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Women and Racial Minorities in the Boardroom: How Do Directors Differ?

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In this paper, we examine how the attributes of female and racial minority directors differ from those of white males. We track a sample of white male, white female, African-American female and African-American male directors who serve on Fortune 1000 boards and find differences in occupational background, education, and patterns of board affiliation. Female and African-American directors are more likely to come from non-business backgrounds, are more likely to hold advanced degrees, and join multiple boards at a faster rate than white male directors.

In the past two decades, two important trends have altered US boardrooms. First, board composition has shifted toward the inclusion of more outside directors (Useem, 1993; Westphal & Zajac, 1997). Second, director profiles have shifted toward the inclusion of members whose gender and race are different from the traditional white male director. As of 1997, 45% of *Fortune* 500 boards included at least one female director (KLD, 1998) and 37% included an African-American director (Lublin, 1997). A concurrent increase in the absolute number of female and racial minority directors has also occurred. For example, Directorship's Annual Survey (1999) finds that on *Fortune* 1000 boards, there were 118 (or 1.6%) African-American directors in 1992 and by 1997, the number had grown to 189 (or 2.7%). Similarly, Daily, Certo and Dalton (1999) found that within the *Fortune* 500, in

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1987 female directors totaled 270 (4.7%) and that by 1996 female directors on these boards totaled 417 (7.1%).

However, a 1992 Korn-Ferry study concluded that 81% of large firm directors were chief executives, chief operating officers, or retired executive officers of other large corporations (Korn-Ferry, 1992). This traditional path to directorships poses a significant hurdle for women and racial minorities who desire to join a corporate board, given historical treatment discrimination and occupational choice considerations (Bibb & Form, 1977; Cassidy & Warren, 1991; Cox & Nkomo, 1991; Greenhaus, Parasuraman & Wormley, 1990; Judge, Cable, Boudreau & Bretz, 1995; Kanter, 1977; Morrison & von Glinow, 1990). Daily and colleagues (1999) find that while women have made some progress in the boardroom, they have made little progress in the executive suite. When compared to 1986, Daily and colleagues find a dramatic increase in the number of *Fortune* 500 boards that include female directors by 1996 but no increase at all in the number of female CEOs. In addition, they find that as of 1996, women directors in *Fortune* 500 firms held only .6% of the 1251 inside director positions (those positions representing the upper echelons of management). So, where do women and minority directors come from and how, if at all, do they differ from white male directors beyond race and gender?

Resource-dependence theory points to a number of resources that directors bring to boards: expertise, different perspectives, ties to other firms, and legitimacy. In this paper, we study how directors differ beyond race and gender by exploring differences in occupation and education level in order to capture diversity of expertise. We further examine the rate at which directors secure 2nd, 3rd, and 4th directorships capturing the effects of ties to other firms and social inference processes. For our analyses, we use a sample of *Fortune* 1000 directors consisting of approximately equal numbers of white males, white females and African-American directors (later divided by gender) who are tracked from the time of their first directorship to 1997. Finally, we discuss the implications of our findings for practice and further research from both the individual director level and the board level of analysis.

Director Differences

While directors are most commonly viewed as fulfilling a fiduciary responsibility to shareholders as monitors of management, they also serve in resource-dependence roles. In these roles, directors provide essential resources to the firm or secure resources for the firm through linkages to the external environment (Boyd, 1990; Daily & Dalton, 1994; Gales & Kesner, 1994; Hillman, Cannella & Paetzold, 2000; Johnson, Daily & Ellstrand, 1996; Pearce & Zahra, 1992; Pfeffer, 1972; Pfeffer & Salancik, 1978; Zahra & Pearce, 1989).

Pfeffer and Salancik (1978) assert that there are four key benefits that arise from environmental linkages such as boards: (1) provision of specific resources such as expertise and advice from individuals with experience in a variety of areas; (2) channels for information flow between external organizations and the firm; (3) aids in obtaining commitments or support from important elements outside the firm; and (4) legitimacy. With respect to legitimacy, public sentiment calls for organizations to reflect the population served, a call that has put pressure on corporations to add women and racial minorities to their boards. While this legitimacy provides one theoretical rationale for having women and racial mi-

nority directors, it does not speak to differences in characteristics beyond race and gender. If legitimacy was the only benefit, firms could hastily add any female or racial minority in order to gain legitimacy. However, the findings of Kesner (1988) and Bilmoria and Piderit (1994) assert that women are not just token board members, but are commonly placed on important board committees, indicating that while legitimacy may be an important issue, it is not the only rationale behind the selection of women and racial minority directors.

Well beyond legitimacy, theory points to other resources that directors may bring to boards such as expertise and ties to other external contingencies. Pfeffer (1983) acknowledges that these resources are often hard to measure in themselves, but good proxies exist. Previous literature has often used demographic characteristics (such as age, education, race, and gender), occupation, and interlocking directorates (or connections to other organizations) as such proxies (Daily & Dalton, 1994; Gales & Kesner, 1994; Johnson et al., 1996; Pearce & Zahra, 1992). Race and gender are often considered proxies of different perspectives individuals bring to organizations (Cox, Lobel & McLeod, 1991; Ely, 1994; Watson, Kumar & Michaelson, 1993) and constitute our primary comparison groups. Given this, we now turn to three other characteristics that indicate the resources embodied in directors: occupation, education, and directorship patterns.

Human Capital Differences: Occupation and Educational Level

Each director brings unique resources to the organization (Kesner, 1988; Kosnik, 1990). Occupational differences reflect the heterogeneity of resources such as expertise, skill, information, and potential linkages to other external constituencies. This line of reasoning corresponds to that used by Hambrick and Mason (1984) in their discussion of the linkage between the characteristics of executives and the strategies and decisions they devise and implement.

The logic behind the resource-dependence role of directors implies that a variety of occupational representation on a board widens the expertise present as well as the number of linkages to critical external contingencies facing the firm. This logic can be understood as assembling a portfolio of directors that maximize the firm's resources (e.g., expertise, linkages with external contingencies for communication and the provision of resources, and legitimacy). Thus, from the resource-dependence perspective, we would expect directors to be chosen based on a desire to widen the resource base provided by the board, which would include occupational background variety.

Hillman et al. (2000) propose a categorization scheme of directors based on the resource-dependence role. In addition to insiders, their classification scheme includes three types of outside directors: business experts; support specialists; and community influentials. Business experts are those directors who are CEOs or senior managers in large, for-profit firms. These directors provide expertise in competition, decision making, and problem solving for large firms. Support specialists, on the other hand, provide specialized expertise in law, banking, public relations, or marketing, as well as access to vital resources such as legal support or financial capital. Finally, community influentials provide non-business perspectives on issues, problems and ideas as well as expertise about and influence with powerful groups in the community. This category of directors includes politicians, university representatives,

members of the clergy and other community or social leaders (Hillman et al., 2000, p. 240). Each type of director, in keeping with resource-dependence logic, also provides ties to other firms or groups, and legitimacy.

If there are few women and racial minorities in the executive suite, firms have to look beyond the executive suite to find appropriate directors. Therefore, they may look for women/racial minorities who have specialized skills that would complement executive experience of business experts. Thus, we propose the following:

Hypothesis 1: Female and African-American directors are more likely to be support specialists and community influentials than business experts.

Education is a reflection of human capital representing investments made in specialized expertise (Becker, 1964; Judge et al., 1995). These investments have been linked in prior research to increased rewards such as pay and promotions (Pfeffer & Ross, 1982), and in career success as measured by pay, promotion and job and career satisfaction (Judge et al., 1995). Following this logic, we would expect directors, on average, to exhibit higher levels of education than the general population. For white male directors, the most frequent demonstrations of expertise arise from promotion to senior executive ranks in their employing firms. As noted earlier, however, this mechanism is quite constrained for women and minority directors who desire to serve on corporate boards.

For women and racial minorities, education is a key mechanism for securing widespread recognition of individual achievement and expertise. Through education, women and racial minorities can publicly demonstrate expertise, tempering the effects of long-held stereotypes and biases that may limit their appeal to director selection committees. Consequently, educational credentials can help level the playing field in arenas traditionally dominated by white men (Kanter, 1989) in that education often provides access to opportunities. Educational level is commonly regarded as an indicator of valued knowledge (Kanter, 1977). Having a college degree denotes a basic level of expertise and accomplishment, but having a graduate degree lends more credibility and demonstrates depth of expertise. Doctoral or professional degrees such as those held by medical doctors, lawyers and PhDs represent a knowledge and experience base of the highest level.

Status characteristics theory may be insightful in exploring the effects of education for women and racial minorities. Status characteristics theory predicts that for low-status groups (such as women and racial minorities), standards of ability are higher than for high-status group members. That is, for a female or racial minority to be perceived as having high ability, he/she must have more evidence of ability than the evidence required to judge a white male's ability. Conversely, status characteristics theory asserts that standards for lack of ability are higher for high-status than low-status individuals (Biernat & Kobrynowicz, 1997; Foschi, 1992). This theory echoes the "twice as good to be considered half as good" sentiment expressed by many females and racial minorities anecdotally. Thus, for women and racial minorities, standards of achievement may be higher than for white males, again, pointing to an expectation that female and racial minority directors will have relatively higher measures of ability such as educational degrees in order to be selected.

Consistent with status characteristics theory, Biernat and Kobrynowicz find that participants charged with hiring applicants required women and African-Americans, relative

to men and whites, to "jump through more hoops" to prove they had the ability to fill a position (1997: 554). That is, when a question was framed in terms of making an ability inference, participants in Biernat and Kobrynowicz's (1997) study required significantly more skill from a female than a male applicant. Additionally, in a second study, Biernat and Kobrynowicz found that higher levels of performance were necessary to infer ability in an African-American than a white applicant. Thus, status characteristics theory points to an increased need for females and racial minorities to exhibit high levels of ability in order to be judged as competent as males with lower levels of ability. In a competence-related position, such as that of director of large corporation, it may be more critical for female and racial minority directors to document their ability in a legitimate fashion, such as through education.

Whether accurate or not, women and racial minorities have long been considered "outsiders" in the business world. A key method for them to overcome this outsider status derives from the demonstrated expertise, accomplishment, and social standing granted by the attainment of advanced degrees. Thus, through education, women and racial minorities may establish credibility as potential directors as well as provide the firm with valuable skills and connections as a result of their education. Regarding education, we thus can infer that males may need to do well to signal high ability, but females and racial minorities must do *very* well to signal the same level of ability (Foddy & Smithson, 1989). Thus, for women and racial minorities, obtaining an advanced degree may be the surest path to meeting the higher standards of ability set for them. Therefore, we assert the following:

Hypothesis 2: A greater percentage of female and African-American directors will hold advanced degrees than will white male directors.

Patterns of Directorships

It is common for directors of large organizations to serve on more than one board at any point in time. This is the case for a number of reasons. First, resource-dependence theory asserts that ties to other organizations are beneficial for firms. In order to survive, organizations must cope effectively with uncertainty (Alchian, 1950; Pfeffer & Salancik, 1978; Thompson, 1967). Uncertainty clouds the organization's control of resources and choice of strategies, and impedes simple day-to-day functioning. Effective coping with uncertainty leads to power (Pfeffer & Salancik, 1978) and ultimately, increased survival likelihood (Singh, House & Tucker, 1986). Directors who serve on multiple boards increase the number of external linkages they provide to their boards. These linkages may act to reduce uncertainty by linking the firm with environmental contingencies and further reducing transaction costs when dealing with these external elements.

This is a similar logic to that of network theory. From a network theory perspective, firms can increase their survival odds and resource acquisition by becoming more central within a network of other firms and important entities in the environment (Dyer & Singh, 1998; Granovetter, 1973; Thorelli, 1986), or by increasing the number of linkages to other firms (Gulati, 1998; Powell, 1990). One way to accomplish these is through interlocking directorates, or selecting directors already on the boards of other firms or who are representatives of important external contingencies for the firm. Thus, all else equal, firms may seek out directors who are already on the boards of other firms.

Second, selecting a director who is already on another board reduces the search costs for new directors. By choosing a director that has already "proven" him/herself on a board, firms reduce the risk of an unknown. An individual's first directorship is an event that serves to increase his/her "salience" (Taylor & Fiske, 1978). Saliency refers to characteristics that are noticeable and judged to be relevant. Literature on saliency effects generally finds that people who are more visually salient tend to be perceived as more influential, or as making things happen rather than having things happen to them (e.g., Biernat & Vescio, 1993; Briggs & Lassiter, 1994; Lassiter & Irvine, 1986; Lassiter et al., 1992; McArthur, 1981; Taylor & Fiske, 1978; Taylor et al., 1978). These studies have found saliency effects to be quite robust and generalizable, even when a person was recognized to be relatively less influential in an interaction, his/her estimated causal role was increased when made more perceptually salient to observers.

One way that people become more salient is via their novelty (Berlyne, 1960; Biernat & Vescio, 1993; Taylor & Fiske, 1978; Taylor et al., 1978). As Taylor and Fiske argue, "a novel individual within a small group should be salient to observers and subsequently perceived as disproportionately causal in the group" (1978: 257). Due to their relative rarity and the increasing importance placed upon board diversity, female and racial minority directors would be more novel and hence, more salient on corporate boards than their white male counterparts. The more visible, the more salient, and the more easily recalled when it comes time to appoint new directors to a board. Thus, according to the saliency hypothesis, female and racial minority directors already serving on a corporate board may more readily come to mind as potential directors of additional boards than white male directors.

In addition to increasing their individual saliency, after joining his/her first board a female or racial minority director can overcome any stereotypes regarding their lack of fit on corporate boards. Heilman, Block, Martell and Simon (1989) find that general stereotypes of women appeared to be deeply rooted and resistant to change. Heilman et al.'s study (1989) examined managers' stereotypes of men and women in general, managers, and men and women managers. This study found that managers regarded "men in general" (vs. "women in general") to be more similar to "managers." Only when a success label was applied (e.g., "successful women managers"), were men and women viewed as equally similar to "managers." Heilman and her colleagues attributed this perceived "lack of fit" to sex stereotypes that portray women as lacking many of the qualities deemed necessary for success as managers. The success label that they applied in certain experimental conditions presumably reduced subjects' reliance on such stereotypes, thereby reducing the perceived lack of fit between hypothetical women managers and (assumed) men managers. An initial board appointment may be to women and racial minority directors what the success label was to the hypothetical women managers in Heilman and her colleagues' study—an indication of success that reduces the perceived lack of fit between the qualities and abilities of women and African-Americans and those deemed necessary for success as a board director. Once a female (or racial minority) has overcome this lack of fit by joining one board, the effect of this stereotype is diminished in that he/she has proven to fit in, which in turn, makes them more attractive for subsequent directorships. Because there is no such "lack of fit" perception for white male board members, initial board memberships would not likely lead to the same benefits for them in terms of additional directorships.

In summary, we believe that the increase in board opportunities that arise from service on other boards will be markedly stronger for women and racial minority directors than for white male directors. First, service on an existing board or boards demonstrates a basic level of business expertise, which is often lacking in women and racial minority directors due to their relative absence in executive suites. Second, the attainment of directorships provides status and visibility in the business community, a factor that tends to be lacking among women and racial minorities relative to white males. Finally, successful service on a corporate board demonstrates a certain level of community with other directors, thus reducing the anxiety that may be felt with the addition of a director who is both different and somewhat unknown to existing directors. Therefore,

Hypothesis 3: Female and African-American directors will more likely serve on multiple boards than will white male directors.

Hypothesis 4: Female and African-American directors will join subsequent boards at faster rates than will white male directors.

Methods

In order to make comparisons across gender and race of directors, a representative sample was chosen from each group. Assessing the race and gender of directors, however, is a difficult task because archival sources such as proxies and annual reports seldom explicitly mention the gender or race of their directors. While in some cases the determination of gender and/or race is clear-cut, in others it is much more ambiguous. We began our sample by building a database of all *Fortune* 1000 directors. We then used a report on African-American directors within the *Fortune* 1000 (1993) to identify all African-American directors in the population, and we used the names of the directors to identify what we believed were all the women in the population. In 1993, there were 108 African-Americans (1.45%) of the total 7422 directors on *Fortune* 1000 boards and 559 women (7.53%). We used all 108 of the African-American directors and then randomly selected 100 white male and 100 white female directors for comparison. We subsequently verified the gender of directors with proxy reports (pictures) and biographies of business directors (e.g., *Who's Who in Corporate America*). When we found that we had coded a white male or female incorrectly, we dropped that observation, returned to the initial sample frame and selected another. This gave us an initial sample of 308 directors in the year 1993.

We were interested, however, not in a cross-sectional analysis of directors in 1993, but in the career paths and directorship histories of individual directors. Therefore, we tracked each person in the sample forward in time, noting every for-profit company board they served on up until the year 1997. We also tracked each person in the sample backward in time from 1993 until the time of his or her first directorship. This created a sample of director careers that began with each director's first directorship, and subsequently included the entire directorship career history for that person up until year-end 1997. We further noted the age at first directorship, primary occupation, and education level for each person in the sample. Our final sample consisted of 275 directors categorized as African-American

females ($n = 16$), African-American males ($n = 71$), white females ($n = 89$) and white males ($n = 99$). Missing data on education and occupation caused the reduced sample size.

Occupation was coded into the three resource-dependence categories advanced by Hillman et al. (2000). Business experts are current and former senior officers of for-profit firms. Support specialists include members of the financial community, insurance, public relations and marketing professions. Community influentials include academics, politicians, clergy, heads of non-profit foundations and other community or social celebrities. Education was coded into four categories: some college, under-graduate degree, master's degree, and doctoral degree (PhD, JD, MD).

Analyses

In order to test Hypotheses 1–3, we performed Chi-square analysis of the differences across groups. To assess the rate of achieving subsequent directorships in for-profit corporations we performed an event history analysis, which will be described in greater detail in the subsequent section. Results of these analyses are presented below.

Results

Hypothesis 1 predicted that female and African-American directors are more likely to be support specialists and community influentials than insiders and business experts. Table 1 presents the descriptive statistics and the results of a Chi-square test. As predicted, the white males are far more likely to come from a business background (88.89%) than the African-American females (18.75%), the African-American males (38.03%) or the white females (34.83%). As also represented in Table 1, white female and African-American directors in our sample are much more likely to be support specialists and community influentials than business experts. 81.25% of African-American female directors come from these two categories, while 61.97% of African-American males and 65.07% of white female directors are support specialists or community influentials. In comparison, only 11.11% of white male directors are either support specialists or community influentials. Thus, Hypothesis 1 is supported.

Table 1
Table of occupation by category

Percent (*N*)	African-American	African-American	White females	White males
Business experts	18.75% (3)	38.03% (27)	34.83% (31)	88.89% (88)
Support specialists	25.00% (4)	9.86% (7)	10.11% (9)	6.06% (6)
Community influentials	56.25% (9)	52.11% (37)	55.06% (49)	5.05% (5)
Total	100% (16)	100% (71)	100% (89)	100% (99)
Statistic	df	Value	*p*	
Chi-square	6	75.96	.001	
Likelihood ratio Chi-square	6	86.85	.001	

Table 2
Table of education by category

Percent (*N*)	African-American	African-American	White females	White males
Under-graduate degree	25.00% (4)	25.35% (18)	29.21% (26)	48.48% (48)
Master's degree	18.75% (3)	30.99% (22)	17.28% (16)	32.32% (32)
Doctoral degree	56.25% (9)	43.66% (31)	52.81% (47)	19.19% (19)
Total	100% (16)	100% (71)	100% (89)	100% (99)
Statistic	df	Value	*p*	
Chi-square	6	29.06	.001	
Likelihood ratio Chi-square	6	30.57	.001	

Table 2 presents the results of our test of Hypothesis 2, that a greater percentage of female and African-American directors will hold advanced degrees than white males. As predicted, a large number of African-American female, African-American male, and white female directors have doctoral degrees (56.25, 43.66, and 52.81%, respectively), while the corresponding percentage among white male directors 19.19%. The difference in education across groups is significant at $p < .001$, thus supporting Hypothesis 2.

Table 3 provides data for the number of each category serving on 2, 3, and 4 boards. Interestingly, most of the white male directors serve on at least 2 boards, and nearly half serve on 3 or more. A Chi-square test of differences in number of directorships by category reveals no statistically significant differences across groups. An ANOVA analysis was also conducted to see if the average number of boards differed across the four categories of directors. That analysis (not shown here) also indicated no differences in the average number of boards across the director categories. Therefore, Hypothesis 3 is not supported.

To test Hypothesis 4, we conducted an event history analyses. Table 4 provides the results of this analysis. Our event history analysis uses an exponential regression of the waiting time between each director's first, second, third, and fourth directorships. We analyzed nested subsets of directors. For the waiting time until first directorship, we started each director "at risk" at age 23, because the youngest that any sample director joined a board was at age 24.

Table 3
Table of maximum board counts (per director) by category

Percent (*N*)	African-American	African-American	White females	White males
One board	12.50% (2)	49.30% (35)	48.31% (43)	33.33% (33)
Two boards	31.25% (5)	18.31% (13)	16.85% (15)	25.25% (25)
Three boards	12.50% (2)	9.86% (7)	14.61% (13)	16.16% (16)
Four or more boards	43.75% (7)	22.54% (16)	20.22% (18)	25.25% (25)
Total	100% (16)	100% (71)	100% (89)	100% (99)
Statistic	df	Value	*p*	
Chi-square	9	11.57	.238	
Likelihood ratio Chi-square	9	12.62	.141	

The remaining analyses are based on subsets of all previous analyses. For example, our full sample of 275 directors was used to model the waiting time until first directorship. Because all directors who already sit on one board are "at risk" of joining a second board, directors enter the analysis for waiting time to second directorship at the time of appointment to their first directorship. Correspondingly, directors enter the analysis for waiting time until third directorship at the time they accept a second directorship. Therefore, the samples become progressively smaller as we move from the second directorship to the fourth.

Table 4 reports hazard ratios, which are defined as the hazard rate (defined as the instantaneous likelihood of the event's occurrence) for the given category divided by the hazard rate

Table 4
Hazard rate analysis for 1st, 2nd, 3rd, and 4th directorships

Exponential regression of time until first directorship				
N of subjects	275	Log likelihood	70.87	
N of 1st directorships	275	χ^2 (3 df)	1.15	
Time at risk	6631	$p > \chi^2$	.76	
Category	Hazard ratio	S.E.	*Z*	$p > \|z\|$
African-American females	.94	.26	−.21	.835
African-American males	.85	.13	−1.07	.286
White females	.93	.14	−.47	.635
Exponential regression of time until second directorship				
N of subjects	275	Log likelihood	290.22	
N of 2nd directorships	162	χ^2 (3 df)	39.13	
Time at risk	926	$p > \chi^2$	.000	
Category	Hazard ratio	S.E.	*Z*	$p > \|z\|$
African-American females	6.55	1.99	6.19	.000
African-American males	.66	.14	−2.04	.042
White females	.63	.12	−2.40	.016
Exponential regression of time until third directorship				
N of subjects	162	Log likelihood	131.69	
N of 3rd directorships	104	χ^2 (3 df)	17.48	
Time at risk	1000	$p > \chi^2$	.000	
Category	Hazard ratio	S.E.	*Z*	$p > \|z\|$
African-American females	1.88	.70	1.72	.085
African-American males	2.51	.65	3.56	.000
White females	2.21	.53	3.32	.001
Exponential regression of time until fourth directorship				
N of subjects	104	Log likelihood	100.73	
N of 4th directorships	66	χ^2 (3 df)	3.14	
Time at risk	466	$p > \chi^2$	.37	
Category	Hazard ratio	S.E.	*Z*	$p > \|z\|$
African-American females	2.00	.91	1.53	.13
African-American males	1.50	.48	1.28	.20
White females	1.09	.33	.29	.78

for the omitted category (the white males). Numbers less than 1 indicate a rate of occurrence less than that for white males, while numbers greater than 1 indicate a rate of occurrence greater than that for white males.

The first analysis, of time until the first directorship, is misleading because we have sampled on the dependent variable. In other words, we know every person in the sample eventually joined a board of directors. The results indicate that the rate of joining a first board for African-American females, African-American males and white females is virtually identical to that of white males because of this. The overall Chi-square value is not significant for the model.

The second panel, examining the time until second directorship, does not suffer from sampling on the dependent variable, because the only way that a person can be placed "at risk" of a second directorship is if they have already achieved a first directorship. Note in the second panel that of the 275 directors "at risk," only 162 actually joined a second board. Note also that the model Chi-square statistic is significant (39.13, $p < .001$). The African-American females join second boards at 6.55 times the rate of the white males. This difference in rates is significant, with a z-value of 6.19 ($p < .001$). Interestingly, both the African-American males and the white females join second boards more *slowly* than the white males (both hazard ratios are less than (1), and both hazard ratios are significant. The results that find African-American females join a second board at over six times the rate of white males are in keeping with the salience hypothesis. African-American females are the fewest in number among directors and thus, presumably the most novel, most salient, and would garner more attention than even the white females or African-American males in our sample.

In the third panel, there are 162 directors "at risk" of a third directorship—the same number as secured second directorships in the previous panel, and 104 of these join a third board. The overall model is significant ($\chi^2 = 17.48$, $p < .001$), and all three hazard ratios (African-American females, African-American males, and white females) are significant and larger than 1. African-American females join third boards at rates about twice those of white males (hazard ratio $= 1.88$, $p < .10$). For African-American males, the corresponding hazard ratio is 2.51 ($p < .001$) and for white females it is 2.21 ($p < .001$). It would seem that African-American males and white females begin spreading more quickly to other boards upon joining their second board, not their first board. Again, these results are consistent with the salience hypothesis in that these two groups are fewer in number (i.e., more novel) than white male directors and thus, are likely to be more salient and more easily identified as potential directors for additional boards.

The fourth panel indicates that among directors with three board seats, there is no material difference in the hazard rates for joining a fourth board. The sample of observations is becoming quite small in this analysis, leading to very small subgroups of directors. In this final analysis, the number of each group that actually joins a fourth board is 7, 16, 18, and 25 for the African-American females, African-American males, white females and white males, respectively.

An overall interpretation of Table 4 indicates that female and minority directors do indeed join subsequent boards at a faster rate then do white males, but the number of boards on which they already sit is an important factor in their rate of joining subsequent boards, thus providing some support for Hypothesis 4. While African-American females join a second

board at a rate more than six times that of white males, all three groups of women and African-Americans join a third board at a rate over twice that of white males. After joining three boards, none of the groups appears to join a fourth board at an elevated rate.

Discussion and Conclusion

Our research question "how do directors differ" began from the observation of two phenomena related to corporate governance: (1) female and racial minorities are increasingly being added to corporate boards and (2) the traditional career path for corporate directors has not been as open historically to women and racial minorities. Thus, in an attempt to better understand what types of resources these female and racial minority directors were bringing to corporate boards, we undertook a study that compared white male, white female, African-American male, and African-American females. Pfeffer and Salancik (1978) were among the first to assert that directors bring critical resources to firms: legitimacy, experience, knowledge, and links to important elements in the external environment. As proxies of these valuable resources, we studied differences in occupation, educational level, and patterns of directorships across our sample groups of directors. We find support for predicted differences in: occupation—most racial minority and female directors come from non-business careers as opposed to white male directors; education—a greater percentage of female and racial minority directors hold advanced degrees than white male directors; and for patterns of directorships after the second directorship, women and racial minorities join a third board at faster rates than white males.

Given historical treatment discrimination and occupational choices, our finding that most white female and African-American directors come from non-business occupations is perhaps not surprising. However, when one views a board as a portfolio of resources in a resource-dependence light (Pfeffer & Salancik, 1978) one can assume that each of the different types of directors (insiders, business experts, support specialists and community influentials) bring valuable resources to the firm (Hillman et al., 2000). Our results indicate that, while the majority female and African-American directors do not come from the traditional career path of business executives, they do bring other important occupational resources to the boards they serve on, such as marketing, public relations, and legal expertise, as well as often being civic, community and government leaders. From the perspective of females and racial minority advancement, our results may be interpreted as more evidence that women and minorities are indeed facing a glass ceiling in corporate America. In reality, our findings may be a result of both discrimination in the workplace and a conscious, rational maximization of the breadth of experience on corporate boards. While our study does not directly exist why directors are chosen or place relative importance on the various resources any given director brings to a board (e.g., race, gender, occupation, etc.), we hope that our study provides the impetus for such work in the future.

The finding that a greater percentage of white female and African-American directors hold advanced degrees than white males is perhaps a bit more disappointing. This result seems to confirm the findings of Heilman et al. (1989) that deeply held stereotypes are still prevalent—women and racial minorities in our sample were more likely to have advanced degrees before being appointed to a *Fortune* 1000 directorship than white males. Perhaps

at its most pessimistic interpretation, our results confirm status characteristics theory that argues that women and minorities must achieve substantially more than white males to be thought of as equal in ability. That is, in order to be appointed to a directorship, females and racial minorities may have to exhibit higher standards of ability or expertise, such as those represented by advanced degrees, than white males. These advanced degrees may act to signal success and serve as evidence of ability that helps to meet the higher expectations set for low-status individuals. These results are also consistent with the "lack of fit" discussion raised earlier. Our results seem to indicate that success in the form of advanced degrees may be more crucial for females and racial minorities because they battle stereotypes that portray them as ill-equipped to succeed as corporate directors. Having an advanced degree, therefore, may act to reduce the perceived "lack of fit" and make a female or racial minority candidate for director more attractive. As a more positive interpretation, the resource-dependence perspective might infer that education is a skill and resource not possessed by as many white male directors, so by choosing a more highly educated female or minority the board's portfolio of skills is maximized. While our study does not get at how these specific decisions regarding director selection are made, our results indicate this is a promising area for future research.

Our results also indicate that while there is no significant difference in the number of boards white male, white female, African-American male and African-American female directors serve on, they do join subsequent boards at differing rates. Results show the African-American females in our sample tend to join their second board six times faster than the white male directors in our sample. This result is consistent with the salience hypothesis in that these directors are the fewest in number and thus, more novel and salient. That is, once they have joined their first board, this initial appointment acts to increase their visibility and could explain why their second board appointment comes so much more rapidly than for other groups of directors. Similarly, after the second board appointment, our results find that the white female, African-American female and African-American male directors are joining their third board at over twice the rate of white males in our sample. Again, the rarity of African-Americans and women (white or African-American) and the pressures to balance board composition makes these features salient. These results seem to indicate that after the second board, all three of the female and racial minority groups appear more "salient" as other boards look for directors. Again, these results also seem to indicate that a certain level of success (i.e., prior board appointments) may help to overcome a perceived lack of fit between females, racial minorities and corporate boards.

Taken in total, our results have some important implications for both theory and practice. First, research in the area of boards has dominated by an agency perspective (i.e., the ability of directors to be effective monitors of management). Our results indicate that directors bring a wide range of resources to boards. In our sample, female and racial minority directors bring more resources than the additional perspectives and legitimacy provided by their gender and/or race. They bring a variety of occupational expertise and knowledge, advanced education, and accelerated ties to other organizations. Thus, we contribute to a growing body of literature that acknowledges the presence of a range of resources provided by any given director to a board (Boyd, 1990; Hillman et al., 2000; Johnson et al., 1996; Pfeffer & Salancik, 1978; Zahra & Pearce, 1989). Our contribution to this literature is at a distinctly different unit of analysis than previous studies in that we examine resources at the individual

level rather than at the board portfolio level. We think this important in that before studying what leads to the inclusion of women and racial minorities on boards, it is helpful to know if they are systematically different from traditional white male directors.

Previous literature that has examined diversity among boards has often studied whether or not women are tokens or are valued members of corporate boards. Previous research has found evidence that female directors serve on important board committees (Bilmoria & Piderit, 1994; Kesner, 1988), indicating that they are more than token members. We were able to confirm that for a subset of our sample of female and African-American directors (approximately 40%), a majority of them (78%) served on one of four important board committees (audit, compensation, executive and nominating) for at least one board. While we are unable to infer from this definitively that the female and African-American directors in our sample are valued and influential on the boards they sit, this evidence along with that of the occupational range, advanced degrees and accelerated rate of ties to other boards in our sample would seem to indicate that female and African-Americans may not simply be tokens. Future research is however needed to explore this issue in more depth.

Second, our study contributes to social-cognitive theory at the individual level. To our knowledge, previous work in the area of status characteristics theory, salience effects and stereotypes has not explored these phenomena at the level of corporate directorships. While our study does not capture the individual level dynamics of the director selection process, the results of our study are clearly consistent with these theories. Thus, to some degree they provide further indication of the generalizability of these theories to distinctly different settings. Perhaps future work in these areas can extend these theories to group selection decisions, such as that made when a board selects a new member, to see if such decision dynamics are indeed taking place.

Practically speaking, we feel our study makes contributions to at least two audiences. First, for corporate boards, the express acknowledgement that there are a variety of resources important to a board is an important message. The practitioner press and various investment groups (e.g., CALPERs, TIAA-Cref) have called for the inclusion of more women and racial minorities on corporate boards. Our study points to a number of important resources that these individuals may bring to a board beyond race and gender. Given that women and minorities are not as likely to be present in the upper echelons of corporations, firms may look to other important occupations, such as those represented by support specialist and community influentials, to complement existing skills on a board. In addition, because firms are likely to have little interaction with occupational groups such as support specialists and community influentials, our results indicate that other boards are a good place to look for women and minorities that come from these important occupational backgrounds.

At the individual director or aspiring director level, our results imply that for women and racial minorities, success in the form of advanced degrees and initial board appointments may be the surest path for them to overcome long-held stereotypes about their ability to serve on corporate boards. If one views the board as a portfolio of resources, our results may also indicate that for females and racial minorities, support specialist or community influential occupations may provide additional paths for corporate directorships.

As with any study, ours has limitations that should be expressly discussed. First, as mentioned above, we do not study why directors are chosen. Our results examine a number of key resources we theoretically found relevant to boards: occupational breadth, educational

level and ties to other organizations. However, our results cannot answer whether these resources are practically important or in what priority. This is an important area for future research.

Secondly, we study directors at the individual level of analysis and as such, our results cannot speak to important questions such as "what types of organizations include women and racial minorities on the board?" Future research that seeks to answer such organizational questions would make an important contribution to the literature. We hope that our results, however, while limited to the individual level of analysis, are indication that such research efforts are important given that we do find differences across resources other than race and gender.

Another limitation of our study is that the sample of directors is drawn from *Fortune* 1000 directors and thus, our results may have a large firm bias. That is, our results may not be indicative of the differences in resources across director type in smaller firms. This may partially account for the lack of support for our hypothesis positing female and minority directors serving on more boards than white males. *Fortune* 1000 firms are quite high-profile firms in the US economy, so the likelihood of white males serving on more than one may be higher than in the overall population of firms. Some evidence also suggests that women may have more opportunities as directors in smaller rather than larger firms (Harrigan, 1981). Thus, the results we report may not be generalizable to smaller firms.

Finally, we are constrained in our examination of African-American directors to the size of the population. For African-American females in particular, our sample size is so small that our results may be unstable and should be interpreted cautiously. Further research on minority directors is needed, something that will be facilitated as these directors grow in number on corporate boards.

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