

Progress slow in adding women in the boardrooms

Females hold 13.6 percent of board seats in LI's top 25 public companies, up from 8.3 percent in 2008, but about 45 percent of those companies had no women directors at all.



Maura Markus, a board member of Broadridge Financial Solutions, said while the effort to reach gender parity on boards is "slow," she believes progress is being made as the issue gains exposure. Photo Credit: Scott R. Kline

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Women hold fewer than 15 percent of board seats on leading Long Island public companies, and more than one-third of boards are exclusively male, according to an analysis by Newsday.

The examination of the region's top 25 public companies based on 2017 revenue showed progress on gender diversity over the past decade, but at a pace that the chairman of Broadridge Financial Solutions Inc., a Lake Success-based provider of investor communication and analytic services, described as "glacier-like."

Women now occupy 13.6 percent of board seats on the top 25 companies, compared with 8.3 percent on the same companies in 2008, according to the data.

Nearly 45 percent of those companies had no women directors, according to an analysis of Securities and Exchange Commission filings, company websites, news releases and other documents reviewed by Newsday.

In comparison, Standard and Poor's 500 companies had 23 percent of director seats occupied by women as of Jan. 31, according to the EY Center for Board Matters, a unit of London-based professional services firm Ernst & Young.

Maura A. Markus, a board member of Broadridge since 2013 and a financial services executive, said while the effort to reach gender parity on boards is "slow," progress is being made as the issue gains exposure.

"It's accelerating," she said. "It's much more top of mind now."

Female directors at Long Island companies were even more rare 20 years ago. A Newsday study of the top 50 Long Island public companies in 1998 — when the region had more companies whose shares traded on stock markets — found that women occupied 4.7 percent of director seats.

One reason advocates now seek more board assignments for women at public companies is that they can be lucrative. Independent directors on S&P 500 companies earn, on average, \$311,531, while directors at smaller S&P SmallCap 600 companies get \$178,569, according to the EY study.

Public companies in those indexes hold, on average, seven or eight board meetings per year, according to EY, though directors' workload can spike in times of crisis.

Moreover, some research suggests board diversity improves the decision-making process in management oversight for companies, said MaryAnne Hyland, who has studied board gender trends and teaches management and human resource management at Adelphi University in Garden City.



Leslie Brun, chairman of Lake Success-based Broadridge Financial Solutions, said that "Companies with more diverse boards . . . outperform those without diverse boards." Photo Credit: Todd Photography

A study by Catalyst, a Manhattan not-for-profit that advocates for women in the workplace, found that companies with at least three women directors had an 84 percent higher return on sales for the years 2004-2008 compared with companies that had no women on the board.

Similar results were found for other financial metrics, though the authors cautioned that the study established correlations, but not causal relationships.

"The data is pretty compelling," said Leslie A. Brun, who has served as chairman of Broadridge since 2011. "Companies with more diverse boards . . . outperform those without diverse boards."

He said women can widen the scope of discussions.



Anita D'Amico, CEO of Code Dx, at the company's office in Northport. Photo Credit: Barry Sloan

"In some instances they're more thoughtful and considered in their approaches and willing to play with more perspectives before coming to their decisions," he said.

"That has been additive to our board discussions."

Brun said corporate boards relied in the past on "good old boy" networks to recruit directors.

"Human nature suggests that it's easiest to hire people who talk and think like us," he said.

But times are slowly changing, and boards are becoming more focused on the skills and experience candidates can provide, he said, even when those newcomers can make incumbents a bit "uncomfortable."

In the broader labor pool, women are amply represented. Although 47 percent of the U.S. workforce is female, according to the Department of Labor, only a small proportion sit at the top of the organization chart.

For instance, women are 4.8 percent of the CEOs among companies in the S&P 500 index, according to an October study by Catalyst.

On Long Island, only two small public companies, Bohemia-based Scientific Industries Inc and Lynbrook-based Janel Corp. have female CEOs.

Among the 25 largest local companies, health care products distributor Henry Schein Inc., Long Island's largest public company, also has the region's most female directors in the top 25, at four. Three companies, Hain Celestial Group Inc., Kimco and 1-800-Flowers.com Inc., have three female directors, and five, including Broadridge, have two female directors.

Broadridge, Melville-based Henry Schein and Kimco Realty Corp. in New Hyde Park are in the S&P 500, an index of major U.S. public companies.

Adding momentum to efforts to broaden board representation is a first-in-the-nation California law, signed by Gov. Jerry Brown in September, that requires publicly traded companies based in that state to have at least one female director by the end of 2019.

Depending on the size of the board, companies with at least five directors would be required to have two or three female board members by 2021.

The California law follows similar mandates by western European countries, including France and Norway.

Broadridge and some other companies have expanded the size of their boards as they added women directors.

Broadridge went from eight members in 2008 to 10 now. Henry Schein went from 13 board members, including two women, in 2008, to 15 members and four women.

Hyland and other researchers have noted that female representation on public company boards correlates to the size of the corporation.

A 2018 study by another advocacy group, Los Angeles-based 2020 Women on Boards, found that 25.3 percent of the director seats on the 100 largest companies by stock market value in the broadly based Russell 3000 index were held by women. By contrast, among the smallest third of companies in the Russell 3000 index, only 13 percent of board seats were held by women.

"Big companies get it, small companies don't," the report said.

That size differential is reflected on Long Island where the eight largest companies account for 17 of the 30 female directors on the top 25 companies.

The smallest six of Long Island's top 25 companies, meanwhile, have only one female director among them.

Jim McCann, founder and chairman of 1-800-Flowers.com Inc., which has three women on its 10-person board, said he takes a gender-neutral view of directors.

"I didn't think of them as women on the board," he said. "Each has a different point of view."

The board's task, he said, is to provide guidance and perspective to management, which has its heads "in the weeds."

Most of the company's customers are women, he said. "That's why we have a prejudice to find people who think like our customers."

While women may be underrepresented on public company boards, they dominate at many Long Island not-for-profit organizations.

"I have some boards that are 100 percent women," said Kenneth Cerini, managing partner at Bohemia-based Cerini & Associates LLP, an accounting firm that works with more than 200 not-for-profits.

"Women tend to run more nonprofits. There are just more women in the nonprofit sector."

Unlike corporate positions, board seats on not-for-profits often are unpaid positions. Indeed some organizations expect board members to either donate or raise funds if they take a board seat, a practice known as "give, get or get off."

Cerini said he estimates about half of Long Island not-for-profits have such a requirement.

Though not-for-profit boards typically are not paid positions, they can help serve as a springboard to corporate boards.

Markus said she served on not-for-profit boards for most of her corporate career.

Roseann Larson of Huntington served as a director at Document Capture Technologies Inc., based in San Jose, California, from 2010 until the company was sold and went private in 2014.

She said serving on the board of a not-for-profit can help on the path to a director's seat on a public company.

"Make sure you're a good networker, and let people know you're looking for a board role," she said.

"First off, there are not that many board seats. Networking into them is a matter of having an extensive network. It's really about who you know."

Markus said that connecting with mentors — including men — can help further a career.

"What's important is finding people who are earnest and help you through the good times" and bad, she said.

One Long Island executive, however, said that the #MeToo movement, aimed at halting sexual harassment against women, could have an unintended consequence.

Anita D'Amico, chief executive of Code Dx Inc., a closely held software security company in Northport, said some men in the workplace could decide to avoid situations like traveling and dining alone with a female business colleague entirely for fear of getting ensnared in a compromising situation.

U.S. Vice President Mike Pence famously said he won't dine alone with a woman who is not his wife, and some fear that similar strategies could slow progress in advancing women toward boardroom parity.

"To make sure you don't get into a problem is to make sure you don't work with a woman," D'Amico said. "Boards will be afraid of a potent backlash from the #MeToo movement."

Julie Hembrook Daum, who leads the North American board practice of Chicago-based executive search firm Spencer Stuart, said another factor slowing the increase in women directors is lack of turnover.

"People don't leave" directorships, she said.

Daum said getting referrals also is a major hurdle in securing a board post.

"It's not an easy thing," she said. "People have to be recommended."

Markus, who got a referral for the Broadridge board from a former colleague at Citigroup, said that once she became a public company director, other boards began reaching out.

In 2016 she was elected to the board of directors of Stifel Financial Corp., a publicly traded financial services company based in St. Louis.

Despite the hurdles, Markus said women's journey to parity will gain speed.

"Clearly, there's a long way to go," she said. "I think it will accelerate a lot. The trajectory of progress will be much quicker over five to 10 years."

With Laura Mann, Caroline Curtin and Judy Weinberg

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