and complexity of being a board director and serving on boards present a potential deterrent to you serving on a board?



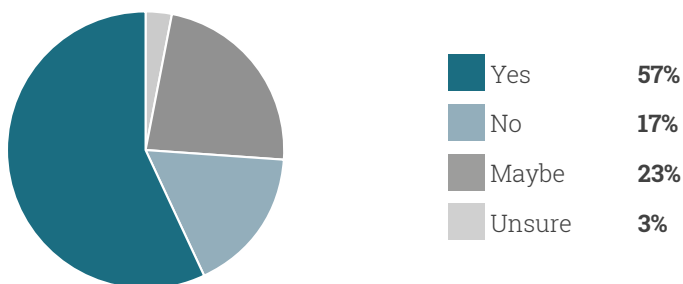
Source: IoD Diversity Survey 2019

Figure 22: Does the increased regulation, scrutiny and complexity of being a board director potentially influence the number of boards you are likely to want to serve on?



Source: IoD Diversity Survey 2019

Figure 23: Do you think increased regulation, scrutiny and accountability of boards are likely to reduce the numbers of people willing to serve on boards and limit board diversity?







Source: IoD Diversity Survey 2019

SECTION 3 THE GOVERNANCE OF DIVERSITY

BOARD PROCESS

Figure 24: Who is primarily responsible for ensuring there is diversity on the board?

The full board	33% 
The chairperson	29% 
The nominations committee	14% 
CEO/senior management	10% 

Source: IoD Diversity Surveys 2017 and 2019








Note: The arrows indicate whether the percentage figures have increased () , decreased () and/or remained constant () when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

Figure 25: Board rotation

Rotation system in place for board tenure	51% 
Rotation system not in place for board tenure	47% 
In their board role for five years or more	53% 
In their board role for ten years or more	25% 

Source: IoD Diversity Surveys 2017 and 2019

Note: The arrows indicate whether the percentage figures have increased () , decreased () and/or remained constant () when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

SECTION 3 THE GOVERNANCE OF DIVERSITY

DIRECTOR APPOINTMENT PROCESS

68% of respondents say that they somewhat agree or strongly agree that their board considers diversity when recruiting new members, an increase of 7% on 2017. In addition, 26% of respondents noted that they knew up to three or more people on the board before they joined, a substantial decrease from 67% in 2017.

68%



say that they somewhat agree or strongly agree that their board considers diversity when **recruiting** new members.

Collectively, respondents cited the following as their top recruitment methods to their boards:

- 50% of respondents were directly or indirectly approached by the board or a member of the board.
- 12% were appointed through an independent recruitment process.
- 8% were appointed through the Public Appointments Service.
- 5% were appointed through a legal/accountancy firm recommendation.

Furthermore, when broken down by gender, respondents cited approaches from the board or a member of the board, as follows:

- 37% of male respondents were directly approached by a member of the board or the board itself (50% in 2017).
- 28% of women respondents were directly approached by a member of the board or the board itself (19% in 2017).

SECTION 3 THE GOVERNANCE OF DIVERSITY

BOARD COMPOSITION

Figure 26: Board size

When asked about the number of board members, 71% of respondents said they had between five and twelve members on their board.

Number of members	2019
Five	13% ↓
Six	11% ↓
Seven	10% ↔
Eight	7% ↔
Nine	10% ↓
Ten	7% ↓
Eleven to Twelve	13% ↓

Source: IoD Diversity Surveys 2017 and 2019

Note: The arrows indicate whether the percentage figures have increased (↑), decreased (↓) and/or remained constant (↔) when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

Figure 27: What are the reasons for recent, or pending, changes to your board composition?

Respondents were offered a number of statements and asked to select any that apply. It is worth noting that just 15% say the 'decision to have a more diverse board' is the reason for changes in board composition. This is unchanged from 2017.

Rating	The top five reasons	2019
1	Retirement of existing director(s)	48% ↑
2	Resignation of existing director(s)	30% ↑
3	Planned succession to keep the board fresh	27% ↓
4	Need for specialised knowledge	27% ↑
5	Decision to have a more diverse board	15% ↓

Source: IoD Diversity Surveys 2017 and 2019

Note: The arrows indicate whether the percentage figures have increased (↑), decreased (↓) and/or remained constant (↔) when compared with the results to the same question in 2017 (and this includes a 2% margin of error).

SECTION 3 THE GOVERNANCE OF DIVERSITY

THE GOVERNANCE OF DIVERSITY CONCLUSION

83%



.....
 somewhat agree or strongly agree that **board diversity** leads to enhanced board effectiveness.

IMPACT

The view that diversity makes a positive contribution to the board and the company is decisive among respondents. 83% (81% in 2017) of respondents somewhat agree or strongly agree that board diversity leads to enhanced board effectiveness, while 77% (81% in 2017) believe that board diversity leads to more effective decision-making and enhanced company performance.

Overall, 43% (33% in 2017) of respondents somewhat agree or strongly agree that directors view board diversity as important. However, when it comes to recruitment to the board, it is worth noting that just 15% say the 'decision to have a more diverse board' is the reason for changes in board composition. This might suggest that while the importance of diversity is acknowledged and supported, it is not an uppermost consideration in board recruitment.

RESPONSIBILITY

In fact, this might be partially explained by what appears to be conflicting viewpoints in terms of oversight when it comes to the responsibility for diversity on the board.

29% (26% in 2017) of respondents say that the board's chairperson is responsible, 33% (30% in 2017) say that the full board is responsible and 14% say that the nominations committee is responsible. 11% of respondents say that 'diversity considerations are not my responsibility'.

When only the chairpersons' feedback is examined, 18% of chairpersons say that they are responsible (down from 28% in 2017), and 55% (33% in 2017) of chairpersons say that the whole board is responsible for ensuring there is diversity on the board.

Only 35% of respondents strongly agree or somewhat agree that their board has a diversity policy/statement in place.

35%



.....
 strongly or somewhat agree that their **board has a diversity policy/statement** in place.

SECTION 3 THE GOVERNANCE OF DIVERSITY

THE GOVERNANCE OF DIVERSITY CONCLUSION

68%



.....
say that their board takes diversity into consideration when **recruiting** new members.

RECRUITMENT/COMPOSITION

A positive finding is that 68% (61% in 2017) of respondents say that their board takes diversity into consideration when recruiting new members.

However, 49% of all respondents were recruited pursuant to some form of non-formal recommendation, a drop from 57% in 2017. Some 50% of respondents were directly or indirectly approached by a board or a member of a board (46% of respondents working in the financial services were directly approached by a board or a member of a board).

Furthermore, 26% knew up to three or more people on a board before they joined (20% of respondents from the financial services sector knew up three or more people). This is a substantial drop from 67% in 2017 and may indicate a 'changing of the guard' being underway, with more board members under 40 years being appointed and, indeed, more females.

The data also suggests that many more males (37%) than females (28%) were recruited following a direct approach from a board or a member of it, with the latter figure a 9% improvement on 2017.

This may affirm a key finding earlier in our report (see Section 1, Diversity and Gender) where a majority of women (54%) now cites lack of access to the same networks/information of contacts as men as the principal barrier to board appointments.

47%



.....
say that they do not have a **rotation system** for board tenure.

TENURE

The findings also suggest that boards lack a structured process for changes to board composition and tenure. It seems that the principal reasons for recent or pending changes to the board's composition are retirement (48%) (46% in 2017) or resignation (30%) (29% in 2017) of existing directors. 51% say that their board has a rotation system in place for board tenure, while 47% say they do not.

54%



.....
say **increased regulation, scrutiny, complexity and accountability** would not deter them personally from joining boards.

REGULATION

There is a consistency in the findings with regard to increased regulation, scrutiny, complexity and accountability, with 54% of respondents saying it would not deter them personally from joining boards, but a slight majority saying it might affect others' willingness to serve. Respondents also noted that this extra complexity would impact the number of boards that they would join.

CONCLUSION

KEY POSITIVES

With a substantial majority of respondents acknowledging that board diversity not only leads to enhanced board effectiveness and to enhanced company performance (83% and 77% respectively), it is not surprising that over three quarters of respondents say their board is committed to supporting a culture of inclusion, which is a key starting point towards attaining real diversity.

Since our 2017 survey, there has been notable movement with respect to gender targets and board recruitment, in particular.

GENDER TARGETS OVERTAKE QUOTAS

While a clear majority of respondents (61%) believes gender diversity on boards is important when recruiting new members, our survey shows that women are still much more likely than men to believe that it is more difficult for them to be appointed to board positions in Ireland. In the survey, 23% of the respondents say there is less than 10% of women on the boards on which they sit, a decrease of 5% on 2017's findings.

Furthermore, while unconscious bias remains the main barrier that all respondents believe women face when being appointed to boards as directors in Ireland (43%), female respondents alone now cite lack of access to the same networks/information of contacts as men as the main reason (54%). The concern here is that this belief has increased by 10% over the past two years.

There is a growing consensus (39%) among both our male and female members that gender targets are the preferred way forward. Indeed, just 17% of respondents now believe that gender quotas are the most effective way to increase the number of women on boards.

LESS OF 'WHO YOU KNOW'

In contrast to our 2017 findings, when a substantial majority of board members knew three or more people on the board before they joined, just over a quarter of respondents did so in our 2019 survey, signalling a positive development in terms of diversity. Alas, this is counter-balanced by negatives with regard to gender and the reasons for changes in board composition. This report finds that 18% of female respondents believe that their gender has negatively impacted their chances of being appointed to a board and a clear majority of them (65%) still believes it is more difficult for women to be appointed executive and non-executive directors in Ireland than men. In what may appear to be a consequence of increased focus on female diversity, nearly 20% of men now believe the same about their own gender.

LACK OF ROTATION POLICIES A CONCERN

When we look at board tenure - often seen as one key barometer of both corporate culture and governance - it is less encouraging, with almost half of respondents (47%) saying their board does not have a rotation system in place. Resignation and retirement are still the dominant reasons for changes in board composition, at 30% and 48% respectively, showing little movement in this respect when compared with our 2017 survey.

CONCLUSION

SKILLSETS

It should come as no surprise that financial expertise, industry expertise and corporate governance are the leading attributes selected by respondents as very or extremely important, and these are also among the top five primary skills respondents say they bring to the board. On the other hand, in terms of diversity, strategy execution and GDPR and data protection are among the skills and experience respondents say their boards do not possess but which are deemed necessary to drive the business and mitigate significant risks that may directly or indirectly affect the organisation.

Our survey finds that 45% of all respondents believe that there are deficits in skills and/or experience on their boards. That said, there are positives to be taken from the fact that three quarters of them acknowledge that the board has attempted to address deficits in skills and knowledge with training sessions and workshops. Almost a quarter of respondents (23%) say that cybersecurity expertise is the most desired skill needed to contribute to their boards' success over the next two years.

AGE DIVERSITY

Most respondents (55%) say age is a consideration in terms of diversity when recruiting new board members, with younger and older directors bringing different personal qualities, perspectives and levels of professional experience to the table. A narrow majority (51%) of respondents were first appointed directors when they were below the age of 40, with the highest number of respondents currently in the 45 to 54 age group and the next highest number in the 55 to 64 age category, so providing a healthy mix in terms of diversity.

LOCATION, EDUCATION, ETHNICITY: RISK OF GROUPTHINK

It may be a reflection of the Dublin/Leinster-centric nature of business in Ireland, but the lack of directors from outside the eastern province serving on boards generally, combined with a fall in the number of international board members - whether Dublin-based or outside the capital - suggests board members with similar backgrounds and perspectives dominate. Irish boards are comprised almost entirely (97%) of members who are of the Caucasian race. In educational terms, too, with our respondents predominantly coming from similar secondary and tertiary educational backgrounds. Overall, this homogeneity heightens the risk of groupthink and fewer dynamic and challenging board outcomes.



INSTITUTE OF DIRECTORS
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