

Boards fumble sex agenda

A year on from Lord Davies's report into women on boards, many chairmen and directors believe that the debate is a distraction from more important business issues, new research suggests.

The former banker's report said FTSE 100 companies should aim to double the proportion of women on their boards to 25% by 2015.

One female non-executive director said boards' responsibilities were too serious for them to be used for "social engineering", particularly in times of crisis management.

"It is far more critical that boards are composed of people of independent thought but with relevant skills and expertise," she told researchers from Director-bank, the executive search firm.

A male director put it more bluntly: "It's time we stopped wasting effort on this politically correct claptrap. Board appointments should be on merit, regardless of gender. Mandating or even recommending that some board members should be female - or male, for that matter - is a monumental waste of time and effort.

"Efforts should be focused on customer satisfaction, employee satisfaction and enhancing profitability, not on trying to satisfy the pet projects of politicians whose priorities are back to front."

There needs to be less nagging from politicians and more constructive dialogue, said Ken Brotherston, chairman of Directorbank. "The message from directors is, 'We know what we need to do, let's get on with it,' he said. "They know it's important but this constant almost-nagging runs the risk of backfiring. The government has made the point. This isn't unimportant, but many businesses are facing more urgent challenges."

A majority of the 488 respondents - just 6% of whom were women - were not convinced that having more women directors would help, with 59% saying that it would not improve board performance and 12% saying it would make it worse. This appears to put them at odds with

the prime minister, who recently said the "case is overwhelming that companies and countries run better with men and women working together at the top".

There was evidence of a gender split on this question, with more than half of the women surveyed but only just over quarter of the men thinking that more female directors would lift performance.

On the other hand, the study did find that the proportion of directors who feel that the appointment of women directors should be encouraged had risen, from 43% last year to 50%.

Performance is at the core of the debate. Barry Gamble, chairman of Fisher German, the chartered surveyor, and an experienced Ned, is concerned by claims that more mixed boards would be some sort of magic bullet.

"There is little doubt that having women in the boardroom would make a contribution to im-

proving governance in public companies and other entities as well," he said. "But trotting out the idea that Lehman Sisters would still be going is trite. No, probably it would not still be going.

"It is important to put this debate into context. Thinking that simply putting women on boards will solve [governance] is too simplistic. It needs to be a part of a bigger look at diversity." Focusing too closely on gender could mean that other important questions about what is and is not working on boards fall by the wayside, Gamble added.

Tim Ingram, chairman of Collins Stewart Hawkpoint, the financial adviser, and a Ned on a number of boards, agreed. "Women as directors have the ability to make mistakes, as men do. They bring a different perspective but that does not necessarily mean the board will avoid making mistakes. Boards that have made mistakes [recently] have done so because directors have similar backgrounds and ways of thinking, not because of their sex."

Diversity should be considered in its widest sense, not seen as a question of choosing both men and women, said Kevin Lyon, chairman of Valiant Petroleum and a portfolio Ned. "The conversation should not start with a specific gender— or any other characteristic — but with the skills, experience and perspectives that non-executives bring," he said. "You want people who have worked overseas for a chunk of time before coming back to the UK, you want people who have deep industry experience and others who are new to it, and you want people from different functional backgrounds, for example."

The vast majority of male directors questioned for the report, and a smaller majority of women (80% and just over half, respectively) were against quotas for female representation on boards.

Ingram is in the "no" camp, too. "Companies sell to the world and half the world is women, half men, so it is absolutely right and proper that there should be women on boards — it is good business sense," he said. "But quotas are not the answer because the problem is a lack of supply, not a lack of demand. There are no women on the board at Collins Stewart Hawkpoint, but that's not for lack of trying. In 10 years' time we will not have this problem."

Lyon has a slightly different view on quotas, though he agreed that the real problem is supply. "Ultimately, what gets measured gets done, and if industry can't sort it out for itself maybe it does need to be told. But I would like to see more focus on the executive side, because if you sort that out, the non-executive side will follow."