Full Length Research Paper

Where the Glass Ceiling Cracks: Features of U.S. Organizations Where Women Rise to the Top

Dawn Harris & Peter Norlander

Dawn Harris: Professor Emerita, Loyola University Chicago, dharri1@luc.edu
Peter Norlander: Associate Professor, Loyola University Chicago, pnorlander@luc.edu

Accepted February 6, 2023

Firm-level efforts to increase diversity are argued to be an important means of advancing women in the executive ranks of corporations. To assess these efforts, longitudinal research is needed on women executives to test the hypothesis that firm-level efforts can succeed over long periods of time. Tracking a subset of firms with 20 percent or greater representation of women in top executive roles in the year 2000, we report that these firms continue to have a higher than average percentage of women in top executive roles in 2015. Gaps in the pipeline, even at these best practice firms, suggest more needs to be done to ensure a steady flow of future women leaders. Executives at these best practice firms report that sponsorship from top leadership has been key to their high levels of women in senior roles. We discuss the implications of these findings for the progress of women in the pipeline and argue that firm-level commitments to diversity by top corporate leaders are essential for further progress.

Keywords: Women Executives, Best Practices, Longitudinal Analysis

Only fifty-five, or 5.5% of CEOs in Fortune 1000 companies were women in the fiscal year ending January 31, 2016, and at current rates of progress, it will take perhaps 100 years for top levels of large U.S. companies to reach gender parity (Fortune, 2016; McKinsey, 2016). Along with individual and governmental efforts to change the trajectory, firm-level action to address an inadequate pipeline of women at higher levels of corporations is a crucial pathway to gender parity (Powell, 1999).

Research at the firm level has made promising advances in the last decade. First, firm-level characteristics can be associated with the presence of a female CEO, including firm sector, size, stability and size (Brady et al., 2011). It is also possible to study below the CEO level and to examine levels of representation in top management teams (Helfat, Harris & Wolfson, 2006, hereafter HHW). Levels of gender representation have been linked to different firm-level outcomes. For example, firms with greater representation of women on top management teams have enhanced firm reputations, experience better performance in innovative fields, and better motivate women in middle management (Bass, 2019; Dezső & Ross, 2012; Bear, Rahman, & Post, 2010; Miller & Triana, 2009). This may be due to the role of diversity in frequency of strategic change (Wu et al., 2019). While these advances in knowledge have been made using different samples of large U.S. firms, there has been relatively little long-run tracking of firms to see whether women routinely rise to the top at some firms. In this paper, we address that question and two other critically related matters: first, are some firms, which we deem “best practice” firms, superior to other firms with regards to gender representation in their top executive pipeline for long periods of time? If so, how are such best practice firms different from other firms? Finally, what can be learned from best practices at these firms?

We study the gender pipeline at “best practice” firms-20% or more women in top executive roles- and track their change from 2000 to 2015 and demonstrate first that these firms are not a statistical fluke. We present evidence showing that these firms are doing something different than most firms that enables them to maintain an edge in the placement of top women executives over other firms. Second, we provide a detailed report on how best practice firms are different. We find that men and women in best practice firms have generally similar age and tenure profiles, which is not the case at comparison firms. We also find that gaps in the pipeline, even at best practice firms, suggest more needs to be done to ensure a steady flow of future leaders. Finally, we question the top executives at best practice firms, asking how they achieved the superior gender balance at the executive level. We find that executive sponsorship matters immensely – across the companies we studied, board-level, founder, or CEO backing for gender parity in executive roles was in every case described as the reason for greater diversity.

These findings carry theoretical and practical implications for the growing literature on the gender representation gap. Just as female representation on boards is associated with greater
likelyhood of appointing a woman CEO (Elsaid & Ursel, 2011), this research suggests that top-level support for gender parity is essential at ranks below the CEO. This study also follows a thread raised in research that takes an individual focus on how women advance. When asking women directors about how they advanced (e.g., Vinnicombe & Singh, 2003) or how they managed work-family tensions (Ezzedeen & Ritchey, 2009), studies report that individual women’s perceived barriers are often related to broader organizational policy or cultural barriers. Thus, this study adds to the calls for a greater focus on changes needed at the firm-level to enhance women’s representation.

This paper is organized as follows. We first present the motivation for this study – the reasons why firms should encourage diversity, and major reasons why firms are not more diverse. We then consider how the study of specific best practice firms can address the gender representation gap. We discuss our empirical strategy for studying these firms and present an analysis of the 1,000 largest U.S. firms, a detailed comparison between best practice and matched firms, and the results of our survey with executives. We conclude with a discussion of the implications of these findings for theory, for future research, and for proposals to address the gender representation gap.

The Advantages of Diversity

Calls for companies to accelerate efforts to diversify their top management teams often cite, and many firms often cite, the likely benefit firms will receive from diversity. As an executive of a Fortune 1000 firm with one of the highest percentages of women in executive leadership told us: “There’s just a ton of benefits. You’re going to run better than competing companies.” Benefits of diversity cited by the executive include a company largely free from lawsuits related to gender harassment, as well as a workforce freer from bullying and harassment, a more motivated workforce, and an easier job recruiting top talent. Diversity is also cited as an attractor, and companies that are not diverse may lose key talent. As another Fortune 1000 executive shared, “[women] are increasingly more selective when choosing the companies they work for — a company with a culture that supports women will attract more women.”

Research supports the view that diversity can bring a competitive advantage. Greater diversity among top management teams can increase the number of perspectives available to solve problems, and enable better adaptation to changing environments (Certo, Lester, Dalton, & Dalton, 2006; Hambrick & Mason, 1984). Women bring unique values and experience, which can improve firm strategy when incorporated into decision-making (Nielsen & Huse 2010). Racial and gender diversity may also enhance governance through the advancement of individuals who are likely to be more independent of management (Colaco, Myers, & Nitkin, 2009). At the ground-floor level, McKay, Avery, & Morris (2008) found that stores with a climate favorable to diversity experience large increases in sales per hour. Increased diversity climate perceptions are also correlated with a decrease in turnover intentions (McKay, Avery, Tonidandel, Morris, Hernandez, & Hebl, 2007).

The academic literature has highlighted the importance of diversity and the reasons for a lack of gender parity (Brett & Stroh, 1999). If many good reasons exist for diversity, cited by both leading firms and academic research, given these advantages to greater diversity, why haven’t women made more progress toward the apex of firms?

Reasons for the Lack of Diversity

Three major explanations for why diversity continues to be lacking continue to shape the conversation (Powell, 1999). Person-centered explanations suggest that women select out of competing for top positions. One aspect of the discussion at top executive levels encourages women to “lean in” more, compete, challenge stereotypes, and make more choices to advance their careers (Sandberg, 2013). Academic research has found gender parity outcomes can be attributed to differences, for example, in negotiation style (Small, Gelfand, Babcock, & Gettman, 2007), or work-life balance expectations (Schweitzer, Ng, Lyons, & Kuron, 2011). Women are less likely to negotiate job offers (Greig, 2008), and are also less likely than men to apply for external executive positions if they have been rejected in the past (Brands & Fernandez-Mateo, 2016). Fewer women may remain in the pipeline due to factors such as work and family tradeoffs. Since women spend more time on work in the home (Smith, Smith, & Verner, 2013), they may opt out of top management positions that require a significant commitment of time. Managerial and family sexism, even when “benvolent,” may also limit women’s ambitions (Hideg & Shen, 2019). Women may also put less inherent value on money or position. If women perceive their abilities differently (Correll, 2004) or choose to apply for lower status jobs (Fernandez & Mors, 2008), then there might be limited consideration of these women for senior executive positions. These person or individual centered explanations suggest that many women still find that workplace practices limit their ability to manage family and work responsibilities (Mooney & Ryan, 2009).

By contrast, social-system centered explanations focus on the barriers that women face: discrimination and harassment based upon sex, for example. While one in four women report being harassed at work, six in ten women report experiencing gender harassment such as hostile behavior due to their gender (Feldrum and Lipnic, 2016: 9). For women to advance, government and business leadership is necessary to end such systemic barriers. Not only is sex discrimination illegal; harassment also costs firms in decreased productivity, reputational damage, and increased turnover (ibid: 17). Such societal or system-based explanations, however, often fail to identify the party or parties responsible for gender inequities, and by casting a wide net, fail to offer specifically targeted recommendations that individuals or firms can take.

Situation specific, or firm level, explanations of the gender imbalance focus on the organizational circumstances of women...
at specific firms that affect differential hiring and promotion patterns for women and men. As the label suggests, “situation specific” causes of the gender representation gap include a large number of causes that are difficult to tie together. For example, firms that implement diversity programs often fail to achieve their goals because of a top-down control mindset (Kalev, Dobbin, & Kelly, 2006; Dobbin & Kalev, 2016). Firms with biases in recruitment and promotion (Correll, 2001; Cuddy, Glick & Beninger, 2011) may benefit from training on unconscious bias. Court mandated oversight can increase organizational accountability through specific recruitment and monitoring programs (Hirsh & Cha, 2016), and having a high-level executive who signs the EEO-1 report is associated with increases in women’s representation in management (Graham, Belliveau, & Hotchkiss, 2017). Despite knowing that circumstances at some firms favor women more than other firms, more can be learned about why some firms outperform others, and whether those firms that do outperform can do so over a long period of time. In the following section, we outline why it is necessary to study firms that do outperform others.

Why Study Best Practice Firms?

While interest in the pipeline of women in top management has been strong, the conversation has shifted since the turn of the century. A recent McKinsey/Lean In survey (2016; 20-24) suggests top level commitment to gender diversity is increasingly strong, as 62% of senior leaders say that gender diversity is a personal priority and 44% of companies indicate that they set pipeline targets for gender diversity. However, even at companies with a stated commitment to diversity, there are doubts about how committed organizations are to execute a gender pipeline strategy. For example, one reason that women and men are not promoted at the same rates is access to networks: high potential women are mentored more but have less access to CEO and senior executive mentors than men, and are less likely to be promoted (Ibarra, Carter, & Silva, 2010).

According to the McKinsey/Lean In data (2016; 20-24), while 62% of leaders say gender diversity is a personal priority, only 32% of employees say managers are held accountable, and only 9% say that managers are recognized for progress on gender diversity. McKinsey (2016; 18) reports that while “commitment to gender diversity is at an all-time high, companies don’t consistently put their commitment into practice, and many employees are not on board.” In the context of gender diversity on boards, Huber and O’Rourke (2017) highlight how “some progressive companies are taking the lead” and suggest that “their experiences are salutary for those that are lagging behind and want to better understand how to make change happen.”

We identify and track a subset of companies that had the highest percentage of women in executive leadership at the dawn of the 21st Century. Using comprehensive data from the 1000 largest firms in the U.S. in 2000, HHW provided the first fine-grained analysis of gender representation at the top executive ranks of the largest publicly traded U.S. firms. HHW’s comprehensive dataset from 2000 was used to estimate that only 6% of women would be CEOs in 2016. According to the HHW data from 2000, only 64 firms had women in 20% or more of their top executive roles – given acquisitions and changes in ownership, only 30 of those companies remain intact in the Fortune 1000 in 2015. We conduct a fine-grained analysis of these 30 “best practice” companies using 2015 data, and a matched comparison sample. We additionally perform a time-series data analysis with large data, and an open-ended survey of top executives to study whether, and then how, these firms stand apart from their peers.

Research Questions

We investigate three related questions: first, are some firms, which we deem “best practice” firms, superior to other firms with regards to gender representation in their top executive pipeline for long periods of time? Best practice firms from an earlier time period are important to revisit given the concern surrounding the commitment to gender representation. One hypothesis is that best practice firms might simply be “lucky”; whether they maintain their higher levels of representation of women in their top management teams over long periods is an important empirical question to identify whether or not some firms really manage diversity better. It is possible that companies that once led the way have faltered since then, and these firms are important to study in order to accurately understand the progress and possible limitations to future advancement of women in the pipeline to the CEO role. Although small in number, changes in the representation of women in the firms that were leading in 2000 can suggest, as representation continues to slowly increase on average, whether progress at the exceptional firms is assured or is vulnerable to setbacks.

Second, we ask how, if best practices firms are different, such firms are different from other firms with respect to the advancement of women in top management teams? Differences in tenure, background, and seniority level in the corporation could mean that the path for women to advance is different than the path for men. We make detailed comparisons between the men and women in the top management teams of both best practice and non-best practice firms.

Finally, we seek to assess what can be learned from best practices at these firms? Among the firms that have better than average representation of women, we collect qualitative data to learn more about how they explain their success in recruiting and maintaining a high number of women in top management.

Methods

The Database Samples

To identify best practices for those organizations interested in increasing gender diversity, we study top management teams at best practice firms. Top management teams refer to the individuals just below the CEO who are responsible for decisions throughout the firm and are responsible and influential for setting firm strategy and performance (Finkelstein & Hambrick, 1996). These top executives have a reasonable likelihood of advancing to the CEO role. The significance of
women achieving the CEO position is important and supported by research demonstrating that CEOs have a significant real impact upon firm performance, and a symbolic impact for the outside world (Hambrick & Mason, 1984; Hayward, Rindova, & Pollock, 2004).

Datasets
Choosing best practice firms to study requires a definition and a baseline against which to benchmark; the present study draws a sharp cutoff, focusing only on firms from the year 2000 that had 20% or more women in the top management teams, according to HHW (2006). The initial dataset consisted of 64 companies but was reduced to 30 due to acquisitions, private ownership, or firms that ceased to exist. Information was hand-coded from 277 short biographies of every individual in the List of Executive Officers reported in the annual 10-K report to the Securities and Exchange Commission or in proxy statements for 2015. Hand-coding ensures accuracy and completeness.

Focusing on a small number of top executives at best practice firms has advantages and limitations. First, we can ensure data integrity and conclusion accuracy by hand-coding data from these firms. Second, while a single point in time analysis can find whether firms with higher levels of women in executive roles adopt specific programs, prior research has not examined longer run historical data to test whether best practice firms can sustain their high levels of representation. Thus, our “best practices” subset of 2000 data is a good sample to use as a benchmark to test whether or not organizational practices matter. The limitation of examining best practice firms in isolation, however, is that this dataset is unable to speak to what is happening at other firms.

For this reason, we construct two datasets. First, we construct a “big” dataset of executives of the one thousand largest publicly traded U.S. firms using Ward’s Business Directory, which provides limited biographical data on 99,799 top executives of large firms, including name and job title, for years 2010-2017. We classify each executive’s gender by comparing the first names of these executives with the identified gender on the first names of all persons born in and issued Social Security cards in the U.S. from 1932-2012. We can thus demonstrate what has occurred in the past at the population level for large firms in terms of gender representation at executive levels. Ward’s data on the largest firms also enables comparison over multiple years.

Ward’s data also has limitations. There are unwanted additions and omissions in the dataset. Ward’s compiles executive names from filings with the Securities and Exchange Commission (SEC), corporate annual reports, media reports, and from company reported data. The best practice and matched comparison firms (more below) that we analyze in detail for 2015, and that HHW (2006) analyzed for 2000, by contrast, are hand-coded from SEC filings to ensure accuracy. Ward’s data does not include executive age or tenure.

To complement our best-practices sample and address certain limitations in the Ward’s data, we construct a second dataset, a hand-coded matched dataset of 307 top executives at 30 matched comparison firms to enable us to make detailed projections for non-best practice firms. Projections of gender representation for the future rely on detailed information about tenure and role. The 2015 matched comparison dataset was created by matching each of the 30 best practice firms to a similar size firm from 2000. We used a systematic process to identify the nearest non-best practice firm in terms of 2000 revenue: for every best practice firm, its closest neighbor in terms of revenue was considered for inclusion in the matched comparison dataset. Both the best practice and the matched comparison firm must have existed in both 2000 and 2015. As with the best practice sample, we removed from consideration firms that no longer existed, whether due to private ownership or acquisitions. The parent industry classification of the best practice firms and the matched comparison firms are similar in terms of industry composition.

Coding Data
In both the best practice and matched comparison practice group, several variables were hand coded to compare the jobs and career patterns of women versus men. To determine the relative authority and status of top executive women in each best practice firm, the relative rank within each top executive hierarchy was hand-coded for each female and male executive (see HHW, 2006). To gauge whether firms used early promotion and outside hiring more often for women than for men, the number of years in his or her current position and the number of years worked at the company was also coded. Other data was also collected on the age of the executive, industry, and number of corporate officers reported by each company. Hand-coded data ensures that only executives that companies listed in their official reports are recorded which prevents over or under-reporting of the number of women executives by firms.

Results
Are Best Practice Firms Different from Other Firms?
We first compare best practice firms with matched comparison firms and the 1,000 largest publicly-traded U.S. firms using the Ward’s data. In Figure 1, we demonstrate that the best practice firms have over 25% women in each year from 2010-2017, while the top executive ranks of matched comparison firms and all firms remain below 20% women. We can see that best practice firms are significantly different from the other firms in every year: they do outperform other firms on gender representation.

We note that the universe of large firms is not significantly different from the matched comparison firms in terms of gender representation levels, but that the best practice firms consistently have a greater percentage of women in top executive roles. While progress for women has occurred gradually at the 1,000 largest firms, best practice firms hold a lead.
We now switch to the more precise hand-coded best practice data, and find again that best practice firms outperform matched comparison firms: contrasting the 57% of firms with at least one woman in the best practice sample to the 13% in the matched sample, we reject the null hypothesis that there is no difference in the proportion of women in executive roles in these two types of firms \( \chi^2(1, N=60) = 12.55, p < .01 \). Sixty-seven percent of matched firms have one woman or zero women, compared to 23% of best practice firms \( \chi^2(1, N=60) = 11.54, p < .01 \). All of the matched firms have at least four executives who are men.

We also find that the progress of women at best practice firms is overall stagnant in 2015 compared to their levels in 2000. Among best practice firms in 2000, 77% of executives were men. For these same firms in 2015, 71% were men. The change from 2000-2015 was not statistically significant \( \chi^2(1, N=60) = .28, p = .60 \). We find that while female representation in best practice firms has been overall stable, a significant number of firms have dropped out of “best practice” status, while others have increased their representation of women. According to the selection criteria, one hundred percent of best practice firms had more than 20% women in 2000. By 2015, significantly fewer, 76 percent, of these firms had more than 20% of women \( \chi^2(1, N=60) = 8.05, p < .01 \).

Thus, there is some evidence of reversion toward the mean – a little less than a quarter of companies in the best practice sample (23 percent) had one woman or no women executives, as indicated in Table 1. Even at best practice firms, there is a distance to be traveled for real gender parity.

<table>
<thead>
<tr>
<th>Number of Executives per Firm</th>
<th>Best Practice Firms</th>
<th>Matched Comparison Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Women per Firm</td>
<td>Percent of Best Practice Firms</td>
<td>Number of Best Practice Firms</td>
</tr>
<tr>
<td>0</td>
<td>1.33%</td>
<td>5</td>
</tr>
<tr>
<td>1</td>
<td>2.00%</td>
<td>13</td>
</tr>
<tr>
<td>2</td>
<td>10.31%</td>
<td>6</td>
</tr>
<tr>
<td>3 or more</td>
<td>43.13%</td>
<td>4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

**How are Best Practice Firms Different?**

Women at best practice firms had greater than “token” status. Women may choose not to accept higher roles when they would be the lone woman on a corporate board, for example (Rowley, Lee & Lan, 2015). When we compare the proportion of women in firms to the proportion of men in best practice firms in 2015, we find that the proportion of firms with at least three women (57%) is significantly less than the proportion of firms with at least three men (100%) in the top executive levels \( \chi^2(1, N=60) = 16.16, p < .01 \). HHW found that in 2000, the higher the total number of executives at a firm, the lower the percent of women who are executives, indicating an L-shaped relationship. This suggested that many women were “tokens” – the lone woman executive among an otherwise entirely male executive team. We present data in Figure 2 indicating a positive relationship at best practice firms between the number of executives and the percent of women in executive roles. This suggests that best practice firms continue to increase their women executive ranks as their executive teams grow larger, and don’t pigeonhole or restrict women to token positions.

Above, we described how some best practice firms have increased their representation of women. In 2015, seventeen percent of best practice firms had three women of executive rank, and another twenty-seven percent of the sample had more than three executive women. This can be contrasted with 7.22% of firms in 2000 with three or more women, representing a significant increase in the number of best practice firms with three or more women executives \( \chi^2(1, N=60) = 10.49, p < .01 \). In 2000, 29% of best practice firms had only one woman executive, compared to 20% in 2015, a non-significant difference.
The majority of women held positions below levels 1 and 2 in 2015. Levels 1 and 2 combined have 20 percent of the total number of women and 37 percent of men. Sixty-three percent of women had attained either level 3 or 4 in the hierarchy. In comparison, for all firms in 2000, women in levels 1 and 2 were only 1.7% of the total number of women, compared to 16.75% of men. In levels 3 and 4 combined, the women were well represented with 64 percent and the men with 54 percent. Thus, women were better represented in levels 1 and 2 at the best practice firms and not relegated to token status.

**What are the Best Practices at Best Practice Firms?**

We received substantive engagement from at least one representative at 7 of the 30 companies. When asked why their firm had more than 20% women in 2000, a very consistent pattern emerged from senior executives at Fortune 1000 best practice firms. Executive sponsorship was responsible for the advancement of women:

“Our CEO was committed to improving gender representation in our senior ranks,” said one executive.

“CEO had a laser focus on ensuring opportunities for women in leadership roles.”

“[Founder] valued diversity before anyone else was talking about it - it is his legacy.”

“Strong executive leadership from female CEOs and many female executives that have been part of [company] culture.”

“The company made a concerted effort to recruit women in 2000 to ensure that our workforce and leadership represent the diversity of our communities.”

Commitment from what we deem Level 1 -- the CEO and the founder -- mattered a great deal to the executives at best practice firms. This is consistent with the view of scholars who emphasize the symbolic, strategic, and key decision-making role of the CEO (Finkelstein & Hambrick, 1996; Hambrick & Mason, 1984; Hayward, Rindova, & Pollock, 2004). When asked to what they attribute current levels of gender representation, executives again reiterated the importance of top level commitment:

“Top Leadership commitment to make progress.”

“Our CEO's (and general executive) focus is augmented by a strong talent development/succession planning process.”

“Emphasis on gender diversity from board & top executives.”

“Strong diversity from the board level down and this is replicated throughout the company and sets the tone for a very strong culture.”

“Our strategic execution begins with ongoing support from our Board of Directors and our Executive Leadership Team.”

“We started at the top and leveraged executive Sponsors as advocates …”

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\( \chi^2(1, N=60) = .65, p = .42 \). However, in 2000, 52% of best practice firms had more than one woman, compared to 77% in 2015, a significant improvement \( \chi^2(1, N=60) = 4.03, p = .04 \).

In summary, these data show that about one quarter of the best practice firms had one woman or no women executives. The matched comparison group fared worse: 67% of firms had one woman or no women executives. However, as seen in Table 1, at 43% of best practice firms, women were well beyond token status, with more than 2 women executives. In these best practice firms, women executives on average had similar ages and tenure with men.

**Job Positions**

We found that women at best practice firms are not relegated to token status and this is supported by a closer examination of the job positions that women held. The job positions data provided information on whether women or men held more influential positions. We investigated where women rank relative to men in the top executive hierarchy.

The total number of executives and the number of women and men at each level of the executive hierarchy are reported in Table 2. A rank of 1 was the highest possible within-company level in the hierarchy and a 6 was the lowest rank. For example, a chief executive officer would be coded level 1, while a chief operating officer would be coded level 2, and so on (a more description of this coding scheme is included in HHW (2006)). At the top of the hierarchy in best practice firms, level 1, only 15 percent (5 out of 33) of executives were women. At level 2, 13 percent (3 out of 23) were women second-in-command executives. At level 3, 11 percent are women. Below level 3, the number of women represented rose dramatically, 24 percent at level 4, 35.5 percent at level 5, and 52% at level 6. In matched comparison companies, only 6% of the highest-level top executives are women, and there are zero women at the second-highest level. The highest percentage of women is at level 6, where 19% of executives are women.

**Table 2**

<table>
<thead>
<tr>
<th>Level in the Hierarchy</th>
<th>Best Practice Firms</th>
<th>Matched Comparison Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>( \text{Total Number of Executives Per Level} )</td>
<td>( \text{Number of Women Per Level} )</td>
</tr>
<tr>
<td>1</td>
<td>13</td>
<td>2</td>
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<td>2</td>
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<td>3</td>
<td>9</td>
<td>3</td>
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<tr>
<td>4</td>
<td>62</td>
<td>20</td>
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<tr>
<td>5</td>
<td>107</td>
<td>28</td>
</tr>
<tr>
<td>6</td>
<td>22</td>
<td>12</td>
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</tbody>
</table>

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Discussion and Conclusion

We present several findings about the progress of women at best practice firms based upon our analysis. First, we ask if best practice firms are different? We find that best practice firms identified in 2000 had long-run differences in gender representation some fifteen years later. Compared to both the largest 1,000 firms in the U.S., and a matched comparison sample, these best practice firms had significantly more women fifteen years later. We do find some firms in the subset of best practice firms fall backward. In addition, the number of women in each level varies substantially in the pipeline at best practices firms. Although the pipeline even at best practice firms does not appear to have a steady flow of women, one level after another, these firms are still outperforming their peers fifteen years later.

Second, we ask how are best practice firms different? While progress is uneven, we forecast how far firms have to travel to move away from “token” representation, when firms have only one woman, or women isolated in certain roles. HHW report a sharp decline in the percent of women executives as the total number of executives in a firm increases suggesting that many firms with women executives only had “token” representation. In contrast, best practice firms in 2015 demonstrate a positive relationship between the number of executives and the percent of women of executive rank. Forty-three percent of best practice firms had three or more women in their top management teams in 2015. In contrast, only 7.22% of Fortune 1000 firms had three or more women in 2000 (HHW, 2006), and only 13% of a matched comparison group from 2015 have three or more women. This indicates that many best practice firms have retained and advanced women well beyond “token” status.

Another novel finding relates to the detailed reporting and forecasting this analysis allows us to make about best practice firms relative to other firms. We find women and men at best practice firms are very similar to one another in terms of age and tenure. In contrast, for all Fortune 1000 firms in 2000, women were significantly younger, had less tenure with the same firm, and were in their current position for shorter time periods (HHW, 2006). Thus, a sizable share of best practice firms are recruiting and promoting women and men to the top executive ranks in a similar manner, in contrast to other firms.

Implications for Theory

Ultimately, the business case for diversity, while strengthened by research in the past decade, is not the only reason to encourage greater representation. The increasing interest in diversity rests not only upon the interests of individuals and firms but may also be in part due to changing “labor-market imperative(s) and societal expectation(s) and value(s)” (Kochan et al., 2003). Still, many are skeptical about claims that firm’s gender representation policies reflect underlying reality about policy implementation or efficacy. Indeed, it is possible that the proliferation of gender initiatives at companies are little more than “myth and ceremony” or normatively or institutionally desired procedures implemented at large firms to better fit the institutional environment (Meyer & Rowan, 1979).

The finding that some firms really are different has significant implications for theories of the gender representation gap. As others have noted, individual behaviors framed as choices are often difficult to change due to constraints at the organizational level (Broadbridge, 2010), and are in any event inadequate to address the scale of the unequal representation problem. Theorists and analysts of gender diversity must turn attention toward firm-level characteristics that lead to the advancement, or the stalling, of women’s careers. Absent the evidence we present here, academics are often skeptical of claims that some corporations do better than other companies over long periods of time, or that anything can be learned from “best practice” firms or cases. There is a presumption of futility to corporate action, and a sense that any corporate action will have a perverse impact, as is observed in Dobbin & Kalev (2016).

As that paper (ibid) illustrates, how specific programs are implemented matters greatly. Coercive top-down initiatives may fail, while committed top executives will find a way to succeed. Drawing from our qualitative and quantitative conclusions, specific types of gender equity programs, and how they are implemented at the firm level, may matter less than what is not being measured in most studies: top executive-level buy-in at the firm. In the below section, some examples are offered regarding how this difficult to observe variable can be measured. As we demonstrate, while even some best practice companies falter, a large number have demonstrated an ability to advance their pipeline well beyond the overall status quo. While this study has contributed an appreciation to the role of firms in achieving greater progress, there is much more to be learned in the future from further study of best practice firms.

Implications for Research

Our descriptive examination of the data shows that best practice firms really are different when it comes to advancing women into the executive ranks. Future researchers can also seek to calculate the data we have analyzed longitudinally, combined with other firm-level data, to present additional predictors of firms that advance women. In addition, as new firms rise and old firms fall, the factors at the firm level that predict whether a company remains a best practice firm or falters will be important to study.

Our qualitative research shows that top level endorsement matters. While our survey of top executives has limitations, this finding calls for further research. Past research suggests that organizational culture remains a formidable challenge that can hold back the implementation of family-friendly policies (Lewis, 2010). Culture also acts as a mediator of gendered assessments of leadership (Roebuck, Thomas, & Biermeier-Hanson, 2018). Perhaps top level sponsorship can help cut through the barriers posed by culture, as culture is often transmitted through the actions of the top leadership. While few good measures of level of executive sponsorship exist, one that has been studied (level
of executive who signs off on EEO report) finds that higher level sponsorship does predict better diversity on the ground (Graham, Belliveau, & Hotchkiss, 2017). Other studies have found that the gender of top executives’ first child matter for the gender pay gap (Dahl, Dezső, & Ross, 2012). Future qualitative and quantitative researchers should seek better measures and indicators for executive sponsorship.

Implications for Improving Gender Representativeness

Ultimately, while our results show promise that some firms can sustain a better than average level of representativeness, there are limits to the firm approach. Not enough firms are “best practice” firms. Further, the definition of best practice used here – 20% or more women in top executive roles – is too low a bar given a desire for parity. Although many companies and individuals do find the business case for diversity compelling, it has not clearly convinced the market for top executives that representation of women and minorities brings a competitive advantage.

Perhaps one reason is that research has found that increasing gender representation is not always associated with positive results. Firms are more likely to have greater representation of women executives in the years following a scandal (Brady, Isaacs, Reeves, Burroway, & Reynolds, 2011). Furthermore, when women are appointed to boards, firms may experience a penalty from investors, even controlling for performance (Dobbin & Jung, 2010). Thus, a key question is how executive sponsorship might help to incorporate women into the firm so that they are not an unusual appearance only at times of scandal, or that they face penalties when appointed.

When we surveyed top-level executives about what happened since 2000 at best practice firms, they told us about a variety of organizational practices related to diversity. While most responses detailed achievements, one executive told us that gender representation was stuck: “it is about the same — in some years somewhat higher and some years somewhat lower depending on promotions and attrition.” While two of the executives at these firms described a lack of comparable progress in terms of racial diversity, several of the responses detailed impressive initiatives to enhance gender, ethnic, and racial diversity. For example, one firm response stated that diversity and inclusion “wasn’t top of mind or overtly discussed” in the “mid-90’s.” After investing in two full time employees focused on traditional diversity initiatives and equal employment opportunity compliance and one to focus on diverse recruitment, conversations moved towards talent acquisition and development.

“We made a decision that diversity was a strategic advantage and a clear priority which we communicated and reinforced consistently. We continued to focus on leveraging data and learning to elevate the conversations around D&I [diversity and inclusion] with an emphasis on gender representation and gender partnership.”

This type of situation-specific response has shown practical ways that committed firms and executives can enhance gender representativeness. Research has shown that diversity task forces, voluntary diversity training, targeted recruitment and other programs that engage managers in diversity management can increase the representation of women and minorities by upwards of 10% (Dobbin & Kalev, 2016). Continued evaluation research on other initiatives will be worthwhile.

In conclusion, the common factor we heard from executives at best practice firms is that executive sponsorship at best practice firms – the personal commitment of the top corporate leadership – had a far-reaching impact. Given that societal efforts have focused on legislating gender diversity at the top, and person-centered efforts focus on coaching women to reach the top, while firm level efforts work on convincing the top management to pay attention to gender diversity, the different approaches and the empirical evidence we gather point in a common direction. While many factors are unique to individual organizations, and each chief executive uniquely determines firm policy, the common denominator at firms where the glass ceiling cracks is that they are led by individuals who are committed to ensuring a diverse workforce.

References


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