Abstract

The business case for gender diversity in senior and executive positions is compelling. Studies show that companies that have the best records for promoting women outstrip their competition on every measure of profitability. Yet women disproportionately are failing to attain high-level positions. Reviewing current data on women in the workplace, findings of studies on the relationship between gender diversity in senior management and company performance, and the literature on gender behavioral differences and the workplace, this article explores the possible reasons for the persistent wage and gender gap between women and men in senior leadership positions and discusses possible remedies.

Key words: women’s leadership, leadership, gender diversity, glass ceiling, leadership barriers

The Glass Ceiling

The glass ceiling, a phrase first introduced in the 1980s, is a metaphor for the invisible and artificial barriers that block women and minorities from advancing up the corporate ladder to management and executive positions. In 1991 the US Congress found that, despite a dramatically growing presence in the workplace, women and minorities remained underrepresented in management positions in business and that artificial barriers were inhibiting their advancement. Consequently, in Title II of the Civil Rights Act of 1991, Congress enacted the Glass Ceiling Act establishing the Glass Ceiling Commission. The purpose of the commission was to study:

- the manner in which businesses fill management and decision-making positions;
- the developmental and skill-enhancing practices used to foster the necessary qualifications for advancement into such positions;
- the compensation programs and reward structures currently utilized in the workplace; and
- the creation of an annual award for excellence in promoting a more diverse skilled workforce at the management and decision-making levels in business.1

The impenetrable barriers between women and the executive suite were subsequently reaffirmed in the fact-finding report issued by the Glass Ceiling Commission in 1995.2 At that time, the commission noted that only 3 to 5 percent of senior management positions in Fortune 500 companies were filled by women. The commission also found that where women held senior positions, their compensation was
lower than that of their male counterparts. Furthermore, the commission’s findings showed that for women who were in senior positions, the types of positions they held were in areas such as human resources or research, which are not part of the usual pipeline or career pathway to executive positions.3

The commission reported several barriers to the success of women and minorities in reaching the top echelons of management. These included societal, governmental, internal business, and business structural barriers.4 Among societal barriers were those associated with opportunity and attainment, prejudice and bias, and cultural, gender, and color-based differences. With regard to these barriers, the commission stated that while leadership cannot make society blind to culture, gender, or color, it can demand and enforce merit-based practices and behavior within a company. The commission believed that these actions alone would substantially diminish the power of stereotyping.

The commission cited three governmental barriers to women’s upward mobility. In addition to weaknesses in the collection and disaggregation of employment-related data, the commission found a lack of vigorous and consistent monitoring for compliance with affirmative action programs. The commission concluded that when enforcement is weak, such programs have a less positive effect on minority and female employment.

Recruitment and outreach barriers are significant barriers for women and minorities in reaching senior levels of management. Most companies promote from within. Therefore, businesses that are not actively recruiting and adding more women into their ranks will have a smaller pool from which to draw for promotion into upper management ranks. And once women do overcome the recruitment barrier, they are often stymied by what the commission called corporate climate barriers, such as differing gender communication styles, behaviors, and ways of socializing.

In addition, a host of career pipeline barriers impede the progress of women to the top. Among these are a lack of mentoring, initial placement in dead-end jobs, different standards for performance evaluation for women and men, and little or no access to informal networks of communication.

**Women in the Economy and Workplace**

Women are playing an increasing and significant role in today’s economy, and their salaries and spending capacity are critical to the country’s economic well-being. From a consumer perspective, women hold a lot of clout. In the “sheconomy,” women are frequently referred to as the household chief purchaser. They reportedly make more than 85 percent of household spending decisions, including big-ticket items such as investment decisions and car purchases, accounting for 4 trillion dollars annually in discretionary spending.5–7

The proportion of women in the workforce has grown from just over a third of all workers in 1970 to almost half of the total workforce in 2012. And in the education and healthcare sectors, the percentage is even higher: women account for 77.4 percent of the workforce. Increasingly women are obtaining higher educational degrees, and they now represent 60 percent of all bachelor degrees conferred annually, an increase of 20 percent since 1970.8

As women’s educational attainment has increased, the work they perform has also changed. A larger share of women now work in management, professional, and related occupations, with 51 percent of women reported to be working in these occupations.9

Women’s pay has significantly increased in the past three decades. Since 1979, the pay for full-time employed women has increased 31 percent compared to 2 percent for their male counterparts. For those with college degrees, women’s earnings rose by 33 percent since 1979, compared with 22 percent for their male counterparts.10 Even with these increases, women’s earnings lag behind males. Across levels of education, women working full-time and year-round earned about 77 percent as much as their male counterparts, and the pay gap holds across all educational levels. For example, in 2009, female high school graduates earned 69.6 cents for every dollar earned by their male counterparts, and female college graduates earned 70.9 cents for every dollar earned by male college graduates. The gender pay gap is largest at the top of the educational spectrum, with professional women earning 57.9 cents for every
dollar earned by professional men. Translated into dollar amounts, this is $67,245 for professional women as compared to professional men’s earnings of $116,136.\textsuperscript{11}

Another study conducted by the US General Accounting Office (GAO) found that before controlling for any variable that may affect earnings, women earned about 44 percent less than men over the time period 1983–2000. After controlling for independent variables associated with demographic characteristics, past work experience, and labor market activity, the report found that the wage gap was reduced to about 21 percent over this time period. This indicated a small but statistically significant decline in wage differences over this period.\textsuperscript{12} The GAO report concluded:

> It is difficult to evaluate this remaining portion without a full understanding of what contributes to this difference. Specifically, an earnings difference that results from individuals’ decisions about how to manage work and family responsibilities may not necessarily indicate a problem unless these decisions are not freely made. On the other hand, an earnings difference may result from discrimination in the workplace or subtler discrimination about what types of career or job choices women can make.\textsuperscript{13}

Findings from studies also show that working mothers face an additional pay gap compared to women who are not mothers.\textsuperscript{14} Even after accounting for differences in work experience, education, job characteristics, and other variables, mothers still face a 7 percent wage penalty per child relative to working women who are not mothers.\textsuperscript{15} And in the GAO report cited above, findings showed that mothers experienced a 2.5 percent earnings penalty for each child, compared to fathers, who received a 2.1 percent earnings boost for each child.\textsuperscript{16}

**Gender Diversity in Executive Healthcare Leadership**

Although women make up almost 78 percent of the healthcare workforce, there remains a significant gender gap in top management and executive leadership in this sector.\textsuperscript{17} The major findings of a white paper by the American College of Healthcare Executives (ACHE) on gender in senior healthcare management noted that even though both males and females could ascend the organizational hierarchy, only about 11 percent of women healthcare executives had achieved CEO positions, compared to 25 percent of their male counterparts.\textsuperscript{18} The paper also found that a higher proportion of men (62 percent) worked in general management compared to women (46 percent). Women tended to work in specialized areas such as nursing services, planning, marketing, and quality assurance, which are not the usual career routes to executive leadership positions. These findings mirror those of the 1995 report of the Glass Ceiling Commission, cited above, which found that women frequently are not in the type of senior positions that are part of the usual pipeline or career pathway to executive positions.

The ACHE white paper also reported a wage gap between men and women in leadership positions. While women had attained levels of education and experience equal to that of men in 2000, women reported an average annual salary of $84,900 compared to an average salary of $104,300 for men. This represents a wage gap of 19 percent less overall. And the gap was not significantly less than reported in studies conducted in 1990 and 1995, where women with characteristics similar to those of their male counterparts earned, respectively, an average salary of 18 and 17 percent less.\textsuperscript{19}

A follow-up research report by ACHE in 2006 noted some movement of women to the upper echelons of hospital management.\textsuperscript{20} This report indicated that women in 2006 achieved CEO positions at about 63 percent of the male rate as opposed to 40 percent as found in three previous studies. Women still were more involved than men in specialized management areas; 57 percent of men held positions in general management as contrasted to 44 percent of women. The salary gap continued to exist, however, with women having similar characteristics to men still earning 18 percent less overall.

These results have implications for upward mobility to the C-suite for health information management (HIM) professionals, a profession composed predominately of women (92 percent).\textsuperscript{21} It would be expected that women in HIM would be subject to the same barriers to upward mobility similar to those faced by other women in healthcare. The literature on gender and leadership in HIM is surprisingly underdeveloped. Anecdotal membership survey data from the American Health Information Management Association (AHIMA) suggest some avenues for future research. These data reveal that for
those responding to the survey, only 1.7 percent of female credentialed members hold executive or vice-
 presidency positions in healthcare or related organizations, compared to 4.3 percent of their male counterparts.\textsuperscript{22}

A specific barrier for HIM professionals is the small proportion of AHIMA-credentialed members who hold graduate degrees. Of the credentialed women responding to the AHIMA membership survey, only 10.5 percent indicated that they held advanced degrees, compared to 23.9 percent of credentialed male members.\textsuperscript{23}

HIM professionals work in a specialized management area, which, according to the ACHE reports cited previously, may impede progress to the C-suite. An additional barrier to upward progression may be the reporting relationship of the HIM function within an organization. A study conducted in 2008 by AHIMA found that the HIM department in hospitals most frequently reported (46 percent) to the highest financial officer of the organization (i.e., the chief financial officer or the vice president of finance).\textsuperscript{24} HIM professional expertise is in information management, not financial management. Due to this mismatch, progression to chief financial officer is probably unlikely. A more probable career track to the C-suite consistent with HIM expertise is to attain the chief information officer role or a similar position. However, according to the AHIMA study cited, few HIM departments reported to this executive position (8 percent).

\textbf{Gender Diversity and the Bottom Line}

While women’s educational attainment and workforce ranks have continually increased, their advancement into the upper echelons of management has stalled in recent years. According to Catalyst census reports, in 2001 women held 14.7 percent of Fortune 500 company board seats. A decade later, in 2011, this figure had increased only to 16.1 percent. According to the same research data, in 2002 women held 15.7 percent of Fortune 500 corporate officer positions, with the number remaining essentially the same through 2008.\textsuperscript{25} Catalyst also reports in its 2011 census that 56 US Fortune 500 companies have no women on their boards of directors.\textsuperscript{26}

The business case for women in senior leadership is compelling. Studies conclude that inclusion of women in the top ranks of company leadership has a direct and positive impact on a company’s bottom line and risk management. One of the first studies to examine the effect of women’s leadership on the bottom line was the qualitative work by Morrison, White, and Van Velsor.\textsuperscript{27}

The first empirical study that showed a strong correlation between a company’s solid record of promoting women into the executive suite and high profitability was conducted by Adler.\textsuperscript{28} This study examined the practices of 215 Fortune 500 firms over a 19-year period from 1980 to 1998, analyzing longitudinal and historical performance data. Four evaluations of profitability were studied, including profits as a percent of revenues, assets, stockholders’ equity, and a firm’s competitiveness vis-à-vis its industry median counterpart. The results showed a clear correlation. Fortune 500 firms with a high number of women executives outperformed their industry median firms on all measures of profitability. The study also revealed that firms with the very best scores for promoting women were consistently more profitable than those companies whose scores were rated as good.\textsuperscript{29}

In January 2004, a study conducted by Catalyst demonstrated similar findings.\textsuperscript{30} In this study, 353 companies were evaluated with regard to gender diversity in their top management and their financial performance. There were sufficient financial data to evaluate companies from five different sectors: consumer discretionary, consumer staples, financial, industrial, and information technology or telecommunications services. Two financial measures were used to evaluate the companies. These included return on equity (ROE) and total return to shareholders (TRS). The findings showed a link between gender diversity in top management and positive financial performance. Companies with the highest representation of women on their top management teams experienced better financial performance than companies with the lowest representation of women. The ROE was 35 percent higher, and the TRS was 34 percent higher.
A study of European companies, conducted by McKinsey and Company as part of its global partnership with the Women’s Forum for the Economy and Society, found that companies whose boards or top management included a strong representation of women financially outperformed companies that did not have this diversity. Specifically, these companies outperformed their sector in terms of return on equity, operating results, and stock price growth over the period from 2005 to 2007.31

Research conducted by Dezso and Ross showed that having a higher percentage of women in senior management positions up to a CEO level was positively linked with better company performance.32 And research conducted by Welbourne empirically linked the presence of women in top management to firm performance within a sample of initial public offering (IPO) firms. The stocks of companies that went public that had more women on their top management teams performed better in both the short and long run than those with few or no women at the top.33

With such compelling evidence of the link between gender diversity in top management positions to positive financial performance, what is holding women back in closing the gender gap in senior management positions?

What’s Holding Women Back?

As noted above, in 1995 the Glass Ceiling Commission report identified four categories of barriers that were preventing women from achieving upward mobility into senior and executive management. These included societal, governmental, internal business, and business structural barriers.34 These barriers continue today to be the leading obstacles in women’s upward mobility into senior management ranks. For example, an out-of-date social support framework was cited by the Joint Economic Committee as a principal impediment to women’s upward mobility. A patchwork social support system exists that impedes women’s progress “particularly in the work-family arena, where the United States offers virtually no institutionalized support for working families, means that America’s economy suffers as women struggle to balance demands from work and demands from home.”35

This same report noted that the US approach to federal paid parental leave is in stark contrast to peer country members in the Organisation for Economic Co-operation and Development (OECD), where the average length of job-projected leave for new parents is 18 weeks, compared to the United States’ 12 weeks. Beginning in January 2011, the United States was the only OECD nation with no required paid parental leave.36

The lack of flexible work arrangements is another reason women are being held back. Women in American society typically assume the principal role for early caregiving. Yet the early care system in the United States remains underdeveloped and underfunded. In addition, women’s role as caregiver extends to that of aging parents or family members. Caregiving extends over a women’s lifetime and her career with little support available for this caregiving role. As a consequence, women frequently have to take time out from their career to fulfill the caregiver role.37 Women continue to pay a high penalty for “off-ramping” and leaving their careers. Such off-ramps keep women from taking or being considered for promotional opportunities, and when they do re-enter the career stream, it is difficult for them to gain momentum and parity in promotion and earning power with their male counterparts.38

The wage gap continues to be a reality for working women. The Joint Economic Committee of the US Congress cited potentially discriminatory wage practices as one factor contributing to the gender wage gap.39 In the healthcare sector, ACHE reported in 2006 that 29 percent of women said they failed to receive fair compensation because of their gender. This percentage was lower than in 2000, when 43 percent of women felt they did not receive compensation equal to that of men.40

The same ACHE report stated that 69 percent of women, compared to 86 percent of men, believe there is gender equity in their organization. Women in healthcare noted that they are still locked out of the informal networks that are important pipelines for promotion. “Men continue to interact with other executives informally to a greater extent than women do. For example, 48 percent of men compared to 33 percent of women have lunch with other managers at least monthly.”41
Differences in confidence and career ambition between men and women have been cited as factors in preventing women from moving into senior and executive positions. An Institute of Leadership and Management study revealed that women managers are hampered in their careers by lower ambitions and expectations. Women often lack self-confidence and self-belief, which leads to less risk taking and more cautious career choices. On average, women lag three years in assuming management positions as compared to men who have higher career expectations and increased confidence. This study also found that women appear to have less career clarity and lower career ambitions than men. These findings compare to those of the 2006 ACHE report, which found that women had lower career aspirations than men, with 40 percent of women reporting that they wanted to assume CEO positions as compared to 70 percent of men.

Women often lack a sponsor who promotes and sells their skills and abilities to others in the organization and goes to bat in helping them climb the organizational ladder. A study launched in 2009 with support of American Express, Deloitte, Intel, and Morgan Stanley found that women either underestimate the role that sponsorship plays in career mobility or fail to cultivate it. The reasons for this vary from perceptions by women that getting ahead through connections is inappropriate to reluctance by both women and senior men to establish a sponsorship relationship because it can often be misconstrued as sexual interest.

Gender stereotypes and gender communication differences pose dilemmas for women as well. Gender typecasts create a double bind in which women can be penalized for displaying either too little or too much assertiveness, competitiveness, and independence. For example, women’s typical communication style is more warm, less directed, and more mitigated than men’s. This style of communication can lower perceptions about women’s abilities. However, if a woman exhibits too much assertiveness, which is contradictory to the stereotype, her influence and likability may be lowered. Women’s abilities are also judged differently than men’s. “People judge women’s abilities more harshly than men, holding women to a higher standard of competence and evaluating female managers and leaders more critically than their male counterparts.”

**Breaking the Glass Ceiling**

Breaking the glass ceiling is complex and requires action on several fronts. Federal and state governments, employers, academic institutions, and women themselves are essential players in breaking down barriers that are holding women back.

Government has many tools at its disposal to addresses current barriers in the workplace that hold women back. The government can act as a catalyst for promoting gender equality perspectives and practices by heightening awareness of gender inequality, the benefits of gender equality, and the adverse impacts of gender inequity on women, children, families, communities, the business sector, and the nation as a whole. Governmental policy and legislation can dismantle discriminatory practices and artificial barriers, and programs and projects can further the understanding of the best interventions for breaking down barriers. In addition, monitoring and enforcement of existing legislation against gender discrimination must be real in order to break down barriers that hold women back.

Employers must be proactive in their commitment to gender diversity and equity before the glass ceiling can be broken. Companies that have been successful in breaking down barriers have programs with the following characteristics in common:

- They have CEO support;
- They are specific to the organization;
- They are inclusive;
- They address preconceptions and stereotypes;
- They emphasize accountability;
- They track progress; and
- They are comprehensive.
Comprehensive, organization-specific programs that address breaking down structural, organizational, and cultural barriers are essential. This includes setting voluntary targets for female representation on boards, executive committees, and senior management and engaging in active outreach and recruitment of women. To overcome structural barriers, employers need to establish flexible work arrangements and work-life balance policies, and create effective pipelines that identify, develop, and promote women. Creation of mentoring programs within organizations is an important avenue for helping women move up the career ladder. Such programs should identify successful leaders of both sexes to serve as mentors to raise women’s aspirations and to identify goals and pathways that move their careers forward.

Leadership development approaches need to be designed that not only help women develop critical leadership skills but also help them identify and leverage their strengths, become comfortable in taking risks, increase their confidence, and provide tools and techniques for circumventing existing barriers. Women themselves need to create their own social capital by developing networks of support, seeking sponsors within their workplace organizations, securing mentors, promoting themselves, and communicating the value that they bring to the workplace.

In 2010, research by McKinsey & Company found that gender diversity was supported best where a company had management commitment, women’s development programs, and a set of enablers that tracked diversity progress, examined human resource processes, and provided support such as child care. In all, 41 different initiatives were identified within these three categories.

While overt discrimination has been driven out of organizations, subtle gender discrimination still exists and accounts for the lack of movement in shattering the glass ceiling. Such discrimination, exemplified in various work practices and cultural norms, is so entrenched in organizations that it is difficult to detect, and only incremental steps aimed at changing bias can chip away at the barriers that keep women from moving into senior levels.

Myerson and Fletcher propose a strategy of implementing small wins and incremental changes within companies. Companies, they maintain, have instituted practices of assimilation (i.e., having women adopt more masculine attitudes), accommodation (i.e., offering programs such as mentoring, flexible work arrangements, and alternative career tracks), and leveraging gender differences (i.e., sensitivity training). These practices have helped but can only go so far, they note. To move further, they maintain, companies must implement approaches that systematically identify and destroy embedded roots of discrimination that are due to cultural patterns. Cultural patterns that undermine equity include how work gets done, what activities are valued, and how assumptions about competence are made. The following questions can be used to assess inequalities, diagnose bias problems, and identify patterns to institute small wins:

- How do people in this organization accomplish work? What, if anything, gets in the way?
- Who succeeds in this organization? Who doesn’t?
- How and when do we interact with each other? Who participates? Who doesn’t?
- What kinds of work and work styles are valued in this organization? What kinds are invisible?
- What is expected of leaders in this company?
- What are the norms about time in this organization?
- What aspects of individual performance are discussed the most in evaluations?
- How is competence identified during hiring and performance evaluations?

Results of the McKinsey report Women Matter 2012: Making the Breakthrough show that companies are confronting the issue of gender equality earnestly and are devoting resources toward rectifying gender imbalance. Companies have implemented practices cited above by the Glass Ceiling Commission and others, such as instituting training programs for valuing gender diversity, changing recruitment patterns to eliminate bias, and setting specific goals for placing women in senior positions.
However, many companies remain frustrated that they are not making more progress in helping women move up the corporate ladder. The 2012 McKinsey report’s findings of successful companies correlate to the practices suggested by Myerson and Fletcher, namely that gender diversity must be made part of the culture of a company and subtle biases must be uncovered and addressed.

The best performing companies, the 2012 McKinsey report states, are those that succeed in four ways by:

- Having top management commitment, making it visible, and supporting gender diversity as a way of life, not just a series of initiatives;
- Addressing women and men’s mindsets to better support diversity and making the business case for gender diversity;
- Monitoring women’s representation carefully; and
- Driving their gender diversity programs.

Results of the McKinsey study show that having top management commitment (i.e., CEO support) is not sufficient in making strides in gender diversity. Frequently, the study found, top management support did not trickle down through the organization. This suggests that companies have work to do to change attitudes and cultural bias within the company. Furthermore, companies that succeed in changing the gender dynamic have a critical mass of initiatives that they rigorously monitor and drive through. In other words, these companies walk their talk and make gender diversity part of their culture.

Academic education must also play a role in promoting leadership gender diversity in creating tomorrow’s leaders. Educational leadership programs frequently embrace predominant leadership theories that fail to help students step beyond a narrow structural model and equip them to address issues of social justice, diversity, and gender. If we are to see significant changes within the next generation of leadership, educational institutions must create and implement leadership development programs that include issues concerning gender diversity and transformational leadership in order to change preconceived ideas, bias, and assumptions about women’s leadership abilities.

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Notes

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