

# Evidence on Firm Performance and Director Diversity

Gokhan Turgut, Ph.D. Student

HEC Montreal and Yeditepe University, Istanbul, Turkey.  
gturgut2000@hotmail.com.tr

## Introduction

The concept of diversity has attracted scholars' attention increasingly since the 1980s. Organizations are, and expected to become, more diverse. Given its ever-increasing importance, researchers have studied various aspects of diversity and their impact on organizational outcomes. Governance researchers, likewise, showed interest in studying pluralism and their research, in particular, have focused on diversity of boards, linking it to such issues as corporate financial performance (e.g., Dalton, et al., 1998), strategic events (e.g., Westphal, and Zajac, 1995), boardroom processes (e.g., Zajac and Westphal, 1996a), and corporate social performance (e.g., Coffey and Wang, 1998). Yet, the precise meaning of boardroom diversity is still unclear (see Harrison and Klein, 2007 for the etiology of the ambiguity in diversity constructs). Sometimes, it is related to demographic differences among directors, sometimes disparities among boards in terms of structure, processes and other board characteristics are considered. At other times, the intertwined nature of both directors and boards is the focus of attention. These differences in researchers' approaches to diversity create vagueness in studying the boards. A better language, to add clarity to the nature of diversity, is needed.

In boardroom scholarship, financial performance was often used as a key dependent variable. Only recently, social performance was seen as another, if not a necessary complementary, measure of the firm's performance. While most of the research in this domain focuses on corporate philanthropy (e.g., Galaskiewicz and Burt, 1991), surprisingly almost no researcher has chosen to study the relationships between diversity in board attributes and corporate social performance (Johnson and Greening, 1999 and Hillman, Keim and Luce, 2001 being two exceptions); or between diversity in director attributes and corporate social performance (Siciliano, 1996 and Coffey and Wang, 1998 to name but two). This study, then, is intended to fill such a gap in boardroom scholarship.

## Theoretical Framework

Complexity of the board diversity-performance relationship is compounded by the absence of an agreed upon set of definitions. What is diversity? Is it board diversity or is it directors' diversity, or paradoxically enough, is it both? Differing choices have led to studies of boardroom diversity that are hard to reconcile. To deal with this, I propose to distinguish between dissimilarities between (diversity of boards), and dissimilarities within boards of directors (diversity in boards). Such a clarification will help avoid confounding individual versus

organizational factors, even though it is recognized that both have an effect on boards' performance.

### **Diversity of Corporate Boards**

I use the term 'diversity of boards' in this text to refer to dissimilarities in board attributes. These organizational level characteristics are related to board's formal structure. Boards can, for example, be differentiated by such variables as: size, leadership duality, founder leader as director, the presence and number of international directors, nature and operations of board committees, board independence, director tenure and director compensation.

Dissimilarities in board attributes, apart from individual board members' attributes, are relevant to my diversity argument. Formally, well designed yet structurally homogenous boards, although no panacea to deep-rooted problems of corporate governance, could be more effective. In this sense, and from an organizational point of view, diverse boards are an important research endeavor and can lead to a better understanding of boards' performance.

### **Diversity in Corporate Boards**

I employ the term 'diversity in boards' to refer to dissimilarities in directors' attributes. Although, research on boardroom diversity distinguishes between demographic (e.g., Hillman, Shropshire, and Cannella, 2007) and cognitive (e.g., Forbes and Milliken, 1999) dimensions of diversity, much of the existing empirical literature focuses upon directors' readily measurable attributes, in particular the demographic aspects of diversity, such as director gender, age and ethnicity.

Diversity in boards in strategy literature is deep-rooted and typically related to the studies of executive/strategic leadership, better known as the upper echelons view of the firm. Hambrick and Mason (1984), in their seminal work on the subject, argued that top managers act on the basis of their psychological orientations. Executive cognitions, values, and perceptions influence the process of firms' strategic choice and result in performance outcomes. Since these individual elements are difficult to measure, the upper echelons perspective—using aspects of organization demography literature—regards demographic attributes as proxies for differences in cognitions, values, and perceptions. Research in this stream investigates the relationship between demographic diversity of the top management team (e.g., functional background, age, education, and tenure) and firm performance; team strategic decision process; and firm strategic actions.

To conclude my theoretical position, it is important to emphasize that the two streams of boardroom diversity research (i.e., diversity of corporate boards and diversity in corporate boards) are not necessarily mutually exclusive. While many studies investigated either diversity in director attributes or diversity in board attributes, only few studies married these two perspectives. I build my argument by taking into account the two perceptions of board diversity.

## **Research Model**

### **Corporate Performance**

The notion that diverse boards perform better is empirically challenged by several studies (see Dalton, Daily, Ellstrand and Johnson, 1998). In particular, traditional measures of diversity

and of corporate performance are likely culprits. Diversity in an organization's actions would most likely breed concern for neglected performance factors, such as social behavior.

There is substantial evidence that key stakeholders may contribute to firm's financial performance by playing important roles in corporate decision making. Stakeholder relationship performance is largely regarded as a subset of the larger construct of corporate social performance. Therefore, using key stakeholders perspective, I see corporate social performance as the extent to which a firm meets the performance expectations of its important stakeholders (Wood, 1991). For these reasons, I employ firm's social performance, along with its financial performance, to test the effects of board diversity in this study.

### **Predictors of Boardroom Diversity**

While insiders have superior knowledge about the firm, outsiders are more informative about other firm's alternative strategies (Fama and Jensen, 1983). Proponents of outsiders' dominance see these directors' broader range of experience, greater breadth of knowledge about the outside world, their interaction with external management teams, their objectively independent status from the CEO and other top executives, as a solution to board problems and therefore, see them as good for shareholders (Rechner and Dalton, 1991). Therefore, I propose that:

*H1A: The higher the number of outside directors on the board, the better the firm's financial performance.*

*H1B: The higher the number of outside directors on the board, the better the firm's social performance.*

For many researchers, larger boards have been associated with better performing organizations (Siciliano, 1996). Larger boards also appear to affect corporate social performance (Hillman, Keim, and Luce, 2001). Therefore:

*H2A: The larger the size of the board, the better the firm's financial performance.*

*H2B: The larger the size of the board, the better the firm's social performance.*

Female directors may foster the creation and acquisition of different internal and external resources. Internally, they inspire female employees for upper-echelon positions. Externally, they may link a firm to essential suppliers. Representation of female directors in boards may have social consequences as well. Researchers found that women think more favorably of ethical matters than men; whereas women tend to see moral questions as problems of care, men tend to regard them as problems of fairness (Luthar, Battista, and Gautschi, 1997). Therefore:

*H3A: The more female directors there are on the board, the better is the firm's financial performance.*

*H3B: The more female directors there are on the board, the better is the firm's social performance.*

In a corporate governance context, age was taken as an indication of a director's behavior, such as his or her likely openness to new ideas about board functioning (Zajac and Westphal,

1996b). Boards that are comprised of older directors are likely to be risk averse and less likely to support major strategic changes (Golden and Zajac 2001). Older directors' protectionist attitude may also prevent firm from losing financial means, and contribute to overall performance. As directors mature, they may be more willing to contribute to the welfare of society at large. As a result:

*H4A: The older the average age of directors, the better the firm's financial performance.*

*H4B: The older the average age of directors, the better the firm's social performance.*

Ethnically diverse boards may result in superior corporate performance. Social psychology literature provides evidence that different ethnicities may lead to group categorization (Westphal and Milton, 2000). Demographic similarities enhance interpersonal attraction (Tsui and O'Reilly, 1989). And according to the similarity-attraction effect (Byrne, 1971)—that similarities can augment interpersonal attraction and produce bias in evaluation decisions—can be also observed in non-Caucasian directors' behaviors (Zajac and Westphal, 1996a). Ethnically diverse directors may, then, influence boards' decision on better servicing stakeholders' needs that would normally be overlooked. This could, in turn, improve the firm's image and its relationship with these stakeholders and, perhaps, ultimately its performance. I hypothesize that:

*H5<sub>a</sub>A: The more directors of Asian origin on the board, the better is the firm's financial performance.*

*H5<sub>a</sub>B: The more directors of Asian origin on the board, the better is the firm's social performance.*

*H5<sub>b</sub>A: The more directors of African-American origin on the board, the better is the firm's financial performance.*

*H5<sub>b</sub>B: The more directors of African-American origin on the board, the better is the firm's social performance.*

*H5<sub>c</sub>A: The more Caucasian directors on the board, the better is the firm's financial performance.*

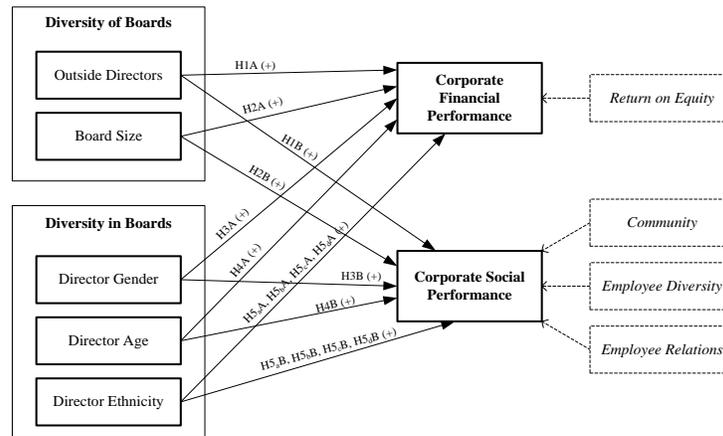
*H5<sub>c</sub>B: The more Caucasian directors on the board, the better is the firm's social performance.*

*H5<sub>d</sub>A: The more directors of Hispanic origin on the board, the better is the firm's financial performance.*

*H5<sub>d</sub>B: The more directors of Hispanic origin on the board, the better is the firm's social performance.*

Distinctively, what is significant in my study is that despite the dearth of data on diversity of boards and on social performance, I provide a more extensive set of diversity variables and a more complete corporate social performance measure with a widely accepted external validity (see Figure 1).

**FIGURE 1**  
**Conceptual Model: Boardroom Diversity and Corporate Performance**



## Methodology

### Sample and Data Sources

The data used in this study is cross-sectional, and comes from various sources. It covers an initial sample of 100 companies quoted in S&P500 Index. I chose half of my sample as companies operating in the service industry and the other half in the manufacturing industry. The final sample of 95 companies had 49 in service (52%) and 46 in manufacturing (48%) industries. Among the 1,028 directors of my sample, 155 were female (15%), 708 were outsiders (69%), and 345 were non-Caucasian (34%).

Information and data about director age, ethnicity, gender, outsider directors, insider directors who also have the functions of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO) came from IRRC-Directors database. Information about board size, director tenure, board independence and number of interlocking directorates came from Board Analyst database. Company related industry information came from Compustat. Data regarding dependent variables came from two different sources. Return on equity (ROE), used as an indicator of financial performance, was collected from Compustat's North American database. Corporate social performance indicators were obtained from KLD database.

### Measures

I used two dependent variables: (1) Corporate financial performance, operationally defined as return on equity (ROE) and computed as the ratio of net income to shareholders' equity; (2) Corporate social performance, operationalized as an aggregation of various performance indicators of KLD data set. I used—Hillman and Keim's (2001) operationalization rationale—a unified corporate social performance criterion, the result of accumulating eighteen different performance indicators categorized in three groups of KLD data set. In so doing, I gave all KLD indicators the same weight.

My five independent variables are outside directors, board size, director gender, director age, and director ethnicity. Outside directors, is operationalized as the percentage of directors

that are not employees of the company; board size is operationalized as the number of directors sitting on the board of the company, except emeritus or advisory members; director gender is operationalized as the percentage of female directors on a given board; director age is operationalized as the mode value of directors' age; director ethnicity is operationalized as the percentage of directors that are of Asian, African-American, Caucasian and Hispanic origin respectively.

To increase the accuracy of my predictions, I controlled for some variables, which have been shown to affect firm performance in previous board of directors related governance studies. These include the industry type (e.g., Zahra, 1996); director executive status (e.g., Williams, 2003); director tenure (e.g., Westphal and Milton, 2000); and interlocking directorates (e.g., Zajac and Westphal, 1996b). Industry type, which is classified at the two-digit Standard Industry Classification (SIC) code level, is coded as a dichotomous variable, indicating 1 as a service company or 0 as a manufacturing company. Director executive status is operationalized by creating a dichotomous variable per se, coded as 1 if the director is an executive (either CEO or CFO or COO) of a company and 0 otherwise. Director tenure is operationalized as the mode value of the years all directors spent on the given company board. The mode was seen as an indication of the tenure tolerated within a company. Interlocking directorates indicates the mode value of the total number of corporate boards on which a director serves. Although not a direct measure of interlocking directorates, this proxy measure is correlated with the possibility of interlocks.

### **Analyses**

I tested the hypotheses regarding director dissimilarity influence over corporate performance by using hierarchical regression analysis. This procedure allows us not only to estimate the statistical significance of the coefficients corresponding to my set of hypotheses, but also to assess the changes in the proportion of variance explained ( $R^2$ ) and the statistical significance of these changes with the introduction of each new block of variables. In My analysis, I first entered my control variables and ran two models: Model 0A for the dependent variable-financial performance and Model 0B for the dependent variable-social performance. After running the initial models, with Model 5A and 5B, I test the impact of the directors' race on corporate financial and social performance using the hypothesis: 5aA and 5aB (Asian directors), hypothesis 5bA and 5bB (African-American directors), hypothesis 5cA and 5cB (Caucasian directors) and hypothesis 5dA and 5dB (Hispanic directors).

### **Results**

Table 1 presents the descriptive statistics of my data set and the correlations between variables. Table 1 suggests limited multicollinearity risks. I have however tested for such an occurrence as described next.

**Table 1**  
**Descriptive Statistics and Correlation Coefficients**

Dependent Variables	Mean	s. d.	C.C.															
Corporate Financial Performance	0.808	5.436																
Corporate Social Performance	2.970	2.421																
Independent and Control Var.			1	2	3	4	5	6	7	8	9	10	11	12	13	14		
a. Outside Directors	0.836	0.090	1															
b. Board Size	11.270	2.553	.211*	1														
1. Director Gender	0.149	0.092	.297*	-.044	1													
2. Director Age	56.190	7.337	.078	.184*	-.116	1												
3. Director Ethnicity (Asian)	0.010	0.029	.151	-.006	.427*	-.064	1											
4. Director Ethnicity (Afr.-Amer.)	0.080	0.117	.157**	.145**	.385*	-.024	.336*	1										
5. Director Ethnicity (Caucasian)	0.623	0.222	.109	.041	.051	.114	-.218*	-.134**	1									
6. Director Ethnicity (Hispanic)	0.020	0.045	.139**	.214*	.099	.137**	.131	-.110	.036	1								
7. Industry Type (Service)	0.515	0.502	-.206*	.096	-.062	-.188*	-.048	-.006	-.311*	-.105	1							
8. CEO as Director	0.930	0.263	.003	-.033	-.060	-.120	-.162**	-.242*	.227*	.027	-.112	1						
9. CFO as Director	0.220	0.417	-.247*	-.037	-.074	-.240*	.023	-.049	.104	.029	.009	.150**	1					
10. COO as Director	0.210	0.410	-.222*	-.117	.098	-.049	-.095	-.075	.012	-.246*	.139*	.146*	-.026	1				
11. Director Tenure	6.000	6.604	.030	-.092	-.068	-.113	.161**	-.078	-.173*	-.048	.035	-.227*	-.062	-.067	1			
12. Interlocking Directorates	2.010	1.153	.296*	.006	.011	.094	.031	.125	-.030	.158**	.009	.073	.039	-.095	-.056	1		

\* p < .05  
\*\* p < .10  
N=1,029 directors

Table 2 reports the results of hierarchical regression analysis. To control for multicollinearity, variance inflation factor (VIF) for the variables in each model was reported. The highest variance inflation factor (VIF) was less than two, and the mean VIF was not significantly greater than one in all models, suggesting that multicollinearity was not a problem.

**Table 2**  
**Results of Hierarchical Regression Analysis**

	Model 0			Model 1			Model 2			Model 3			Model 4			Model 5		
	CFP	CSP	VIF	CFP	CSP	VIF	CFP	CSP	VIF	CFP	CSP	VIF	CFP	CSP	VIF	CFP	CSP	VIF
Outside Directors				3.341	0.873	1.297	3.939	0.047	1.407	5.295	-4.697	1.620	6.315	-4.233	1.626	6.630	-5.451*	1.659
Board Size							0.068	0.094	1.122	-0.087	0.162**	1.157	-0.186	0.117	1.202	-0.203	0.089	1.280
Director Gender										-3.144	10.994*	1.196	-1.193	11.881*	1.220	-2.598	12.026*	1.673
Director Age													0.180*	0.082*	1.244	0.184*	0.066*	1.282
Asian Directors																-2.203	2.238	1.486
African-American Dir.																3.654	-1.950	1.418
Caucasian Directors																1.157	1.118	1.317
Hispanic Directors																-5.706	15.014*	1.238
Industry Type (Serv.)	1.161	0.008	1.041	1.268	0.036	1.082	1.315	-0.027	1.103	1.316	-0.033	1.103	1.939	0.250	1.173	2.034	0.527	1.284
CEO as Director	0.108	-1.762**	1.123	0.067	-1.772**	1.124	0.021	-1.708	1.130	-0.115	-1.233	1.148	0.627	-0.895	1.175	0.796	-1.164	1.276
CFO as Director	2.407**	0.120	1.028	2.599**	0.170	1.119	2.620**	0.141**	1.122	2.651**	0.034	1.124	3.441*	0.393	1.202	3.460*	0.127	1.250
COO as Director	-1.000	0.050	1.066	-0.867	0.085	1.108	-0.797	-0.012	1.138	-0.645	-0.544	1.193	-0.572	-0.511	1.194	-0.315	-1.055**	1.341
Director Tenure	-0.064	-0.060**	1.059	-0.066	-0.060**	1.060	-0.069	-0.056	1.074	-0.074	-0.039	1.090	-0.046	-0.026	1.113	-0.034	-0.028	1.184
Interlocking Dir.	-0.019	0.842*	1.021	-0.096	0.822*	1.130	-0.107	.838*	1.136	-0.130	0.919*	1.146	-0.276	0.852*	1.166	-0.278	0.815*	1.225
R <sup>2</sup> Value	0.057	0.206		0.59	0.246		0.06	0.215		0.062	0.363		0.11	0.413		0.117	0.492	
Adjusted R <sup>2</sup>	-0.008	0.151		-0.017	0.143		-0.027	0.142		-0.037	0.296		0.004	0.343		-0.037	0.403	
F Value	0.883	3.796*		0.782	3.233*		0.687	2.946*		0.629	5.387*		1.036	5.9*		0.759	5.525*	
R <sup>2</sup> Value Change	0.057	0.206		0.002	0.001		0.001	0.009		0.002	0.148		0.047	0.049		0.001	0.063	
F Value Change	0.883	3.796*		0.222	0.09		0.083	0.953		0.218	19.767*		2.466	7.063*		1.37	9.943*	

\* p < .05  
\*\* p < .10  
N=1,029 directors

Results of the Models 1A to 5A show that among the independent variables, only directors' age (p < .05) was found significantly related to financial performance; however, this model was also not significant. Model 3B supports my expectations in that the results showed a positive and a significant relation between female directors and corporate social performance at the .05 level (with a significant change in R2 and F values), so I accepted hypothesis 3B. Furthermore, Model 4B reports that, consistent with the hypothesis 4B, directors' age was positively significant in its relation with corporate social performance at the p < .05 (also with a significant change in R2 and F values). Model 5B provides evidence that Hispanic directors were significantly and positively related to corporate social performance (p < .05). However, Asian, African-American and Caucasian directors were found not related to corporate social performance.

## Discussion, Implications and Conclusion

The purpose of this study was to develop a better understanding of board diversity, and explore the relationship between board diversity and corporate performance. The findings do not point toward the existence of any significant relation between director diversity and financial performance in my sample. However, my data points to intriguing result with respect to social performance.

My analysis reveals a negative significant relation between outside directors and corporate social performance, which results in rejecting my hypothesis 1B. This is contrary to my theoretical argument that with the inclusion of outsiders the board increases its sensitivity to social issues. My findings do not support the hypothesis 1B that outsiders influence performance. Taking this from another angle, to complement the previous argument, I could say that this result could be related to the outside directors' demographic profiles, and consistent with the demographic similarity argument of Westphal and Milton (2000). It is possible that outside directors may not have contributed unique insights to decision making, because, as a group, they were demographically similar to insiders and thus had similar perspectives on strategic issues. These are only conjectures as I have not explored the issue. But the conjecture is comforted by research that has shown that increases in the ratio of outside to inside directors do not necessarily improve decision making or performance (e.g., Davis and Greve, 1997).

Ethnic diversity is another important aspect of boardroom diversity. Among all ethnic origin variables studied here, only Hispanic directors revealed a significant impact on the corporate social performance. I investigated ethnic origin effects with separate analyses for each group. I chose to focus on the best performing firms ( $N = 48$ ) in terms of both social and financial performance measures. Using the same independent and control variables, I ran multiple regression analyses. I found that Asian-origin directors had a positive significant impact on corporate social performance ( $F = 2.37$ ;  $p = 30.44$ ) at the .05 level. As a result, I concluded that racial dissimilarity on boards has at least a partial impact on corporate social performance. Future studies with larger samples could confirm the findings. I found that the number of interlocks had a significant impact on corporate social performance as a control variable at the .05 level. This result is consistent with agency theory norms and other study findings that directors holding interlocking seats in other companies' boards may enhance the reputation and credibility of the companies involved and help to establish and maintain their legitimacy (Pfeffer and Salancik, 1978).

This study offers a clearer multi-dimensional approach to diversity as called for by Jackson, Joshi, and Erhardt (2003). It seems likely that social processes and their consequences are affected by the confluence of diversity dimensions, rather than each of them separately. The characteristics of such effects are still to be more thoroughly investigated, but this research provides a first cut. My results fail to support the idea that board diversity predicts financial performance. This is hardly a surprise, since prior studies, including meta-analyses, confirmed the equivocality of empirical findings (e.g., Dalton, Daily, Ellstrand, and Johnson, 1998). I distinguished between financial and social indicators in assessing corporate performance in this study. Not relying solely on corporate financial performance, but taking corporate social performance into account along with it, may be a necessary move given how important is the

social environment surrounding a firm's decision makers. Lastly, future research should consider sampling in a single industry to increase internal validity. Focusing on a single industry may improve the rigor of the analysis, because econometric requirements of financial performance measures can be more comprehensive and would not be contaminated by different industry dynamics. The nature of the industry also affects the evaluation of corporate social performance. Rowley and Berman (2000) suggest that corporate social performance research should be narrowly defined in a specific industry. Stakeholders are influential in firms' actions regarding social performance criteria, but every industry is affected by a different set of stakeholders, with different agendas and interests.

The contribution of this research is threefold. First, I theoretically clarified the often-used board diversity concept by distinguishing between individual board members and overall board characteristics. Second, I distinguished between financial and social indicators in assessing corporate performance. Third, I found, and explained, a significant relationship between diversity among corporate directors and corporate social performance. My results extend the scholarship on corporate social performance by demonstrating that while some diversity measures, including gender and age have a positive effect; other measures, such as outside directors, have a negative effect on social performance. My findings suggest that female and ethnic minority directors are more sensitive to social issues than other directors, who may be highly socialized to firms' institutional performance norms.

## References

- Coffey, B. S., & Wang, J. (1998). Board diversity and managerial control as predictors of corporate social performance. *Journal of Business Ethics, 17*(14), 1595–1603.
- Dalton, D., Daily, C., Ellstrand, A., & Johnson, J. (1998). Meta-analytic reviews of board composition, leadership structure, and financial performance. *Strategic Management Journal, 19*(3), 269-290.
- Davis, G., & Greve, H. (1997). Corporate elite networks and governance changes in the 1980s. *American Journal of Sociology, 103*(1), 1-37.
- Fama, E., & Jensen, M. (1983). Separation of ownership and control. *The journal of law and economics, 26*(2), 301.
- Forbes, D., & Milliken, F. (1999). Cognition and corporate governance: Understanding boards of directors as strategic decision-making groups. *Academy of Management Review, 24*(3), 489-505.
- Galaskiewicz, J., & Burt, R. (1991). Interorganization contagion in corporate philanthropy. *Administrative Science Quarterly, 36*(1), 88-105.
- Golden, B., & Zajac, E. (2001). When will boards influence strategy? Inclination x power= strategic change. *Strategic Management Journal, 22*(12), 1087-1111.
- Hambrick, D., & Mason, P. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review, 9*(2), 193-206.
- Harrison, D. A., & Klein, K. J. (2007). What's the difference? Diversity constructs as separation, variety, or disparity in organizations. *Academy of Management Review, 32*(4), 1199–1228.
- Hillman, A., Keim, G., & Luce, R. (2001). Board composition and stakeholder performance: do stakeholder directors make a difference? *Business & Society, 40*(3), 295.

- Hillman, A., Shropshire, C., & Cannella, A. (2007). Organizational predictors of women on corporate boards. *Academy of Management Journal*, 50(4), 941–952.
- Jackson, S. E., Joshi, A., & Erhardt, N. L. (2003). Recent research on team and organizational diversity: SWOT analysis and implications. *Journal of Management*, 29(6), 801–830.
- Johnson, R., & Greening, D. (1999). The effects of corporate governance and institutional ownership types on corporate social performance. *Academy of Management Journal*, 42(5), 564-576.
- Luthar, H., DiBattista, R., & Gautschi, T. (1997). Perception of what the ethical climate is and what it should be: The role of gender, academic status, and ethical education. *Journal of Business Ethics*, 16(2), 205-217.
- Pfeffer, J., & Salancik, G. (1978). *The external control of organizations: a resource dependence perspective*. New York: Harper.
- Rowley, T., & Berman, S. (2000). A brand new brand of corporate social performance. *Business & Society*, 39(4), 397-419.
- Siciliano, J. (1996). The relationship of board member diversity to organizational performance. *Journal of Business Ethics*, 15(12), 1313-1320.
- Tsui, A., & O'Reilly III, C. (1989). Beyond simple demographic effects: The importance of relational demography in superior-subordinate dyads. *Academy of Management Journal*, 32, 402-423.
- Westphal, J., & Milton, L. (2000). How experience and network ties affect the influence of demographic minorities on corporate boards. *Administrative Science Quarterly*, 45(2), 366-398.
- Westphal, J., & Zajac, E. (1995). Who shall govern? CEO board power, demographic similarity, and new director selection. *Administrative Science Quarterly*, 40(1), 60-83.
- Wood, D. (1991). Corporate social performance revisited. *Academy of Management Review*, 16(4), 691-718.
- Zahra, S. A. (1996). Governance, ownership, and corporate entrepreneurship: The moderating impact of industry technological opportunities. *Academy of Management Journal*, 39(6), 1713-1735.
- Zajac, E., & Westphal, J. (1996a). Director Reputation, CEO-Board Power, and the Dynamics of Board Interlocks. *Administrative Science Quarterly*, 41(3), 507-529.
- Zajac, E., & Westphal, J. (1996b). Who shall succeed? How CEO/board preferences and power affect the choice of new CEOs. *Academy of Management Journal*, 39(1), 64-90.