



Diversity and Inclusion

A CEO's perspective
January 2018

Talengo 

apd

Prologue

The tremendous changes we are experiencing and the speed with which they are occurring are obliging companies to undertake a complete **transformation**. Preparing for the digital age isn't enough any more. Being a leader means going one step beyond.

We are talking about a global change that has to do more with **culture** than with technology; a **change in mind-set** that helps us work, interpret the market, relate to all **stakeholders** and defend our position another way. Ultimately, a deep change that leaves a legacy.

The only way to implement the changes required by successful organizations is through **talent** and, above all, through **leaders**. The ability to interpret the rules that govern the economy today requires a new way of seeing the company within its environment. The new challenges we are facing can only be handled with professionals who reflect society, with companies in which there is representation of all **differences, which are a source of value, of wealth and above all of innovation.**



Prologue

In light of Talengo's firm commitment to **diversity**, we have prepared a report designed to reveal the way diversity is being managed within Spain's corporate world. We have put the focus on the vision of the companies' top executives, because without their support success is not possible. The conclusions we are presenting are positive, especially when talking about the emerging recognition of the importance of **diversity management** within organizations. However, it is still necessary to go farther when it comes to making this statement of intentions come to life.

If companies do not have clear definitions of how diversity helps their business plans, high-level managers responsible for driving the strategy, or an assigned budget or measurement indicators, it is impossible to transform diversity into a real value. Diversity management in companies is very focused on the dimensions traditionally called **visible** (gender, age, functionality and cultural diversity), with a clear focus on gender in the case of Spain. There is not a balanced representation of women on either executive committees or boards of directors, which shows that implementing

this change which shows that implementing this change is still not a priority for Spanish companies.

Focusing on the contribution of **diverse talent value** is undoubtedly the right path; we are not talking about increasing this group's presence simply because they are women, but rather for the differential value they contribute to work teams.

Currently, **generational** management is another of business's challenges. Once again, the approach should be to strengthen **inclusive leadership** so that leaders manage all their teams' talent, without leaving any of the professionals that comprise them out of the picture.





Prologue

Inclusive leaders are the leaders of the future, with the capacity to generate sustainable value and change old corporate cultures.

And, above all, it is important to remember that the measurement of suitable diversity's health is taken by the presence of **heterogeneous** persons and teams in all of an organization's structures—not only at its base—and by the instruments it uses to value and manage talent without constantly repeating leadership schemes. **It is not only a question of ethical health but also one of business**, because no-one wants to buy, invest or do business with companies that are not able to go with the times.

*Marta
García-Valenzuela*

**Diversity and Inclusive
Leadership Partner**

Spanish companies admit the importance of diversity but do not dedicate any resources to its development.



The Spanish business world in general is concerned with diversity but it does not take responsibility for it. It considers itself diverse, and to an extent it believes that because it says it is working on the different aspects that constitute an equal, inclusive organization this makes it diverse. Especially with regards to gender. And it seems that the market's clamorous message that it will not allow a lack of diversity in a company that it makes purchases from, hires or could work with has been heard. Talent recruitment, the choice of suppliers, reaching customers and new markets... an organization's culture influences all these points. So, Spanish business clearly states that **yes, it wants to be diverse.**

But, are Spanish companies really diverse? No they aren't. The study **"Diversity and Inclusion: a CEO's Perspective"** shows that our business class has a long way to go to be really inclusive. The reality reflected by its executive body and management is a lack of willingness to incorporate more women, people of different nationalities and new generations. Reality shows that the great majority of companies work on diversity and inclusion without having anyone in charge of this policy or KPI's that allow them to measure their progress.

Abstract



62% of the companies say they work with diversity in four or more of its aspects: gender, age and functions are the areas with the most dedication.



Female presence on boards of directors is 34%. 29% of the companies have no women on their top decision-making body and another 31% have only one. 64% of the companies that have no women on their board include gender diversity in their strategy.



69% of the companies have no foreign member on their board and 17% include someone of a different nationality, in addition to Spanish.



Professionals 45-59 years old occupy 49% of the positions on boards of directors and 50% of those on the executive committees.



On boards of directors women occupy 32% of the positions: this is not even one third, and only 14% of the boards have absolute parity.



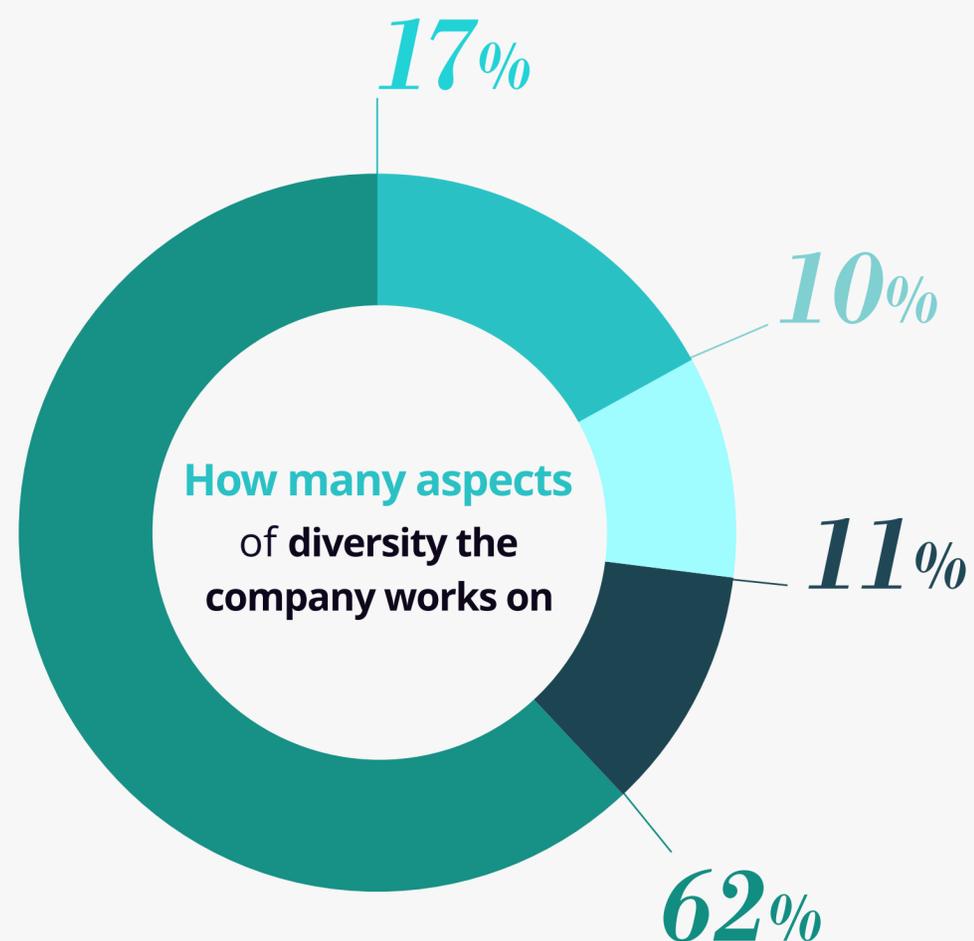
65% of the companies have a executive committee that is made up of just one nationality and in 24% there is at least one executive from another country.



With regard to resources, 77% of the companies have no budget for diversity. 65% have not established any kind of KPI's to measure the effectiveness of their actions in this area and in 70% of the companies there is no-one in charge of diversity and inclusion. Crossing the data, 55% of the organizations are lacking all three elements.

1. Dimension of diversity in the company

There is absolute unanimity when it comes to Spanish companies confirming concern and dedication with regard to diversity.



1 ● | 2 ● | 3 ● | 4 ●

In fact, **all of the companies confirm having a specific plan** for it and a large majority, **62%**, say their commitment includes four or more (even all) dimensions of diversity (gender, age, functions, nationality, disabilities, ideas, etc.)

Only a small percentage, **11%** and **17%**, focus their efforts on just one or two aspects, respectively. In this sense, gender is the dimension most mentioned, closely followed by the generational and functional aspects. Companies' intention is clear, but a deeper analysis reveals that **it is not accompanied by the means and execution needed.**

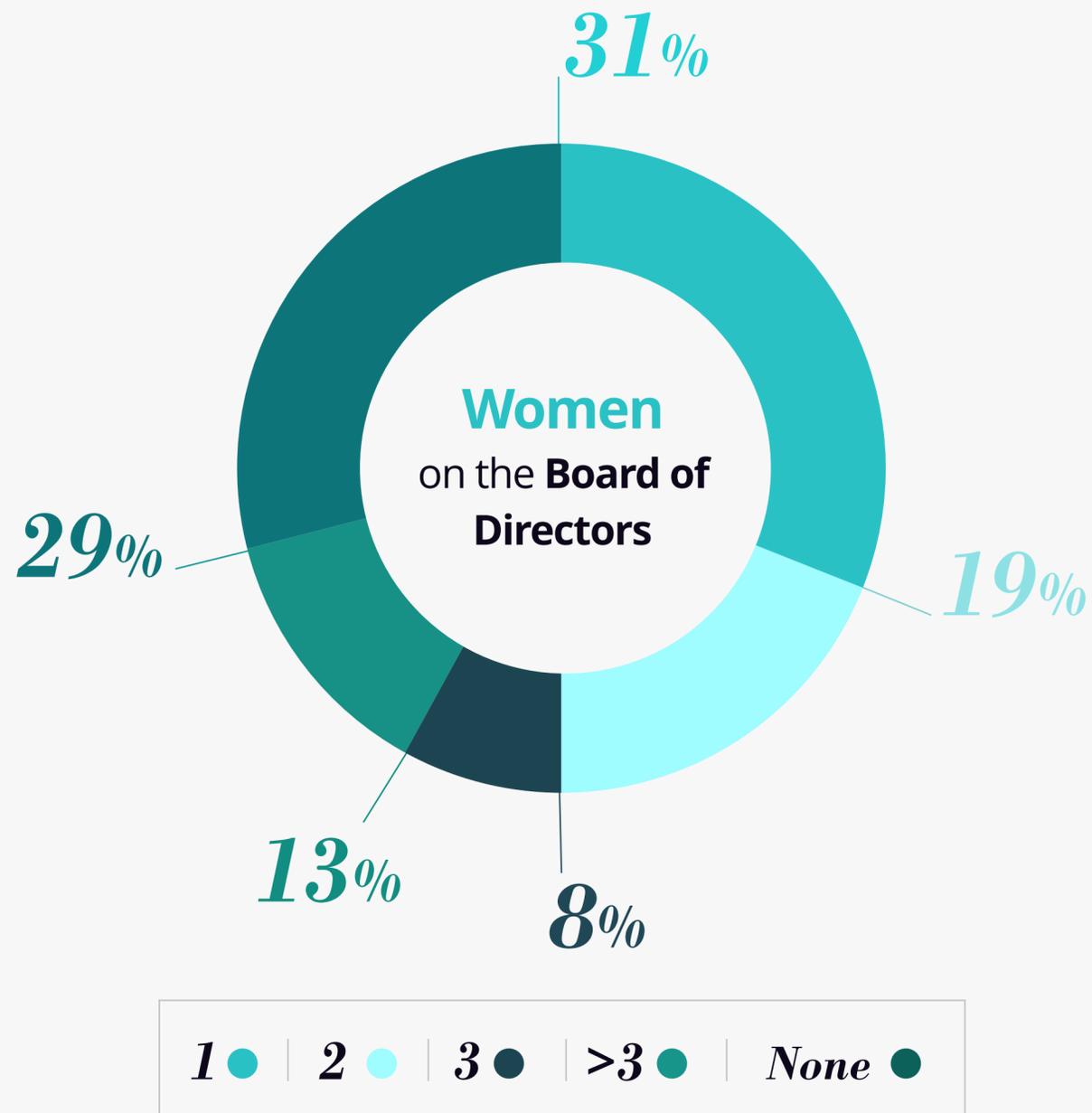
Companies know that diversity is relevant but **do not dedicate the resources that require a strategy** to it, or serious policies that represent a true change.

2. *Board of directors composition*

We will begin by analysing a company's top governance body; the one responsible for making the main strategic decisions.

Who makes the decisions on Spanish boards of directors?

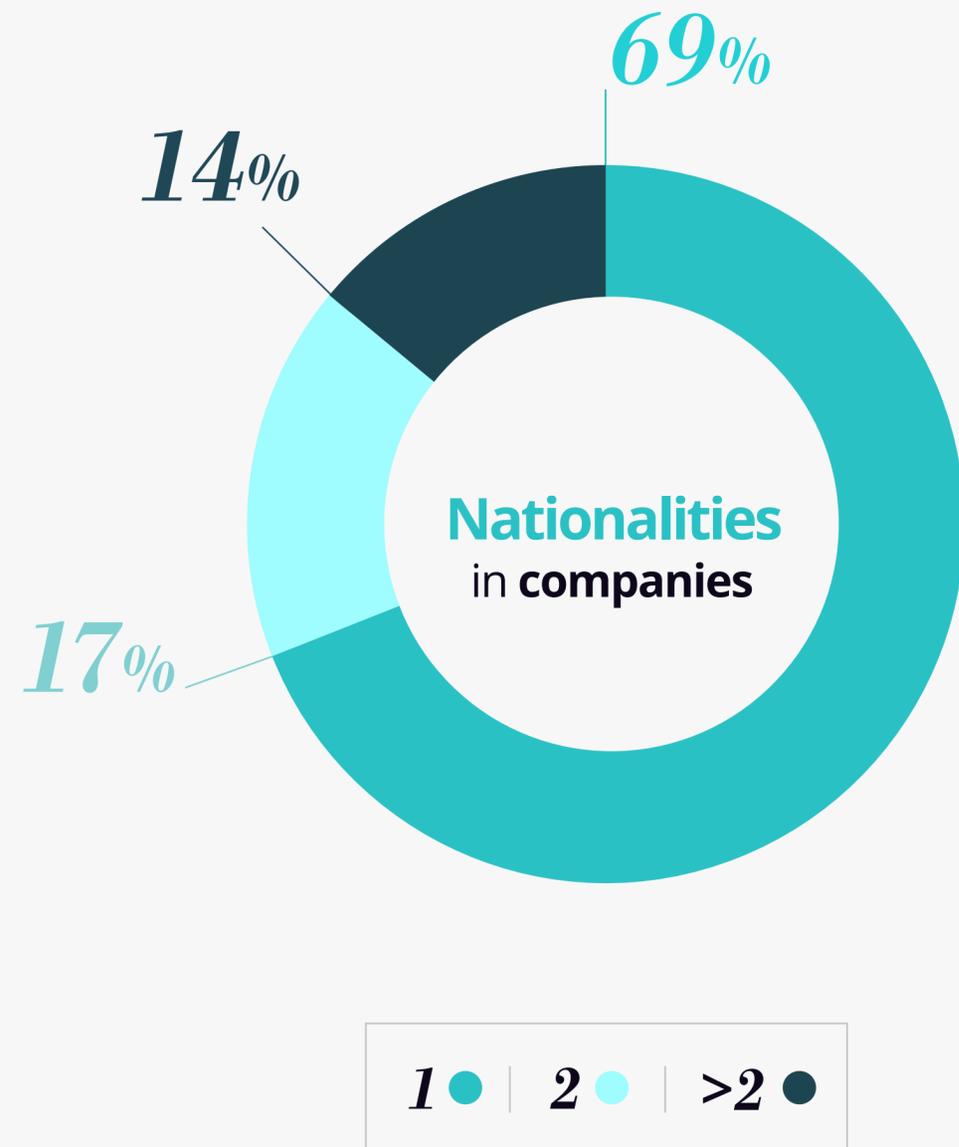
Women have little representation



Women have **an overall representation of 26%**. A percentage which, although on the rise, is far from reflecting the ratio of the sexes working at the companies. Especially when this is a very uneven presence: **29% of the companies have no women** on their highest decision-making body and **31% only have one**. This means that in most companies (60%) the presence of women on the top governing body is token or non-existent.

On the other hand, women **are a majority on only 1% of the boards of directors** (and there are always some men on them) and are **equally represented on 2%**. It is necessary at this point to remember that gender diversity is the priority aspect that Spanish companies are working on. In fact, the paradox is that 64% of the companies that have zero women on their board of directors includes gender diversity in their strategy, and only 3% puts any emphasis on other aspects and openly affirms that they are not working on gender parity.

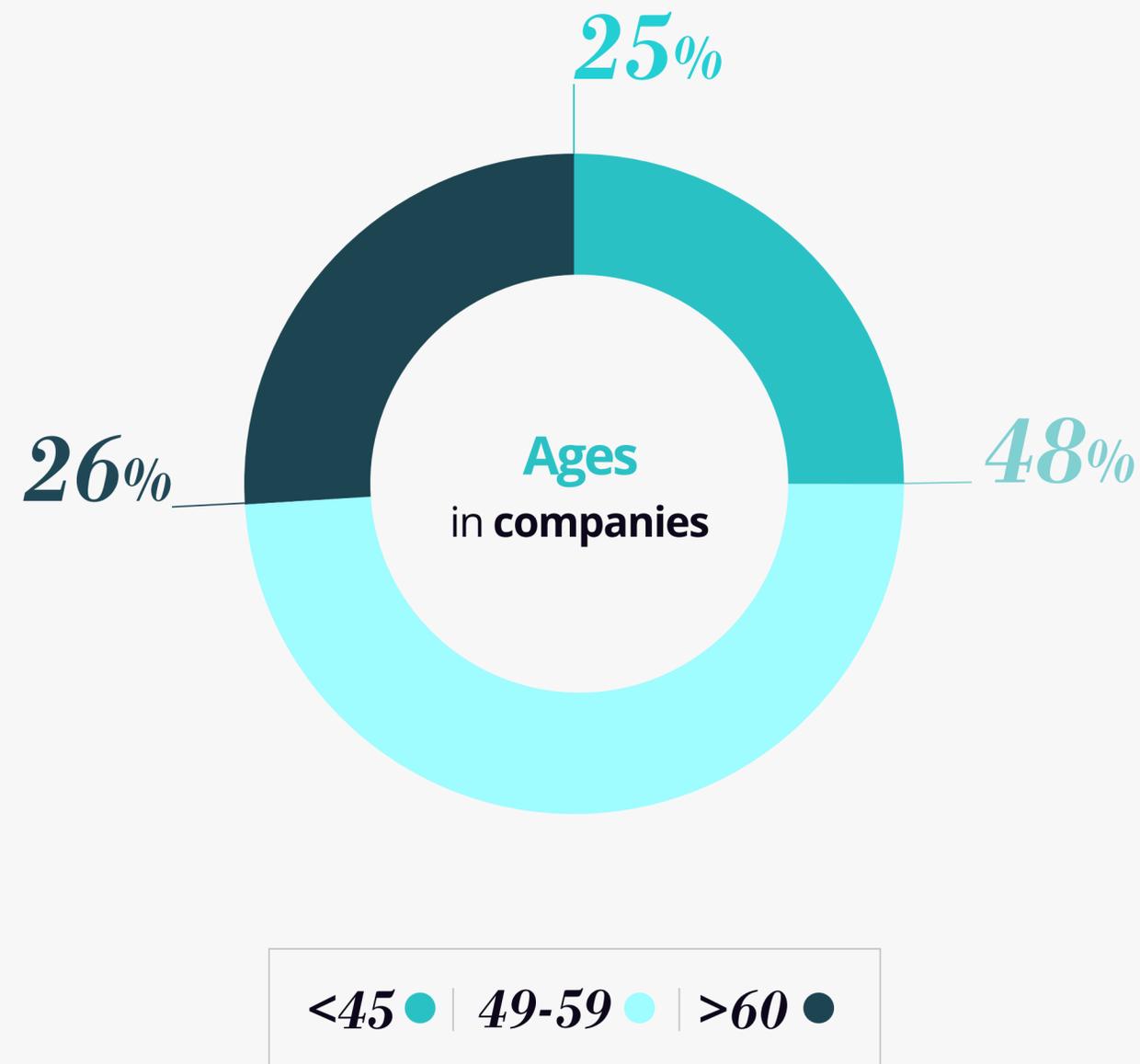
And nationalities, even less



The scenario is very similar in the case of board members of other nationalities. **69%** of the companies have **no non-Spanish member** on their boards, and **17%** have **representatives of two nationalities** (Spanish and one other).

From there on out, the percentages of organizations with broad international representation on their board of directors are minimal. The extreme is represented by the **1%** of **companies that have members from seven different countries** on their top decision-making body. Their profile: foreign companies or very internationalized Spanish ones.

Older people take precedence

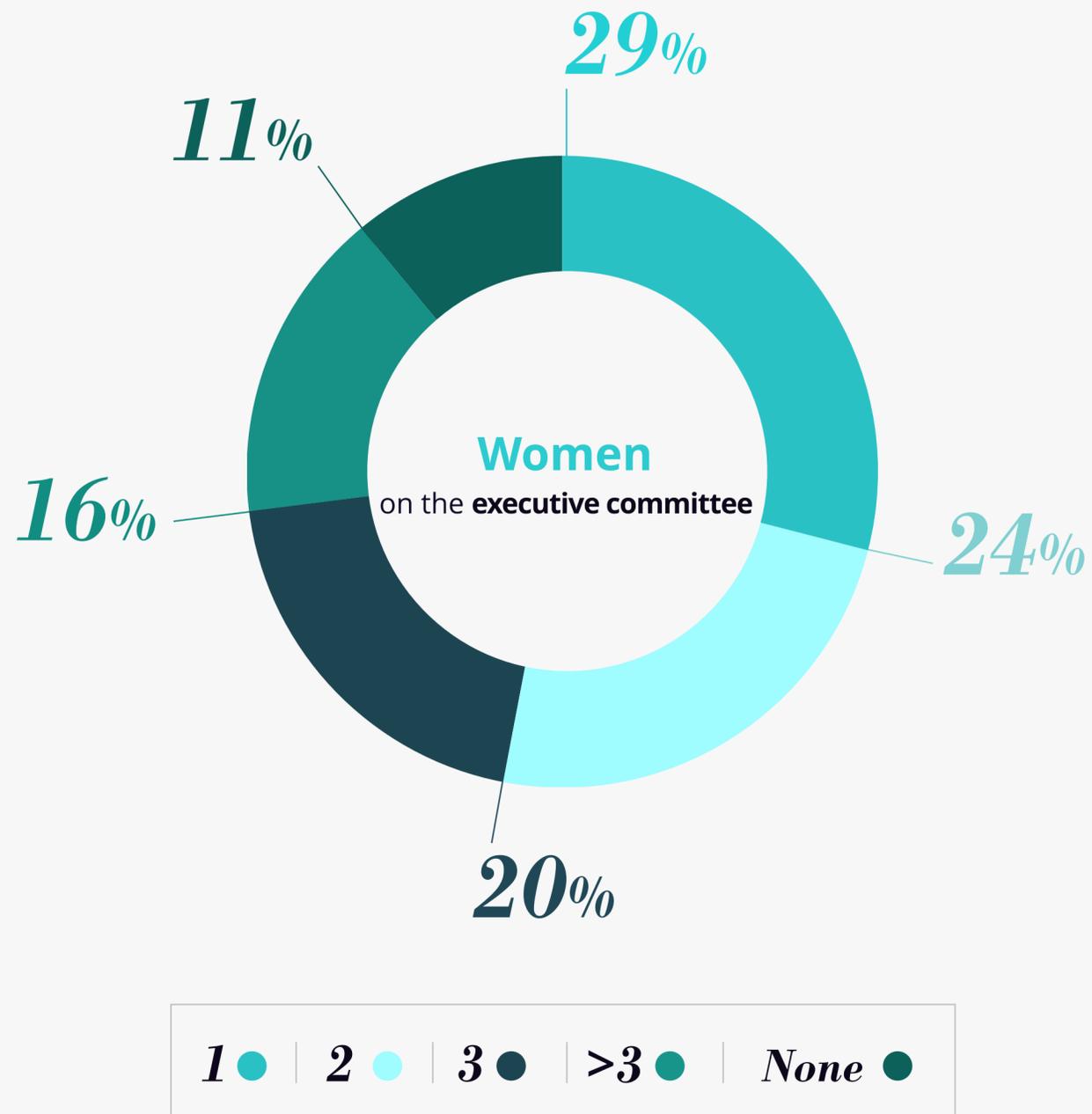


With regard to the study of board member ages, **the majority group** is made up of **professionals who are 45-59 years old**, who occupy **49% of the positions**. Almost **one quarter** of Spanish company board members **are already over 60 years old**, the same **percentage** represented by members **under 45 years old**. These data reveal a slow renewal process in a setting still dominated by the traditional professional group. A curious fact: in the companies **where there are older board members, there are fewer women on the board of directors**.

3. *Executive committee composition*

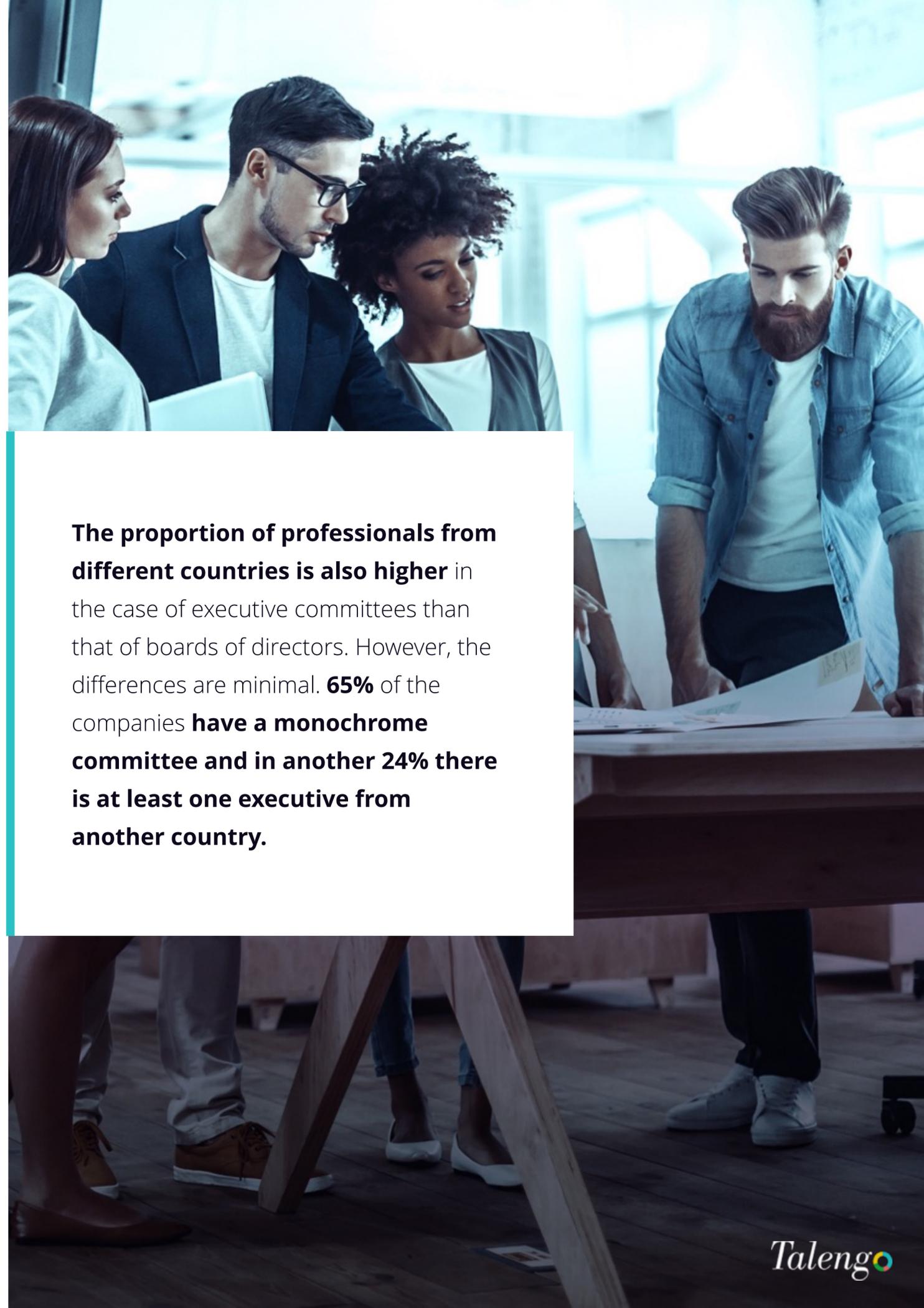
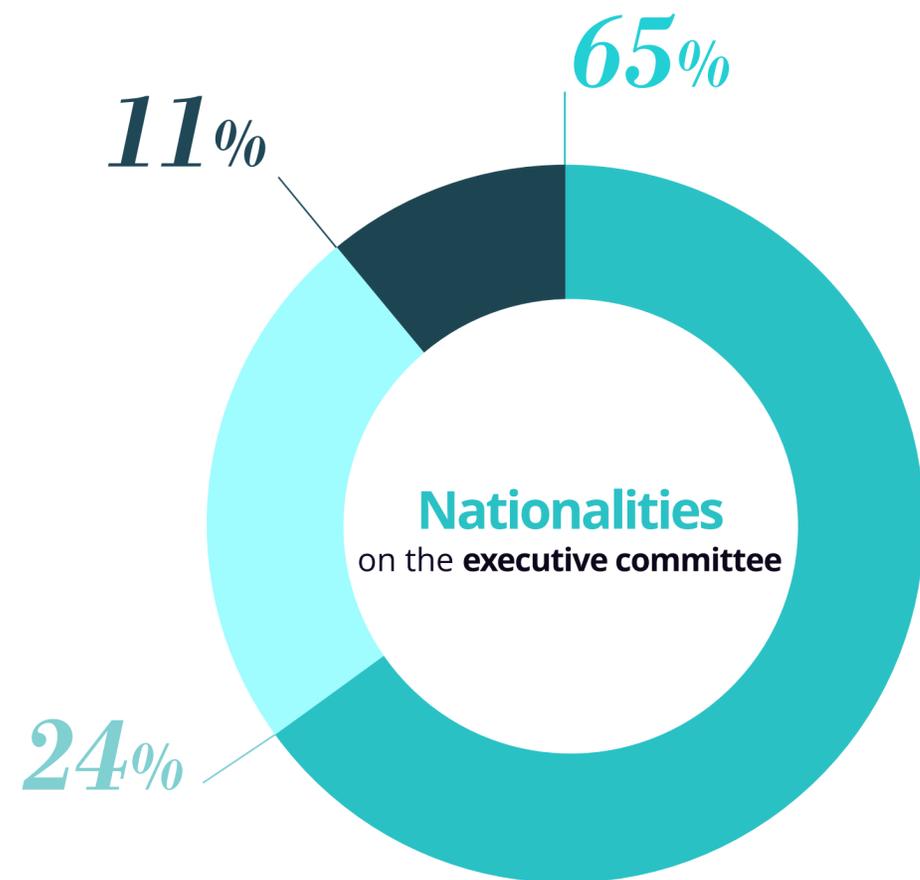
Another of the **essential bodies** in which the degree of **equality and the efficiency** of inclusion strategies is reflected is the executive committee, the team of people at the wheel of the company on a day to day basis. In this case, there are slight differences in **percentages favouring diversity**, although the make-up of the executive committees follows the same pattern as that of the boards of directors.

Greater presence of women



Women occupy 23% of executive positions, which does not even equal one third. The most worrisome figure is that 40% of the companies have minimal female participation on their executive committee: in 11% there are no women and in 29% there is only one. Within the remaining 60% of companies in which at least two women sit down at executive committee meetings, the causes are quite varied: in 2% of the companies the committee is all women, with no male representative; women are a majority on 5% of Spanish executive committees; and 14% are absolutely equal, with the same number of men and women. A global analysis of women's presence on both bodies shows that 7% of Spanish companies have no women on either their board of directors or their executive committee. And a similar percentage, 8%, have only one, on one of the committees.

Also more nationalities



The proportion of professionals from different countries is also higher in the case of executive committees than that of boards of directors. However, the differences are minimal. **65%** of the companies **have a monochrome committee** and in another **24%** there is at least one executive from another country.

Younger executives

Where there *is* a significant difference is the drop in the average age of executive committee members compared to the board of directors. The professionals who are 45-59 years old **constitute 50%**. In this case, **professionals under 45 make up 42%**, to the detriment of the group of **those older than 60**, which only represents **8% of the executives**.



40%

UNDER 45
YEARS OLD

50%

OLDER THAN
45 YEARS OLD

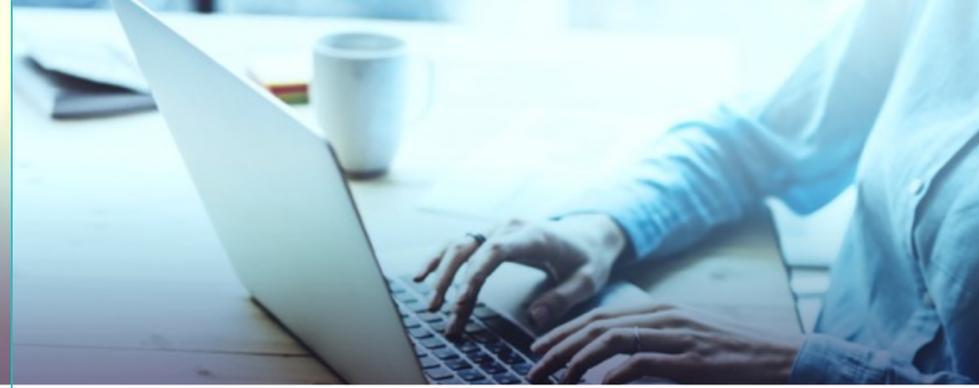
8%

OLDER THAN
60 YEARS OLD

4. *Diversity management*

There is, unquestionably, a clear **contradiction** between the way that companies say they are working on **diversity and the reality of their decision-making bodies**. However, if boards of directors and executive committees are **much less diverse** than they would be ideally,

how are companies working to achieve equality and with what resources?



Without an assigned budget...

77% lack a specific budget to support their actions promoting diversity.

77% HAVE NO ASSIGNED BUDGET

23% DO HAVE ONE

or control KPI's ...

65% of companies have not established any type of measurement for the progress the company makes in this area.

66% DO NOT HAVE KPI'S

34% DO HAVE THEM

or anyone in charge of diversity.

In fact, in **70%** of the companies there is no-one responsible for diversity. If we cross these three data, **55%** of the companies are involved in a diversity and inclusion strategy for which they have no owner, no budget and in which they do not measure the results.

70% DO NOT HAVE A D&I OWNER

30% DO HAVE ONE

Technical Info

Statistical study done in June of 2017, using a closed survey.

The data is analysed for the whole sample and for the segments.

Target: CEOs

Sample: National scope

76% of the participating companies have between **150** and **500** employees

78% of the participating companies have their corporate headquarters in **Spain**

24% of the participating companies have between **150** and **500** employees

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