

LEADERLESS WOMEN: NATIONAL COST OF TOO FEW WOMEN LEADERS IN CORPORATE AMERICA

Written by Lorie Peters in partial fulfillment of Leadership and Management at Colorado Christian University, 2011.

In the landmark study Off-Ramps and On-Ramps: Keeping Talented Women on the Road to Success, the Center for Work Life Policy found that: “37% of highly qualified women told us they were “off-ramping”—that is, voluntarily leaving their jobs for extended time periods. Nearly three-quarters were on nonlinear career trajectories, to the detriment of their earning potential and career advancement.” (Hewlett, 2005) In their update, On Ramps and Off Ramps Revisited, the results bear out that little has changed. Women are still opting to voluntarily leave their coveted positions in corporate America. But what impact does or will this trend have on corporate America and why, after years of study and training, do women choose to voluntarily off-ramp? Are women simply less ambitious? Do women fail to negotiate their advancement? Do women simply not care? The exodus of women from corporate America highlights an otherwise overlooked crisis. And, it is not just today’s middle career women and their employers who are beginning to experience the negative effects.



Out of the 74% of women who left their jobs voluntarily, 93% say they would like to return. However, the reality is: 40% return to full time professional jobs, 24% take part time employment, and 9% become self-employed. (Hewlett, 2005) The migration of women out of corporate America is leading to a hidden brain drain; one which America can ill afford.

Overall, women have surpassed men in terms of completing secondary and post-secondary education. In 2005/2006, women earned:

- 62% of Associate's degrees
- 58% of Bachelor's degrees



- 60.0% of Master's degrees
- 48.9% of Doctorates. (Wikipedia, 2011)

In 2016/2017, women are projected to earn:

- 64.2% of Associate's degrees
- 59.9% of Bachelor's degrees, 62.9% of Master's degrees
- 55.5% of Doctorates. (Wikipedia, 2011)

Notwithstanding the growing trend of women's numbers exceeding those of men in the field of education, thereby further offering employers a larger more diverse talent pool, a study of Stanford graduate students reports that 57% of women graduates choose to leave the workforce. Only 38% of Harvard graduates end up in full time careers, and one in 3 female MBAs is not working full time using her degree. This is in stark contrast to men where just one in twenty with the same MBA is not working full time in a career. (Hewlett, 2005) And, according to Forbes magazine, despite an acute awareness to the fact: "for decades, MBA programs have failed to attract a critical mass of female students and the numbers of women pursuing business education remains low. While law and medical schools have nearly reached gender parity, MBA programs admit only about 30% women annually." (Rezvani, 2010) In other words, even though many of the non-traditional fields are beginning to open to women, namely those focused on math and science, business is still largely a male dominated turf. (US Census Bureau, 2011) (Northouse, p. 304)

These figures not only reveal a current and by extension widening gap in management roles in corporate America, they also reveal a significant disadvantage to younger women in need of role models and mentoring programs.

Although mentoring has been around since the time of Socrates, women lag far behind in the utilization of a mentor. This is partially because women are often excluded from activities where friendships/mentorships develop: drinks after work, the golf course, and the locker room are some examples. This is not entirely intentional. Women still carry the majority of the burden in the domestic arena and are often required to leave work to attend to the care of children or ageing



parents. However, this unequal distribution of family duties, leaving women little time or opportunity to engage or be engaged in a mentor/mentee relationship, by extension leaves women on their own to navigate the pitfalls of home, family, job, and community. "Women need to create a development plan to gain experience, and be deliberate about each step of the way. Even in executive positions, very few women have any sort of development plan." (Henley, 2010) Women are less likely to receive encouragement, (Fels, 2004) be included in key networks, and receive formal job training than their male counterparts. (Northouse, p. 308)

Access to key networks is vital if women are to be proportionally represented in the upper echelons of corporate America. This exclusion from high power/high possibility networks is perpetuated in part by what has been coined: second generation gender bias. Although overt gender bias has largely been removed from the working environment, "second generation gender issues cover those work cultures and practices that appear neutral and natural on their face, but can result in differential experiences for and treatment of diverse groups of women and men." (Trefalt, 2011) These dynamics are deeply embedded in the culture, norms, and work practices in organizations and playing out below the surface of formal systems of hiring, promotion, and compensation. (Trefalt, 2011) Other forms of second generation bias include gender work, gender jobs, and gender leadership.

In a recent survey by social networking site Linked-In, two thirds of boomer women, women aged 45-66 years old, say that they are not being, or have not been, mentored by women. (Hannon, 2011) This is not surprising given that boomer women have come up through the ranks of corporate America largely under the watchful eyes and management of men. They have had few role models on which to rely and few women mentors from which to choose. However, the growing trend is that younger women, Gen X females, women between 30-44 years old, and Gen Y women, females 18-29 years old, feel it is vital to their careers that they are provided a mentor. (Nayar, 2011) Fully ninety-eight (98%) percent of Millennials believe working with a mentor is a necessary component in development. In fact, they ranked training and development three times higher than cash bonuses as their first choice in benefits. Unfortunately for this future generation of potential leaders, as more seasoned professional women choose to leave the



workforce, fewer mentors will be available.

“Mentoring, an important factor in career development is not enough. To succeed, women need sponsors-influential senior managers who provide them exposure to other senior executives, facilitate access to opportunities, and challenging assignments, protect them, and fight for their promotions.” (Trefalt, 2011)

The lack of female leaders in today’s business world, and perhaps even more so in the future, is also a consequence of the most recent recession. Although women make up slightly more than half of the workforce, the typical woman working full time earns just 77 percent of what her male counterpart earns. (Fitzpartrick, 2011) “While men are starting to regain jobs, women are continuing to lose jobs, and their unemployment rate is higher now than when the recession ended,” said Joan Entmacher, vice president for family economic security at the National Women's Law Center in Washington, D.C. “There was a 'man-cession,' but now there's a 'he-recovery.’” (ABC News, 2011)

Economists claim part of the reason for the disparity between men and women right now has to do with the heavy job losses in the public sector, where women make up more than half the workforce. Indeed, a large portion of the most recent layoffs have been in public education, a field dominated by women. The prospect for the private sector is no brighter. “While that sector added 1.4 million jobs nationally over the course of the recovery through September 2011, women snagged just one in 10 of those positions. (Crain's New York Business, 2011) According to the International Monetary Fund, during the last recession, one of every four jobs lost worldwide was lost in the United States. (Peck, 2011) And although in the beginning of the recession those job losses were more severely felt by men, it is now women who are lagging behind in the effort to get back to work. And, overwhelmingly, men are being chosen over women for leadership positions.

These figures represent fundamental conditions in the labor market that favor men. Conditions that economists claim are the same as those that have led to unequal pay and the glass ceiling.



Recessions tend to amplify pre-existing labor conditions, which include a stubborn wage gap and the difficulty women face in taking on high-level jobs while raising a family. Though women gained ground in the workplace during the 1970s and 1980s, that progress sputtered to a standstill during the mid-'90s. In fact, only 12 women currently head Fortune 500 companies, down from 15 in 2010. (Crain's New York Business, 2011)

In 2007, global consulting firm McKinsey & Company published Women Matter: Gender Diversity - A Corporate Performance Driver. It was the first of a series of articles examining the role of women in business. The report drew a direct correlation between a company's performance and the number of women in its executive team: the more women, the better performance. In effect, McKinsey found that women apply several positive leadership behaviors more often than their male counterparts. (Bitti, 2011) However, contradictory research conducted by the Pew Research Center cites gender discrimination, resistance to change, and a self-serving "old boys club" as reasons for the relative scarcity of women at the top. (Pew Social Trends Staff, 2008)

Gender bias is particularly noticeable when the office behaviour of men and women is compared. It was found that women were devalued compared with men when they led in a masculine manner or when they occupied a typically masculine leadership role, and when the evaluators were men. (Northouse, p. 303) "Women face significant gender biases and so called disincentives when they self-promote...self-promoting women are seen as less socially attractive and less hireable". (Northouse, p. 310) Anna Fels, author of Necessary Dreams, examines the hidden barrier to women and their advancement in the workplace. According to Fels: "[Women] have come up against what seems to be a powerful barrier to their ambitions. In both private and public spheres, white middle-class women are facing the reality that in order to be seen as feminine, they must provide or relinquish resources, including recognition to others – particularly men. (Fels, 2004) She continues: the expectation is so deeply rooted in the culture's ideals of femininity that it is largely unconscious. (Fels, 2004)

What is not unconscious is the growing discontent among American women and the subsequent detrimental effect this silent but relentless gender bias is having on overall ambition. Although



off ramping has seen a 6 point drop, largely attributed to the current economy, women who choose to off ramp are now staying off work longer. (Hewlett, 2010) What is happened to our desire to return to work and get back on the corporate ladder? In contradistinction to women in the United States, women in developing countries are growing in their ambitions. “Professional ambition is extraordinarily high among women in the emerging markets of Brazil, Russia, India, and China, as well as in the United Arab Emirates, say Sylvia Ann Hewlett and Ripa Rashid, authors of Winning the War for Talent in Emerging Markets. The proportion of educated women in those countries who reported in a survey that they are "very ambitious" is 59%, 63%, 85%, 65%, and 92%, respectively, compared with 36% in the United States. The numbers of women who aspire to the top jobs in companies is similarly high in those countries, the authors say. (Staff, 2011) Despite myriad obstacles to re-enter the workforce, studies suggest that the non-linear job path is not a practice enjoyed by executives only in good economic times. Women today want to structure their careers regardless of the economy. (Hewlett, 2010) Women are saying goodbye to corporate ladder climbing in favour of a more balanced lifestyle.

The pursuit of a balanced lifestyle also implies a lifestyle that is affordable and the cost of women leaving the workplace too early is a price that will be paid not only by the women, but by society at large in the form of social security and transfer/entitlement payments. The statistics on women and poverty in North America are alarming. According to the AARP, fully 40 percent of female baby boomers are single now -- up from 30 percent in 1989 -- and most never meant to be. Nationally, there are 17 million single females ages 46 to 64; about two-thirds of them separated from, divorced, or buried their spouses. Thirty two percent of those women aged 55 or older are widows, with the remainder being either never married or now divorced. (AARP Statistics, 2011) The divorce rate in the United States now stands at 41% for the first marriage, and 60% for the second. (US Census Bureau, 2011)

This middle-aged and single trend highlights the burden for women to come to grips and address the bald facts concerning both their current financial situation, and their retirement. Arguably, perhaps most at risk are those women who have spent significant tracts of time away from their careers dedicated to motherhood. This group of ‘On-Rampers’ find themselves returning to a



work force that doesn't have space or patience for them. These women have less time to build up their Social Security savings or 401(k) plans. As a result of their employment patterns, [women] receive lower benefits from social security and are without substantial other investments to augment that lower payment. In 2009, women received a 23 percent lower average social security benefit (\$12,012) than their male counterparts (\$15,588). And, the frightening reality of women's retirement does not stop there. The Federal Reserve Board found in 2001 that only a third of single women had any sort of retirement savings account; at the same time, fewer than 10 percent of single women had pensions through their jobs. (Retirement USA - Facts of the Day, 2011)

The National Women's Law Center analysis of the Census Bureau data found:

- 1 in 10 (10.0 percent) women nearing retirement (ages 55-64) were poor in 2009, up from 9.5 percent in 2008. In contrast, men of the same age saw their poverty rate drop slightly, from 8.8 percent in 2008 to 8.7 percent in 2009.
- The poverty rate for women 65 and older in 2009 was 10.7 percent, 4.1 percentage points higher than the poverty rate for men 65 and older (6.6 percent). Among people 65 and older, more than twice as many women (2.3 million) as men (1.1 million) lived in poverty in 2009.
- Poverty rates were shockingly high, over one in five, for Black (21.8 percent), Hispanic (21.3 percent), and Native American (22.2 percent) women 65 and older. The poverty rate was 8.2 percent for White, non-Hispanic women 65 and older and 15.4 percent for Asian women 65 and older.

Combining these factors, a lack of retirement funds, lower social security payouts, and a lack of other sources of retirement income, many women in America could very likely live out the rest of their lives in poverty. (NWLC, 2011) These very real, concrete facts facing the female worker today, only further necessitates that women make the right choices when navigating the unsettling and often tumultuous choice to leave corporate America behind. Neither society nor corporate America can continue in a substantive way without significant emphasis placed on both considered thought and careful, contemplative, future planning.



The circumstances around precisely why women leaders are migrating away from corporate America are complex, and often, as individual as the woman herself. This is evidenced by the vast body of work dedicated to this critical topic, and a comprehensive examination of all aspects is beyond the scope of this paper. The solutions too are complex and unfortunately, seem also to be changeable and elusive. However, there are immediate actions that can be taken to stem the migration; namely, a bona fide acceptance that there are and will continue to be fundamental differences between male and female workers, and the understanding that the accommodation of those differences does not imply preferential treatment nor should it preclude or exclude women from all advantages received by her male peer. Unless and until both the public and private spheres of women, men, and their families begin to function on a truly level and unbiased plane, women will continue to choose a more balanced and altruistic path, and America will be the worse for it.

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