

ANNUAL EVENT 2024
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Exploring Cognitive Diversity: Impact on Investment Team Performance

Helena Morrissey, Chair

Prof Alex Edmans, Professor of Finance, Non-Executive Director, Author, TED speaker

Tord Stallvik, CEO, Redwheel

Arun Kelshiker, Advisory Board, Asset Owner Diversity Charter

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Background to the project



- Revisiting the business case for diversity - specifically diversity of thought with backdrop of the backlash against DEI
- We formed a team, who iterated this question, and our thinking evolved significantly as we tried to go 'deeper' into the issues
- Team members across the project: Adriana Weber, Arun Kelshiker, Chloe Duncan, Chris Gothard, Christina Rehnberg, David Thompson, Devvya Sharma, James Whiteman, Julia Hobart, Linda Russheim, Lindsey Bass, Paras Anand, Tord Stallvik and led by Helena Morrissey.

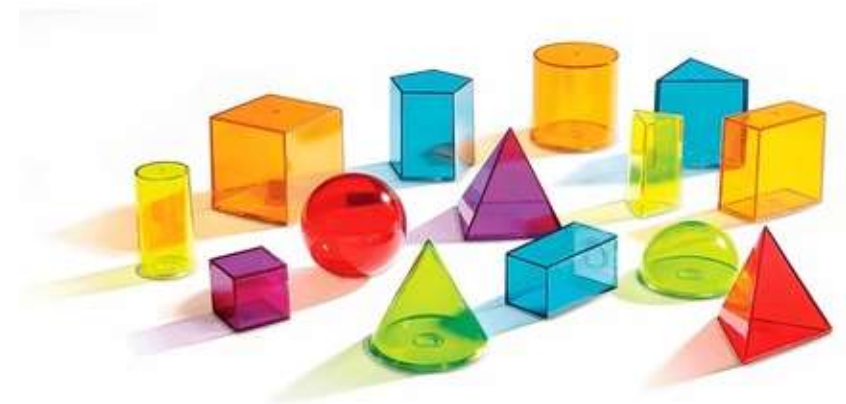


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Definition

We are using the term '**cognitive diversity**' to refer to the variety of perspectives, ideas, experiences, beliefs and ways of interpreting information or approaching an issue that different people have. We are not specifically referring here to neurodiversity, but to the differences in the ways we all think and behave.



Evolution of our thinking...

1. We started with wanting to explore any link between demographic and cognitive diversity
2. We reviewed existing primary research and believe there is good, robust work on cognitive diversity and the negative effects of groupthink, however, we didn't find anything that expressly maps this onto investment teams/results, which we'd like to explore
3. We felt we need to consider the conditions in which the team operates, i.e., exploring how culture and inclusivity can affect investment team decisions
4. We drew on our academic networks for greater insights



Cartoon: Stuart Roper



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Is there a link between cognitive diversity, the way a team operates and its results?



We started with “we do not know”

This is what we wanted the research to test

- We want the research to specifically apply to investment teams.
- We are genuinely open to what the research reveals and prefer academic robustness and rigour rather than seeking any pre-defined results.
- We will use our channels to promote the work.
- If the results are positive, we will look to help firms adopt findings in order to create the best teams and set the necessary conditions for them to excel as well as any broader corporate performance lessons that may or may not be able to be drawn from the study.



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Outcome



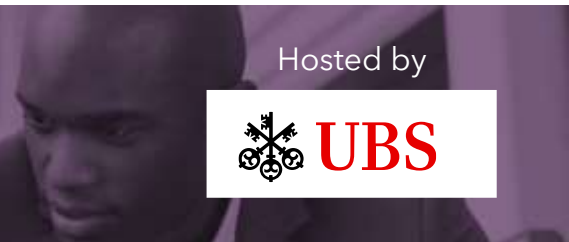
Alex Edmans  • 1st

Professor of Finance, non-executive director, author, TED speaker

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I'm delighted to have been selected by [Diversity Project - Investment Industry](#) to conduct research into cognitive diversity in the investment industry: both (a) the link between cognitive diversity and inclusion and investment performance, and (b) how to improve cognitive diversity. Why I'm particularly excited about this partnership is that the [Diversity Project - Investment Industry](#) did not have any preconceived idea that it wants to support. Instead, it is willing to let the data speak and is open to diversity having costs as well as benefits, and being beneficial in certain settings more than others.

The research will combine (a) a rigorous literature review of the highest quality existing research on this topic (across multiple disciplines) and (b) structured interviews with both senior and junior employees at investment firms to learn the different approaches to unlocking cognitive diversity and building inclusive cultures - what works, what doesn't, and what barriers remain. If you are willing to participate in an interview, I would be very grateful: please contact me offline.



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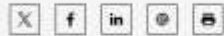
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Diversity & inclusion Nov 21 2024

Study to assess investment impact of diversity of thought



© (Diversity Project) Baronesse Helena Morrissey is chair of the Diversity Project.

Tara O'Connor

A "groundbreaking" study is set to look at the impact of cognitive diversity on the performance of investment teams.

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By [GABRIEL HANNAH](#) - 18/11/2024 | No Comments | 4 Min Read



Diversity Project launches study on link between cognitive diversity and investment performance

With LBS professor Alex Edmans



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