

The Mentoring Foundation

Business, Innovation and Skills Committee Inquiry into Women in the Workplace

Executive Summary

This submission makes the following key points in addressing the specific questions listed by the Department in relation to its inquiry:

1. In our experience stereotyping and women's failure to progress to the top of large organizations result from complex and often invisible barriers such as lack of confidence, pre-conceptions about what it take to succeed, lack of relevant role-models for women and feelings of isolation and ambivalence. Interventions which tackle these root causes are needed and our work demonstrates that effective mentoring relationships with powerful business role-models (both male and female) fulfil those needs and can bring about real change.
2. The voluntary, business-led approach adopted by the UK following Lord Davies' review in 2011 for tackling board diversity is yielding results and enables flexible interventions which address the real causes of the problem.
3. We believe that the Mentoring Foundation's model of effective mentoring relationships could be applied more broadly to meet the aims of the Department in tackling diversity challenges as women study, enter the workplace and progress in their careers.

The Mentoring Foundation

The Mentoring Foundation operates the FTSE 100 Cross-Company Mentoring Programme which was established in 2003. It facilitates mentoring relationships for senior women executives in FTSE 100 or equivalent organisations and has recently expanded to apply to FTSE 250 companies and equivalent. The Programme's aims include:

- (1) to bring the challenges of senior women executives to the attention of Chairmen and Chief Executives of leading companies; and
- (2) to help Mentees, through the advice and guidance provided by their Mentors, attain Board positions or otherwise progress their careers.

All 54 Mentors on the FTSE 100 Cross-Company Mentoring Programme are Chairmen or Chief Executives of FTSE companies, or their equivalent in the public sector. To date 94 Mentees have participated in the Programme and 81 of those Mentees have gone on to achieve significant career success. **14 of the female non-executive director appointments made in the last 24 months have been Alumnae of the FTSE 100 Cross-Company Mentoring Programme.** The Programme has been replicated in European countries such as France, Hungary, Turkey and Ireland as well as outside Europe including in Australia and South Africa.

The Mentoring Foundation and the FTSE 100 Cross-Company Mentoring Programme can be regarded as part of the self-regulatory initiatives taking place in the UK, although the Programme pre-dates recent regulatory threats (namely of quotas) and self-regulatory interventions.

The Mentoring Foundation operates at the heart of the underlying issues being examined and is accordingly delighted to respond to this Inquiry by the Business Innovation and Skills Committee. Peninah Thomson, CEO of The Mentoring Foundation and author of four books on the subject of gender and the board room, responded to the recent European Commission Consultation Process and to the House of Lords Select Committee Call for Evidence on this subject in her own name and on behalf of The Mentoring Foundation. The Inquiry examines a number of questions, some of which are not within the scope of the Mentoring Foundation's work. The Foundation will therefore limit itself in this submission to responding to questions in which it has relevant expertise.

1. ***How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction and the beauty industry, be tackled?***

1.1 One of the aims of the FTSE 100 Cross-Company Mentoring Programme is to bring the obstacles to success faced by women to the attention of Chairmen through the mentoring relationships that we build. This aim has many purposes which go to the heart of the question that you raise as to how stereotypes can be tackled. Our experience offers some insights into the prevalence and complexity of stereotyping and how mentoring-based interventions can help.

1.2 Discussions with our Mentees over our 10 years of operation have been very revealing on this subject. Many of our Mentees come from traditionally "male" work environments such as the engineering, banking and construction industries you mention. We have found that women in these roles often hold deep-rooted assumptions about what it takes to succeed, what a successful person is like and how they are viewed as women, based often on perceived differences between how men and women operate. The manifest result of all of this can often be that women lack confidence and feel isolated and unheard in their working environments, which offer them few if any relevant role-models for success and discourage them from their ambition to reach the top. The mentoring relationships facilitated by the Foundation (lasting 12 or 24 months) for senior women, pairing them with company Chairmen (the vast majority of whom are men) have proved to be an extremely effective means of overcoming some of these barriers to progress. Our Mentees form strong relationships with some of the country's most senior business figures who offer them advice, support and the benefit of their professional experience. They frequently describe their mentoring experience as transformational and their Mentors as inspirational role models. The mentoring relationship also brings these women to the attention of top businessmen, offering them a degree of visibility and contact which may not otherwise be afforded to them, particularly as data demonstrate that women frequently do not have access to powerful networks. The success enjoyed by our Alumnae Mentees reflects the effectiveness of this intervention.

1.3 Our view is that well-run effective programmes of mentoring relationships across industries and starting in schools, targeted at students, young women entering the workplace and beyond could make a material contribution to overcoming the types of stereotyping you identify, supporting women as they make their studying and work choices and following them through their working life.

2. ***What more should be done to promote part-time work at all levels of the workplace and to ensure that both men and women have opportunities to gain senior positions within an organization while working part time?***

2.1 The Mentoring Foundation does not hold data relevant to this question. Anecdotal feedback from our members suggests that current flexible working policies are not sufficient to bring about sustainable change in attitudes towards part-time work. Existing research indicates that many women feel unable to benefit from these policies for fear of being overlooked for promotion (*Liff and Ward (2001), Distorted views through the glass ceiling. Gender, Work and Organization (8), 19-36*).

2.2 Discussions with both Mentors and Mentees reveal that relevant role-models (both male and female) and a safe environment, in which women and men feel safe to raise matters of work life balance, might help. Some of our participants believe that a real cultural shift is needed before part-time work can be enjoyed at all levels within organizations. There is also a question as to whether many of the women who are now at the top of organizations feel willing or able to support increases in flexible part-time working, in particular as this is unlikely to have been an option they experienced.

3. *To what extent have the recommendations in Lord Mervyn Davies' Report "Women on Boards" (published in 2011) been acted upon?*

3.1 The Committee will be aware of progress reports published, including Lord Davies' first annual review in July 2012. In that report, material progress was demonstrated in the number of female appointments to boards and also in the number of search firms that have signed up to the new code of conduct aimed at increasing the number of women on board shortlists.

3.2 Figures published on the Professional Boards Forum Boardwatch website indicate that overall female board appointments have risen to 17.3% overall, with 21.5% of NED appointments going to women (up from a previous three year plateau in 2011 of 15.6%) and 6.6% of Executive Board positions going to women (up from 5.5%). The UK is now in line to meet Lord Davies' recommended targets for 2015.

3.3 As progress develops in the UK, focus is now turning to sustainable long term change through developing and sustaining the "pipeline" of next-generation talented women to succeed to the very top. To that end, with support from some of our existing member companies, The Mentoring Foundation is launching a new pilot initiative (Programme 2.0) to offer women at the junior end of senior management mentoring from very senior female executives in other companies. The Mentors for Programme 2.0 are all Alumnae of the main FTSE Programme. Therefore, women in the pipeline will be supported by some of the most senior female executives in UK companies, who have themselves benefitted from mentoring from Chairmen of FTSE 100 or equivalent companies. This "ripple" effect from one Programme to another will provide women in the pipeline with Mentors and role models as well as access to a growing network of powerful women and the Chairmen who have supported them. We believe that these initiatives offer a sustainable model for change that address the root causes of why women are being held back.

3.4 Given the figures and our experience of participation by companies in our voluntary activities, we would echo the words of Vince Cable, Secretary of State for Business that the "UK's business-led approach to achieving boardroom diversity is working" (2011). Our evidence indicates that the same approach is now being applied to the task of developing and sustaining the pipeline of future women business leaders.

4. To what extent should investors take into account the percentage of women on boards, when considering company reporting and appointments on the board?

4.1 Changes to the UK Corporate Governance Code, which came into force on 1st October 2012, require companies to publish their policy on diversity and publish progress against that policy annually as well as taking diversity into account when considering a company's effectiveness.

4.2 It seems that, given these requirements and the recommendations made by Lord Davies in 2011, diversity information will be publicly available and may well affect market sentiment about companies (although there is no evidence yet to indicate how that sentiment might be affected by the recent changes to the Code).

4.3 Other than monitoring these regulatory changes The Mentoring Foundation is not in a position to comment on the role of investors.

5. Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?

5.1 The factors holding women back from achieving senior positions in greater numbers are widely acknowledged to be manifold and complex. Those obstacles identified in research and highlighted in our answer to question 1 give some insight into the invisible and deep rooted nature of many of those barriers. They underpin the approach at The Mentoring Foundation to offer highly effective and rounded mentoring relationships with UK business leaders in order to tackle those obstacles at their root cause.

5.2 The benefits of achieving more women in senior business roles, including on boards, have been widely debated and can be categorised as relating to financial performance, corporate governance and board room behaviour:

5.3 Numerous studies have found strong correlations between the number or proportion of women on boards and financial performance (*McKinsey (2010). Women Matter: women at the top of Corporation*). It has been hard to demonstrate a clear, causal link, but the weight of evidence strongly suggests there is such a link. Such microeconomic benefit aggregates to macroeconomic benefit.

5.4 In addition, research suggests a causal link between the proportion of women on the board and the quality of corporate governance (*Adams and Ferreira, Journal of Financial Economics, 2008*). This suggests overall macroeconomic risk, of which we have become acutely aware in recent years, will be reduced when there are more women on company boards.

Finally, Sir David Walker in his 2009 Review of Corporate Governance highlighted the dangers of overly collegiate "groupthink" and how more diverse boards would avoid its pitfalls. Groupthink is a psychological phenomenon defined as "*A mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members' strivings for unanimity override their motivation to realistically appraise alternative courses of action*" (*Irving Janis, Victims of Groupthink: a Psychological Study of Foreign-Policy Decisions and Fiascoes*. Boston: Houghton Mifflin)

5th October, 2012

5.5 Speaking before the House of Commons Treasury Select Committee on 22nd May 2012, Sir David described the need for “challenge” in the board room and how gender diversity can help avoid groupthink: *“The word I have been very keen to deploy and promote, greatly irritating some, is “challenge”. Diversity is likely to provide, invite, elicit challenge and women are part of it.”*

5.6 The Department has itself highlighted some of the benefits of greater diversity on company boards, with Vince Cable, Secretary of State for business stating that:

“Diverse boards are better boards: benefiting from fresh perspectives, talent, new ideas and broader experience which enables businesses to better reflect and respond to the needs of their customers. This is good for women, good for companies who need to be the best they can be in order to compete in today’s tough global market place, and ultimately good for the UK economy as a whole. It is essential that Executive Search Firms and Chairmen continue to use the Code to increase this rate of change”. (2012)

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