

Building Meaningful Gender Diversity on Boards

Research published in *Strategic Management Journal* studied why some boards go beyond having one female board director. The researchers note that the presence of one female director is often thought to be “tokenistic” and falls well short of achieving the purported benefits of gender diversity. The study’s authors examine how the composition of company leadership contributes to their commitment to more meaningful levels of gender diversity and, as such, their appointment of more than one female director to the board.

Key Takeaways:

- For every additional female senior executive, companies are nearly two times more likely to appoint another female board member, while companies with a female director on the nominating committee are four times more likely to appoint another female director.
- These effects are more pronounced for boards with a lower average age of board members.

The researchers examined companies in the S&P 1500 from 2008 to 2014 who started with one female director in order to identify factors that influenced them to appoint additional female directors. In this sample, 184 companies started with one female director, with 55 of those appointing additional females during the time period studied. They find that for every female senior executive, companies

were nearly two times more likely to appoint additional female directors. Further, companies whose board nominating committees had a female presence were over four times more likely to appoint additional females. The researchers also find that these effects are more pronounced the younger the average age is of board members.

The authors follow up their study with interviews of corporate directors and governance consultants to weigh in on their findings. These interviewees suggest that the number of female executives is an indicator of the CEO’s commitment to gender diversity, while nomination committees with a female presence are likely to engage in broader candidate search that specifically seeks greater female representation. Finally, they suggest that older boards are less purposeful in seeking board diversity and tend to favor ex-CEO candidates and candidates similar to them, both of which are inherently more likely to be male.

Guldiken, O., Mallon, M. R., Fainshmidt, S., Judge, W. Q., & Clark, C. E. (In press). Beyond tokenism: How strategic leaders influence more meaningful gender diversity on boards of directors. *Strategic Management Journal*, DOI: 10.1002/smj.3049.