

Why GAO Did This Study

Corporate boards take actions and make decisions that not only affect the lives of millions of employees and consumers, but also influence the policies and practices of the global marketplace. Many organizations and businesses have recognized the importance of recruiting and retaining women and minorities for key positions to improve performance and better meet the needs of a diverse customer base. Academic researchers and others have highlighted how diversity among board directors increases the range of perspectives for better decision making, among other benefits. Prior GAO reports have found challenges to increasing diversity on boards and underscored the need to identify strategies that can improve or accelerate efforts to boost representation of women and minorities. These include reports examining the diversity of publicly-traded company boards and the boards of federally chartered banks, such as the FHLBanks.

This statement is based on two GAO reports, issued in December 2015 and February 2019, on the representation of women on corporate boards and the representation of women and minorities on the boards of FHLBanks, respectively. Information about the scope and methodologies used can be found in the original reports. This statement focuses on (1) the extent of diversity on such boards (2) factors that hinder diversity on these boards, and (3) strategies to promote board diversity on corporate and FHLBank boards.

View [GAO-19-637T](#). For more information, contact Chelsa Gurkin at (202) 512-7215 or GurkinC@gao.gov.

BOARD DIVERSITY

Strategies to Increase Representation of Women and Minorities

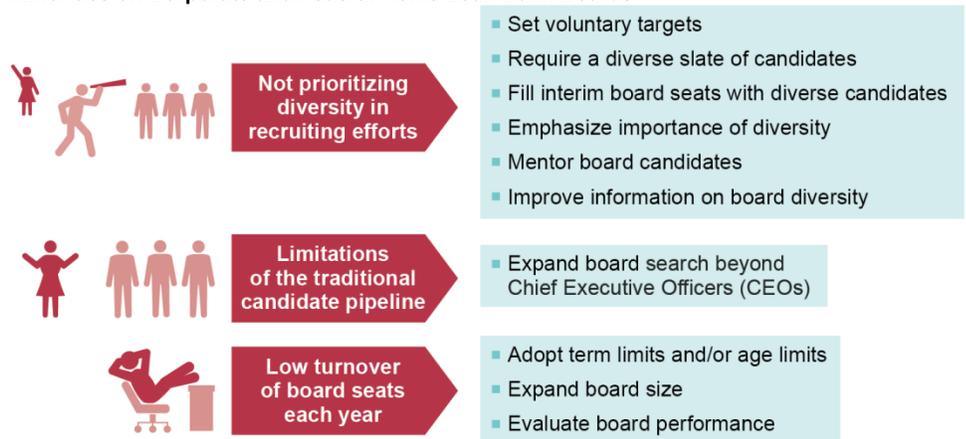
What GAO Found

Prior GAO reports found limited diversity on both publicly-traded company boards (corporate boards) of directors and Federal Home Loan Bank (FHLBank) boards. For example, GAO's 2019 report on FHLBank boards found women's board representation was at 23 percent in 2018; in 2015 it had been 18 percent. In a 2015 report on corporate boards, GAO projected the representation of women into the future—assuming that women join boards in equal proportion to men—and estimated it could take more than 40 years for the number of women directors to match the number of men directors. GAO's report on FHLBank boards also showed an increase in FHLBank directors from some minority groups, including African-American, Hispanic, and Asian since 2015, but they still reflected a small portion of these boards. The size of the increases in minority directors on FHLBank boards was less clear than for women directors due to incomplete board member demographic data.

Similar factors may limit corporate and FHLBank boards' efforts to increase diversity, according to stakeholders, board members, and others GAO interviewed. These factors include not prioritizing diversity in board recruitment efforts, limitations of the traditional board candidate pipeline, and low turnover of board seats.

GAO identified a number of strategies for increasing the representation of women and minorities on corporate and FHLBank boards based on a review of relevant literature and discussions with researchers and corporate and government officials (see figure).

Barriers and Corresponding Strategies for Increasing Representation of Women and Minorities on Corporate and Federal Home Loan Bank Boards



Source: GAO analysis of factors and strategies that can affect board diversity based on a review of relevant literature. | GAO-19-637T