Journal of Business Studies Quarterly
2012, Vol. 3, No. 4, pp. 145-153 ISSN 2152-1034

Journal of Business Studies Quarterly jbsq.org

Research Proposal

The Future of Female CEOs and Their Glass Ceiling

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Abstract

The glass ceiling causes women to be underrepresented at top management positions compared to men, particularly the CEO. Through past research, we show the ways that women are equal to or more effective than men at leading companies. We address the factors which create the glass ceiling phenomenon, such as gender stereotypes about leadership styles. Finally, we look at how the glass ceiling and its related glass cliff impede women from reaching the CEO position and succeeding while being a CEO. Based on prior research, we propose three experiments which will test three hypotheses relating to female CEOs. The first is that companies are more likely to hire females as CEO if they are aware of the glass ceiling. The second proposes that women are better at leading than men. Lastly, the third is that the number of female CEOs will increase in the future due to changing landscapes of top-level management.

Keywords: Females, CEO, management, job performance, glass ceiling, glass cliff, compensation gap.

Problem

When people think about the CEO position they think of a *male,* not a female. In today's standards, the CEO position is a male dominated field, and there are not many females in this position. It could almost be considered a "gentleman's club," due to the lack of females presented. Since "women account for 51 percent of the population and 46.5 percent of the labor force," you would think that women would be better represented in the CEO position (Appelbaum et al., 2003, p. 43). Now even though CEOs are predominately male, this does not mean that females are not just as capable as their male counterparts. The opposite is actually true, and studies have even shown that "companies managed by a female CEO perform better than companies managed by males in large, medium, and small sized companies" (Vieito, 2012, p. 60). Due to these facts, we aim to address the fact that a stereotype exists between the Board of Directors decisions of male and female CEOs, and prove that women are effective as CEOs, and their numbers will continue to increase in this position.

The main problem that we are discussing is the lack of female representation at top executive positions due to a glass ceiling effect, among other things. This problem is important because women should be more fairly represented in the position of CEO than they are presently. Women are more than capable to do just as good a job as their male counterparts, yet they are not given enough opportunity to shine. During a time when the workforce strives on the fact that it is diverse, you would think that there would be more women CEOs than there actually are. Furthermore, with the addition of a younger generation into the workforce the environment in the business world has started to transform. The old model of having one person (the CEO) have all the solutions has given way to a new idea of thinking based on teamwork and collaboration.

Our research should bring a new perspective and prediction for the future of the CEO position within the United States. Our research will determine some of the leading factors of why women are not CEOs today, or at least why there are not more. Research has already been done on what women as CEOs bring to the field in general and also reasons they perform better. These two areas of research should help determine the direction or trend that the CEO position is headed towards.

Our topic overall, is that we want to know why women are not more frequently seen as CEOs and how this viewpoint might change in the near future. Based on the research of others, we know that female CEOs perform better, so we want to know why there are not more women CEOs in companies. Other researchers have laid the foundation for what we will be looking into. They have gone into detail on how women perform better, and also what exactly women do that makes them perform better. These studies have had limitations and, as said, we are going to expand on this research and then also add to it. We will be taking this research one step further and determining what factors keep women from becoming CEOs, whether it is personal choices or not receiving an opportunity, we want to figure this out.

Objective

We are going to first determine what other people have researched in this field. We will determine what researchers have found that showed women perform better and also why these women perform better in the first place. In addition to this, we will also look into why the compensation gap between CEO's and VP's is important and how it differs depending on whether there is a male CEO or a female CEO. We are going to clarify what these gap means based on what past research has shown.

Once we have found the answer to these and other questions and our base has been formed, we are going to determine why there are not more women CEOs. We plan on starting with our problem, which is that the fact that stereotypes exist between males and females in who is chosen as CEO, and building off of it. Once we have proven, or disproven, our problem, we will then move on to the reasoning behind why females are capable as CEOs, and provide examples as well as an experiment to show this. Then after that, we will go into the "so what?" aspect. We are going to show why this problem is important, and relevant, by determining where the position of CEO is going in the future. We plan on hopefully showing that females in the CEO position will be increasing in the near future and that they will be effective in this position. We want to bring to light this problem, and show that it matters, and that by addressing it we can improve the business world as a whole.

Literature Review

While it is obvious that female CEOs are heavily underrepresented compared to their male counterparts, we must understand if this is the result of performance or other reasons. There have been past studies that examine the differences in management style and employee interactions between male and female executives, however it has not been until very recently that people have been investigating whether or not male or female CEOs have better performance numbers. Many of these studies have found that when looking at a number of different variables within a company, that women tend to perform at the same level or even sometimes better than men.

The term “Owenism” refers to the idea that if you treat your employees better, then productivity and eventually profits will increase as a result. With this idea in mind, we believed the most important characteristics of performance levels came from employee’s job satisfaction and productivity under the leadership of females or males. Males and females can both effectively lead companies, but the problem is that women executives are scarce despite their ability. According to Appelbaum, Audet, and Miller (2003) this neglect means companies “do not fully benefit from the unique talent and perspective that women can impart… [And] organizations get a poor return on their investment by driving out those that they have spent time and money training” (p. 43).

A recent study used a gender factor to examine the impact of the compensation gap between CEOs and VPs had on a company’s performance. Compensation gap refers to the amount of money each of these top positions earn and how it affects the drive and performance of the company. Vieito’s (2012) research found that behavioral and tournament theory was the most predominant in his study of 1,500 different public U.S. companies, which have different effects on performance. In companies managed by females there was a greater presence of behavioral theory, which “suggests that only small differences in terms of compensation between CEO and Vice-Presidents promotes collaboration and coordination between them and performance will be greater when this gap is reduced” (p. 47). While male run companies typically followed tournament theory, which says “a big compensation gap between CEOs and Vice-Presidents will increase the competitiveness among these Vice-Presidents to obtain the CEO's position in the future, and that this competition will lead to an improvement in company performance” (p. 61). While these two different theories seem to yield the same result of improving company performance, Vieito (2012) found that “in companies managed by female CEOs, a smaller difference in the total compensation gap between CEO and Vice-Presidents leads, to higher company performance… when the CEO is a male, a higher compensation gap is required to obtain higher company performance” (p. 61). This research shows that females have the ability to perform the tasks of a top executive just as well, if not more effectively, than their male counterparts whom represent the overwhelming majority of CEOs. In his study Vieito needed to understand the possible reasons why behavioral was more successful than tournament. What he found was that according to Carpenter and Saunders (2002), “top teams are more effective in dealing with such competitive circumstances when they work as a group with common interests, as they unite individual efforts, exchange information, take on a cooperative behavior, and also make joint decisions” (p. 374). Due to a changing environment in the business world, the old idea of a CEO running the company alone has been transcended into a more cooperative effort of running a successful company.

Other studies and researchers tended to find similar results when they compared management styles of both genders. The most common conclusion was that women more often practice a transformational style of management compared to males who are more likely to use a transactional style. This is not to say that one can or does not use the other, but just that the majority of CEOs practice different styles of leadership based on gender. However, even though Appelbaum (2003) concludes that women's management "[is] more effective within the context of team-based, consensually-driven organizational structures that are more prevalent in today's world," he also believes that "effective leadership is not the exclusive domain of either gender and both can learn from the other" (p. 49). The workforce has begun to drastically change in the last couple years. It has become increasingly common that three different generations of employees are working together. As a result of having these people with different values and ideas working together, teamwork and collaboration has become a more utilized tool for many companies. Women are more likely to report using an interactive style of management, which results in more effective coaching, development, and communication (Jacobson et al., 2010, p. 479). The landscape of the business world seems to be changing and these changes seems to be better suited for a style of management that women have proven to possess and utilize.

Organizational commitment and employee job satisfaction are two very important factors to a company's bottom line. Happy employees stay committed to an organization, which means they stick around and create a history that turns them into a valuable resource. Verbal consideration or communication is very important for effective leaders to possess and influences workplace performance and commitment (Mohr et al., 2008, p. 5). The aforementioned studies make it obvious that women leaders tend to be more effective communicators than males, but while Mohr's study backs up these theories it also shows why this might not actually make that much of a difference.

According to Mohr (2008) verbal consideration can be defined as "a leadership behavior that expresses esteem for the follower and her or his work, knowledge and opinion" (p. 4). Essentially it comes down to how much feedback the executive provides, whether they regularly make appearances and talk with employees, and if they show a genuine concern when approached with conflicts or problems. Contrary to what might have been expected, Mohr's results showed that male and female CEOs tended to have similar levels of verbal consideration. Mohr (2008) explained "when a male CEO has verbal consideration, it lowers the irritation levels because it is unexpected and employees perceive him as more caring," while "when a female shows the same amount of verbal consideration, it has no affect on irritation levels because of female stereotypes" (p. 12). Since women are expected to be more caring, the same level of verbal consideration from a female compared to male does not have an affect because it is something that is viewed a female norm. This could mean that women actually do possess greater verbal consideration, but due to societal stereotypes about female's roles they do not get more praise. When males and females display the same amount of verbal consideration, males get more credit for it but the results are the same. However, if female leaders do not follow stereotyped behavior, employees might penalize them whereas it will not have a big impact if males do the same (Mohr et al., 2008, p. 12). This idea of female stereotypes feeds into part of the reason why their numbers in high executive positions remains miniscule compared to males.

Based on the above information discussing women's effective leading qualities, it would seem that they should be at least equal to men in terms of occupying management positions. Research shows that this is true for the management jobs in general, but not the highest position of CEOs. For instance, according to an US Bureau of Labor Statistics report "50.8 percent of managerial roles in the U.S. labor market were held by women in 2008" (2009). In addition, a census done by Catalyst found that in 2008, only "three percent of Fortune 500 companies [had] female CEOs" (2012). Catalyst also discovered that women occupied just "15.7 percent of

Fortune 500 corporate officer positions" (2009). Even in terms of growth in earnings, this trend of women not cracking the upper area of management stays true. According to Weinberger (2011), who looked at the growth of earnings in college graduates from the 1990's, women had a higher growth in earnings than men for the lower to medium ranges of salary level, but men were more likely to have the largest promotions among male and female workers at "very high salary levels" (pp. 968-969). It appears that despite women being at least equal to men in leadership capability, there is still an unequal distribution of the highest paying jobs in management between genders. Weinberger (2011) notes how her study finds proof of a "glass ceiling that slows the progress of the most successful women relative to observably similar men" (p. 971).

Glass ceiling is what researchers call the invisible barriers that prevent women from reaching the top management positions just as much as fellow male coworkers. What are some of these barriers that cause the glass ceiling? One is the conflict between work and family. Many female workers are also mothers, and tending to their children and husbands can lead to stress that negatively impact their chances at the CEO position. Hoobler, Hu, and Wilson (2010) found in a meta-analysis of past research that "those who experience conflict between the work and family domains experience glass ceiling-like career effects…" (p. 481). Perhaps women choose to not become CEO's due to how they feel that they cannot handle balancing work and family life with the rigorous demands that a CEO position takes. This would be a reasonable conclusion for how work and family conflict is a cause of the glass ceiling, especially since a Pew study presented by Parker indicates that one third of women surveyed believe that their failure to reach the top management is "due to family obligations and family responsibilities" (2009). Even if women decide to go for top management and are willing to handle their work from a CEO and their family simultaneously, evaluators may not promote them due to their own perceptions of the work-family conflict that women go through. This is confirmed by a study done by Hoobler, Wayne, and Lemmon (2009), which found that managers view female employees as a "poorer fit" for the job due to their "perceptions of family-work conflict" that these women have (p. 951).

However, the perception of work-family issues is merely one part of general gender stereotypes that contribute to the glass ceiling. There are two theories in research that relate to the managers' evaluation of women for top management: Social Role Theory and Role Congruity Theory. Skelly and Johnson (2011) say that Social Role Theory is when managers have expectations from society that leaders require strong "technical and relational skills, as well as having a common perception of masculinity" (p. 60). Furthermore, research found that women are "less likely to be perceived as having these male-typed qualities", which forms a gender stereotype against women for managerial evaluations (p. 60). This theory argues that there are traits of a leader, such as assertiveness, that are societally linked to the qualities of men. Some managers may view women as not possessing enough of these men-like traits and thus not promote them to top management positions.

The second theory about how gender stereotypes enforce the glass ceiling is the Role Congruity Theory, which was created by Eagly and Karau (2002). This theory is similar to the Social Role Theory, except it has the idea that "individuals are punished when they fail to conform to societal expectations" (Skelly & Johnson, 2011, p. 60). This is shown by how Eagly and Karau (2002) explain that one prejudice toward women in their theory involves how evaluators view the "actual leadership behavior of women" as less than men based on the perception that their behavior is "less desirable in women than men" (p. 576). Notice how, even though in reality women may be equal to men in leadership ability, under the Role Congruity Theory evaluators may be blinded by their gender stereotypes into believing they are not as good as men at leading.

What makes the glass ceiling even more detrimental to female managers is that even if they manage to break the glass ceiling, they may find themselves in a precarious "glass cliff". According to Ryan and Haslam (2009), research has found that in both the US and Britain women are placed in "leadership positions ahead of equally qualified men only in contexts where there is a high risk of organizational failure" (p. 14). Some factors that make this job hard to fulfill include "a history of failure, a high risk of criticism, low levels of support or lack of resources" (p. 14). The point here is that women may be promoted only to jobs that are harder than other top management positions because of the factors listed. Therefore, it is a glass cliff that they have to operate upon even if they break the glass barrier and get promoted to the highest level of management.

One option for women to avoid the glass ceiling altogether is to leave the company they work for and go form their own firm and be an entrepreneur. However, even in this scenario these entrepreneurs do not escape the glass ceiling entirely, as there is a secondary form of the ceiling that occurs in this situation. Bosse and Taylor (2012) found in their research that there is a "second glass ceiling" where "women business owners face a systematic disadvantage" in obtaining financial capital to "start new firms and to fuel the growth of existing firms" (p. 55). Apparently the gender stereotypes associated with women being leaders also impairs the ability of creditors and financial capital controllers to distribute their funds to women-led companies. Between this second glass ceiling, and the glass cliff, it is going to be crucial to understand how companies can address this glass phenomenon relating to women becoming CEO's and entrepreneurs. Finding ways to break the glass ceiling is what our current study will hope to accomplish so that there can be more gender equality in the CEO position.

Hypotheses

Our first experiment will go into the process by which Board of Directors select a CEO. Based on our gender stereotype research, we think that Board of Directors will pick a man for a CEO position more often than a woman. We want to see if Board of Directors are more likely to hire a male CEO if they are not instructed about the glass ceiling and how women make equally capable, if not more so, leaders than men.

H1: A Board of Directors is more likely to hire and promote a male to the CEO position.

Our second experiment will test the abilities and characteristics of female CEOs versus male CEOs. Based on our research, we think that female CEOs will be more likely to show the cooperative and team-oriented traits that will make them perform better than male CEOs, who are more assertive and engage in a transactional style of management. Our goal is to see if the female CEOs make their teams perform better at a team activity than those led by male CEOs.

H2: Females are more effective leaders at the CEO position.

Our third experiment will involve becoming aware of the thoughts of CEOs, Board of Directors, and employees regarding the likelihood of female CEOs arising in the future and also the ideal characteristics that their future CEO should possess. Our research indicates that because of the increasing need for team-oriented CEOs, that there will be an increase in the number of female CEOs in the future. This is because we found that women are more effective as leaders due to their cooperative behavior and tendency to have a consensually driven organization.

H3: The number of female CEOs will continue to increase in the future.

Methodology

In order to test our first hypothesis, we are going to get a Board of Directors together in order to observe the choices they would make on who to appoint as CEO. We will have a control group of current Board of Directors, and then a variable group consisting of Board of Directors who has been lectured on the effectiveness of female leaders. Once we have gotten the control and variable group together, we plan on asking them to determine who a new CEO should be between a male and female choice. We will then compare their opinions, making this data qualitative. The limitation to this experiment is time. We may not be able to get a Board of Directors together at one time in order to conduct the experiment. Therefore, we may have to alter our experiment to accommodate this limitation. We are assuming that when this experiment takes place the Board of Directors are going to make their decisions based on the candidates qualification alone, and not alter their decisions based on the situation – there will be no biases.

For our second hypothesis, we will be conducting a quantitative and qualitative experiment. In order to test it, we will get a group of CEO's, consisting of both male and female, together and have them participate in various activities where their leadership abilities will be examined. The CEO's will be in charge of leading their group of employees that are assigned to them and guiding them to completing the tasks/activities in the allocated time frame. We will be comparing the effectiveness of each CEO based on the completion of the tasks. After the activities, there will be a survey handed out to the CEO's and employees asking them their opinions on the day, and the events they participated in. he limitation to this experiment is, again, time. We unfortunately, may not be able to get all the employees and CEO's together under one roof at the same time, and therefore would not be able to complete the experiment. If this is the case, then we will have to come up with an altered experiment. The assumptions we are making for this experiment is that the groups (employees) have equal or similar abilities. This way one CEO will not have an advantage over another CEO based on their group's individual abilities. Also, another assumption we are making is that at the end of the activities, the CEO's and employees will answer our survey honestly.

Our last hypothesis, is strictly qualitative, and will be analyzed using surveys and interviews. We are going to interview/survey Board of Directors, current CEOs, and employees. We plan on interviewing the Board of Directors and the CEOs in order to receive more information and more complete answers, or opinions. We will be only giving surveys to the employees to fill out, as we will not have the time to interview everyone. The questions we will ask will be about the qualities and personality needed to be a CEO, what is looked for when appointing a CEO, what has changed for CEOs/ what new trends are developing, what is expected from CEOs, etc. The limitation for this process is we will only be getting a small sample size and then making generalizations based on the answers we receive. We will not be able to interview or survey everyone, so our answers may not be 100% true. The assumption we are making is that the people we ask questions to will answer everything to the best of their ability and they will respond with their honest opinions.

Data Collection

For our first hypothesis, we will be receiving data from the Board of Directors that are involved in the experiment. These Boards of Directors will come from various Fortune 500 companies, this way we will be making sure to get the "best of the best" people. There may be some travel involved in order to do this experiment though. It simply depends on where the experiment is hosted, and which companies are chosen. Some companies may not have to travel at all, while others may have to travel across the United States.

For the second hypothesis, the specific data will come from the results that the various CEOs provided. These will include, but are not limited to, the time it takes them to complete the activity, the amount of the activity that is completed in the time frame, how effective the team is as a whole (teamwork), how creative the leaders were in completing the activity, etc. The survey at the end of the activity will also provide data that we will be analyzing, and this will contain the participants' opinions on the activities and their leaders. The CEOs and employees will be selected from various Fortune 500 companies. We will make sure to include all female CEOs from these companies to make sure they are fairly represented. Like the last hypothesis, there may be some travel involved in order to get to the event. It depends on where we decide to hold the event, because we want to make sure it is convenient for the CEOs. We will accommodate to them, not the other way around.

For our final hypothesis, we will be receiving our data from the responses we obtain from the interviews and surveys we will have already conducted. With these responses, we plan to analyze them, and then compare their responses to research that we have already found, to see if there is any correlation between the two. If we can determine that the answers we received match information that is already published, then we will be able to better validate our findings. We will be conducting these interviews with various Fortune 500 companies around the United States and we will not limit ourselves to strictly California based companies. We want to make sure that we get a broad variety of responses and opinions. We also want to make sure that some of the companies we interview currently have female CEO's, so we get their perspective as well. We will definitely need to travel in order to accumulate all of the responses we need, because these companies headquarters are located around the United States. We will travel to the companies, and we will not ask the companies to come to us. We also want to do face-to-face interviews, so on the phone or over email will not suffice. This way we will be able to assess the interviewees' body language as well as tone more effectively.

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