October 23, 2012

Want to be a CEO? Watch when you're born

By JANET McFARLAND

Being one of the older children in your class improves chances later in life, says study of Fortune 500 executives

A person's birth date not only improves the odds of success in elementary school – it can also have an impact throughout life and improves the odds of climbing the corporate ladder into the CEO's corner office.

A new study of CEOs of U.S. Fortune 500 companies shows a significantly lower portion were born in June and July, which means they were not the youngest children in their classrooms.

While most Canadian schools use a cutoff based on a calendar year – which means the youngest students in the class are typically born in December – the trend in most U.S. states is to have a cutoff at the end of August, which typically means the youngest students in the class were born in the summer.

Study co-author Maurice Levi, a professor at the Sauder School of Business at the University of British Columbia, said researchers have long known that older children in a class tend to do better on average than younger children. But he said his work suggests that being one of the oldest children in your class can have an impact that stretches long into adulthood when people become CEOs.

"That's the big surprise of the research ... that it should extend so far in life is phenomenal," he said in an interview.

Mr. Levi argues older children in classrooms are often rewarded with leadership roles that help them build confidence that benefits them throughout their lives.

"The confidence that people gain feeds upon itself, because if you're self-confident you assert yourself, and if you assert yourself you get noticed," he said. "So it's a lifetime effect."

The study of 375 chief executive officers concluded that 12 per cent of the corporate leaders were born in June and July, compared to almost 17 per cent of the U.S. population overall. Researchers excluded August because educators have found a portion of people wait a year to enroll their children in school if they are going to be the youngest in their classes, so people born in August may have been the youngest or oldest in their classes.

Mr. Levi said the difference in CEO rates for people born in June and July is statistically meaningful and there is just a 1 per cent chance the trend is simply a coincidence.

The "birth-date effect" has not been studied carefully for CEOs because it requires researching where they began school and what the cutoff date was in that jurisdiction, he said.

"You can't just look at somebody's birth date," he said. "You need to figure out where they entered school first, which is not necessarily where they were born."
He said the flip side of the data is that they suggest younger children in classrooms may carry a stigma or "sense of inferiority" long into their lives. However, he notes the birth effect trend isn't firmly fixed.

"It doesn't mean if you were born in the summer you've got no hope of becoming a CEO. You've got statistically less chance of becoming a CEO."

The Globe and Mail, Inc.