

Erasing the gender paradox in corporate America

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Credit: University of Michigan

U.S. business suffers from a gender paradox. Studies show companies

with gender parity on boards and in the executive ranks outperform male-dominated ones. Yet, women represent only 9 percent of top management positions and 5 percent of CEOs of Fortune 500 companies.

University of Michigan business law professor Cindy Schipani and colleague Terry Dworkin of Indiana University and Seattle University say companies can improve gender representation and narrow the pay gap by changing salary and mentoring practices. They also suggest a legal tweak that would encourage companies to promote [women](#).

"This gender paradox is continually puzzling to me because the evidence is overwhelming that companies with women in the C-suite perform better," Schipani said. "The business case is well established, but we're not seeing it happen."

The legal reform they suggest is for courts to consider the lack of women in leadership positions a presumption of discrimination.

"We hope that the more the lack of women in leadership is exposed in legal cases and companies are forced to justify them in court, companies will have an even stronger incentive to address the issue and address it fast," Schipani said.

One thing that prevents women from moving up the ladder is the pay gap. They suggest salary transparency to combat the gap. Studies show that companies where salaries are made known publicly reduce wage differences between men and women.

Google has famously ignored past salaries to avoid reproducing any possible past disadvantages. The [company](#) instead sets the salary to what it considers the job to be worth.

"Yes, this can be improved with legislation, but companies can fix the pay gap themselves by paying attention to it," Schipani said. "You manage to what you measure."

Provided by University of Michigan

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