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### Women in the Workforce: An In-Depth Analysis of Gender Roles and Compensation Inequity in the Modern Workplace

Rebecca L. Ziman

*University of New Hampshire*

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**WOMEN IN THE WORKFORCE: AN IN-DEPTH  
ANALYSIS OF GENDER ROLES AND COMPENSATION  
INEQUITY IN THE MODERN WORKPLACE**  
REBECCA ZIMAN  
UNIVERSITY OF NEW HAMPSHIRE  
PETER T. PAUL COLLEGE OF BUSINESS AND ECONOMICS  
FALL 2013

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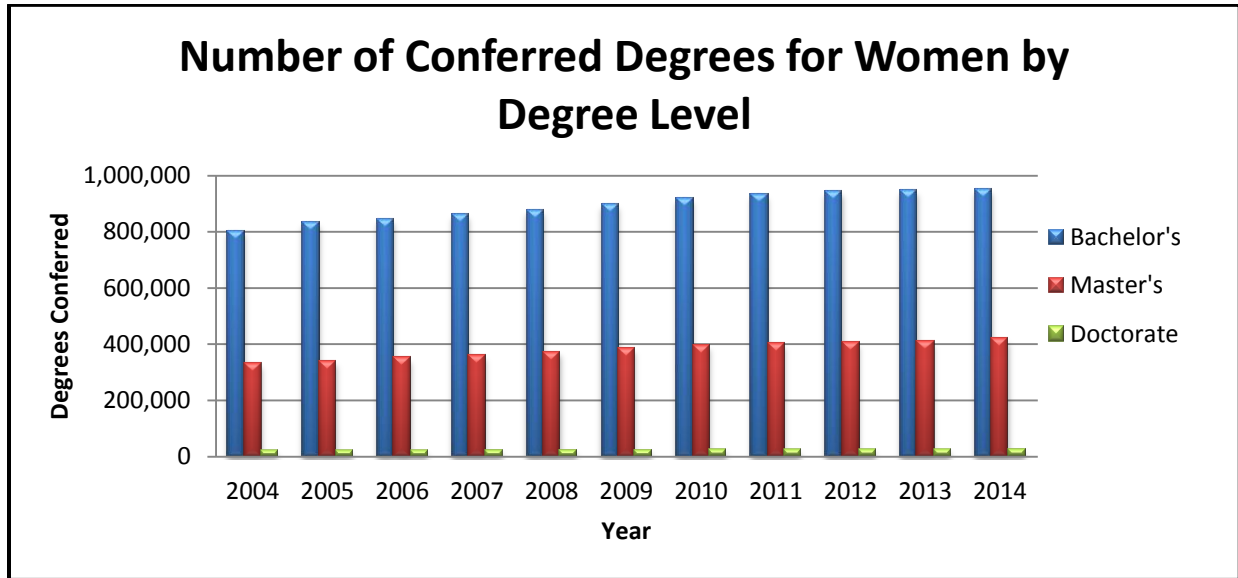
## **Introduction**

There is a deeply ingrained idea in our society that men are the movers and shakers in the business world. They are the CEO's, the CFO's, and the ones who make things happen. This may have been true fifty years ago, but today we are seeing a new and very interesting trend developing. Women are making great strides in the business world and the ratio of men to women is beginning to even out. While the participation of women in the workforce and the level of their education are increasing, there are some major factors that are holding women back more than men. These factors, among others, contribute to the enormous wage gap and overall gender inequality that has developed in the modern workplace. This problem needs to be addressed because new research has shown that women in leadership roles bring higher profitability, new and effective leadership styles, and many other benefits to a company.

## **Growth in the Education of Women**

More education generally equates to higher qualifications. More women are receiving degrees today than ever before. This trend should allow more women to achieve higher level positions, but as the evidence will show, this isn't necessarily the case. Figure one shows the number of degrees conferred to women in the last decade.

Figure 1:



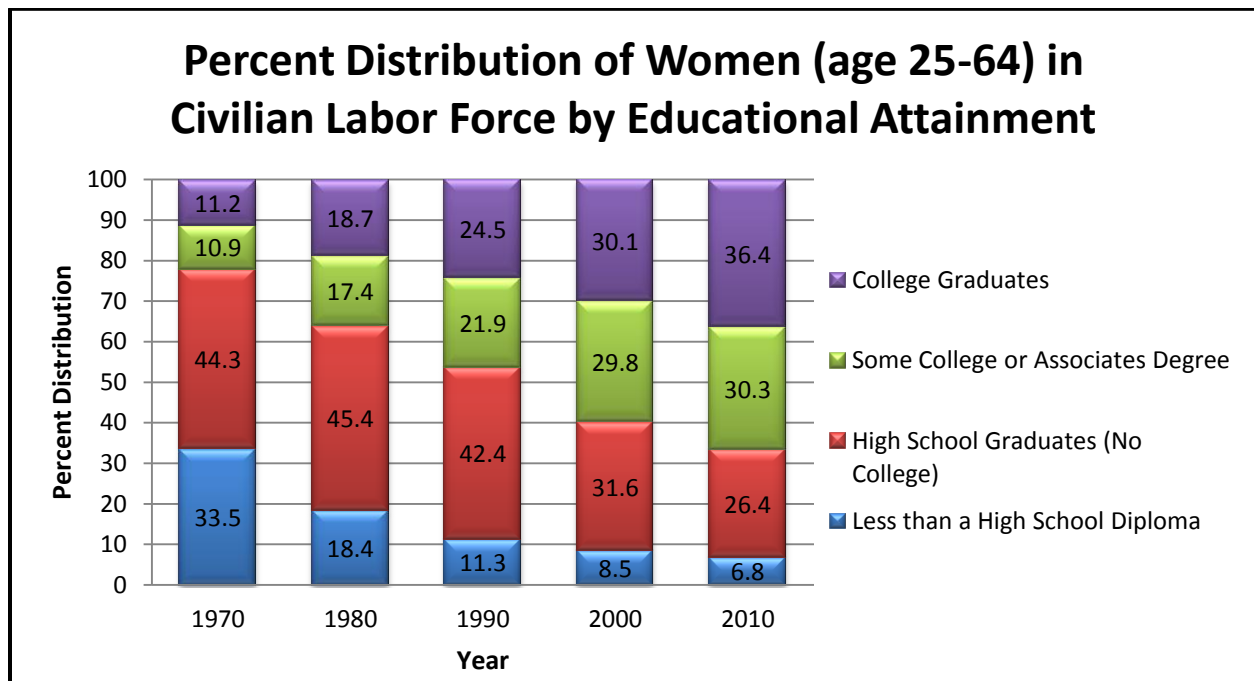
Source: [http://nces.ed.gov/programs/digest/d05/tables/dt05\\_246.asp](http://nces.ed.gov/programs/digest/d05/tables/dt05_246.asp) (Institute of Education Sciences 2005)

An increasing number of women are earning bachelors, masters, and doctoral degrees. This chart makes it appear as though doctoral degrees have not seen as great growth as bachelor's and master's degrees, but that is not true when you look at the actual numbers. In 2004, 23,055 women received doctoral degrees. Fast-forward only a decade and in 2014, about 27,600 women will be receiving the same prestigious degree. That is an increase of 19.7 percent. That is considerable growth, especially when you take into account that 300 more women are slated to receive doctoral degrees than men in 2014. This will be the first time that more women receive this degree than men. To illustrate this growth even further, the number of women that received bachelor's degrees in 2004 was 804,117 and in 2014 it will about 949,000. That is an increase of 18 percent. Master's degrees saw even more growth: 329,395 were conferred to

women in 2004 and 418,000 will be conferred to women in 2014. That is a 26.9 percent increase. (Institute of Education Sciences, 2005)

It is clear that women are now receiving more education. Because of this we see more and more women entering the workforce and making a meaningful impact in the previously male dominated corporate world. This growth is illustrated below in figure two.

**Figure 2:**



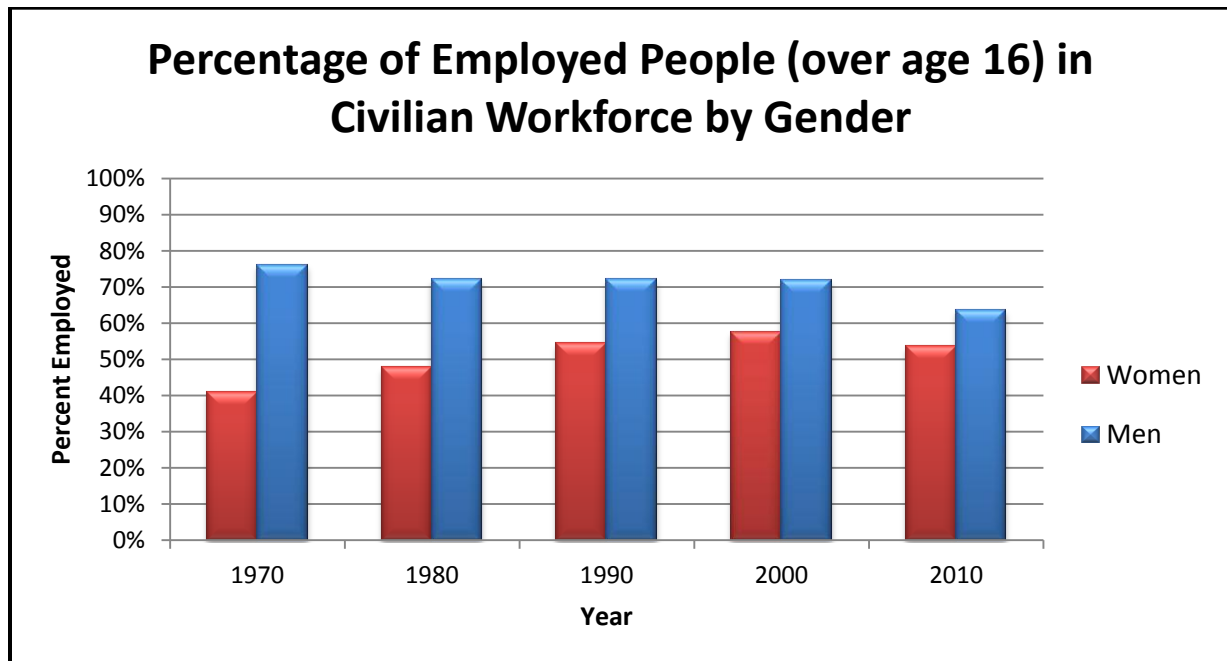
Source: [http://www.bls.gov/opub/ted/2011/ted\\_20111229.htm](http://www.bls.gov/opub/ted/2011/ted_20111229.htm) (United States Department of Labor Bureau of Labor Statistics, 2011)

In 1970, over a third of the nation’s women had not received even a high school diploma. But in 2010, less than seven percent of women had not received at least a high school diploma. The percent of women that are college graduates has more than tripled in this time. This education is allowing women to enter the workforce in previously male dominated professions in astounding numbers.

## Participation Growth of Women in the Workforce

Everyone is familiar with the classic 1950's family structure. Dad was a hard working business man who left early every morning and returned home to a freshly prepared meal, a tidy house, and clean children. All thanks to Mom's hard work. With more women receiving more education, there is a great upswing in the number of women that are throwing in the apron and picking up a briefcase. This growth is illustrated in figure three, below.

**Figure 3:**



Source: <http://www.bls.gov/cps/wlf-databook-2012.pdf> (United States Department of Labor Bureau of Labor Statistics, 2013)

In 1970, only 40.8 percent of women in the United States over the age of 16 were employed. This number saw continuous growth and in 2000, that number was 57.5 percent. When the recession hit, both men and women saw a drop in employment and in 2010, 53.6 percent of women were employed (United States Department of Labor Bureau of Labor Statistics, 2013).

While that number did drop a little, the multitudes of women that have entered the workforce in the past fifty years have made quite a difference. The additional productive power provided by these women accounts for a quarter of the USA's gross domestic product today (Barsh and Yee, 2011). That means that if these women had not entered the workforce, our economy would be 25 percent smaller. It is quite interesting to note, that as the percentage of employed women increased, the percentage of employed men was decreasing. In 1970, 76.2 percent men over the age of 16 were employed. That number dropped to 71.9 percent in 2000. This percentage experienced a dramatic drop throughout the first decade of the new millennium, coming in at 63.7 percent in 2010 (United States Department of Labor Bureau of Labor Statistics, 2013). While the number of employed women only dropped by about 4 percent, the male population saw over an 8 percent drop. This change could be attributed to the fact that there are more men in the workforce and therefore were more heavily impacted by the recession. It could also be surmised that women cost less to employ and as a result, are often kept on over their male counterparts. Although this growth is quite substantial, there is still room for improvement.

The business profession in particular has seen substantial growth towards leveling out the gender gap. In some traditionally male dominated professions, the percent of women participants has even surpassed that of men. One particular industry of focus is the accounting industry. In the late 1970's, accountants were less than 24 percent female (United States Department of Labor Bureau of Labor Statistics, 1999). There has been explosive growth over the past four decades and in 2011, of the 1,765,000 people employed as accountants or auditors, 60.4 percent of them were female (United States Department of Labor Bureau of Labor Statistics Current Population Survey, 2012). It is clear that the accounting profession is now a majority of women. Other areas of business, although perhaps not to the same extent as accounting, have also



followed this trend. Out of the approximately 60 occupations listed by the Bureau of Labor Statistics for management, business, and financial operations occupations, the average percentage of women participants was 43.6 percent (United States Department of Labor Bureau of Labor Statistics Current Population Survey, 2012). While the United States has not quite achieved gender parity in the business world, we are getting closer and closer. Most people assume that business is still a male dominated industry, but the evidence is showing that the number of women participants is nearing that of men.

Today, about 76 percent of women between age 25 and 54 are either currently employed or seeking employment. When compared to international standards, America is lagging behind despite the progress illustrated above. Sweden, one of the world's leaders in gender diversity, is currently at 87 percent. Within the American average there is significant variability between states but the top ten states have participation rates at 84 percent. If we were able to raise the participation rate to 84 percent in each state, another 5.1 million women would be added to the workforce. This growth in participation would be equivalent to adding 3-4 percent to the size of the US economy (Barsh and Yee, 2011).

While the growth of the participation of women across all areas of business has seen substantial improvement over the past fifty years, there is an important issue that seems to be falling by the wayside in most companies: the wage gap. No matter how many women enter the workforce, we will not ever achieve true gender equality in the workplace until all areas of a career, more specifically compensation, are equal between men and women. This will be explored further later.

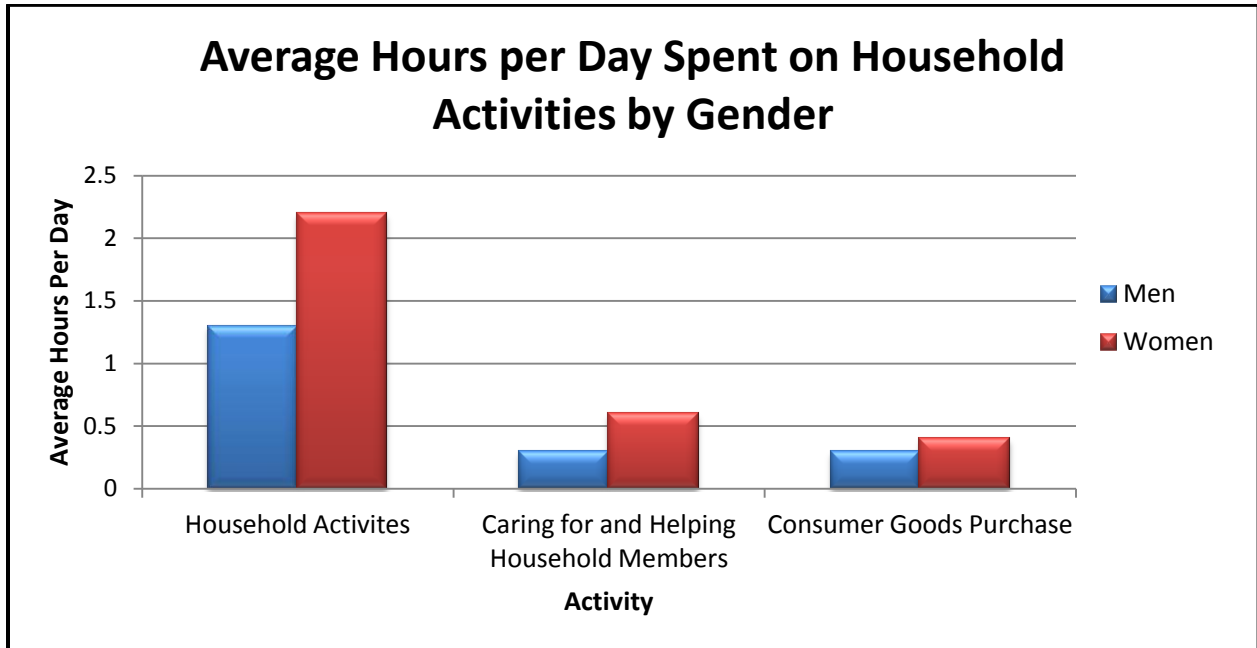
## **Work-life Balance**

Many factors impact a person's ability to succeed in their career. One of the biggest factors is work-life balance. Juggling all the outside-of-work demands can be overwhelming, especially if that person is a parent. Although there has been a considerable increase in the percentage of women in certain occupations, the number of female parents in the workforce is disproportionately lower than that of men.

Of the employed women in the United States workforce, about 71 percent have children under the age of 18. That number is significantly lower than that of men. 94 percent of employed men in the United States have children under the age of 18 (United States Department of Labor Bureau of Labor Statistics, 2013). This data demonstrates that although our society has made large leaps in social equality, the gender of a stay at home parent still leans heavily towards being female. While it would be incorrect to assume that the women that are not employed are not a part of the workforce simply because of gender, it is highly likely that these women either left the workforce, or never joined the workforce in the first place, to take care of children or other household members.

Even if the mother is not a stay at home parent, we can see another possible work-life issue that directly relates to the wage gap. In a study done by the Bureau of Labor Statistics on how men and women spend their time, we can see that women devote much more time to household duties, caring for family members, and making purchases (presumably for the household). The results are illustrated in figure four.

Figure 4:



Source: <http://www.bls.gov/tus/charts/chart14.pdf> (United States Department of Labor Bureau of Labor Statistics American Time Use Survey, 2012)

In each category presented, women spend more time taking care of the household. Women spend about two hours and fifteen minutes each day performing household duties, while men spend only about an hour and twenty minutes. Following that trend, women spend nearly double the time men do each day caring for and helping household members. And finally, women spend an extra ten percent of time compared to men on purchasing goods (United States Department of Labor Bureau of Labor Statistics American Time Use Survey, 2012).

This time distribution directly relates to the wage gap. When a woman gets home, she generally has to cook dinner, bathe the children, get them ready for bed, and clean whatever needs to be cleaned. As is illustrated by the above graph, men do not spend nearly the same amount of time performing these tasks. This directly correlates to work performance and pay. If

one person gets to come home from a hard day at the office and relax for an hour or so, eat a dinner that gets set down in front of them, read the newspaper and call it a night, they will most likely be more refreshed and ready to perform at the top of their game the next day at work. On the other hand, if a person comes home and as soon as they walk in the door, they need to drop their keys, pick up spatula, then grab a washcloth and bathe the children, and wrap up their night with a bedtime story and a quick shower, they will most likely never get the time they need to unwind from their day and prepare for what the next day will bring. In American society it is most common for men to do the former and women to do the latter.

Evening activities are not the only component of how the roles of mothers and fathers differ in America. If a child becomes ill at school and needs to be picked up and taken home, it is not uncommon for the mother to be the one to do this. This kind of activity contributes to the large amount of time women spend taking care of household members. Further, if the child is too young to stay home alone, the mother would then have to stay home with the child. Unless working from home is a feasible option for that employee, she will have to miss work, thus causing her performance to suffer.

When an employee cannot juggle all the demands on their time they must make a choice. Sometimes an employee must choose between having a career and having a family. As previously mentioned, it is more common for the mother to stay home and take care of the family while the father is at work. As figure four demonstrated, women also do a majority of the chores and care of the household. Women must carefully pick and choose what to be involved in and if their career is important, some realize that they simply will not be able to juggle both a career and a family.

## Wage Gap in Management Accounting

It is now clear that more women are entering the workforce and that there are several challenges that impact women much more significantly than men. A wage gap has been mentioned several times in this paper and that major discrepancy will now be discussed in detail.

Men and women have always been at odds when it comes to compensation. Historically, women have been paid lower wages than men. There has been significant progress made, but the problem is nowhere near resolved. A particular industry of interest is the accounting industry. The Institute of Management Accountants (IMA) conducts an annual survey that inquires mainly about compensation. The 2012 survey utilized 1134 responses from IMA members across the country and provided some very interesting insight into the wage gap between men and women in the accounting profession.

Utilizing the data the survey provides, the IMA constructs an “average” IMA member based on the responses to the survey. This year, they concluded that this average member would: be 49 years old, have a 67 percent chance of being male, a 99 percent chance of having achieved a baccalaureate degree, a 54 percent chance of having received an advanced degree, and have 21 years of experience in the field. The average salary for management accountants in 2012 was \$100,000 with total compensation coming in around \$176,000 (Schiffel, Schroeder, and Smith, 2013).

From this “average” member it is clear that gender parity has not been achieved within the management accounting profession. 67 percent of the respondents to the survey were male and only 33 percent were female. Some may try to justify that this is just because fewer women took the survey, but this trend has remained consistent for the last five years and this survey allowed a 95 percent confidence level (Schiffel, Schroeder, and Smith, 2013).

In 2012, women management accounts earned 78 percent of a similar male employee's salary, and only 73 percent of his total compensation. That equates to a woman earning only 73 cents for every dollar a man earns. That number has not seen any significant improvement in the past three years. This is especially disheartening for women because this number has decreased from its peak. The highest percentage of men's salary that women have achieved in the history of this survey was in 2006 at only 80 percent (Schiffel, Schroeder, and Smith, 2013).

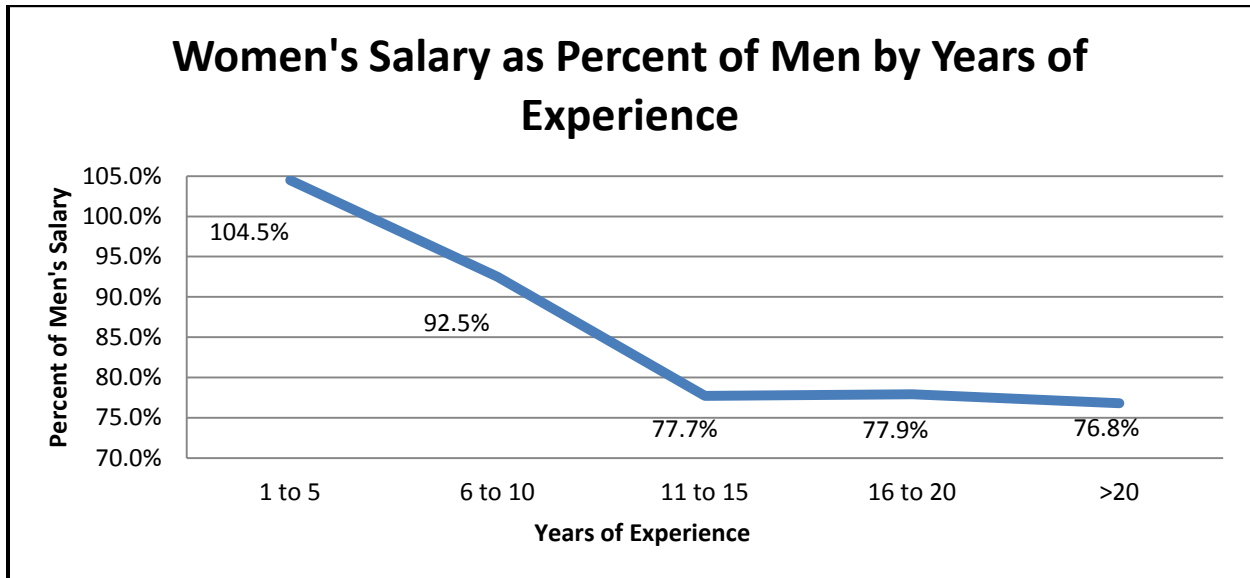
Several of the factors play a role in this. Women in the accounting industry are younger than men. The average age of women in the profession is 46 while the average age of men is 49 (Schiffel, Schroeder, and Smith, 2013). This may not seem like a big difference, but it illustrates the previous point of women leaving the workforce. It would not be an illogical leap to assume that some of these women left the workforce to take care of children or support a spouse that is working.

Another interesting fact that this survey revealed is that women have less experience in the field than men (19 years vs. 23) (Schiffel, Schroeder, and Smith, 2013). This could be attributed to women leaving the workforce to support their family, or could also be influenced by the presence of the glass ceiling. If an employee, regardless of gender, realizes that they will not be able to advance any further in their career or receive equal compensation, they will most likely get frustrated and move on. If a woman didn't leave the profession to take care of the house and children, it is likely she left because she was bumping her head on the glass ceiling.

The compensation disparities between men and women are strong evidence of the gender inequality in the American workplace. About 57 percent of men have salaries over \$100,000 or more, while only 34 percent of women have salaries greater than \$100,000. To further illustrate this gap, the median salary for men is \$110,000, while women come in a substantial \$22,000

lower than men, at \$88,000. An interesting trend has developed where the wage gap increases with experience. The only deviation from this pattern is in the one to five years of experience range, where women earned 4.5 percent more than men (equating to \$3,146) (Schiffel, Schroeder, and Smith, 2013). Figure five illustrates this trend.

**Figure 5:**



Source:

<http://search.ebscohost.com.libproxy.unh.edu/login.aspx?direct=true&db=buh&AN=87989005&site=eds-live> (Schiffel, Schroeder, and Smith, 2013).

Another interesting trend is the wage difference based on level of supervisory responsibility. For employees that have no supervisory responsibility, women are making 88 percent of the total compensation men are receiving. That gap greatly increases when you look at employees that are head of a major department and report directly to the board of directors or the chief executive office. Women in this position receive only 74 percent of men's compensation (Schiffel, Schroeder, and Smith, 2013). The more responsibility a woman receives in her job, the

less money she makes comparatively to men. This is an especially big problem that will be explored further later on in this paper.

The original narrowness of the wage gap between men and women could be attributed to a few factors. When employers are looking for new hires out of college, gender plays less of a role. Candidates are judged on their performance in college and as illustrated before, women are doing well and excelling in school. This difference could also be credited to companies taking affirmative action. It is no secret that there are divisions between men and women in the workplace and companies that recognize this, may hire an equal amount of men and women and provide them about equal compensation to help combat this problem. Once the women are hired however, the companies may begin to become lackadaisical in keeping up this equality and slip into old habits. This would then cause women to become frustrated with the inequality and leave. But, another cause could be at play here. The older generations (those with 11+ years of experience), have more old fashioned ideas of gender roles and this could be the cause of some of these differences. If a manager still thinks a woman should be at home and not in the office, it is unlikely that he will pay her an equal wage. This is not only discriminatory, but it is also more common than it should be. As times are changing and the workplace is becoming more accepting of women, this trend may change.

## **How to Improve**

As illustrated, there is a clear gap between the salary and compensation of men and women, especially in management roles. This can be attributed to many factors, but companies can take steps to considerably help their female employees.



McKinsey and Company created a report that surveyed more than 4,000 employees at more than 14 companies. The female participants cited several reasons as to why they choose to remain at their current level or move to another company, despite their desire to move up the ladder at their current organization. Three of these reasons were: lack of role models, exclusion from informal networks, and not having a sponsor in upper management to create opportunities (Barsh and Yee, 2011). The survey further went on to identify four types of barriers that hold women back: structural obstacles, lifestyle issue/choices, imbedded institutional mindsets, and imbedded individual mindsets (Barsh and Yee, 2011). The study also found that over time, these barriers seem to grow larger and women's belief in future opportunities and their willingness to keep pushing forward to achieve them diminishes.

Two of the barriers that the surveyed women identified can be tackled with one solution. The fact that women lack role models and do not have a sponsor in upper management to create opportunities could start to be taken care of by implementing a mentoring program. Mentoring is a very beneficial technique for several reasons.

Usually mentors have significant experience in the field and this experience can really help mentees. Mentors can help mentees by "imparting specific job tips, business 'lessons learned', and advice on business leadership and communication" (Travis). This learning isn't just a one way street, however. Mentors also have an opportunity learn from their mentees. Mentees can share their perspective (which generally will be different from the mentors), insights, or even new business contacts.

Mentoring also provides feedback to both the mentor and the mentee. Receiving feedback as part of a trusting and safe relationship is a major component of mentoring relationships. If a mentee needs some tough criticism on one of their business ideas, receiving this critique from

someone he or she trusts, and even admires, would lessen the blow and most likely not result in the mentee reacting in a defensive way.

A third beneficial component of mentoring programs is decreased turnover. Having a strong mentoring program can allow businesses to attract and retain high quality employees. To illustrate this point, a Fortune 500 company was able to reduce its employee turnover rate for employees with less than three year of experience from 50 percent to 20 percent (Travis). Not only will mentoring decrease turnover, it can also develop already attained talent. Effective mentors can identify, and then groom that talent, to later be a greater asset to the company. Part of that grooming could be redirection. If a mentor sees that their mentee isn't thriving in their current role, they could possibly be the catalyst to relocate that mentee to a more appropriate role that will be more beneficial to the employee and the company.

Finally, mentoring programs also boost employee morale, productivity, and job satisfaction. Mentors can lessen job frustration for the mentee by offering advice and training or just by providing encouragement and support. By creating a strong mentor network, day to day management problems may decrease in number, thus allowing managers to focus on more fruitful long-term opportunities for growth or revenue.

This final benefit can also help to alleviate another concern the women voiced: being excluded from informal networks. It would be uncommon for a company to have a function and solely invite their male employees. It would not be uncommon, however for managers to plan something and, either intentionally or unintentionally, have it turn into a boys outing. In fact, a study done by Catalyst, a prestigious research firm dedicated to expanding opportunities for women in business, found that 46 percent of women surveyed state that exclusion from informal networks and events is the main barrier to success in their careers (Andrews, 2012).

A prime example of this is golf. Golf is the game of business and generally considered to be a male dominated sport. A recent display of this exclusion occurred at Augusta National, one of, if not the, best golf courses in the country. Typically, the CEO of IBM is automatically granted membership to this club. This was not the case when the new IBM CEO, Virginia Rometty, came to the position. Augusta denied her membership.

While things that are this blatantly discriminatory are out of the control of women, other steps can be taken to help remedy this situation. Mentors that include their mentees in these types of events can help break down the barriers women are facing. By introducing their mentees to other business professionals, a woman, or any mentee for that matter, can begin to build a new network of important people that will then later include them in outings or events. While we assume that most people can sense or see this exclusion, this is not always the case. In fact, 81 percent of women in one survey claimed that they feel some exclusion at work, while at the same time, 92 percent of men stated that they don't believe they are excluding women (Annis and Gray, 2013). To help remedy this, women need to start including themselves. That isn't to say that women should just invite themselves to things, but they shouldn't intentionally exclude themselves. To return to the golf example, men might not invite women because they assume they have other matters, such as children, to attend to after work and therefore cannot attend even if they extended the invitation.

On the other hand, one expert found that women might choose not to go because of two main reasons: intimidation and fear of embarrassment (Andrews, 2012). Being on the golf course with high powered board members, or even just your manager, can be intimidating. You want to look good, play well, and behave in the correct manner. One could argue that almost as many decisions are made on the golf course as in the board room, so there is good reason to be slightly

nervous. Companies could help their employees, both male and female, by offering golf clinics or discount golf lessons at the local course. While these examples might seem to be very golf centric, golf has become a critical part of business. That being said, you can apply these techniques to any other type of event that women are being excluded from. If it is speaking at conferences, the company could offer a public speaking or presentation skills development program during lunch hour. It may cost the company a little money to bring in a speaker or offer a discount at places like a golf course, but that investment will pay off when they see their employees, both male and female, beginning to excel.

The four types of barriers that the previously mentioned survey identified were structural obstacles, lifestyle issue/choices, imbedded institutional mindsets, and imbedded individual mindsets (Barsh and Yee, 2011). Structural obstacles are factors that hold women back or convince women that their odds of advancement may be better elsewhere and many were similar to what was cited by women themselves. Things like lack of access to informal networks where they can make important connections, a lack of female role models higher up in the organization, and a lack of sponsor to provide opportunities. As previously mentioned, many of these can be alleviated by instituting a robust mentoring program. The one that may be a challenge is providing female role models, as more women begin moving up in the organization more women will fit the mentor role, but some companies may find it challenging to provide high up female role models, simply because they don't have any. If the company is working on implementing affirmative action initiatives, time will remedy a large part of this problem.

The second barrier, lifestyle issues, is a strong influence for many female workers. About half of the women surveyed stated that they are both the primary breadwinner and primary caregiver. Most of the surveyed men that were primary breadwinners were not also primary

caregivers. Many women expressed concerns about the 24-7, always on the go executive lifestyle and the travel requirements that go with that position. While the survey revealed that women may not directly slow down their careers just because they have children, the amount of travel (and therefore the increase in time away from family), did heavily impact the career choices of both men and women. In fact 55 percent of women said that they will not accept a new job that reduces work-life balance. The survey also revealed that 50 percent of men said the same thing (Barsh and Yee, 2011). This tells companies that if they don't have reasonable hours or create a flexible working arrangement for parents, they will be losing both talented men and women.

If companies do not want to lose these assets, they need to work with their employees to help find a balance that works for all involved parties. One way that they could work with their employees would be to create a focus group to gather the input of both men and women that are parents and non-parents. Human Resources could then take this information and meet with upper management to figure out how to best meet the employee's and the company's needs. A solution that has become popular, especially in accounting firms, is flex time. There are "core hours" (generally nine o'clock in the morning until 3 o'clock in the afternoon) that an employee needs to be at the office. As long as they get their eight hours in, the company doesn't care when they do it. If the employee wanted to come in at seven in the morning instead of eight, only take a thirty minute lunch, and be out at three-thirty, just in time to pick up their child from school, there would be no issue with that.

The final two types of barriers that the survey identified, imbedded institutional mindsets and imbedded individual mindsets, are harder to fix. Institutional mindsets, as may be surmised, are focused on the company and how the institution runs. Being used to having successful executives being, and therefore acting like, men teaches managers and leaders to expect women

to model the same behavior (Barsh and Yee, 2012). The McKinsey study found that managers, both men and women, still tell diversity officers that “you can’t put a woman in that particular slot” or “that job could never be done part time” (Barsh and Yee, 2011).

It’s not just small businesses that are experiencing this not so subtle divide. The same study found that several diversity officers and experts said that despite their “best efforts”, women are often evaluated for promotions primarily on performance, while men are often promoted on potential (Barsh and Yee, 2011). Not only is this unfair, it may inhibit qualified female employees from being promoted.

Job performance is not only a function of the efforts of the individual; several other factors are at play. The individual’s management style, the state of the company, and the nature of the work are all factors that impact an employee’s performance. If they affect the employee negatively, then the employee’s performance will suffer. This may not impact the promotion potential for men, as they are evaluated on what they can do, but could be a great detriment to women who are evidently evaluated solely on what they have done.

A company could try to combat this in a very systematic way. If a company prepared a “report card” that each employee was evaluated on when it came time for a promotion, the playing field would be much more equal. The things on this report card would not be gender based or bias, they would be simple metrics that a company could objectively evaluate the employee on. Some examples could be: did the employee attend any conferences or extra presentations that company provided, did the employee always work their minimum amount of hours, or how many times did the employee work more than their minimum required hours. All of those examples take gender out the question and place an emphasis on actual performance.

Imbedded individual mindsets may be more difficult to change because this is when a woman holds herself back from growth and development. While most women are highly confident of their qualifications throughout their career, women are, on average, less satisfied with their chosen job and profession than men (Barsh and Yee, 2011). The McKinsey study found that as women get older, their desire to move to the next level dissipates faster than that of men's and, that at all levels, more men want to take on more responsibility in their organization or company and have greater control over the results (Barsh and Yee, 2011). In fact, among the women McKinsey surveyed, more than half said that they have held themselves back (Barsh and Yee, 2012). The majority of these women said that they "should have cultivated sponsors earlier because a sponsor would have pushed them to take opportunities" (Barsh and Yee, 2012). These same women said that too many times they chose not to raise their hand or even consider stretch roles. This was further reinforced when more women than men reported that they would likely move into a support role next (Barsh and Yee, 2012).

A company alone cannot make an employee change his or her mindset, but they can provide resources to empower them. Pertaining to women, the company could offer to fund a certain number of women to attend conferences strictly for women in their field. Seeing other successful women would empower and motivate these employees to stand by their ambitions and to not back down when the going gets tough.

While some suggestions have been made on ways to tackle these barriers, in order to really see change, comprehensive change and even a complete organizational transformation is required. The McKinsey study synthesized their research and came up with five practices that are "consistently tied to success at hiring, retaining, and promoting women". These five are having: hands on leadership that starts at the top, diversity with clout, pervasive sponsorship, robust

talent management, and strong accountability supported by data (Barsh and Yee, 2012). Senior executives and CEO's stated that these practices made a real difference and helped to drive and promote change; Human Resources professionals described how their organization had implemented these practices and how inspired they were when they witnessed their success; and successful women had enthusiastically discussed their experience with them.

When it comes to having hands on leadership that starts at the top, leaders must "invest personal capital and actively role model the desired mind-sets and behaviors to build a more open and accepting culture" (Barsh and Yee, 2012). When the CEO is a leading advocate, more people will believe that gender diversity issues matter. Other executives and managers that make gender diversity issues a priority will indubitably help the cause, but there is a subtle difference between the CEO and others promoting it. When a CEO promotes gender diversity, he or she tells everyone in the company about it and they make the goal specific and clear. When others do it, they tend to roll "women" into general "diversity", and then role diversity into "talent", thus diluting the focus.

Another benefit of having the CEO spearheading this initiative is that he or she will reach out to other senior male leaders and get them involved in the effort, making these leaders into more catalysts for change. If these leaders are on board, this will help remove some of the institutional mindset barriers previously discussed. Having these leaders help the cause begins with personal consciousness and once they are committed to the issue, they can encourage others to change their behavior and mindset to support the transformation.

Companies that are successful appoint well-respected managers or leaders to highlight the diversity issues and help keep employees vigilant in the long run. Human Resources leaders identified that there is an issue of "quality over quantity" when it comes to gender diversity



programs at their companies. These leaders reported that “only 30 percent of their companies’ gender diversity programs are of high quality and well implemented today” (Barsh and Yee, 2012). This really highlights the need for vigilance.

While executives cannot fix the problem on their own, the only way they will effectively change the stubborn mindsets that are causing the problem is by calling out the behavior and making it clear that there will be consequences if that behavior does not stop. This requires managers and leaders to be brave, but to also have clout. If people do not respect the leader, they will not put much weight on what he or she is saying. These diversity officers need to recognize that their reputation is dependent on the success of initiatives like this.

The third practice is having pervasive sponsorship. This returns to previously mentioned importance of having mentors or sponsors. Sponsors create new opportunities for high potential employees (both male and female). While it is possible to make it to the top without a sponsor or mentor, it certainly makes it easier to have someone that believes in you, open the door to growth opportunities, counsel you through ups and downs, and advocate for your advancement. These programs offer many rewards, but these types of relationships are difficult to institutionalize and some HR leaders reported the mixed success of formal mentoring programs. One great problem is that some assigned pairs lack chemistry, and that is not something you can learn or develop. It is either there or it isn’t. If a traditional mentoring program isn’t working at a company, they have other options. One company did a great deal better when they selected a group of high potential women and invited them to spend a significant amount of time with top executives at exclusive conferences. During this time, the CEO explained the company’s mission and their operations. This company saw many of these women quickly move up the corporate ladder

(Barsh and Yee, 2012). Although this isn't a traditional mentoring relationship, it still provides a higher up resource that is there to help, and that is the essence of having a mentoring program.

Carefully managing the talent a company hires is another practice that will help companies overcome their gender differences. Most companies acknowledge that talent management is an essential part of success, but companies that excel at promoting women take that a step further. These companies alter their recruiting, promoting, and succession planning process to address performance with regard to gender. As is well known in business, the things that are measured are what matters. Over time, new standards can affect the company's practice and culture. Executives and managers are expected to keep tabs on this and become sponsors that are accountable for what happens next.

The final practice that the study presented was having strong accountability that is supported by data. Companies that are succeeding set aspirations, targets, or goals. They "establish a common fact base for comparisons across the organization and in regular performance dialogues at every management level" (Barsh and Yee, 2012). This will keep leaders vigilant and focused.

## **Starting Points**

Tackling this problem may seem like an insurmountable task. There is not one way that will miraculously transform every organization. Each company's combination of industry, regulation, heritage, location, and aspirations is a unique mix. Although not every company can take the same exact steps, there is a general procedure that every organization can follow

because, despite these differences, all companies are on a similar journey with the same destination in mind.

The McKinsey & Company study came up with three stages of transformation that a company goes through during this process: getting serious, scaling up, and embedding transformation (Barsh and Yee, 2012). In each of these stages, several clear cut steps are laid out and make planning for and implementing change a much more achievable task.

In the first stage, getting serious, companies or organizations are first recognizing that they have a problem, first contemplating the issues of gender diversity, or even getting serious after other failed attempts at change. The four crucial points McKinsey and Company (Barsh and Yee, 2012) came up with are to: declare gender diversity as a business imperative; build awareness of the business case; introduce performance dialogues; and develop a strong data set and inventory of practices and policies.

In order to make change, a business needs to declare gender diversity as a strong objective in the organization. A company needs to separate this goal from all other talent acquisition initiatives and turn it into a measureable goal and metric that managers are held accountable for and evaluated on. Once people know that the progress of this initiative will directly impact their career, they will become more committed to the goal.

A company must be hands on and proactive in building awareness of gender diversity and a great way to do this is to have a strong business case. Top leaders and managers need to have a strong story to compel people to get behind the change and therefore shift their behaviors and mindsets. McKinsey and Company states: “The most compelling stories combine good data, a focus on women (rather than on diversity of all kinds), and a strong link to business

performance” (Barsh and Yee, 2012). Whatever the company chooses, it needs to make sense to its employees and rational business executives.

Organizations that are just starting on the path to change should expect their leaders to discuss and report their progress on gender diversity goals. Future plans should also be discussed so that there will be goal congruence moving forward. When senior leaders have discussions and spread this information throughout the company, change will begin.

Having strong statistics and an inventory of practices and policies make goals and progress more tangible. When there are concrete numbers, companies can celebrate successes and address areas of improvement in a systematic and accurate way. These are both ways of reinforcing changes in mindsets and behaviors toward gender diversity in the workplace.

Once a company has a good handle on beginning the process they can move into the scaling up stage. Organizations in this stage have “some successful programs in place and want to scale them in order to move the needle to relevant goals” (Barsh and Yee, 2012). The key in this stage is to make execution more consistent throughout the company. This stage is broken down into three sections: drive the management team focus down to the front line; focus on helping women gain broad line experience early on; and recognize champions meaningfully (Barsh and Yee, 2012).

Companies can drive the management focus by doing three things. They need to broadly share their business case or story to get more people involved. They need to adapt their recruiting, promotion, and succession-planning processes to include and utilize good data on gender diversity and lower level women with high potential. And finally, they need mentors to provide, and encourage, their mentees to participate in stretch opportunities. These tactics will

especially help mid-level women because there are a lot of them and they have more time to accelerate.

By focusing on helping women gain broad experience early on, the company can ensure that when these women settle down and have families that they will have already gotten some of the prerequisites to advancement out of way. One example would be international experience. Moving to a new country is easier for most women earlier in their careers because they are less tied down. This will allow women to still advance once they have more responsibilities outside of work.

The final step in this process is to recognize champions in a meaningful way. When a success is celebrated in public it encourages everyone, but it is particularly crucial for senior executives who are putting themselves on the line for these kinds of programs. Companies that have linked incentives to success in gender diversity programs have seen great progress and success. These companies have done this without the risk of losing quality because they have set up checks and balances and quantitative metrics that allow actual progress to be closely monitored.

Once companies have proved that they can succeed, they can move into the final stage of embedding transformation into their organization. These companies make their diversity a true competitive advantage and they have a good deal of women at the top and even more advancing. This section focuses on the challenge of not losing this progress and hardwiring change into their company.

A great way to do this is to role model at the top. CEOs and their top teams are the ones who must demonstrate the desired shift in behaviors and mind-sets. Role models are not perfect but some ways they can model these desired behaviors are: “being respectful of differences,

listening deeply, and remaining aware of the personal thoughts and feelings that limit their leadership effectiveness” (Barsh and Yee, 2012). What makes a role model great is not being perfect, but rather having the ability to learn and adapt.

The second task in this stage is investing in leadership development. Great leaders start change with themselves. Only once they are comfortable and confident, they can start taking on the broader transformation of the whole institution. By bringing new language and norms into a company, leaders can learn their behaviors, internalize them, and then pass them on. One way companies could do this is by sending managers and executives to conferences or even hosting them themselves. This is a crucial step and can really help companies reach the tipping point.

The final step in this process is to hardwire the shift. What once took substantial effort will, over time, come naturally and be the normal behavior in the company. Reinforcing successes will bolster the company’s gender diversity initiatives and also make the shift of mindsets and behaviors even more embedded in the company’s DNA.

## **Results**

There are issues with gender diversity in the workforce: in January 2014, women only held 4.4 percent of CEO positions in Fortune 500 Companies (Knowledge Center, 2014). There are also clear steps to help companies tackle, and ultimately conquer, these issues. But, many companies may look at the process, think it is too time consuming or expensive, or worse: simply not care, and decide that they have better things to spend their time and money on. But this is a very poor choice. Solving gender inequality in the workplace is not just an issue of equality; it is a way to make money. Several companies and research institutes have conducted studies on how

women impact a company when they are in top roles and the results flip conventional thinking on its head.

A study performed by a researcher at Pepperdine University found several interesting facts about more than 200 Fortune 500 companies that provided information on their gender makeup. Of these companies, the 25 best firms for women outperformed the industry average on three measures. The profits of these firms, calculated as a percent of revenue, were 34 percent higher. When calculated as a percent of assets, their profits were 18 percent higher. And finally, as a percent of stockholder's equity, their profits were 69 percent higher (Tuhus-Dubrow, 2009). These numbers are not anything to scoff at. It is clear that companies with women in high positions have a great competitive advantage over those that don't.

The positive effects women leaders can have on a company have not only been proven in the United States, they have been seen worldwide. European firms with the highest percent of women in roles with significant influence saw their stock value climb an extra seventeen percent over a two year period compared to the average (64 percent vs. 47 percent) (Tuhus-Dubrow, 2009). When the stock market took a huge tumble in 2008, a French business professor found that the stock price for companies with more female managers declined less than the average on the French stock market (Tuhus-Dubrow, 2009). And after Iceland's finances collapsed, they dispatched a team, with the majority of the members being female, to clean up the mess (Tuhus-Dubrow, 2009).

Not only do women help companies in the present, they can also help prevent future mistakes or troubles. Some even speculate that the 2008 financial crisis could have been severely lessened, or perhaps even avoided, if more women had been at the helm. This could be attributed to the fact that women and men have different management styles. Barbara Annis and John Gray

(2013) found that men's thoughts and opinions are often formed and stated quickly and that they look at team work as "as a quick, agenda-driven exercise to confirm or calibrate a course of action" and the sooner they can wrap up the meeting and get back to work, the better. Women on the other hand, consider teamwork and collaboration to be an essential part of work.

A professor at the London School of Economics also found evidence that shows that women tend to be more risk-averse than men. He also concluded that women on boards would be more vigilant than men and would have paid more attention to what executives were doing. He believes that this could have drawn attention to the brewing pot of problems before the pot exploded in 2008 (Tuhus-Dubrow, 2009). Being vigilant and attentive to the goings on in a company could have alerted the proper people to the issues that were about to destroy the economy and once identified, women's leadership style could have brought a team together and created a cohesive environment that would have been more difficult, or even impossible, to obtain through the leadership style most men exhibit.

When companies look at the time and expenses associated with eliminating gender inequality in the workplace, it is easy to just stick it on an endless to do list and forget about it. That is a terrible choice because women can add great value, both socially and more importantly to a lot of executives, monetarily, to a company. If companies choose to disregard gender issues, they will only be hurting themselves and their future growth and success.

## **Conclusion**

Women have made great strides in both education and the utilization of that education in the workforce over the past sixty years. More women than ever are receiving higher education, in



numbers that are even surpassing that of men. They are then entering the workforce with high hopes and dreams of future success. While women are still making progress, they are met with several large barriers that significantly impact that progress. These barriers have led to a substantial wage gap between genders. Companies need to address the gender diversity problems plaguing the modern workplace quickly and systematically because women in higher roles lead to greater profitability and success. This success is unlimited and companies will cripple their potential if they do not remedy the inequality in the workforce.

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