WOMEN FORTUNE 500 CEOs

Held to Higher Standards

JEREMEY DONOVAN

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About AMA

American Management Association (www.amanet.org) is a world leader in talent development, advancing the skills of individuals to drive business success. Our mission is to support the goals of individuals and organizations through a complete range of products and services, including classroom and virtual seminars, webcasts, webinars, podcasts, conferences, corporate and government solutions, business books, and research. AMA’s approach to improving performance combines experiential learning—learning through doing—with opportunities for ongoing professional growth at every step of one’s career journey.
WOMEN FORTUNE 500 CEOS HELD TO HIGHER STANDARDS

Katherine Graham of the Washington Post Company became the first female CEO to break into the Fortune 500 list in 1972. Ever since, women’s advocacy groups have been monitoring the progression of women into the highest ranks of business. When Fortune released the 2014 Fortune 500 list of America’s biggest companies, the magazine’s editors cited the good news and what they called the “meh” news. The good news is that the number of women Fortune 500 CEOs reached an all-time high of 4.8%, up from 0.2% in 1998 and 4.2% in 2013.¹

The “meh” news, of course, is that 4.8% is paltry relative to women representing 47.5% of the labor force (according to the most recent statistics from the U.S. Census Bureau). The Census confirmed other widely known, yet still shocking, inequalities women face in the workforce.

The American Management Association, a not-profit organization dedicated to transforming talent in the workplace, dug deeper into the backgrounds of Fortune 500 CEOs and discovered that, in this small but crucial population, women appear to be systematically more qualified than their male counterparts.

First, women Fortune 500 CEOs have more rigorous academic degrees, as evidenced by the following:

36% of female versus 28% of male Fortune 500 CEOs hold undergraduate degrees in science, technology, engineering, or mathematics (STEM).
The average undergraduate school ranking is 163.5 for female versus 167.2 for male Fortune 500 CEOs (based on 2014 Forbes rankings).

The average graduate school ranking is 18.1 for female versus 20.7 for male Fortune 500 CEOs (based on 2014 US News & World Report rankings).

These statistics indicate that women are held to different standards.

Other research supports this observation and indicates that women at all levels are held to a higher standard. For example, despite the fact that more women than men graduated from US colleges with bachelor’s degrees in every year since 1982, only 1.1% of women earn $150,000 or more compared to 4% of men.³
Second, women Fortune 500 CEOs typically have more work and life experience when initially appointed. Specifically, the average age at appointment for females is 52.8 years old versus 50.2 for males.
Third, women Fortune 500 CEOs work their way up the corporate ladder internally. We found that only 20% of females versus 26% of males were appointed from the outside.

Nearly equal percentages of female (60%) and male (61%) CEOs show either no political affiliation or equal political affiliation. Being “a-political” or “bi-political” is less polarizing. Among those demonstrating a political affiliation, women Fortune 500 CEOs are twice as likely to be Democrats as compared to their male counterparts.

In 2013, Steven Davidoff Solomon, a professor of law at the University of California, Berkeley, examined possible root causes for such inequalities despite compelling evidence that companies run by women or with female board-of-director members perform better. Professor Solomon suggested explanations, including: Sex discrimination, male-driven workplace cultures that do not allow women to succeed, childcare responsibilities, and demographic changes.

As Fortune highlighted, the rising number of women Fortune 500 CEOs is a sign of progress. However, the American Management Association’s analysis of CEO education indicates that the largest companies in America still have a long way to go. Based on AMA’s 90+ years’ experience developing leaders, we offer 10 suggestions for leveling the playing field.

10 Things Organizations Can Do to Develop Women Leaders

1. Evaluate. Start with a comprehensive audit of your compensation policies and practices to ensure that discrimination—either overt or unintentional—isn’t occurring. Make sure to:

   • Establish written compensation guidelines, including commissions and bonuses

   • Review hiring practices, especially starting salaries
2. Educate organizational leaders about gender pay gaps and encourage them to support female career development.

3. Expand women’s networking opportunities through internal affinity groups, lunch and learns, and company events.

4. Create an individualized leadership development plan with every employee.

5. Assign a mentor. As this study shows, women who make it to the top often rise up through the ranks of their companies (versus men who are more likely to be hired from the outside). Internal relationships help women navigate the politics of an organization and expose them to new opportunities.

6. Provide private coaching. While mentoring from managers is fairly common, professional coaching is offered by just 15% of employers, according to a study by the American Management Association. Employees often benefit from outside advice and counsel.

7. Invest in training that emphasizes experiential learning, especially for the “soft” skills. It’s often said that women and men communicate differently, and these subtle differences are often touted as reasons why women are not chosen for leadership roles.

8. Establish stretch projects and guidelines to ensure that projects designed to groom future leaders are assigned fairly. Women need experience with high-profile and complex projects to build confidence, credibility, and gain visibility within the organization.

9. Offer flexible work arrangements. Acknowledge that people have a life outside of work and sometimes are in situations where work/life balance becomes more challenging. This is a particular issue for women who are often put in the caregiver role for their children or an elderly parent, though increasingly
this role is shared by men. Flex time, job sharing, telecommuting, and compressed schedules are examples of flexible work arrangements that can really make a difference to working caregivers. Progressive companies even offer women a slightly different leadership track, allowing them to take a less demanding job during childrearing years with the option to revert to a more demanding role later.

10. Focus on global skills. Leaders today must deal with multinational teams on a regular basis and need global skills, including knowledge of local practices, cultural sensitivity, and sophisticated communication techniques. According to the American Management Association, only 19% of companies feel they are adequately training their employees to handle this global shift.

About the Author

Jeremy Donovan is chief marketing officer of American Management Association International. AMA is the world’s leading nonprofit, membership-based management development, research, and publishing organization. Prior to joining AMA, Jeremy served as group vice president of marketing at Gartner Inc., the world’s leading information technology research and advisory company.

References


