THE CASE FOR LEGISLATION MANDATING GENDER DIVERSITY ON THE BOARDS OF OREGON'S PUBLICLY HELD COMPANIES

2020 Report of Findings

A REPORT BY:

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN OREGON

ASHLAND BRANCH, PUBLIC POLICY COMMITTEE

SEPTEMBER 1, 2020

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Introduction

Corporations throughout the United States are taking note of current state-by-state legislation addressing gender inequities on corporate boards. Since aspirational self-regulation of corporations has been largely unsuccessful, regulatory quota legislation has emerged as a key driver to establish gender equity on boards. The impetus for such legislation began in 2003 in Europe, with Norway the harbinger in the European Union. In the United States, California became the first state to take action on board equity, in 2013. After the state passed its 2018 quota law requiring equitable representation on boards of publicly held corporations, 153 women were chosen to join 193 boards in 2019.

As the United States becomes increasingly aware of the need for gender diversity and inclusion, lawmakers in fourteen states have responded with gender equity legislation for corporate boards. AAUW California endorses as a priority the bills that establish gender equity on the boards of California's publicly held corporations. Additionally, AAUW Hawaii recently provided required input to the Department of Labor and Industrial Relations for a proposed 2020 legislative resolution requiring a study of women on boards. AAUW nationally advocates for closing the gender and race gaps in leadership opportunities for women of all backgrounds, supporting efforts to improve racial, ethnic, and gender justice and eradicate intersectional bias.

AAUW Oregon's public policy legislative priorities for 2020–2021 highlight promoting the equitable inclusion of women on corporate boards of directors. Inclusivity means changing Oregon's business culture to represent the richness and talent of Oregon's population at large, including women (as well as various ethnicities, races, ages, and underrepresented populations). This report includes data from Oregon's twenty-seven largest publicly held corporations and their board gender diversity index. It offers a glimpse into how Oregon corporations leverage the skills and strengths of women.

It is both a matter of justice and a business imperative to utilize the vast professional, educational, and intellectual talent of women, who make up 50 percent of the population. With national and international institutions—from the United Nations to the European Union to the U.S. Federal Reserve—becoming acutely aware of the need for restructuring their board leadership culture and Initial Public Offering (IPO) companies responding to pressure for board diversity, the time is right for our Oregon legislature to establish gender equity at the corporate table.

I. Key Findings

- The U.S. lags in establishing equity and gender diversity on corporate boards.
- California was the first state in the U.S. (2018) to legislatively mandate quotas for women on publicly held boards, after unsuccessfully attempting an aspirational approach in 2013 (through Resolution 62), which encouraged corporate boards to establish gender diversity through self-regulation.
- Currently, an additional fourteen states have passed or proposed legislation to establish gender diversity on corporate boards.
- The states that have passed "hard law" legislation are California and Washington. Massachusetts, Michigan, New Jersey, and Hawaii have pending hard law legislation. The states that have passed "soft laws" or resolutions are Illinois, Maryland, Pennsylvania, and New York. Hawaii and Ohio have pending soft laws/resolutions. States with other proposals for gender diversity in board governance are Iowa, Nebraska, Vermont, and Colorado.
- Gender diversity quota legislation fosters justice, quality, and increased financial performance and productivity on corporate boards.
- Legislatively mandated quotas for women's board membership challenge implicit biases, networks, and recruitment practices.
- Women board members enhance a corporation's reputation.
- Gender diversity on corporate boards is good for business, bringing different thinking, fresh perspectives, and the experience of a cross-section of stakeholders that increases competitive advantage and the bottom line.
- In 2019, 36 percent of global boards had at least three women, up from 3 percent in 2018.
- Companies with the most women on their boards outperform those with the least by 26 percent, based on measures that show return on invested capital.
- Women board members bring strengths that produce significant company growth: deep knowledge of target customers, ability to champion discussion of tough issues, and talent management practices that lead to increased productivity.
- Companies in the top quartile for gender, racial, and ethnic diversity are more likely to have financial returns above their national industry medians.

- Evaluating a sampling of the gender diversity index at each of Oregon's twenty-seven largest publicly held corporations reveals a composite index of 21 percent for their boards. Eliminating the two companies with the highest and lowest index results in a composite of 18 percent.
- Evaluating Oregon's twenty-seven largest publicly held corporations by industry reveals an Oregon gender diversity index for the banking industry at 15.8 percent.

II. Women on Corporate Boards: Yesterday and Today

Early History, 1900–1999

1900

The history of women serving on corporate boards of directors in the United States is rather short. It began in 1900 with Clara Abbott, who became a board director of Abbott Labs when her husband, founder of the company, died. She remained on the board for a total of twenty-one years.

1934

Fast-forward to 1934, when Lettie Whitehead, the first woman board director of Coca-Cola, replaced her husband at his death and served for twenty years.

1950–1990

Two additional women became corporate board members in the 1950s and 1960s, based on their familial relationships to male board directors. Joan Crawford took a seat on the Pepsi-Cola board in 1959 (elected by reluctant board members when her husband, Albert Steele, died), which she held until 1973. Katharine Graham, daughter of an owner of the *Washington Post,* Eugene Meyer, and wife of the president and publisher, assumed the role of publisher in 1963, after her husband's death, and later became chairwoman of the board from 1973 to 1991. These women paved the way for the current gender equity movement, each pioneering women's entry to board governance.

According to a 2011 survey of sixty-eight respondents from Fortune 250 companies, the average company elected its first female director in 1985, thirty-five years ago. Forty-one percent of the first female directors had significant business or executive experience prior to assuming their board seats. Seventeen percent had primary experience in consulting or legal professions (Nobel 2013). One notable example was attorney Hillary Clinton, who served a six-year tenure as the first female board director of WalMart between 1986 and 1992. (By Clinton's third board meeting, she announced, "You can expect me to push on issues for women." Yet WalMart continued with a paltry number of women in senior management: in 1985 there was not a single woman among the company's top forty-two officers. In 2005, as she ran for president, Clinton returned a $5,000 campaign donation, citing serious differences with WalMart practices [Barbaro 2007].)

In the 2011 survey, approximately 14 percent of women had gained their first board seat due to academic or research experience. Nine percent were company founders or members of the founding family. Only one company in the sample—Wellpoint Financial—

appointed two women at the same time as their first female directors. In addition, the sample found that 30 percent of the first female directors had state or federal government experience at the time of their board appointment, an ideal background to help secure government contracts or improve relationships with regulators.

Current Landscape, 2000–2020

More than eighty years after the first woman appeared on a corporate board, inequity persists. The U.S. is a laggard on board governance with women remaining underrepresented. Reaching gender parity across the boards of the Russell 3000 companies is still a feat for the next decade, despite slow but steady increases. Oregon remains an outlier between Washington and California, who have both passed legislation in the last two years requiring a quota of women on publicly traded boards (see appendix for specific legislation). Corporations are now faced with committing their organizations to corporate policy that promotes gender equity.

Sarbanes-Oxley Act of 2002

In 2002, in response to a series of high-profile corporate scandals, the U.S. Congress passed the Public Company Accounting Reform and Investor Protection Act (Sarbanes-Oxley Act) with overwhelming bipartisan and bicameral support (the act passed in the House by a vote of 423 to 3 and in the Senate by 99 to 0). This was the most comprehensive public company legislation since the 1930s. It required public disclosure of the director selection process, resulting in a more formalized and transparent process and enhanced scrutiny for bias against women. Unfortunately, progress for women has nonetheless been glacial since passage of the Sarbanes-Oxley Act (Vinnicombe et al. 2008).

Worldwide Status, 2003–2020

In contrast, gender equity on corporate boards in Europe has reached 40 percent and more. Norway mandated a 40 percent “hard law” in 2003 (enacted in 2006) requiring gender diversity on corporate boards and actually achieved 42 percent diversity (Zillman 2017).

Christine Lagarde in a 2019 interview stated, “In the next 10 years more women must be placed in positions of authority and power, which will be the conduit for equal opportunity, power, pay, space, and respect”(Goldberg 2019). Lagarde, who had served as French finance minister from 2007 to 2011, realized that gender quotas were necessary for France’s biggest firms. Coincidentally, in 2011, the French parliament passed the Zimmerman-Cope law, which set thresholds for a minimum 40 percent female representation in business by 2017 for companies who had more than five hundred employees. Lagarde then brought her message to the International Monetary Fund as its chair and managing director until 2019 (Hu and Merelli 2018). In 2019, Lagarde became president of the European Central Bank, the same year that the ECB obtained EDGE gender workplace certification, joining more than two hundred large organizations, including the IMF. (EDGE is the worldwide leader in business certification for gender equality in the workplace.)

As secretary-general of the United Nations since 2017, António Guterres has achieved gender parity at the most senior levels of U.N. management, two years ahead of his own schedule. Further, he plans to bring parity to all levels of the organization by 2028. In filling positions he controls, Guterres requires candidates to be equally split by gender. He is also the first secretary-general to have a dedicated gender adviser on his executive team. He states that the greatest barrier to gender equity is a male-dominated patriarchal world and “mansplaining” (men explaining to women how things should be) (Donner and Gupta 2020).

A global 2020 survey of 1,000 companies in fifteen countries, entitled *Diversity Wins: How Inclusion Matters,* found that companies in the top quartile for racial, ethnic, and gender diversity were more likely to have financial returns above their national industry medians. Additionally, North American progress in improving gender and ethnic diversity of boards seemed to be slower than the rest of the world. Gender parity on corporate boards of the U.S. and the U.K. will take, respectively, eighteen and thirteen years at the current rate of progress, according to the report (McKinsey & Company 2020).

A 2019 research study of 3,000 companies in fifty-six countries showed that having women on boards improved business performance, including stock performance, by 26 percent over companies with all-male boards. Additionally, boards with women were somewhat risk averse, carried less debt, and averaged 14 percent net income growth compared with 10 percent growth for companies with no women directors (Credit Suisse Research Institute 2019).

U.S. Status, 2001–2020

It was not until the 2000s that the number of women on the boards of large publicly traded companies began to increase in the U.S. Eleven percent of Fortune 100 companies included a woman on their board in 2001. This figure grew from 16.9 percent in 2004 to 25 percent in 2018, only an 8.1 percent increase over a fourteen-year period. Perhaps no major issue in governance has risen up as ubiquitously across the globe as gender diversity in the boardroom (Institutional Shareholder Services 2018).

The Federal Reserve, which crafts U.S. monetary policy, has had only one woman in its history as chair, Janet Yellen, who was appointed in 2014. Former chair Ben Bernanke, who is the new president of the American Economic Association, acknowledged in 2019 that a reputation for hostility has kept women away and that it is time to change this equilibrium. Yellen at the same meeting stated that the Federal Reserve must make equity its highest priority over the next couple of years (Jamali 2019). Senator Kamala Harris (D-CA) and Rep. Joyce Beatty (D-OH) have championed boosting gender diversity among Federal Reserve Bank presidents by introducing legislation that requires at least one gender-diverse candidate and one racially/ethnically diverse candidate to be interviewed for any opening on the Federal

Reserve Bank. This bill, HR 281, passed the House but stalled in the Senate in 2019 (Harris 2019).

Equilar BoardEdge (2020) reports that 22 percent of Russell 3000 directorships are held by women. Only 2 percent, or sixty companies, of the Russell 3000 have at least 50 percent women on their boards.

According to a report published in *Barrons,* over the past fourteen years, the percentage of female board directors at the largest U.S. companies has increased a meager 0.5 percent per year. If this sluggish rate were to continue unchanged, some have predicted that it could take women nearly half a century to achieve gender parity on U.S. corporate boards (Niessen-Ruenzi 2019).

As to rankings, the World Economic Forum, which publishes the Global Gender Gap Index, a measure of gender equality and parity, ranks the U.S. fifty-first out of 149 countries (World Economic Forum 2020). According to a recent *U.S. News and World Report* survey (2020), the United States ranks fifteenth of Best Countries for Women. More specifically, Oregon ranks fourteenth in the U.S. on a recent list of Best States for Women's Equality (McCann 2020).

Role of Asset Managers in Advocating for Gender Equity

According to *Institutional Investor,* asset managers at State Street Global Advisors (SSGA), BlackRock, and Legal & General Investment Management have been actively voting against companies that have proposed no female representation on their board of directors (McGrath 2017). Investors are increasingly expressing their voting power at annual meetings to address concerns over board composition. Additionally, SSGA has placed gender equity as foundational to good governance and positive investment outcomes.

SSGA in 2018 included another thousand companies in its survey, stating that gender diversity has a material impact on long-term financial returns. BlackRock also ties gender diversity to board effectiveness and performance, holding nominating and/or governance committees accountable. Some pension funds and high net worth investors are making this more explicit in their due diligence process. Both SSGA and BlackRock announced they are prepared to vote against directors when boards fail to have at least 15 percent women directors.

Currently, 11 percent of the board seats at the largest Initial Public Offerings (IPOs) are held by women, increasing from 10 percent in 2014–2018. From 2016 to 2018, twelve IPO companies (roughly half of the IPOs for that two-year period) went public with all-male boards. 2019 was a breakthrough year for women in the boardroom of IPO companies with only one company of the twenty-five largest public offerings without a woman on its board (Gupta 2020). An absence of women on a company's board of directors might serve as a warning sign for investors concerned about talent management and workforce development.

A convergence of factors (including SB 826 in California and mounting pressure from financial firms) caused Goldman Sachs in January 2020 to change policy, announcing that starting on July 1, 2020, only IPOs with at least one diverse board member with a focus on women would be considered, increasing that number to two in 2021 (Gupta 2020).

Currently, Morgan Stanley provides a list of stocks that screen well or poorly on gender diversity metrics, along with favorable/unfavorable stock selection model rankings for investors to avoid biases (Morgan Stanley Wealth Management 2016).

III. Women on Corporate Boards: Benefits and Obstacles

Although women bring substantial benefits to public company boards, progress toward achieving gender equity on boards has been slow. Traditional corporate cultures have not placed a high priority on exploring board diversity. As Fabrizio Freda, Chief Executive Officer of Estee Lauder, said, "The obstacle is the lack of urgency" (McKinsey & Company 2017a). While recent and evolving legislation in Europe and several states in the U.S. has forced the conversation and catalyzed change, several issues still stand in the way. One is a lack of understanding or appreciation for the importance of diversity to business performance, company reputation, and talent. Another is the recognition of organizational obstacles to women's advancement.

Benefits of Board Diversity

Better Business Performance

Diversity is good for business. Boards of directors lead decision-making on strategy, governance, and risk for an organization (Committee for Economic Development 2012), and diversity of leadership brings different thinking, fresh perspectives, and the experience of a cross-section of stakeholders. It also increases competitive advantage and the bottom line (McKinsey & Company 2018). Women board members contribute many strengths that can produce significant company growth.

Extensive research supports the positive impact of board diversity:

- Boards with at least 30 percent women have higher profit margins and make decisions twice as fast with half the number of meetings (EY Center for Board Matters 2020).
- Companies with the most women on their boards outperformed those with the least by 26 percent based on return on invested capital. Companies with sustained high representation of women board directors, defined as those with three or more women in at least four of five years, significantly outperformed those with sustained low representation by 84 percent on return on sales, by 60 percent on return on operating capital, and by 46 percent on return on equity (Catalyst 2011).
- When Fortune-500 companies were ranked by the number of women directors on their boards, those in the highest quartile in 2009 reported a 42 percent higher return on sales and a 53 percent higher return on equity than the rest (Arguden 2012).

- Of the 842 active companies on the Fortune 1000 in 2016, women held 18.8 percent of board seats. Forty-five percent of the Fortune 1000 companies had 20 percent or greater women on their boards. In addition, over 55 percent of the companies that became inactive on the index had one or no women on their boards (Hersh 2016).

In 2019, 36 percent of global boards (publicly traded companies with market caps of more than 7 billion euros in forty-four countries globally, or the largest six in each country where fewer met the criteria) had at least three women, up from 3 percent in 2018. Research has found that women need to hold at least three board seats to create a "critical mass," which can lead to better financial performance (Kramer, Konrad, and Erkut 2006). Reaching critical mass can change boardroom dynamics substantially, creating an environment in which innovative ideas can spring from gender diversity (Catalyst 2020). Shelley Zalas, CEO of The Female Quotient, a company aimed at advancing gender equality, concurs, adding, "There's a 30% rule. When you have a minimum of 30%, that's when you see a transformation of culture and true transformation of how business operates" (Jamali 2020).

Diversity also increases productivity. Companies that had three or more female directors over the course of three years saw a median productivity 1.2 percentage points above those in their respective industries. In contrast, those with mostly male boards and "lagging" talent management practices saw growth in employee productivity 1.2 percentage points below industry medians (LaMagna 2018).

Knowledge of Customers and Other Stakeholders

The more companies know about their customers, inside and outside the company, the better they can meet their needs. Success arises from deep familiarity with the people the company wants to serve. For example, women drive 70 to 80 percent of consumer purchasing in the United States (Davis 2019). Women directors can help companies better understand consumer purchasing and usage decisions based on their own experiences (Arguden 2012).

Kering had no women on its board until it realized women constituted approximately 60 percent of its workforce and 75 to 80 percent of its customers. The company then reevaluated its board membership to reflect that reality (McKinsey & Company 2017a).

A diverse board that includes women can create a competitive advantage within a company as well. In hospitals, for example, women make up 83 percent of the general workforce but only 43 percent of executives (Hersh 2016). Increasing the number of women on the board of directors adds the value of leveraging the front-line experience and insights of people from a company's primary labor pool.

Ability to Champion Discussions of Tough Issues

Women on corporate boards are known for championing tough issues. Their prior experience in male-dominated cultures equips them well to tackle problems that boards of directors might otherwise prefer to avoid. These issues include such matters as a critique of management proposals, removal of a CEO, compensation for top managers, or reallocation of a major product or market portfolio (Kramer, Konrad, and Erkut 2006).

Researchers have observed that women directors come to board membership uniquely qualified to take on difficult issues. Women influence through persistence, resilience, and effective liminal (out-group to in-group) transition to their inclusion as full-fledged members. They also bring important leadership characteristics: governance as a priority, thorough preparation, a strong sense of commitment to the company, and credibility (Kramer, Konrad, and Erkut 2006).

Boards of directors have frequently been criticized for being too compliant or silent on critical issues (Drucker 1974; Lorsch and MacIver 1989). They often default to conflict avoidance in response to issues that cause tension; conversely, they might experience too much conflict (Brown 1983). Failure to act for either reason can result in ineffective decision-making and, in some cases, the demise of the company (O'Connor 2003).

Directors can also get bogged down by “groupthink” rather than using a deliberative process to resolve issues that could yield shareholder value. Instead they may defer to managerial rather than strategic issues (Janis 1972). Gender-balanced leadership teams appear to be less susceptible to groupthink (Opstrup and Villadsen 2014). A McKinsey & Company report (2017a) offers personal observations from public company board chairs that confirm this finding. For example, Scott Anderson, chair, president, and CEO of Patterson Companies, asserted that “the quality of the discussion goes up dramatically when you have a more diverse group in the boardroom.” Rodney McMullen, chair and CEO of Kroger, noted, “You get questions from perspectives that you hadn’t thought of before, and I think this helps you avoid more blind spots.”

Establishing credibility can be a challenge for women board members, even though they have typically been selected to serve based on their professional expertise. Not coming from the “old boys’ network” requires them to work hard to build that credibility. Their willingness to champion tough issues is an asset in that task; in doing so, they show the ability to frame an issue constructively, engage the board to tackle it, and usher the discussion to a decision (McInerney-Lacomb, Bilimoria, and Salipante 2008).

Positive Effect on Company Reputation and Talent

Catalyst research shows a strong link between the presence of women on boards and corporate reputation. Several rating agencies and investment funds, such as CalPERS and PAX World, use the extent of gender diversity as one of their investment criteria (Arguden 2012). An analysis of the S&P 500 found that board gender diversity significantly correlated with improved corporate social performance (Boulouta 2013). In all likelihood, it also would improve a company’s reputation.

Board diversity can attract and motivate talented employees. The presence of women on the board sends a message to the rest of the organization. If women see someone at the top who "looks like them," they can more easily see themselves moving up into more responsible roles. As Tiger Tyagarajan, president and CEO of Genpact, has said, "To attract the best talent into the company, you need to appeal to 100 percent of the top talent, not 50 percent. To do that, you need strong female role models" (McKinsey & Company 2017a).

A 2014 Glassdoor Diversity Hiring Survey with 1,000 respondents found that 67 percent of job seekers overall consider workforce diversity important when evaluating an offer. Women placed a higher importance on diversity than men (71 percent of women versus 62 percent of men). A PricewaterhouseCoopers survey of 4,792 respondents employed in seventy countries yielded similar results, finding that when considering a potential employer, 61 percent of women looked at the diversity of the employer's leadership team, 67 percent at whether the employer had positive role models, and 56 percent at whether the organization publicly shared its progress on diversity (PricewaterhouseCoopers 2017). Researchers have concluded that the most talented individuals go to places that do better with diversity, which could be driving diverse firms to outperform their peers (Turban, Wu, and Zhang 2019).

Organizational Obstacles to Board Gender Equity

Several organizational factors contribute to the underrepresentation of women on boards of directors. Once described as the "glass ceiling," a symbolic barrier hit by women in middle management, this issue has caused many researchers to further explore the multiple causes for women not ascending to the senior ranks of their companies (AAUW 2016).

Blaming the Pipeline

For many years, companies blamed the lack of women in senior leadership roles on an insufficient pipeline of women with college and postgraduate degrees. By the end of the twentieth century, however, the number of women with college and postgraduate degrees not only increased, but in fact women in U.S. universities earn more bachelor's, master's and doctoral degrees than men (AAUW 2016). The difference is not insignificant. Women earn 57 percent of bachelor's degrees, more than 62 percent of master's degrees, and 53 percent of PhDs, medical degrees, and law degrees. In other words, there is no shortage of qualified women (Hersh 2016).

Further, while the number of women in the so-called "silent generation" (born between 1930 and 1945) and early baby boomers in the workforce decreased during their prime parenting years, interrupting and changing their career advancement, generation X (born between 1965 and 1979) and generation Y (born between 1980 and 1990, usually labeled as "millennials") have been more likely to work through these same career years (AARP Public Policy Institute 2015). That pattern is more similar to men's careers and is one that should position these younger women for advancement on par with their male counterparts.

Once in the workforce, it has been assumed that women are not moving into senior leadership roles because they will leave the workforce as soon as they have children. In fact, women are more likely than men to stay in their jobs and have a lower attrition rate (McKinsey & Company 2016).

Persistent Sex Discrimination and Patronage

Sex discrimination, while illegal, remains a prevalent problem in the workplace. Over a five-year period, about thirty thousand cases of sex discrimination were decided in favor of the employee before the U.S. Equal Employment Opportunity Commission (AAUW 2016).

Blatant sex discrimination related to compensation also still occurs, despite laws prohibiting it. In *King v. Acosta* (2012), a female executive was able to prove that her employer paid her half as much as her male counterparts, even though sales numbers were supposedly the key determinant of salary. While the law seeks to protect against sex discrimination, only the most egregious cases reach federal court. Meanwhile, thousands of other workers experience similar discrimination and its consequences for their career advancement (AAUW 2016).

Hostile work environments that tolerate sexual harassment can significantly compromise career progression and cause talented women to leave their employers rather than succumb to unwanted sexual advances. The #MeToo movement has provided many examples of this pattern, but only recently have some of the key perpetrators been brought to justice (Kantor and Twohey 2019).

On a subtler, but no less consequential level, women's ability to ascend in their careers is affected by implicit or unconscious bias (Gladwell 2005). Women face many gender-based stereotypes that impede their progress toward senior leadership roles. Companies that fail to address this issue run the risk of losing many capable women with strong leadership potential.

One study focused on the financial services industry found that patronage was an ingrained feature, granting privilege to white male employees while precluding access for women and minority men. This system prevented upward mobility, conferring additional status and rewards on economic elites based on gender, race, and social class (Neely 2018).

A global study by Margarethe Wiersema and Marie Louise Mors in 2016, which included extensive interviews of U.S. and European board directors as well as executive recruiters, revealed that American directors were generally unaware of the progress Europe has made in taking action to implement gender diversity goals and quotas. In fact, the response of male directors from the U.S. to such ideas was overwhelmingly negative; no American male director interviewed favored any formal quota or target.

Among women directors, however, the researchers reported the belief that, without a more formal effort, the situation was unlikely to change. "Without quotas, it will be a pretty long, slow journey," said one female director. The majority of American women directors interviewed stated that U.S. companies must take a more proactive approach. This was especially true for female board directors who had also served as CEOs. As one woman commented:

> Boards need to look in the mirror. Does the composition make sense? Women represent 50% of the workforce, 30% of managers and 4% of top leaders? This is not a meritocracy. When you say that to Americans, they bristle.
>
> We are proud of having a meritocracy—but the numbers don't add up.

This research also revealed a contrast between the perceived negative impact of quotas held by interviewees from two countries that have not adopted quotas, Denmark and the United States, and the actual impact of quotas as reported by the board members from countries that have taken such as approach. This latter group reported that adopting quotas and goals had resulted in greater gender diversity and a more professional and formal approach to board selection. For example, a male CEO and director in Norway described the evolution in his country:

> In my opinion, what happened in Norway when affirmative action was introduced was that the entire recruitment process of boards was sharpened. The requirements were clarified, the election committee's responsibility was acknowledged. And the focus on the composition of the board in general was improved. With that law, the importance of the board was upgraded, and the composition of the board. That is positive. And it might also be because you don't have to go far back before you see that the recruitment to boards and board members was heavily influenced by a sort of networking mentality, and the close network that you belonged to yourself (Wiersema and Mors 2016).

IV. The Power of Legislation: Featuring California, 2013–2020

The Need for Legislation

The need for gender equity in today's world demands that companies not overlook half the world's population and half the world's talent. To be an effective competitor, a company would benefit from reflecting the diversity of the world and the consumer base in which its clients live and work. (Globally, women account for 70 percent of global consumption demand and control about $28 trillion in annual consumer spending.) Since boards of directors guide corporate behavior, decisions made by the boards of public companies directly impact daily lives, though more than 50 percent of the population is not currently represented in this decision-making process.

Gender equity established by government-led initiatives unlocks women's economic potential and ensures visibility and participation in leadership. Quotas mandated by legislation challenge biases, networks, and recruitment practices. Quotas are tools that can help change culture; without them, it is clear that it will take many years to reach gender parity. Governments, then, must take pro-active measures to challenge the gender stereotypes anchored in every society (International Labor Organization 2012).

Europe began to identify the need for women on corporate boards beginning in 2003, with Norway leading, followed by Germany, Iceland, Finland, France, Belgium, and Italy. Norwegian companies understood that a mandatory quota was necessary, given implicit biases. Diversity resulting from quota legislation in Norway improved the overall quality of governance and decision-making.

In anticipation of the change in French law requiring 40 percent women on the nation's boards of directors, Kering focused on adding women to its board. It now has 64 percent women board members. François-Henri Pinault, CEO and chair of Kering, stated that if the process of diversity legislation is not initiated, nothing will happen. In a 2017 study, Kering documented a year-to-date return of more than 83 percent, compared to its sector peers reporting just under 22 percent. It now encourages other companies to move in the direction of gender parity on corporate boards (McKinsey & Company 2017b).

City, University of London Business School, discovered that both diversity and quality improved in the countries that mandated strict quotas for women on boards. Drs. Sonia Falconieri and Moez Bennouri found that the introduction of regulations was the single largest catalyst for a rise in female board presence (Cooper 2020).

Change in Corporate Perception

Legislation not only mandates elevating women to board membership, it can provide a company with a significant push to raise the priority of the issue to a company-wide level.

Women focus on corporate social responsibility and board accountability and authority, which strategically strengthens board governance, changing perception and providing role models for potential women leaders.

Active involvement of male senior leadership advancing gender diversity leads to accelerated and increasing representation of women in executive roles throughout the company (International Labor Organization 2015). Kimberly Clark, for example, a global producer of paper-based household consumer products, built its gender diversity approach on identifying areas where women were hitting the "glass ceiling." The company found that women were stuck two rungs up from entry level, just before being promoted to management level. Leadership instituted transparency reporting and accelerated women to upper ranks. In 2020, women hold 27 percent of board seats at Kimberly Clark.

SAP, a multinational software company, sought Edge Certification to accelerate the progress of women to top positions. Edge Certification helps companies implement impactful solutions to improve the representation of women at top levels by thoroughly assessing a company's policies and practices. In 2020, SAP reported 50 percent women on its board of directors.

California's Pioneering Legislation

The legislative history of California's efforts to promote gender equity on publicly held corporations spans seven years, with four bills passed.

The state's first attempt, Resolution 62 in 2013, was a nonbinding measure encouraging publicly held boards to diversify by 2017. It affected few companies and didn't produce measurable progress: by December 2016, less than 20 percent of the corporations affected had followed the recommendation. Realizing that encouraging self-regulation hadn't been successful, California passed SB 826, the first quota law in the U.S. in 2018. On August 30, 2020, California passed another harbinger bill, AB 979, for ethnic/racial equity on corporate boards, which was signed into law by Governor Gavin Newsom on September 30, 2020.

Resolution 62

This 2013 measure encouraged equitable and diverse gender representation on corporate boards. Within a three-year period, from January 2014 through December 2016, every publicly held corporation in California with nine or more director seats was encouraged to have a minimum of three women on its board, those with five to eight director seats to include a minimum of two women, and those with fewer than five director seats to include a minimum of one woman. At the time, 44.8 percent of California's companies had no women directors, and 34 percent had only one woman director. San Francisco County had the greatest percentage of women directors (15.5 percent), and Orange County had the least (7.7 percent).

SB 826

California, in 2018, passed SB 826, legislation that signed into law quotas to advance equitable gender representation on California's publicly held corporate boards.

California now leads as the first state in the nation to require all publicly held domestic or foreign corporations whose principal executive offices are located in the state to have at least one female director on their boards by December 31, 2019, either by filling an open seat or by adding a seat. One or two more female directors would be required, depending on the size of the publicly held corporation, by December 31, 2021. The minimum is two female directors if the company has five directors on its board, or three women if it has seven directors by the close of 2021.

When SB 826 passed in 2018, one-fourth of California's publicly held corporations had no women directors on their boards. As of August 2020, a report by the California Secretary of State found that 282 publicly held corporations (out of 445) in the state reported compliance with the law, up from 173 in July 2019.

If companies do not comply with the law, there are penalties. The California Secretary of State, Alex Padilla, is permitted to impose the following fines for violations of SB-826:

- $100,000 fine for failing to timely file board member information with the Secretary of State's office
- $100,000 fine for a first violation
- $300,000 fine for a second or subsequent violation

SB 826 has not been without controversy. Two lawsuits have been filed, one of which was initiated by Creighton Meland, a current shareholder, on behalf of OSI Systems Inc., which has a seven-person board of directors composed solely of men. This case was dismissed by a federal judge on April 21, 2020, and is currently being appealed.

The second lawsuit, brought by Judicial Watch, *Crest v Alex Padilla* (as amended) filed in California State Court, was framed as a "taxpayer suit" that seeks to prevent the California Secretary of State from expending taxpayer funds to enforce or implement SB 826, citing violations of the equal protection provisions of the California Constitution. On July 9, 2020, a California court ruled that this lawsuit against gender quotas for corporate board could go forward. These two conservative activist opponents are hoping to block the law before it becomes stricter in 2021.

AB 931

Approved by Governor Newsom in October 2019, AB 931, a state-mandated local program, requires that on and after January 2, 2030, any California city with a population of 50,000 or more shall not appoint more than 60 percent of the same gender identity members on nonsalaried, nonelected boards or commissions of five or more members. Additionally, the bill prohibits a board or commission with four or fewer nonelected and nonsalaried members from being comprised exclusively of individuals with the same gender identity.

AB 979

AB 979, which became law in September 2020, is another bill that was prioritized for support by California AAUW. It requires, no later than the close of the 2021 calendar year, that a corporation must have a minimum of one director from an underrepresented community (Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, Alaska Native, gay, lesbian, bisexual, and transgender). The bill would require a corporation with more than four but fewer than nine directors to have a minimum of two directors from underrepresented communities and a corporation with nine or more directors to have a minimum of three directors from underrepresented communities.

California's Results

California has progressed from a rank of 32nd in the nation in 2018 in terms of women on boards to 17th in 2020 as a direct result of the quota legislation. Before SB 826, seventy-five publicly held corporations had no female board members. As of the end of 2019, 330 of 625 affected companies had filed a corporate disclosure statement. Of the 330, 48 did not have a woman on their boards (Sumagaysay 2020).

2020 Women on Boards (2019), a nonprofit advocacy group, has tracked changes in four hundred major California companies since the passage of SB 826. By the middle of 2019, two-thirds of them had added at least one woman to their board. According to research by KPMG Global (2020), California's compliance reduced all-male boards from 29 percent to 4 percent during 2019. Further research also found that 60 percent of the women joining all-male California boards were first-time board directors, broadening the candidate pool (Posner 2020). By the end of 2021, an estimated 1,060 women directors will be added to boards as required by SB 826 (Freeman 2019).

Bloomberg reported that most companies lacking women on their boards went into recruiting mode after the law was enacted. Since then, women account for about 45 percent of new board seats among Russell 3000 companies based in California (Green 2020). According to the *Wall Street Journal,* 244 of California's publicly held companies in the Russell 3000 have added at least one female director and 44 companies have added two since January 2019 (Posner 2020).

The *Wall Street Journal* reports that in 2018, at the inception of the California law, 93 California companies in the Russell 3000 had all-male boards, while today only 17 have no women on their boards. In addition, 90 percent of California companies in the S&P now include two or more women on their boards, compared with 86 percent in 2019 (Prang 2020).

This success is likely a direct result of the historic California legislation, with 68 more California companies meeting the 20 percent goal in 2019 than in 2018. As the following section describes, currently thirteen more states have followed with their own legislation to increase the participation of women on boards.

V. Additional Legislation, State by State

Following the lead of California, several other states have begun to realize the importance of women's participation on corporate boards for their own economies. States have proposed varying measures: laws, resolutions, and studies. A law is a rule that must be obeyed and followed and is subject to sanctions or legal consequences. The chief distinction between a "resolution" and a "law" is that the former is used whenever the legislative body passing it wishes merely to express an opinion on some given matter and intends to have only a temporary effect on the particular issue, while the term "law" intends to permanently direct and control matters applying to persons or things in general (*Black's Law Dictionary* 2019).

Laws can be further defined as either a hard law or as a soft law. The term "soft law" is used to denote agreements, principles, and declarations that are not legally binding. "Hard law" refers generally to legal obligations that are binding on the parties involved and that can be legally enforced before a court. A study is a detailed investigation and analysis of a subject or situation. Resolutions and studies are only the first steps in achieving gender equity on boards.

States That Passed Hard Laws

California, which has led the way on this issue, is discussed in the preceding section.

Washington

Washington State passed SSB 6037 (SB5142) on June 11, 2020, which amends the Washington Business Corporation Act and requires that each public company must have a gender-diverse board of directors or comply with specific requirements no later than January 1, 2022. If the company does not have a gender-diverse board, it must deliver a board diversity discussion and analysis to its shareholders. The requirement to deliver the discussion and analysis may be satisfied by posting the information on the company's primary website or including the required information in a proxy statement filed under specific federal regulations. The legislation requires that by December 31, 2020, a corporation must have a minimum of one female director on its board. By December 31, 2022, a corporation must have a minimum of 30 percent female directors if it has twenty or more directors, three female directors if it has ten to nineteen directors, or one female director if it has nine or fewer directors. The Secretary of State has the power to enforce this legislation and may impose fines on corporations for violations: $100,000 for the first violation and $300,000 for each subsequent violation. Beginning in 2025, and every five years thereafter, the fine amounts will increase by 10 percent.

States with Pending Hard Laws

Massachusetts

Massachusetts introduced SB1879 on January 22, 2019, and HB4153 on October 28, 2019, both with the aim of ensuring that more women serve on corporate boards of directors. The House bill would ensure gender parity and racial and ethnic diversity on public boards and commissions. The pending legislation would require by January 1, 2022, that all appointed public boards and commissions have at least 50 percent women board members/commissioners and "when practical" reflect the racial and ethnic composition of the general population.

Also under discussion are plans to increase representation on private boards. Such a plan would require that by the end of 2021, all publicly held corporations with principal executive offices in Massachusetts have at least one female director on their boards. By the end of 2023, depending on the size of the board, it must have two or three women. If this requirement is violated, companies may be fined up to $100,000.

Michigan

Michigan has proposed Senate Bill 115, which closely mirrors California's SB 826. If enacted, domestic and foreign publicly held corporations with principal executive offices in Michigan would be required to have at least one female director as of January 1, 2021. After January 1, 2023, the requirements change, depending on board size: three women should serve on boards of six directors or more, two women on boards with five directors, and one woman on boards with four or fewer directors. Corporations would be fined $100,000 for initial noncompliance. Second or subsequent violations incur a maximum fine of $300,000.

Women-held board seats at Michigan public companies have hit record highs. By the start of 2020, women held 21 percent of board seats, compared with just 15 percent in 2017. General Motors not only achieved parity on the board of General Motors Co., it exceeded this goal, as six of the automaker's eleven board seats are held by women. Women represent 40 percent of board seats at Zeeland-based Herman Miller Co., Grand Rapids-based Steelcase Co., Kalamazoo-based Stryker Corp., and Monroe-based La-Z-Boy Inc. (Walsh 2020).

New Jersey

New Jersey Senate Bill 3469 was introduced on February 14, 2019. It requires publicly held domestic and foreign corporations with principal executive offices in New Jersey to have at least one female director on the board by the end of 2019. By the end of 2021, such publicly held domestic and foreign corporations would be required to have a minimum of one female director if the corporation has four or fewer directors, two female directors if the corporation has five directors, and at least three female directors if the corporation has six or more directors. To determine compliance, the bill requires a corporation to file with the Secretary of State a list of all its directors and their terms of service and to identify the number of directors who are female. Civil penalties also include $100,000 for a first violation and $300,000 for each subsequent violation.

Assembly Bill 1982 was introduced on January 14, 2020, and sent to the Assembly's Women and Children Committee. Senate Bill 798 was sent to the Senate Commerce Committee on the same date. Both bills would require certain corporations to appoint women to their board of directors.

Hawaii

Hawaii Senate Bill B2636 would require publicly held corporations to include certain numbers of women among their boards of directors. Beginning no later than December 31, 2020, each corporation whose principal executive office is located within the state shall have a minimum of one female director on its board. No later than December 2020, each corporate board with six or more directors must have at least three female directors; those with five directors must have at least two female directors; and those with four directors must have at least one female director. No later than March 1, 2023, the Department of Commerce and Consumer Affairs must publish an annual report on its website with the corporate results. The bill would authorize administrative fines for noncompliance from $100,000, with subsequent violations reaching $500,000. This bill is endorsed by Hawai'i Women Lawyers, AAUW Hawaii, and the Hawaii Bankers Association, among others.

States That Passed Soft Laws/Resolutions/Studies

Illinois

Illinois Governor J.B. Pritzker signed HB3394 into law on August 27, 2019. This law amends the Business Corporation Act of 1983 and requires publicly held companies with headquarters in Illinois to file public disclosures about the racial, ethnic, and gender diversity of their boards of directors beginning January 1, 2021. The bill does not require that a board have female representation; it mandates only that a company file reports on board diversity with the Secretary of State's office. The bill also provides that the report must identify strategies for promoting diversity and inclusion among boards of directors and corporate executive officers. HB3394 initially would have required covered corporations to have at least one female, one Black, and one Latino board member, but the final version of the bill removed the diversity requirement.

Maryland

Maryland Governor Larry Hogan signed HB1116/SB911 into law during the 2019 legislative session. The new law, which went into effect October 1, 2019, requires Maryland businesses and certain nonprofits to report the number of women on their boards as part of their annual report to the Department of Assessments and Taxation. With the passage of HB1116/SB911, Maryland became the second state in the nation, behind California, to establish a law aimed at increasing the number of women on boards.

Pennsylvania

Pennsylvania passed resolution HR0114. The resolution encourages and urges that by 2021 every publicly held corporation in Pennsylvania with nine or more directors have at least three women, with five to eight directors have at least two women, and with fewer than five directors have at least one woman. The resolution pushes all Pennsylvania public and private companies as well as nonprofits to have a minimum of 30 percent women directors on their boards by December 31, 2020. The resolution also urges these companies to track their progress annually on the goal of equal representation of men and women in leadership positions. Research from The Forum of Executive Women of Greater Philadelphia showed that only nineteen of the region's one hundred largest public companies had a board of at least 25 percent women in 2015 and that twenty-seven of these companies had no women on their boards that year (Ey and Lefton 2015).

New York

New York Governor Andrew Cuomo signed S4278 on December 30, 2019, which amends the state's Business Corporation Law and, beginning on June 27, 2020, requires the Department of State with Finance and Taxation to conduct a study on or before February 2022. The study is to determine the total number of female directors who serve on domestic and foreign corporations authorized to do business in New York, to submit an analysis of the change in numbers from the previous year, and to determine the aggregate percentage of women directors on all boards. The first report is due by February 1, 2022, and the study is to be done every four years thereafter and published and posted on the company website. Corporations are also required to report the number of total directors and the number of women directors.

New York SB2595 was introduced on August 3, 2020, the goal of which is to promote gender balance on boards of state and local public authorities.

A587 was engrossed on July 20, 2020, which is designed to ensure gender balance. An engrossed bill is the official copy of a bill or joint resolution that has been passed in one house of the state legislature and is a legislative proposal that has been prepared in a final form for its submission to a vote of the lawmaking body after it has undergone discussion and been approved by the appropriate committees.

States With Pending Resolutions

Hawaii

Hawaii has proposed various resolutions. HCR103 and HR84 request that the Department of Labor and Industrial Relations conduct a study and survey relating to gender representation on the boards of public and private for-profit and nonprofit corporations in the state. This department is to seek input from the Department of Taxation, the American Association of University Women Hawaii Chapter, the Hawaii Employers Council, the Hawaii Business Roundtable, and the Hawaii Executive Collaborative. A report of the findings, recommendations, and proposed legislation is to be filed with the legislature no later than twenty days prior to the convening of the Regular Session of 2021. The study should collect data, through surveys or other methods, and should identify the number of women directors who serve on boards of public and private for-profit and nonprofit corporations authorized to do business in the state; analyze the change in the number of women directors from previous years; examine the number of women directors in the state relative to other states in the United States, and globally; examine literature on the social and economic impact for companies who have women directors; and examine other laws and policy proposals across the United States related to gender diversity and parity mandates in different industries.

HR12, HRC14, SCR9, and SR10 request that various appointing authorities dedicate themselves to achieving gender parity on state boards and commissions and circuit court.

Ohio

Ohio proposed HCR13 on September 24, 2019, a resolution that encourages equitable and diverse gender representation on the boards and in senior management of Ohio companies and institutions. It urges all private and public companies and institutions doing business in Ohio to commit to increasing the gender diversity on their boards and in senior management positions and to set and publish goals by which to measure their progress.

States With Other Proposals

Iowa

Iowa introduced SB217 on February 7, 2019, a bill for an act relating to a program to recognize gender diversity on corporate boards. This bill would require the economic development authority to implement and administer a program that provides a certification or other recognition for companies that have at least 50 percent women on their board. As part of the program, the authority must establish criteria for issuance of a certification, revocation and renewal of the certification, or other recognition and terms of use for a company that has received the certification.

Nebraska

Nebraska introduced LB724 on January 23, 2019, a bill that would provide requirements for boards of directors in order to qualify for tax incentives under the Nebraska Advantage Act. The bill also states that a company shall not qualify for any incentives under the Nebraska Advantage Act unless at least one-half of the members of its board of directors are female. As of August 13, 2020, this bill has been indefinitely postponed.

Vermont

Vermont has proposed SB248, which is a bit narrower than the proposals introduced in other states. The proposed legislation would require that the University of Vermont board of trustees, which has twenty-five members, achieve gender balance by 2025 and maintain it thereafter. Thus the university would be required to have twelve or thirteen women members. As currently proposed, the legislation does not appear contain any penalties for noncompliance. It does require the secretary of the board to annually notify the governor, the speaker of the House, and the Senate president pro tempore on the progress in achieving gender balance on the board, the number of seats that will be vacated during the next calendar year, and the gender balance of those seats to be vacated.

Colorado

Colorado conducted a survey of women on corporate boards, which found that 19 percent of board positions at ninety-nine Colorado public companies were held by women as of June 20, 2020. The study also reported that 79 percent of Colorado public companies now include at least one woman on their board of directors, a gain of 20 percentage points in two years (Geers 2020).

VI. Current Data for Women on the Boards of Oregon's Twenty-Seven Largest Publicly Held Corporations (2019)

This list of large-cap corporations with headquarters in Oregon was published in the *Portland Business Journal* (Sawyer 2020). We have provided the names of female board directors and have calculated a gender diversity index for each company's board, based on the percentage of board members who are women.

A 2019 Sampling of Oregon's Largest Publicly Traded Corporations and a Gender Diversity Index for Each Corporation (percentage)

Company Name and HQ Location	Industry and Capitalization	Female Directors ( ) year joined	Ratio	% of Female Directors
Columbia Sportwear Portland	Sportswear $6 billion	Sabrina Simmons (2018) Malia Wasson (2015)	2 of 8	25%
FLIR Systems Wilsonville	Imaging Equipment $6 billion	Catherine Halligan (2014) Cathy Stauffer (2014)	2 of 11	18%
Pacific West Bank West Linn	Banking $6 million		0 of 9	0%
Citizens Bank Corvallis	Banking $25 million	Denise Pratt (2014) Heather McGowan (2008)	2 of 9	22%
NIKE Inc. Beaverton	Footwear $159 billion	Cathleen Benko (2018) Elizabeth Comstock (2011) Thasunda Duckett (2019) Michelle Peluso (2014)	4 of 13	31%
Umpqua Holdings Portland	Banking $3 billion	Peggy Fowler (2009) Maria Pope (2014) Susan Stevens (2012) Anddria Varnado (2018)	4 of 11	36%

Lithia Motors Medford	Automotive $3 billion	Shawna McIntyre (2019) Susan Cain (2009)	2 of 7	29%
Arcimoto Inc. Eugene	Electric Vehicles $85 million	Nancy Calderon (2020)	1 of 5	20%
Jewett-Cameron Trading Company North Plains	Wood Products $25 million	Sara Johnson	1 of 6	17%
Digimarc Beaverton	Scanning Equipment $252 million		0 of 6	0%
CUI Global Inc. Tualatin	Energy Services $23 million	Sarah Tucker (2019)	1 of 7	14%
Craft Brew Alliance Portland	Craft Brewing $295 million	Jacqueline Woodward (2017)	1 of 8	12%
Willamette Valley Bank Salem	Banking $4 million	Denise Schott	1 of 10	10%
Willamette Valley Vineyards Turner	Wine Production $31 million	Kim Bellingor Christine Clair Jessica Endsworth Pamela Frye Barbara Gross Carrie Kalscheuer Jessica Mozeico Kate Norris Annie Shull	9 of 17	53%
Greenbrier Lake Oswego	Railroad Freight $780 million	Wanda Felton (2017) Wendy Terremoto Kelly Williams (2015)	3 of 10	30%
Schnitzer Steel Industries Portland	Metal Recycling $477 million	Tamara Lundgren (2008) Judith Johanson (2006) Rhonda Hunter (2017)	3 of 8	38%

Great Ajax Corp. Beaverton	Real Estate $220 million		0 of 7	0%
Lattice Semiconductor Hillsboro	Electronics $4 billion	Robin Abrams (2011) Anjali Joshi (2019) Krishna Rangasayee (2018)	3 of 9	33%
Portland General Electric Portland	Utilities $4 billion	Maria Pope (2006) Marie Huber Kathryn Jackson (2016)	3 of 12	25%
Northwest Natural Gas Portland	Utilities $2 billion	Martha Byorum (2011) Monica Enand Jane Peverett Malia Wasson	4 of 11	36%
Willamette Community Bank Albany	Banking $4 million	Kerry Johnson	1 of 8	13%
Summit Bank Eugene	Banking $8 million	Ann Marie Mehlum Patty Buehler	2 of 12	17%
Bank of Eastern Oregon Heppner	Banking $3 million	Kate Salyers	1 of 10	10%
People's Bank of Commerce Medford	Banking $9 million	Jackie Anderberg (2018) Lindsay Berryman (2014)	2 of 9	22%
Oregon Pacific Bank Florence	Banking $11 million	Kerrie Johnson (2019) Sabrina Parsons (2019)	2 of 11	18%
Eastern Distilling Portland	Alcohol Production $17 million	Stephanie Kilkenny	1 of 4	25%

	AVERAGE % OF 27 COMPANIES	21%

The overall gender diversity index (GDI) for these twenty-seven companies is an average of 21 percent. Omitting the highest and lowest GDIs, which might provide a more realistic picture, reveals an average of 18 percent. These statistics can also be analyzed by industry: for example, the Oregon banking industry has a GDI of 15.8 percent.

Two of the companies on this list warrant comment. First, we should note that the Craft Brew Alliance was acquired by Anheuser-Busch in November 2019. We cannot predict what if any impact this acquisition will have on board membership. Second, the atypically high gender diversity index for Willamette Valley Vineyards may reflect the unusual composition of its board, which is made up of winery owners and winemakers, thus drawing from a different candidate pool than most corporations and skewing the average of the twenty-seven companies.

Conclusion

Women gaining the right to vote just one hundred years ago was an extremely difficult struggle in the face of an all-male electorate and Congress. Public gender discrimination, inequities, and racism have continued to be manifested in today's corporate culture. Business democracy still applies primarily to white men, who hold the majority of seats on boards of directors that run public companies. Women's crusade for equity continues in the twenty-first century with recent calls for equity for women on corporate boards. The old ways of discrimination against women, which limited their opportunities and contributions as equal voices, have failed to keep up with lived experience in the twenty-first century. The legacy of the twentieth century has now been challenged. Inclusion and diversity in modern gender dynamics highlight the need for critical balance in our nation's boardrooms.

This current moment of national crises and exposure to societal inequities leads us to an opportunity to strengthen Oregon's corporations by establishing quotas for equity on the boards of its publicly held corporations. Oregon has the choice to follow its sister states' lead by mandating institutional change that can produce not only greater equity for both women and underrepresented populations but also enhanced business and financial performance. The greatest predictor of gender-diverse corporate boards is the strength of its legislative mandate for diversity. The inclusion of more women on Oregon boards of directors of publicly held corporations would boost Oregon's economy. To paraphrase Christine Lagarde's famous observation, if Lehman Brothers had been Lehman Sisters, our world might look very different.

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This report was prepared by members of the Public Policy Committee of the Ashland Branch of AAUW Oregon. We have labored to make the contents as accurate as possible; we regret any errors (and acknowledge that statistics may sometimes vary depending on the criteria used by various research institutions). We dedicate this study to AAUW members in Oregon who so wisely established our topic of Quotas for Women on Corporate Boards of Oregon as a priority of our public policy outreach in 2020.

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Terms and Resources

2020 Women on Boards. A nonprofit organization that tracks, analyzes, and publishes the gender composition of the boards of directors of Russell 3000 companies. The organization uses this data to develop Gender Diversity Index (GDI) comparisons of the percentage of women on these boards, which allows each company to be ranked.

30% Club. A global organization launched in 2014 whose U.S. goal is to achieve 30 percent female directors on S&P 100 and S&P 500 boards by 2020. Today 28.6% of S&P 100 directors are women, while S&P 500 boards are moving at a glacial pace.

30% Coalition. A U.S. organization committed to women holding 30 percent of board seats across public companies.

Alliance for Board Diversity. Founded in 2004, this is a collaboration of four leadership organizations (Catalyst, Executive Leadership Council [ELC], the Hispanic Association on Corporate Responsibility, and Leadership Education for Asian Pacifics) and Deloitte. Its mission is to enhance shareholder value in Fortune 500 companies by promoting inclusion of women and minorities on corporate boards.

The BoardList. This company drives improved business performance through increasing gender diversity on corporate boards and develops female leaders for successful board service. It connects exceptional women with global board opportunities.

Business imperative. A major change or goal a business undertakes, upon which shareholders and the business's success depend.

Catalyst. A global nonprofit working with some of the world's most powerful CEOs and leading companies to build workplaces that work for women. Founded in 1962, Catalyst helps organizations accelerate progress for women at work with research, practical tools, and proven solutions to remove barriers and drive change for women.

Class ceiling. A socioeconomic term, coined by Friedman and Laurison (2019), used for patronage practices that reproduce class inequality, also gendered and racialized, within the financial and business sectors.

Clayman Institute for Gender Research. Founded in 1974, the Michelle R. Clayman Institute for Gender Research at Stanford University has put research into action by inspiring innovative solutions that advance gender equality. Launched when women professors were "firsts" in their positions, the institute's work today engages faculty and students from Stanford University's seven schools and beyond. The institute operates as an incubator for collaboration, engaging diverse groups of experts and scholars to identify and tackle the next big questions related to gender equality. For decades, its ground-breaking research—both its in-house research and the interdisciplinary gender research it funds—has effected lasting change.

Cranfield Center for Women Leaders at the Cranfield School of Management. Initiator of the Female Financial Times Stock Exchange Index UK, a report that provides a regular measure of the number of women executive directors on the corporate boards of the UK's top companies on FTSE and FTSE 250 boards.

Critical mass on boards. Research on boardroom dynamics demonstrates the benefits of having three or more women on a typical corporate board as a "critical mass": broadening the board's discussions to include the concerns of a wider set of stakeholders, experiencing women's persistence in pursuing answers to difficult questions, and bringing a more collaborative approach to leadership, all of which improve communication among directors and between the board and management.

Diversified Search. The largest female-founded firm in the executive search industry, providing management advisory services focused on talent optimization and leadership with offices in eleven U.S. cities and worldwide as the exclusive U.S. partner of AltoPartners.

EDGE (Economic Dividends for Gender Equality) Gender Certification methodology. A global assessment methodology and business certification standard for gender equality, which was developed by the EDGE Certified Foundation and launched at the World Economic Forum in 2011 to help companies close the gender gap.

Employee Resource Groups (ERGs). These groups encourage a two-way communication dynamic between management and a board of directors; originally established by the Chubb Corporation's board of directors to ensure communication and policy about diversity for women, racial/ethnic minorities, and LGBTQ individuals.

Equality of outcome approach. A formal and more professional quota system approach to board selection, focused on results. Ten countries/states utilize the approach: Belgium, Norway, Germany, Iceland, India, Israel, Italy, Pakistan, Spain, and California. An additional fifteen countries use a comply-and-explain approach.

Equilar. Founded in 2000, a leading provider of Board Intelligence Solutions. BoardEdge and Insight provide tools for board recruiting, business development, executive compensation, and shareholder engagement. Equilar also hosts industry-leading board education symposiums and comprehensive custom research services while publishing award-winning thought leadership.

Equilar BoardEdge. Within its Diversity Network, this registry of board-ready executives from leading ethnic and gender diversity organizations allows one to search and find director candidates outside an immediate network.

Equilar Diversity Network. A consortium to advance diverse representation in boardrooms across the globe. The network is accessible exclusively through the Equilar BoardEdge platform with a registry of board-ready executives from leading ethnic and gender diversity organizations.

Ethical imperative. The need among senior management and business leaders to follow the values established by the company and instituted by the compliance team. Gender equity depends on ethical imperatives coming from top management, practicing honesty and transparency.

Executive Leadership Council (ELC). This nonprofit council's primary focus is to nurture and amplify Black excellence and leadership in business.

EY (Ernst & Young) Women Fast Forward. A global platform that engages EY's clients and communities to advance gender equality.

Fenwick Gender Diversity Score. Fenwick reviewed filings for twenty-three years (1996-2019), analyzing the gender makeup of boards and management teams. Fenwick provides comprehensive legal services to technology and life sciences companies at every stage of their life cycle.

Fortune 500. Companies that represent two-thirds of the U.S. GDP with $14.2 trillion in revenue. The revenue threshold for making the 2020 Fortune 500 list was $5.7 billion, up 1 percent from 2019.

FTSE (Financial Times Stock Exchange) UK. An enormous group of indices owned by the London Stock Exchange. The acronym originated in the days when the group was owned by the *Financial Times* newspaper. Now this group is an entirely owned subsidiary of only the London Stock Exchange.

Gender Diversity Index (GDI). An annual review of gender diversity on boards of directors on the Russell 3000 index, conducted by Women on Boards. In 2020, WOB announced that the goal of having 20 percent of board seats held by women has been attained.

Gender pay gap for directors. Investors' growing interest in the median gender pay gap (the wage difference between the compensation of the median male board member and the median female board member) is the latest expression of a more granular approach to ESG (environmental, social, and governance) investing. The call is for public companies to disclose their gender pay gap to shareholders.

Glass ceiling. An unwritten, uncodified barrier to further promotion or progression that prevents women and minorities from advancing to leadership positions.

Glass cliff. The phenomenon of women in key positions, such as corporate board directorships, being more likely to assume leadership roles during periods of crisis or downturn, when the likelihood of failure is highest.

Governance. The act or process of governing or overseeing the control and direction of an organization.

Human capital theory. The idea that a collection of traits (knowledge, intelligence, training, judgment, talents, skills, abilities, wisdom) held by individuals of a corporate board, for instance, represent a form of wealth that can be directed to accomplish the goals of the organization.

Implicit bias. Implicit social cognition, a form of stereotyping that relates to thoughts and feelings expressing preference or aversion. This describes a form of generalizations or blanket attributions that are not true.

International Labor Organization (ILO). United Nations agency devoted to promoting social justice and internationally recognized human and labor rights in 187 member states.

Intersectionality. The complex, cumulative way in which the effects of multiple forms of discrimination (such as gender, racism, sexism, and classism) combine, overlap, or intersect and are mutually constitutive rather than isolated and distinct.

Institute for Women's Policy Research (IWPR). As a leading national think tank based in Washington, D.C,, IWPR builds evidence to shape policies that grow women's power and influence, close inequity gaps, and improve the economic well-being of families. IWPR champions economic equity for all women and the elimination of barriers to their full participation.

JPMorgan Chase (JPM). A leading global financial services firm and one of the largest worldwide banking institutions in the United States. Gender diversity on the JPMorgan board of directors has stalled, with only two women directors since 2006, representing just 17 percent of the twelve-member board. That level ranks the bank in the bottom fourth of the S&P's 500 index of large U.S. companies, according to BoardEx, a relationship-mapping service of TheStreet Inc. Jamie Dimon's failure to add more women has drawn criticism from shareholder advocates, especially given the bank's role in global finance and as a symbol of American capitalism.

KPMG Board Leadership Center. A center that champions outstanding governance for long-term corporate value and enhances investor confidence and is composed of several programs and perspectives.

Liminality. The transition from a corporate director's status of out-group to in-group.

McKinsey Global Institute (MGI). The business and economics research arm of McKinsey was established in 1990 to develop a deeper understanding of the evolving global economy. MGI's mission is to provide leaders in the commercial, public, and social sectors with the facts and insights on which to base management and policy decisions.

Meritocracy. The idea that elites emerge based on ability and talent rather than on class privilege or wealth.

National Association of Corporate Directors (NACD). A nonprofit membership organization for corporate board members, providing corporate governance resources, education, information, and research on leading board practices.

Patriarchy. A general societal structure in which men have power over women. Society is the entirety of relations of a community. A patriarchal society consists of a male-dominated power structure throughout organized society and in individual relationships. A synonym is *patrimonialism.*

Rooney Rule. A concept (originally from the National Football League but now adopted by boards of directors) that requires an interviewing quota for women and minority candidates for each available position.

Russell 3000. The Russell 3000 Index is a market capitalization–weighted equity index maintained by FTSE Russell that provides exposure to the entire U.S. stock market. The index tracks the performance of the three thousand largest U.S.-traded stocks, which represent about 98 percent of all U.S incorporated equity securities.

Sarbanes-Oxley Corporate Governance Act of 2002. Passed to address a series of high-profile corporate scandals in the early 2000s, this law was the most significant piece of legislation in the history of federal securities regulations. It required the presence of a financial expert on a board's audit committee and made demands for director independence and public disclosure of the director-selection process, resulting in a more formalized and transparent board recruitment process. Since 2002, board service requirements are written, made public, and codified so that the process can be scrutinized for bias against women.

Structural discrimination. Structural inequality, systemic discrimination, institutional racism, and white supremacy occur in a society when an entire network of rules and practices disadvantages less empowered groups while serving at the same time to advantage the dominant group.

S&P 500. A stock market index that tracks the stocks of 500 large-cap U.S. companies. It represents the stock market's performance by reporting the risks and returns of the biggest companies. Investors use it as the benchmark of the overall market, to which all other investments are compared.

Transformational leadership. A process in which leaders and followers raise each other to higher levels of motivation and ethics, improving human conduct and empowering others. Women are particularly suited to and adept in using transformation leadership, creating consensual, inclusive relationships that focus on collaboration and mutual empowerment.

Vigeoeiris Enterprise. A global provider of environmental, social, and governance (ESG) research to investors and public and private corporations, supporting them in the integration of ESG criteria into business and strategic functions.

Women. This report uses the term "women" to include those of all ethnicities, races, socioeconomic levels, and ages.

Women on Boards (WOB) Project. A nonprofit organization, founded by Sheryl O'Loughlin and industry leaders in 2020, whose mission is to increase the number of women serving on boards while expanding diversity, including race, age, socioeconomic status, and gender fluidity; to empower women as business leaders; and to improve diversity and inclusion at the board of directors level. It has partnered with leading private equity firms and an inaugural group of twenty companies to increase gender diversity and inclusion on boards of directors of consumer product companies. For recruitment of women, the WOB Project has developed a strategic partnership with the BoardList.

Women Corporate Directors (WCD). The world's largest membership organization and community of women board directors. A not-for-profit foundation, WCD provides networking opportunities and insightful governance programming to enable critical thinking on the latest challenges and opportunities in the boardroom.

Women's Leadership Gap. A fact sheet from the Center for American Progress, updated November 20, 2019, using Catalyst as the source of most of the data on women's representation on boards and in executive positions in the U.S. This fact sheet charts women's representation for S&P 500 companies rather than Fortune 500 companies.

Women's Power Gap Initiative. An initiative that aims to dramatically increase the number of women leaders from a diverse set of backgrounds across all sectors in Massachusetts. Its research measures the extent of the power gap and proposes solutions to reach gender parity.

Appendix: Sources for Specific Legislation, by State

California

Resolution 62

http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0051-0100/scr_62_bill_20130711_introduced.pdf

SB 826

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB826

AB 931

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB931

AB 979

http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB979

Hawaii

SB 2636 (HB 2720)

https://www.capitol.hawaii.gov/session2020/bills/SB2636_SD1_.pdf

HB 2720 (SB 2636) see above

HCR 103 (HR 84)

https://www.capitol.hawaii.gov/session2020/bills/HCR103_.HTM

HR 12 (HCR 14)

https://www.capitol.hawaii.gov/session2020/bills/HCR14_.HTM

SCR 9 (SR 10)

https://www.capitol.hawaii.gov/session2020/bills/SCR9_.HTM

https://www.capitol.hawaii.gov/Session2020/Testimony/SCR9_TESTIMONY_GVO_03-10-20_.PDF

Illinois

HB 3394

https://legiscan.com/IL/bill/HB3394/2019

Iowa

SF 217

https://www.legis.iowa.gov/docs/publications/LGI/87/SF271.pdf

Maryland

HB 1116 (SB 911)

https://www.legiscan.com/MD/bill/HB1116/2019

Massachusetts

SB 1879

https://trackbill.com/bill/massachusetts-senate-bill-1879-an-act-to-ensure-more-women-serve-on-corporate-boards-of-directors/1712685/

Michigan

http://www.legislature.mi.gov/documents/2019-2020/billintroduced/Senate/pdf/2019-SIB-0115.pdf

Nebraska

LB 724 (c2)

https://nebraskalegislature.gov/FloorDocs/Current/PDF/Intro/LB724.pdf

New Jersey

SB 3469

https://www.njleg.state.nj.us/2018/Bills/S3500/3469_I1.HTM

AB 1982

https://www.legiscan.com/NJ/text/A1982/id/2095481/New_Jersey-2020-A1982-Introduced.html

SB 798

https://www.legiscan.com/NJ/text/S798/id/2095856/New_Jersey-2020-S798-Introduced.html

New York

S 4278

https://legiscan.com/NY/text/S04278/id/1947093/New_York-2019-S04278-Introduced.html

SO 2595

https://legiscan.com/NY/text/S02595/id/2203476/New_York-2019-S02595-Amended.html

A00587

https://legiscan.com/NY/text/A00587/id/2089060/New_York-2019-A00587-Amended.html

A00910

https://legiscan.com/NY/text/A00910/id/1849102/New_York-2019-A00910-Introduced.html

Ohio

HCR 13

https://legiscan.com/OH/text/HCR13/id/2054685/Ohio-2019-HCR13-Introduced.pdf

Pennsylvania

HR 114

https://legiscan.com/PA/text/HR114/2019

Washington

SB 5142

https://legiscan.com/WA/text/SB5142/id/1846504/Washington-2019-SB5142-Introduced.pdf

SSB 6037

https://legiscan.com/WA/text/SB6037/2019

Vermont

SB 248

https://legiscan.com/VT/text/S0248/id/2089285/Vermont-2019-S0248-Introduced.pdf