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Why We Hire Women And Minorities To Clean Up Our Messes



By Jillian Berman



WASHINGTON, DC - JUNE 18: General Motors CEO Mary Barra testifies during a House Energy and Commerce Committee hearing on Capitol Hill on June 18, 2014 in Washington, DC. The committee is hearing testimony on GM's internal recall investigation and how the company is changing to prevent another safety crisis similar to its deadly delay in recalling millions of defective cars. (Photo by Mark Wilson/Getty Images)

What do President [Barack Obama](#) and General Motors CEO Mary Barra have in common? They're both prominent examples of our tendency to push minorities into leadership positions in times of crisis.

This phenomenon, known as the "glass cliff," is real, according to a [study](#) by Christy Glass and Alison Cook, professors at Utah State University, published in the most recent issue of the Strategic Management Journal.

Companies typically put women and minorities in the CEO job in times of poor performance, according to their review of CEO changes at Fortune 500 companies over the past 15 years. And minority CEOs promoted in times of trouble are typically replaced by white men, if they can't turn the company around — a dynamic Glass and Cook describe as "the savior effect."



the years leading up to CEO changes. A negative ROE usually means the company is doing something wrong. The study found that women took CEO jobs at companies with a negative ROE 30 percent of the time, minorities took over companies with a negative ROE 24 percent of the time, and white males took over when ROE was negative 18 percent of the time. In other words, companies in trouble were less likely to hire white males and more likely to hire women and minorities.

President Obama, the nation's first black president, who took over when the country was suffering the worst recession and financial crisis since the Great Depression, is an example of this concept on a political level. Barra might be the most prominent recent example in the corporate world.

GM promoted Barra just before revealing it was [recalling millions](#) of cars over serious safety issues. In her first months on the job, Barra has had to guide the company through a public-relations debacle, get [grilled by Congress](#) and start to clean up the mess.

Little wonder that [pundits](#) have [warned Barra](#) that she may be standing on a glass cliff.

Last month Today Show host Matt Lauer [asked Barra](#):

Lauer: I want to tread lightly here. You've heard this, you heard it in Congress. You got this job because you're hugely qualified, 30 years in this company a variety of different jobs. But some people are speculating that you also got this job because as a woman and as a mom because people within General Motors knew this company was in for a very tough time and as a woman and a mom you could present a softer image and softer face for this company as it goes through this horrible episode. Does it make sense or does it make you bristle?

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when they know the company is in trouble.

The result is that a company might announce an “historic first” appointment at the same time that they’re really setting up that person to fail.

It also means the company could be making poor use of a leader who is exceptionally qualified. As Glass noted, for women and minorities to rise to the top, they had to be “flawless,” overcoming bias — both subtle and not — at almost every moment in their career.

As a reward, they get their dream job at just about the worst possible time.



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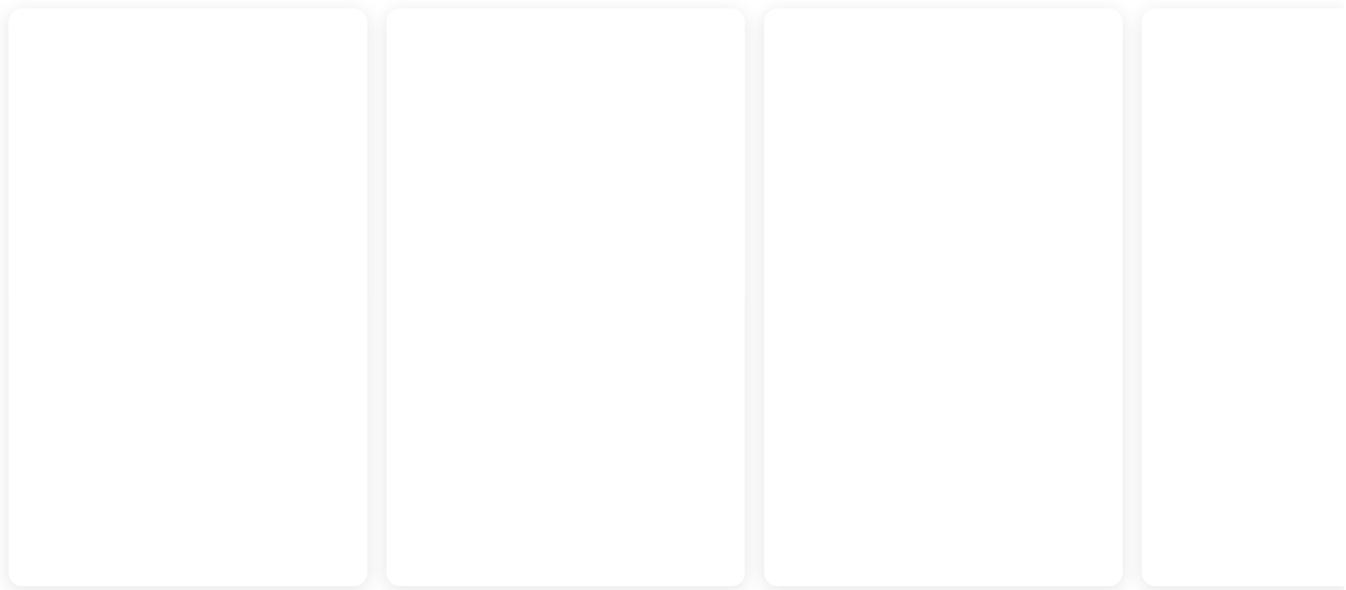
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Though Barra called Lauer's speculation "absolutely not true," Glass said her research suggests Lauer's question was not unreasonable. Companies are more likely to hire their first woman or minority CEO when they know trouble is coming, she said. For example, oil giant Sunoco's first female CEO took the helm after [shares of the company were down 52 percent](#). Some have [argued that Yahoo CEO Marissa Mayer](#), who was brought in to revive the struggling tech giant, is also an example of the phenomenon.

"It's not surprising she was promoted now," Glass said of Barra. "Here's a woman who is clearly exceptionally capable, but when is she promoted to CEO? Right before this crisis hits."

There are many reasons why companies may suddenly choose to hire somebody who's not a white male when they're in crisis mode, Glass said. For one, they probably want to signal a dramatic change. Stereotypes also play a huge role: Women may be perceived as better able to humbly rally the troops and apologize publicly for a company's failings. And people