IN LEADERSHIP

WOMEN

A Look at Companies in the S&P MidCap 400 Index, 2000–2010

GEORGETOWN UNIVERSITY
McDonough School of Business
The Center for Women in Business (CWB), a project of the U.S. Chamber of Commerce’s Campaign for Free Enterprise, promotes and empowers women business leaders to achieve their personal and professional goals by increasing opportunities for women to serve on corporate boards and in the C-suite; mentoring women in the early stages of their careers or re-entering the workforce; and building a network of women entrepreneurs to encourage peer-to-peer networking, education, and professional growth.

Georgetown University’s McDonough School of Business is a premier business school located at the center of world politics and business in Washington, D.C. Some 1,400 undergraduates, 1,000 MBA students, and 1,200 participants in executive education programs study business with an intensive focus on leadership and a global perspective.

Founded in 1957, the business school today resides in the new Rafik B. Hariri Building, a state-of-the-art facility that blends the tradition of Georgetown University with forward-thinking functionality. For more information about Georgetown’s McDonough School of Business, visit http://msb.georgetown.edu.

The National Chamber Foundation (NCF), a non-profit affiliate of the U.S. Chamber of Commerce, is dedicated to identifying and fostering public debate on emerging critical issues. We provide business and government leaders with insight and resources to address tomorrow’s challenges.

NCF’s resources and programs focus on three goals—to (I) examine emerging business issues, (II) drive public debate, and (III) inform business and government leaders. We offer research programs, roundtables and conferences, and leadership development initiatives.

The U.S. Chamber of Commerce is the world’s largest business organization representing the interests of more than 3 million businesses of all sizes, sectors, and regions.
Women in business are redefining the game throughout America’s free enterprise system. They are marked by a spirit of entrepreneurship that is critical to our economy’s success and the development of a 21st century workforce. In partnership with Georgetown University, the U.S. Chamber of Commerce is proud to publish this groundbreaking research on the women who lead America’s mid-cap companies. These are the leaders who play an integral role in business, who create lasting value.

Challenges to businesswomen remain in these tough economic times. Though women represent half of America’s workforce, they make up only 5.7 percent of the executive ranks in mid-cap companies. In our free enterprise system, talent knows no gender and opportunity no bounds. We can and must do better.

The informative and often surprising results contained in this report will be invaluable resources to businesses. It points to how companies can better incorporate women into their workforce and develop them into the leaders of tomorrow. It also identifies industries and regions of the country where improvements are needed to fully capitalize on the leadership women can provide. Based on the data, it is clear that more research remains to be done on the shifting demographics and changing dynamics of today’s workplace. Companies have a unique opportunity to devise a strategy that enables talented women to advance in the workplace.

Through the Center for Women in Business, the U.S. Chamber of Commerce will continue in its commitment to educate, facilitate, and communicate the critical role of women in the workforce. Advancing the goals of women, especially in positions of leadership, remains an essential priority of the Chamber for the years ahead.

Sincerely,

David C. Chavern
It is with much pleasure that I write on behalf of Georgetown University’s McDonough School of Business in Washington, D.C., upon the release of important research on women at the top echelon of management in medium-sized corporations.

The study in this publication looks specifically at female participation in top management of the S&P MidCap 400 from 2000 – 2010. A great deal of knowledge already exists about female executive representation in large (Fortune 500, S&P 500) companies, but less is known about the women working in small- and medium-size organizations. Only by shining light upon women in companies of all sizes can we be able to understand fully their experiences and help to improve their success and, ultimately, that of the U.S. business sector at large.

This research is the first major project between the Georgetown University McDonough School of Business and the U.S. Chamber of Commerce’s Center for Women in Business. Through our partnership, we look forward to widening opportunity and promoting professional growth for women throughout the nation.

Sincerely,

Paul Almeida

Senior Associate Dean for Executive Education, McDonough School of Business Georgetown University
In an ever-competitive global economy, companies that identify and develop leaders who drive innovation and produce results will succeed. Today, nearly 50% of America’s workforce are women, and while women continue to move into leadership roles, there is still more to be done. That’s why the U.S. Chamber of Commerce and its Center for Women in Business partnered with Georgetown University to examine women as business leaders. This includes research on small, medium, and large enterprises as well as women entrepreneurs.

This research focuses on women’s participation in the top management ranks of the companies featured in the Standard & Poor’s (S&P) MidCap 400 listing from 2000 to 2010. The findings of this research provide valuable information for businesses as they plan and implement their leadership strategies.

We have chosen to focus on mid-cap companies—those with $1 billion to $7 billion in market capitalization—in order to complement the extensive research that currently exists on female executive representation in large Fortune 500 or S&P 500 companies. The data used in this study come from the annual reporting by mid-cap companies to the U.S. Securities and Exchange Commission.

Women who serve as executives in America’s leading mid-cap companies are all too often overlooked. Compared with the number of studies of gender issues at larger companies in the Fortune 500 or the S&P 500, research on the gender demography in smaller companies is relatively scant. Yet, it is unclear whether findings about women in larger organizations generalize to those in smaller companies as well.

The analysis presented in this study focuses on the gender makeup of the top five executives of companies that comprise the S&P MidCap 400 Index from the years 2000 to 2010. In addition to examining the percentage of women at this very top level over time, this report looks at their compensation relative to that of their male colleagues. As we explain below, the increase in available data, coupled with the recession, created a particularly interesting situation in the years 2006 to 2010. This period is where we focus most of our attention.

Over the past decade, the average percentage of women in the top executive ranks of the mid-cap firms in the United States totaled 5.7%. This number did not come about through consistent growth from 2000 to 2010. Rather, the level of female participation increased through the middle part of the decade and then rapidly dropped in 2009 and 2010.

We examine women’s representation in the top executive ranks of these mid-cap firms from a number of different perspectives, such as age, location, industry, and the status of these executives within their firm. Indeed, looking at different age clusters of executives reveals that younger female executives (between 27 and 39 years old)
suffered a decline in their ranks starting earlier than the other executives (2006 rather than 2008). Moreover, the percentage of older female executives (aged 60 and above) seemed to stay the most consistent, albeit at an already low level.

The location of a company also appears to have an impact on female participation at the executive level. The Northeast region of the United States enjoyed the highest percentage of female executives, while the Midwest consistently ranks at the bottom. Preliminary study appears to show that the differences among regions in the percentage of female executives have much to do with the types of industries that dominate in each area of the country.

Throughout the United States, a large difference exists between industries based on the representation of women in their executive ranks. Women make up more than 10% of executives in three industries: media, life sciences, and retailing. Mid-cap automobiles and components industry had no female executives from 2000 to 2010.

Another finding is that the gap in compensation between male and female executives appears to be narrowing. In fact, women in some industries are outperforming men in terms of compensation. Nevertheless, the average percentage of women who became executives and garner this level of compensation remains low. There is still a long way to go.

**WHAT IS THE S&P MIDCAP 400?**

The S&P MidCap 400 Index is a relatively stable set of midsized, U.S.-based, publicly traded firms, chosen to mirror the characteristics of the larger population of midsized firms. The index covers more than 7% of the U.S. equity market and seeks to remain an accurate measure of midsized companies. To qualify for this index, a company must have a market capitalization in the range of $1 billion to $7 billion, though this range is regularly reviewed to ensure consistency with market conditions. In addition to being located in the United States, companies must meet specific criteria for liquidity, market capitalization, public float, and sector classification, and must be financially viable with four consecutive quarters of positive reported earnings. Index constituent turnover is minimized, and additions to the index occur only when deletions are made in response to a merger, acquisition, or substantial violation of index criteria. Such changes are made on an as-needed basis.

As of February 20, 2012, the top five S&P MidCap 400 constituents are Green Mountain Coffee Roasters, Inc.; Regeneron Pharmaceuticals, Inc.; Monster Beverage Corp.; AMETEK, Inc.; and Vertex Pharmaceuticals, Inc. Other S&P MidCap companies include Ann Taylor, AOL, DreamWorks Animation, JetBlue, Netflix, and Nordstrom.

According to U.S. law, all publicly traded companies must report their top five executives (in terms of earning) to the Securities and Exchange Commission. They report not only the gender of these top five executives, but also their earnings in terms of salary, bonus, and other compensation, such as stock and deferred options. The data from these filings were used in this analysis.

Looking at the most recent decade of available data (2000–2010), figure 1 shows that reporting practices began to increase during the middle of the decade, with a near 99% compliance rate toward the decade’s end.
We believe that this increase in reporting is likely due to changes in the regulatory environment and improvements in the online mechanisms by which companies filed their reports. This near-perfect level of reporting by midsized companies offers a robust snapshot of the executive suite.

**Figure 1: Number of Companies Reporting**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Companies Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>200</td>
</tr>
<tr>
<td>2001</td>
<td>250</td>
</tr>
<tr>
<td>2002</td>
<td>300</td>
</tr>
<tr>
<td>2003</td>
<td>350</td>
</tr>
<tr>
<td>2004</td>
<td>400</td>
</tr>
<tr>
<td>2005</td>
<td>375</td>
</tr>
<tr>
<td>2006</td>
<td>350</td>
</tr>
<tr>
<td>2007</td>
<td>325</td>
</tr>
<tr>
<td>2008</td>
<td>300</td>
</tr>
<tr>
<td>2009</td>
<td>275</td>
</tr>
<tr>
<td>2010</td>
<td>250</td>
</tr>
</tbody>
</table>

**GENDER DEMOGRAPHICS IN THE EXECUTIVE SUITE**

From 2000 to 2010, women represented 5.7% of the leading executives in the S&P 400 index of mid-cap companies. (In this study, “executives” refers to the top five highest-paid members of staff, unless otherwise noted.) As figure 2 shows, this number was relatively stable for the first half of the decade, and then appeared to rise from 2006 to 2008 before falling off rather precipitously in 2009 and 2010. Thus, it seems that women were making a slow and steady climb into the top levels of midsized corporations as the decade progressed—that is, until the start of the global economic contraction in 2008 which suggests that this gender trajectory may mirror the broader economic trajectory.

What is most interesting to us about this decline is that some people have argued that the “great recession” had a greater impact on male employment levels than female employment levels. Women were thought to be more “recession proof.” In approximately 27% of American dual-income households in 2010, the wife was earning

**Figure 2: Female Executives 2000-2010**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Female Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>5</td>
</tr>
<tr>
<td>2001</td>
<td>5</td>
</tr>
<tr>
<td>2002</td>
<td>5</td>
</tr>
<tr>
<td>2003</td>
<td>5</td>
</tr>
<tr>
<td>2004</td>
<td>5</td>
</tr>
<tr>
<td>2005</td>
<td>5</td>
</tr>
<tr>
<td>2006</td>
<td>5</td>
</tr>
<tr>
<td>2007</td>
<td>5</td>
</tr>
<tr>
<td>2008</td>
<td>5</td>
</tr>
<tr>
<td>2009</td>
<td>4</td>
</tr>
<tr>
<td>2010</td>
<td>4</td>
</tr>
</tbody>
</table>
more than the husband. Moreover, single women without children between the ages of 22 and 30 were earning more than their male counterparts of the same age in many of the largest cities in the United States.

These findings are balanced by data that suggests the recession hurt women’s chances of surviving the top ranks of the executive suite—at least for mid-cap firms. There may be more gender equality (in terms of numbers and salary) in the lower levels of the firm, but in the executive suite the percentage of women decreased significantly from 2008 to 2009 and then again from 2009 to 2010.

Figure 3 focuses on the years after 2005, where we see the most significant rise and fall of female executives in mid-cap companies. The first bar of figure 3 shows the average percentage of female executives in the mid-cap firms between 2000 and 2005, and the second through sixth bars show the percentage of women for each subsequent year individually. We present the information this way because our later analyses focus on the second half of the decade. Because the beginning half of the decade was relatively stable in terms of female executive numbers, we show the average of this first half for reference and comparison and then show 2006 to 2010 in greater detail.

Figure 4 shows the same data, but focuses solely on non-CEO female executives.

AGE OF EXECUTIVES

Based on an analysis of executive representation by women among mid-cap companies, younger female executives appear to be more vulnerable to recessionary pressures than their older counterparts.

Younger women were more strongly represented in the executive pool in 2006 than in later years. Figure 5 shows the percentage of female executives grouped by their ages. There is a significant drop in the percentage of younger female executives, ranging in ages from 27 to 39, starting in 2006. In 2006, younger female executives represented 15% of the overall leadership in mid-sized firms. Just a year later, that proportion had dropped to 9.3%. By 2009, younger female executives occupied only 3% of these leadership positions.

These same drops in employment shares occurred across nearly every other female age
The only age group of women that is consistently represented on the executive level is ages 60 or older. Indeed, the percentage of female executives over the age of 70 appears to be increasing, though their overall number remains low when compared with their male counterparts.

Although figure 5 appears to represent a fairly significant female representation in the executive suite, particularly in the 40 to 49 and 50 to 59 age ranges, this is still a relatively small percentage compared with male executives. To provide a full appreciation for this differential, figures 6 and 7 present the percentages of female and male executives back to back for each age group. Figure 6 shows these percentages for 2006 and figure 7 for 2010.
REGION WHERE THE COMPANY IS BASED

Figure 8 shows the percentage of female executives in the S&P mid-cap companies by region of the country for the second half of the decade. The Northeast region consisted of 87 companies, the Midwest of 126 companies, the South of 84 companies, and the West of 87 companies.

As figure 8 shows, the Northeast has the highest percentage of women in executive roles. The Northeast and Midwest peaked in 2008 with 9% and 5.9%, respectively. Both regions significantly dipped in their percentages of female executives in 2009. In contrast, the South showed a more gradual decline after 2008, whereas the West showed a gradual decline starting in 2005. It is possible that changes in the more macroeconomic environment of these regions explain this fluctuation, but further regional analysis must be done to permit any confident inferences about root causes.

Figure 9 shows the same data, but in bar chart format. These bar charts are layered on top of a map of the United States to clearly demarcate how states were categorized in the broader regional analysis.
INDUSTRY SECTORS

Sectioning the data by industry offers another picture of where women are advancing in business leadership. The industries with the highest average number of female executives include media (21%), pharmaceutical (14%), and retailing (13%). The industries with the lowest average number of female executives are semiconductors (2%), transportation (2%), energy (2%), and automobiles and components (0 percent). The telecom, food and staples retailing, and household and personal products industries were excluded, because in these industries the actual number of reported executives is too low to determine any meaningful gender differences or significance in percentage shifts over time.

In many industries, the top leadership consists of fewer than 5% women. These industries include auto and components, capital goods, consumer durables and apparel, diversified financials, energy, insurance, materials, real estate, semiconductors, tech hardware and equipment, and transportation. These industry numbers are graphed in figure 10.

As figure 10 shows, the biggest decline is in the consumer durables and apparel industry, with a 3.9 percentage point drop from 2009 to 2010. Prior to 2010, the consumer durables industry ran counter to the overall national trends, with steady increases in its count of female executives from 4.5% in 2006 to 6.9% in 2009. Transportation is the most stable sector, with women consistently accounting for just under 2% of the overall total of executives.

Figure 10: Industries with Average Female Executives Below 5%
Figure 11 depicts the percentage of female executives in the seven industries that have between 5% and 10% female executives. These industries are banks; consumer services; food, beverage, and tobacco; healthcare equipment and services; professional services; software; and utilities. As figure 11 shows, healthcare equipment starts at 9% in 2006 and drops to 4% by 2010. Professional services spikes in 2008 to 10.1%, but quickly returns to the average 5% by 2010. The software, banking, and utilities sectors maintained steady averages of 5%, 5%, and 7.4%, respectively. The notable drop-offs in the representation of female executives in these industries may be directly related to the recessionary conditions felt through the latter years of the decade.

Figure 12 depicts the three industries with more than 10% female executives. Media, retailing, and the larger grouping of pharmaceutical, biotech, and life sciences industries hold this distinction. The media industry started strong in 2006, with 29% of the sector’s executives being women, but dropped to 18% by the end of the decade. The pharmaceutical industry has consistently maintained an average of 13% female executives. Although this industry does not show the highest percentage of female executives, the stability of the percentage over time (with a relatively higher base rate compared with other industries) is worth noting.
EXECUTIVE COMPENSATION

According to our data, the gap between male and female compensation may be closing over time. Figures 13 and 14 show the realized and potential compensation for men and women over time. The bars are the compensation averages and the lines represent the standard error of the mean for each bar.

As figure 14 shows, from 2000 to 2010 the difference in potential compensation across genders continued to shrink until 2010, when the potential compensation for males was not statistically different from that of females. Figure 13 depicts the realized compensation, showing that it is more disparate across genders than the potential compensation (particularly in the earlier part of the decade). Further research is needed to determine the underlying reasons for the difference.

Drilling down into 2010 more closely (when the potential and realized compensations of males and females were not statistically different), we get a better understanding of why this might be the case.
It turns out that there is a significant relation between gender and industry group, whereby industries in which women are more represented (with more than 10% female executives) show a different picture than the other industries.

Figures 15 and 16 show the realized and potential compensation for each gender by industry group. Industries with more than 10% female executives had a higher realized and potential compensation for their female executives than their male counterparts. What this may suggest is that as women gain more of a foothold within industries, their compensation becomes more favorable compared with that of men.
WOMEN AS CEOS

Women made up 2.4% of all S&P MidCap 400 CEOs from 2006 to 2010. A look by

region (figure 17) shows the percentage of women CEOs during those years to be 3.9% in the West, 3.6% in the Northeast, 2.2% in the South, and 0% in the Midwest. Those industries with more women executives also tend to have a higher percentage of female CEOs. As figures 18 and 19 illustrate, female CEOs comprise 8.4% of CEOs in industries with more than 10% female executives; 2% in industries with 5% to 10% female executives; and 1.3% in industries with fewer than 5% female executives.

The study also analyzed the tenure at the company before an executive became CEO, segmented by industry. This tenure analysis is speculative, since only 47% of companies reported the CEO’s date of hire. Nonetheless, the data trend shows that in industries with more than 10% female executives and in industries that have fewer than 5% female executives, companies tended to
hire female CEOs from the outside rather than promote them from within.

Figure 20 details this trend and shows that for both the first block of industries (with female representation in the top ranks below 5%) and the last block (with female representation in the top ranks above 10%), the average tenure for women is negligible. This suggests that CEOs are being hired from the outside. Figure 20 also shows that for industries with 5% to 10% female executives, companies tended to promote women from within. They promoted women after an average of 10 years and men after an average of 7 years.

REFLECTIONS AND THOUGHTS ON THE FUTURE

The overall picture of women at the top level of mid-cap companies seems to be one of optimism in terms of compensation, but pessimism over their relative numbers. The brightest finding from this research is that the compensation gap, at least for women at the very top levels of mid-cap organizations, appears to be closing. Although the gender gap in compensation was significant throughout most of the decade (with realized compensation differentials even greater), by 2010 the gap had closed. Moreover, in industries where women represent more than 10% of the top executives, females are actually making slightly more in overall pay than their male counterparts.

However, the percentages of women who are actually represented in the top ranks of these mid-sized companies are disappointing. There are only three industries where women represent more than 10% of the top executive population. Only 5% of the top executives in 2010 were women. Needless to say, while a small group of women may be making amounts comparable to their male counterparts, this remains a very select group.

The sobering conclusion of this study is that from 2000 to 2010, the percentage of women in executive positions never rose above 6%. Moreover, although the percentage of female executives did climb in most regions from 2005 to 2008, women were particularly vulnerable once the recession struck. For younger executives, this decrease in the percentage of women in the top ranks of mid-cap firms came even sooner, starting in 2007.

Clearly, more research needs to be done. For example, while women account for only 2.4% of S&P MidCap 400 CEOs, there are clearly more female CEOs in industries where there are also more female executives. Are these industries doing something specific to develop female executives? What barriers do women face in these mid-cap companies, and are these the same as those barriers that women face in larger companies? Are women making greater strides in another venue, such as in small-cap firms or in entrepreneurial ventures?
This research also points to questions about the future of women in executive leadership. Will women continue to gain executive positions one percentage point at a time, one woman at a time? What can be done to advance the number of women at executive levels more dramatically and consistently? Once gains are achieved, how can they be leveraged and not lost? The Chamber, Georgetown, and interested stakeholders will continue to explore these and other issues as we advance the goals of women in business.

2. Ibid.
3. Ibid.
4. Ibid.
Dr. Catherine H. Tinsley

Catherine H. Tinsley is a Professor of Management and head of the Management group at the McDonough School of Business at Georgetown University. She is also Executive Director of the Georgetown University Women’s Leadership Initiative. Tinsley is a CPMR fellow for the National Aeronautics and Space Administration and a Zaslesin fellow at the college of Law and Economics, University of Basel. She has received several grants from NASA, the National Science Foundation, and the Department of Homeland Security for her work on decision-making and risk, as well as funding from the Department of Defense and the Army Research Office for her work on modeling culture’s influence on negotiation and collaboration.

Tinsley recently served on two committees for the National Academy of Sciences—The Committee to Improve Intelligence Analysis for National Security and The Committee on Unifying Social and Cultural Frameworks. She has won various academic rewards for her research. Tinsley studies how factors such as culture, reputations, and gender influence negotiation and conflict resolution. She also studies how people make decisions under risk, applying decision analytic frameworks to understand organizational disasters, and individual and expert responses to natural disasters (such as hurricanes) and man-made disasters (terrorist attacks). Tinsley is currently on the editorial board of Organization Behavior and Human Decision Processes, International Negotiations: A Journal of Theory and Practice, and the International Journal of Conflict Management. She is a past editorial board member of the Academy of Management Journal.

Tinsley collaborated with the White House and U.S. State Department to execute a woman-to-woman mentorship summit. This summit kicked-off in Helsinki, Finland and included remarks from President Tarja Halonen of Finland and President Vaira Vike-Freiberga of Latvia, and concluded in Washington, D.C. with remarks from President George H.W. Bush and Dr. Condoleezza Rice, then National Security Advisor.

Tinsley has conducted numerous negotiations, conflict resolution, and leadership training seminars for various organizations.

She received her Masters and PhD in Organizational Behavior from J.L. Kellogg Graduate School of Management at Northwestern University and her BA in anthropology from Bryn Mawr College.
Additional Research Assistance from:

Caroline Gardner
Carrie Hill
Samantha McAnulty

Georgetown University
Women
1615 H Street, NW
Washington, DC 20062
Phone: 202-463-6000