

Women in Leadership

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Doing the right thing is Good for the Bottom Line, for Organizational Culture, for CSR, and for Brand Image

... Just to Name a Few

In the Stone Age of global business (we're talking last century here), companies focused on generating shareholder value with little concern for how they were perceived as "citizens." The people who ran those companies (yes, predominantly men) could maintain a singular focus on profit-making to the exclusion of other important factors that contribute to the well-being of society. Not always included in this picture were:

- Commitment to issues like gender equity, diversity, and inclusiveness
- Mentoring women for leadership roles
- Authentic stewardship of natural and human resources
- Alignment of operational actions with espoused values

Although these considerations were no doubt discussed during planning sessions and board retreats, and perhaps even elevated to "priority status," few substantive initiatives were implemented to ensure meaningful progress in these areas that are now recognized as key to a healthy society and to long-term success for organizations.

That epoch is over. Welcome to the new era with leaders who not only keep an eye on the bottom line, but also cultivate diversity in their organizations and demonstrate a strong commitment to Corporate Social Responsibility (CSR). Success in this new era is coming to those with robust organizational mechanisms to ensure women's professional growth and development that lead to more women in positions of influence and power. Mission statements now include a focus on values like inclusion, equity, diversity, stewardship, authenticity, and corporate citizenship. It is no longer enough to make a profit or to "not be evil" (Google code of conduct motto that was replaced with "Do the right thing" when Google morphed into "Alphabet" in the New Millennium) or even commit to producing the best quality products and services for the customer while adhering to the highest ethical standards and all the other platitudes that found their way into corporate mission statements. Financial performance is now accompanied by, indeed it is achieved by, doing the right things to align with a much broader range of societal values and expectations.

The evidence is in and it's conclusive

- Recent statistics show gains (albeit insufficient gains) in the number of women in business leadership positions
- Research and analyses conclusively illustrate the positive impact of female leaders on organizational performance across numerous success metrics
- Mentoring and the identification and development of women and ethnic minority leaders is of critical importance
- Women are applying a profound influence on corporate social responsibility (CSR) initiatives

- Female leadership significantly enhances a brand's reputation

Under-Representation of Women in Leadership

The proportion of women in organizational leadership positions is increasing, but haltingly, with one step back for every two steps forward. Despite recent gains, female executives continue to be under-represented in senior positions. Here is a sampling of relevant statistics:

- In 279 companies in North America, comprising 13 million employees, women occupy 23% of C-suite positions (reporting directly to a CEO) (study by LEAN IN)
- Among the world's 500 largest companies, 10.9% of senior executives are women (Weber Shandwick Gender Forward Pioneer Index)
- Among the bellwether Fortune 500 companies, 25 had women CEOs in 2018, a decrease from 32 the year before (Credit Suisse)
- Of the 234 companies that own nearly 2000 of the world's most recognized consumer brands, only 14 have a female CEO's and nine have zero women in senior leadership or board positions (27/7Wall St.)

Not only do these statistics reveal an intractable gender equity issue, they also represent wrongheaded business decisions. Why?

The evidence that more women in senior leadership roles enhance organizational performance is undeniable. Examples abound:

- Companies with 24% female representa-

- tion in management positions experienced an annualized return of 22.8% over a five-year time horizon; those with 33% female representation in management experienced a 25.6% annual return. (Are we discerning a trend here?) The return for the average company during the period of study was 11 percent (Credit Suisse).
- Increasing female leadership from 0% to 30% is directly associated with a 15% increase in net margin (Peterson Institute for International Economics)
 - “We find clear evidence that companies with a higher proportion of women in decision-making roles continue to generate higher returns on equity while running more conservative balance sheets,” stated the Credit Suisse report. “Where women account for the majority in top management, the businesses show superior sales growth, high cash flow returns on investments, and lower leverage.”
 - A study of 353 Fortune 500 companies showed that organizations with a high representation of women in senior leadership positions had a 35 percent higher return on equity and 34 percent higher total shareholder return than male-dominated firms (Catalyst)
 - an analysis of 11,000 companies, those with female CEOs or board chairs had a 25 percent annualized return over an eight-year time horizon, compared with 11 percent for a contemporaneous index of firms (Nordea)
 - California, the top 25 companies with the highest percentage of women executives and board members experienced a 74% higher return on assets and equity than the broader pool of companies surveyed (University of California-Davis)

How do women so dramatically enhance business performance?

Attributes that make women more effective

Women instinctively employ more of the character attributes that generate success in the modern workplace. The male-dominated command-and-control enterprises of the 20th century have been succeeded by a diverse workforce that demands participation in organizational life in ways that were not even thought of 30-50 years ago.

Women leaders employ five of the nine most important leadership behaviors that lead to improved organizational performance more consistently than do men, including: people development, expectations and rewards, role modeling, inspiration, and participative decision-making (McKinsey).

Women also perform better than men in these leadership functions:

Promoting a welcoming culture

- Demonstrating empathy
- Managing complexity
- Insisting on respect for the environment
- Operational ethics
- “Reading” people
- Engaging employees
- Providing meaningful performance feedback
- Giving recognition
- Placing people in roles for growth and development

Finally, women-led organizations are more likely to have fully developed diversity and inclusion programs, including awareness of bias and an appreciation of differences (University of North Carolina study).

The Glass Cliff

An unfortunate side effect – or unintended consequence – of advancing women into senior leadership positions is the “glass cliff.” The glass cliff is a phenomenological cousin of the glass ceiling – the invisible barrier that has prevented more women from attaining executive positions. The glass cliff construct holds that women are elevated to positions of power when things are going badly, when circumstances are conspiring against a leader’s success, and when the prevailing thought becomes, “everyone else has failed, so let’s try something different.”

Women and ethnic minority leaders frequently enter “glass cliff” situations with their eyes wide open – with full awareness of the challenges that await them. But many choose to accept such positions because they sometimes feel it is their only (or best) opportunity to demonstrate what they can do as a leader.

There is a secondary, “doubling down” dynamic associated with the glass cliff. If a woman “fails” as a CEO, the likelihood that she will be given another equivalent opportunity is much lower than is true for male executives. Women leaders have gone over the cliff in recent years at the New York Times, at Yahoo, at Avon, and at Hewlett-Packard.

The glass cliff is bad-times-two:

1. The organization is in a precarious position? Bring in a woman!
2. We’re still not happy with the way things are going? Fire the woman (and, generally, replace her with a white male, marking a conscious or unconscious return to the status quo).

Diverse Companies Attract Top Talent

In a highly competitive job market, organizations need any edge they can leverage to attract top talent. One of the most over-looked advantages is this: in companies with the best reputations in their industries, there are twice the number of women leaders as in peer organizations (Gender Forward Index). Further, more than two-thirds of job seekers examine workforce diversity when evaluating offers of employment (Glassdoor). Among women job seekers, 61% place a strong emphasis on an organization’s gender diversity in senior positions.

Two states have mandated gender diversity in leadership. In California, a state law requires prescribed numbers of women on the boards of publicly traded companies (the numbers escalate to account for the size of the board). New Jersey has followed the California model to guarantee equitable representation.

Women Leaders = Success with Corporate Social Responsibility

Numerous studies have been conducted in the past several years that provide conclusive evidence: the more women an organization has in positions of governance (i.e. on boards of directors) and in executive staff positions, the better that organization’s performance is on critical CSR measures.

And a company’s CSR performance can formulate up to 40% of an organization’s overall reputation. That is a substantial figure and one that is likely to increase with the continued proliferation of consumer peer review platforms on social media, which fuel the “word on the street” about a company’s social actions and belief systems.

In an extensive study of corporate boards of directors in 2017, researchers Allison Cook and Christy Glass found that the presence of women directors positively influenced a firm’s performance record on a broad array of CSR measures. A report in 2018 by McKinsey & Co. found that organizations that placed in the top quartile for gender diversity outperformed peer companies by 21 percentage points. Researchers at Harvard Business School and Catalyst, a global research firm, concluded from their joint study that gender diversity in boardrooms is directly linked to effective CSR governance and best practices.

Many global enterprises have dedicated a portion of their CSR resources to women’s financial literacy programs. These training initiatives focus on managing household finances, developing entrepreneurial business

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skills, micro-lending, and understanding salary negotiations. There are complex social, economic, cultural, and political subtleties associated with these types of programs; women leaders in CSR roles are navigating household decision-making dynamics, access to resources, and a multiplicity of other factors to ensure program success.

CSR programs may touch on such issues as women's reproductive health, gender-based violence, nutrition, racial/ethnic biases, and other systemic causes of women's inequality. Women leaders have a resonance with such concerns that many men may lack; many having confronted such issues themselves in their journey to organizational leadership.

It is clear that women executives bring a different perspective to CSR. They tend to possess a more insightful and informed standard of equity and fairness than do men. They tend to be more rounded and nuanced communicators, with an innate ability to listen as much as they talk. And they are more naturally disposed to empathetic discourse and actions. Equity, communication, and empathy all are hallmarks of successful CSR strategies.

How Can Organizations Help More Women in Their Growth and Development?

How do organizations foster the professional growth and development of more women to accelerate their representation in leadership positions? And how can a company's performance rise concomitantly?

An elemental component of the professional development of women is mentoring.



A study by Heidrick & Struggles, an international executive search firm, concluded that more than 75% of respondents believed mentoring was of critical importance to their career development. However, women may find it challenging to connect with a woman mentor who can share experiences from the same gender perspective. To wit: in the same study, only 27% of respondents said their organizations possessed formal mentoring programs and only 9% found a mentor through a formal program.

Not all mentoring relationships need to be formal (which are characterized by a matching process facilitated by an organization, such as an employer or a college alumni association). There also are coaching and connector relationships. Coaches typically are professionals within a woman's organization of employment but not their manager/supervisor. Coaches can assist in the identification of skill gaps, provide advice on how to navigate certain work situations, and push their protégés out of their comfort zones. Connectors facilitate networking,

introducing women to other influencers for informal, ad hoc advice and counsel.

Many employers are forming women's mentorship programs that feature multiple objectives: the attraction of top women talent, the focused development of women, and their retention and advancement. The hallmarks of the most successful of these programs are:

- Form a group of women employees to lead the program. This group does not need to be composed of professionals from Human Resources, but rather women from around the organization who have expressed a desire to participate.
- Enlist women in leadership positions. Ask the highest-ranking women to actively participate, either as mentors or as sponsors of the process.
- Create measurable goals for the program. What gets measured gets accomplished, so be aggressive about establishing objectives for the number of women participating in a mentoring program and, of course, measure how many advance into positions of leadership.
- Build in accountability. Many organizations facilitate mentor relationship match-making, but then bow out of the process. The best programs ensure accountability of both the mentors and protégés, requesting occasional progress reports and designating certain days, times, and physical spaces for mentoring meetings to occur. Best-practice processes begin with mentor training, discussing the types of engagements that are most beneficial and drawing appropriate lines between advising and directing. Protégés, too, are trained on how to take control of their relationships and how to extract the maximum value from their mentors.
- In some instances, women mentoring relationships have reached beyond the bounds of the individual-advising construct and have influenced large-scale organizational policy. Such issues as gender compensation equality, work-family balance, and sexual harassment have been influenced by an accumulation of women's discussions.

Women leaders who serve as mentors occasionally become sponsors as well. Sponsor executives know a person's assets, contributions, and potential and can advocate behind-the-scenes for developmental opportunities.

Lottery Is Taking Bold Action

The lottery industry is uniquely positioned to contribute to these important business and societal concerns.

Resources

Weber Shandwick Gender Forward Pioneer Index

<https://www.webershandwick.com/wp-content/uploads/2018/04/gender-forward-pioneer-index-infographic.pdf>

Korn Ferry Institute

<https://www.kornferry.com/institute/women-ceo-insights>

McKinsey & Co.

https://www.mckinsey.com/~media/McKinsey/Business%20Functions/Organization/Our%20Insights/Women%20matter/Women_matter_dec2009_english.aspx

The Peterson Institute for International Economics

<https://piie.com/research>

Credit Suisse

file:///C:/Users/Lee%20Stuart/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/credit-suisse-swiss-gender-report-october-2016

Catalyst

<https://www.catalyst.org/media-release/despite-modest-gains-women-and-people-of-color-see-little-change-in-representation-on-fortune-500-boards/>

University of California-Davis

<https://www.ucdavis.edu/news/more-women-ceos-top-corporate-leadership-still-male-dominated-uc-davis-study-finds>

Glassdoor

<https://www.glassdoor.com/employers/blog/attract-more-women-in-tech/>