



Gender balance in FTSE leadership

KPMG Board Leadership Centre



The fifth and final report of the [Hampton-Alexander Review](#) of women in senior leadership positions and on boards was recently published, revealing that FTSE350 companies had passed the milestone of over a third of board positions being filled by women. Sir Philip Hampton, Chair, and Denise Wilson, Chief Executive, of the Hampton-Alexander Review joined our Board Leadership Centre FTSE350 meeting to share their thoughts and insights on the journey – and what remains to be done.

We were privileged to be joined by the two leading lights of the Hampton-Alexander Review, Sir Philip Hampton and Denise Wilson, fresh from announcing towards the end of February that female representation on boards now stands at 36% in the FTSE100 and 34% in the FTSE250, giving an overall percentage across the FTSE 350 of 33%.

This represents remarkable progress from the early 2000s when, as Sir Philip observed, the figure stood at only around 6%. “It’s been genuinely transformational,” he said. “In many ways, the changes we’ve seen have been absolutely astonishing. This has been all the more gratifying and impressive given that it has been an entirely voluntary, business-led initiative.”

As a doyen of FTSE boardrooms – including having been chair of corporate giants such as GlaxoSmithKline, RBS and Sainsbury’s – Sir Philip is well-placed to recognise the difference. “There are no all-male boards in the FTSE350 anymore – a generation ago, that used to be routine. And there are very few with only one ‘token’ woman on the board. This is great for women and for business. Women are just as effective business leaders as men and shouldn’t be held back by habit or bias. If a business is a genuine meritocracy, it should naturally have a range of diversity at the top.”

Denise also has longstanding experience at the highest level and moreover was Chief Executive of the Davies Review, forerunner to the Hampton-Alexander Review. But whereas the Davies Review focused exclusively on board positions, the Hampton-Alexander Review (commencing in 2016) had a much broader remit, taking in the two layers below the board – executive committees and their direct reports. Altogether, the review covered a staggering 23,000 leadership roles, amassing unprecedented amounts of data.

“It’s been quite a journey – a marathon in fact!” Denise

said. “There was what I might describe as an ‘elegant scramble’ last year as some businesses strove to hit the target. There’s no doubt that having targets, and keeping up the momentum and focus, has helped drive progress. That said, the journey is by no means done. There remains much further to go.”

Not over yet

So, which areas do Sir Philip and Denise see as priorities moving forward? For one thing, there remains a significant number of FTSE businesses – over 100 of them – sitting below the 33% floor. Getting all businesses in the FTSE350 above that threshold would clearly be a major breakthrough.

Secondly, there is a longer term challenge to get more women into the very top positions – CEO, Chair, and other of the most powerful executive roles. As Denise said, many women make it onto boards in ‘starter’ roles, often as a NED. In fact, 42% of NEDs are women – not far off parity. But women make up only 11% of Chair roles and 14% of executive board positions. This is an imbalance that needs to be addressed.

A third challenge is to push the bar higher – towards gender parity. Women make up 50% of the population and the workforce – so why not 50% of senior business positions? This is something that could only happen over time of course preceded by interim steps in the journey. Reaching a 40% floor, for example, would be “an ambitious but appropriate next target”, Denise said.

Another key area where energies need to be invested is in leadership roles. The two layers below the board have seen less progress – just missing the target, with 30% in the FTSE 100 and 28.5% in the FTSE 250. It’s an area that Denise and Sir Philip highlighted as having been more challenging for businesses during 2020. One issue is the appointment rate – around 66% of available senior roles have gone to men, a disappointingly uneven figure.

Subtle barriers

It has been, as Sir Philip described it, “a slow but steady revolution at the top of UK business.” Institutional change always takes time - but what factors are still at play, slowing down progress?

Denise is quite clear as to one aspect of the problem. “Some of the comments and attitudes one used to encounter a decade ago were outrageous. Those have largely gone, but we face a more subtle bias now and we shouldn’t kid ourselves it doesn’t exist,” she said. “We still encounter male leaders who talk a great talk on equality but then just don’t actually make the changes. The data an initiative like the Hampton-Alexander Review amasses helps to reveal this. There’s the bias you see and the bias you don’t – tackling that unseen bias is what we have to do in the next stage of the journey.”

Why not legislate?

There were many questions from participants in a highly interactive discussion – and one of them was around the issue of legislation. Why not simply introduce mandatory gender requirements?

Sir Philip and Denise were both unequivocal that a voluntary approach is more effective, and indeed the UK’s achievement through its voluntary model has been the cause of admiration around the world.

Sir Philip has had indirect experience of the reality of mandatory targets, having been a mentor to a woman who took up a senior position in a business in France, where a compulsory 40% target was introduced.

“She told me that the experience was in fact pretty dreadful,” he said. “The men would have a separate meeting before the full board meeting and take all the decisions. They remained the ‘real’ board, with the women there to make up the statutory numbers. Some very dysfunctional dynamics can arise from the legislative route. It’s good for getting big numbers fast – but I’d be very disappointed if we ended up going down that road here in the UK.”

The ethnicity challenge

A recurring point throughout the discussion was that the aim is for inclusion of every kind, such that talented people have a fair share of opportunity and progression regardless of their background, race or gender.

There is little doubt that much more needs to be achieved around ethnicity. This is perhaps the next frontier after gender – although of course it’s not a case of ‘finishing’ one and starting on another.

“We are not the very white society that existed a few decades ago,” Sir Philip said. “So we have to ask ourselves, why are the black community and other minorities not progressing to senior ranks in the way that they should? We don’t have the data on this at present, but it needs to be fully investigated and understood.”

Denise made the point that, despite all the change in society in recent years, there is still the perception that a business leader will be a “senior, greying white male”.

“We need to turn this around,” she said. “A leader could be anyone – it’s about their abilities, not what they look like. If there is single goal behind all of this, it’s to create a culture where everyone can thrive and contribute the best of themselves. As leaders, as managers, as colleagues and friends, we all have a part to play in this and the power to effect change – and we all walk a little bit taller when we use it.”

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