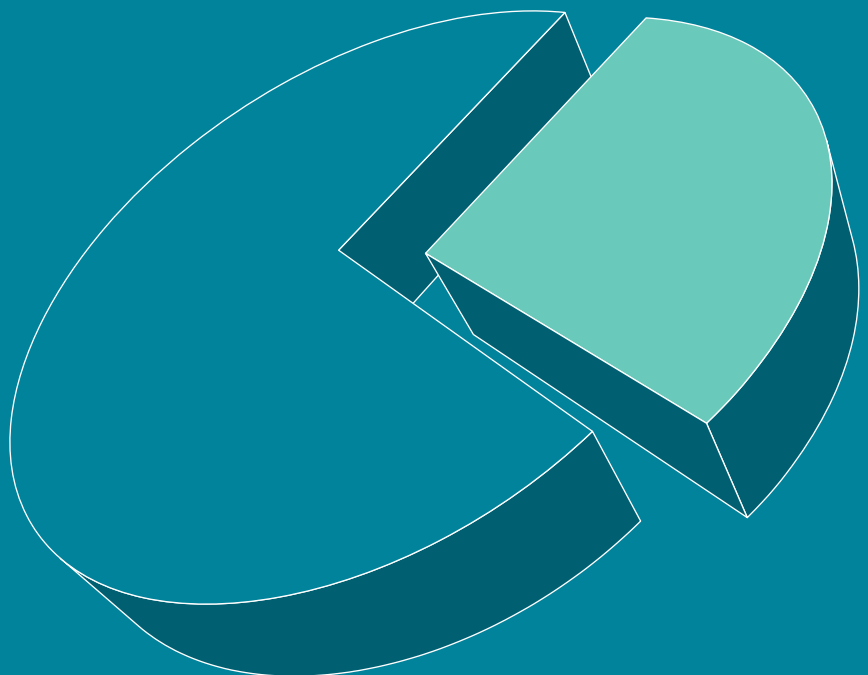




INSTITUTE OF DIRECTORS
IN IRELAND

Women on boards in Ireland

Insights from women directors on the
progress made and obstacles remaining



For this research report on women on boards in Ireland, the Institute of Directors in Ireland (IoD), exclusively interviewed 155 of its women members who currently hold a directorship, either executive or non-executive. With 57% of these directors having five or more years' experience acting as a director, there was a considerable knowledge base from which to draw our responses. The respondents represent all of the board director categories – Chairpersons, Non-Executive Directors, Executive Directors and Chief Executives / Managing Directors. The research survey was both quantitative and qualitative, so there was substantial commentary on the areas under examination.

The women were questioned under three categories and this summary report captures the key findings within each of these categories. The majority of directors surveyed were appointed to their executive board positions when they were in their thirties and the majority of non-executive appointments were made to women in their forties. 78% of the directors surveyed have held their current directorship position for over three years, with 40% for over seven years.

40% of respondents sit on the boards of private companies, 12% on the boards of public companies, 17% on state, or semi-state boards, 18% on not-for-profit boards and 13% on the boards of multinational corporations.

Research was conducted between 30th January and 12th February 2013.

Base percentages: 39% Non-Executive Directors, 26% Chief Executives / Managing Directors, 6% Chairpersons, 29% Executive Directors.

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Executive Summary

This research was undertaken exclusively with women members of the Institute of Directors in Ireland (IoD) to find out about their experiences as a director to date, to seek their views on the obstacles, if any, that they may have faced in being appointed to boards, and seeking views on how gender diversity across boardrooms in Ireland can be improved.

This research forms part of the IoD's commitment to building better boards in Ireland. Diversity on boards, which includes gender, skills and expertise, age and nationality, is of paramount importance to the leadership and success of a business and its interests. A diverse board is more capable of understanding potential risks and identifying the impact of such risks to the business and its various stakeholders.

The respondents are primarily experienced directors, with 78% having held their current directorship for over three years and 40% for over seven years.

There are many positive findings within the research; 58% of women say that gender diversity has improved on their boards in the last five years and over a third consider gender diversity to be a medium or high priority for their boards. The women interviewed also clearly recognise the importance of formal director training, with 68% having already undertaken training and a majority of the remainder intending to undertake director training in the future.

It is also encouraging to see that 94% of women surveyed feel equal in the boardroom.

The research, however, also uncovers a number of expressed concerns that women feel are presenting obstacles to achieving greater gender balance in the boardroom.

A considerable majority of those surveyed, 70%, considers it to be more difficult for women to become non-executive directors in Ireland than men. A lack of transparency in the appointment process and the suggestion that women do not have access to the same level of connections or networks as men, were cited as two prime reasons for the difficulty, and there is still considered to be an over-reliance on the existing 'directors' club' with little real effort given to exploring the wider talent pool.

Respondents were also asked why they believe the representation of women at board level in publicly listed companies (Plcs) in Ireland is at 9%, in comparison to the EU average of 16%. Three key reasons were outlined for this, firstly, that interlocking directorships in Ireland can mean that a small group of people populate boards and it is difficult to break that chain; secondly, that there is a lack of openness and transparency in board appointments; and thirdly, that women do not have access to the predominantly male networks that bring them to the attention of chairpersons and nominations committees.

When asked what could be done to improve these figures, 72% of the women surveyed say that a transparent, open and independent appointment process was crucial, along with rotation of long-serving directors.

Interestingly, when asked about gender quotas as a means of increasing the number of women on all boards, 43% of respondents say that targets, rather than quotas, are preferable and a further 25% say that gender targets are the wrong approach and that appointments should be made on merit, not gender. 81% of respondents also say that women themselves must accept some responsibility for the low level of women on boards in Ireland. Women, they believe, have lacked confidence and self-belief, and they need to support and encourage each other and be more proactive in putting themselves forward for board positions.

The women surveyed were asked their opinion on the EU legislative proposals that would see listed companies obliged to favour the under-represented sex, where candidates are equally qualified for board positions, until a 40% share is reached by 2020 or earlier. 70% of respondents supported this initiative, but were doubtful of Ireland's ability to achieve this target.

It is encouraging to see that Ireland is moving in the right direction to achieving greater gender diversity on boards in Ireland. It is clear however, that a focus needs to be placed on addressing issues in the appointment process in order for the number of women participating in Ireland's boardrooms to continue to grow.

Maura Quinn

Chief Executive
Institute of Directors in Ireland

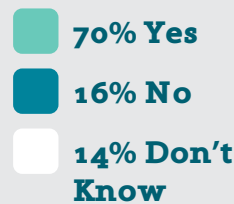
Section One

The Appointment Process

In this first section, we asked respondents a series of questions in relation to their appointment to the board, whether they consider it to be more difficult for women to become non-executive directors in Ireland than men, whether they believe that a 'glass ceiling' exists, hampering the appointment of women to boards in Ireland; if they think that gender has ever been a factor in their appointment or non-appointment to a board and the main barriers that women face in accessing the boardroom.



In your opinion, is it any more difficult for women to become non-executive directors in Ireland than men?



Respondents to this question are of the overwhelming opinion that women do not have the same connections as men, or access to the same networks. The 'old boys' club' was mentioned frequently, as was the fact that there still seems to be an unwillingness to explore the talent pool, with excessive reliance on the existing 'directors' club'. Respondents feel that the fact that there are fewer women than men in senior business roles, is contributing to the problem because it is the men in these roles who are selecting potential directors who are already known to them.

Of those who did not agree that it was any more difficult for women to become non-executive directors in Ireland than men, respondents indicated that women are not proactive enough in seeking positions, or don't have the time to devote to developing networks and opportunities.

"There is a definite old boys' network in existence"

"Women can be perceived as being too independent in their approach – not so easy to adopt the party line"

"Women don't always put themselves forward or pursue a potential opportunity"

Q

Is there a 'glass ceiling' preventing women being appointed to boards in Ireland?



- 35% Yes**
- 18% Yes, in certain sectors**
- 18% No**
- 16% In the past – but not any longer**

Asked whether they believe that there is a 'glass ceiling' preventing women from being appointed to boards in Ireland, 35% of respondents said yes, 18% said yes for certain sectors, with financial services and Plcs mentioned most frequently. 34% of respondents believe that there is either no 'glass ceiling', or that a 'glass ceiling' existed in the past but not any longer. A number of respondents feel that the barriers are in place due to the actions of both men and women, and that there have been slow but discernible improvements.

"From my past experience it's sometimes women who create the 'glass ceiling', reaching a status and earning ability and strive no further"

"Certainly there is a 'glass ceiling' in many industries including banking, engineering and the legal industry"

Q

Do you think that your gender has ever been a factor in being appointed, or not being appointed, to a board?

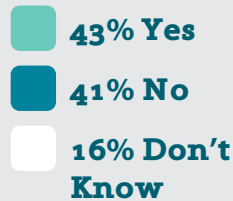


55% No

A majority of the women surveyed for this report believe that their gender has not been a factor in being appointed to the board on which they sit. 55% say that being a woman has not been a factor in being appointed, or was not a factor in any cases where they had not been appointed. This shows that those surveyed are confident, in the majority, that their skills and experience were the key factors in their appointment. However, almost 35% say that gender had been a factor in their appointment, in most cases, these women say that they were aware that the board in question was seeking gender diversity or that it was replacing another woman on the board. Many believe that while they were not appointed to the board because of being a woman, the fact that they had the requisite skills as well as being a woman helped, where companies are trying to achieve some level of diversity.



Are women more reluctant to go forward for board positions than men?



Respondents are split in their opinions about whether, in their experience, women are more reluctant to go forward for board positions than men, with a slight majority of 43% indicating that they believe that women are more reluctant. Confidence and self-belief were cited as the biggest issues contributing to reluctance by women; "A complex mix of family commitments, lack of confidence and 'cultural' inhibitors", said one respondent. The importance of role models was also frequently mentioned, with many respondents saying that women did not have enough role models at board level, and that this, in turn, means that women are not in sufficient number at the top where decisions about board membership are taking place. Another respondent indicated that it was a "Catch 22" situation.



Are there specific barriers to women being appointed to the boards of large publicly listed companies in Ireland (Plcs)?



72% Yes

The questionnaire outlined to respondents that the latest European Commission figures show that women hold 9% of board positions on the largest Plcs in Ireland, while the EU average is 16%. The directors were asked whether they believe that there are specific barriers for women being appointed to the boards of Plcs in Ireland, and 72% agreed.

"Members from Plc boards tend to recommend people from their own networks to the nominations committee"

"Plc board recruitment largely fails to look beyond a very small pool of former CEOs, CFOs and senior public servants, who are mostly male"



What are the main barriers, if any, facing women being appointed as directors to boards in Ireland?

- 1 **Interlocking directorships**
- 2 **Lack of openness and transparency in board appointments**
- 3 **Women don't have access to the same networks of contacts as men**

The women surveyed cited interlocking directorships as the top barrier facing women being appointed to boards in Ireland. Respondents feel that a small group of people populate boards in Ireland and that appointment is on a 'who you know' basis, which places them at a disadvantage. Secondly, they believe that there is a lack of openness and transparency in board appointments, where there is an informal and unstructured process. And thirdly, they reiterate that women do not have access to the same network of contacts as men and therefore are not 'top of mind' for chairpersons and nominations committees.



Do men and women have equal access to information about available directorship positions?



- 55% No
- 27% Don't know
- 18% Yes

The directors surveyed indicated a desire for greater access to information about available board positions, with over 55% of respondents saying that women and men do not have equal access to such information. Very few respondents believe that the process for informing women of vacancies arising equals that for men. "My guess is that lack of transparency and the high level of networking means that many roles can be filled before (if even) advertised" was how one respondent put it, reflecting similar comments by a majority of the directors surveyed.



Should women themselves take any responsibility for the low level of women on boards in Ireland?



81% Yes

Interestingly, 81% of women surveyed say that women themselves must take some of the responsibility for the low level of women on boards in Ireland. One respondent said that, "They (women) should work on self-promotion, self-belief, level of determination and supporting and encouraging each other". "Be brave and step up", said another; "We have been passive" was another common theme. Another respondent said that, "We, as women, must put ourselves forward, encourage other women to do this and support those who are taking on the role for the first time".

"We need to be more proactive"

"Women do not sufficiently support other women's advancement"

Section Two

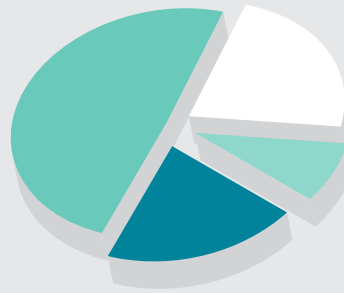
Being a Director

In this second section, we asked the women surveyed about the organisation where they act as a director, their current level of specific director training, the gender representation on the board on which they sit and about how equal they feel in the boardroom.

The directors surveyed were also asked what unique or distinct qualities, if any, women can bring to the boardroom, and what they believe are the biggest challenges facing directors in Ireland.

Q

What is the percentage of directors who are women on the boards on which you sit?



- 54%: Women represent 11% to 40%**
- 22%: Women represent fewer than 10%**
- 14%: Women represent between 41-50%**
- 9%: Women represent over 50%**

There was huge disparity in the percentage of board positions occupied by women, indicated by the respondents, with 9% saying that women represented over 50% of directors on the board on which they sit and 22% of boards having fewer than 10% of directors who are women. The majority of responses put the representation of women on boards somewhere in the middle, with 54% indicating that the gender split lies between 11% and 40%.

Q

Have you ever undertaken any formal director training?



68% Yes

Q

If not, do you intend to undertake formal director training in the future?



57% Yes

A very high number of those surveyed, 68%, have undertaken formal director training such as IoD training workshops, the IoD's Chartered Director Programme or UCD training programmes. Of those who have not undertaken formal training to date, 57% say that they intend to do so in the future.

It is extremely encouraging to see such a high level of training and an appetite for future training for those who have not already done so. It is essential that any person acting as a director is fully aware of their responsibilities and training in areas of corporate governance and the role of the director is vital in order for directors to perform their role effectively.

Q

Do you feel equal in the boardroom?



94% Yes

The women interviewed have no issue with equality in the boardroom, over 94% say they feel equal. In the supplementary commentary, most directors said they had never felt less important than men on the board, and are adamant that the quality of their contribution means that they are equal in every way. However, feeling equal, and being seen as equal are very different and some of the respondents claim they are not listened to with the same intent or the same eagerness by some male directors.

"I feel equal despite being female – the quality of my contribution is what makes me feel equal"

"Feelings of inequality... tend to arise more around competencies than gender"

Q

What unique and distinct qualities, if any, do directors who are women bring to the boardroom?

"Different perspective"

"A balanced view"

"Greater insight into consumer thinking"

When asked what unique and distinct qualities, if any, directors who are women bring to the boardroom, the most predominant answers relate to a woman's different perspective, a broader and more balanced perspective and her ability to probe, query and ask questions in order to arrive at holistic decisions. Also, many women say that women on boards have a higher level of emotional intelligence and a greater level of empathy and insight into consumer thinking. Women are more likely to take a balanced view of a situation and are more direct and practical in getting to the nub of issues quicker according to some respondents. "They focus on what matters", said one respondent, reflecting the views of a significant number of respondents.

Q

What are the biggest challenges facing directors in Ireland?

- 1 Dealing with the difficult economic situation both in Ireland and internationally**
- 2 Dealing with corporate governance, regulation, compliance and company law requirements**
- 3 The challenge of maintaining a focus or perspective on strategy while in the midst of a tumultuous business environment**

"The expectations (of directors) have increased greatly, regulation is constant and the business environment is very challenging"

Section Three

Diversity in the Boardroom

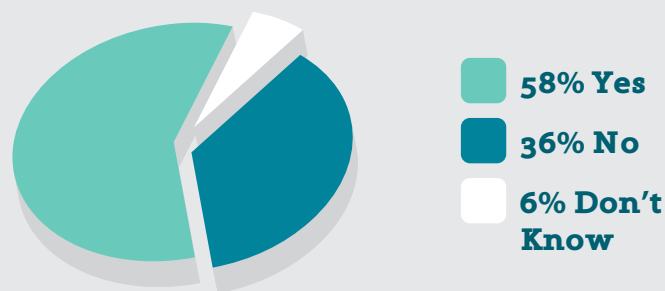
In this final section, we examined whether respondents believe gender diversity has improved on the board on which they sit in recent years. We asked what they think needs to change to enable more women to be appointed as directors in Ireland and what level of priority is given by their boards to the issue of gender diversity.

The respondents were also questioned on EU legislative proposals to introduce a 40% target for the under-represented sex on boards of Europe's listed companies by 2020 or earlier, whether or not they believe Ireland can achieve this target and what changes are needed in order for this to happen.

We also asked the women surveyed what advice they would give to women in Ireland who are aspiring to become directors and how, in their view, we can all contribute to improving gender diversity across boards in Ireland.

Q

Has gender diversity on the board on which you sit improved in the last five years?



Q

What level of priority is given to gender diversity on the board on which you sit?



The evidence provided by respondents indicates that there has been improvements in achieving gender diversity on boards in Ireland in recent years. 58% of respondents say that it has improved on their board in the last five years and 37% of the directors surveyed say that achieving gender diversity is a medium to high priority for their board. Of those that rate the level of priority given to gender diversity by their board as low or no priority, the supplementary commentary provided indicates that for many boards, it doesn't need to be a priority as an appropriate level of diversity has already been achieved.

Q

What needs to change to enable more women to be appointed as directors in Ireland?

- 1 Greater transparency in the appointment process**
- 2 More frequent rotation of long-serving board members**
- 3 The introduction of gender targets or quotas**

When asked what changes could be made to enable more women to become directors in Ireland, the top answer was greater transparency in the appointment process. 72% of respondents say that this is crucial. The rotation of long-serving board members, and the introduction of some form of quotas or targets are also seen as important, as is more mentoring and training of women to be encouraged to go forward for board positions.



What do you consider to be the most important elements to look for when appointing directors to boards?

1 An appropriate skill-set

2 The right experience

3 Gender diversity

"Directors should be appointed on merit and not on the basis of gender"

The directors surveyed placed a higher value on skill-set and experience than gender in terms of importance in the appointment of directors to boards. Interestingly, when asked what were the three most important elements a board should look for to achieve diversity in the boardroom, the same three answers were rated highest; skills, experience and then gender.

Other significant elements that the board members surveyed believe to be important when appointing directors were independence of mind, a genuine interest in serving, judgment and commitment, and the ability to devote the time necessary to undertake the role.



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

43%

Gender targets rather than mandatory quotas are preferable

29%

Gender quotas are most effective

25%

Gender quotas are the wrong approach, appointments should be based on merit not gender

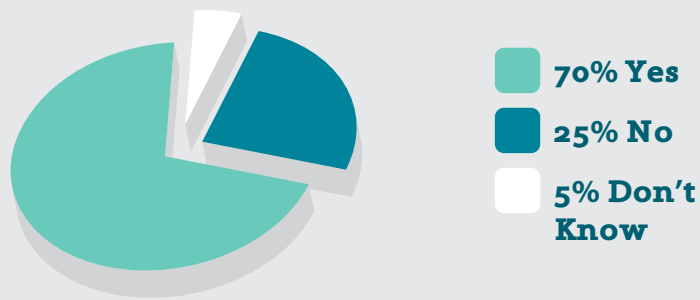
"Merit should come first for all appointments irrespective of gender"

"Quotas are not ideal, but they can effect change"

The directors surveyed were asked their opinion on quotas as a means of increasing the number of women on boards in Ireland. Quotas are mandatory, whereas targets are not mandatory and act as a guidance for preferred achievement. The response was very mixed. 29% believe that quotas are the most effective way to achieve the desired increase; 25% believe quotas are the wrong approach and 43% believe that targets are better than quotas. In the main, the opinion was that targets could be implemented first and, if they are not working after a few years, then quotas should be introduced.



Do you support recent EU legislative proposals to introduce a 40% target for the under-represented sex on boards of Europe's listed companies?



"Previously I would not have supported a legislative approach to ensuring greater gender diversity, but as progress has been so slow, especially in Ireland, I would support it now"

EU legislative proposals to introduce a 40% target for the under-represented sex on boards of Europe's listed companies will mean that Europe's listed companies will be obliged to favour the under-represented sex, where candidates are equally qualified for board positions, until a 40% share is reached by 2020 or earlier. 70% of the women directors surveyed support this legislation, 25% do not support it and the remaining 5% don't know.

"Legislation is not ideal, and neither are quotas, but both have the advantage of forcing change and making boards, and those who headhunt for board positions, canvass more widely for suitable candidates. The downside of legislation is that female candidates are perceived as being token appointments, but that issue can be managed"

Many respondents indicated that they reluctantly favoured the legislative route, preferring to have board appointments for women to be based on a skills matrix and not on gender alone. But there is broad agreement that these temporary or exceptional measures are now required, as change is not happening quickly enough.

"It comes down to the right person having the right skill-set and experience to do the job, be they male or female"

"I am a woman and I don't want to have to appoint women, I want to choose a woman because she is the right director"



Do you think that Ireland's publicly listed companies can achieve this EU target of 40% for the under-represented sex by 2020 or earlier?



44% No
41% Yes
15% Don't Know

"It's up to us to keep pushing for this and to put ourselves into positions where our skills and experience is known."

When asked whether or not they believe Ireland will be successful in achieving this target, there is an almost 50 / 50 split in responses, with a slight majority not confident that Ireland's publicly listed companies can achieve this EU target of 40% for the under-represented sex by 2020 or earlier.

Ireland indeed faces a significant challenge with the percentage of women on boards of Plcs currently at 9% (European Commission figures, January 2013).

"If they put their minds to it, it can be easily done", said one director, while others were more sceptical regarding the possibility of achieving the target in the timescale and recognised the serious challenge it presented. Some of the scepticism was based on the ability of the companies to change their appointment processes, while others were concerned that there might not be enough available skilled, talented women for all the Plc board positions in the short term: "Not sure [that there is] enough of a talent pool with appropriate skill-sets to effect that quick a change". But another director was adamant that we have the talent in Ireland: "For the past 20 years, 50% of graduates from our universities are female and are out-performing the males. Therefore, in terms of education and experience, we have developed a large pool of very talented women in this country with experience across all business sectors. The marriage ban is gone a long time and so are the barriers to females entering the professions."



What changes are needed in order for Ireland to achieve the target of 40% for the under-represented sex for boards of publicly listed companies by 2020?

There were many ideas put forward by respondents on what changes are needed in Ireland to achieve the 40% target for the under-represented sex on the boards of public companies. The overwhelming answer to achieving the target, according to those surveyed, is a transparent, open and independent board selection process which is focused on competency-based interviewing and skills assessments. The need for leadership from business leaders, politicians and from women in business is also often quoted, as is a requirement for a much better process by recruiters, head-hunters and board nomination committees in searching for suitably qualified women for their boards. Accelerated training opportunities for women in relation to board positions was also suggested by a number of directors and also the idea that we could introduce quotas for women on interview panels, which might encourage other women to come forward in the knowledge that there is an equal process from the start.

"A clearly defined process of appointment together with a template of required competencies and experience"

"Openness, transparency and independence is needed in the appointments process"

Q

Do you have any advice for women who are aspiring to become directors?

“Refresh your CV and make it relevant”

“Undertake professional training”

“Increase your external profile and network”

“Look out for mentors who can help you”

“Join relevant business organisations”

We asked respondents what advice they would offer to aspiring female directors in Ireland; “Go for it” was the recurring quote from the directors, with advice such as taking up positions with small not-for-profit organisations to gain experience, to constantly refresh your CV and make it relevant, to increase your external profile and network. Others recommend that aspiring directors should undertake professional training and that they should look out for mentors who can help. They should also join relevant business organisations for both training and networking opportunities. Having confidence and courage were important too, to go for positions where the particular skills of the director would be of value. Knowing what those particular skills are and how they can be put to great use by certain sectors or certain companies, which helps in targeting potential board appointments. Overall though, the advice from those surveyed is to get up and go for it: “Make the time! We get too caught up in the day job and should delegate more so we are freer for such positions”, said one director.

Q

How, in your view, can we all contribute to improving gender diversity in the boardroom?

“Education”

“Encouragement”

“Support”

“Mentoring”

“Networks”

When asked what can be done to improve gender diversity in the boardroom, the key words which emerged repeatedly from respondents were encouragement, support, mentoring, networks and education. Transparency in the process of appointment was deemed to be paramount, as was assistance for women seeking board positions. Many of the directors suggested that companies who do achieve diversity on their boards – not just gender diversity – should be lauded and their achievements should be publicised. It was also suggested by a number of directors, that the tangible value and benefits to the business of having gender diversity on a board, should be highlighted. Directors suggested the establishment of networks or databases of available skilled women directors, and separately that there should be an information site on available directorships across all company types from private to public to state. It was also suggested that succession planning in businesses should include support for senior women who have the expertise to develop into a strong voice on the board, and that the achievements of successful women on boards should also be profiled. In short, as one director put it “keep talking about it, keep it as a hot topic”.



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