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Rate of Women's Advancement to Top Corporate Officer Positions Slow, New Catalyst Tenth Anniversary Census Reveals

Projected trend indicates it could take 40 years for women to achieve parity with men in corporate officer ranks.

NEW YORK – (July 26, 2006) – Women continue to be severely underrepresented in top corporate leadership positions, according to a census study released today by **Catalyst**, the leading nonprofit research and advisory organization working to build inclusive environments and expand opportunities for women at work. The census, which tracked women executives in the *Fortune* 500, found that most large U.S. companies have made scant progress in advancing women—and especially women of color—to leadership and top-paying positions over the past decade. If this rate of progress continues, it could take 40 years for women to achieve parity with men in corporate officer positions.

The **2005 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500** found that in the last three years, average growth in the percentage of corporate officer positions held by women fell dramatically to 0.23 percentage points per year, the lowest yearly gain in the past ten years. Between 2002 and 2005, the total number of women corporate officers increased by a mere 0.7 percentage points to 16.4 percent.¹

"This tenth anniversary census is a wake-up call to business leaders. Although the total number of corporate officer positions has declined since 1995 and women's representation has proportionately increased a bit, the continuing gender gap in senior leadership, especially among women of color, demonstrates a persistent uneven playing field" said **Ilene H. Lang, President of Catalyst**.

According to the census, the average *Fortune* 500 company had 21.8 corporate officers in 2005; on average, women held only 3.6 of these positions. Women occupied only 9.4 percent of clout titles (those higher than vice president²), up from 7.9 percent in 2002. More than one-half of the *Fortune* 500 had fewer than three women corporate officers. Only eight companies in the *Fortune* 500 were led by a woman CEO in 2005, and none of those companies were among the *Fortune* 100. Women held only 6.4 percent of top earner positions, up just 1.2 percentage points from 2002. And fully 75 percent of *Fortune* 500 companies reported no women as top earners.

¹ Corporate officers were defined as executives who were board-elected or board-appointed.

² According to the study, women executives were more than twice as likely as men to hold staff positions versus line positions. Staff officers are responsible for the auxiliary functioning of the business, while line officers are responsible for a company's profits and losses. According to CEOs interviewed by Catalyst, having line experience is critical for executives to reach the most senior levels in most companies

Catalyst's study also showed that women of color held just 1.7 percent of corporate officer positions and represented only 1.0 percent of *Fortune* 500 top earners in 2005, suggesting that little has been done to remove the multiple and intersecting barriers that hinder the advancement of women of color. Men of color fared only slightly better, holding 6.4 percent of corporate officer positions.

"Smart companies know that developing and retaining top talent yields solid results," said Lang. "Women have the education, expertise, experience, and ambition to advance to these top positions in much greater numbers. However, this census reveals that some companies have yet to understand the compelling business case for diversity and women's advancement or to take meaningful steps to develop and retain women leaders."

The study also found correlations between certain factors and the number of women reaching upper management levels. Companies that were ranked higher on the *Fortune* 500 list had greater numbers of women in clout titles. Also, there were more women in corporate officer positions at companies in industries in which women represent 49 percent or more of the total workforce, including finance, insurance, real estate, retail trade, and services.

Advancing more women leads to competitive advantage

The economic impact of diversity in leadership has become increasingly evident as U.S. businesses expand into new markets, cultures, and workforces across the United States and around the world. According to prior Catalyst research, *Fortune* 500 companies with the highest percentages of women corporate officers yielded, on average, a 35.1 percent higher return on equity and 34.0 percent higher total return to shareholders than those with the lowest percentages of women corporate officers.³

"Leading by example, CEOs and upper management can effect tremendous change. The first step is to recognize the strategic business case for diversity and inclusion so that everyone grasps the opportunity and understands what's at stake," said Lang. "Companies that proactively and successfully harness *all* their talent will sustain significant advantages over competitors that don't."

Catalyst believes that a successful diversity initiative requires clear and consistent communication and implementation throughout all levels of the organization. Strategies for the CEO and top leadership include:

- Explain and communicate broadly the business case for diversity and inclusion and set high expectations for the advancement of women.
- Recognize and curb stereotyping of women by instituting rigorous performance evaluation measures and accountability mechanisms to ensure that women are evaluated on performance and not on perception.
- Require managers to conduct performance reviews based solely on concrete results, rather than double standards, which can serve to undermine and undervalue women's leadership potential.⁴
- Make recruitment and promotion processes transparent so that every qualified employee has an equal chance at open positions.
- Insist on diverse slates and diverse selection committees that are empowered to demonstrate that senior leadership recognizes and values diversity.
- State expectations explicitly, and hold everyone accountable for desired change. Measure hard data, use scorecards to track progress and assess setbacks, and tie ambitious diversity goals to significant incentives.

³ Catalyst, *The Bottom Line: Connecting Corporate Performance and Gender Diversity* (2004).

⁴ Catalyst, *Women "Take Care," Men "Take Charge: Stereotyping of U.S. Business Leaders Exposed* (2005).

The census study was co-sponsored by **DuPont** and **Heidrick & Struggles**. For a full copy of the study and executive summary, please visit www.catalyst.org.

Catalyst is the leading research and advisory organization working with businesses and the professions to build inclusive environments and expand opportunities for women at work. As an independent, nonprofit membership organization, Catalyst conducts research on all aspects of women's career advancement and provides strategic and web-based consulting services globally. With the support and confidence of member corporations and firms, Catalyst remains connected to business and its changing needs. In addition, Catalyst honors exemplary business initiatives that promote women's leadership with the annual Catalyst Award. With offices in New York, San Jose, Switzerland, and Toronto, Catalyst is consistently ranked No. 1 among U.S. nonprofits focused on women's issues by The American Institute of Philanthropy.

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