

Challenges of Board Diversity

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In my last newsletter I discussed the benefits of board diversity. Results from corporate America clearly suggest that board diversity is correlated with better decisions and increased profits.

Diverse groups approach problems from more directions and identify alternative solutions.

Simply interacting with individuals who are different forces group members to prepare better, to anticipate alternative viewpoints and to expect that reaching consensus will take effort. As the old adage goes “if everyone is thinking the same thing, somebody is not thinking!” While there are benefits there are also challenges to board diversity.

Diverse groups tend to be slower at reaching a consensus. Homogeneous groups reach decisions quickly but they also tend to maintain the status quo. Every board must work to become a smoothly functioning team. More diverse boards may have to work a little harder. While we all claim to value diversity of opinions, people often feel baffled, threatened and even annoyed by persons with backgrounds that are different from their own. Board orientation becomes more important when the new board member is of a different gender, age or background relative to the rest of the board.

The biggest disadvantage of board diversity occurs when diversity is stressed at the expense of all other traits. The cooperative board is a challenging position. Cooperatives need to recruit highly capable individuals to run for the board. Diversity should be viewed as a tool to expanding the potential pool of high quality candidates, not as an excuse to lower the bar. The challenge for the director recruitment committee is not to obtain any specific quota of gender or age balance. Rather, it is to be sure that they haven't overlooked any great candidates by not actively recruiting female and younger members.

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