

Why boardroom diversity matters

Debbie Goodman-Bhyat, IRC South Africa | Dec 3, 2020

For any company to succeed, its board is crucial. Recruiting suitable, diverse candidates can be difficult. Whether the need is driven by investors, required by law or simply a matter of good business practise, a strategic approach to board diversity is increasingly important.

The election of Kamala Harris as the first woman of colour to the vice-presidential seat in US history renews hopes for racial diversity and inclusion – not only in politics but business too.

It's no small feat to have a woman of colour as a role model in such a visible position, particularly since it comes as the blight of COVID-19 has the potential to stymie efforts to promote diversity and inclusivity globally.



Business unusual

We find ourselves in a state of disruption. Life as we know it is in constant flux and nothing is normal. For boardrooms to respond adequately, diversity – in skills, background and thought – is paramount.

There is no doubt that diversity gives companies the edge. Global institute McKinsey & Company has been examining diversity for several years and its research confirms that companies with greater gender and ethnic diversity in their management teams and boards performed better financially.

According to the 2018 McKinsey & Company [insights](#), when companies invest in diversity and inclusion, they are in a better position to create more adaptive, effective teams and more likely to recognise diversity as a competitive advantage.

When a board is diverse and the fit is right, the benefits can be palpable. Research indicates that the lack of diversity is becoming a sticking point for boards in the US.

This may be nothing new, of course, but the matter is growing increasingly pressing, as evidenced recently when the [governor of California signed a law](#) requiring public companies with HQ's based in that state to appoint directors from minority groups. It's clear there is a sense of urgency when it comes to racial diversity on corporate boards.

To fish off the company pier... or not?

In today's global world where there is a rapid demographic shift in the work- and marketplace, it's hard to conceive that a non-diverse workforce can serve the best interest of the company and its shareholders.

So why has underrepresentation of certain groups persisted? Simply put, there is fear of the unknown, hence boards stick to what – and whom– they know.

Where there is legislative imperative behind the case for diversity, change does happen, if rather slowly. Quotas, though controversial, have had an impact on increasing board diversity, particularly in Southern Africa.

Finding talent and fit

If you want to make changes to your board appointments, you'll need to make changes to the talent pool you're sourcing from. And, to change the make-up of your talent pool, you're probably going to need to change your sourcing strategy.



One way that companies can effect change is to establish a talent pipelining project for diverse board directors. Working with an executive search firm on a talent pipelining initiative will enable you to have a pool of potential (diverse) prospects waiting in the wings when you're ready to appoint.

By identifying high-quality candidates, and then engaging with them around future potential board roles, you have the opportunity to build relationships with candidates over time, conduct referencing, and assess fit for your board when the time is right.

We work with a range of companies, private equity firms and global NPOs who use fresh, collaborative strategies to source outstanding, engaged candidates, and we continue to invest in understanding what the executive landscape looks like at any given time.

After a tumultuous 2020, there has never been a better time to seize the opportunity for change, embrace the accelerant that COVID-19 has presented to so many organisations, and toss away the *status quo*.