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How Do You Diversify Top Management? Start With Professors

By Yoji Cole



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This story was corrected yesterday to reflect that Citi co-founded the PhD Project with KPMG, not Goldman Sachs as was originally stated.

A year ago, many people doubted they would see a Black man in the White House in their lifetime. Now, Barack Obama is on his way to being nominated as the Democratic presidential candidate.

Whether or not Obama wins the general election, his success has proven to many Black men and women, as well as people who are Latino, Asian American, American Indian, and people who are mixture of those ethnicities that the top post in the United States is no longer only open to whites. Corporate America's outlook, however, is not as promising. Too many of the nation's top corporations feature all-white leadership, and some of the companies that claim to be diverse can only showcase one or two white women.

One solution is [The PhD Project](#), a nonprofit organization that recruits Latino, Black and American Indian executives for business doctoral programs. The idea is that after these executives from traditionally underrepresented groups receive their doctorates, they will teach at business schools. Their presence will then inspire students from these groups to become corporate leaders.

Stephani Mason, a Black PhD Project doctoral student who is entering Rutgers University's Ph.D. program, says she and other former executives who turn to teaching offer invaluable real-life lessons. Mason is currently an adjunct professor at The City University of New York (CUNY) while studying for her Ph.D. Before teaching at CUNY, she worked in corporate America as a hiring manager and has sat on compensation and evaluation committees.

Mason earned her MBA at the University of Chicago when there were no Black, Latino or American Indian professors. But members of her family were corporate executives, and they let her know there was a place for her in that world, she says.

"In my opinion, over the last two decades, education has become a profession of last resort, while The PhD Project helps develop people who choose to be educators," says Mason. "I am Black, and definitely my ethnicity has played a role in developing relationships with students that probably felt invisible before: Black, Hispanic, Asian, and surprisingly, white. I absolutely get questions that my white colleagues don't get, and often my colleagues refer students to me to talk about things on which they feel I can offer a better perspective."

In corporate America, the companies that participate in DiversityInc's Top 50 survey show that diverse leadership gives companies the ability to attract and hire more people from traditionally underrepresented groups as employees. Research by The PhD Project proves that students from these groups show more interest in business when they see business professors who share their

race or ethnicity.

Among [The 2008 DiversityInc Top 50 Companies for Diversity®](#), total management from underrepresented racial and ethnic groups is 25 percent. The national average for corporate America is 16.5 percent. And Top 50 companies feature an employee pool comprised of 34.8 percent of employees from underrepresented racial and ethnic groups, while corporate America as a whole only features an employee pool comprised of 26.7 percent employees from underrepresented groups.

A PhD Project survey of undergraduate and graduate students as well as business-school deans at U.S. colleges and universities reveals the influence that professors from underrepresented groups have on students who come from those groups. 85 percent of students from traditionally underrepresented groups said professors from those groups positively impact their career decisions. 77 percent of business-school deans agreed.

Other results from the PhD survey include:

- 60 percent of students surveyed perceive that professors from underrepresented ethnic and racial groups are the most influential in their decisions on employment or internship opportunities.
- 76 percent of students surveyed feel that all students will be better prepared for a diverse work environment after taking a class taught by a professor from an underrepresented ethnic or racial group. And of students from underrepresented groups, 82 percent felt that way, while 69 percent of white students felt that way.
- 92 percent of students believe that business professors from underrepresented ethnic and racial groups have a positive impact on the education of students from underrepresented groups. The primary reason for this influence is that professors from underrepresented groups are perceived as role models and/or inspiration.
- 87 percent of students surveyed said business professors from underrepresented groups have a positive impact on the education of white students. The most frequently cited reason for this positive impact is that professors from underrepresented groups offer white students access to different viewpoints.

"Our idea is, if we want to build a pipeline to Citi that is diverse, we have to think of different ways people come into the system," says Ana Duarte McCarthy, chief diversity officer at Citigroup (No. 45 on the Top 50) and a member of The PhD Project's board. DiversityInc Partner and Cofounder Luke Visconti also sits on The PhD Project's board. "It's my belief that individuals will feel more included and potentially more motivated if they see people and faculty who look like them," Duarte McCarthy adds.

The PhD Project started with \$10,000 in September 1993 (\$5,000 each from its title sponsor KPMG, No. 49 on the DiversityInc Top 50 list, and from Citigroup). At that time, approximately 1 percent (294 members) of the business-school faculty at U.S.-based colleges and universities was not white. As of today, there are 909 non-white business-school faculty members in the country, 4 percent of the total, according to Bernie Milano, president of the KPMG Foundation, the key sponsor of The PhD Project.

The PhD Project also reports that in 1994, there were fewer than 175 doctoral students who were Black, Latino and/or American Indian. Now there are 406.

As The PhD Project increases in size and influence, more companies are stepping forward to become sponsors. Besides Citigroup, Goldman Sachs and KPMG, The PhD Project sponsors include non-financial institutions such as John Deere, Dow Chemical, Sun Microsystems, Microsoft, Merck & Co. (No. 21 on the Top 50) and DiversityInc. Financial-services sponsors include Cigna

Corp. and JPMorgan Chase (No. 13 on the Top 50.)

"All these companies are concerned about the diversity in their management ranks, and those ranks extend beyond their products," says Milano. "They see that if they want to achieve their value of diversity in all levels of management, they have to support programs that produce a diverse pool of talent."

Still, however, KPMG provides most of the funds (approximately \$1 million) for The PhD Project's \$2.3-million annual budget.

The financial-services industry is receiving additional pressure from Congressional representatives who are concerned about internal cultures that create homogenous employee pools.

Rep. Gregory W. Meeks, D-N.Y., in 2006 submitted the "Financial Services Diversity Initiative," which was designed to be a shot across the industry's bow. While it doesn't require companies to recruit and promote Latinos, Blacks and American Indians, it sets the stage for further regulation if need be, says Meeks.

"When I put this bill in, it was a couple years ago when we Democrats were in the minority," says Meeks, a supporter of The PhD Project. "Now that we're in the majority, we're in a better position to see what is happening in the industry. If there is no movement, we're in a better position to help improve the numbers."

The PhD Project, says Meeks, "is absolutely a godsend that helps in every shape, fashion and form. It will definitely help improve the numbers [of Black, Latinos and American Indians working for financial institutions]."

Besides convincing the financial-services companies to sponsor The PhD Project, the program is challenged with motivating executives who make sizable salaries to return to academia to earn their doctorate. But the choice becomes an easier one once the main four myths are dispelled, says Milano.

Myth 1: You need an MBA to get a Ph.D. in business. "In truth, you can enter a doctoral program with just a bachelor's degree," says Milano. "The Ph.D. is a research degree, while an MBA is an advanced degree on a particular subject. That meant the person didn't have to spend two years getting an MBA and then paying off loans before getting their doctorate."

Myth 2: Ph.D. programs are too expensive. "[Universities with] business doctoral programs waive tuition and fees and pay [participants'] stipends. The stipends vary from a low of \$12,000 per year to a high of \$34,000 per year," says Milano.

Myth 3: You have to be young to get your Ph.D. "In fact, doctoral programs enjoy people who have a substantial amount of business experience," says Milano. "When they become professors, they're better because they bring relevance combined with theory."

Myth 4: You have to take a vow of poverty because teachers don't make money. "Business-school professors are handsomely compensated," says Milano. "If we had one stroke of luck, it is [that] we started the program when there was a severe shortage of professors in business. Combine that with the intense desire of deans and provosts to diversify their faculty and you find that when our folks [graduate], they're very highly sought after. A new finance Ph.D. can make up to \$200,000 per year right out of the program. And that's a good number for 60 or 70 universities."

In addition, corporations seek professors to consult and teach at their companies, something many

professors do when school is out of session.

"Should [a Ph.D. student] want to when they finish their doctoral program, they could supplement their income by teaching corporate programs," says Milano. "They could consult with companies or be hired to teach training programs. They have the ability to have an economic accordion beyond the university level."

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