

Finally, Global Data on Women Directors

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Governance Metrics International (GMI) is the first corporate governance research and ratings firm to track the number of women corporate directors sitting on boards at the 4,217 global firms they survey and evaluate for corporate governance performance. GMI produced a first report, entitled: "Women on Boards" in March 2009, and updated their surveys in November 2009 and March 2010. (See: <http://www.gmiratings.com/>)

On December 16, 2009, the SEC announced enhanced director "diversity" reporting requirements, based on very little concrete data about the total universe of women directors. Limited data about women directors currently is being produced only by a handful of nonprofit women's advocacy organizations, focusing primarily on the very top firms. It is refreshing to see a significantly larger sample of data being gathered in a much more professional and objective setting. This is why the GMI reports are worthy of review.

We observe different "shares" of women holding board seats depending upon the sample size we choose. When we look at S&P 200 boards, the share of women directors usually is around 16%. When we look at Fortune 500 firms, the percent usually is about 15% and about 14% for the Fortune 1000 firms. The GMI global sample size of over 4,000 firms includes many more international firms with zero or only 1 woman director.

In GMI's latest global data (March 2010), women directors represented 9.4% of all directors (3,935 out of a total of 41,926 directors). That was half a percent higher (0.5%) or 196 more women directors than a year earlier (8.9%). Firms in the US reported that women constituted a 12.2% share of all directors (2,031 out of a total of 16,646). American companies (with almost 45% of the firms) had 51.6% of the women directors and 39.7% of all directors.

Another interesting perspective on women directors from the GMI data is the average number of women per board across the 19 industry sectors studied. The range of women per board goes from a high of 1.4 down (in retail, banking and media) to a low of 0.6 per board for basic resources and 0.5 per board for the auto & parts industry sectors.

The dispersion of women directors across those 19 industry sectors is another key lesson from the GMI data. The tendency of women directors to concentrate in only about half of the available industry sectors probably is a reflection of the education and professional experience that women bring to their management leadership. It also suggests that there are tremendous opportunities for women to prepare themselves for director and leadership opportunities in "non-traditional" businesses and industry sectors.

Finally, the GMI data shows another interesting trend that has received little commentary: boards have reduced their average size, have experienced significant turnover in the number of men-occupied seats, while women-occupied seats have shown consistent increases. From 2009 to 2010, 15 companies were added to the GMI sample; total directors declined by 104; male directors declined by 300; while 196 women directors were added.

This pattern has been observed at Fortune 500 firms for the past 15 years and at FTSE 100 firms for the past 10 years. It also reflects the press releases announcing 250 to 300 new women added to corporate boards a year for the past 4 years, according to the award-winning weblog, NewsOnWomen.com (owned by Alice Krause of New York).

It is important for the SEC and the investment community at large to look at the data objectively in this larger company marketplace, whether it be governance metrics from GMI or from the companies in the field who are selecting top quality directors from 100% of the talent pool. This quality data tells us that we are making progress in bringing the best and the brightest women (and men) forward. When they take on the challenge of board leadership, in today's much more turbulent economic environment, we should recognize them and learn from them, rather than simplistically "Demand Action Now!" by taking our lances and charging at windmills "like Don Quixote in a skirt."

Excerpted, with permission, from Champion Board's GMI Research Study (March 2010).

<http://www.championboards.com/GMI%20Research.htm>

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