

DIVERSITY IN BOARDROOM

Diverse Group

Tuesday, November 15, 2016

£1

What is Diversity?



Diversity is the sum total of the differences which make individuals who they are, and their collective ability to contribute to the goals of an organization. Van der Walt and Ingley (2003) defined diversity in the composition of the Board as the varied combination of attributes, characteristics and skills that their members have. This definition is also applied to the top management of an organization. Managing Diversity is a conscious choice and commitment by an organization to VALUE these differences by using diversity as a source of strength to achieve organizational goals.

Elements of Diversity

Age, Race, Gender, Nationality, Education, Physical abilities, Personal values, Education, Geographic location, Religious beliefs, Military experience, Class, Income, Ethnicity.



Gender diversity in the boardroom

Does Gender Diversity Affect Firm Performance?



Diversity and Organisational Performance



What diversity brings in

Link between diversity and performance

Research suggests that diverse teams are more effective than homogeneous teams. Diverse teams are more likely to have a wider range of perspectives, which can lead to better decision-making and problem-solving. Diverse teams are also more likely to be innovative and creative.

It's time to be a social responsibility

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Let's have some Activity

What was the name of first women who became in the list of Board of Directors?

Way forward

Impact of diversity on performance could be related to the organisational context (Kochan et al 2003). Initial increase in diversity reduces the performance through increased conflict, poorer communication and talent. HR policies, processes and training encourage and educate employees in diverse team working to ensure diversity has a positive impact on performance. Organisations with high-performance work systems, equality, and diversity management systems benefited from higher productivity (Armstrong et al 2000).

Let's have some Activity

What was the name of first women who became CEO of Royal Mail in 2010?

Some Statistics

- In FTSE 250 index, currently there are 7 women on boards.
- In FTSE 250, 25 companies have no women on boards.
- 33% percentage rise in coverage 14-17% as compared to 2010 which is 26.2%.

Year	2010	2011	2012	2013	2014	2015	2016
FTSE 250	26.2	26.2	26.2	26.2	26.2	26.2	26.2

Companies Reporting to FTSE 250: new Accounting To Women's Entrepreneurship

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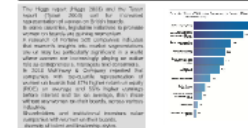
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Age, Sex, Gender, Social exclusion, Physical abilities, Personal claims, Education, Geographic location, Religious beliefs, Military experience, Class, Income, Ethnicity.



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Does Gender Diversity Affect Firm Outcomes?



Diversity and Organisational Performance



What diversity brings in

Job diversity and performance

Research findings indicate that diversity in the workplace is positively related to performance. This is because diverse teams are more likely to have a wider range of perspectives and skills, which can lead to more creative and effective problem-solving.

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Impact of diversity on performance could be related to the organisational context (Kochan et al 2005). Initial increase in diversity reduces the performance through increased conflict, poorer communication and teamwork. HR policies, processes and training encourage and educate employees in diverse team working to ensure diversity has a positive impact on performance. Organisations with high performance work systems, equality, and diversity management systems benefited from higher productivity (Armstrong et al 2005).

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Marie Curie
Operation
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Let's have some Activity

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Some Statistics

- 1 in 10 FTSE 100 companies have a female CEO
- 1 in 10 FTSE 100 companies have a female director
- 1 in 10 FTSE 100 companies have a female executive director

Company	Female CEO	Female Director	Female Executive Director
BP	100%	100%	100%
British Airways	100%	100%	100%
British Petroleum	100%	100%	100%
British Telecom	100%	100%	100%
British Virgin Islands	100%	100%	100%
British Virgin Islands	100%	100%	100%
British Virgin Islands	100%	100%	100%
British Virgin Islands	100%	100%	100%
British Virgin Islands	100%	100%	100%
British Virgin Islands	100%	100%	100%

Companies Reporting to FTSE 100 according to female representation

Company	Female CEO	Female Director	Female Executive Director
BP	100%	100%	100%
British Airways	100%	100%	100%
British Petroleum	100%	100%	100%
British Telecom	100%	100%	100%
British Virgin Islands	100%	100%	100%
British Virgin Islands	100%	100%	100%
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Diversity is the sum total of the differences which make individuals who they are, and their collective ability to

Elements of Diversity

Age, Race, Gender, Sexual orientation, Physical abilities, Parental status, Education, Geographic location, Religious beliefs, Military experience, Class/ income, Ethnicity...



Gender diversity in the boardroom

What is Diversity?



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Managing Diversity is a conscious choice and commitment by an organization to VALUE these differences by using diversity as a source of strength to achieve organizational goals.

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Gender diversity in the boardroom

Does Gender Diversity Affect Firm Outcomes?

The Higgs report (Higgs 2003) and the Tyson report (Tyson 2003) call for increased representation of women on British boards.

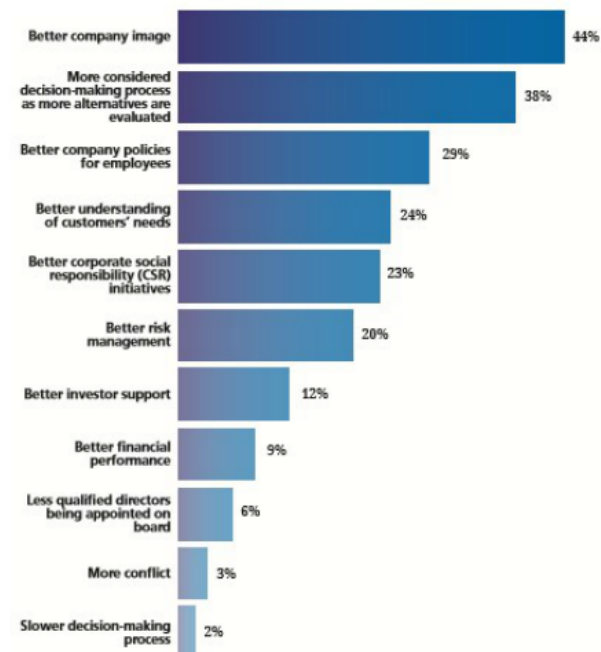
In some countries, legislative initiatives to promote women on boards are gaining momentum.

A research of Fortune 500 companies indicates that women's insights into market segmentations are or may be particularly significant in a world where women are increasingly playing an active role as entrepreneurs, managers and consumers.

In 2013 McKinsey & Company reported that companies with top-quartile representation of women on boards had 47% higher return on equity (ROE) on average and 55% higher earnings before interest and tax on average, than those without any woman on their boards, across various industries.

Shareholders and institutional investors value companies with women on their boards.
diversity of talent and leadership styles

Figure 6: Views of SGX-Listed Companies on Impact of Board Gender Diversity³⁴



Some Statistics

- In FTSE 100 index, currently there are 7 woman bosses. (Telegraph, Edited by Claire Cohen, 2016)
- In FTSE 350, 15 companies have only males as member of board. (Telegraph Business, February 2016)
- In 2011 percentage was on average 14-17 % as compared to 2016 which is 26.2%. (FTSE 100, 2016)

Name	Age	Company	Joined as CEO
Emma Walmsley	45	GSK's Consumer Health Division	January, 2017
Alison Brittain	51	Whitbread Group	January 2016
Veronique Laury	51	Kingfisher	January 2015
Alison cooper	44	Imperial Tobacco	2010
Liv Garfield	41	Severn Trent	2014
Carolyn Mccall	55	EasyJet	2006
Moya Greene	62	Royal Mail	2010

Companies Ranking In FTSE 100 According To female Directorship

Rank	% of WoB	Total No. On Board	No. Of Woman	Company
1	45.5	11	5	Diageo PLC
2	44.4	9	4	Next PLC
2	44.4	9	4	Kingfisher
98	9.1	11	1	London stock exchange group PLC

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Diversity and Organisational Performance



What diversity brings in

Diverse board and management team is expected to provide organisations with access to a wider range of markets (Carter et al, 2003)

Increased diversity can enhance innovation and creativity

Diversity can ensure avoidance of risky decisions or group thinking

Link between diversity and performance

Board diversity (ethnicity and gender) positively correlated with return on investment and return on assets (Erhardt et al 2003)

Gender and race diversity associated with increased sales revenue, more customers, greater market share, and greater relative profits (Herring 2009)

Organisations with at least two females on their boards tended to have a higher financial performance (Carter et al 2003)

Is there really a casual relationship?

Relationship between gender and ethnic diversity and organisational performance is not as straightforward

More successful organisations choose to recruit females to their boards rather than females enhancing performance (Adams and Ferreira 2009)

Roberson and Park (2006) found that diversity within top-management positions and performance were related in a U-shaped curve

Way forward

Impact of diversity on performance could be related to the organisational context (Kochan et al 2003)

Initial increase in diversity reduces the performance through increased conflict, poorer communication and tokenism

HR policies, processes and training encourage and educate employees in diverse team working to ensure diversity has a positive impact on performance

Organisations with high-performance work systems, equality, and diversity management systems benefited from higher productivity (Armstrong et al 2010)



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Name: Carolyn Mccall

Age: 55

Company: EasyJet

Year: 2006

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What was the name of first women who became CEO of Royal Mail in 2010?

Name: Moya Greene

Age: 62

Company: Royal Mail

Year: 2010

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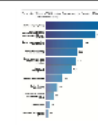
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The meta-analysis (1998-2014) and the "best" report (2014) show that the "best" organizations do not have a significant positive impact on firm performance. The meta-analysis shows that the "best" organizations do not have a significant positive impact on firm performance. The meta-analysis shows that the "best" organizations do not have a significant positive impact on firm performance.



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Year	Female CEO	Male CEO
2010	10%	90%
2011	11%	89%
2012	12%	88%
2013	13%	87%
2014	14%	86%
2015	15%	85%
2016	16%	84%

Companies Reporting to FTSE 100: Accounting to Female: Proportionality

Year	Female CEO	Male CEO
2010	10%	90%
2011	11%	89%
2012	12%	88%
2013	13%	87%
2014	14%	86%
2015	15%	85%
2016	16%	84%

