SHIFTS IN BOARD DIVERSITY

Penn Undergradute Research Mentorship Program (PURM)
Dr. Mary-Hunter McDonnell
Shaquilla T.S. Harrigan

Bolanle Gaba, The Wharton School, Class of 2025

What is diversity?

Diversity, equity, and inclusion also known as DEI is the action of including and representing people from various backgrounds, experiences, and identities.

What are corporate boards?

All companies under the legal category of "corporation" meaning they pay dividends to shareholders, are required to have a board of directors. A board of directors, elected by the shareholders, supervises the company and assists in decision-making.

Why is this important?

In the United States and around the world our largest companies lead the economy, influence the governemnt, and society as a whole. The backbone of these companies are their board of directors, which is why it is important to study who is making these impactful decisions.

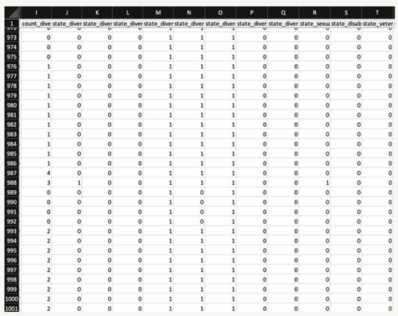
We analyzed the corporate SEC filings of all available years ranging from 1995-2022 of 100 US corporations within the Nasdaq. We looked at how these companies define diversity, which factors influence their hiring processes, and also the demographic trends of who are seated at these corporate board of directors.

The Process

1. Observed the frequency of the discussion about diversity within these proxy statements over the years to get a sense of the growing education and awareness about this topic in the corporate setting.
2. Viewed which aspects of diversity are explicitly included in each corporations' hiring criteria and coded it into a binary format of which categories were included.
3. Analyzed the company's chosen disclosures of how they identified directors and which aspects of their identity were clearly disclosed.
4. Based on those disclosures, viewed who were on these board of directors and which identies were represented and to what extent.

Data Collection

The data was collected in a binary format and stored to serve as a reference in future work.



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972												
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974	0	0	0	0	1	1	1	0	0	0	0	0
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Observations

The project is still in process meaning we do not have any hard statistics to show; however, I will share my observations of trends I recognized while conducting the research:

- Generally we saw a spike in the discussion of diversity, and the inclusion of more categories of backgrounds in hiring criteria in the years 2018-2021.
- Corporations tended to disclose tenure, age, and gender across all years we studied; however, the disclosures of race, ethnicity, sexual orientation, etc. did not appear until around 2022.
- Based on the information that companies did disclose, we viewed a lack of diveristy in gender, race, ethnicity, age, sexual orientation, etc. across all years with slight increases in representation around 2022.

Moving Forward

The data collected on demographic trends and diversity of corporate board of directors will be combined with Dr. McDonnell's current work on the history of social movements in the United States. This project served as the addition of information to her database as she continues to write pieces and research the larger picture of which factors influence shifts in board diversity.