
Do women advance equity? The effect of gender leadership composition on LGBT-friendly policies in American firms

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Abstract

We advance the literature on the demographic factors that shape organizational outcomes by analyzing the impact of the gender composition of firm leadership on the likelihood that a firm will adopt lesbian, gay, bisexual and transgender (LGBT)-friendly policies. Drawing on social role and token theory, we test the relative impact of CEO gender and the gender composition of the board of directors separately and together in order to identify the effects of gender diversity at the top of the organization. We rely on a unique data set that includes corporate policies (gender identity and sexual orientation non-discrimination policies, domestic-partner benefits, and overall corporate equality index scores) as well as the gender of the CEO and board of directors among Fortune 500 firms over a 10-year period. Our findings suggest that firms with gender-diverse boards are more likely than other firms to offer LGBT-friendly policies, whereas findings for firms with women CEOs offer mixed results.

Keywords

gender, LGBT, organizational demography, sexual orientation, workplace policies

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Introduction

Over the past decade, there has been a significant shift toward social recognition of LGBT (Lesbian, Gay, Bisexual and Transgender) rights in several advanced industrial countries. Evidence of this shift includes the growth of pro-LGBT legislation across the European Union and the increasing adoption of LGBT-friendly policies among European companies (Ayoub, 2014; Colgan et al., 2007; Helfer and Voeten, 2014; Van Wanrooy et al., 2013). One measure of this shift among US firms is the widespread adoption of LGBT-friendly policies, including anti-discrimination and domestic partnership benefits (Davison and Rouse, 2004; Raeburn, 2004). Today, nearly 90 percent of Fortune 500 companies have sexual orientation nondiscrimination policies, nearly 60 percent have gender-identity nondiscrimination policies and over 60 percent provide domestic partner health insurance benefits to their employees (Human Rights Campaign [HRC], 2014). Such private sector policies are vital given the current absence of federal protections for LGBT workers in the US (HRC, 2015). The adoption of such policies is not without costs however. In addition to the financial costs of implementing such policies, LGBT-friendly policies remain controversial and some companies have been the targets of corporate boycotts and negative publicity campaigns as a result of policy adoption measures (Gunther, 2006).

Despite such risks, companies increasingly view adopting such policies as good business and mounting empirical evidence supports this view (Sears et al., 2011). Companies that implement LGBT-friendly policies enjoy improved firm performance (Blazovich et al., 2013; Wang and Schwartz, 2010), firm value (Johnston and Malina, 2008) and competitiveness (Sears et al., 2011). Such companies also benefit from greater job commitment, improved job satisfaction and increased productivity among workers (Badgett et al., 2013; Day and Greene, 2008). Finally, the adoption of such policies is associated with increased likelihood of self-disclosure among LGBT individuals at work (Badgett et al., 2013; Huffman et al., 2008; Seidman et al., 1999), which is associated with lower job-related stress, higher job satisfaction (Day and Schoenrade, 1997; Griffith and Hebl, 2002) and reduced perception of discrimination (Ragins and Cornwell, 2001; Rumens and Kerfoot, 2009). Thus, while LGBT-friendly policies may target a minority of workers, such policies are increasingly viewed as central priorities of firm management because they advance a range of desired outcomes from productivity and financial performance to worker commitment.

Despite growing evidence that LGBT-friendly policies contribute to core management priorities, relatively few scholars have analyzed the internal organizational factors that predict whether or not companies will offer such policies. Several studies have analyzed the impact of external institutional factors, including state laws, competitor practices and cultural norms on organizational policy outcomes (Briscoe and Safford, 2008; Chuang et al., 2011; Everly and Schwartz, 2015; Newburry, 2012; Opall, 2012; Wald et al., 1996). However, relatively few studies have analyzed the effect of leadership composition on driving LGBT policies. Research that does exist is suggestive that leadership composition and, by extension, the support of top leadership of such policy initiatives, is critical for successful implementation (Everly and Schwartz, 2015; Raeburn, 2004).

The current study builds upon and advances these studies in three ways. First, we consider leadership composition at two levels – the CEO and the board of directors. While boards provide vital input on strategy development, CEOs drive corporate policy, thus understanding the independent and ‘matched’ effect of gender diversity at both top levels is important for determining the compositional context necessary for policy advancement. Second, we measure board diversity in multiple ways: the percentage of women on the board, and the presence of influential women board members as measured by the number of connections they have to other boards. This multidimensional test of board diversity allows us to evaluate the relative importance of women’s presence versus their relative influence over board outcomes on policy adoption. Finally, rather than focus on a single policy domain, we consider the impact of leadership composition on a range of LGBT-relevant policies, including domestic partner benefits, sexual orientation and gender identity non-discrimination policies and a global index of firms’ treatment of LGBT individuals. This allows us to unpack the impact of leadership diversity on multiple policy outcomes. Before turning to our data and findings, we develop a theoretical framework regarding the relationship between leadership diversity and LGBT policy adoption.

Predictors of policy adoption

A growing body of scholarship has sought to explain the rapid adoption of LGBT-friendly policies in US firms. Most studies have focused on institutional factors external to the organization, including local and state laws, practices among competitors and local cultural norms. For example, firms headquartered in states or localities that pass anti-discrimination laws or domestic partner ordinances are more likely to introduce LGBT practices compared with firms headquartered in states without such laws (Chuang et al., 2011; Everly and Schwartz, 2015; Newburry, 2012; Wald et al., 1996). The adoption of LGBT-friendly policies among peer firms also increases the likelihood of policy adoption (Chuang et al., 2011; Everly and Schwartz, 2015; Opall, 2012). In particular, traditional firms and firms known to be resistant to employee activism are particularly influential because policy adoption in these firms signals that the policy is no longer controversial or contentious (Briscoe and Safford, 2008: 5). Normative cultural pressures also influence policy adoption. For instance, Wald et al. (1996) found that the impact of LGBT political mobilization on shifting attitudes about LGBT rights exerts strong normative pressures on firms to adopt accommodating policies. Newburry (2012) also found that firms headquartered in states with relatively high rates of college degrees and with more politically liberal attitudes are more likely to adopt LGBT-friendly policies.

While several studies have analyzed the impact of external institutional factors, relatively few studies have analyzed internal organizational predictors of policy adoption. Nevertheless, two key studies in the field suggest that the composition of leaders – CEOs as well as corporate boards may significantly predict the presence of LGBT-friendly policies. Raeburn’s (2004) qualitative study of the diffusion of LGBT policies throughout the US identifies employee pressure groups, including diversity task forces, diversity councils and employee network groups as important drivers of policy formation (see also Githens, 2009; Opall, 2012). She also finds that elite allies or powerful sponsors – what

she terms ‘management champions’ – can be essential for policy adoption. Further, she argues that firm elites with a personal experience of discrimination – including but not limited to women and racial/ethnic minorities – may be more likely than others to view LGBT policies favorably (Raeburn, 2004). Everly and Schwartz (2015) provide a partial test of this proposition in their quantitative analysis of LGBT-friendly policies in Fortune 1000 firms. They find that gender diversity on the board increases the likelihood of adoption. They explain this finding by pointing to evidence that women tend to be less biased than men on issues of homosexuality (Cunningham et al., 2010; Everly et al., 2012).

Taken together, these studies suggest that leadership composition may have a significant impact on the likelihood that a firm will adopt LGBT-friendly policies. Not only has women’s representation on the board been shown to positively influence diversity policies broadly defined (e.g. Everly and Schwartz, 2015; see also Day and Greene, 2008), but interviews with firm activists suggest that support among top leaders is essential for policy adoption and implementation (Raeburn, 2004; Todd, 2005). We seek to advance this field by providing an important corrective to the over-emphasis on the impact of external factors on corporate policy. We also seek to more fully elaborate the internal organizational mechanisms that shape policy outcomes. We do this by testing a variety of leadership composition measures, including the gender characteristics of the CEO and the board.

Theory and research on leadership diversity and policy adoption

Social role theory

Social role theory provides a theoretical framework for analyzing whether women leaders will be more committed to equity and diversity practices, including the advancement of LGBT-inclusive policies, than their male counterparts. Social role theory posits that the orientation individuals bring to an organization is shaped by their position within the organizational hierarchy as well as by existing social roles and expectations related to their social group (Eagly and Karau, 2002; Eagly et al., 2000). This perspective draws on theories of early gender socialization, which suggest that women and men are encouraged and rewarded for different types of behaviors beginning early in life and continuing across the life course (Bem, 1981; Coltrane, 2006). For instance, gender-specific socialization processes tend to inspire cooperative and relationship-building behaviors in girls and women and autonomous and competitive behaviors in boys and men (Chodorow, 1974; Gilligan, 1982). These gendered socialization processes translate into different social roles and ultimately distinct career paths for women and men.

Even within the same career however, social role differentiation and prevailing gender norms mean that women follow distinct paths to leadership and, once in leadership positions, tend to prioritize different aspects of the organization than men do (Ridgeway, 2001). Indeed, several scholars have posited that differences in social roles lead men and women leaders to adopt different priorities and perspectives. According to social role theory, women leaders are assumed to have a more relational and collaborative leadership style, to prioritize building and maintaining interpersonal relationships and to have

a stronger commitment to equity, diversity and fairness (Dezsö and Ross, 2012; Konrad et al., 2006). Finally, social role theory posits that women leaders are more committed than their male peers to inclusion, fairness and equity and to meeting the needs of diverse stakeholders, including employees and community members (Adams and Funk, 2009; Bilimoria and Wheeler, 2000; Eagly and Johnson, 1990; Rosener, 1995).

There is substantial empirical support for the predications of social role theory with regard to women leaders' commitment to inclusive policies and practices. Previous research suggests that the promotion of women leaders can serve as important conduits for diversity throughout the organization (Skaggs, 2008; Skaggs et al., 2012; Stainback and Tomaskovic-Devey, 2009). Empirically, female leaders also tend to be more equity-oriented than male leaders and more likely to pursue innovative management policies (Adams and Funk, 2009; Eagly et al., 2003; Torchia et al., 2011). One study, for instance, found that women leaders were more likely than men to pursue risky, non-traditional and/or controversial management strategies (Adams and Funk, 2009). Some evidence suggests that women leaders may also be more open to competing perspectives and more likely to prioritize fairness and equity when considering alternative perspectives (Eagly and Carli, 2007; Fondas and Salsalos, 2000; McCabe et al., 2006; Rudman and Glick, 2001; Siegal et al., 2011). Finally, Raeburn (2004) argues that leaders who have themselves experienced discrimination or bias may be more likely to support inclusive policies.

Extending social role theory to the impact of women leaders on LGBT-inclusive policies, we predict that women leaders' greater commitment to diversity and inclusion will translate into a greater likelihood that a company will adopt LGBT-inclusive policies when women hold high-level leadership positions:

Hypothesis 1: Firms headed by women CEOs will be more likely than other firms to offer LGBT-friendly policies.

According to social role theory, the presence of women leaders – board members as well as CEOs – will enhance equity-oriented practices. As corporate leaders with significant impact on corporate strategy, women board members will also be more likely than their male peers to prioritize inclusion and equity. Mounting empirical research supports this perspective. For instance, board diversity specifically is associated with greater equity, including reduced segregation and more equal pay ratios (Matsa and Miller, 2011; Terjesen and Singh, 2008). There is also evidence that the presence of multiple women directors enables boards to exert greater influence over corporate strategy (Matsa and Miller, 2013). This relationship between diversity and equity has been confirmed in non-board settings as well; the presence of multiple women within a leadership body reduces stereotypes and bias and enables women leaders to exert greater influence over organizational practices and initiatives (Ely, 1995; Karpowitz et al., 2012). Furthermore, a critical mass of women leaders also expands the range of professional, social and organizational support available to members of underrepresented groups (Bell and Nkomo, 2001; McGuire, 1999; Skaggs et al., 2012) – potentially including LGBT employee groups.

In addition to providing support for underrepresented groups and individuals, diverse boards are also more likely than non-diverse boards to pursue innovative management

strategies, business practices and HR initiatives (Miller and Triana, 2009; Torchia et al., 2011). In her qualitative study of the rise of LGBT-policies in American firms, Raeburn (2004: 167) identified board composition – in addition to CEO support – as a critical predictor of policy adoption. She argues that, ‘realignments that shift the composition of the corporate board of directors in ways that favor gay-inclusive policy change’ can serve as a key organizational feature that increases the likelihood of policy adoption. She encountered several instances where board opinion both hindered and fostered policy adoption. In particular, she speculated that boards that include women and minority members can serve as LGBT policy champions, particularly when women and minority board members have been active participants in diversity networks or diversity-oriented employee organizations aimed at increasing opportunities for underrepresented groups. As a result of this evidence, we predict:

Hypothesis 2a: There will be a positive association between the proportion of board members that are women and the likelihood of the firm offering LGBT initiatives.

While compositional diversity on the board of directors is likely an important predictor of inclusive policies, the presence of *influential* women board members will also impact the likelihood that a firm will adopt LGBT-friendly policies. Scholars of organizational demography have long debated the relative importance of numbers over influence for increasing diversity and producing organizational change. While some scholars argue that increasing the number of women is critical for advancing organizational equity (e.g. Kanter, 1977, Torchia et al., 2011), others argue that increasing women’s representation is insufficient without increasing the influence of key women leaders (e.g. Chambliss and Uggen, 2000; Yoder, 1994). To address this debate, we measure board diversity as both the presence of multiple women directors and the presence of influential non-executive women directors.

Growing evidence suggests that interlinked board members, defined as non-executive directors who serve on multiple corporate boards (Mizruchi, 1996), exercise greater influence over firm outcomes than non-interlinked executive directors (Shropshire, 2010). Because they have strong ties to other firms and access to insider information about those firms, interlinked directors are highly respected sources of industry-wide information. As such, these directors are viewed as trustworthy and are granted greater influence to shape firm outcomes. As a result, interlinked directors have become an important conduit for change at the firm level and are associated with innovative policy adoption (Chen et al., 2009; Haunschild, 1993; Mizruchi, 1996).

Extant research also suggests that interlinked women directors in particular are able to exercise more influence over organizational planning than non-interlinked women directors. For instance, Westphal and Milton (2000: 366) found that links to other boards is a key mechanism through which women influence firm outcomes and ‘avoid out-group biases that would otherwise minimize their influence.’ This suggests that beyond women’s overall representation on the board, interlinked women directors will be able to shape organizational practices and processes because they are able to draw on external sources of power and influence. And, importantly, firm strategy outcomes are more likely to reflect the preferences and vision of influential directors – irrespective of

gender – than the preferences of less influential directors (Zajac and Westphal, 1996). Based on this evidence, we predict:

Hypothesis 2b: There will be a positive association between the number of interlinks for women board members (as a measure of influence) and the likelihood of the firm offering LGBT initiatives.

Token theory and diversity ‘matching’

Drawing on social role theory, we predict that the presence of a woman CEO *or* a gender-diverse board will positively increase a firm’s likelihood of offering LGBT-friendly policies. However, drawing on token theory, we suggest that the ability of women CEOs to successfully advance inclusive policies may be limited in the absence of a gender-diverse board. Thus, we test whether diversity ‘matching’, defined as firms that have a woman CEO and a gender-diverse board, is sufficient to overcome the challenges associated with solo status.

Token theory suggests that woman’s status within a work organization is dependent on the gender composition of her job or rank (Kanter, 1977). When women comprise a small minority, they experience token status; when they are the only woman at their rank within an organization, they experience solo status. Tokens and solos are subject to a number of challenges, including heightened visibility, intense scrutiny and negative evaluation bias (Acker, 2006; Kanter, 1977; Eagly and Karau, 2002). The pressures associated with numerical minority status tend to limit the effectiveness of token or solo leaders by reducing access to key organizational resources, encouraging resistance or challenges to their authority and reducing the status of these leaders within the organization (Heilman et al., 2004; Kanter, 1977; Thompson and Sekaquaptewa, 2002). Indeed, even highly-skilled women professionals report greater levels of discrimination and harassment and lower levels of organizational support when they work in organizations where men dominate leadership positions (Konrad et al., 2010).

Biases associated with token or solo status may also reduce leaders’ willingness to advance innovative and potentially controversial policies, such as LGBT-supportive policies. In a study of women leaders, Bradshaw and Wicks (2000) found that many executives were hesitant or unwilling to rock the boat by proposing novel initiatives partly out of fear of being viewed as token feminists. Token or solo status may even compel women leaders to conform to the priorities and styles of their male peers in order to achieve acceptance and inclusion (Duguid et al., 2012). As a result, token leaders may be less likely – in the absence of a supportive board – to challenge the status quo (Nesbitt, 1997).

By reducing the solo status of women CEOs, diverse boards will limit negative bias against and scrutiny of these leaders and increase the type and degree of organizational support they receive (Lloyd et al., 2007). Furthermore, diversity ‘matching’ may increase trust and communication and reduce conflict between the CEO and the board, which in turn may facilitate innovative firm strategies (Fondas and Salsalos, 2000; Golden and Zajac, 2001; Westphal, 1999; Zhang and Hou, 2012). Board support may also increase the overall authority of the CEO, thereby enabling women CEOs to successfully pursue equitable and innovative HR practices. As above, we test board diversity in two ways:

the percentage of women on the board and the presence of influential women directors. Therefore, we predict:

Hypothesis 3a: A ‘matching’ effect will occur in that the proportion of women on the board will increase the likelihood that firms led by women CEOs will offer LGBT initiatives.

Hypothesis 3b: A ‘matching’ effect will occur in that the number of interlinks for women on the board (as a measure of influence) will increase the likelihood that firms led by women CEOs will offer LGBT initiatives.

Data and methods

Procedure

To investigate the proposed hypotheses, a unique, author-constructed dataset comprised of all CEOs and Board of Directors (BOD) for the Fortune 500 firms for the years 2001–2010 was examined. By using the Fortune 500, it provides examination of the United States’ largest companies with wide-spread representation across every industry (other than governmental classification). The exhaustive list of Fortune 500 firms over the 10-year period was gathered from the money website of CNN (money.cnn.com/magazines/fortune/fortune500). Biographical information was collected for all CEOs and BOD including gender and age. Several reference websites were used to obtain the biographical information such as Forbes, Edgar, and Business Week, in addition to company websites. The Human Rights Campaign (HRC) website was used to collect information pertaining to sexual-orientation non-discrimination policies, gender-identity non-discrimination policies, the offering of domestic-partner benefits, and firms’ scores on the corporate equality index. Other firm information such as SIC codes (Standard Industrial Classification), number of employees, return on assets, and debt ratios were collected using the Computstat database, which is available through Wharton Research Data Services (WRDS) and is comprehensive of all publicly traded companies. As such, data was largely not available for privately held companies within the Fortune 500.

BOD and CEO information was collected for each year in the sample in order to account for changes within the board during the tenure of the CEO. In addition, if a female CEO also served on the board, she was not included in the calculation of board composition. Given the hypothesis of female CEOs and diverse boards (matching leadership teams), excluding the CEO lessens the risk of overestimating women leaders in those governing bodies and provides a more conservative test of our hypotheses. Furthermore, in order to lessen potential endogeneity issues of simultaneity, the predictor and control variables included were from the year *prior* to the outcome variables. Specifically, all predictor and control variables were collected from 2001–2010, and the outcome variables were collected from 2002–2011.

Measures

Dependent variables. All outcome variables were collected from the HRC website. The HRC is the leading organization on reporting LGBT progress within the United States.

They regularly publish materials focused on workers' rights, corporations' best practices, among other information.

Corporate equality index. The Corporate Equality Index is a report published by HRC. This is an umbrella measure that measures not only the policies the firm has in place, but also the training taking place, the involvement with the LGBT community, and responsible citizenship of the firm. It assigns scores to organizations based on their treatment of individuals within the LGBT community. The scores range between 0 and 100 with 100 being the top score. The largest American organizations are asked to submit a survey for this index, but their compliance is voluntary. Organizations, if not asked by HRC, also have the option of contacting HRC to be included. Since our database only analyzes the top 500 US-based corporations, all of them would have been contacted by HRC to take part. The surveys are then cross-checked with existing policies and actions of the firm. For the last two years of our study, HRC rated each firm regardless of their participation. As a result of the self-selection of these firms for eight of our ten examined years, the scores are heavily weighted toward the top of the index. Firms that were doing poorly on LGBT initiatives were not as likely to report on their initiatives or lack thereof. For the early years, roughly 150 firms completed the surveys. By 2005, this number increased to over 200. When HRC began reporting on all Fortune 500 companies (including those without a response, but with the appropriate available information), the mean score dropped from the 70s and 80s it had been each year to the high 50s. Within our dataset, we have Corporate Equality Index scores for 2443 firm observations with an overall average of 71.3.

Sexual orientation non-discrimination policy. Collected from HRC, this item is a dichotomous variable that is reported as 1 if the organization has a sexual-orientation non-discrimination policy in place. As illustrated in the Descriptives table with a mean of .89 (Table 1), the majority of Fortune 500 firms have a sexual orientation non-discrimination policy in place. This variable was available for 3688 firm observations within our dataset.

Gender-identity non-discrimination policy. Collected from HRC, this item is a dichotomous variable that is reported as 1 if the organization has a gender-identity non-discrimination policy in place. This variable was available for 3731 firm observations within our dataset with a mean of .30.

Domestic-partner benefits. Collected from HRC, this item is a dichotomous variable that is reported as 1 if the organization offers domestic-partner benefits to its LGBT constituents. Within our dataset, we were able to collect domestic-partner benefit information on 3737 firm observations, with more than half the firms offering domestic-partner benefits.

As the umbrella measure, the Corporate Equality Index incorporates the other three examined dependent variables. With this in mind, the Corporate Equality Index score helps provide some interpretation of the policies a firm offers. Specifically, this score indicates whether the firm fully supports policies or if the policies are purely symbolic.

Table 1. Descriptives and correlations.

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. CEO gender	.02	.14	—											
2. % Women BOD	.15	.09	.14**	—										
3. # Interlinks on BOD	1.66	2.13	.16**	.48**	—									
4. Firm size	60.1	118	.01	.09**	.10**	—								
5. Firm performance	.04	.09	.02	.02	.01	.05**	—							
6. Firm leverage	.68	.21	.05**	.04*	.06**	-.03	-.41**	—						
7. Average age on BOD	60.3	3.35	-.04*	-.06**	.05**	-.02	.02	-.03	—					
8. CEO age	56.6	6.6	-.07**	-.10**	-.06**	.05**	-.02	-.03	.29**	—				
9. CEO also BOD Chair	.73	.44	.01	.03	.11**	-.02	.01	.05**	.04**	.24**	—			
10. Corporate equality index	71.3	30.2	.04*	.23**	.28**	.06**	.03	.06*	-.04*	-.04	.05*	—		
11. Domestic-partner benefits	.56	.50	.09**	.24**	.27**	.07**	-.01	.11**	.05**	-.02	.02	.75**	—	
12. Sexual orientation non-discrimination policy	.89	.31	.01	.21**	.16**	.05**	-.01	.03*	.07**	.02	.05**	.35**	.35**	—
13. Gender identity non-discrimination policy	.30	.46	.09**	.18**	.24**	.08**	.03	.04**	.12**	-.02	-.06**	.64**	.45**	.24**

Notes: This table represents the total covariance for all firm observations. The following types of correlational analyses were used based on the variable types: for the relationship between quantitative variables, a Pearson correlation was used; for the relationship between quantitative and nominal variables, a point-biserial correlation was used; and for the relationship between nominal variables, a phi correlation was used.
 N = 3818 for all predictor and control variables. *p < .05. **p < .01 (two-tailed p-test), SD = standard deviation, BOD = Board of Directors.

Looking at the data more closely, they show that 32 percent of all firm observations have scored a perfect 100 percent on the index. This affirms that not only do these firms have all the policies in place, but they also engage in best practices with the LGBT community and provide support to LGBT and non-LGBT employees in creating an inclusive and respectful work environment for all. Conversely, 30 percent of all firm observations only offer a sexual orientation non-discrimination policy. There is no additional training or community support that happens within these organizations. This policy is the most highly used by firms, and as the data show, some firms may simply have this policy in name only. Of all firm observations, 10 percent offer no LGBT policies. Thus, although each of our measures may be interpreted for what they offer, the index is likely the dependent variable that is most telling of true corporate behavior.

Independent variables

CEO gender. This item is a dichotomous variable that is reported as 1 if the CEO is a woman. If there was a CEO transition during the year, the CEO that served for the majority of the year was used for the analyses.

Percentage of women members on the BOD. The proportion of women members on the board was calculated as the total number of women serving on the board (minus the CEO if applicable) divided by the total number of board members.

Network interlinks. This variable was determined by calculating the total number of other board connections for each woman on the BOD. For example, if three female members are on the BOD and they each serve on one other board, the number of interlinks is tabulated as three. Additionally, if one female member serves on three other boards and the other female members do not have any other board connections, the number of interlinks is also tabulated as three.

Control variables. The control variables used in the analyses were focused on firm, board and CEO level. Variables controlled for firm level were the size of the firm, the firm's financial health, the leverage of the firm, and the industry in which the firm operates. The size of the firm is important to control given it is highly correlated with firm visibility and accountability to shareholders (Arthur and Cook, 2009). The financial health and leverage of a firm are important to control given shareholder pressures to focus on core competencies rather than diversity initiatives during less lucrative times (Cook and Glass, 2011). And the industry in which the firm operates may be largely associated with the initiatives it undertakes (Arthur and Cook, 2009; Cook and Glass, 2011). Specifically, within this dataset, firms that operate within the technology industry have very progressive LGBT workplaces. On the other hand, firms that operate within the oil industry (with the notable exception of Chevron and, to a lesser extent, ConocoPhillips), offer very little to nothing for their LGBT employees.

For the board level, we controlled the average age of the board. Given the societal shift of attitudes toward the LGBT community, younger members of the board may be more likely to promote LGBT initiatives than older board members (Ciszek and Gallicano, 2013). For the CEO level, we controlled the age of the CEO (with the same

rationale as for the age of the board) and if the CEO also served as the Chair of the BOD. The duality of role serves as a proxy of the CEO's power (Finkelstein and D'Aveni, 1994). The size of the firm was determined by the total number of employees (reported in thousands); firm financial health was measured by return on assets; firm leverage was measured by the debt ratio; and industry of operation was determined by the 4-digit SIC code and followed the groupings put forth by Waddock and Graves (1997). The industry groupings were dummy coded for the analyses. Additionally, all analyses were conducted with time and firm fixed effects to take into account our panel data.

Analyses. We tested our hypotheses using analyses appropriate for panel data. Specifically, in examining our outcome variable of corporate equality index, we used a repeated measures time and firm fixed-effects scale model; and in examining our binary outcome variables of domestic-partner benefits, sexual orientation non-discrimination policies, and gender identity non-discrimination policies, we used a repeated measures time and firm fixed-effects logistic model. For our examination of the 'matched' leadership team, we conducted split file analyses using the methods above and focused our examination on the gender board measures when a female CEO was leading the organization. Using repeated measures fixed-effects models allows us to account for the likely dependency between observations within each firm over the 10-year period. As such, any unobservable characteristics are taken into account resulting in a more accurate picture of the predictor variables impact on the outcome variables (Allison, 2009).

Results

Hypothesis 1 predicted that having a woman leader serving as CEO would be positively related to a firm offering LGBT initiatives. As illustrated in our correlations and descriptive statistics table, a positive and significant relationship exists for three of the four outcome variables (refer to Table 1). Additionally, once we conducted the firm and time fixed-effects repeated measures panel analysis with the other variables controlled, we found significance with two of our four outcome variables. Women CEOs were positively and significantly ($p < .05$) related to a firm offering domestic-partner benefits and positively and significantly ($p < .01$) related to a firm providing a gender identity non-discrimination policy (Table 2). Given significant relationships were supported for two of our four examined outcome variables, we suggest mixed support for Hypothesis 1.

The next set of hypotheses examined the relationship between women board members and an organization offering LGBT initiatives. To provide greater insight into the relationship, women on the board were assessed in two different ways. First, as suggested in Hypothesis 2a, we calculated the percentage of women leaders on the board as they relate to a firm offering LGBT policies. Next, as suggested in Hypothesis 2b, we determined the number of network interlinks that the women board members had with other boards and how that measure of influence relates to a firm offering LGBT policies. In the repeated measures scale and logistic fixed-effects models, the results offer strong support for Hypotheses 2a (Table 3) and 2b (Table 4). Both the percentage of women on the board and the number of interlinks have a positive and significant relationship (all at

Table 2. Panel data analysis with firm and time fixed effects.

IVs	Women CEOs															
	Corporate equality index				Domestic-partner benefits				Sexual orientation				Gender identity			
	B	SE	Wald Chi Square		B	SE	Wald Chi Square		B	SE	Wald Chi Square		B	SE	Wald Chi Square	
<i>Control variables</i>																
Firm size	.00	(.00)	1.52		.00	(.00)	.32		.00	(.00)	.37		.00	(.00)	1.39	
Firm performance	.19	(.13)	2.06		.56	(.65)	.74		-.23	(.73)	.10		1.16	(.64)	3.31	
Firm leverage	-.02	(.08)	.03		.37	(.45)	.68		.16	(.48)	.12		.66	(.41)	2.26	
Average age	.00	(.00)	.43		.06*	(.02)	5.88		.10**	(.04)	7.02		.09***	(.02)	16.51	
BOD																
Age of CEO	.00	(.00)	1.35		-.01	(.01)	.43		.00	(.02)	.01		-.01	(.01)	1.51	
CEO also Chair	.04	(.03)	1.12		.12	(.18)	.42		.32	(.23)	1.91		-.29	(.16)	3.45	
BOD																
<i>Predictor – direct effect</i>																
Women CEOs	.06	(.08)	.66		1.47*	(.58)	6.37		-.06	(.83)	.00		1.27**	(.44)	8.41	
Constant	4.20***				-4.88**				-5.38*				-6.18***			

Note: Industry is dummy coded. For space purposes, the values are not reported (there are 13 different industries represented). N = 423 examined units; 2389 firm observations for the Corporate Equality Index; N = 502 examined units; 3737 firm observations for Domestic-Partner Benefits; N = 501 examined units; 3688 firm observations for Sexual Orientation Non-Discrimination Policy, N = 502 examined units; 3731 firm observations for Gender Identity Non-Discrimination Policy. IVs = independent variables, SE = standard error, BOD = Board of Directors. *p < .05. **p < .01. ***p < .001.

Table 3. Panel data analysis with firm and time fixed effects.

IVs	Corporate equality index			Domestic-partner benefits			Sexual orientation			Gender identity		
	B	SE	Wald Chi Square	B	SE	Wald Chi Square	B	SE	Wald Chi Square	B	SE	Wald Chi Square
<i>Control variables</i>												
Firm size	.00	(.00)	1.40	.00	(.00)	.26	.00	(.00)	.12	.00	(.00)	1.38
Firm performance	.19	(.19)	2.30	.60	(.65)	.86	-.20	(.81)	.06	1.18	(.62)	3.61
Firm leverage	-.01	(-.01)	.02	.44	(.47)	.89	.10	(.52)	.04	.64	(.39)	2.65
Average age BOD	.00	(.00)	.05	.07*	(.02)	6.21	.09*	(.04)	5.92	.11***	(.02)	19.23
Age of CEO	.00	(.00)	.51	.00	(.01)	.06	.01	(.02)	.31	-.01	(.01)	.79
CEO also Chair BOD	.04	(.04)	1.26	.07	(.18)	.16	.25	(.23)	1.18	-.33*	(.16)	4.49
<i>Predictor – direct effect</i>												
Percentage women BOD	.81***	(.17)	22.58	5.74***	(1.05)	29.87	8.16***	(1.80)	20.63	4.73***	(.80)	34.94
Constant	3.90***			-6.09***			-6.07*			-7.67***		

Notes: Industry is dummy coded. For space purposes, the values are not reported (there are 13 different industries represented). N = 423 examined units; 2389 firm observations for the Corporate Equality Index; N = 502 examined units; 3737 firm observations for Domestic-Partner Benefits, N = 501 examined units; 3688 firm observations for Sexual Orientation Non-Discrimination Policy, N = 502 examined units; 3731 firm observations for Gender Identity Non-Discrimination Policy. IVs = independent variables, SE = standard error, BOD = Board of Directors. *p < .05. **p < .01. ***p < .001.

Table 4. Panel data analysis with firm and time fixed effects.

IVs	Corporate equality index						Domestic-partner benefits			Sexual orientation			Gender identity		
	B	SE	Wald Chi Square	B	SE	Wald Chi Square	B	SE	Wald Chi Square	B	SE	Wald Chi Square	B	SE	Wald Chi Square
<i>Control variables</i>															
Firm size	.00	(.00)	.62	.00	(.00)	.27	.00	(.00)	.18	.00	(.00)	.18	.00	(.00)	1.81
Firm performance	.18	(.13)	1.99	.65	(.65)	.99	-.27	(.79)	.12	1.06	(.63)	2.81			
Firm leverage	-.02	(.08)	.04	.34	(.46)	.57	-.02	(.48)	.00	.56	(.40)	1.99			
Average age	.00	(.00)	.59	.06*	(.03)	4.60	.09*	(.04)	5.92	.09***	(.02)	14.29			
BOD															
Age of CEO	.00	(.00)	.50	.00	(.01)	.05	.01	(.02)	.08	-.01	(.01)	.42			
CEO also Chair	.02	(.03)	.37	-.02	(.18)	.01	.20	(.23)	.76	-.47**	(.16)	9.17			
BOD															
Predictor – direct effect															
Interlinks women BOD	.04***	(.01)	33.52	.32***	(.06)	34.02	.42***	(.12)	12.32	.26***	(.04)	43.44			
Constant	4.13***			-5.01**			-5.31*			-6.29***					

Notes: Industry is dummy coded. For space purposes, the values are not reported (there are 13 different industries represented). N = 423 examined units; 2389 firm observations for the Corporate Equality Index; N = 502 examined units; 3737 firm observations for Domestic-Partner Benefits, N = 501 examined units; 3688 firm observations for Sexual Orientation Non-Discrimination Policy, N = 502 examined units; 3731 firm observations for Gender Identity Non-Discrimination Policy. IVs = independent variables, SE = standard error, BOD = Board of Directors. *p < .05, **p < .01, ***p < .001.

$p < .001$) with each of the examined outcome variables. The strong support of these hypotheses suggest that women members on the board are essential to a firm providing best practices (Tables 3 and 4).

In further examination, and controlling each aspect (percentage and influence) of women on the board with one another, we still find significance for each relationship though with a slight difference in the levels of significance and their coefficient estimates. In other words, in our examination of the relationship between percentage of women on the board and our outcome variables, each relationship was positive and significant at $p < .001$. When we account for the number of interlinks of the female board members, the following changes occur: in examining the corporate equality index, the significance drops to $p < .05$ and the coefficient drops from .81 to .43; in examining the offering of domestic-partner benefits, the significance drops to $p < .05$ and the coefficient drops from 5.74 to 3.48; in examining sexual orientation non-discrimination policies, the significance remains at $p < .001$ but the coefficient drops from 8.16 to 6.08; and in examining gender identity non-discrimination policies, the significance drops to $p < .01$ and the coefficient drops from 4.73 to 2.65. This suggests that Hypothesis 2a, even with this additional control, is supported, but the impact of influential women on the board is an important factor to take into account.

Conversely, when controlling for percentage of women on the board in the examination of influential women board members with our outcome variables, the coefficients and significance levels remain much more constant. As noted above, in our examination of the relationship between the number of interlinks for female board members and our outcome variables, each relationship was positive and significant at $p < .001$. When we account for the percentage of women on the board, the following minor changes occur: in examining the corporate equality index, the significance remains steady at $p < .001$ and the coefficient drops from .041 to .034; in examining the offering of domestic-partner benefits, the significance remains at $p < .001$ and the coefficient drops from .32 to .24; in examining sexual orientation non-discrimination policies, the significance drops to $p < .05$ and the coefficient drops from .42 to .25; and in examining gender identity non-discrimination policies, the significance remains at $p < .001$ and the coefficient drops from .26 to .20. This suggests that Hypothesis 2b, even with this additional control, is supported, and the impact of influential women on the board is an important factor irrespective of the percentage of women on the board.

Hypotheses 3a and 3b suggest that matching within the leadership team (female CEO and women BOD) will increase the likelihood that the organization will offer LGBT initiatives. Specifically, Hypothesis 3a suggests that a matching effect will occur in that the proportion of women on the board will increase the likelihood that firms led by women CEOs will offer LGBT initiatives; and Hypothesis 3b suggests that a matching effect will occur in that the number of interlinks for women on the board (as a measure of influence) will increase the likelihood that firms led by women CEOs will offer LGBT initiatives. To test these hypotheses, we conducted split-file panel data analyses to examine the influence of our board measures on the outcome variables when firms are led by women CEOs. The results suggest that no additional benefits occur for firms when this 'matching' situation occurs. Specifically, when firms are led by women CEOs, neither the percentage women on the board nor the number of interlinks for women board

Table 5. Panel data analysis with firm and time fixed effects.

Women CEOs only

IVs	Corporate equality index			Domestic-partner benefits			Sexual orientation			Gender identity		
	B	SE	Wald Chi Square	B	SE	Wald Chi Square	B	SE	Wald Chi Square	B	SE	Wald Chi Square
<i>Control variables</i>												
Firm size	.00*	(.00)	4.31	.11***	(.03)	16.78	.03**	(.01)	10.72	.02	(.01)	2.55
Firm performance	-.54	(.32)	2.83	-5.70	(6.90)	.68	-12.41	(14.90)	.69	.58	(1.34)	.19
Firm leverage	-.01	(.37)	.00	-4.48	(3.50)	1.63	2.80	(2.60)	1.16	-4.09	(3.21)	1.62
Average age BOD	.04	(.03)	2.01	.11	(.43)	.07	.16	(.34)	.23	.80	(.52)	2.32
Age of CEO	-.02	(.02)	1.89	-.54***	(.14)	14.76	.13	(.13)	.91	-.12	(.08)	2.12
CEO also Chair	-.14	(.17)	.69	-.29	(.53)	.30	-.44	(1.27)	.12	-1.92	(1.17)	2.69
<i>BOD</i>												
<i>Predictor—direct effects</i>												
% women BOD	-.66	(.59)	1.25	12.90	(7.48)	2.97	-19.08	(10.25)	3.47	1.01	(2.75)	.13
Interlinks women BOD	.02	(.02)	.49	.24	(.31)	.61	.25	(.29)	.74	.00	(.16)	.00
Constant	3.42			21.77			-11.45			-32.27		

Notes: Industry is dummy coded. For space purposes, the values are not reported (there are 13 different industries represented). N = 16 examined units, 70 firm observations for Corporate Equality Index; N = 16 examined units, 74 firm observations for Domestic-Partner Benefits, Sexual Orientation, and Gender Identity. IVs = independent variables, SE = standard error; BOD = Board of Directors. *p < .05. **p < .01. ***p < .001.

members is significantly related to our outcome variables. As such, we suggest that Hypotheses 3a and 3b are not supported (Table 5). Though not hypothesized, findings affirm the importance of women on the board when a man is serving as CEO. In all split file analyses focused on male CEOs, the offering of LGBT policies is positively and significantly related to women on the board both in numbers and in influence.

Discussion and conclusion

A great deal of evidence suggests that discrimination, homophobia and workplace hostility limit the employment prospects and career mobility of LGBT individuals (e.g. Drydakis, 2015; Ozturk, 2011; Willis, 2012). To recruit, hire and retain the most talented and skilled workers – irrespective of sexual orientation or gender identity – firms have begun adopting and implementing policies aimed at building an inclusive workplace. The benefits of such policies are manifold and include a reduction in workplace stress, a more supportive and inclusive workplace environment where homophobic comments and humor are discouraged, and reduced discrimination against LGBT individuals (Badgett et al., 2013; Drydakis, 2015; Willis, 2012). Importantly, such policies benefit not only LGBT individuals but companies themselves. These benefits include improved stock performance and higher rates of productivity and worker commitment (e.g. Badgett et al., 2013; Blazovich et al., 2013; Wang and Schwartz, 2010). As a result, LGBT-friendly policies are increasingly viewed as central priorities for firm management.

Our analysis sought to determine whether leadership composition increases the likelihood that a firm will adopt LGBT-friendly policies. While women leaders have been associated with a variety of equity and diversity practices and policies (e.g. Adams and Funk, 2009; Dezső and Ross, 2012), few studies have sought to analyze the impact of women CEOs and board directors LGBT policies. Overall, our findings reveal that leadership composition is an important predictor of policy adoption.

First, we find that women CEOs have a significant impact on the likelihood that a firm will provide domestic partnership benefits and adopt a gender identity non-discrimination policy. However, women CEOs have no direct effect on whether a firm adopts a sexual orientation non-discrimination policy or on the firm's CEI score. This suggests that the impact of women CEOs on policy adoption is mixed. While women CEOs are able to advance some policies they are not associated with the widest range of LGBT-inclusive practices.

While women CEOs are associated with two types of policies, gender diversity on the board is associated with the widest range LGBT-inclusive policies. Indeed, the second major finding of our study is that the most important factor in predicting policy adoption is board diversity, measured both in terms of the percentage of women on the board and the presence of influential women directors. Firms with a higher percentage of women on the board and with influential women board members are more likely than other firms to adopt the full range of LGBT-friendly policies and practices.

These findings contribute to an ongoing debate among scholars regarding the impact of diversity on firm strategy. While some studies have linked diversity to a range of strategic outcomes including transparency, accountability and innovation (Bear et al., 2010; Miller and Triana, 2009), other studies find that diversity increases conflict, intragroup

competition and turnover and reduces cooperation and morale (Hogg et al., 2012; Williams and O'Reilly, 1998). Our findings suggest that in terms of advancing LGBT-inclusive policies, diversity in the boardroom is key. Thus, our study supports previous research that finds that gender diversity in the boardroom is associated with critical strategic outcomes (e.g. Bear et al., 2010; Carter et al., 2003; Miller and Triana, 2009).

Importantly, our findings suggest that board diversity may advance inclusive HR policies through two key mechanisms: providing a critical mass of support for these policies and serving as conduits for information about policy adoption among other companies. Several scholars have found that policy diffusion among other firms in the field significantly increases a firm's likelihood of adopting similar policies (Chuang et al., 2011; Everly and Schwartz, 2015; Opall, 2012). While there is a strong empirical relationship between industry-level practices and firm-level policy adoption, the mechanism by which industry practices travel to other firms has been under-specified. Our findings on the importance of board interlinks suggests that women board members who are linked to other firms through board service may serve as the critical link between industry-wide practices and firm-level change. Women board members who serve on boards that adopt LGBT-friendly policies may feel emboldened to bring knowledge of and information about such practices into the boardroom – particularly when such leaders are supported by a critical mass of other women board members. As others have noted (Hillman et al., 2007; Shropshire, 2010), board interlinks can be a vital source of innovation as inter-linked members pass information across the field. Our findings suggest this may be a particularly important mechanism for the diffusion of LGBT-friendly policies.

Beyond our separate analyses of the impact of the direct effects of CEO gender and board composition, we tested whether diversity 'matching', defined as the presence of a woman CEO and a gender-diverse board, influences policy adoption. We do not find support for our hypotheses regarding diversity matching. Firms led by women CEOs did not experience additional benefits from the number of women on the board or the presence of influential women directors. Separate analyses, though, do suggest that firms led by male CEOs experience additional benefits from both the number of women on the board and the presence of influential women board members. With each of our examined outcome variables, the board composition measures are significant predictors in firms led by male CEOs. These findings, however, do not suggest that the best leadership composition for advancing LGBT policies is a male CEO with women on the board; rather the data, through raw mean comparisons, show that women CEOs are higher on every LGBT policy than their male counterparts (with two of those measures being significantly different, as noted earlier). Given women CEOs are starting at a higher threshold than male CEOs on every examined outcome variable, the added benefits from a gender-diverse board are realized to a greater extent under male CEOs. Examining the broad picture, and with the understanding that men are dominant in the CEO position, these findings underscore the extreme importance of having gender diversity on the board.

The theoretical and policy implications of our findings are twofold. First, our study speaks to the ongoing theoretical debate about the ability of women leaders to influence organizational change. While some scholars argue that increasing the number of women in male-dominated jobs and professions is sufficient to advance equity goals, others argue that women's influence rather than their numeric representation is critical for

driving change. By testing both the numbers of women leaders and the relative influence of women leaders, our study shows that in terms of advancing inclusive policies, both numbers and influence matter. The presence of multiple women on the board of directors *and* the presence of influential women directors significantly increase the odds that firms will adopt LGBT-friendly policies.

Second, our study suggests that diversity advocates committed to advancing inclusive policies – including but perhaps not limited to policies related to sexual orientation and gender identity – should prioritize board diversity. Indeed, our findings show that board diversity may be even more important than appointing women CEOs for promoting diversity and equity policies. Advocacy groups, such as the HRC and others, have focused much of their energy on advancing workplace non-discrimination policies (HRC, 2015). For example, the Corporate Equality Index itself was a benchmark introduced by the HRC in order to incentivize companies to pursue LGBT-friendly policy adoption. By contrast, other external advocacy groups targeting women in leadership tend to focus much of their efforts on achieving certain benchmarks for women's representation in various leadership positions among American companies. For instance, the national group *20% by 2020 Women on Boards* aims to achieve 20 percent representation of women on corporate boards by the year 2020. Our findings suggest that external advocates for LGBT inclusion and gender leadership diversity could mutually benefit from collaboration as advancing women's representation on boards is a significant – albeit indirect – means for advancing LGBT-friendly policies in corporate settings.

While the current study advances the field on leadership composition and policy innovation, our study has three important limitations that could be addressed by future research. First, our study analyzes the population of Fortune 500 firms over a 10-year period. Our focus on Fortune 500 companies is justified by the significance of these companies for shaping policy and practice among companies in the US. Limiting our analysis to this population of firms also ensures internal validity in that these firms are similar in terms of size, visibility and public scrutiny. However, this focus limits our ability to generalize to smaller firms, firms outside of the US, or not-for-profit organizations. Future research might extend the current study by analyzing whether leadership composition has a similar or different impact on policy adoption in other types of firms or organizations. Such analyses would provide a more complete view of the mechanisms that shape policy adoption in work organizations.

A second limitation of the current study concerns our measures of board diversity. We measure board diversity in two ways: the percentage of women on the board and the presence of interlinked women directors. Previous research suggests that interlinked directors exercise more influence over firm strategy decisions, and our findings support this conclusion with respect to the adoption of LGBT-friendly policies. However, other dimensions of leadership composition may also influence policy adoption. For instance, whereas interlinked directors are more likely than other directors to be non-executive directors, executive directors may have even more influence over firm policy and practice. As executive decision makers internal to the firm, executive directors likely influence strategy in a number of ways. To address this limitation, future research should analyze whether the gender composition of executive directors has a similar or different impact on policy adoption. Such research could answer two important questions: do

executive directors wield more or less power and influence over firm decisions than interlinked directors, and are women executive directors associated with a greater likelihood of policy adoption?

Finally, the current study is limited by a focus on gender composition of the CEO and board of directors. Yet extant research suggests that other social attributes, including racial/ethnic minorities and age, may affect individuals' attitudes and behaviors within corporate settings. For example, previous research finds racially and ethnically diverse boards are more likely to adopt a range of equity and diversity policies, including the availability of work/life benefits, programs for hiring people with disabilities, the promotion of diverse individuals and supplier diversity (Cook and Glass, 2014). Yet research also suggests that racial/ethnic minorities may be less likely to support LGBT-friendly policies than others (e.g. Hill, 2013), and that attitudes toward LGBT-related issues may be shaped by the interaction between multiple social categories including gender, race/ethnicity, religion and age (Ciszek and Gallicano, 2013; Guittar and Pals, 2014). Future research could build upon the current study by analyzing the intersection of gender and other social categories on the likelihood that corporate leaders will champion LGBT-friendly policies.

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Note

The authors contributed equally to this manuscript. For convenience, they are listed in alphabetical order.

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