



WHY ARE FEWER WOMEN HIRED INTO LEADERSHIP POSITIONS IN BUSINESS MANAGEMENT? ARE WOMEN IN LEADERSHIP POSITIONS COMPENSATED EQUALLY AS THEIR MALE COUNTERPARTS?

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Introduction

Women remain underrepresented in senior leadership positions within business management, despite increasing participation in the workforce over the past several decades. While women have made significant progress in education and employment, they continue to hold a disproportionately small share of executive and top management roles across industries. In addition to representation gaps, research has consistently documented compensation disparities between men and women, as well as differences in promotion rates and performance evaluations.

These disparities are influenced by structural and cultural factors. Societal expectations, historical norms regarding gender roles, and workplace biases can shape hiring, promotion, and leadership opportunities. Women, particularly of color, often face compounded barriers related to both gender and race. As a result, leadership pipelines remain uneven, and access to executive decision-making roles is not equally distributed.

Understanding the scope of gender disparities in business leadership is critical not only as a matter of equity but also because leadership composition can influence organizational performance, innovation, and economic outcomes. This context provides the foundation for examining why women remain underrepresented in leadership and how these disparities affect business management and the broader economy. According to the United Nations (UN) Women, around 2.7 billion women are restricted from having the same job options and decisions as men. This occurs from cultural norms of traditional gender norms, the safety of women in the workplace, the ban on females imposed by nations, etc.

Currently, women continue to be underrepresented in senior management positions, indicating the enduring level of wage gaps and identity standards that are formed through societal and cultural barriers that hinder further advancements and liberties. This marginalization of females stems from social and systematic abrasion and prejudice, unrepresentative of skill levels, education, experience, etc.

This phenomenon is shown through McKinsey's senior partners' analysis titled "*The Broken Rung*." Kweilin Ellingrud, Lareina Yee, and María del Mar Martínez emphasize the disadvantages faced by women, even though they are subject to having averagely higher GPA. Although, when they try to apply for a role in the workplace, men are usually favored more. Among every 100 men who are promoted, only around 80 women are promoted, while 60 Black women and 74 women of color are promoted. (McKinsey & Company). This "broken rung" aberration causes the trailing inequalities in career occupation alongside men.

Men are gaining more value for the education that women are pursuing at exceptionally higher rates, leading to more men in the workforce at a remarkable 53% (74.86 million), while women

are lagging at 47% (58.81 million) for full-time workers. Men are consistently favored in the labor market disproportionately, and this deviation makes it onerous to catch up to these advantaged males (McKinsey & Company).

As a result, men take greater use and benefit from the favored system and the value the altered imbalance has. In essence, this management deficit corroborates that the corporate environment is not lacking female competence, but instead equality.

My paper identifies the systematic deficits and the trajectory towards impartiality. This research paper explores the following questions:

What factors contribute to the underrepresentation of women in senior leadership positions in business management? How does the deficiency of women in leadership positions affect the overall company performance and success outcomes, and are women provided with adequate compensation for their work compared to the standards that are set for men?

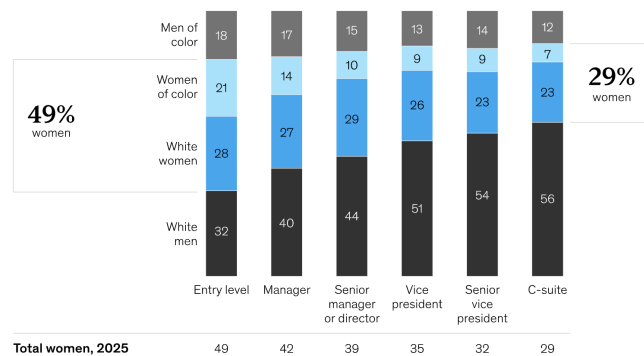
Systematic biases, cultural prejudices, and unequal evaluation standards drive the underrepresentation of women in leadership; these methods limit company innovation, suppress corporate profitability, and hinder economic development.

II. Literature Review

A. Representation of Women in Leadership

Women remain underrepresented at every stage of the corporate pipeline.

Representation in corporate role in 2025, by gender and race, % of employees



Note: Figures may not sum, because of rounding and because overall figures do not include employees with unreported race data.

Data from McKinsey & Company:

Representation of women in leadership is categorized in three different sections: the corporate sphere, education, and the political sphere. In the corporate world, there continues to be imbalances in gender composition, especially at senior levels in the workplace. While women consequently showcase higher levels of academic enrichment and commitment, they persistently face barriers, restricting their career advancement. The American Institute for Boys and Men states that 8.9 million women are currently undergraduates in college, while only 6.5 million men are, showcasing a 2.4 million difference (American Institute for Boys and Men). The leadership gap is especially shown through both the public and private sectors.

According to the PEW Research Center, women make up 28% of the U.S. congressional members, and about a third of state legislators are women. To add on, only eight Democratic and four Republican women serve as governors nationwide. While former President Joe Biden's Cabinet consisted of 12 out of 25 women in Cabinet or Cabinet-level positions (48%), 11% of Fortune 500 company CEOs are women, and 30% of Fortune 500 board members are females (PEW Research).

This corporate constraint starts to emerge as employees try to rise through the ranks. Data from McKinsey & Company showcases a decline in female representation through a company's power structure. Women make up 49% of the labor force in entry-level positions. As women attempt to climb up this ladder, their numbers decline immensely at 41% for a managerial position, 39% for senior manager/director, 35% for vice president, and 33% for senior vice president. As these women employees try to reach the highest executive role, known as the C-suite position, female representation drops to 29%. Although 29% is the total representation of women, including women of color, the real number of women of color drops to almost 7% out of 29%, showcasing the biases among companies (McKinsey & Company). These statistics prove that at each rank of a company's hierarchy, the talent that women provide is overlooked at every step of the way.

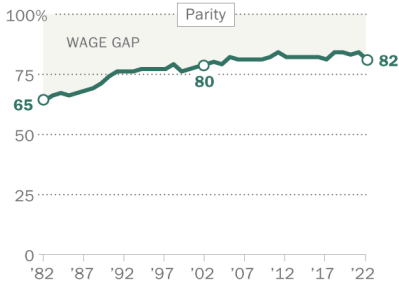
B. Compensation and Pay Gaps

The absence of women in senior executive roles is tied to wage inequality, fewer opportunities, and less female advocacy. The wage gap is caused by the underrepresentation of women in senior positions, as men hold the majority of high-paying executive roles, keeping the average female salary lower than that of men. A lack of high-placement and impact roles, including higher income and technological advancements, is largely hindered by this deficit. However, the lack of women drives the pay gap because fewer women are in these higher-paying roles. The Pew Research Center shows the stubborn gender wage gap, which has remained stagnant for decades. For every dollar earned by men, women on average only earn 82 cents in 2022. Whereas in 2002, women only earned 80 cents to that dollar ratio, which is only a minimal increase, even 20 years later. When surveyed about this discrepancy, half of US adults attributed this to the treatment imposed on women by employers (PEW Research). In addition, UN Women states that globally, the wage gap based on gender is estimated to be around 20%. To put it in simpler words, women earn only 80% of what men earn, but these numbers don't fully exemplify the extent of gender gaps and the profundity of the systematic inequalities (UN Women). These statistics showcase a constant cycle of the lack of women in executive roles, which keeps the national average of income/wages earned by women at a lower rate.



Gender pay gap in U.S. has not closed in recent years

Median hourly earnings of U.S. women as a percentage of men's median earnings among all workers ages 16 and older



Note: Estimates are for civilian, noninstitutionalized, full- or part-time employed workers with positive earnings. Samples include employed workers with positive earnings, working full time or part time, excluding the self-employed.

Source: Pew Research Center analysis of the Current Population Survey outgoing rotation group files (IPUMS).

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C. Economic Performance and Gender Diversity

These salary imbalances are heavily interconnected due to a lack of support, opportunities, etc. Research from McKinsey & Company and LeanIn.Org shows that entry-level women are half as likely to gain sponsorship (when a senior employee actively advocates for a junior employee's career advancement) as men, which immensely helps advocate for career advancement and promotional opportunities among companies. This advocacy helps significantly to advance, and women seem to be at a disadvantage since sponsors help more than double the time of advancement than what would occur without a sponsor. Furthermore, women are also less likely to gain the ability to get important training opportunities than men. Data shows that 34% of senior-level men were offered to participate in career and leadership training, while only 20% of women were offered the chance to, altering the career progression that they can largely benefit from (McKinsey & Company and LeanIn.Org). These persisting inequalities alter career trajectories, preventing women from achieving their full potential.

Likelihood of financial performance above national industry median, by diversity quartile, %



Source: McKinsey Diversity Database

McKinsey
& Company

D. Structural and Social Barriers

The continuous disparity of women in these higher roles is due to cultural and structural obstacles. According to the National Institute of Health, gender biases affect women's leadership especially in higher roles. A double standard is established among women: when women display assertive traits, they are often called “bossy” and “aggressive”; however, when men possess these same traits, they are often commended. In other areas of the world, these same biases and hypocrisy are shown. Research from Pakistan showcases similar discriminatory barriers, including nepotism and other factors, with 65% of women emphasizing gender-specific obstacles in their career advancement. (National Institute of Health).

These structural barriers are also constantly compounded by racial discrimination, where specific ethnicities are left with less support than women regularly receive. McKinsey & Company and [LeanIn.Org](https://leanin.org) showcase that mid-level Asian women are consistently receiving less assistance to build their careers among their senior colleagues. Compared to Black, White, and Latina women who average career advancement tips, sponsorships, and more at 34%, Asian women receive those same career advancement tricks and benefits 24% of the time, missing out on career support that could boost their careers. This deficit occurs from racial and gender biases; Asian women are frequently held back through prejudices that they don't speak out and are assertive, but when they do speak out, they are judged and held back, making career advancement extremely hard.

Although overt discrimination has been driven out of most up-to-date and modern organizations, subtle and concealed gender discrimination still exists, shown through various work practices and cultural norms according to the National Institute of Health (National Institute of Health). Discrimination against women is so ingrained in companies that it is difficult to detect. These deconstructions are going to be extraneous to changing bias that can remove the barriers and preconceptions which keep women from moving into senior leadership.

III. Methods

Research Type

This study was based on a literature-based economic analysis that spans both qualitative and quantitative research to investigate the discriminatory barriers due to gender throughout business management. The research gathered is not experimental but is based on secondary sources and data collection. The methodology is based on reputable, low-bias sources, including non-governmental websites. Using multiple sources allows for a larger scope of analysis among different organizations, time periods, etc.

The data/research collected in this study were based mainly on global management consulting firms, authoritative sources, institutional sources, etc. Most of the sources span multiple sectors, like economic, labor, global, and more. The main references used throughout this study were McKinsey & Company, which focuses on delivering primary industry and economic-based research (McKinsey & Company). This source uses mainly quantitative data, helps organizations and companies to achieve lasting improvements, and navigate through complex market trends and advancements; PEW Research Center, a nonpartisan, secondary source that focuses more on factual statements, uses public polls, demographic research, and other studies to inform its audience (PEW Research). To add on, UN Women is an authoritative source on gender statistics and women's rights. This source intends to close the gender gap & advance equality and support for women globally (UN Women). The National Institute of Health, which is an authoritative primary source, is evidence-based, wanting equality among all individuals & eliminating systematic discrimination (National Institute of Health). Hult International Business School, which is an institutional and authoritative source, focuses on gender equality in the workplace, conducts first-hand experiments, etc (Hult International Business School).

Data Analysis

The data was grouped into multiple sub-segments to find trends and commonalities among the sources. These sub-segments organized the research into wage gaps, the percentage of senior-level women, social and cultural barriers, and company performance with diversity. Research among all sources was used to compare and contrast trends in the market. The comparisons were used to verify the validity of workplace gaps. Using quantitative data, the study analyzes a company's financial return before and after diversity was implemented in the corporate economy by improving innovation, communication, and the overall company environment.

Limitations

This research paper utilizes a literature-based technique rather than an empirical approach. Since this study depends on secondary sources, I was unable to collect authentic and original data or interview any officials directly. In some instances, audiences can take certain definitions of senior leadership in different ways, leading to misconceptions and variances. To add on, the paper was also limited since most companies do not disclose their gender wages, their promotion statistics, etc, which means that this paper is restricted to reports and outside sources. However, this study largely exemplifies these inconsistencies by using large-scale

sources that are known to form their own research and experiments. This study consists of visual aids and a comprehensive analysis to contextualize concepts and definitions.

IV. Results

Data from many research centers, national confederacies, organizations, etc., showcase the distinct corporate hierarchy and barriers to female representation. This research showcases that while women possess higher educational achievements, the disparities are shown by cultural prejudices, unequal access to opportunities, and more.

A. Leadership Representation Trends

The relationship between a company's structure and its female involvement can be showcased by the "broken rung." This definition, previously stated in the introduction, correlates with the number of women among men who get hired and promoted. According to McKinsey & Company, for every 100 men who are hired, only 80 women are. However, the number of women significantly drops for women of color at 74, and Black women at 60. And although women make up 49% of the workforce overall, their representation drops with each promotion, until only 29% of women work in the C-suite, including 7% who are people of color. In these top positions, women hold only 11% of CEO positions, 30% of seats on Fortune 500 boards, and 28% of seats in Congress, according to the Pew Research Center.

B. Compensation Findings

The gradual wage gap correlates with the deficit of gender representation in executive leadership roles. PEW Research shows that the average female began at 80 cents in 2002, compared to a man's one dollar, to 2022, at 82 cents, only a two-cent increase in a time period of 20 years (PEW Research Center). UN Women is consistently tracking this 20% female employment deficit, stating that this inequality is due to the lack of female sponsorships by executives compared to men (UN Women). The lack of equal training opportunities is showcased through 34% of senior-level men receiving training and more opportunities, while only 20% of these senior women receive them.

C. Performance Outcomes

Increasing gender diversity improves the economy and a company's revenue. By expanding among every race, gender, orientation, etc, the US could bring in \$7 trillion into the economy and GDP. Data from McKinsey & Company demonstrate that companies with gender diversity earn 15% more than the median. For every 10% increase in diversity at senior levels, EBIT continues increasing by 3.5%. Additionally, companies with three or more women in leadership roles are more likely to achieve strong operational and financial outcomes, and diversity is an indicator of high-performing companies (Hult International Business School). Businesses with more diverse leadership are more statistically likely to increase profits and operate at a higher level.

D. Barriers Identified Across Studies

These limitations are established through historically ingrained societal barriers rather than any talent deficiencies. To add on, the racial prejudices are especially apparent among Asian

women, while they are in the middle of the hierarchy, only 24% receive career-building connections from senior colleagues, while 34% to 35% of Black, White, and Latina women receive this support according to McKinsey & Company. A shift toward reducing these systemic and cultural biases is critical to increase corporate profit and the global economy. While systemic and racial barriers drain businesses from profiting, increasing corporate diversity is essential to propel economic growth.

V. Analysis / Discussion

The presented research findings indicate that the underrepresentation of women in corporate hierarchies is predominantly a result of structural inefficiencies instead of a lack of experience and skills. Through large syntheses of these patterns, the causes for a company's leadership are shown. These restrictions to diversity and imbalances can also lead to a company's economic system shattering.

A. Economic Consequences of Underrepresentation

By preserving and filtering these corporations through market filters and insulations, the penalties imposed are especially harmful and disruptive to these executive teams. This gender shortage and removal of talent occurs through the lack of female recruitment during the early stages of promotion. This barrier prevents highly-skilled and competent applicants/employees from reaching decision-making roles. Companies with undiversified leadership constantly experience intellectual lag, which limits creativity, innovation, and stalls other beneficial skills. The homogeneous usage of corporate leadership systems provides a deficit in critical cognitive and motor skills, including circumstantial thinking and problem-solving (Harvard Division of Continuing Education). Companies that lag in gender and racial diversity are around 66% less likely to reach their full potential. This deficit of unique perspectives restricts and limits innovation and can carry financial burdens (Forbes).

To add on, women make up the majority of consumer purchases. According to Forbes, women make up 85% of purchases in recent years (Forbes). Male-dominated executive boards often face many limitations in innovation and consumer outreach. However, integrating more female perspectives in executive roles can help overcome this creative gap. This gender diversity can largely help businesses align their strategies and outcomes with current trends and develop a profitable market strategy. Gender-balanced and racially diverse teams promote a collective and collaborative workplace environment, which benefits a company's assets, communication, and strategies.

B. Broader Economic Impacts

The restriction of female advancement through training and other assistance enforces serious employment bottlenecks, which reduce the possibility of increasing global Gross Domestic Product (GDP). The current labor market continually works through a workplace imbalance. While most countries spend fortunes educating women, the inequalities present limit the return of money put into women, without being able to receive a return on investment. Plus, when educated women are pushed into lower positions, it leads to fewer economic opportunities and returns when high-level education and skills are left out of executive decision-making. Instead of

working on this disparity, males who are often less qualified are constantly rewarded (McKinsey & Company and [LeanIn.Org](#)), especially opportunity-wise. This lowers the quality of corporate leadership, while leaving highly valued skills underappreciated and underutilized.

As gender wage gaps, lack of social protections, and regulatory barriers combine, they eliminate the authority of females, consumer-wise, and with their purchasing capacity. Although the main consumers and buyers are women, these restrictive hurdles suppress the earnings of women. This suppression makes an economy suffer extensively from less consumer spending, stagnant or decreased GDP growth, etc.

C. Evaluation Standards and Organizational Culture

Workplace evaluations are constantly influenced by a double standard, especially prominent through behaviour. When women try to influence or exhibit decisive and assertive behaviours like their male colleagues, they face severe backlash and are constantly penalized opportunity-wise. This standard creates a gender barrier that forces women to act compliantly, which can limit promotional advancement.

These biased standards limit the utilization and access to executive pathways needed to level up the hierarchy. Historically and in the present, women are consequently undermined for their competency, leading to many entry-level women being overlooked for corporate advancement opportunities, including sponsorship among executives and training.

Moreover, women of color suffer large cultural prejudices that can harm their imposition of rules, their societal expectations, and more. These cultural barriers prove the systemic systems of privilege and prejudice rather than meritocracy.

VI. Conclusion

A. Summary of Key Findings

This paper showcases that the deficits of females in executive roles are driven by structural constraints instead of a lack of skills and education. This inequality limits female advancement and promotional opportunities during the initial levels of the corporate hierarchy, creating an imbalanced access to opportunities. A constant gender wage gap and unequal access to resources such as sponsorship and training are linked to representation disparities.

B. Implications for Businesses

Retaining a rigid executive structure often has negative impacts on modern companies through their operations and finances. The absence of females often isolates businesses from their main customer bases and hinders product/market innovation. Teams that are gender-diverse, especially in higher roles of management, largely maximize assets, boost a business's profitability, and improve collaboration and communication in the workplace.

C. Policy and Organizational Recommendations

Businesses must stray away from gender-specific norms to achieve a full, diverse, equitable company. Companies should make policies that ensure equality of funds allocation for both



males and females. These policies would reinstate equal investments for executive sponsorships and opportunities for training and leadership programs for women. In addition, companies should add a legislative framework designed to work to change as well as inform employees of the managerial constraints.

D. Final Reflection on Economic Growth and Equity

To conclude, abolishing gender inequalities is not an issue of social equality, but a need for change to institute economic stability globally. By minimizing the gender labor gaps, the usage of the idle female talent and experience can benefit the national GDP extensively by adding trillions to the economy. The change to structural equity can vastly improve a business's performance and profitability, transform gender roles in corporations, and increase economic outcomes.



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