

# SENATE JOINT RESOLUTION 3

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By: **Senators Young, Benson, Conway, Currie, Eckardt, Feldman, Ferguson, Guzzone, Kelley, King, Klausmeier, Lee, Madaleno, Manno, Mathias, McFadden, Muse, Nathan–Pulliam, Oaks, Peters, Pinsky, Ramirez, Robinson, Rosapepe, Smith, and Zucker**

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## SENATE JOINT RESOLUTION

1 A Senate Joint Resolution concerning

2 **Women on Corporate Boards**

3 FOR the purpose of acknowledging certain evidence that demonstrates that companies  
4 perform better when their boards and executive leadership include women and that  
5 the State of Maryland has a certain stake in protecting certain shareholders and  
6 setting certain policies; encouraging certain gender representation on corporate  
7 boards; urging that, within a certain period of time, each publicly held corporation  
8 in Maryland have a certain minimum number of women on its board; and generally  
9 relating to gender representation on corporate boards.

10 WHEREAS, The 2016 Census of Women Board Directors in Maryland undertaken  
11 by the nonprofit Network 2000 found that (1) women occupy only 91 (14%) of the 630 board  
12 seats in Maryland, compared to the national average of 20.1% and (2) over 30% of Maryland  
13 companies have no women on their boards of directors, compared to the national average  
14 of 5%; and

15 WHEREAS, A 2015 University of Maryland’s Robert H. Smith School of Business  
16 study entitled “Is There an Implicit Quota on Women in Top Management?” found that (1)  
17 a woman appointed to a top–tier position reduces the chances of a second woman in an elite  
18 position within the same firm by 50% and (2) this percentage increases when women are  
19 hired directly into high–paid rather than midmanagement professional positions; and

20 WHEREAS, A 2012 University of Maryland’s Robert H. Smith School of Business  
21 study entitled “Does Female Representation in Top Management Improve Firm  
22 Performance?” found that (1) female representation in top management positions will  
23 improve a firm’s performance so long as the firm’s strategy is focused on innovation and (2)  
24 companies with women in management positions experience improvements in economic  
25 value and accounting performance; and



1 WHEREAS, McKinsey and Company’s ongoing research, highlighted in the annual  
2 “Women Matter” series, consistently has shown a correlation between the number of  
3 women on boards and increased corporate performance; companies with three or more  
4 women in senior management score more highly, on average, on the organizational  
5 performance profile than companies with no women at the top and performance increases  
6 significantly once a certain critical mass is attained; specifically, when there are at least  
7 three women on management committees with an average membership of 10 people; and

8 WHEREAS, The Journal of Business Ethics paper “Women Directors on Corporate  
9 Boards: From Tokenism to Critical Mass” and the Wellesley Centers for Women report  
10 “Critical Mass on Corporate Boards: Why Three or More Women Enhance Governance”  
11 agree that attaining “critical mass”, i.e., moving from one or two women directors to at least  
12 three women directors, creates an environment where women are no longer seen as  
13 outsiders and are able to influence the content and process of board discussions more  
14 substantially, and boards of directors need to have at least three women to enable them to  
15 interact and exercise influence on the working style, processes, and tasks of the board, and  
16 in turn positively affect the level of organizational innovation within the firm; and

17 WHEREAS, “Women Directors on Corporate Boards” by Terjesen, Sealy, and Singh  
18 found that: (1) gender diversity on corporate boards contributes to more effective corporate  
19 governance and to positive governance outcomes; (2) women directors contribute to  
20 important firm–level outcomes as they play direct roles as leaders and mentors, as well as  
21 indirect roles as symbols of opportunity for other women, and inspire those women to  
22 achieve and stay with their firms; and (3) more recognition is needed for the valuable  
23 contribution of women directors to firm value; and

24 WHEREAS, An Oklahoma State University study entitled “Corporate Governance,  
25 Board Diversity, and Firm Performance” found that board diversity, including gender and  
26 ethnicity, is associated with improved financial value and a significant positive relationship  
27 exists between the fraction of women or minorities on the board and firm value; and

28 WHEREAS, Credit Suisse conducted a 6–year global research study, completed in  
29 2012, of more than 2,000 companies worldwide that showed that women on boards improve  
30 business performance by key metrics including stock performance, as demonstrated by the  
31 fact that companies with a market capitalization of more than \$10 billion, whose boards  
32 have women, outperformed shares of comparable businesses with all–male boards by 26%;  
33 and

34 WHEREAS, The Credit Suisse report included findings that: (1) there has been a  
35 greater correlation between stock performance and the presence of women on a board since  
36 the financial crisis in 2008; (2) companies with women on their boards significantly  
37 outperformed others when the recession occurred; (3) companies with women on their  
38 boards tend to be somewhat more risk averse and carry less debt, on average; and (4) net  
39 income growth for companies with women on their boards averaged 14% over a 6–year  
40 period, compared with 10% for those with no women directors; now, therefore, be it

1           RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That the General  
2 Assembly acknowledges that the body of evidence to date demonstrates that companies  
3 perform better when their boards and executive leadership include women, and that the  
4 State of Maryland has a significant stake in protecting the shareholders of publicly traded  
5 companies, as well as setting policies that enable them to perform better; and be it further

6           RESOLVED, That the General Assembly encourages equitable and diverse gender  
7 representation on corporate boards and urges that, within a 3-year period, each publicly  
8 held corporation in Maryland with nine or more director seats have a minimum of three  
9 women on its board, each publicly held corporation in Maryland with five to eight director  
10 seats have a minimum of two women on its board, and each publicly held corporation in  
11 Maryland with fewer than five director seats have a minimum of one woman on its board;  
12 and be it further

13           RESOLVED, That a copy of this Resolution be forwarded by the Department of  
14 Legislative Services to the Honorable Lawrence J. Hogan, Jr., Governor of Maryland; the  
15 Honorable Thomas V. Mike Miller, Jr., President of the Senate of Maryland; and the  
16 Honorable Michael E. Busch, Speaker of the House of Delegates.