

# The Business Case for Women Leaders: Meta-Analysis, Research Critique, and Path Forward

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*Since the 1990s, a growing body of research has sought to quantify the relationship between women's representation in leadership positions and organizational financial performance. Commonly known as the "business case" for women's leadership, the idea is that having more women leaders is good for business. Through meta-analysis ( $k = 78$ ,  $n = 117,639$  organizations) of the direct effects of women's representation in leadership (as CEOs, on top management teams, and on boards of directors) on financial performance, and tests that proxy theoretical arguments for moderated relationships, we call attention to equivocal findings. Our results suggest women's leadership may affect firm performance in general and sales performance in particular. And women's leadership—overall and, specifically, the presence of a female*

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*CEO—is more likely to positively relate to firms' financial performance in more gender egalitarian cultures. Yet taking our findings as a whole, we argue that commonly used methods of testing the business case for women leaders may limit our ability as scholars to understand the value that women bring to leadership positions. We do not advocate that the business case be abandoned altogether but, rather, improved and refined. We name exemplary research studies to show how different perspectives on gender, alternative conceptualizations of value, and the specification of underlying mechanisms linking leadership to performance can generate changes in both the dominant ontology and the epistemology underlying this body of research.*

**Keywords:** leadership; gender; meta-analysis

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Economic arguments alone should not dictate the value of diversity. Diversity must be about more than its contribution to the bottom line.

—D. J. Siegel (2005: 41)

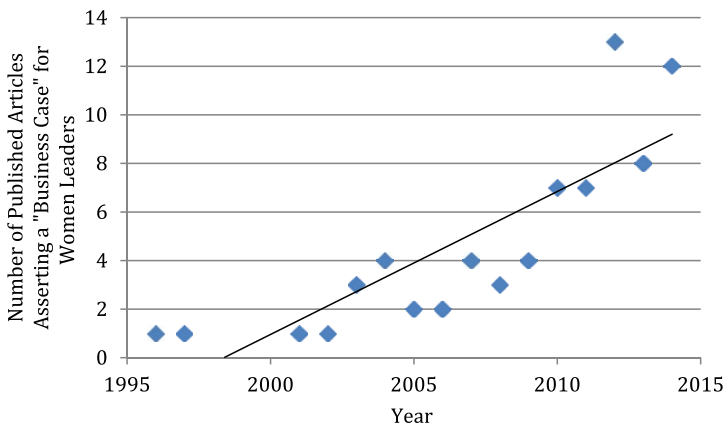
## Introduction

Evidence abounds not only that women lag behind men in getting top leadership positions in organizations but also that women's hierarchical advancement has experienced a general slowing trend (Catalyst, 2014a, 2014b). In the United States, women compose 46% of the workforce yet hold only 4% of CEO positions and 16% of director seats among Fortune 500 firms. And women maintain only one in four (24%) senior management roles globally (Bureau of Labor Statistics, 2011; Catalyst, 2011; CNN Money, 2012; Grant Thornton International Business Report, 2015). When companies do have women in leadership positions, these women's decisions are highly scrutinized (Kanter, 1977): "Is she going to meet shareholder expectations?" "Will it help our bottom line to add a new female director to the board?" (Ryan & Haslam, 2007). Evidence points to heightened expectations, as compared with men, to demonstrate women's impact on organizational performance (Hiller, DeChurch, DeChurch, & Doty, 2011; Ryan & Haslam).

In response to these uncertainties about women's effectiveness as leaders (cf. Paustian-Underdahl, Slaterry Walker, & Woehr, 2014), the quest to demonstrate their value to organizations—the "business case" for diversity—was set in motion in the 1990s and continues today. In the 1980s, the clarion warning of a coming wave of minorities and women to the U.S. workforce positioned diversity as a management problem (Johnston & Packer, 1987). But when "managing diversity" and related change interventions and practices were later anchored to the business case, they were reframed as ways to enhance economic efficiency and secure competitive advantage (Johnson, 2006). Diversity and performance were linked such that a company's diverse workforce was seen as a strategic asset: Firms who best create and manage their diverse workforce will outperform competitors with less diversity (e.g., Dezsö & Ross, 2012; Krishnan & Park, 2005; Shrader, Blackburn, & Iles, 1997). This argument is a direct offshoot of human resource management's (HRM's) turn during the 1990s toward establishing an empirical HRM-performance link (e.g., Huselid, 1995; Pfeffer, 1994). These efforts were aimed at legitimizing the HRM profession and its practices through scientific methods (Hesketh & Fleetwood, 2006).

The underlying belief of the business case is that if the "bottom-line" value of diversity can be documented, key organizational decision makers should have confidence in hiring

**Figure 1**  
**Number of Journal Articles Making the Business Case for Women Leaders by Year**



Note:  $N = 73$ .

more women into positions of power (Noon, 2007). This ideology has served as the basis for an onslaught of research studies from various disciplines (e.g., strategy, organizational behavior, finance) that have been sine qua non for verifying the link between women's leadership and higher organizational performance—with the publication of such studies having exponentially increased over the past 17 years (see Figure 1). Our review of the literature reveals 73 empirical journal articles that have hypothesized a direct effect of women leaders on firm-level financial<sup>1</sup> performance (e.g., Campbell & Minguez-Vera, 2010; Erhardt, Werbel, & Shrader, 2003; Pathan & Faff, 2013; see Appendix A in the online supplemental material for more detail on these studies). While such studies cross scientific disciplines and have incorporated samples of firms from across the globe, they employ rather simple methodology in that they most often test direct associations between measures of the degree to which firms have women leaders and those firms' financial performance.

Such testing of the business case for women leaders has resulted in an equivocal picture of the influence of women's leadership on organizational performance (Haas, 2010; Hansen, 2003). Our review of the body of literature testing direct associations, through correlations or linear regression, reveals positive (e.g., Krishnan & Park, 2005; Lückerrath-Rovers, 2013; Mahadeo, Soobaroyen, & Hanuman, 2012; Ren & Wang, 2011), negative (e.g., Inmyxai & Takahashi, 2012; Pathan & Faff, 2013), and nonsignificant (e.g., Dezsö & Ross, 2012; Jia & Zhang, 2013; Manner, 2010; J. Q. Zhang, Zhu, & Ding, 2013) relationships. In light of these findings, a handful of papers have gone beyond testing the direct association between women leaders and financial performance to try to identify boundary conditions, that is, moderators, that either strengthen or weaken business case relationships (e.g., Abdullah, Ismail, & Nachum, in press; Krishnan & Park). And in a few other cases, scholars have tested mediating variables that attempt to explain a process of how women's leadership can affect financial performance (e.g., Davis, Babakus, Englis, & Pett, 2010; Inmyxai & Takahashi). (See Appendices B and C in the online supplemental material for a summary of research testing moderators and mediators.)

Taken together, the equivocal findings from these studies suggest a need for a more in-depth examination of the methodological and theoretical foundations of the business case for women leaders. Accordingly, this study provides a comprehensive empirical assessment of the available research that links women's representation in leadership to organizational financial performance. Specifically, we focus our attention on two research questions: (1) What is the relationship between women's leadership and organizational financial performance? and (2) Under what conditions is women's leadership positively related to organizational financial performance? That is, under what conditions does it seem women leaders may be more able to apply their skills and perspectives to the financial performance of organizations? In an effort to bring greater clarity to these two questions, we conducted an original meta-analysis to evaluate the evidence for a direct link between women's leadership and organizational financial performance as well as the contextual factors that shape the magnitude and direction of this relationship. First, we tested the direct association via different measures of women's representation in organizational leadership (i.e., women as CEOs; top management team, TMT, members; and board members) as well as different measures of financial performance (e.g., return on investment, ROI; sales performance). Second, we conducted a theoretically derived moderator analysis to identify particular conditions when women leaders may be more able to apply their skills and perspectives to affect the financial performance of organizations. We examined the moderating effects of (1) national gender egalitarianism, as a proxy for gender supportive climates; and (2) size of board of directors and board meeting frequency, as proxies for women leaders' opportunities to leverage their abilities to make unique contributions. Our moderator variables proxied two main arguments that have been used to explain the relationship between women's leadership and performance (see Table 1). In regard to gender supportive climates, several theories, namely, critical mass theory, social identity theory, and upper echelons theory, are loosely based on the idea that women leaders can have an effect on performance if the climate or culture in the organization or in the larger society is conducive to women occupying leadership roles. We examined the moderating variable country-level gender egalitarianism to assess whether women leaders are more likely to positively affect their organization's performance in climates that maintain more progressive attitudes toward women. Second, some theories used to argue the business case for women leaders suggest women have unique leadership styles and bring different dynamics to leadership teams than do men (see Women's Unique Contributions in Table 1). To reflect this, we tested two moderators as proxies: board of directors meeting frequency/activity and the size of the boards of directors. These variables approximated the idea that more board meetings and a smaller number of board members would mean women would have more opportunity to demonstrate their unique talents and dynamics and, therefore, could exert more influence on firm performance.

On the basis of our results, we recommend that we as scholars end the pursuit of the business case for women leaders—at least as it is most often tested and theorized. Instead, we invite scholars to apply an updated research approach to this complex phenomenon. In offering a way forward, we identify three alternative paths to investigating the impact of women's leadership via the naming and discussion of three research study exemplars (cf. Locke, 2007). We highlight how these papers offer contemporary approaches to operationalizing gender in organizations, broaden the conceptualization of value, and surface the underlying mechanisms through which women's leadership can shape organizations.

**Table 1**  
**Theoretical Underpinnings of the Business Case for Women Leaders**

Theory	Primary Argument	Example Studies
<b>Gender Supportive Climate</b>		
Critical mass theory (Kanter, 1977)	A critical mass of women will create an environment where women can bring their unique competencies and perspectives to organizations.	Galbreath (2011) Jia & Zang (2013) Torchia, Calabrò, & Huse (2011)
Social identity theory (Tajfel & Turner, 1979)	Women's presence changes group dynamics toward openness to new perspectives.	Singh & Vinnicombe (2004)
Upper echelons theory (Hambrick & Mason, 1984)	Characteristics of the firm's top management team as a whole, specifically, greater gender diversity, affects strategic choices.	Dwyer, Richard, & Chadwick (2003)
<b>Women's Unique Contributions</b>		
Agency theory (Jensen & Meckling, 1976)	Women are outsiders who can improve decision-making processes within the firm.	Kulich, Trojanowski, Ryan, Haslam, & Renneboog (2011)
Legitimacy theory (Suchman, 1995)	Women enhance the legitimacy of the firm in the eyes of stakeholders.	Bilimoria (2006)
Resource dependence theory (Pfeffer, 1972)	Women can reduce the firm's dependency on external resources.	Hillman, Shropshire, & Cannella (2007) C. A. Peterson & Philpot (2007)
Resource-based view of competitive advantage (Barney, 1991)	Women are internal resources that can be capitalized on as a competitive advantage for the firm.	de Luis-Carnicer, Martinez-Sanchez, Perez-Perez, & Vela-Jimenez (2008) Shrader, Blackburn, & Iles (1997)
Social identity theory (Tajfel & Turner, 1979)	Women bring heterogeneity to decision making.	Carter, D'Souza, Simkins, & Simpson (2010) Nielsen (2010)
Upper echelons theory (Hambrick & Mason, 1984)	Firm's strategic choices will be a function of women's unique contributions.	Krishnan & Park (2005)

Our research aims to make two contributions. First, our meta-analysis provides an empirical assessment of a growing line of research inquiry that continues to generate studies from around the world. Our results clarify and establish the current strength of the association between women's leadership and organizational financial performance—that is, the business case for women leaders. It also goes beyond any one published study on the business case to explore, across the existing research, potential moderators of the women's leadership–financial performance link. Our second contribution is that our study and the research exemplars we provide can together assist scholars in deciding on the need for additional research, necessary adjustments and changes to research designs, the validity and correctness of variables measured, as well as the robustness of the theoretical foundations for the business case. Relatedly, strengthening the robustness of this line of inquiry should be helpful to practitioners who seek evidenced-based research on how to fully benefit from gender diversity in organizational leadership.

## **A Meta-Analysis of Women's Leadership and Firm Performance Research**

Meta-analysis helps bring order to unclear and even seemingly contradictory findings, as it enables the integration of results across studies “to reveal the simpler patterns of relationships that underlie research literatures” (Hunter & Schmidt, 2004: 17) and to isolate the effects of sampling variance on the relationships between variables. Our meta-analytic method also allows us to examine various factors that shape the magnitude and direction of the relationship between women's leadership and organizational performance through moderator testing of variables and characteristics present in individual research studies. A priori, we expected that, if the business case for women leaders paradigm is built on a shaky theoretical foundation, we would find (1) evidence of the presence of many untested moderators, suggesting simple, direct effect models and perhaps even moderator and mediator models were underspecified; and (2) conflicting results when comparing various meta-analytic correlations, that is, when comparing across discrete operationalizations of our independent (women leaders) and dependent (firm performance) variables.

This research builds on Post and Byron's (2015) recent meta-analysis of women's representation on boards and organizational performance, which revealed that context—in particular, legal and sociocultural—is central to this association. Their study looked specifically at women's representation on boards of directors and tested the contextual influences of firms operating in countries (1) with greater shareholder protections and (2) with greater gender parity, that is, countries where women have earned greater “access to resources and opportunities in terms of education, economic participation, employment, and political empowerment” (Post & Byron: 11). In the spirit of their work, we identify other conditions under which women's representation in leadership may positively affect firm performance—specifically, contexts in which women feel supported and/or have the opportunities to utilize their unique knowledge and skills. Furthermore, we extend their research to include multiple operationalizations of women's representation in leadership (as CEOs, on TMTs, as well as on boards of directors).

### *Literature Search and Inclusion Criteria*

To accumulate the population of studies that reported a correlation between women's representation in leadership and organizational financial performance,<sup>2</sup> we conducted keyword searches of PsycINFO, ABI Inform, Business Source Premier, Google Scholar, and ProQuest Dissertations and Theses by using the keywords “gender,” “women,” “female,” “diversity,” “CEO/Chief Executive,” “leader,” “board of directors,” “TMT/top management team,” “upper echelon,” and “heterogeneity” with “performance.” Additionally, we reviewed conference proceedings of relevant annual management and psychology conference meetings for the last 7 years (2008–2014) and e-mailed the first authors of each paper to request copies. We also posted solicitations to relevant Academy of Management e-mail listservers twice in 2013. Finally, we conducted a manual search of relevant review articles (e.g., Nielsen, 2010; Terjesen, Sealy, & Singh, 2009) to ensure we retrieved all studies.

We specified that research studies must have a measure of women's representation in leadership and a measure of organizational financial performance reported as a simple bivariate correlation ( $r$ ). Acceptable measures of women's representation in leadership included

the presence (yes, no), proportion, or number of women members on the TMT or board of directors; the inclusion of a standardized measure of sex heterogeneity (e.g., Blau's index of heterogeneity); or the reported sex of the CEO. We conceptualized financial performance as both accounting-based measures, including return on assets (ROA), return on equity (ROE), return on capital (ROC), ROI, profitability, leverage, sales, and accounting composite scores, and market-based measures, including Tobin's  $Q$ , stock returns, and market capitalization.

Our initial search yielded 1,063 articles and 324 dissertations. After removing 947 manuscripts and 262 dissertations that did not fit the topic of our investigation, we reviewed the remaining articles to ensure each article met our inclusion criteria. In sum, our final sample included 78 studies ( $n = 117,639$  organizations). Included studies are indicated with an asterisk in the References section and a separate list of these studies is provided in Appendix D in the online supplemental material.

### *Meta-Analytic Method*

*Correction of study artifacts.* Following guidelines established by Hunter and Schmidt (2004) and Lipsey and Wilson (2001), we estimated the mean effect size of women's representation in leadership and organizational financial performance. This involves correction of study artifacts, including measurement error and sample size. First, to correct for measurement error, we conservatively employed a reliability of 0.8 for both independent (women's representation in leadership) and dependent (organizational performance) variables in any studies that did not explicitly report a reliability coefficient for observed variables.<sup>3</sup> Second, we corrected for sample size by weighting the reported bivariate correlations between measures of women's representation in leadership and organizational financial performance by the sample size for each study.

*Effect sizes.* Consistent with researchers in previous meta-analyses (e.g., Crook, Ketchen, Combs, & Todd, 2008; Hancock, Allen, Bosco, McDaniel, & Pierce, 2013), we averaged across the correlations of the performance measures in any studies that reported multiple performance measures (Hunter & Schmidt, 2004). The summation of corrected study effect sizes, divided by the sample size, yielded the mean effect size ( $\bar{p}$ ) across the studies. We also calculated the 95% confidence interval (CI) for the mean effect size with attention to whether it included 0, as this suggests that the mean-corrected effect size may not be significantly different from 0.

*Moderator analysis.* First, we employed an 80% credibility interval (CV) to determine the "distribution of parameter values" across studies for random effects models (Hunter & Schmidt, 2004: 205). CVs provide insight into the existence of moderating factors that influence the direct relationship under investigation (Dalton, Daily, Ellstrand, & Johnson, 1998). We also calculated the  $Q$  statistic to detect the existence of possible moderators.

We then conducted our own test of potential moderators, guided by theories that have been used to argue the business case: country-level gender egalitarianism (a proxy for gender supportive climate) and board meeting frequency/activity and board size (proxies for opportunities for women leaders to make unique contributions). For gender supportive climate, we used the gender egalitarianism score for the country where each study's sample was collected

(as indicated by Project GLOBE country scores; see House, Hanges, Javidan, Dorfman, & Gupta, 2004; Lyness & Judiesch, 2008). Following Hedges and Olkin (1985) and Lipsey and Wilson (2001), we tested all continuous moderating effects by using weighted least squares (WLS) regression, where we weighted each effect size by its inverse variance and used the resulting Fisher's  $z$ -transformed corrected correlations (see Butts, Casper, & Yang, 2013). A significant beta suggests the direct effect of women's representation in leadership on financial performance is moderated by a third variable. We tested these three particular moderating variables because, like all meta-analysts, we were reliant on the availability of variables in sufficient numbers from others' research.

## Results

*Direct effects.* The overall meta-analytic test, aggregating all measures of women's representation in leadership and all measures of financial performance, respectively, suggests that for each unit increase in women's leadership, there is a .023 unit increase in organizational financial performance ( $k = 78$ ,  $n = 117,639$ ,  $\bar{p} = .023$ ,  $CI = .007$  to  $.039$ ,  $CV = -.069$  to  $.116$ ,  $Q = 345.51$ ). In Table 2, we provide finer-grained direct effect analyses. First, we split our data to calculate female representation in leadership in three different ways: the presence of a female CEO, measures of women's representation on TMTs, and measures of female representation on boards of directors. Testing these three independent variables' association with a combined measure of all types of firm financial performance revealed that for only the relationship between women's representation on the board of directors and firm performance was there a positive effect size accompanied by a CI *not* including 0 ( $k = 62$ ,  $n = 75,978$ ,  $\bar{p} = .035$ ,  $CI = .045$  to  $.087$ ,  $CV = -.043$  to  $.176$ ,  $Q = 561.95$ ). Second, we combined all measures of women's representation in leadership to test its overall association with individual accounting-based (ROA, ROE, leverage, sales, profitability, accounting composite scores, ROC, and ROI) as well as market performance (Tobin's  $Q$ , stock performance, and market capitalization) measures. The overall relationships between women's leadership and firm accounting performance ( $k = 75$ ,  $n = 111,905$ ,  $\bar{p} = .024$ ,  $CI = .008$  to  $.051$ ,  $CV = -.092$  to  $.151$ ,  $Q = 246.03$ ) and firm market performance ( $k = 30$ ,  $n = 67,627$ ,  $\bar{p} = .049$ ,  $CI = .006$  to  $.048$ ,  $CV = -.049$  to  $.103$ ,  $Q = 228.93$ ) were in the positive direction and did not include 0 in their CIs. A closer examination of the relationship between women's leadership and the individual accounting (e.g., ROA) and market performance (e.g., Tobin's  $Q$ ) measures reveals mixed results for almost all meta-analytic correlations, with most including 0 in their CIs. Sales performance is the one exception ( $k = 10$ ,  $n = 18,077$ ,  $\bar{p} = .035$ ,  $CI = .027$  to  $.371$ ,  $CV = -.156$  to  $.555$ ,  $Q = 25.84$ ).

*Moderated effects.* Interpretation of the  $Q$  statistic and 80% CVs provides evidence of moderating variables that may explain additional variance in effect sizes (Hedges & Olkin, 1985). Twelve of the 17 tested associations (see Table 2) possessed significant  $Q$  values (at the  $p < .05$  level), and all 17 CVs included 0, with 15 CV ranges in excess of .11, suggesting strong evidence for the existence of moderating variables (Koslowsky & Sagie, 1993).

WLS regression results (see Table 3) suggest that as a country's gender egalitarianism score increases, the relationship between women's representation in leadership overall and financial performance becomes stronger ( $\bar{p} = .031$ ,  $\beta = 0.161$ ,  $p < .01$ ,  $R^2 = .026$ ). Looking more closely at types of women's leadership, as a country's gender egalitarianism score



**Table 2**  
**Meta-Analytic Results for Women's Representation in Leadership**  
**and Firm Financial Performance**

	<i>k</i>	<i>n</i>	$\bar{p}$	95% Confidence Interval	80% Credibility Interval	<i>Q<sub>w</sub></i>
Women's leadership and firm performance	78	117,639	+02	+01 to +04	-.07 to +.12	345.51*
Female representation on board of directors	62	75,978	+04	+05 to +09	-.04 to +.18	561.95*
Female CEO	12	45,165	-.02	-.04 to +.15	-.08 to +.05	-64.72
Female representation on top management team	13	27,431	+01	-.00 to +.04	-.03 to +.07	165.66*
Accounting performance measures	75	111,905	+02	+01 to +05	-.09 to +.15	246.03*
Return on assets	46	90,368	+03	-.00 to +.05	-.09 to +.13	150.16*
Return on equity	20	37,026	+05	-.03 to +.03	-.09 to +.09	-9.58
Leverage	18	56,119	+06	-.00 to +.05	-.11 to +.13	119.56*
Sales	10	18,077	+04	+03 to +.37	-.16 to +.56	25.84*
Profitability	9	4,329	+00	-.01 to +.14	-.08 to +.20	46.10*
Composite measure	5	1,041	-.05	-.09 to +.04	-.12 to +.09	-22.90
Return on capital	3	205	-.03	-.20 to +.24	-.33 to +.35	-1.33
Return on investment	2	850	+01	-.05 to +.06	-.04 to +.07	8.67*
Market performance measures	30	67,627	+05	+01 to +05	-.05 to +.10	228.93*
Tobin's <i>Q</i>	17	56,348	+01	-.00 to +.06	-.06 to +.12	115.93*
Stock performance	14	21,011	+06	-.06 to +.04	-.14 to +.12	-14.65
Market capitalization	4	3,879	+14	-.08 to +.16	-.12 to +.20	10.61*

*Note:* Confidence intervals in italics include 0; credibility intervals in italics range in excess of .11. *k* = number of effect sizes;  $\bar{p}$  = mean estimate of the Fisher's *z*-transformed corrected population correlation of the cumulated effect sizes.

\**p* < .05.

**Table 3**  
**Weighted Least Squares Regression Results for Continuous Moderators of Women's**  
**Representation in Leadership and Firm Financial Performance Relationships**

Moderator	<i>k</i>	$\bar{p}$	$\beta$	EV
Gender Supportive Climate				
Proxy: Country-level gender egalitarianism				
Overall women's representation in leadership	66	+03	0.16**	.03
Presence of female CEO	9	+01	0.53*	.29
Women's representation on BOD	52	+05	-0.06	.01
Women's representation on TMT	12	+02	-0.17	.03
Women's Unique Contributions				
Proxy: Board meeting frequency/activity				
Women's representation on BOD	8	+13	0.06	.01
Proxy: Board size				
Women's representation on BOD	43	+07	-0.09	.01

*Note:* *k* = number of effect sizes;  $\bar{p}$  = mean estimate of the Fisher's *z*-transformed corrected population correlation of the cumulated effect sizes;  $\beta$  = standardized weighted least squares beta weight; EV = explained variance (*R*<sup>2</sup>) in the effect size due to the moderator; BOD = board of directors; TMT = top management team.

\**p* < .05.

\*\**p* < .01.

increases, the relationship between the presence of a female CEO and financial performance also becomes stronger ( $\bar{p} = .004$ ,  $\beta = 0.534$ ,  $p < .05$ ,  $R^2 = .285$ ); however, this moderating effect was not significant for women's representation on the board of directors ( $\bar{p} = .050$ ,  $\beta = -0.062$ , n.s.) or the TMT ( $\bar{p} = .020$ ,  $\beta = -0.174$ , n.s.). Looking at our second set of moderators, WLS regression results suggest neither the number of board meetings/board activity ( $\bar{p} = .129$ ,  $\beta = 0.059$ , n.s.) nor board size ( $\bar{p} = .073$ ,  $\beta = -0.087$ , n.s.) significantly moderated the relationship between women's representation on the board and organizational financial performance.

### *Discussion of Meta-Analysis Results*

On the basis of the available empirical evidence for the business case for women leaders, we have little broad clarity on the relationship between women's leadership and financial returns for organizations. Comparing the numerous meta-analytic correlations for the direct association between women's representation in leadership and various measures of firm performance, the coefficients ranged from a negative 0.05 to a positive 0.14. Looking at the magnitude of effect sizes, Cohen's (1988) conventions specify cutoffs of .2, .5, and .8 (absolute value) for small, medium, and large effect sizes, respectively. Furthermore, Hyde (2005) specifies that effect sizes of .10 or below should be interpreted as very small. Using these two standards, we considered one correlation to be a small effect (market capitalization: = .144), and the 16 others were characterized as very small effect sizes.

Our finding that female representation on the board of directors has a direct association with firm financial performance aligns with recent research by Post and Byron (2015) on the positive impact women on boards of directors can have. To make sense of why no relations between (1) women CEOs and (2) women's representation on TMTs and performance were supported, we call on Schein's (1973, 1975) original think manager–think male perspective. This theory holds that successful performance of managerial roles is conflated with stereotypically male characteristics, such as decisiveness and agentic behavior. Over time, if even for “window-dressing” reasons, shareholders have become more accustomed to women's presence on boards (C. A. Peterson & Philpot, 2007). But, on the other hand, the lack of female CEOs and TMT members worldwide may mean that those roles are still associated with masculine characteristics (Schein, 2007). So it may be that organizations led by female CEOs and more women TMT members suffer from harsh stereotyping or strict scrutiny that may affect firm performance metrics.

As well, our results pointed to the positive influence of women's leadership on firm sales performance in particular. Our finding relates to Richard's (2000) work on organizational racial diversity where he found that workforce racial diversity had a positive impact on market performance (which included sales), but only for firms who were pursuing a growth as opposed to a downsizing strategy. A potential explanation is that firms in growth mode have cultures that are more receptive to unique, non–status quo ideas and are perhaps therefore more supportive of the views of and leadership of diverse others. Other work (e.g., Herring, 2009; Richard, Stewart, McKay, & Sackett, 2017) also supports the notion that sales performance may be an outcome variable that is particularly sensitive to gender and racial diversity effects. Specifically, they found that matching levels of diversity between store-unit employees and community members was positively related to store-unit performance. This points to

the relevancy of perceptual theories, such as legitimacy theory—that others', especially customers', views of organizations as having diverse leaders may influence patronage and perhaps loyalty. It also suggests it may be worthwhile for scholars to investigate antecedents as well as outcomes of gender diversity in leadership. For example, changes in proximate consumer market and community diversity may affect appointment of women to and perceptions of women in leadership positions.

Given the proliferation of a number of published business case articles, our meta-analytic method allowed us to test three potential moderators of the direct association between women's leadership and performance. We positioned these moderators as proxies for two broad theoretical ideas: *gender supportive climates* and *women's unique contributions*. First, in regard to gender supportive climates, our findings suggest women's leadership—overall, and the presence of a female CEO, in particular—is more likely to positively relate to firms' financial performance in more gender egalitarian cultures. That is, in countries with more progressive attitudes about women's equality, women seem to have the cultural and/or organizational support necessary to influence their organizations' performance. This finding is congruent with Post and Byron's (2015) evidence that women's representation on boards is more likely to positively influence firm performance (i.e., market performance) in countries with higher gender parity. Our results suggest that women's representation in leadership positions is positively associated with firm performance not only in countries where women have earned greater access to outcomes such as education and health care (i.e., where women have achieved greater gender parity; Post & Byron) but also in cultural contexts where *attitudes* toward women are more progressive. In other words, even in contexts where women may have yet to gain equality in terms of accumulating resources, if gender attitudes are supportive, they may be able to positively shape the success of their organizations. Second, neither of the proxy variables used to test the moderating effects of women's unique contributions, namely, board meeting frequency and board size, was significant. This is not to say that the theories arguing this have no merit; perhaps the proxy variables we tested—the only ones possible given the number of existing studies—were not the ones that best approximate the testing of women leaders' opportunities to make unique contributions.

Furthermore, because of the significance of the majority of the  $Q$  statistics, along with 15 CVs being wider than .11, the existence of other moderators is highly likely. Given the established view in the strategic management field that organizational performance is a multidimensional construct and that “researchers should not expect results from different tests of the same hypothesis to converge if the measures depict different dimensions [of performance]” (Combs, Crook, & Shook, 2005: 281), we are not surprised that our findings suggest additional variables may exist that serve to qualify or explain a simple, direct relationship between women in leadership positions and organizational financial performance.

On the basis of the picture our meta-analytic tests present, we conclude that the way in which the majority of business case research has been proposed and tested does not consistently map onto the available evidence. Yet this line of scholarly inquiry is still broadly and, indeed, increasingly used (see Figure 1). Alvesson and Sandberg (2011) advocate that, for knowledge in a particular area of management to progress, researchers' favorite theoretical paradigms as well as methodological convictions must be periodically challenged and rethought. They suggest that a line of inquiry is ripe for problematization when it “does not contribute significantly to a ‘good’ understanding of the subject matter but is still broadly

shared within a research area” (258). Our empirical results suggest there is merit in reassessing the paradigmatic assumptions underpinning the business case. In the next section, we offer a critique of this line of inquiry as it is currently studied.

## **A Critique of the Business Case for Women Leaders**

### *Essentialist Measurement of Women’s Leadership*

Overall, we found mixed support for the degree to which having more women leaders related to higher firm performance. One reason for this could be that, in all studies we identified, women’s leadership was measured as a dichotomous variable where 0 and 1 or 1 and 2 equaled male and female, respectively, equating gender to biological sex, that is, body count. This method fails to acknowledge gender as a system of relations, identity, and power and to acknowledge how these influence the leadership behaviors of men and women in organizations (Ely & Padavic, 2007: 1121). Rather, it relies on traditional, dualistic conceptions of differences in the way women and men lead (Mensi-Klarbach, 2014), called essentialism. All women are assumed to have different worldviews and decision-making styles from all men (Schein, 1973, 1975). These innate differences in styles and perspectives are then argued to be the elements of diversity women will bring to leadership teams and boards, which ultimately improve organizational financial performance. Curiously, we could find very few research studies that actually measure (1) whether these differences between male and female leaders actually exist and (2) whether women enact these unique behaviors as compared to men in leadership roles. Most studies assume that gender differences naturally emerge—that is, women are able to fully bring their different perspectives and leadership styles into the organization without obstacles. This is the case despite compelling evidence of the barriers women leaders encounter in implementing changes in organizations (Barreto, Ryan, & Schmitt, 2009; Fletcher, 2004). The support we found for gender supportive climate as a significant moderator in our meta-analytic tests suggests the merit of measuring the degree to which organizational and/or societal contexts encourage or suppress women’s actions. Research advances over the past several decades have articulated the complexity of gender in organizations, particularly, contributions of feminist theories to the women in management literature (e.g., Acker, 2006; Alvesson & Billing, 2009; Calás & Smircich, 2009; Calás, Smircich, & Holvino, 2014; Ely & Padavic). Yet business case scholars have not taken note of these advances when formulating research studies that measure women’s leadership in essentialist ways.

### *Organizational Performance as the Value of Women’s Leadership*

The majority of business case research looks at *financial* performance, making the epistemological assumption that the primary measure of the value of women’s leadership is the bottom line. Our literature search found that a very small percentage of the business case research examines affective or social outcomes for employees, the organization, and other constituents. Hence, little attention has been paid to management literature that calls for the expansion of the concept of organizational performance (e.g., Walsh, Weber, & Margolis, 2003). Scholars now argue for the “triple bottom line,” recognizing that value and its

assessment should be considered from the perspective of not just shareholders but other stakeholders in society as well (Eccles & Serafeim, 2014; Elkington, 2004).

The predominance of a financial focus in business case research evokes an instrumental rationality that, in the end, women add value only if their direct contribution to earnings can be demonstrated (Alvesson & Willmott, 2012). Yet Noon (2007) recognizes that there are many status quo organizational practices and interventions that are legitimate despite not having withstood this “bottom-line” test. For example, the presence of men in leadership positions has not been scrutinized by testing the link between their representation and firm financial performance (Hiller et al., 2011). Trying to link women’s representation in leadership to firm performance may be considered a peculiar research endeavor for management scholars—many of whom are concerned with equality in organizations. Our analysis found sales performance to be the only outcome consistently associated with all forms of women’s leadership. If, like in our study, few such links can be established, does it mean that women leaders add little value to organizations and they should not be hired or promoted?

### *The “Black Box” Linking Women’s Leadership to Outcomes*

A central component of business case research is that it may, to some extent, be data rather than theory driven. Access to data sets containing both the independent variable (e.g., the gender of a firm’s CEO from annual reports) and dependent variables (numerous measures of organizational performance from federal reports via Compustat, etc.), and the relative ease of linking these two types of data sets, has resulted in convenient data sources for researchers. Hence, business case-type hypotheses (“Firms with a female CEO have higher stock prices”) may come after scholars’ discovery of the hypotheses that *can* be asked—in post hoc fashion. And moderators are often limited to ways in which the samples of companies in these databases may be divided. For example, it is often possible to group companies by industry or number of employees. Our efforts to examine moderators in the present study were similarly data driven—in our case, by data available from existing business case studies.

A consistent shortcoming of business case data sets, and thereby a shortcoming of published studies, is the missing test of a mechanism linking women leaders to performance. While our own meta-analysis found that women’s representation across all three types of leadership was related to performance and, in particular, sales performance, we still do not know how or why. Even with our moderated finding—that the relationship between the presence of a female CEO and financial performance becomes stronger as a country’s gender egalitarianism score increases—the exact mechanisms that explain what is happening in these firms is rather unspecified. In general, business case data sets rarely have measures of the unique human capital resources or social dynamics women are hypothesized to bring to bear on firm performance (cf. Lighthall, Mather, & Gorlick, 2009; Preston, Buchanan, Stansfield, & Bechara, 2007). Instead, studies often have what can be called “missing variable” or “black box” problems (Lawrence, 1997). Elaborate arguments that stem from theory (summarized in Table 1) are used to explain the link between women’s representation in leadership and performance. These arguments stand in for actual testing of the “black box,” leaving readers with little evidence of *how* women’s leadership affects organizations.

## Alternative Approaches to Women's Leadership Research

Cropanzano cautioned authors to beware of the seductive trap of critiquing that a certain literature is headed in the wrong direction without providing a “blueprint for better inquiry” (especially in the areas of discrimination/diversity, where he says it may be tempting to “preach to readers”; 2009: 1309). In this spirit of avoiding a critique without remedy, this section is devoted to illustrating alternative approaches to research on the business case for women leaders by way of introducing three study exemplars. In particular, we show how different operationalizations and perspectives on gender, alternative conceptualizations of value, and the specification of underlying mechanisms can generate changes in both the dominant ontology and epistemology underlying this body of research. We do not claim these research exemplars are free from limitations. However, each offers scholars a pathway for rethinking business case research and the means by which they conduct future empirical investigations on women's leadership. These studies offer promising views on what gender is, what value women's leadership adds to organizations, and the onerous black box problem of *how*—uncovering the mechanisms by which women's leadership can have its effects.

### *Nonessentialist Measurement of Gender*

As noted previously, despite a substantial body of literature outside traditional management scholarship, for example, in gender and women's studies and sociology, offering nonessentialist conceptualizations of gender (i.e., studies that do not assume that men and women are different in ways aligned with their respective physical characteristics), nearly all studies making the business case for women leaders measure gender as a demographic variable (e.g., the presence of a female CEO) and *not* as a socially constructed concept (Ely & Padavic, 2007). In contrast, our first study exemplar, Kantola's (2008) “Why Do All the Women Disappear? Gendering Processes in a Political Science Department,” provides an alternative means of conceptualizing *what gender is* as well as how scholars might approach the measurement of gender diversity in leadership instead of the mere presence of female leaders. Although the value of women's leadership was not the focus of her study, Kantola's article reveals why female Ph.D. students encounter experiences of marginalization and discrimination in political science. In particular, she sought to understand the *gendered subtext*, that is, the concealed gendered substructure of relations that produce structural barriers for the career success of female Ph.D. candidates.

Kantola's (2008) starting point is Acker's (1990, 1992) theory of gendered organizations. Acker's theory explains the power imbalance between men and women and the subordination of women in organizations. Acker takes the highly abstract concept of gendered organizations and theorizes how they manifest. Drawing from this theory, Kantola conducted a multimethod study in Finland that identified four dimensions of “gendering processes” (205) whereby differences between males and females are socially produced and reproduced in organizations. Kantola's first dimension of gendering processes is the *gendered division of labor*, which refers to how ordinary practices for the division of work in organizations become gendered. Specifically, her findings demonstrated how an “unofficial” gendered division of labor emerged through assigning women to certain roles that positioned them as “mothers of the department” responsible for social events and similar tasks that had little value in terms of academic success

(Kantola: 2005). Assignment to teaching, on the other hand, was a marker of success for a doctoral candidate. Teaching became defined as a man's job, and although women were interested in teaching, they were more likely to be assigned as teaching assistants.

The next dimension of gendering processes Kantola (2008) identified is *gendered interaction and communication*. This refers to how gendering manifests in the pattern of interactions between males and females as well as within gender. It also takes cognizance of interactions at various levels of organizational hierarchy and with clients. Collectively, these interactions may enact dominance and subordination resulting in inclusions and exclusions on the basis of gender. In her study, gendered interactions were based on nonevents women experienced (i.e., the absence of supervision or the lack of response to e-mails) and on insider male networks where important tacit knowledge for becoming a successful academic was transmitted. Men received more in-depth communication and interaction about their research direction and progress, while women tended to experience a lack of attention, nonresponse to requests for interaction, and exclusion from certain events.

The third dimension, *gendered symbols*, refers to symbols, images, and forms that display and impart differences between males and females. These operated on two levels: defining what is legitimate and what a proper person looks and acts like (Kantola, 2008). Kantola found gendered symbols were based on narrow definitions of the discipline of political science, with the prototypical political scientist perceived as male. In reference to the former, this manifested as a hierarchy of what were considered to be legitimate, or "real," political science topics. Significant research topics were based on masculine norms, while topics not seen as mainstream (and those selected by the female Ph.D. students) were perceived as "playing around" at research. As a consequence, these powerful gendered symbols challenged women's competence and expertise as political scientists.

The final dimension, *gendered interpretation of one's position in the organization*, reflects women and men's ways of interpreting their positions and chances in the workplace. Kantola (2008) found female Ph.D. candidates perceived themselves as marginal, with minimal chances for a career in their departments, while men viewed themselves as legitimate political scientists with good chances of success based on individual achievement. Her analysis demonstrated that structural barriers have microlevel effects. What appeared to be women's self-limiting behaviors and men's natural confidence were not the result of individual choices but, rather, larger gendering processes.

Kantola's (2008) research exemplifies on many levels how scholars might begin to approach what *gender diversity* really is in organizations. In other words, we as scholars need to move from measuring *gender as body count* to measuring the *gendered subtext* (Benschop & Doorewaard, 1998). Gender diversity cannot be adequately measured by the numerical representation of women relative to men. Instead, using these four gendering dimensions allows for the possibility of measuring deep-level gender diversity in leadership (Harrison, Price, & Bell, 1998; Linnehan & Konrad, 1999) and also allows for the possibility of surfacing subtle obstacles for women leaders. Logic suggests removal of these barriers would be prerequisite to any possibility of women adding value in organizations. Furthermore, current research has made a compelling case that gender discrimination and inequality is not overt but has become a more covert phenomenon (e.g., Brescoll, 2012; Hoobler, Wayne, & Lemmon, 2009; Ryan, Haslam, Hersby, & Bongiorno, 2011) and, therefore, epistemology must enable us to capture this subtlety.

### *Alternative Measures of the Value of Women's Leadership*

We now discuss Huffman, Cohen, and Pearlman's (2010) study, "Engendering Change: Organizational Dynamics and Workplace Gender Desegregation, 1975-2005," as an exemplar that reaches beyond traditional conceptualizations of firm value (i.e., financial performance) to examine alternative effects of women's leadership. In this study, the authors investigated the impact of establishment characteristics—including women's representation in managerial roles—on gender segregation throughout an organization. Put simply, rather than focus on what women can do for firms, they address what firms can do for women and, arguably, all employees. By bringing attention to key organizational structural components and characteristics, the onus for change is placed on the organization versus solely the individual actions of women in leadership positions. Such theorizing is anchored in earlier work in organizational demography and group representation in organizations (e.g., Pfeffer, 1983, 1989), as well as Kanter's (1977) work on tokenism and "strength in numbers." The authors take the orienting perspective that women's representation in leadership can profoundly shape the experiences of other employees within the organization, inclusive of gender integration (i.e., having a greater number of female employees throughout the organization).

Taking a macrolevel approach, Huffman and colleagues (2010) extracted data from U.S. Equal Employment Opportunity Commission reports to create a longitudinal research design that spanned an impressive 30-year period (1975–2005) and included observations across approximately 273,000 establishments nested within more than 68,000 companies. The independent variables of interest in this study reflect organizational structural and historical characteristics—namely, women's access to power (i.e., women's representation in managerial positions), establishment size (in terms of number of employees), and establishment growth rate (measured as growth in the number of employees). These variables were captured to assess their impact on the dependent variable of gender segregation among nonmanagerial workers, measured using an index of dissimilarity within occupational categories within each establishment (Baron, Mittman, & Newman, 1991).

Specifically, Huffman et al. found women's presence in managerial positions to be positively related to gender integration at nonmanagerial levels of organizations—in other words, "establishments with higher proportions of female managers [were] markedly less gender segregated" (2010: 267). Overall, the authors' choice of gender integration as the dependent variable suggests a fruitful avenue for research on the value of women's leadership: women leaders may alleviate gender inequality perceptions in firms, particularly for women at lower levels of organizations. Hence, moving away from financial measures as outcome variables shifts the value in diversity argument from the benefits to organizations (i.e., the business case) to benefits to women as a group, as more women ascend workplace hierarchies. Furthermore, this work is an example of how scholars may still engage with archival data sets to explore macro-level issues related to women's leadership but in a perhaps more meaningful and original way.

### *Contextual Mechanisms Underlying the Effects of Women's Leadership*

Acknowledging the need to open the "black box" of women's leadership research—particularly through the exploration of social-contextual factors—E. B. King, Hebl, George, and Matusik provide a "comprehensive framework of the gendered nature of the context in which



tokens work" (2010: 486) in "Understanding Tokenism: Antecedents and Consequences of a Psychological Climate of Gender Inequity." Grounding their work in Kanter's (1977) theory of tokenism, these authors take a unique approach to examining issues of women's leadership in organizational life by considering *both* women's objective and subjective experiences as tokens. Kanter's work suggests that it is not just the mere presence of women that matters; rather, gender proportions within a work group indicate women's experiences in the workplace. When a woman is appointed to fill a position simply because she is a woman, that is, as a token, she may face social isolation and other negative experiences due to social identity issues at play (King et al.). King and colleagues recognize, notably, that token theory goes beyond the assumed inherent (i.e., essentialist) traits proscribed to women and brings attention to the crucial role of social context in shaping women's experiences in the workplace.

Rooted in this understanding of theory and social context, King et al. (2010) examined the effect of women's experiences of tokenism on a variety of individual-level outcomes through the key linking mechanism of *psychological climate of gender inequity* (PCGI). While many studies have called attention to the importance of climate in diversity issues (e.g., Barak, Cherin, & Berkman, 1998; McKay, Avery, Tonidandel, Morris, Hernandez, & Hebl, 2007), King and colleagues are the first to specifically investigate PCGI, defined as "the extent to which individual women perceive that the policies, procedures, and events in their organizations unfairly favor men" (487).

Specifically, King et al. (2010) used a multiple study approach to empirically examine the relationships between tokenism, PCGI, and employee outcomes. The first study in the paper uncovered a positive relationship between women's objective token status (i.e., number of women divided by the total number of individuals to indicate the numerical proportion of women represented) and PCGI. As a stand-alone study, this piece of research arguably falls into the same category as the business case research we have critiqued above. That is, gender is conflated with biological sex. However, the authors acknowledged this shortcoming and conducted a second study that considered women's subjective experiences of tokenism. Whereas a woman's objective token status is measured by the proportion of women in a work group, in the second study, a woman's subjective experience of tokenism is captured by statements such as "People in my company look at me as a representative of all people of my gender" and "I feel I have to represent the perspective of my gender in my company" (King et al.; Yoder, 1994). Hence, the authors bring greater attention to understanding gender as reflective of broader societal understandings of what it means to be male or female in a particular workplace (Acker, 2006; Alvesson & Billing, 2009). Findings from this second study revealed that the subjective experience of tokenism fully explains (mediates) the relationship between women's objective token status and PCGI.

Last, King et al. (2010) conducted a third study to investigate the impact of PCGI on a variety of workplace outcomes. Stated previously, business case research rests upon a relatively narrow view of value—most often, organizational financial performance. Affective and social outcomes for employees have less frequently been considered as criterion variables. King and colleagues have helped to close this gap by looking at the relationship between PCGI and individual-level outcomes that are of importance to both employees and the organizations in which they work. Specifically, they found that PCGI was negatively associated with job satisfaction, affective commitment, and citizenship behavior and positively related to job stress and turnover intentions, suggesting that "when women perceive

that their organizations condone or tolerate negative treatment based on gender, it has the potential to impair their psychological well-being as well as their interpersonal behaviors” (King et al.: 503).

Taken together, King and colleagues (2010) contribute to our understanding of gender diversity in leadership in three central ways. First, they open up the “black box” of the women’s leadership-performance relationship by calling attention to two key contextual variables: subjective tokenism and PCGI. Second, the research advances our understanding of *how* subjective contextual factors intervene to explain the relationship between women’s representation and workplace outcomes. They go beyond objective measures of women’s representation to account for women’s subjective experiences of tokenism. Third, they broaden the traditional conceptualization of value (i.e., financial performance) to consider outcomes central to individual well-being and organizational functioning. Ultimately, this work challenges essentialist notions of gender and should shift scholarly attention toward the gendered nature of organizations.

### Agenda for Future Research

Collectively, the three exemplars presented above suggest ways to reenvision research on the effects of women’s leadership in organizations. All three studies go beyond a simple direct or moderated association between women’s presence in leadership roles and organizational performance. Kantola (2008) widens our narrow view of what gender is, Huffman and colleagues (2010) point to new considerations of value, and King et al. (2010) turn our sights to the mechanisms through which women’s leadership has its effects rather than the pursuit of more moderators.

Together, this work suggests that there is substantial research opportunity in shifting the focus from a simple business case for women leaders to a more nuanced examination of women’s leadership and its effects in organizations. We offer four recommendations. First, we suggest scholars examine the issues surrounding women’s leadership in organizations from macro- and microviewpoints simultaneously. The vast majority of research on the business case specifically and women’s leadership generally tends to adhere to either a macro- *or* a micro-oriented perspective. Instead, we encourage researchers to view phenomena from multiple vantage points and conduct studies that serve to bridge—not further divide—these two approaches. Bamberger suggests that *context theorizing*, that is, “theories that specify how surrounding phenomena or temporal conditions directly influence lower-level phenomena, condition relations between one or more variables at different levels of analysis, or are influenced by the phenomena nested within them” (2009: 841), helps to narrow the gap between two simultaneously occurring levels of research. Linking this to issues of women’s leadership, studies that capture not only archival, industry, and economic-level variables but also individual- and group-level gendered attitudes and behaviors across respondents from multiple organizations should prove to be a better representative of the lived realities of women leaders in situ (i.e., within larger contexts).

Second, we urge management scholars to venture outside discipline-based women’s leadership research to explore relevant methodological and theoretical developments in other disciplines. For instance, inequality scholars in sociology have generated a large body of contemporary research on gender and managerial occupations, some of which offers

innovative ways to study changes in inequality and its effects over time. While one of our exemplar studies was borrowed from sociology (Huffman et al., 2010), we encourage researchers to follow Oswick, Fleming, and Hanlon's (2011) advice that instead of simple borrowing, it may be more fruitful to cultivate a blended approach to combining knowledge from multiple disciplines—by using dissonant thinking, disanalogy, and counterfactual reasoning to generate new ideas.

Third, we encourage scholars to embrace multimethod approaches when exploring issues at the intersection of gender and leadership. Multimethod studies allow researchers to examine the phenomenon of interest, in this case women's leadership, "from multiple perspectives" but, moreover, offer the potential to "enrich our understanding by allowing for new or deeper dimensions to emerge" (Jick, 1979: 603). Hence, we challenge scholars to paint with more than just one brush when examining the role of women leaders and the barriers they face in organizational life. For example, Inesi and Cable (2015) used surveys as well as experimental studies to reveal how competence signals such as performance ratings can actually work against women seeking promotions. Survey research uncovered the initial evidence of this counterintuitive relationship (i.e., women are penalized for higher performance), and experimental studies provided more insight into the boundary conditions surrounding the phenomenon.

Fourth, we ask researchers to pause to consider whether the methodological approaches and measures they are using are out of convenience or whether they are actually the most appropriate to answer the questions under investigation. To this point, we encourage scholars to expand their empirical toolboxes. As a social construction, gender should be measured as such. Stated previously, using biological sex as a proxy for gender is not adequate to tease apart the complexities associated with what gender is and its role in shaping leadership in organizations. Also to this point, rather than relying on static measures that reflect a single point in time, researchers may benefit from longitudinal studies that capture the progression of gendering processes in particular workplaces. For example, one could conduct an experience sampling or diary study to advance understanding of the dynamic nature of men and women "doing leadership" in organizations and how this reflects its gendered nature as well as its effects on organizationally relevant outcomes.

Last, we would be remiss if we did not name another layer of complexity this line of research often ignores. Intersectionality theory, which emphasizes the importance of examining the interactions of multiple group memberships (e.g., race, ethnicity, and socioeconomic class), asserts that gender is not a homogeneous, undifferentiated category but, rather, one that is inflected by other categories of difference (Holvino, 2010). Examinations of diversity in gendered subtexts must also consider these intersectionalities en route to a fuller appreciation of the power and influence individual women likely have in affecting the organizations they lead.

## Conclusion

This research addressed two related questions: (1) What is the relationship between women's leadership and organizational financial performance? and (2) Under what conditions is women's leadership positively related to organizational financial performance? Our meta-analysis found mixed support for the degree to which women leaders have direct and

moderated effects on organizational firm performance. In comparing three types of women's leadership, we found that one type, having more women on firms' boards of directors, had a positive association with overall financial performance. And across 11 various firm financial performance metrics, women's leadership, in general, was associated with just 1 metric—sales performance. Our test of three moderators revealed that one, country-level gender egalitarianism, strengthened the association between one particular type of leadership, having a woman CEO, and overall financial performance. On the basis of these results, we argued that commonly used methods of testing the business case for women leaders may limit our ability as scholars to make sense of the overall value that women bring to leadership positions. Instead, we asked scholars to embrace learnings from other disciplines and subdisciplines (i.e., sociology, gender and diversity in organizations, corporate social responsibility) to change the way we conceptualize the business case for women leaders. In this way, the literature can move forward and potentially advance the case for women leaders, as well as better specify the nature of and environments in which women can best add value to organizations. We do not advocate that the business case be abandoned altogether but, rather, improved and refined through alignment with advances in theorizing gender in organizations, more detailed models, and attention to operationalization of variables. Via identified study exemplars, we offered theories, questioned assumptions, and suggested alternative research methodologies. Our critique spoke to research on women leaders specifically but likely extends to related research on race and other fixed demographic characteristics of leaders. In sum, we welcome future research that moves beyond tying numbers of women leaders to financial performance to a groundswell of new organizational inquiry that moves the literature forward.

## Notes

1. We focused our meta-analysis on studies that tested financial outcomes, as the extant research has few respective nonfinancial outcomes (e.g., social responsibility, social performance, operating efficiency, innovation) in numbers sufficient for meta-analysis. As Hays-Thomas and Bendick relate, the vast majority of business case research "has investigated the relationship between companies' workforce demographics and those firms' 'bottom line'" (2013: 196), that is, organizational financial performance measures, such as profits or stock price. As well, the "pure case" is the "diversity pays" (Herring, 2009) idea—that numbers of women can be linked to financial metrics. According to Hubbard (2004), in its most basic form, the business case refers to return on investment.

2. Note that not all studies reporting a correlation between women's representation in leadership and a measure of financial performance also theoretically argued the business case. In five instances, studies focused on other topics but were included in our analysis as a result of a usable correlation between variables reported in their correlation matrix.

3. Previous meta-analyses in strategic management have employed reliability estimates for observed variables of 1.0 (i.e., treating observed variables as if they have perfect construct validity; Boyd, 1991; Capon, Farley, & Hoenig, 1990) or 0.8 (i.e., treating observed variables as if they possess some degree of sampling error; Dalton, Daily, Ellstrand, & Johnson, 1998; Dalton, Daily, Johnson, & Ellstrand, 1999; D. R. King, Dalton, Daily, & Covin, 2004). Our decision to employ a 0.8 reliability coefficient is consistent with previous research suggesting it is rare for even observed variables to be error free (Aguinis, Dalton, Bosco, Pierce, & Dalton, 2011; Dalton et al., 1998).

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