

WOMEN ON TOP:  
THE HUMAN EFFECTS OF WOMEN LEADERS IN BUSINESS ORGANIZATIONS

A Thesis

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## ABSTRACT

It is a well documented fact that there are few women in top executive positions in business organizations. In this research I examine the effect of having women in top executive positions on an organization's human qualities (such as being recognized as a best company to work for) and on its financial success. Using a ten-year content analysis of five different annual rankings generated by credible business publications, and a case study analysis, this research examines trends and predictors of corporate success as indicated by an organization's Fortune 500 ranking. Findings from this research offer compelling evidence on the impact of women in top executive positions on an organization's softer, human qualities, and on the proverbial, all-important bottom-line, its financial success. The contribution of this research is three-fold – 1) it uses a novel research methodology to answer an oft-asked business question, what makes organizations successful? Both the dependent measure and the predictors are derived from publicly-available annual rankings of companies; 2) it makes a strong case for the effect of an organization's human qualities on financial success; 3) its findings argue for greater gender diversity at the top echelons of corporate power, a finding supported by recent research on counter-stereotypical leaders (Matta and Folkes 2005, 2008).

## ACKNOWLEDGMENTS

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## CHAPTER 1

### INTRODUCTION

Today's firms are faced with ever increasing international competitive pressures, unstable and unpredictable markets, and new and complex technologies that reflect significant changes in society. Paramount among these changing contexts is the change in the management composition of firms due to women assuming management positions. The American work force is one of the most ethnically and gender diverse environments in the world, which provides corporations with new opportunities and challenges. According to Shrader Blackburn, and Iles (1997), women managers will redefine managerial work and will provide firms with opportunities to capitalize on the challenging contexts they face. With that said, a "glass ceiling" currently exists that keeps many women from moving up in management and other leadership positions within their respective organizations. This "glass ceiling" is defined as a subtle barrier of negative attitudes and prejudices that prevent women and minorities from moving beyond a certain level in the corporate hierarchy.

Even in traditionally feminine dominated fields—such as health care, education, and food services—women do not occupy key leadership positions in relation to their numbers. For example, in schools women teach and men organize, plan, direct, and control. In social agencies women are typically middle managers supervising direct service workers while men plan programs, prepare budgets, etc. (Crampton 1999). Even when women prove themselves both competent and capable by earning the highest

degree in their respective professions, they continue to occupy lower positions with respect to their male counterparts.

The effect is even more pronounced if one were to examine the number of top executive positions women occupy in business organizations. For example, only 17.4% of chief executives are women, and those women earn a median income that is only 63.2% that of men (U.S Census 2004). Women comprise no more than 15% of top executives in Fortune 500 telecommunications, publishing, entertainment and advertising firms (Falk and Grizard 2003), a level that has remained low for over a decade. Of the 4341 highest paid executives at 825 companies, less than 4% were women in 2001 (Business Week Online 2001). Going by past trends, it is estimated that only 6% of the Fortune 1000 companies will have women CEOs by 2016 (Helfat, Harris, and Wolfson, 2006).

One explanation for why women are rarely seen as top executives in organizations is the set of stereotypes associated with leaders. Women often do not look like or act like the stereotypical leader. The traits associated with leadership are those more frequently linked to traditionally masculine stereotypes than traditionally feminine stereotypes, which is even truer when leadership is in a field incongruent with traditional female roles (Eagly and Karau 2002). Those stereotypes make a woman seem less qualified for leadership positions. Some have argued that negative stereotypes are a major factor accounting for the “glass ceiling” limiting women’s attaining top leadership positions

There are numerous other explanations for why it has been a sluggish rise to the top for women in business organizations. Among these theories are lack of experience, inadequate career opportunities, gender difference in linguistic styles and socialization,

gender-based stereotypes, the old boy network at the top, and tokenism. As described by Tharenou (1999), most research supports the notion that women do not advance up the corporate ladder with the same rate as their male counterparts due to women lacking the relevant networks, are stereotyped as unsuitable, and are in male-dominated organizational cultures. Consistent with the theory of tokenism, women generally report greater barriers, such as lack of culture fit and being excluded from informal networks, and greater importance of having a good track record and developing relationships to facilitate advancement than their male colleagues (Lyness and Thompson 2000). Stroh, Linda, Brett, and Reilly (1992) indicated that similar male and female managers employed by Fortune 500 corporations experience noticeable difference in career progression. In a study where similar men and women had been geographically transferred for career advancement, women lagged behind their male counterparts with respect to salary progression and frequency of job transfers. Although these women had received a similar education as the men, maintained similar levels of family power, worked in similar industries, and were interested in future transfer opportunities, it was still not enough. These disparities between comparable male and females continue to exist when women rise to the top of organizations and prove themselves competent and capable as executive leaders, they are still perceived negatively and are subsequently penalized.

As Heilman, Wallen, Aaron, Fuchs, and Tamkins found (2004), when women are acknowledged to have been successful in male-typed tasks, they are less liked and more personally derogated than equivalently successful men. These negative reactions occur only when the success is in an arena that is distinctly male in character (which correlates



to traditional male-dominated executive roles within organizations), but such reactions can have career-affecting outcomes, both for overall evaluation and for recommendations concerning organizational reward allocation. This supports the idea that gender stereotypes can prompt bias in evaluative judgments of women even when these women have proved themselves to be successful and demonstrated their competence as executive leaders.

Fortunately, organizations have recognized these negative perceptions and are raising awareness of creating gender-diverse environments in management positions. Martins and Parsons (2007) examined how individual gender-related attitudes and beliefs affect the reactions of men and women to gender diversity management programs in organizations. The findings suggest that it is critical for organizations to incorporate efforts to manage perceptions of gender diversity management programs into their diversity management strategies. As organizations have been made aware and become receptive to such changes, they are transitioning to more suitable working environments that have positively impacted both male and female employees in corporate America.

The “impact” of women executives is both a broad and complex concept to examine. With that in mind, women executives provide their corporations with a variety of benefits. Women executives are successful in influencing women-related issues with their respective boards and board companies. Zellner (1994) notes that women are “bringing to the table” skills such as team building and employee development that are very much in tune with today’s competitive realities. Shrader, Blackburn, and Iles (1997) justified that firms employing more women managers have done a better job of recruiting capable managers from the total available talent pool, and consequently have aligned

themselves to better link with customers, employees, and other constituencies. Firms employing higher percentages of women are likely to perform better in as much as they are more progressive and more competitive because their management contingent more closely mirror the composition of existing employees within the organization. While Bell (2005) signified that women top executives earned between 8% and 25% less than male executives, the magnitude of the gender pay gap is statistically related to the gender of the Chief Executive and Corporate Board Chair. Women CEO and Board Chairs bring more top women and at higher pay than is found in non-women-led firms. Specifically, female executives in women-led firms earn between 10-20% more than comparable executive women in male-led firms and are between 3-18% more likely to be among the highest five paid executives in these firms as well. This data provides strong empirical evidence that women leaders are associated with positive outcomes for women executives in substantive and important ways. And while restraints still exist that hold women back in progressing up the corporate hierarchy, they can be loosened easily if CEOs and other senior managers show support for their female employees by acknowledging the fundamental difference between women and men—the biological fact of maternity, allow flexibility for women and men who need it, provide training that takes advantage of women's leadership potential, and strive to eliminate the corrosive atmosphere and barriers that exist for women in the workplace.

Consistent with these findings of positive outcomes of having women leaders is recent research in consumer behavior that finds that successful counter-stereotypical service providers (e.g., females in a male dominated occupation) are perceived by customers to be better than equally successful stereotypical counterparts (Matta & Folkes

2005; Matta & Folkes 2008). Those researchers hypothesized and found evidence for a trait-based reasoning for why this effect occurs. Successful women service providers are seen as possessing high levels of both agentic or masculine traits (e.g., bold, decisive, analytical, goal-oriented) associated with the profession (i.e., male dominated job), and communal or feminine traits (e.g., caring, helpful, sensitive, communicative) associated with their gender. Equally successful male counterparts were seen as possessing high levels of agentic but not communal traits.

Taken together, research by Matta and Folkes (2005, 2008) in the consumer research domain, and assertions by Shrader, Blackburn, and Iles (1997) and Zellner (1994) in the management domain, seem to point to the possibility that women leaders bring extra traits and characteristics to their job, which helps in fostering ‘human qualities’ in organizations. The central thesis of this research is that having women as top executives leads to a variety of ‘human effects’ in an organization which enhances its success. Human qualities include working conditions, organization culture, happy and satisfied employees. From publicly available data, I propose to test the central thesis that firms having women in top management positions also benefit from having other human qualities, and this enhances the firm’s success in the marketplace.

## CHAPTER 2

### METHODOLOGY

Using a ten-year content analysis of five different annual rankings generated by credible business publications, I examined trends and correlates of corporate success as indicated by an organization's Fortune 500 ranking. The analysis was conducted using a ten years content analysis (1997-2007) of six different annual rankings popular in corporate America. Each annual set of rankings was publicly available information and were researched using online research databases, publication websites, and other library-related resources. These rankings range from indicating financial performance, working conditions, whether or not a working environment is favorable to mothers with children, and the impact of women executives in organizations. These characteristics contribute directly to the basis of this research, which was to determine the "human qualities of successful business organizations" by taking a deeper look at annual rankings. One of these measures, the Fortune 500, served as the main dependent measure, while the five other rankings, which aimed to capture employee- or leader-related aspects of organizations, served as predictor measures. These five annual rankings were: Fortune Magazine's "100 Best Companies to Work For", Forbes Magazine's annual CEO Rankings, Business Week's "Top 25 Manager of the Year" rankings, Working Mother Magazine's "Top 100 Companies For Working Mothers", and Fortune Magazine's "50 Most Powerful Women in Business." Using a combination of analytical tools, including trend analysis, linear and logistic regression, relationships between the various rankings (both simultaneous and lagged) were examined.

Key results from this analysis indicated that three of the people-related rankings - a company's ranking in the Working Mother Magazine's Top Companies to Work For, Fortune's Top Companies to Work For, and Business Week's Most Powerful Women in Business - individually had a positive effect on a company's financial performance. More importantly, a presence in Business Week's Most Powerful Women in Business had a lagged effect on Working Mother Magazine's Top Companies to Work For, and Fortune's Top Companies to Work For. Further, when an organization dropped out of Business Week's Most Powerful Women in Business, it also experienced a noticeable decline in its financial performance. While these are encouraging results, it is difficult to make the case for a causal relationship between having a successful woman executive (e.g., recognized in the 50 Most Powerful Women in Business) and the company's emphasis on human qualities (e.g., ranking on Fortune's Top Companies to Work For). Also making it difficult is the sample size of companies that featured in at least one of the rankings as having a top female executive, and had appeared in the Fortune 500 ranking for at least one year. The number of such firms, over the ten year period was 142.

For the reasons outlined above, I chose to focus on select case studies from the set of 142 companies. A large number of these firms demonstrate the correlation between having a successful female executive, the firm being a best company to work for, and its ranking on the Fortune 500 chart. The cases I examined were chosen based on the amount of publicly available knowledge on the featured executive, and they represent the trend found in most of the 142 firms. These include Pfizer, Incorporated, Merck & Co., Incorporated, the Hewlett-Packard Company, Morgan Stanley, Cisco Systems, Bank of America, Sun Microsystems, Verizon Communications, and Yahoo! Incorporated.

## CHAPTER 3

### CASE STUDIES

#### 3.1 Pfizer Incorporated

Pfizer Incorporated is a major pharmaceutical company with sales that are largest in the world. The organization manufactures and sells numerous top-selling drugs like Viagra®, Lipitor® (used to lower and control blood cholesterol), and Celebrex, an anti-inflammatory. Karen Katen joined Pfizer in 1974 where she was an entry level employee. Over the course of nine years, Ms. Katen progressed into a leader throughout the organization and was subsequently promoted to a Vice President of Marketing in 1983. She remained in that role until 1986 when she was again promoted to Vice President and Director of Operations which she served from 1986 to 1991. Throughout the next four years Ms. Katen received more promotions such as Executive Vice President of Pfizer Pharmaceuticals Group, General Manager, and Senior Vice President. In 1995, Katen was promoted to President of U.S. Pharmaceuticals for Pfizer, a role she served until 2002 (Katen). While serving this role, Pfizer experienced a significant improvement in their financial performance as indicated by the organization's Fortune 500 ranking. From 1998 to 2005 Ms. Katen was featured in Fortune Magazine's "50 Most Powerful Women in Business." Her initial ranking, which was in the publication's first release in 1998, was #16. Over the next seven years, her ranking as an influential and powerful woman in business improved where in 2005 she was ranked the #9 most powerful women in business. During this seven year span, Pfizer's Fortune 500 ranking coinciding with

Katen's ranking as a powerful business woman as Pfizer's ranking improved from #124 in 1998 to #24 in 2005, an improvement of 100 spots in seven years; it was also the best ranking Pfizer had ever received in either set of rankings. However in 2006, Ms. Katen was "demoted" in Fortune's "50 Most Powerful Women in Business" when she fell out of the rankings entirely. During this period, Pfizer's Fortune 500 ranking also dropped from #24 in 2005—her last appearance in Fortune's "50 Most Powerful Women In Business"—to #31 in 2006, to #39 in 2007, a 15-spot decline in two years. Ms. Katen's performance as a business woman as indicated by her numerous appearances in Fortune's "50 Most Powerful Women in Business" correlated to Pfizer's financial success. Additionally, Katen's absence as a powerful business woman also correlated to Pfizer's financial performance, where a decline in her ranking as a powerful leader correlated with her employer's decline in the Fortune 500.

From 1998-2005, when Karen Katen was featured in Fortune's "50 Most Powerful Women in Business," the company also featured in three other publication's annual set of rankings. The first publication, Working Mother Magazine's "Top 100 Companies for Working Mothers," coincided with Pfizer's ranking in Fortune's "50 Most Powerful Women In Business" from 1998 to 2002, and again from 2004 to 2005; Pfizer was ranked solely in Working Mother's "Top 100 Companies For Working Mothers" in 2006-07. Out of the seven years in which Pfizer featured simultaneously in the two annual rankings, their Fortune 500 ranking improved six out of the seven years. The only year in which Pfizer featured in both set of rankings and experienced a financial decline in its Fortune 500 ranking was from 1999 to 2000, in which the organization fell one spot from #106 to #107.

The second, Fortune Magazine's "100 Best Companies to Work For" appeared simultaneously with Pfizer's ranking in "50 Most Powerful Women In Business" in 2000, 2002 and 2003, and again in 2005. Out of the four years in which Pfizer was featured simultaneously in both publications, their financial performance improved the following year for three out of the four years, indicating a lagged effect from its previous ranking in each set of rankings. In 2006 and 2007, Pfizer did not feature in either of the two annual rankings; their Fortune 500 ranking fell from #24 in 2005—their last appearance in either set of rankings—to #39 in 2007, a decline of 15 spots in two years.

Pfizer was featured in Business Weeks "Top 25 Managers" annual rankings in 1999 when Karen Katen took on the role of Senior Vice President. However, the organization's feature within this ranking did not have an affect on the organization's financial performance as specified by its Fortune 500 ranking.



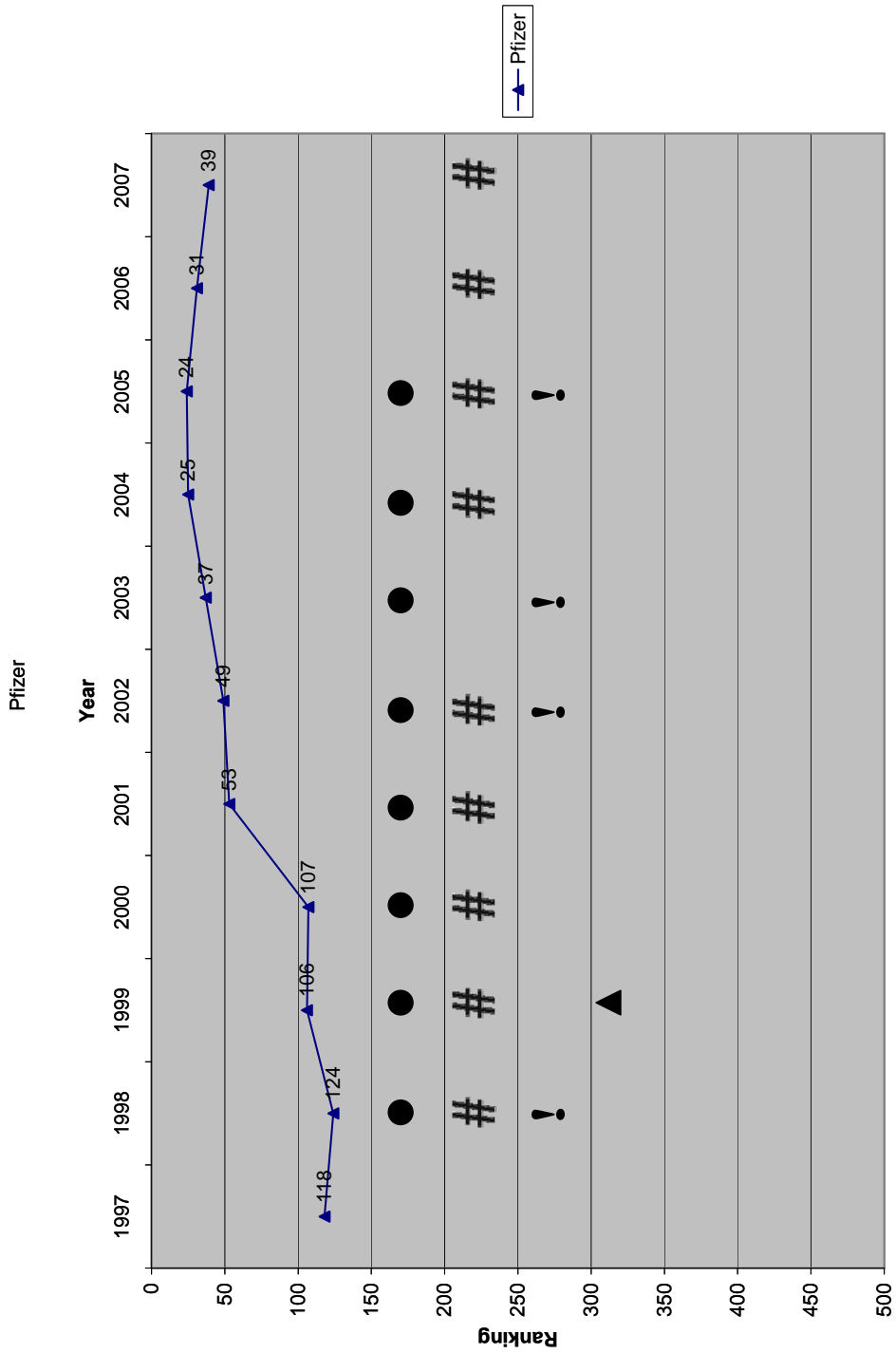


Figure 3.1: Pfizer, Incorporated Annual Rankings

**Annual Rankings Legend**

- Fortune Magazine's "50 Most Powerful Women in Business"
- ★ Fortune Magazine's CEO Rankings
- ! Forbes Magazine's "100 Best Companies To Work For"
- # Working Mother Magazine's "Top 100 Companies For Working Mothers"
- ▲ Business Week's "Top 25 Managers of the Year"

### 3.2 Hewlett-Packard Company

Hewlett-Packard Company, commonly referred to as “HP”, is an American information technology corporation, specializing in personal computers, notebook computers, servers, network management software, printers, digital cameras, and calculators, among other technology related products. HP is highly regarded as the premier imaging and printing systems provider in the world for printer hardware, printing supplies and scanning devices, providing solutions across customer segments from individual consumers to small and medium businesses to large enterprises. Hewlett-Packard has previously received a 100% rating on the Corporate Equality Index released by the Human Rights Campaign. From 1997 to 2007, Hewlett-Packard had four prominent business women featured in annual rankings generated by credible business publications.

After joining the Hewlett-Packard organization in 1982, for more than two decades Livermore has been involved with building solutions to help HP customers manage and transform their technology. Livermore was elected a corporate vice president in 1995 after holding a variety of management positions in marketing, sales, research and development, and business management. From 1999-2007, Ms. Livermore featured in Fortune’s “50 Most Powerful Women in Business.”

Fortune 50 Most Powerful Women In Business										
Woman	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Ann Livermore, HP	-	13	11	28	23	24	22	18	14	13

Carolyn Ticknor as President of Hewlett-Packard’s Imaging and Printing Systems group, headed the organization’s largest and most profitable business. She led the integration of LaserJet, Inkjet, and the Imaging product lines to leverage and capitalize on HP's leading market share position. She created two new growth market initiatives in

digital imaging and commercial printing and developed the "distribute, then print" vision that has become the basis for today's digital printing. Ms. Ticknor grew LaserJet revenue from \$3 billion to \$9 billion and increased its global market share from 40% to 60%. Ticknor was featured in Fortune's "50 Most Powerful Women In Business" in both 1998 and 1999 and retired from the organization in 2001.

Fortune 50 Most Powerful Women In Business										
Woman	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Carolyn Ticknor, HP	22	35	-	-	-	-	-	-	-	-

Cathie Lesjak, a 20-year veteran of Hewlett-Packard, was appointed Executive Vice President and Chief Financial Officer (CFO) of Hewlett-Packard in 2007. She is currently in charge of the company's overall financial activities and leads several departments, including business unit finance, treasury, tax, controller and real estate. Ms. Lesjak was featured in Fortune's "50 Most Powerful Women In Business" in 2007 in which she was ranked #50.

Fortune 50 Most Powerful Women In Business										
Woman	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Cathie Lesjak, HP	-	-	-	-	-	-	-	-	-	50

Carly Fiorina was President and Chief Executive Officer of Hewlett-Packard Company from 1999 to 2005, after she previously served management roles at Lucent Technologies and AT&T. In 2001, she was featured Fortune's annual CEO rankings where she appeared at #32 overall and #2 in her respective industry.

As is evident from the credentials of the females listed above along with Hewlett-Packard's reputation of being an equal opportunity employer, women have contributed greatly to HP's financial success. During the ten-year span from 1997-2007, each of the women listed above was employed as a top executive within the Hewlett-Packard organization. From 1998-2007, HP was featured annually in Fortune's "50 Most

Powerful Women in Business.” Ms. Ticknor appeared in 1998-99 and was ranked #22 and 35, respectively. Ann Livermore was ranked annually from 1999 to 2007. Cathie Lesjak, after her promotion to Chief Financial Officer in 2007, first featured in Fortune’s “50 Most Powerful Women In Business” at #50. In 1998, 2001-02, and from 2004-07, HP was ranked in Working Mother Magazine’s “Top 100 Companies for Working Mothers.” Additionally, from 1998 to 2001, Hewlett-Packard was ranked by Fortune Magazine as one of the “Top 100 Companies to Work For.” From the organization’s initial ranking in the Fortune 500 of #16 in 1997, the organization improved over the ten-year period to #14 in 2007.

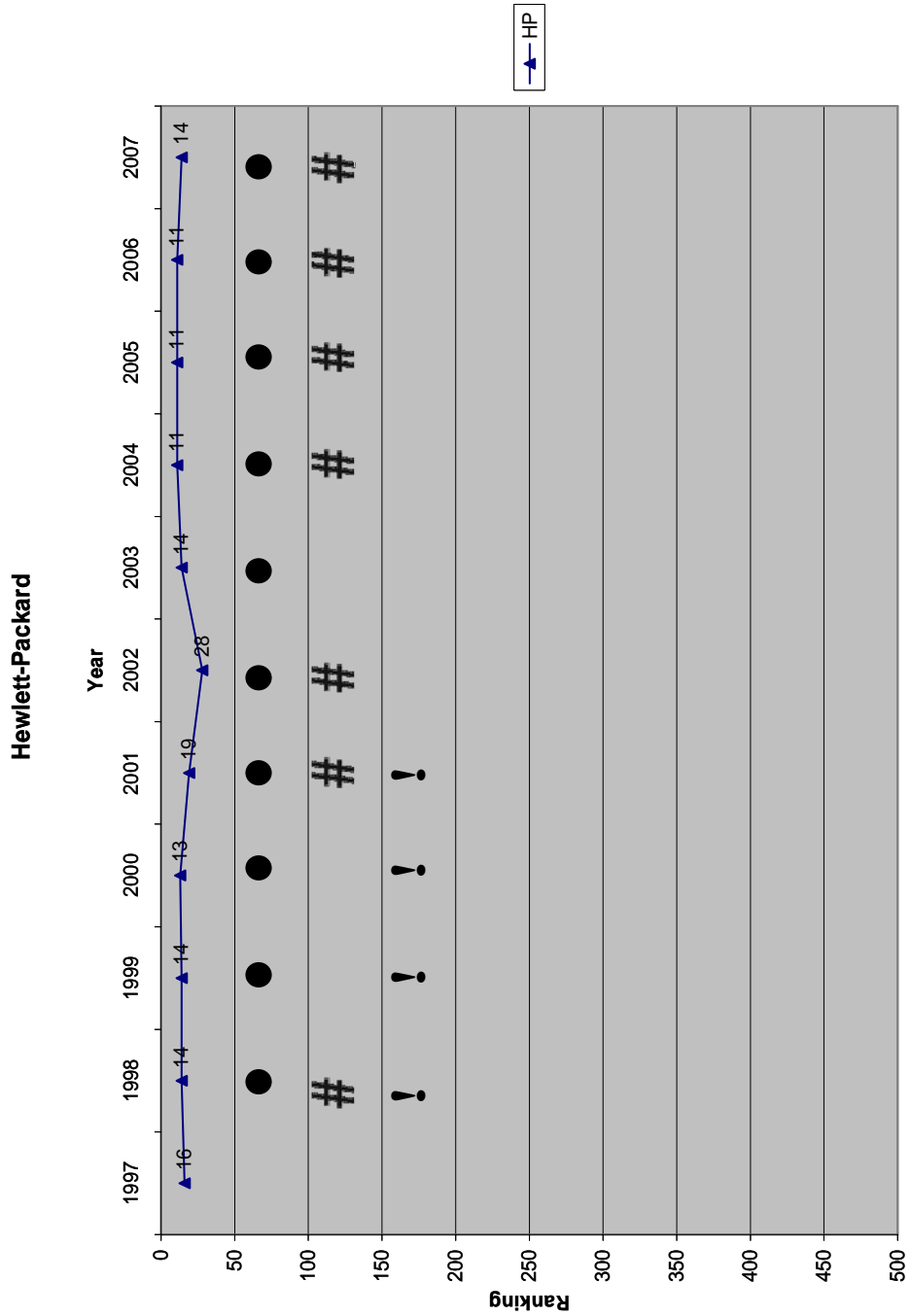


Figure 3.2: Hewlett-Packard Company Annual Rankings



### 3.3 Merck & Co., Incorporated

Merck & Co., Incorporated is one of the largest manufacturers of pharmaceuticals in the world. Merck & Co. describes itself as “a global research-driven pharmaceutical company.” Merck discovers, develops, manufactures and markets a broad range of innovative products to improve human and animal health, directly and through its joint ventures. Some of its widely known products include Vioxx®, Cordaptive®, and Vytorin®, as they have been heavily advertised through traditional media devices.

Joining Merck in 1980, Judy Lewent pioneered a new planning model as more traditional financial valuation methods seemed not to take account the long-term nature of pharmaceutical risks. In 1990, on her appointment as CFO, Lewent took on responsibilities for Merck's overall financial and strategic development, and for licensing matters. This appointment made her the first woman to serve as the CFO of a major corporation. Ms. Lewent served as Chief Financial Officer of Merck until July 2007, Executive Vice President from February 2001 to July 2007 and served as the organization's Head of Strategic Planning until July 2007, when she announced her retirement from the organization.

From 1998 to 2004 Ms. Lewent was featured in Fortune Magazine's “50 Most Powerful Women in Business.” Her initial ranking, which was in the publication's first release in 1998, was #13. Over the next five years, Ms. Lewent was annually featured in Fortune's “50 Most Powerful Women in Business”. During this five year span, Pfizer's Fortune 500 ranking coinciding with Lewent's ranking as a powerful business woman as Merck's Fortune 500 ranking improved from #46 in 1998 to #17 in 2003, an improvement of 29 spots in five years. However in 2004, Ms. Lewent was “demoted” in

Fortune's "50 Most Powerful Women in Business" when she dropped from #23 in 2003 to #35 in 2004. During this period, Merck's Fortune 500 ranking also dropped from #17 in 2003 to #83 in 2004, a 66-spot decline in one year. From 2005 to 2007, Lewent was dropped entirely from Fortune's "50 Most Powerful Business in Women." Merck's Fortune 500 ranking fell from #83 in 2004—Lewent's last appearance in Fortune's "50 Most Powerful Women in Business"—to #99 in 2007, a 16-spot decline in three years. Ms. Lewent's strong performance as a business woman as indicated by her appearance in Fortune's "50 Most Powerful Women in Business" correlated to Pfizer's financial success. Further, Lewent's decline (and eventual absence) as a powerful business woman also correlated to Pfizer's financial performance, where a decline in her ranking as a powerful leader correlated with her employer's decline in the Fortune 500.

During 1998, when Judy Lewent was initially featured in Fortune's "50 Most Powerful Women in Business," the company also featured in two other publication's annual ranking. The first, Working Mother Magazine's "Top 100 Companies For Working Mothers" coincided with Merck's ranking in Fortune's "50 Most Powerful Women In Business" from 1998 to 2002, and again in 2004. Out of the six years in which Merck featured simultaneously in the two annual rankings, their Fortune 500 ranking improved five out of the six years.

The second, Fortune Magazine's "100 Best Companies to Work For" appeared simultaneously with Merck's ranking in "50 Most Powerful Women In Business" from 1998 to 2004; the only years each publication featured Merck. In 2005-07, Merck did not feature in either of the two annual rankings. The organization's Fortune 500 ranking fell from #83 in 2004—their last appearance in either set of rankings—to #99 in 2007, a

decline of 16 spots in three years. When Merck featured in each of the three annual rankings simultaneously (1998-2002), their Fortune 500 ranking improved from #46 to #24, an 18-spot improvement four years. However, during the five year span (2003-2007) where Pfizer was not featured in all three publications simultaneously, their financial performance declined in four of those five years.



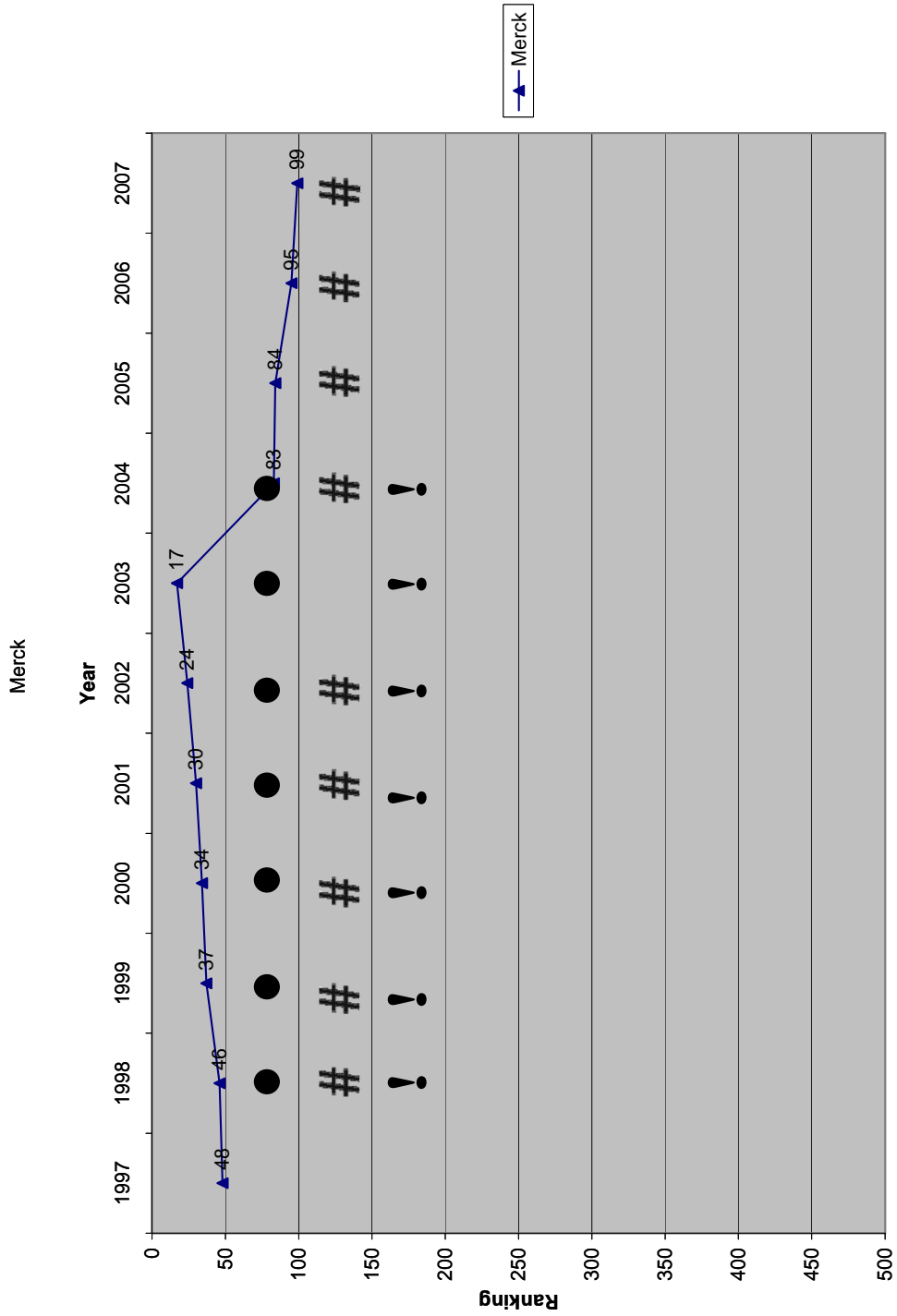


Figure 3.3: Merck & Co., Incorporated Annual Rankings

Annual Rankings Legend

- Fortune Magazine's "50 Most Powerful Women in Business"
- ★ Fortune Magazine's CEO Rankings
- ! Forbes Magazine's "100 Best Companies To Work For"
- # Working Mother Magazine's "Top 100 Companies For Working Mothers"
- ▲ Business Week's "Top 25 Managers of the Year"

### 3.4 Morgan Stanley

Morgan Stanley (formerly Morgan Stanley Dean Witter) is an investment banking and global financial services corporation headquartered in New York City. The organization serves a diversified group of corporations, governments, financial institutions, and individuals. Morgan Stanley has been associated with some of the biggest corporate financings and public offerings in the history such as the Conoco IPO in 1998 and the Google IPO in 2004. The organization has received numerous accolades for fostering diversity throughout its organizational history with regards to Hispanics, Asians, African-Americans, women, and recent college graduates. Morgan Stanley has been featured extensively in Working Mother Magazine's "Top 100 Companies for Working Mothers," and Fortune Magazine's "50 Most Powerful Women in Business."

Mary Meeker joined Morgan Stanley in 1991 as the firm's PC Software/Hardware & New Media analyst. While at Morgan Stanley, Meeker became widely known as the "Queen of the Net" in 1998 for championing stocks as good buys in the early 1990s. Some of the stocks she included were Microsoft, Netscape, AOL, Amazon.com, Yahoo!, and eBay. As of March 2006, Meeker serves as a managing director at Morgan Stanley, maintaining the leadership role of the organization's global technology research team with a particular focus on the 21<sup>st</sup> century internet boom in China. Meeker was featured in Fortune Magazine's "50 Most Powerful Women in Business" in 1999, where she appeared at #3. This, however, was the only year she was featured. However, Morgan Stanley's Fortune 500 ranking improved to #29 in 1999, a 6-spot improvement from the previous year.

Currently serving as Co-President, Zoe Cruz rose up the corporate ladder of the organization throughout her 26 years with Morgan Stanley. Starting her career at Morgan Stanley in 1982, Cruz became a Vice President in 1986, a Principal in 1988 and a Managing Director in 1990. From 2000 to 2005, Ms. Cruz held the position of global Head of Fixed Income. In 2004, Ms. Cruz was initially featured as one of Fortune's "50 Most Powerful Women in Business." Her appearance within the publications set of annual rankings continued until 2007 when she was ranked #16, the same rank as her initial appearance. During the four years of being ranked as national women leader in corporate America, Morgan Stanley's Fortune 500 ranking improved from #39 in 2004 to #20 in 2007, a 19-spot increase in three years.

Beginning in 2001, Morgan Stanley was featured as one of Working Mother Magazine's "Top 100 Companies for Working Mothers." The organization was ranked in the publication consecutively from 2001-2007, in which the organization's financial performance as indicated by the Fortune 500 improved from #24 in 2001 to #20 in 2007.

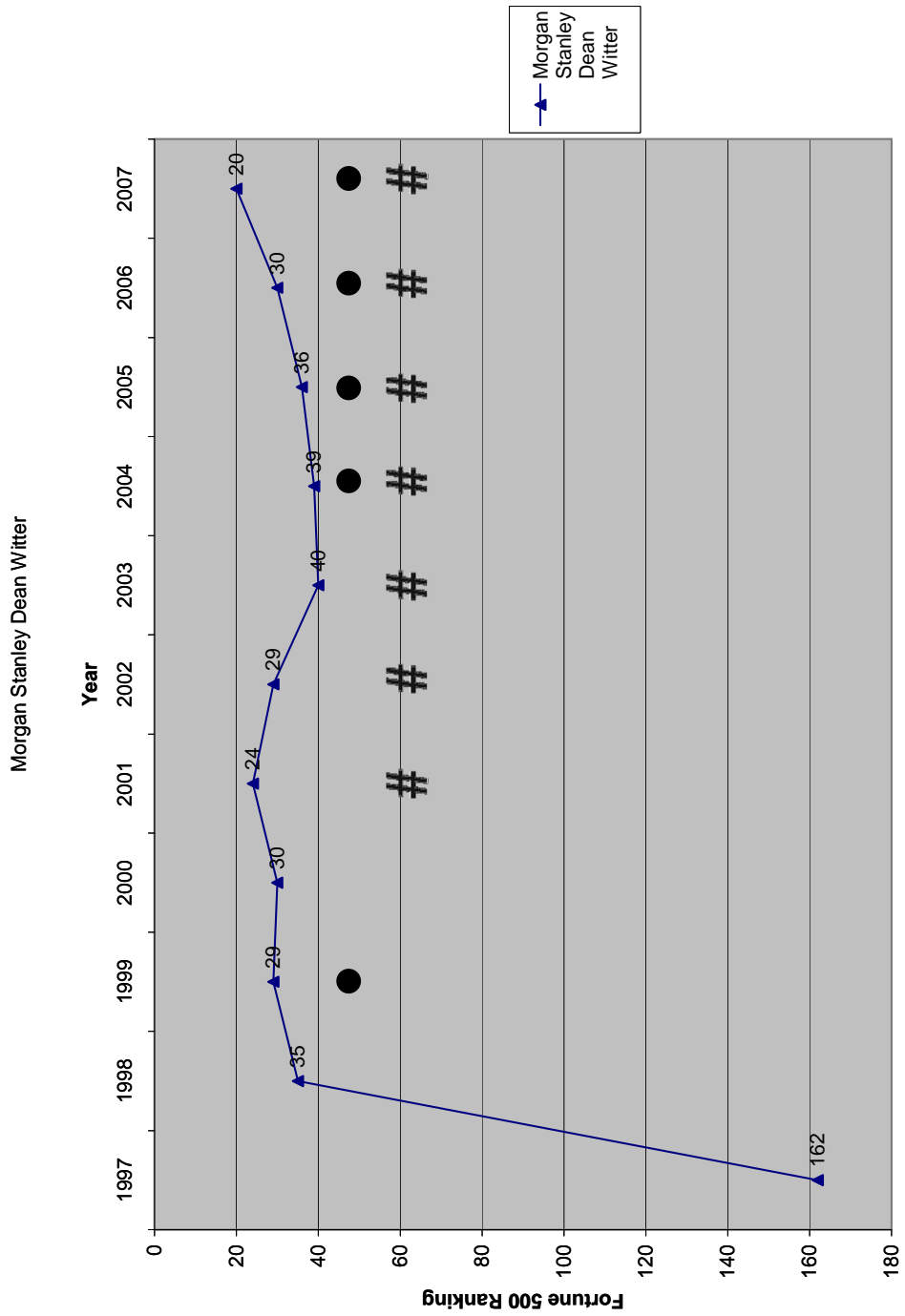


Figure 3.4: Morgan Stanley Annual Rankings

Annual Rankings Legend

- Fortune Magazine's "50 Most Powerful Women in Business"
- ★ Fortune Magazine's CEO Rankings
- ! Forbes Magazine's "100 Best Companies To Work For"
- # Working Mother Magazine's "Top 100 Companies For Working Mothers"
- ▲ Business Week's "Top 25 Managers of the Year"

### 3.5 Cisco Systems:

Cisco Systems is a multinational organization that designs and sells networking and communications technology and services under five brands, namely Cisco, Linksys, WebEx, IronPort, and Scientific Atlanta. Judith Estrin joined Cisco Systems in 1998 when the company she founded, Precept Software, Inc.—a developer of networking software—was acquired by Cisco Systems. Through the acquisition, Estrin was named Chief Technology Officer and Senior Vice President of Cisco Systems, a role she maintained from 1998-2000. Ms. Estrin was featured in Fortune Magazine’s “50 Most Powerful Women in Business” in two years, 1999 and 2000 in which she was ranked #41 and #21, respectively. During this two year period, Cisco Systems was simultaneously ranked in Fortune Magazine’s “100 Best Companies to Work For.” During this two year period, Cisco’s Fortune 500 ranking improved from #253 in 1998 to #192 in 1999, a 61-spot improvement in one year. Over the next eight years (2000-2007), Cisco continued to be annually ranked as one of Fortune’s “Top 100 Companies to work For.” From 2001 to 2005, and again in 2007, Cisco was featured in Working Mother’s “Top 100 Companies for Working Mothers.” During the period in which Cisco was simultaneously ranked in both Working Mother “Top 100 Companies for Working Mothers” and Fortune’s “100 Best Companies to Work For” their Fortune 500 ranking improved from #107 in 2001 to #91 in 2005, a 16-spot improvement in four years.

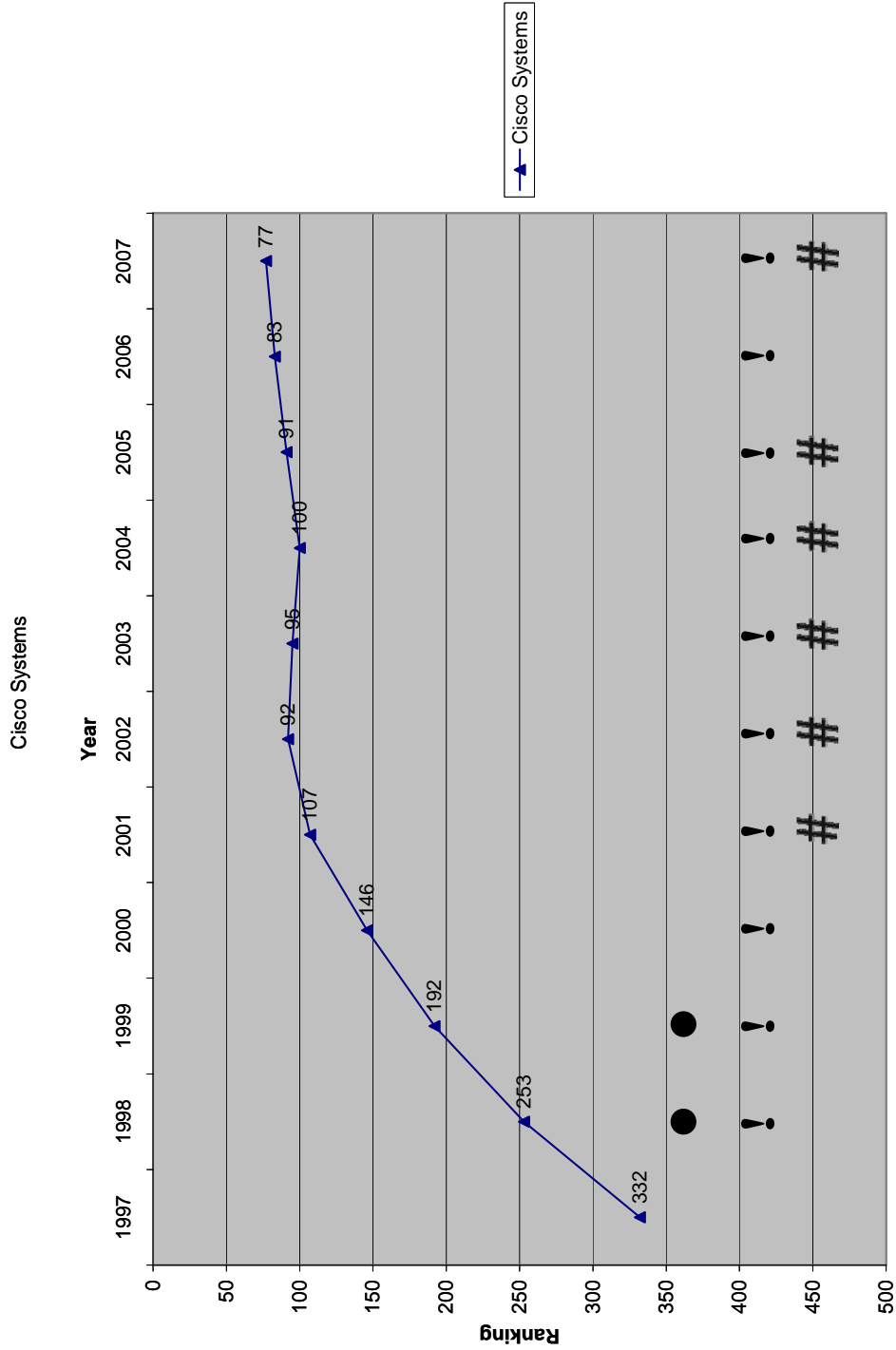


Figure 3.5: Cisco Systems Annual Rankings

Annual Rankings Legend

- Fortune Magazine's "50 Most Powerful Women in Business"
- ★ Fortune Magazine's CEO Rankings
- ! Forbes Magazine's "100 Best Companies To Work For"
- # Working Mother Magazine's "Top 100 Companies For Working Mothers"
- ▲ Business Week's "Top 25 Managers of the Year"

### 3.6 Bank of America:

Bank of America is the largest commercial banks in the United States by both deposits and market capitalization. The bank is divided into four divisions, namely Consumer, Corporate, Investment management, and International operations.

Amy Woods Brinkley joined Bank of America in 1978 and received a number of promotions making her one of the top executives of the organization. While acting as the Global Risk Executive of Bank of America, Brinkley was awarded the top position on U.S. Banker Magazine's 2005 list of "Most Powerful Women in Banking." Brinkley has also been featured in Fortune Magazine's "Most Powerful Women in Business" in which she was featured annually from 2000-2007.

Fortune 50 Most Powerful Women In Business										
Woman	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Amy Brinkley, Bank of America	-	-	33	31	17	22	19	25	23	23

Barbara Desoer joined the Bank of America organization in 1977 and, similar to Brinkley, was successful in progressing her way up the corporate ladder. Desoer currently serves Bank of America as the Chief Technology & Operations Officer. Like Brinkley, Desoer has been featured in Fortune's "50 Most Powerful Women in Business" in which she was ranked #47 in the magazine's 2005 issue.

In 1999 Bank of America was first featured in Working Mother Magazine's "Top 100 Companies for Working Mothers." In 1999 the organization's Fortune 500 ranking jumped from #54 in 1998 to #11 in 1999, a 43-spot increase in one year. Bank of America has since been featured simultaneously in Fortune's "50 Most Powerful Women in Business" and Working Mother's "Top 100 Companies for Working Mothers" each year from 2000-2007. The organization has maintained its position as a leader in the

banking community and achieved its highest ranking in the Fortune 500 in 2007, where it appeared at #9.



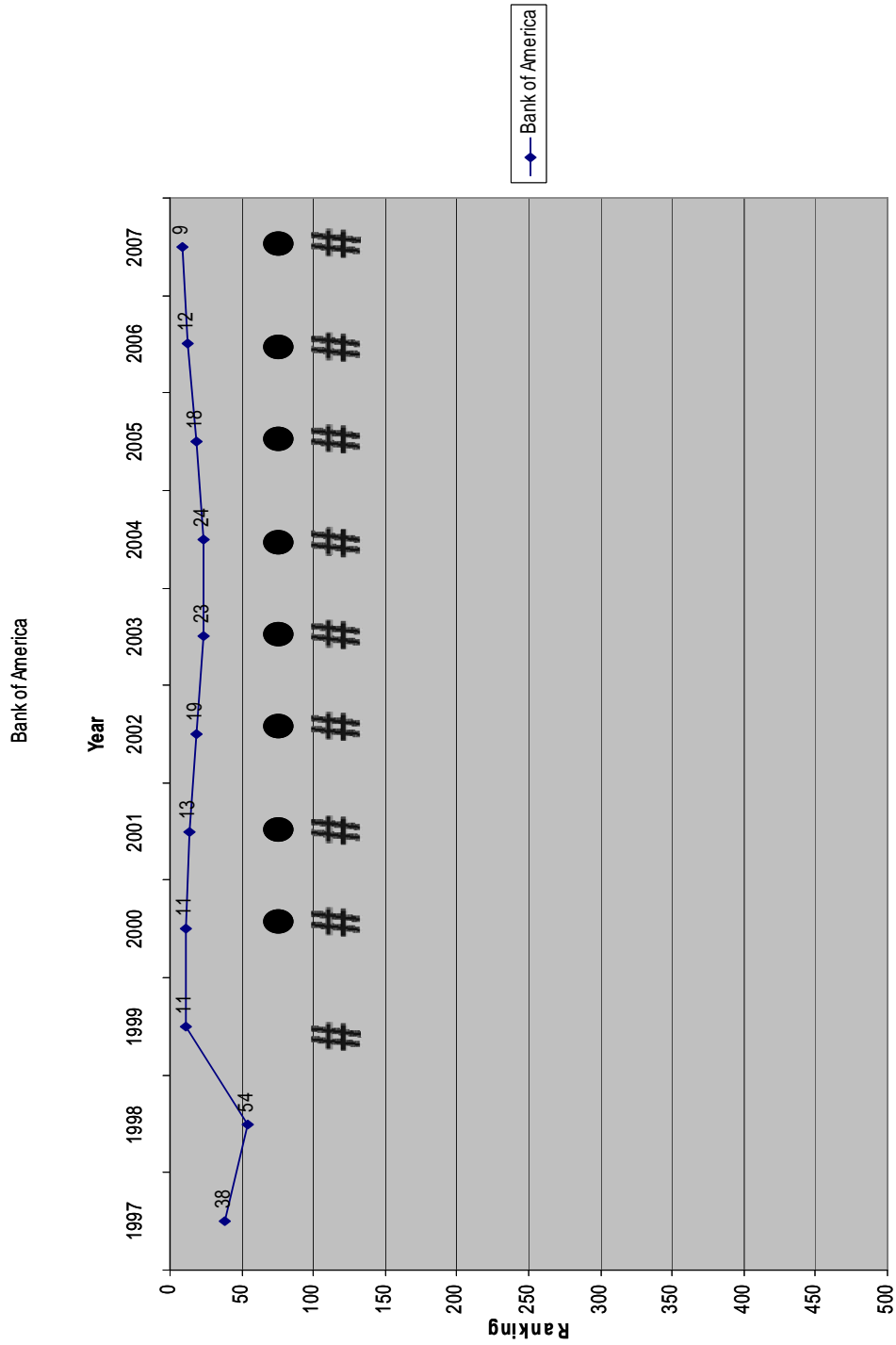


Figure 3.6: Bank of America Annual Rankings

Annual Rankings Legend

- Fortune Magazine's "50 Most Powerful Women in Business"
- ★ Fortune Magazine's CEO Rankings
- ! Forbes Magazine's "100 Best Companies To Work For"
- # Working Mother Magazine's "Top 100 Companies For Working Mothers"
- ▲ Business Week's "Top 25 Managers of the Year"

### 3.7 Sun Microsystems

Sun Microsystems is an American vendor of computers, computer components, computer software, and information technology services. The organizations main products include computer servers and workstations based on its own SPARC processors as well as AMD's Opteron and Intel's Xeon processors; storage systems; and a suite of software products including the Solaris Operating System, infrastructure software, and other technologies like the Java Platform and NFS.

Patricia Sueltz came to the Sun Microsystems organization in 1999 when she was appointed Executive Vice President of Services and was also a Corporate Officer. She maintained this role until 2004 when she left the company to pursue other career opportunities. During her time at Sun Microsystems, Ms. Sueltz was featured at #35 in Fortune Magazine's 2000 issue of the "50 Most Powerful Women in Business." The following two years, a lagged effect of one year from Ms. Sueltz accolades as a powerful business woman, Sun Microsystems was listed by Working Mother Magazine as one of the "Top 100 Companies for Working Mothers."

From 1998 to 2003, Sun Microsystems was listed as one of "The Best 100 Companies to Work For" by Fortune Magazine. During this five year span in which Sun Microsystems featured in all three publications previously listed, their Fortune 500 ranking improved from #184 in 1998 to its peak of #112 in 2002, a 72-spot increase in four years. The following year, after being removed from Working Mother's "Top 100 Companies for Working Mothers," their Fortune 500 ranking dropped from #112 in 2002 to #155 in 2003.

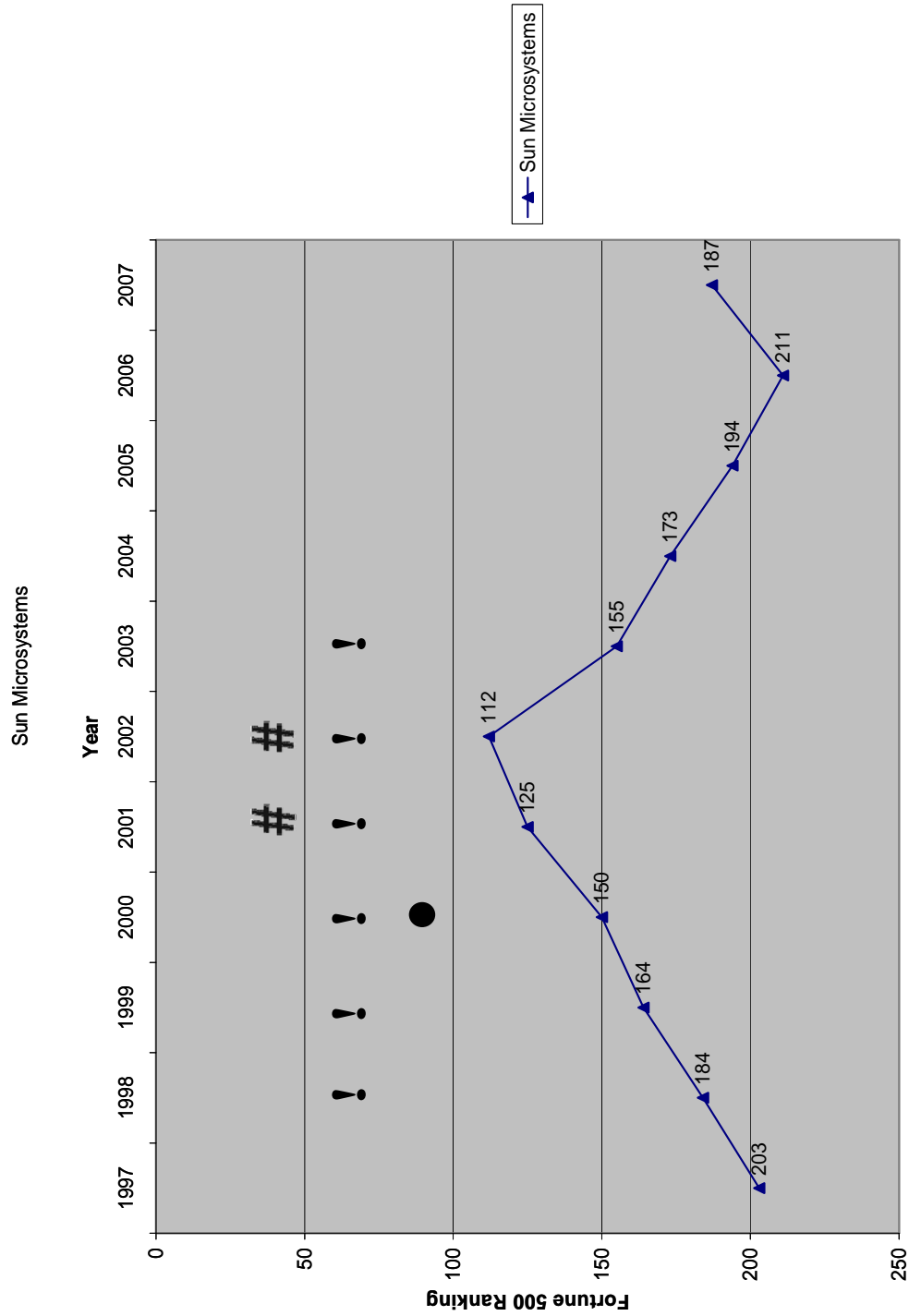


Figure 3.7: Sun Microsystems Annual Rankings

Annual Rankings Legend

- Fortune Magazine's "50 Most Powerful Women in Business"
- ★ Fortune Magazine's CEO Rankings
- ! Forbes Magazine's "100 Best Companies To Work For"
- # Working Mother Magazine's "Top 100 Companies For Working Mothers"
- ▲ Business Week's "Top 25 Managers of the Year"

### 3.8 Verizon Communications:

Verizon Communications is an American broadband and telecommunications company that offers its customers a variety of products and services. The organization grew rapidly throughout the mid 1990s when it acquired two large telecommunications organizations, GTE and MCI.

Doreen Toben joined Verizon in 1999 after previously being employed by AT&T and Bell Atlantic, and Telecom. In 2002 Toben was appointed Vice President and Chief Financial Officer of Verizon, which coincided with her initial appearance in Fortune’s “50 Most Powerful Women in Business.” Ms. Toben continued being ranked annually in the publication until 2007 when she was not featured in the year’s rankings.

Fortune 50 Most Powerful Women In Business										
Woman	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Doreen Toben, Verizon	-	-	-	-	25	17	17	32	36	-

In addition to Verizon having a strong female leader having been recognized by a credible business publication, the organization was also featured in Working Mother Magazine’s “Top 100 Companies for Working Mothers” in 2002, the same year Toben was introduced at a powerful business woman. The two publications were simultaneously ranked from 2002-2006, which indicated a correlation between the two publication’s annual rankings.

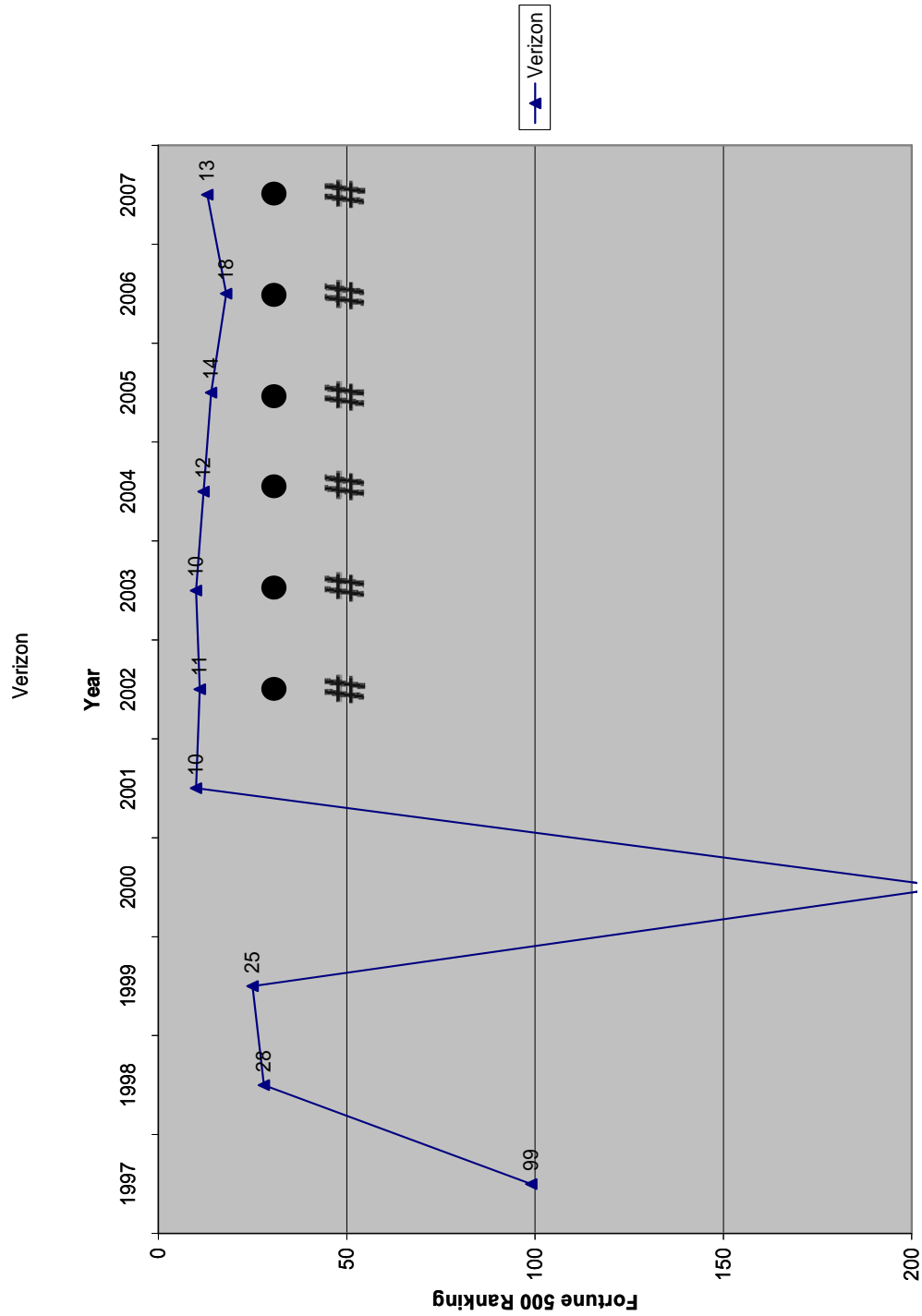


Figure 3.8: Verizon Communications Annual Rankings

Annual Rankings Legend

- Fortune Magazine's "50 Most Powerful Women in Business"
- ★ Fortune Magazine's CEO Rankings
- ! Forbes Magazine's "100 Best Companies To Work For"
- # Working Mother Magazine's "Top 100 Companies For Working Mothers"
- ▲ Business Week's "Top 25 Managers of the Year"

### 3.9 Yahoo! Incorporated

Yahoo! Incorporated a global Internet services company that offers its customers a range of products and services including a Web portal, a search engine, the Yahoo! Directory, Yahoo! Mail, news, and posting. Yahoo.com is the second most visited website in the United States and recently turned down a bid from Microsoft to purchase the company for \$31 a share, or \$44.6 Billion in total.

Susan Decker joined the Yahoo! Organization in 2000 as Executive Vice President and CFO served that role until 2007 when she was promoted to President of the organization. As President, Decker is a key participant in determining Yahoo!'s business strategy and vision, and is also responsible for all of the global business operations of Yahoo!, including sales, product marketing, and distribution across all organization's three major customer groups—audience, advertisers, and publishers. In 2004, 2005, and again in 2007, Decker was featured in Fortune Magazine's "50 Most Powerful Women in Business." Decker debuted at #48 in 2004, #40 in 2005, and #20 in 2007. A one-year lagged effect occurred after Decker was featured for the second time as a powerful woman in business as the corporation first debuted in the Fortune 500 at #412 in 2006. In 2007, Decker's improved ranking in Fortune's "50 Most Powerful Women in Business" of 20 spots coincided with an improved ranking in the organizations Fortune 500 ranking, which improved 55 spots to #357 in 2007. Yahoo Experienced another lagged effect from its ranking in Fortune's "50 Most Powerful Women in Business" as the organization first featured in Fortune's "100 Best Companies to Work For" in 2006, only one year after being ranked in Fortune's "50 Most Powerful Women in Business."

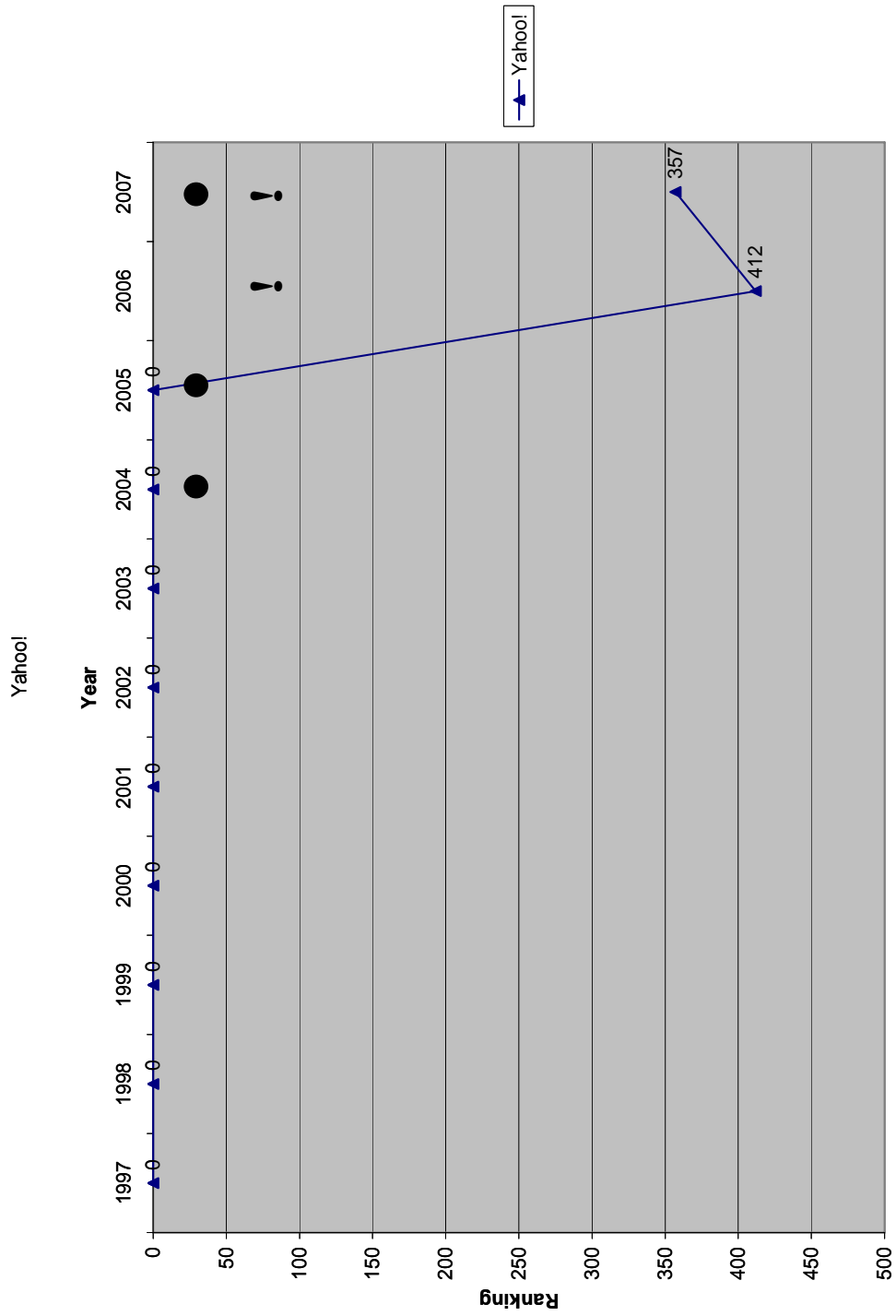


Figure 3.9: Yahoo! Incorporated Annual Rankings

**Annual Rankings Legend**

- Fortune Magazine's "50 Most Powerful Women in Business"
- ★ Fortune Magazine's CEO Rankings
- ! Forbes Magazine's "100 Best Companies To Work For"
- # Working Mother Magazine's "Top 100 Companies For Working Mothers"
- ▲ Business Week's "Top 25 Managers of the Year"

## CHAPTER 4

### CONCLUSIONS & IMPLICATIONS

Results from these case studies indicate that the people-related rankings—a company’s ranking in Working Mother Magazine’s “Top 100 Companies for Working Mothers,” Fortune Magazine’s “100 Best Companies to Work For,” and Business Week’s “50 Most Powerful Women in Business”—individually had a positive effect on a company’s financial performance. In years of declining or stagnant financial performance as indicated by an organization’s ranking on the Fortune 500 list, if and when an organization was ranked either individually or simultaneously within the three publications listed above, the organization’s financial performance improved as a result of its appearance in any of the rankings. The organizations examined in this case study seemed to understand and acknowledge the fundamental difference between women and men, allowed flexibility for women and men who need it, provided relevant training that takes advantage of women’s leadership roles, and have created working environments that have eliminated barriers that exist for women in advancement. Further, these organizations accept that their responsibility to make radical change—both in women’s treatment and family support—can improve their bottom lines enormously. These results are validated by previous research by Shrader, Blackburn, and Iles (1997) that examined and justified firms that employ women in management roles and their subsequent positive effect on the firm’s financial performance.



More importantly, an organization's presence in Fortune's "50 Most Powerful Women in Business" had a lagged effect on Working Mother Magazine's "Top 100 Companies for Working Women" and Fortune Magazine's "100 Best Companies to Work For." This finding, supported by previous research, indicates that firms who both empower female leaders and incorporate efforts in managing the perceptions of gender diversity into their overall diversity management strategies are rewarded with more favorable working conditions for women as well as men. In sum, this research makes a strong case for organizations to treat women as a business imperative rather than a means of ensuring adequacy or meeting a mandated quota, making organizations attractive to working mothers by being receptive to child care and family concerns, and eliminating the corrosive and uncomfortable working conditions that affect female employees as well as their male counterparts.

Future implications of this research will examine the specific factors that contribute to women's success once empowered as leaders of an organization. While the case studies reveal that a correlation exists between an organization's positioning within people-related rankings and the firm's financial performance, it is not clear as to what the mediating factors are between the presence of top women leaders and an organization's financial success. The purpose of these case studies was to examine the relationships between annual rankings at a macro-environmental level in determining whether the financial success of an organization could be correlated to its ranking within other human-related sets of annual rankings. Future research should be conducted on a micro-environmental level, in which specific cases (perhaps those examined in this study) are examined in determining exactly what it is those women executives do while leading

their respective organizations or what characteristics they possess that female non-executives do not. Mediating factors which need to be examined include management style, hiring and training practices, employee working conditions, organization culture, and employees' emphasis on agentic and communal traits. Additionally, factors that analyze the personality of women executives while interacting with male executives such as their bargaining power in decision making with other executives with the organization need to be examined.

## CHAPTER 5

### LIMITATIONS

Limitations to this research include a selection bias and a lack of causality between the stated conclusions. More specifically, a selection bias occurred because only Fortune 500 organizations were examined in this case study. By doing so, other, smaller organizations were not examined due to the sheer size of the organization, not from their lack of female representation in executive- and other leadership-type roles. Justifications for using the Fortune 500 as a basis of the case studies are attributed to the amount of publicly available information. Each organization examined had a wide base of information that was publicly available through online databases and organization websites.

Why the key results of this study indicate that a firm's ranking within any of the people-related annual rankings exist, it cannot be inferred that a causality effect occurs. More extensive research is needed before such a claim can be made, which limits the implications of the results of the organizations examined in this case study.

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