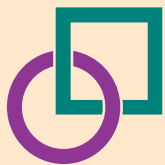




LEADERS IN A GLOBAL ECONOMY

A STUDY OF EXECUTIVE WOMEN AND MEN

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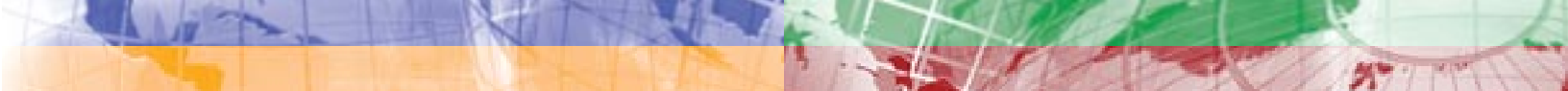
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The *Leaders in a Global Economy* project grew out of the concerns of a group of companies. These companies had already identified the growing need for attracting, developing and retaining women as a key competitive business strategy, and they had been working on doing so for a number of years. Despite their progress, however, they felt there were still many challenges—both subtle and overt—to overcome. They wanted to better understand these challenges on a global basis so they could develop new approaches and strategies to address the advancement of both women and men.

The concerns of these companies resulted in a **unique partnership** and first-time collaboration among three non-profit research organizations: Families and Work Institute, Catalyst, and the Boston College Center for Work & Family.

This project, which began in 2000, includes a worldwide survey that is the **first-of-its-kind**:

- It is the **largest** cross-company study of global executives and the relationship between gender and career advancement ever conducted. It was conducted in 10 major United States-headquartered global companies¹ in a range of industries. The participating companies in this survey are: Baxter International Inc.; Citigroup; Deloitte Touche Tohmatsu; The Dow Chemical Company; Eli Lilly and Company; Goldman, Sachs & Co.; IBM Corporation; JPMorgan Chase; Marriott International; and The Procter & Gamble Company. In all, 1,192 executives participated in the survey.
- It is **global**. Overall, 62 percent of executives surveyed work in the United States and Canada, 16 percent work in Western Europe, 11 percent work in Asia-Pacific (excluding Australia and New Zealand), 7 percent work in Latin America, and 4 percent work in other regions of the world. Among the 38 percent of these executives who do not work in the United States and Canada, more than half were born in the country or region where they now work.
- It includes both **women and men**—52 percent of the participants in the study are women and 48 percent are men.
- It is **representative** of the top executives in each of these companies. The companies selected their top women and men across the globe to participate, and 51 percent of those selected did participate.
- It includes **very senior executives**. More than half (54%) either report directly to their CEOs (Level 1) or to the CEO's direct reports (Level 2). Furthermore, these executives have responsibility for large groups of people—22 percent are responsible for 500 people or more. In addition, 57 percent of the participants are in line positions.

SUMMARY OF GLOBAL STUDY FINDINGS

Background: The *Leaders in a Global Economy* study finds, not surprisingly, that men senior executives have higher status jobs than women senior executives, as measured by reporting level, number of direct and indirect reports, and total compensation.

Throughout the full research report, we investigate why this is so by looking at differences in men's and women's demographics, work experiences, family lives, ambitions, and the obstacles they face in advancing. None of these factors can fully explain why men have higher status jobs than women. Clearly, other characteristics of men and women or of the workplace affect these differences.

Given this context, the study digs deeper to challenge **common wisdom**. In many cases, we find that common wisdom does not hold up under scrutiny, while in other cases it does.

For more information about the full research report of the study findings, please go to www.familiesandwork.org, www.catalyst-women.org, or www.be.edu/cwf.



Common Wisdom: The higher women climb, the more they have to give up in their personal and family lives.

Finding One: Women executives are more likely than men executives to have made important life decisions in order to manage both their careers and their personal lives. For example:

- 18 percent of women versus 9 percent of men have delayed marriage or a commitment to a partner and 3 percent of women versus 1 percent of men have decided not to marry. Currently, 94 percent of men are married or in couple relationships compared with 79 percent of the women.

HISTORY OF THE PROJECT

Over its three-year history, there have been **12 company partners** in the overall project. They are all U.S.-headquartered multi-national corporations: Baxter International Inc.; Citigroup; Deloitte Touche Tohmatsu; The Dow Chemical Company; Eli Lilly and Company; Goldman, Sachs & Co.; IBM Corporation; JPMorgan Chase; Marriott International; Merck & Company, Inc.; Merrill Lynch & Company, Inc.; and The Procter & Gamble Company. The lead business sponsor of this project throughout its history has been the IBM Corporation.

This project has taken place in three phases:

In the **first phase**, the research team conducted lengthy telephone interviews with four to five very senior women in each participating company. Forty-five women were interviewed in five key regions of the world: North America, Latin America, Europe, Middle East/Africa and Asia-Pacific.

The **second phase** involved bringing together delegations of top women leaders from participating companies to discuss issues related to women in business, to present benchmarking data on the companies and a review of best practice, and to create plans for making change within their companies. Ninety women from 19 countries participated in this three-day seminar in Prague, Czech Republic in July 2001.

In the **third phase**, a study was designed by the research organizations and conducted online between March and June 2002 by Clear Picture Corporation, a survey research firm.

- Executive men and women have lives at home that are very different from one another: 74 percent of women surveyed have a spouse/partner who is employed full-time while 75 percent of men surveyed have a spouse/partner who is not employed.
- 35 percent of women versus 12 percent of men have delayed having children and 12 percent of women versus 1 percent of men have decided not to have children. Currently, 90 percent of men executives have children compared with 65 percent of women executives.

We find that women executives in higher status jobs, however, have not given up more in their personal and family lives to manage their careers than women executives in lower status jobs. In fact, 70 percent of women closer to the CEO in reporting levels (Levels 1 and 2) have children compared with 62 percent of women at reporting levels farther away from the CEO.

Because women at higher reporting levels are older than women in lower reporting levels, we controlled for these differences in age statistically. We still find that women at reporting levels closer to the CEO are *more* likely to have children and *less* likely to have decided not to have children than other women executives.

Moreover, women at the higher reporting levels are *no more* likely to have delayed or decided against committed relationships than women in lower status executive jobs. On the other hand, women at higher reporting levels are *somewhat more* likely than other women to have delayed having children early in their careers.

- Importantly, more than three-quarters of women (77%) and men (79%) who report having “postponed” having children at some point in their careers now have children.

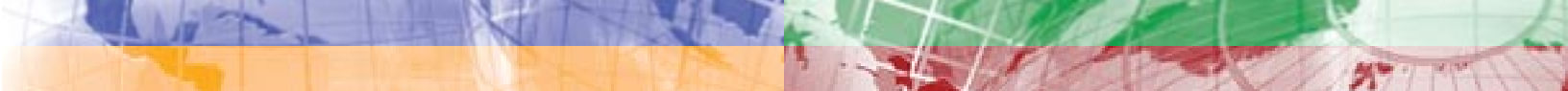


Common Wisdom: Executives have to be work-centric in order to feel successful and to succeed in their careers.

Finding Two: Most executives are, in fact, work-centric: 61 percent have placed a higher or much higher priority on their work than on their personal or family lives over the past year. There is a substantial minority of 32 percent, however, (men and women alike) who have placed the same priority on work and on their personal or family lives. We call these executives “dual-centric.”

- The executives who are dual-centric do not necessarily have fewer family responsibilities than other executives, making it easier to be focused on home and work. In fact, 62 percent of dual-centric executives have children under 18 who live with them at least half the time. They are more likely to have children at home than the general population of executives (54% of whom have children under 18 living at home).

Although working long and hard is clearly part and parcel of advancing in today’s corporate structure, this study finds that a one-sided life, where work always comes first, isn’t necessarily beneficial to career development.



The close to one-third of executives who are dual-centric feel more successful at work, are less stressed, and have an easier time managing the demands of their work and personal/family lives. Women who are dual-centric have advanced to higher reporting levels and also feel more successful in their home lives.



Common wisdom: Men are more ambitious than women.

Finding Three: While it is true that men on average have higher aspirations than women (19% of men executives aspire to be a CEO or managing partner compared with 9% of women), a significant group of women hope to join their senior management committee (43%). By comparison, 54 percent of senior men have this aspiration.

Importantly, however, one in four of the executives in this study has reduced her or his aspirations—women more so than men (34% of women versus 21% of men). The most frequently selected reason is the same for both women and men. According to 67 percent of executives who have reduced their aspirations, a very important reason is “the sacrifices I would have to make in my personal or family life.”

In addition, women who don’t think there has been progress in breaking the glass ceiling are more likely to have reduced their aspirations than women who think progress has been made.



Common Wisdom: Companies need to use different strategies to help women and men succeed.

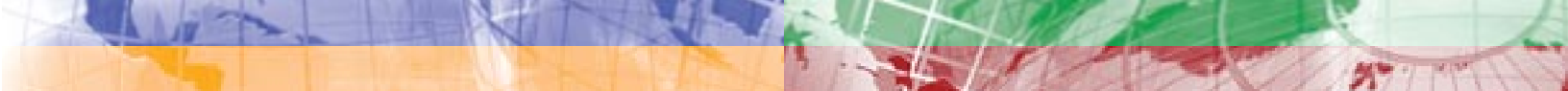
Finding Four: The largest proportion of executives—both men and women—see business-focused strategies as the most helpful organizational strategies in their advancing:

- 83 percent note opportunities for leadership positions and 80 percent note challenging assignments as strategies that have been very helpful in their success.
- Men are somewhat more likely than women, however, to list business-focused strategies, while women are more likely than men to list work-life and diversity strategies. We cannot fully test whether this is because women and men see different ways to the top or because women and men are offered different types of opportunities.



Common Wisdom: Men and women use different personal strategies to succeed.

Finding Five: This study finds that executive women and men describe the personal strategies that have helped them succeed as much more alike than different. These include both so-called “masculine” strategies, such as “taking risks and challenges” and “standing up for what I think,” as well as so-called “feminine” strategies, such as “being collaborative.”



When we adjust for differences in job status, only two out of a list of 19 potential differences between men and women are confirmed: women are more likely than men to say that having very high personal standards for their work and being able to navigate the politics of their organizations have been very important to their success.

The top rated personal strategies are:

- Being adaptable and able to manage change (50%)
- Taking on risks and challenges (38%)
- Being able to motivate others (38%)
- Having very high personal standards for my work (37%)
- Being a hard worker (32%)
- Being an effective problem solver (30%)

These strategies are related to managing well in the turbulent waters of today's business climate.



Common Wisdom: Men and women face different organizational barriers to advancement.

Finding Six: When asked about organizational obstacles, the top-rated obstacles, primarily concern the availability and quality of support executives receive from the people in their organizations. Clearly, having support from higher-ups in the organization is paramount for both women and men to advance. Women report facing many more obstacles, however, than men—specifically being excluded from important networks, having a limited number of role models, having limited opportunities for experiences in line or in general management positions, facing gender stereotypes, and being in dual-career families.



Common Wisdom: It is higher-level executives—male and female alike—who stand in the way or help those below them succeed.

Finding Seven: When asked about the person who has helped them the most, close to nine in 10 (87%) refer to a man. Among women executives, however, 19 percent have been helped the most by a woman.

- Importantly, women who have had a woman as the most helpful person are more likely than other women to have reached reporting levels 1 or 2.

Thus, while it is true that support and mentoring by higher-level executives—both male and female—are essential to developing leaders, we find that women mentoring women is of special importance.



Common Wisdom: Women executives are more likely to leave their jobs than men and for different reasons.

Finding Eight: An equal number of men and women executives—44 percent—plan to leave their jobs in five years or less. This will constitute a large turnover in the top talent in these companies.

Almost 30 percent (29%) plan to leave in five years or less but do not plan to retire.

- Importantly, more women (32%) than men (26%) are in this category. One reason for this difference is that men executives are somewhat older on average than women executives.
- Of these male and female executives who plan to leave within five years but not retire, only 7 percent are planning to drop out of the workforce temporarily. The largest proportion (56 percent) plan to pursue a different career. There are no differences between men and women in what they plan to do when they leave their companies.

There are clearly some differences between men and women in the obstacles that have limited their careers. When we examined the statistical relationship between facing obstacles and retention, we find that men and women are affected by obstacles in the same way. Both men and women need to feel recognized for their performance and perceive the performance evaluation system as fair, both need to feel included in important networks, both need to see opportunities for growth and advancement, and both need sponsors and role models. To retain top talent, companies must address these issues effectively, regardless of gender.



Common Wisdom: Retention strategies should focus on the “hard” issues of promotion and compensation, not the “softer” issues.

Finding Nine: In order to retain talent in the executive ranks, employers need to attend not only to matters of promotion and compensation, but also to the so-called softer issues (which these analyses reveal are not soft at all) such as respect, acceptance of individual differences, support in the workplace, job quality, and flexibility.

REGIONAL DIFFERENCES²

Comparing Western Europe with the United States and Canada:

- Executives in Western Europe are struggling more than those in the United States and Canada with certain tensions between their work lives and their personal and family lives. For example, executives in Western Europe are *less* likely to say they have the flexibility in their work schedules to manage their personal and family responsibilities.

Comparing Asia-Pacific with the United States and Canada:

- Executives, primarily women, in the Asia-Pacific region have more frequently made important personal and family life decisions in order to manage both their careers and their personal lives than their U.S. and Canadian counterparts. They are *less* likely to be married or living with a partner or to have children. In addition, executives in Asia-Pacific, primarily women, are *more* likely to have made the conscious choice of not marrying or entering a committed relationship because of their job.
- Executives in Asia-Pacific, primarily men, are *more* likely than executives in the United States and Canada to see themselves as facing stereotypes about their ability based on race/ethnicity and a hostile work environment.

ACTION STEPS SUGGESTED BY EXECUTIVES

When executives themselves are asked to suggest changes to help advance the next generation of women and men leaders, they say:

Improve career development and performance management systems for both genders: 57 percent recommended this for women, 59 percent for men. This category includes creating objective and inclusive performance management systems, providing key developmental experiences, and offering networking and mentoring opportunities.

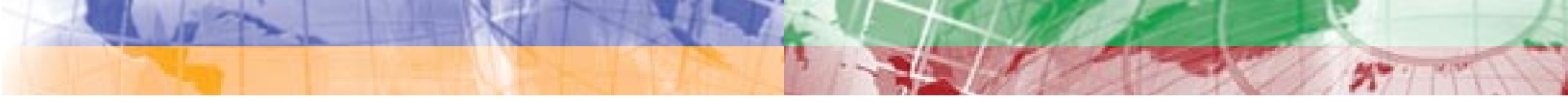
Create an inclusive work environment: 32 percent recommended this for women, 29 percent for men. This category includes broadening acceptable leadership styles for both women and men, educating the workforce about diversity and inclusion, providing equal opportunities, and guarding against reverse discrimination.

Address work-life needs: 21 percent recommended this for women, 11 percent for men. This includes addressing cultural values and expectations by providing role models and supporting involvement in activities outside of work, reducing expectations of very long work hours, and rethinking career paths.

RECOMMENDATIONS FOR ACTION

Based on the findings of the study and the executives' suggestions for change for the next generation of women and men leaders, we list our recommendations for diversifying senior leadership in corporations like the ones we studied.

Focus on Leadership: Review the senior leadership group in the company to assess the diversity of the group, going beyond race or gender demographics to include personal styles, family status, career paths, and nationalities. Clarify essential leadership skills for senior management, including requiring understanding and committing to diversity. Broaden the range of accepted leadership styles in order to foster individuality. Communicate the business benefits of having a wider spectrum of leaders, demonstrating that there is more than one way to make it to the top.



Focus on Key Developmental Experiences: Provide opportunities for learning and development on the job, for challenging and visible “stretch” assignments, reasonable risk-taking, and cross-functional roles that broaden all employees’ exposure and skills. Invest in career planning programs and systems.

Focus on Rewards: Review performance management systems so that rewards are aligned with business goals and values, clearly communicated, and consistently used as the basis for recruitment, compensation, promotions, and other opportunities. Examine, reconsider, and make explicit the currently “unwritten” rules required for advancement.

Focus on Connections: Create a mentoring culture by recognizing and rewarding those who are effective mentors and coaches. Provide opportunities for executives to make professional connections across functions and geographies. Use workplace networks as an important resource for meeting the needs of underrepresented groups. Provide opportunities for women to mentor other women.

Focus on Work-Life: Transform the company understanding about work-life, clarifying that it is possible and positive to have a viable personal life while holding a senior management position in the company.

Focus on Retention: Examine the factors that might cause executives to leave, such as lack of respect, job quality, supportiveness, and flexibility and address them in ways that improve retention.

CONCLUSION

Throughout our analyses, we have searched for the factors that can explain the differences between the status of women’s and men’s jobs. None of the factors we have explored independently or together—including differences in men’s and women’s demographics, work experiences, family lives, ambitions, and the obstacles they face in advancing—can fully explain why men have higher status jobs than women. It is very clear from these analyses, however, that each of these factors does make a difference, and can add up over time to limit women’s careers more than men’s.

These study findings and recommended changes from executives on how to improve the advancement of the next generation of leaders are critical to understanding what companies need to do in order to recruit, advance, and retain their top talent—both women and men—so that they remain productive and competitive in today’s global economy.

¹ Ten companies participated in the survey. Analysis of open-ended responses was conducted for all 10 companies. Because the survey was greatly shortened and modified at one company, quantitative analyses could only be conducted for nine of the 10 companies.

² For the purpose of cross-region analyses, only executives who are citizens of the country where they are now working are included. This was done so that we could better understand the experiences of local nationals in these companies. As a consequence, sample sizes were too small to include comparisons with Latin America, Australia and New Zealand, Central Asia, and Africa. Regional comparisons were conducted using multivariate regression analyses that controlled for both age and gender to eliminate any influence these factors might have on the findings.

This Executive Summary of *Leaders in a Global Economy*, as well as information about the full research report of the study findings, is available online at www.familiesandwork.org, www.catalystwomen.org, and www.bc.edu/cwf.



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Catalyst is the nonprofit research and advisory organization working to advance women in business, with offices in New York, California and Toronto. The leading source of information on women in business for the past four decades, Catalyst has the knowledge and tools that help companies and women maximize their potential. Its solutions-oriented approach—through research, Advisory Services, Corporate Board Placement, and the Catalyst Award—has earned the confidence of global business leaders. For more information, see www.catalystwomen.org.



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