

Appendix

The following is an explanation of the statistics we used in our exhibits.

EXHIBIT 1

The Blau index in this exhibit is an aggregate based on six areas of diversity. The index ranges from 0.0 (no diversity) to the maximum diversity of 1.0.

In this exhibit, the Pearson's $r = 0.253$, and the degree of statistical significance is high ($p < 0.05$). Statistical significance indicates the likelihood of observing the same relationships in any large data set. The $p < 0.05$ here means there is a 95% chance that the same relationship would be observed in any large data set.

EXHIBIT 3 AND EXHIBIT 4

Companies are considered to have low complexity if they have a maximum of one primary Standard Industrial Classification (SIC) code and one secondary SIC code. Companies with more than two SIC codes are considered to have high complexity.

In Exhibit 3 and Exhibit 4, "very high" statistical significance means a p value < 0.01 , "high" statistical significance is a p value < 0.05 , and "low" statistical significance is a p value < 0.1 .

Exhibit 3 and Exhibit 4 show the coefficient of determination, R^2 . The percentage indicates the variation in innovation that can be explained by diversity. So in Exhibit 3, for instance, up to 16% of the variation in high-complexity companies' innovation performance can be explained by the diversity of industry backgrounds in their management ranks. For low-complexity companies, industry background diversity explains only up to 8% of the variation in their innovation revenues.

The following are the rest of the percentages derived from R^2 for low- and high-complexity companies:

- **Country of origin:** 9% (low complexity), 18% (high complexity)
- **Career path:** 8% (low complexity), 14% (high complexity)
- **Gender:** 16% for high-complexity companies; the percentage associated with low-complexity companies isn't statistically significant

The following are the percentages derived from R^2 for smaller companies (fewer than 10,000 employees) and larger companies (more than 10,000 employees) in Exhibit 4:

- **Industry background:** 5% (smaller companies), 41% larger companies)
- **Country of origin:** 9% (smaller companies), 15% (larger companies)
- **Career path:** 7% (smaller companies), 41% (larger companies)
- **Gender:** 40% for larger companies; the percentage associated with smaller companies isn't statistically significant