

2004 ETHNIC MINORITY DIRECTORS INDEX: FTSE 100 COMPANIES

EXECUTIVE SUMMARY

THE TOP COMPANIES WHERE PEOPLE FROM ETHNIC MINORITIES SUCCEED

Just as in 2001, Standard Chartered Bank tops the list of companies with directors from ethnic minorities, with an executive director from India and two NEDs of Chinese origin, from Hong Kong and Singapore, making up 19% of their board. In second place, up from 12th in 2001, is the chemicals company BOC Group, with an executive director from an Indian background, and one NED from Taiwan, forming 17% of the board. Also jumping up the list is the brewery firm SAB Miller from 15th in 2001 to 3rd place in 2004, with a director of Chinese origin and a black South African. In joint 4th place are GlaxoSmithKline with one Japanese executive and one black American NED, and HSBC Bank, with three NEDs from Hong Kong. New into the FTSE 100 EMD Index are BSKyB, AstraZeneca, who have appointed the first black female director, MMO2, WPP, Barclays and Unilever. All but one of these companies have women directors.

HIGH CORPORATE PERFORMANCE

There is a very strong link between high market capitalisation and the appointment of ethnic minority directors (EMDs). Seven of the ten largest companies have EMDs, as do 17 of the top 50 companies. Only two of the companies with EMDs were in the lower 50.

GOOD CORPORATE GOVERNANCE

The average score across eight indicators of good corporate governance for these 19 companies was 5.8, a good score.

27 DIRECTORSHIPS HELD BY ETHNIC MINORITY DIRECTORS (EMDs)

There is one CEO, Arun Sarin of Vodaphone. Five executive EMDs come from an Indian subcontinent background, one is Japanese and one has an Arab name. However, there are no black executive directors at all. One executive director is female, Yasmin Jetha, IT director of Abbey National. Of the NEDs, two are Arab, two are black Africans, four are black Americans (Michele Hooper is the only black female in the FTSE 100), two are from the Indian subcontinent, eight are of Chinese origin, and two are also from the Far East. Baroness Dunn is deputy chairman of HSBC Bank. The directors have impressive backgrounds - there were 9 presidents and CEOs, as well as 8 chairmen. Two have PhDs, 8 have MBAs, and others have economics and business degrees.

INTERNATIONAL EXPERIENCE

Over half of all FTSE 100 directors report international experience in their brief biographies, and 28% indicate that they are not British by nationality. This indicates the increasing importance of international experience in 2004.

CONCLUSIONS

Some progress since 2001, first EM chief executive, first black woman (American), people of Indian origin gaining executive posts, and those from Far East as NEDs. But still no directors who are from the UK black population. There is also a strong association with advanced education, and so equal access to good education is an important consideration, particularly for the less represented groups here. There is a supply chain issue, and a lack of black UK role models, particularly in terms of executive directors. There may be some more role models in the entrepreneurial world. But they need to be more visible to headhunters and selection boards.

FTSE 100 Companies with Ethnic Minority Directors	2004	2001
Companies with Ethnic Minority Directors	19	17
Companies with One Ethnic Minority Director	13	13
Companies with Two Ethnic Minority Directors	4	2
Companies with Three Ethnic Minority Directors	2	0
Companies with Four Ethnic Minority Directors	0	1
Companies with Five Ethnic Minority Directors	0	1
Ethnic Minority Directors (all)	27	26
% of all FTSE 100 directorships	2.3%	2.2%
Ethnic Minority CEOs	1	2
Ethnic Minority Executive Directors	7	9
% of all FTSE 100 executive directorships (including executive chairmen)	1.5%	1.8%
Ethnic Minority Non-Executive Directors	20	17
% of all FTSE 100 non-executive directorships (including non-executive chairmen)	2.8%	2.5%
Female Ethnic Minority Directors	3	2
Far Eastern Directors	10	8
Indian/Pakistani/UK Asian Directors	7	8
Black Directors	6 (2 SA, 4 US)	3 (1 SA, 2 US)
Other Diversity - Number of FTSE 100 directors who are female (30-04-2004)	100	75
Number of FTSE 100 directors who are non-UK citizens (best effort basis)	326 (28%)	-
Number of FTSE 100 directors stating international experience in their biographies	625 (54%)	-

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