DIVERSITY CASCADES:
HOW BOARDS INFLUENCE INVENTION QUALITY
w/Professor Guoli Chen
(INSEAD)

Friday, March 29, 2019
10:30am-12noon
Beam Hall (BEH) 216

Abstract: How does board diversity influence a firm’s invention outcomes? The role of the board in corporate governance is well established, but less is known about the board’s influence on the quality of the firm’s inventions given that it is typically far removed from invention activities. We propose a theory of diversity cascades in organizations and suggest that board diversity has a positive – albeit indirect – influence on the firm’s production of higher quality inventions. This relationship is mediated by the diversity of the top management team and inventor diversity, as board diversity cascades from the top to the lower ranks of the organization. The indirect effect is strengthened by the presence of inside executive directors who span the board-TMT boundary, and is weakened when the firm decision-making structure is decentralized. We find support for our hypotheses using a longitudinal sample of S&P 1,500 firms over the period 2000-2011

Lee Business School
Management, Entrepreneurship, & Technology
Box 456009 4505 S. Maryland Parkway
Las Vegas, Nevada 89154-6009
Main (702) 895-1762 Fax (702) 895-4370