

catalyst



*Women on Corporate Boards:
The Challenge of Change*



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Introduction

To serve as a director on the board of a leading American corporation is to hold a position of exceptional power and influence. Indeed, the decisions made in corporate boardrooms affect the lives of hundreds of thousands of employees and consumers, as well as the performance and policies of other corporations, the ebb and flow of economic activity, the dealings of the global marketplace and international business strategies. Yet, at the present time, the players at the highest level of corporate governance are for the most part a homogeneous group of men, many of whom are active or retired chief executive officers.

Women's presence on corporate boards has been steadily increasing over the past 15 years, according to Catalyst's research. In 1977, when Catalyst's Corporate Board Resource was initiated, there were 46 women on the boards of top American corporations. Today, that number has risen to 500 women serving on *Fortune 500/Service 500* boards. However, of the 11,715 seats on the boards of *Fortune 500/Service 500* companies, only 721 (6.2 percent) are held by women, according to *The 1993 Catalyst Census of Female Directors*. Catalyst believes that women's representation on corporate boards must increase dramatically.

While this research did not examine specifically the relationship between profitability and the presence of women on boards, it is interesting to note that of the 50 most profitable companies in the *Fortune 500*, 41, or 82 percent, have at least one female director. (All of the top 10 do.) This is compared to the *Fortune 500* overall, in which just 243 of the 500 companies, or 48.6 percent, have at least one female director.

Yet more work remains to be done to expand women's presence on boards. We believe this because women represent half of the talent pool for leadership positions in our country. We believe this because board diversity makes business sense. We believe that by drawing on the experience of varied sectors

of society, decisions that affect the increasingly diverse populations of shareholders, employees, consumers, and other participants in the global marketplace will be better decisions.

Although there have been numerous articles in the popular press highlighting the increase in the number of female board directors, as well as a number of accounts of their overall lack of progress, very little research has looked at female directors themselves: no previous research answers questions about who they are and whether their backgrounds differ from that of earlier female directors; what their expectations and experience on corporate boards are; how they feel about advocacy for women's issues; and how they relate to female employees of companies on whose boards they serve.

Catalyst is uniquely positioned to undertake such research. Since 1977, Catalyst's Corporate Board Resource (CBR) has been helping corporate chairmen and chief executives identify female candidates for their boards of directors. The organization has always tracked women highly qualified for board service. Therefore, in 1990, Catalyst received funding from the Hauser Foundation and the Rebecca Meyerhoff Philanthropic Fund to explore the progress and changing characteristics of female directors of *Fortune* 500/*Service* 500 companies.

In conducting this research, Catalyst's goals were threefold. First, Catalyst hoped to increase business leaders' awareness of the many women qualified for board service. Second, Catalyst sought to explore ways in which female directors can help address the bottom-line needs of companies. We hypothesized that female directors might also serve as role models and mentors for women in corporations, and that they might help boards better address the barriers to the retention and advancement of women in their companies. Third, the research was intended to help women seeking directorships learn how to best position themselves for these opportunities. Additionally, Catalyst, with its decades of experience studying women's leadership issues, wanted to understand why the process of increasing women's representation on corporate boards is taking so long and how to increase the rate of change.

Specifically, the research was designed to describe the background and experience of the current pool of female directors; to compare the current pool of female directors with female directors studied by another organization in 1977 to see if the profile of the female director is changing; to compare this

study's findings to data in recent studies of corporate boards, in order to better understand the criteria used in selecting directors, and the extent to which female directors meet these criteria. The research was also intended to examine the processes corporate boards use to identify outside directors and the extent to which these processes work for or against the recruitment of female directors; to understand the expectations of female directors and CEOs regarding female directors as advocates on women's workplace issues; and finally, to outline the role female directors can play in encouraging the recruitment, retention, development and advancement of women within the company's management ranks.

Research Methods

Catalyst began its study in early 1991 by conducting in-depth telephone interviews with 15 female directors, selected at random from a list of female directors of the *Fortune 500/Service 500* companies. From these interviews, a questionnaire was developed for use with the larger population of female directors of *Fortune 500/Service 500* boards. In the summer of 1991, Catalyst mailed the questionnaire to all female directors of *Fortune 500/Service 500* companies for whom a mailing address could be identified (394). The 30-question survey, which yielded a 41 percent response rate, included questions about the women's background, the boards on which they served, their expectations of the role they play on boards, their experiences as corporate directors and their relationships with other board members and with management women in the companies for which they are directors. Additional information on the background characteristics of 304 female directors for whom such data were available was gathered from corporations' annual reports and proxy statements.

Following the analysis of the female directors' data, Catalyst piloted a survey for CEOs of *Fortune 500/Service 500* companies about their recruitment of and experiences with female board directors. An eight-question survey was distributed to CEOs by high-level women and female directors selected by Catalyst. Of the 130 questionnaires that were fielded, 46 were returned to

Catalyst, for a response rate of 35 percent. Using material gained from this small pilot study, Catalyst is currently developing a research study of CEOs and their experiences with and expectations of female directors.

About Catalyst

Founded in 1962, Catalyst is the national not-for-profit organization that works with business and the professions to effect change for women through research, advisory services and communication. In keeping with its goal of promoting women's advancement and leadership development, a major focus of the organization is the identification of qualified women to serve on corporate boards. In response to requests from major corporations, Catalyst established its Corporate Board Resource in 1977. This unique, confidential service draws on the organization's substantial database of women of achievement in a variety of fields to help board chairmen carefully select and recruit female directors. To date, Catalyst has worked with well over 100 companies seeking to place women on the boards of America's leading corporations. The Corporate Board Resource database contains information on board candidates, including current female directors and qualified women who are not yet on boards and not widely known to conventional search firms. In addition, Catalyst annually conducts *The Catalyst Census of Female Directors*, a listing of every *Fortune* 500/*Service* 500 company and the names of women on each company's board.

Characteristics of Corporate Boards

What do we know about corporate boards? Excellent sources of information on boards include Heidrick and Struggles' *The Changing Board*, (1990); Korn/Ferry International's annual studies of boards of directors; and The National Association of Corporate Directors (NACD) 1992 Corporate Governance Survey.

Corporate boards, on average, have 13 members, typically including three inside and ten outside directors. Traditionally, the majority of corporate directors have been drawn from two sources: active and retired chief executive and chief operating officers of other companies (Korn/Ferry, 1990).

In 1993, the average compensation for the highest paid director for all board services, exclusive of any consulting arrangement, was \$39,196. The highest paid directors, at billion-dollar companies, earned an average of \$45,160; at \$5 billion-and-over industrials, directors received an average of \$59,135. The provision of benefits in addition to cash continues to be a significant component of compensation plans for outside directors. Such benefits include reimbursement for travel expenses, liability insurance, deferral of board fees until retirement, matching of educational gifts, pension plans, medical insurance, life insurance, travel expenses for spouse and stock options. However, the percentage of companies offering any particular benefit varies considerably (Korn/Ferry, 1993).

The most prevalent standing committees of corporate boards are audit, compensation/benefits, executive and nominating. Committees devoted to public affairs or the environment are rare (existing in five to eight percent of companies) and strategic planning committees also remain the exception rather than the rule (reported in just 19 percent of companies) (NACD, 1992). Another finding of the 1992 NACD survey is that board committees appear to be an undervalued resource in many companies, and that many longstanding committees still lack basic charters.

Composition of Corporate Boards

Even though the number of *Fortune* 500 and *Service* 500 companies with female directors has risen from 494 in 1992 to 526 in 1993, an increase of 6.5 percent, the actual number of women serving as directors over the same one-year period increased by just one percent since some women serve on more than one board (49 women serve on two, 31 on three, 15 on four, and 13 on five or more corporate boards).

There is no certainty of the exact representation of people of color serving on corporate boards. In 1990, Heidrick and Struggles reported that African-American, Hispanic and Asian-American members represented about ten percent of the corporate boards they surveyed. In their most recent study of boards of directors, Korn/Ferry International reported that in 1992, 46 percent of boards surveyed reported some minority representation: 30 percent reported having at least one African-American and 16 percent have at least one Latino (Korn/Ferry, 1993).

Roughly half of all outside directors in each of the industry groups examined in a 1990 Conference Board study have backgrounds in the three areas that have traditionally provided the greatest number of corporate directors: manufacturing, finance and law. In manufacturing companies, 60 percent of outside directors were reported to have come from one of these three areas; in financial services companies, 56 percent of outside directors come from one of these areas, as do 51 percent of outside directors of non-financial service companies. When inside directors (excluding CEOs) are considered, the percentages coming from manufacturing, finance and law are as follows: 33 percent of inside directors of manufacturing companies, 31 percent of inside directors of financial services companies and 36 percent of inside directors from the non-financial services sector have a background in one of the three areas.

While most outside directors are drawn from the ranks of active or retired CEOs or COOs, just over half of inside directors hold the title of chairman, president, CEO or COO; roughly one-third hold the titles of senior, executive, or group vice president.

The average age of directors is 59 years. None of the existing studies of corporate boards report family data for directors, such as marital status and number of children. Such data for female directors, as determined by Catalyst, appears on pages 12 and 13.

Executive Summary

Women's presence on corporate boards has been steadily increasing over the past 15 years, according to Catalyst's research. In 1977, when Catalyst's Corporate Board Resource was initiated, there were 46 women on the boards of top American corporations. Today, that number has risen to 500 women serving on *Fortune* 500/*Service* 500 boards. However, of the 11,715 seats on the boards of *Fortune* 500/*Service* 500 companies, only 721 (6.2 percent) are held by women, according to *The 1993 Catalyst Census of Female Directors*.

Thus, though progress has been made, more work remains to be done in terms of educating board leaders about the pool of qualified women available for board service and the value of adding women to corporate boards. Female directors must also do their part to ensure the addition of more women to boards, and women aspiring to directorships must acquire the skills and visibility to make board service a reality for them. *Women on Corporate Boards: The Challenge of Change* presents findings and recommendations to help increase the presence of qualified women on corporate boards, thus better serving companies' customers, shareholders, and the economic health of American corporations.

While this research did not examine specifically the relationship between profitability and the presence of women on boards, it is interesting to note that of the 50 most profitable companies in the *Fortune* 500, 41, or 82 percent, have at least one female director. (All of the top 10 industrial companies do.) This is compared to the *Fortune* 500 overall, in which just 243 of the 500 companies, or 48.6 percent, have at least one female director.

No one can deny that women are now better prepared than ever before to assume and effectively fill directorship positions. Catalyst believes that there is a receptiveness to change that characterizes the nation today. The challenge to make such change now belongs to corporate leaders. It is up to them to recognize the rewards of joining new talent with seasoned veterans in the

boardroom and availing themselves of the fresh perspectives and commitment that female directors can offer. Catalyst believes that America's corporate leaders will respond to this challenge of change.

Study Findings

- The pool of current female directors is more diverse than it was in 1977, the date of the last known study of women on corporate boards. Today, more women have significant business experience gained from leadership positions in corporations or in companies they have founded.
- Women indicate they are motivated to join boards because of interest in the company, or because they want to broaden their skills — not necessarily because they want to effect change for women. However, once women are on boards, they often address a range of non-traditional board issues, including equal opportunity for high-performing women and minorities and company policy on work/life balance. Indeed, 85 percent or more of female directors believe that equal opportunity for high-performing women and minorities is an appropriate issue for boards to address.
- Female directors are only slightly younger (average age of 56) than their male counterparts (average age of 59). Female directors also are highly educated, with 89 percent holding at least one degree and 25 percent holding three or more degrees. Interestingly, one quarter of the female directors in the Catalyst survey attended a women's college as either undergraduate or graduate students. (This is opposed to just 2.5 percent of female college students in the general population.)
- Sixty-nine percent of female directors responding to Catalyst's survey are married; 15 percent are single, having never married; nine percent are divorced and six percent are widowed. Almost three-quarters of the female directors have children.

Catalyst—Working with business to effect change for women

- CEOs generally look to their peers — other active or retired CEOs — to fill directorships. Since there are only three female CEOs of *Fortune 500/Service 500* companies, the recruitment field must be widened if women are to be considered for directorships.
- Nearly half of CEOs responding to a Catalyst pilot survey believe that the current pool of potential female directors is fewer than 250 women nationwide. This finding is especially interesting in light of the fact that there are currently 500 women serving on the boards of *Fortune 500/Service 500* companies.
- CEOs believe that women with leadership experience in a *Fortune 500/Service 500* company or women who run their own businesses are the most valued female board candidates. CEOs also feel that women on their boards have made a substantial contribution to the board and to the company, either by making shareholders feel more positive about the company, enhancing the company's ability to recruit and retain women, or personally interacting with company women.

Recommendations

For Board Leaders

BROADEN THE DIRECTOR POOL

Rather than merely considering other active or retired CEOs, board leaders need to consider the pool of women with significant business experience who have attained senior-level positions in both operations and general management.

REEXAMINE THE DIRECTOR SELECTION PROCESS

In recent years, the vast changes that have taken place in the way companies do business and the concerns of shareholders, employees, and customers have led to increasing concern over the composition of boards and the way directors are selected. This activism, according to recent studies, has led to the beginning of a modification of the recruitment process. Both nominating committees and shareholder groups are getting involved in director selection on a limited basis. If such groups become more involved, a more diverse group of new directors, including women, will represent American companies.

SUPPORT THE APPOINTMENT OF WOMEN TO KEY BOARD COMMITTEES

Women are more often placed on committees related to “soft” issues, such as public affairs. Adding qualified women to committees dealing with “hard” governance issues such as compensation, executive, finance and nominating will allow women to become more central board members.

DEVELOP HIGH-LEVEL COMPANY WOMEN

By promoting women in their own management ranks, corporate leaders can expand the pool of female candidates for boards. By providing women with opportunities to gain core business experience, CEOs increase the number of women qualified for board service.

POSITION WOMEN’S ISSUES AS BUSINESS ISSUES

Female directors often fear being stereotyped as single-issue board members, so they refrain from taking strong stands on women’s issues. Corporate board chairmen must encourage such a role for female directors. In turn, they will communicate to male board members that addressing such issues is a legitimate and necessary role for the corporate board.

EXPAND THE RECRUITMENT PROCESS

Female directors should seek positions on their boards’ nominating committees and encourage broader slates of candidates, including highly qualified women.

HELP ENSURE EQUITABLE SUCCESSION PLANNING

Female directors can help ensure that high-level women in the companies on whose boards they serve are not overlooked for senior-level positions. Recent research indicates that boards are becoming more involved in succession planning, and therefore could establish more objective and inclusive succession planning processes.

SUPPORT FEMALE EMPLOYEES

Female directors can use their position and experience to inspire and advise company women. They can serve as mentors, as speakers at corporate women’s group events, or they can arrange meetings with mid- and senior-level women to discuss career advancement strategies.

*For Female
Directors*

SEEK TO JOIN KEY BOARD COMMITTEES

Rather than accepting placement on committees that have traditionally favored women, such as the public affairs committee, female directors should strive to join committees associated with “hard,” bottom-line business issues, such as the audit, executive, compensation committees. Such presence can add to a female director’s power and influence on a board.

OFFER TO WORK FOR THE RETENTION AND ADVANCEMENT OF WOMEN

Female directors can bring women’s workplace issues to the board as a legitimate and pressing business concern. Specifically, female directors can offer to advise a task force designed to increase the retention of high-performing company women and spearhead company initiatives to identify barriers to women’s advancement.

DEVELOP EXPERTISE IN CORE AREAS OF BUSINESS

Women often encounter a “glass wall” that prevents them from obtaining experience on the line (versus staff) side of the organization. In order to obtain both types of experience, women may need to make lateral (or initially, even downward) moves in the corporation, or they may need to develop their own businesses outside of the corporate sector. Finally, some women have achieved valuable experience and exposure by becoming “intrapreneurs;” in effect, they develop and manage new business areas within corporations.

DEVELOP EXPERTISE IN A SPECIFIC FIELD

Women should obtain experience in specialized fields, such as technical areas. They should also gain international experience and expertise in other areas relevant to a company’s profitability.

ACHIEVE VISIBILITY

Aspiring directors should become active in community affairs and develop visibility through such channels as media exposure and speaking engagements. Activism in local government also provides valuable experience and exposure. Additionally, women seeking directorships should network with women on corporate boards and in leadership positions, and should serve on not-for-profit boards. Many of the women surveyed by Catalyst noted that not-for-profit board experience was a crucial stepping-stone to their appointment to a corporate board.

*For Women
Seeking
Directorships*

Female Directors: Who Are They?

Catalyst's survey uncovered demographic data as well as information on the work experience and compensation of female directors. This information is presented here, followed by a comparison of today's female director to her 1977 counterpart.

Characteristics of Today's Female Director

Age

The average age of female directors in 1991 was 56, somewhat younger than that reported for corporate directors as a whole (59). The age breakdown of women responding to Catalyst's survey is shown in Table 1.

Age	Percent
30-39	2%
40-49	25%
50-59	39%
60-69	30%
70+	4%

January 1, 1991

Marital Status

At the time of Catalyst's survey, 69 percent of the women reported that they were married; 15 percent were single, having never married; nine percent were divorced and six percent were widowed.

Status	Percent
Married	69%
Single, never married	15%
Divorced	9%
Widowed	6%

January 1, 1991

Number of Children

Almost three-quarters (74 percent) of the female directors have children: 24 percent have one child; 39 percent have two children, with the remainder reporting larger families. Cross-tabulations of age and number of children indicate that the oldest female directors are more likely to have more children.

Since virtually all of the women surveyed are past the childbearing period of their lives, this finding is noteworthy. It could be a reflection of demographic changes in the work force participation of women and of smaller family size preferences nationally. Or, it could derive from the fact that the younger cohort of female directors, who are more likely to have pursued careers in the corporate sector, have experienced more difficulty in balancing the demands of work and family, since many companies did not have work/family programs and benefits in place at the time these women would have been establishing families.

Children		Yes	74%	No	26%
Number	Percent				
1	24%				
2	39%				
3	13%				
4	18%				
5	4%				
6	1%				
7	1%				
8	1%				

January 1, 1991

Race/Ethnicity

As would be expected, the majority of female directors (90 percent) are white. Of the remainder, six percent are African-American; three percent are Hispanic.

Race	Percent
White or Caucasian	90%
Black or African-American	6%
Hispanic	3%

January 1, 1991

Educational Attainment

As we would also expect, female directors are a highly educated group. All but 11 percent of the women surveyed by Catalyst hold at least one degree, with 25 percent reporting that they have earned three or more degrees.

Interestingly, one quarter of the female directors in the Catalyst survey attended a women's college either as undergraduate or graduate students. This is a much higher percentage than would be found in the general population of women who attend college. (According to the Women's College Coalition, just 2.5 percent of women who go to college attend women's colleges). All but one or two of these schools were "seven sister" schools. Younger directors were more likely than the older cohort of women to have attended such schools.

Experience or Expertise

Table 5 shows the percentages of female directors reporting significant experience in functional areas of corporations and/or in managing their own companies.

TABLE 5: FEMALE DIRECTORS: AREAS OF SIGNIFICANT EXPERIENCE

Areas	Percent
PROFESSIONS	
Law	16%
Accounting	7%
Medicine or health care	7%
NOT-FOR-PROFIT SECTOR	
Education	49%
Not-for-profit management	30%
Government	28%
BUSINESS	
General management	45%
Public relations, advertising or communications	30%
Marketing/sales	26%
Finance	24%
Human resources	20%
Other	11%
Engineering/science	8%
Production/operations management	4%

NOTE: Table adds to more than 100% because respondents could select more than one area.

January 1, 1991

If we compare these data with those for male directors we can see that, overall, female directors' experience/expertise differs from that of male directors in two ways: women are less likely to have business experience (outside of their board service); and, women have gained their business experience/expertise in different functional areas of corporations than is the case for male directors.

It was noted earlier that more than half of all outside directors have backgrounds in manufacturing, finance or law. In contrast, only 31 to 36 percent of inside directors (excluding CEOs) had such experience. According to Catalyst's survey, 44 percent of female directors reported backgrounds in these three areas. Of this group, just four percent reported a significant background or expertise in production/operations management, 24 percent reported finance experience, and

16 percent reported experience in law. On the other hand, as shown in Table 5, experience in the category of public relations, advertising or communications, and marketing and sales was found with a much higher frequency among these women than would be expected for their male counterparts.

Income

Income data for female directors surveyed by Catalyst are shown in Table 6. The relatively low earning power of these women is in part reflective of the salary gap between men and women in our society. Although over half of the women are in the peak age group for income, their reported income is considerably below what we would observe for male corporate directors. Almost one-third (31 percent) of the women reported annual income of less than \$100,000; another 40 percent earn between \$100,000 and \$200,000. Only five percent reported incomes over \$500,000 and none have incomes of over \$1 million.

“The relatively low earning power of these women is in part reflective of the salary gap between men and women in our society.”

TABLE 6: FEMALE DIRECTORS: ANNUAL LEVEL OF INCOME

Base plus bonus	Percent
\$100,000 or less	31%
\$100,001 - 200,000	40%
\$200,001 - 500,000	24%
\$500,001 - 750,000	4%
\$750,001 - 1,000,000	1%

January 1, 1991

These income figures may also be explained, in part, by the fact that at the time of the survey, 39 percent of the respondents were retired. Of the remainder, 57 percent reported that they were full-time employees of a company, 12 percent were business owners and 15 percent had no other paid employment beyond the compensation they received for their board service.

Multiple Board Service

Catalyst’s research found that virtually all of the female directors surveyed serve on multiple boards. Eighty-three percent hold a directorship on a *Fortune* 500 board, versus 51 percent who serve on a *Service* 500 board; 56 percent serve on boards of other corporations, and almost three-fourths are on the boards of at least one not-for-profit organization. Respondents who reported

Profile of a Contemporary Female Director

Linda G. Alvarado, president of Denver-based Alvarado Construction, Inc., serves as a director of four corporations: Pitney Bowes Inc., Cyprus Amax Minerals Company, Lennox International and Norwest Banks of Colorado, Inc. She is also a member of three not-for-profit boards, and one of the owners of the Colorado Rockies, a Major League Baseball team. Since the founding of Alvarado Construction in 1974, Alvarado has managed over \$550 million of construction on projects in Colorado and other western states. Alvarado considers her directorships an important means of effecting change for women. Her presence on boards, she says, "reinforces the fact that there is a role for women not only in the boardroom, but at the highest levels of the organization."

Alvarado's commitment to women expands far beyond the boardroom. She meets with senior female corporate officers to better understand the scope of their responsibility, their views on company policy and strategic planning issues. She also helps female MBA candidates with projects and speaks to women on the production line when she tours manufacturing facilities.

Alvarado has received numerous awards for her business success and for her board commitment, including the National Women's Economic Alliance's "Director's Choice Award," which honors outstanding directors of Fortune 500 and Fortune 100 companies. It is clear to Alvarado that exemplary performance as a director – being knowledgeable about the business, reading background information thoroughly and articulating questions and ideas that add value to board discussions – helps her to bring about change for women. She explains that "it is important to set a standard of excellence so that when the opportunity does arise to discuss women in the workplace, I am viewed not as a 'female director' who has single-issue expertise, but rather as someone who has great perspective on this issue as well as others."

Female Directors: A Changing Profile?

As the number of women on corporate boards rose from a handful throughout the 1950's to 500 today, has the profile of women selected to serve on corporate boards also changed?

With the exception of Catalyst's research, the only known study of female directors was conducted in 1977 by the public relations/advertising firm Burson-Marsteller for a client organization. Beyond this early study, information on female directors has been limited to biographical information on individual women or anecdotal materials.

The 1977 study looked at female directors of *Fortune* 500 companies, as well as the 50 largest banks and 50 largest retail organizations. Women who had served less than a year and women who were wives or daughters of company founders were eliminated from the research sample. Of the 75 women who were contacted for the study, 31 agreed to be interviewed.

Although the sample is not comparable to the group recently surveyed by Catalyst, the small Burson-Marsteller study provides the only systematic data on female directors of major companies that Catalyst could use for comparative purposes. Variables on which comparisons can be made include background characteristics; boards' recruitment processes for female directors; and women's perceptions of their roles, contributions and responsibilities as corporate directors.

Comparisons between these two studies indicate that the profile of female directors has changed in several significant ways since 1977:

Age

The average age of women surveyed by Catalyst (56) is somewhat higher than that of the women interviewed in 1977 (53).

Number of Children

The 1977 study did not include questions on the female directors' marital/family status. However, when age and number of children were cross-tabulated for

female directors surveyed by Catalyst in 1991, a distinct difference in the size of families of younger and older cohorts of female directors emerged, with younger women having smaller families.

Educational Attainment

It would appear that female directors have always been a highly educated group. Only 16 percent of the female directors interviewed in 1977 had not attained a college or university degree, compared to 11 percent of female directors in 1991. Thirty-nine percent of the 1977 sample held Ph.D.s, and 16 percent reported that they had either a J.D., LL.B, or LL.D. Of the women surveyed in 1991, 25 percent reported that they had earned three or more degrees from a college or university.

What accounts for this drop in the percentage of advanced degrees? One explanation might be that today's female directors include a larger number of women with business careers, for which fewer advanced degrees are required. Another explanation may be that the earliest cohort of female directors had more limited access to non-academic careers in which they could excel, hence the large percentage of women with exceptional educational attainment.

Experience

Cross-tabulations of age by work history in the educational field for Catalyst's study show that the percentage of respondents with a work history in the field of education was significant among the oldest group of directors (those aged 70 or older), 52 percent of whom reported significant work experience in academia, but was the highest among those in the age group 50 to 59, where it was 70 percent. In contrast, only 30 percent of the directors under 50 had been or are in the field of education.

A number of female directors who were surveyed in 1977 had risen to the top of their fields in law and education, but few had attained leadership roles in corporations. Fourteen years later, Catalyst found a strikingly different composite profile of female directors. Apart from the survey data shown in Table 5, Catalyst analyzed proxy and annual report data for 304 of the *Fortune* 500/*Service* 500 companies' female directors. Among this group, close to half (42 percent) held or had previously held positions of leadership in U.S. corporations or in companies that they founded.

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“The pool of current female directors is more diverse than it was in 1977.”

From these data we may conclude that the pool of current female directors is more diverse than it was in 1977. In particular, women on boards today are drawn from a variety of corporate and professional backgrounds. Most profound among the changes described here is an increase over the past in the number of female directors with significant business experience, experience they have gained through holding positions of leadership in major corporations and/or in companies that they founded.

Profile of an Early Female Director

Catherine B. Cleary, retired chair and chief executive officer of the First Wisconsin Trust Company (now a subsidiary of Firststar Corporation), was among the earliest of female directors. She joined the board of the Northwestern Mutual Life Insurance Company in 1955 (her father, Michael J. Cleary, had been president of the company) and in 1972, she made national headlines when she became the first woman elected to the board of General Motors at the age of 55. Earlier that year, Cleary had also become the first female director of AT&T, and served on the boards of Kraft, Inc., and Kohler Co.

Like many early female directors, Cleary may have been seen as a token woman. Indeed, just prior to Cleary's appointment to the General Motors and AT&T boards, the FCC looked into charges of racism made against AT&T by the Equal Opportunity Commission, and the company signed an agreement with the government to upgrade the status of women and minorities. General Motors, along with AT&T, a government contractor, was committed in the early 1970s to take affirmative action to upgrade the status of women in the company.

Yet Cleary did not consider herself a token, nor did she feel that she was a women's advocate. As she told The New York Times following her General Motors board appointment, "I have a strong feeling that I don't serve as a representative of any constituency. I share the concern of management and the board about the position of women, but I don't regard this as my responsibility or believe that I'm on the board to speak for women."

Cleary, who had a background in law and served as Assistant Treasurer of the United States during the Eisenhower administration, did feel a commitment to helping women advance. When she was one of six female directors selected as a winner of The Catalyst Award in 1978, Cleary noted, "[I see the corporation] through the eyes of a woman banker who for more than a quarter of a century has been involved in the dual challenge of opening up opportunities for women and at the same time motivating women to be prepared for those opportunities, and who over this same period has had an active concern for the education of women, particularly as it relates to their changing roles."

Issues Relating to the Recruitment of Female Directors

Some observers believe that changing the processes boards use to identify new members is very important for increasing the representation of women, and for that matter, other underrepresented groups, on corporate boards. They argue that there is little chance of broadening the selection pool for directors unless companies reexamine their selection processes.

While recent studies suggest that board recruitment practices are undergoing some modification, the fact remains that suggestions of names for new directors continue to come primarily from the traditional sources — the CEO/chairman and current board members. Ongoing Conference Board research on corporate directorships (The Conference Board, 1981) consistently shows that the most frequently mentioned prime source of board candidates in most companies (83 percent) is the CEO. Members of the board as a whole are a close second. The nominating committee is third as a source overall.

While CEOs continue to be the primary factor in the selection of new board members, CEOs often have very limited exposure to women with the types of qualifications required to be considered for directorships. Half of the *Fortune* 500/*Service* 500 boards do not currently have even one female director (Catalyst, 1993). Outside of the boardroom, the CEO's professional inner circle rarely includes women: of the 6,190 officers of *Service* 500 companies, only 281, or 4.3 percent are women (Von Glinow and Mercer, 1988, updated 1990).

In looking for candidates to fill a board vacancy or to expand the board, the CEO's first choice tends to be another CEO or a COO. And indeed, a recent study shows that 80 percent of directors listed their background as chief

“Have as much faith in the untried woman as they do in the untried man. Just because she hasn't been a director doesn't mean she can't be a top corporate leader.”

-female director

executive or chief operating officer of another company (Korn/Ferry, 1993). Currently, only three women hold the title of CEO of a *Fortune* 500/*Service* 500 company. Yet a number of women hold significant titles below CEO and COO in U.S. corporations including female presidents of major operating units and subsidiaries of *Fortune* 500/*Service* 500 corporations, and senior, group, and executive vice presidents. Interestingly, one-third of inside directors of corporate boards, most of whom are men, hold titles below that of CEO or COO (The Conference Board, 1990).

One question that remains to be answered is whether CEOs are aware of the growing number of women with significant business credentials. We know that women in the pipeline for board service face many of the same obstacles that Catalyst research has identified as barriers for women in the pipeline for senior leadership positions in corporate management: low visibility, exclusion from informal networks of communication, difficulty in finding mentors and a pervasive risk aversion on the part of the top male leadership of corporations to entrust women with decisions involving bottom-line business results. (Catalyst, 1990). These factors are also highly relevant on a corporate board, where comfort level and trust are regarded as critical and where it is likely that the recruitment of a woman or minority person is frequently regarded as a calculated risk.

“Most often, boards seeking a female director look for a candidate currently serving on another corporate board.”

In considering recruitment trends, another question needs to be answered: Since a substantial percentage of current male inside directors hold titles below those of CEO and COO, why shouldn't boards also accept female outside directors with such titles?

Another obstacle to increasing the number of female directors is that boards are generally averse to choosing a candidate who has no previous experience on a corporate board. Most often, boards seeking a female director look for a candidate currently serving on another corporate board. There is, therefore, a much higher likelihood for board chairmen to seek out these established women than to consider someone with no proven “track record.” This is evidenced by the fact that, between 1992 and 1993, the number of *Fortune* 500/*Service* 500 directorships held by women increased by 6.5 percent, whereas the number of female directors increased by only one percent (Catalyst, 1993).

In taking this “safer” approach, a board is less likely to find a woman with business experience relevant to its particular industry, since the pool of women currently serving on corporate boards is still primarily composed of women from outside the corporate arena.

Women’s Recruitment Patterns

Data suggest that in the past, the majority of women who served on corporate boards were recruited in much the same manner as were male directors, but that recruitment patterns for female directors may be changing.

A majority of the women in the 1977 study said their first contact, in being approached to join a board, was with the company chairman or CEO. Intermediaries were rarely used. Data from Catalyst’s survey (shown in Table 7) indicate that board chairmen/CEOs and current board members continue to play a dominant role in recruitment: over half of the female directors reported that for their first board appointment, they were recommended by the chairman/CEO while one-third were recommended by another member of the board or by the board’s nominating committee.

TABLE 7: FEMALE DIRECTORS: SOURCE OF RECRUITMENT

	First appointment	Most recent appointment
Recommended by CEO of company	54%	32%
Recommended by board member or recruited by nominating committee	32%	20%
Recommended by someone who knew CEO or board member	17%	11%
Recruited by search firm	9%	3%
Recommended by board member of own organization	5%	3%
Family affiliation with company	6%	-
Shareholder of the company	5%	2%
Don’t know	3%	1%
Other	6%	2%

NOTE: Table adds to more than 100% because respondents could give more than one answer.

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Interestingly, over 20 percent of the respondents had been recommended by someone outside the board who knew the CEO or another board member, or by a board member from their own organization. Nine percent reported that a search firm was involved (including some respondents whose boards had used Catalyst's Corporate Board Resource), and five percent reported that a shareholder in their company was instrumental in their recruitment.

The fact that nearly half of the female directors were not hand-picked by the CEO suggests that: (1) corporate boards' recruitment processes for female directors are somewhat different than those reported (by the Conference Board and other studies) to be used for male directors; and (2) the process by which female directors are recruited today has changed from that described by female directors in 1977.

“Being a successful woman was what counted.”

As reported in Table 7, female directors were asked to respond to this question both in terms of their first board appointment and their most recent appointment.

Motivations for Recruiting Women to Corporate Boards

In the 1960's and 1970's, Federal Equal Employment Opportunity (EEO) regulations motivated many large companies to bring women into the boardroom. In particular, Title VII of the Civil Rights Act of 1964 bans all discrimination in employment based on race, color, religion, sex or national origin. While some efforts were doubtless genuine demonstrations of a company's commitment to advancing women, many were based on awareness of this EEO legislation. Not surprisingly, then, the issue of tokenism came up repeatedly in interviews with female directors in the 1977 study. Most of these women believed that some degree of tokenism was implicit in their being named to a previously all-male board.

However, while respondents in 1977 stated that they never would have been chosen had they not been female, they believed their achievements and abilities were also crucial to the decision to bring them onto a corporate board. In other words, being a woman wasn't in itself enough. Being a successful woman was what counted.

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Nearly 15 years later, female directors still believe that their gender is the overriding reason they have been selected for board service. In Catalyst’s survey, the reasons most frequently given by female directors to the question of why they were chosen for a corporate board were:

- was a woman (77 percent);
- held appropriate job title or leadership position (65 percent);
- possessed desired area of expertise or responsibility (51 percent);
- had high visibility (51 percent).

Again, in responding to this question, female directors were asked to answer both in terms of their first board appointment and, if they served on more than one corporate board, their most recent appointment. It is interesting that women gave substantially different answers when considering reasons for one appointment versus the other. As shown in Table 8, women believe that having board experience was a significant factor in their being chosen to serve on additional corporate boards.

Factor	First appointment	Most recent appointment
Gender	77%	39%
Appropriate job title or leadership position	65%	33%
Possessed desired area of expertise or responsibility	51%	33%
Had high visibility	51%	31%
Non-profit board experience	26%	14%
Fit desired regional profile	20%	9%
Aware of issues concerning women, but not an “activist”	19%	9%
Corporate board experience	14%	38%
Minority status	6%	4%
Other	7%	3%

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In looking at the responses of women who serve on more than one corporate board, we can see that they believe gender played a substantially less crucial role in their most recent board selection than in their first appointment to a

board. In contrast, previous board experience played a more crucial role. In fact, every factor other than gender was evaluated as less crucial than previous board experience by these women.

When asked to select, from the same list, the one factor they felt was most crucial in their nomination to a board, respondents chose “was a woman” most frequently. However, when looking at “most crucial” and “crucial” response categories combined, gender and ability were more at parity, not unlike the responses of female directors in the 1977 study.

TABLE 9: FEMALE DIRECTORS: MOST CRUCIAL FACTORS IN DECISION TO ACCEPT FIRST DIRECTORSHIP

Factor	Most Crucial	Crucial	Not Crucial
Gender	25%	10%	8%
Possessed desired area of expertise or responsibility	17%	14%	9%
Held appropriate job title or leadership position	14%	6%	5%
High visibility	10%	4%	2%
Other	5%	1%	1%
Fit desired regional profile	2%	9%	6%
Corporate board experience	2%	7%	4%
Aware of issues concerning women, but not an “activist”	1%	-	-
Non-profit board experience	-	1%	1%
Minority	-	1%	-

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Women’s Thoughts on Recruitment Issues

Catalyst also sought to determine women’s motivations for joining a corporate board; in particular, to what extent do women expect or want to take an “advocacy” role on boards vis-à-vis employment issues that affect women. When respondents were asked to rate the importance of a list of factors related to their accepting an offer to serve on a board, those factors most frequently

“The desire to contribute a sensitivity about issues affecting women was rated as “very important” by 22 percent of the respondents. Out of a list of 10 factors, this factor ranked second to last in order of importance.”

rated as “very important” were: interested in the company (51 percent); wanted to broaden my skills and areas of expertise (51 percent); wanted to broaden my general knowledge of business (50 percent); felt it would be personally satisfying to make a contribution to a corporate board (42 percent); and thought it would make me more effective in my own job or help me in my career (41 percent).

The desire to contribute a sensitivity about issues affecting women was rated as “very important” by 22 percent of the respondents. Out of a list of 10 factors, this factor ranked second to last in order of importance. When the “very important” and “important” categories are combined, 56 percent of the respondents rated this factor as important to their decision to accept their first directorship, compared to substantially larger percentages of respondents who selected “the satisfaction I would gain from contributing to a corporate board” (85 percent), “interest in the company” (83 percent), and “desire to broaden my general knowledge of business” (83 percent) as important factors.

TABLE 10: FEMALE DIRECTORS: SIGNIFICANT FACTORS IN DECISION TO ACCEPT FIRST DIRECTORSHIP

	Very Important	Important	Not so Important	Unimportant
Interested in the company	51%	32%	10%	4%
To broaden skills and areas of expertise	51%	28%	9%	4%
To broaden general knowledge of business	50%	33%	6%	3%
Satisfying to contribute to a corporate board	42%	43%	10%	1%
Increase own job effectiveness or career	41%	32%	12%	9%
Felt it was an honor	38%	33%	19%	4%
To learn about corporate governance	30%	35%	18%	8%
Interested in the industry	30%	34%	20%	6%
Contribute sensitivity about issues affecting women	22%	34%	23%	15%
Provide a substantial additional source of income	4%	20%	38%	32%

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The Recruitment Pool

These data suggest that interest in business and professional development are far more important to women’s decisions regarding board service than is the opportunity to contribute a sensitivity about issues affecting women.

In the course of the survey, female directors were also asked to evaluate the adequacy of the current pool of board members with regard to the mix of professional experiences and background of board members. In responding to this question, the majority (54 percent) of female directors said they believe the current mix is inadequate, while 46 percent said it was adequate.

Respondents believe that the pool could be improved, first and foremost, by adding more women to corporate boards (80 percent). Close to two-thirds of the women (62 percent) also believe that boards need more ethnic and racial diversity. Apart from these responses, the percentages of female directors mentioning a type of experience or background that boards need drops substantially.

TABLE 11: FEMALE DIRECTORS: SUGGESTIONS FOR IMPROVING THE MIX OF CORPORATE DIRECTORS

Desired pool of individuals	Percent
More women	80%
Greater ethnic and racial diversity	62%
Heads of small companies	31%
Government experience	28%
Non-CEOs and non-presidents	28%
Educational experience	22%
Not-for-profit experience	13%
Business experience	12%

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“Close to two-thirds of the women also believe that boards need more ethnic and racial diversity.”

A follow-up question framed the issue of the supply of women with business experience in the following way: If a board were trying to recruit women with business experience for board service, do you think there is currently a sufficient pool of women from which to select?

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Just under half (49 percent) of female directors think the current pool of women with business experience is sufficient, 35 percent believe it is not and 11 percent said they didn't know about this. Most respondents who believe the current pool of women with business experience is insufficient are pessimistic about how long it will take to increase the number of qualified women. Only 18 percent believe this can happen within the next five years. Over half (59 percent) believe it could take up to ten years and another 14 percent believe it will take even longer. The remainder of respondents (seven percent) replied that they didn't know when, if ever, the pool would be sufficient.

In a final item relating to the composition of the current pool of board members, the following question was posed to the women surveyed by Catalyst: Some people have suggested that if more women are to be recruited for directorships, boards may have to recruit women with different qualifications than director candidates have had in the past. If you were choosing a new director for one of the boards on which you serve, (which) would you choose? Respondents were then presented with a series of five forced choices between a man with top level corporate experience and a woman with some other kind of experience. An analysis of respondents' choices is presented in Table 12.

	Percent		
	30%	50%	Woman who runs a business of less than \$100 million in sales
	21%	59%	Woman with top governmental experience
Man with senior-level corporate experience (e.g. CEO, President)	49%	30%	Female leader of a not-for-profit organization
	23%	57%	Female president of a college or university
	45%	32%	Woman at a lower level of management (e.g. EVP, SVP)

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It is interesting to note that female directors would choose a woman with top governmental experience or a female president of a college or university over a man with senior-level corporate experience. Furthermore, larger percentages of women said they would choose the woman with top governmental experience or college or university presidency than the woman who ran a business or had corporate management experience.

But it is important to note that, in responding to this question, female directors did not uniformly choose the female over the male candidate. For example, they would not choose a woman with leadership experience in a not-for-profit organization or a woman with lower-level management experience over a male with senior-level corporate experience. In this regard, women probably share the same values as male directors. A question that remains to be answered by further research with CEOs is whether male board members would agree with women in terms of the other three choices.

Recent statistics show that women now represent 12 percent (348) of the chief executives heading the approximately 3,000 accredited U.S. colleges and universities. In the House of Representatives and the Senate, women now hold 48 and seven seats, representing 11 and seven percent, respectively. In addition, women hold 23.3 percent of all state cabinet posts and 18.2 percent of positions in state legislatures. In 1991, 33 women held top statewide offices (governors, lieutenant governors, secretaries of state and treasurers). Adding these women to the pool of women with business titles just below that of CEO and COO, as well as the increasing number of women who now manage their own companies, some of which are major enterprises (like Little Caesar, Johnson Publishing and Redken Laboratories), would substantially expand the pool of female candidates for corporate directorships.

Final Thoughts on Recruitment

One final survey question examined the issue of recruitment practices of corporate boards as they are seen through the eyes of female directors. The question, "In your opinion, why aren't there more female directors of *Fortune* 500/*Service* 500 companies?" yielded the following responses, shown in Table 13.

TABLE 13: FEMALE DIRECTORS: REASONS FOR LOW REPRESENTATION OF WOMEN ON CORPORATE BOARDS

Reason	Percent
Fear of appointing women who are not current board members	51%
Companies don't know where to look for qualified women	46%
Concern that women will have a "women's issues" agenda	44%
Belief that women are unqualified for board service	38%
Lack of desire for more female members	37%
Other	25%
Too few qualified women	24%
Qualified women fail to communicate interest in board service	22%

NOTE: Table adds to more than 100% because respondents could select more than one reason.

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These responses suggest that female directors believe the low representation of women on corporate boards is attributable to a combination of male directors' stereotypes and preconceptions and specific recruitment practices of boards. Just over half of the respondents cited boards' fear of selecting a woman who had never served on a board. Substantial percentages of respondents noted boards' concern that women will have a "women's issues" agenda (44 percent), the perception that women are unqualified for board service (38 percent), and, the lack of desire for more female members (37 percent). Close to half of the women (46 percent) cited board recruitment practices as a problem — companies don't know where to look for qualified women.

“Just over half of the respondents cited boards' fear of selecting a woman who had never served on a board.”

Interestingly, nearly one-fourth (22 percent) of the respondents feel the fault lies with women themselves because they fail to communicate their interest in board service. Another group of female directors (24 percent) believe the reason for the low representation of women on *Fortune 500/Service 500* boards is that there are too few qualified women.

There is a certain irony in the finding that nearly half of the women believe that boards are afraid female directors will have a single-issue agenda, since, as noted earlier, so few female directors responded that “contributing a sensitivity about issues affecting women” was a reason for accepting their appointment to a corporate board.

Women's Experiences on Corporate Boards

How do women fare once they are recruited to a corporate board? What expectations do women bring to the directorship experience? What do they hope to gain from their board service? How might women's experiences differ from those of male directors? Do female directors seek out the role of "advocate" for issues affecting working women? Do they believe it is appropriate to address these issues in their role as a director? Several questions on Catalyst's survey were devoted to these issues of women's experience on corporate boards.

When asked, "What do you like about being a director?", an open-ended question, women gave the following responses, shown in Table 14.

Benefits of Directorship

Element	Percentage
Contributing to and influencing company direction	53%
Professional and personal growth experience	39%
Networking and professional interaction	22%
New business/industry exposure	22%
No response	7%

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“I thought maybe I could contribute something and, very honestly, one of the things that has motivated me in going on corporate boards is that I really like learning about different industries.”

- female director

From Table 14 we can see that what women value most about the directorship experience is the opportunity to make a significant contribution to the business enterprise. They also value the opportunities for their own professional development and advancement presented by the directorship experience. We would expect that male directors would respond in similar ways. Since this was an open-ended question, the respondents could have written in any response that they chose. It is significant, then, that women chose to focus on the business-related contributions they could make to corporations, and the contributions the board experience could make to their own careers, rather than to cite any unique contributions they could make in regard to the progress of women in the work force generally, or to the awareness by boards of gender issues.

In a follow-up question, respondents were asked “What would most improve the directorship experience?” Twenty-five percent of the women gave no response, suggesting that, perhaps for them, no improvement was needed. Other responses to this open-ended question are shown in Table 15. These responses mirror the responses of (largely) male directors who, in other surveys, have noted a lack of position descriptions for board and committee members, a need for more extensive orientation and communication, and concerns about board autonomy as problems directors face.

TABLE 15: FEMALE DIRECTORS: HOW THE CORPORATE BOARD EXPERIENCE COULD BE IMPROVED

Response	Percent
Improved orientation program	13%
Increased opportunity for corporate impact	13%
Better communication	13%
Greater information sharing on the part of the company	11%
Increased education/professional development	9%
No response	25%

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“Respondents indicated that they had benefitted from their directorship experience in a variety of ways.”

On the more positive side, respondents indicated that they had benefitted from their directorship experience in a variety of ways. A majority of female directors said the following were very important outcomes of their board service: broader general knowledge of business (82 percent); opportunity to participate in top-level strategic planning and decisionmaking (75 percent); increased knowledge

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of corporate governance (72 percent); the satisfaction of making a contribution to a corporate board (70 percent); development of new skills and areas of expertise (59 percent) and expanded range of professional contacts (57 percent). These and other responses on this subject are shown in Table 16.

Outcomes	Very Important	Important	Not so Important	Unimportant
Broadened my general knowledge of business	82%	10%	4%	1%
Provided opportunity to participate in top-level strategic planning and decisionmaking	75%	16%	6%	-
Increased knowledge of corporate governance	72%	18%	3%	4%
Provided the satisfaction of making a contribution to a corporate board	70%	19%	6%	1%
Developed new skills and areas of expertise	59%	30%	6%	1%
Expanded my range of professional contacts	57%	26%	11%	3%
Gave me a sense of pride and prestige	50%	27%	13%	5%
Increased own job effectiveness or career	44%	30%	13%	8%
Increased board sensitivity about issues affecting women	40%	33%	17%	4%
Provided a substantial additional source of income	26%	34%	27%	9%
Other	6%	1%	-	-

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Once again, female directors are much more likely to focus on the way in which serving on a corporate board has benefitted their professional development, sense of self-esteem and personal competency rather than the benefits their board service might offer to women as a group. Nonetheless, 40 percent of female directors report that increased board sensitivity about issues affecting

women is a “very important” outcome of their participation on a corporate board, and nearly three-fourths (73 percent) of the group assigned some level of importance to this outcome.

Female Directors’ Experience on Boards as “Women’s” Representatives

If female directors feel they were chosen partially because of their gender, do they also believe they have any special responsibility, in their positions of power, to speak for women’s interests or other social issues? Regardless of their own inclination to do so, do they believe male directors expect them to take the role of advocate for female consumers and female employees? To what extent do female directors choose to address the special concerns of women outside of the boardroom?

A Woman’s Viewpoint?

For many years, it appears that female directors have been confronted with the expectation that they would bring a unique female perspective to their board service, though they do not feel that a monolithic “women’s viewpoint” exists. The variety of viewpoints among the women studied in 1977 is illustrated in the following profile and quotes from several early female directors.

Joan Ganz Cooney, an early female director who continues to serve on a number of *Fortune* 500 boards, usually as the only woman, expressed this sentiment in a 1978 article in *The Harvard Business Review* :

“Women are not on boards to represent women. Why not ask a man what he’s contributed as a man? The business of a director is to be a good director. Women and men should both be part of that and not merely representatives of their sexes. Constituency directorship leads to chaos. The group has to decide, and for a decision to be reached, goals have to be similar. If I said I wanted to see X number of women on a board, I would isolate myself as a director.”

Cooney went on to say that even though women should not be recruited to boards to represent women’s issues, bringing women onto the boards as tokens was not altogether a bad idea. Once there, Cooney noted, women could show they were just as capable as men:

“The most insulting meeting I ever had was with a businessman representing the board of a grocery chain. The guy came here and took me out to dinner, a perfectly nice guy, and said that they had decided not to add a woman to their board, but rather to interview prominent women on the subject of what they look for when they go shopping in retail food stores. And they thought that was better than just having a token woman on their board. So that’s why I don’t mind token women. Just think of it, coming to me as a housewife when I’d just been profiled in Forbes!”

Referring to such behaviors as “micro aggressions,” Cooney added:

“When I’m asked my opinion of some product, probably more in retailing than elsewhere, about what a woman thinks of it, the person really means what would a ‘housewife’ think, and I always find that hilarious. It’s in things like that that I find men to be a little bit sexist. At times I’ve said, ‘You know, I do as much cooking as you do.’”

However, some of the earlier female directors consider that they, as individuals, were more sensitive to certain social issues than were their male counterparts. Juanita Kreps, Ph.D., an early female director who has served on numerous corporate boards, has written about the potentially unique contributions of a female director. She noted that women are not bound by the conventional wisdom of men, so they may ask many questions that would otherwise go unasked. In addition, Kreps said, women represent just over half of the human resources of the nation — the half that has not heretofore been utilized in corporate circles. Yet, she concluded that one woman on a board is hardly going to change policy; there is a danger in assuming that all women think alike; and (assuming intelligence is randomly distributed between the sexes) women’s contributions to board decisions will not be greater than men’s, nor will they be less.

In contrast to this view, another early female director interviewed for the 1977 study argued that her presence on a board tended, by itself, to mean that management’s hiring and promotion of women would receive greater scrutiny and a fuller hearing. She stated:

“I have a personal goal of constantly reminding a largely masculine world that there are competent women to be brought in and promoted and liked...I try to learn about women on the staff and what they perceive to be barriers to their promotions. I would like to see more women in the executive offices – if they merit it, not just because they’re women.”

In fact, Burson-Marsteller reported that female directors were divided over this issue more than any other in their study: While some were reluctant to acknowledge (or were unaware of) the unique contributions they could make as women, others believed that being a woman is a specific asset to the board. They believed that perhaps their greatest single contribution to a corporate board was to broaden its sensitivity and awareness. For instance, one respondent described her role as bringing a more “humane quality” to the board. Another stated: “I do not believe I would be on this board if I were a man. But I do know they wanted and felt they needed a woman for additional input.”

The Single-Issue Label

Most of the early female directors who expressed the view that they could play a role in raising the board’s awareness of women’s workplace issues said they considered this effort more of a personal interest and an adjunct to their board activities. No doubt, these women were aware of the danger of being perceived as having a “single issue” agenda, a label which, once attached, is virtually impossible to remove.

Responses of current female directors who participated in Catalyst’s research indicate that they, too, are careful to avoid the “single issue” label. One respondent explained:

“I am the first woman to serve on [XYZ’s] board in the 80-year history of the company. When I came to the board, the chairman was 62 and many of the other members were in their late 50’s or early 60’s. They really didn’t know what to expect from me or think of me (I was 38). The men on the board soon discovered that I had basically the same agenda as they did and wasn’t going to ‘wave my bra’ in the boardroom. When they discovered (and that is a good word to describe them) that I could hold my own and often surpass them in discussion/ideas/etc., they relaxed and weren’t so surprised that I really could do this. Unfortunately, I feel there is a lot of ‘discovery’ still to be made in the business world as far as the way men think about women and what they are capable of.”

Another respondent noted:

“In most of the companies I’ve looked into, there is just one woman on the board (as at the company of which I am a director). I feel very isolated on the board. Members often socialize together at sporting events where I am seldom included. Even though I actually speak less than some of the men, I have the reputation of being ‘outspoken and opinionated.’ I think the men would perceive my actions differently if I

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were a man. One, however, expressed relief to me that I was not a 'single-issue' woman."

It might be assumed that CEOs, who are said to feel that female directors will have a “feminist” agenda, would not be comfortable working with women on boards. From the data presented in Table 17, we can see that only a small percentage of female directors report that, in their experience, all CEOs are comfortable working with female directors. However, the majority of respondents do believe most CEOs are comfortable in this regard. While a sizeable percentage of female directors (31 percent) reported a mixed experience, it is encouraging that only three percent believe that most CEOs are not comfortable with them.

TABLE 17: FEMALE DIRECTORS: PERCEPTIONS OF CEOs' COMFORT WITH THEM	
	Percent
All are comfortable	10%
Most are comfortable	55%
Some are comfortable	31%
Most are not	3%
No response	5%

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As was mentioned earlier (see Table 14), female directors’ primary interests in joining boards are the opportunities board membership presents to make significant business decisions and the opportunities for professional development and networking that ultimately lead to career advancement. Female directors are also more likely to mention business- and career-related outcomes as benefits they have received from board membership. If female directors do desire to increase corporate boards’ sensitivity to women’s issues, their responses to questions in the survey indicate that either: (1) they do not want it to be over-emphasized, recognizing male directors’ fears that women will bring a “feminist” agenda to the board and wanting to be recognized for their expertise rather than their gender; or, (2) they do not assign high priority to this role, given the other challenges they face in their careers and in their service on corporate boards.

“While respondents feel that it is expected of them as female directors to address a range of non-traditional board issues, in most cases, they also believe it is their responsibility as women to do so.”

Data presented in Tables 18 and 19 show that while respondents feel that it is expected that as female directors they will address a range of non-traditional board issues, in most cases, they also believe it is their responsibility as women to do so. While, as noted, addressing women’s issues was not a motivating factor in respondents’ decisions to join a board, this did become important once they became directors. Furthermore, sizeable percentages of women reported that they have initiated such discussions in full board or committee meetings in the course of their directorships: 58 percent have addressed equal opportunity for high-performing women; 46 percent have addressed adding more women to the board; 36 percent have raised issues regarding policies of the company that enable employees to balance work and family. The data suggest that women also bring a sensitivity to boards concerning issues affecting other marginalized groups in corporations — 39 percent report that they have initiated discussions about equal opportunity for high-performing minorities in the company.

TABLE 18: FEMALE DIRECTORS: ATTITUDES ABOUT ADDRESSING VARIOUS ISSUES

	It is my responsibility as a woman	It is expected of me as a woman	I have initiated discussions
Equal opportunity for high performing women	64%	53%	58%
Additional women on our board	59%	48%	46%
Equal opportunity for high-performing minorities	57%	36%	39%
Policies that enable employees to balance work and family	52%	40%	36%
Other social responsibility issues	41%	25%	43%
Needs of women as consumers	34%	30%	23%
Environmental issues	30%	9%	27%

“Women also bring a sensitivity to boards concerning issues affecting other marginalized groups in corporations.”

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Write-in comments on questionnaires returned to Catalyst by some women support the quantitative data in this area. One respondent wrote:

“My greatest contribution is to keep people aware of women and the contributions of minorities and the need to address diversity issues.”

Another noted:

"I think I have brought up very different perspectives than some of the other people on the board...I think I am more sensitive to women's and minority issues, and that women's presence on the board is sort of for consciousness-raising."

It is also notable that sizeable majorities of female directors believe that all of these issues are appropriate policy issues (i.e., business issues) for boards to address, the one exception being the issue of the needs of women as consumers, which was cited as appropriate by half of the respondents.

Issue	Viewed as Appropriate
Environmental issues	93%
Equal opportunity for high-performing minorities	87%
Equal opportunity for high-performing women	85%
Other social responsibility issues	85%
Additional women on our board	74%
Policies that enable employees to balance work and family	70%
Needs of women as consumers	50%

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Women's Impact on Boards

Written comments of female directors, and quotes from initial interviews with a sample of women on boards support the conclusion that, unlike reports from 1977, Catalyst's survey found that today's female directors do not see these issues solely as part of their personal agenda, but rather, they see them as business issues that are appropriate to bring before the board. One director told Catalyst:

"I've tried wherever I've gone, especially in the '70's and '80's, to make it clear to the CEO and members of the board, and the heads of the different board committees I've been on, that I'm very interested in the progress of women in that particular company. And at every meeting I was always encouraging different people to be sure the career paths of women were as close as possible to those of men."

Another director noted:

“Working on the compensation committee, I was always able to look at whether there were differences in salaries between men and women, and then ask why that was the case, and suggest perhaps there be a change.”

Still another participant explained her perspective as a woman:

“Most boards take you on plant visits, store visits, site visits, etc. And clearly one of the things I do when I go on these visits is look to see how many women there are in the factory and what kinds of jobs they’re performing, and I make a point of either saying, ‘Gee, there’s a great percentage,’ or ‘I didn’t see any women. Where are the women and why can’t they get these kinds of jobs?’”

“I think I’m a natural resource by being there. I bring my experience and the experience of all my friends to every board I’m on. And more and more, we articulate among ourselves the need to raise women’s issues.”

-female director

Regardless of their motivations for joining a corporate board, most female directors believe their presence on a board has made an impact, though not necessarily a substantial impact, in increasing company sensitivity to women’s issues. Only a small percentage (11 percent) believe they have heightened sensitivity about women’s issues “to a great extent,” whereas the majority of female directors believe they have heightened sensitivity in this area “to some extent.” It should be noted, however, that fully one-fifth of female directors believe they have had *no impact* on increasing company sensitivity to women’s issues.

Female directors are most likely to feel their presence on a board has had an impact on how female employees feel about working at the company, and on how the board views issues that affect female employees. They are less likely to believe that their presence on a board has had any impact on other bottom-line issues for companies, such as the recruitment of female employees or the numbers of women represented in senior management.

TABLE 20: FEMALE DIRECTORS: THE IMPACT OF THEIR PRESENCE ON A BOARD

Scale: 1=Strongly Agree 5=Strongly Disagree

	1	2	3	4	5	Don't Know
Increases board sensitivity to issues that affect female employees	20%	53%	19%	4%	-	1%
Makes shareholders feel more positively about investing in the company	7%	27%	41%	7%	2%	11%
Makes female employees feel more positively about working at the board company	35%	46%	12%	1%	-	4%
Has increased the company's ability to recruit women	6%	13%	47%	7%	1%	21%
Has increased the representation of women in senior management	10%	24%	40%	14%	1%	8%

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Eighty-one percent either agree or strongly agree that their presence makes female employees feel more positively about working at the company; 73 percent feel their presence increases board sensitivity to issues that affect female employees. In contrast, only about one-fifth believe their presence has enhanced the company's ability to recruit women; only one-third believe their presence has increased the representation of women in senior management.

Interaction with Company Women

Most female directors reported that they interact with senior-level women at the companies at which they are directors. The majority (51 percent) reported that they interact with senior-level women in the company occasionally (including instances when senior-level women are present at board and committee meetings); 26 percent do so frequently. Yet it is notable that at this point in our history, 12 percent of female directors responded to this question by saying that there were no senior-level women at any of the companies on whose boards they serve. It is also notable that another 10 percent of female directors do not interact at all with the senior-level women in the company.

TABLE 21: FEMALE DIRECTORS: INVOLVEMENT WITH SENIOR-LEVEL WOMEN IN COMPANY

Level of Interaction	Percent
Occasionally	51%
Frequently	26%
There are no senior level women at the companies of which I am a director	12%
None	10%
No response	4%

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Among those female directors who interact with company women, 46 percent characterized these meetings as formal events such as board and committee meetings, project involvement and plant visits; 39 percent described informal activities (meals, social events, professional associations); and 23 percent reported interactions involving “supportive” behavior, including mentoring senior women, one-on-one meetings, advising women and addressing corporate women’s groups.

TABLE 22: FEMALE DIRECTORS: TYPE OF INTERACTION WITH SENIOR-LEVEL WOMEN IN COMPANY

Type of Interaction	Percent
<i>Formal:</i> committee meetings, project involvement, plant visits	46%
<i>Informal:</i> lunches, breakfasts, meeting at social events	39%
<i>Supportive:</i> mentoring, one-on-one, addressing women’s groups, advising	23%

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Looking at the responses in Table 22, it is evident that senior-level female employees need more occasions to interact with female directors. The most productive interactions would likely be more informal meetings — either with groups of women or with individual women — so that female directors may serve as role models and mentors.

Aside from occasions when they may take an active role on behalf of women (whether by addressing women's issues in board meetings or by interacting with company women), some female directors believe that their very presence on the board sends a positive message to company women. As one respondent noted:

"Now is the time when women are coming into the forefront, and I think I can contribute something in terms of being a role model."

Another female director concurred:

"I think my presence says to the women in the company that this is a company that is at least trying to have some relationship to women."

Trends That Could Increase Women's Representation on Corporate Boards

A common theme in recent studies is that, like the profile of the female director, corporate boards themselves are evolving in significant ways. In the introduction to Korn/Ferry's 17th Annual Study of Boards of Directors (1990), emerging trends that will shape board agendas in the 1990's are identified. On closer examination, most of these trends will affect the recruitment practices of boards and might be expected to bring about increased opportunities for women to serve on corporate boards.

Corporate survival has become a primary goal of the board.

Faced with an accelerating rate of competition from Asia and Europe and the need to develop strategies to compete in a global economy, U.S. corporations are at a critical juncture. This is a positive trend for women, since companies are likely to be increasingly concerned about understanding diverse markets as well as utilizing the diversity in the labor force to their advantage.

Boards will increasingly protect the interests of non-shareholder constituents such as employees, communities and environmental groups.

The Korn/Ferry study notes that traditionally, CEOs overwhelmingly consider shareholders their primary constituency while outside directors have become more sensitive to the needs of other special interest and advocacy groups, such as environmental groups. As outside directors become the majority on boards,

the interests of such directors will carry more weight. Catalyst's research shows that female directors are more likely to bring these sensitivities into the boardroom and, because of their backgrounds, be more responsive to the concerns of diverse constituencies.

Directors will not automatically be reelected each year.

Currently the median length of service on boards is nine years. By limiting terms, there will be a greater number of vacancies on corporate boards. Research shows that it is becoming more difficult to fill board vacancies from the traditional pool of candidates (active or retired CEOs). In a recent Conference Board survey, 12 percent of boards reported that they were searching for candidates to fill existing vacancies on their boards. In addition, 11 percent of the companies surveyed reported that they have plans to enlarge boards by adding one or more directors.

Among companies responding to this survey, 28 percent said they had found it difficult to recruit nominees for board seats in recent years. This "reluctant-candidate" problem is felt most keenly by the big manufacturing companies; 48 percent said they have experienced difficulty recruiting for their boards. Two major obstacles cited are the prospect of exposure to liability and the amount of time and work involved in being a director today. Conflict of interest is another issue that surfaced. The authors of this study concluded, "there is little reason to believe that selling people on the idea of sitting on a board will become easier, at least for a time."

“The gamble the first-time director represents may pay off in the commitment of time and energy that such an individual can make.”

This is an additional motivation, then, for companies to look beyond the existing pool of directors and traditional candidates and to identify qualified women for corporate directorships. While such women are unlikely to have had prior corporate board experience, the gamble the first-time director represents may pay off in the commitment of time and energy that such an individual can make, compared to directors who have many other board affiliations.

Directors will serve on fewer boards.

This trend will also positively affect opportunities for adding more women to corporate boards; there will be more open seats if current directors limit the number of boards on which they sit.

Other Trends

Other positive indicators for increasing women's representation on boards were reported in the 1992 National Association of Corporate Directors study: CEO respondents generally favor restrictions on both board tenure and the number of boards on which a director can serve; a majority of respondents approve of direct nominations of board members by shareholders; and, nearly half of respondents believe that the board nominating committee should be composed entirely of independent outside directors.

Two trends cited in the Korn/Ferry report may work against the increased representation of women on corporate boards. They are:

An increasing number of directors will come from the ranks of retired CEOs. If, in fact, directors continue to be drawn from primarily two sources (chief executives and chief operating officers of other companies), they will increasingly be confronted with a shrinking pool of candidates or will expand the pool to include retirees. However, the good news for women here is that recent research (NACD's 1992 study) indicates that directors are not overly enthusiastic about this option.

Future boards will assume a more international perspective by adding directors who are non-U.S. nationals and by forming international advisory boards. More Europeans and Asians will sit on U.S. boards. We know that women are even less likely to be represented among non-U.S. nationals than they are among the members of U.S. corporate boards.

Why Female Directors? The CEO Perspective

Approximately a year after Catalyst analyzed its data on female directors, researchers surveyed CEOs and corporate chairmen on several issues pertaining to women on corporate boards, such as their motivation for recruiting women and the contributions they felt women made as directors. The brief questionnaire that was used as a preliminary test instrument for this group was distributed to CEOs by high-level women and female directors who were identified and approached by Catalyst. Due to the survey method used, and the small size of the sample (46 respondents), findings should not be assumed to represent the opinions of all CEOs of all *Fortune 500/Service 500* companies. Rather, they offer what can be described as useful, noteworthy but impressionistic data which, in order to be considered conclusive, will be further tested by Catalyst with a larger, more systematic sample of CEOs and corporate chairmen.

Motivations for Recruiting Female Directors

In recruiting the first female director to their boards, it appears that CEOs were motivated equally by the business experience and skills the women possessed, as well as the statement they felt a woman's presence on the board would make. As shown in Table 23, 47 percent of CEO respondents rated women's business experience as very important; 45 percent rated as very important the statement that having a female director would make to management women in the company; and 35 percent rated as very important the statement it would make to company stockholders. As was previously noted,

much has been written about boards' reluctance to take on women who are first-time directors, and 51 percent of female directors surveyed by Catalyst cited "fear of appointing women who are not current board members" as a reason for the small number of women on boards. It is interesting, then, that few of these CEOs see former corporate board experience as "very important," although close to half assigned some importance to this criterion.

TABLE 23: CEOs: QUALITIES SOUGHT IN FEMALE DIRECTORS

	Very Important	Important	Not Important
Corporate board experience	16%	42%	42%
Business experience	47%	48%	5%
Non-business perspective	10%	29%	60%
Sensitivity to issues related to retaining, developing, advancing women in company	21%	58%	21%
High visibility	8%	60%	32%
Would communicate with women in company	10%	38%	48%
Would make a statement:			
to management women	45%	47%	5%
to stockholders	35%	60%	5%
to customers/clients	24%	46%	30%

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In combining the "very important" and "somewhat important" response categories for this question, we can see that the attributes and outcomes that CEOs report they most frequently seek in a female director are: business experience (95 percent), an important statement to stockholders (95 percent), and an important statement to management women (92 percent). In addition, the possibility that a female director "would bring a sensitivity to issues related to retaining, developing and advancing women in their company" was reported to be another important consideration by 79 percent of the CEOs.

Another significant finding was that the majority of CEOs felt it was difficult to find women with the desired qualifications to serve on their boards. Sixty-one percent said it was “somewhat difficult,” and 12 percent said it was “very difficult.” These findings are consistent with the opinions expressed by female directors surveyed by Catalyst, who reported that boards either don’t know where to look for qualified women or don’t believe qualified women exist. However, it is notable that, as reported earlier, virtually half of female directors do think the current pool of women with business experience is sufficient.

“Boards either don’t know where to look for qualified women or don’t believe qualified women exist.”

Just under a third of CEOs said that the current pool of potential female directors is over 1,000 women. However, nearly half of CEOs believe that the pool is much smaller: nine percent said it consisted of fewer than 50 women; 21 percent said it was 50 to 100 women; and 18 percent said the pool was between 101 and 250 women. This finding is especially interesting in light of the fact that there are currently 500 women serving on the boards of *Fortune* 500/*Service* 500 companies. This raises the question of whether CEOs are unaware of the number of women already serving on boards of major business enterprises.

Fifty-four percent of CEOs reported that the women they recruited were recommended by a member of their board. Other methods of identifying qualified female candidates were: recommendation by a search firm or by a member of another board, family affiliation with the company, identification by Catalyst’s Corporate Board Resource, and meeting the woman at a social or professional gathering. None of these other methods was cited by more than 14 percent of respondents. Again, these findings are consistent with responses of female directors surveyed by Catalyst and with other studies of corporate boards.

Valued Credentials

Clearly, as women gain more business experience and expertise, they become more sought after by board chairmen. When this pilot sample of CEOs was asked to choose from a list of female candidates with differing experience (high-level government experience, president of a college/university, head of a major not-for-profit, running a business of less than \$100 million in sales, high-level line experience in a *Fortune* 500/*Service* 500 company, heading a division of a *Fortune* 500/*Service* 500 company, possessing high-level international business experience), the women with significant business experience were

most frequently selected by CEOs as their first choice: 26 percent selected the woman who heads a division of a *Fortune* 500/*Service* 500 company as their first choice; 21 percent selected the woman with high-level line experience in a *Fortune* 500/*Service* 500 company as their first choice; and 18 percent chose the woman who runs a business of less than \$100 million in sales.

The most frequently indicated second choices of CEOs were: a woman who heads a division of a *Fortune* 500/*Service* 500 company (27 percent); a woman with high-level line experience in a *Fortune* 500/*Service* 500 company (21 percent); and, a departure from the pattern of preferring women with business experience, a woman with high-level government experience (19 percent). Academic, not-for-profit and international experience were less highly valued. It is interesting that CEOs are not seeking international experience in female candidates, since other research suggests that boards are seeking to increase the representation of members with international experience (Korn/Ferry, 1993).

TABLE 24: CEOs: PREFERRED QUALIFICATIONS FOR FEMALE DIRECTORS

Qualification	First Choice	Second Choice	Third Choice
Woman who heads a division of a <i>Fortune</i> 500/ <i>Service</i> 500 company	26%	27%	6%
Woman with high-level line experience in <i>Fortune</i> 500/ <i>Service</i> 500 company	21%	21%	28%
Woman who runs a business of less than \$100 million sales	18%	11%	9%
High-level international experience	13%	5%	17%
High-level government experience	-	19%	17%
President of a college/university	-	8%	20%
Head of a major not-for-profit organization	-	-	3%
Other	13%	8%	-

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As noted in Table 12, female directors responses to a similar survey question indicate that they place a higher value on a director’s experience/expertise in a high-level government or academic position than do CEOs.

Unique Contributions of Female Directors

When presented with a list of issues on which they might want the perspective of a female director, CEOs responded as follows:

- 91 percent chose the development, advancement and retention of high-performing women in their company;
- 81 percent chose the barriers to the productivity of female employees;
- 61 percent chose the perspectives of female customers and clients;
- 56 percent chose the needs of employees with children.

Interestingly, 88 percent of CEOs said they had discussed these expectations with their female directors. This is significant, considering women’s seeming reluctance to position themselves as spokespersons on women’s issues.

	Percent
Increased board sensitivity to issues that affect female employees	82%
Made shareholders feel more positive about company	82%
Made female employees feel more positive about company’s commitment to promoting women	91%
Enhanced the company’s ability to recruit women	56%
Enhanced company’s ability to retain women	50%

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Table 25 illustrates the fact that an overwhelming number of CEO respondents believe female directors have made a substantial contribution to their board or to the company. A question for future research is how CEOs measure these contributions, and why they believe the impact on the first three items listed in Table 25 is so much greater than on either the recruitment or retention of women.

The responses of female directors to a similar question were discussed earlier in this report (Table 20). Returning to that discussion, we can see that women are less likely than CEOs to agree that their presence on a board affects issues relating to gender diversity. In particular, only 19 percent agree that their presence had increased the company's ability to recruit women, whereas 56 percent of CEOs report that having a woman on their board has enhanced their company's ability to recruit women. Are CEOs being overly optimistic in their evaluation? How do they evaluate/measure this impact? Or, on the other hand, do female directors underestimate their impact on the boards on which they serve? Future research will be designed to reveal the answers to this seeming paradox.

Recommendations

Recommendations for Board Leaders

Catalyst has found that several barriers continue to work against increasing the number of women on corporate boards. These include the director selection process and perceived risk aversion on the part of corporate board leaders. Indeed, many CEOs are unaware of the number of women qualified for board service. Yet the good news is that, according to Catalyst's pilot sample, CEOs value the contributions of female board members in a variety of areas. The following recommendations are intended to help corporate leaders who want to recruit and use the talents of female directors, who can play a valuable role in promoting the advancement of women in their companies, and bolster bottom-line business results.

Broaden the Director Pool

Rather than merely considering other active or retired CEOs, board leaders need to consider the pool of women with significant experience who have attained senior-level positions in both operations and general management. These women are qualified, ready and willing to serve on corporate boards.

Studies of board composition consistently show that active and retired CEOs are not only the preferred but the primary group from which most outside directors are recruited. As one CEO specified in his selection criteria, "Generally speaking, the nominating committee prefers a candidate who is, has been or is about to be a chief executive officer." Where will corporate boards find women who meet these criteria? Only three women currently hold the position of CEO

in the *Fortune 500/Service 500* companies, and it is not likely that we will see a significant increase in their number in the immediate future. Indeed, Catalyst's research on women's representation in corporate management shows that in a majority of companies, women represent less than five percent of senior managers. Yet Catalyst's Corporate Board Resource has information on many high achieving women with the experience and credentials necessary for board service.

Board chairmen may be reluctant to recruit women without corporate board experience. Established directors have demonstrated their ability, and therefore obviously represent less of a risk. In taking this "safer" approach, boards are far less likely to find a woman with solid business experience relevant to a particular industry. The reason for this is that the existing pool of female directors of major *Fortune 500/Service 500* companies still primarily represents fields in which women have traditionally achieved leadership and visibility, such as academia or the not-for-profit sector, rather than the high-level corporate backgrounds comparable to their male board colleagues. Indeed, it is especially critical for manufacturing and technical companies to identify potential female directors with relevant business experience, since the current representation of women in the management ranks of these industries lags far behind that of companies in the service sector. These companies are most in need of female board members who can serve as role models for developing female talent within their management ranks.

Finally, board chairmen must be aware of the fact that boards should reflect a diversity of backgrounds; domestic as well as international experience, entrepreneurs as well as those with corporate management experience, and technical people as well as those with financial experience.

Develop High-Level Company Women

By developing and promoting women in their own management ranks, corporate leaders can expand the pool of female candidates for their own boards and for other boards as well. Catalyst has found that "glass walls" in the workplace often prevent women from gaining experience in all areas of their business. By providing women with opportunities to gain core business experience, CEOs are increasing the number of women qualified for board service. CEOs are therefore well advised to ensure that their high-level female employees are obtaining line experience and key assignments that are prerequisites to advancement as well as directorship opportunities.

*Modify the
Director Selection
Process*

Selection criteria for corporate directors were developed decades ago, before the globalization of American business. In recent years, the vast changes that have taken place in the way companies do business and the concerns of shareholders, employees and customers have led to increasing concern over the composition of boards and the way directors are selected. This activism, according to recent studies, has led to the beginning of a modification of the recruitment process. Both nominating committees and shareholder groups are getting involved in director selection on a limited basis.

According to a 1990 Conference Board study, the nominating committee (or other formal committees with responsibility for recommending board candidates) has gained acceptance over the past decade: 64 percent of respondents said that their board has such a committee, compared to just eight percent of the respondents to a 1972 survey. In addition, 54 percent of respondents now describe in their proxy material or annual reports a procedure by which shareholders can propose board candidates. However, according to the 1990 Conference Board Study, a mere four percent of companies have actually considered a shareholder-proposed board candidate, and only one of these companies reported that such a candidate won a board seat. Another study, conducted by Korn/Ferry International (1993) notes that the use of search firms to locate and recruit new directors has jumped from three percent in 1973 to 27 percent today.

Even with a nominating committee in place or a search firm engaged, suggestions for new directors continue to come mainly from traditional sources: the CEO and present board members. **Other sources, as described above, should be more widely used in order to increase the number and type of candidates proposed for directorships**

*Support the
Appointment of
Women to Key
Board Committees*

Corporate leaders should be aware of the fact that many female directors could make valuable contributions to key committees such as compensation, executive, finance and nominating — committees on which women's representation has been found to be low. Women are more often placed on committees related to "soft" issues, such as public affairs; adding qualified women to committees dealing with "hard" governance issues will allow women to become more central board members.

*Position Women's
Issues as Business
Issues*

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Catalyst has found that female directors fear being stereotyped as single-issue board members, so they refrain from taking strong stands on women's issues. This fear naturally limits the contribution they can make to the development and advancement of company women.

Corporate board chairmen who recognize women as an important business resource and are concerned about what is happening to women in management in their own companies must encourage such a role for female directors and communicate to male board members that addressing such issues is a legitimate and necessary role for the corporate board. In so doing, they will allay the fears of many female directors that this discussion will be regarded negatively.

Catalyst has found that female directors feel it is not only appropriate to address issues relating to the development and advancement of women, but the majority believe it is their responsibility to do so. In addition to initiating discussion of women's issues, the majority also interact with senior women at their board companies in a variety of ways, serving as role models and mentors and in so doing, they play an important role in communicating the company's commitment to advancing women.

Recommendations for Female Directors

As the highest-ranking women in corporate America, female directors have a great opportunity to effect change that benefits both women and business. The following recommendations are intended to help women effect this change in the companies on whose boards they serve.

*Expand the
Recruitment
Process*

Female directors should seek positions on their boards' nominating committees and encourage broader slates of candidates, including highly qualified women. Female directors will be much more likely to increase chairmen's awareness of both the availability of qualified women and the need for women on boards if they are involved in the director selection process.

*Help Ensure
Equitable
Succession
Planning*

Female directors can help ensure that high-level women in the companies on whose boards they serve are not overlooked by establishing more objective and inclusive succession planning processes. They can make the other directors aware of the importance of increasing women's representation in senior management, and the need to identify developmental opportunities for high-potential company women. According to a 1990 Korn/Ferry International study, boards are becoming more directly involved with management succession than at any time in the past: Nearly three-quarters of the companies surveyed report that they have a management succession plan in place, and nearly two-thirds of those companies developed their plan with the board of directors.

*Support Female
Employees*

Female directors can use their position and experience to inspire and advise company women. With support from the board chairman, a female director can offer to serve as a speaker at a corporate women's group event, or arrange regular meetings with mid- and senior-level women to discuss career advancement strategies. Female directors can support company mentoring programs for high-performing women and serve as mentors themselves. In the eyes of company women, such actions transform the female director from respected role model to active participant and leader. Catalyst's pilot CEO survey indicates that board chairmen will welcome such activity.

*Seek to Join Key
Board Committees*

Rather than accepting placement on committees that have traditionally favored women, such as the public affairs committee, female directors should strive to join committees associated with "hard," bottom-line business issues, such as the audit, executive and compensation committees. Such presence can add to a female director's power and influence on a board.

*Offer to Work for
the Retention and
Advancement of
Women*

Female directors can bring women's workplace issues to the board as a legitimate and pressing business concern. Specifically, they can offer to advise a task force designed to increase the retention of high-performing company women. They can spearhead company initiatives to assess the corporate culture in order to identify barriers to women's advancement, serving as liaisons in the implementation of recommendations. Further, female directors can advocate policies and practices that assist company employees in balancing work and personal life, such as flexible scheduling, parental and family leave

policies and dependent care resource and referral. Finally, female directors can support the company's ongoing diversity and gender awareness training and related efforts for all levels of employees.

Recommendations for Women Seeking Directorships

Develop Experience in Core Areas of Business

It is crucial that women aspiring to directorships obtain broad experience in core business areas. As Catalyst's research has found, broad experience in core areas of business is expected of those employees who wish to advance. Women often encounter a "glass wall" that prevents them from obtaining experience on the line (versus staff) side of the organization. Line areas have traditionally been characterized as those that serve external customers, that involve operations experience, and that involve producing or selling a product. In contrast, staff functions have been characterized as those that serve internal customers, involve executive positions, and serve as support for production or sales functions. In order to obtain both types of experience, women may need to make lateral (or initially, even downward) moves in the corporation, or they may need to develop their own businesses outside of the corporate sector. Finally, some women have achieved valuable experience and exposure by becoming "intrapreneurs;" in effect, they develop and manage new business areas within corporations.

Develop Expertise in a Specific Field

Women should obtain experience in specialized fields, such as technical areas. They should also gain international experience and expertise in other areas relevant to a company's profitability. Increasingly, boards are seeking directors — from both inside and outside their companies — who have expertise in specific areas relevant to the company's bottom line. Women who gain and become known for specialized knowledge will be valuable board candidates.

Serve on Not-for-Profit Corporate Boards

Many of the women surveyed by Catalyst noted that not-for-profit board experience was a crucial stepping-stone to a corporate board appointment. Many CEOs and corporate leaders serve on not-for-profit boards. Women who

work on such boards gain valuable exposure. In addition, serving on the nominating committee of a not-for-profit board provides experience that may help a female director join the nominating committee of a corporate board, thus paving the way for more female directors in general.

Network with Women on Corporate Boards

Although female directors are not often in the position to nominate other directors, they can serve as mentors to prospective directors within and outside of their companies. Professional and social organizations to which female directors belong can serve as opportunities for learning and visibility on the part of potential female directors. In addition, such networking will allow aspiring directors to meet other senior-level women, who are likely to offer advice and support.

Achieve Community Visibility

Serving on not-for-profit boards and networking are excellent ways to achieve visibility. Aspiring directors should also become active in community affairs and develop visibility through such channels as media exposure, placement in *Who's Who* listings and speaking engagements. Involvement in local government also provides valuable experience and exposure that could be helpful for potential corporate board selection.

“What I usually tell women if they're in a corporate position, is to make themselves as visible as they possibly can to other people within their industry, to be active in business affairs where they'll be exposed to corporate leaders.”
- female director

Conclusion

Analysts predict that the 1990's will be an unprecedented period of board activism: Over the next decade, major shareholders will take a more active role in corporate governance, and more boards will seat directors from large institutional investors, who are already seeking representation to safeguard their substantial investments. Members of these groups can use their influence to ensure a more diverse composition on corporate boards, and help to elect members who more closely mirror the representation of nonshareholder constituents such as employees, communities and consumers.

While the representation of female directors has certainly increased since the early 1970's, *The 1993 Catalyst Census of Female Directors* reveals that today just over half of the *Fortune* 500/*Service* 500 corporations have women on their

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boards. Furthermore, the actual number of female board members has increased at the low rate of only one percent between 1992 and 1993. No one can deny that women today are better prepared than ever before to assume and effectively fill directorship positions. Catalyst believes that there is a receptiveness to change that characterizes the nation today. With fierce global and domestic competition, companies cannot afford the costly plateauing, attrition and loss of productivity that result when issues such as advancement opportunity, work/life balance and pay equity go unaddressed. The challenge now belongs to corporate leaders. It is up to them to recognize the rewards of joining new talent with seasoned veterans in the boardroom and availing themselves of the fresh perspectives and commitment that female directors can offer. Catalyst believes that America's corporate leaders will respond to the challenge of change.

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