

As Offered

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

H. R. No. 344

Representatives Johnson, G., Boggs

**Cosponsors: Representatives Antonio, Clyde, Fedor, Howse, Leland, Lepore-
Hagan**

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 HOUSE OF REPRESENTATIVES 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 House of 82
Representatives of the 131st General Assembly of the State of 83
Ohio, acknowledge that the body of evidence to date indicates 84
that companies perform better when their boards of directors and 85

executive leadership include women and that the state of Ohio 86
has a significant stake in protecting the shareholders of 87
publicly held companies as well as in setting policies that 88
enable such companies to perform better; and be it further 89

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

RESOLVED, That the Clerk of the House of Representatives 100
transmit duly authenticated copies of this resolution to the 101
news media of Ohio. 102