

**As Introduced**

**131st General Assembly  
Regular Session  
2015-2016**

**S. R. No. 373**

**Senator Cafaro  
Cosponsor: Senator Yuko**

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**A R E S O L U T I O N**

To urge equitable and diverse gender representation 1  
on the corporate boards of directors of companies 2  
based in Ohio. 3

**BE IT RESOLVED BY THE SENATE OF THE STATE OF OHIO:**

WHEREAS, A McKinsey and Company study entitled "Women 4  
Matter" showed that companies where women are most strongly 5  
represented at board or top-management levels are also the 6  
companies that perform the best; companies with three or more 7  
women in senior management functions score more highly, on 8  
average, on the organizational performance profile than 9  
companies with no women at the top, and performance increases 10  
significantly once a certain critical mass is attained: 11  
specifically, when there are at least three women on management 12  
committees with an average membership of ten people; and 13

WHEREAS, An Oklahoma State University study found that 14  
board diversity, including diversity with respect to gender and 15  
ethnicity, is associated with improved financial value. The 16  
study also found a significant positive relationship between the 17  
fraction of women or minorities on the board and firm value; and 18

WHEREAS, A report entitled "Women Directors on Corporate 19  
Boards" found that gender diversity on corporate boards 20  
contributes to more effective corporate governance and to 21

positive governance outcomes through a variety of board 22  
processes as well as through individual interactions; that women 23  
directors contribute to important firm-level outcomes as they 24  
play direct roles as leaders and mentors, as well as indirect 25  
roles as symbols of opportunity for other women, and inspire 26  
those women to achieve and stay with their firms; and that more 27  
recognition is needed for the valuable contribution of women 28  
directors to firm value; and 29

WHEREAS, Credit Suisse conducted a six-year global research 30  
study, commencing in 2006, of more than two thousand companies 31  
worldwide that showed that women on boards improve business 32  
performance by key metrics, including stock performance, as 33  
demonstrated by the fact that companies with a market 34  
capitalization of more than ten billion dollars, whose boards 35  
have women, outperformed shares of comparable businesses with 36  
all-male boards by twenty-six per cent; and 37

WHEREAS, The Credit Suisse report included the following 38  
findings: (1) there has been a greater correlation between stock 39  
performance and the presence of women on a board since the 40  
financial crisis in 2008; (2) companies with women on their 41  
boards significantly outperformed others when the recession 42  
occurred; (3) companies with women on their boards tend to be 43  
somewhat risk-averse and carry less debt, on average; and (4) 44  
net income growth for companies with women on their boards 45  
averaged fourteen per cent over a six-year period, compared with 46  
ten per cent for those with no women directors; and 47

WHEREAS, According to the study entitled "Women Directors 48  
on Corporate Boards: From Tokenism to Critical Mass" and a 49  
report entitled, "Critical Mass on Corporate Boards: Why Three 50  
or More Women Enhance Governance," attaining critical mass, 51  
going from one or two women directors to at least three women 52  
directors, creates an environment where women are no longer seen 53  
as outsiders and are able to influence the content and process 54

of board discussions more substantially, and boards of directors 55  
need to have at least three women to enable them to interact and 56  
exercise an influence on the working style, processes, and tasks 57  
of the board, in turn positively affecting the level of 58  
organizational innovation within the firm; and 59

WHEREAS, Since 2004, a series of Catalyst studies have 60  
shown that companies that achieve diversity in their management 61  
and on their corporate boards attain better financial results, 62  
on average, than other companies. Catalyst found a clear and 63  
positive correlation between the percentage of women board 64  
directors in the past and the percentage of women corporate 65  
officers in the future. Additionally, women board directors 66  
appeared to have a greater effect on increasing the percentage 67  
of line positions held by women than they did on staff 68  
positions. Line experience is necessary for advancement into 69  
chief executive officer and top leadership positions, and 70  
Catalyst's annual censuses show that historically women are 71  
underrepresented in these roles; and 72

WHEREAS, According to the Central Ohio Leadership Census, 73  
having more women in top leadership is an economic issue that 74  
can favorably impact the prosperity of the central Ohio 75  
community and having more women on boards can help promote 76  
central Ohio's image as a women-friendly community accepting of 77  
diversity and inclusion. The Census also reported that twenty- 78  
three per cent of the public companies headquartered in the 79  
Columbus Metropolitan Statistical Area have no women on their 80  
board of directors; now therefore be it 81

RESOLVED, That we, the members of the Senate of the 131st 82  
General Assembly of the State of Ohio, acknowledge that the body 83  
of evidence to date indicates that companies perform better when 84  
their boards of directors and executive leadership include women 85  
and that the State of Ohio has a significant stake in protecting 86  
the shareholders of publicly held companies as well as in 87

setting policies that enable such companies to perform better; 88  
and be it further 89

RESOLVED, That we, the members of the Senate of the 131st 90  
General Assembly of the State of Ohio, encourage equitable and 91  
diverse gender representation on corporate boards of directors 92  
and urge that, within the next three years: (1) every publicly 93  
held corporation in Ohio with nine or more seats on its board of 94  
directors have a minimum of three women on its board; (2) every 95  
publicly held corporation in Ohio with at least five but fewer 96  
than nine seats on its board of directors have a minimum of two 97  
women on its board; and (3) every publicly held corporation in 98  
Ohio with fewer than five seats on its board of directors have a 99  
minimum of one woman on its board; and be it further 100

RESOLVED, That the Clerk of the Senate transmit duly 101  
authenticated copies of this resolution to the news media of 102  
Ohio. 103