



Views from the Top: Cognitive Diversity for Better Outcomes

Ron O’Hanley

President and Chief Executive Officer, State Street Corporation

As Malcolm Forbes once noted, “Diversity is the art of people thinking independently together.” When we define and measure diversity, we often talk about gender, racial and LGBTQ diversity, people with disabilities, or veterans, for example. These are notable markers and reflective of diversity of thought, a topic I believe is vitally important.

Diversity of thought is so critical to any business’ success because it leads to better outcomes. If you have people with similar mindsets trying to solve a problem or challenge, each is likely to apply the same kind of logic to the solution (often referred to as “group think”). And if that “group think” fails to solve the problem on the first try – can you guess how successful they are going to be on their second or third attempt? A better approach is to draw on people from different life experiences, backgrounds and skills. Study after study has shown this. Innovation and ideas are the life blood of a company like State Street and group think is its enemy.

One of the more interesting studies on diversity came from Tufts University, which looked at diversity on juries. It found that diverse juries “cited more case facts, made fewer mistakes in recalling facts and evidence, and pointed out missing evidence more frequently” than non-diverse juries. Additionally, diverse juries were more likely to discuss the role that injustices, such as racism, may have played.

Translate this to the workplace, and the benefits of diversity are just as readily apparent. A McKinsey report found that, “Companies in the top quartile for racial and ethnic diversity are 35 percent more likely to have financial returns above their respective national industry medians.” On the contrary, “Companies in the bottom quartile both for gender and for ethnicity and race are statistically less likely to achieve above-average financial returns than the average companies in the data set.”

And while all of the evidence is compelling, talking about diversity is not the same thing as actively encouraging it. This is where inclusion comes in. It is critical that we realize and address our unconscious biases, recruit diverse candidates, actively seek out different voices and opinions, and continue to challenge ourselves to think differently about how we build a more inclusive culture. The success of our business depends on us meeting these objectives and attracting and retaining the best and the brightest talent.

Diversity is a vitally important objective, and State Street has acted broadly to ensure this objective is realized. For example, State Street Global Advisors has taken a leadership role in [encouraging diversity on corporate boards](#). But we recognize there is much more work to be done. This is why we are driving [diversity goals with both three- and five-year milestones](#) intentionally set at a level that goes beyond our historical pace of change, which by definition will require us to do things differently. We set bold targets, and we are just getting started.

Important Information

Investing involves risk including the risk of loss of principal.

The information provided does not constitute investment advice and it should not be relied on as such.

This document may contain certain statements deemed to be forward-looking statements. Please note that any such statements are not guarantees of any future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without State Street's express written consent.

2387955.1.1.GBL.RTL | Exp. 1.31.2020

State Street Corporation, One Lincoln Street, Boston, MA 02111-2900

© 2019 State Street Corporation - All Rights Reserved.