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Academy of Management

## Women and minority corporate directors are stymied by mentoring gap, study finds

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Although the past several decades have seen a considerable increase in women and racial minorities on corporate boards, this development has had a somewhat lopsided aspect: a sampling of 2,000 of the largest U.S. companies finds that these two groups constitute 28% and 22% respectively of directors who serve on a single board but only 8% and 5% of those who serve on more than one.

"This is an important distinction," a new management study explains, "because holders of multiple board seats tend to be seen by other corporate leaders as members of the corporate elite, or inner circle of corporate leadership, in part because holders of multiple directorships tend to exercise disproportionate influence over corporate policy at each of the firms where they serve as a director."

Moreover, as the paper in the current Academy of Management Journal notes, this situation "has been little changed over the past 10 years, suggesting that current under representation does not simply reflect a time lag between acquiring a first board seat and gaining appointments at other boards."

The AMJ study, based on surveys of several thousand corporate directors, then proceeds to reveal a feature of board life that contributes significantly to this directorship imbalance -- a large-scale failure by the 90% of corporate directors who are white males to mentor female and minority newcomers on the basics of board participation.

In the words of the paper, by management professors Michael L. McDonald of the University of Texas San Antonio and James D. Westphal of the University of Michigan,. "On average, racial-minority first-time directors are 72% less likely [than white males] to be advised by an incumbent director to get the CEO's okay before raising concerns or questions about strategy or policy issues in formal meetings, and they are 69% less likely to be advised that directors are expected to provide advice and information to the CEO rather than exercise control over policy and strategy." For female first-timers, the comparable figures are 54% and 49%, according to the new research.

And such lapses significantly increase the chances of missteps by newcomers that are likely to make negative first impressions on other directors, an unfortunate outcome given that "one of the most robust findings in the social psychological literature is that first impressions tend to have a lasting influence on interpersonal judgments." As a result, "even if first-time directors who did not receive significant mentoring are able to begin to realize on their own what the prevailing norms are, their subsequent participation will continue to be seen through the lens of any early behavior that did not conform to the subtleties of participation-process norms."

So much so, the professors find, that lack of mentoring reduces the likelihood by 57% that first-timers will be invited during the next two years to join a second corporate board.

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Ironically, too, this lack of invites belies the fact "that demographic-minority first-time directors...tended to have stronger qualifications than white male first-time directors. In particular, on average they (1) had significantly higher levels of management experience, (2) provided higher levels of advice and information to CEOs, and 3) demonstrated knowledge and strategic insight that were rated more highly by their peers."

Thus, "the differential access to mentoring that we observe in this study may ultimately tend to compromise the quality of director contributions to strategic decision-making, because it disadvantages women and minorities who could otherwise provide relatively high-quality advice and counsel to executives on strategic issues from getting board appointments."

The study's findings emerge from surveys of thousands of corporate board members, including 1,305 first-time directors at the 2,000 largest U.S. corporations who were appointed between 1999 and 2006 and 1,152 of their board colleagues. Distributed six months, one year, and two years after first-timers assumed their positions, the surveys included questions on the following:

-- How much time incumbents devoted to mentoring first-timers on how to contribute to strategic decision-making;

-- Whether any incumbents advised the newcomers to get okays from CEOs before raising strategy-related issues at formal meetings;

--- Whether any explained the difference between asking questions and challenging management on strategy or policy issues;

-- Whether any advised first-timers that directors are expected to provide advice and information to CEOs on strategic issues rather than exercise control over management's handling of them.

In further probings, almost 90% of first-time directors indicated that these and similar questions covered all forms of mentoring received from established directors and that directors rarely mentored newcomers on board-related matters other than participation process. Mentoring typically occurred prior to a new director's first board meeting or not at all and was unsolicited in about 85% of the instances in which it was provided.

Generally discouraging though the paper's findings may be, one bright spot does emerge: the presence of an incumbent female or minority board members does significantly increase the mentoring received by newcomers of the same group. In the words of the study, "women and racial minorities will be less disadvantaged in the amount of mentoring they receive when a board has a woman or racial-minority incumbent member." Still, as the paucity of additional board invites for these groups suggests, this benefit is largely overwhelmed by discrimination on the part of the heavily white-male majorities of corporate boards.

What accounts for this discrimination? The professors cite the recurrent findings of social psychological research that "people tend to routinely -- if often largely unconsciously -- categorize those who are different from them [demographically] as out-group members and those who are similar as in-group members...We expect that the primary driver of greater mentoring of white male first-time directors is in-group favoritism rather than outright negative treatment of women and minorities."

Asked to elaborate, Prof. Westphal surmises that the discrimination seen in the study has to do, too, with the likelihood that the norms of board behavior to be conveyed "probably would not enjoy wide acceptance. An outsider might very well take exception to the degree of deference to CEOs embodied in these norms, so that incumbent directors might feel that spelling them out would carry some risk."

He adds: "It is commonly thought that a particular virtue of having women and minorities as directors is that they bring an outsider's perspective to boards. Ironically, to the extent that this view emphasizes the outsider status of these groups, it may very well contribute to the discrimination and the career impediment that we have uncovered in this study."

In this sense the paper's findings echo earlier research by Prof. Westphal and colleagues that documents self-serving behavior of boards that runs counter to public sentiment or public interest . For example, one study reveals that directors who participate in governance reforms in one company are ostracized by board members of other companies. Another study finds that gaining membership on multiple boards has more to do with the ability of directors to ingratiate themselves with other directors than with diligence in monitoring or controlling management.

The new study, "Access Denied: Low Mentoring of Women and Minority First-Time Directors and its Negative Effects on Appointments to Additional Boards," is in the August/September issue of the Academy of Management Journal. This peer-reviewed publication is published every other month by the Academy, which, with more than 19,000 members in 110 countries, is the largest organization in the world devoted to management research and teaching. The Academy's other publications are the The Academy of Management Review, The Academy of Management Perspectives, and Academy of Management Learning and Education.







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