

# RESEARCH IN ACTION:

## Wharton's [Stephanie Creary](#) Examines How Companies Can Increase Board Diversity

### THE PROBLEM:

Board diversity is having a moment. For several years now, businesses have been under pressure to do better with diversity, equity, and inclusion. Many publicly traded companies in the U.S. have responded with real change; female and minority board representation has increased by up to 25%, according to some counts. Rules are changing, too. NASDAQ now requires companies on its exchange to have at least two diverse directors, including one woman and one minority or LGBTQ member. Wharton management professor Stephanie Creary, who studies corporate board dynamics, believes the progress is promising, but it cannot be sustained without a deeper commitment from companies to resist tokenism and eliminate systemic racism. She outlined several steps that firms can take to ensure board diversity is a movement — not just a moment.



# THE RESEARCH:

## *Six Ways to Commit to Inclusive Leadership*

### 1. Recruit board directors with a track record of supporting and improving racial justice.

Appoint members who have openly advocated for racial equity and inclusion, hired and promoted people of color into leadership roles, mentored and sponsored people of color, and served on the boards of nonprofits engaged with communities of color. Directors who fit these criteria may be particularly effective in helping their boards recruit members of color and understand why it is important.

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### 2. Recruit board directors from racially diverse pools.

A common corporate refrain is that racially diverse pools do not exist. But multiple organizations have emerged with the goal of making a racially diverse pool of talent more visible. For example, the [Black Corporate Directors Conference](#) serves as a network for identifying and convening Black leaders who are well positioned to serve on corporate boards.

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### 3. Include the company's racial justice agenda in board meetings.

Board meeting agendas are set by the chair or lead director, so it is critical that they include racial justice as a topic at least once a year. These discussions should address succession planning and racial diversity at all levels of the firm, vendor relationships with business leaders of color, philanthropic contributions and engagement with organizations that serve people of color, and how racial diversity fits into the company's broader environmental, social, and governance (ESG) platform.

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### 4. Solicit input from board directors of different racial backgrounds.

Hierarchical board cultures can silence the voices of all directors, especially those of color. Board chairs should elicit input from all directors on all topics, not just those related to diversity. Conversations about diversity and racial justice can be sensitive, so the chair needs to set the tone and make sure everyone is contributing, even those with dissenting opinions.

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### 5. Speak up on issues of racial justice.

Board leaders need to create a culture that encourages directors to speak up, and the directors need to act on this imperative — even in boardrooms that do not encourage expression or if they perceive personal risk from doing so. Directors should be willing to step down from the board if accountability is lacking, instead of staying and implicitly supporting the status quo.

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### 6. Hold corporate leaders accountable for setting and making progress toward racial justice.

Directors can ask to see data related to the company's racial diversity, vendor hires, and philanthropy. They can propose that these metrics be included as part of measuring executive performance. And they should advise the company on ways to make progress toward these metrics.

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## THE SCHOLAR: *STEPHANIE CREARY*

Stephanie Creary is an assistant professor of management and a faculty fellow of the Coalition for Equity and Opportunity. She is an organizational scholar with expertise in identity, diversity, inclusion, and workplace relationships. She holds bachelor's and master's degrees from Boston University's Sargent College of Health and Rehabilitation Sciences, an MBA from the Simmons School of Management, and a master's and Ph.D. from Boston College's Carroll School of Management.

Creary is passionate about creating inclusive environments where people from historically marginalized groups can pursue their dreams and be successful. She said her work is inspired by her African American parents and grandparents, whose opportunities were limited by institutionalized racism.

“My parents grew up in working class neighborhoods. My mother did not learn to swim until she was in her 30s because there were no pools in her neighborhood where Black people were allowed. My father joined the military after high school, wanting to become a pilot, but he was told that Black people could not attend flight school,” she said. “Neither of my parents could afford to go to college, but with their support I was able to earn multiple university degrees and become a professor. While I have certainly worked hard, I have had at least one teacher or mentor at every stage of my career who has opened doors so that I could access new and better opportunities.”

Through her research, Creary aims to help organizations develop leaders who are similarly dedicated to advancing historically marginalized groups to leadership roles, create inclusive workplace cultures where these professionals can thrive, and build inclusive and effective boards that can help organizations live up to their DEI commitments.

The Wharton Coalition for Equity and Opportunity (CEO) creates research-driven solutions to help current and future leaders ensure equity in business relationships and leadership. Dean Erika James, who is Wharton's first Black and first female dean, is emblematic of a paradigm shift in executive leadership. She has launched the Wharton Coalition for Equity and Opportunity as the hallmark of her leadership commitment to diversity, equity, and inclusion. The initiative is being led by Kenneth L. Shropshire, Wharton emeritus professor of legal studies and business ethics. Shropshire is the former director of the Wharton Sports Business Initiative and former CEO of the Global Sport Institute.