



# **Targeting Inequity: The Gender Gap in U.S. Corporate Leadership**

**September 28, 2010**

**New Evidence on Gender Pay Gap for Women and Mothers in Management**

**Testimony to U.S. Joint Economic Committee**

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## INTRODUCTION

*He has monopolized nearly all the profitable employments, and from those she is permitted to follow, she receives but a scanty remuneration.* – The Declaration of Sentiments, Seneca Falls, NY, July 20, 1848

Generations have passed since this nation’s first women’s summit issued the Declaration of Sentiments, yet stark gender gaps in business leadership and pay persist. The latest data reveals leadership gaps across all *Fortune* 500 industries and a glacial rate of progress for women in business. Women constitute nearly half the total work force,<sup>1</sup> earn 57 percent of Bachelor’s degrees, 60 percent of Master’s degrees,<sup>2</sup> and control or influence 73 percent of the consumer decisions<sup>3</sup> in America. Yet among *Fortune* 500 companies, women make up less than three percent of CEOs<sup>4</sup> and hold roughly 15 percent of board seats.<sup>5</sup> And in 2009, women made up only 6.3 percent of Executive Officer top earning positions within the *Fortune* 500.<sup>6</sup> These inequities don’t just hurt women. They harm families, employers, and the U.S. economy.

Catalyst believes that until women achieve parity in pay and business leadership, they will be marginalized in every other arena.

Founded in 1962, Catalyst is the leading nonprofit organization working globally to advance women and business. With offices in New York, Silicon Valley, Toronto, and Zug, Switzerland, we count as members more than 400 companies, firms, business schools, and associations from around the world. Our Advisory Services assesses global and regional challenges to support our members and policy makers as they build, sustain and leverage female talent in the markets in which they operate. And our research—widely considered the “gold standard” on women in corporate leadership—identifies major barriers to women’s advancement and predicts the most effective strategies for creating sustainable change.

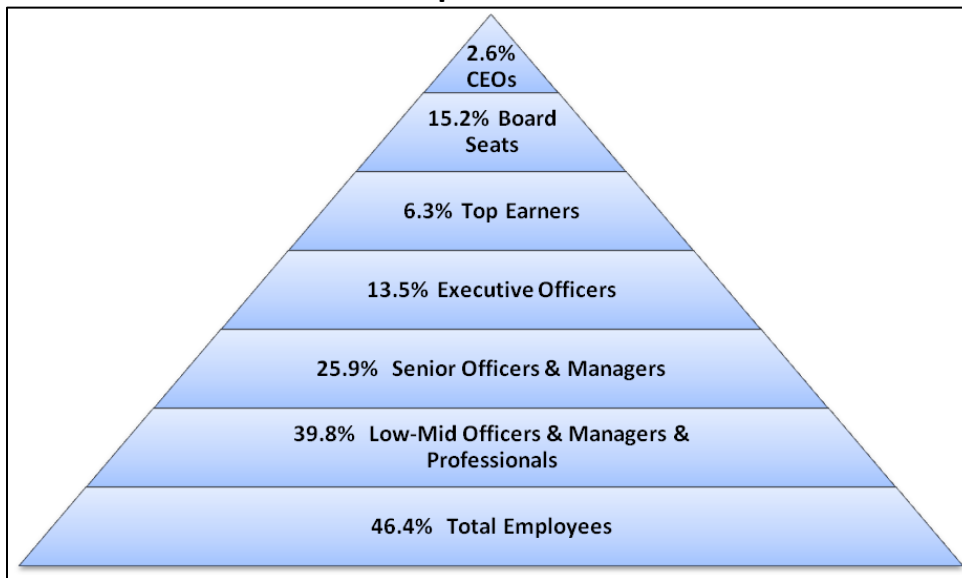
When looking at inequity in the United States, Catalyst focuses on the *Fortune* 500 because these corporations are a barometer of American corporate culture. If inequities persist in America’s most powerful and influential companies, they are present in smaller businesses too. Because our Census includes the entire population of *Fortune* 500 companies, we know this is a precise count of women leaders in our nations’ top 500 businesses. Our findings, cited in media around the world, reveal the challenges and opportunities for working women and their employers.

In this report, we document that the number of women in *Fortune* 500 leadership positions decreases the further up the corporate ladder one goes and how women’s representation in leadership has remained flat over time, regardless of industry. We show how the *Fortune* 500 leadership gap persists even though women comprise nearly half of the U.S. labor force<sup>7</sup> and earn more advanced degrees than men.<sup>8</sup> We discuss how the low representation of women top earners underscores that women continue to be underrepresented in the highest paying positions in corporate America and how the pay gap for women begins with their very first job. Finally, we present the correlation between women’s representation in corporate leadership and corporate financial performance, the vital role women play in the United States economy, and the necessary steps to end gender inequity.

**Women lag men in leadership positions despite being nearly 50 percent of the labor force.**

Women are a critical part of the U.S. labor force, but according to our data, they are stuck in lower levels of management with little, if any, movement upward. If corporate America were a true meritocracy, there would be equal representation of women and men in every job level. Instead, it looks like a pyramid where women are clustered in the lower ranks and lower paying positions, and where few ascend to senior management, CEO or board positions.

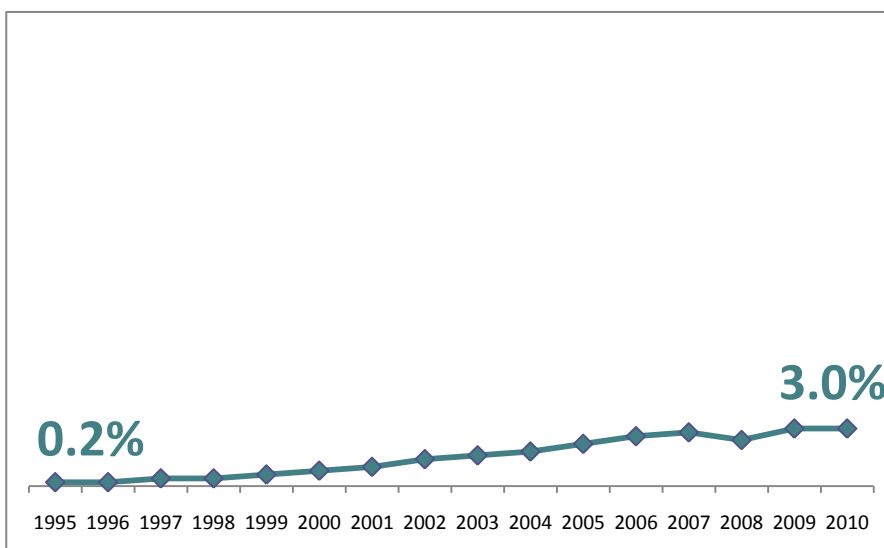
**Women in Fortune 500 Companies<sup>9</sup>**



**Women’s representation in Fortune 500 leadership is stagnant over time.**

Progress for women in leadership has moved at a glacial pace. The percentage of women CEOs in the Fortune 500 increased by less than two-and-half percentage points over the past 14 years:

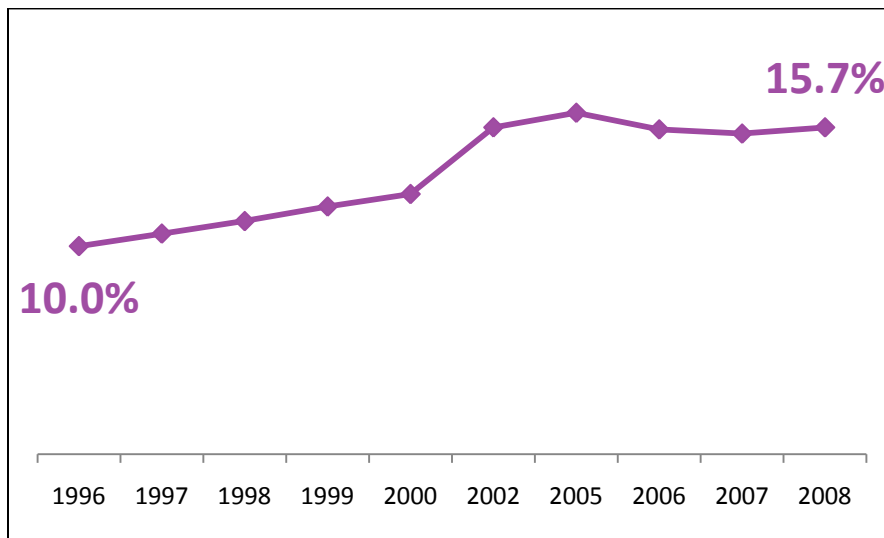
**Fortune 500 Women CEOs<sup>10</sup>**



**2.6%**  
Fortune 500 Women CEOs  
as of September 23, 2010

Over the past 13 years, the share of women Corporate Officers increased by less than six percentage points and has remained flat for the past four years:

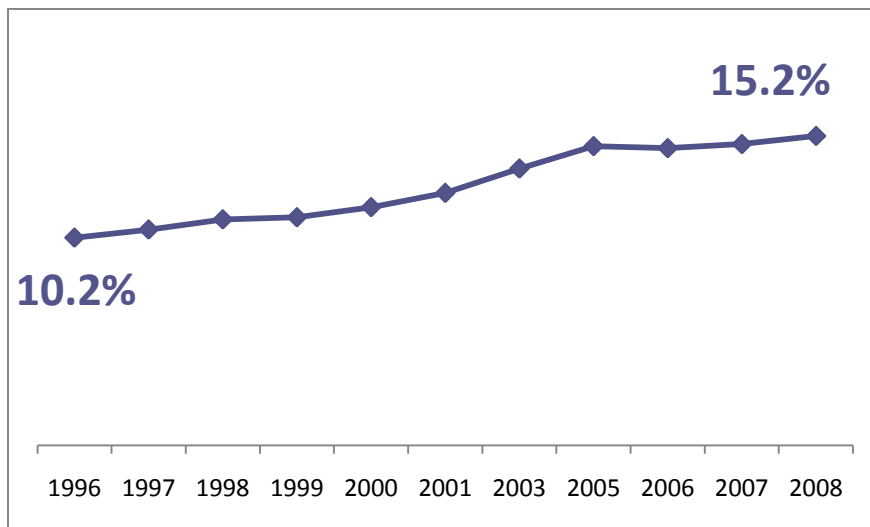
### Fortune 500 Corporate Officer Positions Held by Women<sup>11</sup>



**13.5%**  
*Fortune 500 Executive Officer Positions (2009)*

The trend line for corporate board positions has remained stagnant over the past six years, increasing only five percentage points over the past decade:

### Fortune 500 Board Seats Held by Women<sup>12</sup>



**15.2%**  
*Fortune 500 Board Seats Held by Women (2009)*

**Women’s leadership representation has failed to grow appreciably—regardless of industry.**

Women are severely underrepresented in leadership positions across industry sectors. The percentage of women Executive Officers and board directors in *Fortune* 500 companies is stuck in the teens and single digits, while only about 26% of Senior Officers and Managers are women.

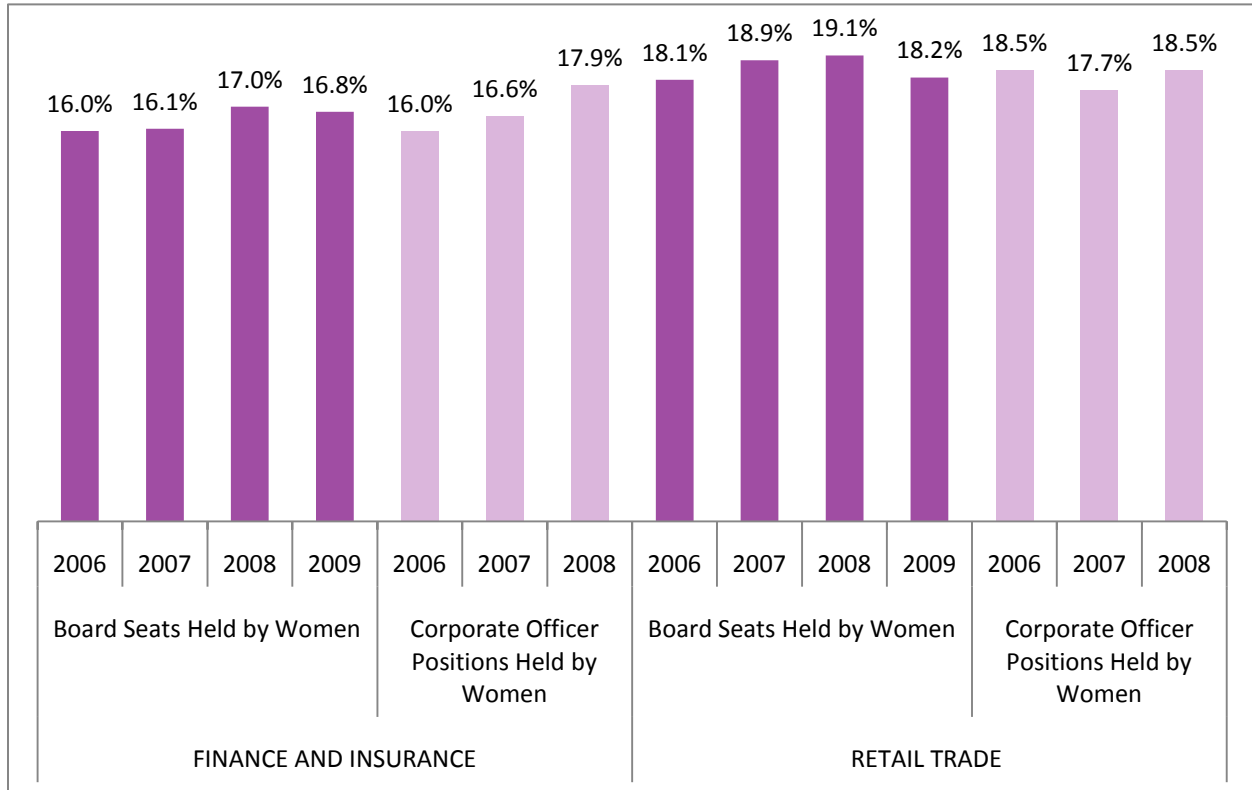
**Fortune 500 Catalyst Data and EEOC Data by NAICS Industry**

	Companies <sup>13</sup>	Employees <sup>14</sup>	Women						
			CEOs <sup>15</sup>	Directors <sup>16</sup>	Executive Officers <sup>17</sup>	Senior Officers & Managers <sup>18</sup>	Low-Mid Officers & Managers <sup>19</sup>	Professionals <sup>20</sup>	Total Employees <sup>21</sup>
Retail Trade	11.9%	38.6%	6.8%	18.2%	17.9%	29.7%	42.7%	53.0%	55.6%
Finance & Insurance	16.1%	11.8%	2.5%	16.8%	18.1%	33.3%	47.4%	50.7%	58.2%
Manufacturing - Durable Goods	19.6%	11.6%	1.0%	12.7%	9.4%	16.8%	21.0%	26.5%	26.2%
Manufacturing - Nondurable Goods	16.3%	8.9%	8.6%	16.6%	13.7%	23.5%	31.0%	42.8%	33.9%
Information	5.4%	6.6%	3.7%	14.5%	12.4%	31.9%	36.8%	36.0%	40.1%
Transportation & Warehousing	5.4%	6.0%	0.0%	10.8%	12.6%	18.8%	27.3%	18.4%	24.2%
Accommodations & Food Services	2.0%	5.3%	0.0%	18.1%	15.5%	32.4%	46.8%	50.6%	54.0%
Professional & Business Services	3.4%	2.4%	0.0%	17.6%	13.0%	28.9%	33.3%	39.6%	38.8%
Utilities	6.5%	2.2%	0.0%	16.9%	11.7%	18.5%	17.3%	30.5%	23.4%
Wholesale Trade	5.0%	1.7%	0.0%	15.7%	11.1%	22.4%	34.4%	49.1%	42.6%
Mining, Quarrying, and Oil & Gas Extraction	3.2%	0.6%	0.0%	9.0%	10.7%	12.3%	15.3%	26.7%	20.9%
<b>Overall</b>			<b>3.0%</b>	<b>15.2%</b>	<b>13.5%</b>	<b>25.9%</b>	<b>37.0%</b>	<b>41.8%</b>	<b>46.4%</b>

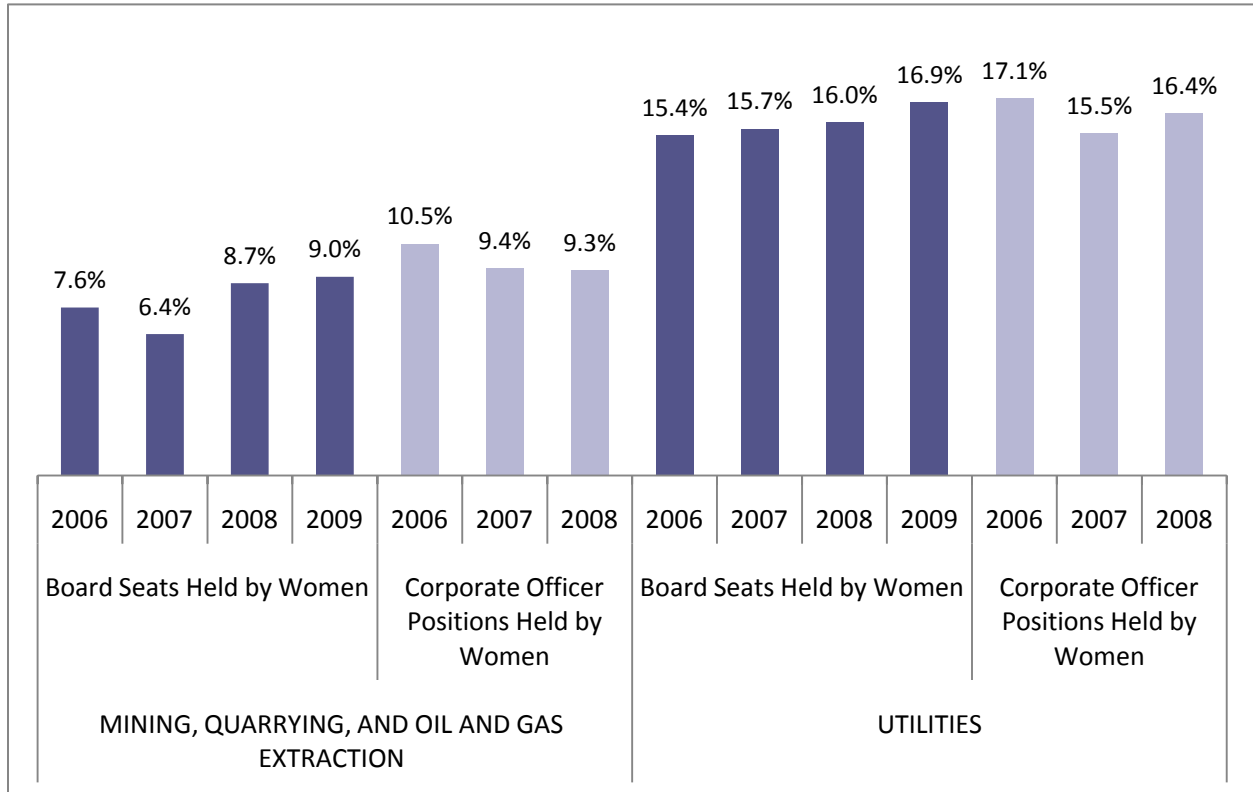
**Women lag men in Fortune 500 leadership—including in female-prevalent industries.**

One might expect female-prevalent industries would have high representations of women in leadership, but they do not. In fact, in the industries displayed below, the percentage of women-held board seats and corporate officer positions is not substantially different from those of other industries, except in Mining, Quarrying, and Oil & Gas Extraction, where women’s representation is much lower.

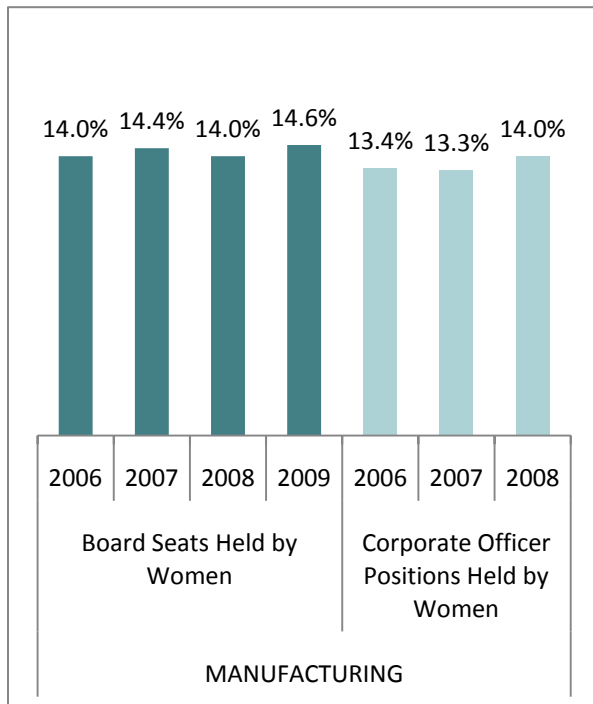
**Fortune 500 Women Leaders in Female-Prevalent Industries<sup>22</sup>**



### Fortune 500 Women Leaders in Male-Dominated Industries<sup>23</sup>



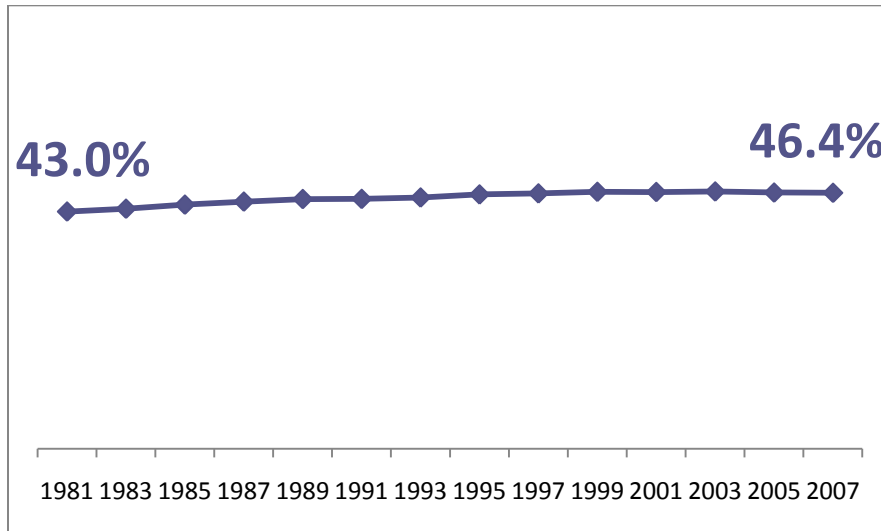
### Fortune 500 Women Leaders in the Largest Industry<sup>24</sup>



**The Fortune 500 leadership gap persists despite high female workforce representation and women outpace men in advanced degrees.**

“Give it more time” is often suggested as a solution to the lack of women in business leadership. But women have been near 50% of the workforce for many years and have not advanced to leadership positions.

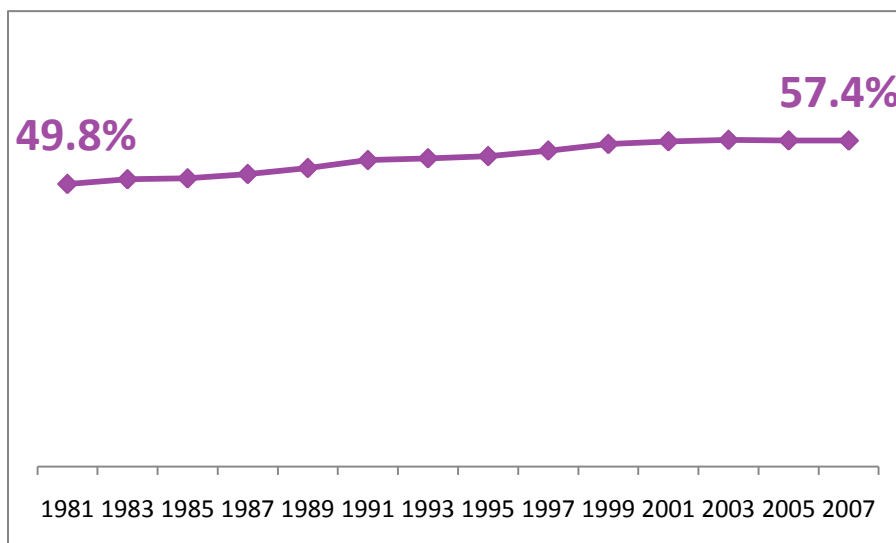
### Women in Labor Force<sup>25</sup>



**46.7%**  
Women in Labor Force  
(2009)

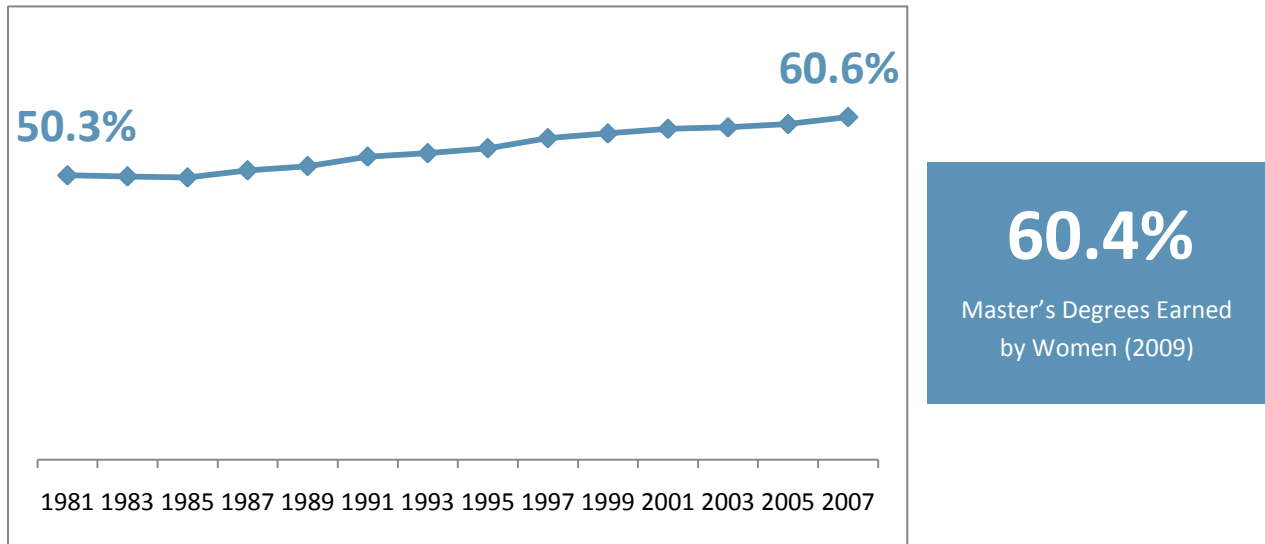
Women are not ascending into business leadership despite the fact that women have been outpacing men in earning advanced and professional degrees for many years. Women earned more B.A.s than men starting in 1981-1982:

### Bachelor's Degrees Earned by Women<sup>26</sup>



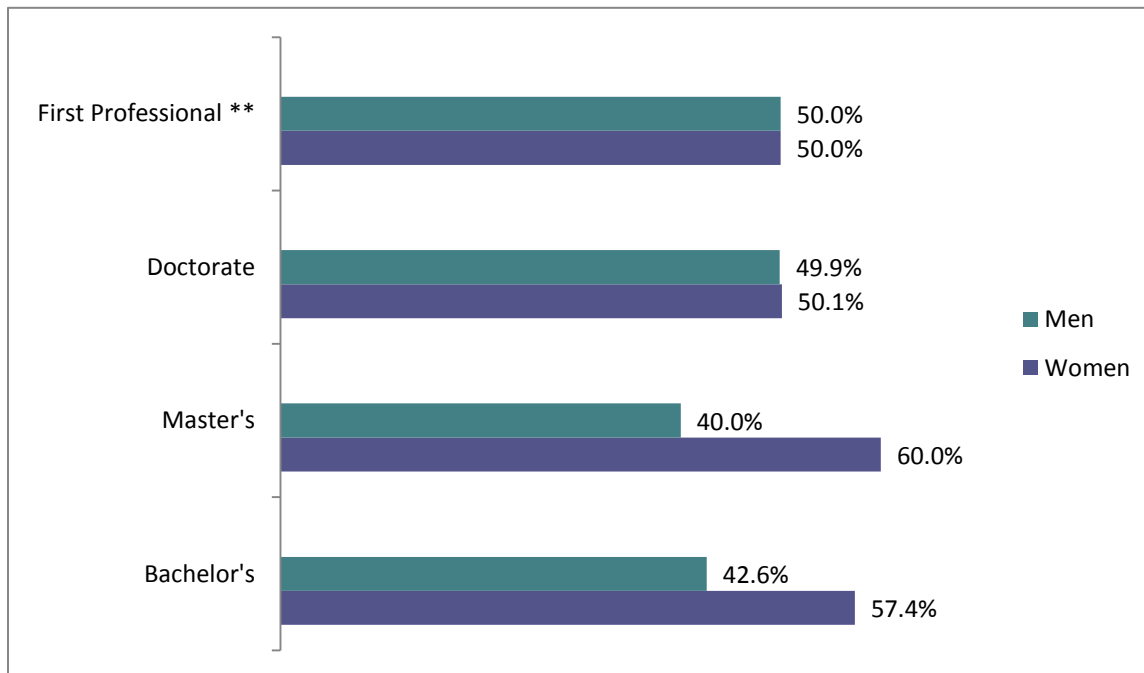
For Master's degrees, women first became the majority in 1980-1981, the figure dropped below 50 percent soon after, then passed 50 percent again in 1985-1986. It has very slowly risen since then:

### Master's Degrees Earned by Women<sup>27</sup>



The chart below shows a snap-shot of the percent of advanced degrees earned by women. Women earn as many or more degrees than men in all categories:

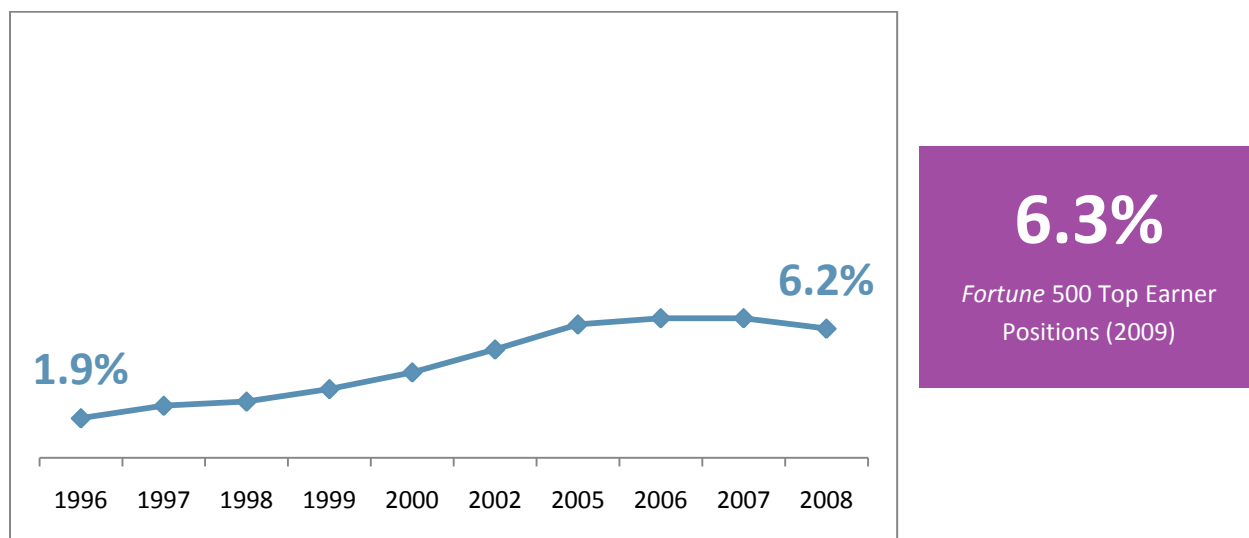
### Degrees Earned by Women, 2006-2007<sup>28</sup>



***The pay gap for women at the top reflects a system that continues to perpetuate pay inequity for women in the workplace.***

The low representation of women top earners underscores how women continue to be underrepresented in the highest paying positions in corporate America. Women constitute only 6.3 percent of *Fortune* 500 top earners:

### **Fortune 500 Top Earner Positions Held by Women<sup>29</sup>**

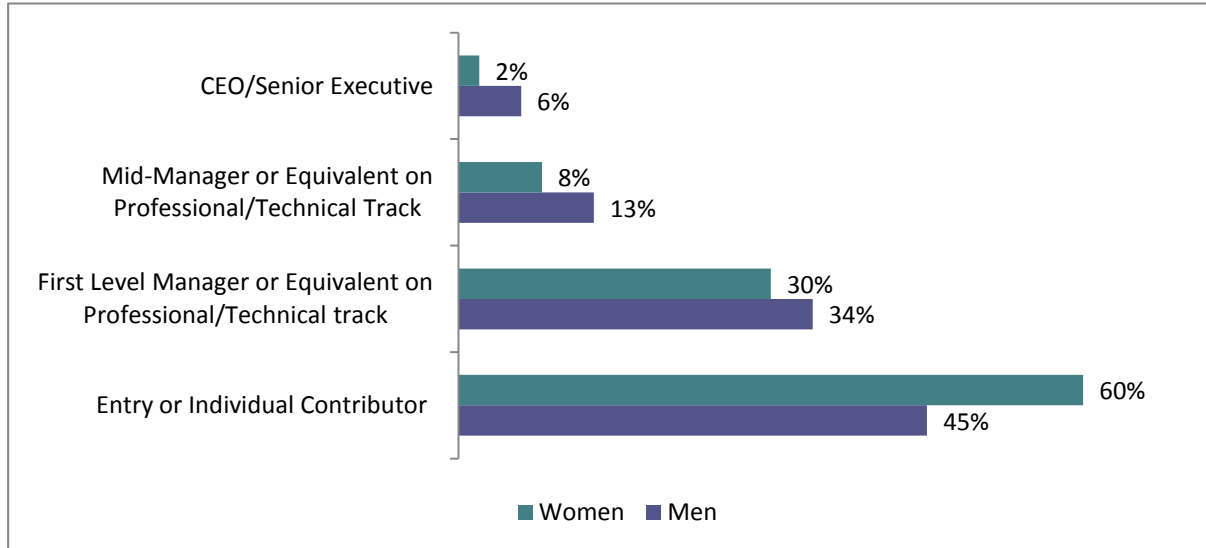


***The pay gap for women begins with their very first job—and increases over time.***

Women start behind, and stay behind, equally qualified men. Catalyst's report, *Pipeline's Broken Promise*, surveyed more than 4,100 women and men who earned their MBA degrees between 1996 and 2007 at 26 leading business schools, including 12 in the United States. The results accounted for, among other factors, time elapsed since earning the MBA, years of experience, industry, and region. These factors being equal, the survey found that after business school:<sup>30</sup>

- Women averaged \$4,600 less in their initial jobs, after controlling for their job level.
- Women started at lower levels than men, even after controlling for career aspirations and parenthood status.
- Women were outpaced by men in salary growth. In fact, the gap in pay intensified as time went on, and can't be explained by career aspirations or parenthood status.
- Even if they both started at entry level, men progressed more quickly than women up the corporate ladder.
- Although women and men step off the corporate track at equal rates, women paid a greater penalty than men in position and compensation when they return.
- Men reported greater career satisfaction than women—37 percent of men said they were “very satisfied” with their overall advancement versus 30 percent of women.

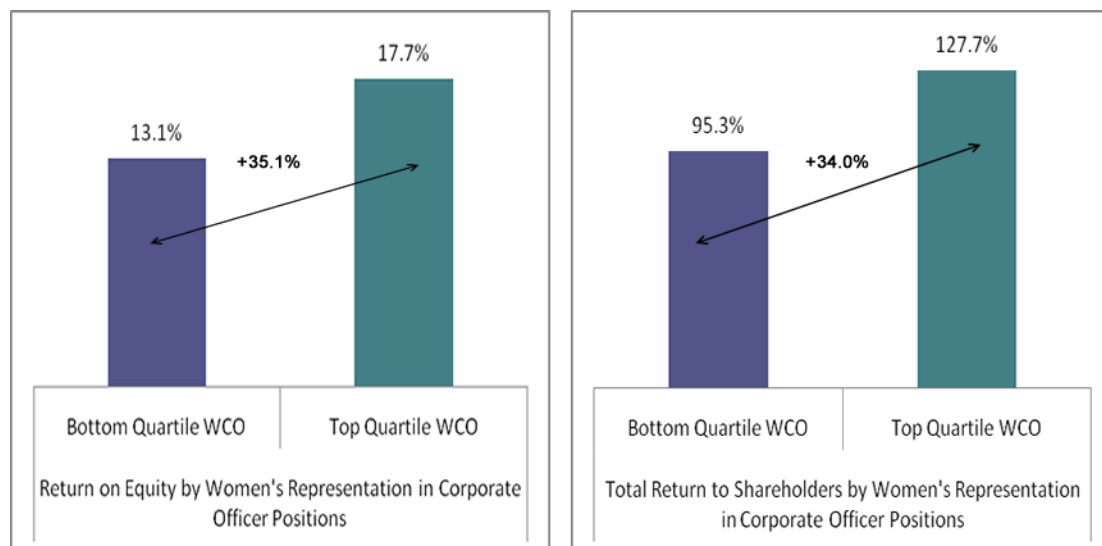
## Level of First Position<sup>31</sup>



***Women in business leadership are essential to a healthy economy and to business performance.***

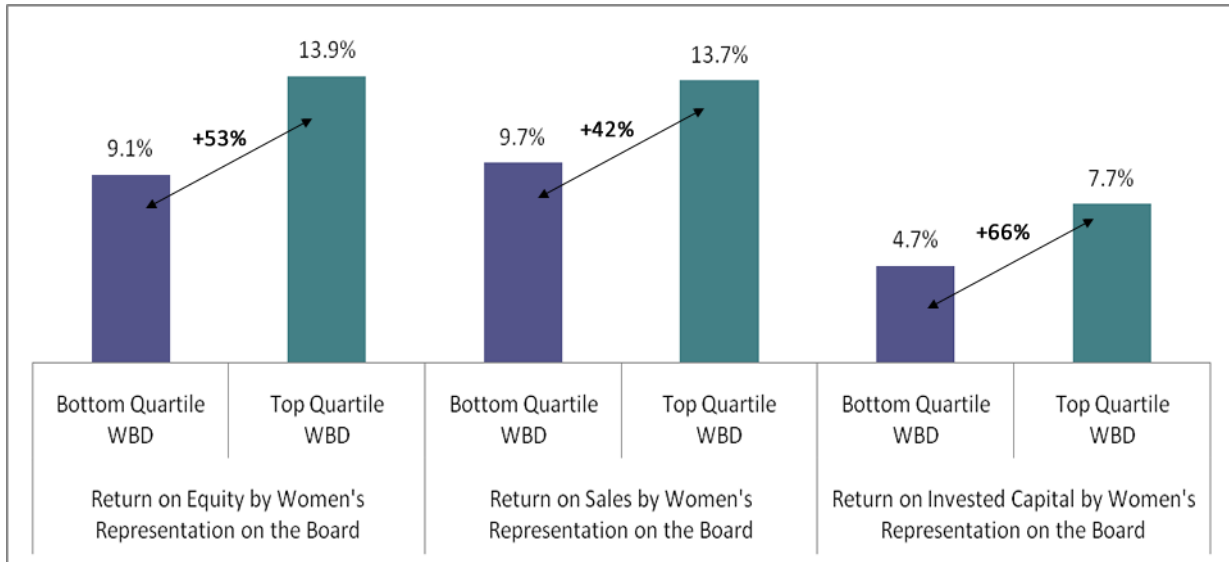
Our *Bottom Line* studies discovered that women are a critical factor in company profitability. *The Bottom Line: Connecting Corporate Performance and Gender Diversity* (2004) found that companies with the highest representation of women on their top management teams, on average, experienced better financial performance than companies with the lowest women's representation. This finding holds for both financial measures analyzed: Return on Equity (ROE), which was 35 percent higher, and Total Return to Shareholders (TRS), which was 34 percent higher.<sup>32</sup>

## Corporate Performance and Women's Representation in Corporate Officer Positions<sup>33</sup>

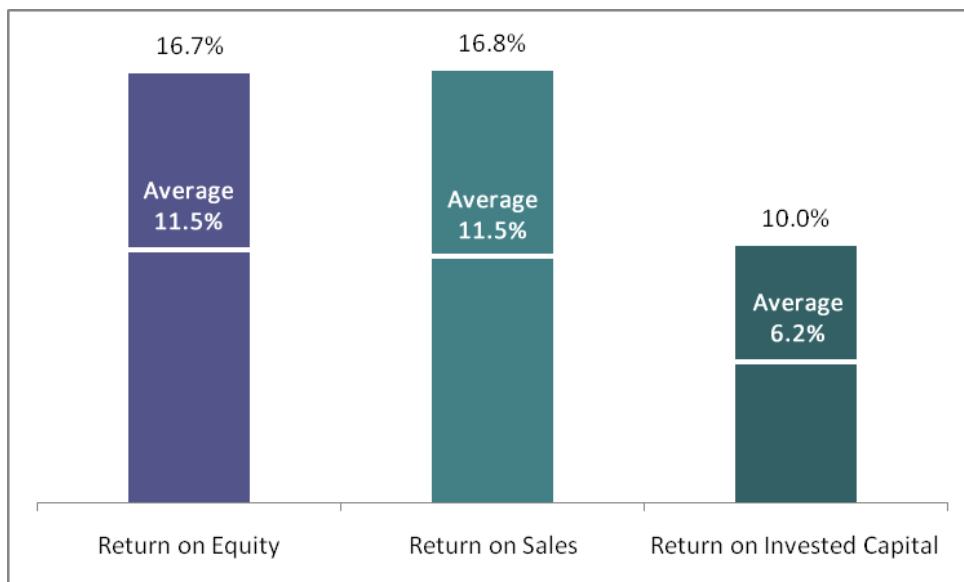


*The Bottom Line: Corporate Performance and Women's Representation on Boards* further linked profitability to women in leadership. We found that companies with more women board members, on average, significantly outperform those with fewer women, by 53 percent on Return on Equity, 42 percent on Return on Sales, and a whopping 66 percent of Return on Invested Capital:<sup>34</sup>

### Corporate Performance and Women's Representation on Boards<sup>35</sup>



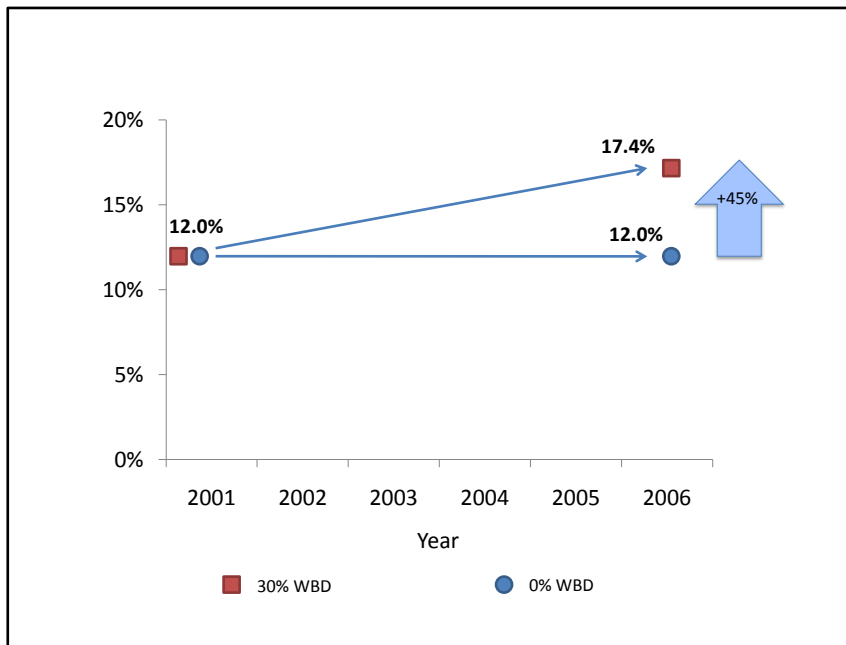
### Financial Performance at Companies with Three or More Women Directors<sup>36</sup>



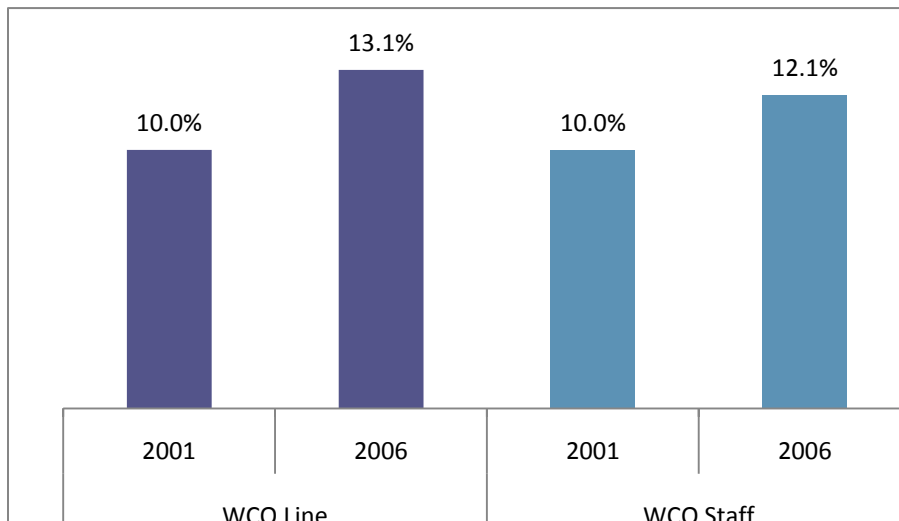
**The percent of women board directors is a predictor of more women Corporate Officers.**

Our report, *Advancing Women Leaders*, revealed that the percent of women in the boardroom predicts the percent of women in senior positions. This report showed that the percent of women in the boardroom impacts women in line roles more than women in staff roles.<sup>37</sup> As Catalyst's *Bottom Line* research has shown, high numbers of women board directors and corporate officers are correlated with increased financial performance. So increasing women's representation in the boardroom and subsequently in corporate leadership holds great promise for companies' financial results.

**Percent of Women Directors Predicts Future Percent of Women Corporate Officers<sup>38</sup>**



**Women Directors Predict More Women Officers in Line Positions<sup>39</sup>**



## **CONCLUSION**

### **The gender leadership and pay gaps are alive and well.**

Women lag men in *Fortune* 500 leadership positions<sup>40</sup>—and the rate of change per year remains flat across industries, including female-dominated sectors.<sup>41</sup> Women are underrepresented in the highest earning positions in *Fortune* 500 companies.<sup>42</sup> And the glass ceiling starts at the very first job for our most talented young women.<sup>43</sup>

“Giving it more time” is not the answer. These inequities persist despite the fact that for many years women have both earned more advanced degrees than men<sup>44</sup> and have comprised nearly 50 percent of the U.S. labor force.<sup>45</sup> Aggressive efforts are required to ensure that the talent pipeline fueling our nation’s most powerful companies—and in effect, our economy—remains full of diverse talent. Companies that exclude women from leadership lose out on half of the talent pool. This is like playing cards with half a deck.

### **The solutions are clear.**

When top leadership understands the clear financial case for advancing women to leadership, it sets the tone throughout the organization. Yet the very systems that are put in place to develop the best talent are often fraught with unintended biases that promote only those whose leadership skills match the mostly male leadership currently in place.<sup>46</sup> This problem reinforces assumptions about what a successful leader looks and acts like and produces “more of the same.”

Meritocracy and representation should go hand-in-hand. When an organization values women and men equally, the gender balance should be the same at the bottom, in the middle, and the top. The fact that it isn’t indicates systemic barriers that interfere with progress for half of the talent pool. This is a waste of human capital. Companies must make sure that top and middle management is held accountable for results in attaining an inclusive workplace. Companies must seek to advance women to leadership and pay equity throughout the system.

Research indicates that inclusive workplaces enhance results because independent thought leads to more innovation.<sup>47</sup> A business where women and men are equally represented at all levels better reflects stakeholders and the marketplace it serves. Only through our focused efforts can we address the challenges first spelled out in The Declaration of Sentiments more than 160 years ago. The pay and leadership gaps don’t just harm women. Men, families, businesses, and the U.S. economy all pay a steep price. It is a price that we cannot afford.

## Appendix

### Testimony Data

For the purposes of this testimony, Catalyst utilized data from the following sources. To examine trends about women board directors, Catalyst analyzed data from the years 1996 – 1999; 2003; and 2005-2009. To examine trends about women Corporate Officers, Catalyst analyzed data from the years 1996-2000; 2002; and 2005-2008. To examine the current representation of women Executive Officers, Catalyst analyzed data from 2009. To investigate the current status of women in the pipeline to senior leadership positions, Catalyst obtained from the Equal Opportunity Employment Commission (EEOC) unpublished aggregate data from the 2009 EEO-1 survey for the 496 companies included in the 2009 Catalyst Census reports.<sup>48</sup> For each company, the EEOC data comprises all full-time and part-time employees<sup>49</sup> at the time the company submitted the consolidated EEO-1 form.<sup>50</sup>

To examine trends in women’s representation by industry, Catalyst explored the historical status of women in male-dominated and female-prevalent industries, as well as the largest industry on the *Fortune* 500 list. Male-dominated industries are those in which women account for 25% or less of all individuals employed in the field.<sup>51</sup> Because there are very few female-dominated industries,<sup>52</sup> Catalyst examined female-prevalent industries, or those in which women account for more than 40% of all those employed in the field. The manufacturing industry, which accounts for about one-third of *Fortune* 500 companies, has been the largest industry for many years.

To examine the current pipeline of women leaders by industry sector, Catalyst excluded any industry sector with fewer than 10 companies represented in the 2009 *Fortune* 500 list: Agriculture, Forestry, Fishing and Hunting (3 companies); Arts, Entertainment, and Recreation (0); Construction (9); Educational Services (0); Health Care and Social Assistance (6); Real Estate and Rental and Leasing (7); Other Services Except Public Administration (0); and Public Administration (0).

### Catalyst Census Objectives and Methodology

Catalyst designed the annual Census report series to establish an accurate gauge of women’s representation at the highest levels of corporate America, both in the boardroom and in senior leadership positions. The purpose of this research is to provide points of comparison across time with the goal of promoting women’s advancement in business and garnering attention for this issue.

Catalyst’s research methodology is a true census that counts all elements of the population. This research design differentiates our research from studies that utilize survey methodologies because it removes the need for a sample, thereby producing a more precise picture of women’s status and progress. Catalyst studies *Fortune* 500 companies as the population for the Census report series because not only are these the largest companies by revenue in the United States each year, but they are also widely recognized as the most powerful and influential businesses.

### *Historical Methodology of Catalyst Census: Fortune 500*<sup>53</sup>

#### General Report

From 1996–2005, the Catalyst *Fortune* 500 Census used a consistent two-part methodology to study women in corporate leadership, both on boards and in management positions. First, Catalyst gathered

data from publicly available sources, including annual reports, proxy statements, and company websites. Catalyst then authenticated the public source data through a verification process. Catalyst sent a letter to contacts at each of the *Fortune* 500 companies to verify or correct the public source data by letter, fax, or telephone. In any instance where a company failed to respond to multiple requests for verification, Catalyst utilized publicly available information for analysis. While Catalyst outlined guidelines for companies to identify Corporate Officers through the verification process, companies ultimately self-defined their Corporate Officers.

In 2005, Catalyst compared the data gathered from public sources to the verified data and found no statistical difference. From 2006-2008, Catalyst gathered data from publicly available annual reports, proxy statements, and company websites. Because companies choose the individuals listed in public sources, companies were still involved in the process of defining their Corporate Officers.

In 2009, Catalyst implemented a change in methodology to facilitate a focus on top leadership and provide a more reliable comparison across companies and industries. Catalyst gathered data from publicly available Securities and Exchange Commission (SEC) annual filings submitted by June 30, 2009. For insurance companies that do not file with the SEC, Catalyst obtained data from the National Association of Insurance Commissioners' (NAIC) regulatory database of key annual statements submitted by June 30, 2009. Data collected by the SEC and NAIC comply with federal or state requirements governing the content and timing of the filings, resulting in more equivalent comparisons across companies. Although companies ultimately determine which individuals qualify to be listed in the filings, the decision is based on common definitions and regulations.

As a result of the change in data collection method, the population counted in the *2009 Catalyst Census: Fortune 500 Women Board Directors* report is composed of those listed in SEC filings as serving on the board up to the annual meeting of shareholders and those listed in NAIC filings as Directors. The population of directors was not significantly altered by the methodology change, permitting comparisons to data from previous Catalyst Censuses of Board Directors.

The population counted in the *2009 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners* report is composed of those listed as Executive Officers<sup>54</sup> in SEC filings and those listed as Officers in NAIC filings. Executive Officers are generally a subset of the Corporate Officer population as defined in previous Catalyst Census reports. The population change makes comparisons to data from previous Catalyst Censuses of Corporate Officers inappropriate. In practice, the typical differences between Executive and Corporate Officers are:

Executive Officers	Corporate Officers
Appointed or elected by the board of directors	Selected by CEO
Includes CEO and up to two reporting levels below	Includes CEO and up to four reporting levels below
Defined by SEC	Defined by company

### Industry Data Collection and Analysis

From 1996–2005, industry classifications were based on the fifty or more industry groups from each year's *Fortune* list. The exact number and name of the industry groups varied with each list.

From 2006–2008, industry classifications were coded by Catalyst into the 20 two-digit sector codes of the North American Industrial Classification System (NAICS). Not all 20 sector codes are represented on the *Fortune* list every year.

In 2009, industry classifications were coded by Catalyst into the 20 two-digit NAICS sectors with two modifications adopted from the NAICS Supersectors for the Current Employment Statistics Program. Manufacturing (Sectors 31–33) was reclassified into two sectors: Durable Goods and Nondurable Goods. Three sectors, Professional, Scientific, and Technical Services (Sector 54); Management of Companies and Enterprises (Sector 55); and Administrative and Support and Waste Management and Remediation Services (Sector 56) were aggregated into one sector, Professional and Business Services. As a result of these changes, there were 19 industries.

### Race/Ethnicity Data Collection and Analysis

From 2001–2009, Catalyst utilized many sources to gather data about the race/ethnicity of women board directors, including previous Catalyst Census data, people of color associations' publications, and biographies. Catalyst also emailed and telephoned contacts at *Fortune* 500 companies to request the verification of the collected race/ethnicity data. Additionally, Catalyst wrote to women board directors for self-verification through email and mail. Each year, data analysis is based on a sample of companies that either a) have complete race/ethnicity data for each woman board director or b) have no women board directors.<sup>55</sup>

### **Catalyst Bottom Line Objectives and Methodology**

Catalyst designed the Bottom Line report series to investigate the hypothetical link between gender diversity in corporate leadership, both in senior management and in the boardroom, and financial performance. These are correlational studies that do not prove or imply causation.

For each report, Catalyst compiled a list of all companies that appeared in the *Fortune* 500 for a specific time period, after accounting for name changes and merger and acquisitions activity. Financial data for the companies examined were obtained from the Standard & Poor's Compustat database. Gender diversity data for senior leadership teams and boards of directors were compiled from Catalyst's *Fortune* 500 Census report series.

To analyze the data, Catalyst divided companies into quartiles based on the average percentage of women leaders across the specific time period. The top quartile included the companies with the highest average percentage of women leaders, while the bottom quartile included the companies with the lowest average percentage of women leaders.

## ***The Bottom Line: Connecting Corporate Performance and Gender Diversity***

### Data and Analysis

Catalyst compiled a list of all companies appearing in the *Fortune* 500 from 1996 to 2000. The sample was narrowed by excluding companies with fewer than four years of data on financial performance and gender diversity of the top management team, resulting in a sample of 353 companies. The top quartile contained 88 companies, while the bottom quartile contained 89 companies.

The Return on Equity (ROE) measure for each company is the average of annual ROEs from 1996 to 2000. An average of the annual ROEs for the period shows the returns for the long-term, reducing the impact of any unusual year-to-year fluctuations. The Total Return to Shareholders (TRS) measure is the cumulative total shareholder return over the period 1996 to 2000 for which data are available. This measure adjusts for both stock splits and stock dividends. Gender diversity of top management teams was determined by averaging the annual percentages of women Corporate Officers over the period between 1996 and 2000.

## ***The Bottom Line: Corporate Performance and Women's Representation on Boards***

### Data and Analysis

Catalyst compiled a list of all companies that appeared in the *Fortune* 500 in 2001 and 2003, resulting in a sample of 520 companies. The top quartile contained 132 companies, while the bottom quartile contained 129 companies.

The ROE, the Return on Sales (ROS), and the Return on Invested Capital (ROIC) measures for each company are the average of each from 2001 to 2004. Gender diversity of the board of directors was determined by averaging the annual percentages of women board directors in 2001 and 2003.

### **Catalyst Advancing Women Leaders Methodology**

Catalyst designed the Advancing Women Leaders report to investigate the hypothetical link between the representation of women on boards in the past and the future representation of women in Corporate Officer ranks. Catalyst also sought to expand research in this area by investigating the potential connection between women on boards and women in line positions. This is a correlational study that does not prove or imply causation.

### Data and Analysis

Catalyst compiled a list of all companies that appeared in the *Fortune* 500 in 2000, 2001, and 2006, resulting in a matched sample of 359 companies. For these companies, Catalyst utilized women Corporate Officer data from the 2000 and 2006 Catalyst Census reports, as well as women board director data from the 2001 Catalyst Census report.

Using regression analysis, Catalyst examined the relationship between the percentage of women board directors that a *Fortune* 500 company had in 2001 and the percentage of women Corporate Officers the same company had in 2006. The analysis controlled for the effects of industry, revenue, and the percentage of corporate officer positions held by women in 2000.

## Definitions

**Corporate Officers.** Corporate Officers are recognized as the leaders of a company. They have day-to-day responsibilities for operations, policymaking responsibility, and the power to legally bind their corporations. In practice, Corporate Officers typically are within four reporting levels of the CEO and are defined by the company. Nomenclature used by companies includes groups such as: company officers, corporate management, executive management, senior officers, senior management, and senior leadership team. Common titles of corporate officers include: “Chief” titles, Executive Vice President, Senior Vice President, and Vice President. Catalyst ceased studying the *Fortune* 500 Corporate Officer population in 2008.

**Executive Officers.** Executive Officers are a specific group of individuals, legally defined by the Securities and Exchange Commission (SEC) in the United States as: “a company’s president, any vice-president of the registrant in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs similar policy making functions for company. Executive officers of subsidiaries may be deemed executive officers of the registrant if they perform such policy making functions for the registrant.”<sup>56</sup> In practice, Executive Officers represent the highest level of senior leadership, typically within two reporting levels of the CEO and generally appointed by the board of directors. Executive Officers represent a segment of the Corporate Officer population as defined in previous Catalyst Census reports. Catalyst has been studying the Executive Officer population since 2009.

**Fortune 500.** *Fortune* magazine’s ranking of the top 500 U.S. incorporated companies filing financial statements with the government is based on each company’s gross annual revenue. Included in the list are public companies, private companies, and cooperatives that file a 10-K with the Securities and Exchange Commission (SEC), and mutual insurance companies that file with state regulators.<sup>57</sup>

**Line Officers.** Line officers are responsible for a company’s profits and losses. Examples include positions within functions such as supply chain, marketing, or sales.

**Low-Mid Level Officials & Managers and Professionals.** Catalyst combined two categories to create the Low-Mid Level Officials & Managers and Professionals level of the “Women in *Fortune* 500 Companies” chart. Please refer to EEOC definitions for more information.<sup>58</sup>

**Quartile analysis.** Catalyst divided the sample of companies into four sections based on women’s representation. The top quartile included the companies with the highest average percentage of women leaders, while the bottom quartile included the companies with the lowest average percentage of women leaders.

**Race/Ethnicity.** The race/ethnicity category definitions used by Catalyst were established by the U.S. Census Bureau. Catalyst uses 6 categories to report information about race/ethnicity.<sup>59</sup>

**Return on Equity (ROE).** The ratio of after-tax net profit to stockholders’ equity.

**Return on Invested Capital (ROIC).** The ratio of after-tax net operating profit to invested capital.

**Return on Sales (ROS).** The pre-tax net profit divided by revenue.

**Senior Level Officials & Managers.** Please refer to EEOC definitions for more information.<sup>60</sup>

**Staff Officers.** Staff officers are responsible for the auxiliary functioning of the business. Examples include positions within functions such as human resources, corporate affairs, legal, and finance.

**Top Earner.** As per Item 402 of Regulation S-K (§ 229.402), paragraph (a)(3), federal securities laws require the disclosure of the total compensation of at least five individuals: the principal executive officer (CEO), the principal financial officer (CFO), and the company’s three most highly compensated executive officers (excluding the CEO/CFO) as of the company’s fiscal year end. Furthermore, companies

must disclose the total compensation of up to two additional individuals who would have been top earners except for the fact that these individuals were not employed as Named Executive Officers as of the company's fiscal year end.<sup>61</sup>

Catalyst reports on top earners for *Fortune* 500 companies that file annual 10-K reports and Proxy statements with the Securities and Exchange Commission (SEC). In 2009, Catalyst defined top earners as those current Executive Officers whose total compensation is among the top five amounts disclosed; prior to 2009 Catalyst defined top earners as those current Corporate Officers whose total compensation is among the top five amounts disclosed. A company can thus have five or fewer top earners. Because Catalyst views the representation of women top earners as a proxy for status in the organization rather than a method to measure pay inequity, Catalyst does not track the compensation amounts of top earners.

**Total Return to Shareholders (TRS).** The sum of stock price appreciation plus reinvestment of dividends declared over a calendar year.

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## Report Endnotes

- <sup>1</sup> Bureau of Labor Statistics, Annual averages tables from the 2009 Current Population Survey (2010).
- <sup>2</sup> *Digest of Education Statistics* (National Center for Education Statistics, 2009).
- <sup>3</sup> Michael J. Silverstein and Kate Sayre, with John Butman, *Women Want More: How to Capture Your Share of the World's Largest, Fastest-Growing Market* (New York: HarperCollins, 2009).
- <sup>4</sup> Catalyst, *Women CEOs of the Fortune 1000* (2010).
- <sup>5</sup> Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Board Directors* (Catalyst, 2009).
- <sup>6</sup> Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners* (Catalyst, 2009).
- <sup>7</sup> Bureau of Labor Statistics, Annual averages tables from the 2009 Current Population Survey (2010).
- <sup>8</sup> *Digest of Education Statistics* (National Center for Education Statistics, 2009) and Nathan E. Bell, *Graduate Enrollment and Degrees: 1999 to 2009* (Council of Graduate Schools, 2010).
- <sup>9</sup> Pyramid statistics do not sum to 100.0% because categories are not mutually exclusive. *Fortune 500 Total Employees, Low-Mid Officers & Managers and Professionals, and Senior Officers & Managers*: Unpublished aggregate EEOC data for 2009 *Fortune 500* companies based on 2009 EEO-1 survey; *Fortune 500 Executive Officer and Top Earner positions*: Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners* (Catalyst, 2009); *Fortune 500 board seats*: Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Board Directors* (Catalyst, 2009); *Fortune 500 CEOs*: Catalyst, *Women CEOs of the Fortune 1000* (2010).
- <sup>10</sup> The chart displays the percent of women CEOs at the time *Fortune* magazine publishes their annual *Fortune 500* list. Catalyst, *Women CEOs in the Fortune Lists: 1972-2010* (2010); the most recent data displays the percent of women CEOs. Catalyst, *Women CEOs of the Fortune 1000* (2010).
- <sup>11</sup> Catalyst, *2005 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2006); Catalyst, *2006 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2007); Catalyst, *2007 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2007); Catalyst, *2008 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2008); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners* (Catalyst, 2009).
- <sup>12</sup> Catalyst, *2005 Catalyst Census of Women Board Directors of the Fortune 500* (2006); Catalyst, *2006 Catalyst Census of Women Board Directors of the Fortune 500* (2007); Catalyst, *2007 Catalyst Census of Women Board Directors of the Fortune 500* (2007); Catalyst, *2008 Catalyst Census of Women Board Directors of the Fortune 500* (2009); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Board Directors*.
- <sup>13</sup> Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census* (Catalyst, 2009).
- <sup>14</sup> Unpublished aggregate EEOC data for 2009 *Fortune 500* companies based on 2009 EEO-1 survey.
- <sup>15</sup> Catalyst, *Women CEOs of the Fortune 1000* (2010).
- <sup>16</sup> Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Board Directors* (Catalyst, 2009).
- <sup>17</sup> Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners* (Catalyst, 2009).
- <sup>18</sup> Unpublished aggregate EEOC data for 2009 *Fortune 500* companies based on 2009 EEO-1 survey.
- <sup>19</sup> Unpublished aggregate EEOC data for 2009 *Fortune 500* companies based on 2009 EEO-1 survey.
- <sup>20</sup> Unpublished aggregate EEOC data for 2009 *Fortune 500* companies based on 2009 EEO-1 survey.
- <sup>21</sup> Unpublished aggregate EEOC data for 2009 *Fortune 500* companies based on 2009 EEO-1 survey.
- <sup>22</sup> Catalyst, *2006 Catalyst Census of Women Board Directors of the Fortune 500* (2007); Catalyst, *2007 Catalyst Census of Women Board Directors of the Fortune 500* (2007); Catalyst, *2008 Catalyst Census of Women Board Directors of the Fortune 500* (2009); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Board Directors*; Catalyst, *2006 Catalyst Census of Women Corporate Officers and Top Earners*

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of the Fortune 500 (2007); Catalyst, *2007 Census of Women Corporate Officers and Top Earners of the Fortune 500* (2007); Catalyst, *2008 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2008).

<sup>23</sup> Catalyst, *2006 Catalyst Census of Women Board Directors of the Fortune 500* (2007); Catalyst, *2007 Catalyst Census of Women Board Directors of the Fortune 500* (2007); Catalyst, *2008 Catalyst Census of Women Board Directors of the Fortune 500* (2009); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Board Directors*; Catalyst, *2006 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2007); Catalyst, *2007 Census of Women Corporate Officers and Top Earners of the Fortune 500* (2007); Catalyst, *2008 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2008).

<sup>24</sup> Catalyst, *2006 Catalyst Census of Women Board Directors of the Fortune 500* (2007); Catalyst, *2007 Catalyst Census of Women Board Directors of the Fortune 500* (2007); Catalyst, *2008 Catalyst Census of Women Board Directors of the Fortune 500* (2009); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Board Directors*; Catalyst, *2006 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2007); Catalyst, *2007 Census of Women Corporate Officers and Top Earners of the Fortune 500* (2007); Catalyst, *2008 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2008).

<sup>25</sup> Current Population Survey, Bureau of Labor Statistics, "Table 2: Employment status of the civilian noninstitutional population 16 years and over by sex, 1973 to date," *Annual Averages 2009* (2010).

<http://www.bls.gov/cps/cpsaat2.pdf>

<sup>26</sup> *Digest of Education Statistics* (National Center for Education Statistics, 2009) and Nathan E. Bell, *Graduate Enrollment and Degrees: 1999 to 2009* (Council of Graduate Schools, 2010).

<sup>27</sup> *Digest of Education Statistics* (National Center for Education Statistics, 2009) and Nathan E. Bell, *Graduate Enrollment and Degrees: 1999 to 2009* (Council of Graduate Schools, 2010).

<sup>28</sup> \*\* Category includes the following degrees: Chiropractic, Dentistry, Law, Medicine, Optometry, Osteopathic Medicine (D.O.), Pharmacy (Pharm.D.), Podiatry (D.P.M., D.P., or Pod.D.), Theology (M.Div., M.H.L., B.D., or Ordination), Veterinary Medicine (D.V.M.). National Center for Education Statistics, *Digest of Education Statistics, "Table 268: Degrees conferred by degree-granting institutions, by level of degree and sex of student: Selected years, 1869-70 through 2017-18"* (2008).

<sup>29</sup> Catalyst, *2005 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2006); Catalyst, *2006 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2007); Catalyst, *2007 Census of Women Corporate Officers and Top Earners of the Fortune 500* (2007); Catalyst, *2008 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2008); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners* (Catalyst, 2009).

<sup>30</sup> Nancy M. Carter and Christine Silva, *Pipeline's Broken Promise* (Catalyst, 2010).

<sup>31</sup> Nancy M. Carter and Christine Silva, *Pipeline's Broken Promise* (Catalyst, 2010).

<sup>32</sup> Catalyst, *The Bottom Line: Connecting Corporate Performance and Gender Diversity* (2004).

<sup>33</sup> Catalyst, *The Bottom Line: Connecting Corporate Performance and Gender Diversity* (2004).

<sup>34</sup> Lois Joy, Nancy M. Carter, Harvey M. Wagner, and Sriram Narayanan, *The Bottom Line: Corporate Performance and Women's Representation on Boards* (Catalyst, 2007).

<sup>35</sup> Lois Joy, Nancy M. Carter, Harvey M. Wagner, and Sriram Narayanan, *The Bottom Line: Corporate Performance and Women's Representation on Boards* (Catalyst, 2007).

<sup>36</sup> Lois Joy, Nancy M. Carter, Harvey M. Wagner, and Sriram Narayanan, *The Bottom Line: Corporate Performance and Women's Representation on Boards* (Catalyst, 2007).

<sup>37</sup> Lois Joy, *Advancing Women Leaders: The Connection Between Women Board Directors and Women Corporate Officers* (Catalyst, 2008).

<sup>38</sup> Lois Joy, *Advancing Women Leaders: The Connection Between Women Board Directors and Women Corporate Officers* (Catalyst, 2008).

<sup>39</sup> Lois Joy, *Advancing Women Leaders: The Connection Between Women Board Directors and Women Corporate Officers* (Catalyst, 2008).

<sup>40</sup> Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners* (Catalyst, 2009); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Board Directors*; Unpublished aggregate EEOC data for 2009 Fortune 500 companies based on 2009 EEO-1 survey.

<sup>41</sup> Catalyst, *2006 Catalyst Census of Women Board Directors of the Fortune 500* (2007); Catalyst, *2007 Catalyst Census of Women Board Directors of the Fortune 500* (2007); Catalyst, *2008 Catalyst Census of Women Board*

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*Directors of the Fortune 500* (2009); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Board Directors*; Catalyst, *2006 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2007); Catalyst, *2007 Census of Women Corporate Officers and Top Earners of the Fortune 500* (2007); Catalyst, *2008 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2008).

<sup>42</sup> Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners* (Catalyst, 2009).

<sup>43</sup> Nancy M. Carter and Christine Silva, *Pipeline's Broken Promise* (Catalyst, 2010).

<sup>44</sup> *Digest of Education Statistics* (National Center for Education Statistics, 2009) and Nathan E. Bell, *Graduate Enrollment and Degrees: 1999 to 2009* (Council of Graduate Schools, 2010).

<sup>45</sup> Bureau of Labor Statistics, Annual averages tables from the 2009 Current Population Survey (2010).

<sup>46</sup> Anika K. Warren, *Cascading Gender Biases, Compounding Effects: An Assessment of Talent Management Systems* (Catalyst, 2009).

<sup>47</sup> Scott Page, *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and societies* (Princeton University Press, 2007); Fidan Ana Kurtus, "The Effect of Heterogeneity on the Performance of Employees and Organizational Divisions of the Firm," (paper presented at the annual conference of the Society for Labor Economics, New York, NY, May 9-10, 2008); Corinne Post and Emilio De Lia, et al "Capitalizing On Thought Diversity For Innovation," *Research Technology Management*, vol. 2, no. 6 (Nov/Dec 2009): p. 14-25.

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## Appendix Endnotes

<sup>48</sup> 2009 analysis is based on 496 companies. Catalyst excluded four companies due to specific events: two declared bankruptcy, one was acquired, and one delisted with the SEC.

<sup>49</sup> Employees are defined as “any individual on the payroll of an employer who is an employee for purposes of the employers withholding of Social Security taxes except insurance sales agents who are considered to be employees for such purposes solely because of the provisions of 26 USC 3121 (d) (3) (B) (the Internal Revenue Code).”

<sup>50</sup> Equal Employment Opportunity, Standard Form 100, Employer Information Report EEO-1 Instruction Booklet (2006) <http://www.eeoc.gov/employers/eo1survey/2007instructions.cfm>.

<sup>51</sup> Current Population Survey, Bureau of Labor Statistics, "Table 18: Employed persons by detailed industry, sex, race, and Hispanic or Latino ethnicity," 2009 Annual Averages (2010).

<sup>52</sup> By definition, female-dominated industries would be those in which men account for 25% or less of all those employed in the field. In 2009, only one 2-digit NAICS code industry qualified as female-dominated: Health Care and Social Assistance. However, this industry has fewer than 10 companies in the 2009 *Fortune* 500 list, making comparisons inappropriate.

<sup>53</sup> Please refer to each publication’s methodology section or appendix for more detailed information about the methodology (e.g., verification rates for each year).

<sup>54</sup> Please refer to the definitions section of the appendix for the definition of Executive Officer.

<sup>55</sup> Please refer to each publication for more detailed information about the number of companies included in the race/ethnicity data analysis.

<sup>56</sup> § 240.3b-7 Definition of “executive officer.” [47 FR 11464, Mar. 16, 1982, as amended at 56 FR 7265, Feb. 21, 1991] (<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=47b43cbb88844faad586861c05c81595&rgn=div5&view=text&node=17:3.0.1.1.1&idno=17#17:3.0.1.1.1.1.54.45>).

<sup>57</sup> *Fortune* Magazine, *Fortune* 500 <http://money.cnn.com/magazines/fortune/fortune500/2009/faq/>.

<sup>58</sup> Equal Employment Opportunity Commission, Employer Information Report EEO-1 Instruction Booklet (2006). [http://www.eeoc.gov/employers/eo1survey/upload/instructions\\_form.pdf](http://www.eeoc.gov/employers/eo1survey/upload/instructions_form.pdf).

<sup>59</sup> U.S. Census Bureau, Office of Management and Budget, Revisions to the Standards for the Classification of Federal Data on Race and Ethnicity. <http://www.census.gov/population/www/socdemo/race/Ombdir15.html>.

<sup>60</sup> Equal Employment Opportunity Commission, Employer Information Report EEO-1 Instruction Booklet (2006). [http://www.eeoc.gov/employers/eo1survey/upload/instructions\\_form.pdf](http://www.eeoc.gov/employers/eo1survey/upload/instructions_form.pdf).

<sup>61</sup> Code of Federal Regulations, Amendment from September 08, 2006, § 229.402 (Item 402) Executive compensation.