BOARD DIVERSITY AND CORPORATE GOVERNANCE: PAST, PRESENT AND FUTURE

Past, present and future are the concepts that have guided this Handbook on research about diversity and corporate governance. We have in this Handbook tried to present alternative ways of exploring and understanding diversity and corporate governance that fit the contemporary discussions in the field. We have used a critical approach to mainstream research on the topic, and we argue for new and alternative ways to explore diversity and corporate governance.

In Chapter 2, one of the editors Sabina Tasheva reviews theoretical and empirical advancements in the field of diversity and corporate governance. Diversity discussions have advanced significantly since the start of the century and our understanding of diversity has both expanded and become more focused. While ten years ago, board diversity was mostly referring to women on corporate boards, both the corporate landscape and academic literature have changed significantly since. Not only have boards become more diverse since, but our understanding of diversity is continuously expanding. Tasheva discusses the many advances in the field and proposes directions for future research.

DIVERSITY AND CORPORATE GOVERNANCE: BEYOND HUMAN CAPITAL, SOCIAL CAPITAL AND DEMOGRAPHIC CHARACTERISTICS

Most research about diversity and corporate governance has been about women on boards. In Part II, we have six chapters focusing on boards and diversity, but they all go beyond mainstream understandings and measures about board diversity. We have thus labelled this part ‘Beyond human capital, social capital and demographic characteristics’.

In Chapter 3, Cathrine Seierstad, Carl Åberg and Hilde Fjellvær comment on the board diversity debate in Norway that followed the acceptance/introduction of the gender quota law in 2003/06. They argue that the meaning of board diversity can be considered contextual, contested and temporal. In the Norwegian context, they argue that while there was an implicit expectation that the gender quota law for public limited companies (PLCs) would increase diversity both within and beyond the PLC
boards, the board diversity debate and achievements in Norway have been and still are predominantly focusing on gender and the PLC context. Seierstad, Åberg and Fjellvær argue in this chapter that there is a need for a wider board diversity debate.

In Chapter 4, Mustafa Özbilgin and Cihat Erbil expand our understanding of gender diversity with a discussion of LGBT+ in the boardroom and introduce a rainbow agenda. They lean on the theory of heteronormativity and show how it clashes with the talent potential and human rights of LGBT+ individuals in the workplace. Focusing on the boardroom, where heteronormativity is most pronounced, they explain what makes LGBT+ inclusion an international imperative for boardroom diversity. At the end of the chapter, they outline how LGBT+ inclusion could manifest in the boardroom.

Board diversity can be understood beyond diversity among board members. One of the unique features in Chapter 5 is that Carl Åberg, Hilde Fjellvær and Cathrine Seierstad make a distinction between diversity within a board and diversity among boards. They ask whether board diversity among board members impact entrepreneurial activities. By integrating discussions about diversity and boards, they debate the impact question by leaning on three entrepreneurial resource perspectives: dynamic capabilities, absorptive capacity and ambidexterity. They show how diversity must be used to achieve corporate entrepreneurship, competitive advantage and value creation. In utilizing these three perspectives as moderators, they show how diversity can contribute to corporate entrepreneurship. Job-related diversity is a focus in this chapter.

Firms in emerging economies vary greatly in their corporate social responsibility (CSR) engagement. To extend research in this field, Abdullah Al-Mamun, Michael Seamer, Jeremy Galbreath and Mariano L.M. Heyden draw in Chapter 6 on resource dependence theory to hypothesize the association between board of director international experience and CSR engagement in three emerging economies in Asia. They argue that the foreign economic contexts in which directors have accumulated international experience, matters for understanding the local board–CSR relationship in emerging economies. Their findings show that a board’s international experience in developed economies is positively related to their firm’s CSR engagement. They conclude that the specific international experience is important for understanding local CSR engagement in emerging markets.

Jana Oehmichen, Michelle Weck and Hans van Ees present empirical evidence from the Netherlands about board diversity and the board members’ digital experience in Chapter 7. Given the recent corporate governance, strategy and information systems literature, they propose that the digitalization of our economy can have consequences for the tasks for non-executive board members. Firms need digital expertise within their boards. This might influence overall board diversity. They ask whether firms bring digital experts into the boards, and whether these experts are different with respect to non-job-related and job-related diversity dimensions. The results show that the group of non-digital board members is more diverse than the group of digital board members.
In Chapter 8, Hildur Magnúsdóttir, Throstur Olaf Sigurjónsson, Audur Arna Arnardóttir and Patricia Gabaldón assess Nomination Committees (NCs), building on the results of a study conducted in Iceland, a country where board gender quota and NCs have relatively recently been established. The study aims to explore NCs role in the selection process of corporate board members and whether those processes promote increased board diversity, above and beyond the emphasis on gender diversity which legislation demands. This is done by conducting 13 interviews with investors, board members and NCs members, using the lenses of agency theory and social identity theory. Findings are that the emergence of NCs has promoted and enhanced improved selection processes of board members, the transparency of that processes and increased gender diversity on boards.

ADVANCES IN INTERSECTIONALITY

Intersectionality is one of the most recent advancements in diversity research and whereas many researchers shy away from its complexity, we have several valuable contributions in this Handbook.

In Chapter 9, Sarosh Asad and Dimitrios Georgakakis explore the notion of intersectionality in the context of corporate boards to argue that dual minority status in corporate boards (e.g. representation of directors with both gender and ethnic minority status) triggers a higher number of governance-related shareholder resolutions, a prominent form of shareholder activism. Their work further sheds some light on the career disadvantages that dual minority directors may face due to shareholder resolutions – stressing that duality of minority status may associate with greater barriers at the board–shareholder interface. The chapter contributes to the growing body of research suggesting that firms need to simultaneously consider the multiple configurations of board diversity.

Vartika Chandra Saman presents an interesting exploration of intersectionality in the Indian context in Chapter 10. By focusing on boards of contemporary Indian businesses, this chapter examines the ways in which caste, class and gender intersect with the market and the implications these different combinations of attributes hold for entrepreneurial prospects of dalit women. The author argues that focusing on intersectionality is necessary in order to understand diversity beyond gender in business as intersectional discrimination is paramount to understanding the experience of dalit women. There is a paucity of literature in the area and this chapter sets an agenda for a new wave of diversity research. The chapter investigates a number of important questions such as: Are social caste hierarchies being replaced by competing equalities? What has been the experience of dalit women as entrepreneurs? What happens when there are overlapping identities? Why is it important to understand diversity in the context of different identities? The study is based on an extensive literature review and some in-depth interviews with dalit women entrepreneurs. The findings suggest that studying overlapping identities helps to understand and advance the concept of diversity.
In Chapter 11, Caitlin Harm Nam, Ana Naulu, Baljeet Singh and Sabina Tasheva investigate the intersectionality of board of directors in the largest Fijian firms. By utilizing unique hand-collected data through survey and secondary sources in an under-researched context, they offer some novel insights on how gender and ethnicity of corporate directors intersect in the context of the South Pacific. They argue that current conceptualizations and investigations of board diversity need to progress beyond gender and focus on other relevant attributes in conjunction with gender being race, nationality, ethnicity, and so on. This pioneering study offers some insights by looking at the intersectionality of gender and ethnicity in the context of Fijian boards of directors. By building upon insights of the cross-cultural and national differences in gender diversity, they explore and explain how the specificities of the context of the South Pacific, and Fiji in particular, influence the gender and ethnic composition of Fijian boards of directors. The authors propose to inspire further research on intersectionality in under-researched regions in the South Pacific and beyond.

HOW DO WE UTILIZE THE BENEFITS OF DIVERSITY?
RESEARCH ON BOARD DIVERSITY, PROCESSES AND DECISION-MAKING

In Chapter 12, Alana Vandebeek introduces the concept of fault lines in boards of directors and discusses current trends and future directions. By synthesizing the literature in the field, a number of aspects are highlighted regarding the fault line literature in corporate boards. The author reviews the fault line attributes mostly examined within board research, the most commonly used measures and methods and the underlying fault line mechanisms and outcomes. The chapter further outlines the role of contingencies in the way group fault lines unfold in corporate boards. The chapter presents a thorough review of prior research since its inception, and further provide insights and inspirations for future research to guide future explorations into the role of group fault lines in boards of directors.

Esha Mendiratta further advances the discussion of group fault lines in board research by delving into underlying theories and specific methodological issues in Chapter 13. She argues that corporate governance scholars have shown an increasing interest in the concept of fault lines, that is, the hypothetical dividing lines that fracture a group into two or more homogeneous subgroups based on the alignment of multiple individual-level characteristics, and that the research has advanced significantly over the years. By reviewing the literature on board and top management team level fault lines and their influence of board- and firm-level outcomes, she synthesizes the emerging literature along the lines of theoretical background, empirical findings and methodological focus. Based on this synthesis and in the context of pressures faced by boards due to societal challenges, she argues that fault lines may be a crucial perspective for corporate governance research on board composition going forward. Specifically, she suggests that research could benefit from (a) drawing theoretically from other disciplines, (b) exploring management of fault...
line-related dynamics in light of new corporate governance developments and (c) methodological considerations. Her contribution offers valuable insights for current and aspiring scholars exploring board dynamics by offering in-depth perspectives and analysis of the theoretical and empirical dimensions of the literature.

In Chapter 14, Sara De Masi and Agnieszka Slomka-Golebiowska discuss proportions of diversity in the context of corporate boards. They argue that proportions are important when exploring the benefits of diversity and that each set of board tasks requires different dynamics. Specific states of board dynamics are triggered by specific proportions between a minority and a majority subgroup. The authors suggest that the numerical proportions between a majority and a minority subgroup can be seen as a source of perceived power whereas minority members gain trust and legitimation when their numerical representation increases. This power and legitimation of the minority is not vested in a single person, but it is vested in the minority as a group. Hence, when applying the theory of proportions to studies of boards, we need to understand how a proportion of various types of diversity triggers board dynamics and thus enhances board tasks. Their argument suggests that we need to step back from the idea of one size fits all. Understanding the proportions required for each set of board tasks helps the board to increase their effectiveness and exploit the benefits of diversity.

CONSEQUENCES FOR RESEARCH AND PRACTICE

There are two chapters in the final part of the Handbook. These chapters challenge existing research and practice, and identify and suggest questions about diversity and corporate governance that should critically be readdressed in future research and practice.

Many studies on workforce and board diversity focus on one isolated research level. Thus, they risk failure by abstracting from other relevant contexts that are necessary to fully understand the impact of diversity. Andrea D. Bührmann and Katrin Hansen argue in Chapter 15 that a multi-level examination of diversity research is important for understanding the dynamics between the different levels and forms of diversity in and beyond organizations. Accordingly, Bührmann and Hansen develop a conceptual heuristic for discussing an intersectional framework for multi-level research on diversity. First, they show that diversity, particularly actual and perceived human capital diversity, is not given, but the effect of diverse practices. With this in mind, contexts become very important. Secondly, they distinguish different forms of diversity and their intermediations. Thirdly, they introduce a framework for a multi-level research approach. Bührmann and Hansen discuss the different approaches to responding to diversity on different levels. In this chapter, they identify further and alternative research perspectives.

Finally, Morten Huse addresses the question about excellence in research in Chapter 16. He suggests three approaches of doing meaningful and groundbreaking diversity and corporate governance research. He introduces programmatic research,
polymorphic research and introspection. First, programmatic research. The overall contribution of this book illustrates programmatic research on diversity and corporate governance. He argues that the value of the book goes far beyond each individual chapter. Second, the book also illustrates polymorphic research. With polymorphic research, we challenge mainstream and formulaic approaches to research. He also argues that we use the potential of a book format to bring to the market what we believe in. Finally, through introspection he openly interprets, evaluates and reflects on the findings based on his own previous experiences. These three approaches can help us to present research that is important, interesting and innovative. Why should we aim at something that is not groundbreaking?