1) Goals of the Proposed Research

Policy makers, corporate leaders, and academics are devoting great attention and resources to understanding the problems associated with the continued underrepresentation of women in the highest echelons of organizations (Woolley et al., 2010; Dasgupta and Asgari, 2004; Richeson and Ambady, 2001). How will they know when the underrepresentation has been adequately addressed? Diversifying organizations is challenging (Castilla and Benard, 2010; Moss-Racusin et al., 2012), and women are particularly underrepresented in leadership positions: in 2013, only 4.6% of Fortune 500 CEOs were female, and only 16.9% of Fortune 500 board seats were held by women (Center for American Progress, 2014).

Past research has shown that perceptions of diversity are fluid, depending both on absolute levels of representation within groups and on features of the observer and the context. Individuals construe diversity differently depending on their social-dominance motives (Unzueta, Knowles and Ho, 2012), to be protective of the in-group (Unzueta and Binning, 2012), and when groups include in-group members rather than members of other groups (Bauman, Trawalter and Unzueta, 2014). These findings imply that some individuals might perceive adequate diversity in a group before the group actually reaches representation levels that mirror society. In the context of gender diversity, individuals and organizations may seek to achieve a minimum threshold of diversity that is perceived as acceptable but in actuality is far from gender parity.

Broadly, individuals relax efforts to achieve their goals after reaching salient thresholds across many settings (Heath, Larrick, and Wu, 1999; Locke and Latham, 2002). Goals can serve as reference points: individuals expend increased effort when they have not yet met their goal and exert less effort after achieving it. This phenomenon suggests that once a minimum threshold of gender diversity that is perceived as acceptable is met, efforts to increase diversity may be reduced. If organizations seek a certain threshold of gender diversity and relax efforts after reaching this threshold, we should observe an overabundance of boards including the exact number of women meeting this threshold. This would be consistent with research demonstrating bunching around salient goal thresholds in other contexts (e.g. professional baseball players finish
seasons disproportionately often with a batting average just above .300; Pope and Simonsohn, 2011).

2) Description of the Planned Methodology

We propose two branches of investigation for this research: 1) computer simulations to investigate the empirical phenomenon in corporate boards and 2) laboratory studies to investigate causal mechanisms.

To understand whether a gender diversity threshold exists for corporate boards, we need to construct a baseline against which to compare reality. This baseline should represent a null hypothesis in which no strategic choice around female board members exists. We will construct this baseline via computer simulations. Our simulation procedure will take as inputs actual board data from 2013 from Institutional Shareholder Services. For each simulation, we will randomly assign existing board members to new board seats, such that every board concludes with the same number of members it had in 2013, and every director occupies the same number of seats he or she occupied in 2013. For example, if company A had nine board members in 2013, then in each simulation, company A will be assigned nine distinct board members; similarly, if director Z held two different board seats in 2013, then in each simulation, director Z will be assigned to the boards of two different companies. For the main analysis, we will run 10,000 simulations and count the number of companies that were assigned zero female directors, one female director, etc. for each simulation. Our preliminary explorations suggest some shocking and fascinating patterns: for the S&P 500, we observe approximately 45% more companies with exactly two female board members and 45% fewer companies with no female board members than we would expect, while boards including other frequencies of women are in line with expectations. We see the same patterns (though they are less stark) in the S&P 1500.

We will also conduct laboratory studies to investigate potential mechanisms responsible for these threshold effects. In our experiments, we will show participants a hypothetical corporate board and randomly vary how many of the board members are female. We will then ask them to choose a new board member from a slate of candidates, and we predict that their preferences for a female candidate will reflect the same patterns observed in Institutional Shareholder Services data. We will then ask them to rate the gender diversity of the board that they initially saw. Given the malleability of perceptions of diversity, we hypothesize that perceptions of gender diversity increase discontinuously once reaching a diversity threshold, and perceptions of gender diversity will predict whether or not the participant will choose to add a female candidate to the corporate board. Pilot studies show promising evidence consistent with these predictions.

3) Explanation of Why Funding is Being Sought

I am applying for funding to support data collection efforts and to cover conference costs. While we believe that the empirical phenomenon is interesting in its own right, we want to explore a causal mechanism to increase the robustness of our research and provide more avenues for generalization. Thus, we will need to conduct laboratory experiments so we can conduct randomized controlled trials, and we will need to compensate participants who participate in these experiments.

Further, given the real-world consequences of threshold effects on diversity, I am seeking funding to cover costs associated with sharing this research with the academic community to increase the visibility of the results. I hope to present this research at Behavioral Decision Research in Management 2016, Academy of Management 2016, Society for Judgment and Decision Making 2016, and Society for Personality and Social Psychology 2017.
References