Glass ceiling or glass cliff?

A case study of gender diversity in a Finnish consumer cooperative

Authro: Salme Näsi, Johanna Kujala & Miira Kokkonen

Abstract

The purpose of this study is to examine the gender gap in a large Finnish consumer cooperative called the S Group. Specifically, we study why women are not equally represented in the top managerial positions and the most powerful board member positions of the group. The results of the study show that, despite the cooperative values of democracy, equality, equity and solidarity, the glass ceiling effect exists within the S Group. However, the results do not show that the glass cliff effect exists. Women make up 76% of the total employees but only 26% of the top management. Moreover, women and men perceive the gender gap quite differently. For men, the gender issue is “not a problem”, as they emphasise competence and assume that there are not enough women with the willingness, suitable experience and profiles required for top management positions. Conversely, women experience difficulties in becoming part of the masculine networks and breaking the glass ceiling to top positions.

Keywords: Gender equality, diversity, glass ceiling, glass cliff, cooperatives

Introduction

Gender equality is a social innovation that has brought renewal and prosperity to society because the contributions of both men and women have been in use. Nordic countries,
including Finland, are pioneers in gender equality. This is based partly on historical reasons: Finland was the first country in the world to grant women full political rights in 1906, and the first 19 female members of parliament in the world started work the following year. By the middle of the nineteenth century, Finnish women activists had read John Stuart Mill’s book and were speaking about the importance of education for girls. The first women’s organisations were established, and the first co-educational schools were opened in Finland during the 1880s (Ministry of Social Affairs and Health, 2018.)

Based on this special history, it is a common understanding in Finland that we are a forerunner in gender equality, as well as in work life, and this is supported by recent studies. In the EU’s Gender Equality Index, published by the European Institute for Gender Equality (EIGE), Finland was rated as the second-best European country with 72.7 points. The Gender Equality Index consists of six areas: work, money, knowledge, time, power and health. Finland received the best points for money, work, health and political power.

However, even Finland is still far from the full 100 points. At the European level, the greatest gender inequalities relate to power positions in politics and economics, as well as to using time for tending and relaxation activities (European Union, 2015).

The purpose of this case study is to examine the gender gap in a leading Finnish consumer cooperative, the S Group. As one of the cooperative’s basic values is equality, we assume that there will be gender diversity in the cooperative governance bodies and in top management. Democracy and democratic member control are realised in the cooperative through the members’ participation in all governance bodies. This paper concerns the equality (or inequality) of women in the cooperative. More specifically, our objective is to determine the role of women in the elected governance bodies, as well as in top management (CEO and other top positions), and the reasons for their underrepresentation in the most important
positions, such as members of the Board of Directors, CEOs and other director positions. We try to determine why women are not equally represented in the top positions in a leading Finnish cooperative despite the country’s reputation for gender equality. The role of women, especially in consumer cooperatives, should be strong due to the role of women in the household and home economy.

Theoretically, we build on glass ceiling and glass cliff frameworks and discuss the ideas of stakeholder theory vs. agency theory in relation to these frameworks. According to Kang et al. (2007), “Gender is arguably the most debated diversity issue, not only in terms of board diversity, but also in politics and in other general societal situations”. In recent years, there have been various quota systems designed to increase the representation of women in government (e.g. gender quotas exist for political parties in countries like France and Sweden). Finland does not have gender quotas, but 60/40 is a generally acceptable criterion for gender equality in all societal situations. Referring to Brennan and McCafferty (1997), Kang et al. (2007) wrote:

Indeed, there exists some evidence that women on the board can increase a corporation’s value. It has been suggested that there are two advantages of having women on board. First, women are not part of the “old boys” network, which allows them to be more independent. Second, they may have a better understanding of consumer behaviour, the needs of customers, and opportunities for companies in meeting those needs. (p. 196)

However, it often appears that women do not advance above a certain management level in corporations. This phenomenon is known as the glass ceiling effect. In addition to the glass ceiling effect, recent literature on gender diversity in high leadership and management positions refers to the glass cliff effect. Ryan and Haslam (2005) concluded that
women are often appointed to leadership positions under problematic organisational circumstances associated with a greater risk of failure and criticism, a phenomenon known as a glass cliff.

Francoeur et al. (2008) studied gender diversity in corporate governance and top management and tested the main predictions of agency and stakeholder theory concerning the impact on firms’ performance of increased female representation in corporate boards and top management. Their results indicated that firms operating in complex environments and having a high proportion of women officers do experience positive and significant monthly abnormal returns of 0.17%, which can be extrapolated to a 6% return over three years. However, having more women on corporate boards or on both corporate boards and in top management does not seem to generate significant excess returns (Francoeur et al., 2008). This means that firms with a high proportion of women in both their management and governance systems create enough value to keep up with normal stock-market returns, which fits the viewpoint of agency theory. Francoeur et al. (2008) concluded that the agency theory suggests that having more female board members will bear no (i.e. neither negative nor positive) financial consequences, while the stakeholder theory foresees business (and certainly social) benefits from promoting women to senior management positions. Regarding the glass cliff effect, Francoeur et al. (2008) suggested that female managers perform better than male managers because women are given fewer promising positions to start with.

Galbreath (2018) suggested that the link between women on boards and firms’ financial performance is indirect, as female representation on boards leads to higher levels of corporate social responsibility, which, in turn, has proved be positively linked to firm financial performance. This finding supports the stakeholder theory (Freeman, 1984) as, due to a set of psychological characteristics, female managers will pay more attention to
stakeholder interests and consider a broader set of stakeholders than male managers (Adams et al., 2011; Galbreath, 2018; Wood & Eagly, 2009). Along with gender diversity, women often bring experience and knowledge from various disciplines, as they tend to enter the top management level with different backgrounds than men (Dalton & Dalton, 2011). These characteristics help female managers engage with a diverse set of stakeholders and foster the social performance of the firm along with its financial performance.

The rest of the paper is organised as follows. First, we introduce our research method and our cooperative business case. Next, the research findings are presented. Discussion on theoretical and empirical implications, as well as limitations and future research possibilities, conclude the paper.

**Research Methods**

The research analysis is based on both statistical and qualitative data collected in 2016 and 2017. The data were collected in three ways. First, the statistical data were collected from various publicly available documents of the S Group. Then the graphical results (see Figures 1–3) of this data and four open but focused questions were presented via email to 58 individuals representing the CEOs and chairs and vice chairs of the Supervisory Boards of the 20 regional cooperatives in the S Group. They were asked to comment on the statistical data and to describe their experiences with the role of women in the cooperatives’ governance bodies, Boards of Directors and top management. They were also asked to discuss means to increase the number of women and to improve the women’s role. Responses were received from 25 informants (11 women, 14 men; response rate 43%). Finally, a face-to-face focus group interview was conducted with four successful women in the group in the summer of 2017. The two sets of qualitative interview data were analysed using an inductive-oriented strategy,
i.e. instead of formal coding procedures, direct interpretation of the research material was used (see Eriksson & Kovalainen, 2008, p. 127–129; Hsieh & Shannon, 2005).

The Case

The cooperative business model has been in use for more than a century in the Nordic countries and is even today a very popular business model. Measured by the number of memberships in cooperatives and mutual per capita, Finland is one of the most cooperative countries in the world. The cooperative is a value-based business model and is assumed to follow the cooperative values and principles defined by the International Cooperative Alliance (ICA). The basic values of cooperatives are self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of the founders of the business model, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others. The seven principles of cooperatives are voluntary and open membership, democratic member control, members’ economic participation, autonomy and independence, education, training and information, co-operation among cooperatives and concern for community (International Co-operative Alliance, 2018).

For our purposes, the following values and principles are especially relevant: democracy and democratic member control, equality and equity. Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serve as elected representatives and are accountable to the members. In primary cooperatives, members have equal voting rights (one member, one vote), and cooperatives at other levels are also organized in a democratic manner. The term *equality* as a cooperative value is about promoting and fostering everybody’s right to be different, about being free from discrimination, valued as an individual and having choice and
dignity with a right to your own beliefs and values. The term *diversity* in our title means “varied and different”. Diversity, therefore, is about more than equality. It is about creating a culture which values individual differences and variety for the benefit of society, individuals and organisations (Marshall, 2015). Equity means fairness or justice in the way people are treated, as well as in hiring people to top management positions.

This research case focuses on a large Finnish consumer cooperative called the S Group, established in the year 1904. Today, the S Group consists of 20 independent regional cooperatives, owned by their members, and SOK Corporation, owned by the regional cooperatives. In addition, seven local cooperatives belong to the group. In total, the S Group has about 2.2 million members, i.e. “customer owners”. Some 80% of Finnish families have a membership in one of the regional cooperatives. The network of cooperatives extends throughout Finland with more than 1,600 outlets: supermarkets, department and speciality stores, service stations and fuel trade, travel industry and hospitality businesses, hardware trade and a bank. In its most important business areas, namely food, groceries and specialty goods, the domestic market share of the S Group was around 47% as of 2017. The S Group is the biggest employer in Finland with 32,000 employees.

The S Group, like most large cooperatives in Finland, has a two-tiered board system consisting of a Board of Directors and a Supervisory Board. Each one of the 20 regional cooperatives has a members’ Body of Representatives, which is voted in via elections held every fourth year. The Body of Representatives elects the members of the Supervisory Board, and the Supervisory Board nominates members of the Board of Directors and the CEO of the cooperative. All individuals in the cooperatives’ governance bodies must be members of the cooperative in question. However, the members of the Board of Directors are not necessarily elected representatives but, rather, management professionals from
different sectors in society. The chair of the Supervisory Board is the foreman to the CEO of the cooperative.

**Findings**

Our show that the glass ceiling effect exists within the S Group, while do not show that the glass cliff effect exists. Women make up 76% of the employees but – despite the cooperative values of democracy, equality and equity – only 26% of the top management. Moreover, women and men perceive the gender gap quite differently. For men, the gender issue is “not a problem”; they emphasise competence and assume that there are not enough women with the willingness, suitable experience and profiles required for top management positions. Conversely, women experience difficulties in entering the masculine networks and breaking the glass ceiling to top positions.

As Figure 1 demonstrates, men and women are equally represented in the Body of Representatives, as well as in the Supervisory Boards. In the former, the gender equality is based on voting in elections and, in the latter, in elections organised by the representatives. However, Figure 2 shows that of the chairs of the 20 regional cooperatives’ Supervisory Boards, 15 (i.e. 75%) were men, and only 5 (i.e. 25%) were women in 2016. So, in most cases, the vice chair was a woman. The fact is that the chair is much more powerful – and much better paid – than the vice chair, who is the foreman of the CEO. Moreover, as Figure 3 demonstrates, the CEOs of the regional cooperatives of the S Group are almost all men. Of the 20 CEOs, only two were women in 2017.

Figure 1. The gender distribution in the governance bodies and top management in 20 regional consumer cooperatives in Finland in 2016.

Figure 2. The gender distribution of the chairs and vice chairs of the Supervisory Boards of the regional cooperatives of the S Group in 2016.
Men also have a clear majority in the Board of Directors and in top management. In the Board of Directors, about 70% of the members are men, and 30% are women. In the top management, the corresponding numbers are 74% and 26% in 2017. However, of all the paid workers in the S Group, 76% are women and 24% men – nearly opposite to the top management.

The above figures, based on the statistical facts, and an Internet questionnaire were sent to 58 individuals representing the CEOs and chairs and vice chairs of the Supervisory Boards in the S Group. We received responses from 25 informants (11 women and 14 men; response rate 43%) to the open questions, and that data forms our qualitative data.
Regarding the results of the statistical analysis, the comments given by female and male representatives of the CEOs and chairs and vice chairs of the Supervisory Boards in the S Group were clearly different. The first question in the Internet questionnaire asked for comments on the current gender diversity situation. The female respondents pointed out important issues. First, almost all the female informants stated that the share of women in the Boards of Directors and in top management is absolutely too small. Second, they stated that the higher the position in question, the more difficult it is for women to reach it.

Compared with the female respondents’ answers, the male informants’ responses were mostly very laconic, stating the situation as a matter of fact and that it reflects the situation in the informant’s own cooperative and the situation in our society in general and is based on recruitment. However, several male informants emphasised difficulties in finding (or a shortage of) competent women with appropriate profiles for Boards of Directors and top management positions. One of these respondents, though, asked, “are there no stones left unturned?” and another asked, “is gender really a problem at all, and is it an absolute value to measure things based on gender?” We can summarise that the female respondents are not happy, and the males do not make an effort to change the situation.

The second question in the Internet questionnaire asked what kind of experiences the informants had with the role of women in the cooperatives’ governance bodies, Boards’ of Directors and in top management. In their responses, the female respondents again emphasised two points. First, to reach the higher positions, women must have more references than men. Men support men, and it is difficult to become part of the men’s networks. Secondly, many women expressed that, based on their experiences, women vilify each other as well as men in all positions. Some of the female informants said they have been tested regarding their competence or time available for governance work due to their
gender. Several women said that they are the first women in their current posts. Some female informants referred to the glass ceiling and to the deeply rooted masculine business culture.

Again, the men’s responses were mostly laconic, stating that experiences are good and positive. Male respondents often neglected the importance of gender, as this quote shows: “A competent and committed woman handles her job as well as a man.” Some of the male respondents expressed the opinion that women have the same opportunities as men, that the women’s position is good – but competence and suitability are pivotal.

The third question in the Internet questionnaire addressed the means to increase the number of women in the cooperatives’ Boards of Directors and top management posts. The enlightenment of CEOs, foremen and the members of the nomination committees about the importance of gender equality was mentioned as a concrete mean to increase the number of women in top positions. Encouragement of women was seen important, too. Some of the women informants brought up quotas but didn’t support the idea. Several men mentioned the gender quota, and they were all against it. “There is no reason to add to the number of women with whatever means.” Competence and expertise were emphasised. One of the female informants argued that “only women propose women”, and one of the men said that “the CEO often controls and has influence on the Board nominations, and if there were more female CEOs, the Boards would also be different.”

The last question in the Internet questionnaire addressed improving the women’s role in the cooperatives’ Boards of Directors and top management. The female respondents emphasised changes in attitudes, as well as in women’s own activities and mutual support, but also gender quotas because it seems that nothing else works. They expressed that women should be given more chances to show their abilities, and stories about successful women’s
career paths should be told to encourage women to strive to top positions. Guidance and pressure from the SOK level were emphasised in several responses, as well.

The male respondents did not see any problems in the whole issue or a need for activities to improve the women’s position. Again, male respondents emphasised expertise, skills and appropriate attitude and motivation, like the following quotes exemplify: “Good women also get along with men” and “The quantity of women is going to increase through normal development if women want to invest in work life and get the everyday life at home in balance”.

In the focus group interview in the summer of 2017, four very successful women (each with long-term experience in several governance positions in the S Group) emphasised that women should begin to participate in different organisations as young as possible to become known as active and courageous. Moreover, willingness to bear responsibility in demanding positions was seen as an important feature of a female manager. Instead of discussing what the company or the organisation could do to advance women’s careers, the interviewed managers seemed to emphasise women’s personal input and effort in their career advancement. This is natural in the sense that these managers had themselves made it to the top management positions in the group.

**Discussion**

Even though over one hundred years have passed since the formal establishment and popularity of the cooperative business model in Finland, little development has occurred in the women’s role in the higher positions in cooperatives. Less than one fourth of the members in the highest management bodies are female. Today, women are better educated than men in Finland, and all the Nordic countries are known as democratic and gender-equal countries.
However, as the results of this study indicate, women still have a glass ceiling to break in business world. In the cooperative business context, this is a serious issue, considering the internationally approved values of democracy, equality and equity of this business model.

Our case firm, the S Group, has been very successful since the mid-1990s. The group has steadily grown and won the market share even though competition in the consumer retail sector has been very hard. Maybe this is why we have not seen any larger glass cliff phenomenon in the S Group. However, the results of this case study indicate that the S Group would benefit from more female participation in top management. The value-based cooperative business model relates closely to the ideas of stakeholder capitalism and stakeholder theory (Freeman, 1984; Freeman et al., 2007). As previous studies (Francoeur et al., 2008; Galbreath, 2018) have suggested, female managers encourage stakeholder engagement and pay attention to stakeholder interests, which, in turn, leads to improved performance both in financial and societal terms.

Based on the results of this study, we argue that despite the cooperative values of democracy, equality, equity and solidarity, a glass ceiling exists within the S Group. While 76% of the employees are female, only 26% of the top management are women. Moreover, women and men perceive the gender gap quite differently. For men, the gender issue is “not a problem”; they emphasise competence and assume that there are not enough women with the willingness, suitable experience and profiles required for top management positions. Conversely, women experience difficulties in entering the masculine networks and breaking the glass ceiling to top positions.

The gender equality statistics in the S Group have improved to some extent during the past 15 years. In 2001, only 15% of the members on the Boards of Directors and 25% of the members on the Supervisory Boards of Finnish cooperatives were female. In big
listed companies in Finland, 32% of the members of Boards of Directors in 2016 were female, in medium size companies, 26%, and in small companies, 20%. Only 10% of the business leaders in top management were women in 2016 (Finland Chamber of Commerce, 2018). While there has been some positive development, the results of this study are similar to those of a Swedish study showing that 21% of senior executives and only 8% of CEOs in Sweden are female (Keloharju et al., 2016). Therefore, we agree with Keloharju et al. (2016) in their conclusion that men and women executives sharing equal attributes do not have equal opportunities to achieve top management positions.

Women’s opportunities to reach top management positions can be advanced in many ways. For example, creating an ethical organisational culture within the firm can enhance equal opportunities among employees and managers alike. Ethical organisational cultures can have other positive effects, too, such as increased organisational commitment (Treviño et al., 1998), improved managerial well-being (Huhtala et al., 2011) and enhanced organisational innovativeness (Riivari et al., 2012). Changes in the organisational culture may demand changes in the language use within the company, too. It has been argued that the current ethical understandings rely heavily on rationalist, male-biased ethical theories (Kujala & Pietiläinen, 2004; 2007). A higher level of gender marking in language has also been proved to relate with a higher wage gap between men and women (Shoham & Lee, 2018). However, it seems that there is not sufficient understanding of the importance of language use in many organisations. This was also shown in the results of this case study, as the interviewed top managers emphasised the role of the individual in career advancement instead of organisational efforts or changes in managerial language use. We conclude that if organisations want to enhance their gender equity, they should pay attention to the ways in
which gender issues are discussed, as well as to the concrete actions of improving equal opportunities for female managers.

Limitations and Future Research

The presented case study is subject to certain limitations. First, the findings are based on a single case study, which naturally narrows the generalisability of the research results (Eriksson & Kovalainen, 2015). Having more than one case would enlarge the used dataset and allow for between-case comparisons. Second, while there were some elements of a longitudinal approach in our study, most of the analysis was based on cross-sectional data. The analysis of the development of gender issues would benefit if sequential data were collected. Further, in addition to managerial data, the employees as well as other stakeholders could be included in the study to enhance a more diverse view of gender issues related to cooperatives and their management.

This study is limited to one cooperative only, and the qualitative data were collected from a small number of CEOs and chairs and vice chairs of the Supervisory Boards. A deeper understanding of the gender equality issue could be reached if more people from different management levels of several cooperatives in different sectors could be interviewed. It seems that women have a strong role at the middle management level in our case cooperative. This means that with time, they may be able to break the glass ceiling.

The International Cooperative Alliance (ICA) tries to advance gender equality in the cooperative movement worldwide. Comparative studies in Europe and worldwide should be done to learn the facts about the gender equality situations in different countries and to build understanding about why equality or inequality exist in different societies. Knowledge of facts is a precondition to developing equal societies.
References


