

A director's perspective

A one-on-one with Irene Dorner

Why do you think the United Kingdom has succeeded in diversifying boardrooms without the use of quotas?

For years, there has been a cultural resistance to quotas in the UK. The UK has a completely different culture and governance structure compared to those countries that have implemented quotas. Is it working for us? Interestingly, the one thing that does tend to work in the UK is mainly naming and shaming.

It's worked in the sense that in the beginning, we were pushing on an open door with initiatives like the 30% Club and with an overall general sense in the business community that we have to do this. I think there was a fair following wind, and it moved very quickly, particularly in the FTSE 100. But as you go down to the FTSE 250 and beyond, it does tail off a bit. I think that the real answer to this is: Shifting boardrooms is not difficult compared to shifting whole workforces. Boardrooms are small, they're manageable, and if the chair of the board decides to push for it, a big difference can be made in only a few years' time. What's missing is the driving of the pipeline through the executive levels of the organization. Until we get that piece right, you won't fix the other end of it on a permanent basis. You will constantly have the chair roaming the markets trying to find the right talent.

What about diversity beyond gender?

The same is now beginning to be true for ethnicity, because that's the next big push. And the investors have really made a strong push for this. As a chair of a large UK company, I received a letter from a large investor saying that they will vote against chairs who haven't appointed a person of ethnic background by the end of 2021. I think that's a mark of the times.

How do you see this all playing out in the coming years?

I think it's going to be interesting to see what happens, because diversity means different things in different parts of the world. If you're an international company, you've got the added complexity that it doesn't mean the same thing in every jurisdiction, and people don't necessarily view it as so important in some corners. I sometimes worry that it's taken quite a long time to get this far, and it doesn't take much to fall back again. I had trouble with the idea of quotas over the years. I didn't want to be the token woman, and all that comes with it. Then I realized things weren't moving very quickly at all, and, at the time, we were looking at decades and decades to reach any sort of parity.

But you can't push for quotas for every type of diversity criterion. So, I think what happens is as you push philosophically down each of these avenues, you start to open people's ideas up to the fact that what you're really trying to do is create diversity and equality and inclusion across the board. The end result, I think, is that people no longer have to ask companies if they have ethnic or gender diversity on the board because companies already have diverse boards to operate their businesses effectively. So, while I don't think that having a quota for everything is a good idea at all, I do think that to keep pushing and setting objectives and targets is the right thing to do. Otherwise, it will fall off the agenda.

Are there specific things you see boards themselves doing to keep moving the dial?

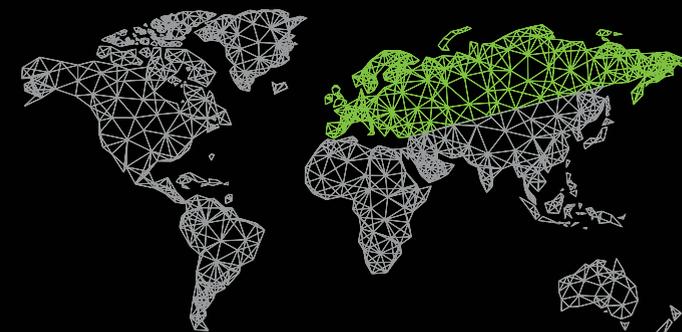
I think it's a layered approach, and it has to come all the way down from the chair through the committees and into the management. You have to keep on calling people to account, and it has to be in the regular cadence of the board so it's up for discussion. Then you have to not put up with it being a tick-the-box exercise. Don't just bring me the numbers—show me what's happening behind the numbers. What are you actually doing to move the dial? One example I've seen work is insisting that half of a slate of candidates for a position be female. You need to insist that it's written down in your HR manual, otherwise it just doesn't get done. The trouble is that diversity is all very well and good, but what you're actually looking for is inclusion. You could have a very diverse organization, but it wouldn't matter if the members were not thriving, interchanging ideas, collaborating, and feeling as if they are really fundamental and an integral part of the organization. That's what you're aiming for. And that's very hard.

Our data indicates that boards seem to be around twice as diverse when led by a woman. Do you have any views on why this might be?

Half of the world is female, and yet we're still referred to as a diversity group. I suspect that we have a slightly different view of the world than the male population. And I suspect that women, in general, are more tolerant of diversity than men. Anecdotally, when I look at employee resource groups across the companies I have been a part of, almost all were dominated by women. We always managed to drum up a lot of male support, but the women were much more focused.

It's important to have women in senior leadership roles, because women and girls need to see somebody who looks like them in those positions. If they don't, they may not feel like the organization understands or values them, or see how they can get to those positions themselves. We may lose people along the way.

In many ways, I think that's what has happened in boardrooms. Women have seen other women get there and said, you know what? I can do that. And women in senior positions can then start to pull women up behind them. Once you've got two or three women in the room, you start to build some momentum. I think what will start happening, and if I'm right about women seeing diversity slightly differently, it will probably push the other groups as well. You end up with the famous phrase, "the rising tide floats all ships."



Irene Dorner

Chair, Taylor Wimpey plc and Control Risks Limited, and independent non-executive director of Rolls Royce Holdings plc

Irene Dorner currently serves as the chair of the board of Taylor Wimpey plc, and as an independent non-executive director of Rolls Royce Holdings plc, chair of Control Risks Limited, trustee of the South East Asia Rainforest Research Partnership, honorary fellow of St. Anne's College, Oxford, and chair of Hampstead Theatre Board of Trustees.

She has strong leadership skills and commercial experience gained during her career spanning more than 30 years in banking and also through her various non-executive roles. Previously she had a long and distinguished career at HSBC, holding a number of senior positions, including CEO of HSBC Malaysia and CEO and president of HSBC in the United States. She retired from HSBC at the end of 2014 and was a group managing director of HSBC Holdings and a member of the group management board. Previously, Irene was chair of Virgin Money (UK) plc prior to its acquisition in 2018, and was an independent non-executive director of AXA SA until May 2021.