



WOMEN'S FUND
of the **GREATER CINCINNATI FDN.**

PULSE Briefing:
Gender Diversity of Boards and Commissions

Research Compiled by the Research Committee of the Women's Fund

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The concept of this project is simple – women are underrepresented in leadership positions across many parts of society, including on civic boards and commissions. The goal of the Women’s Fund is to increase the participation of women and women of color on these boards, both by providing the resources, networks, and confidence needed for women to serve, and by connecting the elected officials making the appointments to these qualified women. We believe that by increasing participation of women and women of color on local boards and commissions, we will improve the lives of women and girls in our region.

Legislatures, local governments, commissions, and nonprofit/corporate boards have become more diverse over time, due to strategic planning, thoughtful recruitment and effective management of board dynamics. However, there is room for growth:

- **Legislatures:** Women and people of color remain underrepresented in elected government. In 2018, women comprise 20% of the US Congress and 22% of Ohio’s State Assembly.⁸ Women of color comprise 7.1% of the US Congress, 8% of the mayors of the 100 largest cities, and 7% of Ohio’s State Assembly.⁹
- **Local Government:** In our local area, women hold 35% of elected positions in the city of Cincinnati, and 32% of countywide elected positions in Hamilton County. Women hold 42% of elected positions across all the townships, villages and cities in the area.³⁰
- **Local Boards and Commissions:** In Hamilton County, women hold 30% of the positions on local boards and commissions (excluding the County Commission on Women and Girls, and the City Gender Equity Task Force).³⁰
- **Nonprofit Boards:** Nationwide, in 2017, women made up 52% of boards and 58% of board chairs. People of color comprised 16% of boards and 10% of board chairs.⁴
- **Corporate Boards:** Nationwide, in 2016, women comprised 20% of corporate board members (4% women of color, 16% white women) for Fortune 500 companies; people of color comprised 16% of boards.¹¹ Women comprised 22% of board membership among the 53 Fortune 500 companies in Ohio.¹

The Benefits of Diversity on Boards and Commissions

Although there is a dearth of research on the value of gender and racial diversity for civic boards and commissions, ample evidence exists on the benefits of diversity from studies of group dynamics, nonprofit and corporate boards, and legislatures.

Improved Group Dynamics and Functioning

Numerous studies of boards and group dynamics document multiple benefits of diverse voices and viewpoints. Diversity **drives innovation**, by allowing ideas that are “out of the box,” and creating a culture where the ideas of all members are heard, creativity is facilitated, and problem solving is maximized.^{5,13} The key here is “informational diversity” – the different perspectives, expertise, and experiences that members bring to the table and that help avoid the problem of “group-think.”
15, 22, 23, 26, 28

In homogeneous groups, members often assume that they all hold the same perspective, and they tend to be highly confident about the solutions they generate (even though homogenous groups perform worse on problem-solving tasks than do diverse groups).^{16,20} Phillips and colleagues’ study of group dynamics demonstrate that individuals in a group that includes “out-group” members (i.e., those who are socially different) show more willingness to change their minds.²⁰ Additionally, when the group is diverse, members are more likely to share and **engage in robust discussion** as they assume they hold different viewpoints. Because they anticipate that differences of opinion will emerge, they know they’ll have to work harder to reach consensus.^{15, 22, 23}

Diversity is particularly important for groups that serve diverse communities and constituents, as it helps to **avoid blindspots** that can result when there is a lack of diversity in race, gender, sexual orientation, class, and age.¹⁸ This can result in a failure to recognize inequality and its root or structural causes, as well as a lack of cultural sensitivity to the needs of current constituents.^{2, 4, 12, 28} For example, a commission working on issues of poverty may be well served by including members who have experienced poverty, as such experiences can allow a greater depth of understanding of the daily struggles of those who live with limited financial means.

Enhanced Governance

There also is a documented association between corporate board diversity and good governance. Companies with diverse boards “hold more meetings, have higher attendance rates, experience greater participation in decision making, engage in tougher monitoring, and are more likely to replace a CEO when the stock performs poorly.”^{22, p. 400} Boards with at least two female members are more likely to put in place accountability measures, and engage in regular review of performance measures that are non-financial than are all male boards.²² Finally, companies with diverse boards report fewer governance related controversies.¹⁶

Women and people of color make a major difference in legislatures as well. Women legislators advocate approaches that are collaborative, and they bring forward more discussion and legislation on women’s issues, children, families, health and social welfare.^{3, 17, 25} Minority legislators also change the agenda, by bringing forth more legislation on improving health, education, social welfare, and immigration, as well as combating discrimination.²¹ A diverse legislature has documented benefits, including enhancing political engagement among female and minority constituents,²¹ increased perception that more legislative business is conducted in public,²⁵ and the hiring of more female staffers.²⁹ Because women legislators are more willing to set aside egos and to compromise, they have been credited with helping to avoid shutdowns of the federal government.³

Improved Organizational Advocacy for Diversity and Connection to Stakeholders

As board and commission members gain experience in working across cultures and perspectives, they gain a greater appreciation for the power of diversity in addressing challenges the community faces. And, as boards become more diverse, all board members become better advocates for diversity within the organization.^{18, 23}

A diverse board or commission also provides better representation of the organization’s stakeholders, including clients, constituents and the broader community.^{2, 18} Such boards are able to more effectively leverage the needs of underserved groups and markets, understand the broader culture and context within which the organization is embedded, and represent the concerns of those served.^{5, 4, 13}

Creation of Diversity Pipelines

Having a diverse board/commission is both a result of having a diverse pipeline and a catalyst to diversifying the organization. For example, female and minority CEOs and executives have social networks that can help a board expand its reach into diverse communities; their presence in the C-suite also signals the organization's commitment to diversity.^{7,16,22,28} And there is evidence that having more women board directors can result in more women in the executive suite; indeed, "over time, a 10% increase in female board membership is associated with a 21% increase in female executives in companies."^{7, p.1}

Improved Reputation

There is clear evidence that a diverse board/commission can enhance the reputation of the organization. Non-profit CEOs are very aware of the ways that a lack of diversity affects the nonprofit's reputation and reach.⁴ This is critical, given that a diverse non-profit board is "more likely to attract diverse donors, and grant makers are increasingly focused on diversity."^{28, p.1} For corporations, board diversity becomes a "credible signal" to the outside world that a corporation is committed to equity and inclusiveness.²² Twitter is a case in point here; this company received extensive negative publicity when it was recently revealed that the board was comprised only of white men.²²

Enhanced Financial Performance

Finally, diversity in board membership is good for the bottom line. Companies with three or more women on their boards have been shown to have better financial performance than boards with no women, including higher return on equity, sales, and invested capital.⁶ Companies with at least some women on their boards, compared to those with no women, demonstrate higher share price performance.¹⁰ There is also a significant relationship between the number of women and stock valuation, and an even stronger relationship between the number of ethnic minorities and stock valuation.¹⁹

Barriers to Diversity in Boards and Commissions

Given these multiple positive outcomes, why do we still see a lack of women and

minorities on boards and commissions? Researchers have noted many factors, including:

- Underrepresentation in the pipeline. Since the majority of leaders in Fortune 1000 companies, and federal, state and local legislatures, are white men, when boards and commissions emphasize the importance of high-level leadership experience as a criterion for membership, they may be limiting their pool of diverse candidates.²²
- A failure to recruit women and people of color. This at times is an inadvertent effect when a homogenous set of leaders draw on personal networks when seeking members for boards and commissions.^{22, 28, 29}
- Assumptions that interested candidates will put themselves forward for board or commission membership. Women in particular are less likely to put themselves forward; for example, they are less likely to run for office unless asked to do so.^{14, 31} And, both women and racial/ethnic minorities see themselves as less qualified to run, even when their credentials are comparable to those of white men.^{14, 24}
- A fear of being asked only as a gesture of “token” membership (i.e., being the only female or minority on a board or commission, and being asked to “represent” your gender or race). Tokenism creates a sense of isolation, being in the spotlight, and pressure to adopt stereotyped roles.^{22, 28} On corporate and nonprofit boards, when a critical mass of 30%, or at least 3-4 members, is reached, women and minorities have enhanced influence and voice.^{16, 22, 27}
- Unconscious bias and negative stereotypes about the competence and leadership capabilities of women and minorities.^{22, 27, 28}
- Gender dynamics. For example, while women running for public office are just as likely to be elected as are men, they are less likely to be recruited, and they are less likely to have a fundraising network.^{14, 31} Although their qualifications are equal to those of men, women tend to see themselves as less qualified.³ Economics can also play a role, given the low pay and lack of flexibility that characterizes part-time political offices.²⁹

Best Practices:

1. Deliberately recruit women and persons of color. Look outside of the board's own networks for candidates.
2. Invite individuals to apply for the position. Women and minorities are less likely to put themselves forward and more likely to see themselves as unqualified.
3. Avoid tokenism- having just one woman or person of color on the board creates feelings of isolation and an unwillingness to voice dissenting opinions. Aim for 30% or more of the board to be comprised of women and persons of color, this is the critical mass for impactful influence and decision-making power.
4. Go through unconscious bias training as a board. This will reduce the role of gender dynamics and unconscious bias in the appointment and decision making processes of the board.

Resources:

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See pp. 49-51 for Opportunities for Board Development and Reflection.

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