

Board diversity marred by succession crisis

A new [report](#) published by the Institute of Directors (IoD) in Ireland found increased support for gender targets over gender quotas, notably more so amongst men.

However, while the boards of Irish companies have increased their support for gender targets, unplanned succession problems are undermining progress.

The IoD, which represents 3,000 directors and business leaders in Ireland, found that 83pc somewhat agree or strongly agree that board diversity leads to enhanced board effectiveness and 77pc believe that board diversity leads to enhanced company performance.

39pc of respondents believe that gender targets rather than mandatory quotas should be introduced to increase the number of women on boards, an increase of 7pc on the 2017 survey. The results show that 6pc more women and 8pc more men are in favour of gender targets, compared with 2017.

Unconscious bias

Collectively, men and women (43pc) see unconscious bias as still the main barrier that women face when being appointed to boards as directors in Ireland, but women alone (54pc) cite lack of access to the same networks as men as the main barrier.

Around 47pc of respondents say that they do not have a rotation system for board tenure and 53pc of respondents say that they have been in their current role on the board for five or more years, 25pc for ten or more years.

50pc of respondents were directly or indirectly approached by the board or a member of the board, while just 12pc were appointed through an independent recruitment process.

Financial expertise (94pc), industry expertise (92pc), and corporate governance (87pc) are the top three desirable attributes on boards. Interestingly, 45pc of respondents believe there are deficits in skills and/or experience on their boards.

[“Diversity in the Boardroom 2019”](#) finds that there is an overwhelming recognition that board diversity in all its forms leads to enhanced board effectiveness and company performance,” said Maura Quinn, CEO of the IoD.

“Yet, on closer examination, it finds significant movement in certain areas like gender targets, but a

worrying finding when it comes to the appointment of board members, with almost half of respondents to our survey saying their board does not have a rotation system in place for board tenure.

“Resignation and retirement are still the main reasons for boardroom changes. This lack of planned processes around succession planning militates against effective board diversity for good governance.”

Quinn said that the call for gender targets for board appointments has increased, and we must heed this call to ensure there is real traction on this issue in the future.

“We need to ensure more transparent and more planned succession planning and recruitment processes at board level. While half of all respondents were directly or indirectly approached by the board or a member of the board, just over one-in-10 were appointed through an independent recruitment process.

“This leads to reinforcement of the perception that board appointments are about ‘who you know’ and of accusations of it being a ‘boys’ club’. An independent, transparent appointments process and best practice board tenure terms should negate such claims and, in turn, should lead to increased diversity.”

Written by John Kennedy

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Diverse board meeting image: [fizkes](#)/Shutterstock