



Signaling change during a crisis: Refining conditions for the glass cliff



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HIGHLIGHTS

- A glass cliff describes the preferential selection of a female leader in a crisis.
- We manipulate company performance and its (economy vs leadership).
- A glass cliff only occurs if company's performance is attributed to bad leadership.
- The glass cliff is explained by the woman's perceived potential to signal change.
- Nontraditional leaders are strategic choices to signal change to the outside world.

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ABSTRACT

Research into the glass cliff indicates that adverse company circumstances, compared to favorable ones, increase the likelihood of women to be appointed in leadership positions. Study 1 refined the conditions under which a glass cliff occurs by demonstrating a preference for a female leader when a company's performance was attributed to past leadership (an internal, controllable cause) but not when it was attributed to global economic circumstances (an external, uncontrollable cause). Study 2 replicated the glass cliff for a controllable context and revealed that the female candidate's potential to signal change, rather than her quality and suitability as a leader, accounted for the preference of the female candidate. We conclude that women, as non-traditional leaders, are strategic choices of companies with the aim to signal change to the outside world (e.g., investors) when past leadership is held responsible for a crisis. However, they are not expected to actually impact on the company's performance through their leadership quality.

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After the 2008 financial crisis, Icelandic banks appointed female leaders “to clean up the ‘young men’s mess’” (O’Connor, 2008a) that was seen to be caused by “buccaneering, reckless – and overwhelmingly male” directors (Sunderland, 2009). As a government minister contended, the appointment of two women as chief executives to two newly founded Icelandic banks “is an attempt to signal a new culture within the banking system” (O’Connor, 2008b). In parallel, the governance of the country was trusted to a woman, Jóhanna Sigurðardóttir, who in 2009 became the first woman to be the Prime Minister of Iceland.

The preference for women in these roles may be surprising given the evidence that women's chances of being appointed to leadership positions are typically lower than are men's (e.g., Eagly & Karau, 2002). This is the case, at least in part, because stereotypes convey a masculine

image of leaders (the think manager–think male association, Schein, 2001; see also Koenig, Eagly, Mitchell, & Ristikari, 2011). However, the Icelandic case suggests that in troubled times, a female presence may be advantageous. This is supported by a program of research that illustrates through experimental and archival studies that women may occupy leadership positions more readily under precarious than favorable conditions, a phenomenon that has been labeled the *glass cliff* (e.g., Haslam & Ryan, 2008; Ryan & Haslam, 2005, 2007). Research has documented the glass-cliff phenomenon in different organizational (e.g., Bruckmüller & Branscombe, 2010) and political (Ryan, Haslam, & Kulich, 2010) contexts, and for different minority groups (see Cook & Glass (2013); Kulich, Ryan, & Haslam (2014), for ethnic minorities). Despite the amount of evidence documenting glass-cliff tendencies, and a growing literature investigating some of the processes underlying the glass cliff (see Bruckmüller, Ryan, Rink, & Haslam (2014), for an overview), it is not clear whether glass cliffs occur in any type of crisis or whether the nature of the crisis is important.

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1. Refining the notion of “crisis”

In view of the financial crisis being a highly topical issue in current world economics, it is highly relevant to ask whether the appointment of women to glass-cliff positions occurs as a consequence of any type of crisis, or whether the perceived cause of the crisis plays a role. The present research fills this gap in the literature by disentangling the impact of a crisis that derives from faulty management of the company and a crisis that stems from global economic trends that are not under the control of the company's management.

Past experimental studies exploring the glass cliff have not always been explicit about the type of crisis faced by a company, nor about the role of past leadership in the development of the crisis (e.g., Haslam & Ryan, 2008). One exception comes from Bruckmüller and Branscombe (2010). Here, the authors gave information about the history of a company's past leadership by informing participants about the gender of the previous leader. This had an impact on participants' choice of the incoming leader, such that they were more likely to appoint a woman when the former leader had been male rather than female. This finding suggests that participants inferred that the crisis had something to do with the type of past leadership, and it is likely that in many other glass cliff studies participants thought by default that previous management was male. However, typical glass cliff studies do not distinguish between internal and external causes of a company's crisis. To illustrate, Gartzia, Ryan, Balluerka, and Aritzeta (2012, p. 10) told participants that the company in question had “experienced decreasing performance during the preceding months as a consequence of both the current negative global financial situation and the lack of management abilities of the existing management team.” In this scenario, we find a similar situation as in the Icelandic banks, where causes for the crisis combine both controllable reasons (i.e., banks' risky management) and uncontrollable reasons (i.e., the general financial crisis). The aim of the present research is to disentangle these two types of reasons.

We argue that a different, new leadership may be viewed as a proactive way to deal with a crisis following faulty leadership. In this way, that the appointment of a non-traditional leader (i.e., a woman) should be most likely in a context where the company can actually intervene and change things, that is, when the company possesses some control over the causes for poor performance. Traditional leadership positions are typically seen as masculine and are thus most likely to be occupied by male leaders (Schein, 2001). Hence, signaling a significant change in leadership can be achieved by the replacement of a man by an atypical leader. Indeed, research demonstrates that adverse situations produce a desire for change, and that under such circumstances outsiders are likely to be chosen as leaders (Kaplan & Minton, 1994). It further shows that stereotypes associate stability with male leaders, and change with female leaders (Brown, Diekmann, & Schneider, 2011). Thus, in a controllable crisis context a female leader may be seen as a good fit. In contrast, if a company's crisis stems from a global economic crisis, which is uncontrollable by leaders, changing the leadership of the company may not be the ideal solution.

In summary, the choice of a woman for a leadership position may be judged to be advantageous when poor performance results from a company's previous (actual or supposedly) male management practices. Conversely, the replacement of a man by a woman may not be judged helpful in a company that struggles because everyone around it struggles as well. When previous leadership is not identified as responsible for poor performance, it may be neither necessary nor enough to replace it to change the situation.

Now the issue is what *kind* of change is expected from the appointment of a woman instead of a man in precarious times following faulty management. The next section will discuss two mechanisms that potentially cause glass cliff appointments.

2. Organizational change as an explanation of the glass cliff

One of the most explored explanations of the glass cliff is that stereotypes of women are associated with a communal leadership style that is deemed useful in difficult times (Bruckmüller et al., 2014). If past agentic and typically masculine leadership is seen as unsuccessful, suitable leadership may be newly defined in a crisis context. As seen in the Icelandic example, an alternative leadership style would be communal and more risk-averse. Social roles associated with women fit such expectations. In line with social role congruency theory (Eagly & Karau, 2002), women should then become more likely to be selected as leaders. Indeed, Ryan, Haslam, Hersby, and Bongiorno (2011) provided empirical evidence that communal traits, such as being understanding, tactful, and empathic, are valued in times of crisis. However, instead of actively improving the company's performance, these stereotypical feminine traits are only rated more useful than masculine traits for “passive” leadership missions such as enduring and taking the blame of a crisis, and for managing people (see also Gartzia et al. (2012); Rink, Ryan, & Stoker (2013)). Importantly, when the leader's mission is to directly impact on the company's economic situation, masculine traits are valued to the same extent as feminine traits (Ryan et al., 2011, Study 3). Translating these findings on gendered traits to the male and female social categories, the choice of an atypical leader (i.e., a woman instead of a man) may not indicate the valorization of feminine leadership competence as a means for improving performance, but it may rather signal to the evaluators of the company (i.e., investors, clients, and other companies) that the company is taking action in order to cope with the crisis. The aim is to influence investors' evaluations towards a positive trend, a strategy called “window dressing” in the finance world (Helland & Sykuta, 2004).

In sum, changing the leadership of a company through the appointment of a woman may be confined to a visible *signal of change*, that is a strategy to influence the evaluations of an under-performing company and thereby potentially impact, for example, the company's market performance (Haslam & Ryan, 2008; Ryan & Haslam, 2007; Ryan, Haslam, & Postmes, 2007; see also Bruckmüller et al. (2014)). However, it might not actually aim at an *actual change* as regards a different way of leading the company that would directly impact the company's (accounting) performance (see Kulich, Iacoviello, & Lorenzi-Cioldi (2015), for a discussion).

3. The present research

In this paper, we argue that when a company is facing a crisis, the company board may seek solutions to reverse the current negative trend. As was suggested by the Icelandic government minister cited in the Introduction, one strategy is to appoint a non-traditional leader that will visibly break with the previous type of leadership. As a consequence, appointing a woman in a struggling company would be a strategic way to implement change. Such a strategy is only likely used when a company's performance is deemed controllable, that is, when it is not contingent on external, uncontrollable factors.

In accordance with previous research into the glass cliff, we expect that a woman will be preferred as an incoming leader in a poorly-performing company compared to a successful company. However, in line with our signal of change argument, we argue that the preference for a woman should emerge only in controllable types of crises and not in external crises (Hypothesis 1). Study 1 will test this hypothesis by examining gendered leadership choices in two experimentally-created attributional contexts: a company's performance that is primarily influenced by its past leadership (internal and controllable), and a company's performance that is primarily influenced by economic circumstances (external and uncontrollable).

In addition, we reason that when faulty past leadership is the cause of the company's failure, replacing male leadership with female leadership is likely to indicate that this change is strategic. Thus, Study 2 will

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