CHAPEL HILL - North Carolina's top 50 publicly traded companies made snail-like progress in adding women and minorities to their corporate boards between 2003 and late 2006.

Women directors added only 1.1 percentage points to their numbers during the three-year period, while minority representation inched forward by only 0.5 percent, according to a new survey.

"The picture has only slightly improved, but not by a whole heck of a lot," says Lissa L. Broome, Wachovia professor of banking law at the University of North Carolina at Chapel Hill. Broome also is director of UNC's Center for Banking and Finance, whose Director Diversity Initiative, or DDI, performed the survey.

Broome's 2006 numbers, which represent a snapshot of how the corporate boards' membership stood as of Sept. 30 of that year, are compared against two earlier diversity surveys compiled by the Greensboro News & Record in 2003 and 1992.

Women occupied 4.3 percent of board seats at the state's top 50 firms in 1992, with that number rising to 10.1 percent in 2003. In 2006, the figure was 11.22 percent.

As for minorities, they occupied 1.8 percent of seats in 1992, rising to 5.3 percent in 2003 and 5.81 percent in 2006.

North Carolina lagged the national average in both categories in 2006. A 2006 survey of Fortune 100 boards by the Alliance for Board Diversity, a coalition of national groups, found women occupying nearly 17.1 percent of seats and minorities 15.42 percent.
As for publicly traded firms based in the Triangle, three made a 15-company list compiled by DDI that includes the most diverse boards. They are Progress Energy, with 35.7 percent of its board seats held by women and minorities; Red Hat, with 28.6 percent; and R.H. Donnelley, with 25 percent. Martin Marietta had 22 percent women and minority representation on its nine-member board of directors, while First Citizens Bank had 14 percent and Highwoods Properties had 22.2 percent.

"Diversity among our board members is a critical component of our efforts to create an inclusive, high-performing workforce that is able to successfully meet the future needs of our customers," said Bill Johnson, president, chairman and chief executive of Progress Energy, in a statement.

Tekelec, Cree and The Pantry had 0 percent women and minority representation as of Sept. 30, 2006, according to the survey. Cree spokeswoman Michelle Murray responded that the company appointed a minority to its board in 2005. To that, Broome notes that if companies did not respond to the survey or researchers' calls, the DDI examined proxy statements, photos and Internet searches to determine gender and race and could have made a mistake.

A spokesman for Tekelec also says that company now has a minority on its board.

According to a 2007 Catalyst study, companies with boards that are not diverse are missing out on the possibility of greater financial gains. The study found that companies with the highest percentage of women on their boards perform better than companies whose boards have fewer or no women.

The study examined return on equity, return on sales and return on investment capital of Fortune 500 companies over a four-year period. Companies with the most women on their boards enjoyed 53 percent higher returns on equity than their counterparts.

And in recent months, large investment groups such as CalPERS, the country's largest pension fund, already have indicated that they will look at board diversity before investing in companies.

Broome attributes the slow growth in board diversity to a number of factors. For one, corporations claim a scarcity of women and minority candidates. "It's the standard explanation," says Broome.

Damon Williams, acting communications director at the Executive Leadership Council, says, "The research is slowly showing that, indeed, when you have diversity on your boards it does translate into ... positive bottom-line effects."

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