

# Board Diversity in the West Midlands

---

## Preface

The subject of diversity in the boardroom has attracted much attention in the last 10 years. In 2010, the UK launched an independent review into women on boards led by Lord Davies of Abersoch. Focusing on the top listed companies, the review and its subsequent recommendations and actions catalysed UK businesses to address gender diversity in the boardroom, and the target of 25% female representation by 2015 on boards was achieved. In 2017, the Hampton-Alexander Review extended this work by looking more broadly at gender diversity in the FTSE 350 leadership teams and the progress towards 33% women on boards. In parallel, the Parker Review (2017) urged business leaders to pay greater attention to ethnic and cultural diversity in the boardroom as only 85 of the 1,050 director positions in the FTSE100 were held by directors from ethnic minority backgrounds.

There are strong arguments for taking boardroom diversity seriously. Evidence has consistently shown how diverse boards positively affect boardroom behaviours, culture and effectiveness<sup>1</sup>. Yet more work remains to be done before boardrooms truly reflect the diversity of the communities, globally and locally, within which countries operate. This report focuses on board diversity in the West Midlands region, looking at gender, nationality and age diversity in the largest 1,000<sup>2</sup> West Midlands companies.

## Gender diversity

In 2017, women made up only 13.1% of the directors of corporate boards in the largest West Midlands companies. 58 companies have perfectly gender-balanced boards. Over half of the companies (55.9%) have male-only boards, whereas 2 companies have female-only boards. This is a serious issue for West Midlands companies to address, but evidence from the top UK companies (Figure 1) suggests that concerted action can deliver results.

---

<sup>1</sup> Nielsen, S. & Huse, M. (2010) The contribution of women on boards of directors: Going beyond the surface, *Corporate Governance: An International Review*, 18(2):136-148.

Vinnicombe, S., Sealy, R., Humbert, A. (2017) *The Female FTSE Board Report 2017*, Cranfield University;

Walker, A., Machold, S., Ahmed, P.K. (2015) Diversity and conflict in boards of directors: an exploratory study of personality traits, *International Studies of Management and Organization*, 45(1):25-42.

<sup>2</sup> Top 1,000 companies by turnover, companies with only 1 director were excluded.



West Midlands  
Combined Authority

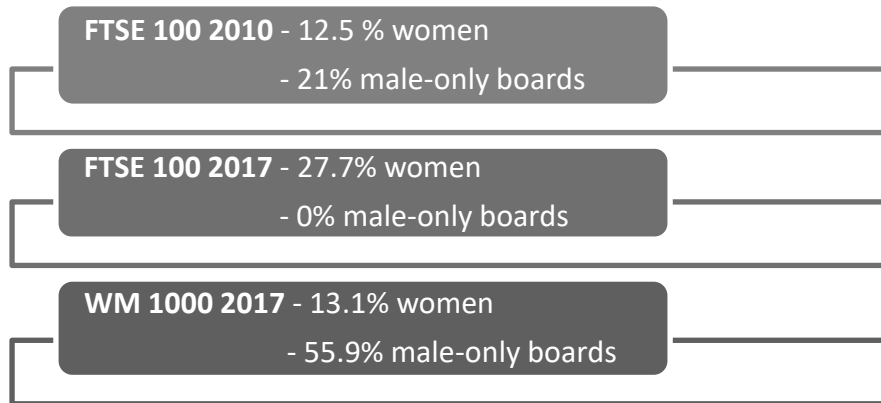


Figure 1: Progress with women on boards: FTSE100 and WM1000 compared

West Midlands public companies<sup>3</sup> have on average a higher proportion of women than private companies – 15.6% compared to 12.9%. However, this still lags behind the UK average for both the FTSE 100 (27.7%) and FTSE 250 (22.8%).

There are some regional variations in board gender diversity – companies registered in Dudley postcode areas have on average the highest representation of women on boards (19.1%), whereas companies in the Telford area have the lowest (10.3%).

Postcode region	Average % women on board
<b>Birmingham</b>	11.9
<b>Coventry</b>	13.2
<b>Dudley</b>	19.1
<b>Hereford</b>	14.8
<b>Stoke</b>	14.9
<b>Telford</b>	10.3
<b>Walsall</b>	13.5
<b>Wolverhampton</b>	13.8
<b>Worcester</b>	15.7

## Nationality diversity

Of those companies that report on the nationality of their directors<sup>4</sup>, 50% have at least one non-UK national on their board of directors. On average, non-UK nationals account for 16.6% of board positions. 46 companies have perfectly diverse boards with regards to nationality of directors. 16 companies have boards comprising of only international directors.

Country	No of directorships	Country	No of directorships	Country	No of directorships
<b>Argentina</b>	1	<b>Greece</b>	4	<b>Portugal</b>	5
<b>Australia</b>	14	<b>Hungary</b>	1	<b>Qatar</b>	1

<sup>3</sup> Public companies in the dataset include: Public quoted, Public not quoted and Public Alternative Investment Market (A.I.M.)

<sup>4</sup> 232 have incomplete data.



West Midlands  
Combined Authority

<b>Austria</b>	11	<b>India</b>	15	<b>Republic of Korea</b>	1
<b>Barbados</b>	1	<b>Ireland (Republic of)</b>	49	<b>Russian Federation</b>	2
<b>Belgium</b>	17	<b>Iran</b>	2	<b>Slovakia</b>	1
<b>Brazil</b>	1	<b>Israel</b>	2	<b>Slovenia</b>	1
<b>Canada</b>	8	<b>Italy</b>	34	<b>South Africa</b>	23
<b>China</b>	23	<b>Japan</b>	42	<b>Spain</b>	24
<b>Cyprus</b>	1	<b>Kuwait</b>	4	<b>Sweden</b>	20
<b>Czech Republic</b>	1	<b>Lebanon</b>	2	<b>Switzerland</b>	10
<b>Denmark</b>	19	<b>Malaysia</b>	4	<b>Taiwan</b>	4
<b>Egypt</b>	5	<b>Netherlands</b>	23	<b>Thailand</b>	27
<b>Finland</b>	1	<b>New Zealand</b>	3	<b>Turkey</b>	3
<b>France</b>	89	<b>Norway</b>	11	<b>United States of America</b>	141
<b>Germany</b>	100	<b>Poland</b>	2		

Private companies have on average a higher proportion of international directors compared to public companies – 17% and 9.1 % respectively. International directors in the West Midlands companies come from 44 countries. Directors holding US, German and French nationalities are most frequent.

Companies in the Dudley and Coventry postcode areas have the most nationality-diverse boards (26.9% and 26.3% respectively), whereas companies in Hereford and Stoke have the least (10%).

Postcode region	Average % non-UK directors
<b>Birmingham</b>	12.8
<b>Coventry</b>	26.3
<b>Dudley</b>	26.9
<b>Hereford</b>	10.0
<b>Stoke</b>	10.0
<b>Telford</b>	16.4
<b>Walsall</b>	16.5
<b>Wolverhampton</b>	11.3
<b>Worcester</b>	21.6

## Age and Age Diversity

Directors of West Midlands companies range in age from 19 years to 98 years. The age average of all directors is 53.4 years – this is younger than the age of FTSE 100 directors where the average age of male directors is 59.4 and that of female directors 56.9 years.

The 'youngest' board in terms of average age of directors is 36 years, whereas the 'oldest' board is 80.5 years. The most age-diverse board has a difference of 59 years between the youngest and oldest board member, and only 8 companies have no age diversity. Most typically, 10 years separate the oldest and youngest directors. Public company boards tend to be on average 2 years 'older' than private company boards (55 years and 53 years



**West Midlands**  
Combined Authority

respectively), but also more diverse (24 years separating the youngest and oldest board member compared to 17 years in private companies).

Mean Age Diversity (difference between youngest and oldest director)	17.2
Modal Age Diversity (difference between youngest and oldest director)	16.0
Median Age Diversity (difference between youngest and oldest director)	10.0

There are no distinct regional patterns when it comes to board age and board age diversity. Companies in the Dudley postcode region have both the 'oldest boards' and the most age-diverse ones. Companies in the Coventry postcode region have the 'youngest' boards, and companies in Telford have the least age-diverse boards.

Postcode region	Average Board Age	Average age diversity (difference between youngest and oldest director)
<b>Birmingham</b>	52.8 years	17.3 years
<b>Coventry</b>	52.7 years	17.0 years
<b>Dudley</b>	54.7 years	19.3 years
<b>Hereford</b>	53.9 years	18.1 years
<b>Stoke</b>	54.5 years	17.5 years
<b>Telford</b>	53.0 years	16.9 years
<b>Walsall</b>	53.0 years	14.8 years
<b>Wolverhampton</b>	53.3 years	19.6 years
<b>Worcester</b>	54.4 year	17.7 years

Silke Machold  
13 April 2018