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# A FEW GOOD WOMEN

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Gender Inclusion in Public Company  
Board Leadership

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Diligent Institute was founded in 2018 to offer a global perspective on the complex and disruptive board governance topics that directors and leadership teams are tackling today. The Institute serves as the global governance research arm of Diligent Corporation, the pioneer in modern governance. Diligent® empowers leaders to turn governance into a competitive advantage through unparalleled insight and highly secure, integrated SaaS applications, helping organizations thrive and endure in today's complex, global landscape. The Diligent Institute is solely funded by the Diligent Corporation and functions as a think tank and research arm.



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# Introduction

The need for greater gender diversity on public company boards has dominated many conversations around governance in recent years. There are a number of reasons for this – women directors and dozens of organizations have worked to call attention to the lack of representation, companies have begun to recognize the important business case for diverse leadership, investors have engaged in activism around gender diversity on boards, and the media has increased attention on diversity and corporate governance issues. Likewise, the demands of modern governance is prompting boards to bring diverse perspectives and skill sets into the boardroom to serve as a bulwark against risk.<sup>1</sup>

Regardless of whether boards are adding women to their ranks because of external pressure, because they see the benefit, or because they are finding exceptional board candidates who coincidentally happen to be women, the percentage of women on corporate boards has risen steadily over the past three years. For example, in 2017 Russell 1000 company boards were 19.6% women, followed by 21.3% women in 2018, and 24.3% women in 2019.<sup>2</sup> In Europe, more than one-third of all board appointments last year were women, with France nearing gender parity with 42% women directors.<sup>3</sup> That is significant progress and a testament to the work of the more than fifty organizations<sup>4</sup> and hundreds of individuals advocating for increased gender diversity on corporate boards.

While the influx of new talented women entering public company boardrooms is a story worth telling, the level of *inclusion* of these new directors has received less coverage, but is an important part of the story. As Vernā Myers, inclusion advocate and VP of Inclusion Strategy at Netflix, puts it, “Diversity is being invited to the party; inclusion is being asked to dance.” In other words, while much of the conversation around the gender diversity of boards has centered on getting more women into board seats, not enough of it has focused on what

happens once women join the board. Modern governance demands improvements of both diversity *and* inclusion.

In *A Few Good Women*, Diligent Institute set out to measure the levels of inclusion of women board directors on the public company boards. The report examines the rates of participation by women directors on committees, as committee chairs, and in board leadership<sup>5</sup> positions, including board chair and lead director roles. The goal was to determine the following:

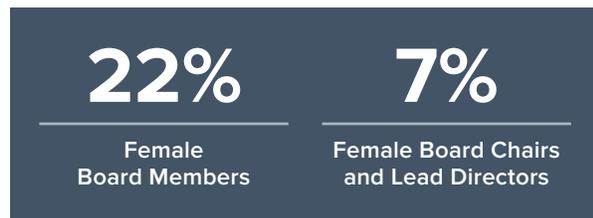
- Are women merely being asked to *join* boards, or are they being provided with opportunities to *lead* while on the board – as lead director, board chair, or as chair of a committee?
- How often are women taking on board leadership roles, and how does that compare with men?
- Do women take on board leadership positions immediately upon joining boards, or are they required to wait? Do they wait longer than male directors for leadership opportunities?

The report leveraged data and analytics provided by CGLytics on the directors of 5,911 public companies across the globe.<sup>6</sup> The full breakdown of the data included in the report can be found in the appendix.

# Key Findings

## The Bad News: Women's Participation in Leadership Roles and Corporate Boards is Low

While the number of women directors has increased dramatically, the gender balance of global boards still isn't anywhere close to parity. Globally, only 22% of corporate directors are women. Correspondingly, only 7% of board leadership roles globally are filled by female<sup>7</sup> directors.



Additionally, only 3% of all female directors currently hold board leadership roles, compared to the 14% of male directors who hold board leadership roles. In other words, men are 4.67 times more likely to be a Lead Director or Board Chair than women.



Men hold over **3x** more board leadership positions than women

&

Men are **4.67x** more likely to be board leaders than women

Taking the longer view, female directors are also lagging behind their male peers in terms of their career board leadership experience. The average female board director has held an average of 0.28 board leadership roles over her career, whereas the average male director has held 0.88. In other words, male directors have held more than three times the number of board leadership positions that female directors do, on average.

This ratio is improved, but still not equal when it comes to committee chair roles. The average female committee member has held 1.08 committee chair roles over her career, whereas the average male committee member has held 1.24.

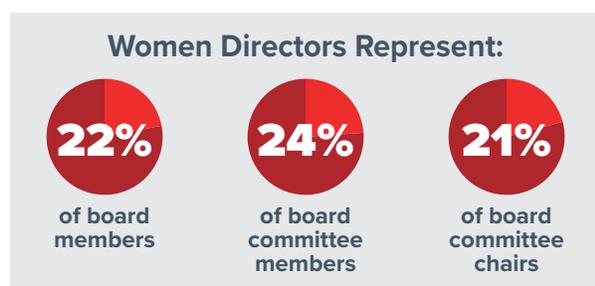
These numbers are likely not surprising; while women have begun joining boards in higher numbers over the last few years, it is a recent phenomenon, so there has been less time and opportunity for women to assume board leadership roles. That said, the data also show that there is still a long road to walk before corporate boards reach gender parity, either in overall board membership, or especially in terms of board leadership.

## MIXED STORY IN EUROPE

In Europe, 27% of corporate board members are women (vs. 20% in North America). However, the percentage of women in leadership roles has not risen alongside the representation ratio – only 8% of European board chairs and lead directors are women (vs. 7% in North America). Put another way, Europe has greater representation of women on boards and in board leadership, but a 19-point gap between the two (vs. a 13-point gap in North America).

## Some Better News: Once Women Join Boards, They Are Included in Committees & in Leadership Roles

Women are making strong contributions to corporate boards as committee members. In fact, women are more highly represented in committees than they are on boards overall. Where 22% of board members globally are women, 24% of board committee members are women. Perhaps even more significantly, 21% of board committee chairs are women – that’s almost equal to the percentage of women on boards overall.



### Women’s Participation in Board Committees

	Audit	Remuneration	Nomination
Overall Committee Member	25%	24%	24%
Committee Chair	21%	23%	19%

When it comes to board leadership, men are still more likely to directly join a board as the Chair or Lead Director, but women are nearly as likely to do so – 45% of men who are in board leadership positions joined and immediately assumed that role, as compared to 40% of women who are in leadership positions. While this number isn’t exactly even, it’s far closer to parity than any other global measurement related to gender diversity and corporate board leadership thus far.

Among all directors who didn’t join the board in a Board Chair or Lead Director role but did eventually achieve one, female directors

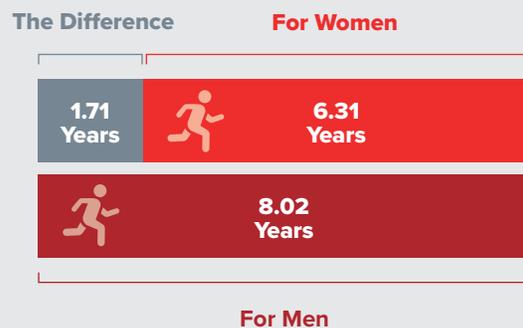
reach those leadership positions faster than their male counterparts. It takes women board members 6.31 years on average to achieve a leadership role, as opposed to 8.02 years for men. That’s over a year and a half faster for women on boards to become a Board Chair or Lead Director. This difference provides some evidence that companies are actively seeking fresh perspectives in leadership roles.

*“If you’re stepping on as chair of a committee for the first time, you really need to spend a lot of time listening and understand how things evolved, so you understand the background of what you’re actually inheriting - and then you start talking to your committee members and the rest of the board about what you see. If you’ve been appointed as the chair of the committee, they’re expecting you to bring your fresh eye – that’s the advantage that you have – especially if you’re new to the board as well. They want to hear what you’re seeing, they want your fresh perspective.”*

#### Leslie Campbell

Chair of the Nominating and Governance Committees and Independent Director  
**Coupa Software and 1800PetMeds (PetMed Express, Inc.)**

### Pace of Board Leadership Promotions



## PACE OF BOARD LEADERSHIP PROMOTIONS

Interestingly, it takes both men and women significantly longer to reach board leadership positions if they do not join directly as chair or lead director in North America than it does in Europe. In North America, it takes men 9.66 years and women 7.43 years on average. That’s over a two-year difference between men and women.

In Europe, it takes both men and women less time to reach board leadership if they didn’t join directly in the role – 5.65 years for men and 5.01 years for women on average. The difference between men and women on this measure is significantly less in Europe than it is in North America.

### The Best News: By Seeking More Women Directors, Companies Tap into a Deep Talent Pool

From conversations with corporate directors, we have developed a few hypotheses for the key findings in the data. Below are a few suggested explanations.

#### 1. Women Directors Bring Specialized Skill Sets and Valuable Perspectives

Given the level of pressure companies are under to increase the gender diversity of their boards, many are working hard to meet this demand. But at the same time, companies might use this moment as an opportunity to refresh their board along multiple axes – not only along gender lines, but also to diversify the age range, skill set, and other perspectives of their directors.

Lending weight to this theory is the fact that female directors are younger in age than male directors, younger when they assume board leadership roles, and younger when they chair committees.

*“The women who serve on corporate boards today are talented, knowledgeable and capable business leaders. They bring a wealth of expertise to this important role of governance and stewardship to create shareholder value – it’s not just about gender diversity; but good business. Over the past several years, most boards have authentically embraced gender diversity but there are still some boards who have failed to recognize that women can help their companies be more successful than they are today.”*

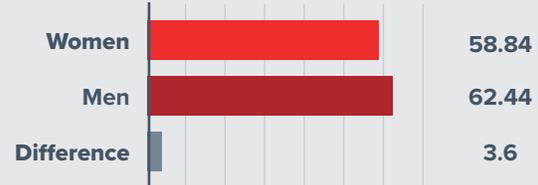
#### Maggie Wilderotter

Board Chair and Independent Director  
DocuSign

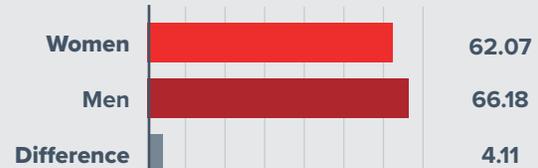
Audit Committee Chair & Independent Director  
Hewlett Packard Enterprise Company, Lyft

Independent Director  
Cadence Design Systems, Costco Wholesale Corporation

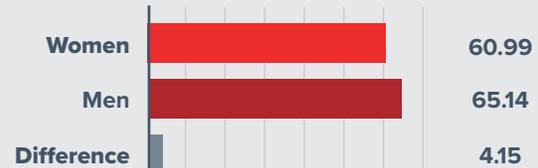
#### Average Age of Directors



#### Average Age of Those in Leadership Roles



#### Average Age of Committee Chairs



Additionally, women directors often bring specialized skill sets to the board, because (based on the numbers) fewer of them are likely to have been CEOs than their male counterparts. According to research from Catalyst in January 2020, only 5.8% of S&P 500 CEOs are women.<sup>8</sup> Many boards seek candidates that bring previous experience in chief executive and board roles, and as few women have had the opportunity to have both of these experiences at large public companies, they are more likely to bring other highly-desirable skills to the board, such as digital technology expertise, specific legal or HR knowledge, or experience in implementing ESG and sustainability programs.

*"I know that many of the boards I've been asked to consider have sought me out for multiple reasons. I have computer science background, and over thirty years' experience with a large company – IBM – where I also had the opportunity to nurture young entrepreneurs through the Venture Capital Group, and now I work in one of the most active venture capital firms. I also happen to be a woman who was born in Taiwan and raised in Brazil. Companies seeking new sources of talent for their boards are smart to look for women candidates because we don't just bring our gender into the boardroom; we bring a vast array of expertise and perspectives with us. We bring cognitive diversity to enable more interesting conversations in the board rooms."*

**Claudia Fan Munce**

Independent Director  
**CoreLogic, Best Buy, Inc.**  
Venture Advisor  
**NEA**

*"I don't believe companies are just filling board seats with random women – they are seeking candidates who bring needed skill sets and perspectives to the table, who also happen to be women. The advantage is that the company has an opportunity to onboard directors who have expertise the existing board might not have – for example, finding someone with experience implementing an ESG program tied to business objectives and aligned to incentives and compensation packages. I also see many companies leveraging new directors' networks by involving them early on in the work of the nominating and governance committee, so they can put their energies to helping expand the pipeline of diverse candidates to fill future board vacancies."*

**Deb Frodl**

Board Chair and Independent Director  
**XL Fleet**  
Independent Director  
**Renewable Energy Group, Inc.**

One other possibility is that the women who join boards are exceptionally qualified in part because it's been traditionally so difficult for women to gain board seats. Female board candidates have likely needed to be the "best of the best" to gain the attention of recruiters, and therefore might be ready for board leadership roles faster than male peers, who might not have had to be as highly qualified to gain board seats.

## **2. Women Directors Help Companies Recover from Crises**

In some cases, companies bring on women directors and appoint them to key leadership positions in the wake of a corporate crisis or scandal. This might be in part to provide more visibility to the company's efforts to improve diversity and overall corporate culture, or to improve the company's reputation by addressing a perceived leadership imbalance. Several examples of companies that have recently added multiple women directors in the wake of scandals involving misconduct on the parts of their former chief executives abound – including Wynn Resorts, CBS/Viacom, and Uber.<sup>9</sup>

But as Dr. Anita Sands, corporate director at iStar, Pure Storage and ServiceNow, points out, companies can only reap the benefits of bringing on diverse candidates if they foster a culture of “belonging”:

“Where companies and boards really start to lose out is when our employees or fellow directors are expending a huge part of their energy just trying to fit in, instead of bringing their full, authentic selves to the job. When people don't feel they belong, they self-censor - they simply won't share that really radical, innovative idea, or more importantly that contrarian idea, if they feel that they'll be judged or criticized. After working so hard to recruit a diverse board, it's such a shame to then lose out on the benefit of that alternative perspective because we don't have a culture of belonging.”

There is evidence from the research about the C-Suite to support that merely adding women into an organization without fostering a culture of belonging can be highly detrimental. Companies that have hired women CEOs as “saviors” when the company has already experienced multiple challenges might be setting both the new candidate and company for failure. Women who experience this “glass cliff” phenomenon can find themselves first praised for their potential to help get the company back on stronger moral, ethical and financial footing, and then vilified should the company not be able to survive because of its past failings.<sup>10</sup>

### 3. Once a Woman Takes Her First Board Leadership Role, She Often Gets Additional Offers

Boards tend to desire candidates that exhibit previous leadership experience – particularly when it comes to chairing committees or the board, which could explain why female directors report that chairing committees and taking board leadership roles tends to generate other leadership offers.

While there has been some anecdotal evidence suggesting a small number of female corporate directors are being tapped repeatedly to serve on multiple public company boards, our data did not show a significant difference in the average number of board seats held by individual male and female directors. Globally, men hold an average of 2.54 board positions and women hold an average of 2.55 board positions.

That said, in conversation with women directors, we heard often that once they had chaired their first committee or held their first board leadership role, it led to additional offers of board and committee leadership down the line. This phenomenon can find themselves first praised for their potential to help get the company back on stronger moral, ethical and financial footing, and then vilified should the company not be able to survive because of its past failings.<sup>10</sup>

*“I was fortunate that my first board experience was with a listed company on the ASX 100. When I joined the board, they didn’t have a committee focused on remuneration. I convinced the chair we needed to establish a People and Culture Committee (Remuneration Committee), which was a huge step-change for the company. I chaired that committee, and later when I was recruited onto the board of a company pre-IPO, I was asked to chair that board. I went on to chair four other pre-IPO boards. Having this early experience on a listed company and chairing a pre-IPO board made me ‘sought after’ to take similar roles at other companies. You don’t start out thinking, ‘This is what I’m going to become known for’, but once you have the experience, you become known as someone who’s qualified for a certain type of board leadership. For women joining their first boards, it’s worth taking the leap of faith to join a committee, putting their hand up to chair their first committee, or taking other board leadership roles. Once you do, additional doors can open for you.”*

#### **Susan Forrester**

Board Chair & Independent Director  
**National Veterinary Care Ltd.**

Education Committee Chair & Independent Director  
**G8 Education Ltd.**

Audit & Risk Committee Chair & Independent Director  
**Over the Wire, Viva Leisure**

Audit & Risk Committee Chair & Independent Director  
**Viva Leisure**

Diligent Institute Advisory Board Member

# Conclusion

While the influx of new women directors joining the boards of public companies has been encouraging, companies globally still have a long way to go before boards reach gender parity. Meanwhile, the heightened focus on gender diversity should include what happens after diverse directors join boards. Inclusion and belonging are as important, if not more so, to changing boardroom culture and helping companies reap the benefits of diverse perspectives at the leadership level.

The data in this report tell a mixed story, about promising progress and overwhelming obstacles, about talented leaders transforming and improving the organizations they join, and about how much work there still is to be done.

Yet, one conclusion is clear: the women being added to corporate boards are high-quality business leaders contributing significantly to the companies they serve and rising into leadership roles. This should dispel any suggestion to the contrary. The women who are joining corporate boards hold an even higher proportion of committee seats than they do board seats overall, and they hold almost as many committee chair positions. Women join boards directly into leadership roles almost as frequently as men, and other women directors reach leadership roles faster on average than their male counterparts.

While it's encouraging to see that for the few women who do make it onto boards, their talents and skillsets are being utilized and they are assuming leadership roles, it's important to remember that the number of women reaching leadership positions is still only a small fraction of the overall director population. We need more than only "a few good women" to help companies reach their full potential for modern governance.

*"From my observation, the changing culture of board recruitment away from a narrow 'who-you-know' pool to a wider governance-educated pool of candidates is leading to women directors more quickly rising to board leadership roles. I've noticed that women candidates seem to complete more director education - such as NACD certification, Harvard, Stanford, Northwestern board training, etc. - as they prepare for their board searches and while serving. That makes them - and their colleagues - more aware of governance best practices, which leads to board committee chair rotation and more women volunteering for board committee leadership roles. Since women board directors are generally younger, this also may make them more comfortable chairing committees focused on technology, social media or consumers."*

**Britt Ide**

Independent Director  
**NorthWestern Energy**  
International Advisory Board Member  
**Reactive Technologies, Ltd.**

# Closer Look: United States

This is the gender diversity and inclusion story in the United States. While governance is increasingly global, strong regional differences remain. United States companies made up over half of our global sample, so it's worth providing United States specific numbers for all the global data points shared in the report.

## The Bad News

### Board Leadership Representation



### Board Leadership and Committee Chair Experience

Average Female Board Member	Average Male Board Member
<ul style="list-style-type: none"> <li>Has held <b>0.2</b> board leadership positions</li> <li>Has held <b>1</b> committee chair position</li> </ul>	<ul style="list-style-type: none"> <li>Has held <b>0.66</b> board leadership positions</li> <li>Has held <b>1.2</b> committee chair positions</li> </ul>

## The Better News

### Women's Participation in Board Committees



### Leadership Momentum



While the distribution of women as members of committees is relatively consistent globally, the committee chair ratios tell a different story. Women are slightly more likely to chair the Nomination committee in the United States than either Audit or Remuneration; in the rest of the world, women are the least likely to chair the Nomination committee – and by a wide margin.

	Audit	Remuneration	Nomination
<b>UNITED STATES</b>			
<b>Overall Committee</b>	<b>21%</b>	20%	20%
<b>Committee Chair</b>	16%	17%	20%
<b>OUTSIDE THE UNITED STATES</b>			
<b>Overall Committee</b>	31%	31%	29%
<b>Committee Chair</b>	<b>27%</b>	<b>32%</b>	16%

# Closer Look: Europe

European companies comprised nearly one-third of our global sample, so we have provided the picture below of the status of European companies vs. the rest of the world below.

## The Bad News

### Board Leadership Representation



### Board Leadership and Committee Chair Experience

 Average Female Board Member	 Average Male Board Member
<ul style="list-style-type: none"> <li>Has held <b>0.38</b> board leadership positions</li> <li>Has held <b>1.10</b> committee chair positions</li> </ul>	<ul style="list-style-type: none"> <li>Has held <b>1.26</b> board leadership positions</li> <li>Has held <b>1.37</b> committee chair positions</li> </ul>

## The Better News

### Women's Participation in Board Committees



### Leadership Momentum



# Notes

1. Jie Chen , Woon Sau Leung , Wei Song and Marc Goergen, “Research: When Women Are on Boards, Male CEOs Are Less Overconfident,” 2019, *Harvard Business Review*, <https://hbr.org/2019/09/research-when-women-are-on-boards-male-ceos-are-less-overconfident>.
  2. 2020 Women on Boards, “2020 Women on Boards Gender Diversity Index,” 2019, [https://2020wob.com/wp-content/uploads/2019/10/2020WOB\\_Gender\\_Diversity\\_Index\\_Report\\_Oct2019.pdf](https://2020wob.com/wp-content/uploads/2019/10/2020WOB_Gender_Diversity_Index_Report_Oct2019.pdf).
  3. CGLytics, “State of Play: European Board Diversity: 2018-2019 European Market Review,” 2020, <https://cglytics.com/thought-leadership/industry-reports/>
  4. Diligent Institute has created a list of these organizations on the *A Few Good Women* landing page of its website, available here: <https://www.diligentinstitute.com/gender-inclusion-board-leadership>.
  5. This report defines “leadership role” as either the Board Chair or the Lead Director. Separately the report examines committee membership and committee chair roles; each of those is referred to specifically and not included in the “leadership role” category.
  6. The companies included in this report have a primary listing in the following countries: Australia, Austria, Belgium, Canada, Chile, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, The Netherlands, Norway, Poland, Russia, South Africa, Spain, Sweden, Switzerland, United Kingdom, and United States. The full breakdown of representation by country is included in the appendix.
  7. This report uses the terms “women” and “female” interchangeably, and “male” and “men” interchangeably, depending on the part of speech, to improve readability. Neither is used to limit the category to biological sex.
  8. Catalyst, *Pyramid: Women in S&P 500 Companies* (January 15, 2020), <https://www.catalyst.org/research/women-in-sp-500-companies/>.
  9. Dede Henley, “CBS Has Added 3 Women To Its Board: Here’s How It Will Make a Real Difference,” *Forbes*, September 12, 2018, <https://www.forbes.com/sites/dedehenley/2018/09/12/cbs-just-added-three-women-to-its-board-heres-why-it-matters/#5a03ddac6319>.
- Regina Garcia Cano, “Wynn Resorts female directors address policies after scandal,” AP, May 15, 2018, <https://apnews.com/be27db9571f64be3a4610988d217adc2/Wynn-Resorts-female-directors-address-policies-after-scandal>.
- Biz Carson, “Uber adds a new board member to replace the one who resigned after making a sexist comment after a company meeting,” *Business Insider*, June 21, 2017, <https://www.businessinsider.com/uber-board-member-david-bonderman-resigns-david-trujillo-joins-2017-6>.
10. Emily Stewart, “Why struggling companies promote women: the glass cliff, explained,” *Vox*, October 31, 2018, <https://www.vox.com/2018/10/31/17960156/what-is-the-glass-cliff-women-ceos>.

# Appendix

## Companies Included by Country (by primary listing)

Australia	5.70%
Austria	0.49%
Belgium	0.41%
Canada	4.47%
Chile	0.02%
Denmark	0.42%
Finland	0.44%
France	2.33%
Germany	2.50%
Ireland	0.95%
Italy	1.98%
Japan	4.01%
Luxembourg	0.19%
Netherlands	2.39%
Norway	0.71%
Poland	0.46%
Russia	0.96%
South Africa	0.07%
Spain	2.74%
Sweden	0.54%
Switzerland	0.85%
United Kingdom	11.89%
United States of America	55.49%

## Companies Included by Sector (by 2-digit GICS)

Communication Services	4.96%
Consumer Discretionary	11.84%
Consumer Staples	4.79%
Energy	6.04%
Financials	25.48%
Health Care	11.42%
Industrials	14.45%
Information Technology	10.40%
Materials	7.66%
Utilities	2.94%
Industry not listed	0.02%

Note: The data and analytics in this report were provided by CGLytics, and included the boards of 5,911 public companies. For companies with a 2-tier structure the Supervisory Board was used for this report. For Japanese companies the "Audit & Supervisory Board" was used. For more information please visit [cglytics.com](http://cglytics.com).

# Acknowledgements

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