

CXO REPORT

DIVERSITY: ON THE MOVE





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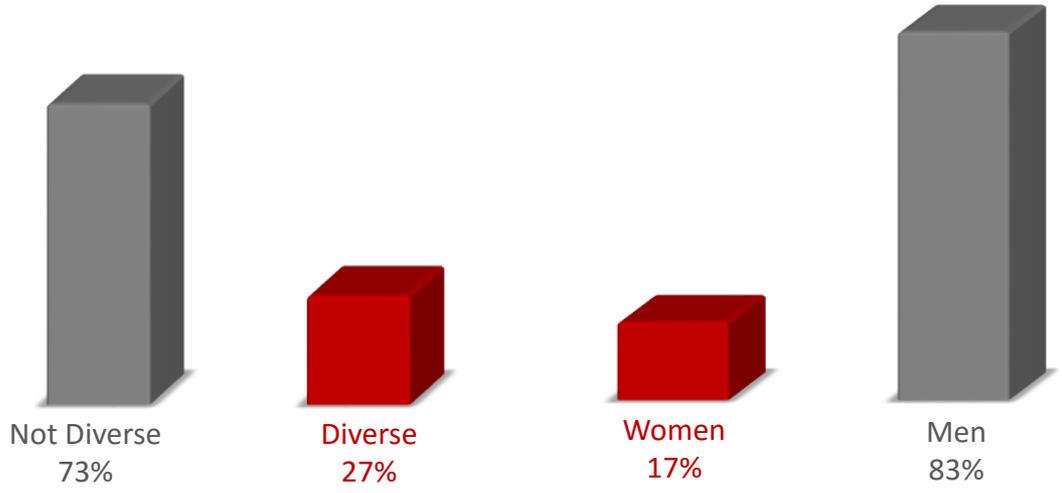
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Report Updated: 5-16-2016

- This report is based on market observations and internal analysis, with the intent of raising awareness and fostering progress regarding leadership selection and forming well-balanced teams.
- C-level hiring and promotions observed from January 1, 2015 to December 31, 2015.
- More than 3,000 C-level appointments representing 10 industry groups across North America.
- Observations were inclusive of Fortune 100s to mid-sized and start-up organizations, as well as public companies, privately held firms, and nonprofit organizations.
- C-level appointments were observed according to various criteria that tend to be meaningful to Boards and Executives who determine an organization's talent agenda; as well as to aspiring C-level leaders.
- Most graphs throughout the report represent one of three dynamics: female and male, white and racially or ethnically diverse, and overall diversity which incorporates the two other dynamics.
- CXO defined as individuals with "Chief" leading their job title, as well as President job titles. With regard to Human Resources, Vice President job titles were also included if the individual was listed by the organization as the top HR executive or he/she appeared on its leadership webpage.
- Primary methodology was passive data collection throughout the public domain, as well as TRANSEARCH's proprietary database, to find instances of self-identification. In some cases, visual observation was used.
- Industry categorization is consistent with listings in business publications like Forbes and Fortune, and was also influenced by the delineation of global industry practices within TRANSEARCH International.
- C-level appointments were observed via numerous sources, including: Forbes, Fortune, Bloomberg, the Wall Street Journal, the New York Times, and LinkedIn as well as various newswires, corporate websites, industry publications, trade associations, networking interactions, and the work of TRANSEARCH International.

- Only one-fourth of newly appointed executives were diverse candidates.
- Across executive roles in all industries, five times more men than women were appointed to new positions.
- Diverse candidates had a greater likelihood of being hired rather than promoted when compared to an executive in the overall population.
- Across all executive positions, the CEO and CFO roles exhibited the lowest ratio of diverse appointments.
- Across all executive positions, the CFO role exhibited the lowest ratio of newly appointed executives who were racially or ethnically diverse.
- Despite strong overall diversity numbers, less than 10% of newly appointed HR executives were racially or ethnically diverse.
- Regarding newly appointed CIOs with 20 years or less experience in IT roles, this group exhibited a higher ratio of diverse executives and were somewhat more likely to have earned an MBA (especially diverse executives) than individuals with more experience.
- Regarding newly appointed CMOs with 15 years or less experience in marketing roles, this group exhibited a higher ratio of diverse executives and were more likely to have earned an MBA (especially diverse executives) than individuals with more experience.
- Regarding newly appointed HR executives with 20 years or less experience in HR roles, this group exhibited a slightly higher ratio of diverse executives and were much more likely to have earned an MBA (especially diverse executives) than individuals with more experience.

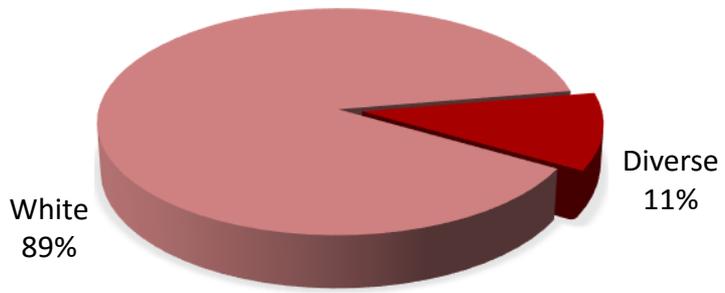
OVERALL DIVERSITY



GENDER

- Only one-fourth of newly appointed executives were diverse candidates.
- Across executive roles in all industries, five times more men than women were appointed to new positions.
- In general, midsize organizations tended to have a lower ratio of diverse executives than did larger and smaller organizations.

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- Among the dimensions evaluated for all newly appointed executives, racially or ethnically diverse candidates were the least represented.
- This mix of corporate diversity is incongruent with diversity in the American population. Data from the most recent U.S. census (2010) lists: 64% White, 16% Latino/Hispanic, 12% Black, and 8% Asian or Other.

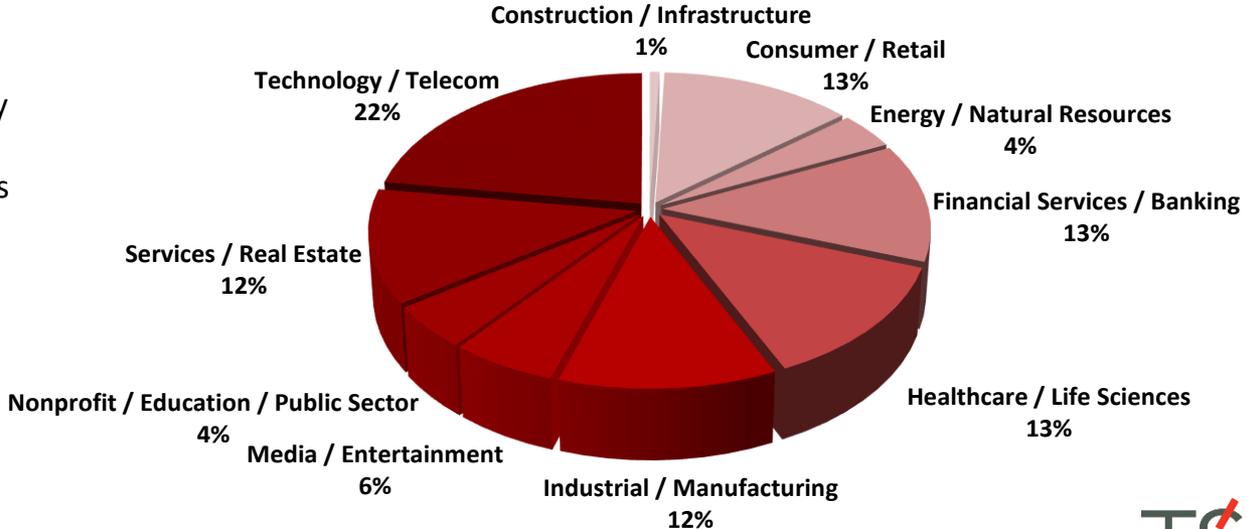
EXTERNAL VS INTERNAL



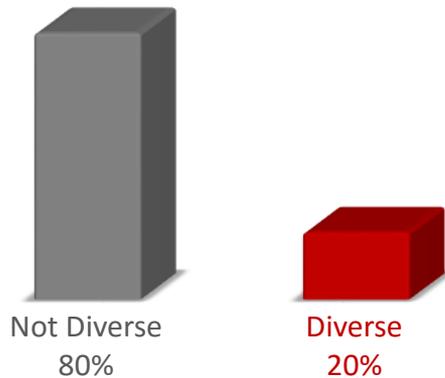
- Among newly appointed executives who were diverse candidates, more than two-thirds were hired from outside the organization.
- Diverse candidates had a greater likelihood of being hired rather than promoted, when compared to an executive in the overall population.
- In past surveys, upward of 78% of companies polled intended to increase their emphasis on employing diverse executives.

- The hiring or promotion of diverse executives was most prevalent in Technology / Telecom.
- Across all industries, the mix of newly appointed diverse executives is largely consistent with how industries experienced overall executive turnover.
- In other recent surveys, 69% of organizations said their Board of Directors or a special committee oversees diversity and inclusion strategies and initiatives.

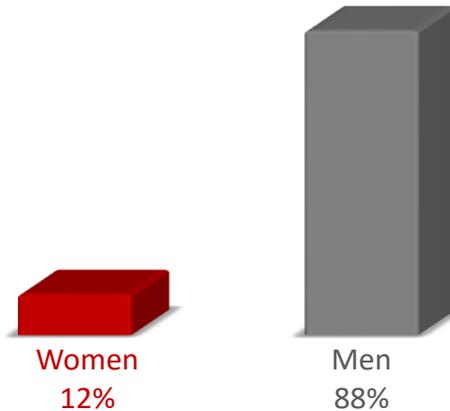
MARKET SHARE OF DIVERSE APPOINTMENTS



OVERALL DIVERSITY

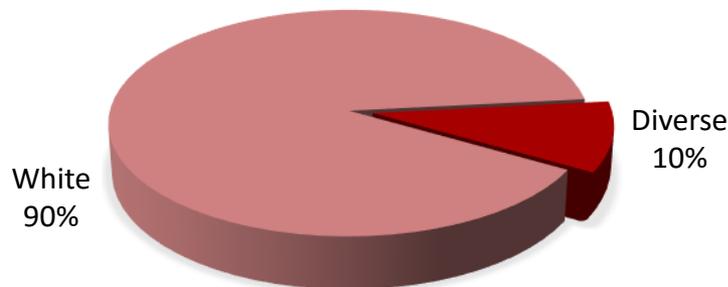


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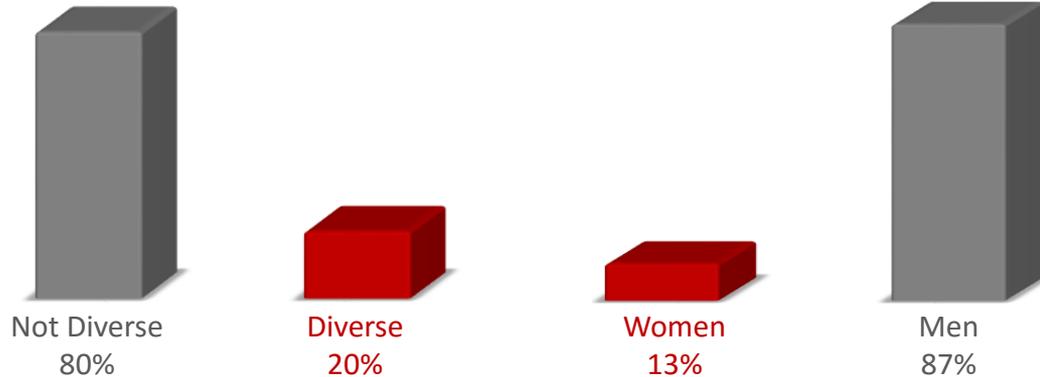
- Only one-fifth of newly appointed CEOs were diverse candidates.
- Across all executive positions, the CEO and CFO roles exhibited the lowest ratio of diverse appointments.
- Similarly, across all executive positions, the CEO role exhibited the lowest ratio of female appointments.
- Across all industries, seven times more men than women were appointed CEO.

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- Only one of ten newly appointed CEOs were racially or ethnically diverse.
- Along with industries that experienced high CEO turnover, Nonprofit / Education / Public Sector exhibited the highest ratio of newly appointed CEOs who were racially or ethnically diverse.

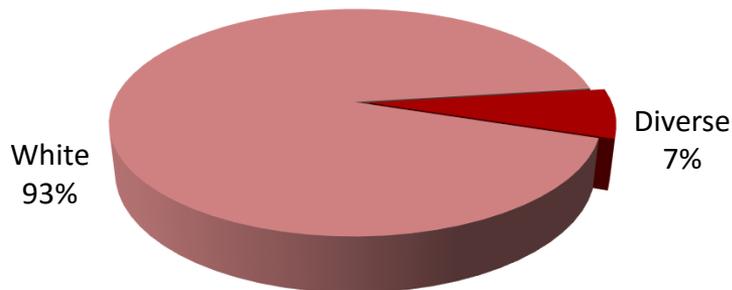
OVERALL DIVERSITY



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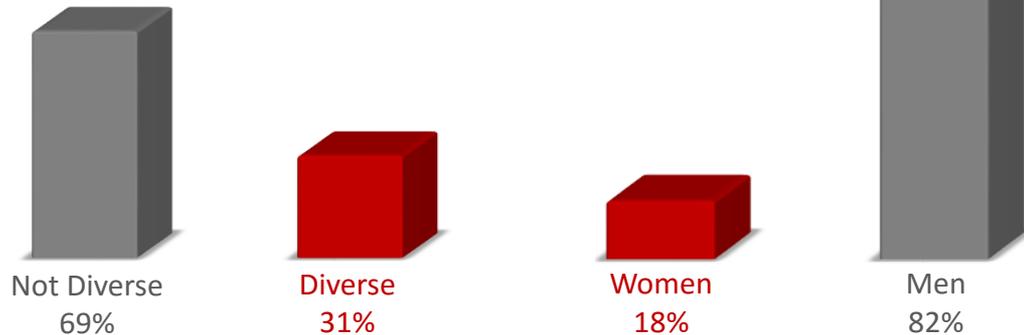
- Only one-fifth of newly appointed CFOs were diverse candidates.
- Across all executive positions, the CFO and CEO roles exhibited the lowest ratio of diversity appointments.
- When it came to the CFO, the position nearly matched the CEO's low ratio of female appointments.

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- Across all executive positions, the CFO role exhibited the lowest ratio of newly appointed executives who were racially or ethnically diverse.
- This perhaps in contrast to recent studies by publications like CFO Magazine which report that nearly 50% of organizations say diversity is no bigger a concern now than it was six years ago.

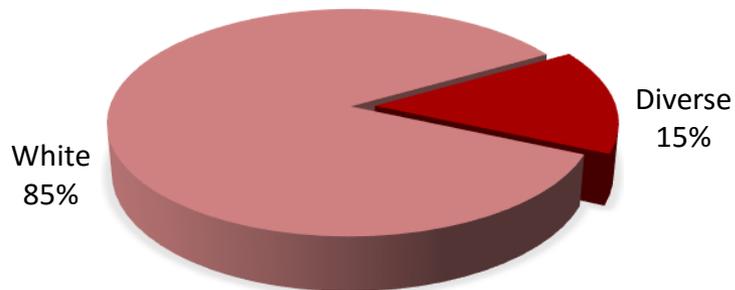
OVERALL DIVERSITY



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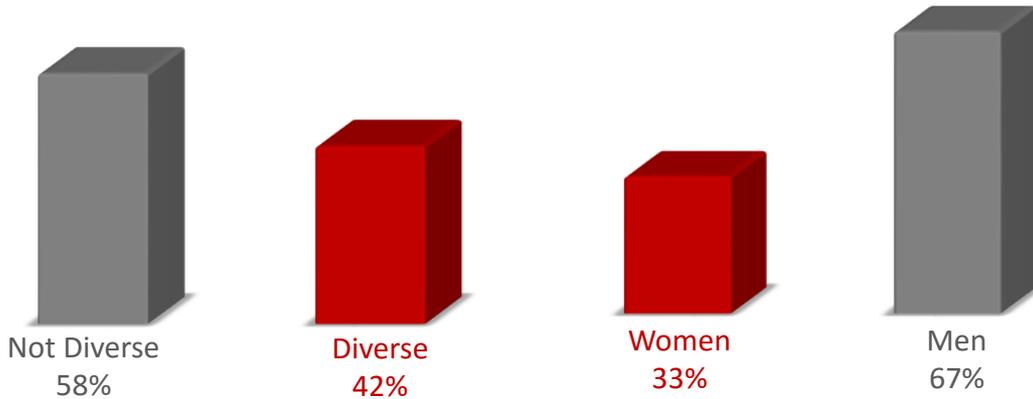
- Nearly one-third of newly appointed CIOs were diverse candidates, a higher ratio than with CEOs and CFOs.
- Across all industries, nearly five times more men than women were appointed CIO.

RACE / ETHNICITY



- Across all executive positions, the CIO role exhibited the highest ratio of newly appointed executives who were racially or ethnically diverse.
- When it came to the CIO, midsize organizations tended to have a lower ratio of diverse executives than did larger and smaller organizations.

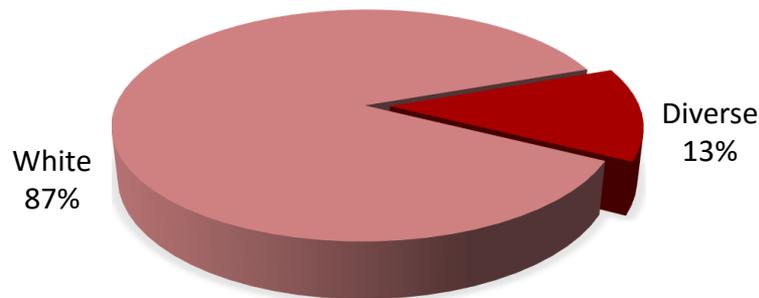
OVERALL DIVERSITY



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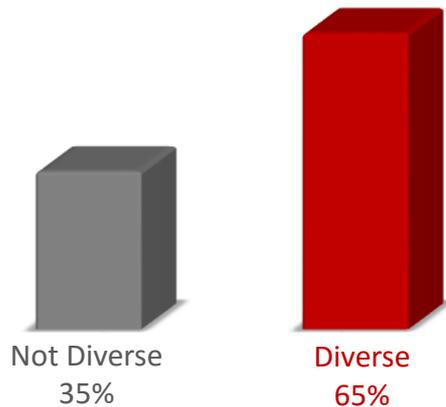
- Just less than half of newly appointed CMOs were diverse candidates, one of the highest ratio of diverse appointments across all executive positions.
- Along with HR, the CMO position exhibited one of the highest ratios of newly appointed female executives.

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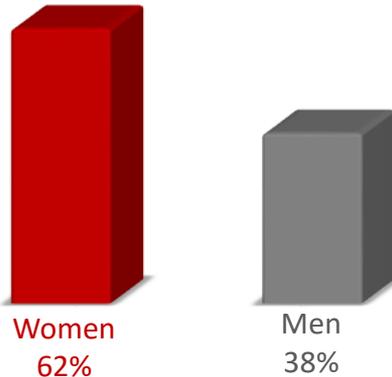


- Despite strong overall diversity numbers, not quite one of five newly appointed CMOs were racially or ethnically diverse.
- When it came to the CMO, larger organizations tended to have a higher ratio of racially or ethnically diverse executives than did midsize and smaller organizations.

OVERALL DIVERSITY

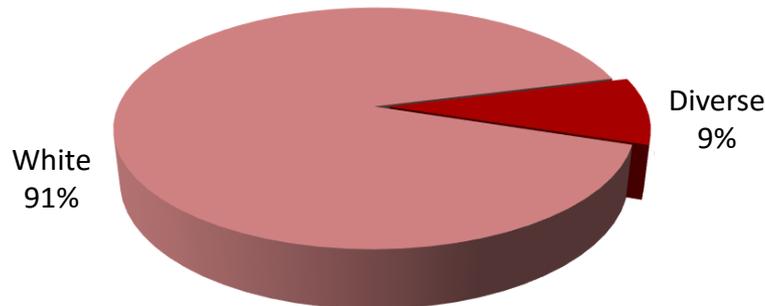


GENDER



- Two-thirds of newly appointed HR executives were diverse candidates.
- Across all executive positions, HR was the only role to experience a majority of diverse appointments. Three-fifths of newly appointed HR executives were female.

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- Despite strong overall diversity numbers, less than 10% of newly appointed HR executives were racially or ethnically diverse.
- Across all executive positions, the HR role exhibited the second lowest ratio of newly appointed executives who were racially or ethnically diverse.
- This in contrast to insights by thought leaders at Johns Hopkins University, among others, that successful diversity programs hinge on the progressive influence and leadership-by-example of HR.

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