

# Study reveals extent of social connections in shaping boardroom appointments

August 31 2012

---



Early findings from a University of Bristol study that investigated school, college and club connections in the boardrooms of the UK's top companies has found that social connections – through membership of elite private members' clubs and golf clubs – may still play a role in boardroom appointments.

The [study](#), led by researchers in the University's Centre for Market and Public Organisation, examined these [informal networks](#) and the role played by [social ties](#) in board appointments and the careers of company executives. The study's interim findings imply that reduced reliance on such networks will be necessary to increase board diversity.

In 2011, the independent review of Women on Boards led by Lord Davies recommended that FTSE 100 boards should aim for 25 per cent

female membership by 2015. In examining low levels of [female representation](#), the Review found that 'the informal networks influential in board appointments, the lack of transparency around selection criteria and the way in which executive search firms operate, were together considered to make up a significant barrier to women reaching boards.'<sup>1</sup>

The team analysed data on around 1,700 UK listed companies, all of which made new appointments to their boards over the period from 1998 to 2008, and looked at whom was chosen for each board position among a set of potential candidates comprising around 2,600 directors.



Using data on executives' educational and employment backgrounds, positions on boards of trustees and affiliations to private members' clubs and golf clubs, the researchers investigated whether the likelihood of senior executives getting further corporate board appointments is related to their educational and [social connections](#), and whether an individual is more likely to be appointed to a specific company board if he has a link with an existing board member – for example, through membership of the same golf club, such as Wentworth or Sunningdale, or the same private members' club such as White's or the Reform Club.

Early findings show that before taking account of individuals' other characteristics, those who are appointed to a board are much more likely to share an educational or social connection with current board members than those not appointed. Furthermore, the research suggests that social connections through private members' clubs and golf clubs – as well as networks of contacts established through existing boardroom positions – may play a role in shaping who gains a seat on a board.

The research also suggests that educational connections with current board members – through attending an elite school, such as Eton, or being educated at the same Oxbridge college – appear to play less of a role than social connections. But clearly these connections may well have had a prior influence on social club memberships.

The research uses data on individuals who had already gained their first boardroom position. Interestingly, for this group with existing board experience, women actually seem more likely to gain additional board positions than men. But if social connections are also important for gaining a first board appointment, then the findings imply that the role of networks formed through male-dominated or exclusively male social clubs is likely to prove a barrier to increasing female representation on boards.

In relation to this, one recommendation from Lord Davies' review is that firms should make more information available about the appointments process and the work of the nomination committee. The aim would be to improve transparency in recruitment and subsequent board diversity.

The final stages of the research will examine the split between executive and non-executive board appointments. The research team will also look at potential appointees' connections with the members of a board's nomination committee, which is tasked with identifying suitable candidates for board positions.

**More information:** 1. [www.bis.gov.uk/assets/biscore/ ... 5-women-onboards.pdf](http://www.bis.gov.uk/assets/biscore/.../5-women-onboards.pdf)

Provided by University of Bristol

Citation: Study reveals extent of social connections in shaping boardroom appointments (2012, August 31) retrieved 16 August 2024 from <https://phys.org/news/2012-08-reveals-extent-social-boardroom.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.