

Where is the Romance for Women in Leadership?

Gender Effects on the Romance of Leadership and Performance-Based Pay

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Abstract

The gender-wage gap in leadership positions is even wider than in lower positions. Managerial wages are partly performance based and one possible reason for the pay gap could be that women are not successful managers. Indeed, research into the “romance of leadership” suggests that managers’ abilities are judged on the basis of their companies’ performance (Meindl, Ehrlich & Durkerich, 1985). But previous research has not controlled for gender, so little is known about the dynamics involved in the romance of leadership for female managers. This paper presents an experimental study (N = 210) investigating the perception of managers’ leadership and their performance-based remuneration as a function of increasing versus decreasing company performance before and after the appointment of Chief Executive Officer. Results suggest that the award of a bonus to a male manager is directly determined by company performance, whereas for a female manager this relationship is fully mediated by the perception of their leadership ability. We conclude that female managers are not automatically perceived as agents of company performance but have to prove their leadership abilities before a relation between the manager’s leadership agency and a company’s success is perceived. Psychological interpretations of our results are discussed.

Key words: gender wage gap, romance of leadership, attribution, leadership agency, glass cliff

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In other words...

Just to remind you what the study looked like:

You were asked to read an article about a company and its CEO. Then you were asked to answer a series of questions on the CEO, and finally you had to give the CEO a bonus. There were different versions of the article presented to each one of you. You read either an article with a male or a female manager. Also, the performance of the company was either good, bad or unchanged. The information we gave you on the manager's influence on the company's outcomes was ambivalent.

Analysis:

In our analysis we looked at how much of a bonus people would give a manager depending on the company's performance and their perception of the manager as a leader. We found that a male CEO was given a significantly higher bonus if the company was doing well and a significantly lower bonus if the company was doing badly.

Looking at a female CEO, she also got a bigger bonus when the company was doing well and a smaller bonus when the company was doing badly but the difference was smaller and not significant. This seems to indicate that she was blamed less for a bad company outcome, but she was also less honoured for a good company outcome than the male manager. Also, and I consider this the most important finding, the size of a bonus given to a woman mainly depended on how she was perceived as a leader. Only if she was perceived as being a good leader she would get a high bonus and a low bonus if she was perceived as not having leadership abilities.

Conclusion:

We conclude that a male manager is automatically perceived as being an agent of leadership. He is not questioned in his leadership abilities before he is given a high or low bonus. So, company performance is directly linked to the remuneration he receives. However, a female manager has to prove that she is a good/bad manager before she is given a high/low bonus. The amount of bonus given to her is not directly derived from the performance of her company but it depends on how people see her as a leader.

From the literature we know that people hold different beliefs about men and women, where beliefs about men and managers seem to have a lot in common. *A prototypical manager is male* and therefore men show expectation confirming behaviour when enacting a leadership role. This *pre-existing belief* may lead to company performance being automatically attributed to the manager without even considering other potential causes (e.g. economic situation) for the company performance. However, women in leadership positions show *expectation dis-confirming* behaviour. There are no pre-existing causal theories about the causal relationship of company performance and a female manager therefore the relationship is thought through more carefully. In consequence also external factors such as the economic situation or share prices may be taken into consideration.

Where to go next:

Further experimental studies about leadership agency and the relationship of manager pay and company performance are presently done. Also, an archival study on female manager's wages and the relation to company performance is presently conducted.