

Stronger Diversity Management with Board of Directors' HR Expertise

New research published in Human Resource Management studied how board composition – in terms of HR expertise and experience – relates to firms' engagement in a broad range of diversity management activities (e.g., hiring CEOs and managers from underrepresented groups, providing work-life benefits, creating hiring policies for employees with disabilities, or creating inclusive policies regarding sexual orientation). Although most research to this point has focused on the importance of board occupational expertise in areas such as law or finance, the study's author argues that board expertise in HR is likely important for many strategic goals including diversity management, especially since firms consider diversity to be a source of competitive advantage.

Key Takeaways:

- Firms where the board of directors contain HR expertise engage in more diversity management activities that contribute to an inclusive environment
- Firms with board HR expertise are 8% more likely to have to have increased scores on diversity management index.
- HR experts serving on boards likely have greater influence over a firms' strategic activities related to diversity, relative to other positions.

The researcher measured 423 U.S. firms in the S&P 500 over a five-year period. The HR expertise of each firm's board member was manually taken from records of their prior/current professional experiences (e.g., HR job titles, responsibilities), while the level of each firm's engagement in diversity management was assessed by experts with no affiliation with the companies. Specifically, each company was rated on several characteristics related

to diversity activities (e.g., whether the company improved promotion rates of women or people of color). The analyses showed that firms with board HR expertise engaged in more diversity-relevant activities compared to firms with no board HR expertise. To be more specific, boards with HR expertise were 8% more likely to have stronger diversity management compared to boards with no HR expertise.

This study demonstrates that firms can strengthen their diversity management practices by including HR experts on the board of directors. The author also describes this study as providing evidence that HR experts have important strategic roles not only at senior management levels, but also when on the board of directors.

Mullins, F. (In press). HR on board! The implications of human resource expertise on boards of directors for diversity management. Human Resource Management.

