

What's Ahead For Board Diversity In 2022



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California has achieved a noteworthy milestone: It is the **first** state to have 30% female representation in the boardrooms of publicly traded companies with principal executive offices located in California. This progress has been made possible with the passing of **SB826** and **AB979**, which mandated board representation for women and underrepresented individuals. Though board diversity is important in terms of demographic representation, it is also highly

beneficial, as supported by research published at Harvard Business School and MIT Sloan Review.

[Research](#) conducted by Professors Boris Groysberg and J. Cheng suggests that gender diversity can play an important role in supporting innovation and organizational improvement. One such exemplary board is Moderna, the innovative mRNA Covid-19 vaccine company, which has three female directors on its nine-person board. Another company committed to innovation and diversity is Organon, a spin-out from Merck, which has one of the most diverse boards of directors in the pharmaceutical industry. Out of the 13 directors, 9 are women of all representations.

Furthermore, there is also evidence of risk-reduction from gender-diverse boards. According to a [study](#) published by Harvard Business Review, Professor Barbara Casu pointed out that “financial institutions with greater female representation on their boards were fined less often and less significantly.” No wonder such evidence has led Blackrock, one of the largest asset management firms with \$10 trillion under management, to declare that “diversity is an important factor in enabling quality leadership and financial performance.” Additional influential agencies, NASDAQ and the SEC, have also adopted [rules](#) requiring companies with five or fewer board members to have (or explain the absence of) one diverse board member as well as guidance to achieve compliance and to allow for a grace period.

Even with these proven benefits, diversity mandates from financial institutions, and California’s 30% representation milestone, more work still needs to be done as additional women and underrepresented groups have yet to be onboarded. According to the [California Partners Project](#), 440 women must be added by 2022 in order to comply with California law.

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While legislative actions can propel the progress of board diversity for public companies, initiatives such as Women In Bio (WIB)'s Boardroom Ready program can make a difference at an industry level, as well. (*Full disclosure: Boardroom Ready is a platform that I used to co-chair.*) Out of 126 female life science executive participants, the program has contributed **112 board placements** as of year-end 2021. In developing a curriculum that not only educates women on board governance issues and trends specific to the life sciences, Boardroom Ready is also providing a life-long network for participants to share board opportunities and to support and mentor one another.

Other than Boardroom Ready, theBoardlist is another excellent resource to get started on shaping up your board bio. Looking across the pond, Women on Boards in the U.K. is also a terrific resource for board position listings, as well as board training.

As organizations and institutions cited above work to improve board diversity, corporate boards can move the dial by taking these **steps**, according to Harvard Business School Professor Boris Groysberg: 1) Diversify their ranks by scrutinizing how they recruit new directors. 2) Consider a larger number of candidates by searching outside their usual networks. Furthermore, other than thinking about women who are "board ready," look for additional high-potential women and underrepresented groups in their midst and champion for these leaders to ascend and shine, so that there can be a rich pipeline of future boards of directors.

Looking ahead in 2022, whether it is seeing the terrific accomplishments of the 440th woman to be added to a Californian public board or reading the new NASDAQ diversity disclosures from companies, there is indeed optimism and progress to celebrate in the next 12 months.

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