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Upfront

**Butter Your Way to the Top: Flattery, not good governance,
reaps corporate directorships – especially for white males**

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“Great-looking tie!”

Butter Your Way to the Top

Flattery, not good governance, reaps corporate directorships – especially for white males

On a Web site called “They Rule” (www.theyrule.net), users can find out who sat on the boards of directors of the top 100 U.S. companies in 2004. Josh On, the creator of the site, depicts the directors as suited men and women standing around a board table. He drew the figures so that the more directorships a person holds, the fatter he or she is. Casually clicking around the site uncovers a lot of chubby men.

A recent study in the *Academy of Management Journal* (vol. 50) suggests both how these directors grew so fat with board appointments and why so many of them are male: Additional board seats go to those who ingratiate themselves with their fellow outside directors, and not to those who monitor and direct management – even though monitoring and directing

management are the cornerstones of good governance, according to many scholars. Women and ethnic minorities, however, benefit less from buttering up their peers and suffer more when they attempt to govern well by evaluating and steering management. The study also finds that giving CEOs advice and information when they ask for it also leads to more board appointments, but once again this tactic is less fruitful for women and ethnic minority directors.

“Among the corporate elite, women and minorities are subtly discriminated against,” concludes James D. Westphal, the study’s lead author and a professor at the University of Michigan’s Ross School of Business. “They get less credit for doing good things and more sanctions for doing things that run counter to the board’s

norms.” These norms, he says, include deferring to the CEO’s judgments and respecting the decision-making authority of senior management – behaviors not usually associated with good governance.

For their study, Westphal and co-author Ithai Stern, a professor at Northwestern University’s Kellogg School of Management, surveyed outside directors from a random sample of large and mid-sized U.S. firms on the *Forbes* 500 index. Their 760 respondents reported on both their own actions toward other directors and the actions of the other directors toward themselves. They answered questions about ingratiation – which includes flattering, publicly agreeing with, and doing favors for someone else – monitoring and directing management – such as asking about management’s progress on a strategy or constructively criticizing a proposal – and giving solicited advice and facts to CEOs.

Over the course of two years, the authors then monitored whether each respondent became an outside director of a board where a peer director served on the nominating committee or as the CEO. They found that how much directors ingratiated themselves with their peers most strongly predicted how many additional board appointments they received. But ingratiation doesn’t work as well for women and minorities as it does for white males. “Women and minorities just have to kiss up more,” says Westphal.

Although the authors did not study nonprofit board members, Westphal speculates that “ingratiation applies everywhere.” People like to be liked and emulated, he notes, and they feel strong pressures to return favors. This should be just as true on nonprofit boards as it is on corporate ones, he says. –*Alana Conner*