The Female CEO Reputation Premium?

Differences & Similarities

KRC RESEARCH

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engaging, always.

Introduction

Even though women in business still have much to achieve, they have come a long way since the days when a Peggy Olson, the striving female copywriter in the hit TV series *Mad Men,* had to climb her way up the corporate ladder under the gaze of dubious male executives.

Nowadays, the benefit of promoting greater gender diversity in the C-Suite is generally acknowledged by both men and women. According to a report from Catalyst, a leading nonprofit focused on providing opportunities for women in business, companies with higher female representation in top management deliver 34% greater returns to shareholders than those with lesser representation. Gender diversity is thus good for women, good for companies and good for business.

All well and good. But how female leadership impacts CEO and corporate reputation still remains largely unexplored, so Weber Shandwick decided to traverse this terrain by mining global research we recently completed about CEO reputation overall. What do women CEOs bring to a company's reputation that is different from their male counterparts, and how do these differences affect how a company is perceived? Or are CEOs of both genders more similar than different? This is the focus of our new report, presented herein.

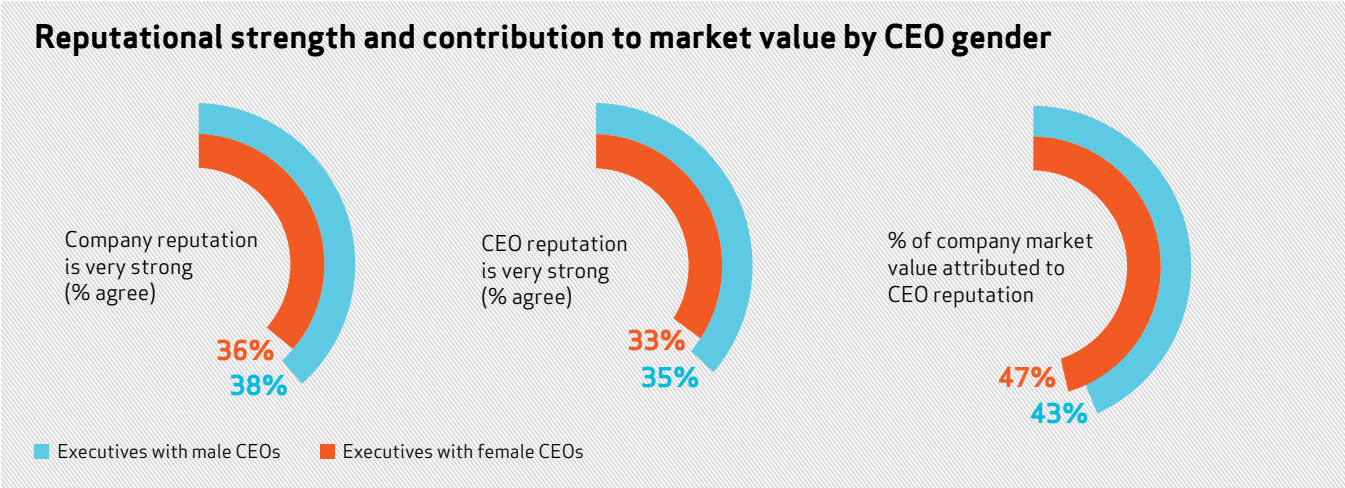
Our main report, The CEO Reputation Premium: Gaining Advantage in the Engagement Era, conducted with KRC Research, was released in March 2015 and was based on more than 1,750 executives in large-sized companies ($US 500 million +) in 19 markets around the world. We found that a strong CEO reputation delivers a premium, significantly enhancing overall corporate reputation and market value (45% of a company's reputation and 44% of its market value are attributable to the CEO's reputation). The large sample size of our study allowed us to segment our sample into two groups — those executives with a male CEO (92% of the sample) and those with a female CEO (8%), forming the basis for **The Female CEO Reputation Premium? Differences & Similarities**. Our results say much about the role of women today in the executive office.

The Female CEO Reputation Premium? Differences & Similarities finds that having a woman CEO presents no impediment to a company maintaining and developing a strong reputation. Are there differences between having a male vs. a female CEO? Well, yes, but not materially so. The essentials of reputation for all CEOs are largely the same. Whatever differences exist simply offer different pathways to corporate success.

This is not to say that women who aspire to be CEOs are in the same position as their male counterparts. We found that perceptions about the incidence of women CEOs do not necessarily square with reality, and that reaching CEO gender equality, in terms of C-Suite representation, faces a number of challenges. Perhaps most striking is that while both male and female executives express remarkable reluctance to take on the job of chief executive, women are significantly more reluctant to do so. We can only conclude that if gender parity is a socially desirable goal, then a special effort must be made to encourage women to step up to the plate.

Corporate and CEO reputations are largely gender-blind

As we will cover in the next section of this report, each gender brings slightly different leadership strengths to their companies. Yet companies run by male and female CEOs are just as likely to be perceived as having very strong reputations, and these CEOs have comparably strong reputations themselves. Moreover, the reputations of male and female CEOs contribute similarly to the market value of their firms.



According to Leslie Gaines-Ross, Weber Shandwick's Chief Reputation Strategist, "Our finding that women CEOs deliver return-on-reputation equal to male CEOs is highly encouraging. Apparently, once women sit in the chief executive chair, they've proven themselves and their gender is no longer an issue. Like their male counterparts, all that now counts are business results."

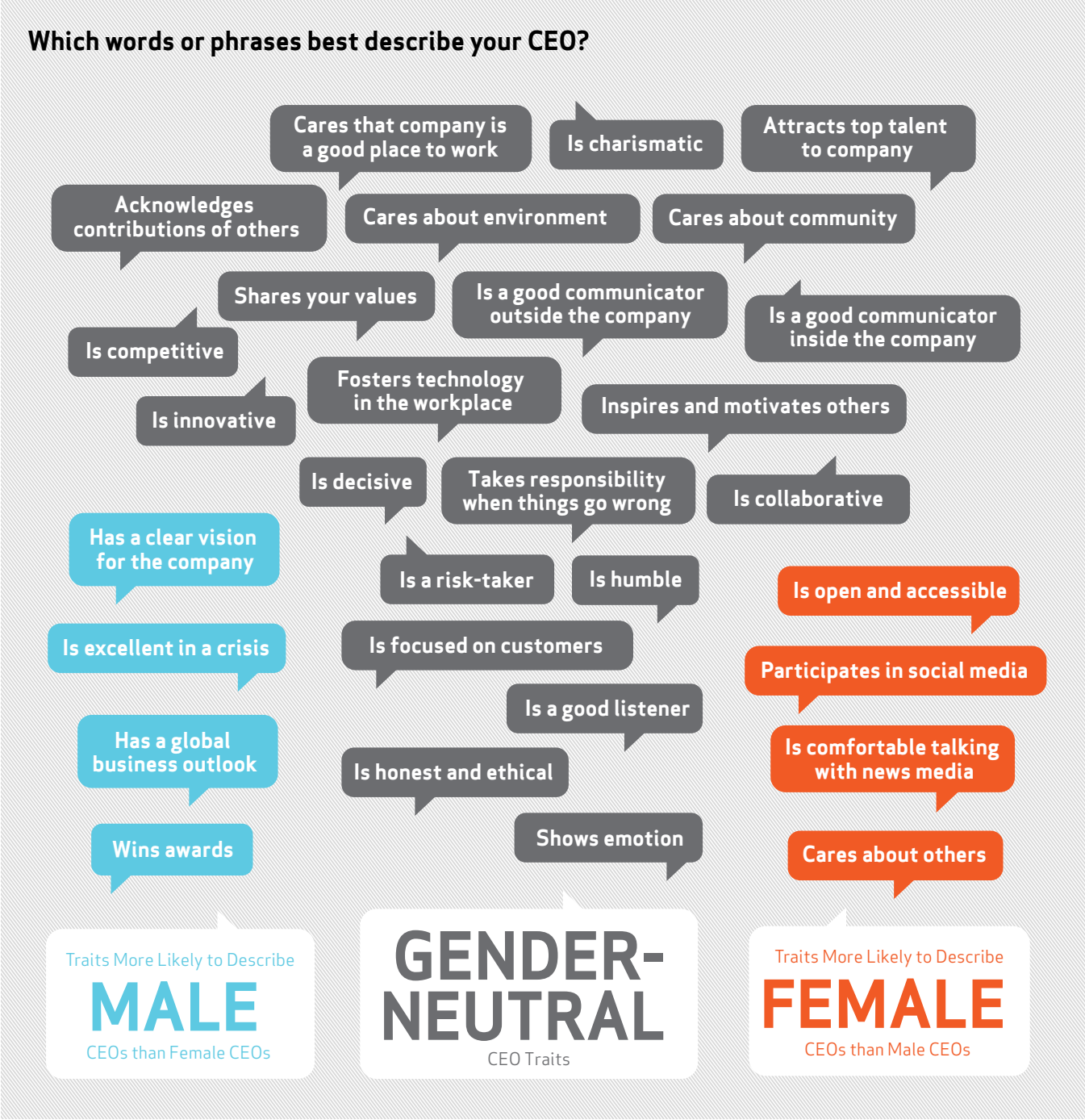
Differences between male and female CEO leadership qualities — not so much

We asked respondents to describe their CEOs using a list of 30 leadership and personality characteristics. Then we analysed the responses by CEO gender.

To our surprise, major differences between male and female CEOs were relatively few. Indeed, only one leadership trait — albeit a highly important one — is significantly higher for male CEOs than female CEOs: having a clear vision for the company. It seems that once a woman makes it to the chief executive office, business is business and gender considerations fade.

Yet, there is still a quantifiable variation among CEOs depending on gender according to global executives surveyed and those closest to the CEO. For example, male CEOs surpass female CEOs directionally on such items as excellence in crisis management, having a global business outlook, and pursuit of awards. Women CEOs, in contrast, are perceived as being stronger on more affable or "soft power" qualities: open and accessible, social media participation, comfortable talking to the media and caring about others.

Such variation appears to conform with long-held stereotypes whether it be the strong, decisive man or the nurturing, maternal woman. However, the variation is not great and is perhaps not unexpected. Nor should it be considered an impediment to turning more senior women into CEOs. Male and female CEOs are for the most part viewed with similar yardsticks once they obtain the top leadership position.



"Our study suggests that stereotyped differences in leadership style don't really matter — both styles can be equally effective and respected. No matter the approach, a qualified CEO has been able to rise to the top. Whatever his or her personal traits may be, they have been effective and demonstrably competitive. Reputation premium benefits come with the CEO job, regardless of the CEO's gender."

— MICHO SPRING, GLOBAL CORPORATE PRACTICE CHAIR, WEBER SHANDWICK

Are female CEOs more visible than male CEOs — or is it just media hype?

Compared to male CEOs, female CEOs are more likely to be described as being more willing to talk to the media than they were a few years ago (43% vs. 52%, respectively) and more likely to be comfortable doing so (33% vs. 39%). Female CEOs are also more likely than their male counterparts to participate in social media (20% vs. 15%).

On one hand, we suspect that such attention to external visibility may simply be a product of intense media interest. With so few women in the C-Suite, women at the top may find it difficult to stay out of the spotlight. Such coverage may leave the impression that women CEOs seek out external visibility when in fact they often have no choice in the matter.

On the other hand, women CEOs may be more keen than male CEOs on media engagement. Perhaps they are more likely to recognise the benefits of the new CEO engagement mandate identified in *The CEO Reputation Premium* — CEO visibility is critical to company reputation today. Indeed, the female senior executives in our study are significantly more likely than their male counterparts to believe this is true (85% vs. 79%, respectively). This awareness of the importance of visibility seems to stay with those women who become CEO.

Going social has huge potential for senior women leaders to build equity in their brands and be a voice in their industry. In an analysis of the 2014 *Fortune*'s Most Powerful Women (MPW) list, Weber Shandwick determined that a majority of MPWs (76%) are engaging online, most typically having a visible presence on their company websites (60%), but can also be found on their company YouTube channels (40%) and on their social networks (30%). Women business leaders are wisely leveraging social tools to communicate their companies' messages and to reinforce their companies' brands.

76% of the 2014 *Fortune*'s Most Powerful Women (MPW) are engaging online.

Number of female CEOs vastly overestimated — both genders haven't a clue

With it being clear that the reputational outcomes of female and male leaderships are functionally similar, one can hardly be blamed for assuming that gender equality among CEOs would be well on its way to being achieved. Yet, this is not the case. Women are still grossly underrepresented in the C-Suite. Only 5% of CEOs running U.S. Fortune 1000 companies are women. Women run just 4% of FTSE 100 companies. The Grant Thornton International Business Report survey reports that 12% of global businesses have either a female CEO or Managing Director. According to our own report, just 8% of executives in companies worldwide with revenues of at least $500 million (USD) have a female CEO.

The executives in our study, irrespective of gender, seem largely unaware of how few women have actually risen to the top. When asked to estimate how many large companies around the world have female CEOs, the average respondent's estimate is 23%. Surprisingly, our female executives' overestimations were significantly higher than those of male executives (25% vs. 21%, respectively). We expected that female executives would be sensitised to the shortage of CEO women. Apparently they, like male executives, reliably overestimate.

Perhaps executives, whether female or male, are being misled because female CEOs are covered so extensively in the media and have taken over in a few traditionally male-dominated industries. We don't know for sure the "why," but both male and female executives are far off the mark regarding the progress being made in achieving gender diversity at the top.

Furthermore, expectations that the gender gap will narrow in the foreseeable future appear to be similarly overly optimistic. Executives in our survey project that in just 10 years a much larger 30% of CEOs will be women. This number seems outlandish when faced with estimates of others who have investigated the matter. Phumzile Mlambo-Ngcuka, the United Nations Under-Secretary-General and Executive Director of UN Women, for example, recently shared a startling projection about the dim prospects for gender equality in the near future. According to her, a girl born today will be an 81-year-old grandmother before she has the same chance as a man to be CEO of a company.

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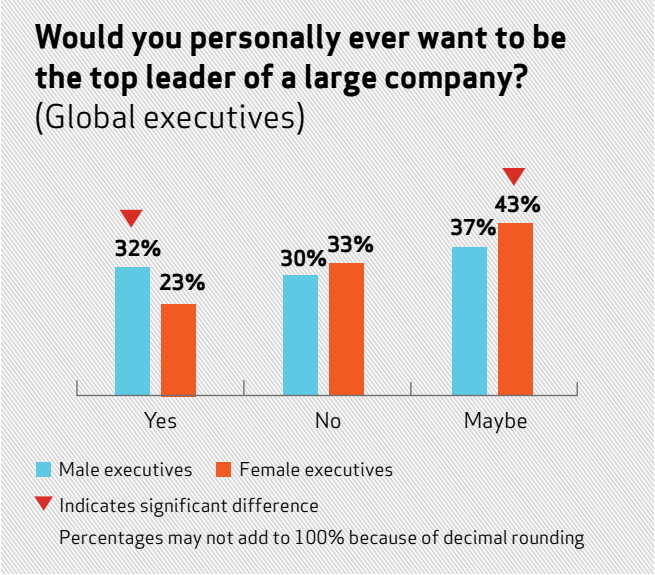
The reality is that the CEO gender gap is not likely to close significantly anytime soon. Executive misperceptions may not be helping matters. If executives remain unaware of the glaring gap in the number of female CEOs, the impetus to course-correct will continue to languish.

On the other hand, such overestimation may have a silver lining. Even if such estimates do not track with reality, they do reveal a willingness among executives to accept female leadership way beyond current numbers. Even if gender equality takes longer than desired, the chances of backsliding on the issue is highly unlikely while the prospect of continued improvement, even if painfully slow, seems inevitable.

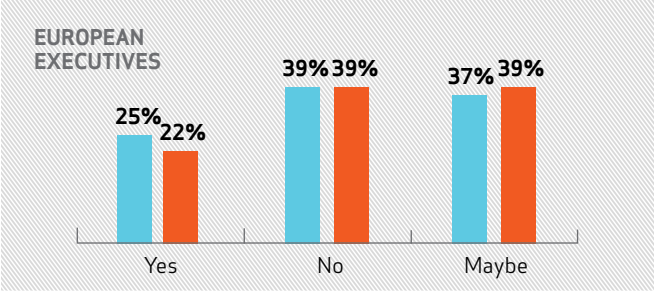
The gender bender in the CEO pipeline — not so fast, women aren't convinced it's worth it!

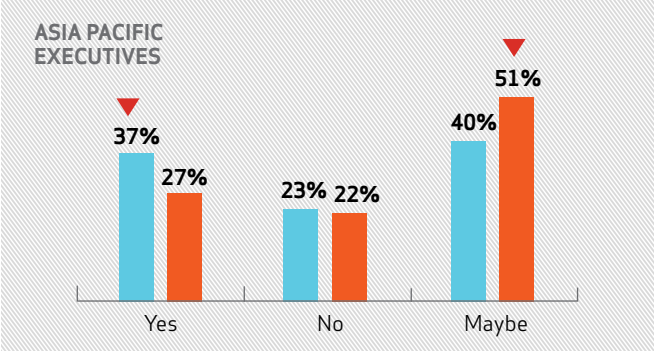
Since women bear the brunt of CEO gender inequality, one might expect that a disproportionate number of women would be chomping at the bit to seek the leadership positions previously unavailable to them. The truth is somewhat more complicated.

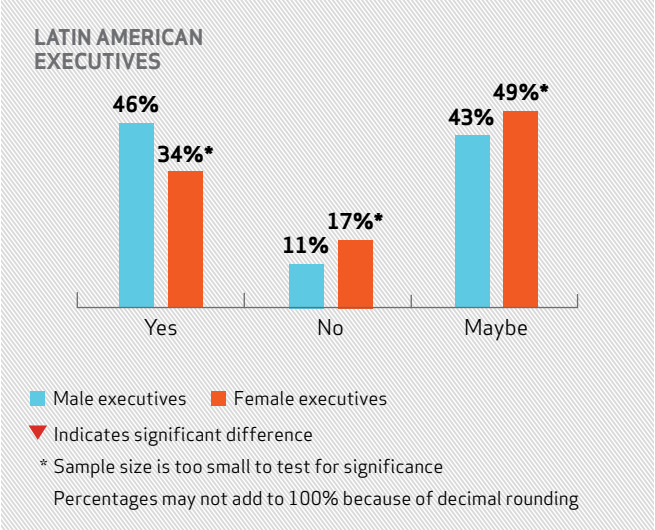
We asked global executives whether they would want to be CEO one day. Nearly one-third of male executives (32%) but only one-fourth (23%) of female executives said yes. This is a statistically significant difference marked by extreme differences between regions.



Based on these results, North American women executives are resoundingly disinterested in the CEO job, with the majority — 68% — dismissing the idea altogether. Asia Pacific women are divided, with half of them (51%) coming in with a "maybe." Only at European companies do males and females equally aspire to CEO-ship. As for Latin America, the sample of female executives is too small to draw a statistically valid comparison, but directionally speaking, they have the highest rate of interest in the CEO job (34%).

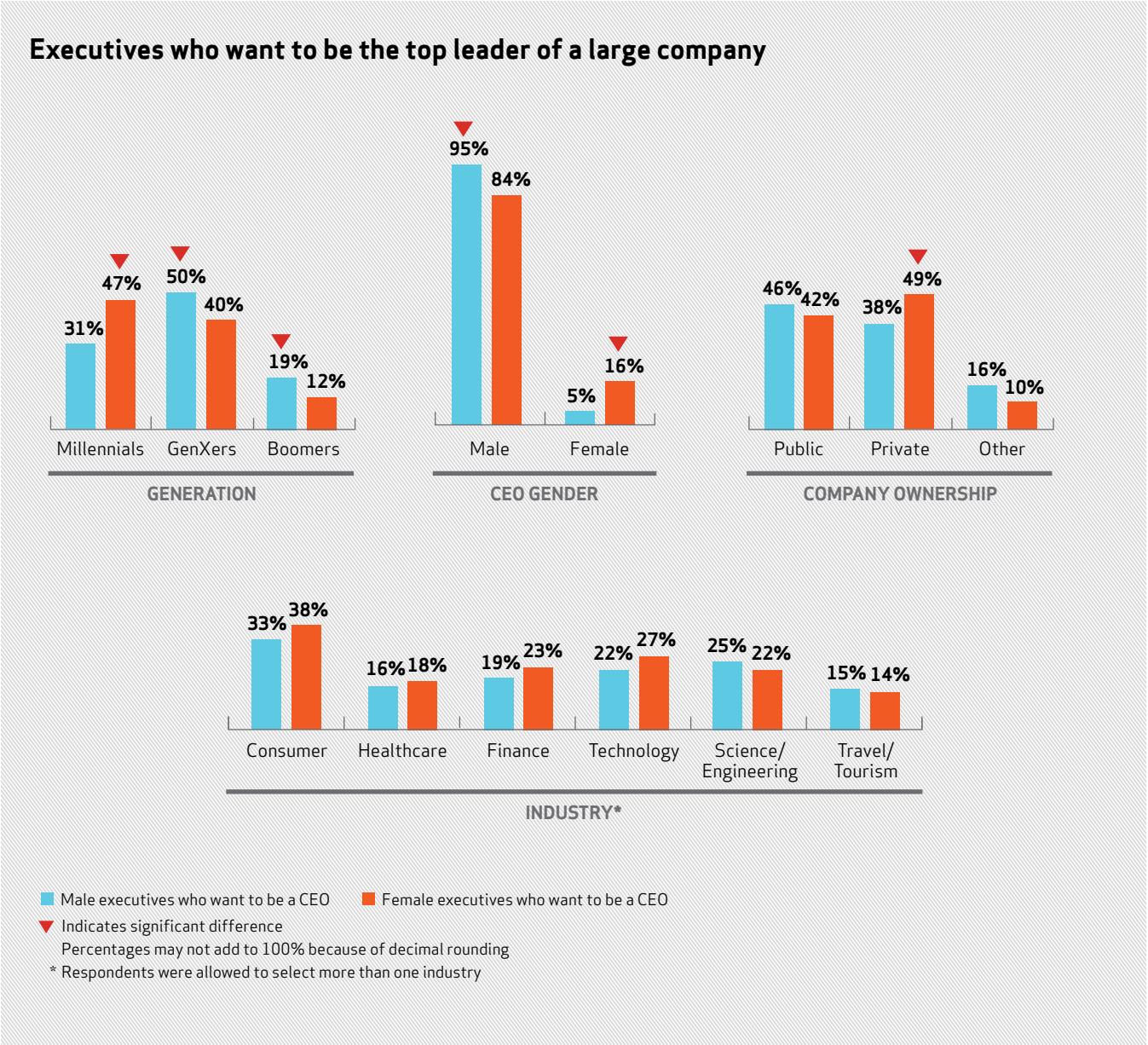






It's not that women in particular shy away from the CEO job because they see leadership as too challenging. Equal numbers of both the men and women who declined the CEO job (52% each) believe that "it is very difficult to be a CEO today." Why women are less determined to seek the top corporate position is apparently attributable to other reasons yet to be determined.

What we do know is that those women who do aspire to be chief executive exhibit certain characteristics. According to our research, these women are more likely than their male counterparts to be Millennial, to be employed in privately held companies and to work for female CEOs. No differences arise between genders according to industry.

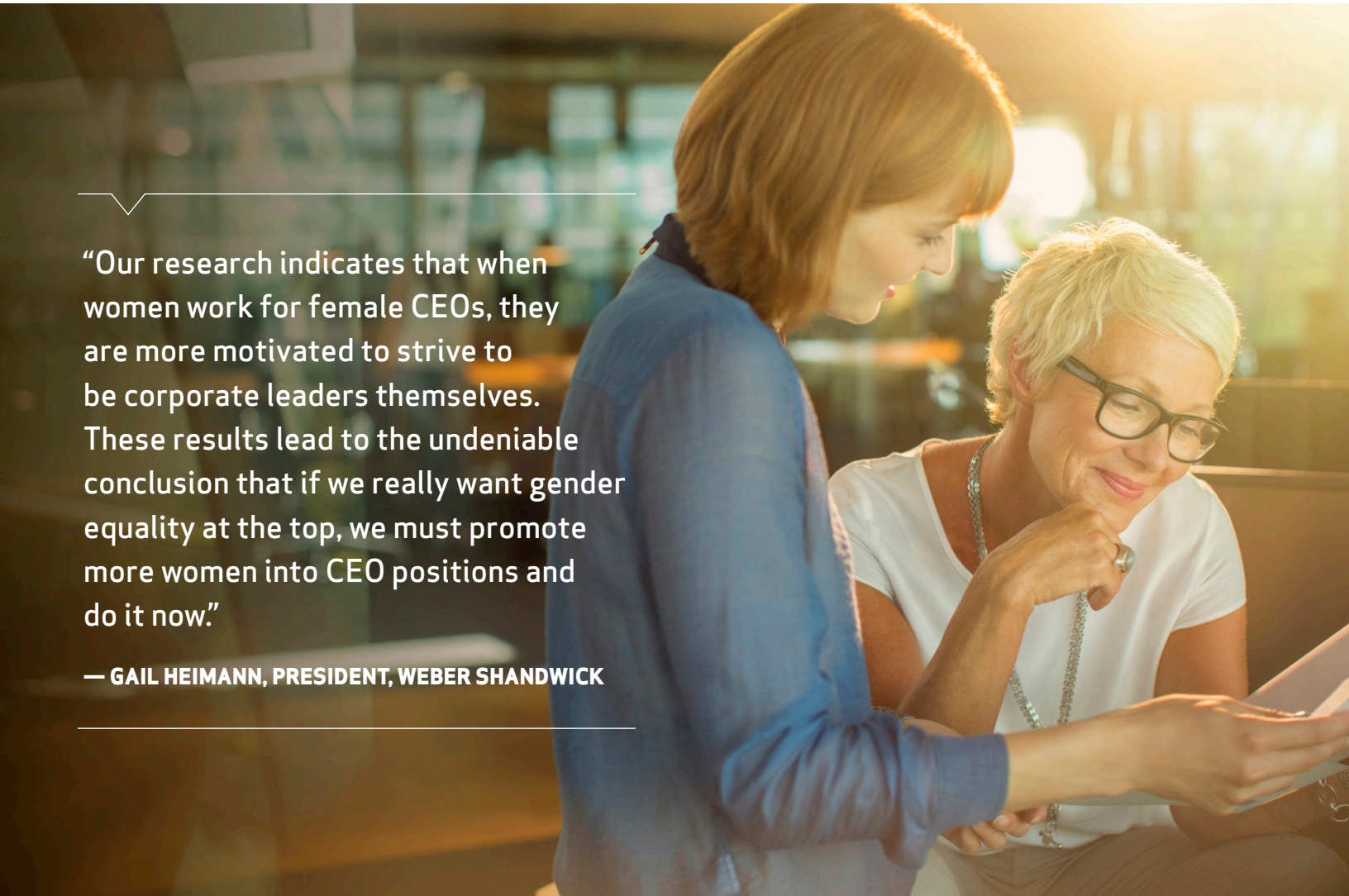


What might explain this? Female Millennials are less likely than other females to have hit glass ceilings or to have faced gender discrimination, if only because of the brevity of their experience in the workforce. Perhaps women in privately held businesses, compared to their male counterparts, see themselves as freer to act as "owners" without being hamstrung by the checks and balances of public companies. As potential leaders of private companies, they may feel like they would be less beholden to the ever-increasing demands of shareholders and perhaps better able to pursue meaningful long-term goals.

Indeed, the need to encourage female leadership is well-recognised. It is a widely held opinion by both genders that it is important for the universe of female CEOs to grow. Approximately seven in 10 (69%) of our global survey respondents report that it is important to increase the number of women in CEO positions. Not surprisingly, women are significantly more likely than men to have this conviction (84% vs. 60%, respectively).

The leading justification for increasing the number of female CEOs, according to both male and female executives in our study, is to create more female role models and mentors. This is not surprising because mentoring is increasingly understood as a reliable means of helping women obtain higher positions.

Having a female CEO role model seems to make a difference for women seeking a rise to the top. Yet this is obviously a catch-22. Our research shows that while female CEOs inspire more female CEOs, women executives in our survey were less than enthusiastic overall about aspiring to the chieftain role. So, from where are the role models to come?



"Our research indicates that when women work for female CEOs, they are more motivated to strive to be corporate leaders themselves. These results lead to the undeniable conclusion that if we really want gender equality at the top, we must promote more women into CEO positions and do it now."

— GAIL HEIMANN, PRESIDENT, WEBER SHANDWICK

How to attract more women CEO-aspirers: make reputation count!

Good CEO reputations matter more to women. Female executives are significantly more likely than male executives to say that their CEOs' reputations influence them to stay at their companies (64% vs. 54%).

What qualities in a CEO are most likely to incentivise women? To understand this we looked at the top-ranked characteristics of the most highly regarded CEOs. Both men and women put "clear vision for the company" at the top of list and tend to be in agreement on most other attributes as well. There were, however, a few differences. In a top-five ranking, men admire decisiveness and inspirational/motivational qualities in their CEOs, while women admire external communications skills and caring about the quality of the workplace.

"For today's women CEOs, heightening their external visibility also inspires the next generation of women leaders," says Carol Ballock, executive vice president of Executive Equity and Engagement at Weber Shandwick.

Our findings reveal that the inextricable link between CEO and corporate reputation rings especially true for women executives. The added reputation premium from women CEOs is the positive impact on women in the leadership pipeline. Put simply, reputation at the top inspires women executives to ascend the ladder.

Top-ranked characteristics of highly regarded CEOs

According to male executives	According to female executives
Has a clear vision for the company (69%)	Has a clear vision for the company (67%)
▶ Decisive (59%)	Has a global business outlook (61%)
Is honest and ethical (56%) Has a global business outlook (56%)	Is focused on customers (55%) Is a good communicator internally (55%) ▶ Is a good communicator externally (55%)
Is a good communicator internally (53%)	Is honest and ethical (53%)
▶ Inspires and motivates others (51%) Is focused on customers (51%)	▶ Cares that the company is a good place to work (52%)

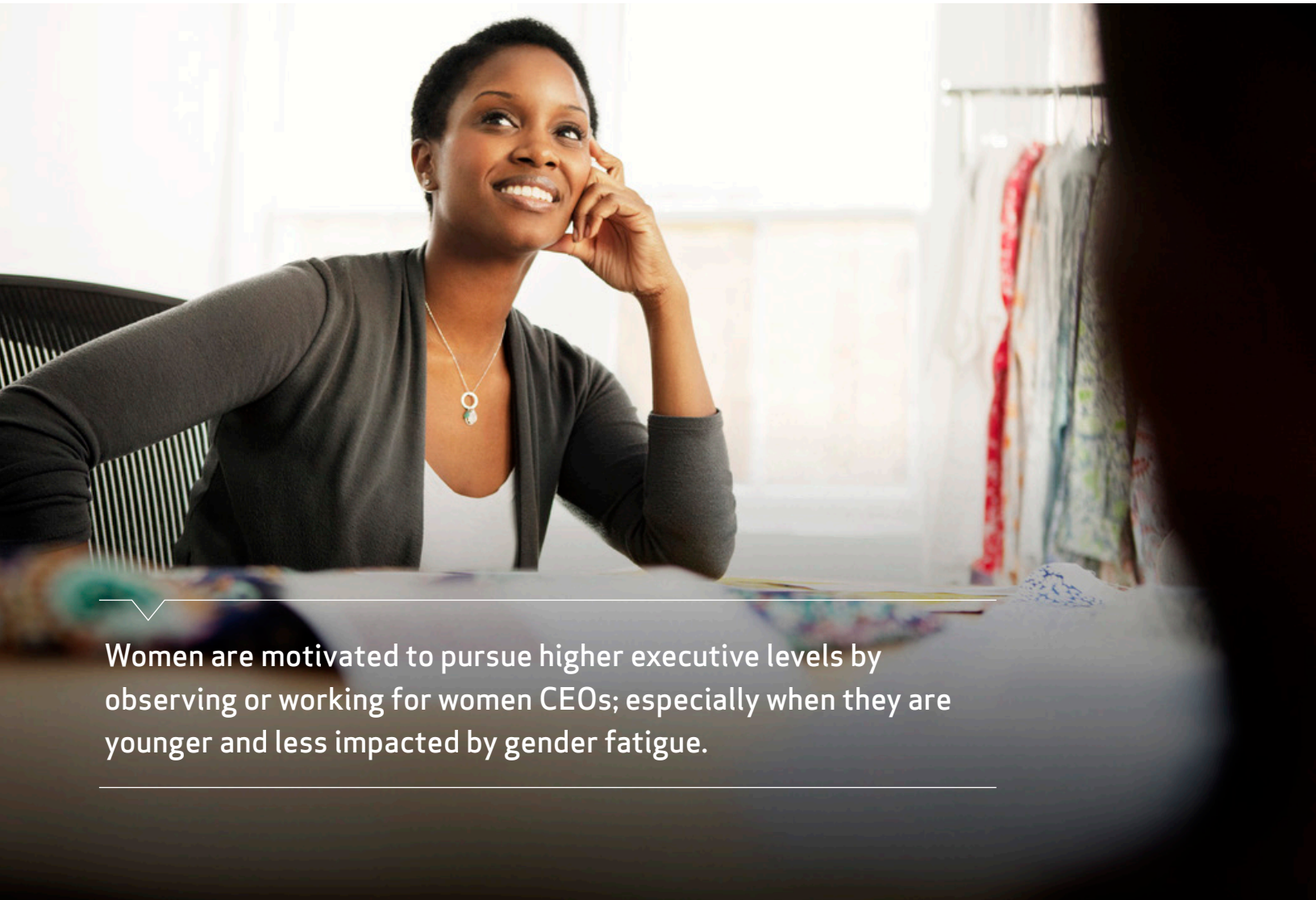
▶ Indicates characteristic unique to male executives

▶ Indicates characteristic unique to female executives

Conclusion

Women CEOs may from time to time exhibit different leadership qualities than men, but the proof is in the pudding. Gender equality exists when it comes to contributing to overall company reputation and market value. While this report does not claim to have found all the solutions to the CEO gender disparity issue, we do note that women are motivated to pursue higher executive levels by observing or working for women CEOs; especially when they are younger and less impacted by gender fatigue. Knowing that being a CEO one day is not on the wish list for many women in business, companies need to take further steps to encourage them if they wish to fully benefit from the contributions of all its executives, both male and female. If it is true that according to current trends women will have to wait until 2096 to have the same economic power and opportunities as men (The Grant Thornton International Business Report), something must be done to accelerate progress so that gender equality does not have to be put off for close to a century.

Weber Shandwick is committed to an ongoing examination of CEO leadership, including the C-Suite gender issue. Our Executive Equity and Engagement services help CEOs and aspiring executive women amplify their voices and raise their visibility at executive conferences and forums and across other multi-channels. We help them build the equity in their brands that might one day land them in the corner office as well as inspire the next generation of women CEOs so that, eventually, we won't need to have discussions about gender inequality in the C-Suite.



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