Traditional corporate leadership structures are failing women in the C-suite, researchers say

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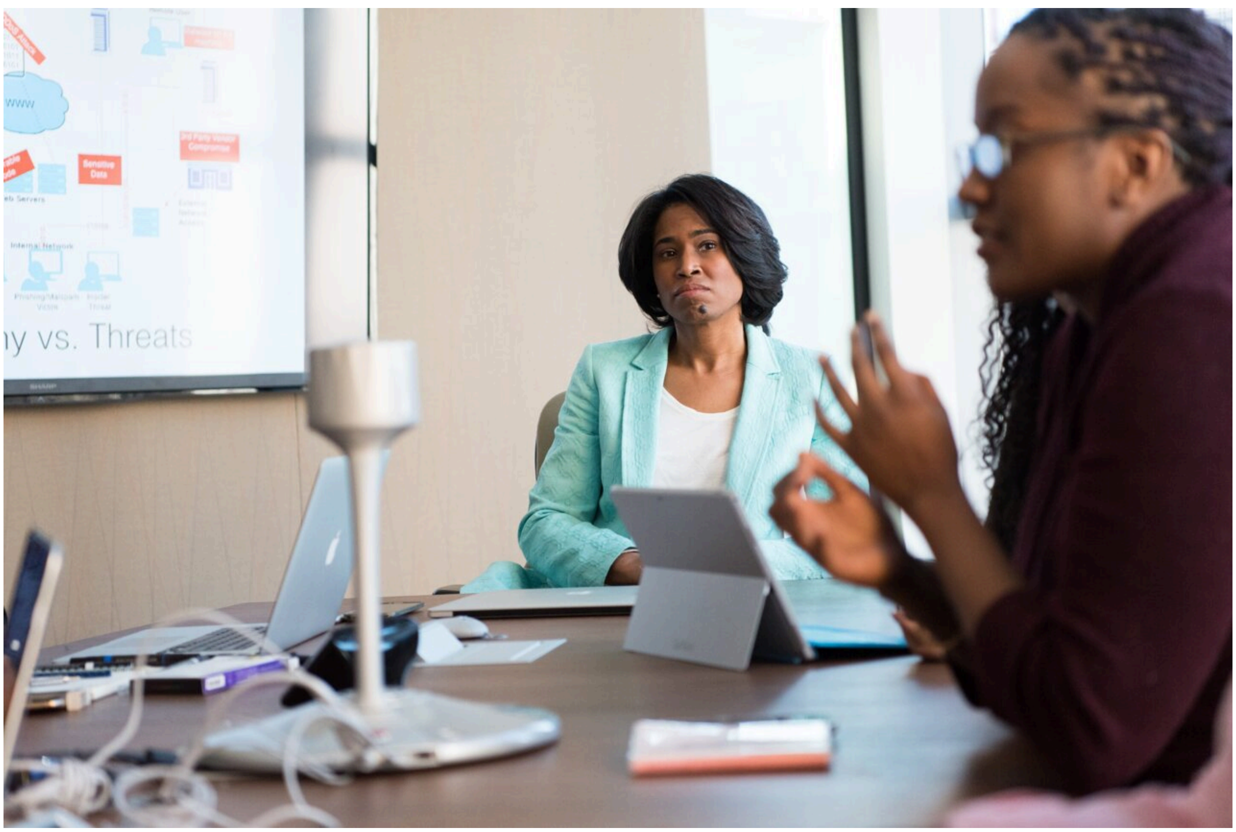

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A growing number of women's groups, regulators and corporate performance governance experts are raising flags after the release of a recent S&P Global report signaling an "alarming turning point" for women's leadership parity in American companies.

Women accounted for 11.8 percent of C-suite roles in 2023, according to the report, down from 12.2 percent the previous year. This number is significant, considering women's representation in leadership positions had been on the incline over the years.

This sudden drop marks a reversal in progress toward a decades-old goal to ensure more women gain executive positions in North American corporations.

The Canadian situation looks equally disappointing. According to Statistics Canada, only five percent of Toronto Stock Exchange issuers retained a female CEO in 2022—a number that remains static since the first year of data collection. In Canada, there are more CEOs named Michael than women.

Women have been striving to land a C-suite (such as CEO) corner office while gaining a seat at the corporate table for decades. For those women who do, many have become increasingly disaffected by the patriarchal hierarchy and biases that await them.

In response, women have been seeking alternate leadership models: a C-hub rather than a C-suite, where "C" represents collaboration based on clarity of purpose and coordinated channels of communication, rather than "chief" in charge.

One step forward, two back

As women inch toward the goal of achieving 30 percent of leadership positions—the target designed to break the proverbial "glass ceiling "—the gap to equity has been widening in some places.

This predictable equity regression, studied for decades, is known as the "glass cliff." It involves women being intentionally put into precarious leadership positions that often result in their failure. Studies have shown that only when an organization is in crisis are women more likely than men to be placed in leadership roles.

Phenomena like the glass cliff reflect the corporate two-step pattern of gender equity—any gains that are made are quickly followed by losses. Nancy Coldham, one of the co-authors of this article, is currently conducting her doctoral studies on the topic.

Gender parity makes good business sense

Improving gender diversity on boards and in organizations results in improved financial performance. Organizations experience the greatest benefits of diversity when they have between 40 and 60 percent female representation.

However, the *Globe and Mail*'s 2023 Report on Business study noted that "at the rate we're going, we won't reach parity for another four decades."

As Ivey Business School professor Alison Konrad states: "I've uncovered over 100 large, longitudinal peer-reviewed panel studies of the relationship between board gender diversity and firm performance, and the beneficial findings are strong and clear."

Research from the non-profit Catalyst, the Boston Consulting Group, Gartner research firm and Harvard University all point to the significant corporate performance benefits of gender parity.

According to the World Economic Forum, the cost to the global economy of failure to achieve gender parity is a staggering $12 trillion. That's a bottom-line impact that cannot be ignored.

According to the United Nations' Sustainable Development Goals, women's leadership at executive levels matters to all. Yet decades of struggling for leadership equity remains elusive.

Skirting the equity impact

Boards that are gender diverse have improved decision-making and corporate governance. Women in leadership foster more engaged and productive corporate management teams. Yet corporations here in Canada and globally continue to skirt the proof of diversity impact.

Research from Rotman's Institute for Gender and the Economy and a recent Bloomberg Report found a reversal is underway; retaining women's corporate leadership has failed.

The sudden loss of representation in the C-suite is "particularly disappointing," to Sarah Cottle, head of data and insights at S&P Global Market Intelligence. She notes it's "not just a loss in momentum but a loss in seats."

Deloitte drops the gauntlet in its most recent Women in the Boardroom report: "With women still underrepresented on company boards globally, why aren't organizations and investors doing more to realize the benefits that diverse boards bring?"

Invisible biases and barriers

The corporate landscape is littered with women CEOs who accepted precarious leadership positions: Indra Nooyi at Pepsi, Mary Barra at General Motors, Marissa Mayer at Yahoo, Ellen Pao at Reddit, Carly Fiorina at Hewlett-Packard and many more.

The departure of HSBC Canada CEO Linda Seymour marked the end of a brief period in history where women led large Canadian banks.

These women fit the description of what is known as Tall Poppy Syndrome, where individuals are undermined or penalized for their success by those around them. Women are more likely to be victims of Tall Poppy Syndrome than men are.

Men are more likely to gain promotions over women, impinging on their advancements before they even begin. Multiple invisible biases and barriers impede women in the workplace before they attempt to lead; the negative outcomes only serve to confirm the more overt biases. Biases must be intentionally revealed and excised for real change to occur.

Achieving gender parity

Perhaps the best solution to the decline in the C-suite, is women *declining* the C-suite. Women are rejecting patriarchal norms of rigidity, burnout, harassment, limited opportunity and unfair pay in what has been termed the "Great Breakup."

Women are more likely than men to leave their corporate jobs when their needs are not being met at work. In rejecting the C-suite model, women are calling for more power-balanced, equitable models of leadership that involve collaboration rather than domination—a model in which, as Gloria Steinem famously states, "we are linked, not ranked."

Likewise, in co-author Jennifer Walinga's research on women entrepreneurs, women shared how leaving their corporate jobs to be an entrepreneur fulfilled their desires for a new universe where post-heroic, non-hierarchical leadership models can be enacted.

RBC may have unveiled another possible solution to failed leadership parity that they call the "great wealth transfer"—a "seismic change" that is seeing wealth ownership transfer from men to women. In fact, it is estimated that, by 2028, women in Canada will control $4 trillion in assets—almost double the $2.2 trillion they control today.

With women projected to wield significantly more economic influence in the coming years, there is a potential for them to reshape leadership dynamics and drive positive change.

In confronting failed leadership parity targets, and the failure to benefit from diversity, solutions may be found in women's vision for more sustainable leadership models, growing wealth and economic clout in the future, and surging political impact as voters at the ballot box.

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