

## Women in Business Leadership

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### Abstract

*Along time, it was considered that women lack leadership qualities. Nowadays, gender diversity in the business environment and, especially, in the top management has become an increasingly discussed and analyzed topic, especially in the Western countries.*

*Among those who were concerned about this border between female and male leadership, Hofstede - who, in his attempt to identify specific aspects of organizational culture, defined masculinity based on the more arrogant or more modest behavior of the individuals. According to him, "masculine" means a proud behavior having the tendency of showing self-inner qualities while "feminine" is a modest, temperamental behavior.*

*Masculinity does not necessarily mean women's disadvantage, but rather the inequality between women and men. Although efforts have been made to diminish these gaps, statistics show that there are still differences in the leading position employment for women, as compared to the number of men in leadership positions.*

**Key words:** female leadership, business, leading, inequality

**J.E.L. classification:** M12, J16, J28

### 1. Introduction

There are many sides of leadership definition. In this paper, the meaning assigned to the notion of leadership is the characteristic of a hierarchical position within a company, a process of training and mobilizing the employees to a certain direction, a certain type of behavior. Leadership means more than power or authority. It assumes a certain level of voluntary support coming from the team members.

Leaders do not simply lead throughout orders, but using motivation, empowerment and persuasion, they identify and gain involvement for a challenging or stimulating vision. They not only manage the performance of the team, but they also analyze and lead the performance of each member; real leaders create an appropriate organizational working- field and they are themselves a model of authority.

However, the achievement of these potential advantages can be overshadowed by the lack of experience of female leaders, but also by the negative stereotypes. There have been many explanations for which women find it difficult to get leadership positions, and among them is the perception according to which women do not have the characteristics and the abilities of a leader.

### 2. Theoretical background

Leadership emerged in the nineteenth century as a result of the industrial revolution and developed later in the 20th century. The first relevant theories belong to Kurt Lewin, Ronald Lippitt and Ralph White during 1938-1952. Their experiments had tried to highlight aspects of effective leadership. These studies were continued during the Second World War on various

hierarchical samples of the US Army, in the attempt to identify the main features of people who had a clear dominance.

The term leadership has various definitions given by different authors. Wehrich and Koontz think leadership is "the art or the process of influencing individuals, so they will strive with joy and enthusiasm to achieve group goals." Analyzing only a part of the many definitions that build the concept of leadership, the conclusion is that there is one leader, a number of people who are subordinate to the leader, and a number of goals to be attained, all these thus, representing leadership.

Although women represent 51% of the total population and 46.5% of the total active population, only 11% of the management board includes women and only 4% of women occupy a position among the richest people in the world. (Vasile, 2014, pp.33-44)

Most women who have tried to reach the top of the hierarchy say that discrimination is the main obstacle in leadership. Thus, discrimination has become the most common cause of the underrepresentation of women in leading roles. (Eagly and Heilman, 2016, pp.349-353).

Research has proven that women tend to adopt leadership styles that are particularly suited to the complexity of contemporary organizations, and this can suggest an improved institutional efficiency (Eagly and Carli, 2003, pp.807-834; Eagly, Gartzia and Carli, 2014, pp.390-410).

The most influential psychological theories about gender and power have emphasized the main role of gender stereotypes in explaining women's under-representation in leadership positions (Eagly and Carli, 2007, pp.35-38; Eagly and Karau, 2002, pp.573-598). Three of the most important theories highlight the fact that people generally see women as less qualified for leadership positions than men. In addition to this, people's beliefs about how men and women should manifest would influence women's assessment who behave contrary to the female stereotype seen as unwanted, and thus, not deserving organizational rewards and then they could bear social and economic sanctions.

In comparison to men, women are perceived as warmer, kinder, more protective, but less aggressive, ambitious, dominant and independent. However, the leading roles require the last traits.

Therefore, there is a perception of the lack of matching between the typical women features (including leader-women) and the necessary traits in order to be a successful leader (Heilman, 2001, pp.657-674). However, the belief that women do not have these traits cannot be easily removed only by the simple observation of women who can behave more aggressively.

Research about people's beliefs regarding emotions reveals that while people think women are more emotional than men, they also feel the same type and amount of emotion (LaFrance and Banaji, 1992). In other words, men and women are not considered very different as they experience different emotions, but only to the extent in which they release these emotions outside.

This judgment reflects reality to a certain extent. Recent studies have not discovered differences in the extent that men and women feel emotions such as guilt, shame, pride and embarrassment, but there have been identified relative large differences in the way in which men and women express the same emotion.

Thus, the common belief that women are the "more sensible gender" may appear due to the fact that people simply notice women who show much emotion in comparison to men, and not because they believe women feel a wider range and a greater intensity of emotions. So, in order to succeed in hierarchy, women not only have to show their professional abilities but they also have to show emotional control much stronger than men, because their behavior is much more carefully studied and judged.

### **3. Research on feminine leadership in the world**

This paper is based on an office research, the information being collected from various reports, on-line articles and specialized publications. Its aim was to determine the importance of female leadership in the business field.

The objectives of the research were: to identify the existence of gender gaps in leadership and the extent to which women are promoted in leadership positions, last but not least, identifying the performance of leading women.

The access to the top positions in companies should be as easy for both men and women. Nowadays, we strive for a balance between masculine and feminine aims, desiring a society in which the leader is no longer a man-brand, but which also defines "par excellence" woman's contribution.

A study conducted in the Hogan Partner Network in several countries (USA, Australia, Romania and several other CEE countries), has revealed that there were no significant differences between the personality profile of women and men leaders, in comparison to the standard profile seen as a determiner of success in the activity of leading teams and organizations. In addition to this aspect, women in leadership positions are as disciplined, responsible and organized as men, have the same ability when initiating communication and developing networking and they are as interested as men in learning, being informed and equally motivated by recognition, success and high performance.

According to Catalyst, the top Fortune 500 companies that have the higher representation of women in the board of directors have surpassed those performing on the opposite pole, in terms of the standard capital, sales and the efficiency of the invested capital (53% 42% and 66%, respectively). Approximately 860 million women - over 25% of the total number of women around the world - are "not ready" and / or "unable" to take part in the world's economy, according to Booz & Company.

Most of these women are aged between 20 and 65 and almost 95% of them live in emerging countries. The rest, up to 100%, live in North America, Western Europe and Japan. Taking into account the number of female born children and girls under the age of 20, this number will increase to a billion in the next decade. Moreover, in order to reflect strictly the nowadays situation regarding the presence of women in management worldwide, the next study taken in 2008 is eloquent. Thus, in the US, one of five directors of a company is a woman, while in Europe the average of women and men is 1 to 20 or even lower. This situation is a little more favorable for women in science, while in Europe one of ten teachers is a woman, and in the USA the percentage of women professors in universities is just over 20%.

All these reflect that male dominance in leadership persists worldwide, but women can still compete, due to the fact that they manifest a higher quality of leadership and greater dedication to this profession. Female entrepreneurs have played an important role in the modern economy. According to the Center for Women's Business Research, women hold 10.1 million companies in the United States and account for 40% of all private companies. These provide jobs for more than 13 million people and have given 1.9 trillion of sales in 2008. It is estimated that more than 10 million women are freelance in Europe.

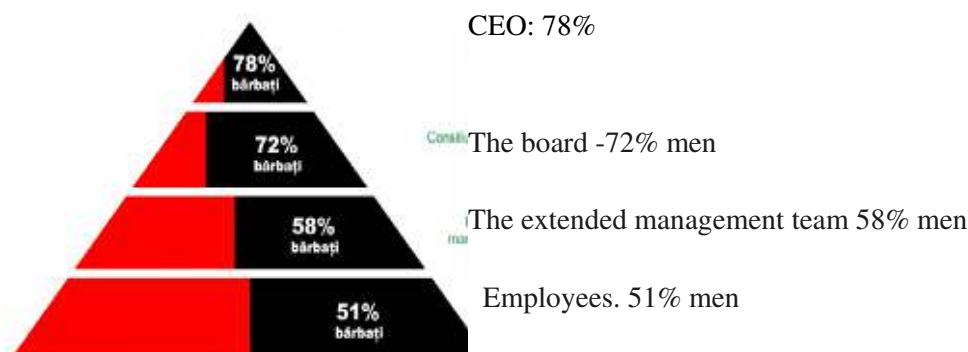
Between 1981 and 2001, the number of female entrepreneurs has increased by 208% in Canada. This similar pattern can be noticed in transition countries, for example, in 2001 women held 31.8% of independent business in Romania. (Vasile, 2014, pp.33-44).

A study made by Pepperdine University<sup>123</sup> shows that 25 companies of Fortune 500, which held the record of the best policies that promote women in leadership positions, were 18% to 69% more profitable than the average of the other companies in the same domain included in Fortune 500. According to an American specialist, Dr. Anne Cummings, men focus more on the task while women focus more on the interpersonal relationships.

The style differences are not necessarily better than others when one develops a certain style, but top managers must know their style and how they relate to others in the organization and outside of the organization.

Top managers could use personality tests in order to evaluate their own personality traits and those of the employees they work with. One of these tests is Bem Sex Role Inventory, by Sandra Bem, which requires respondents to describe themselves, choosing among 60 traits those that best characterize their personality. Such tests can help managers avoid the mismatching of roles and allow them to fit in their leadership behavior and the personality traits. (Vasile, 2014, pp.33-44)

Figure no.1: Gender distribution within the business environment



Source: Business Psychologists, 2014 ([http://www.hart.ro/assets/Brosura\\_Diversitate.pdf](http://www.hart.ro/assets/Brosura_Diversitate.pdf), p.29, accesat la 14.04.2018)

As shown in the description of the above pyramid of working positions, the male's average (51%) is higher than that of women (49%). Up to the next level of the hierarchy, the average of men increases to more than half, 58%. The last two positions within a company reach a very high proportion of men mainly. So, this study also confirms that in the business field, female leaders are still a minority. This is not a surprise for anybody, but what is surprising is that men overtake women in every sector of the world: corporations, nonprofit organizations, government, education, medicine, military, and religion.

Thus, women take only 19% of the leadership positions, 15% of executive director's positions, and the number of women CEO at these companies is 4%, according to the top rated Fortune 500 magazine. 4% out of 500 companies represents the total of 20 women CEOs, while the number of men serving as CEOs is the difference of 480 remaining companies. (Dr. Shawn Andrews, March 2018).

In today's world, women continue to make notable progress in the business field. In 2016, it was estimated that 163 million women initiated and run a business in the world's 74 economies. The gender gaps in leadership have been diminishing in the recent years, so between 2014 and 2016 there has been a 10% increase in women's entrepreneurial activity, a fact that lead to a 5% drop in leadership gender gaps. This decline was also due to women's perception of the opportunities, women's business, their entrepreneurial intentions, and their bent towards innovative business. However, despite the high progress made by women everywhere, there are still inequalities in all the world's labor markets. (Mastercard, March 2018).

Reached to its second edition, the Mastercard Index of Women Entrepreneurs continues to focus on the progress of female business owners all around the world. This research has examined practically the progress and the achievement of women from 57 countries in 5 geographic regions: Europe, Latin America, Asia Pacific, Middle East and Africa as well as North America, representing 78.6% of the world market female workforce. The basis of the study is a benchmark - the number of female entrepreneurs (as a percentage of the total number of business owners), an indicator consisting of three components, namely: the results of the progress made by women; knowledge and access to financial resources; the support of entrepreneurial activity and initiation.

The three components are defined taking into account other 12 indicators including: the average of women in the labor market, the number of women leaders, the number of women who save money in order to initiate business, the cultural perception of the female entrepreneur, legislation and leadership factors. The 12 indicators are divided into 25 sub-indicators.

The partial results of the survey outline the top of the countries with the highest percentage of women who own and run business, as follows: I. Ghana - 46,4%; II. Russia - 34,6%; III. Uganda - 33,8%; IV. New Zealand - 33%; V. Australia - 32,1%; VI. Vietnam - 31,3%; VII. Poland - 30,3%; VIII. Spain - 29,4; IX. Romania - 28,9%; X. Portugal - 28,7% ( [https://newsroom.mastercard.com/wp-content/uploads/2018/03/MIWE\\_2018\\_Final\\_Report.pdf](https://newsroom.mastercard.com/wp-content/uploads/2018/03/MIWE_2018_Final_Report.pdf), p.21)

This index shows that opportunities for entrepreneurship do not necessarily depend on the rate of economic development of markets, thus the emerging economies such as Ghana, one of the three new countries added to the study alongside Malawi, Nigeria - Uganda and Vietnam, compared to

developed economies, prove a higher average of women working as entrepreneurs. Women in these societies are perceived as entrepreneurs in need, driven by the need for survival because of to lack of financial resources and access to social assistance services.

The results of the MasterCard study place Romania on the 9th place in the top countries having the most female entrepreneurs, with a percentage of 28.9%. Thus, our country registered an increase compared to the last year when it was ranked the 13th with 27.5%. (www.agora.ro, March 2018). In Romania, 34% of managers are women, over the European Union average (33%), and 37% of companies / shareholders are women, the average decreasing when top management is reached. (Ovidiu Anton, March 16, 2018)

The classification of the countries that support and provide help and opportunities for women to develop as entrepreneurs sends New Zealand in the top for the second consecutive year with a 74.2% score (slightly lower than last year when it was 75.5%), this fact materializing though the study has shown that New Zealand's society is not so responsive when it comes to female entrepreneurs. Sweden and Canada are ranked second and third, followed by Canada, but the highest progress was recorded in Korea, where the percentage grew up to 7%.

In the major world economies such as Sweden, the United States and Portugal low progress has been recorded, while the largest decline was in Japan (from 55.4% to 51.1%), due to a fall in the entrepreneurial activity rate performed by women (from 55.4% to 24.5%).(Mastercard, March 2018). Compared to the results of the survey conducted in 2017, Romania sat down a slight decrease, occupying the 32<sup>nd</sup> position out of 57 (61.9%) this year. Thus, regarding the issue of women's progress in the business world, Romania occupies the 33<sup>rd</sup> place, following the 24<sup>th</sup> place at accessing the financial resources and the 29<sup>th</sup> position when it comes to providing support from the government in entrepreneurial activities.

Data given by the Mastercard study revealed that female entrepreneurship has a higher development potential, especially in advanced economies. The fact is due to women who have set up and run business in developed countries, compared to women working in emerging markets, because the former detain a wider range of resources and opportunities to choose from, which also makes it easier for them to access capital, financial services and various academic programs. The study also emphasizes the fact that women's entrepreneurship continues to make progress worldwide, despite many cultural gender prejudices that may prevent women from advancing.

The study also suggests that women's entrepreneurial development opportunities do not necessarily grow up with the economic development of the market. Thus, in the less developed economies like Uganda and Vietnam, the number of female entrepreneurs is higher than in more advanced countries, precisely because of the need of survival. According to the study, the countries in the top - New Zealand, Sweden, Canada, the United States and Singapore have four key factors that lead to women's success in business: easy access to financial services; qualitative government; the facility of business deployment; the support given to SME.

Research denotes that countries like United Arab Emirates, Tunisia and South Arabia have several atypical characteristics. Although in these countries the percentage of women leaders is the lowest in the world, the business they initiated is among the most innovative, managed in a way that lead them to development and international success.

#### **4. Conclusions**

Taking into account the aspects above, it can easily be summarized that, despite the fact that women have always been regarded only as housewives, mothers, daughters, their only responsibility concerned household and bringing up children, they have also demonstrated capability; it is also necessary for them to be actively involved in the public life as well as in the management of the organizations.

Research has shown that inequalities between men and women still exist when they want to occupy higher hierarchical positions. Women, in most cases, are assessed in more detail than the men they compete with for a leading job. This is an explanation for which in Romania only 28.9% of the leading positions are occupied by women, although the male population is inferior.

Moreover, studies have shown that none of the two genders is superior, emotionally speaking. Each gender detain specific trait and, if one is upset or the emotions are oppressive, the female

brain has the tendency to keep this feeling. But the male brain works the other way around: it feels the emotion for a moment, and then directs it to other areas of the brain that are trying to solve the disturbing problem.

Thus, women's perspective on the fact that men are insensitive and men's perspective that women are too emotional is due to a difference in the inner structure of the brain. None is better than the other, each detain specific natural qualities.

In conclusion, it is important that in a company both women and men recognize their potential and abilities, but more than that, they should recognize what they cannot do, praising the abilities of other people.

In order to encourage more women to reach as high as possible on the hierarchical scale, there is a need to focus on shaping leadership and strengthening the corporate development programs. To this perspective, companies should identify and develop those characteristics of women who aim at leadership, should provide opportunities for skilled women with career and put into practice a range of ways to challenge and inspire women in their work field.

The representation of women in leadership will not substantially increase without major changes of culture, policies and practices of the organizations in which women learn and work. Responsibility inspires action, so there is a great need of policies which to ensure that employers will take the right measures. Gender equality represents a step forward for everyone, giving people the freedom to follow their aspirations, regardless of gender.

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