Do Strategies That Organizations Use to Manage Gender Diversity Make a Difference?

Executive Summary

CEO Circle White Paper

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Abstract

There are a number of diversity policies and practices that can have a positive impact on women healthcare executives' attitudes about their jobs and organizations. Using a database representing more than 450 ACHE affiliates who were surveyed in 2006, the American College of Healthcare Executives, Division of Research & Development studied 28 pro-diversity initiatives. The effectiveness of each initiative is analyzed, indicating those that are most closely associated with improving women executives' views about (1) gender equity in their employing organizations; (2) satisfaction with their current positions; and (3) plans to remain with their organizations during the coming year.
Introduction and Overview

Beginning in 1990, and subsequently in 1995, and 2000, ACHE conducted research to compare the career attainments of men and women healthcare executives. The most recent survey was distributed in the summer of 2006 to samples of ACHE affiliates. Collaborating on the 2006 study were researchers from the Department of Health Policy and Management of the University of Kansas. In addition to comparing the career attainments of men with women, the research offered an opportunity to examine if pro-diversity initiatives impact job-related attitudes of women healthcare executives.

The 2006 survey showed that many healthcare organizations have begun to establish policies and programs to achieve greater gender diversity at top management levels. These efforts include processes related to (1) recruitment, (2) advancement, (3) structuring decision making groups to include women, (4) offering rewards to those who help redress gender imbalances in top management, (5) providing flexible work arrangements, and (6) helping executives accommodate the needs of their families. Finally, the survey assessed (7) general policies that encourage promotion from within the organization, tie pro-diversity initiatives to business objectives and express zero tolerance for sexual harassment.

In the following paragraphs, we examine the rationale for, prevalence of, and impact of these seven broad strategies to manage gender diversity in healthcare organizations.

1. Recruiting initiatives

Rationale: Paying attention to the recruiting process is important in any diversity management effort. Focusing on these processes can reduce the impact of biases that some hirers hold because of stereotypes they acquired in childhood as well as the preferences of most people for others who are similar to themselves. Further, targeted recruiting can impact those in positions with limited upward mobility. To target women, organizations can try to establish or enlarge feeder pools by holding job fairs, providing information about job opportunities and offering internships. (Konrad, 2006)

Using selection as part of the recruitment process can also increase diversity. For example, organizations can examine selection ratios to assess if certain groups are more likely to be hired than others. Organizations can then determine what factors contribute to imbalances observed. Also, if candidates are asked the same set of questions, women and ethnic minorities have similar opportunities to white men to demonstrate their qualifications. (Huffcutt and Roth, 1998)

Prevalence: Do healthcare organizations today attempt to manage gender diversity at the management and executive level through targeted recruiting? ACHE research shows that 7 percent of respondents' organizations set targets for hiring women as managers or executives and 6 percent stated that women candidates were required to be on short lists for senior level executive positions. However, a larger proportion—22 percent—indicated that formal succession planning was implemented in their organizations.
Impact: Setting targets for hiring women managers or executives were not widely adopted and did not have a major impact on women's perceptions of gender equity, overall satisfaction or intentions to remain in their organizations. Part of the lack of significant findings is the fact noted above that only 7 percent of respondents report that such targets have been implemented. Similarly, only 6 percent report that women are required to be on short lists for senior management positions. However, formal succession planning, which is present in 22 percent of respondents' organizations, appears to have positive impact on women's overall satisfaction with their positions. Of respondents in organizations where formal succession planning is implemented, 57 percent stated they were very satisfied with their positions, whereas only 37 percent were very satisfied in organizations without succession planning. Significant differences also appeared in regard to intentions to remain with their current employer for the coming year.

Implications for CEOs: Based on this research, CEOs today are well advised to institute succession planning in their organizations. Not only will this initiative enhance the organization's functions when key executives leave, but it is likely to have a positive impact on your current women managers' job satisfaction and plans to remain with the organization.

2. Advancing initiatives (includes formal mentors in the organization)

Rationale: Organizations can offer leadership training to help ensure that diverse candidates are given opportunities to advance to higher level positions. Through formal didactic training, mentoring, participating in internships, etc., high potential employees become the feeder pool for a diverse top management team. (Fine, 2003)

Prevalence: We examined six separate advancement initiatives. Some, such as offering career development programs, are quite common; others, such as setting targets for promoting women, are rare. Following are the specific findings: (1) offering career development programs (implemented by 57 percent); (2) publicizing skill and knowledge criteria for advancement (40 percent); (3) offering courses that target former clinicians and teach principles of healthcare management (27 percent); (4) implementing formal mentoring programs to develop senior-level executives (23 percent); (5) providing rotations to develop senior-level executives (12 percent); and (6) setting targets for promoting women (5 percent).

Impact: Of the six initiatives that might advance women's careers, at least half of the strategies had a positive impact on perceived gender equity, satisfaction and intent to stay. The organization should consider establishing a career development program. As shown in Figure 1, 80 percent of women executives in organizations that implemented a career development program felt there was gender equity in the workplace versus only 57 percent of women who worked in organizations without one. In fact, such programs offer a payoff in women expressing high satisfaction in their current jobs as well. Figure 2 shows that 54 percent of women expressed high satisfaction when their organization provides career management programs compared to only 28 percent of women in organizations not offering this. Another high payoff strategy is to offer management courses to former clinicians. Organizations that do this had 80 percent of women executives say they intended to
Figure 1

Most Effective Strategies to Foster Women's Perception of Gender Equity in Their Organization

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Implemented</th>
<th>Not implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish a zero tolerance policy for sexual harassment</td>
<td>73</td>
<td>32</td>
</tr>
<tr>
<td>Publicize skill and knowledge criteria for advancement</td>
<td>83</td>
<td>57</td>
</tr>
<tr>
<td>Seek women to serve on the board</td>
<td>78</td>
<td>54</td>
</tr>
<tr>
<td>Offer a career development program</td>
<td>79</td>
<td>57</td>
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</tbody>
</table>

remain with their current employer for the coming year compared to 62 percent of women in organizations not so involved. (See Figure 3)

Implications for CEOs: Overall, several advancement initiatives appear to be useful in increasing women managers' positive attitudes toward an organization. Some, like publicizing skill and knowledge criteria for advancement, establishing rotations and implementing a formal mentoring program can be accomplished with little or no direct financial outlay. With modest financial outlays, CEOs can offer career development programs and management courses to former clinicians.

3. New structural arrangements (gender integration on committees, boards)

Rationale: Thirty years ago, Rosabeth Moss Kanter conducted a seminal study in the field of organizational diversity. She determined that organizations that seek to incorporate diverse perspectives in their decision-making need to have more than "token" women on committees or on the board. Generally, too much pressure is placed on the token, which makes her reticent to voice her true opinions to the group. Instead, women and other demographic minorities should be present in sufficient numbers to form a nucleus to voice dissent or alternative views when appropriate. (Kanter, 1977)

Prevalence: Two questions investigated this representational aspect of gender diversity
Most Effective Strategies Contributing to Women Executive’s Intention to Remain With Their Current Employer in the Coming Year

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Percent who intend to remain with current employer in the coming year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish a zero tolerance policy for sexual harassment</td>
<td>Implemented: 71, Not implemented: 36</td>
</tr>
<tr>
<td>Offer reduced or part-time work schedule</td>
<td>Implemented: 76, Not implemented: 55</td>
</tr>
<tr>
<td>Offer courses to former clinicians that teach principles of healthcare management</td>
<td>Implemented: 80, Not implemented: 62</td>
</tr>
<tr>
<td>Seek women to serve on the board</td>
<td>Implemented: 75, Not implemented: 56</td>
</tr>
<tr>
<td>Establish a preference for filling senior management positions with internal candidates</td>
<td>Implemented: 78, Not implemented: 61</td>
</tr>
</tbody>
</table>

in ACHE’s 2006 survey. The findings showed that 44 percent of the respondents’ organizations attempted to ensure that women are represented on key committees and 45 percent indicated that women were sought out to be on the board. Thus, nearly half of respondents’ organizations aim to achieve gender diversity in key decision-making bodies.

Impact: Figure 1 shows 78 percent of women in organizations that seek women to be on the board say that their organizations affords gender equity versus 54 percent of women in organizations that do not have such a strategy. Moreover, as shown in Figure 2, more women within organizations that also seek women for board positions express satisfaction with their current positions than those lacking this strategy. Figure 3 shows a similar gain for organizations. Seventy-five percent of women in organizations that seek women for board positions told us that they planned to remain in their position in the coming year versus 56 percent of women in those that do not have such a strategy in place. Ensuring women’s representation on key committees shows similar positive outcomes.

Implications for CEOs: Ensuring diverse representation does not incur additional expenses to the organization. It requires a new way of doing business—focusing on how to populate the organization’s key decision-making groups. Basically, with a little forethought and planning, women (and other underrepresented groups) can be asked to serve on committees and the board. In such groups, they will not only contribute their perspectives to strategic directions, but they will experience greater job satisfaction and demonstrate greater loyalty to your organization.

4. Reward systems designed to encourage managers to effectively manage diversity

Rationale: Accountability is essential for ensuring excellence in any area of management, and diversity management is no exception. Managers who meet goals for hiring minorities are sometimes rewarded for their efforts. This may involve specific Key Results Areas or it may simply contribute to a more positive overall annual evaluation. The effectiveness of diversity management can be measured by organizational demographics, employees’ perceptions
of the inclusiveness of their environment and demonstrable commitment to improving organizational effectiveness through employee development. The notion that a manager’s performance and compensation should be assessed partly by these factors is gaining acceptance. (Wheeler, 2003)

**Prevalence:** The 2006 survey asked if senior executives were encouraged to mentor women. Ten percent indicated that this was true for their organization, and 15 percent stated that senior executives were evaluated, in part, on mentoring. In addition, 21 percent stated that their boards (or corporate officials) review the organizations’ track record on achieving gender and racial/ethnic equity. In general, reward systems to ensure diversity in management are not very pervasive.

**Impact:** Even though reward systems that help to ensure opportunities for women executives are not prevalent, we found key differences when they were in place. For example, 79 percent of women said their organization exhibited gender equity if their board reviewed racial/gender equity statistics routinely versus only 63 percent of women expressing this feeling in organizations without this practice. Firms with such board involvement also elicit higher proportions of women who are very satisfied with their jobs: 56 percent vs. 36 percent in organizations where the board does not review its racial/gender track record.

**Implications for CEOs:** The main finding surrounding the offering of rewards is that CEOs can do much to improve women’s attitudes toward their jobs and their organizations by ensuring that the board (or corporate official) reviews the organization’s track record on promoting gender and racial/ethnic equity. As was the case in most of the previously discussed pro-diversity initiatives, there is no discernable financial outlay associated with implementing such an initiative.

5. **Forms of flexibility**

**Rationale:** A four-year longitudinal study of Masters in Business Administration students showed that women anticipating greater family responsibilities in the future preferred jobs that offered shorter work hours and greater flexibility. However, they were as desirous as other women for money, responsibility and career advancement (Konrad, 2003). Forms of flexible benefits that enhance work-life balance include flextime, where employees can choose arrival and departure times within certain limits, or a compressed work week, where employees can work longer days and receive a day off. Job-sharing or part-time positions are now offered to certain employees, especially when their family responsibilities are heavy. Telecommuting from home can be highly productive due to the Internet, facsimile and cellular telephone technology. (Weil & Kivland, 2005)

**Prevalence:** The 2006 survey showed that three forms of flexibility are being offered to over half of the respondents. These commonly available work options include: flexible arrival and departure times (83 percent), reduced or part-time work schedule (64 percent), and leaves and sabbaticals (59 percent). In contrast, telecommuting and working from home is offered by 44 percent of respondents’ organizations while compressed workweeks and job sharing are each offered by 36 percent.

**Impact:** Each of the six forms of flexibility we studied was positively related to
women's intentions to remain with their employers in the coming year and, to a somewhat lesser extent, a perception that where available, such organizations were places that promote gender equity. As an example, 76 percent of women executives in organizations that offered a reduced or part-time work schedule planned to remain with their current employer in the coming year compared to 55 percent of those in organizations that did not offer this opportunity. (See Figure 3) In addition, offering a reduced schedule yielded more highly satisfied women executives, as did offering flexible arrival and departure times. (See Figure 2)

In data not shown, these initiatives were also strongly related to women’s increased satisfaction with the balance they could achieve between their work responsibilities and their personal/family commitments. Also, in a separate analysis, we learned that women in C-suite or vice president positions were more often promoted if their organizations offered job sharing opportunities. Of the six forms of flexibility we investigated, job sharing was the only measure related to promotions awarded per year.

**Implications for CEOs:** Incorporating flexible work arrangements such as flextime, reduced time or part-time work schedules as well as leaves and sabbaticals have become quite common today. CEOs who have not implemented these initiatives for their managers or executives may place their organizations at a disadvantage as women and others who want flexible work arrangements may seek positions elsewhere. Conversely, a competitive advantage may accrue to organizations that offer less commonly available flexible work arrangements such as telecommuting, compressed work weeks and job sharing.

**6. Work/life programs**

**Rationale:** Over the past several decades, increasing numbers of women have chosen to pursue careers in healthcare management. However, the highest and most desirable positions continue to be structured so as to make work and family life difficult to coordinate. For example, managers’ work schedules do not permit breaks for children’s medical care, teacher-parent conferences or after-school activities. Managerial positions often require early morning and evening meetings as well as some weekend work.

Overall, work-life benefits were shown to affect employees positively. Studies of new mothers show that such policies were positively related to job satisfaction, positive attitudes toward the organization’s benefit package, commitment to their organizations and lower intentions to quit their jobs. (Grover & Crooker, 1995)

**Prevalence:** Results from the 2006 survey of healthcare executives show that only a minority of healthcare organizations offer work/life programs and services. Following are the findings for the five initiatives examined: child care resources and referral (31 percent), elder care resources and referral (23 percent), subsidized on-site child care (18 percent), subsidized near site child care center (16 percent) and sick child care (17 percent).

**Impact:** In part because relatively few organizations offer work/life programs, the analysis showed that their presence did not appear to increase women’s feelings that their organizations were places promoting gender equity. Nor, for the most part, did these programs lead to a feeling of high job satisfaction (or even specific satisfaction
with work/life balance). Finally, these programs were not associated with a higher proportion of women executives who intend to remain with the current employer in the coming year.

We investigated the impact of work/life programs on the rate of women's promotions per year. The analysis showed that among department heads, organizations that offered subsidized near-site child care centers experienced higher rates of promotions than department heads in organizations not offering this benefit. In addition, women managers or those in departmental staff positions experienced higher rates of promotions per year if their organizations offered child care resources and referral or elder care resources and referral. (These data are not displayed but are available by contacting ACHE.)

Implications for CEOs: Though the findings fail to verify that child care or elder care programs materially impact women's attitudes toward their jobs or their organizations, it may be that establishing some programs will offer a way for CEOs to distinguish their hospital as a best place to work. Some of these programs, such as child care resource and referral, are not cost prohibitive, yet to women executives such programs may signify that your organization is caring, supports work/life balance and is family-friendly.

7. Other general policies:
- Preference to promote from within the organization
- Tie pro-diversity initiatives to business objectives
- Zero tolerance for sexual harassment

Rationale: Recently published research on top executives in Fortune 1000 companies showed that firms successful in diversifying their leadership by gender did so by aggressively promoting women. (Helfat et al., 2006) A clearly stated preference for promoting from inside the organization helps to demonstrate an organization's commitment to developing the talents of its employees. In conjunction with policies that help to ensure fair advancement, this allows talented women to be confident that their careers will not become stagnant.

Tying diversity goals to business objectives is based on the premise that there is value in having top management that reflects the diversity of the workplace. This has been shown to have positive effects on job and organizational commitment, job satisfaction and morale. (Lobel, 1999) Because the workforce in the United States is steadily and inevitably becoming more diverse, it is vital to have policies in effect that make diversity beneficial.

Workplace sexual harassment is still a widespread problem. ACHE reported in 1995 that 29 percent of women and 5 percent of men said they had experienced sexual harassment in the preceding five years. But today, 10 percent of women and 3 percent of men acknowledge such experiences. (ACHE, 2007) Where it exists, harassment affects job satisfaction, absenteeism and turnover; as well as the victim's psychological health. (Bowes-Sperry and Tata, 1999) It is important that organizations not be perceived as condoning such widespread behavior.

Prevalence: Examining the prevalence of these three general policies showed that 38 percent of respondents' organizations prefer to fill senior management positions with internal candidates. In addition, 34 percent report that their diversity goals are tied to
business objectives. Finally, 91 percent stated their organizations have zero tolerance for sexual harassment.

**Impact:** Each of the policies contributed significantly to women's perceptions of gender equity in their organizations and each was associated with more women expressing high job satisfaction and intent to remain with their current employer during the coming year. Thus, establishing a preference for filling senior management positions with internal candidates, tying diversity goals to business objectives, and having a zero tolerance policy for sexual harassment all contributed to the positive outcomes we examined. For example, as shown in Figure 3, 78 percent of women in organizations that have a policy to fill senior level positions internally planned to remain with the firm in the coming year compared to 61 percent of women in organizations lacking such a policy.

**Implications for CEOs:** It is somewhat surprising that less than 40 percent of respondents' organizations had established general policies to promote from within or have linked diversity goals to business objectives. The CEO can begin to initiate such policies that are likely to increase the proportion of women expressing high job satisfaction and the desire of women managers to remain with the organization. One of the first objectives CEOs can have is educating the board and other senior executives on the benefits of having diversity in senior management ranks. (The rationale is set out in the next section of this white paper.)

Last, but certainly not least, if the organization does not currently have a zero tolerance policy for sexual harassment the CEO must implement one. Not only will a policy help protect the organization from lawsuits, but it will emphasize that the organization is a safe and healthful place to work.
Conclusion: Top Strategies for Gender Management

While numerous initiatives were developed to encourage gender diversity in organizations, only a few were implemented by the majority of healthcare organizations represented in the 2006 AChe study. Those most commonly available include: establishing career development programs, staffing key committees and boards with women, offering flextime, part-time or sabbatical opportunities, and establishing zero tolerance policies in regard to sexual harassment.

Statistical analysis of the 28 gender management initiatives from this research showed that three stand out as potentially providing big payoffs for improving women's attitudes. They are classified by three main outcomes of this research: perceived gender equity, job satisfaction and intention to stay with the employer in the coming year.

In order of importance, the following strategies are likely to improve women’s perception of gender equity in their organization: (Refer to Figure 1)

1. Establish a zero tolerance policy for sexual harassment.
2. Publicize skill and knowledge criteria for advancement.
3. Seek women to serve on the board.
4. Offer a career development program.

In order of importance, the following strategies are likely to contribute to women feeling very satisfied with their current position: (Refer to Figure 2)

1. Offer reduced or part-time work schedule.
2. Establish a zero tolerance policy for sexual harassment.
3. Offer a career development program.
4. Offer flexible arrival and departure times.
5. Seek women to serve on the board.
6. Provide rotations to develop senior-level executives.

In order of importance, the following strategies are likely to contribute to women's intention to remain with their current employer in the coming year: (Refer to Figure 3)

1. Establish a zero tolerance policy for sexual harassment.
2. Offer reduced or part-time work schedule.
3. Offer courses to former clinicians that teach principles of healthcare management.
4. Seek women to serve on the board.
5. Establish a preference for filling senior management positions with internal candidates.

We hope that these ideas will be implemented in many healthcare organizations nationwide. While the strategies investigated show associations only and are not to be construed as causal, it is likely that implementing these pro-diversity initiatives will not only bring about more positive attitudes among the women managers and executives in your organization, but they will enhance the morale of the entire hospital staff and community who want to see people in their demographic groups making critical decisions about your organization’s mission and how it is carried out. When these outcomes become reality, women’s careers also more closely will resemble those of men in healthcare management.
Rationale for implementing pro-diversity initiatives

Though the situation is improving, evidence collected from the four ACHE surveys on career attainments by gender continues to demonstrate that fewer women than men with similar amounts of experience in healthcare management have achieved CEO positions. Related to this, women earn approximately 18 percent less than men. However, women in healthcare management are in a better relative position than women in general business who in 2005 earned 27 percent less than men. (Bureau of Labor Statistics, 2006)

Forces maintaining the glass ceiling. Experts who study diversity issues today suggest that three major forces maintain the glass ceiling. First, subtle and perhaps even unconscious cultural predispositions appear to limit the career trajectories of women. For example, leadership roles were traditionally held by men and a male stereotype is generally the one that is selected to portray the ideal manager or executive.

Result: Women seeking senior leadership positions can be disadvantaged based on an expectation that they conform to a male stereotype.

A second overlooked reason concerns most individuals’ preferences to evaluate others who share their own demographic profiles more positively than those who are different from themselves.

Result: White male leadership tends to perpetuate white male leadership. (Powell, 1999)

Third, the concept of a “career” has evolved over decades for a workforce that was previously almost entirely male. Careers generally have presupposed that life will be subordinate to work. (Maier, 1999) Only since the feminist writings of the 1970s has the notion of work/life balance been considered seriously.

Result: Women who often bear the main responsibility for childcare are passed over for senior level positions because of their family’s needs.

Business reasons to promote gender diversity in management. The business case for diversity is articulated as follows:

• There is value in having top management that reflects the diversity of the workplace and of the population as a whole.
• True commitment to diversity and representative leadership has positive effects on job commitment, employee satisfaction and morale, which affect turnover and organizational commitment.
• Diversity fosters innovation, and diverse teams will find more effective solutions to problems than teams lacking in diversity.
• Because the workforce in the United States is steadily and inevitably becoming more diverse, it is vital to have policies in effect that make diversity beneficial.

Research supporting these claims is summarized by Lobel (1999) but was disputed for a variety of reasons, most notably that the proposed effects of diversity could not be conclusively shown to apply outside of the laboratory. More recently, a series of field studies on the effects of diversity initiatives across a range of industries found that increasing diversity could be an asset or a liability, but that diversity-sensitive management and policies mitigated most, if not all, of the negative effects. (Kochan et al., 2003)

This white paper has discussed various initiatives to promoting gender equity. They do not, as many are quick to assume, require “special treatment” or “reverse discrimination,” and they do not require lowered standards. Nor do they appear to require great expenditures of funds. They do require unambiguous commitment to providing opportunities for managers and executives to develop their talents, willingness to acknowledge that passive discrimination can affect the careers of women, and willingness to examine certain assumptions that have become deeply embedded in a historically male workforce.
About the Study

The 2006 study is based on a survey of 798 women ACHE affiliates, of which 464 responded (56 percent). Respondents whose highest degree was in healthcare management and who were employed by freestanding hospitals were more likely to respond. Apart from these characteristics, respondents were similar to nonrespondents in age, race/ethnicity, educational level attained, and position level.
References


