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## DIFFERENCES BETWEEN MEN AND WOMEN LEADERS IN TERMS OF LEADERSHIP STYLE

### RAZLIKE IZMEĐU MUŠKARACA I ŽENA LIDERA U ODNOSU NA STIL VOĐENJA

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#### **Abstract**

*Despite the perception that the number of employed women is generally increasing or that the number of women in leadership positions is increasing, the analysis shows alarming trends. The number of employed women worldwide is lessened, and in some parts of the world, the number of women in leadership positions is also decreasing. This is surprising, given that all research shows that companies with a balanced number of men and women have a more competitive advantage than the ones without it because such companies show better sales and financial results. The research conducted in Croatia shows that Croatia follows negative global trends in the number of employed women and women in leadership positions. The research also shows that women in leadership positions more frequently use the most effective transformational leadership styles than their male colleagues and that companies, where there are more women in all leadership positions, have a better organisational impact than companies where this is not the case.*

**Keywords:** leadership, gender leadership styles, organisational performance

#### **Sažetak**

*Iako je percepcija da se broj zaposlenih žena općenito povećava, odnosno da se povećava i broj žena na rukovoditeljskim pozicijama, analiza pokazuje zabrinjavajuće trendove. Sve je manje zaposlenih žena u svijetu, a u nekim*

*dijelovima svijeta smanjuje se i broj žena na rukovoditeljskim pozicijama. To je iznenađujuće, s obzirom da sva istraživanja pokazuju kako poduzeća s uravnoteženim brojem muškaraca i žena imaju izraženiju konkurentsku prednost u odnosu na ona koja to nemaju, jer takva poduzeća ostvaruju bolje prodajne te financijske rezultate. Istraživanje provedeno u Hrvatskoj pokazalo je da Hrvatska prati negativne svjetske trendove u broju žena koje su zaposlene i koje su na rukovoditeljskim pozicijama. Istraživanje je također pokazalo da žene na rukovoditeljskim pozicijama više koriste najučinkovitije transformacijske stilove rukovođenja od njihovih muških kolega te da poduzeća u kojima su više zastupljene na svim rukovodećim pozicijama imaju bolji organizacijski učinak od poduzeća u kojima to nije slučaj.*

**Ključne riječi:** rukovođenje, stilovi rukovođenja, organizacijski učinak

## INTRODUCTION

Although a proportion of employed women worldwide seems to have increased, the data show differently. According to the World Bank data (2017), the number of employed women above the age of 15 has in the period from 1990 to 2017 dropped globally from 51.4% to 48.7%. At the same time, the number of employed men in the world population decreased from 80.0% in 1990 to 75.2% in 2017. On the other hand, in the European Union, the trend changed in the same period and the number of employed women increased from 46.3% to 51.4%, whereas the highest contribution was made by the countries which became members before 2004. The number of employed women there rose from 44.9% to 52.9%. In the member states which joined after 2004 this trend has not been so dominating, so the number of employed women has risen from 50.2% to 52.0%. In the European Union, only the members which joined no earlier than 2007 including the Republic of Croatia behave in line with unfavourable global trends. The number of employed women dropped from 54.6% to 45.8%, and in the Republic of Croatia from 47.3% to 45.5%.

In the United States of America, this share is stable, moving from 57.2% in 1990 to 56.7% in 2017. It is also interesting to look at the number of women employed in the most competitive countries of the world according to the list made each year by the Institute for Management Development. According to the 2017 categorisation, the list consists of the following countries: Hong Kong, Switzerland, Singapore, The United States of America, The Netherlands, Ireland, Denmark, Luxembourg, Sweden and The United Arab Emirates. The share of employed women in these counties in the same period rose from 47.6% to 55.7%.

Despite the fact that almost half of the world's female population is employed, their portion in leadership positions is disproportionately low. According to the Fortune Knowledge Group (2017) which lists the top 500 companies only 21 women are at the head of these organisations, which represents only 4.2% and it is a decrease if compared to 2016.

In the European Union, the situation is significantly better than in the United States, though far from the declared 40% of women in leadership positions in companies and in politics. On average, only 23.3% of the board members of the largest companies listed on the exchange markets of the European Union are women (European Commission, 2016). However, this is an increase since 2010 when there was 11.9% of them. The European Commission reacted then for the first time and established gender equality in the companies' management and politics as an important topic in the Union.

## METHODOLOGY

Given this data in the sources, in June 2017 there was a research conducted in Croatia with the intention of identifying the number of women managers in Croatian organisations at different hierarchical positions. The study involved 756 managers, 273 of whom were women and 483 men.

## DISCUSSION OF FINDINGS

Using the chi-square test, an analysis of the differences in the number of female and male managers at different hierarchical levels was made, and these results are presented in Table 1.

*Table 1 - Presentation of the actual and expected frequency of people in management positions depending on gender (N=756)*

		Management position in the organisation			
		Lower	Middle	Executive	GM or C-level
Men	Existing number	25	77	102	279
	Expected number	28	85	114	256
Women	Existing number	19	56	77	121
	Expected number	16	48	65	144
Difference		+3	+8	-12	-24

The obtained results indicate that there is a statistically significant difference between the number of men and women at different management levels in the organisations (chi-square = 12,68, df=3,  $p<0,01$ ). The differences show that women managers are disproportionately underrepresented in executive management positions compared to the total number of employed women and that men are disproportionately more represented in executive management positions compared to the total number of male employees. The research shows that there are more men in leadership positions in Croatian organisations at the highest hierarchical levels and more women managers at the lower hierarchical levels. This difference would probably be even greater if this research gathered data from persons in the non-managerial positions.

Insufficient use of skills of highly qualified women results in a significant loss of talent and potential economic growth. Various studies have shown that companies with a higher number of women at the highest levels have better organisational and financial results. Catalyst Research (2007) showed that companies with more women in their boards excelled their competitors with 42% higher sales, marked 66% higher return on invested capital and 53% higher return on total capital.

Research by McKinsey & Company (Hunt et. al., 2017) has shown that companies in the top quartile by gender, racial or ethnic diversity are more likely to achieve financial results above their national or industrial medians. If companies in the top quartile by gender diversity are observed, they are 15 percent more likely to have financial results above their national medians. In the United Kingdom, organisations with higher gender diversity in higher management mark the best results. For every 10 percent increase in gender diversity EBIT grows by 3.5 percent.

Research (TCAM, 2009) also showed that if management is poor, women managers can contribute to its improvement through more control and a positive impact on employees' motivation and thus increase company's values. Committees in which gender equality is present are more likely to focus on better and more systematic attention to better management and risk control.

As shown by the analysis of published scientific papers (Paustian-Underdahl et al., 2014), women are also significantly more effective in middle management positions than men. At the same time, the same analysis shows that women are generally significantly more effective in a business environment than men.

In the second part of the analysis of the research results, differences in preferred leadership styles as regards to gender were analysed (Table 2). The results indicate that men and women managers differ statistically one from another in use of transformational leadership styles, i.e. women use them statistically significantly more frequently. In addition, the greatest differences were found in individualised care scales and idealised influence (attributed and behaviour). These are transformational leadership styles that have in this research, as well as in general in the sources, proven to be the most powerful transformational forces regarding achieving a positive impact on the motivation of employees and the effect of the organisation.

*Table 2 Display of the results of the differences test on the MLQ with regard to the gender of the participants using the t-test (N = 756)*

	t	df	significance	Cohen's d
idealised impact (attributed)	-4.10	754	<0.01	-0.31
idealised influence (behaviour)	-2.59	754	<0.01	-0.20
inspirational motivation	-1.12	754	>0.05	-0.10
intellectual stimulation	-1.59	754	>0.05	-0.11
individualised care	-2.79	754	<0.01	-0.22
conditional rewarding	-1.00	754	>0.05	-0.09
active management by exceptions	-1.72	754	>0.05	-0.11
passive management by exceptions	0.91	754	>0.05	0.06
laissez-faire	0.70	754	>0.05	0.05

The research made by Bass, Avolio and Atwater (1996), stating that women managers more often use transformational leadership styles unlike men and that such behaviour is associated with greater employee satisfaction and teams' efficiency and organisations they manage. Therefore, this research shows that these results are in line with those set forth in the sources. Also, Eagly, Johannesen-Schmidt and van Engen (2003) conducted a meta-analysis of gender differences, considering the use of leadership styles across the entire range of leadership using the normative MLQ database. Their results show that women are estimated to be more transformational managers than their male colleagues, but also more willing to apply conditional rewarding style as the most effective style in the transformational range of leadership styles. On the other hand, men, as executives, have shown they are prone to actively manage exceptions, as a less efficient transactional leadership style, as well as passive management except for the so-called "passive/avoidant leadership style.

## CONCLUSION

The results indicate that the Croatian women managers are also increasingly using transformational leadership styles, which are more appropriate to contemporary business challenges. Based on the understanding that women are more prone to use transformational leadership styles and that these styles are significantly associated with the success of organisations. Also, many organisations and countries have decided to have in place systematic activities to encourage women to take over leadership positions as much as possible, including the most demanding ones at the management board level. Companies that promote gender equality are more capable of acquiring top talents and of increasing their customer orientation, as well as general employee satisfaction and better decision making. This all leads to better business results. In addition to gender, research suggests that other types of diversity, such as age, racial and minority origin and like can contribute to increasing the company's competitive advantage. It is therefore recommended for companies to utilise even more the benefits that women managers bring and to take systematic care to achieve the favourable conditions for their employment and their promotion to the highest hierarchical levels. Also, it is recommended that systematic activities on women's employment in leadership positions start taking place as soon as possible and to further stimulate the development of competitiveness at all its levels across Croatia.

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