

# Contrasting Corporate Profiles: Women and Minority Representation in Top Management Positions

Gerald E. Fryxell  
Linda D. Lerner

---

**ABSTRACT.** This paper investigates the characteristics of firms which have underrepresented groups in top management positions and those which do not. It is argued that profiles of these characteristics will be different for firms with minorities vs. women and that these profiles will be different depending on whether representation is by board membership or through officerships. A discriminant analysis found both similarities and differences in variables that were associated with these different forms of representation. It was found, for example, that size is associated with representation for both minorities and women, whereas high advertising intensity is associated with firms with women on board, but not as officers. Other findings and the implications of the study are discussed.

The composition of top management in corporate America has received much attention for nearly two decades. The persistence of this issue reflects not only an economic concern with defining the best composition of individuals to direct and oversee a company's operations, but also a concern with corporate social performance in responding to changes in underlying social and political trends (Walters, 1985). Two of these trends are particularly relevant to the participation of underrepresented groups in the governance of large corporations.

First, the consolidation and globalization of cor-

porations has resulted in a greater potential for both benefit and harm to various stakeholder groups. This is not merely a function of increased size, but also of technological sophistication and a greater causal complexity in the environment (Emery and Trist, 1965). As a result, there are increasing prospects for the lives of these stakeholders to be affected by corporate decisions. For example, the consequences of both Union Carbide's Bhopal incident and G. M.'s "downsizing" are not only severe, but have had extensive repercussions throughout their set of stakeholders. In order to be more responsive and avoid costly litigation there has been an increase in the number of "outsiders" placed on corporate boards and a tendency for boards to be more actively involved in strategic decisions.

Second, for many decades there has been a steadily diminishing relationship between ownership and control (Berle, 1959; Domhoff, 1983). Whereas several decades ago the composition of corporate governance was legitimated in the sovereignty of property rights, today this is a much weaker justification for underrepresentation. While the emphasis has shifted to individual "competence" as a basis for involvement in corporate governance, unfortunately top managerial competence is often difficult to assess. The consequences of strategic decision making may not be evident for years, making objective assessment of top management performance difficult to achieve. At the same time, the absence of women and minorities from top management positions and their consequent lack of experience is often used as a rationale for maintaining the status quo. The result is that women and minorities remain disproportionately underrepresented in our most powerful societal institutions. In light of these trends, a society valuing equal participation and opportunity should be deeply troubled.

---

*Jerry Fryxell is an Assistant Professor of Management at the University of Tennessee – Knoxville. His current research interests are in the area of corporate culture, innovation, and strategic management.*

*Linda Lerner is a Ph.D. candidate in the Department of Management at the University of Tennessee – Knoxville. Her current research interests include strategic management, social issues, and corporate governance. She has over ten years of management and consulting experience.*

The purpose of this study is to identify those contextual variables which are most potent in distinguishing firms according to their responsiveness in incorporating women and minorities into top management. This study also explores two additional issues. First, the extent to which these variables are different for women and minority representation. Second, the extent to which there may be differences for officer representation and for board representation. An identification of the contextual variables and a better understanding of how they influence the likelihood that women and minorities will be found in positions of influence in large U.S. corporations could add to our understanding of corporate governance and may ultimately help promote equity.

## Background

### *Social progress*

Beginning in the 1960's businesses came under increasing pressure to expand corporate governance to include greater numbers of women and ethnic minorities. Many businesses responded by adding a women director to the board resulting in an observable increase in the number of companies with at least one woman director (Elgart, 1983; Harrigan, 1981; Kesner, 1988; Orr, 1977; Schwartz, 1980). In spite of these initial responses, over 50% of the Fortune 1000 still have no women directors, women hold only 3–4% of the total Fortune 1000 directorships (*Wall Street Journal*, 1986), and 2% of the officerships (*Economist*, 1987). This is in spite of the fact that they are in the labor force in record numbers.

The situation is much the same with regard to minority representation. In an annual survey of the Fortune 1000 conducted in 1984 by Korn/Ferry, it was found that 26% of the 633 firms responding had an ethnic minority on their board. If one assumes an average board size of 14 and, when present, one minority member per board, then less than 2% of the directorships are likely to be held by minorities (*Black Enterprise*, 1985). In this same survey less than 1% of the 1362 corporate officers surveyed in 1985 were minorities (*Fortune*, 1988).

Thus, while indisputable change has occurred for both women and minorities, in lower and middle

management, the social goal of equitable representation at the top is far from realized. An even more compelling question pertains to current momentum. A 1983 Korn/Ferry survey indicates that the trend of adding females and ethnic minorities may have peaked. More recently, the executive search firm of Korn/Ferry reported that fewer companies had women on their boards in 1986 than in the recent past (*Wall Street Journal*, 1987). Current trends for minorities are also troubling. According to a 1986 Korn/Ferry survey, only 30% of the surveyed companies had minority members on their boards, down from 35% in 1985 (*Wall Street Journal*, 1987). This appears to support Elgart's (1983) contention that, "major U.S. corporations are still systematically excluding women from directorships and retaining the historic white male profile that has existed since the days when boards were invented" (p. 121).

Other trends in board composition also hold few prospects for improvement in representation. Waldo (1985) found that boards have remained remarkably stable over the past decade, with the majority of surveys putting the proportion of outsiders at 60–70%. A Fortune 500 survey showed a 10 year decline in the percentage of current and retired managers from within the company serving on boards and significant increases in the number of directors with no business background (*Fortune*, 1978). While this trend should create opportunities for women and minorities, the most sought after board members are still likely to be drawn from the white-male dominated ranks of senior executives and former high-ranking government officials (Waldo, 1985).

## Conceptual development

### *The socially responsive firm*

It is likely that decisions regarding top management representation will be influenced by economic and social considerations related to organizational and industry characteristics. To the extent that representation decisions have been used as a proxy for or an indication of a firm's social responsiveness (Council on Economic Priorities, 1986; Miles, 1987), correlates should include numerous variables that have been empirically or theoretically examined as predictors of corporate social performance (Cochran and

Wood, 1984; Fry, Keim and Meiners, 1982; Lerner and Fryxell, 1988; Miles, 1987). These variables, which are likely to relate to equitable representation in top management, are reviewed under the categories of industry membership and environment, organizational characteristics, and measures of organizational performance.

*Industry membership and environment.* The importance of certain skills, experiences, and stakeholder relationships will vary in different industries. For example, in an industry where companies rely heavily on advertising to promote their products, board nominating committees and CEO's would be more inclined to seek individuals with strong marketing skills or experience for both management and board positions (e.g., Harrigan, 1981).

*Organizational variables.* Organizational variables, such as company size, growth, acquisition or diversification strategy, and asset age have been discussed as correlates of corporate social behavior: larger companies are thought to be more visible and, as a result, more responsive to social pressures (Elgart, 1982); growing companies may be able to offer more opportunities for individuals, although it may depend on whether growth occurs internally or through acquisition; asset age may reflect the social tendencies of companies founded in eras with different social expectations (Cochran and Wood, 1984); and, diversification strategy may result in a greater preoccupation with bottom line figures (Ackerman, 1975; Mintzberg, 1983).

*Performance measures.* The empirical link between social behavior and profitability has received a great deal of largely unfruitful attention (Arlow and Ganon, 1982). While most of the work has focused on the economic performance of the firm in light of its social programs or behavior it is also possible to examine social behavior as a function of performance. Clearly, high or low performance has economic implications for a firm's capacity to be responsive to social pressures or take social initiatives. The ability to correct for underrepresentation may be linked to performance in several ways. First, performance will lead to growth, which, as previously mentioned, may create opportunities for advancement and increased visibility. Second, goal

attainment with regard to profitability and increased liquidity or slack may permit attention to other, non-financial goals.

#### *Contrasts between women and minority representation*

It has been observed that women are more likely to be represented in the top management positions of larger organizations, those with high public visibility, and consumer-goods businesses such as pharmaceuticals or cosmetics (Harrigan, 1981; Walters, 1985). Whether this reflects the efforts of more highly visible companies to deflect social criticism or an effort to bring greater expertise to a board which deals with products of interest to women has not been determined. However, women are frequently felt to bring marketing expertise to the board and a consumer or community orientation that is particularly valuable in certain industries and service businesses (Harrison, 1986). Schwartz (1986) contends that women who were initially sought for their visibility in the arts, education, law, government and philanthropy are now being sought for their experience in business and the contributions they can make to all aspects of board work.

By comparison relatively little is known about minority representation in the governance of large corporations. The available evidence suggests that too few have the education, training, or social networks that companies seek (*Fortune*, 1988) and that they still face discrimination. Recently, the *Wall Street Journal* reported that many blacks are disillusioned with their projects in white-run firms and are leaving to join black-controlled organizations (*Wall Street Journal*, 1988).

Given the contrasting circumstances facing women and minorities and the different social and economic pressures on corporations for each group, the profiles of representing firms should differ. For example, while women have been identified with highly consumer-oriented businesses, minority workers seem to be concentrated more in service and older industries that grew and prospered in what is now referred to as the "rust belt". Further, relatively few major American corporations specifically segment minorities in their marketing strategies which makes the consumer-stakeholder route less viable. This leads to the following proposition:

Proposition 1: The characteristics of firms which have women represented in their corporate governance will be different than the characteristics of firms which have minorities represented.

have minorities represented as officers.

### *Contrasts between directors and officers*

A second area of interest concerns differences in the profiles of firms which represent both women and minorities through board membership as opposed to officerships. Differences are anticipated based on the different avenues and qualifications for the two forms of representation. It is more common for the spouse of a major stockholder to gain a board seat than an officer post. In addition, the external role of the board member involves a different set of skills than those so widely discussed for managers. Finally, the networking or interlocking relationships on corporate boards creates additional barriers for women and minorities.

Each of these differences may impact women and minorities differently. Obviously, minorities will have a more difficult time gaining top management positions through familial ties. In addition, the small number of minorities with experience as corporate officers (*Fortune*, 1988) imposes a "Catch-22" barrier to involvement. Unfortunately, there is little empirical research on this distinction. Most of the research on women executives has focused on their behavioral characteristics. Kanter (1987), however, noted that it is the structure of organizations and the nature of social circumstances in which women find themselves that makes penetrating the "glass ceiling" (i.e. an invisible, but very real, barrier to top managerial positions) so difficult. The nature of this "ceiling," if it exists, for male minorities is not clear.

Proposition 2a: The characteristics of firms which have women represented as directors will be different than the characteristics of firms which have women represented as officers.

Proposition 2b: The characteristics of firms which have minorities represented as directors will be different than the characteristics of firms which

## **Methodology**

### *Data base and sample*

The sample was comprised of 113 firms that were rated in a recent report compiled by the Council on Economic Priorities (CEP) (1986) from the food, health and personal care, appliance, home products, petroleum, airline, hotel and automobile industries (see Appendix A for a list of the firms, their industry, and S.I.C. code). Of these, 71 of the companies provided information on the number of minorities in official positions, 85 provided information on the number of minorities on the board, and 111 provided information on the number of women on the board and in top management positions. Information on the number of two-digit and four-digit SIC categories in which the firms and their subsidiaries operated was obtained from the Directory of Corporate Affiliations, 1984 edition, and provided the basis for diversification categorization. Data on the remaining explanatory variables was assembled from the Compustat Tapes for the years 1979–1984.

### *Measures*

*Representation.* The number of women and minority officers and directors in 1984 as reported by the participating companies to the CEP survey. The number of women officers, women directors, minority officers, and minority directors were used as dependent variables in the discriminant analyses to be discussed below. The independent variables used in this study are summarized in Table I.

*Performance Variables.* Performance measures were selected which tap several dimensions of performance. For example, ROI reflects the productivity of the capital employed, change in cash flow and acid test reflect the firm's cash position, and the price earnings ration and excess value reflect market-based evaluations of firm performance (Cochran and Wood, 1984).

TABLE I  
Calculations of independent variables

Explanatory variable	Formula
1. Average ROI	$(ROI'83 + ROI'84)/2$
2. Change cash flow	$Cashflow'84 - Cashflow'83$
3. Acid test'84	$(Cash + Receivables)/Current liabilities$
4. Price-earnings ratio'84	Price per shares/EPS
5. Excess value'84	$(Market value of equity + Book value of debt - total assets)/Sales$
6. Industry membership	1st digit SIC code
7. Broad spectrum diversity	Number of 2 digit SIC
8. Mean narrow spectrum diversity	$4 \text{ digit SIC categories}/2 \text{ digit SIC categories}$
9. Average growth rate	$(Change in the number of employees 1980 + 1981 + 1982 + 1983 + 1984)/5$
10. Size'84	Number of employees'84
11. Advertising intensity'84	$Advertising expenditures'84/Total assets'84$
12. Propensity to acquire'84	$Acquisition expenditures'84/Total assets'84$
13. Asset age'84	$Net fixed assets'84/Gross fixed assets'84$

*Environmental variables.* SIC codes were used to classify businesses into industry groups and also into diversification categories, based on a conceptualization of diversity described by Varadarajan and Ramanujam (1987). Broad spectrum diversity (BSD) refers to the number of two-digit SIC codes in which a firm concurrently operates. Mean narrow spectrum diversity (MNSD) is the average number of four-digit SIC codes per two-digit SIC codes in which it operates. A firm operating in a large number of four-digit categories relative to two-digit categories would be diversified into more related areas.

*Organizational variables.* Average growth rate was measured as a change in the number of employees over a five year period, and size was measured by the number of employees in a single year. Advertising expenditures were expressed as a percentage of revenue, acquisition expenditures were expressed as a percentage of total assets, and asset age was ex-

pressed as the ratio of net fixed assets to gross fixed assets. The representation by industry groups and the pattern of means on specific variables are presented in Table II. For the purpose of reducing the number of groupings, similar S.I.C. codes were combined, as reported in the table. Considerable variation on all of these variables among these industries is evident.

## Results

The descriptive statistics for the different categories of representation are reported in Table III. Interestingly, there are relatively low correlations which suggests that they poorly converge on a unitary notion of social performance. Many of these correlations are not significant, but there are significant correlations between the number of women on the board and the other forms of representation. If the average board size is assumed to be about 14, then the mean percentage of representation is about 7% for women board members and about 4% for minority board members. This is about twice the rate reported earlier as averages. While these larger firms may have somewhat larger boards, this is some indication that the sample is not representative, but somewhat more progressive than average.

Given the industry variability that was evident in the sample, histograms are reported for the industry groups in Figure 1. The range of these industry means is from "no representation" to "two representatives" per category. While this may appear narrow in absolute terms, the implications of having none to two or more representatives of a given category are large. From this perspective there is wide variability in representation of women and minorities. The electronics group, for example, has a very low representation, whereas the food-related and drug/cosmetic products groups are much more favorable. Also, it appears that the latter industries are those which make products in which women are the principle buyers. This suggests the possibility of a linkage between representation in corporate governance and the composition of the primary buyer group. Secondly, the service industries (i.e., motel/restaurant, phone, and airline) appear to be relatively more favorable for minority representation. Although the numbers in each of these groupings is low, this suggests a linkage between minority repre-

TABLE II  
Means for descriptive variables by industry group

Descriptive Variables	Airline Industry (n = 10)	Automotive (n = 4)	Cigarette (n = 3)	Drugs and cosmetics (n = 22)	Electronics and appliances (n = 17)	Food processing (n = 23)	Travel and fast food (n = 7)	Petroleum (n = 14)	Communications (n = 3)	Wood and paper (n = 4)	Other (n = 7)
Size (1984)	29,260	316,250	80,420	27,240	69,340	46,060	67,880	65,920	277,300	29,800	39,840
Average % growth (1983-1984)	1.83	7.35	0.50	-0.62	1.97	1.22	5.18	-3.19	-1.43	4.48	-2.40
Price earnings (1984)	6.01	3.71	10.12	11.86	11.63	11.19	17.11	10.36	11.25	9.76	10.30
Acid test (1984)	0.90	0.67	0.71	1.38	1.21	0.91	0.82	0.81	0.95	0.93	0.92
Advertising intensity (1984)	1.76	1.78	7.09	11.40	2.88	5.55	3.54	0.86	0.80	1.45	2.70
Broad spectrum diversification	2.00	7.00	12.67	5.45	6.43	6.9	4.00	10.07	13.33	10.50	10.60
Narrow spectrum diversification	2.10	11.00	25.00	10.30	15.25	16.24	4.10	17.69	22.00	20.75	17.85
S.I.C. Codes	4511	3711	2111	2830 2834 2841 2844	3540 3600 3620 3630 3651 3662 3720 3861	2000 2020 2030 2041 2048 2065 2082 2086	5812 7011 7990	2800 2911 4922	3661 3680 4811	2400 2600	2649 2850 3330 3429 4131 5093 6199

TABLE III  
Descriptive statistics and pearson correlation coefficients

Variable	Means	Standard deviations	1	2	3	4
1. Women directors	0.984	0.772				
2. Women officers	0.563	0.934	0.292**			
3. Minority directors	0.691	0.693	0.376**	0.099		
4. Minority officers	0.633	1.03	0.222*	0.199	0.070	

\*  $p \leq 0.05$ .  
\*\*  $p \leq 0.01$ .

sentation and the composition of the labor force. Finally, some older industries, such as petroleum and cigarettes, have favorable representation of women on boards, but not in officerial positions; this may be an indication that board positions have been gained, in part, through ownership. This hints at a third avenue to corporate governance through inheritance.

However, it is also observed that some of these more mature industry groups (i.e., automotive, cigarette, and wood/paper) also have above average levels of minority representation as well.

Discriminant analyses were employed to examine which variables (viz., performance, organizational characteristics, and environmental characteristics) are useful for classifying companies with no categorical representation and those with one or more members. These analyses involved an initial stepwise procedure to identify which canonical variates were most potent for categorizing firms as having representatives of each type. A canonical discriminant procedure was then run to obtain the standardized weightings of these variables.<sup>1</sup>

The outcomes of this procedure are summarized in Table IV which gives the standardized weights for each variable that proved significant in categorizing firms by representation. Summary information about the model is also given which includes the squared canonical correlation (analogous to an  $R^2$  between the categorical index created by the equation and the representation score), and Wilk's  $\lambda$  (a significance test of the overall model).

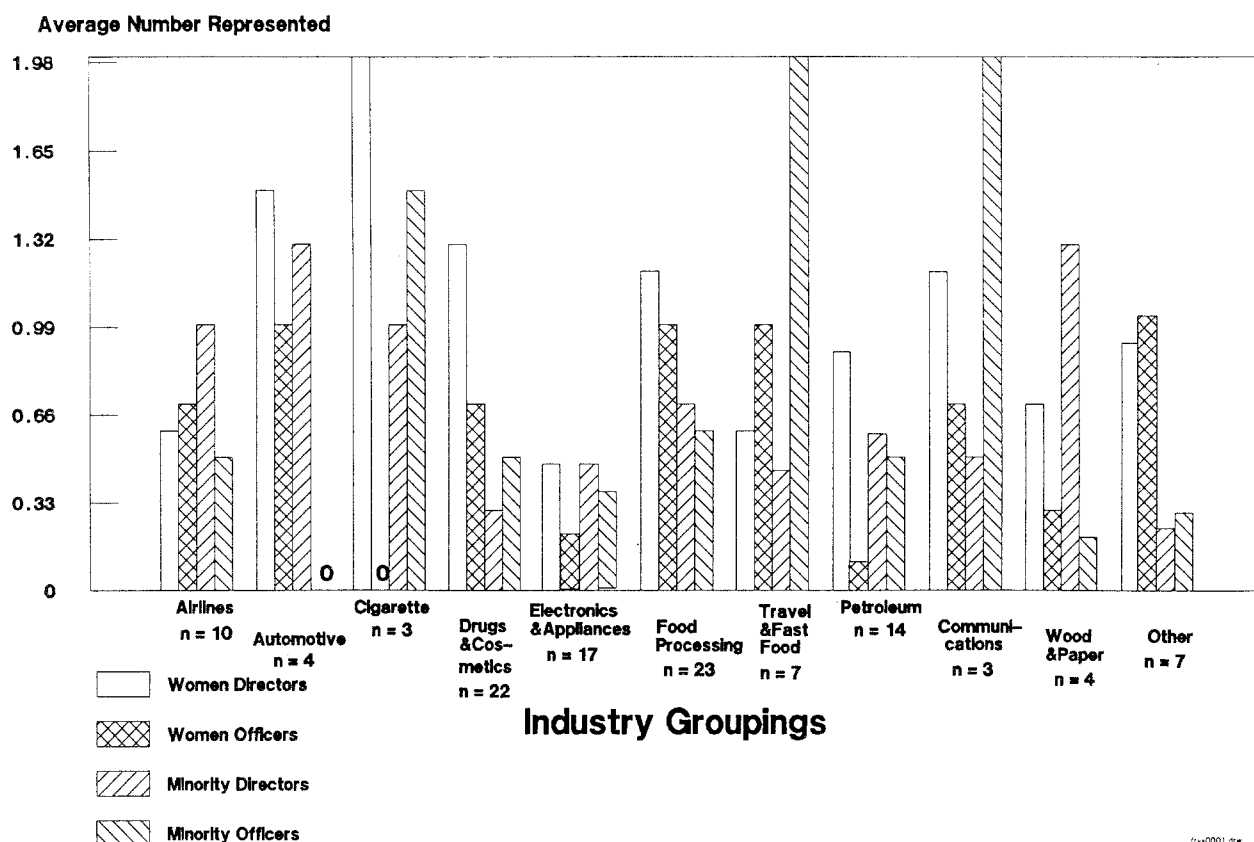


Fig. 1. Categorical representation by industry groupings.

These results indicate that representation of women on the board of directors is significant and positively associated with advertising intensity and size. Size evidently creates opportunities and advertising intensity is consistent with earlier research relating women's representation to the firm's consumer orientation (Harrigan, 1981). On the other hand, representation is significantly and negatively associated with change in ROI and the overall liquidity position of the firm. It could be speculated that since women may find a place on the board through stock ownership, firms with women board members may be large firms that are in later phases of the product life cycle. The negative relationship with acid test is more difficult to explain, but from its calculation it may be related to either a lower amount of cash and receivables or to a larger amount of current liabilities.

These changes in profitability and the structure of the firm's balance sheet are no doubt strongly related to industry characteristics. For example, the eleven

petroleum refiners all had lower than average acid test values, whereas all eight pharmaceutical firms had higher than average liquidity. Whereas, the SIC code only crudely controls a service/manufacturing orientation, the acid test captures additional information about structure of the industry. For example, a manufacturing industry that has to carry a higher level of receivables or have a "war chest" against possible litigation (e.g., pharmaceuticals) will reflect this on the balance sheet. In sum, the profile of the firm with women on its board of directors reflects companies that must target market women as principle in the buying decision. Evidently, these firms may also be more mature and less liquid which might point to ownership as an avenue to membership on board; yet, these latter results are probably linked to other industry-related factors.

Representation of women as officers, on the other hand, is only significantly associated with the size of the firm. As before, size evidently leads to increasing opportunities for advancement. The size variable was

TABLE IV  
Summary of standard canonical coefficients from discriminant function analysis

Contextual Variable	Avg. ROI Change (84) in ROI	Acid Test (84)	Price/Earnings (84)	Excess Value (84)	Industry SIC	BSD	MNSD	Avg. Growth Rate (%)	Size (84)	Advertising Intensity	Propensity to Acquire (84)	Asset Age (84)	Summary Information of model
Categorical Variable													
Representation of Women on Board (n = 109)	-0.4787**	-0.6787*		0.3343 <sup>a</sup>	-0.4095*				0.4430**	0.6499**			Square Canonical Correlation = 0.205 Wilks $\lambda$ = 0.795, 6df (p = 0.0006)
Representation of Women as Officers (n = 109)									1.0278**				Squared Canonical Correlation = 0.062 Wilks $\lambda$ = 0.983, 1df (p = 0.009)
Representation of Minorities on Board (n = 85)		-0.7106*		0.1816 <sup>a</sup>					0.7491**				Squared Canonical Correlation = 0.107 Wilks $\lambda$ = 0.893, 3df (p = 0.026)
Representation of Minorities as Officers (n = 71)		-1.0892**		0.6600**				-0.6079*		0.0154 <sup>b</sup>	0.4110*		Squared Canonical Correlation = 0.266 Wilks $\lambda$ = 0.734, 5df (p = 0.001)

F Statistics \*\*  $p < 0.05$ .

\*  $p < 0.10$ .

<sup>a</sup> Variable was added to the model because of an intercorrelation of 0.54 with acid test.

<sup>b</sup> Variable was added to the model because of an intercorrelation of 0.36 with excess value.

not adjusted for the total number of directors or officers, however, and this may be partly due to an increase in the number of official positions available. From the low squared canonical correlation (0.06), however, it is evidently difficult to characterize firms with women officers. Of considerable interest is the absence of the consumer and ownership relationships found for women board members.

Minority representation on boards is also positively associated with size and negatively associated with the liquidity position of the firm. Once again, the association of minority board members with nonliquid companies may be due to the financial structure of the industry more than performance. Thus, while the indication is that firms that have minorities on their boards are cash-starved or highly leveraged with short term obligations, this is probably a reflection of these specific industries. Earlier it was noted that service industries and more mature industries had more minority representation. An

inspection of these groups in Table 2 does reveal a lower acid-test value for these classifications.

Finally, the variables associated with minority representation through officerships had the strongest predictive power (i.e., squared canonical correlation = 0.266). Interestingly, minority representation through officerships is positively associated with the propensity of the firm to acquire other firms for growth and the excess value variable, yet it was negatively associated with the average growth rate of the company and its liquidity. These findings again point to an underlying industry-related pattern. Thus, the greater predictive power suggests that there is the greatest variability by industry group in minority representation as officers. This is confirmed by an inspection of Figure 1, with marked variability noted in the fourth column of each industry grouping. The distinction between manufacturing and service sectors appear to account for some of this variability.



## Discussion

This study proposed that the profiles of firms representing women and minorities in top management positions would be different. The findings generally support this contention. Beyond the confirmation that the size of the firm works to the benefit of both underrepresented groups, three differences were observed. First, it was found that those firms whose products involved women as the primary purchaser had more women represented on the board. This finding could be a result of a sensitivity to women as a major stakeholder group, or a reflection that women are more attracted to an industry where they are able to identify more strongly with its offering. Both are likely contributors. Mary Kay Cosmetics, for example, would probably represent women for both reasons.

Second, the histograms suggested that more traditional industries may represent women more through ownership than by means of a consumer orientation. This was evidenced by high board representation with little officerial representation. Alternatively this may indicate that in these industries women still do not come to board positions through the channel traditionally open to men – by being officers in a company. Women are often chosen for professional affiliation (e.g., law, politics, and education). Thus, in some of these industries, such as cigarette manufacturing, the presence of women may be due to lobbying or legal capabilities.

Unfortunately, these stakeholder options (i.e., professional, consumer and stockholder) are largely closed to minorities. However, it was also observed that certain mature industry groups (with a small number of firms included) did have higher than average minority representation on the board. It can only be speculated that perhaps a stakeholder orientation to a union or the government may be related to this observation.

Third, there was tentative evidence that minority representation varied substantially by industry group. Unfortunately, clear patterns were difficult to discern. Nevertheless, there was some evidence of a labor stakeholder orientation. When put in perspective in view of the many women and minorities employed in the service sector, the strength of this finding serves more to support claims of underrepresentation than allay them.

The second proposition anticipated differences in

the profiles of firms representing these groups as board members or as officers. There were notable differences in these profiles. Whereas there were several strong predictors for firms with women as board members, firm size was the only significant variable in classifying firms with women as officers. For minorities, the main difference was in the predictive power of the relationship. Those variables that were useful for classifying firms as to their minority representation appeared to reflect deeper structural differences for minority representation as officers than for board membership. Since, minorities do not have as strong a position as women as consumers or owners, it appears that their prospects may be more strongly related to specific employment requirements and stakeholder relationships by industry.

One finding of this study that should not be overlooked in these relative comparisons is the confirmation that, overall, women and minorities are still underrepresented. Furthermore, while this condition exists in all of the industries represented in this study, the situation appears to be worse in certain industries. Of the seven firms in the electronics/appliance group, for example, there was a single minority director, two women directors, and no women or minority officers. This raises questions about what might be done to change this situation. Particularly in high tech industries there is a need for more women and minorities who have the education and training required in some of these rapidly changing fields. On another level changes in industry leadership and perhaps government policy may be called for.

These findings suggest a need to develop a stakeholder theory of representation which may help to explain where underrepresented groups may make additional progress and where intervention may be needed. Such a theory needs to link industry structural variables to the need for corporate responsiveness to specific stakeholder groups. The need for responsiveness, if it can be anchored in terms of realizable competitive advantage, would bring change more rapidly than would slowly developing changes in attitudes and values.

This study has several limitations that warrant further comment. First, its exploratory posture resulted in a selection of variables that were not tightly married to theory as would have been desirable. Hopefully, this study might stimulate further re-

search based on a stakeholder explanation for representation patterns. Second, due to the pattern of industry representation several variables appeared to capture other underlying industry distinctions more than the intended construct. The acid test ratio, for example, was intended to operationalize the notion of liquidity, but evidently captured major differences in the financial structure of different industries. Future researchers would be well advised to conduct comparative studies within a few industries in order to better control for these differences. One factor that would bear on this industry orientation would be the increasingly higher levels of corporate diversification. The extent to which the traditional line of business would continue to influence representation patterns has not been determined. Third, given these industry differences, in some cases the sample sizes permitted only cautious inferences. Fourth, the composition of minority representation data was not recorded. If women and minorities are argued to face different circumstances, the same may be true for black and hispanics. A final limitation in this study was that the data permitted only a dichotomous classification of firms by representation. Powell (1988) conceptualized that some firms may passively admit "token" representatives and be qualitatively different than firms with a more active posture. Somewhat ironically, the sample had an insufficient number of firms with multiple representatives to permit this type of analysis.

Above and beyond the acknowledgement that progress in top management representation of these groups has been frustratingly slow, there is evidence that an absence of stakeholder pressure will result in little further progress. Some firms that appear to be sheltered from consumer, stockholder, and labor sources may be amenable to increased government influence. While government policy has required affirmative action programs of business in general and, more specifically, its contractors, it has left it up to individual companies to initiate and implement its own programs. The previously mentioned electronics group, for example, includes many large defense contractors.

Evidently, the time has come to deliberate policies related to representation in corporate governance. If stakeholder responsiveness is a factor influencing board composition and top management responsiveness, legislation or policies which would provide

these groups with opportunities for a greater voice in corporate policy would be constructive. Since opportunities for minority representation are largely limited to the role of employee-stakeholder and since women constitute such a large portion of the labor force, strengthening this stakeholder's influence in the boardroom may also lead to more equitable representation in top management.

## Conclusions

The findings of this study support and extend previous research related to women directors and introduce a new research agenda specifically addressing minority representation. The findings also support the proposition that industry and organizational variables related to the representation of women are different from those related to minority representation. Minorities, particularly minority officers, appear to face a different set of circumstances than do women in the effort to attain corporate board and high level management positions.

To a degree, women are perceived to bring specialized skills to the corporate world and appear to have gained positions on boards and as corporate officers for the contributions they can make in those areas. As major consumers they are also apt to be represented on boards of companies that seek to reach large consumer groups. As women gain more entrepreneurial and high-level business experience, their equity interest and consumer representation should lead to improvements in specific industries. For minorities, however, the sense of disillusionment appears to be growing, and an appreciation of the limited opportunities minorities face may be difficult to achieve in the current political climate.

## Note

<sup>1</sup> Powell (1988) conceptually categorized firms into three groups with respect to their stance toward representation. This classification suggests that firms with a single women representative may be "reactive" and be different from "productive" firms with multiple representatives. As a result, a multivariate discriminant analysis was performed for both women and minorities. The pattern of significant variables for the purpose of classifying firms into three groups — no

representation, a single member, and multiple members was very similar. One explanation for this finding could be that the number of firms having more than one representative was small (i.e., women directors, 25; women officers, 15; minority directors, 9; and, minority officers, 13).

## References

- Ackerman, R. W.: 1975, *The Social Challenge to Business*, Cambridge, Mass: Harvard University Press.
- Arlow, P. and Gannon, M. J.: 1982, 'Social Responsiveness, Corporate Structure, and Economic Performance', *Academy of Management Review* **18**(2), 49–58.
- Berle, A. A.: 1959, *Power Without Property*, New York: Harcourt Brace.
- Black Enterprise: 1985, 'Black Directors in The Corporate Boardroom', December, **41**.
- Chaganti R. S., Mahajan, V., and Sharma, S.: 1985, 'Corporate Board Size, Composition, and Corporate failures in Retailing Industry', *Journal of Management Studies* **22**, 400–417.
- Cochran, P. L., and Wood, R. A.: 1984, 'Corporate Social Responsibility and Financial Performance', *Academy of Management Journal* **27**, 42–56.
- Council on Economic Priorities: 1986, *Rating America's Corporate Conscience*, Reading, Mass.: Addison Wesley.
- Domhoff, G. W.: 1983, *Who Rules America Now?*, Englewood Cliffs, N. J.: Prentice-Hall.
- Elgart, L. D.: 1983, 'Women on Fortune 500 Boards', *California Management Review* **24**(4), 121–127.
- Emery, F. E. and Trist, E. L.: 1965, 'The Causal Texture of Organization Environments', *Human Relations* **18**, 21–32.
- Fry, L. W., Keim, G. D., and Meiners, R. E.: 1982, 'Corporate Contributions: Altruistic or For-Profit?', *Academy of Management Journal* **25**, 94–106.
- Fortune*: 1988, 'Black Executives: How They're Doing', January **18**, 109–114.
- Harrigan, K. R.: 1981, 'Numbers and Positions of Women Elected to Corporate Boards', *Academy of Management Journal* **24**, 619–625.
- Harrison, P.: 1986, 'On the Other Side of The Roadblock', *Boards and Directors* Fall, 40–41.
- Jones, T. M.: 1986, 'Corporate Board Structure and Performance: Variations in the Incidence of Shareholder Suits', In J. E. Post (Ed.), *Research in Corporate Social Performance and Policy*, vol. **8**, pp. 345–359.
- Kesner, I. F.: 1988, 'Director's Characteristics and Committee Membership: An Investigation of Type, Occupation, Tenure, and Gender', *Academy of Management Journal* **31**, 66–84.
- Kesner, I. F., Victor, B., and Lamont, B.: 1986, 'Board Composition and The Commission of Illegal Acts: An Investigation of Fortune 500 Companies', *Academy of Management Journal* **29**, 789–799.
- Kohls, J.: 1985, 'Corporate Board Structure, Social Reporting, and Social Performance', in L. E. Preston (ed.), *Research in Corporate Social Performance and Policy*, vol. **7**, 165–189 Greenwich, Conn.: JAI Press, Inc.
- Lerner, L. D. and Fryxell, G. E.: 1988, 'An Empirical Study of The Predictors of Corporate Social Performance: A Multi-Dimensional Analysis', *Journal of Business Ethics* **7**, 951–959.
- Mattar, E., and Ball, M.: 1985, *Handbook for Corporate Directors*, New York: McGraw-Hill.
- Miles, R. H.: 1987, *Managing The Corporate Social Environment*, Englewood Cliffs, N. J.: Prentice Hall.
- Mintzberg, H.: 1983, 'The Case for Corporate Social Responsibility', *The Journal of Business Strategy* **4**(2), 3–14.
- Norburn, D.: 1986, 'GOGOs, YOYOs, and DODOs: Company Directors and Company Performance', *Strategic Management Journal* **7**, 101–117.
- Orr, L. H.: 1977, 'Out of The Typing Pool-Into the Board: A List of Women Directors', *Business and Society Review* Summer, 27–33.
- Powell, G. N.: 1988, *Women and Men in Management*, Beverly Hills: Sage.
- Schwartz, F. N.: 1980, "Invisible" resource: Women for boards', *Harvard Business Review* **58**(2), 6–18.
- Schwartz, F. N.: 1986, 'Beyond the First Generation of Women Directors', *Directors and Boards* Fall: 39–40.
- Varadarajan, P., and Ramanujam, V.: 1987. Diversification and performance: A reexamination using a new two dimensional conceptualization of diversity in firms. *Academy of Management Journal* **30**, 380–393.
- Waldo, C. N.: 1985, *Board of Directors: Their Changing Roles, Structure and Information Needs*, Westport, Conn.: Quorum Books.
- Wall Street Journal*: 1986, 'The Board Game: More Women are Becoming Directors But It's Still a Token Situation', March **24**, 29D.
- Wall Street Journal*: 1987, 'Losing Ground? Surveyed Firms Report Fewer Women Directors', July **17**, 23.
- Wall Street Journal*: 1988, 'More Blacks Quitting White-Run Firms', June **7**, 1.

Dept. of Management,  
College of Business Administration,  
University of Tennessee,  
Knoxville, TN 37996,  
U.S.A.

APPENDIX  
Firms in sample ( $n = 113$ )

No.	Name	Industry	S.I.C.	No.	Name	Industry	S.I.C.
1	Anderson, Clayton & Co.	Food & Kindred Products	2000	58	Amoco Corp.	Petroleum Refining	2911
2	Beatrice Co.	Food & Kindred Products	2000	59	Atlantic Richfield Co.	Petroleum Refining	2911
3	CPC International Inc.	Food & Kindred Products	2000	60	Chevron Corp.	Petroleum Refining	2911
4	Campbell Soup Co.	Food & Kindred Products	2000	61	Exxon Corp.	Petroleum Refining	2911
5	General Food Corp.	Food & Kindred Products	2000	62	Mobile Corp.	Petroleum Refining	2911
6	General Mills Inc.	Food & Kindred Products	2000	63	Phillips Petroleum Co.	Petroleum Refining	2911
7	Kellogg Co.	Food & Kindred Products	2000	64	Royal Dutch Pete-NY Gldr. 10	Petroleum Refining	2911
8	Pillsbury Co.	Food & Kindred Products	2000	65	Standard Oil Co. (Ohio)	Petroleum Refining	2911
9	Quaker Oats Co.	Food & Kindred Products	2000	66	Sun Co. Inc.	Petroleum Refining	2911
10	Sara Lee Corp.	Food & Kindred Products	2000	67	Texaco Inc.	Petroleum Refining	2911
11	Borden Inc.	Dairy Product	2020	68	Reynolds Metals Co.	Prim. Smelt-Refin. Nonfer. Mtl.	3330
12	Dart & Kraft Inc.	Dairy Product	2020	69	Gillette Co.	Hardware-NEC	3429
13	Gerber Products Co.	Canned-Preserved Fruits-Vegs.	2030	70	Black & Decker Corp.	Metalworking Machinery & Equip.	3540
14	Heinz (H.J.) Co.	Canned-Preserved Fruits-Vegs.	2030	71	General Electric Co.	Elec. & Electr. Mach. Eq. & Supp.	3600
15	I.C. Industries Inc.	Canned-Preserved Fruits-Vegs.	2030	72	Litton Industries Inc.	Elec. & Electr. Mach. Eq. & Supp.	3600
16	Smucker (J.M.) Co.	Canned-Preserved Fruits-Vegs.	2030	73	Dynamics Corp. of America	Electrical Industrial Appar.	3620
17	International Multifood Corp.	Flour & Other Grain Mill Prds.	2041	74	Allegheny International Inc.	Household Appliances	3630
18	Ralston Purina Co.	Prepared Feeds for Animals	2048	75	Hoover Co.	Household Appliances	3630
19	Hershey Foods Corp.	Candy & Other Confectionery	2065	76	Magic Chef Inc.	Household Appliances	3630
20	Wrigley (Wm.) Jr. Co.	Candy & Other Confectionery	2065	77	Maytag Co.	Household Appliances	3630
21	Anheuser-Busch Cos. Inc.	Malt Beverages	2082	78	Whirlpool Corp.	Household Appliances	3630
22	Coca-Cola Co.	Bottled-Canned Soft Drinks	2086	79	White Consolidated Inds. Inc.	Household Appliances	3630
23	Pepsi Co. Inc.	Bottled-Canned Soft Drinks	2086	80	RCA Corp.	Radio-TV Receiving Sets	3651
24	American Brands Inc.	Cigarettes	2111	81	Zenith Electronics Corp.	Radio-TV Receiving Sets	3651
25	Philip Morris Cos. Inc.	Cigarettes	2111	82	ITT Corp.	Tele. & Telegraph Apparatus	3661
26	Reynolds (R.J.) Inds.	Cigarettes	2111	83	Raytheon Co.	Radio-TV Transmitting Equip.-AP	3662
27	Georgia-Pacific Corp.	Lumber & Wood Products	2400	84	Intl. Business Machines Corp.	Electronic Computing Equip.	3680
28	James River Corp. of Virginia	Paper & Allied Products	2600	85	American Motors Corp.	Motor Vehicles & Car Bodies	3711
29	Kimberly-Clark Corp.	Paper & Allied Products	2600	86	Chrysler Corp.	Motor Vehicles & Car Bodies	3711
30	Scott Paper Co.	Paper & Allied Products	2600	87	Ford Motor Co.	Motor Vehicles & Car Bodies	3711
31	Minnesota Mining & Mfg. Co.	Convert Paper-Prepared Pd. Nec.	2649	88	General Motors Corp.	Motor Vehicles & Car Bodies	3711
32	American Cyanamid Co.	Chemicals & Allied Prods.	2800	89	United Technologies Corp.	Aircraft & Parts	3720
33	Dow Chemical	Chemicals & Allied Prods.	2800	90	Eastman Kodak Co.	Photographic Equip. & Suppl.	3861
34	Pennwalt Corp.	Chemicals & Allied Prods.	2800	91	Polaroid Corp.	Photographic Equip. & Suppl.	3861
35	American Home Products Corp.	Drugs	2830	92	Xerox Corp.	Photographic Equip. & Suppl.	3861
36	Schering-Plough	Drugs	2830	93	Greyhound Corp.	Intercity & Rural Hywy. Trans.	4131
37	Squibb Corp.	Drugs	2830	94	Amr. Corp-Del.	Air Transportation-Certified	4511
38	Warner-Lambert Co.	Drugs	2830	95	Delta Air Lines Inc.	Air Transportation-Certified	4511
39	Abbott Laboratories	Pharmaceutical Preparations	2834	96	Eastern Air Lines	Air Transportation-Certified	4511
40	Bristol-Myers Co.	Pharmaceutical Preparations	2834	97	Pan Am Corp.	Air Transportation-Certified	4511
41	Johnson & Johnson	Pharmaceutical Preparations	2834	98	Republic Airlines Inc.	Air Transportation-Certified	4511
42	Pfizer Inc.	Pharmaceutical Preparations	2834	99	Texas Air Corp.	Air Transportation-Certified	4511
43	Robins (A.H.) Co.	Pharmaceutical Preparations	2834	100	UAL Inc.	Air Transportation-Certified	4511
44	Smithkline Beckman Corp.	Pharmaceutical Preparations	2834	101	USAIR Group	Air Transportation-Certified	4511
45	Sterling Drug Inc.	Pharmaceutical Preparations	2834	102	Western Air Lines Inc.	Air Transportation-Certified	4511
46	Clorox Co.	Soap & Other Detergents	2841	103	GTE Corp.	Telephone Communication	4811
47	Colgate-Palmolive Co.	Soap & Other Detergents	2841	104	Tenneco Inc.	Natural Gas Transmission	4922
48	Procter & Gamble Co.	Soap & Other Detergents	2841	105	Ogden Corp.	Whsl.-Scrap & Waste Materials	5093
49	Alberto-Culver Co.	Perfumes Cosmetics Toil Prep.	2844	106	Marriott Corp.	Retail-Eating Places	5812
50	Avon Products	Perfumes Cosmetics Toil Prep.	2844	107	McDonald's Corp.	Retail-Eating Places	5812
51	Chesebrough-Pond's Inc.	Perfumes Cosmetics Toil Prep.	2844	108	Transworld Corp.	Retail-Eating Places	5812
52	Johnson Products	Perfumes Cosmetics Toil Prep.	2844	109	Wendy's International Inc.	Retail-Eating Places	5812
53	Mary Kay Cosmetics	Perfumes Cosmetics Toil Prep.	2844	110	TransAmerica Corp.	Finance-Services	6199
54	Noxell Corp.-Cl. B	Perfumes Cosmetics Toil Prep.	2844	111	Hilton Hotels Corp.	Hotel-Motels	7011
55	Revlon Inc.	Perfumes Cosmetics Toil Prep.	2844	112	Holiday Corp.	Hotel-Motels	7011
56	Richardson-Vicks Inc.	Perfumes Cosmetics Toil Prep.	2844	113	Ramada Inns	Serv.-Misc. Amusement & Recre.	7990
57	SCM Corp.	Paints-Varnishes-Lacquers	2850				