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ADVANCING WOMEN TO CORPORATE BOARD POSITIONS MUST BECOME A PRIORITY FOR U.S. COMPANIES

CED Report Urges Aggressive Action by U.S. Companies

New York, June 25, 2012 – America is falling behind other nations in promoting women to the highest levels of corporate leadership and companies must take steps to boost the number of women on corporate boards to ensure that the United States remains competitive in the global economy. That is the central finding of a new report, ***Fulfilling the Promise: How More Women on Corporate Boards Would Make America and American Companies More Competitive***, from the business-led Committee for Economic Development (CED).

“Many countries have come to recognize the untapped economic potential in women: as leaders, as employees and as entrepreneurs. As these countries take aggressive measures to increase board diversity — including targeting U.S. women for these positions — American businesses must act now to remain a top competitor in the global marketplace. At Ernst & Young, we have focused on diversifying our board because we know it enables our firm to perform better,” said James S. Turley, Global Chairman and CEO, Ernst & Young, who will give the keynote remarks at today’s report release event in New York City.

The event is expected to convene more than 100 business leaders and will feature remarks by CED President Charles Kolb and an expert panel including: Beth Brooke, Global Vice Chair, Public Policy, Ernst & Young; Joanna Barsh, Director, McKinsey & Company; Gail Becker, Chair, Canada, Latin America and U.S. Western Region, Edelman; Ted Dysart, Vice Chairman, Heidrick & Struggles; and Nels Olson, Vice Chairman and Co-Leader, Board and CEO Services, Korn/Ferry International, Inc.

The CED report states that this is not just a women’s advancement issue — it’s an issue of American competitiveness. In 2011, women occupied just 16 percent of Fortune 500 board seats, far below the percentages of women participating in the labor force, enrolled in higher education, and graduating with advanced degrees. CED’s goal is to see more women elected to U.S. corporate boards because successful businesses of the future will be those that attract, retain, and grow talent — which requires that more women have the opportunity to succeed at all levels of the company, including the board.

Fulfilling the Promise highlights the most recent data on women in top corporate roles in the U.S. and abroad and identifies six key findings and recommendations for reform:

- 1. Gender Composition of Corporate Boards is Important for Global Competitiveness.**
Women constitute a substantial portion of highly talented labor — women have caught up to and surpassed men in attaining bachelor’s and master’s degrees, yet top corporate leadership does not reflect that fact. CED believes that companies need to examine their current merit selection process.
- 2. Existing Efforts Do Not Yield Enough Progress.**
Current efforts are not working — the percentage of women on all U.S. corporate boards has been stuck well below 13 percent for a decade.

3. Supply Challenges.

Board nominating committees often say that the small number of women on boards is due to the small number of perceived qualified candidates. The CED report casts doubt on that viewpoint. Companies must examine how to get more qualified candidates in the pipeline.

4. Nominating Committees Do Not Do Enough To Demand Women Candidates.

While researchers have not found overt bias in the board nomination process, the system currently appears tilted toward maintaining boards in the male-dominated form familiar to the business world.

5. Supply and Demand Problems Will Not Fix Themselves: Active Solutions Are Needed.

An aggressive effort is needed by all U.S. companies to improve female representation on corporate boards. The status quo is not acceptable.

6. Advocating for Talented Women.

Companies must employ all possible solutions to raise the number of women on corporate boards. That includes: setting goals; targeting talented women for promotion; reporting targets and recruitment efforts voluntarily; providing sponsorship programs for women; and employing executive search firms to increase the pool of women corporate board candidates.

“Evidence shows that CEO commitment is the most influential factor to realizing gender diversity in corporate leadership positions. CEOs and board nominating committees should work toward greater gender diversity because it is in our nation’s long-term strategic interest to do so. Successful companies of the future will be those that attract, train and grow diverse talent at all levels, including the board. At TIAA-CREF, our boards are diverse and representative of the participants we serve which we believe has benefitted them greatly,” said Roger Ferguson, Co-Chair of CED and President and Chief Executive Officer, TIAA-CREF.

In *Fulfilling the Promise*, CED urges businesses to make it a priority to develop the talents and advance the careers of female staff who have been identified as potential leaders. This means providing such women with the experiences and background needed to rise to the top, advocating for their promotion to higher levels of responsibility, and showing visible results of these efforts.

Women today contribute in virtually all levels of work life and expect full equality in the workplace. That expectation, and the progress built upon it, is undermined when women cannot achieve equal status on the highest rungs of the corporate ladder. The situation for the United States is urgent, as other countries move ahead with numerous efforts to provide women with greater access to board membership and other opportunities for advancement. Despite a professed desire by many companies for greater diversity and female representation, there has been virtually no improvement in recent years. American companies must use all available human talent to be globally competitive. Corporate leaders must commit to show better results.

For a link to *Fulfilling the Promise: How More Women on Corporate Boards Would Make America and American Companies More Competitive*, and for more on CED’s work on women in business, go to www.ced.org.

CED is a non-profit, non-partisan organization of more than 200 business leaders and university presidents. Since 1942, its research and policy programs have addressed many of the nation's most pressing economic and social issues, including education reform, workforce competitiveness, campaign finance, health care, and global trade and finance. CED promotes policies to produce increased productivity and living standards, greater and more equal opportunity for every citizen, and an improved quality of life for all. www.ced.org.