



EXECUTIVE SUMMARY

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Leadership in Today's Economy: Executive Summary
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Leadership matters, and it is becoming an increasingly urgent matter for many companies around the world. According to a 2014 survey of over 2,500 business leaders in 94 countries conducted by Deloitte, 86% of business leaders said that leadership is an important or urgent talent issue facing global companies today.¹

It is also true that leaders are not born; they are made. They are the product of many decisions and choices by both the individual and the institution.

For decades now, we have known that women are not advancing through the leadership ranks at the same rate as men. Much work has been done to understand the reasons — both individual and institutional — behind this stubborn gender gap in leadership. As a result of numerous studies, we now know a great deal today about confidence, communication styles, mentorship, sponsorship, gender bias and flexibility stigma.²

But, much of these studies and the resulting conversations have taken place without fully examining *the model of leadership* itself. What is the promise for advancement? How do women — and men — feel about that promise? What do men and women think it takes to be a leader? Do they think it takes putting work before everything else or making personal or family sacrifices? These are the questions Families and Work Institute (FWI) set out to answer with this study of leadership in today's economy. This work builds on a study of very senior leaders FWI led over 10 years ago in partnership with Catalyst and Boston College Center for Work and Family.³

The findings from the first wave of the current study are based on survey responses from 2,216 U.S. men and women who range from senior leaders to those at the start of the leadership pipeline of four Fortune 500 companies conducted in the spring of 2015.

Below is a summary of what the 2015 study finds.

There is no large gender divide in men's and women's ambition or what motivates them to advance.

In the FWI study, on average, men report that they aspire to higher level positions than women. However, the size of that effect is small, especially once we controlled for factors such as motivations for advancement, obstacles to work-life fit and other demographic characteristics — all of which are bigger predictors of ambition than gender. This is good news since organizations can take actions to affect a number of these other variables because they can be affected by action (like obstacles to work-life fit). It is also likely that the remaining effect of gender may be further diminished as more essential variables and their interactions are considered.

There are also no large gender divides in the importance men and women place in seven of the eight motivators explored in the study (Table 1).

Table 1. Importance of motivators for advancement in the past three years

	Extremely important or absolutely critical	
	Women	Men
Challenging myself and developing my talents	79%	75%
The ability to do work that is meaningful to me and, at the same time, has a positive impact on the world beyond myself	76%	72%
Greater influence on my organization's decisions and culture	69%	70%
Nurturing and developing other people's talents	67%	62%
Control over how, when and where I work	42%	33%
Earning more money	41%	45%
Increased status and recognition in my organization, industry or profession	35%	34%
Greater influence within my industry or profession	34%	32%

Source: *Leadership in Today's Economy*, Families and Work Institute, 2015

The one major exception is “control over when, where and how I work.” There is a nine percentage point difference between men and women with more women (42%) than men (33%) reporting that this factor has been an important motivator for them over the past three years.

Perhaps surprisingly, it is not primarily women's home life that is driving their concern over how, when and where they work.

There are, to be sure, a number of significant differences in the home lives of women and men in this study. Women (88%) are more likely than men (66%) to be in relationships with partners who work; and women are more likely (36%) than men (4%) to take primary responsibility for child care.

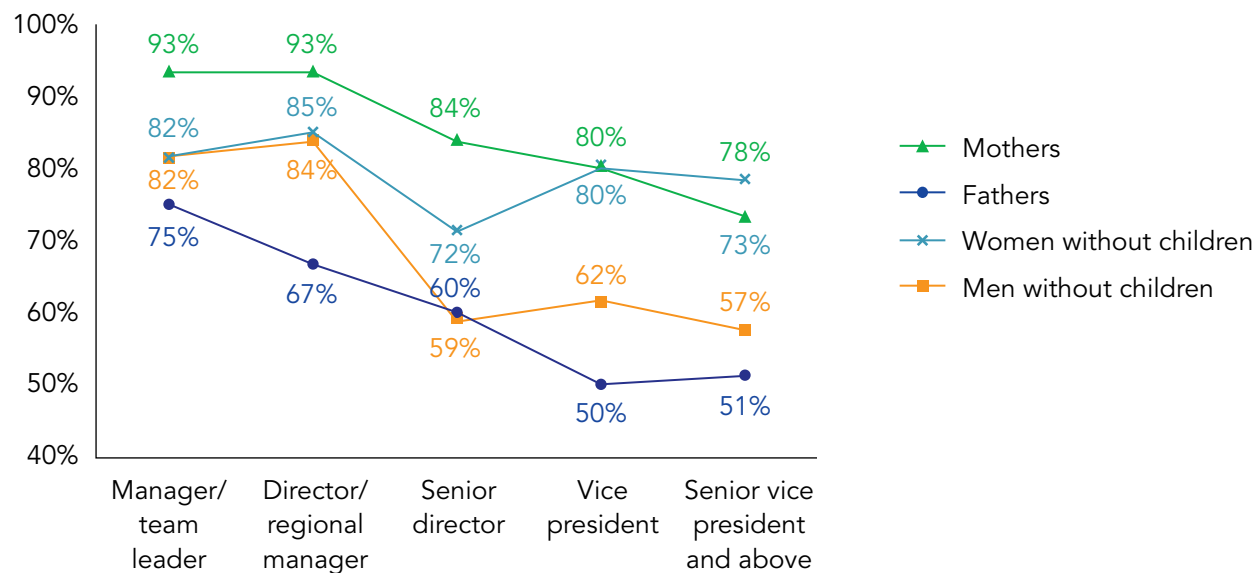
The only choice associated with how important control was to women to manage their career and personal life was having fewer children. Those women who had fewer children in order to manage their career and personal life placed more importance (3.42 out of a five-point scale) on control over how, when and where they work as a benefit of advancing than women who did not report having fewer children for that reason (3.15). This suggests that women who have a high desire for control over how, when and where they work (perhaps because they don't have enough control at their current level) may be managing their work-life conflicts by having smaller families.

Interestingly, the more senior men and women are, the less likely they are to be in dual-earner households, even if they have children under 18 years old living at home.

Choices made since you started working in order to manage your career and personal life

- Delayed having children:
Women 20% Men 12%
- Had fewer children:
Women 13% Men 8%

Figure 1. Percentage of men and women in dual-earner households



Source: *Leadership in Today's Economy*, Families and Work Institute, 2015

Note: Mothers and fathers are defined as those who have a child under 18 living with them for at least half the year.

Additional information about how these female and male leaders made decisions about being in single and dual-earner couples will also be essential to understanding whether this is a gate-keeper effect — that is, those in the right relationship have better opportunities to advance — or a changing circumstances effect — for example, people choose to switch to single-earner relationships when finances allow it, when children are born or some other specific circumstances emerge.

Being a single-earner helps leaders manage their work demands and home life, but more so for men than for women.

Though women in single-earner couples do report less difficulty than women in dual-earner couples with 1) traveling overnight more than five nights per month, and 2) missing important day-to-day events due to work conflicts, women in those types of couple relationships don't report the same outcomes as their male counterparts.

Women in **dual-earner couples** report that it is a bigger problem for them than men in dual-earner couples to:

- relocate to another location within their home country;
- work more than 50 hours every week;
- interrupt a vacation to deal with a business issue; and
- travel overnight more than five nights per month.

Similarly, women in **single-earner couples** also report that it is a bigger problem for them than men in single-earner couples to:

- relocate to another location within their home country;
- work more than 50 hours every week; and
- interrupt a vacation to deal with a business issue.

Even though women at more senior levels may also be more likely to be in single-earner couples, that family structure does not appear to help them handle work demands as much as it does for their male counterparts.

Women and men don't think organizational leaders truly value what motivates them.

Organizations offer a promise for advancement — what they believe will be most motivating for their employees to seek senior leadership positions. Importantly, the FWI study finds that significant numbers of men and women place greater importance on key motivators than they believe their leaders place on those same motivators. The biggest disconnects are around 1) feeling challenged, and 2) feeling that their work is meaningful and has a positive impact beyond themselves — in other words, purposeful work (Table 2). For women, control over when and where they work also shows a fairly large difference between what motivates them and what they believe their organizational leaders think is motivating to them.

Table 2. Percentage reporting that motivators for advancement are ...

	Extremely important or absolutely critical to motivating me to seek senior leadership positions		What my organizational leaders think is extremely important or absolutely critical to encouraging employees to seek senior leadership positions	
	Men	Women	Men	Women
Challenging myself and developing my talents	75%	79%	56%	52%
The ability to do work that is meaningful to me and, at the same time, has a positive impact on the world beyond myself	72%	76%	48%	47%
Control over how, when and where I work	33%	42%	21%	18%

Source: *Leadership in Today's Economy*, Families and Work Institute, 2015

Misalignment between what motivates respondents and what they believe their leaders think motivates them comes with costs. The higher the misalignment, the fewer years that respondent plans to stay — a reduction of about two years for each point of misalignment!

In addition, misalignment is higher among two groups of employees — those who:

1. believe they must change employers to advance as far as they would like; and
2. have lowered their ambitions over the course of their careers.

Social and personal benefits are important to motivating both senior and junior leaders.

More than 60% of senior leaders (vice presidents, and senior vice presidents and above) and junior leaders (managers and team leaders, and directors and regional managers) report that they believe that the following factors are “extremely important” or “absolutely critical” motivators *for their own advancement* (Table 4):

- challenging myself and developing my talents;
- the ability to do work that is meaningful to me and, at the same time, has a positive impact on the world beyond myself;
- greater influence on my organization’s decisions and culture; and
- nurturing and developing other people’s talents.

Junior leaders do place more value on earning more money and control over how, when and where they work than senior leaders do, though not nearly as much as they do on the social and personal benefits described above. This may be due to differences in earnings and autonomy at each level and junior leaders witnessing more single-earner role models at higher levels, thereby increasing attention to these benefits.

On the other hand, senior leaders place more value on the social and personal benefits of advancement — like challenge, purposeful work, influence on the culture and decisions, and nurturing others — though both groups value all these benefits highly.

Table 4. Percentage reporting that motivators for advancement are ...

	Extremely important or absolutely critical to motivating me to seek senior leadership positions	
	Junior leaders	Senior leaders
Challenging myself and developing my talents	74%	82%
The ability to do work that is meaningful to me and, at the same time, has a positive impact on the world beyond myself	68%	84%
Greater influence on my organization’s decisions and culture	63%	82%
Nurturing and developing other people’s talents	62%	67%
Control over how, when and where I work	42%	34%
Earning more money	47%	35%

Source: *Leadership in Today’s Economy*, Families and Work Institute, 2015

Notes: In this analysis, junior leaders refer to the lower two leadership levels (managers and team leaders, and directors and regional managers). Senior leaders refer to the upper two leadership levels (vice presidents, and senior vice presidents and above). The mid-level leaders (senior directors) are excluded from the analysis.

Both junior and senior leaders don't think organizational leaders fully understand what motivates them.

Senior leaders are more positive than junior leaders in terms of the organization's emphasis on the following factors *for encouraging employees to seek senior leadership positions* (Table 5):

- challenging myself and developing my talents;
- the ability to do work that is meaningful to me and, at the same time, has a positive impact on the world beyond myself; and
- greater influence on my organization's decisions and culture.

However, neither group of leaders believes the organization offers the promise for advancement that they want. For example, 84% of senior leaders find the ability to "do work that is meaningful to me and, at the same time, has a positive impact on the world beyond myself" highly motivating (Table 4), but only 60% of senior leaders believe that the organization's promise for advancement emphasizes this benefit (Table 5).

Table 5. Percentage reporting that motivators for advancement are ...

	The promise for advancement: What my organizational leaders think is extremely important or absolutely critical to encouraging employees to seek senior leadership positions	
	Junior leaders	Senior leaders
Challenging myself and developing my talents	52%	59%
The ability to do work that is meaningful to me and, at the same time, has a positive impact on the world beyond myself	44%	60%
Greater influence on my organization's decisions and culture	54%	65%
Nurturing and developing other people's talents	42%	47%
Control over how, when and where I work	21%	19%
Earning more money	34%	31%

Source: *Leadership in Today's Economy*, Families and Work Institute, 2015

Notes: In this analysis, junior leaders refer to the lower two leadership levels (managers and team leaders, and directors and regional managers). Senior leaders refer to the upper two leadership levels (vice presidents, and senior vice presidents and above). The mid-level leaders (senior directors) are excluded from the analysis.

These findings are especially interesting since many would consider senior leaders and organizational leaders to be the same people, and that senior leaders would offer to others what they find personally motivating. Yet, even though senior leaders are those most responsible for establishing and maintaining the promise for advancement, there is a disconnect between their own interests and what they believe their companies offer.

This disconnect could be due to a number of factors, such as:

- Senior leaders may place responsibility for the promise for advancement on other leaders, such as a board of directors or peers whom they perceive as more influential than themselves. For example, “The board of directors wants it this way.”
- Senior leaders may externalize the promise for advancement such that it becomes part of an established organizational/industry culture for which they and their peers have little control or responsibility. For example, “It’s just the way it is here and in other companies in this industry.”
- Senior leaders may hold false beliefs about what lower level leaders want, prompting them to miscalibrate the promise for advancing. For example, “It’s so hard to find employees who care about their work; I just have to keep paying them more.”

Our findings suggest that there are two interventions necessary to reduce this misalignment. First, organizations should check to see if their senior leaders also experience a disconnect between what they want for advancement for themselves and what they think the organization emphasizes in its promise for advancement. This is a new line of research, and companies may never have asked these questions before. But, if they do explore issues related to the promise for advancement, they will become able to ensure that their organizational messages are better aligned and are, thus, appropriately communicated to their workforce.

Second, though both junior and senior leaders see the organization as not emphasizing the right things, junior leaders are less positive than senior leaders about this issue. This suggests that junior leaders are missing some messages about the social and personal benefits for advancement that senior leaders are hearing. Greater communication with junior leaders may be helpful in addressing this misalignment. Efforts should identify: 1) what channels junior leaders look to for messages about the benefits for advancement; 2) what messages are actually coming through those channels; and 3) what messages might be most effective. Organizations can thus ensure that the messages and reality are in sync with what actually motivates employees to advance.

Putting work consistently before personal life has its costs.

Before discussing these findings, it is important to be very clear about how we measure these constructs. Leaders were asked to rate the following two questions on a scale of “very often,” “often,” “sometimes,” “rarely” or “never:”

- “In the past year, how often have you put your job before your personal or family life?”
- “In the past year, how often have you put your personal or family life before your job?”

We find that about three in five leaders have prioritized work over their personal lives more frequently over the past year, while about three in ten have prioritized work and personal life more or less equivalently (Table 5).

Table 5. Percentage of men and women that are work/dual/life centric

	Women	Men
Work-centric: Leaders more frequently put jobs before personal/family life in the past year.	60%	57%
Dual-centric: Leaders respond to both questions with the same frequency, so they might answer both questions “very often,” or “sometimes” or “rarely,” etc. In other words, they prioritize work and personal/family life more or less equivalently.	28%	31%
Life-centric: Leaders more frequently put personal/family life before jobs in the past year.	12%	13%

Source: *Leadership in Today's Economy*, Families and Work Institute, 2015

Importantly, putting work above personal life frequently has a cost for both the individual and the organization. Work-centric employees have statistically significantly lower levels of job and life satisfaction and plan to stay for less time than dual-centric employees. In fact, dual-centric employees are more likely to want to stay and advance in their current organization (Table 6). It is important to note that dual-centric doesn't mean a 50/50 prioritization of work and home life all the time, but rather, a dynamic prioritization that responds to the changing needs of work and of family life and fully considers the importance of both.

Table 6. Comparison of employee attitudes and career plans among work and dual-centric respondents

	Work-centric	Dual-centric
Job satisfaction (five-point scale)	3.7	3.9
Life satisfaction (five-point scale)	4.1	4.4
Closeness to living up to your definition of personal life success (ten-point scale)	7.3	7.7
Difficulty managing work and personal/family life (five-point scale)	3.3	2.9
Expected years of additional tenure (after controlling for age)	10.1	11.0
Percentage planning to reach the highest level to which they aspire in current organization	56%	66%

Source: *Leadership in Today's Economy*, Families and Work Institute, 2015

Effective and flexible managers can help you hold on to and develop your people.

Years of research show that managers are the key to whether employees feel they can manage work and personal life,⁴ so the FWI study wanted to understand the effect of role modeling on employee outcomes. We find that, while only about a third of men (33%) and women (35%) see their senior leaders as role models for work-life fit, slightly more than half of men (54%) and women (55%) see their immediate managers as role models. Respondents provide higher ratings of their immediate managers as work-life role models when those managers are better at:

- giving his/her people appropriate autonomy to make decisions about their work;
- caring about his/her people's lives outside of work;
- encouraging the use of (formal or informal) flexible work to meet work and personal/family goals;
- respecting boundaries on employee availability; and/or
- talking openly at work about his/her life outside of work.

When respondents rate their senior managers highly on these five behaviors, they report greater:

- job satisfaction;
- life satisfaction;
- closeness to living up to their definition of personal life success; and
- expected years of additional tenure.

Respondents also report lower difficulty managing work and personal/family life when their immediate managers are highly rated on these behaviors.

CONCLUSION

Leadership in Today's Economy reveals that the question of who aspires to leadership goes much deeper than the simple question of whether men or women are more ambitious. Nor is the model of the male senior leader — who focuses the majority of his efforts on work and relies upon an at-home spouse to manage home life — the only leadership model possible in today's economy.

The Families and Work Institute study reveals that there are some new powerful possibilities for breaking through the stubborn gender gap in leadership (that increasingly affects both women and men) if companies:

1. fully consider what they put forth as the promise for advancement and ensure that it meets the expectations of their employees;
2. value employees who are dual centric — that is “whole people”; and
3. create new models of leadership where managers give employees appropriate autonomy to make decisions about their work, care about employees' lives off the job, encourage the use of (formal or informal) flexible work in ways that work for employees and the employer alike, respect the boundaries on employee availability, and talk openly at work about their own lives outside of work.

The stubborn gender gap in advancement has persisted for several decades. *Leadership in Today's Economy* offers some promising new directions. These are issues that the Families and Work Institute will continue to pursue.

ENDNOTES

1 Deloitte Consulting LLP and Bersin by Deloitte. *Global Human Capital Trends 2014: Engaging the 21st-Century Workforce*. (2014). Westlake, TX: Deloitte University Press.

http://dupress.com/wp-content/uploads/2014/04/GlobalHumanCapitalTrends_2014.pdf

2 For example, see the research from the following organizations and academics:

McKinsey & Company Women Matter

http://www.mckinsey.com/features/women_matter

Center for Talent Innovation

<http://www.talentinnovation.org/Research-and-Insights/index.cfm?sorter=Women#list>

Catalyst Inc. Knowledge Center

<http://www.catalyst.org/knowledge>

Stanford University Clayman Institute for Gender Research

<http://gender.stanford.edu/>

Harvard Business School Gender Initiative

<http://www.hbs.edu/faculty/initiatives/Pages/gender-initiative.aspx>.

3 Galinsky, E. et al. (2003). *Leaders in a Global Economy: A Study of Executive Women and Men*.

Families and Work Institute, Catalyst and The Boston College Center for Work & Family. <http://www.familiesandwork.org/leaders-in-a-global-economy-a-study-of-executive-women-and-men/>

4 For example, see Aumann, K., & Galinsky, E. (2009, Revised May 2014). *The State of Health in the American Workforce: Does Having an Effective Workplace Matter?* New York: Families and Work Institute. <http://familiesandwork.org/downloads/StateofHealthinAmericanWorkforce.pdf>