



# The Northern Ireland Economy: **Women on the Edge?**

A Comprehensive Analysis of the Impacts of the Financial Crisis

## Section 2: Economy



# Economy

## The Economy

The UK economy was in recession for one and a half years over 2008 and 2009. During this time the Northern Ireland economy contracted by 2%, and output declined again at the end of 2010. Northern Ireland's construction industry contracted over 2009 and 2010 while manufacturing reversed its 2009 decline to grow 2.7% in 2010. After a brief rally the service sector had declined again by the end of 2010, and the retail sector in Northern Ireland had the largest fall in the number of shoppers in the UK.<sup>1</sup>

The annual rate of price inflation jumped 1% in December 2009, the biggest rise since records began.<sup>2</sup> The cost of living continued to rise during 2010, with the Consumer Prices Index (CPI) reaching 3.7% in December and rising sharply in April 2011 to reach 4.5%. The wider inflationary measure, the Retail Prices Index (RPI), put the December rate at 4.8% and hit 5.2% in April 2011.<sup>3</sup>

Northern Ireland's employment rate was 65.8% compared with the UK average of 70.5%. Unemployment was running at the UK average of 8%, and is expected to rise further in 2011. Northern Ireland was the only UK region to record a significant increase in unemployment during 2010, an increase of 6.3% compared to an overall UK decrease of 8.1%. In December 2010, there were 693,000 jobs in Northern Ireland, an annual decrease of 8,200 jobs. The services sector account for the vast majority (81.4%) of total employee jobs and it lost 5,300 jobs.<sup>4</sup>

Northern Ireland's economy has been dependent traditionally on its uniquely large public sector. No OECD member has more than 25% of its workforce employed by the state, yet the public sector accounts for more than 30% of all Northern Irish jobs,<sup>5</sup> across local government, health and education and the civil service. Overall, contraction has been less in Northern Ireland than in the rest of the UK because of the importance of the public sector in the local economy.<sup>6</sup> With significant reductions in public expenditure underway this is expected to change.

The impact is expected to be greatest on women who make up almost two-thirds of the public sector workforce.

The Northern Ireland Executive has set out to shift the balance in favour of the private sector with an Economic Strategy driven by export-led growth, and its Budget promises £4bn of cumulative public spending reductions over the 2011-2015 period. To be successful, the Economic Strategy will have to overcome the decline in exports in 2010<sup>7</sup> and in overall business activity that has continued into its thirty-eighth consecutive month.<sup>8</sup> At the same time, the historical correlation between public spending and economic activity means that the fall in public spending may not bode well for the Northern Ireland economy.<sup>9</sup> Northern Ireland growth forecast for 2011 is 1.5%, slower than the UK as a whole (1.7%), and is just over 2% for 2012.<sup>10</sup>

To witness improvement in the economy, PricewaterhouseCooper (PwC) suggests that Foreign Direct Investment (FDI) and indigenous business must significantly outperform the average, yet Invest Northern Ireland supported investments have been in relatively low value added sectors.<sup>11</sup> It has been said that large parts of the private sector are not in any sort of financial or competitive shape to make the quantity or quality of investment to fill the gap left by the government's spending plans.<sup>12</sup> This is even more likely to be the case in Northern Ireland than in Britain. Business leaders suggest there has been significant improvement in the quality of jobs brought in through FDI in the last three years.<sup>13</sup>

Given the magnitude of the problems facing the economy, PwC expressed concern at the almost complete absence of economic and social targets and outcomes underpinning the Northern Ireland Budget, and the lack of attention to preventative or pre-emptive spending on early policy interventions to avoid more substantial funding being needed in the future. One example it cited was lack of investment in early years/childhood.<sup>14</sup>

### PwC

*"... Departmental spending plans emerged piecemeal, without any common reporting format and, in the case of at least seven departments, without enough information for*



*those participating in the consultation exercise to take a definitive view on their viability.”<sup>15</sup>*

### Cutting our way out of recession

Northern Ireland is severely challenged by both the Northern Ireland Executive's Budget cuts and those of the UK Government at Westminster. Steps to reduce the UK Budget deficit have been weighted towards spending cuts rather than tax rises, with a ratio close to 4:1.<sup>16</sup> Northern Ireland's GDP is 80% of the UK average.<sup>17</sup> The only periods when the Northern Ireland economy has moved towards convergence with the rest of the UK has been during periods of rapid public expenditure.<sup>18</sup> However, Northern Ireland remains the only UK region not to have shown any real measure of recovery and public spending will fall in each of the following four years. Capital budgets have taken a very deep cut.

#### **DETI Economic Commentary March**

**2011**

*Low prosperity has been a long-term problem, with living standards in Northern Ireland remaining at around 20% below the UK average.<sup>19</sup>*

Angela McGowan, Chief Economist with the Northern Bank suggested that the coming years will not be without pain, particularly for low income groups,<sup>20</sup> among whom women are over-represented. Long-term unemployment is a significant issue and at the same time money for education and training will be squeezed.

To draw a line under the recession in late 2009 would fail to examine the impact of decisions and actions to reduce deficits and rebalance the economy that have begun to bite in 2010 and 2011. The UK government's longer-term changes to tax and benefits are impacting profoundly on women, their livelihoods and their families. The primary action towards cutting the national deficit to drive the economy out of financial crisis is to make substantial cuts to public expenditure, affecting public services and depressing the welfare benefits that provide the social safety net for the most vulnerable, predominantly women and children. There are those who argue that this austerity drive is not common sense but politically driven nonsense.<sup>21</sup>

#### **Centre for Progressive Economics**

*A counter cyclical framework consisting of a system of automatic adjusters according to the measurements of GDP growth would enable spending to be reduced when recovery is assured, increasing the possibility that fiscal policy could contribute to bringing down the debt and the deficit in a sustainable fashion according to a clear set of criteria.<sup>22</sup>*

A Programme for Government (PfG) should provide the important strategic framework for the economic and social vision that underpins a government Budget. The Northern Ireland Executive has yet to produce a PfG against which spending plans can be measured. Women's NGOs noted the inadequate equality impact assessment of the Budget and called for public expenditure to be targeted to address specific inequalities. The Executive's attention has been drawn to women as carers, childminders and volunteers as well as workers,<sup>23</sup> and the budget has been identified as lacking a childcare strategy.<sup>24</sup> This is recognised as being the single biggest barrier to women's participation in employment, education and training and public and political life.<sup>25</sup>

#### **Anna Bird, Acting Chief Executive Fawcett Society**

*“Women are acting as shock absorbers for the cuts, bearing the brunt of job losses, reduced benefits and the rollback of public services like the NHS. This latest budget was an opportunity to try and ease that burden, but the Chancellor's plans do nothing to target new forms of enterprise and employment opportunities for those who need them most.*

*“It's time for the government to admit there is a problem with “business as usual” and recognise that to grow, we need everyone to play their rightful part. Women play a valuable role in the economy, but we urgently need to close the gender pay gap – in the private sector this stands at 21 per cent – broaden women's employment options, and provide more support to enable more women to start up businesses.”<sup>26</sup>*

Rebalancing the economy from the public to the private sector will disproportionately affect women, given their preponderance in public sector jobs. Civil service pay scales have been frozen for the past two years and a further freeze



for those earning over £21,000 has been called for along with a below-inflation flat payment for those earning under £21,000. Both these measures will have more impact on women who comprise over half of the workforce and 76% of those in the lower grades. Moreover, cutbacks in public expenditure will impact on the community and voluntary sector which sustains much of Northern Ireland's vibrant community infrastructure and social development and where women also predominate in employment and provide most of the community services.

**Prof. Diane Elson, Chair UK Women's Budget Group**

*"We call on the government to learn from the worsening indicators of employment and output, and to rethink its economic strategy, as it is rethinking its health service strategy. Appropriate public expenditure can support the creation of decent jobs and greater progression toward economic prosperity and equality."<sup>27</sup>*

**World Economic Forum**

The 2009 World Economic Forum (WEF) in Davos recognised that the economy required greater attention to be paid to women's contribution. A gender quota for sponsors' executives was introduced for the 2011 summit; one in five delegates sent by strategic partners had to be female. Successive meetings of the WEF have urged for more women to be appointed to senior leadership positions in companies and governments, noting that this is likely to assist with solutions to the financial crunch and prevent future disasters. Women must be advanced in order to promote economic growth, and a disproportionate impact of the economic downturn on women must be avoided.

**The Observer**

*"This mess was made by men. Now let the women have their say. It's ludicrous that men dominated the debate in Davos. The single biggest force for economic growth is being ignored."*

*"The big theme at this year's World Economic Forum (WEF) was "Shaping the Post-Crisis World". The idea that that can be achieved while excluding half the population is breathtaking in its arrogance ... They [men] have wrecked the*

*world economy, but seem oblivious to the idea they may not be the best people to rebuild it."<sup>28</sup>*

Commenting in the wake of the WEF meeting in Davos in 2009 the Business Editor of The Guardian referred to The Economist's description of women as the single biggest, and least acknowledged, force for economic growth on the planet with the suggestion that over the past few decades women have contributed more to the expansion of the world economy than either new technology or the emerging markets of China and India. "We can't undo the crisis, but we can change the terms of the analysis so we think and talk about it in a more rounded way; so that we listen to the voices of women; and so that we bring some humanity into economic discourse. The harsh truth is that this clean-up is too important to be left to the men who made the mess."<sup>29</sup>

**World Economic Forum**

*"Countries which do not capitalise on the full potential of one half of their societies are misallocating their human resources and compromising their competitive potential."<sup>30</sup>*

**Women entrepreneurs**

In pursuing its key goal of equal economic independence for women the European Commission identified that the proportion of female entrepreneurs across the EU is 33%, with 30% engaged in business start-ups.<sup>31</sup> There are many fewer women entrepreneurs in Northern Ireland with just 2.4% of women engaged in entrepreneurial activity in 2009 compared with 8% of men.<sup>32</sup> A further 7% of employed women in 2010 were self-employed and comprise 22% of the self-employed, up from 16% on the previous year.<sup>33</sup> Women are one-third as likely to be entrepreneurs than men. Not only is Northern Ireland far below the EU figure for women's entrepreneurial activity it is ranked bottom of the twelve UK regions for early stage entrepreneurial activity among women.<sup>34</sup>

It is acknowledged that women are the largest under-represented group when it comes to enterprise and represent a very large pool of untapped potential. If women were to equal men in enterprise there could be 28,000 more female-owned businesses (on 2009 figures). If women in



Northern Ireland attained the same rate as women in Britain, Northern Ireland would benefit from 10,000 additional businesses.

Entrepreneurial activity is particularly low among young women in Northern Ireland, and young female graduates much less likely than their male counterparts to develop a business.

The factors that contribute to this underdevelopment include women's access to a mentor, belief that a business opportunity exists, fear of failure, concern over whether they possess the right skills. Yet women believe that entrepreneurship is a good career choice.<sup>35</sup> The European Commission, too, is concerned that women do not consider entrepreneurship as a career option and suggests that the implementation of the revised Directive on self-employed women should remove a major barrier to female entrepreneurship. The Commission is also promoting an EU Youth on the Move flagship initiative (COM (2010) 477) to teach entrepreneurship as a basic skill in schools.<sup>36</sup>

Women entrepreneurs receive some targeted support: Invest NI has a target of achieving 50% female participation on its entrepreneur development programme 'Go for it'; it has reached an average of a 38.5% participation rate. DETI's Women in Northern Ireland annual monitoring in 2009 noted that a negative culture still existed which more role models could help overcome.

Former Northern Ireland Institute of Directors chair Joanne Stuart acknowledges that work has been done by Invest NI and the Rural Development Council to encourage women in business. Women business start-up is improving but from a small base. More women from scientific, technological and other business and finance backgrounds are beginning to move into business whereas previously a large proportion was focused around women and lifestyle. Women's entrepreneurship may provide some of the answers to graduate and youth unemployment. It is worth pondering whether women who have come from a predominately male employment sector, such as IT technology, may be a little better prepared for moving into the male-dominated business world.

### **Joanne Stuart, Chair, Institute of Directors 2008-2011**

*Networking is an important activity for business people. Given that networking events often take place in early morning and the evening when women are "carrying the lion's share of childcare and household responsibilities" presents a real challenge.*

Women as role models and special initiatives for women are important. When Joanne Stuart was chair of the Institute of Directors in Northern Ireland female membership went up 5%, perhaps helped by the fact that it is "just beginning" to be more usual for women to be in business and senior positions. As chair Joanne oversaw the IOD Annual Women's Leadership Conference and hosted a series of lunches for twelve women at a time. The results were reflected in the IOD Annual Dinner in 2010 where a quarter of those attending were women, with an even higher percentage attending the dinner in 2011. "You would not have seen this before."

There are a number of NI-wide and local business women's networks which provide opportunities for peer mentoring, sharing learning and growing business networks: Women in Business, Business Women's Network encompassing Women on the Move (North East), Women in Enterprise, Network for Enterprising Women and Enterprising Women's Network (Armagh and Down).

### **Women in Business**

*Support and empower new and established women owned businesses and women in management positions, by providing information, encouragement, ideas and business connection through networking, throughout Northern Ireland.*

In the main, senior women know how to network; the women who are not networking are in middle management. Coaching and programmes to develop women's talent and professional skill such as those run by Deloitte and the Ulster Bank help as do similar programmes offered by other sectors such as Women in Local Councils working with senior managers in the local government sector.

### **Top Tip**

*Women need the right support and mentoring from outside their own business/ company.<sup>37</sup>*



DETI notes that Northern Ireland's poor productivity performance is driven by low levels of innovation and entrepreneurship as well as low skills levels.<sup>38</sup> Given the potential of the resource, women entrepreneurs could be a greater part of the Executive's strategy for growing the economy. Moreover a greater number of women than men are likely to be displaced through the Northern Ireland Executive's efforts to reduce reliance on the public sector and rebalance the economy through export-led growth. Alternative employment routes for women must be found therefore. Not only is Northern Ireland the lowest ranking UK region for women entrepreneurs, it is also the lowest business start-up rate of all UK regions, below average entrepreneurial activity and fewer businesses are innovation active.<sup>39</sup> This negative position could be turned around by increasing focus on women entrepreneurs.

Women-owned businesses must be a significant part of the Northern Ireland Executive's vision for the economy of 2020 which it envisages as characterised by a sustainable and growing private sector. If Northern Ireland is to follow other successful countries and regions in economic development by affording economic development the highest priority in government<sup>40</sup> it is essential that equal regard be given to securing women's participation, investing in women and ensuring that women are beneficiaries. This should be factored into developments from the highest political level to detailed implementation measures.

The Executive's declared priority for driving the economy is export-driven growth, including through Foreign Direct Investment companies (FDI) and indigenous businesses. It suggests that it might target its particular rebalancing themes to "benefit only particular export focused sectors of the economy" from which they have identified several niche cross-sectoral and cross-disciplinary market opportunities in an earlier report (2008 Matrix Report).<sup>41</sup> At the same time DETI acknowledges that it must deliver equality as well as balanced sub-regional growth and sustainable development.<sup>42</sup>

Women's entrepreneurial capacity is an untapped potential for significant growth, yet it is very underdeveloped and not many women may be at the export stage, at least not in significant volume.

Thus, there is a danger that women entrepreneurs may be left further behind, and the Northern Ireland economy lose out on the benefit, unless investment is also targeted towards women. Given that women-owned company start-ups are starting from a low base will sufficient numbers of them be in a position to take advantage of export drives? How might they be supported at a lower level and developed to move towards exporting? Given their stage of development, how are women-owned businesses to be incorporated into the opportunities that the Northern Ireland Executive is driving to grow the economy?

Acknowledging that growth out of recession will be slow and the private sector is starting from a small base, Joanne Stuart, former chair of the Institute of Directors, concurs with the Executive's focus on exports to drive the economy and the importance of Foreign Direct Investment (FDI). Northern Ireland, along with the rest of the world, has experienced a financial credit crunch plus a recession, with the financial credit crunch causing the major headache for business. Equity finance is very cautious in Northern Ireland due to the historical reliance by business on bank financing.

Given that more women are starting their own businesses, more women are likely to have been hit than previously with both recessionary challenges and securing equity finance. It has been suggested that the current financial squeeze should affect men and women equally. However, in the past, women have found it harder than their male counterparts to access loans for business start-up and it is difficult to assess if this remains the case as the gender disaggregated evidence is not routinely gathered. Moreover, women as a group are starting from a lower plateau of business development, so the recession hit may have come at a worse time for women entrepreneurs as a whole; for example, putting women off who were thinking of starting up a business like one young woman in one of the focus groups for this project.

Invest NI consumes approx 65% of DETI's budget<sup>43</sup> and it needs to establish solid targets for women's enterprise beyond participation in development programmes as part of delivering the Executive's economic vision. Women should be beneficiaries of venture capital initiatives.



How many of the 585 companies supported to become exporters since April 2008 were female-owned businesses?<sup>44</sup> Invest NI should expressly assist women entrepreneurs to become exporters. Women entrepreneurs should equally benefit from aid programmes to mitigate the effects of the downturn and be supported to access business finance. They should be encouraged to start businesses in key target areas identified for business growth in Northern Ireland, for example, in low carbon/green economy projects, and assisted along with other small businesses to access public procurement projects. InterTradelreland should also prepare baseline information on its engagement with women-owned business and set targets to develop opportunities for women.

### **Anna Bird Acting Chief Executive of the Fawcett Society**

*"The kinds of businesses that will see their profits boosted from the tax breaks and other incentives in this budget – a reduction in corporation tax and changes to the Enterprise Investment Scheme for example – are typically owned and invested in by men. At the same time funding is being withdrawn from schemes that support women in setting up a business.*

*"We are shocked that the government happily admits to the skewed impact – stating that those who will benefit from the Enterprise Investment Scheme are largely 'male, located in the South of England and have higher overall income levels.' "We think it's time to recognise that business as usual is failing women across the UK."<sup>45</sup>*

DETI will progress programmes under the EU Competitiveness Programme with expenditure targeted at innovation, enterprise/ entrepreneurship, telecommunications, sustainable energy and tourism.<sup>46</sup> It should proactively link this to other EU initiatives to drive up women's entrepreneurship. For example, DETI could link into the European Network to Promote Women's Entrepreneurship (WES), directly and through the Whitehall department representing the UK, take part in WES activities, introduce good practice ideas from elsewhere into Northern Ireland and implement concrete actions suggested by the network. Indeed, one of the initiatives under the European Commission's Strategy for Equality between

Women and Men 2010-2015 is to continue support to the promotion and encouragement of female entrepreneurship under the Competitiveness and Innovation Framework Programme (CIP) and within the framework of the Small Business Act for Europe.<sup>47</sup> DETI should engage actively in EU conferences on female entrepreneurship, see what benefit it can derive for Northern Ireland from the creation of the European Network of Female Entrepreneurship Ambassadors. Women in Northern Ireland might gain from the European Commission's efforts in promoting mentoring schemes for women entrepreneurs and entrepreneurship skills for women graduates across Europe.

At the same time, it will want to report on positive developments for women in any EU monitoring of both initiatives and progress.

The social economy is a key function for DETI which takes the lead on the Executive's Social Economy Enterprise Strategy.<sup>48</sup> According to the Social Entrepreneurship Monitor Report 2006, the social entrepreneurial activity rate for Northern Ireland, at 3.3%, is the fifth highest out of twelve regions in the U.K. In 2007, DETI carried out a survey among 400 known social enterprises in Northern Ireland and found they employ 6,000 people, engage 5,000 volunteers and have a turnover of £335m per annum.<sup>49</sup> This is estimated to be about 40% of the total number of over 1,000 social enterprises in Northern Ireland. Social economy activity accounts for approximately 5% of economic activity.

In Europe, 3.5 million jobs are provided by social enterprise, delivering a broad range of services. There is an increasing interest across the globe in the social enterprise model of business which can drive regeneration, neighbourhood renewal, employment in deprived areas and social reform. DETI should gather data on women-led social economy enterprises, explore the role of women's leadership of social economy projects and encourage women in social entrepreneurial activity to network with other women in business.

The Executive's Investment Strategy 2008-2018 stated the intention to 'promote social inclusion and equality of opportunity in the procurement of infrastructure programmes' so that each major



procurement project provides an opportunity 'to progress the Executive's wider economic, social and employment objectives.'<sup>50</sup> The Minister and Permanent Secretary of the Department for Enterprise, Trade and Investment should ensure that gender sensitivity is incorporated into all economic planning and implementation. For example, women-owned enterprises might be included in the pool of those tendering for contracts; equality criteria for the delivery of procurement contracts should extend to including women; women should be equally assured of places on apprenticeship programmes attached to contracts; and women should equally benefit with men from the £19 million in the 2011-2015 Budget that the DETI Minister has set aside for a Short Term Employment measure to create 5,000 new jobs over and above the existing target.<sup>51</sup>

In working with firms in driving forward growth, the Executive can exert leadership in expecting that companies set high standards and meet their gender equality obligations: For example, fair and equal pay should be expected if the gender pay gap is to be permanently closed and women are not to remain on the lowest pay levels. Women must have full access to education and skills development, to apprenticeships, to new jobs especially those in high added value industries, to opportunities arising in a diversified rural economy and to support for entrepreneurship.

DETI's approach to the infrastructure to support enterprise and growth should go beyond transport, telecommunications and similar investments to include facilities to support working mothers such as childcare centres. This would deliver a quadruple result: infrastructure support to employment, a slew of new business enterprises and social economy enterprises, a likely increase in women entrepreneurs and a significant contribution to the Executive's social agenda.

Taking specific measures to assist women's entrepreneurial talent makes good business sense for government. It is also in tune with thinking across Europe. The European Commission encourages Member States to promote female entrepreneurs and a business environment that facilitates the creation and development of women-led companies and women's self-employment.

Flexibility is an issue for women and the business sector is in favour of flexibility, although it prefers that this is not legislated for but is left to good business practice. Thus women employees and the business sector approach flexibility from different angles and have different primary needs. Joanne Stuart, former chair of the Institute of Directors in Northern Ireland, suggests that, as far as the recession is concerned and growing the economy and growing business, "it will be the progressive companies who believe in diversity and having a strongly talented diverse workforce that will survive". Based on her experience working in Oracle, Joanne Stuart holds that one of the major contributions that FDI companies can make is a strong personal and professional development programme which spots, supports and fast-tracks talented women as well as talented men. "The future is outward looking and progressive."

### Corporate Governance

Good governance requires women's equal representation on boards, influential committees and in senior management positions. This includes private company boards and publicly appointed bodies as well as senior management in public administration, private sector companies and the voluntary sector and amongst political leaders. Women must be at the table with men in driving Northern Ireland's vision for economic growth, as well as a socially cohesive and just society. It is inspiring that the Minister driving the economic strategy is Arlene Foster MLA, the chair of the Economic Advisory Group advising the Minister is Kate Barker CBE, former member of the Monetary Policy Committee, Bank of England; and there are two other women, Lorraine Hall (Marketing Director of Kestrel Foods) and Professor Frances Ruane (Director of the Economic and Social Research Institute) in the group. It is important for this to be matched with women in the senior ranks of the Civil Service, particularly in DETI.

It is imperative that there be numbers of women among those who are leading the Investment Strategy through the Strategic Investment Board, Invest NI, DETI's Procurement Board, any North/South collaborations and other advisory committees. Women-owned businesses should be present in trade missions, not just in token numbers. All investment management agencies, including departments,



should receive skills training in gender awareness and assessment. Women need to be part of departmental and agency planning teams leading projects whether on transport networks and tourism development or regeneration and neighbourhood renewal.

### The Observer

*"There is also a need for more women in global financial institutions. The Bank for International Settlements has no female directors; The IMF has one woman executive and the World Bank has two out of 10 executive directors."<sup>52</sup>*

Just one in ten members of management boards of large publicly listed companies and only 3% of presidents of boards in the EU is a woman. The European Commission suggests there is a need to raise the number of women in economic decision-making through self-regulation or an EU initiative.<sup>53</sup> The figure for women on the largest publicly listed boards in the UK in 2009 is 12% while Norway heads the field in the EU with 42%. Norway took specific measures to address the under-representation of women and made significant progress on their implementation.<sup>54</sup>

The European Commission has launched a 'Women on the Board Pledge for Europe' as part of the EU's gender equality strategy. Signatories are expected to outline concrete steps to increase the number of women in top jobs and to identify specific measures for each year. Pledges will be made public.

### Women on the Board Pledge for Europe

*"I pledge to reach the target of 30% female board members by 2015 and 40% by 2020 by actively recruiting qualified women to replace outgoing male board members."*

Joanne Stuart Director of Attrus Limited, and former chair of the Institute of Directors in Northern Ireland, concurs that more women, and greater diversity generally, are needed on company boards for very good reason – people make decisions in different ways and a diverse board is more likely to arrive at a decision that has been teased out with different considerations weighed in the balance.

### Joanne Stuart, Chair Institute of Directors NI 2008–2011

*"Women manage risk in a different way from men. Women can take risks, they are not risk averse but more .... not quite more cautious .... but make informed judgements about risk are more measured."*

Quotas are not something favoured by the business sector, but the Institute of Directors agrees that the under-representation of women in business needs to be tackled. Joanne Stuart suggests that women need to come forward and apply for board appointments, to have confidence and gain the right kind of experience. Talented women need to be identified, mentored and promoted. The right professional development should be in place. Companies should be encouraged to identify talented women and men, support and fast-track them.

One difficulty with appointments to private boards is that processes can lack transparency. Networking is critical as can be seen from the number of former senior public servants who are on private boards, often because the company has worked with them when in the civil service. Joining the board of a voluntary organisation can offer a first step onto the ladder. But more needs to be done to develop the private sector's understanding of and relationship with the voluntary sector, including the voluntary sector's engagement in successful social enterprises. Joanne Stuart suggested cross-mentoring where the private sector supports and mentors social enterprises and the social enterprise sector conversely mentors in social value skills.

### Joanne Stuart, Chair Institute of Directors NI 2008–2011

*"Women have to get better at creating their own formal and informal networks. They need to share more information and encourage women to put themselves forward for private board positions. We need more women applying to all boards, and we need to have more women on the recruitment panels."*

Strictly Boardroom undertook some research on public appointments in Northern Ireland in 2011 which it shared at an International Women's Day business conference jointly organised by the



Institute of Directors and Women in Business.<sup>55</sup> Gathering information from women business owners, senior managers and directors it concluded that “[t]he current public appointments process is not fit for purpose. It is inflexible ... and in its current format provides for exclusion rather than engagement.”

There are just two women leaders in the top 100 businesses in Northern Ireland. Boards of companies in the FTSE 100 are comprised of 87.5% men and 12.5% women.<sup>56</sup> The Davis Report points out that “[a]t the current rate of change it will take over seventy years to achieve gender-balanced boardrooms in the UK.” In his introduction Lord Davis said: “On balance the decision has been made not to recommend quotas. Government must reserve the right to introduce more prescriptive alternatives if the recommended business-led approach does not achieve significant change.”

### Quotas

*There are different views on the use of quotas and it is regularly suggested that a quota is contrary to the merit principle. Yet, the two do not need to be opposites. Quotas are rather about creating an equal opportunity. They challenge structural bias, an embedded culture that people do not realise is present and deep-seated prejudice/bias/discrimination where it exists. The approach is really about removing the quotas for men that are so ingrained in the system they appear to be ‘natural’ or ‘the norm’. Some far sighted institutions and countries have moved to seeking a 40% balance between women and men on public and private boards to achieve balance and diversity. At the same time, all appointments can be meritorious.*<sup>57</sup>

The Report identified supply and demand as two challenges. The first challenge is the supply through the corporate pipeline with fewer women than men coming through to the top level of organisations. The second is that there are more women more than capable of serving on boards who are not currently getting these roles. Lord Davis asserts that “Chairmen and Chief Executives of UK companies need to take action.” He recommended clear targets and action against which he will measure progress every six months and report on annually:

- All Chairmen of FTSE 350 companies should set out the percentage of women they aim to

have on their boards in 2013 and 2015. The minimum goal for the FTSE 100 should be 25% women. All Chief Executives should set goals for their Executive Committees.

- Quoted companies should be required to disclose annually the gender breakdown in their entire organisation.
- The Financial Reporting Council should amend the UK Corporate Governance Code to require listed companies to establish a boardroom diversity policy with measurable objectives against which progress in achieving these is disclosed annually.
- Companies should report on these in their 2012 Corporate Governance Statement.
- In complying with the requirements on companies to report on their nomination process in their annual reports, this should include meaningful information and specifically address diversity in appointments.
- Women should be sought from within and outside the corporate sector and there should be consolidation and improvement of training and support for potential board members.

### Conclusions

Women are beginning to make their presence felt in economic matters. In addition to those involved in the Economic Advisory Group, Angela McGowan is the Chief Economist at the Northern Bank and Frances Hill is Head of Bank of England in Northern Ireland. While there is room for improvement in the private sector, successful economic planning for the Northern Ireland economy requires partnership between the public sector and the economic and social sectors. There needs to be concerted action to increase the number of women in the senior ranks of public service where the real influence on policy decisions happen. It is welcome to see a number of female Ministers in the Northern Ireland Executive, and more are needed to redress the gender imbalance.

The Executive’s declared priority for driving the economy is export-driven growth. It is important that women are not excluded from or left behind in contributing to this and other Executive priorities for growth. An assessment should be made of women-led businesses across Northern Ireland taking account of their stage of development and their current level of capacity. This should be done in conjunction with monitoring to assess the



gender-balance in opportunities presented to business as part of the Executive's economic strategy. Special initiatives for women should include higher-level support, development programmes and mentoring targeted at women entrepreneurs in the niche cross-sectoral and cross-disciplinary market opportunities identified by the Executive as part of its future growth strategy.

Women's position in public appointments and on the boards of private companies must be improved as a matter of urgency. From the World Economic Forum to the European Union, the necessity of setting goals and taking action has been raised. The UK Government appointed Lord Davis to address the under-representation of women on private sector boards. He recommended decisive action, setting targets and monitoring progress. Listed companies are to be held to account publicly for their progress on women attaining positions on boards and in the senior management of companies.

The Northern Ireland Executive should consider Lord Davis' findings and issue a document on how it can drive his recommendations forward in Northern Ireland. Furthermore, it should consider how the public appointments system can be improved to get greater diversity on public bodies. The Executive should set equally solid targets and timescales for public bodies and ensure they are met.

### Recommendations

- The Northern Ireland Executive should move speedily to adopt proposals to extend parental leave and flexible working in Northern Ireland, and DETI should provide support to the business sector to ensure businesses are prepared for implementation.
- The Minister and Department for Enterprise, Trade and Investment should give leadership in developing a business environment that facilitates the creation and growth of women-led companies and women's self-employment. They should ensure that investment and enterprise development bodies develop effective initiatives and programmes to advance women's entrepreneurship, including among young women graduates. More female role models should be identified and profiled.
- The Executive and Minister for DETI should ensure that women-led businesses are identified to contribute to the specific elements of its economic growth strategy. Where necessary the Executive's delivery bodies should put high-level support and mentoring programmes in place to ensure that women entrepreneurs can be included. Greater awareness of what is available needs to be fostered. Innovative approaches should be taken to overcome the additional pressures on women so they can take up opportunities.
- The Executive should put a strategy in place to tackle the under-representation of women in the senior civil service. In particular, a cadre of senior women should be developed in enterprise, trade and investment not alone in the department but across public bodies in the economic field.
- Steps should be taken within political parties to appoint more women to senior office and to provide personal and professional development for women in their ranks to feed the supply chain to senior political office.
- The Minister for Enterprise, Trade and Investment should encourage corporate social responsibility initiatives on gender equality across the private sector.
- The Executive should require transparent pay arrangements and introduce mandatory pay audits for companies in Northern Ireland. The Ministers for DEL and DETI should encourage equal pay initiatives in the workplace and provide leadership for the annual European Equal Pay Day.
- The First and deputy First Ministers and the Minister for DETI should implement Lord Davis' recommendations in relation to equal representation of women on the boards and in the senior management of private sector companies in Northern Ireland. It should establish a Northern Ireland steering group comprised of the public and private sector and gender experts to support the private sector in achieving this and to monitor and report annually on progress.
- The Northern Ireland Executive should ensure that 40% of appointments to public bodies are made from either gender. It should set a goal of reaching this target by 2013.



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