

Testimony of:  
Linda Akutagawa  
President & CEO, LEAP (Leadership Education for Asian Pacifics)  
Chair, Alliance for Board Diversity

“Diversity in the Boardroom: Examining Proposals to Increase the Diversity of America’s Boards”

Committee on Financial Services  
United States House of Representatives

June 20, 2019 Washington, DC

Chairwoman Waters, Ranking Member McHenry, and Members of the Committee,

Thank you for the opportunity to appear before the Committee today to testify on behalf of Diversity in the Boardroom. My name is Linda Akutagawa, and it is my honor to be here in my dual roles as the Chair of the Alliance for Board Diversity, also known as the ABD, a collaboration of four leadership organizations working together to increase the representation of women and minorities on corporate boards; and as President & CEO of LEAP (Leadership Education for Asian Pacifics).

My organization, LEAP, is committed to growing, developing and uncapping Asian and Pacific Islander talent. Along with Catalyst, a global nonprofit working to build workplaces that work for women; the Executive Leadership Council (ELC), the preeminent member organization for the development of global black leaders; and the Hispanic Association on Corporate Responsibility (HACR), one of the most influential advocacy organizations in the nation representing 12 national Hispanic organizations in the United States and Puerto Rico, we are working in partnership as collaborative members of the ABD. We’re also joined by Diversified Search, which serves as an advisor.

Individually, each of our organizations provides programming and services, uniquely tailored for the needs of our constituencies, to address a common goal: increasing the representation and inclusion of African Americans, Asian Americans, Hispanic/Latinos and women at the highest levels of leadership in our nation’s businesses, institutions and agencies.

Fifteen years ago, our organizations formed the Alliance for Board Diversity as a means to combine our collective strengths to advocate for greater gender and racial board diversity, building the demand within corporations for women and minorities to

strengthen their boards and showcasing the supply of talented women and minorities to fill strategic needs on corporate boards.

We are best known for our ***Missing Pieces Report: The Board Diversity Census of Women and Minorities on Fortune 500 Boards***, which we have been producing since 2004. The report is a multiyear effort by the Alliance for Board Diversity and beginning in 2016, the ABD collaborated with Deloitte for the 2016 and 2018 Board Diversity Censuses.

There is a saying: “What gets measured, gets done.” The ***Missing Pieces Report*** shines the spotlight on the fact-based reality of board census numbers, and in the process, spurs greater awareness and action for increased inclusion of diverse directors on corporate boards.

Highlighted by our 2018 report, I’m going to say that I’m cautiously optimistic of the progress for women and minorities on corporate boards. However, before we cheer, I also want to state that advancement continues to be slow, and corporate boards are still not representative of the broad demographic transformations that we have seen in the U.S. in recent years.

1. Between 2016 and 2018, we saw the total number of available corporate board seats grow larger by 230 seats. To give a brief analogy, the pie is slightly larger, and that enabled women and minorities to go from sharing a sliver of the pie to sharing a slice.
2. The growth in diversity on boards is being led by *Fortune* 100 companies which has reached a high of 38.6 percent women and minorities, but again, underrepresentation still remains a key issue.
  - a. African American/Blacks grew fastest in the *Fortune* 100 and Asian/Pacific Islanders grew fastest in the *Fortune* 500.
    - i. But here’s my caveat for context:
      1. On the *Fortune* 100, African American/Black women grew by 44.8 percent or an increase of 13 seats.
      2. For Asian/Pacific Islander women on *Fortune* 500 boards, they grew by 38.6 percent for a gain of 17 seats and their growth on *Fortune* 100 boards was 30.8 percent due to the addition of 4 seats. For Asian/Pacific Islanders, the starting number was small to begin with so any growth will appear to be significant.
    - b. Hispanic/Latinos grew in the *Fortune* 500 but lost seats in the *Fortune* 100. Despite being one of the fastest growing populations, Hispanic/Latina women experienced the smallest number of board appointments from 2016-2018.
    - c. Caucasian/White women grew most in the *Fortune* 500.

- d. Another noteworthy indicator is the “recycle rate” or the rate at which individuals are serving on more than one board. The higher the number, the more boards a person sits on.
  - i. *Fortune* 100 boards were better at seeking out “unique” directors versus “recycling” the same director. Out of the seventeen new seats added to *Fortune* 100 boards, fifteen seats were filled by separate board directors.
  - ii. Generally, the recycle rates have fallen for minority men and women.
  - iii. However, African American/Black men have the highest rate amongst *Fortune* 500 boards, whereas, Hispanic/Latina women have the highest recycle rates on *Fortune* 100 boards. Interestingly, Asian/Pacific Islanders have the lowest recycle rates on both the *Fortune* 500 and *Fortune* 100 but remember, Asian/Pacific Islanders are still less than four percent of Board seats.
3. Overall diversity on individual *Fortune* 500 company boards is improving significantly.
  - a. In 2018, 145 *Fortune* 500 companies had greater than 40 percent diversity, nearly triple from 2010.
  - b. Nearly half (46) of *Fortune* 100 companies had greater than 40 percent diversity on their board in 2018.
  - c. Relatedly, there were 35 *Fortune* 500 companies in 2018 that had at least one director from each of the four major racial/ethnic groups and at least one woman director.
4. Lastly, I believe measuring representation is not enough. Diversity and inclusion in leadership roles on corporate boards are also critical.
  - a. On a positive note, the nominating/governance committee chair is the board leadership role in which women and minorities have seen the most traction at 40.2 percent.

There is reason for optimism. Diversity does work and it matters. BUT, supporters, policymakers and advocates like us need to stay aware to ensure that we, and the boards, don't get complacent. With each census, we get a better lay of the land. We know the gaps and where to keep strengthening. Our great nation needs the best that all of our diverse communities can bring to the corporate boardrooms. Together, and individually, as the Alliance for Board Diversity, LEAP, Catalyst, ELC, and HACR are committed to working in partnership to increase the representation and inclusion of African Americans, Asian and Pacific Islanders, Hispanic/Latinos and women on corporate boards.

Thank you for inviting me today. I look forward to answering any of your questions.