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Can a Female CEO Lead to More Diversity at the Top?

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> At family firms, decisions are often shaped by traditions, preferences, or informal dynamics that are not easy to override, even for the CEO.

Research has shown that gender-diverse leadership can benefit a business. Firms with a greater female representation in the top management team (TMT) tend to be more creative, better at navigating uncertainty, and more likely to deliver strong performance. Yet women continue to lag behind their male counterparts, remaining underrepresented in the upper echelons of firms—and especially so in family firms.

This raises a timely question for business owners: *Can the presence of a female CEO help increase gender diversity in the top management team? Under what conditions?*

Our study – based on survey collected data on 153 Italian firms – says yes, but only under certain conditions. Whether a female CEO helps bring more women into top management depends on two key factors: the *decision authority* she holds and whether the firm is a *family firm*.

Two Concepts That Explain Women's Struggles

Analyzing the issue, we expected that female CEOs would be more likely to bring other women into top roles, helping to "break the glass ceiling." We based our arguments on two psychological concepts: the attraction-selection-attrition model and role congruity theory. The first concept describes why organizations are the way they are and how individuals and organizations use three dynamic processes – attraction, selection, and attrition – to shape and sustain organizational culture. Role congruity theory says that society expects certain behaviors from women and from managers, and the conflict between these stereotypes causes society to think negatively about women leaders. This creates prejudice and negative evaluations of them, giving rise to the "think manager, think male" paradigm.

In a nutshell, we argued that the presence of a female CEO may attract women as candidates for top executive positions: They may become role models for other women and encourage them to pursue top executive positions. Moreover, a female CEO may encourage the organization to hire more female executives, and push for more gender-diverse hiring. Finally, the fit with a gender-equal environment and culture – as signaled by the presence of a female CEO and a TMT with female managers – may reduce attrition and retain women already in the TMT. Taken together, these arguments suggest a positive relation between the presence of a female CEO and the presence of other women in the TMT.

Nevertheless, we also thought this positive relation would only work if the female CEO had enough decision-making power and in specific contexts. Indeed, the more decision authority granted to a female CEO, the more she can play a role in attracting and selecting female executives and encouraging them to stay with the firm. However, family firms might not offer a fertile ground for this to happen. In a family firm, where decision-making is often influenced by tradition or family dynamics, we suspected that even if the female CEO has sufficient decision authority, she might not be able to change the status quo.

What We Studied

To test the hypotheses, we analyzed a sample of 153 Italian firms, which included both family and nonfamily firms. We collected data through a survey addressed to their CEOs and from secondary sources of information (e.g., firms' balance sheets). We measured *TMT female* *representation* as the percentage of women in the TMT. We instead computed *CEO decision authority* as the average across 17 strategic decisions that CEOs evaluated in the survey; specifically, we asked CEOs to indicate whether each decision was under the responsibility of the board of directors or delegated to them. Finally, we identified the *family firms* in the sample by using the self-identification criterion (i.e., by asking CEOs whether they considered their firm a family firm or not); we then analyzed ownership data to cross-check this information.

What We Found

Our analyses revealed that when a firm is led by a female CEO, it tends to have more women in its TMT. Therefore, female CEOs appear to act as both role models and gate-openers. They may attract more female candidates, select more women for top executive roles, and create an inclusive culture that helps retain women at the top.

But here is the catch: this only happens when the CEO has enough decision-making authority.

When female CEOs are given greater authority to make strategic decisions, they are better able to shape leadership teams that reflect their values. However, when boards limit that authority – by holding on to decision rights or involving themselves in TMT selection – this positive effect disappears.

We saw this at work in family businesses. Our findings showed that these dynamics do not hold in family firms, suggesting that these organizations may not be as interested in gender equality. Indeed, even when a female CEO leads a family firm – and even when she has formal decision authority – she is less likely to influence who joins the TMT, especially when considering gender-related decisions.

Why? In family firms, power does not always accompany formal titles. Decisions are often shaped by family traditions, preferences, or informal dynamics that are not easy to override, even for the CEO. In these cases, the “glass ceiling” becomes harder to break – especially for women who are not family members.

Moreover, many family firms still rely on a masculine model of leadership passed down through generations. This can dampen efforts to promote women to senior roles, regardless of who sits in the CEO chair.

Takeaways

Our research offers practical lessons for family firms aiming to foster more inclusive leadership:

- Appointing a female CEO is a good first step – but only if she is empowered. Board of directors need to grant sufficient decision-making authority for her to drive change, for instance delegating decisions related to the appointment of top executives and the structuring of the organization.
- Family culture matters. Longstanding traditions and informal decision-making structures can limit even the most committed CEO’s ability to reshape the leadership team.
- If you want more women at the top, assess not just your CEO but also your governance model. Who really makes decisions about leadership appointments?

Rethinking the Path to Gender Diversity

In the broader business world, firms are making progress toward gender equality in leadership. But in family firms, old dynamics and informal power structures often stand in the way. Our study suggests that real progress starts not only with who leads the firm, but also how leadership is shared – and whether the CEO is truly allowed to lead. By giving female CEOs the authority to act, and by reassessing traditions that might unintentionally reinforce inequality, family businesses can begin to dismantle the glass ceiling for good.

Explore the Research

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