

# The S&P 500 Companies With the Most Diverse Boards

**The most ethnically and gender diverse boards may surprise you.**

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**Starbucks'** ([SBUX](#)) recent announcement to add three new [board members](#), including **Microsoft** ([MSFT](#)) CEO Satya Nadella, former Lego CEO Jorgen Vig Knudstorp and Rosalind Brewer, the former CEO of **Walmart's** ([WMT](#)) Sam's Club, came and went with little fanfare to investors.

The decision to nominate the three new members, all who hail from different backgrounds and countries, added some of the brightest minds across a range of sectors to the company's board. The move also propelled Starbucks, a holding in Jim Cramer's [Action Alerts PLUS charitable portfolio](#), into the top 97th percentile among the S&P 500 in terms of board diversity, something that has also correlated to successful corporate performance.

Studies have shown positive relationships between diversity on boards and improved financial results. A [report](#) from Catalyst, a non-profit trying to expand opportunities for women and business, found that companies with the highest percentages of women board directors outperformed those with the least by 53% when it came to return on equity. Companies with the highest percentages of women board directors also outperformed those with the least by 42% when looking at return on sales.

Meanwhile, companies with more female executives in decision-making positions continue to generate stronger market returns and superior profits, according to a report from the Credit Suisse Research Institute last year.

In addition to better financial results, diversity on boards leads to better decision making, so its no wonder companies including [Action Alerts PLUS holding Apple \(AAPL\)](#) have recently been subject of [shareholder complaints](#) concerning a lack of diversity at the board and executive level, or that cosmetics maker [Coty \(COTY\)](#) recently announced it would add its first-ever woman to its board.

"If you have a room full of the same people, they're going to come at it the same way," said Patricia Lenkov, founder and president of Agility Executive Search, which focuses on senior level search and board recruiting. "Groups of diverse people make better decisions," she added.

Besides gender and ethnicity, Starbucks also has a range of ages on its board from Millennials to Baby Boomers. In 2011, Starbucks made headlines when it named then twenty-nine-year-old Clara Shih, the CEO of social media marketing management platform Hearsay Social, to its board.

"Starbucks is one of the trailblazers in the age diversity realm," Lenkov said. In adding Shih to the board, Starbucks wanted to understand social media, all things technology and Millennials, who are gaining purchasing power, Lenkov noted.

Boards should also be reflective of investors, customers and employees.

"If you don't see others like yourself, it's hard to aspire," said Coco Brown, the founder and CEO of the Athena Alliance, a non-profit that helps boards become more diverse.

To be sure, women also represent half of the consumer and buying power in the U.S., so it makes sense to have them on boards, especially for companies that make products aimed at women. "Understanding the psyche and needs of your buyer is really critical," Brown said. However, the number of women on S&P 500 boards stands at 20.5%, according to BoardEx [data](#).

Some European countries, such as Germany, have quotas to improve the representation of women on company boards. "I don't think quotas are the answer. Companies should embrace diversity because that's ultimately better for the bottom line," said Stephanie Resnick, partner and chair of the directors' and officers' practice group at Fox Rothschild LLP.

Diversity can also appease shareholders. Last week, a small group of Apple shareholders [said](#) the tech giant should implement new policies to resolve the "lack of diversity" among its senior management and board members. Apple's board is 25% ethnically diverse and two out of the eight members are women.

Board diversity "is not a handout. It's a business imperative and it's good for business," Lenkov contended.

Here's a look at the most diverse boards across the S&P 500 by sector:

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