

# THROUGH GLASS CEILING



**WOMEN MAY NOT LEAVE PEOPLE'S BIASES BEHIND  
WHILE BREAKING THROUGH TO LEAD COMPANIES**

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**O**n the other side of the glass ceiling – it turns out – some of the same issues can still haunt women along their paths to the top of companies.

Coined to describe the invisible barrier keeping minorities, particularly women, from advancing to the top of the corporate org chart, the glass ceiling may be shattering as more women become CEOs.

Women lead about 5 percent of the nation's largest firms. That is a low figure, considering nearly half the workforce in the U.S. are women, but it is much higher than three decades ago when the ceiling was both thick and effective.

This change is opening a new area of study for two business professors at The University of Alabama. There is a wealth of research into the factors influencing the climb up the corporate ladder, but not much study of what happens after women become chief executive officers.

"Traditionally, top management and boards of directors were mostly men, so gender wasn't an issue at all," said Dr. Vishal Gupta. "If you were in this area 20 years ago, you couldn't study gender, at least not empirically. You could speculate."

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**Dr. Vishal Gupta,**  
management professor

Gupta and Dr. Sandra Mortal, colleagues at UA, decided to bring their expertise together to look at gender issues in top corporate management. Gupta studies management. Mortal studies finance. The two areas overlap in corporate governance.

“Unlike most scholars in this area, we come from this unique lens of gender,” Gupta said. “We came into this area at a very fortunate time because there’s a lot of awareness of gender in top management and also, in some ways, there’s a hunger to know and learn more in the area.”

So far, they have published three papers and others are in the works. One finding shows gender equity, while the other two find gender bias still lurking.

“Some of those same biases that exist when women are working their way up just get transferred to the CEO level,” Gupta said. “We show that even after women obtain the top management positions there is still plenty that could go wrong for them that may not have anything to do with what decisions they are making, but to do with the biases people have.”

One of the first issues they examined was pay at the CEO level, as pay discrimination against women in the workforce is a known and highly publicized issue. For

CEOs, though, Gupta and Mortal found male and female CEOs are paid equally in corporate America.

Using compensation data from the executive research firm Execucomp, Gupta and Mortal covered all forms of compensation, including base pay and stock options, from the 1,500 largest public firms in the United States from 1996 to 2014. The researchers also examined shorter time windows during this period, finding consistent results.

The study had to consider time because CEOs today are paid more than CEOs 10 years ago, and, with more women CEOs today, it is not fair to compare to compensation for men CEOs of yesterday, Mortal said.

They did not look at why the pay was equal, but it is possible the high visibility and transparency of the CEO position, along with pressure from media and regulators, make it difficult to discriminate in compensation, she said.

“All we can say at this point is that, when it comes to CEO compensation, men and women are treated equally,” Mortal said.

Two other findings concerning shareholders and corporate boards are not as positive. One study found women CEOs are much more likely than their male

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**Drs. Vishal Gupta, left, and Sandra Mortal** combined their expertise in management and finance to study issues related to women in corporate governance.

counterparts to be mobbed by activist investors. The other found women CEOs are much more likely to be dismissed than male CEOs.

"There is no explicit salary discrimination, if you will, but the bias against female CEOs is implicit, more subtle," Gupta said. "It's not going to show up as something as explicit as compensation, but it will show up in other things."

To examine activist shareholders, the researchers relied on filings required by the U.S. Securities and Exchange Commission from those wanting to take an active position against a company, commonly called Schedule 13D filings, and merged those with the ExecuComp data.

The data showed when a woman is CEO, there is a higher rate of 13D filings.

"Activists usually defend their aggressive stance against management by saying that they want to improve the way the company is being run, in effect, looking out for the common shareholders," Mortal said. "However, our research reveals there are invisible, but serious, biases in their decision to target particular firms."

An activist shareholder is not always looking to remove the CEO, rather to influence the firm's direction. The research shows gender bias in who is leading the company could play a role in how many shareholders are upset.

When it is about firing CEOs, though, Gupta and Mortal found that when the company's performance improves, the likelihood for men to be dismissed drops, but for women, the likelihood for dismissal does not change with performance. In other words, women CEOs are at greater risk of being sacked than men.

"In business, things may be going well today, but you want the CEO to take the firm to the next level tomorrow, and that's where we think the board doesn't have as much confidence in female CEOs," Gupta said.

The goal of their research is to bring a clear depiction of the issues facing women in top management positions, especially since Mortal believes the trend for more women CEOs will continue.

"We need to become more aware that there could be biases affecting things," Mortal said.

*Drs. Vishal Gupta and Sandra Mortal are associate professors in the UA Culverhouse College of Business and are co-authors on papers published in the Journal of Applied Psychology, Strategic Management Journal and the Journal of Management.*

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