

Feminist Shareholders Challenge the Corporate Structure

By JUDY KLEMESRUD

Women wanting to improve their status and increase their numbers within a corporation have used a variety of methods over the years: Long working hours. Picket lines. Affirmative action programs. Lawsuits. And even tears and sex.

The latest method, which is growing rapidly in popularity, is the shareholder proposal, and its advocates regard it as the most "sophisticated" device of all—a method that challenges the power struc-

ture right in its Executive Suite, so to speak.

The method was begun in earnest last year as far as equal employment of women is concerned and its advocates already list among their "victories" the following: The appointment of women to the boards of directors of several major corporations, including Gulf Oil and Celanese; and an agreement by Sears, Roebuck and Co. to make public the company's equal opportunity efforts in the Chicago area.

In addition, almost two

dozen major corporations have agreed to disclose certain employment statistics about their female and minority group employees after shareholder proposals to that effect were submitted.

These shareholder proposals for equal employment, submitted at the annual meetings of corporations, generally call for such things as women on the board of directors; or disclosure of employment statistics according to race and sex; or a summary and status of all sex discrimination com-

plaints filed with the Equal Employment Opportunity Commission and other agencies in recent years.

Spearheading this movement are two groups that have joined forces to produce what some observers have called "a strange coalition"—feminists and church groups, allied through their commitment to fair employment opportunities for women.

Most of the feminists belong to the National Organization for Women. And most of the church groups are coordinated by the Interfaith Center on Corporate Responsibility, at 475 Riverside Drive, which represents 20 Protestant denominations and Roman Catholic religious orders. The center is affiliated with the National Council of Churches.

Carole De Saram, president of the New York chapter of NOW and a Wall Street systems analyst, said of her colleagues from the church groups: "They're great—they're enough to make you go back to church. They really are dynamic people."

Cite Advantages

Most of these activists really don't expect their resolutions, which are almost always opposed by management, to receive a majority vote. But they see major advantages of the method:

High visibility for an issue that might not otherwise be put before the company's shareholders and the general public.

It is an inexpensive method, and does not involve legal fees and long hours in court filing affidavits.

The belief that a shareholder proposal, even if it is badly beaten, creates pressure on management to do what the proposal seeks.

It puts the burden of proof on management, and makes them explain to their shareholders why they may have spent millions of dollars in legal fees fighting the sex discrimination cases filed against them," Miss De Saram said. "That kind of thing can cause a company to lose government contracts, and it can seriously affect earnings and the dividends the shareholders receive."

The woman generally regarded as the heroine of the shareholder proposal movement is Joan Hull, a mild-mannered, middle-aged group manager at the Celanese Corporation who, at an emotional annual meeting last year, requested that Celanese appoint women to its board of directors and establish a committee to study the status of women in the company.

The two resolutions were defeated as expected, but received 5½ per cent and 4½ per cent respectively—more

than the 3 per cent vote the Securities and Exchange Commission says is necessary to qualify a resolution for resubmission the following year.

Within a few months, Celanese appointed a woman to its board of directors, and also hired a woman as its first corporate vice president.

"It would not have happened without the shareholder resolutions," Miss Hull insisted.

John W. Brooks, Celanese chairman, disagreed. He said the company had "always" been in favor of a woman on the board, "when the time was proper and we had the proper woman."

Used NOW Format

Miss Hull, a Skidmore College graduate, said she copied her resolutions from a handbook put out by the National Organization for Women, of which she is a member. She has also filed several lawsuits against her company, including a 1973 class action in Federal Court charging Celanese with sex discrimination. The suit is still in court.

"At Celanese, there's a tendency to treat females as objects, as 'girls,'" she said. "You're not treated seriously. But once I filed my first lawsuit in 1969, they started to treat me as a competitor. I was taken seriously, and that's what I wanted."

Most of the activists regard the recent agreement by Sears, Roebuck and Co. to prepare a report on the company's equal opportunity efforts in the Chicago area as their greatest "victory." The shareholder resolution to this effect, which was withdrawn after the company agreed to comply with its demands, was sponsored by the United Methodist Church and NOW. (There was also much cheering among the activists after Exxon Corporation agreed recently to disclose employment information.)

The coalition also takes credit for the appointment of the first woman to Gulf Oil's board of directors—Sister Jane Scully, a Roman Catholic nun who is president of Carlow College in Pittsburgh. She was named to the board after Joan Cummings, a statistical clerk at Gulf and a member of NOW, last year presented five shareholder resolutions to Gulf Oil dealing with female directors and employment problems.

"I think companies are very vulnerable right now, and it's very easy to raise their consciousness through a resolution," Miss Cummings said the other day. "That's what I did."

Among the other corporations that have agreed to



Joan Hull has a simple explanation for being a shareholder activist at Celanese, where she's a group manager: "I love the work and I like the company and I wouldn't have done what I've done if I didn't believe change was possible."

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disclose certain employment information as a result—direct or indirect—of shareholder resolutions are Transamerica, American Home Products, Ford, General Motors, Kraftco, Goodyear, Polaroid, Minnesota Mining and Manufacturing, I.B.M., General Electric and Xerox.

Recently Named

Some of these companies have also recently added women to their boards, including Exxon (Martha Peterson, president of Barnard College), Sears, Roebuck (Norma T. Pace, an economist), I.B.M. (Patricia Harris, the Washington lawyer) and Xerox (Joan Ganz Cooney, the television executive).

But Xerox, which has been the target of several sex discrimination suits across the country, is not yet off the hook with the feminist-church coalition.

At its annual meeting today in Webster, N. Y., Xerox will be asked, in a proposal submitted by the United Methodist Church, to provide information on the number of women and minorities in its sales force; and whether any race or sex discrimination exists in the sales force,

and if so, to present proposals to alter any such discriminatory patterns.

The sales force was singled out by the church, a spokesman for the activists said, because the sales force was identified on the basis of the employment information provided by Xerox last year as "the key to upward mobility" at Xerox for women and minorities.

Privately, many corporation executives regard such shareholder resolutions as a nuisance especially in view of their potential to disrupt the annual meeting, and the fact that employment studies and reports can be very costly. But publicly, the executives tend to temper their feelings.

Kent Damon, vice president, treasurer and secretary of Xerox, put it this way: "I guess we sort of wonder how far this thing is going to go, and we wonder if some of these things are better kept confidential in order that we pursue most effectively our own objectives for the employment and advancement of women and minorities."

Robert A. Longman, vice president, general counsel

and secretary of Celanese, considers the shareholder proposal method "just part of the regular business."

"I think for some corporations it may be a useful method of bringing to the attention equal employment matters relating to the corporation," he said. But he questioned the use of the method at Celanese, "because we've endeavored to report all important information relating to the area, and we have a large number of ongoing programs in the equal opportunity area."

Strict S.E.C. Rules

How does one go about making a shareholder proposal? Any person may submit a proposal to be voted on at the annual meeting to any corporation in which he or she owns stock.

However, there are a number of stringent rules set by the S.E.C. relating to the content and form of the proposal, the deadline, and how much of the vote cast at the annual meeting it must receive in order to be resubmitted.

The drawn-out process is probably the major complaint among the advocates of the shareholder proposal method.

"I think it's one of the slowest ways of accomplishing equal employment, because of all the red tape involved," said Elizabeth Forsling Harris, former coordinator of NOW's Stockholder Action Task Force, and now president of the Women's Forum, a group of prominent New York women achievers.

"But I think it is also an extremely effective way in the education that is acquired," she added, "both by women as stockholders and by management as to the seriousness of women who are stockholders. So if you have the patience, it's a very effective device."