

Women CEOs judged more harshly than men for corporate ethical failures

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People are less likely to support an organization after an ethical failure if the business is led by a woman, according to a study published by the

American Psychological Association. However, organizations led by women endure less negative backlash for competence failures than those headed by men.

"Our study found that consumers' trust in, and willingness to support, an organization after a failure varied based on the gender of the organization's leader and the type of incident," said Nicole Votolato Montgomery, Ph.D., of the University of Virginia and lead author of the study. "Women incur greater penalties for ethical transgressions because of persistent gender stereotypes that tend to categorize [women](#) as having more communal traits than men, such as being more likable, sensitive and supportive of others. Even in leadership settings, women are still expected to be more communal than their [male counterparts](#)."

The study was published in the *Journal of Personality and Social Psychology*.

Across three experiments, Montgomery and co-author Amanda P. Cowen, DBA, examined how gender would influence perceptions of female-led and male-led organizations after experiencing a competence failure, such as a product flaw, or an ethical failure, such as if the product flaw was known but not disclosed to the public for a long period of time.

In the first experiment, 512 participants read a business news article about an auto manufacturer and then filled out a survey about their intent to buy a vehicle from the company. One-third of the participants read about an ethical failure, one-third read about a competence failure and the final third only read the company description. Afterward, the participants were asked how likely they were to purchase a car from the company the next time they were in the market for a vehicle and reported their trust in the organization (e.g., "I feel that XYZ automobiles is very dependable/undependable, very

competent/incompetent or of low integrity/high integrity").

"When participants were told that the company had previously been made aware of a fuel sensor problem and failed to take immediate action, an ethical failure, they reported less intent to purchase from the company when the CEO was a woman than when the CEO was a man," said Montgomery. "However, when participants were told that the company was previously unaware of the product issue, a competence failure, they reported greater intent to buy the products when the CEO was a woman than when the CEO was a man."

The purchase intentions for the group that read only the company description did not vary based on the CEO's gender.

The second experiment further examined how gender stereotypes influence consumers' judgments by altering how female and male CEOs were described. The researchers added descriptions of the CEO either to highlight communal traits that are typically associated with females (e.g., "helpful, sensitive to the needs of employees and customers, able to listen carefully to customers' concerns") or agentic traits that are typically associated with males (e.g., "skilled, strongly independent, able to work well under pressure").

The 416 participants in this study read the same news article as in the previous experiment and completed the same survey questions about their buying intentions and trust in the company. In this experiment, participants also were asked to report their attitudes toward the brand, their response to online advertisements for the company, if they would recommend the company to others and the effectiveness of the company's leader.

Similar to the previous experiment, when participants read about an ethical failure where the CEO was described using traits consistent with

stereotypes (e.g., the female leader was described as being communal and the male leader was described as being agentic), participants were less likely to buy from the company led by the female CEO. In contrast, when the CEO was described using traits inconsistent with stereotypes (e.g., the male leader was described as being communal and female leader was described as being agentic), the participants said they were less likely to buy from the male-led company than the female-led company in the aftermath of an ethical failure, the researchers said.

"When leaders are described in ways that reinforce stereotypes, we continue to find that people penalize female-led organizations more for ethical failures, but we can reduce these penalties for female-led organizations by highlighting agentic traits of their leaders," said Cowen.

For the final experiment, Montgomery and Cowen explored whether consumers' judgments would change if the women CEOs led businesses that operated in industries that are viewed as more stereotypically feminine—in this case, a child products company, versus the automotive company.

Participants indicated they would be less likely to purchase from a female-led organization in both stereotypically male (e.g., automotive) and stereotypically female (e.g., child products) industries after an ethical failure, according to the researchers. However, participants' responses to competence failures differed depending on the industry.

"In the auto industry, which is typically viewed as more male, participants penalized female-led organizations less than male-led organizations for competence failures," Cowan said. "However, the opposite was true for a child products [company](#). In that setting, participants who read about a competence failure penalized female-led organizations more than male-led organizations. This further demonstrates how gender stereotypes influence our expectations of

leaders and their organizations."

Montgomery and Cowen believe their findings may have implications for leaders' career outcomes.

"Organizational performance affects how leaders are evaluated, how they are compensated and ultimately, whether they retain their positions," Montgomery said. "Our research suggests that when ethical failures occur, female leaders may aid their organizations' recovery efforts by exhibiting agentic traits that are more consistent with male stereotypes."

More information: Nicole Votolato Montgomery et al, How leader gender influences external audience response to organizational failures., *Journal of Personality and Social Psychology* (2019). [DOI: 10.1037/pspa0000176](https://doi.org/10.1037/pspa0000176)

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