

Great Expectations

Women now hold half of all management jobs in America. Business books and magazines tout their superior leadership style. What's really changing in the country's corner offices?

BY JUDITH M. HAVEMANN

ON JULY 17, 1975, LESS THAN A YEAR AFTER President Richard M. Nixon resigned in the Watergate scandal, *Washington Post* publisher Katharine Graham threw open the doors of her Georgetown mansion for one of her trademark dinners, with strolling violinists and elegant cuisine. Along the right-hand wall of the foyer, a wheel of tiny envelopes held the table numbers of the 58 guests. On the terrace, Graham, in a pink hostess outfit, greeted people from five different levels of the paper's management by name, introducing each newcomer flawlessly. Then everybody sat down for a gourmet dinner served on her mother's hand-painted china.

It was a virtuoso performance by one of the masters of gracious entertaining. But Graham was applying her formidable social skills to a different arena: her company's business. Although the *Post* was then at the height of its influence and glamour, several of its 13 unions were fighting for their lives. Union contracts were up for negotiation, and Graham, who had become an instant corporate president 12 years earlier on the suicide of her husband, was preparing for trouble. She fretted that the newspaper's managers, on whom she would have to rely to publish the paper in the event of strikes, didn't think of themselves as a team. She wanted her staff to

work together and get along. So on a hot July night, Katharine Graham did a stereotypically female thing: She threw a party.

Today her management method is called "transformational," or cooperative—as opposed to the "transactional," or authoritarian, manner then supposedly employed by the men who ran America's biggest companies. But her style was just that—a style. When it came to making decisions, Graham was as tough as any man. She fired former secretary of the Navy Paul Ignatius when he disappointed her as president of the company, hustled his successor upstairs, and ousted a subsequent replacement. When the pressmen's union went on strike in the middle of the night three months after her garden party, she got the paper out with a crew of managers and volunteers. When the pressmen turned down her contract offer, she replaced them with nonunion workers.

True, she talked stirringly about women's issues—sensitized by a friendship with Gloria Steinem, no less. But the *Post* implemented little of the feminist's agenda. It had no daycare center and offered only a bare-bones maternity leave. Part-time schedules to accommodate child rearing were a rare privilege, and part-time employees were ineligible for raises. Although the paper was often generous in family tragedies, it had to issue checks to its female news employees to settle an Equal

JUDITH M. HAVEMANN is senior editor of *The Wilson Quarterly*. She was a reporter and editor during a long career at *The Washington Post*.



Katharine Graham, Chairman of the Board, the Washington Post Company, Washington, D.C., March 11, 1976

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Employment Opportunity Commission sex discrimination suit over hiring, pay, promotions, and leave. Graham was sympathetic to women, but the pay, benefits, and day-to-day operations of the nation's most famous female-led company broke no feminist ground. Today, Graham's longtime executive editor, Ben Bradlee, cannot think of a single decision that she made because she was a woman.

The corporate world of Graham's era was a men's club, by and large, staffed with female worker bees. Little had changed since William H. Whyte wrote his classic midcentury dissection of corporate conformity and bureaucratic culture, *The Organization Man* (1956). Whyte's index includes a single entry for women: "slenderness progression." But under pressure from a growing women's movement and the federal government, by the 1970s businesses were promoting a few women, although it wasn't at all clear how they would fare when they took charge. At the beginning of the decade, Dr. Edgar Berman, a Democratic national committeeman and close confidante of Vice President Hubert Humphrey, created a minor uproar when he opined that "raging hormonal imbalance" rendered women too unstable to hold top jobs, such as president of the United States.

But Berman's view was not all that unusual, at least among men. Women held only a tiny fraction of supervisory jobs, a category that included management of secretarial pools and other ghettoized occupations. They were simply excluded from elite downtown clubs, golf courses, and other institutions. Leading companies ran advertising campaigns portraying women as playthings—and they worked. The National Organization for Women was outraged by the 1971 "I'm Cheryl, Fly Me" ads for National Airlines, but the number of passengers grew 23 percent in the first year of the campaign.

Today's corporations are as different from their predecessors as 45-rpm records are from iPods. Women hold half of all management, professional, and related jobs in the United States, and—although some of their companies are small—nearly one-quarter of all CEO positions. Between 1997 and 2002 women started an average of 424 new ventures each day, and by 2004 about 6.7 million privately held businesses were majority owned by women, says *The Journal of Small Business Management*. At the very top of

the corporate heap, among the country's Fortune 500 companies, women hold 15.6 percent of corporate officer positions (defined as board elected or board appointed), according to Catalyst, a business research institute in New York. They occupy 14.6 percent of the seats on boards of directors. And they run 13 of the corporations.

That's not the revolution many had hoped for, but it's a significant change. The leadership positions held by women are not only in the corporate world but in the non-profit sector, the military, higher education, and other fields. They sit on boards and campaign for public office. One of them even stands a good chance of making Edgar Berman's worst nightmare come true. In fact, now the shoe is sometimes on the other foot. A handful of management gurus in the business world are proclaiming that possessing a pair of X-chromosomes equips a person to be a *superior* leader.

In books such as *Enlightened Power* (2005), *Why the Best Man for the Job Is a Woman* (2000), and *The Female Advantage: Women's Ways of Leadership* (1990), to say nothing of *Secrets of Millionaire Moms* (2007), writers are advancing what some call the "great woman school of leadership." Magazines now assure women that their feminine style will give them an edge in the new "transformational" corporation. *BusinessWeek* has declared that women have the "right stuff" and, even more sensationally, that a "new gender gap" might leave men as "losers in a global economy that values mental powers over might."

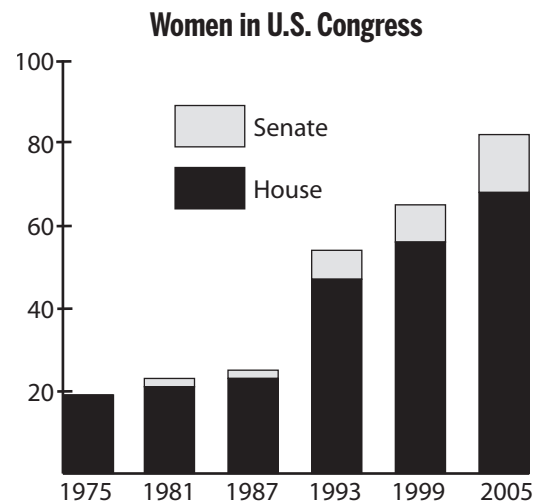
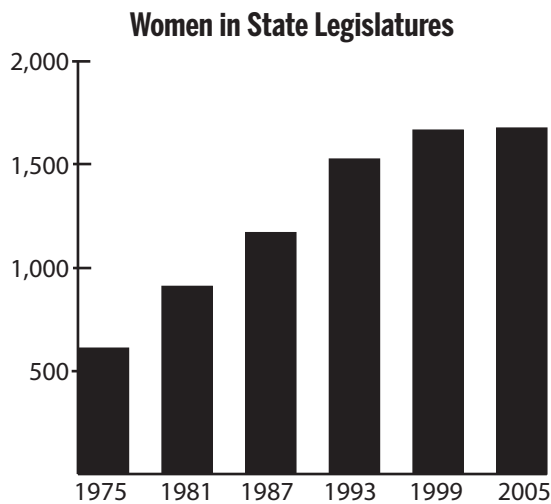
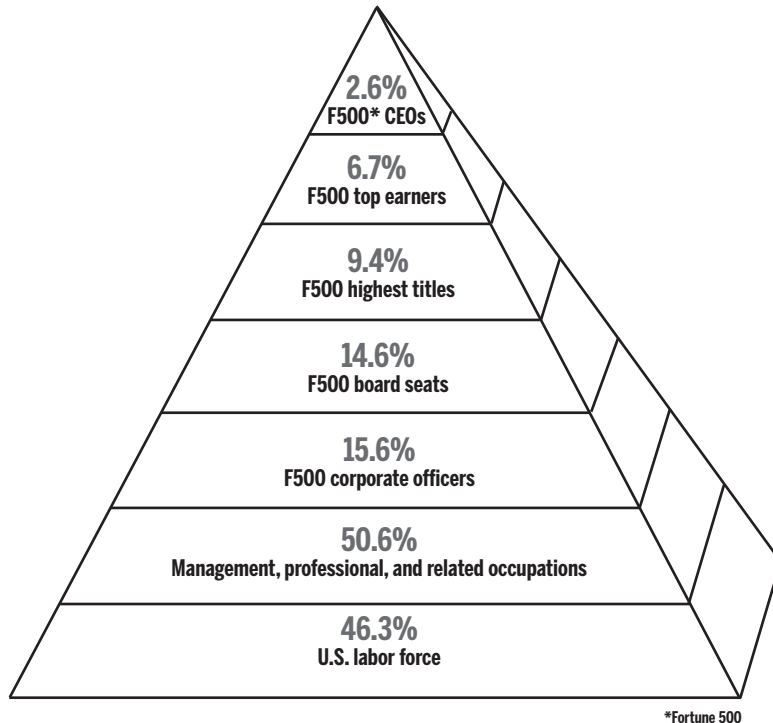
After several decades of experience and enough studies to fill a sizable hard drive, there ought to be answers to some basic questions about women's leadership: Does difference make a difference? Are women more effective leaders, producing more successful companies? Are female-led firms better places to work?

Increasingly, research shows that women—surprise!—are indeed different from men. They do a better job, on average, of collaborating, coaching, teaching, and inspiring others to be creative. Yet it is far from clear that gender in the corner office makes a momentous difference. Evidence that female-led organizations produce superior results is scant. A leadership style that works well in certain fields may bomb in others. And as people climb closer to the top of an organization, gender-related styles of management seem to matter less than other factors in determining who wins the race and what they do as leaders.

Alice H. Eagly, chair of the department of psychology

Women at the Top

Women CEOs by Industry	
Nonprofit	29.6%
Health Care	22.1%
Law Firms & Legal Services	17.7%
Finance	9.6%
Real Estate	9.1%
Insurance	8.9%
Pharmaceutical	8.3%
Construction	7.4%
Software	7.3%
Manufacturing	5.2%
Aerospace	4.5%
Automotive	4.2%
Semiconductor	3.1%



Moving up: Women tend to be judged as more effective in industries where there are more of them. Female state legislators have increased five-fold since 1971, with Democrats outnumbering Republicans by more than two to one. In Congress, the party ratio is roughly the same.

Sources: (top left) ZoomInfo Insite Report: *Gender in the Executive Suite—A Quantitative View of Gender Roles in Business Leadership*, May 2007; (top right) Catalyst Research, *The Catalyst Pyramid: U.S. Women in Business*, 2007; (both bottom charts) Center for American Women and Politics, Eagleton Institute of Politics, Rutgers, The State University of New Jersey.

at Northwestern University and perhaps the most commonly cited scholar on gender-based leadership differences, finds in a recent overview of many studies in the field that superiors, peers, and subordinates generally rate women better leaders than men. Women are more “interpersonally oriented,” a key ingredient in the transformational leadership style, now the *modus du jour* in the American corporation. Transformational leaders lead by example, empower their subordinates, and focus on the future. They stress cooperation, mentoring, and collaboration rather than a top-down, authoritarian structure. Many of these attributes are exactly the traits associated with women, even if not all women exhibit them.

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But there are wrinkles. Leaders face expectations that they must meet to persuade others to get behind them, and what peers and subordinates look for can vary according to circumstance. “Neither men nor women are better,” Eagly says. “Effectiveness is contextual.” Women are ranked higher as leaders in fields such as education, government, and social services, where there is more focus on interaction and—some say—less on the bottom line. And since women are already more numerous in the upper ranks of these fields, those on the way up have an easier time persuading others to accept them as leaders. But in male-dominated occupations, from the military to auto sales, women are still judged less effective than men.

In many industries, stereotypes about leaders are ripped from the playbook of men, and women are at a disadvantage because they don’t look “usual or natural” in a leader role, Eagly says. “Women in highly masculine domains often have to contend with expectations and criticisms that they lack the toughness and competitiveness needed to succeed.” When they do show grit, they are accused of being unfeminine. Just ask Hillary Clinton, who is criticized for being both too steady and

controlled and not emotional *enough*.

Recalling her stint as the head of the troubled computer giant Hewlett-Packard, Carly Fiorina said in a recent interview that her enemies in the corporate and tech worlds routinely referred to her “as either a bimbo—too soft, or a bitch—too hard.” She shook up the entire company, eventually laying off 36,000 people and attracting almost as much media attention as the executives who bankrupted Enron and went to jail. “It broke my heart every time we had to do it,” she says of the layoffs. “It was tearing what people thought was the heart of the company. But it had to be done to save more jobs. Once I was fired, they said I didn’t do enough of it.” Hewlett-Packard has since gone from

being a laggard to a leader, but Fiorina’s successor, rightly or wrongly, has reaped much of the credit.

Barbara Krumsiek, CEO and president of the Calvert Group, a \$14 billion mutual fund company, said in an interview that advancement after a cer-

tain point “is not a matter of competence, it is how you are perceived.” After her first daughter was born, Krumsiek, then still climbing the corporate ladder, began hearing comments suggesting that she should step aside. A colleague flat out told her, “Women who really love their children stay home with them.” Feeling that she had to produce still more signs of her commitment to work, she hired an executive coach and became active in professional organizations. Her climb resumed.

While perceptions matter a great deal, the problem with research such as Eagly’s is that it only goes so far. It is one thing to ask people whether the female bosses they know are good leaders, another to find hard evidence that female leadership produces results that are better. Scholars have been able to provide correlations, but no proof. The research group Catalyst, for example, divided the Fortune 500 companies into quartiles based on the share of top management jobs held by women, and found that the companies in the top quartile performed 35 percent better (judged by return on equity) than those in the bottom quartile. But the study didn’t show that women were responsible for that success. It may be, for example, that successful companies tend to hire more women.



Doing it her way: As CEO of Amylin Pharmaceuticals for four years, Ginger Graham (here, at the opening bell at the NASDAQ) didn't shrink from displays of emotion when her two new drugs won FDA approval. She says, "At some point you have to make the transition from being a collaborator to a decision maker."

It is hardly surprising that scholars have not been able to identify a precise "female difference." Just consider the political agendas of these leaders: Israel's Golda Meir, Britain's Margaret Thatcher, India's Indira Gandhi, Germany's Angela Merkel. In the U.S. Senate, what common adjective could describe the leadership of California's Barbara Boxer and North Carolina's Elizabeth Dole?

In the Darwinian world of the contemporary corporation, survival of the fittest requires ambitious men and women to adapt whatever methods work, even if they are soft, "feminine" methods. Under the pressure of competition and globalization, the modern corporation has gone from fat to lean, from vertical to horizontal, and from homogeneous to diverse. Status and hierarchies are out, team building, "open innovation," and learning are in. The corporation's work force is better educated, more mobile, and more demanding than it was only a few decades ago. In this new world, the top-down leadership

paradigm of the past looks only a little less outdated than a watch fob. The new mantras, propounded in books such as *Leading at a Higher Level* (2006), *Wikinomics* (2006), and *True North* (2007), are mass collaboration, "authentic" leadership, and becoming a "learning" organization through communication, vision, and shared power. And who's better at collaboration and communication than women? Well, sometimes men are, or at least they are no worse.

Analyzing the results of 50-to-80-minute interviews with male and female owners of 229 firms in the mid-1990s, management scholars Jennifer E. Cliff, Nancy Langton, and Howard E. Aldrich found striking evidence that gender had "no effect" on the organizational design and management of companies. The traditional explanation would have been that women were forced to adopt a more stereotypically masculine approach. In fact, the researchers found that "the male owners in our sample were just as likely as their female counterparts to have implemented

archetypically feminine organizational arrangements and practices in their firms.” Both male- and female-headed firms, for example, had reduced the levels of hierarchy and cut back on formal policies in favor of more open and informal procedures and modes of communication—actions associated with women leaders.

What was different between men and women, the authors wrote in 2005 in the journal *Organization Studies*, was the way they *talked* about leadership. Men said they wanted to be thought of “as God . . . as capable . . . as the captain of the ship who calls the shots.” Women wanted to be thought of as “someone who’s here to work for my employees . . . as a resource . . . [as having] their well-being at heart.” But despite these contrasting self-evaluations, the management methods men and women adopted were, on the whole, “indistinguishable.”

Female business leaders interviewed recently tended to stress that while gender bias often posed special challenges every step of the way, the leadership qualities needed near the top transcended gender. “We don’t have a real meritocracy in this country, although we have made great progress,” Fiorina says. “Women face barriers and have to work harder to get ahead. Men and women have different styles, and people focus on the style of women and the substance of men. But the fundamentals of leadership are not gender specific.”

Ginger Graham, a former Arkansas state rodeo queen with a Harvard MBA, has had an unusual career. She got her first job selling herbicides to local farmers as an agricultural economics major at the University of Arkansas, rose at Eli Lilly, and eventually was named CEO of Amylin, a biopharmaceutical company. When Graham (no relation to Katharine Graham) took over at Amylin in 2003, she adopted a management style that would be unusual, perhaps inconceivable, for a man. The morning after the company’s diabetes drug, Symlin, was finally approved by the federal government after 18 years of research and development, she arrived in the office in a Sleeping Beauty costume and handed out copies of the fairy tale. She wanted to inspire a company that now needed to set up a manufacturing operation and hire a sales force almost overnight. When a second drug was approved six weeks later, Graham jumped into the fountain at corporate headquarters. She punctuated company sales meetings with shouts of “whoo-hoo!”

By the time Graham stepped down, this past March, the price of Amylin’s stock had nearly doubled. But while her style may have been flamboyant at times, her management moves were classic. “You stand alone in these jobs,” she says. “Obviously they are well paid and very fulfilling. They call for an element of collaboration, but at some point you must make the transition from being a collaborator to a decision maker. You have to transform empathy and engagement to accountability and decisiveness.”

Finally, there is the touchiest question of all: If women are such effective leaders, why aren’t more of them leading? The percentage of the 500 biggest firms with women at the helm is not even close to cracking the three percent barrier, and women’s advances in a number of fields have come to a standstill.

After Betty Friedan’s *The Feminine Mystique* reignited feminism in 1963, women poured into politics, medicine, the clergy, and the military. Most all-male college enrollment policies crumbled within a decade. Today, more than half of all college graduates are women. They are a majority in many fields of graduate study. Affirmative action policies have helped women move into many occupations. But after early increases in the 1970s and ’80s, some of the advances have stalled. The percentage of married mothers of preschool children who are in the labor force has dropped four points since 1997.

In politics, despite the emergence of stars such as Hillary Clinton, Condoleezza Rice, and Nancy Pelosi, gains are uneven. Female representation in state legislatures hasn’t budged much since topping 22 percent of legislative seats in 2001. Even some advances are colored by puzzling setbacks. While young women’s level of participation in college sports has soared, thanks in part to federal Title IX legislation, the number of female coaches has dropped. Coaches often travel three or four days a week and must go on many recruiting trips during the off-season, a schedule that particularly puts off women who have, or want to have, a family, according to *The Chronicle of Higher Education*.

Anxiety over this stalled progress may explain the firestorm touched off by Princeton graduate Lisa Belkin’s 2003 article in *The New York Times Magazine* describing what she called an “opt-out” generation of highly edu-

cated women like herself who said, “The heck with it, I’d rather stay at home with my kids.”

At first dismissed by some as a luxury confined to elite wives with well-paid husbands, the “opt-out” phenomenon has found some support in statistical evidence, notably the data that show a dip in employment among women at every income level who have younger children. (Sixty percent of these women are now in the labor force.)

“Women naturally don’t like this hard-driving competitive atmosphere that is part of business and law firms,” argues Phyllis Schlafly, president of the conservative Eagle Forum and a lawyer who played a prominent role in the defeat of the Equal Rights Amendment. It isn’t really motherhood that makes women drop out, she says; “they just get tired of it.”

Belkin’s passionate critics scoff that the moms-go-home theme has been “discovered” at least four times in the last half-century by *The New York Times* alone.

They say it’s no surprise that women in jobs with no flexibility, forced to choose between feeling they aren’t good mothers or aren’t good workers, elect to stay home. “If women feel undervalued and stalled in their jobs, no wonder they opt out,” says Sally J. Kenney, director of the Center on Women and Public Policy at the University of Minnesota. At the same time, many advocates surely worry that the opt-out phenomenon will reinforce the negative expectation that women won’t go the distance, harming the prospects of those who remain in the race.

For more than a hundred years, women have explained their lack of power by citing barriers: laws that bar women from certain jobs, prejudice, a pay gap that saps the incentive to keep working, the unequally shared burden of child care and housework, the “mommy track.” In addition to the “glass ceiling,” British writers have identified a “glass cliff”—the overrepresentation of women in nearly impossible high-level jobs in which the risk of failure is high. It is said that women are denied plum assignments because they’re thought likely to opt out. They choke in emergencies. (Now making the rounds is a study of professional tennis—whose methodology has been vehe-

mentally assaulted—showing that women make more unforced errors on crucial points than on others, a difference absent in men.) They won’t work as many hours as men. (A recent *Harvard Business Review* survey of “extreme jobs” found that women in these high-pressure white-collar occupations “are not matching the hours logged by their male colleagues.”)

Many barriers still exist in some form, but increasingly the question of whether women get to the top of the heap hinges on their own choices and actions. It’s possible that the ascension of more women will produce a tipping point, dramatically easing the way for future female leaders in every field. Perhaps the continuing

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transformation of the corporation and other institutions will make them more female friendly and humane. Maybe Americans three decades from now will look back on our present-day conundrums with the same disbelief with which we view “fly me” advertisements.

Yet a consistent message from women who have reached the heights is that gender does not make a big difference in conducting the essential business of leadership. Katharine Graham had to fire executives and crush unions. It was her son and successor, Donald, who added female-friendly benefits such as family leave, tax-deferred accounts for dependent care, and part-time schedules when they were needed to attract and retain talented people. For mother and son alike, the task was the same: Keep their company healthy and growing.

Just when women have the greatest opportunities in history, top jobs have become more demanding than ever. The pace of change has quickened, the rigors of competition have increased, and the scrutiny of leaders has grown more intense. The route to the top may remain even more difficult than it is for men, but the decision that women face now is whether they want to enter—and perhaps hope to alter—the demolition derby. ■