

FEMININE LEADERSHIP AND CORPORATE PERFORMANCE: A LITERATURE REVIEW

Dr. Seema Srivastava*

ABSTRACT

Feminine Leadership in business organizations can have positive impact on corporate performance. Various surveys have been conducted around the world in corporates to find the impact of feminine leadership in corporate performance. It has been found that women at top level have always performed better. They have proved to be emotionally strong and technically competent as compared to their male colleagues. These qualities are exhibited by the women of this era. The need for research in this field has arisen because in many organizations women are preferred for middle level and lower level jobs. At top position the number is very less only reason being that they are 'women'. Decision making ability has always been associated with men. Scientifically, it has been observed that female brain is in no way inferior to male brain at decision making. This paper reviews the contribution of feminine leadership in corporate performance. Various studies confirms that there is positive association between women executives and business performance. Gender equality at top level positons and its benefit is gaining importance in research areas. Most of the researches have been conducted in developed countries.

KEYWORDS: *Feminine Leadership, Corporate Performance, Decision Making, Gender Equality.*

Introduction

The contribution of women executives in performance of business has become a topic for over 3 decades now. This issue is gaining importance in various countries of the world, whether developed or developing. Having women at top level can be in company's best interests. There is long list of women executives who are doing very well and are assets of business organizations. At the top level there is more authority, influence, leadership and responsibility. Till now power and powerful positions have most often been associated with men as opposed to women. At higher level administrative skills are required and is basically concerned with decision making for the organization as a whole to achieve objectives of the business. It involves analyzing a problem, finding the alternatives and choose the best among them within reasonable period of time. A manager has to continuously monitor the environment which changes very rapidly in this highly competitive world. Environment in which a business function is changing very fast. Innovations in technology & customer requirement have forced organizations to change their thought pattern and also change the strategies in order to be successful. Decision making is a skill which can be learnt, practiced and implemented. It is not related to gender anyway. This skill varies between person to person but not gender. It would be incorrect if organizations out rightly rejecting women at top positions just because of their gender. Women, in fact are good administrators as compared to men, because, if we talk about traditional role of a women as homemaker it is nothing but administration. It is in born quality which every women possess and needs implementation at workplace. Women have all the qualities which are required to make a business successful, they have decision making ability, they are fair, improve bottom line, and help in building relationships, responsible employees, frame favorable HR

* Associate Professor, Department of Commerce, Motilal Nehru College (Day), University of Delhi, Delhi, India.

policies, takes initiatives and many more. Women can be a leader, administrator and decision maker. The organizations must be fair while filling posts at higher level. Researches have proved that business organizations where there are women executives, the profit of those business is more than those having no women executives. The purpose of this paper is to survey the literature and review the empirical studies conducted in this area with a view to determine the role and contribution of feminine leadership in corporate performance.

Reasons of Imbalance at the Top

Catalyst organization (2011) [7] in their research have disclosed that senior managers often apply gender stereotypes to leadership believing that "Women take care, men take charge".

David McDermott (2019) [18] is of the opinion that the imbalance at the top is due to cultures around the world which is patriarchal, led and run by men. Significant changes have occurred in past few decades in terms of women's equality. But there are still many areas in the world where men are preferred to make decisions and corporate sector is one of them. Decision making ability of women is used at home front only. Mostly stereotypical views hold women back. Men are stronger, have strength and hence are more preferable as a leader. Gurman (1992)[12] in his study says that one of the important trait of leadership is masculinity. Women often at the top positions adopt this trait i.e. dressing masculine, using abrupt language and being overly aggressive. Virginia Zeringue (1997)[23] conducted a study at a large Southern University to investigate the qualities of effective leaders and reinforce the idea that women who possess feminine qualities can also be perceived as effective leaders. The results of her study were consistent with previous researches conducted by various authors. It suggests that women do sometimes possess masculine qualities. Results also suggested that women are viewed as effective leaders if they maintain feminine characteristics throughout their leadership styles and interactions with subordinates. People must understand that personality traits and qualities of men and women can complement each other. Femininity in leadership brings a uniqueness in efforts which results in increase of profitability of business.

Understanding Women Psyche

Psychologists have studied female brain which has been well reviewed by Andrey Kelly (2018) [14]. According to analysis done by him female brain is exceptional. It has following features:

- The part of brain that is both a decision maker and worrier is larger in women.
- The part of brain that manages emotions is larger in women. It also comes of age earlier.
- The part of brain responsible for gut feelings is not only larger in women, but it is also more responsive.
- The brain piece that generates the most intense emotions and instincts are larger than men.
- Women have long term memory.

According to their traits women have been broadly classified into two categories:

- **Alpha Female:** Since a decade the theory of alpha female has become a hot topic. Scientific researchers have emphasized on the subject. The alpha female is often defined as a woman who is :
 - Career oriented
 - Dominant
 - Confident
 - Assertive
 - Confrontational
 - Funny
 - Strong
 - Competitive
- **Beta Female:** She is often defined as a woman who is :
 - Easy going
 - Good listeners
 - Passive
 - Nurturing
 - Gentle

Many people have notion that women belong to beta category and hence cannot be a top level executive and more suitable on home front. As discussed earlier Virginia Zeringue (1997)[23] in her research says that women sometimes adopt masculine trait in order to be a leader, which is not required. She mentioned that in order to be a successful business women one should accept herself as a woman and act like women.

If we compare men and women they are different in many aspects such as Willet (1971)[22] in his work have explained that men tend to fantasize more than women. Women are less aggressive and less need for fantasy. As a decision maker women are likely to be altruistic, concerned for well-being of others, universalistic, wanting to benefit all. While men are motivated by self-interest and prefer competitive solutions. Mostly those leaders are preferred who share their knowledge and connect with their colleagues. KattyCaprino (2016)[5] in her study interviewed Dr. Therese Huston to understand the behavior of men and women in different situation. Under stressful situation Dr. Therese explained that common notion is when women are stressed they become emotional and fell apart, but when men are stressed they remain calm and clear headed. **Neuroscientists are finding that both of these popular notions are wrong.** Under stress men become laser focused on rewards when their heart rates and cortisol levels run high. They are impulsive, Men like to concentrate more highly rewarding activities and take more and bigger gambles when in stress. But if we put women in same stressful situation, increase their cortisol levels, women tend to focus on risks. They analyze each and every situation carefully as for them, smaller rewards also matter. They are courageous in every stressful situation & face it rather than falling apart. Women are risk alert, and prefer guaranteed wins even if small. She further added that women can do work behind the scenes tasks to ensure team spirit in an organization. She understands her team members, their needs, disagreements, weaknesses, strengths. But on the race day its men who want to be in forefront. Researches have shown that women are data driven and analytical **as** men rather than intuitive as commonly believed. In fact men are more driven by their gut, hunches or intuitive reactions.

Researchers have found that a women have all the qualities that are required for position at top level but still women are not preferred for leadership positions. Infact, position of women at senior level is declining. Grant Thornton International Business Report(2018)(1)[10] disclosed that there is significant increase in atleast one woman in senior management from 66% in 2017 to 75% in 2018. But the proportion of senior roles held by women has declined marginally, it was 23% in the year 2017 and declined to 21% in 2018. They also conducted a survey in India in 2018 and found that only 17% of senior roles are held by women. They conducted survey of 5500 business in 36 economies and found that in 41% Indian businesses there are no women executives at top level. Susan Chira(2017)[8] observed that it has been more than 40 years after women joined the workforce, very few women are at top positions of corporate America. Susan observed that there is resistance in the corporates for women being at the top level, this resistance is overt and subtle. Only reason is being 'a woman'. She also interviewed nearly two dozen chief executives, business school deans and human resources professionals. They say: "Women are often seen as dependable, less often as visionary. Women tend to be less comfortable with self-promotion and more likely to be criticized when they do grab the spotlight. Men remain threatened by assertive women. Most women are not socialized to be unapologetically competitive. There is corporate politics at the very top. Women dropout in between and fewer remain in pipeline". Arguments against women at senior levels gave rise to research as to what extent women are beneficial for an organization. In this paper an effort has been made to relate women executives with business performance.

Review of Empirical Literature

According to Yoni Blumberg (2018)[1] among the world's biggest 500 companies, only 10.9% of senior executive are women. A company in which there is no gender diversity at top level is at loss. There are substantial evidence that gender diversity at top level enhances corporate performance. Diversity helps make companies' profitable, innovative and respected. In her article she mentioned the survey conducted by Peterson Institute for International Economics 21,980 firms from 91 countries. They found that those firms which have 30% women leaders have 1% more net margin as compared to those firms where there are no women leaders.

A study conducted by Mercus Noland and Tyler Moren (2016)[19] they believed that a woman can contribute in increasing firm's performance in two ways. Firstly, at top level there should be more women having different skills which will help in monitoring of staff performance and secondly, to recruit, promote and retain talent at management level without any gender discrimination.

According to Julio Castro, Richard Justo and LuiseDelgado-Marquez (2018)[6] of IE Business School conducted a study in Brazil and observed that an entrepreneur performs an activity for self-realization and contribute to the society as well. A woman's role in this process is also important for both economies- family and national. Study also found that if there are more women on the board it has positive impact on the organization's social motivations and achievements but does not appear to influence its social challenges.

A research conducted by Catalyst (2011)[7] demonstrates that in those companies where there are higher number of women at the top level have performed better as compared to those companies where there are less women at the top. In 2011 they conducted a research by taking into account three important factors 1) Return on equity 2) Return on sales 3) Return on invested capital. They found that in all these three areas the companies are doing better where there are higher number of women on board. The impact can be compared by observing that where there were more women on board the performance of those companies was better by 46% in terms of return on equity, by 16% in terms of return on sales and 26% in terms of return on invested capital. This demonstrates that there is a very strong correlation between corporate financial performance and gender diversity.

KPMG first Global Female Leaders (GFL's) study (2018)[15] shows that women business executives face the challenges in this digital era, with more than 77% seeing it as an opportunity rather than a threat. Furthermore, Janet Burns (2017)[4] in her article mentions a study published by University of California, Davis in 2016, out of 400 public companies, 25 companies have highest percentage of women at the top level. Researchers found that median returns on assets and equity in 2015 were atleast 74% higher where there was higher representation of women. In her article she has mentioned a report by Mercer (2016) who conducted a survey and found that among the 583 organizations around the globe, women constitute just 35% of the average company's workforce at the professional level or higher. Out of 1.3 million women employees, they made up 33% of managers, 26% of senior managers and only 20% of executives globally. She also mentions a report published by McKinsey Global Institute (2016) who found that if every country could narrow its gender gap, the world could add \$12 trillion to its annual gross domestic product by 2025, which is 11% higher than what they are getting now.

According to Grant Welkar (2018)[21], those companies in which women hold at least 15% of seats at senior level they have 18% more profits as compared to those companies where women hold less than 10% of seats. According to study by Swiss Multinational Financial Institution Credit Suisse, performance of companies are best if women have half of seats at senior level. Demsetz and Lehn (1985)[9] believed that the standard argument is that, firms in order to maximize their value, can do so by adding women to corporate leadership positions, if they would do so, attempts to force change could be counterproductive. This negative outcome might be particularly likely if the new board members (or executives) were less experienced or of lower quality than men.

Many people in industries are of the view that a firm can exhibit superior performance only if women possess unique or different skill mixes. It is not about discrimination but about having skills. Highly skilled people are favored for top positions in a company. It has argued been by Iriyama (2015)[13] that it is skill diversity due to which performance of a company is better, but not demographic or gender diversity.

FlorinaSilaghi and Mireia Sanchez (2017)[20] conducted a research focusing on 36 Spanish firms listed on the Spanish stock market over the period from 2011-2015. They concluded that women directors can positively affect firm value once all related control variables are accounted for, which underpins resource dependence and human capital theory. Bruke (1994)[3] report shows that male CEO's realize female executives could make a unique and positive contribution. Krishnan and Parsons (2008)[16] collected the related data of Fortune 500 companies in the US, regarding sustainability, robustness, surplus earnings smoothness and loss aversion degree as indicators of the quality of surplus, founding that women executives significantly improved the quality of surplus.

Grant Thornton Report (2018) (2)[11] disclosed opinion of people regarding role of business and government policy to bring a change. They found that 57% of the surveyed Indian businesses feels that government should take initiative by removing gender inequality in business leadership at a legislative level, 31% are of the view that change can be brought by both business and government by working collaboratively. Gender Equality policies are abundant and widespread in India. Data shows that 64% of Indian businesses do follow these policies when it comes to paying remuneration & 55% of Indian businesses follow non-discrimination policy while recruiting employees. Indian businesses say they are

motivated to introduce gender equality policies primarily to live up to organizational values (56%). However, the respondents highlighted that barriers to introducing policies include lack of evidence of having a positive impact on their company's performance (35%) and a business culture that does not always support diversity agenda (39%).

Mira Brancu's (2018)[2] analysis goes a step ahead after collecting information from reputable sources including PEW research, Harvard Business Review, Wall Street Journal, Forbes, Business Insider, Peterson Institute and others claiming that companies with few women executives are at disadvantage. Her findings are as follows:

- Diversity in general, including gender diversity, leads to better problem solving.
- If women are allowed to participate in internal management of an organization, it is likely to improve internal managerial talent, leadership, operating management of a company and consequently company culture.
- Women can communicate very well and are better spokesperson when it comes to dealing with clients.
- Women can work very well as a team. Those areas where team work is required and effective relations with clients is important women are preferred.
- Having women in top leadership roles does, in fact, increase profitability as well as better employee performance.
- Women are especially strong in networking, identifying smart strategic opportunities and making conventions that strengthen the company and protect it.

Tim Lenke (2019)[17] in his article observed that for a women it is not easy to reach at the top, those that do arrive there, are among the most talented. He further added that Nordea speculated that companies who are already doing well may be more willing to hire a female executive, while struggling companies may prefer to make a "safer" choice and hire a man. Tim Lenke is of the opinion that if someone wants to invest in a company then gender of executives in the C-suite and board room should not be the only factor to be considered. But researches have proved that gender does boost the corporate performance and shareholders earn more money.

Conclusion

There is vast body of literature which suggests that there is positive correlation between women executive and business performance. Various researches have ruled out age old beliefs of women psychology, capabilities, and behavior. Women also have the leadership qualities and is a good decision maker needs to be widely accepted. Women herself must recognize the qualities she possess. Many women leaders are successful because they believed in themselves and giving the touch of femininity in whatever they do. There should be balance at top position. One sided approach do not give desired results. Most researches have concluded the positive relationship between feminine leadership and corporate performance. Women leaders not only increase profitability of business but are beneficial for the organizations as a whole. Despite many researches in this area some studies do question relationship between feminine leaders and corporate performance. Therefore, there is need for further research in this area.

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- 42 Inspira- Journal of Modern Management & Entrepreneurship (JMME), Volume 11, No. 02, April-June 2021
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