



THE BUSINESS CASE FOR BOARD DIVERSITY

Author: Amanda Bennett, FairPlay Ltd

sportwales
chwaraeoncymsu



THE CURRENT SITUATION

From the International Olympic Committee's Gender Equality Review, the Lord Davies report on FTSE companies' leadership profiles and the lack of diversity on charity boards, there is a significant body of evidence that shows women and minority groups are under represented in leadership positions. However, we are also seeing a movement for change.

GENDER BALANCE ON WELSH SPORTS BOARDS

In 2017, Women in Sport released its Beyond 30% report which provided a detailed analysis of women's representation on Welsh NGB boards.

More than half of Welsh NGBs have fewer than 30% of women on their boards and only one quarter of lower funded NGB board roles are filled by women.

Only 13% of lower funded NGB Chairs are female whilst a third of higher funded NGB Chairs are women.

The current situation for women and girls in sport does not present a picture of equal access/ Similarly, individuals from Black, Asian and Minority Ethnic (BAME) communities participate less in sport at all levels, including on the board.



WOMEN
IN SPORT
**BEYOND
30%**

33% OF
HIGHER FUNDED
NGB CHAIRS
ARE WOMEN

1/3 OF
HIGHER FUNDED
NGB BOARDS
ARE WOMEN

ONE HIGHER
FUNDED NGB
**HAS NO
WOMEN
AT ALL**

13% OF
LOWER FUNDED
NGB CHAIRS
ARE WOMEN

**MORE
THAN
HALF**
OF WELSH
FUNDED NGBS
HAVE FEWER THAN
30% OF WOMEN
IN BOARD
POSITIONS

GLOBAL REPRESENTATION OF WOMEN ON SPORTS BOARDS

On the global sporting stage, the IOC has set out a number of recommendations in its Gender Equality Review. These are designed to create gender balance on the boards and committees of the IOC, and its partners in the Olympic Movement.

The IOC's recommendations focus on:

- ♦ individual leadership development—the New Leaders programme was launched in 2017 and aims to transform the sport movement into a more equal, transparent and ethical environment.
- ♦ systemic changes IOC and partner bodies' electoral process will be reviewed and adjusted
- ♦ building an inclusive culture with integration into the IOC People Development Plan

Within the IOC itself the proportion of female executive board members has increased from 21% in 2017 to 31% in 2018. And 42% of the positions available across the IOC's various commissions are now held by women—a 16% year-on-year increase. However, female representation within the Olympic Movement is still very low. Thirteen of 206 presidents of National Olympic Committees are female and only two of the 33 recognised International Federations have a female president.

Some sports organisations have been forced into action because of the changing demography of fan and player bases. In male-dominated rugby, there has been a 60% increase in the number of female players since 2013 (there are 2.4 million

according to World Rugby) and the elite game has a fast-growing television audience.

In 2017, World Rugby (the global governing body) laid out its 2017–2025 Women's Development Plan that pledged significant alterations to its governance structure, adding 17 seats to its 32 seat Council—the sport's highest decision-making body—with all positions being filled by female representatives. According to World Rugby, there has been a 22% year-on-year increase in terms of female representation and boards globally.

The body also put together a Balancing the Board booklet for member unions, with many acting on the advice by reviewing their governance structure. Canada Rugby, for example, changed its constitution to make sure its board has a minimum of 40% of either gender.

Of course, diversity is not just about gender. True diversity of thought and ideas will come from a range of sources and, with the majority of sporting participants under the age of 40, younger voices need to be heard.

The Young Ambassador programme aims to empower and inspire young people to become leaders through sport, to help encourage their inactive peers to become hooked on sport. There are over 2,800 active Young Ambassadors in schools, colleges and Universities across Wales all of whom are developing leadership and communication skills that could make a difference to sports boards.

Understanding and connecting with BAME communities, especially in areas where these



are growing, might also help open doors to participants as well as potential volunteers. Welsh Rowing actively sought greater insight on BAME groups and ensured their board recruitment process found someone with essential experience and insight. This will help to get rowing into new markets and open up the sport to more people. Organisations such as BME Sport Cymru can provide advice and guidance on connecting with BAME communities and would welcome interest from sports looking for more diverse board members.

The census tells that nearly one in five people report a disability that limits their daily activities. We know that only 23% of people with a disability participate in sport three times a week and that sports bodies are much more aware of the latent participation demand. There is no reason why a person with a disability cannot be a board member and, as with younger people and those from BAME backgrounds, they can offer vital insight into disability sport experiences.

It is not about ticking boxes and trying to achieve a board of proportional representation across protected characteristics. It is simply about making board positions accessible, systematically, physically and culturally, to people who have previously been excluded from the boardroom.



IOC GENDER EQUALITY REVIEW

RECOMMENDATION 18: GOVERNANCE LEADERSHIP DEVELOPMENT

The IOC to establish strategic mechanisms to increase the pipeline of female candidates for governance roles in general as well as for executive board positions.

RECOMMENDATION 19: IOC MEMBERSHIP ELECTORAL PROCESS

The IOC to ensure that its electoral process reflects its commitment for a diverse and balanced membership

RECOMMENDATION 20: NOC AND IF ELECTORAL PROCESSES

The Olympic Movement partners review their electoral processes with a view to developing strategies for gender-balanced representation in their governance bodies.

WHY HAVE WE NOT YET ACHIEVED GENDER DIVERSITY?

An analysis of Welsh sports' board composition was carried out in 2018 which included a review of Articles of Association—the constitutional rules that govern each sport including how individuals are appointed to the board. The results showed that there remain constitutional blockers to change as rules may require long service, multi-level electoral process and no limits on terms of office. In many cases there was a lack of clarity on the skills needed on the board, all of which contribute to a leadership picture that is predominantly male, white, older and likely to have been appointed without any clear skills or competency criteria.

The members and stakeholders of sports bodies, be they clubs, NGBs, non-sporting organisations such as Urdd and community groups, have the right to expect transparency, objectivity and independent judgement when the leaders of their organisation are appointed. Whilst elections do offer a democratic process in which the members can influence who runs an organisation, most elections do not encourage sufficient scrutiny of skills and competencies to be sure the most appropriate people join the board.

This is just one of many underlying factors that contribute to under representation, which can be captured under three headings—systemic, cultural and individual.



THIRTEEN OF
206 PRESIDENTS
OF NATIONAL
OLYMPIC
COMMITTEES
ARE FEMALE



SYSTEMIC FACTORS

In 2012 a McKinsey report stated that men are often appointed on the basis of their potential whilst women are appointed for their experience and track record. This can inadvertently create situations where women seek roles where they are already fully proficient in the duties and functions whereas their male counterparts will apply for positions where they are proficient in most, but not necessarily all of the duties.

The Women in Sport Beyond 30% report stated that women who had moved into sport from another sector said they felt that business and industry are ahead of sport in encouraging women into senior leadership positions and onto boards. This is a matter of proactive practice to find more diverse board members, which is not resource intensive but does need leadership from the top.

The process by which a board member is appointed is one of the critical factors in creating a balanced, skilled and inclusive board, and member elections may, or may not offer inclusive opportunities to find the right skills. To quote the Chair of a sports club and CEOs of a NGB, elections are "a beauty parade" or "a popularity contest".

There are some simple steps organisations can take to such as:

- Creating a role description that sets out the duties, responsibilities and expectations of Directors
- Building a skills list that prioritises the knowledge and skills needed based on current and future strategic priorities
- Carrying out a skills audit of the board to evaluate current strengths and gaps
- Open elections/recruitment that enables people from within and beyond the sport to apply for board positions

- Creating a balanced appointments panel that has received training and guidance on recruitment
- Actively promoting the desire to appoint people from different backgrounds and making sure the process is inclusive.

If a national sports body geographical representation, this can be included in its core skills matrix, however the organisation does not have to be bound by this if the best candidates are not equally spread across Wales.

Two significant studies on recruitment practice showed that personal data, in particular information that identifies gender, can affect a person's chances of success. A study of orchestral auditions showed that the transition to blind auditions, where selection panels could hear but not see the musician auditioning, from 1970 to the 1990s could explain 30% of the increase in the proportion of female musicians in orchestras. In short, blind auditions significantly reduced gender-biased appointments and the gender gap in symphony orchestras Goldin, Claudia and Cecilia Rouse (2000).

In summary, it is possible to create appointment processes that clarify the purpose of the role then focus on the skills, knowledge, experience and competencies required to be effective. This, in turn will give members and stakeholders confidence that parochial views, group think, the need for longevity and narrow perspectives will be things of the past. Further details on the steps to take are contained in the Recruitment Guidance.



MEN ARE OFTEN APPOINTED ON THE BASIS OF THEIR POTENTIAL WHILST WOMEN ARE APPOINTED FOR THEIR EXPERIENCE AND TRACK RECORD.



CULTURAL FACTORS

This refers to values, shared stories, experiences, behaviour and beliefs that are learned and continually transmitted through groups.

The culture of an organisation is defined by its people and as Aristotle once said “we are what we repeatedly do”, not just what we may do on occasion to avoid censure. Leaders have the most impact when they take the values off the wall and translate them into everyday practice.

It is therefore beholden on the board members to lead on inclusion and make this manifest in board culture, awareness and behaviours.

Despite greater awareness of what discrimination and unfair practices may look like, research shows that under represented groups still suffer less favourable treatment. For example, McKinsey’s Women in the Workplace report (2018) presented stark evidence of women’s experiences in the workplace. These are captured statistically below.

It is noticeable that lesbian women and those from BAME backgrounds were more likely to face microaggression, also known as everyday sexism and racism.

However much this behaviour is unintended, it is real and it affects people’s confidence, their ability to perform and their desire to contribute.

Similar experiences were reported by respondents to the 2018 Women in Sport report Beyond 30%—Workplace Culture in Sport (2018) which reported that 40% of women had experienced discrimination because of their sex but 72% of their male colleagues say they saw no inequality.

So, in addition to fewer female faces, the way in which women are treated may also have

an impact on whether they want to join an organisation and if they stay.

Self-awareness is the starting point for personal and group development, and high performing boards will want to work to establish a culture that is inclusive, challenging behaviours that are unacceptable.

EMPLOYEES WHO HAVE EXPERIENCED MICROAGGRESSIONS DURING THE NORMAL COURSE OF BUSINESS, %

	WHITE WOMEN	ASIAN WOMEN	LATINAS	BLACK WOMEN	LESBIAN WOMEN	ALL WOMEN	ALL MEN
Having your judgement questioned in your area of expertise	36	29	32	40	37	36	27
Needing to provide more evidence of your competence than others do	29	36	30	42	34	31	16
Being addressed in a less-than-professional way	26	21	23	26	23	26	16
Being mistaken for someone at a much lower level than you	19	22	19	22	20	20	10
Your work contributions are often ignored	16	16	17	22	20	17	16
Hearing demeaning remarks about you or people like you	16	15	15	19	26	16	10

McKinsey & Company | Source: 2018 LeanIn.Org and McKinsey Women in the Workplace study

INDIVIDUAL FACTORS

Research has shown that women are less likely to demonstrate confidence, self-efficacy, drive and ambitious personal goals. This is sometimes dubbed the confidence gap. For example, a 2012 study of US political candidates reported that men are 60% more likely to say they were "very qualified" to run for office compared with their female counterparts. Different confidence levels were also reported by the Institute of Leadership and Management survey that showed half of women managers reported self-doubt compared with less than one third of male managers.



**40% OF WOMEN
HAD EXPERIENCED
DISCRIMINATION
BECAUSE OF THEIR SEX
BUT 72% OF THEIR MALE
COLLEAGUES SAY THEY
SAW NO INEQUALITY**



RESEARCH ON FACTORS THAT PREVENT EQUAL TREATMENT

There are a number of factors that influence whether an individual chooses to apply for a Board role or stand for election, and anecdotal evidence suggests the homogeneity of sports Boards deters many who do not share the dominant group's characteristics. This is backed research evidence from Glassdoor which showed that job seekers consider the diversity of an organisation before applying.

Sports bodies can be much more pro-active in defining and promoting their commitment to diversity and their inclusion credentials. It has to be much more than a policy statement, with a meaningful drive to introduce difference of background, opinion, age, gender, ethnicity and ideas. More information on promoting your organisation's commitment can be found in the Promoting Your Organisation's Diversity Commitments guidance note.

ETHNIC DIVERSITY ON BOARDS

The Government's Parker Review (2017) recommended that no FTSE 100 board should be exclusively white by 2020—currently only 8.2% of FTSE 100 board members are BAME. Research by Inclusive Boards in November 2018 also found that 6.6% of trustees at the top 500 charities in the UK are from BAME backgrounds whilst 75% of UK digital companies have no ethnic minorities on their boards.

Whilst the current proportion of people from BAME backgrounds in Wales is only 5%, sports, this varies enormously across regions with Cardiff (15.6%) and Newport (9.1%) very different in demographic profile to Anglesey (1.1%) and Pembrokeshire (1.1%).

However, insight, skills and experience are still key factors in any recruitment and, as sports are actively trying to engage with new audiences and

communities as they widen access to participation and volunteering, such insight would be invaluable in developing strategies.

Sporting Equals promotes greater involvement in sport and physical activity by the BAME population and, in 2016, it reported on the ethnic minority representation on UK and English sports boards.

The results showed that only 4% of board members

were from BAME communities. In Wales, there are no formal statistics for BAME representation on sports boards however desktop research has shown that board members from BAME backgrounds are rare yet organisations such as Cricket Wales and the Welsh Sports Association can attest to the importance of ethnic diversity in the boardroom, especially when trying to involve people from BAME backgrounds in the sport.



UNCONSCIOUS BIAS

Unconscious bias occurs when people favour others who look like them and/or share their values. For example a person may be drawn to someone with a similar educational background, from the same area, or who is the same ethnic background as them.

Everyone has unconscious bias and it is important to understand that:

- ♦ it's natural
- ♦ it's unintended
- ♦ it can affect decisions
- ♦ it can be mitigated.

Unconscious bias can influence decisions in recruitment, professional development and recognition and can lead to a less diverse workforce. Talented people are overlooked and those who share characteristics or views with the recruiters are treated favourably. These situations can arise in board appointments (especially with all male or all female interview panels) and therefore contribute to the lack of leadership diversity in sport.

Facebook has developed and published its Managing Unconscious Bias training resources as a means of supporting its own employees and also sharing insights to help others build stronger organisations. The primary driver for this initiative is to maximise the potential and performance of everyone at Facebook, including those yet to be appointed. As a global company, Facebook is one of many seeking the best talent and attracting diverse people is critical to its future.

Sports organisations are also desperately

seeking talented people for their boards. Taking practical steps to address unconscious bias are discussed in the Recruitment Guidance, but the first step is to acknowledge that certain groups are less visible in part due to systemic and cultural factors.

WHAT DIFFERENCE WILL A DIVERSE BOARD MAKE?

Firstly, let's consider the negative impacts of homogeneity, in particular male-dominated boards:

- ♦ Male-oriented selection criteria or self-cloning (i.e. The tendency to appoint individuals with similar backgrounds and personalities to the decision-maker)
- ♦ Lack of gender diversity awareness among board members which affects not just recruitment but the potential for the sport to understand how to engage and invest in women's sport
- ♦ Group think—continuous reinforcement of what is known, assumed performance levels, disinterest in ideas or contributions from outside of the group
- ♦ Risk blindness
- ♦ Lack of creativity and innovation as ideas are drawn from a narrow talent pool and view point
- ♦ Limited advocacy or championing of diversity and the strategic benefits to the organisation

SO WHAT ARE THE BENEFITS OF BUILDING A MORE DIVERSE BOARD?

"Homogeneity stifles innovation," states the Centre for Talent Innovation in its Innovation, Diversity and Market Growth report, highlighting stark statistics to back this up.

More than two-thirds (40%) of employees working for companies without diverse leadership said groupthink was a problem in their organisation.

If everyone has a similar background then decisions cannot reflect the interests of the wider constituency. It becomes very hard to think differently.

Studies surrounding diversity in the workplace have found that for every 1% increase in gender diversity, company revenue increases by 3%. While high levels of ethnic diversity increase revenue by 15%.

The thinking is that when you have a more diverse group representing an organisation, you have more opinions, backgrounds, experience and perspectives on how to run a business, which means it can respond to a wider range of factors, can give greater consideration to stakeholder requirements and make better informed decisions.

Whilst sports organisations are generally not-for-profit, they are still required to demonstrate added value through measurable outcomes, for example, increased participation,

higher quality coaching and volunteering, or the achievement of medal success.

The bottom line may not be solely financial, however they are still responsible for achieving tangible targets, and evidence shows that board diversity is likely to assist in achieving such goals.

The positive effects of a diverse board include greater insight into potential markets, participants and volunteers; communities are visible in the boardroom thereby creating leadership role models; there is greater diversity of opinion; and there are new and broader skills.



75% OF UK DIGITAL COMPANIES HAVE NO ETHNIC MINORITIES ON THEIR BOARDS

ANECDOTAL EVIDENCE OF POSITIVE IMPACTS OF DIVERSE BOARDS

Anecdotally, Welsh, English and UK sports bodies have highlighted specific benefits from appointing more diverse boards. Many of these are behavioural and all of them contribute to better board performance.

This does mean that all male, all female or all White British boards cannot work well and make decisions, however, sports bodies should be striving for high performing boards and the evidence tells us diversity is key.

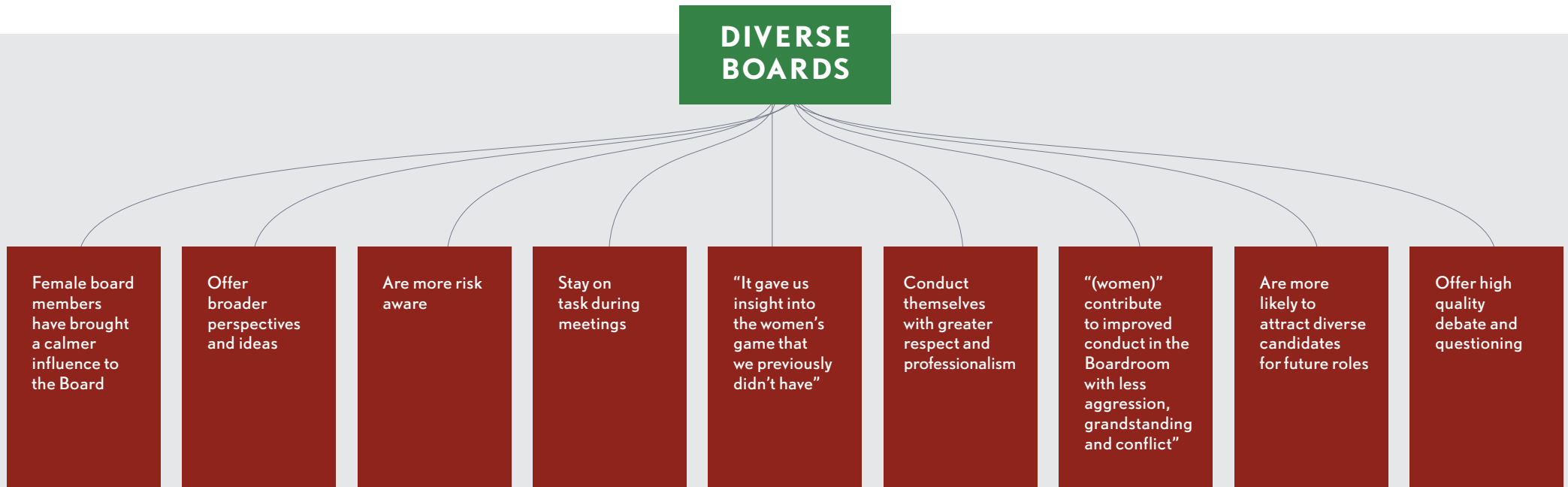
A word on proportional representation—the principle that the number of women, men, BAME or disabled board members should reflect the proportion of those who participate:

- If there is a dearth of women involved in a sport, (and a number of Welsh sports have identified this as a strategic issue) it is likely the organisation will be fully aware and seeking to turn this into an opportunity. However, simply matching the proportion

of female board members to the number of women participating suggests a body that is stuck in the present (or past) and has limited ambition for the future. The same applies to other under represented groups, in particular people with disabilities and those from BAME backgrounds.

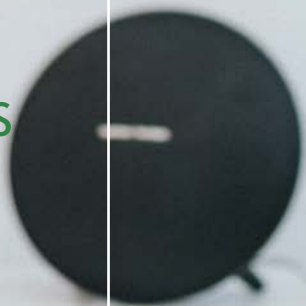
- A balanced, skilled and inclusive board is not built on numbers but framed against a leadership model that will drive growth

and sustainable success. It is based on vital skills, competencies, and knowledge that an organisation needs now and in the future. This in no way undermines the invaluable knowledge and insight of those who dedicate their time to a sport week in, week out. Experts in the sport itself also contribute to a balanced board, but do not necessarily need to dominate it.





THE IA STATED THAT INVESTORS CONSIDER DIVERSITY TO BE A CRITICAL ISSUE FOR BUSINESS SUCCESS, SO IT IS TOTALLY UNACCEPTABLE THAT ONE IN FIVE OF THE UK'S BIGGEST COMPANIES ARE FALLING SO FAR SHORT.



STAKEHOLDER RELATIONSHIPS AND CONFIDENCE

The drive for diverse leadership is also a factor for stakeholders, in particular investors. Sports Councils across the UK have for many years expected recipients of public funding to be proactive in diversifying their boards. Due to the slow progress, Sport Wales, Sport England and UK Sport have since made this a requirement with specific targets for women on sports boards—40% and 30% respectively.

Investor influence can be very powerful and in March 2019 the UK Investment Association (IA), which represents 250 firms with £7.7tn in assets under management, wrote to FTSE 350 firms that have only one female board member. The Hampton-Alexander review (which follows on from the Lord Davies reports board diversity on FTSE company boards) set a target of at least 33% women on FTSE 350 boards by 2020.

In its letter the IA stated that “investors consider diversity to be a critical issue for business success... so it is totally unacceptable that one in five of the UK’s biggest companies are falling so far short.

There is compelling evidence that boards with greater gender balance outperform their less diverse peers. These companies must up their game”. Members of the IA hold significant power including the ability to remove Chairs and move their investment funds elsewhere, so the FTSE 350 companies that choose to ignore the targets or fail to initiate change, could find themselves under further public scrutiny, having people removed from power and losing investment finance.



IN SUMMARY

There is irrefutable evidence that shows diverse boards to be more effective than homogenous ones. From board performance to strategic insight, innovation to role models, understanding new audiences to leadership pipelines, sports bodies can no longer argue that the status quo, with male or female dominated leadership, has served them well enough and change is not necessary.

Systematic approaches and cultural shifts are needed to be truly inclusive, and this starts with an organisation's leadership.

It actually starts with each person seeking to enhance their self-awareness; by adopting a learning mentality towards inclusion; and by becoming champions and advocates for change.

sportwales
chwaraeoncymsu