UNC study: Women, minorities still rare on boards of N.C. public

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CHAPEL HILL – North Carolina’s largest public companies have made scant progress in diversifying their boards of directors over the past few years, a new study by the University of North Carolina at Chapel Hill’s law school concludes.

Just 12.3 percent of board members serving the state’s 50 largest public companies are female, and a mere 7.1 percent are minorities, according to the survey. That’s up oh-so-slightly from a 2006 UNC study, which found that 11.2 percent of directors were female and 6 percent were minorities.

“It’s awfully slow improvement, and it’s almost meaningless,” says Lissa Broome, a UNC law professor who worked on the survey. “We’re going in the right direction, but it’s going to take forever to get there I think.”

Winston-Salem-based Reynolds American had the highest percentage of females and minorities on its board, at 50 percent. VF Corp., which has its headquarters in Greensboro, was second with 38.5 percent. Morrisville-based Salix Pharmaceuticals and Raleigh-based Red Hat Inc., were among those tied for third with 33 percent. Two of Salix’s six board members are either women or minorities, while three of Red Hat’s nine fall into one of those categories.

So why is it important to have women and minorities represented on a board? Broome cites fairness as an issue – after all, about half of the population is female and more than one-third belong to racial or ethnic minorities. She also says boards may be missing out on a strong pool of talent if they don’t include more women and minorities.

Having more female and minority perspectives also helps board members better identify with their work force and their customers. Progress Energy CEO Bill Johnson says different perspectives are good for business.

“Our board of directors is diverse on many levels, and that creates a real strength for our shareholders, customers and employees,” Johnson says. “Individually and collectively, our directors bring considerable experience from numerous backgrounds and industries. Those unique perspectives give us many informed points of view, and that is a vital asset for our company as we deal with changing realities and make important decisions and investments in the years ahead.”

Progress, a Raleigh-based utility, has two women and two minorities on its 13-member board.

So why aren’t there more minorities or women on corporate boards? Boards tend to perpetuate themselves. Sit down in a room full of white male executives and ask them for suggestions as to who should join them on a board and they’re likely to recommend a lot of friends and colleagues who also are white males.

But is something discriminatory going on? Is something like sexism a factor, at least in the case of women?

“I don’t think it’s that,” says Hope Holding Connell, executive vice president and a member of the board of Raleigh-based First Citizens Bancshares. “A lot of women, frankly, aren’t in the upper echelons of management of other companies” – which is where board members often are drawn from, she says. “If you’re looking for women, you just have to look harder.”

First Citizens has 19 directors, including two women and one minority.

North Carolina’s board diversity lags compared to that of the country’s largest companies. An Alliance for Board Diversity study released in January 2008 that examined data from 2006 found that women and minority men held 28.5 percent of the board seats at Fortune 100 companies.

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