



Contents lists available at ScienceDirect

## Scandinavian Journal of Management

journal homepage: [www.elsevier.com/locate/scajman](http://www.elsevier.com/locate/scajman)

## Women directors contribution to organizational innovation: A behavioral approach

Mariateresa Torchia<sup>a,\*</sup>, Andrea Calabrò<sup>b</sup>, Patricia Gabaldon<sup>c</sup>, Sadi Bogac Kanadli<sup>d</sup>

<sup>a</sup> International University of Monaco – INSEEC U. Research Center, 2 Av Albert II, 98000 Monaco

<sup>b</sup> IPAG LAB, IPAG Business School, Nice, France

<sup>c</sup> IE Business School, Spain

<sup>d</sup> ESADE Business School, Spain

### ARTICLE INFO

#### Keywords:

Women directors  
Board processes  
Organizational innovation  
Decision-making culture  
Cognitive conflict  
Preparation and involvement

### ABSTRACT

This paper aims to analyze the relationships between women directors (a demographic characteristic) and organizational innovation (a predictor of firm performance) by considering the mediating role of the board's decision-making culture. To scrutinize board processes and behaviors, we use survey data to test our hypotheses on a sample of 341 Norwegian firms. The results suggest that women directors contribute positively and significantly to organizational innovation. Furthermore, the positive relationship between women directors and the level of organizational innovation is mediated by some decision-making culture dimensions: the degree of cognitive conflict and the degree of preparation and involvement during board meetings. Implications for theory and practice and future research directions are discussed.

### 1. Introduction

Board diversity is one of the most researched topics in the board of directors literature. Gender diversity, in particular, has largely attracted researchers' attention, and the direct link between gender diversity and firm performance has been investigated. Reviewing the literature, two different views can be observed about the current situation in gender diversity research. One view emphasizes the need to focus on other types of diversity, which, in a way, is implicitly stating that research on gender diversity might be reaching its maturity (e.g., Hillman, 2015). The other view, indicating the mixed results of gender diversity-firm performance research, calls for more research on the variables that moderate and mediate the relationship between gender diversity and firm performance (e.g., Eagly, 2016; Post & Byron, 2015). We follow the latter view for two main reasons: First, gender diversity continues to increase in boardrooms worldwide, and especially in continental Europe, it is clear that the increasing number of women on boards is a target specified in policy makers' agendas (e.g., quota laws in Italy, Spain, Iceland, France, and Germany, and EU 2020 Targets). Second, relatedly, research has yet to better explain how women directors might be affecting competent board work (Huse & Solberg, 2006; Post & Byron, 2015) and, consequently, firm level outcomes (Finkelstein, Hambrick, & Cannella, 2009; Johnson, Schnatterly, Hill, 2013).

Indeed, previous studies have demonstrated that the effect that

gender diversity may have on board tasks and on strategic decisions is complex due to the factors surrounding the effects of gender diversity (Eagly, 2016). For example, a number of studies, applying a social categorization perspective, have indicated that women directors' contribution to board tasks may be limited due to the social barriers (e.g., tokenism, out-group categorization, and unequal membership) they face in boardrooms (e.g., Nielsen et al., 2010; Torchia, Calabrò, & Huse, 2011). Others have shown that women directors' impact on strategic decisions may be contingent on turbulent events or individual power. Some studies have even suggested that women directors (minorities) may have a detrimental influence on board decisions by triggering cognitive biases, such as information processing and decision-making biases (e.g., Kanadli, Torchia, & Gabaldon, 2017).

From this perspective, while previous studies emphasize the fact that gender diversity may have limited or even negative consequences on board task performance or board decision making, interestingly, the question of how these unfavorable effects may be reduced or avoided has remained unclear. Thus, more research is needed on gender diversity specifically to generate solutions to the obstacles that limit women directors' potential. Examining the mediating role of board processes may provide a better understanding of how the complex effects of gender diversity may arise and (Post & Byron, 2015), therefore, shed light on the way to generate solutions in the literature.

The purpose of this study is to examine the influence of gender

\* Corresponding author.

E-mail addresses: [M.torchia@inseec.com](mailto:M.torchia@inseec.com) (M. Torchia), [A.calabro@ipag.fr](mailto:A.calabro@ipag.fr) (A. Calabrò), [Patricia.gabaldon@ie.edu](mailto:Patricia.gabaldon@ie.edu) (P. Gabaldon), [Sadi.kanadli@alumni.esade.edu](mailto:Sadi.kanadli@alumni.esade.edu) (S.B. Kanadli).

<https://doi.org/10.1016/j.scaman.2018.02.001>

Received 4 January 2017; Received in revised form 15 December 2017; Accepted 7 February 2018  
0956-5221/ © 2018 Elsevier Ltd. All rights reserved.

diversity on organizational innovation by considering the mediating effect of board processes, namely, cognitive conflict and preparation and involvement. We use the behavioral theory of the firm (Cyert, March, & Clarkson, 1963), which is acknowledged as a main perspective for understanding organizational behavior and decision making (Argote & Greve, 2007; Van Ees, Gabrielsson, & Huse, 2009). We focus on two core board processes: a) cognitive conflict and b) preparation and involvement (Forbes & Milliken, 1999). We focus on these concepts because, in the behavioral approach, internal processes are seen as key factors in coping with cognitive biases and, hence, provide a better understanding of decision making (Argote & Greve, 2007) and because they are closely linked to board decision making (Nielsen & Huse, 2010).

According to the behavioral theory perspective, decision makers generate solutions that are “good enough” rather than optimum (satisfying behavior), as the decision makers are limited in their ability to process information and solve complex decision problems (bounded rationality). This results in the routinization of decision making (routinization) and, thus, leads to information processing and decision-making biases during decision making. To avoid or reduce such biases, conflict can be vital and may be inevitable in decision-making groups. According to the behavioral perspective, a firm is seen as a coalition of stakeholders or actors (Cyert et al., 1963), and boards are representatives of those actors who may have conflicting goals (Van Ees et al., 2009). Therefore, a behavioral lens suggests that the more comprehensive the information is that is available and evaluated during the decision-making process, the more innovative a group’s decision will be (Cyert et al., 1963). We argue that due to the different human capital (knowledge, experience, and perspectives) (Hillman, Canella, & Harris, 2002), values and views (Eagly, 2005) that women bring compared to their male counterparts, women directors on boards will positively impact cognitive conflict. Moreover, the minimum acceptable effort level for “directors doing their homework” will be leveraged by women directors’ preparation for and involvement in board discussions. In turn, such processes will result in innovative ideas (Amason, 1996; Hillman et al., 2002; Rindova, 1999), which enhance innovation.

This study builds on previous studies in several ways. First, it makes a theoretical contribution to board diversity research, applying the behavioral theory of the firm as a novel approach. As proposed by the behavioral perspective, we show that board processes are the key to generating decision outcomes with better creativity. This study also makes a theoretical contribution to gender diversity research by pointing out the importance of enabling women directors’ active participation in boardroom interactions. One solution to coping with obstacles that limit women directors’ contributions to competent board work and innovation might be to create a boardroom environment or to demonstrate a certain leadership efficacy (Gabrielsson, Huse, & Minichilli, 2007; Machold, Huse, Minichilli, & Nordqvist, 2011) that facilitates open constructive interactions in the boardrooms. In reality, with an increasing number of women joining boards, the practical implications of this study are of high relevance, as it improves the understanding of the maximization of outcomes from gender diversity on boards.

Moreover, our results may explain why not all gender diverse boards may be equally innovative. It may be unrealistic to assume that once the number of women on boards is increased, boards will benefit from the women’s talent. Research has provided evidence that this might be difficult to achieve. Examining the effects of women on board processes may shed light on practices and policies to create regulations or best practices to complement the phenomenon of the increasing number of women directors on boards. Our findings draw practitioners’ and policy makers’ attention to two pitfalls: the quality of newly appointed women directors and the number of board appointments they have.

The paper is organized as follows: In the next section, the main theoretical arguments are addressed, and the relationships among

women directors, decision-making culture and firm innovation are highlighted. Moreover, the research model is presented, and the hypotheses are formulated. In section three, our methods are described. The results are presented in section four. A discussion and final remarks are presented in the last sections.

## 2. Theoretical framework and hypotheses formulation

Several studies link aspects of board demography (e.g., board members’ gender) to firm performance (Bilimoria, 2006; Burke, 2000; Carter et al., 2003) but with inconsistent findings (Burke, 2000; Carter et al., 2003; Erhardt et al., 2003; Rose, 2007; Singh, Vinnicombe & Johnson, 2001; Terjesen, Sealy & Singh, 2009). Indeed, research on boards of directors has failed to establish any clear relation between board demographic characteristics and firm performance. This suggests that the relationship between board demography and firm performance may not be simple and direct but rather complex and indirect (Finkelstein et al., 2009). Therefore, looking at the intervening and mediating variables between board demography and firm performance is a good choice (Post & Byron, 2015; Eagly, 2016). Among these intermediate steps, board processes are expected to play an important mediating role in the relationship between board composition and firm-level outcomes.

There are many intermediate steps that may be analyzed (Torchia, Calabrò, & Morner, 2015), and this study investigates the relationships among women directors (a demographic variable), board processes (cognitive conflict and preparation and involvement) and firm organizational innovation in particular. The focus is on firm organizational innovation rather than on firm performance for many reasons. First, firm innovation is considered a mediating variable between the board of directors and firm performance (Miller & Triana, 2009). Indeed, firm innovation leads the firm to develop certain capabilities that, in turn, enhance its performance (Caves & Ghemawat, 1992; Teece, Pisano, & Shuen, 1997; Zahra & Garvis, 2000). Second, we want to address the need for more research on the relationship between gender diversity and firm innovation (Bantel & Jackson, 1989; Cox, 1991; Miller & Triana, 2009; Torchia et al., 2011).

We consider board processes to be explanatory mechanisms of women directors’ contribution to board decision making (Huse, Gabrielsson, & Minichilli, 2009; Huse & Solberg, 2006; Nielsen et al., 2010; Singh, Terjesen, & Vinnicombe, 2008), which influences strategic decisions (Nielsen & Huse, 2010; Westphal & Milton, 2000). To explain this contribution, we use a behavioral approach. Considering the main concepts of the behavioral approach, we argue that one of the most important challenges decision makers could face is the cognitive biases surrounding decision making.

Indeed, board research has provided support for the idea that diverse boards’ work is under threat from various biases and social barriers. For example, both Nielsen and Huse (2010) and Westphal and Milton (2000) demonstrated that social barriers limit women directors’ influence over board decision making. Moreover, Zhu and Westphal and Bednar (2005) indicated that a failure to present minority perspectives during board decision making may lead to information processing and decision-making biases, which negatively affect decision outcomes. Still, how boards may cope with these obstacles has remained greatly underexplored. From a behavioral perspective, a better understanding of the mechanisms of —board processes— for the utilization of women directors’ contributions to board decision making and strategic decisions can lead to the development of solutions to various obstacles (Groysberg & Bell, 2013) that limit women directors’ potential. The behavioral approach posits that processes that facilitate the comprehensiveness of decision making can be the key to overcoming such biases, leading to decision outcomes with better quality or creativity. We use the degree of cognitive conflict and the degree of preparation and involvement in the boardroom (as it is explained in Section 2.2).

Download English Version:

<https://daneshyari.com/en/article/7254846>

Download Persian Version:

<https://daneshyari.com/article/7254846>

[Daneshyari.com](https://daneshyari.com)