



The Female FTSE Board Report 2021

Inclusion works for everyone

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The Female FTSE Board Report 2021

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Sponsor's foreword

Reading a copy of the Female FTSE Board Report 2021 for the first time, I was pleased to see phrases such as '*further progress has been made*' and '*targets have been met or exceeded*'.

The conclusion could be drawn that gender diversity on boards has indeed been realised, but with deeper analysis it's clear that we are far from that point and indeed there is a great deal more work to be done.

The lack of female representation in executive roles was particularly striking, especially when the presence of women in senior positions, critically the role of CEO and Chairperson, was noted to be a strong and influential driver. Interestingly, the report raises the valid question – '*the progress in executive roles is actually far more of an important metric than the number of women on boards as a whole*'.

We know the power of role models – you can't be what you can't see – which was certainly a motivating factor in my own career.

It also sparks the conversation on succession planning. Business leaders are often focussed on what's ahead, but those behind them will determine the future of the organisation.

It's a challenge that I hope all businesses can take on - committing to monitoring, evaluating, and investing in the talent pipeline, actively considering equality, diversity and inclusion.

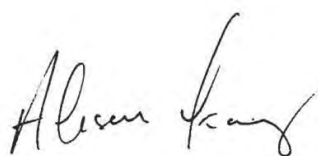
As cited in the report, *good succession planning driven by a meritocratic approach will lead to more gender balance across the organisation*. In our experience, a rigorous focus is needed, including turning the numbers into names on succession plans and visibly supporting individuals through to leadership roles.

The overriding theme that runs throughout this report is '*inclusion works for everyone*'. It reinforces the point that an inclusive working environment, where people feel they can confidently demonstrate their diverse strengths, is critical to an organisation's success.

Indeed, the last 18 months has shown us, more than ever, that businesses with purpose will lead on a world-stage. Those that demonstrate, through action, their contribution to driving positive change in society, including accelerating progress on diversity throughout their organisation.

It is a great privilege for EY to support the Female FTSE Board Report, produced by the Cranfield School of Management, as it not only supports our ambition across this agenda, it also brings our own purpose - building a better working world – to life.

Congratulations to Professor Sue Vinnicombe CBE, Christine de Largy, Michelle Tessaro, Dr Valentina Battista and Dr Deirdre Anderson on producing such an insightful report that we hope will trigger, not just further debate, but action.



Alison Kay,

Managing Partner for Client Service
EY UK & Ireland



Professor Karen Holford's foreword

We talk so often now about diversity that I think it's worthwhile to take a moment to remind ourselves why it matters.

As an engineer, I know that it is rarely, if ever, possible to solve a problem alone; and it certainly isn't possible to solve a problem by repeatedly trying the same things that have been tried before. For me, it is important that we don't just recognise the value in bringing together different perspectives, experiences and styles of leadership in a boardroom, but that we also truly appreciate the impact that has on each of us as individuals. Every single time I work with someone with a different viewpoint, my capacity and opportunity for innovation increases. Above and beyond the proven benefits for our customers, our partnerships and our institutional success, I know that being in a diverse group makes me better as an engineer, a leader and a person.

I'd also like to reflect on how we make space for others. Largely because of the examples I have had throughout my career - and the many fantastic people who have given me valuable encouragement, shown me trust, and highlighted opportunities - I believe in creating space in which talent is nurtured, leaders delegate and individuals feel truly supported to realise their ambitions. This, for me, should go much further than any targets. I have noted how women can be particularly discerning about the leadership positions they take on, and it makes a very clear statement when companies consistently embrace, encourage and achieve diversity, both of people and of thought, throughout their organisations.

In this report, Professor Sue Vinnicombe CBE and other Cranfield colleagues have highlighted the variance in companies and I hope that the Covid-19 pandemic has stripped away many of the excuses that have, for so long, been used to cover a very damaging kind of distrust. Where targets are still yet to be achieved, I wonder if it reflects an underlying lack of belief and trust in different styles of leadership and modes of working – and yet what a waste of talent that leads to, both in recruitment and retention. As flexible working becomes a right, rather than a privilege, and we collectively understand the kind of talent, energy and co-operation it can unlock, we need to remove the kind of thinking that would have deemed it impossible, for example, for entire workforces to switch to working from home virtually overnight, and actively nurture the experimental and trusting environment many of us have enjoyed over the last 18 months.

I'm proud to be part of an institution that continues to focus on this kind of research, that has a real impact in businesses across the world and provides a meaningful pathway for differences to be valued.



Professor Karen Holford, CBE, FEng

Chief Executive and Vice-Chancellor
Cranfield University



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Executive summary

This year we see further progress in terms of the number of women on corporate boards. The percentage of women in FTSE 100 boards is 38% and the parallel figure for FTSE 250 boards is 35%, so all boards in aggregate have met and indeed exceeded the target set by Hampton-Alexander.

In total, women hold 393 directorships across FTSE 100 boards. The percentage of female Non-Executive Directors (NEDs) stands at 44.4%, an all time high, in comparison to the percentage of female Executive Directors (EDs) which has flatlined for a second year, running at 13.7%. A similar picture is evident across FTSE 250 boards where women hold 688 directorships and 41.2% of the NED roles, but only 11.3% of the ED roles. There continues to be considerable variance across the boards, indicating that 21% of the FTSE 100 boards and 32% of FTSE 250 boards have yet to reach the Hampton-Alexander target of 33% women on their boards. This highlights the drawback to voluntary targets and prompts whether it is time to make these targets mandatory.

Table ES1: Summary of women on boards 2021

June 2021	FTSE 100	%	FTSE 250	%
Female-held directorships	393	37.7%	688	34.9%
Female executive directorships	31	13.7%	47	11.3%
Female non-executive directorships	362	44.4%	641	41.2%
Companies with female executive directors	27	27.0%	45	18.0%
Companies with at least 33% female directors	79	79.0%	169	67.6%

FTSE 100 companies with female directors

Seventy-nine FTSE 100 companies have met the Hampton-Alexander target of 33% women on their board by the end of 2020. The variance across the companies continues to grow with Diageo leading with 60% women on their board and Ocado lagging the most with only 17% women on their board.

Listed companies have had ten years to meet the Davies target of 25% women on board and then the Hampton-Alexander target of 33% women on board. It is time to address the problem of these recalcitrant companies who do not take gender diversity seriously.

Like last year, there are only 31 women holding executive roles in 27 companies. There are now eight women in CEO roles and 15 in CFO/FD roles. There is no lack of females studying finance/accounting, unlike STEM subjects, so companies must invest more effort into drawing through their female talent. The lack of women in CEO roles is more challenging. Unless women are able to have broad experience across the business then they are unlikely to be considered for such roles. Again, this highlights the importance of serious talent management and succession planning of executive roles. Ultimately this comes back to the role of the Chair and the board. The Chair (and the board) appoints the CEO; the Nominations Committee, led by the Chair should be made responsible for the oversight of executive succession planning.

The number of women in senior NED roles has evidenced some improvement this year. There are 12 female Chairs and two Chair designates. Anita Frew chairs two boards. The number of women holding Senior Independent Director (SID) roles has increased to 25 this year and 35% of board committees are chaired by women. There should be much faster progress in the appointment of women into Chair roles and to that end we have identified a list of potential women Chairs. Women Chairs do not guarantee that women will successfully transition into executive roles but at least there should be greater awareness of gender diversity in the appointment process, which is a good starting point.

There were 15 more directors across the FTSE 100 boards this year compared to last year, with a slight reduction in the number of EDs (seven) and an increase in the number of NEDs (22). The majority of both male NEDs (91%) and female NEDs (87%) hold only one seat. One woman holds four seats. Male directors continue to be on average three years older than female directors both as EDs and NEDs, but the tenure gap has narrowed to one year for EDs and four months for NEDs (males having longer tenure in each case). The number of men sitting on FTSE 100 boards beyond the recommended nine years is 17, whilst the figure for women is eight.

Due to the persistent slow progress of women being appointed to executive roles (Executive Committee and Direct Reports), we carried out an analysis of the relationship between those companies with a critical mass of women in executive roles (set at 30%) and the gender make-up of their boards. Using Qualitative Comparative Analysis (QCA), we found that the majority of companies not only had women on their boards (most had a critical mass) but also had women in influential roles (EDs, SIDs, Chairs, or interlinked directors). We shared our findings with a number of experts (Chairs, search consultants, and experienced NEDs on FTSE 100 boards). Four themes emerged; critical mass of women on boards is important but not enough, succession planning is key, women in senior roles sends out a powerful message but the roles of the CEO and Chair are crucial, and that rather than gender diversity being a trickle-down process, it is more likely to be generative.

FTSE 250 companies with female directors

The progress of women on FTSE 250 boards parallels that of FTSE 100 boards. One hundred and sixty-nine companies have now met the Hampton-Alexander target of 33% women on their boards.

There is a large variance across the companies with Games Workshop Group Plc leading with 67% women on their boards compared to ContourGlobal Plc with only 11% women on their board (although interestingly they have 46% women in executive roles).

Like last year there are only 47 women holding executive roles; there are eight women in CEO roles, 26 in CFO/FD roles and four in COO roles. Arguably we should see proportionally more women in executive roles across the smaller FTSE companies, but this is not the case and underlines the need for proper oversight of succession planning at board level.

Women fare better in senior NED roles – 14% of Chair roles, 30% SIDs and 37% board committee chairs are held by women, so they are marginally better than FTSE 100 boards, but there is still a long way to go! Chair is a pivotal role and should be the realistic target for progress in the short term.

Inclusive cultures

Organisations seek to balance inclusion and diversity initiatives; they are complementary and symbiotic.

Differential investment is necessary to level the playing field for minority groups, but inclusion works for all. Using data to hold leaders to account is the most effective practice. Data transparency facilitates awareness, action planning, review and feedback loops to drive change.

Inclusive leadership promotes the social need of belonging through high quality relationships. Inclusion and diversity should be threaded through all leadership development competencies. Belonging is also generated through workgroup inclusion, team building activities, team-based learning, and promoting frequent interaction between majority and minority groups.

Organisations prioritise practices to promote belonging, but to foster inclusion they must be balanced with practices focused on valuing differences, such as participation in decision making. But it is more than just being at the table. These different voices must be sought out, heard and valued, and leveraged to influence organisational and personal performance. Access to information and resources is necessary to fully participate in decision making. This may be access to networks through on-boarding and secondments, and equal access to work projects through fair and transparent work allocation.

The critical success factor in fostering inclusion is the implementation of the practices. Structural issues include how leadership is held to account, integrating the diversity and inclusion (D&I) goals into the business strategy, and testing and trialling initiatives to find out what works. Employee surveys must seek evidence of inclusion. Diversity representation data needs to measure critical points in the career pathway, from hiring and retention, to the length of time to gain promotion for different groups.

Outcomes from fostering an inclusive organisation include creating a sense of belonging, valuing individual differences, improved business performance and future-proofing the business.

Section 1: Introduction

We congratulate Sir Philip Hampton for leading the Hampton-Alexander Review over the past five years culminating in its final report in February of this year.

It has been an ambitious data-based approach to analysing and progressing women into leadership roles across FTSE 350 companies and the ultimate result has been that the target of 33% women across those boards has been exceeded.

The UK set itself a distinctive path relative to other countries by choosing to use voluntary targets instead of mandatory quotas and whilst the philosophy behind it was compelling, we now see clearly the drawbacks. The key drawback is the enormous variance across companies with Diageo, M&G and Land Securities Group with 56%-60% women on their FTSE 100 boards compared to Evraz, Just Eat Takeaway and Ocado Group with under 20% women on their boards. Yes, we are sure that all Chairs and CEOs of FTSE companies understand the business case for gender diversity at an intellectual level, but it is debatable whether they really believe in it and are willing to invest serious effort into achieving it. After ten years of voluntary targets maybe the UK needs to think of more forceful ways forward, like Italy where introducing fines for non-compliance is being considered?

Whilst almost 45% NEDs on FTSE 100 boards are now women, only 12 women chair boards (a further two are interim Chairs). There is clearly a pipeline of experienced women NEDs so why are so few of them promoted to leadership of the board? We take a closer look at this aspect in this report. Whilst the number of women Chairs has increased since last year the number of women in executive roles on FTSE 100 boards has flatlined and remained at its low level of 13%. If this reflects a poor pipeline of female talent, then the serious question is, "To what extent does having a critical mass of women on the board impact positively the number of women in executive roles?" The assumption behind both the Davies Review and the Hampton-Alexander Review was that having a critical mass of women on the board was not only good for the board itself but that it also facilitated the appointment of women into executive roles. Last year we piloted a relatively sophisticated methodology (Qualitative Comparative Analysis) which we have applied this year to the final Hampton-Alexander figures, to demonstrate that having a critical mass of women on a FTSE 100 board is required but not sufficient to having a significant number of women (over 30%) in executive roles; it is essential that women hold influential roles such as Chair, SID, CEO, CFO or are interlocked board directors. The lesson is that it is not enough to tick the box of having women on a board; it is essential to integrate and include them fully into leadership roles in order to reap the business benefits.

Companies are increasingly recognising the importance of establishing a truly inclusive culture and with EY's support, our special project this year is dedicated to researching how companies are balancing their efforts at inclusion alongside diversity and which initiatives are having the most impact.

Section 2: FTSE 100 companies

The figures for women on the boards of FTSE 350 companies were downloaded from Boardex on 20 July 2021.

2.1 FTSE 100 companies with female directors

The trajectory for the number of women on FTSE 100 boards continues to rise. Almost 38% of directors in FTSE 100 companies are now women. There are 393 female-held directorships, the increase coming from the number of female NEDs. Unfortunately, the number of female executive directorships has flatlined at 31 (out of a total of 227 Executive Directors).

Table 2.1: FTSE 100 directorships 2017-2021

FTSE 100 Directorships 2017-2021	2021	2020	2019	2018	2017
Female-held directorships	393	355	339	305	294
	(37.7%)	(34.5%)	(32.1%)	(29.0%)	(27.7%)
Female executive directorships	31	31	28	25	25
	(13.7%)	(13.2%)	(10.9%)	(9.7%)	(9.8%)
Female non-executive directorships	362	324	311	280	269
	(44.4%)	(40.8%)	(38.9%)	(35.4%)	(33.3%)
Total female directors (NED and ED)*	341	305	292	264	259
Companies with female executives	27	28	25	22	21
Companies with at least 33% female directors	79	63	48	32	28

* The total number of female directors is lower than the number of female-held directorships because some women hold more than one directorship

Seventy-nine FTSE 100 companies have now met the Hampton-Alexander target of 33%. The variance across the companies continues to grow with Diageo having 60% women on their board compared to Ocado Group with only 17% women on their board. Clearly Ocado Group do not reflect their customer base! This significant variance is an unfortunate fall-out of using voluntary targets as opposed to mandatory quotas and perhaps indicates that it is time for the UK Government to be more forceful in its approach going forward.

Table 2.2: Top 10 FTSE 100 companies (with women on boards)

Rank	Organisation	Sector	% WoB
1	Diageo Plc	Beverages	60%
2	M&G Plc	Speciality & Other Finance	57%
3	Land Securities Group Plc	Real Estate	56%
4	Auto Trader Group Plc	Media & Entertainment	50%
4	Rightmove Plc	Media & Entertainment	50%
4	Royal Dutch Shell Plc	Oil & Gas	50%
4	Taylor Wimpey Plc	Construction & Building Materials	50%
4	Admiral Group Plc	Insurance	50%
4	Severn Trent Plc	Utilities - Other	50%
4	Ferguson Plc	Construction & Building Materials	50%

Table 2.3: Bottom 11 FTSE 100 companies (with women on boards)

Rank	Organisation	Sector	% WoB
90	Smith & Nephew Plc	Health	27%
90	Antofagasta Plc	Mining	27%
90	HSBC Holdings Plc	Banks	27%
90	Sage Group Plc	Software & Computer Services & Entertainment	27%
90	Weir Group Plc (The)	Engineering & Machinery	27%
95	AVEVA Group Plc	Software & Computer Services	25%
95	Johnson Matthey Plc	Chemicals	25%
97	Imperial Brands Plc	Tobacco	22%
98	Evraz Plc	Steel & Other Metals	18%
98	Just Eat Takeaway.com NV	Consumer Services	18%
100	Ocado Group Plc	Food & Drug Retailers	17%

2.1.1 FTSE 100 companies with women in executive roles

The percentage of women in executive roles has flatlined at 13.7%. There are still only 31 women holding these roles in 27 companies.

There are four companies with two women in executive roles, i.e., Next, Whitbread, Land Securities and NatWest Group. Overall, there are now eight women in CEO roles and 15 in CFO/FD roles. The remaining women are in Operations, Sales and Marketing, Talent, Human Resources and Division President roles. It is worth commenting that the two companies that have their Directors of Talent and Human Resources on their boards, i.e., Halma and Whitbread, both have 41% women on their combined executive committee and direct reports levels! Clearly more companies need to have talent management and succession planning high on their board agenda if we are to improve the appointment of women into more executive roles. Maybe this is one way of ensuring that this happens.

Table 2.4: The 27 FTSE 100 companies with female executive directors

Rank	Company	Female board %	No. female directors	No. female EDs	Executive roles	Sector	Women in executive roles
1	Diageo Plc	60%	6	1	CFO	Beverages	Lavanya Chandrashekar Chopra
2	M&G Plc	57%	4	1	CFO	Speciality & Other Finance	Clare Jane Bousfield
3	Land Securities Group Plc	56%	5	2	CFO, COO	Real Estate	Vanessa Simms, Colette O'Shea
4	Auto Trader Group Plc	50%	4	1	COO	Media & Entertainment	Catherine Rose Faiers
4	Rightmove Plc	50%	4	1	CFO	Media & Entertainment	Alison Ann Dolan
4	Royal Dutch Shell Plc	50%	6	1	CFO	Oil & Gas	Jessica Rodgers Uhl
4	Taylor Wimpey Plc	50%	5	1	Group Operations Director	Construction & Building Materials	Jennifer Daly
4	Admiral Group Plc	50%	6	1	CEO	Insurance	Milena Mondini de Focatiis
4	Severn Trent Plc	50%	4	1	CEO	Utilities - Other	Olivia Ruth Garfield
11	Aberdeen Plc	45%	5	1	CFO	Speciality & Other Finance	Stephanie Jane Bruce
11	Burberry Group Plc	45%	5	1	Chief Operating & Financial Officer	General Retailers	Julie Belita Brown
11	Vodafone Group Plc	45%	5	1	Group CFO	Telecommunication Services	Margherita Della Valle
11	ITV Plc	45%	5	1	CEO	Media & Entertainment	Dame Carolyn Julia McCall

20	Next Plc	44%	4	2	GFD, Group Director - Sales/Mktg	General Retailers	Amanda James, Jane Margaret Shields
20	3i Group Plc	44%	4	1	GFD	Private Equity	Julia Susan Wilson
20	Pearson Plc	44%	4	1	CFO	Media & Entertainment	Sally Kate Johnson
25	London Stock Exchange Group Plc	43%	6	1	Group CFO	Speciality & Other Finance	Anna Olive Manz
28	Halma Plc	42%	5	1	Group Talent & Commstions Director	Engineering & Machinery	Jennifer Suzanne Ward
28	Intermediate Capital Group Plc	42%	5	1	Senior MD/ Chief People and External Affairs Officer	Speciality & Other Finance	Antje Hensel-Roth
28	National Grid Plc	42%	5	1	Division President	Electricity	Lucy Nicola Shaw
28	GlaxoSmithKline Plc	42%	5	1	CEO	Pharmaceuticals and Biotechnology	Emma Natasha Walmsley
36	Aviva Plc	40%	4	1	Group CEO	Life Assurance	Amanda Jayne Blanc
57	Whitbread Plc	36%	4	2	Group HR Director, CEO	Leisure & Hotels	Louise Helen Smalley, Alison Jane Brittain
57	NatWest Group Plc	36%	4	2	Group CFO, CEO	Finance	Katie Murray, Alison Marie Rose-Slade
57	Compass Group Plc	36%	4	1	Group CFO	Leisure & Hotels	Karen Witts
57	Entain Plc	36%	4	1	CEO	Leisure & Hotels	Jette Nygaard -Andersen
90	Smith & Nephew Plc	27%	3	1	CFO	Health	Anne-Francoise Nesmes

“Every day we see more progress against the gender targets and to think it’s only 10 years since the FTSE 100 stood at just 12.5% of NED’s being female. So the conclusion to the latest FTSE board report has to be ‘let’s get the job done’ and have a more diverse pool of Chairs and executive directors which in turn will drive change for the executive population. It should also drive a broader diversity and inclusivity too.”

Amanda Mackenzie OBE,
Chief Executive, BITC



2.1.2 Women in senior non-executive roles

As we move towards 50% of NEDs on FTSE 100 boards being female, it continues to be an anomaly that so few are promoted to the Chair role.

The Chair is a pivotal role as they are responsible for the appointment of new directors to the board and critically, lead the appointment of the CEO. Whilst the CEO is ultimately responsible for the appointment of their team of executives, again, the Chair can play an important role in ensuring oversight of the succession plans at board level. This task must be taken more seriously if we are to address the continual lack of progress of women into executive roles. Eight women CEOs across FTSE 100 companies in 2021 simply doesn't add up!

Is the problem with the search consultants who simply don't nominate enough women to Chair roles? Or is the appointment process flawed, making it easier to appoint a man rather than a woman? Does the nine year recommended term for NEDs obstruct the internal appointment of women to Chair? The Hampton-Alexander Review of 2018 also mentioned other factors:

- inexperienced SIDs leading to a rushed process and keen to play safe.
- brief too narrowly written.
- investor concerns, women not perceived to have City experience or be well known (this is challenged by a number of senior directors now).

In this section we stand back to reflect on the possible talent pool of potential women chairs.

Initially we consulted with several senior male Chairs on the necessary criteria for being considered for a Chair role. Four criteria were agreed:

- experience of working in at least three different sectors.
- a senior executive role, if possible, at board level.
- Chair of a board committee, preferably Audit or Remuneration, in a FTSE 100 company.
- Chair experience in another sector, for example, a University Council.

We have worked with these criteria, although it is interesting to ask whether experienced female Chairs and board review consultants might identify different criteria. It is also worth noting that a number of male Chairs, some of whom are very competent, do not meet the above criteria! The key criteria were input to Boardex on 15 June 2021 in relation to FTSE 100 companies and 82 females were identified. Each entry was carefully examined in relation to the criteria set above. Whilst not all of them have held executive roles on FTSE boards, they had all operated at significant levels in major organisations, e.g. Regional Divisional Head of Citi, General Counsel of National Grid, Chair of Manchester Metro University Council, CEO of Boden, Divisional Director of Goldman Sachs and CEO, Shell Oil Products. In addition, not all of them had chaired an Audit/Remuneration committee, one chaired a Safety, Health and Environment committee and another Innovation and Technology committee. Two of them have already chaired FTSE 100 companies recently!

The resulting 21 women are:

Jennifer Allerton (69)	*Susan Kilsby (62)
Claudia Arney (50)	*Lesley Knox (67)
Gwyn Burr (58)	Holly Koeppel (63)
Zillan Ellen Byng-Thorne (46)	Lyn Laverne (65)
Fiona Clutterbuck (63)	Helen Mahy (60)
**Elizabeth Corley (64)	Vanda Murray (60)
Jill Easterbrook (50)	Orna Ni-Chionna (65)
Gay Evans (66)	Dominique Reiniche (65)
Margaret Ewing (66)	Gill Rider (66)
Dr Yasmin Jetha (69)	Julie Southern (61)
Andrea Jung (62)	

* already recently chaired a FTSE 100 board, as has Dame Alison Carnwath

** announced in August 2021 as Chair Designate at Schroders Plc

A very interesting report by Russell Reynolds in 2017 entitled 'FTSE Chairs: The origin of the species', found that three quarters of the then female FTSE 350 chairs were "appointed internally, with the majority chairing financial services companies." This raises the issue of the recommended nine year term for NEDs. If a newly appointed female Chair has been promoted from an NED role on that board it limits her tenure unless it is explicitly explained as meeting diversity requirements under the 2018 FRC code. In 2021, nine of the 14 Chair/Chair designate appointments were external candidates and only six of the 14 companies are in financial services. Whilst traditionally being an SID does not normally transition into Chair, in two cases this proved to be the case, albeit only for a matter of months.

The number of female chairs of FTSE 100 companies has increased from four in 2016 to eight last year; this year we have 12 female Chairs and two Chair designates. Anita Frew stands out as the only woman to chair two FTSE 100 companies at the same time.

"The report highlights the mixed picture regarding the progress of women at senior levels. There appears to be traction in the number of experienced female NEDs being promoted into senior roles like SID and Chair. However, of serious concern, is the stagnation of females being promoted to executive roles for a second year running. Companies must be challenged to evaluate their talent management processes in order to ensure that high potential women are being identified early on in their careers. They need proper development, like their male counterparts, so that they can compete fairly for the top executive roles. At IWF UK we support women leaders from diverse backgrounds and look forward to the day when this does not need to be an agenda item."

Shirley Cooper,
Chair, International Women's Forum



Table 2.5: Women who hold chair roles in the FTSE 100

Organisation	Current role	Name
Admiral Group Plc	Chair (Independent NED)	Annette Elizabeth Court
Croda International Plc	Chair (Non-Executive)	Anita Margaret Frew
Halma Plc	<u>Chair Designate</u> (Independent NED)	Dame Pamela Makin
Hargreaves Lansdown Plc	Chair (Independent NED)	Deanna Watson Oppenheimer
Imperial Brands Plc	Chair (Independent NED)	Therese Marie Esperdy
Land Securities Group Plc	Chair (Independent NED)	Cressida Mary Hogg
M&G Plc	<u>Interim Chair</u> (Independent NED)	Fiona Jane Clutterbuck
National Grid Plc	Chair (Independent NED)	Paula Rosput Reynolds
Pershing Square Holdings Ltd	Chair (Independent NED)	Margaret Farlow
Prudential Plc	Chair	Baroness (Shriti Vinodkant) Vadera
Rolls-Royce Holdings Plc	<u>Chair Designate</u> (Independent NED)	Anita Margaret Frew
Scottish Mortgage Investment Trust Plc	Chair (Independent NED)	Fiona Catherine McBain
Severn Trent Plc	Chair (Independent NED)	Christine Mary Hodgson
Taylor Wimpey Plc	Chair (Independent NED)	Irene Mitchell Dorner

Since two of the current FTSE 100 female Chairs were appointed from SID roles, then female NEDs in SID roles should be added to our list of potential female Chairs. The number of women holding SID roles has increased from 21 last year to 25 this year.

“Where are all the women? They are certainly showing up at board level, but the executive pipeline is very weak and it shows at the top. Why is this still the case? Because we haven’t broken the cycle of unpaid care we expect from women. It’s time to admit that we can’t have a balance in the business world without sharing at home. We need a new social contract, a society which creates productivity by providing the right support to unleash the potential of women to take their place alongside men in the paid economy.”

Ann Cairn,
Global Chair 30% Club and Executive Vice- Chair, Mastercard



TABLE 2.6: Women who hold senior independent directorships (SIDs) in FTSE 100

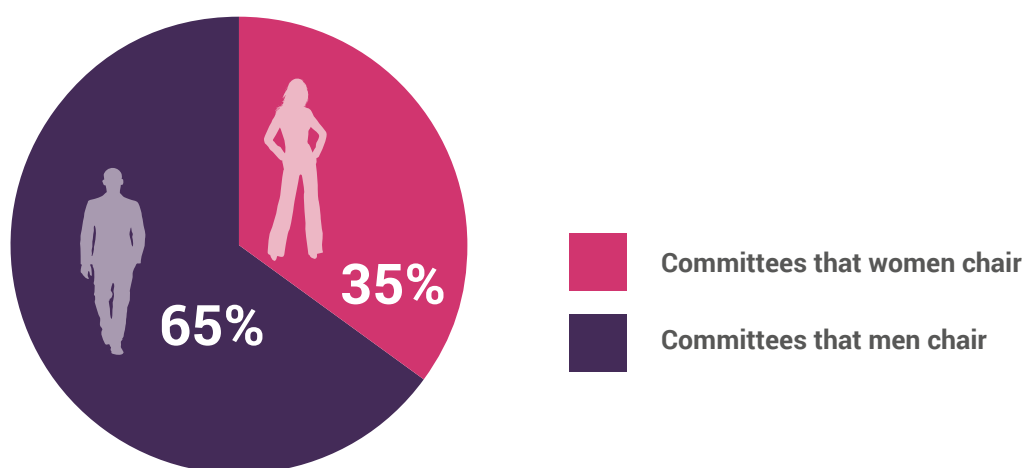
Organisation		Name
1	Associated British Foods Plc	Linda Ruth Cairnie
2	Berkeley Group Holdings Plc	Diana Sarah Brightmore-Armour
3	BP Plc	Paula Rosput Reynolds
4	Bunzl Plc	Vanda Murray
5	Burberry Group Plc	Dame Carolyn Julia McCall
6	CRH Plc	Gillian L Platt
7	Croda International Plc	Helena Louise Ganczakowski
8	DCC Plc	Caroline Dowling
9	Diageo Plc	Susan Saltzbarth Kilsby
10	Entain Plc	Stella Julie David
11	Imperial Brands Plc	Susan Michelle Clark
12	Just Eat Takeaway.Com NV	Corinne Danièle Goddijn-Vigreux
13	Kingfisher Plc	Catherine Annick Bradley
14	Melrose Industries Plc	Elizabeth Anne Hewitt
15	Pershing Square Holdings Ltd	Bronwyn Nanette Curtis
16	Rightmove Plc	Jacqueline de Rojas
17	Royal Dutch Shell Plc	Yiu Kiang Goh
18	Royal Mail Plc	Baroness (Sarah Elizabeth) Hogg
19	Sainsbury (J) Plc	Dame Susan Ilene Rice
20	Spirax-Sarco Engineering Plc	Doctor Geertrui Elizabeth Schoolenberg
21	Standard Chartered Plc	Christine Mary Hodgson
22	Unilever Plc	Professor Youngme E Moon
23	Vodafone Group Plc	Valerie Frances Gooding
24	Weir Group Plc (The)	Barbara S Jeremiah
25	WPP Plc	Nicole K Seligman

Arguably a more traditional path to Chair of the Board is from a committee Chair as opposed to a SID role. There are 381 board committees across the FTSE 100 of which women chair 135 and men 246, meaning that women chair 35% of the committees. This is an increase of 6% on last year. Clearly there is an overlap between our list of named female committee chairs and the 21 women listed above, but the list will surely highlight further potential female Chairs.

In conclusion, we have constrained our database of females to those in NED roles in FTSE 100 companies on the 15 June 2021. We have not looked further at the women on FTSE 250 boards, who hold Chair, SID or Committee Chair Roles, which would generate further talent, or women who have valuable Chair/Senior Board experience in other jurisdictions and have relevant experience of serving on UK Boards. Additionally, we ask how much work is being invested at Board level into developing female NEDs into Committee Chairs, SID and Chair roles? The point is that the talent pool does exist but there needs to be greater concerted efforts all round to identify, develop, sponsor and ultimately appoint more women to chair FTSE companies. It may be some years before we reach an equal number of female and male Chairs in FTSE companies, but it should be possible to increase the number of female chairs significantly over the next few years.

We would like to thank the following colleagues from International Women's Forum UK for their valuable comments on an earlier draft of this section: Kate Grussing, Gillian Karran-Cumberlege, Anne Minto and Helen Pitcher.

Figure 2.1: Chair of FTSE 100 board committees

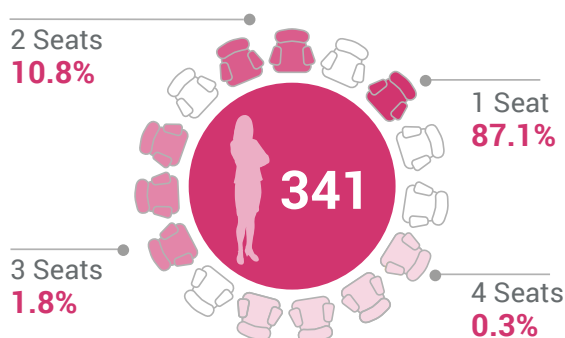


2.2 The characteristics of female directors

2.2.1 Multiple directorships

The number of female directorships is 341, an increase of 44 since June 2020 and the number of male directorships is 594, a decrease of 53, so the gap between the numbers of female and male directorships continues to narrow. See Figure 2.2. The vast majority of both female and male directors hold one seat, although one female does hold four seats this year.

Female directors



Male directors

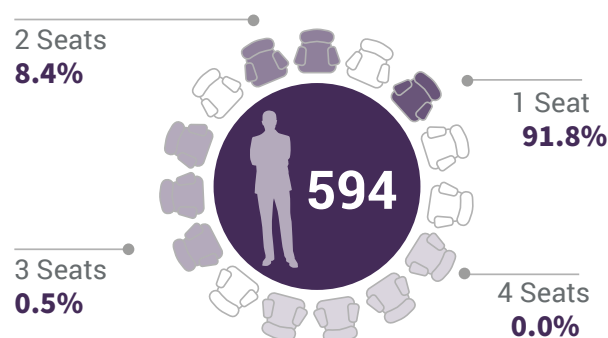


Figure 2.2 : Chair of FTSE 100 board committees

“It’s great to see most FTSE firms exceeding the 33% target for female representation in the boardroom. Many companies want to build on this momentum, so a successor to the Hampton-Alexander Review is essential if we are to keep up the pace of progress.

The pandemic has touched all parts of society, which is why businesses’ continued commitment to addressing gender imbalance at the top has never been more important. Companies must now go faster and further and concentrate their efforts on increasing the number of women in executive positions.

By nurturing a wider pool of talent and dismantling persistent barriers that prevent women rising to the top, business can create the fairer, more inclusive workplaces needed to secure lasting change.”

Tony Danker,
CBI Director General



2.2.2 Age

The average age of female directors continues to be slightly younger than the male directors (approximately three years). The same gap exists for both EDs and NEDs.

Table 2.7: FTSE 100 directorships by age and tenure

Directors	Age			Tenure		
	All	EDs	NEDs	All	EDs	NEDs
Men	59.6	54.1	61.9	3.8	4.6	3.4
Women	58.2	51.0	58.8	3.0	3.6	3.0

2.2.3 Tenure

The average tenure of female and male directors for both EDs and NEDs has narrowed for a second consecutive year with male directors' tenure being slightly longer in both cases. The number of men sitting on FTSE 100 boards beyond the recommended nine years is 17, of whom five sit on the Evraz Plc board. The figure includes three who hold Chair roles. The comparative number for females is eight.

Table 2.8: Female non-executive directors with tenure nine years and over

Time in role	Women in NED roles	Company	Sector	NED role
9	Lynn Lavery Elsenhansw	GlaxoSmithKline Plc	Pharmaceuticals & Biotechnology	Independent NED
9	Tanya Dianne Fratto	Smiths Group Plc	Engineering & Machinery	Independent NED
9.2	Anne L Stevens	Anglo American Plc	Mining	Independent NED
9.6	Emma Susan Adamo	Associated British Foods Plc	Food Producers & Processors	NED
9.7	Daniela Barone Soares	Halma Plc	Engineering & Machinery	Independent NED
9.8	Dame Alison Nimmo	Berkeley Group Holdings Plc	Construction & Building Materials	Independent NED
10.3	Tessa Elizabeth Bamford	Ferguson Plc	Construction & Building Materials	Independent NED
10.5	Renée J James	Vodafone Group Plc	Telecommunication Services	Independent NED

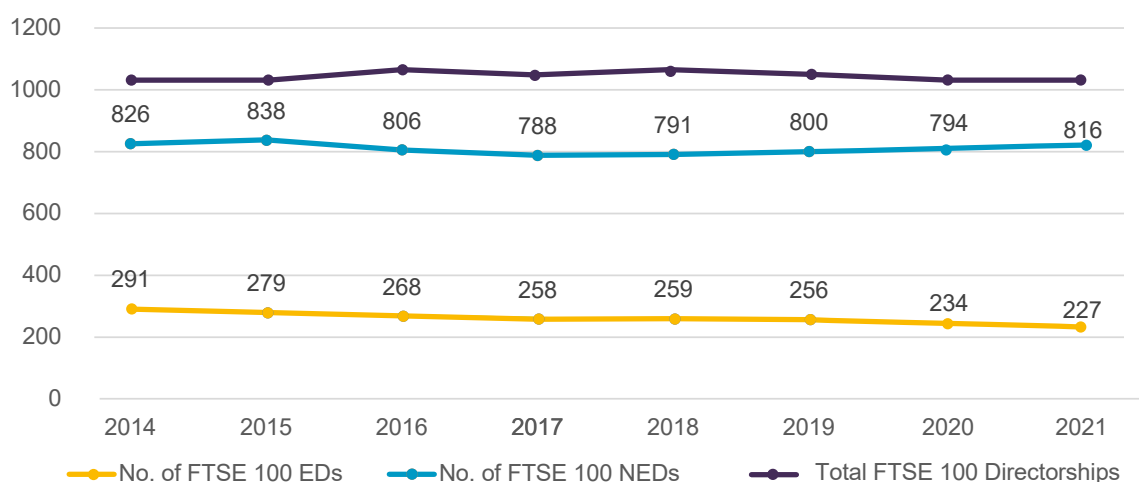
Table 2.9: Male non-executive directors with tenure nine years and over

Time in role	Men in NED Roles	Organisation	Sector	NED Role
9	Philip Stanley Aiken	AVEVA Group Plc	Software & Computer Services	Chairman
9.1	Doctor Leif Valderman Johansson	AstraZeneca Plc	Pharmaceuticals & Biotechnology	Chairman (Independent NED)
9.4	Alexander Vadimovich Izosimov	Evrz Plc	Steel & Other Metals	Independent NED
9.4	Doctor Paul Golby	National Grid Plc	Electricity	Independent NED
9.5	Jörn Rausing	Ocado Group Plc	Food & Drug Retailers	Independent NED
9.7	Doctor Konstantin Periklis Yanakov	Polymetal International Plc	Mining	Representative NED
9.7	Eugene Alexander Tenenbaum	Evrz Plc	Steel & Other Metals	NED
9.7	Eugene Shvidler	Evrz Plc	Steel & Other Metals	NED
9.7	Alexander Grigoryevich Abramov	Evrz Plc	Steel & Other Metals	Chairman (Non-Executive)
9.7	Karl Gruber	Evrz Plc	Steel & Other Metals	Independent NED
9.7	Sir Michael Charles Peat	Evrz Plc	Steel & Other Metals	Senior Independent NED
11.3	Malcolm William Broomhead	BHP Group Plc	Mining	Independent NED
13.2	Juan Bordes Aznar	Fresnillo Plc	Mining	NED
13.5	Godefridus Peter Beurskens	Smurfit Kappa Group Plc	Containers & Packaging	NED
15.8	Mohammed Ali Al-Husry	Hikma Pharmaceuticals Plc	Pharmaceuticals & Biotechnology	NED
18.3	Ramón Felipe Jara Araya	Antofagasta Plc	Mining	NED
22.3	Marcus Wallenberg	AstraZeneca Plc	Pharmaceuticals & Biotechnology	NED

2.3 Trends in board composition

The number of FTSE 100 directorships in 2021 is 1,043, consisting of 816 NEDs and 227 EDs, a slight reduction in the number of EDs but an increase of 22 in the number of NEDs.

Table 2.10: FTSE 100 board composition 2014-2021



2.4 Women on boards and gender diversity below the board – a configurational analysis

In last year's FTSE Board Report we conducted an exploratory analysis of the gender configurations of FTSE 100 boards incorporating not just the numbers of women on boards but also considered women board members who may have more power and influence. We identified four board roles: Board Chair, Senior Independent Director (SID), Executive Director and Committee Chair, representing those that have more power, and used the number of directorships to represent women board members having more influence. Our analysis revealed a number of board configurations which included women in these roles of power and influence associated with higher levels of gender diversity in the executive levels. This year we update the analysis with more current data on the gender diversity at the executive levels and include the results of interviews conducted with several prominent board experts to provide further insight to our analysis.

In a departure from just looking at numbers of women on boards, this study proposes to take a more nuanced view of corporate boards and incorporate into the analysis the hierarchical structure of the boards by considering two key aspects of organisational hierarchies, i.e. power and status (Magee and Galinsky, 2008¹). Senior leadership roles both on the board and in the executive carry with them the formal power of their role and the associated control over decision making and resources as well as informal power (influence), gained through their experience and networks (Greve and Mitsuhashi, 2007²). Examining the hierarchical aspect of UK corporate boards in terms of rank and gender and examining what configurations of women board members, if any, are associated with improvements in diversity outcomes, may help to explain the variations across companies and provide insight into improving gender diversity below the board.

Taking this configurational approach facilitates a more holistic approach to understanding the relationship between women on UK corporate boards and the gender diversity at senior executive levels. Integrating research on critical mass, the influence of women on boards and the impact of positions of power in board hierarchies, we used QCA, specifically fuzzy set qualitative comparative analysis (fsQCA) (Ragin, 2008³; Ragin and Davey, 2016⁴), to conduct an exploratory comparative case analysis of FTSE 100 boards.

¹ Magee, J.C. and Galinsky, A.D. (2008). 8 Social Hierarchy: The Self Reinforcing Nature of Power and Status. *The Academy of Management Annals*, 2(1), 351–398.

² Greve, H.R. and Mitsuhashi, H. (2007). Power and glory: Concentrated power in top management teams, *Organization Studies*, 28(8), 1197–1221.

³ Ragin, C. (2008). *Redesigning Social Inquiry: Fuzzy Sets and Beyond*. Chicago: The University of Chicago Press.

⁴ Ragin, C.C. and Davey, S. (2016). *Fuzzy-Set/Qualitative Comparative Analysis 3.0*. Department of Sociology, University of California, Irvine, California.

2.4.1 Qualitative Comparative Analysis (QCA)

In order to investigate the influence of women on boards on gender diversity below the board from a configurational perspective, we identified a number of variables, or conditions as they are known in a QCA, that could be influencing gender diversity in the executive levels. Research and substantive knowledge guided the identification of five explanatory 'conditions' that have been shown to have more influence in board processes and decisions. The following are the five conditions included in this study:

1. **Percentage of women board members.**
2. **Number of female Executive Directors⁵.**
3. **Presence of a female Senior Independent Director or Board Chair.**
4. **Percentage of female Committee Chairs.**
5. **Female board Interlinks - total number of public boards served by female board members.**

Guided by critical mass theory, the primary condition is the percentage of women board members. Critical mass theory suggests that until a minority group reaches critical mass their influence will be curtailed; therefore, women board members' ability and success in advancing gender diversity initiatives should be improved as their numbers increase.

Research on women on boards provides support for including women committee chairs and interlinked board members as roles having more influence and we take our understanding of board roles, supported by research, to identify three more roles that have power to influence organisational decisions. These are Board Chairs, Senior Independent Directors (SIDs), CEOs including top management (Greve and Mitsuhashi, 2007²; McNulty et al., 2011⁶; Rajkovic, 2020⁷).

Given the very low numbers of female Board Chairs, a condition representing the presence of a female Board Chair would be highly skewed and distort the analysis, therefore the condition will combine the presence of a female Board Chair and/or a female SID into a single senior board member condition. Similarly, with only eight female CEOs, the condition will measure the presence of females in Executive Director roles (part of the top management team) which includes the CEO.

A database was assembled with details on the conditions described above for FTSE 100 companies. Data was obtained from two different data sources avoiding common method bias. Information for board roles was found on BoardEx as of 6 August 2020 and data for women in senior executive management was found in the 2021 Hampton-Alexander Review which reported on the percentage of women in senior executive management as of 31 October 2020. We adopted the definition for senior executive management used by the Hampton-Alexander Review which includes the two levels below the board, i.e., the Executive Committee and their direct reports. Two companies did not have/disclose any Executive Directors on Boardex, one did not have/disclose any committee information and the fourth was an investment trust and excluded on the basis that it has a very different structure from Plc companies⁸. The final data set includes 96 companies in the FTSE 100.

QCA uses formal logic and set theory to identify patterns of association in the data. Data is calibrated to reflect its degree of membership in each condition. After calibration the software does a systematic comparison of cases to identify the minimal combinations of conditions that are consistently associated with the outcome of interest. While other conditions may be present or absent, they do not influence the outcome⁹.

⁵ Executive Director includes the CEO position.

⁶ McNulty, T., Pettigrew, A., Jobome, G. and Morris, C. (2011). The role, power and influence of company chairs. *Journal of Management and Governance*, 15(1), 91–121..

⁷ Rajkovic, T. (2020). Lead independent directors and investment efficiency. *Journal of Corporate Finance*, 64, 101690.

⁸ Companies Excluded: Antofagasta Plc, Fresnillo Plc, Just Eat Takeaway.com NV and Scottish Mortgage Investment Trust.

⁹ A more detailed description of Qualitative Comparative Analysis can be provided upon request.

Table 2.11: Board configurations consistent with a critical mass of women in the executive levels

Board configurations having a consistent association with a critical mass of women in the executive levels	1	A critical mass of women board members (>30%) and at least one female Executive Director
	2	A critical mass of women board members (>30%), either a female board Chair or SID and women board members holding multiple board directorships
	3	No critical mass of women board members (<30%) but women board members have multiple board directorships

In our sample, there were 55 companies that had a critical mass of females (>30%) at the senior executive level. This analysis, across FTSE 100 companies, identified three board configurations with a highly consistent association with a critical mass of women in the senior executive levels. Of the 44 companies identified in this model, over 80% had at least 30% female representation in their executive levels.

The first two configurations indicate that both a critical mass of women on boards and having women in a senior board role has a strong association with a critical mass of senior executive women. The cases in these configurations include 26 of the 28 companies with a female ED and 29 of the 30 companies with a female SID or female Board Chair which highlights the importance of these roles in influencing gender diversity below the board.

The third configuration, representing only four prototypical companies, is quite a male dominated board. It includes no critical mass of female board members but the women on these boards are highly interlinked. These boards, however, appear to have been in transition. After collecting the data for this analysis, all four boards added more female NEDs, one appointed a female board Chair and another appointed a female SID.

Interestingly, the presence of women who chair committees does not appear to have an impact. This may be because there are very few female Chairs for both the Audit and Nominations Committees.

2.4.2 Expert interviews

To further investigate whether and how these configurations may be operating to influence gender diversity, we conducted a number of interviews with experts in UK corporate governance. We discuss their reaction and insights below.

The group of interviewees included four highly-experienced board members and two senior board search consultants. The board members drew on their experiences from a variety of role perspectives, such as Chairman, CEO, Committee Chair and NED. The four board members, at the time of the study, aggregately had experience on 23 public company boards including two with multiple Chair and Executive Director experience. Our panel was rounded out with two highly-experienced board search consultants with collective experience of over 33 years.

Table 2.12: Expert profile

	Gender	Number of participants
Non-Executive Director, Executive Director, Board Chair roles	Male	2
Non-Executive Director roles, Committee Chair roles	Female	2
Board Search Consultants	Female	2

We asked participants to reflect on what their experiences were with respect to the status and power of women board members, how women board members in senior board roles influenced board dynamics, how those organisations' approach to equality, diversity and inclusion may have differed, and whether there were other important influencing factors.

Generally speaking, all of our interviewees applauded initiatives such as the Davies Report and Hampton-Alexander Review, which have increased the numbers of women in leadership positions, now at 38% for women on boards of FTSE 100 companies. All did, however, lament at the progress for female Executive Directors which has been less than impressive.

"Yes, there are lots of women [on boards], we've made great progress, but we've still got a problem in executive, top executive roles."

"I think the lack of progress in executive roles is actually the far more important metric and benchmark than board roles."

They observed that today there are basically two types of public boards. Those who have succumbed to the pressure for having more women on boards and submitted to little more than a 'box-ticking' exercise and those who have really embraced gender diversity and made concerted efforts to build a more gender-balanced organisation. The ones who embrace and incorporate gender diversity throughout their organisations generally have more women coming up the executive pipeline.

"There have been those boards that have, if you like, succumbed to the pressure ... and they have agreed that they're going to have some women on the board ... and then there's another type of board or another type of company that actually says, we need to make the best use of all of our talent, men and women."

Four themes emerged from the analysis of the interviews.

1. Critical mass is important but not enough.
2. Succession planning is key.
3. Having women in senior roles sends a powerful message but the role of the CEO and Chairperson is critical.
4. Fostering gender diversity may be a generative process.

2.4.3 Critical mass is important but not enough

The focus on developing a critical mass of women on boards has been an important step in encouraging FTSE companies to improve their gender balance and has had important consequences for board dynamics.

However, a critical mass of NEDs is not enough, as those who sit in the decision-making roles, such as EDs and senior board roles, have more influence on the organisation.

"I think it's the sheer numbers as well, if you're getting up to the three, four women in a board that makes a huge, huge difference."

"What matters is, where are the women in the decision making and so having women sitting on committees or being the new fresh faced NED makes no difference whatsoever to women coming through the pipeline and it's very difficult for those women to have their voices heard."

Of course, there are exceptions and some female NEDs "don't need a Chair role to be vocal". However, it is important that women board members also progress into senior roles, as their male counterparts do, otherwise these female NEDs are at risk of being tokens, notwithstanding their critical mass.

2.4.4 Succession planning is key

There was a fairly wide range of opinions on succession planning in terms of how involved the board should be in succession planning for positions below the CEO and how well companies are doing it.

From a governance perspective, the responsibility for equality, diversity and inclusion oversight is not well established. There is little regulatory guidance on which committee should have overall responsibility for equality and diversity issues and as a result it may fall on any one of a number of committees from Nominations to Remuneration or the newer Environmental, Sustainability and Governance Committee (ESG).

In practice the board does receive regular reports from management on talent management. However, these reports vary from voluminous and detailed reports to one or two page summaries, resulting in various levels of board involvement in succession planning and talent management.

Some felt that the board's primary responsibility, at its simplest level, is to select a CEO who would then build their executive team and as a result thought it would be difficult for the Chair and the board to have influence on executive appointments and executive development.

"For the most part it's pretty difficult for a board to define the team that the CEO wants to work with. I mean, you know, 99% of the time the CEO is going to decide who's going to sit around the Executive Committee table."

Others believed that given the importance of the executive pipeline for the longer-term prospects of the company, more oversight is necessary.

"But the reality is appointments are made by the executive, below the executive... and those appointments are made without sufficient oversight."

"And there isn't enough focus on it and even though everyone says 'Oh yeah!', it's an issue that needs fixing; it's not focused on sufficiently."

Regardless of the extent of oversight from the board, succession planning is seen as a key to reorienting a company's culture to embrace the advantages of diversity and does not happen by accident. Good succession planning driven by a meritocratic approach will naturally lead to more gender balance across the organisation. The importance of this process becomes all that more critical when you consider that executive development takes years.

"It's the longer-term thing, you know, five or ten years out; in principle, there should be a good dollop of gender balance. You know, if you've got candidates five, ten years out, all men, you've got a problem."

2.4.5 Women in senior roles sends a powerful message but the role of the CEO and chairperson is critical

Board interlinks were certainly recognised as having more credibility in general and especially important for women as multi board experience also gave them more confidence.

"When you can bring the outside in by saying, 'on another board I'm involved in...', suddenly people listen particularly well."

"I think interlinks are essential in terms of giving women confidence to raise their voice."

Committee Chairs could sometimes have influence, but it depended on the committee. Remuneration was seen as the committee perhaps most invested in gender diversity issues and this committee is most often chaired by a woman. The Nomination Committee was problematic given this is almost always chaired by the Board Chair and therefore has very low female representation (eight at the time of this study). Audit Committee Chairs were considered to have the least influence on gender diversity issues.

While there was no consensus on whether women actively advance gender diversity by advocating for more women, or by mentoring women coming through the executive pipeline, there was agreement that the presence of women on the board and particularly in senior positions sends a strong message. The signalling provided by women in senior roles was strongly acknowledged.

"If you've got a female Chair, you know that's a very powerful message to an organisation."

"Actually, I know women who joined companies because that sort of thing was happening and because they saw there's more potential for them."

"I think I've spoken to many women who say that's a big motivation [women in senior roles]. I can see myself at the top, because there's, you know, we've got a female CEO or a female Finance Director or, you know, whatever it is."

Not surprisingly, all of the interviewees emphasised the important influence that Chief Executives and Board Chairs had on any issue that they focused on.

"The championing of this sort of issue by Chief Executives and Chairs, in my mind, can't be understated."

"If the top leaders, two or three top leaders, say this is what we should do, it normally happens."

Notwithstanding the entire board being involved in CEO selection, the Chair has significant influence on senior board appointments.

"The single most important person when it comes to any CEO appointment is the Chair and any committee leadership appointment is the Chair, and any CEO-in-waiting appointment is the Chair."

They can also have more or less influence on the executive pipeline by how they manage and incent the CEO with respect to gender diversity goals and objectives, and so the disposition of the Chair is significant.

There were varying opinions about the power wielded by the Senior Independent Director (SID). However, one participant highlighted since they are responsible for leading the selection of the next Board Chair, a female SID may be an important aspect in ensuring an inclusive approach for this important role.

In summary, board members will have varying levels of influence and power depending on the role, their experience and personalities. However, the Chair and the CEO are critical decision makers.

2.4.6 Fostering gender diversity may be a generative process

Many of our respondents were cautious about characterising the presence of board configurations with women in positions of power and influence as necessarily being antecedents to higher levels of gender diversity in executive levels. While having more women in decision-making roles may influence gender diversity, a straight line could not necessarily be drawn between having more women in senior board roles and more women in the executive levels. In fact, the relationship could work the other way.

“If you get more women in the Executive Committee, for sure you have more women on boards, because that’s going to be the principal source of non-executive recruitment.”

Many spoke about the positive contribution made by male leaders in terms of changing attitudes, fostering a more gender-inclusive environment and mentoring female executive women. Further, they pointed to other potential influencing factors. For example, other members of the Executive Committee may in fact have more power and influence in the day-to-day decision making than the non-CEO Executive Directors. Human Resources Directors were also mentioned as mobilising forces. Rather than being a trickle-down effect from the board to the company, influencing gender diversity may begin from multiple perspectives and exhibit a generative relationship, one that results in good female representation in decision-making roles as well as the executive pipeline.

This study provides empirical evidence that having women in positions of power and influence on the board has a strong association with higher levels of gender diversity in the executive ranks. A critical mass of female non-executive board members is not enough, nor is just having one woman in an influential role. This relationship may not necessarily be trickle-down but reflect a generative process driven by intentional succession planning throughout all levels of the organisation.

Section 3: FTSE 250 companies

3.1 FTSE 250 companies with female directors

Progress continues in the number of women on FTSE 250 corporate boards. The percentage of women on FTSE 250 boards has increased from 31.9% to 34.9% this year, so in parallel to the FTSE 100 companies, over 40% NEDs are now women.

This is a tremendous achievement given that FTSE 250 companies started their journey at a much lower base than FTSE 100 companies. There are now 688 female-held directorships, the increase coming solely from the number of female NEDs. Unfortunately, like the FTSE 100 this year, the number of female executive directorships has flatlined at 47 (out of a total of 416 Executive Directors).

Table 3.1: FTSE 250 Directorships 2017-2021

July 2021	2021	2020	2019	2018	2017
Female-held directorships	688	620	537	462	453
	34.9%	31.9%	27.3%	23.7%	22.8%
Female executive directorships	47	47	37	30	38
	11.3%	11.3%	8.4%	6.4%	7.7%
Female non-executive directorships	641	573	500	432	415
	41.2%	37.6%	32.8%	29.1	27.8%
Companies with female executive directors	45	42	34	29	37
	18.0%	16.8%	13.6%	11.6%	14.8%
Companies with at least 33% female directors	169	132	88	59	53
	67.6%	52.8%	35.2%	23.6%	21.2%

One hundred and sixty-nine companies have now met the Hampton-Alexander target of 33% women on their boards. The variance across the companies continues to grow and exceeds that across the FTSE 100 companies, with Games Workshop Group Plc leading with 67% women on their board compared to ContourGlobal Plc with only 11% women on their board (although interestingly they have 46% women in executive roles). This reinforces the point made in Section 2 that it is time for the UK Government to consider more forceful ways to embed the target.

The UK has had voluntary business-led targets for ten years and whilst the majority of companies across the FTSE 350 have risen to the challenge, there continues to be a set of laggards. Tables showing the top 10 companies and the bottom 12 companies can be found below.

Table 3.2 Top 10 FTSE 250 companies (with women on boards)

Rank	Organisation	Sector	% WoB
1	Games Workshop Group Plc	Leisure Goods	67%
2	Ascential Plc	Media & Entertainment	64%
3	Moneysupermarket.Com Group Plc	Media & Entertainment	63%
4	Aberforth Smaller Companies Trust Plc	Investment Companies	60%
4	Finsbury Growth & Income Trust Plc	Investment Companies	60%
4	Greencoat UK Wind Plc	Investment Companies	60%
4	Impax Environmental Markets Plc	Investment Companies	60%
4	Scottish American Investment Co Plc	Investment Companies	60%
4	The Renewables Infrastructure Group Ltd (TRIG)	Investment Companies	60%
10	International Public Partnerships	Investment Companies	57%

Table 3.3: Bottom 12 FTSE 250 companies (with women on boards)

Rank	Organisation	Sector	% WoB
239	Baillie Gifford Shin Nippon Plc	Investment Companies	20%
239	Chrysalis Investments Ltd	Investment Companies	20%
239	Mitchells & Butlers Plc	Leisure & Hotels	20%
239	Petropavlovsk Plc	Mining	20%
239	Premier Foods Plc	Food Producers & Processors	20%
244	4imprint Group Plc	Media & Entertainment	17%
244	Auction Technology Group Plc (ATG)	Software & Computer Services	17%
244	Bytes Technology Group Plc	Software & Computer Services	17%
244	Primary Health Properties Plc	Real Estate	17%
248	NCC Group Plc	Software & Computer Services	14%
248	Redde Northgate Plc	Transport	14%
250	ContourGlobal Plc	Electricity	11%

3.1.2 FTSE 250 Companies with women in executive roles

The percentage of women in executive roles has flatlined at 11.3%. There are still only 47 women holding these roles in 45 companies.

There are two companies with two women in executive roles; Future Plc and IG Group Holdings Plc. Overall there are now eight women in CEO roles, 26 in CFO/FD roles and four in COO roles. The remaining women are in Legal, Human Resources or unspecified roles. Whilst the number of women being appointed to NED roles has increased at a good pace the lack of progress for women in executive roles is lamentable. In our 2013 report we presented our analysis of FTSE 100 executive committees and concluded that women were significantly less likely to be internally promoted to those committees compared to men. There is no shortage of women going into accounting/finance as a subject so there is a pipeline of female talent. Are companies doing enough to pull that talent through? In the case of the CEO, this is more challenging. Unless companies specifically identify women as having high potential and ensure that they are moved around the business to gain the appropriate experience to be a CEO, they are unlikely to be appointed to the role. Where does proper oversight for succession planning sit at board level? It appears to fall between several committees at the moment.

In the final Hampton-Alexander Review the figure for average attrition at the executive committee and direct report levels across FTSE 350 companies was 30% (remarkably similar for women and men), an increase on previous years. This may in part reflect the effects of Covid-19, but it may also signal a problem with the structure of these roles. At a time when all organisations are rethinking their hybrid working and flexible working, maybe it is appropriate to broaden the conversation to re-imagining the structure of executive committees and the individual roles within them.

Table 3.4: The 45 FTSE 250 companies with female executive directors

Rank	Organisation	Female board %	No. female directors	No. female EDs	Executive roles	Sector	Women in executive roles
1	Games Workshop Group Plc	67%	4	1	CFO	Leisure Goods	Rachel Frances Tongue
2	Ascential Plc	64%	7	1	CFO	Media & Entertainment	Amanda Jane Gradden
3	Moneysupermarket. Com Group Plc	63%	5	1	CFO	Media & Entertainment	Scilla Grimble
11	Greencore Group Plc	55%	6	1	CFO	Food Producers & Processors	Emma Hynes
12	Assura Plc	50%	4	1	CFO	Real Estate	Jayne Marie Cottam
12	Centrica Plc	50%	4	1	Group CFO	Utilities - Other	Katherine Beresford Ringrose
12	Coats Group Plc	50%	4	1	CFO	Clothing & Personal Products	Jacqueline Wynn Callaway
12	Euromoney Institutional Investor Plc	50%	4	1	CFO	Media & Entertainment	Wendy Monica Pallot
12	Ninety One Plc	50%	4	1	FD	Speciality & Other Finance	Kim Mary Mcfarland

12	OSB Group Plc	50%	4	1	CFO	Banks	April Carolyn Talintyre
12	Tyman Plc	50%	3	1	CEO	Construction & Building Materials	Joanna Christine Hallas
31	Beazley Plc	44%	4	1	GFD	Insurance	Sally Michelle Lake
31	Future Plc	44%	4	2	CEO, CFO	Media & Entertainment	Zillah Ellen Byng-Thorne Rachel Bernadette Addison
31	Lancashire Holdings Ltd	44%	4	1	Group CFO	Insurance	Natalie Kershaw
31	Meggitt Plc	44%	4	1	CFO	Aerospace & Defence	Louisa Sachiko Burdett
37	Diploma Plc	43%	3	1	CFO	Diversified Industrials	Barbara Gibbes
37	Essentra Plc	43%	3	1	CFO	Business Services	Lily Liu
37	Genus Plc	43%	3	1	CFO	Pharma & Biotech	Alison Jane Henriksen
37	Law Debenture Corp Plc	43%	3	1	COO	Investment Companies	Patricia Rose Houston
37	Pennon Group Plc	43%	3	1	CEO	Utilities - Other	Susan Jane Davy
37	Rathbone Brothers Plc	43%	3	1	GFD	Speciality & Other Finance	Jennifer Elizabeth Mathias
51	Derwent London Plc	42%	5	1	ED	Real Estate	Emily Prideaux
82	Britvic Plc	38%	3	1	CFO	Beverages	Rosemary Joanne Wilson
82	Chemring Group Plc	38%	3	1	Group Legal Director/ Secretary	Aerospace & Defence	Sarah Louise Ellard
82	HarbourVest Global Private Equity Ltd	38%	3	1	Director SD	Investment Companies	Carolina Espinal
82	Hill & Smith Holdings Plc	38%	3	1	Group CFO	Engineering & Machinery	Hannah Kate Nichols
82	IG Group Holdings Plc	38%	5	2	CEO, Chief Commercial Officer	Speciality & Other Finance	June Yee Felix Bridget Elizabeth Messer
82	PureTech Health Plc	38%	3	1	CEO	Health	Daphna Zohar
82	PZ Cussons Plc	38%	3	1	CFO	Clothing & Personal Products	Sarah Pollard

82	Spirent Communications Plc	38%	3	1	COO/CFO	Information Technology Hardware	Paula Bell
110	Cineworld Group Plc	36%	4	1	Chief Commercial Officer	Leisure & Hotels	Renana Teperberg
110	Hammerson Plc	36%	4	1	Chief Executive	Real Estate	Rita-Rose Gagné
110	Hiscox Ltd	36%	4	1	Group Chief Underwriting Officer	Insurance	Joanne Riddick Musselle
117	Tui AG	35%	9	1	Chief Human Resources Officer/Labour Director	Leisure & Hotels	Sybille Reiß
118	Direct Line Insurance Group Plc	33%	3	1	CEO	Insurance	Penelope Jane James
118	Dunelm Group Plc	33%	3	1	CFO	General Retailers	Laura Elizabeth Carr
118	FDM Group (Holdings) Plc	33%	3	1	COO	Software & Computer Services	Sheila May Flavell
118	Grainger Plc	33%	2	1	CEO	Real Estate	Helen Christine Gordon
118	Wickes Group Plc	33%	2	1	CFO	General Retailers	Julie Ann Wirth
171	Brewin Dolphin Holdings Plc	30%	3	1	CFO	Speciality & Other Finance	Siobhan Geraldine Boylan
171	Gamesys Group Plc	30%	3	1	Chief People Officer	Leisure & Hotels	Christina Dawn Southall
182	Capital & Counties Properties Plc	29%	2	1	ED	Real Estate	Michelle Veronica McGrath
182	JTC Plc	29%	2	1	COO	Speciality & Other Finance	Wendy Holley
182	Redrow Plc	29%	2	1	GFD	Construction & Building Materials	Barbara Mary Richmond
215	Wetherspoon (J.D.) Plc	25%	2	1	ED - Legal	Leisure & Hotels	Susan Alina Cacioppo

3.1.3 Women in senior non-executive roles

The lack of women in the CEO, CFO and Chair role is often raised in reports on women on boards. We believe it is not helpful to lump together these roles as the reasons behind the lack of women in each role are quite different and the appointment process for each of these roles is quite distinctive. The CEO is the most challenging issue and needs to be addressed through succession planning and development. The CEO is ultimately appointed by the Chair so they must take responsibility for this decision and for a thorough appointment process. The CEO appoints their own team so in the absence of robust and diverse succession planning this can make their appointments to the executive committee biased and risky. Whilst the Chair is pivotal to the way appointments and promotions on the board work and specifically to the appointment of the CEO, they also Chair the Nomination Committee so, again, the Chair has a key role in appointments to the board and developing current NEDs to senior roles. Over 40% of NEDs in FTSE 250 companies are now women (41.2%) and yet only 14% occupy the Chair role. Progress is taking place but needs to accelerate. It is pleasing to see that 30% SIDs in FTSE 250 companies are women this year. This in turn is important as the SID facilitates the appointment of the Chair so hopefully a female SID will have gender diversity (and diversity more generally) front of mind when managing the appointment process. The importance of increasing the number of women Chairs is in no way a criticism of male Chairs being unsupportive of gender diversity. Were it not for a group of male Chairs who have actively championed the cause over the years we would never have made the progress we have.

Table 3.5: Female chairs of FTSE 250 companies

Organisation	Current role	Name
AJ Bell Plc	Chair Designate	Dame Helena Louise Morrissey
AVI Global Trust Plc	Chair (Independent NED)	Susan Margaret Noble
Babcock International Group Plc	Chair (Independent NED)	Linda Ruth Cairnie
Bankers Investment Trust Plc	Chair (Independent NED)	Susan Patricia Inglis
BBGI Global Infrastructure SA	Chair (Independent NED)	Sarah Jane Whitney
BMO Global Smaller Companies Plc	Chair (Independent NED)	Anja Maria Balfour
Bodycote Plc	Chair (Non-Executive)	Anne Cecille Quinn
Cairn Energy Plc	Chair (Independent Designated NED)	Nicoletta Giadrossi
Cineworld Group Plc	Chair (Independent NED)	Alicja Kornasiewicz
Direct Line Insurance Group Plc	Chair	Danuta Gray
Electrocomponents Plc	Chair	Baroness (Rona Alison) Fairhead
Energiean Plc	Chair (Independent NED)	Karen Simon
F&C Investment Trust Plc	Chair (Independent NED)	Beatrice Hannah Hollond

Games Workshop Group Plc	Chair (Independent NED)	Elaine O'Donnell
Genesis Emerging Markets Fund Ltd	Chair (Independent NED)	Hélène Ploix
Greencoat UK Wind Plc	Chair (Independent NED)	Shonaid Christina Jemmett-Page
ICG Enterprise Trust Plc	Chair (Independent NED)	Rosina Jane Tufnell
J.P. Morgan Emerging Markets Investment Trust Plc	Chair (Independent NED)	Sarah Fiona Arkle
Jupiter Fund Management Plc	Chair (Independent NED)	Nichola Pease
Marshall's Plc	Chair (Independent NED)	Vanda Murray
Mediclinic International Plc	Chair (Non-Executive)	Dame Inga Kristine Beale
Moonpig Group Plc	Chair (Independent NED)	Kathryn Elizabeth Swann
Paragon Banking Group Plc	Chair (Non-Executive)	Fiona Jane Clutterbuck
Pennon Group Plc	Chair (Independent NED)	Doctor Gillian Ann Rider
Polar Capital Technology Trust Plc	Chair (Independent NED)	Sarah Catherine Bates
PZ Cussons Plc	Chair (Independent NED)	Caroline Louise Silver
Redde Northgate Plc	Chair (Non-Executive)	Avril Palmer-Baunack
Restaurant Group Plc (The)	Chair (Independent NED)	Alison Deborah Hewitt
St Modwen Properties Plc	Chair (Independent NED)	Danuta Gray
Syncona Ltd	Chair (Independent NED)	Melanie Gee
Synthomer Plc	Chair (Independent NED)	Caroline Ann Johnstone
The Renewables Infrastructure Group Ltd (TRIG)	Chair (Independent NED)	Helen Margaret Mahy
Travis Perkins Plc	Chair	Jasmine Mary Whitbread
Tullow Oil Plc	Chair (Independent NED)	Dorothy Carrington Thompson

Seventy-two women hold 76 SID roles across the FTSE 250 companies, with a few holding more than one SID role.

Table 3.6: Women who hold senior independent directorships (sids) in FTSE 250

Organisation	Individual name
888 Holdings Plc	Anne Isabelle de Kerckhove dit van der Varent
AJ Bell Plc	Laura Martine Carstensen
Alliance Trust Plc	Sarah Catherine Bates
AO World Plc	Marisa Luisa Cassoni
Apax Global Alpha Ltd	Sally-Ann Farnon
Ascential Plc	Rita Ann Clifton
Avon Protection Plc	Chloe Patricia Ponsonby
Baillie Gifford Shin Nippon Plc	Merryn Somerset Webb
Baillie Gifford Us Growth Trust Plc	Susan Patricia Inglis
Beazley Plc	Christine LaSala
Bellway Plc	Denise Nichola Jagger
BlackRock Smaller Companies Trust Plc	Susan Platts-Martin
BMO Global Smaller Companies Plc	Josephine Dixon
Centamin Plc	Doctor Sally Louise Eyre
CLS Holdings Plc	Elizabeth Frida Edwards Anna Linnea Seeley
Computacenter Plc	Rosalind Catherine Rivaz
ConvaTec Group Plc	Margaret Ewing
Crest Nicholson Holdings Plc	Octavia Kate Morley
Dechra Pharmaceuticals Plc	Ishbel Jean Macpherson
Diploma Plc	Anne Thorburn
Dr Martens Plc	Lynne Marie Weedall
easyJet Plc	Julie Helen Southern
Edinburgh Investment Trust Plc	Victoria Katherine Hastings
Essentra Plc	Mary Margaret Reilly
Euromoney Institutional Investor Plc	Janice May Babiak
Fidelity China Special Situations Plc	Elisabeth Charlotte Scott
Fidelity European Trust Plc	Marion Jane Sears
Finsbury Growth & Income Trust Plc	Sandra Claire Kelly

GCP Infrastructure Investments Ltd	Julia Chapman
Genus Plc	Lesley Mary Knox
Greencore Group Plc	Sylvia Gillian Bailey
Greggs Plc	Sandra Turner
Hammerson Plc	Gwyneth Victoria Burr
HgCapital Trust Plc	Anne Edmond West
HomeServe Plc	Katrina Jane Machin
Ibstock Plc	Tracey Graham
Impax Environmental Markets Plc	Aine Mary Kelly
Integrafin Holdings Plc	Victoria Susan Cochrane
International Public Partnerships Ltd	Claire Whittet
Investec Plc	Zarina Bibi Bassa
IP Group Plc	Aedhmar Bird Hynes-McGovern
Meggitt Plc	Doctor Alison Jane Goligher
Micro Focus International Plc	Karen Slatford
Mitchells & Butlers Plc	Susan Elizabeth Murray
Moneysupermarket.Com Group Plc	Sally Ann James
Morgan Advanced Materials Plc	Laurence Blanche Mulliez
Murray Income Trust Plc	Jean Craig Park
OSB Group Plc	Elizabeth Noël Harwerth
Pantheon International Plc	Susannah Elizabeth Nicklin
Petropavlovsk Plc	Charlotte Bertha Philipps
Plus500 Limited	Anne Marie Grim
PureTech Health Plc	Dame Marjorie Morris Scardino
Quilter Plc	Ruth Markland
Savills Plc	Stacey Lee Cartwright
Schroder Asia Pacific Fund Plc	Rosemary Jane Morgan
Schroder Oriental Income Fund Ltd	Katherine Cornish-Bowden
Sequoia Economic Infrastructure Income Fund Ltd	Sandra Platts
Serco Group Plc	Lynne Margaret Peacock
Softcat Plc	Karen Slatford
SSP Group Plc	Carolyn Jane Bradley

Telecom Plus Plc	Beatrice Hannah Hollond
Temple Bar Investment Trust Plc	Doctor Lesley Rowena Sherratt
Templeton Emerging Markets Investment Trust Plc	Beatrice Hannah Hollond
The Renewables Infrastructure Group Ltd (TRIG)	Shelagh Yvonne Mason
Trainline Plc	Jennifer Susan Duvalier
Trustpilot Group Plc	Angela Charlotte Seymour-Jackson
UK Commercial Property REIT Ltd	Margaret Littlejohns
Ultra Electronics Holdings Plc	Victoria Mary Hull
Unite Group Plc	Elizabeth McMeikan
Vectura Group Plc	Jeanne Thoma
Victrex Plc	Rosalind Catherine Rivaz
Vivo Energy Plc	Thembalihle Nyasulu
Watches of Switzerland Group Plc	Teresa Claudia Colaanni
Witan Investment Trust Plc	Suzy Anne Neubert
Worldwide Healthcare Trust Plc	Sarah Catherine Bates

Lastly, in terms of who chairs the various board committees, women chair 37% of the committees, so we are seeing a critical mass of women in these key roles

Tables showing women who chair board committees in the FTSE 100 and FTSE 250 can be found at www.cranfield.ac.uk/femaleftseboardreport

“Once again we see a tale of two halves: encouraging increases on boards; continued flatlining on executive roles. With Covid impacting women’s careers disproportionately the need to address this is now more urgent than ever. We can’t build back better without building back more inclusively. Inclusion works for everyone, as this report reminds us, and we know more about what works to deliver it. So let’s get more women leaders into top roles. Promote men and women proportionately. Sustainable business success depends on it!”

Ann Francke OBE
Chief Executive, CMI



Section 4: How organisations foster inclusion

There is increasing interest in creating inclusive organisations, where fostering a sense of inclusion enables the organisation to attract, promote and retain diverse talent.

Diverse representation in organisations is important. It is seen as a way for business to improve performance, prevent the dangers of groupthink and is considered as aligning with corporate values of social justice¹⁰. Nevertheless, despite a focus on equality and legislation since the 1970s, over the past five years the majority of firms, tracked by McKinsey in 2020¹¹, have made little progress on gender and ethnic diversity in their executive teams. This lack of progress is despite organisations' investment in policies and procedures, which have aimed to increase diverse representation by preventing the exclusion of minority groups. However, minority groups need to feel included in the organisation, participate fully, be valued for their difference, and developed. Practices that promote a sense of inclusion improve intention to remain¹², resulting in increased diverse representation. However, retention of minority groups remains a challenge. To feel included requires that individuals feel they are part of the organisational system.

The purpose of this section is to explore what is known about how the inclusive organisation is fostered. We review the academic literature on the components of the inclusive workplace, with a focus on practices that lead to inclusion. Section 4.2 explores the inclusive organisation through the practical experience of Diversity and Inclusion Leads. We examine how inclusion practices are balanced with diversity management, how they have evolved and what works. Our aim is to understand the components of an inclusive organisation and how they are fostered through inclusion practices, to help organisations proceed to be more inclusive.

4.1 The inclusive organisation: existing evidence

In this review of the academic literature, we start by examining models of the inclusive organisation, followed by identifying categories of inclusive practices.

4.1.1 A model of the inclusive organisation

Literature specifically focused on inclusion is nascent but growing, but there is a paucity of literature exploring the inclusive organisation as a whole system. Most scholars isolate components of the inclusive organisation, such as inclusive leadership, culture, workgroups, perceptions, or practices, and propose relationships between them and outcomes. More comprehensively Shore, Cleveland and Sanchez in 2018¹³ describe an organisation-wide inclusive model suggesting that two processes, or management orientations, contribute to inclusion, characterising these as (i) exclusion prevention and (ii) inclusion promotion (Figure 4.1).

¹⁰ Mor Barak, M.E., Lizano, E.L., Kim, A., Duan, L., Rhee, M.K., Hsiao, H.Y. and Brimhall, K.C. (2016). The Promise of Diversity Management for Climate of Inclusion: A State-of-the-Art Review and Meta-Analysis. *Human Service Organizations Management, Leadership and Governance*, 40(4), 305–333.

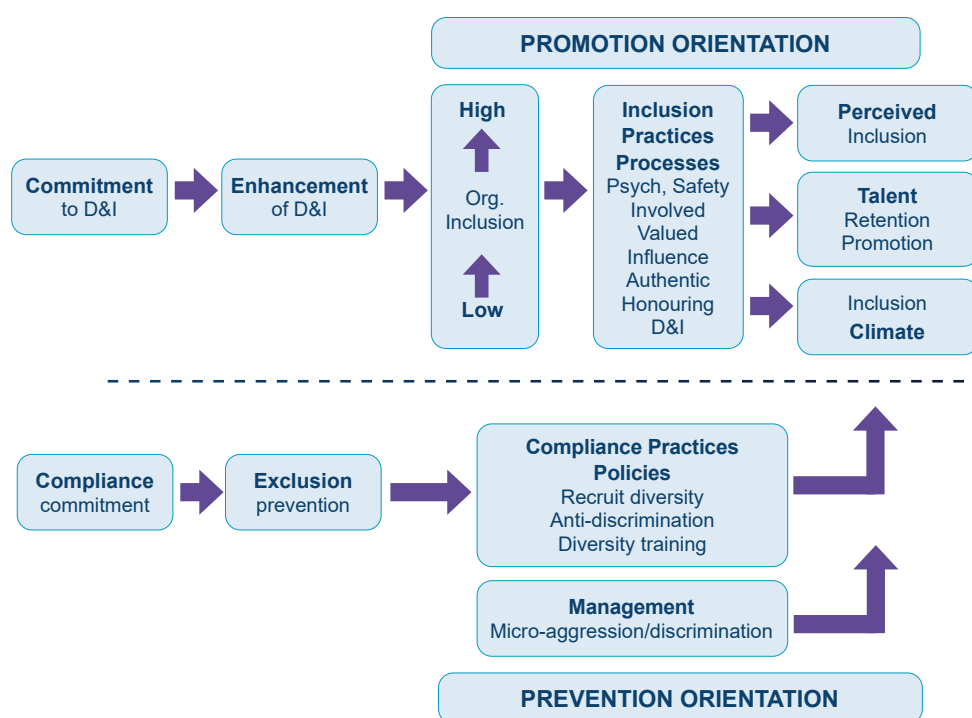
¹¹ McKinsey. (2020). *Diversity wins!*

¹² Nishii, L.H. (2013). The benefits of climate for inclusion for gender-diverse groups. *Academy of Management Journal*, 56(6), 1754–1774

¹³ Shore, L.M., Cleveland, J.N. and Sanchez, D. (2018). Inclusive workplaces: A review and model. *Human Resource Management Review*, 28(2), 176–189.

Some elements of the model may be debated, notably in three areas. For example, the model does not fully account for the individual differences of leaders' commitment to inclusion and the impact upon operationalisation of inclusion practices. Secondly, the model suggests that an output of inclusion practices is an inclusive climate, but other scholars suggest that leadership and culture are antecedents to inclusion practices and impact on how they are operationalised. Thirdly, their inclusive practices include psychological safety and authenticity where others see them as affective outcomes of inclusion not practices. Notwithstanding those challenges, this model provides a useful framework for our review.

Figure 4.1: The inclusive workplace model



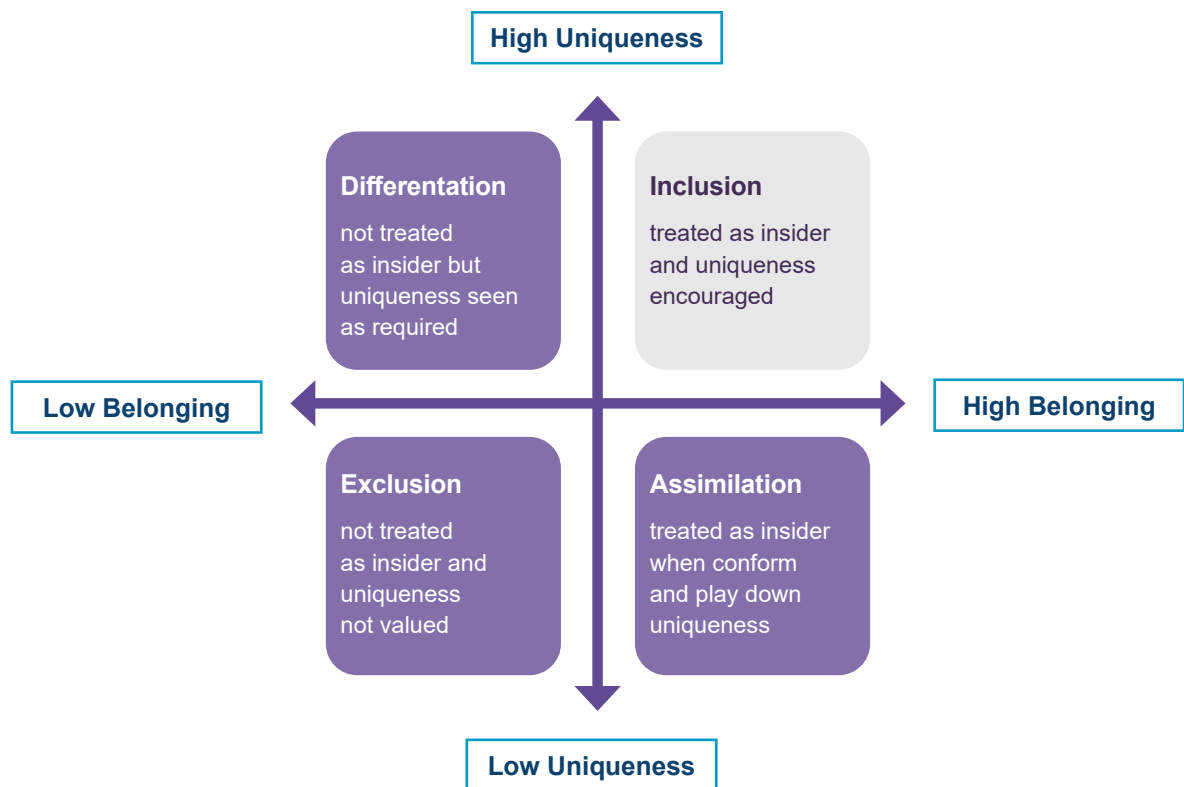
A model of inclusive organisations (adapted from Shore et al., 2018 p185)

4.1.2 Inclusion defined

In order to discuss the model in depth, we begin by emphasising the distinction between 'diversity' and 'inclusion'. Diversity is used to indicate difference, particularly in the demographic make-up of groups, and inclusion refers to employee involvement and integration, and a sense of belonging to the group. However, there are powerful social psychological processes at work within groups, explained by social identity theory. Figure 4.2 shows how minority group members may create a sense of belonging by adopting group values and behaviours, a process of assimilation into the group identity. However, this is at the expense of their individual identity and involves suppressing differences. In order to create inclusion, therefore, it is necessary to ensure that individuals experience a sense of belonging while also having their differences valued. Thus, inclusion is conceptualised as being treated as an insider and at the same time having one's uniqueness encouraged¹⁴. We use this definition of inclusion to explore the inclusive workplace.

¹⁴Shore, L.M., Randel, A.E., Chung, B.G., Dean, M.A., Ehrhart, K.H. and Singh, G. (2011). Inclusion and diversity in work groups: A review and model for future research. *Journal of Management*, 37(4), 1262–1289.

Figure 4.2: Inclusion defined



(Adapted from Shore et al., 2011)

4.1.3 Organisational two-stream approach

The Shore et al (2018) model of inclusion describes a two-stream process of exclusion prevention and inclusion promotion, emphasising that both are necessary and activated concurrently. It is not a case of either diversity **or** inclusion, and further it is a two-stage, circular¹⁵ and generative process¹⁶. Stage one involves acting to remove the barriers of exclusion to achieve demographic representation in the workplace. Stage two focuses on managing diverse representation with inclusion efforts to help minority groups feel included. These inclusion efforts create more positive interactions, which lead to inclusive behavioural skills development, and more inclusive adaptive contact – a generative model. Thus, the inclusive model may be both circular and generative.

This two-stream approach presents a coherent model of the inclusive organisation but provides little explanation of the mechanisms at work. We now investigate some of these mechanisms through the inclusion practices that foster an inclusive organisation.

¹⁵ Mor Barak, M.E. (2015). Inclusion is the Key to Diversity Management, but What is Inclusion? *Human Service Organizations Management, Leadership and Governance*, 39(2), 83–88.

¹⁶ Bernstein, R.S., Bulger, M., Salipante, P. and Weisinger, J.Y. (2020). From Diversity to Inclusion to Equity: A Theory of Generative Interactions. *Journal of Business Ethics*, 167(3), 395–410.

4.1.4 Inclusion practices

Inclusion can be experienced in everyday interactions and practices between employees, fulfilling social needs that are both task-related and relational. The literature broadly agrees that workgroup involvement promotes belonging and that being able to participate in decision making indicates to an individual that their uniqueness is valued. These are core inclusive work-related practices¹⁷, but supplemented with other practices. Workgroup involvement, as a social interaction, is facilitated by quality relations¹⁸. In the same way, participation in decision making requires access to information and resources¹⁹. Below we have categorised the work-related practices into those that promote belonging and those which indicate that uniqueness is valued, and give examples of the inclusion practices identified in the studies.

Belonging: Workgroup involvement

An individual's perception of inclusion results from their experience within their workgroup and the extent to which they sense belonging. Belonging helps develop a positive team identity, leading to pro-social behaviour. Workgroup inclusion may involve practices to integrate differences into the group, team building activities, job involvement programmes and learning programmes²⁰.

Belonging: Quality relations

The relational elements of leadership, team, and individual interactions are essential components of belonging. The inclusion literature targets the quality of leader and team interactions, sharing common goals and trust. It follows that to fulfil the social needs of belonging, relations within and between groups are also important. High quality relations reduce conflict by creating expectations and opportunities for personalised relations and integrating differences. Further, within inclusive organisations, people reframe conflict as an important source of interpersonal insight and learning²¹, demonstrating strong interpersonal relations and trust²². High quality relations and inclusion are demonstrated by members of the majority, or the insiders, showing interest in minority groups, acknowledging distinct cultural practices²³ and mixed groups sharing a common goal²⁴.

¹⁷ Randel, A.E., Galvin, B.M., Shore, L.M., Ehrhart, K.H., Chung, B.G., Dean, M.A. and Kedharnath, U. (2018). Inclusive leadership: Realizing positive outcomes through belongingness and being valued for uniqueness. *Human Resource Management Review*, 28(2), 190–203.

¹⁸ Janssens, M. and Zanon, P., (2008). What Makes an Organization Inclusive? Organizational Practices Favoring the Relational Inclusion of Ethnic Minorities in Operative Jobs (November 9, 2008). IACM 21st Annual Conference Paper, Available at SSRN: <https://ssrn.com/abstract=1298591> or <http://dx.doi.org/10.2139/ssrn.1298591>

¹⁹ Tang, N., Jiang, Y., Chen, C., Zhou, Z., Chen, C.C. and Yu, Z. (2015). Inclusion and inclusion management in the Chinese context: an exploratory study. *The International Journal of Human Resource Management*, 26(6), 856–874.

²⁰ Bernstein, R.S., Bulger, M., Salipante, P. and Weisinger, J.Y. (2020). From Diversity to Inclusion to Equity: A Theory of Generative Interactions. *Journal of Business Ethics*, 167(3), 395–410.

²¹ Nishii, L.H. (2013). The benefits of climate for inclusion for gender-diverse groups. *Academy of Management Journal*, 56(6), 1754–1774.

²² Brimhall, K.C., Mor Barak, M.E., Hurlburt, M., McArdle, J.J., Palinkas, L. and Henwood, B. (2017). Increasing Workplace Inclusion: The Promise of Leader-Member Exchange. *Human Service Organizations Management, Leadership and Governance*, 41(3), 222–239.

²³ Bernstein, R.S., Bulger, M., Salipante, P. and Weisinger, J.Y. (2020). From Diversity to Inclusion to Equity: A Theory of Generative Interactions. *Journal of Business Ethics*, 167(3), 395–410.

²⁴ Jansen, W.S., Otten, S., van der Zee, K.I. and Jans, L. (2014). Inclusion: Conceptualization and measurement. *European Journal of Social Psychology*, 44(4), 370–385.

Uniqueness valued: Participation in decision making

Participation in decision making is a mechanism for delivering inclusion, providing a sense that one's uniqueness is valued. Participation enables individuals to become part of the circle of influence and influence core decisions that impact their individual and organisational performance and work processes²⁵. People experience participation in decision making through leaders that actively seek varying perspectives²⁶, showing an appreciation of the uniqueness of individuals. In obtaining different viewpoints, leaders ensure that those who have historically not been heard, are able to participate more fully.

Uniqueness: Access to information/resources

In order to contribute to effective decisions, access to information or resources is necessary and demonstrates the individual is valued. Without access to information, influence on decisions is impossible, or compromised. Other researchers expand this access to include resources where, within the organisation, there is competition for resources²⁷. Access to both is critical for the inclusive organisation. Resources may involve mentoring to help individuals make important decisions about their role. Access to information may be formal or informal, such as water-cooler moments, or lunches where people exchange information and make decisions²⁸.

4.1.5. The impact of individual leaders

The extent to which the leader believes in, and is committed to D&I, and their cognitive processing skills, mediate how practices are implemented²⁹ and how they are experienced.

Beliefs

The literature explores values and beliefs about D&I as psychological processes that impact behaviours, embodied in the leader through their verbal and non-verbal behaviour³⁰ and how inclusion practices are operationalised. Leaders' beliefs provide an internalised moral perspective; they act as an interpretive filter of practices and determine decisions and strategies.

Further, leaders who engage in more inclusive behaviours and who value differences, potentially act as role models, and encourage followers to behave inclusively³¹. The group may then manifest this belief system, which is experienced by the individual as perceived respect from the group and inclusion.

Cognitive differences

Different cognitive styles, or rather cognitive complexity and different understandings of D&I by leaders, also contribute to inclusion outcomes. Managers translate policies into day-to-day practices and their variable understandings of diversity management and inclusion determine how they perform practices. In one study, the most inclusive leaders had a more comprehensive understanding of diversity, and were able to flex and adapt practices for different individuals within groups, recognising that demographic differences matter³². These leaders engage in the same practices as less inclusive leaders but deliver them differently.

²⁵ Shore, L.M., Cleveland, J.N. and Sanchez, D. (2018). Inclusive workplaces: A review and model. *Human Resource Management Review*, 28(2), 176–189.

²⁶ Sabharwal, M. (2014). Is diversity management sufficient? Organizational inclusion to further performance. *Public Personnel Management*, 43(2), 197–217.

²⁷ Ibid.

²⁸ Mor Barak, M.E., Lizano, E.L., Kim, A., Duan, L., Rhee, M.K., Hsiao, H.Y. and Brimhall, K.C. (2016). The Promise of Diversity Management for Climate of Inclusion: A State-of-the-Art Review and Meta-Analysis. *Human Service Organizations Management, Leadership and Governance*. 40(4), 305–333.

Individual differences are described elsewhere as self-awareness and balanced processing³³, summarised as more sophisticated cognitive processing. The study referenced above³² noted that the most inclusive managers see the issues and navigate a different path, and that ‘we [managers] need torethink our norms’.

In the next section we investigate what happens in the real world and what is accomplished, to reveal what works in the inclusive organisation.

4.2 Inclusion practices and what works: a view from diversity and inclusion leads

We conducted a qualitative study to explore how organisations foster inclusion through inclusion initiatives. We interviewed nine UK D&I leaders from eight organisations, from June 2021 to August 2021. Two participants were from professional services firms, two from property services, with others from energy, financial services, media, and education. Regarding their ownership structures, four were publicly listed, two were partnerships, and one each from the private and public sectors. The interviews addressed the questions of how organisations manage a balance between initiatives focused on inclusion against those focused on diversity, their experience of inclusion initiatives and the effectiveness of those various initiatives.

4.2.1 Maintaining the balance of initiatives focused on inclusion compared to diversity

All the participants indicate that inclusive organisations simultaneously manage initiatives focused on both inclusion and diversity. Although most of our participants noted that often organisations use the words *diversity* and *inclusion* interchangeably, they were clear about differentiating between the two associated practices.

Participants emphasised the importance of individuals having a sense of belonging within a team and described part of that belongingness as having a voice. However, several highlighted the importance of employees feeling that their voice must also be heard and taken into account in order to feel that one’s difference is valued.

“Diversity is having representation from lots of different groups in the workplace and recognising that certain groups are under-represented. [.....] It’s great having a diverse workforce [.....] but there’s no point in just being at a table if they don’t have a voice at the table and how do we encourage that, that’s inclusion. It’s ensuring that we have representation and ensuring that every individual can thrive.” Participant 6

²⁹ Randel, A.E., Dean, M.A., Ehrhart, K.H., Chung, B. and Shore, L. (2016). Leader inclusiveness, psychological diversity climate, and helping behaviors. *Journal of Managerial Psychology*, 31(1), 216–234.

³⁰ Boekhorst, J.A. (2015). The role of authentic leadership in fostering workplace inclusion: A social information processing perspective. *Human Resource Management*, 54(2), 241–264.

³¹ Randel, A.E., Galvin, B.M., Shore, L.M., Ehrhart, K.H., Chung, B.G., Dean, M.A. and Kedharnath, U. (2018). Inclusive leadership: Realizing positive outcomes through belongingness and being valued for uniqueness. *Human Resource Management Review*, 28(2), 190–203.

³² O’Leary, J. and Sandberg, J. (2017). ‘Managers’ practice of managing diversity revealed: A practice-theoretical account. *Journal of Organizational Behavior*, 38(4), 512–536.

³³ Op. cit. Randel et al. (2018), 190–203.

Two participants stressed that inclusion is not about ‘fixing people’, pointing out that some differential investment is necessary to level the playing field for minority groups, but nevertheless, inclusion works for the benefit of all.

“If we take women as one group, they do not all have the same challenges. So, it's not about giving them training to be more confident, we don't want to fix people, we want to create a culture in which everyone thrives. [.....]. Inclusion has become about ‘What can we do for people in a wheelchair, working mothers?’ Let's go beyond that and create an inclusive environment for all, capturing everyone. [.....]. If we're running initiatives around getting healthier and then we're only offering six-a-side football, then we're not very inclusive.” Participant 7

In working towards greater inclusion, organisations may consider various forms of under-representation. One participant spoke of the need to allow individuals to decide for themselves if they felt they were in a minority. Their development programme application asks how they and the organisation will benefit.

“People self-select through an application process. We wanted to make sure we did not determine what under-represented is. [In the] self-nomination application they can explain why it would benefit them and then you get more buy in and they get more value from the process.” Participant 7

All our participants were very clear that their organisational focus was not on **either** inclusion **or** diversity initiatives, recognising that the two approaches are complementary and symbiotic. At varying times, organisations might focus more on one than the other, dependent on local conditions, but the interviewees emphasised the necessity of these occurring concurrently.

“We made a strategic decision, a couple of years ago to have one of our strategic pillars, which is around creating a sense of belonging for employees, and another pillar, which is differential focus on race and gender. So that we had to say that there are a number of areas that we need to focus on and we can't have one or the other. It [is] managing that balance.” Participant 5

The circular and generative nature of the combination of inclusion efforts and diversity management was apparent in several of the approaches described, especially in terms of gathering momentum over a period of time.

4.2.2. Inclusion practices are evolving

When discussing various initiatives, all the participants described inclusion practices as dynamically evolving, rather than discrete initiatives which could be seen as completed before moving on to the next. Inclusion practices evolve, as lessons were learned, practices refined, and then embedded.

"The Action Group [...] is now there and the Forum is no longer there. And the reason we evolved, was that the Forum was serving a purpose of listening but now we're also listening in lots of other ways too. But it wasn't sufficient, we didn't feel it was sufficiently action orientated and it wasn't making enough of an actual impact and a difference."
Participant 2

Four themes surfaced from the study, data, internal networks, learning, and wellbeing.

The way organisations use data, with regard to D&I, has become more sophisticated, according to the respondents. Rather than 'singular', 'aggregated' data, analysis is more granular. Data are analysed by leadership group and by characteristic, to understand representation at the business unit level. Data are used in a smart way, to hold leadership to account, and inform action plans.

"At an overall company level it's by Directorate at a granular level [...] where we're working with individual Directorates. For example, a number of them have organised sessions, where people can come along and we can talk about the data and talk about what's going on in their area of the business so it's not something that's hidden." Participant 3

In discussing some of the many different strands of activity in the area of D&I, respondents reflected on the need to continually review the achievement of objectives, and to reassess strategy, plans and the purpose of specific initiatives. Internal networks and employee resource groups (ERGs) have evolved into places of influence and are more action oriented. They build awareness in the organisation, to inform policy and action plans.

"I think that the group, the networks, have their time you know, often they shouldn't be around for an infinite amount of time. Sometimes they have a key purpose to raise awareness, etc." Participant 9

A third theme is learning and development programmes, evolving from mandated one-off events, to self-selection and continuous learning. In the past, organisations mandated attendance at D&I training events to build awareness and change behaviours. However, a one-off programme cannot produce behaviour change, as that requires more engagement, time, and continuous learning.

“Training, for example, the one-hour unconscious bias training, what a waste of time. It doesn’t change any behaviours, it doesn’t do anything. It has to be continuous learning, a journey, built into experiential learning, self-taught learning, classroom-based learning, and so on.” Participant 7

Several participants reported the fourth theme, that wellbeing is incorporated into D&I as initiatives intersect and are complementary. These organisations see wellbeing as a lever to drive inclusion, that if the organisation is truly interested in one’s well-being, one will feel included. Organisations may launch gender-specific health check campaigns, but by using the inclusive lens, the appeal is changed to include everyone.

“A lot of what we do from a wellbeing point of view is very interlinked with an inclusion point of view. Some of the wellbeing initiatives will be breast checks as well as prostate checks. [...] There’s a real crossover so that’s why we put them together because we’re all just human beings. We have wellbeing champions who talk about physical, mental, and then financial health. And we provide support to employees in each of those three areas.” Participant 6

4.2.3. Belonging: Involvement in workgroups

Workgroup involvement helps minority members feel included through a sense of belonging. Participants described developing this through practices including team-based learning, communication, use of technology and flexible working.

Team rather than status-based learning programmes provide the opportunity for team building. Many participants explained that traditional status-based learning programmes, where candidates discuss problems and solutions in a safe space, may be beneficial but it still leaves the challenge of how to translate this into behavioural change.

Two participants spoke of addressing this through team and action-oriented learning, enabling the team to discuss the challenges, develop a shared understanding and commit to actions to take into the workplace.

“It was team led, facilitated from within the team, which ensured team involvement and learning. We also ensured that within that learning all the materials were open source, a big shift. Because [...] when you prescribe learning, you feel like it’s coming down from the organisation but when you create it open source, each module had pre-work and live exercises which we built to have conversations and then post work. All the material would have TED Talks, articles, case studies, other forms of information, so it was not us that put it together.” Participant 7

Team communication promoted by D&I champions is another opportunity for developing workgroup inclusion. Many organisations appoint D&I champions but some are using them more purposefully and proactively to implement new D&I practices and promote discussion. One respondent described appointing them to all new projects, especially field-based teams where the impact from the Centre is less strong. Champions act as a conduit into the team and also report monthly to the business unit leaders ensuring D&I is always on the agenda.

“We have these champions on every project [.....]. So, we will say to them ‘We need people as navigators’. They will then be the ones that talk to their teams. They have the relationship with their teams, so rather than this email that comes out from HR. And they will encourage people to talk.” Participant 6

One participant noted the importance of adapting the message and medium to land with different individuals.

“We have people who work in very remote parts of England that might be in their late 60s versus [...] young people who are coming into an innovation role in London. Their understanding, and their exposure to diverse groups of people or diversity language, for example, is very different. And the ways in which you can communicate with those people are very different. One you can WhatsApp, the other one you have to physically go and see them to have a conversation with them. It’s making sure that you’re really understanding that and meeting people where they are with the business and taking them on that journey.” Participant 3

Respondents unanimously determined that the pandemic proved the benefit of technology as an enabler to promote team involvement. Technology such as Microsoft Teams and Zoom enables virtual group-interaction, is more convenient, and potentially more effective than trying to get large disparate teams together in person.

“I think Teams has really helped [...] because before it was like a bit of a closed group and if you’re in head office you turned up on a Thursday, but if you weren’t you couldn’t access it. So the virtual world has been really helpful [.....]. I’ve now got technology that enables me to reach every single member of the organisation at once, which I’d never had before.” Participant 6

Flexible working also facilitates workgroup involvement when open to all, promoting a sense of fairness amongst employees. The focus should be on the work to be done, not the hours worked. Two participants specifically referred to ensuring flexible working is not just aimed at women and careers but is extended to everyone.

“Flexibility shouldn’t be aimed just at women, it should be aimed at everyone not just working parents but someone who wants to run a marathon and train at the gym.” Participant 7

These inclusion practices foster perceptions of fairness and involvement in the workgroup, but a necessary component of belonging is the quality of relations, explored next.

4.2.4 Belonging: Inclusive leadership

Our practitioners target quality relations between the leader and team to promote the social needs of belonging. However, relations within and between groups are also vital to promote belonging by integrating differences.

Leaders who foster high quality relations create belonging. An invisible barrier, cited by one participant, was that inclusive leadership competencies are ill-defined, although most respondents spoke of inclusive leadership in terms of helping all employees feel they belong.

"Whereas when you say to a leader, you need to make sure that all of your team feel like they belong, there was much more connection with it. To say, yes, I know what it feels like to belong, to know what it feels like not to belong. And I know what I need to do to be able to do that." Participant 5

Most described effective inclusive leadership development as relationship-oriented, with a focus on behaviour, action, and accountability.

"The first part is where you help them understand what inclusion is, the case for it. The second is putting it into action, how do they own it, drive it and so on. The third would be what are the actions and how do you hold them accountable for that change. When I say accountable, I don't mean, not just targets, I'm talking more about the accountability from the people around them." Participant 7

One participant described the best inclusive leadership development as threading through all the leadership developmental competencies.

"We're making sure that each of those [leadership development] modules have diversity and inclusion integrated into them. So, if you are on one of the modules that is change management...you're talking about how change affects different people in different ways. If it's performance management, you're thinking about how your biases come into that and you're thinking about all the different things that you can do." Participant 3

Holding leaders to account was the most prominent theme and participants particularly noted the importance of regular reviews, not leaving it for the annual review. Two participants noted that accountability and feedback are also in-the-moment.

"We're looking at the feedback that they're getting [on an ongoing basis] so that we can have those behavioural nudges in the moment. As opposed to waiting till the end of that programme. [...] One-to-one coaching, [helps] them to really understand for themselves what is their personal journey, what is their connection, that self-reflection piece. So that's really important where we're really focusing on the behaviour." Participant 5

One participant acknowledged this level of accountability is ideal, but it is challenging to provide honest feedback to senior executives who hold positions of power but that this needs to be managed through formal and informal processes. The development of inclusive leadership is summarised by two participants:

"You can never really make people care about this, but you can get people to think about their impact." Participant 2

"Fundamentally, it is working, because senior leaders choose to make it so. There is a very, very clear difference between a leader genuinely believing this, so that every single day he or she shows up in every meeting, every opportunity to make an impact, they have a D&I lens on them. They are seeking to bring our strategies to life."
Participant 8

We acknowledge these sentiments, but relying on leaders' choice to enact inclusion is a precarious plan. Our work on diversity targets³⁴ suggests they are important, to hold leaders to account and link to recognition and reward.

Building majority group interest in the minority is another mechanism to foster quality relations and sense of inclusion. Most participants spoke of communication newsletters, briefings, webinars, blogs etc., as well as networks and training to develop interest, integrate differences and build relations. However, others note the biggest challenge remains how to help the majority change their behaviour. Some participants address this by helping the majority understand the moving experience of minorities and understanding the consequences of their impact on minority experiences.

"[When you] listen to the lived experience of our people, particularly those from diverse backgrounds, it is highly effective because you can't help but be moved. You can't help but want to make a difference and if you don't, then I kind of question whether you should be here or not."
Participant 8

³⁴ Cranfield University, The Female FTSE Board Report 2020. <https://www.cranfield.ac.uk/som/research-centres/gender-leadership-and-inclusion-centre/female-ftse-board-report>.

"I had a senior colleague come to me and say, 'This isn't going to come out right, but I just need your guidance. When someone says to me black lives matter, my first reaction is but don't all lives matter?'

And I said, 'Yes, they do, but they didn't say black lives matter more than others. The BLM is about the fact that people who identify as black have a different experience than you do as a white person. Not that it's more important, or you're less important, it's different.'

I thought, how do you get it, if you don't have the discourse and an adult conversation around it." Participant 4

Promoting more majority and minority group interaction is a mechanism to improve inclusion. It can be built into the structure of the organisation, to help build mutual trust.

"We have invited different people to present papers to the executive, and I think that the senior management have benefited by having the different people there. Because this is a vicious circle, we haven't got much diversity at the top, so the people in the decision-making panels are the same groups of people, so they need to be exposed to different types of people." Participant 9

Frequent interaction between minority and majority groups is necessary to build trust and relationships. This may be as simple as informal lunches or coffee mornings. Equally, if organisations build cross-functional teams to deliver organisational goals, this could be supplemented with cross-diversity teams, where appropriate diversity is seconded to the team. This will build quality relations through shared goals – an area for consideration.

4.2.5. Value uniqueness: Participate in decision making

A sense of being valued is an integral part of inclusion and is demonstrated through participation in decision making, to impact individual and organisational performance. If the focus is only on belonging, minority groups may assimilate into the group identity, at the expense of their individual identity and the organisation does not then benefit from the diversity they offer.

"What we will find, with a lot of our female [...] managers, is that they will become one of the lads to be accepted, because they're not accepted if they turn up in make-up on site and want to wear a skirt. So, they're not their authentic self on a project." Participant 6

Thus, it is possible an organisation is diverse but not inclusive. Our participants recognise that a seat at the table is insufficient, different voices must be heard, and their unique knowledge leveraged but this is a challenge.

"You can't expect diversity but not have inclusive practice or an inclusive culture, because then you're not going to retain people. People expect to be involved in decisions, so it's about having not just a seat at the table, but a voice and being heard. This is what we're working on now and that's the real hard nut to crack." Participant 9

A few participants spoke of using internal networks and focus groups to elicit diverse views to contribute to policy and decision making. But as one participant noted, it is important these voices are not just elicited but seen to be listened to and views taken into consideration.

"We have lots of focus groups, and we're running more pulse surveys and people have the opportunity to really influence decisions. Before it felt a bit like we were asking you, but not really influencing decisions. But now we're not just asking, decisions are influenced. I think people feel more empowered and they know that it's worth sharing their views." Participant 9

However, we accept that organisations cannot democratise all decisions, or take into account all, or even the most popular, viewpoints. Equally, overtly seeking different viewpoints appears simple but two of our organisations found they had covert barriers to inclusion. In these cases, external researchers were able to decode the culture and uncover taken-for-granted assumptions.

"[The researcher] said you [the leadership] think that you have a meritocracy [...]. And you've not spotted that you have an archetype of success that is gender discriminating [...] that your processes are gendered, that your language is gendered, you just haven't spotted that." Participant 8

Nevertheless, the inclusive leader needs to seek out divergent views, encourage listening, value different voices, that influence decisions, to build a sense one is valued, leading to inclusion.

4.2.6. Value uniqueness: Access to information and resources

Participation in decision making that impacts organisational and individual performance is impossible, or compromised, without access to information and resources. This study identifies that access may be to people, resources, or work allocation. Access to people helps develop social capital, which is more difficult for under-represented groups, typically excluded from power networks and sponsors.

"[The researcher] said [...] 'You're forgetting that an awful lot of an individual's progression happens outside of a formal process, it's the informal access to networks to sponsors, to the right sorts of work.'" Participant 8

One organisation is improving under-represented groups' visibility through providing and formalising access to senior networks.

"It's giving you skills around social capital, about how you get out there and be visible, the skills that are not taught skills but we know, and research tells us, that those from under-represented groups don't have the same visibility, or aren't able to create the visibility. So, it's that kind of advantage we are trying to put in place to create equity for those groups." Participant 7

Another has introduced a career mobility secondment programme, to broaden the perspective and opportunities for groups that may be less likely to promote themselves.

"It is giving colleagues opportunities to do a one-year secondment in a client facing role, [.....] or customer and distribution [.....]. It's really about career mobility and diversity coming together, it's about breaking down the barriers of well I can't apply for [a different role] because I just sit in [this particular area]. We are targeting the population [...] that is less likely to put themselves forward than anyone else." Participant 4

All new starters face a confusion of networks and processes to navigate to ensure their success; this is challenging for everyone, more so for those who are different from the majority. Two participants outline comprehensive on-boarding programmes as effective mechanisms to provide access to information that may take months to assimilate unguided. This helps all employees to be productive more quickly.

"Going into the softer areas like work experience or sponsorship that are there, but make them for everyone so that everyone has the same access. For example, [the on-boarding programme] you spend six months getting access to all the leaders, now that might happen naturally [if you are] senior but it ensures equity for people who perhaps don't play golf." Participant 7

Most participants argue that sponsorship and mentoring are useful ways to provide under-represented group members with support and information. Sponsorship provides access to resources and opportunities, lifts up a candidate and is actively pursued by a couple of our participants; however:

"No one's going to sponsor me until I prove myself, that I'm worthy of you expending that political capital for me." Participant 4

In contrast, mentoring is a cost-effective way of providing support if it is purposeful, with clear objectives. It also has the added benefits of building awareness for the mentor and providing interaction between different groups to integrate differences.

"In mentorship the flow benefit can go multiple ways; you can have different models where it's a senior mentoring a new junior and [...] reverse mentoring, can be about mutual mentoring." Participant 2

A less spoken about inclusion practice, is that of work allocation but potentially it provides access to new groups, information, and skills development. Assigning work fairly and transparently supports career progression and demonstrates one is valued.

"Being explicit around when you ask somebody to do work on a proposal with you, and they do all that work. And then you source that job [...] that they've helped you in the background, and then you put somebody else on that job. That's a signal to them [...] they're going to feel, why have they not been included?" Participant 5

4.2.7. Implementation: the critical success factor

Our study identifies two themes leading to more effective implementation of inclusion practices. The first is the structure of implementation from leadership and strategy, to test and trial initiatives. The second is catalysts such as external events and data to inform action.

All our participants referred to the importance of leaders initiating, engaging and being accountable for inclusion, not delegating to the D&I Lead. They describe the D&I Lead role as being to provide skills development and resources, the toolkit to help leaders lead. But it is the leaders that make the decisions that influence the organisational goals.

“The D&I manager knows what they’re trying to achieve. But who’s hiring the people because [...] it’s not the D&I manager, it’s our hiring managers and our people managers. It’s about filtering it down, getting it out of a corporate function and into the business.” Participant 6

All the participants agreed that the most effective way to implement inclusion initiatives is by integrating D&I goals into the business strategy, rather than launching discrete D&I programmes. Programmes require the allocation of resources and investment, i.e. competing against other business imperatives, where integrating D&I goals into existing delivery mechanisms supports sustainability.

“A programming approach has positive impact, but there’s some downsides, that is it tends to be personality driven. [...] and then, when [...] moves on [...] there isn’t necessarily a framework in place that continues that work. A strategic approach takes a look at the organisation and aligns this work to the organisational delivery model. [...] It’s more about the clear understanding of how our D&I and, in our case wellbeing strategy, fits into the delivery mechanisms of the organisation.” Participant 4

Many participants referred to corporate D&I goals and that integrating D&I goals within the overall business strategy may enhance implementation and success.

“The business has three business goals, culture, talent and marketplace; and D&I goals and activity thread through all of them.” Participant 2

One participant identified the importance but also the tension created when D&I goals bear equal weight in the strategic plan. Growth goals are often the primary purpose of the organisation but, when extended with D&I goals, conflict between the two objectives may arise, requiring difficult conversations.

"We [...] make sure that we treat our diversity goals as seriously as our growth goals [...] But [...] this can lead to a level of uncomfortable conversations. This gets into fascinating debate about how far do you push this goal of D&I and growth. Do we consider that we should slow growth down to ensure that our diversity goals are reached? And those are good, constructive, healthy, conflict debates." Participant 8

Four participants spoke of testing and trialling initiatives to overcome resistance to change and find out what works. New practices that are tested, refined and proven are more readily adopted by the rest of the organisation.

"Encouraging [leaders] to pilot things rather than say no. But testing it out and then you have the evidence from three months, or whatever. We've had some really good examples where it [the practice] doesn't fit with their view of the world, but they'll accept it." Participant 9

External commercial pressures act as catalysts and can amplify D&I goals. The pressure may arise from client and government tender frameworks or consumer demand, although, these can become boiler-plated responses or tick box exercises.

But our participants spoke passionately about the impact of the death of George Floyd and the BLM movement as an external catalyst to accelerate the inclusion agenda. Other catalysts are the pandemic, #MeToo, gender pay gap reporting and the Hampton-Alexander Review.

"The biggest shift is over the last 18 months, that has changed the space more than ever. We know the murder of George Floyd and the pandemic have accelerated the effort and pace. But the shift is that leaders are now listening. Intently?, I'm not sure. But they have no option but to listen." Participant 7

Some organisations are partnering with charities and experts to build awareness, inform policy, and contribute to inclusion efforts that have a positive impact on the broader society.

"[We are partnering with an organisation] particularly looking at 17-23-year-old black men in London. How we support them with meaningful relationships as they're making early career choices? What do they need? How can we help them navigate our social coding? What does that mean to their current behaviours? How can we place them now for a couple of years to feed directly into the pipeline?" Participant 2

We referred earlier to the use of data, as a catalyst to drive accountability and action, and promote behaviour change. Data are perhaps the most important mechanism to foster more inclusion as it allows the organisation to search out pockets of goodness and the less good to inform action. Representation data is covered in the Measures section.

4.2.8. Fostering an inclusive organisation is problematic

Most participants expressed concerns about barriers to inclusion. These included majority privilege, rhetoric without action, and how to deal with the disenfranchised.

The majority group have privilege, hold the power and exert the most influence. They must become aware of the experiences of the under-represented and modify their behaviour for the organisation to be inclusive.

“Those groups that are under-represented may be supported but if the majority doesn’t change its view, they’re always going to be under-represented. They’re always going to need that support because they’re always coming up against the privilege of the majority.” Participant 6

A perennial challenge is to confront the reality and not succumb to the illusion of rhetoric. Many organisations have comprehensive D&I policies and leaders may articulate those; the challenge is to enact them and make them a lived experience for all employees.

“We need to do what we say we’re going to do. [...] We need to make sure that [...] we close that gap between what people say, what they know, what they committed to, and what they actually do on a day-to-day basis. So that’s been the big shift for us.” Participant 5

Symbols are important communication tools but not when they replace affirmative action. Two participants spoke of new generation employees who have accelerated expectations of organisational purpose and values and will call out those falling short. They spoke of a looming mismatch between new generation expectations, and organisational reality.

“We have a really interesting generational divide; there’s such an intergenerational right that’s coming through.” Participant 2

“Like where we are now with BLM. It’s not enough not to be a racist, you have to be anti-racist. You kind of have to do something to remove racism from our lives.” Participant 8

Many of our interviewees subscribe to the notion that inclusion works for all but supplement that with differential investment for certain groups, usually gender and ethnicity to level the playing field. This is logical but risks other minority groups feeling disenfranchised.

“So, we had to say that there are a number of areas that we need to focus on [...], so it has been, it has been quite a challenge [...] particularly with how that differential focus is perceived with other groups that are not perhaps within that race and gender category.” Participant 5

Perhaps the way to overcome this is to communicate that dilemma and wherever possible aim inclusion practices to encompass everyone.

4.2.9. Measures

Our participants use similar methods to measure their progress on D&I, notably people surveys and data on representation, but operationalise them differently. Two mention qualitative measures and others the power of external measures such as the annual gender pay gap data, Best Company assessments and three-yearly re-accreditation for the National Equality Standard. Two participants referenced performance measures related to new products or services and increased market share.

“Diversity is a business imperative, to build more products and services and if we look at it from that perspective, are we capturing new markets, consumers?” Participant 3

People surveys are the most common way to measure inclusion but they have limitations. The frequency of surveys varies from frequent pulse surveys to specific issues, but most are annual. The number of questions varied from three to over 20, and most looked for evidence of inclusion, avoiding the problematic ‘Do you feel included?’

“Do you believe the Executive Committee is actively supporting D&I? [...] We question all the way down, does your manager [...] help your wellbeing? Do you feel you can bring your whole self to work? Do you feel you can speak up? How do you feel about this place?” Participant 4

Completion rates vary from 20% to 60% of the organisation – a distinct limitation. If 40-80% of people are not completing the survey it would be interesting to know why and what they have to say about their experience of the organisation. The majority are likely to feel included but the minority will have a different experience and may feel unable, or unwilling, to share their views.

"Up to now everyone pats themselves on the back, because D&I is one of our highest scores. [...] Well, that's because 70% of our population are white men who are included in every walk of life, so of course they feel included." Participant 6

Another limitation is that self-report data is subjective, based on today's experience which may not reflect the experience across the year. Plus, everyone will interpret and understand questions differently; so, to what extent is it measuring what it is intending to measure? One route to overcome this is to seek qualitative data, with free-text fields.

"Do you feel you can bring your whole self to work? If yes, if you'd like to, explain. If no, tell us why?" Participant 4

This requires investment in analysis and interpretation, but the data may be rich and insightful. Surveys may have limitations, but this does not diminish their value as a tracking tool. There are a number of tested measures of inclusion, developed by academics, that might be worth investigating.

All participants measure diversity representation across the organisation, the whole point is to measure using the right data, to understand critical points in the career pathway, that will drive progress. This may be analysing representational differences through career progression, from application to hiring, to work allocation, promotion, reward and ultimately succession planning.

"Who got promoted? When we looked at who got the best jobs, and looked at utilisation and work allocation, there were still gaps between gender and ethnicity, which is what we measure." Participant 5

"How long does it take a woman to get to senior manager, compared to a man? It's the root of the problem. You have to measure the right thing." Participant 7

One participant noted that the ultimate measure of success is that the D&I Lead is a redundant role. They help the organisation become inclusive through supporting the development of the leadership, culture, and practices. Once these are embedded, it is then an inclusive organisation.

4.2.10. Outcomes

We asked our participants to describe their desired outcomes from fostering an inclusive organisation. They described creating a sense of belonging, improved business performance and future-proofing the business.

Most described the outcome, at an individual level, as diverse representation around the organisation, by creating a sense of belonging and equality.

"The D&I strategy is to radically accelerate the diversity [of our organisation], create a culture of equality, and create a sense of belonging." Participant 8

Our participants discuss in general terms valuing differences, but none of them describe the outcome of inclusion as a balance of belonging and being valued for their difference. Organisations need to give more attention to how they can actively value individuals for their differences that they bring to work. Examples of these inclusion practices are explored in the previous section, 'Value uniqueness', by participating in decision making, with access to information and resources to reinforce inclusion.

Inclusion outcomes at an organisational level include positive business performance from diversity in the supply chain, to stronger client relationships, and building more representative products that serve a diverse population.

"How can a bunch of white middle-class, middle-aged men understand and be able to create a development that speaks to a multi-cultural, multi-generational, population." Participant 6

A common theme was that inclusion has a positive outcome on the organisation's reputation. Reputation is built on how the organisation is experienced, and being inclusive enhances the reputation, making the organisation more attractive both to potential and current employees and clients.

"We've got skills and innovation gaps, so we would want to see broader pools of people applying for roles [...] and [improve] people's motivation, commitment, and performance." Participant 3

"[Through our inclusion work] from client feedback we were seen as quite a progressive diverse firm. The tangible impact on profit and on performance and success as a business and growth will definitely come through." Participant 1

An organisation perceived as inclusive can benefit from enhanced client relationships and attract and retain the best talent, future-proofing the business.

4.2.11 Conclusion and recommendations

Organisations seek to balance inclusion and diversity initiatives; they are complementary and symbiotic. Differential investment is necessary to level the playing field for minority groups but inclusion works for all. Using data to hold leaders to account is the most effective practice. Data transparency facilitates awareness, action planning, review, and feedback loops to drive change.

Inclusive leadership promotes the social need of belonging through high quality relationships. Inclusion and diversity should be threaded through all leadership development competencies. Belonging is also generated through workgroup inclusion, team building activities, team-based learning and promoting frequent interaction between majority and minority groups. Flexible working is an inclusive practice when it is promoted to everyone.

Organisations foreground practices to promote belonging but, to foster inclusion, this must be balanced with practices focused on valuing differences, such as participation in decision making. But it is more than being at the table; these different voices must be sought out, heard, valued, and leveraged to influence organisational and personal performance. Access to information and resources is necessary to fully participate in decision making. This may be access to networks through on-boarding and secondments, and equal access to work projects through fair and transparent work allocation.

The critical success factor in fostering inclusion is the implementation of the practices. Structural issues include how leadership is held to account, integrating the D&I goals into the business strategy, and testing and trialling initiatives to find out what works. Employee surveys must seek evidence of inclusion. Diversity representation data needs to measure critical points in the career pathway, from hiring and retention, to the length of time to gain promotion for different groups.

Outcomes from fostering an inclusive organisation include creating a sense of belonging, valuing individual differences, improved business performance and future-proofing the business.

We would like to thank D&I Leaders from Foot Anstey, CBRE, UK Power Networks, M&G, EY, Lendlease, Warner Media and Cranfield University.

Section 5: Conclusions and recommendations

FTSE 350 companies have increased the number of women on their boards significantly over the past ten years, with FTSE 100 boards at 38% and FTSE 250 boards at 35%, thus exceeding the Hampton-Alexander target of 33% set for the end of 2020.

Behind those banner headlines lies a worrying variance across the FTSE companies. Diageo leads the FTSE 100 with 60% women on their boards compared to Ocado Group with 17% women on their boards. The variance is greater across FTSE 250 companies with Games Workshop Group at the top with 67% women on their boards compared to ContourGlobal with just 11% women on their boards. This evidences the downside to voluntary targets and indicates that it is time to consider how the poorer performing companies can be pressured to take gender diversity seriously. After ten years of voluntary targets it is not a case of lack of awareness or education.

Last year we raised the issue of possible symbolic appointments of women onto boards as their tenure was, in general, shorter than that of their male equivalents and few of them were promoted into senior NED roles. This year sees a reduction in the gap on tenure and an upswing in the appointment of women into both SID and Chair roles. There is still a long way to go as only 14% Chair roles across FTSE 100 and FTSE 250 are held by women. We think that increasing the number of women in Chair roles should be the target in the short term, given the healthy pipeline of women NEDs and the importance of the role in the future appointment and development of female NEDs and in the appointment of the CEO and the executive team. This year we have compiled a list of potential women Chairs for the FTSE 100 boards.

In contrast to the continuing progress of women into NED roles, women have made no progress in executive roles across the FTSE 350 companies this year. It is difficult to explain the lack of women in CFO/FD roles as there is no shortage of women studying finance/accounting. The tiny numbers of women CEOs signal a longer term problem and may indicate that women are not being identified as potential high fliers early enough to acquire the necessary development and experience required. This may indicate that diversity and succession planning need to have greater oversight at board level than has been the case so far. The Financial Reporting Council raised the issue of the lack of attention and poor reporting of succession planning, diversity and board evaluation in their November 2020 report. We are endorsing the need to address this urgent issue here.

We examined the relationship between the number of women on the boards of the FTSE 100 companies, the roles they filled and the number of women in executive roles (Executive Committee and Direct Reports), using the data from the Hampton-Alexander final Review. We found that the majority of companies that had a critical mass of women in executive roles (at least 30%) also had a critical mass of women on their boards and women held influential roles (such as Chair, SID, ED or interlinked NED). When we shared the results with a number of experts, they agreed that the relationship was not trickle-down, but more likely to be generative.

Our special project this year was that of researching inclusive cultures. All participating companies agreed that it was important to balance the efforts of D&I. Inclusion involves not only fostering a feeling of belonging but also valuing everyone for the differences they bring to work. Interestingly there were no particular initiatives that were considered most effective; what was more important was the quality of the implementation. Inclusion needs particular attention as employees return to the office after the pandemic and increasingly work in hybrid ways.

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Susan held the Deloitte Ellen Gabriel Endowed Chair in Women's Leadership at Simmons College, Boston, USA from 2013-2016. Her particular research interests are gender diversity on corporate boards, women's leadership styles and the issues involved in women developing their managerial careers. Susan is Deputy Dean of the Fellows of the British Academy of Management and has been presented with the British Academy of Management Richard Whipp Lifetime Achievement Award in 2017. She has been identified as one of the top ten most influential people in Human Resources in the UK in 2016, 2017, 2018 and 2019. Susan has recently been inducted into the Thinkers50 Management Hall of Fame (founded in 2009, the Thinkers50 Hall of Fame honours the legacy of an elite group of thinkers whose work has had a profound and lasting influence on the world of management). Susan was a member of the Davies Steering Committee on the lack of women on FTSE boards and a member of the Hampton-Alexander Review of the lack of women in leadership in FTSE companies and is currently a member of the Steering Committee of Sir John Parker's Review of the lack of ethnicity on FTSE 100 boards. Susan is Vice Patron of the charity Working Families. Susan was awarded an OBE in the Queen's New Year's Honours List in 2005 and a CBE in the Queen's Birthday Honours List in 2014 for services to gender equality.

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Christine's research focus is on understanding how some organisations are seen as more inclusive than others and surfacing the practices that lead to inclusion. Prior to joining academia, Christine held several director level roles in operations and buying for large multi-site blue chip retail organisations and Managing Director of an international fashion brand. She then moved to PA Consulting and latterly was Chair, UK Board Services, Harvey Nash Executive Search. Currently Christine is a performance coach for executives in career transition and is a qualified psychotherapist. She is a member of the British Psychological Society and British Academy of Management.

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Michelle's research focuses on the lack of women in leadership positions and the impact that women on boards have in improving gender diversity below the board. Prior to joining academia, Michelle held a number of senior management finance roles in Canada, Europe and Asia. She has over 20 years of senior leadership experience in a number of different sectors leading business growth, driving profitability improvements, establishing and scaling operations and building operationally focused teams. Currently Michelle is a consultant and a non-executive director for an agri-business in Canada. Michelle is a Certified Management Accountant, received her MBA from the Richard Ivey School of Business in Canada and is a member of the British Academy of Management.

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Deirdre is a Reader in Occupational Psychology at Cranfield University and Director of the Gender, Leadership and Inclusion Research Centre. Previous roles include Head of Department, People and Organisations at the University of Lincoln. She is a Chartered Occupational Psychologist and an Academic Fellow of the CIPD. Research interests include remote and other forms of flexible working, work-life balance and gendered working practices. In all of her work she seeks to increase awareness of inclusion and diversity, challenging the often-unconscious processes which can limit individual actions and organisational practices. Deirdre frequently presents her research at practitioner and academic conferences within the UK and internationally. She publishes articles in journals of recognised international excellence and has written several book chapters on flexible working and work-life balance, women's career choices, and women-only leadership development. Prior to academia, Deirdre worked for 20 years as a Business Psychology Consultant in the private sector.

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