Diversity Cascades: How Boards Influence Invention Performance

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ABSTRACT

How does board diversity influence the firm’s invention outcomes? Although the role of the board in the corporate governance of the firm is well established, little is known about how the board influences a firm’s invention performance considering that they are typically far removed from the actual invention activities at the firm. In this study, we suggest that board diversity has a positive, albeit indirect, impact on the firm’s invention performance, mediated by top management team (TMT) diversity and inventor diversity, because of the cascading effect of diversity from the top to the lower ranks of the organization. Moreover, we posit that the top-down percolation of diversity from the board to inventors is strengthened when there is a greater number of inside executive directors who span across the board–TMT boundary, but is weakened when the decision-making structure of the organization is more decentralized. We find support for our hypotheses using a longitudinal sample of S&P 1500 firms over the period 2000–2011.
Short Bio

Dr Guoli Chen is Strategy professor (with tenure) at INSEAD, one of the world’s top-ranking international business schools with the most diverse student profile and the largest executive education training programs. He received his Ph.D. in strategic management from the Pennsylvania State University. He teaches Strategy, Value Innovation, Incentives Design and Corporate Governance to various programs, including full time MBAs, Master of Finance, and PhDs. The Executive Programs he directed or taught before included both open-enrolment programs, such as Blue Ocean Strategy program, ILPSIE, and customer-specific programs, such as Abbott, Bank of Indonesia, Indian Railway, HNA, JLL, Star Energy, TPG etc.

Dr Chen’s research focuses on the influence of top executives, and boards of directors on strategic choices and organizational outcomes, as well as the dynamics in CEO-board relationships and corporate governance. He is also interested in organizational growth, renewal and corporate development activities, such as M&As, IPOs and innovation. His work has been published in top academic journals including Administrative Science Quarterly, Academy of Management Journal, Strategic Management Journal, Organization Science, and Leadership Quarterly, among others. His papers have received many awards at the Academy of Management Conference and Strategic Management Society Conference. He is the Program Chair for the Corporate Strategy division of Strategic Management Society (SMS), and was a representative-at-large at the Corporate Governance interest group. He served on the editorial boards of Academy of Management Journal, Academy of Management Review. He also published several cases on Chinese companies, such as “Huawei’s smartphone business”, “Uber vs. Didi: The race for China’s Ride-hailing Market”, “Sunac’s Acquisition of Greentown in the Chinese Real Estate Market”.

Because of his exemplary scholarship that promises to have an impact on future strategic management practice, Dr Chen has won the Strategic Management Society (SMS) Emerging Scholar Award (2016). He was also awarded the Singapore’s most influential business professors age 40 and under.

Prior to academia, Dr Chen worked as an investment banker at Daiwa Securities SMBC. He provided financial consulting in the areas of IPOs, fund raising, and company restructuring.