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When, several decades ago, interested observers began commenting on the absence of women and minorities from corporate boardrooms and executive suites, there was not much data on the role of women in the national economy, little benchmarking, and few efforts to make the business case for breaking down the barriers that had been excluding women from positions of corporate power. Since that time, academic researchers and activists from many venues have produced a wealth of data, arguments for diversifying corporate leadership, and strategies and resources designed to create opportunities for women and minorities to advance to those positions. And yet, in 2006, the face of corporate leadership in the United States remains essentially unchanged: white and male. After describing the current landscape, this article analyzes the strength of the foundation for change that has been laid in recent years and points to some current trends that may portend a significant acceleration of the glacial pace at which women have been taking seats on boards and in executive offices. Whether the "tipping point" will occur within the next several years is unclear. What is certain, however, is that growing dissatisfaction with the performance of corporate leaders is creating more pressure for change and, consequently, a greater likelihood of expanded opportunities for those groups of outsiders whose talents have been ignored for too long. Indications that women are starting to take advantage of those opportunities — for themselves and for other women — are a hopeful sign that the face of corporate leadership may change dramatically in the years ahead.

It was only in the late 1970s that attention began to be paid to the dearth of women who serve in leadership positions in American companies. In 1977, when the nonprofit organization Catalyst instituted a corporate board service designed to introduce corporations to accomplished business and professional women, there were only 147 women directors on the boards of

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the nation's 1,300 largest public companies.[1] Similarly, there were few women who held the senior executive titles most likely to attract the attention of those CEOs and board chairmen who were receptive to considering women for board positions.[2] Since that time, a number of other national and regional organizations have undertaken similar efforts to advance talented women to corporate leadership by making the business case for board diversification, developing recruitment, board training and search programs, benchmarking and tracking progress, and spotlighting corporate leaders who have embraced best practices and helped to level the playing field for women leaders.

And yet, despite all of these efforts, progress over the past thirty years has been excruciatingly slow. Women today comprise but a small percentage of corporate directors and senior executives, a phenomenon that is inconsistent not only with past predictions but also with the steadily growing clout of women in the economy, the increasing visibility of a large pool of untapped talent and the strength of the business case for diversifying corporate leadership in order to compete more effectively in the new global economy. Nevertheless, there are grounds to be cautiously optimistic about the future. After describing the current situation, which The Boston Club has described as "Stuck in Neutral,"[3] this article explores the strength of the foundation for change and some of the forces that can be harnessed to hasten the transformation of corporate leadership from "monochromatic" to vibrant.

The Current Face of Corporate Leadership

In a 1980 *Harvard Business Review* article, Felice Schwartz, the founder of Catalyst, opined: "The wall surrounding the corporate community, if it can be claimed to exist at all, is today a highly permeable one."[4] After noting the increasing degree of regulation by government, pressure for greater accountability and recognition by corporate leaders that they must be concerned "with the environment in which [they function] and with the human as well as the consumer needs of the people," Schwartz quotes the male chairman of a major company who states of women: "They are a group whose time has come."[5]

Women Corporate Directors

Twenty-five years later, however, women hold only a small percentage of the board seats in U.S. corporations. Indeed, women comprise only 16 percent of the directors of the 200 largest publicly held companies in America, the companies that historically have been the most active in

diversifying their boards of directors.[6] Current data on the board composition of publicly held companies based in particular parts of the country, including many that are much smaller than those in the *Fortune* 500, paint an even more dismal picture.[7]

Table 1
Women Directors of U.S. Corporations in 2005

Pool of Companies	*Percent of Board Seats Filled by Women*
National, Top 200 of S&P 500	16.0
National, *Fortune* 500	14.7
National, Top 100 Banks	12.4
Minnesota, Top 30 public companies	16.0
Chicago, Top 50 public companies	14.4
Wisconsin, Top 50 public companies	10.8
California, Top 200 public companies	10.2
Michigan, Top 100 public companies	10.0
Massachusetts, Top 100 public companies	9.9
Philadelphia, Top 99 public companies	9.3
New Hampshire, All 25 public companies	8.8
Florida, Top 147 public companies	7.9
Georgia, All 187 public companies	7.1

Sources: Spencer Stuart, 2006 Board Diversity Report; Catalyst, 2005 Catalyst Census of Women Board Directors of the *Fortune* 500; Corporate Women Directors International, Women Board Directors of the Largest Global and U.S. Banks; Spencer Stuart, Minnesota Board Index 2005; ION (InterOrganization Network), February 2006 Status Report on Women Directors and Executive Officers of Public Companies in Seven Regions of the United States; UC Davis, Study of California Women Business Leaders, February 2006; The New Hampshire Women's Policy Institute, The Economic Status of Working Women in New Hampshire, May 2005.

In addition to being very low in an absolute sense, these numbers reflect relatively little improvement over the past decade. Since 1995, when Catalyst released its first census of women board directors, the percentage of board seats held by women in the 500 largest public companies in the United States has gone from 9.6 to 14.7 percent, or an average annual increase of 0.5 percent. At that rate, Catalyst projects that parity will not be reached for another seventy years![8] A similarly glacial rate of growth is documented by the members of the InterOrganization Network (ION), the national network of women's advocacy organizations that, among other things, tracks the number and percentage of women directors and executive officers in public companies based in their respective regions.[9]

Further, a significant number of American companies continue to have no women directors on their boards. Catalyst reports that in 2005, 53 of the *Fortune* 500 (10.6 percent) had all male boards; in 1995, the comparable

figure was 96 (19.2 percent). Analogous figures reported by ION members are much higher, reflecting the tendency of smaller companies to have fewer women on their boards.[10]

Finally, the situation is substantially bleaker for women of color who face barriers of race and ethnicity as well as gender. In 2005, women of color held 3.1 percent of the board seats in *Fortune* 500 companies, down from 3.7 percent in 2003.[11] The five members of ION that collected comparable information reported that the percentage of seats held by women of color on the boards of the companies included in their respective studies ranged from 0.1 percent to 1.9 percent in 2005.[12]

The foregoing statistics look somewhat better when viewed in comparison to those collected for companies based in other countries, with the exception of Scandinavia. Nevertheless, legislation enacted in some countries and advocacy efforts by organizations such as the European Professional Women's Network are likely to result in significant progress over the next several years. Unless there is similar improvement in the United States, American companies are likely to fall well below the average in future international comparisons.

Table 2
Women Corporate Directors Outside the U.S. in 2005

Country	*Percent of Board Seats Filled by Women*	*Country*	*Percentage of Board Seats Filled by Women*
		France	7.6
Norway	28.8	Germany	7.2
Sweden	22.8	The Netherlands	6.5
Finland	20.0	Switzerland	5.9
Denmark	17.9	Belgium	5.8
Australia	15.0	Greece	4.4
Canada	12.4	Spain	4.1
United Kingdom	11.4	Italy	1.9
Austria	9.5	Portugal	0.0
Republic of Ireland	8.1		

Sources: for Australia, Korn/Ferry International, in association with Egan Associates, 2005 Board of Directors Study in Australia and New Zealand (figure based on the top 100 companies); for Canada, Spencer Stuart, 2005 Canadian Board Index (figure based on the top 100 companies); for all others, European Professional Women's Network and Egon Zehnder International, Second Bi-annual EuropeanPWN BoardWomen Monitor 2006, June 2006 (www.europeanpwn.net). Note: some of the latter figures are overstated as they are based on a relatively small pool comprised only of the largest public companies in Western Europe (the FTSEurofirst 300 Index, supplemented for those countries with fewer than 10 companies on that Index). The comparable percentages for all 491 listed companies in Norway is 18 percent, for the UK's FTSE 100 is 10.5 percent, and for the 100 leading companies in the Netherlands is 3.6 percent (Id.; Val Singh and Susan Vinnicombe, The Female FTSE Index 2005, Cranfield University School of Management (www.cranfield.ac.uk/som); Spencer Stuart, The Netherlands Board Index 2005).

Women Executive Officers

The executive suite is the second seat of corporate power. Accordingly, any assessment of the status of women in corporate leadership must also look at women who have risen to the rank of executive officer or are among the top five most highly compensated executives in American corporations. In addition to serving in positions of critical importance to the success of their companies, these women constitute a major segment of the pipeline of candidates for directorships in other companies. Unfortunately, the statistics are as gloomy for women executives as they are for women directors.

Table 3
Women Corporate Executives of U.S. Corporations in 2005

Pool of Companies	*Percentage of Executives Who are Women*
National, *Fortune* 500	16.4
Chicago, Top 50 public companies	15.4
New Hampshire, All 25 public companies	13.0
Wisconsin, Top 50 public companies	11.0
Philadelphia, Top 99 public companies	10.2
Massachusetts, Top 100 public companies	10.1
California, Top 200 public companies	8.2
Georgia, All 187 public companies	8.2
Michigan, Top 100 public companies	7.7
Florida, Top 147 public companies	7.6

Sources: 2005 Catalyst Census of Women Corporate Officers and Top Earners of the *Fortune* 500; ION (InterOrganization Network), February 2006 Status Report on Women Directors and Executive Officers of Public Companies in Seven Regions of the United States; UC Davis. Study of California Women Business Leaders, February 2006; New Hampshire Women's Policy Institute, The Economic Status of Working Women in New Hampshire, May 2005.

As is the case with women directors, changes in the percentages of women who hold senior executive positions have been small. In some cases, moreover, progress has stalled and in others, the current situation reflects a step or two backwards. For example, among the *Fortune* 500 companies, the percentage of women corporate officers rose from 8.7 percent in 1995 to 15.7 percent in 2002; between 2002 and 2005, however, that percentage grew only to 16.4 percent, a miniscule improvement.[13] There are still 67 companies or 13.4 percent of the pool that have no women corporate officers, a bare improvement over 2002 when the figure was 71 companies (14.2 percent).[14]

On the regional level, the figures shown in Table 3 reflect a mix of modest advances and retreats. Only three members of ION reported an increase in the percent of women executive officers in the companies in their respective areas in 2005; and only three reported a decrease in the number of compa-

nies with no women executive officers.[15] In Massachusetts, the percentage of women executive officers among the 100 largest public companies increased from 9.2 percent in 2004 to 10.1 percent in 2005, and the number of companies without a woman executive officer decreased from sixty-six in 2003 to fifty in 2004 to forty-eight in 2005, still a very large number.[16] In Georgia, however, where the Board of Directors Network has been tracking women executives since 1998, the percentage of companies that have women executive officers is today lower than it was in 2002.[17]

These statistics and patterns demonstrate that without concerted action to accelerate the process of change, the face of corporate leadership in the United States is likely to remain white and male for several more generations.

The Foundation for Change

Following the collapse of Enron and the corporate scandals that resulted in the enactment of the Sarbanes-Oxley Act of 2002 and new regulations from the Securities and Exchange Commission (SEC) and major stock exchanges, many observers expected that increased attention to good governance and “best practices” would create opportunities to accelerate change in the composition of American corporate leadership. Armed with data showing the significant role that women have been playing in the national economy, women’s advocacy organizations honed their messages with an eye to making the business case for the need to expand the networks that board chairmen and CEOs had traditionally relied on when looking for new directors. These groups hoped to take advantage of these opportunities and open the doors for more women to move into leadership by issuing well-researched reports, carefully tracking board membership and leadership, reaching out to those individuals and groups having the greatest influence on the board selection process, and publicizing both the “stars” and the “laggards.” They expected, perhaps naively, that those in positions to bring about change would do so and that the pace at which women would join corporate boards and enter executive suites would significantly accelerate.

As noted above, however, that has not yet happened. The pattern of appointments and elections during the past several years is hardly distinguishable from that of the preceding several years; such progress as has been made can only be measured in tenths of a percentage point. Nevertheless, the events and hard work of the past decade have provided a solid foundation for change in the face of corporate leadership. An appreciation of the components of that foundation is necessary in order to develop the allies and strategies that will result in major transformation and the advancement of significantly more women to positions of corporate power.

The Impact of Legislative and Regulatory Change

The Sarbanes-Oxley Act of 2002 and subsequent rules adopted by the New York, American, and NASDAQ stock exchanges together set the stage for substantial change in the composition of the boards of directors of publicly listed companies. The new requirements and restrictions as to board membership have created a need for new directors, thereby offering opportunities to qualified individuals whose talents have been historically ignored. Among the more significant provisions in this regard are the following:[18]

- The boards of all listed companies must have a majority of independent directors, "independence" is more tightly defined, and companies must identify which directors are independent and the basis for the characterization.
- The audit committees of all listed companies must consist entirely of independent directors, and companies must identify those audit committee members who qualify as "financial experts" as defined by the SEC.
- The nomination and compensation decisions of all listed companies must be made by committees comprised entirely of independent directors, or, in certain instances for companies listed on the American or NASDAQ exchanges, of a majority of independent directors.
- The nominating committees of all listed companies must have charters describing the criteria for the selection of directors, the recruitment and nomination process, and an annual performance evaluation of those committees.

As a result of these requirements, as well as the fallout from recent corporate scandals, including litigation exposing corporate directors to personal liability, service on corporate boards has become significantly more time consuming, and potential directors are becoming more selective about the companies with which they will associate. The boards of many companies have restricted their CEOs and other executive officers from serving on the boards of more than one other company; several have precluded such board service altogether. In addition, the proxy statements and corporate governance guidelines of many companies now reflect policies setting term limits, imposing mandatory retirement ages and restricting the number of other boards on which directors may sit. More recently, concern over what some believe to be excessive CEO compensation has led to a closer look at the composition of compensation committees and to the kinds of interlocking and multiple directorships that can adversely affect the independence of those charged with protecting the interests of the companies' shareholders and can encourage the spread of harmful practices.[19]

The interplay of all of the foregoing factors has resulted in the need for a significantly greater pool of candidates for board positions: individuals who have the time as well as the experience, the skills, and the personal qualities to be exemplary directors; individuals who qualify as "financial experts;" and individuals with backgrounds that will enable them to play productive roles on compensation committees. At the same time, the transfer of responsibility for board nominations from the CEO to the nominating committee, the increasing attention being paid to nominating committee policies and procedures, and the disclosure in proxy statements of the actual sources of board nominees are causing boards to move away from traditional ways of identifying new directors and to undertake concerted efforts to reach beyond the informal networks on which those boards previously relied for this purpose. In some cases, the retirement of longtime directors from those corporate boards that have adopted mandatory retirement ages and term limits, in addition to creating board vacancies, removes additional obstacles to change.

The end result is the creation of a substantial number of new board opportunities for individuals whose talents and accomplishments were not known to, or were ignored by, corporate leaders in the past. Senior women in business and the professions comprise a large segment of that hitherto untapped resource. The extent to which women will fill these seats, and the pace at which that happens, however, will be largely a function of nominating committee understanding and acceptance of the need to diversify the board, pressure by shareholders and institutional investors, and recognition of the strength of the available talent pool.

Acceptance of the Business Case for Diversity at the Top

There is a growing volume of literature on the subject of the value that women and minorities bring to corporate leadership, whether in the boardroom or in the executive suite. This literature includes research that correlates board diversity with good corporate governance practices and research that correlates board and management diversity with superior economic performance.[20] Other commentators eschew statistical studies and focus their attention on factors such as the changing composition of the marketplace, the globalization of the economy, and the importance of diversity to corporate reputation and employee morale, arguing that the diversification of corporate leadership is not only a matter of good business sense but is imperative to survival in today's business environment. And still others emphasize the organizational dynamics of corporate leadership, linking the diversity of backgrounds and perspectives brought by individual directors and executives to the quality of their joint decision-making.

However it may be formulated, the business case for bringing more women into corporate leadership positions includes at least several of the following components.

Women dominate the marketplace. The fact that women constitute the overwhelming majority of American consumers is not lost on those companies wise enough to understand the dynamics of a highly competitive and constantly changing global marketplace. While most people assume that women are the primary purchasers of food, clothing and household goods, they may not be aware of the following:

- Women are responsible for 83 percent of *all* consumer purchases; in 2001 alone, they spent $3.7 trillion on consumer goods and services and were responsible for another $1.5 trillion as purchasing agents.[21]
- Women account for 91 percent of all new home purchases and buy 94 percent of all home furnishings.[22]
- In 2003, women accounted for $55 billion of the $96 billion spent on consumer electronics purchases; they buy 66 percent of all home computers and buy 60 percent of all automobiles.[23]
- Women are responsible for more than 67 percent of all healthcare spending, and 92 percent of women have sole or joint responsibility for purchases of long-term care insurance.[24]
- Women purchase $44.5 billion of office supplies.[25]
- Women account for about 50 percent of all business travel and the majority of consumer travel.[26]
- Women own 89 percent of all bank accounts and carry 76 million credit cards, 8 million more than men; 62 percent of all women manage their family's checking account, compared to 38 percent of men; and 58 percent pay the family's bills, compared to 35 percent of men.[27]

In addition, women-owned and women-controlled businesses constitute a growing segment of the economy. In 2004, there were approximately 10.6 million privately-held companies of which women owned 50 percent or more; those companies generated $2.46 trillion in sales and employed 19.1 million people.[28]

By including on their boards of directors women and men who bring diverse perspectives based on different backgrounds and experience, companies substantially increase the likelihood that in formulating their growth strategies they will neither ignore nor misunderstand key segments of their potential markets.[29] In addition, they send powerful affirming messages to the women who make the buying decisions that drive business sales and profits.

Women control substantial assets and investments. Women today also constitute a growing percentage of corporate shareholders, and in making and monitoring their investments, they are increasingly concerned with issues of good corporate governance and social responsibility, including the composition of corporate leadership. The extent of women's financial holdings should not be underestimated.

- Women currently control $14 trillion.[30]
- Women comprise 41 percent of the 3.3 million people reporting incomes of $500,000 or more.[31]
- 80 percent of women are responsible for their families' finances.[32]
- 72 percent of women business owners and 58 percent of all workingwomen own stocks and bonds.[33]
- 46 percent of women manage their families' savings and investment accounts, compared to 42 percent of men.[34]
- 91 percent of women have sole or joint responsibility for purchasing annuities.[35]

In order to attract and retain investors, companies must demonstrate their commitment to building a workforce that at all levels, including their boardrooms and executive suites, consists of the best and the brightest, regardless of gender, race, or ethnicity. In this era of increasing shareholder activism, this factor is more important than ever. Indeed, in one recent period, shareholder resolutions that address board diversity achieved the highest average votes of any social issue proposals.[36]

Women comprise a growing segment of the labor force. The recruitment and retention of a talented labor force is of prime importance to all participants in the global economy, and women comprise a large segment of the talent pool for skilled employees, managers, and executives.

- In 2005, 66.8 million women aged 16 and older were employed on a full-time basis, comprising 46.4 percent of all full-time wage and salaried workers in the U.S.[37] Inclusion of part-time workers would greatly increase these figures.
- In 2005, women were 61.9 percent of all accountants and auditors; they are more than 50 percent of all accounting graduates and over 30 percent of the members of the American Institute of CPAs.[38] These women are part of a growing pool of talent for financially literate executives and board members.
- In the 2002-2003 academic year, women earned 57.5 percent of all bachelor's degrees, 58.8 percent of all master's degrees and 47.1 percent of all doctorate degrees in the United States,[39] indi-

cating that the pipeline for women to fill managerial and executive positions is continuing to strengthen.

There is evidence that companies with more women directors have more women in executive positions and also tend to offer more "women-friendly" benefit packages and better parental leave policies.[40] Diversity at the leadership level, moreover, has a great influence on the quality of the workforce as a whole as it delivers an important message about a company's culture, its commitment to attracting and retaining the most talented and dedicated employees, and the opportunities for other women to advance through the ranks to managerial, executive and senior leadership positions. Research shows that "a diverse staff enhances financial performance, reduces turnover, improves productivity, increases job satisfaction and employee morale, decreases vulnerability to legal challenges, and enhances the corporate reputation."[41] Nor should the importance of role models and mentors be discounted. Ambitious women who find themselves in companies with all male boards of directors and few, if any, women executive officers are likely to look elsewhere to advance their careers, resulting in a loss of investment as well as a loss of talent.

Women in leadership goes hand in hand with superior financial performance. Numerous studies published during the past decade demonstrate a correlation between the presence of women in positions of corporate leadership — on boards of directors or in senior executive positions, or both — and superior financial performance. For example,

- A 1998 study of S&P 500 companies found that companies with the most women and minority directors had shareholder returns that were 21 percent higher than those of companies with all white male boards.[42]
- In 2001, a Glass Ceiling Research Center study that tracked the number of women in senior executive positions at 215 *Fortune* 500 companies from 1980 to 1998 and compared the financial performance of those companies to industry means reported a strong correlation between the number of female senior executives and company profitability as measured in several different ways. In particular, the twenty-five companies with the highest percentage of women executives were found to be between 18 percent and 69 percent more profitable than the median for other *Fortune* 500 companies in their industries.[43]
- In 2002, the Conference Board of Canada found that firms with two or more women directors in 1995 were much more likely than firms with all-male boards to be in leadership positions in their industries in 2000, when ranked by both revenues and profits.[44]

- In 2003, three Oklahoma State University professors studying *Fortune* 1000 firms found a significant positive relationship between the percentage of women or minority directors and firm value.[45]
- A 2003 study of financial performance data for 127 large U.S. corporations in 1993 and 1998 reported a positive correlation between the percentage of women and minority directors and returns on assets and investment.[46]
- In January 2004, Catalyst reported a link between greater gender diversity among the corporate officers of 353 companies in the *Fortune* 500 and better financial performance by those companies over the period 1996–2000, measured by both return on equity and total return to shareholders; the correlation held true for each of the five industries that Catalyst analyzed.[47]
- A 2005 study by Citizens Advisers analyzed the 298 companies in the Citizens Index, each of which had at least one woman or minority on its board of directors or in the upper two levels of its management, and found that the total and average annual return on the stock of those companies with the highest gender diversity was several percentage points higher than that of the companies with the lowest gender diversity and also had less volatility or risk than those companies with fewer women.[48]

While these studies do not purport to demonstrate a causal relationship between the presence of women in positions of corporate leadership and stronger financial performance, at the very least they show that the two go hand in hand. As such, they reinforce the conclusions of those who advance the case for diversity as a common sense response to the increased economic clout of women and their growing importance as corporate stakeholders of every kind.

Women in leadership enhances the quality of corporate governance. As J. Phillips L. Johnston succinctly put it in a recent issue of *Directors & Boards*: "If the function of the board is to provide guidance in corporate mission, vision, and values, the vision most white male board members are likely to provide is monochromatic. Monochromatic vision in a world of increasingly vibrant colors is a recipe for stagnation, if not abject failure."[49] The quality of both discussion and decision-making at the highest levels of corporate leadership is significantly improved by bringing to bear the widest possible range of thinking, perspectives, experience and abilities.

As the Conference Board of Canada stated in its May 2002 report, "Diversity is about enriching the leadership palette with different perspectives;" it provides a competitive advantage in the current economy and also

ensures that the full range of strategic risks facing the company are identified. The Conference Board sees "outer diversity," being a woman, for example, as a proxy for what it calls "inner diversity" or "the range of inward, invisible qualities of individuals." Rather than relying upon popular stereotypes about women's leadership styles, the authors simply suggest that women and other visible minorities are likely to bring different sets of skills, experiences, and perspectives that produce constructive debate in the boardroom, the kind of creative tension and constructive dissent that will ultimately result in clear strategic direction and add value to risk management and oversight.[50] A Blue Ribbon Commission of the National Association of Corporate Directors had previously characterized a board comprised of such diverse individuals as a "strategic asset" board.[51]

To test that theory, the Conference Board of Canada collected a variety of data from Canadian corporations in a wide range of industries and conducted surveys of those companies every two years from 1973 through 2001. Based on their research, the authors found that the presence of women on boards has a practical as well as a symbolic effect: it changes the functioning and deliberative style of the board in clear and consistent ways that are linked to good governance, which in turn improves organizational performance over the long term.[52] Among other things, the Conference Board found that:

- 74 percent of boards with three or more women, but only 45 percent of all-male boards, identified criteria for measuring strategy;
- 94 percent of boards with three or more women, but only 66 percent of all-male boards, monitored the implementation of corporate strategy;
- 91 percent of boards with three or more women, but only 74 percent of all-male boards, verified the integrity of audit information;
- 80 percent of boards with three or more women, but only 58 percent of all-male boards, set objectives to measure management performance;
- 94 percent of boards with three or more women, but only 68 percent of all-male boards, ensured conflict of interest guidelines;
- 86 percent of boards with three or more women, but only 66 percent of all-male boards, ensured that the corporation had a code of conduct; and
- 86 percent of boards with three or more women, but only 71 percent of all-male boards ensured effective communication between the corporation and its stakeholders.[53]

In addition, the authors note that boards with two or more women directors, and even boards with only one women director, regularly reviewed non-financial performance measures such as customer satisfaction and employee satisfactions significantly more than did all-male boards. Further, boards with women directors were "more likely to consider measures of innovation and of social and community responsibility." Not surprisingly, the Conference Board concluded that the "noticeable effect" that women have on the functioning of the board directly contributes to organizational performance and, ultimately, corporate results.[54]

Researchers at the UK's Cranfield School of Management have focused on other aspects of corporate governance, following guidance provided by the Higgs Review and Tyson Report of 2003.[55] Limiting their study to a series of indicators relating to the board selection process, the development of directors once appointed, and the contribution of new directors, these researchers found "clear evidence that better managed companies [among the FTSE 100 in 2004] are those that have women on their boards."[56] The following year, the Cranfield researchers found that companies with women directors "had higher scores for process transparency, were more likely to have board development processes in place, and to report compliance on independent measures" than did those with all-male boards.[57]

Pointedly absent from the list of components of the business case for leadership diversity are any assertions (or even implications) that women should be appointed to leadership positions because it is "the right thing to do," because it is "only fair," because women "have earned" the right to those positions, or just because they are women. All of the business case proponents understand that there is a large pool of accomplished and qualified women interested in taking leadership roles and, while some may urge corporate leaders to take steps to avoid the kinds of "competency testing" and "sexual static" that have too often been permitted to confuse the processes of board and executive suite selection,[58] none of them seeks preferential treatment for women simply because of their gender. They know that the strongest arguments for diversity use that term in the broadest sense to include the full range of experience, skill sets, and perspectives that insure the fresh thinking and strategic mindsets that companies need in order to be successful. Moreover, proponents of diverse leadership know that an appreciation of the business case for diversity means that companies will not be satisfied by being able to point to just one woman or a minority director or executive officer. A commitment to diversity ultimately will lead to boardrooms and executive suites composed of groups of men and women selected for their individual qualities without regard to gender, race, or ethnicity.[59]

The Strength of the Talent Pool

Too often in the past, CEOs, nominating committees, and even executive recruiters have responded to inquiries about why there are so few women directors and executive officers by claiming that there are few "qualified" women, "we" don't know how to find them, women shy away from the career choices that provide the relevant experience and skills, or women tend to "drop out" or otherwise indicate a lack of ambition. Such responses largely have been discredited. One has only to look at the identities of the women listed as directors of the public companies tracked in the 2005 reports of Catalyst and the members of ION to see the breadth and depth of this talent pool.[60] Some ION members also identify the women whom the companies in their respective regions list as executive officers in their public filings with the SEC.[61] And while Catalyst does not identify by name the 1,783 women who held corporate officer positions at *Fortune* 500 companies in 2005, that information can be readily obtained from information provided in the report's appendix, which lists the companies and titles of all of those women.[62]

As executive and board search firm Spencer Stuart has acknowledged, the identification and recruitment of qualified women and minority directors requires an outreach beyond the networks traditionally relied upon as sources for board candidates and a willingness to consider individuals who are not active or retired CEOs and do not serve on multiple boards.[63] This is a position that women's advocacy groups have been advancing for many years. An indication that this message has been heard is found in Spencer Stuart's report that it has placed 277 women and 150 minority candidates on boards of directors since 2000 and that searches for women or minority directors comprised one-third of all of its board searches in 2005.[64]

That being said, however, women still face obstacles as they seek to advance to positions of corporate power. From gender stereotyping to competency testing, they are still too often required to be more qualified than any male candidates under consideration for promotion or for board appointments. The fact that so many women have overcome those obstacles reflects the resilience as well as the strength of the talent pool.

The Voices for Change

The academic researchers and women's advocacy groups whose works are cited in the foregoing pages have not been the only voices calling for change in the composition of corporate leadership. For many years, the socially responsible investment (SRI) community has taken a leadership role in advancing proposals for board diversity and for nondiscriminatory employ-

ment practices at every level of the corporation. Many socially responsible fund managers use diversity not only as an initial investment "screen" but also as a factor in their decisions to acquire more of or to divest their holdings in a particular company.[65] Once invested, these SRIs exercise the power of their proxies to promote greater diversity. In addition to supporting shareholder proposals that call for more women on boards of directors, many of them refuse to support slates of candidates when either the slates themselves or the boards as a whole are comprised of only white males. For example,

- Calvert opposes slates of directors that result in a board that does not include both women and people of color and may oppose slates that include women and people of color if Calvert concludes that their presence on the board "constitutes mere token representation."[66]
- Citizens Funds normally withholds votes from a slate of nominees if the slate does not include any women or minorities.[67]
- Domini Social Investments withholds support for the nominees of any board that does not include women or people of color.[68]
- Trillium Asset Management will vote in favor of a board only "if at least 20 percent of its members are women and/or minorities."[69]
- Walden Asset Management withholds votes from director nominees "if the board does not include at least one woman director and at least one minority director."[70]

Some large foundations and pension fund managers are among the other institutional investors that leverage multi-billion dollar investments to support board and executive level diversity. For example, The Boston Foundation not only will vote for shareholder proposals that seek greater board diversity, but will withhold votes from a director who serves on a nominating committee "that has failed to establish gender and/or racial diversity on the board."[71] In 2004, Rockefeller Philanthropy Advisors and As You Sow Foundation released a major report urging all foundations to adopt "active, engaged, proxy voting" in order to advance their missions while assuring themselves a better return on their investments.[72] Organizations such as the Interfaith Center on Corporate Responsibility also play an important supporting role for investors who care about the inclusiveness of corporate boards.[73]

These voices have not been without impact. The Investor Responsibility Research Center, which provides impartial research on corporations and shareholders, has reported that during the period from 1999 to 2002, board diversity resolutions achieved the highest average vote of any social issue shareholder proposals and in 2003 that support exceeded 25 percent.[74] The

widespread adoption of the requirement that directors receive a majority vote (i.e., more affirmative votes than votes withheld) rather than simply a plurality of the votes cast would add considerable strength to the exercise of proxies along the lines described above.

Entering a Period of Transformative Change

Although the foregoing factors have not yet resulted in any dramatic increases in the number of women directors and senior executives in American corporations, they provide a very strong foundation upon which to construct new strategies and forge new alliances that may themselves bring about significant change. Sometimes it is necessary to convey the same message in several different ways before it is truly “heard.” And sometimes an indirect approach, or advocacy from an unexpected source, can be more persuasive than repeated calls for action by those who have been beating the drum for years. In that context, the following trends suggest that the proverbial “tipping point” may well be within reach.

A New Wave of Shareholder Activism and Governance Reform

A certain amount of corporate board turnover resulted from the statutory and regulatory changes and increased attention paid to corporate governance during the first several years of this century. More recently, some important new voices have joined those who have traditionally advocated for change. Governance rating organizations are increasingly taking public positions on proxy issues involving corporate governance, mainstream institutional investors are now being required to do the same, and widespread publicity about issues such as excessive management compensation and the backdating of stock options is providing new support for shareholder resolutions designed to increase accountability on the part of both management and boards of directors. These trends are creating a climate in which the business case for diversifying corporate leadership becomes even more compelling than in the past. Simply put, there is a tremendous need for talented and independent-minded candidates for corporate boards and executive positions, individuals who understand and can implement the very best practices of corporate governance and at the same time bring new perspectives to bear on the critical issues facing American companies today.

The increased visibility of governance rating firms. Following the corporate scandals that resulted in Sarbanes-Oxley and closer scrutiny of corporate governance, firms such as Institutional Shareholder Services (ISS), which previously had provided only research and related services, developed sets of governance rating metrics that they use to measure the perfor-

mance of their clients and companies of interest to their subscribers. Some of them also offer services designed to assist their clients to improve their governance practices.[75] While each of these firms has its own set of evaluation criteria, their rating systems all include standards relating to board structure, composition and processes, stock ownership issues, board and executive compensation, shareholder rights, accounting controls, disclosure, and oversight.

Governance rating firms provide these ratings to their subscribers, typically the companies they rate and institutional investors. When requested by their institutional investor clients, at least one of these firms, ISS, also makes recommendations about how to vote their proxies. These recommendations are now available to the public, either directly from ISS itself or indirectly from its clients and others who refer to the recommendations when explaining the positions they take on important issues.[76] This visibility adds significantly to the influence of the rating firms.

Most rating firms have excluded leadership diversity from the factors against which they measure individual companies, either because they view diversity as a social rather than a governance issue or because it is too difficult to track. However, ISS has expressed its willingness to support some shareholder proposals that seek to increase the representation of women on corporate boards.[77] Moreover, ISS has taken strong positions in favor of majority voting for directors, an independent board chair, closer scrutiny of the independence of non-executive directors, and limits on the number of outside boards on which a director serves. Its proxy voting guidelines also address some of the major issues confronting Audit and Compensation Committees. Even in uncontested elections, ISS will recommend withholding votes from individual director nominees, members of Audit and Compensation Committees, or the entire slate of directors in a variety of circumstances that do not comport with the firm's corporate governance policies.[78]

In view of the reputation of ISS as a respected source of research and thinking about matters of corporate governance, public access to its guidelines and specific proxy recommendations will heighten the need for corporate board nominating committees to pay more careful attention to the composition of their boards. To the extent that current directors incorporate into the board evaluation process the policies underlying the ISS guidelines and recommendations, the number of board vacancies likely will increase.[79] And to the extent that nominating committees take these policies into account when recruiting new directors, the as yet untapped pool of qualified and independent-minded women should be major beneficiaries.

Mandatory public disclosure of mutual fund proxy votes. Until August 2004, few if any mutual funds disclosed how they were voting the proxies that they hold on behalf of their investors. At the prodding of socially responsible investors who questioned the tendency of mutual funds to vote automatically with management and who raised the possibility that at least some mutual fund votes may reflect conflicts of interest when the fund managers seek contracts for company 401(k) or other services, the SEC promulgated new rules that require mutual funds to disclose their actual proxy votes, their guidelines and procedures for voting on proxy items, and the manner in which they address conflicts of interest in the proxy-voting process.[80] Those rules required the public disclosure on or before August 31, 2004, of all proxy votes by mutual funds during the period from July 1, 2003, through June 30, 2004.

Although it is still not a simple matter for the average person to efficiently collect all relevant information about the manner in which mutual funds are complying with this mandate,[81] the Social Investment Forum has published a study analyzing certain proxy votes by several individual funds within each of the ten largest U.S. mutual fund families during the first year of mandatory disclosure. The Forum examined the voting patterns of these mutual funds on a range of corporate governance and social issues, as well as on "vote-no campaigns" targeting the directors of four companies. Among other things, the Forum reports that the funds within all but one of the ten conventional mutual fund families voted against management on proposals to declassify the election of directors.[82] While many of the mutual funds abstained from voting on the six social and environmental issues reviewed by the Forum, some funds voted against management on each of those issues, and nearly one-third voted for resolutions to prohibit discrimination based on sexual orientation.[83] Finally, on the votes for directors at the four companies that received the highest percentage of withheld votes during the year ended June 30, 2004, more of the mutual funds withheld votes than supported the directors, although the Forum reports a high level of inconsistency in the voting.[84]

The Forum notes, however, that the four mutual fund families that most often supported management (Fidelity, Vanguard, American, and Federated) include the three largest in the United States and that a number of funds voted with management even on non-controversial ("plain vanilla") corporate governance resolutions and "vote-no campaigns" that had widespread investor support.[85] Because these votes are now public, there will be increased scrutiny of the manner in which mutual fund managers exercise their fiduciary duty to shareholders. In light of the importance of mutual funds, this is an area of strategic importance to all those who advocate

better corporate governance and more opportunities for women in corporate leadership.[86]

Mutual funds today hold more than 9.3 trillion in assets, of which more than $5.8 trillion is in stock funds and hybrid funds.[87] The Investment Company Institute reports that as of June 2005, $91.3 million individual investors owned mutual funds[88] and that as of the end of 2003, individuals, as opposed to institutional investors, held 77 percent of all mutual fund assets.[89] Thus, not only do mutual funds have tremendous power to effect change in corporate governance through the proxies they vote, but there is now a way for their investors to encourage them to do so. Mutual fund investors can, individually and collectively, attempt to persuade fund managers to exercise their proxies in a more progressive manner.[90] They can also start to factor into their investment decisions the voting records of competing funds. In a period when many question the leadership of mutual fund managers as much as they question corporate leadership, the publication of information relating to voting policies and procedures and potential conflicts of interest should take on increasing importance.

Thus, public disclosure of mutual fund proxy voting provides a new opportunity for mutual fund investors to make their voices heard on issues of importance to them. And it also provides an opportunity for individual or families of mutual funds to distinguish themselves from their competitors.[91] To the extent that mutual fund managers align themselves with the proponents of improved corporate governance, they will, at least indirectly, help to create a climate that welcomes new faces and fresh perspectives to boardrooms and executive suites.[92]

Recent successes of shareholder activists. The recent success of the majority vote movement is attributable to the influence of shareholder activists, primarily the building trades unions. During the 2006 proxy season through March 2006, shareholders filed 140 proposals calling for the election of directors by a majority rather than a plurality of votes cast, compared to 89 such proposals in all of 2005 and twelve in 2004.[93] Shareholder support for these proposals has been growing over this period, leading some companies to negotiate agreements to adopt policies or bylaw amendments incorporating majority voting or director resignation provisions without the need for a shareholder vote on the issue. ISS reports that the average vote in support of majority vote proposals during the first half of 2006 was 47.7 percent, and it exceeded 50 percent at 35 companies, nearly three times the number in 2005.[94] Furthermore, most of the companies in which shareholder support for majority voting proposals was low had already instituted policies that require a director who is elected with less than majority support to tender his or her resignation and the company to justify its decision to accept or reject the resignation.[95]

The fact that approximately 180 companies have adopted a majority vote or director resignation policy does not satisfy shareholder activists. Many of the union pension funds intend to continue the pressure in 2007 and to file majority vote proposals even at companies that have director resignation policies, arguing that those policies are not enough to make directors accountable to shareholder concerns.[96] In addition, the unions will file binding proposals at companies "with poorly performing boards, where in our opinion at least some of the directors need to be replaced."[97] ISS expects that "investors could be looking at a tidal wave of majority vote resolutions in 2007."[98]

The other major corporate governance issue on which shareholders have been particularly successful is that of declassifying boards so that all directors must be elected annually. As of August 9, 2006, forty such resolutions received an average vote of 67.6 percent according to ISS.[99] Coupled with the number of companies that have been voluntarily eliminating classified boards, ISS expects that the majority of S&P 500 directors will be subject to annual election by the end of 2006.[100]

Women's advocacy groups, as well as all others who are seeking ways to hold corporate leaders more accountable, have reason to be pleased by the accomplishments of these shareholder activists. Annual elections and majority voting together offer significantly more opportunity to monitor the performance of both directors and management and to bring about change when and where necessary. All directors, not just members of nominating committees, are likely to pay attention.[101] And, here, too, women candidates for leadership positions are highly likely to benefit.

The Advent of the Critical Mass

Although women have not yet become directors and executive officers in the numbers or at the speed that many would wish, the point may be near when enough women have assumed positions of corporate leadership that the pace of further progress can be significantly increased. Once companies move beyond tokenism — when a second or third woman is added to the boardroom or executive suite — women are more likely to be assessed and accepted based on their individual merits. As the burdens of stereotyping fall away, women will be judged on the unique set of attributes that each of them brings to her leadership position, rather than primarily in terms of their gender.[102] In addition, there is evidence that a critical mass of three women directors can bring important changes to boardroom dynamics and improve corporate governance.[103]

There also is evidence that as additional women are brought into the boardroom and executive suite, the opportunities for them to attain posi-

tions of power are increased. For example, Catalyst has found that as the number of women directors grows, so does the likelihood that a woman will chair the audit, compensation or nominating/governance committee.[104] Furthermore, the presence of even one woman on a nominating committee can be extremely helpful in assuring that the pool of future board candidates will include other women and that they are not held to a higher standard than men.[105] Women directors can also have similar impact on the makeup of a company's senior management.

In 2005, 265 of the *Fortune* 500 companies had two or more women directors, and women comprised 25 percent or more of the directors of 64 of those companies.[106] Of the top 200 S&P 500 companies, 128 had more than one woman director.[107] Similarly, more than half of the fifty largest public companies in the Chicago area had multiple women directors. The companies included in the studies of the other members of ION that reported comparable data for 2005 were much smaller and, not surprisingly, those with two or more women directors were relatively fewer, ranging from about 12 percent to 28 percent of the total number of public companies researched.[108] Each of the seven organizations whose findings were included in the February 2006 ION Report found that at least five companies in their respective regions had boards on which women were 25 percent or more of the total number of directors.[109]

While not overwhelming, these statistics provide grounds for optimism. A sufficient number of women are now in positions where they can make a difference. They are extremely valuable allies for those seeking to speed up the pace of change. Advocates would, therefore, do well to enlist their support.[110]

Expansion of the Talent Pipeline

Over the past decade or so, a strong pool of women board candidates has been established. Comprised of top executives from *Fortune* 1000 companies, college and university presidents, former public officials, and the heads of large foundations and nonprofit organizations, these women by now are (or should be) well known to corporate board nominating committees, CEOs, and executive recruiters. For this reason, and because they are very accomplished, they often sit on multiple boards and are repeatedly invited to join others.

It is time now to pay more attention to expanding the pipeline to include the next generation of corporate leaders. The demand for new independent directors is increasing at hundreds if not thousands of public companies throughout the United States, not to mention mutual funds and privately held and venture-backed companies. Many of the women who comprised

the "first wave" of women directors are reaching mandatory retirement age or are leaving board service for other reasons. It is, therefore, necessary to develop additional sources of board candidates. Women who come from nontraditional backgrounds, who are current or recently retired CEOs, COOs and CFOs of companies beyond the *Fortune* 1000, who are Chief Information Officers or otherwise have expertise in the areas of technology and science, who are financial experts, who have the background that will enable them to add great value to compensation committees, who have deep international experience, or who are retired partners of major accounting or consulting firms — all of these women are among those who should be considered as potential corporate directors.

Just as nominating committees and executive recruiters need to look beyond the groups of individuals they have traditionally targeted for director positions, they also must be prepared to consider women who have no prior experience serving on a corporate (as opposed to a nonprofit or professional association) board. This adjustment of focus is just beginning to happen.[111]

For their part, women who want to ready themselves for board positions are starting to design more effective strategies and to devote the time and effort that is necessary to succeed in this quest. They are educating themselves about corporate governance and best practices, assessing their individual qualifications and the strengths they can bring to a board. They are finding more opportunities to develop the necessary skills and to otherwise enhance their qualifications for board service. They are taking steps to become more visible and to showcase their talents to the people who can help them achieve their objectives. They are learning the value of effective networking and to build and leverage their connections. They are starting to seek help actively from those in a position to open the doors for them. In this way, more women are becoming "known" to current directors, executive recruiters, and the lawyers, accountants, and consultants who often are asked to recommend candidates for board positions.

At the same time, additional resources designed to assist both board candidates and nominating committees are becoming more widespread and are playing an important role in making sure that the pipeline of talent keeps growing and can be accessed by those who need it. Thus, there are a variety of programs for individuals who want to serve on corporate boards, covering everything from education about the responsibilities of a director and the risks and rewards of board service to detailed instruction and coaching on how to go about obtaining a board seat.[112] Many of the educational and networking programs offered by the National Association of Corporate Directors, executive recruiters, academic institutions, major accounting firms, and others are open to prospective directors. There are

also training programs designed specifically for women, such as those conducted by some of the regional members of ION.

Finally, women's advocacy groups, such as ION, are assuming an increasingly important role in bringing highly qualified women to the attention of nominating committees. They do so both by working directly with committee members and by helping search firms and others who are seeking candidates for particular company boards.[113] Because these groups have closer connections to the women in their respective communities, they can identify women candidates who are not yet on the radar screens of nominating committees and executive recruiters and who might otherwise be overlooked. In addition, these organizations engage in extensive outreach to those in positions of influence, including current women directors, in order to dispel the myths that have created artificial barriers to the advancement of women to positions of corporate leadership. In short, it no longer should take any great effort for companies and their agents to identify talented women directors. The pipeline has been expanding and it is becoming qualitatively stronger every day.

Lessons from Abroad

Considerable publicity has attended the government of Norway's imposition of a requirement that between one-third and one-half of the directors of every publicly registered company be women by the end of 2007. As of January 2006, no new company will be listed unless its board conforms to this requirement. Any currently listed company that does not comply by the end of 2007 will be dissolved, the sanction for all companies that do not satisfy statutory requirements. A major force behind the legislation was the Conservative Minister of Economics who took a strong public position that board diversity was good for both the companies and for the Norwegian economy. The 40 percent goal is based on the fact that since 1981, women have held about 40 percent of government posts.[114]

The March 2002 Norwegian statute had required all publicly owned (by State or municipality) enterprises to have 40 percent women directors by January 2004, but gave publicly registered companies until the end of 2005 to increase voluntarily the percentage of women on their boards. At the time of enactment, only 7 percent of all directors of the nearly 500 listed companies were women; within a few years, by May 2005, the figure had jumped to 15.7 percent.[115] From June 30, 2005, to January 1, 2006, the percentage increased by another two points.[116] Thus, after having trailed the United States for decades, Norway has quite quickly become the worldwide leader in recruiting women to corporate boards.

While only a few other countries are taking a similar approach to the issue of corporate board diversification,[117] the Norwegian example provides some very useful lessons for the United States. Most important, once the need to appoint women to corporate boards is recognized, qualified women directors can be found and recruited for service. Just as women have filled about 40 percent of the leadership positions in Norwegian government since the early 1980s, they are now joining the boards of Norwegian companies at a very rapid pace. In addition, although undoubtedly there was some resistance to and grumbling about the imposition of quotas, the process of diversification appears to be going forward without any setbacks. Indeed, as the larger Norwegian companies have already demonstrated, the policy rationale behind the legislation is basically sound.

In Sweden, where governmental officials have several times threatened to introduce legislation to impose a quota similar to that of Norway,[118] all public and private companies with more than ten employees have been required since January 2004 to disclose in their annual reports the numbers of men and women on their boards of directors.[119] While it is unclear whether or to what extent the mandatory disclosure of this information has had an impact on board composition, the pace at which women have been joining Swedish boards has increased over the past few years. At the very least, the inclusion of this information in a highlighted section of an annual report serves to focus the reader's attention on the subject.[120] And publicity around the issue of board diversity has always been a useful tool for advancing women to positions of corporate leadership.[121]

Finally, in the United Kingdom, governmental leadership on the issue of corporate board diversity has taken a different form and does not involve legislation of any kind. The British Government serves as a leading voice for equality in business and for greater diversity in the boardroom. In December 2004, simultaneously with the publication of the 2004 Female FTSE Report, the Secretary of State for Trade and Industry, who also served at the time as the Cabinet Minister for Women, released a guide entitled "Building Better Boards." In addition to encouraging both companies and search firms to carefully review their criteria for board positions and make sure that the nomination process does not disadvantage candidates from nontraditional backgrounds, the Minister announced that henceforth all government recruiters would be required to present more diverse fields of candidates for the myriad of positions that are filled every year.[122] The Government also has joined with senior women from business and academia to establish a "cross-company mentoring" program that matches the chairman/CEO of one of the FTSE 100 companies with a senior woman executive from another, non-competing FTSE 100 company. Each chairman/CEO who

participates in the program nominates a woman from his own company to be mentored by another chairman.[123] In less than two full years, at least 30 chairmen joined this program and several mentees have assumed top roles in their own or other companies.[124]

While it is too early to assess the impact of these various initiatives, all of them reflect a commitment to change on the part of those with the power to make it happen. The examples of other countries may suggest some new strategies and potential allies that can help to tip the balance towards parity in corporate leadership here.[125]

Conclusion

The building blocks described earlier in this article, especially the business case for welcoming women into corporate boardrooms and executive suites, provide a strong foundation for changing the face of corporate leadership in the United States. The force of the recent trends identified immediately above: the increasing number of ways in which pressure is being placed on the board nominating process by institutional investors, shareholder activists, and other proponents of improved corporate governance; the emergence of a new generation of talented women, ready and ambitious to assume top executive and board positions; the impact of the cohort of women who already hold such positions; and the examples of other countries that have recently taken steps to boost significantly the number of women who serve on their corporate boards — all this promises to provide the energy necessary to accelerate the pace of change. What remains to be seen is whether the proponents of leadership diversity are able to build strategic coalitions that can catalyze these forces and make sure that the transformation process will be measured in years rather than decades.

Notes

1. Felice N. Schwartz, "'Invisible' Resource: Women for Boards," *Harvard Business Review* 58, no. 2 (March-April 1980): 6–18, at 6,18.
2. Schwartz, "Invisible Resource," 7; Kathryn Rudie Harrigan, "Numbers and Positions of Women Elected to Corporate Boards," *The Academy of Management Journal* 24, no. 3 (September 1981): 619–25, at 620 (citing several reports published by the executive recruiting firm Heidrick & Struggles, Inc.).

3. The Boston Club, *Stuck in Neutral, The 2005 Census of Women Directors and Executive Officers of Massachusetts Public Companies*, www.thebostonclub.com (hereafter *Boston 2005 Census*).
4. Schwartz, "Invisible Resource," 14.
5. Ibid.
6. Spencer Stuart, *Spencer Stuart 2006 Board Diversity Report*, 3.
7. The primary source of the regional data is ION (InterOrganization Network), a non-profit organization whose members are women's advocacy groups that share the mission of advancing women to corporate boardrooms and executive suites and track the number and percentage of women directors and executive officers in public companies based in their respective regions:Board of Directors Network of Atlanta, Georgia (www.boarddirectorsnetwork.org); The Boston Club (www.thebostonclub.com); The Chicago Network (www.thechicagonetwork.org); The Forum of Executive Women of Philadelphia, Pennsylvania (www.foew.com); Forum for Women Entrepreneurs and Executives of Palo Alto, California (in partnership with the Graduate School of Management of the University of California Davis) (www.fweande.org); Inforum Center for Leadership of Detroit, Michigan (www.inforummichigan.org); Milwaukee Women inc (inclusive) (www.milwaukeewomeninc.org); and Women Executive Leadership of Fort Lauderdale, Florida (www.womenexecutiveleadership.com). ION publishes an annual summary that compares the key findings of each of its members; its 2004 and 2005 reports can be found on the websites of each of its members. IION is in the process of creating its own website at www.IONWomen.org.
8. Catalyst, *2005 Catalyst Census of Women Board Directors of the Fortune 500: Ten Years Later: Limited Progress, Challenges Persist*, 5, www.catalyst.org. (hereafter *Catalyst 2005 Census*).
9. For example, The Boston Club, which annually reports on women directors and executive officers of the 100 largest public companies based in Massachusetts, reports that women held 9.9 percent of all board seats in 2005, up from 9.5 percent in 2004 and 9.0 percent in 2003. *Boston 2005 Census,* 3. Board of Directors Network, the Atlanta-based organization that annually produces a report on all public companies based in Georgia, reports that women held 7.1 percent of all board seats in 2005, compared to 4.0 percent in 1993 when BDN published its first census. Board of Directors Network, *Women in the Boardrooms: 2005 Georgia Public Companies Study,* 26 (hereafter *Atlanta 2005 Census*). A fact sheet with the key findings of this report can be found at www.boarddirectorsnetwork.org.
10. Thus, in Massachusetts, of the 100 largest public companies, 45 percent had all male boards in 2005, down from 50 percent in 2003. *Boston 2005 Census*, 3; The Boston Club, *Strategic Assets: The 2003 Census of Women Directors and Executive Officers*, 2. In Georgia, 54 percent of its public companies had no women directors in 2005; in 1993, 73 percent of the pool had all male boards. *Atlanta 2005 Census*, 14.
11. *Catalyst 2005 Census*, 16.
12. ION (InterOrganization Network), *Time for a Charge: A Status Report on Women Directors and Executive Officers of Public Companies in Seven Regions of the United States* (Feb. 2006), 4 (hereafter *ION Report*). The *ION Report* can be found on the websites of all ION members. See n. 7 above.
13. Catalyst, *2005 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500*, 7, www.catalyst.org. (hereafter *Catalyst 2005 Officers Census*).

14. *Catalyst 2005 Officers Census*, 9.
15. *ION Report*, 6.
16. *Boston 2005 Census*, 14.
17. *Atlanta 2005 Census*, 23.
18. The New York Stock Exchange Corporate Governance Rules are contained in Section 303A of the Listed Company Manual and can be found at www.nyse.com/regulation/listed. The relevant American Stock Exchange rules are contained in Part 8 of the AMEX Company Guide (§§801–809) and can be found at www.amex.com. Rule 4350 of the NASDAQ Marketplace Rules can be found at www.nasdaq.com. The three sets of rules are not identical but are substantially similar in the case of those cited here.
19. Many observers argue that active and retired CEOs should not sit on compensation committees because they are too inclined to identify with the executives whose compensation is at issue, and some go so far as to question the independence of any CEO who is called on to approve a compensation package even if he is not a member of the compensation committee. Others question the independence of a director of Company A who is an executive of Company B of which the CEO of Company A is a director. (NYSE Rule 303A.02 (b) (iv) prohibits this situation only when one of the individuals serves on the compensation committee.) A different criticism has been implicitly leveled by The Corporate Library. In a recent report, that watchdog group noted that 51 companies under federal investigation for allegedly engaging in unlawful practices relating to the timing of stock options had common board members to a greater extent than a randomly chosen control group, suggesting that certain directors (including four CEOs and two chairmen) who sat on multiple boards may have encouraged the spread of the potentially illegal practice. The report, which can be purchased from The Corporate Library (www.thecorporatelibrary.com) is summarized in Miles Weiss, "Study finds board ties in option probe," *The Arizona Republic*, July 17, 2006, www.azcentral.com/arizona_republic/business/articles/0717options0717.html.
20. See authorities cited in fn. 42–57 below.
21. Business and Professional Women's Foundation, *101 Facts on the Status of Workingwomen* (July 2005), www.bpwfoundation.org, Facts 52, 55 at 4 (hereafter *101 Facts*); Diversity Best Practices/Business Women's Network, *2005 Women and Diversity WOW! Facts*, www.ewowfacts.com, at 5 (hereafter *WOW! Facts*).
22. *101 Facts*, Fact 52 at 4; *WOW! Facts*, 5.
23. *101 Facts*, Fact 52 at 4; *WOW! Facts*, 5–6. Women also purchase 81 percent of all riding lawn mowers. *WOW! Facts*, 5.
24. *WOW! Facts*, 5, 63.
25. Ibid., 5.
26. Ibid., 6.
27. Ibid., 5, 63.
28. Ibid., 39.
29. An oft-cited example is that of Nike director Jill Ker Conway who repeatedly urged the board to press for a women's division that would exploit the potential of the female sports apparel market. Within a short time after establishing such a division, its sales accounted for 20 percent of the company's domestic revenues. This story is repeated by, among others, Professor Judy B. Rosener in her article, "Women on Corporate Boards Make Good Business Sense," *Directorship,* May 2003: 7–9, 17, 24 at 9. An

example of a company that was saved from an egregious marketing error is Denny's Corp., whose Hispanic board member questioned an advertising campaign for its El Pollo Loco chicken restaurants because it featured cuts of meat that were disfavored by the Hispanic customers whom the company was trying to attract. Andrew Blackman, "Casting a Wider Net," *Wall Street Journal*, June 21, 2004, R6.

30. *101 Facts*, Fact 56 at 4.
31. Ibid., Fact 58 at 4.
32. *WOW! Facts*, 63.
33. *101 Facts*, Fact 59 at 4.
34. *WOW! Facts*, 63.
35. Ibid.
36. Susan L. Williams, *Diversity on Corporate Boards*, Investor Responsibility Research Center PowerPoint presentation, June 2004, available at www.namme.org/programs/conference/040719_highlights/susan_williams.ppt. Ms. Williams is Manager, Special Projects for the Investor Responsibility Research Center (IRRC).
37. U.S. Department of Labor, Women's Bureau, *20 Leading Occupations of Employed Women Full-time Wage and Salary Workers 2005 Annual Averages*, www.dol.gov/wb/factsheets/20lead2005.htm.
38. U.S. Department of Labor, *20 Leading Occupations;* AICPA, Work/Life & Women's Initiatives Women's Summit, "Helping Women Professionals Succeed," summary of conference held in October 2005.
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44. *The "Bright" Thing,* 12.
45. David A. Carter, Betty J. Simkins and W. Gary Simpson, "Corporate Governance, Board Diversity, and Firm Performance," *The Financial* Review, 38, no. 1 (2003): 33-53. This paper can be found at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=304499. The authors measure firm value by Tobin's Q.

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48. Vesela Veleva, *Gender Diversity and Financial Performance,* Citizens Advisers, 2005. This study is available at www.citizensfunds.com.
49. Johnston, "Male, Pale and Stale," 49.
50. *The "Bright" Thing*, 5.
51. National Association of Corporate Directors, *Board Evaluation: Improving Director Effectiveness*, Washington D.C. 2001; a revised and updated version of that Blue Ribbon commission report is available from the NACD at www.nacdonline.org.
52. *The "Bright" Thing*, ii.
53. Ibid., Table 7 at 13.
54. *The "Bright" Thing*, 13.
55. Higgs, D., *Review of the Role and Effectiveness of Non-Executive Directors*, Department of Trade & Industry (London, January 2003); Laura Tyson, *The Tyson Report on the Recruitment and Development of Non-Executive Directors*, (London Business School, June 2003).
56. Val Singh and Susan Vinnicombe, *The Female FTSE Report 2004*, Cranfield Centre for Developing Women Business Leaders, 17–18. This report can be found at www.cranfield.ac.uk/som/reserach/centre/cdwbl/downloads/FT2004FinalReport.pdf.
57. Val Singh and Susan Vinnicombe, *Female FTSE Index 2005 Executive Summary*, Cranfield Centre for Developing Women Business Leaders. This summary can be found at www.cranfield.ac.uk.som.
58. Rosener, "Women on Corporate Boards," 8. Dr. Rosener uses the term "sexual static" to refer to the discomfort and confusion that some men experience when asked to relate to women in roles that do not correspond to "traditional gender-role expectations." Rosener views competency testing, requiring female candidates "to be more qualified than the males with whom they compete," as one of the consequences of "sexual static."
59. In the past, some observers noted that women directors are often "utilized in sex-based and stereotypical ways" for example, too often assigned to public affairs committees and rarely to executive, compensations and finance committees. Diana Bilimoria, "Building the Business Case for Women Corporate Directors," in *Women on Corporate Boards of Directors*, Ronald J. Burke and Mary C. Mattis, eds., (Boston, Kluwer Academic Publishers, 2000):25-40 at 26. Professor Bilimoria referred to this situation as the burden of tokenism.
60. The names of the women who filled 827 seats on Fortune 500 boards in 2005 are found in Appendix 2 to the *Catalyst 2005 Census*. Similarly, many of the members of ION identify the women directors of the companies in their respective regions in appendices to their annual reports.
61. See, for example, Appendix C to the *Boston 2005 Census*.
62. See Appendix 2 to *Catalyst 2005 Officers Census*.

63. Spencer Stuart reports that CEOs and COOs accounted for 32 percent of new board appointments for S&P 500 companies in 2005, down from 53 percent in 2000; about 25 percent of Spencer Stuart's board placements in 2005 were first-time directors. *Spencer Stuart 2006 Board Diversity Report*, 15–16.
64. *Spencer Stuart 2006 Board Diversity Report* at 14. The Boston Club's Corporate Board Resource Committee, which directly assists companies to identify and recruit women directors, also regularly responds to requests from both national and boutique search firms seeking candidates for their clients' boards, suggesting that even the largest and most established recruiters are attempting to extend their reach in order to identify talented board candidates.
65. Many of them base their investment decisions on research conducted by companies such as KLD Research & Analytics, which rates companies on a wide variety of factors including diversity. A division of KLD produces a corporate social ratings monitor, which rates companies in seven major qualitative issue areas using five distinct data sources that are continually updated. More information about this and other KLD products can be found at www.kld.com.
66. *Calvert Proxy Voting Guidelines for Calvert Family of Funds*, Section I.A at 5. www.calvert.com/pdf/proxy_guidelines_new.pdf.
67. Citizens Funds, *Proxy Voting Guidelines for Corporate Governance Issues*. www.citizensfunds.com/responsible/proxy-guidelines-gov.htm.
68. *Domini Social Investments Proxy Voting Guidelines & Procedures, Proxy Season 2005* (10th Annual Edition) at 15. www.domini.com/proxyvoting.html.
69. *Trillium Asset Management Proxy Voting Guidelines — Social Issues, Diversity*. www.trilliuminvest.com/pages/activism/activism_voting_social.asp.
70. Walden Asset Management, *General Proxy Voting Guidelines — 2005, Board of Directors*. www.waldenassetmgmt.com/downloads/proxy_voting_guidelines_2005.pdf.
71. The Boston Foundation, *Policy on Socially Responsible Investing and Proxy Voting Guidelines — 2006*. www.tbf.org/uploadedFiles/2006%20TBF %20Proxy %20Voting%20Guidelines.pdf.
72. Rockefeller Philanthropy Advisors and as You Sow Foundations, *Unlocking the Power of the Proxy: How Active Foundation Proxy Voting Can Protect Endowments and Boost Philanthropic Missions.* www.asyousow.org/publications/powerproxy.pdf.
73. Among other things, the Interfaith Center on Corporate Responsibility tracks voting on proxy issues of interest to its members, 275 faith-based institutional investors that control approximately $110 billion. www.iccr.org. The Council of Institutional Investors (CII), a nonprofit association of 140 public, labor, and corporate pension funds with assets of more than $3 trillion, suggests that its members, the general members of venture capital, buyout and other private equity funds, and others, encourage the companies in which they invest to adopt corporate governance provisions consistent with CII's guidelines. Among those guidelines is the position that board evaluation "should include an assessment of whether the board has the necessary diversity of skills, backgrounds, experiences, ages, races and genders appropriate to the company's ongoing needs." *The Council of Institutional Investors Corporate Governance Policies*, April 5, 2006, 2, 4. www.cii.org/policies/corpgovernance.htm.
74. Williams, *Diversity on Corporate Boards*.
75. Four major governance rating firms are: Institutional Shareholder Services (ISS) (www.issproxy.com); Governance Metrics International (www.governancemetrics.com);

Standard & Poor's (www.standardandpoors.com); and The Corporate Library (www.thecorporatelibrary.com).

76. In December 2005, ISS announced its Policy Gateway, a website that provides public access to its current policies and proxy voting guidelines. www.issproxy.com/policy/index.jsp.
77. See, for example, Institutional Shareholders Services, *ISS 2006 US Proxy Voting Guidelines Summary,* 2005, 42. www.issproxy.com/pdf/US2006SummaryGuidelines.pdf.
78. See ISS, *ISS 2006 Proxy Voting Guidelines Summary,* 7–8.
79. ISS has recently stated that it "will begin inserting [into its proxy voting guidelines] cautionary language when the average director tenure on a board exceeds 15 years for thecentire board" because "boards with limited turn-over may lack new perspectives that can add value to the boardroom." ISS, *ISS U.S. Corporate Governance Policy 2006 Updates*, 2005, 7. www.issproxy.com/pdf/USPolicyUpdate.pdf. A December 2004 study published by ISS identified the existence of a mandatory retirement age for directors and regular review of board performance among "the 13 factors associated most often with good performance." Lawrence D. Brown & Marcus L. Caylor, *Corporate Governance and Firm Performance*, December 7, 2004, 29. www.issproxy.com/pdf/Corporate% 20Governance%20Study%201.04.pdf.
80. SEC Rule 30b1-4. A summary of the background of the new rules can be found in Social Investment Forum, *Mutual Funds, Proxy Voting, and Fiduciary Responsibility: How Do Funds Rate on Voting their Proxies and Disclosure Practices?* April 2005, 4–6 (hereafter *SIF Report*). www.socialinvest.org.
81. A number of recommendations for improvement are contained in the *SIF Report*, 27–30.
82. *SIF Report*, 9. On this issue, the average votes against management (86.3 percent) were slightly higher than the average votes against management by funds within the ten largest SRI funds. On the other five corporate governance issues, the average votes of the conventional mutual funds against management were 75.8 percent (submitting poison pills to shareholder vote), 72.2 percent (expensing stock options), 52.9 percent (share-holder approval of golden parachutes); 12.7 percent (separating the CEO and Chair positions) and 0 percent (prohibiting any non-audit work by company's auditors). *SIF Report,* 8–13.
83. *SIF Report*, 14–19. All of the funds in the Vanguard Group abstained on all six issues.
84. Ibid., 20–21.
85. Ibid., 22.
86. Despite the fact that America's 100 largest money managers currently hold nearly 60 percent of all stocks, they have not been particularly active as stockholders, leading some to express concern that they focus too heavily on short-term investment and trading strategies at the expense of governance issues. Doug Raymond, "The New Guardians?" *Directors & Boards*, Third Quarter 2006, 14.
87. Investment Company Institute ("ICI"), "Trends in Mutual Fund Investing," June 2006, www.ici.org/stats/latest/trends_06_06.html.
88. ICI, "U.S. Household Ownership of Mutual Funds in 2005," *Fundamentals, ICI Research in Brief*, 14, No. 5 (Oct. 2005), www.ici.org/shareholders/us/fm-v14n5.pdf.
89. ICI, "U.S. Shareholders," www.ici.org/shareholders/us/index.html.

90. Indeed, there is evidence that shareholder activists are turning their attention to traditional mutual funds and are filing shareholder resolutions on governance as well as social and environmental issues.See Bill Bauer, "Filing Resolutions at Mutual Funds: The Next Frontier for Shareholder Activism?" *Shareowner Action News*, July 21, 2006. www.socialfunds.com/news/article.cgi?sfArticleId=2062. In addition, based on a survey of mutual funds operated by the largest investment managers to determine how they vote on majority-vote shareholder resolutions, CII decided in February 2006 to ask all investment managers to adopt proxy voting guidelines formally supporting such resolutions. CII, Majority Voting Primer: Making Shareowners' Votes Count: Majority Voting in Director Elections, February 27, 2006, 9-10, www.cii.org/policies/MajorityVotingPrimer.pdf.
91. They will also satisfy their fiduciary duty to enhance the financial return to their investors. For an analysis of the literature linking corporate governance to investment returns, see Jay W. Eisenhofer and Gregg S. Levin, "Does Corporate Governance Matter to Investment Returns?" *Corporate Accountability* 3, no. 57 (Sept. 23, 2005), Bureau of National Affairs Inc. www.bna.com.
92. In addition, there is likely to be more attention paid to the composition of mutual fund boards. Because these funds are private, there is little published data on the number of women mutual fund directors.
93. Claudia H. Allen, *Study of Majority Voting in Director Elections*, Neal, Gerber & Eisenberg LLP, Feb. 20, 2006 (updated Mar. 14, 2006) at ii.This report can be found at www.ngelaw.com.
94. Thaddeus C. Kopinski and Rosanna Landis Weaver, "Banner Year for Majority Elections," *Governance Weekly*, Aug. 18, 2006. www.issproxy.com/governance/publications/2006archived/175.jsp.
95. Kopinski and Weaver, "Banner Year." ISS notes that recent changes in Delaware corporate law and in the American Bar Association's Model Business Corporation Act facilitate the adoption of majority voting and director resignation policies and bylaws.
96. Kopinski and Weaver, "Banner Year."
97. Ibid., quoting Rich Ferlauto, director of pension investment policy for the American Federation of State, County and Municipal Employees.
98. Ibid., quoting Patrick McGurn, IS executive vice president.
99. ISS, "Scorecard of Key 2006 Shareholder Proposals Voted On," www.issproxy.com.
100. Subodh Mishra, "Support Grows for Key Proposals," *Governance Weekly*, Aug. 4, 2006, www.issproxy.com/governance/publications/2006archived/166.jsp.
101. Another important issue that recently has emerged involves the role of brokers who are currently permitted to cast votes for uninstructed shares. As the Council of Institutional Investors points out in a June 2006 letter to the New York Stock Exchange, brokers through whom an estimated 70 percent to 80 percent of all shares in public companies are held almost always cast votes in favor of management proposals and board candidates unless explicitly instructed to the contrary by individual share holders. According to CII, this practice "skews voting results and is akin to stuffing the ballot box." CII takes the position that broker abstentions and nonvotes should be counted only for purposes of establishing a quorum and should be disregarded for all other purposes. In this way, "voting tallies are fair and representative of shareowners' actual votes — and not potentially distorted by broker votes." Letter dated June 29, 2006 from Ann Yerger, Executive Director of CII, to Richard G. Ketchum, Chief Executive Officer, New York Stock Exchange regulation. www.cii.org/

library/correspondence/06-29-06%20Broker percent 20Voting.pdf. Should uninstructed shares be eliminated from voting in director elections, the nomination process will take on even greater importance.

102. See, e.g., Troy Segal, "The Female Effect," *Executive Female*, November/December 1996: 46–49. The burdens of tokenism are matters of common knowledge. The forces that lead people to prefer to work and socialize with others who are like themselves in terms of background, culture, age, gender, race and similar factors sometimes make it difficult for someone who is "other" or different to "fit in" or be accepted as an individual with a set of unique attributes. Too often, the first woman is perceived by others primarily in terms of her gender, with all of the stereotypical implications that gender holds for the men in the room. Thus, the first woman on a corporate board may have to devote excessive time and effort to making her male colleagues feel "comfortable" with her, proving herself to be "competent," making sure to comport herself in a way that will not "rock the boat," and otherwise minimizing what has been termed "sexual static." Rosener, "Women on Corporate Boards," 8. To the extent that her male colleagues have difficulty adjusting their expectations about women to the new situation in which they find themselves, they may treat her in a way that marginalizes rather than validates her contributions. Catalyst suggests that stereotypes and other barriers also adversely affect women executives — they "pigeonhole" the talents of these women, restrict their access to essential information, discourage their ambitions and effectively hold them back from the most senior positions. *Catalyst 2005 Officers Census*, 4, 12.

103. For a thorough analysis of the meaning and implications of having several women directors on corporate boards, see Vicki W. Kramer, Alison M. Konrad and Sumru Erkut, *Critical Mass on Corporate Boards: Why Three or More Women Enhance Governance*, Wellesley Centers for Women (Working Paper Series (2006) Report No. WCW11. This is the first study that looks at the impact of specific numbers — the effect of moving from one to two to three women directors — on the quality of boardroom discussion and decision-making.

104. *Catalyst 2005 Census*, 12 and n. 21. Among the top 200 S&P 500 companies, women chaired 17 percent of nominating/governance committees, 11 percent of compensation committees and 7 percent of audit committees in 2005. They also constituted 6 percent of all lead or presiding directors of these companies. *Spencer Stuart 2006 Board Diversity Report*, 8.

105. See *Catalyst 2005 Census*, 14; Troy Segal, "The Female Effect," 48-49. The Business Roundtable has emphasized that the process of recommending director nominees to the full board and shareholders is a "core function" of corporate boards and has encouraged nominating committees to "take a proactive approach by soliciting ideas for potential candidates from a variety of sources." The Business Roundtable, *Principles of Corporate Governance 2005* at 21. www.businessroundtable.org/pdf/CorporateGovPrinciples.pdf.

106. *Catalyst 2005 Census*, 9.

107. *Spencer Stuart 2006 Board Diversity Report* at 3.

108. The Chicago study found that 26 of the 50 companies in the study had multiple directors (*The Chicago Network 2005 Census*, 17); the comparable numbers reported by those other ION members that included such figures are: California, 56 of the top 200 public companies (*UC Davis Study of California Women Business Leaders 2005,* 5); Massachusetts, 21 of the 100 largest public companies (*Boston 2005 Census,* 4); Philadelphia, 19 of the 99 largest public companies (The Forum of Executive Women, *Women on Boards 2005,* 4); Florida, 18 of the top 150 companies (Women Executive

Leadership, *2004 Florida Census of Women Directors and Executive Officers*, 3); and Georgia, 24 of all 187 public companies (*Atlanta 2005 Census*, 16).

109. *ION Report,* 5.

110. While some women directors may still be reticent to become involved in the identification and recruitment of new women board members and executive officers, most are prepared to assume some responsibility in this regard. For an example of a call for women directors to do so, see Toni G. Wolfman, "Pay It Forward, Change the Face of Business," *Women's Business Boston*, July 2006 at 26–27.

111. As noted earlier, 25 percent of Spencer Stuart's board placements during 2005 were first-time directors. *Spencer Stuart 2006 Board Diversity Report,* 16. This figure should be much higher for companies that are smaller than the typical client of the large national search firms. In any event, the Spencer Stuart experience demonstrates that prior board experience is not an essential prerequisite. In a 2004 survey of 1000 accomplished women aged 35–45 in the UK, more than half reported that the main barriers to appointment as ndependent directors of British companies are (1) that these women are "not on anyone 's radar screens"and (2) that they lack prior experience as nonexecutive directors of listed companies. Department of Trade and Industry, *Building Better Boards*, December 2004, 25. www.womenandequalityunit.gov.uk/publications/betterboards.pdf.

112. One such program, "OnBoard Bootcamp," is offered by PartnerCom Corporation. A full description of that program can be found at www.onboardbootcamp.com.

113. Several ION members have developed board search practices and comprehensive candidate databases. Furthermore, every member of ION has agreed to assist the others in identifying candidates with the specific set of qualifications needed for a particular search, thus giving each member a nation-wide reach and strengthening its capacity to find the best fit.

114. The percentage varies depending on the size of the board. The 40 percent figure commonly mentioned in media coverage of the Norway initiative refers to shareholder representatives on boards of more than 10 directors. For employee representatives on all boards, companies are required to name at least one director of each gender unless less than 20 percent of the company's workforce is of either sex. European Professional Women's Network Think Tank Newsletter, "Women on Boards: the Inside Story on Norway's 40 %Target," www.europeanpwn.net/tht_wob/articles/story_on_norway.html.

115. European Professional Women's Network, "Women on Boards."

116. European Professional Women's Network, "Second Bi-annual EuropeanPWN BoardWomen Monitor 2006," press release, June 12, 2006, www.europeanpwn.net/pdf/boardwomen_press_release120606.pdf, n.2.

117. The government of Spain recently has proposed a 40 percent quota similar to that of Norway. Alison Maitland, "Business Life: Board Quotas Shake Up the Sexual Status Quo," *Financial Times*, June 12, 2006, www.ft.com. The National Council of Switzer land voted in March 2005 to impose a 30 percent quota of women on the boards of companies in which the Swiss Confederation has a share, but allows a five-year transition period for voluntary compliance. Career Women's Forum News, "CWF Commends Berne Vote on Board Women Quota," March 8, 2005, www.cwf.ch.gb/news/news8Mar05.htm. In France, after a legislative amendment to the equal pay law, prohibiting more than 80 percent of either gender on corporate boards, failed to pass constitutional muster, the French Institute of Directors recommended that companies make sure that at least half of the pool of candidates for nomination as directors be

women, and that they set a goal of a minimum of 20 percent women directors over the short term (no more than five years). Alison Maitland, "Boardroom Quotas Seen to Aid Women," *Financial Times*, June 12, 2006, www.ft.com; Institute Francais des Administrateurs, Actualites, June 29, 2006, www.ifa-asso.com/actualites/actualites.php?actualite_id=72. Israel has for a number of years required that one of two directors representing the public at large on the boards of publicly traded companies be a woman and that in the composition of the boards of directors of state-owned companies, government ministers must appoint directors of the gender that is not "appropriately represented" on those boards. Dafna Izrachi, "Gender Politics in Israel: The Case of Affirmative Action for Women Directors," *Women's Studies International Forum,* 26, No. 2 (2003): 109-128 at 112, 116.

118. In 2002, the Equality Minister threatened to impose a quota of 25 percent if companies did not increase the number of women directors on a voluntary basis. In June 2005, the Minister of Justice stated an intention to propose a 40 percent quota. Melissa de Sieri, "Swedish company boards 'could face sex quotas'," *The Local: Sweden's News in English*, June 11, 2005, www.thelocal.se/article.php?ID=1587&date=20050611&PHPSESID=9f695787.

119. The Chairman of Marks and Spencer has suggested that companies in the UK should include in their annual reports information about their diversity efforts. Singh and Vinnicombe, *The Female FTSE Report 2004*, 32.

120. Disclosure also is helpful to organizations that track such data and sometimes have difficulty ascertaining from names alone whether a director nominee is male or female. The process of confirming that information with each company is extremely timeconsuming.

121. For many years, organizations such as Catalyst and several members of ION have released census reports tracking women corporate directors and executive officers. Both local and national media have used these reports to draw attention to companies that lag behind in terms of diversity. Women's organizations also give public recognition to companies that set particularly good examples in this area. Catalyst offers an award for best practices on an annual basis. Every second year, The Boston Club honors public companies in the six New England states that have two or more women on their boards.

122. Department of Trade and Industry, *Building Better Boards*. See also, *The Female FTSE Report 2004*, 11; Stephanie MacKendrick, "Downing St. Adopts the Gold Standard in Women on Boards Initiatives," www.europeanpwn.net/pdf/icd_wob_article.pdf. The British Government's Women and Equality Unit, which supports the Cabinet Minister for Women and other public officials, has a website that provides information and resources on a wide range of topics and devotes a section to diversity in the board room. www.womenandequalityunit.gov.uk.

123. *The Female FTSE Report 2004*, 32. A chapter of *Building Better Boards* is devoted to the development of the talent pool. Department of Trade and Industry, *Building Better Boards*, 25–35.

124. www.europeanpwn.net/tht_mentoring/articles/uk_ftse100.html.

125. Among governmental officials in the United States, the most likely allies are state treasurers who control large public pension funds. Denise Nappier, the State Treasurer of Connecticut, is an example of an engaged proponent of good corporate governance. Board diversity is one of a number of issues on which the Connecticut Treasurer is likely to be heard. See www.state.ct.us/ott/corpgovoverview.htm.