



Research Paper

Career Paths of CEOs and Chairs of Irish Publicly Listed Companies



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Executive Summary

Studies have shown that many factors, including knowledge, skills and personality characteristics contribute to advancing into senior leadership positions.¹ A further avenue of insight can be gained by exploring the career pathways of those holding such roles.

↗ Find out more: Bibliographic references and tables relating to the research are included in a standalone resource at <https://www.betterbalance.ie/resources/>

Global reports exploring this issue indicate that most CEOs have led lines of Business, Finance or Operations prior to becoming CEO². The 2019 report by Deloitte Insights found that 40% of CEOs in 111 public financial institutions had led Finance functions before becoming CEO, while 38% had led Operations functions. While these reports provide some illumination as to the career pathways of senior leaders in the global context, those of Irish CEOs remain unclear.

Using data gathered by BoardEx relating to Irish industry, we examined the historic career roles held by Irish CEOs and Board Chairs (Chairman /Chairwoman/ Chairperson) in Publicly Listed Companies (PLCs). Our purpose was to establish the extent of role-based commonalities within the career backgrounds of such individuals.

Our analysis revealed that the situation in Ireland mirrors the international arena. For both CEOs and Chairs, the dominant domain of previous career experience was in the Finance type roles, followed by Business Development. The lesson to be extracted from this analysis is that individuals aspiring to CEO or Chair roles in PLCs should gain experience in leading Finance, Business Development and Operations functions.

- 1 Connelly, M. S., Gilbert, J. A., Zaccaro, S. J., Threlfall, K. V., Marks, M. A., & Mumford, M. D. (2000). Exploring the relationship of leadership skills and knowledge to leader performance. *The Leadership Quarterly*, 11(1), 65-86.
2. Deloitte. Insights. Diversifying the path to CEO in Financial Services. Retrieved on 13 September, 2022, on https://www2.deloitte.com/content/dam/insights/us/articles/6577_FSI-Path-to-CEO-Report-Layout/DL_FSI_Path%20to%20CEO_Report.pdf

1. Data and Analytic Process

BoardEx is a publicly available repository of data on executives and organisations (www.boardex.com). It tracks and analyses the profiles of more than 2 million public, private and not-for-profit organisations.³ Two categories of data concerning Irish CEOs and Chairs of PLCs were sourced from this database:

1. Demographic details (name, age and gender)
2. Career roles to date

The previous two non-concurrent roles of the CEOs were identified and assigned a code (See Table 1⁴). Prior roles held by Chairs were also tracked to illuminate progression pathways.

We particularly noted:

- i. Tenure in Chair role
- ii. Progression process from board member to Chair
- iii. Time required to become a Chair on a PLC and private company board

2. CEO Findings

Data concerning 33 CEOs of Irish PLCs were included in the sample. As only four CEOs were female, no meaningful gender-based analysis was possible. The average age of CEOs was 55 years.

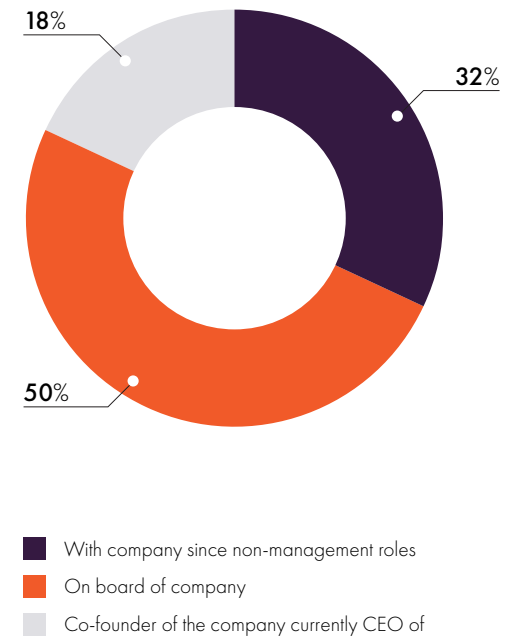
2.1 Route to CEO

Of the 33 CEOs, two-thirds of them were 'first-time' CEOs while the remainder already had CEO experience⁵. Eighteen percent of the CEOs were in CEO roles before being appointed to their current CEO role. Over half of CEOs (60%) held board roles prior to being appointed to their current CEO role. These roles included Secretary (Group Secretary/Company Secretary), Director, NED, INED, Board Member, CFO/Director Finance/Deputy Director Finance, COO, CTO, Chair/President.⁶

Sixty-six percent of CEOs were promoted from within their current company. Of these, approximately one third of them had been with their current company since being non-management employees. Half of them had been on the company board before being appointed CEO, while just under twenty percent were co-founders of the company.⁷

FIGURE ONE

Breakdown of 66% of CEOs Who Were Promoted from Within their Company



6. See Table 2 CEOs' Previous Roles

7. See Table 4 Internal promotion to CEO

3. BoardEx FAQs. Retrieved on 13 September, 2022, on <https://www.boardex.com/faqs>

4. See Table 1 Previous Role Codes

5. See Table 3 Previous CEO Experience

2.2 CEO Expertise

Seven domains of expertise were identified among the sample of CEOs. These included Finance, Business Development, Operations, Entrepreneurship/Investor, Technology, Engineering and Law/Corporate Law.⁸

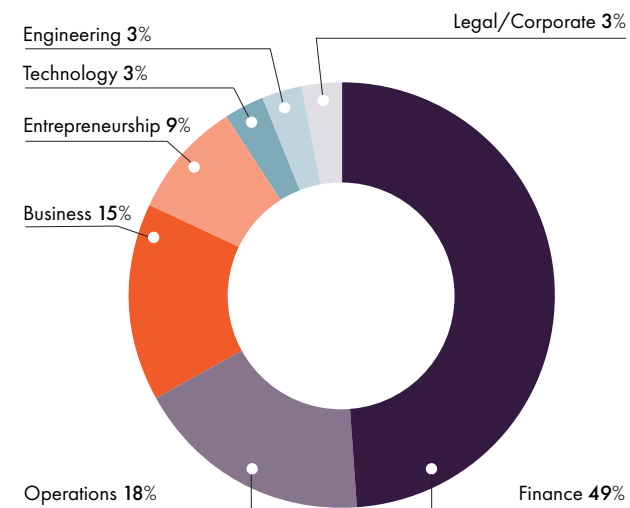
The largest proportion of CEOs (49%) had expertise in Finance. Operations (18%) and Business Development (15%) were the next most common areas of expertise. Nine percent had an Entrepreneurial background (founders/investors), while the expertise of the remainder included Technology, Engineering and Law/Corporate Law (see Table 6 CEOs' Career Development Taxonomy – Career Sector and Path).⁹

2.3 Industry Sector¹⁰

Sector definition was based on the classification system used by BoardEx. Most CEOs came from the Financial, Consumer and Industrial sectors with smaller numbers representing Consumer Staples, Real Estate, Health Care, Basic Materials, Energy and Technology. The majority (64%) of CEOs had developed their careers to CEO level within the same industry sector. It is interesting to note that of the CEOs who moved between different sectors of industry, 67% of them had Financial expertise.

FIGURE TWO

CEOs and Career Path Percentages



8. Table 5 CEOs' Career Paths Descriptions and Examples

9. See Table 6 CEOs' Career Development Taxonomy – Career sector and Path

10. See Table 9 CEOs Career sector history

3. Chair Findings

There were 35 Chairs in the sample, 3 of whom were female. The average age was 66 years. As with the CEO analysis, gender-based comparisons were not considered meaningful with this sub-sample. The same categories were used for the analysis of this data as were used for the CEO data.

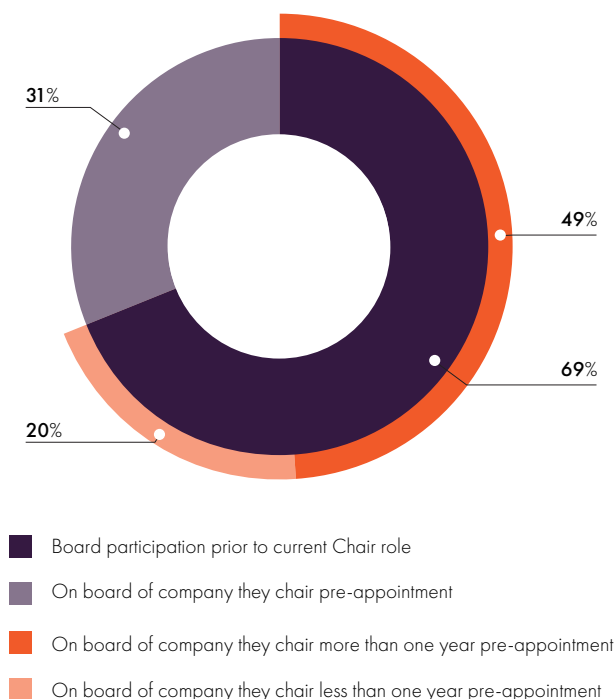
3.1 Route to Chair

Most of the Chairs had considerable board experience prior to their current appointment. Sixty-nine percent of Chairs held seats on their company board before being appointed Chair.¹¹ In some cases, they held board roles in the company they currently chair for a short time before being appointed but more of them were on their current company boards for longer than one year before being appointed its Chair, as is shown in Figure 3.

It is interesting to note that in the group of chairs who were on the board of the company they chair prior to their appointment, the time frame for females to be appointed Chair was shorter than for men (1 year and 3 years respectively).

FIGURE THREE

Board Participation Prior to Current Chair Role



3.2. Chair Expertise

Fifty-seven percent of Chairs held expertise in Finance, while 26% had Business Development expertise (see Table 12 Chairs' Expertise).¹²

3.3. Industry Sector

Table 11¹³ shows the current career sectors of the Chairs of Irish PLCs included in this study. Financials, Consumer Staples, Consumer Discretionary, Industrials and Energy were the most represented sectors amongst Chairs although . Real Estate, Health Care, Basic Materials and Technology were also represented.¹⁴

3.4. Journey to Chair

The data available allowed an analysis of the time involved in ascending to a Chair role¹⁵. For 60% of the Chairs in this study, their first chair appointment was to chair a PLC. This included one of the three female chairs. On average it took 15 years from their first board role to their appointment as chair of a PLC. Of the 40% remaining, on average it took them 11 years to be appointed to a private company chair role counting from their first board role. Female Chairs' average was slightly less at 8 years. To be appointed to a PLC chair role counting from their first board appointment, it took on average 15 years for the female chairs and 17 years for the male chairs. We note that it took longer, on average, to be appointed Chair of a PLC (17 years) than a non-PLC board (11 years) for those Chairs whose first chair role was not in a PLC.

11. See Table 14 Chairs' Current Role

12. See Table 12 Chairs' Percentages for Career Path

13. Table 11 Chairs' Percentages for Career sector

14. BoardEx Data Disctionary, Retrieved on 13 September 2022 on

<https://metalib.ie.edu/ayuda/Varios/BoardExWRDSDDataDictionary.pdf>

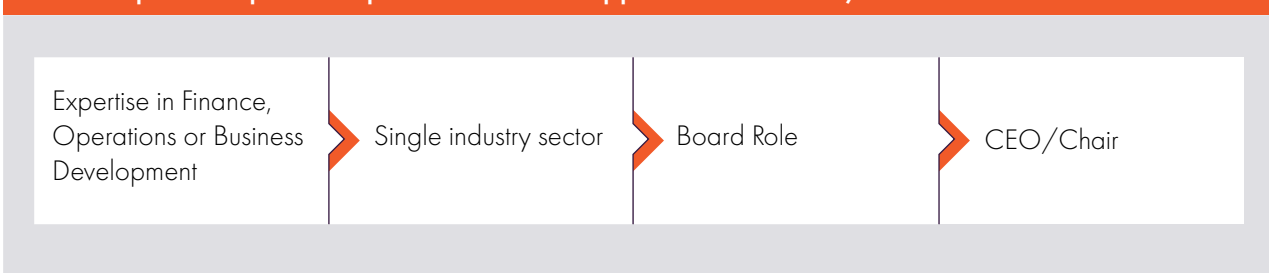
15. See Table 13 Chairs' Previous Experience Analyses

4. Summary and Discussion

This analysis revealed that the career pathways of Irish senior leaders are in line with their international peers as outlined in the Deloitte report cited earlier. The data indicates that Irish PLC CEOs primarily have a strong background in Finance, followed by Operations and Business Development expertise. Although most CEOs remained in the same sector over the course of their career, this Finance background was a particular feature of those who had moved across industry sectors. The analysis also revealed that CEOs are likely to be promoted from within their organisation and often from currently held board roles. Such career trajectories are in line with a study of Fortune 100 companies which found that 79% of CEO appointments were internal appointments and that the backgrounds of over half these CEOs were in Finance or Business Development¹⁶.

FIGURE FOUR

Leadership Development Experiences before appointment to CEO/Chair



With respect to the career pathways of Chairs, the data revealed that, most often, Chairs had Finance or Business Development expertise. This is not only in line with the data concerning CEOs but is also in keeping with the 2019 report of the Institute of Directors which revealed that 94% of respondents to their survey considered financial expertise as 'very' or 'extremely' important for board service¹⁷. Chairs also had extensive board experience before being appointed Chair of a PLC, a finding that is similarly mirrored by the Institute of Directors report where 92 percent of respondents emphasised the importance of prior industry experience.

At many levels, it makes sense that CEOs and Chairs have financial and business operations expertise given the responsibilities they carry. To ensure a pipeline of suitably accomplished individuals, businesses should attend to supporting the development of such expertise among those identified as contenders for such roles.

16. Stadler, C. (2015). How to become a CEO: These are the steps you should take. Forbes. Retrieved 13 September 2022 from forbes.com/sites/christianstadler/2015/03/12/how-to-become-a-ceo-these-are-the-steps-you-should-take

17. Institute of Directors (IoD) Diversity in the Boardroom 2019. Retrieved 13 September 2022 from https://www.iodireland.ie/images/uploads/downloads/IOD_Diversity_In_The_Boardroom_2019_Web.pdf

In a broader sense, organisations should be encouraged to develop a pipeline of strategic leaders rather than concentrating on operational leadership¹⁸ Strategic leadership requires the leader to “think, reflect and analyse all viewpoints and relationships (company, shareholders and environment) that border their organisation” (Sarfranz, 2017, p. 40). A Strategic Leadership Development Toolkit that organisations can use to facilitate their leaders to develop as strategic leaders draws attention to eight steps in this process.

What is striking about the data used for this study is the rarity of females in both CEO and Chair roles in Irish PLCs. This is not unusual and has been well-documented in the international literature. Addressing this issue requires a complex and sophisticated approach that attends to the core issues that have been identified as relevant. The scholarly work of Professor Alice Eagly¹⁹ identifies a number of systemic obstacles that women come up against in their pursuit of senior roles. These include vestiges of prejudice, resistance against women as leaders, the demands of family life, and women’s underinvestment in social capital. She makes a number of practical recommendations that Irish organisations could consider implementing as a means of reducing the effects of such obstacles.

For example:

- changing the long-hours norm
- increasing the use of objective measures of performance evaluation
- limiting the use of informal social networks to fill positions and providing opportunities for women to network with powerful individuals

Taken together, the data from this study reveals that expertise in specific professional domains is a significant feature of the career backgrounds of those who ascend into senior leadership roles in Ireland. As this is in line with the profile of senior leaders in the international context, the findings clearly indicate that those intending to pursue such roles, either nationally or internationally, should invest in building such professional expertise to allow them be readily regarded as suitably equipped to undertake and perform well within them.

Applying a Gender Lens to The Strategic Leadership Development Toolkit

(Sarfranz, 2017)



30% Club guidance on succession “3:1 cover succession planning tool”
https://30percentclub.org/wp-content/uploads/2021/12/208_Sample-Idea-Building-a-3-to-1-Cover-Succession-Plan.pdf

18. Sarfranz, H. (2017). Strategic leadership development: Simplified with Bloom’s taxonomy. *Industrial and Commercial Training*, 49(1), 40–47. <https://doi.org/10.1108/ICT-08-2016-0056>

19. Eagly, A. H., & Carli, L. L. (2018). Women and the labyrinth of leadership. In *Contemporary issues in leadership* (pp. 147–162). Routledge.

