Filene

REPORT

Five Challenges: Enhancing Women's Leadership in Credit Unions

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Acknowledgments

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World Council of Credit Unions

Global Women's Leadership Network

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Overview

Questions remain about the differential representation of men and women in leadership roles in credit unions. Unlike their male counterparts, female credit union CEOs face distinct gender challenges that influence their overall leadership style and ability.

MEET THE AUTHORS

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Gender matters. Women are much more likely to start their credit union careers as tellers. Male employees are more likely to have advanced degrees. Despite similar stated levels of ambition, women arrive much less often at the credit union's executive suite. And those who do are less likely to have children than their male counterparts. Even workplace perceptions are tugged by gender: Women feel more valued when working for a female CEO. Men feel more committed to the credit union when serving under another man. These and a thousand other gender nuances profoundly affect both sexes as they strive for leadership positions.

For more than a year, Melissa Thomas-Hunt and Mahak Nagpal of the University of Virginia have worked with the Filene Research Institute and the World Council of Credit Unions to study the state of women's leadership within credit unions. Drawing upon organizational and social psychological literature about women's advancement in the workplace in general, they examined dozens of specific factors that support or thwart women's leadership within credit unions.

An early literature review and survey uncovered intriguing possibilities:

- Acknowledging that female CEOs get markedly scarcer at larger credit unions, they suggest that the different educational backgrounds of women and men tend to sort them into functional roles and departments.
- Perhaps women who choose credit union careers simply have different leadership potential, or perhaps certain credit union environments undervalue or even discourage the emergence of female leaders.
- Even when women do lead, they seem to differ from men in leadership style, which can change their effectiveness. Even simple expectations about the way in which women and men *should* lead might lead employees to rate male and female leaders differently.
- Work-life balance needs around elder and child care may differ for men and women and impact leadership ambition and attainment.

What Is the Research About?

In an attempt to separate the faint signals above from on-the-ground realities in credit unions, we conducted a survey of credit union employees and board members mostly in the United States, Canada, and Mexico. We administered a 76-question survey with an online survey tool. The survey was designed to assess demographic characteristics of respondents, self-perceived leadership style, perceptions of men's and women's leadership attributes, credit union climate, and elder- and child-care responsibilities. These data were merged with data about credit union asset size and gender of the credit union CEO. We targeted six credit unions, and the leadership of those institutions committed to actively engaging their employees in responding. And we sent the survey to thousands of credit union professionals in an attempt to capture the broad trends around gender and leadership. What we found was fascinating.

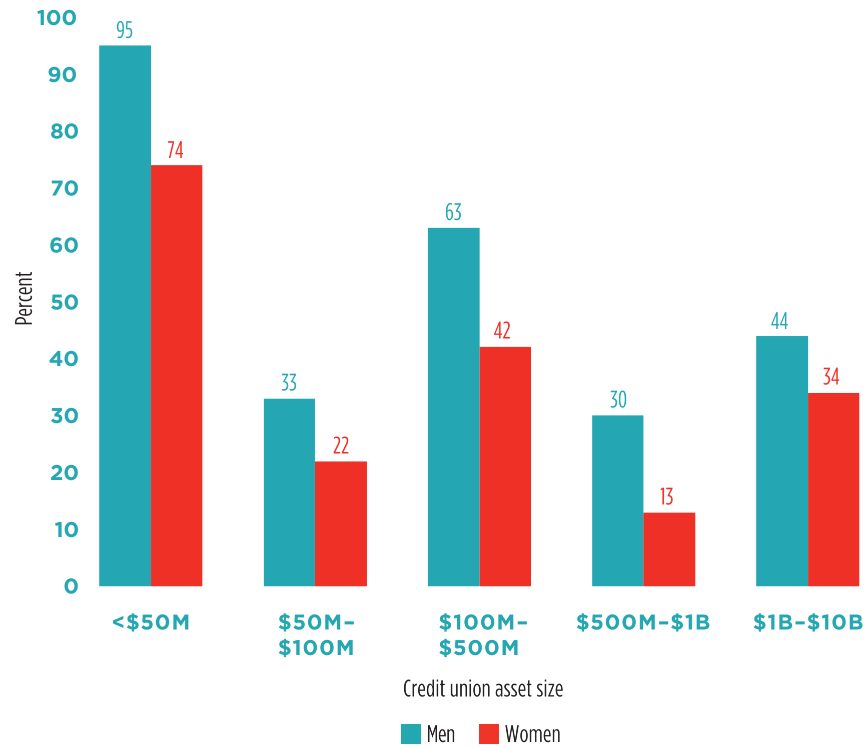
What Are the Credit Union Implications?

Hardly any respondents, men or women, reported overt bias or blatant discrimination. Instead, we found many small factors that eat away at career advancement for women in credit unions. What follows are the five most pressing challenges we discovered:

1. **Pipeline problem.** Women often start working for the credit union in lower-level roles and in departments that don't lead directly to the executive suite.
2. **Leadership style and perception.** Women seem slightly more likely across asset sizes to use authoritarian styles, but they also perceive themselves as having less power and influence than men.
3. **Leadership climate.** Employees at credit unions with female CEOs perceive themselves differently and act differently than those at similar credit unions where a man is in charge. Among other differences, men feel their skills are significantly more valued when there is a male CEO; women feel more valued working for other women.
4. **Ambition and motivation.** There doesn't appear to be a gap in ambition between male and female credit union employees. But mentors and sponsors often sort along gender lines, making it harder for women to find a hand up.
5. **Family concerns.** Neither men nor women report family as a career inhibitor. But at the senior level, men are much more likely than women to have children, meaning that, for many women, we see an implicit trade-off between career and family.

As credit unions address these five challenges, they will root out the leadership discrepancies between men and women. But the research work is not done; we conclude with suggestions for additional research to better understand the gap. And close it.

RESPONDENTS WHO ARE HIGH-LEVEL LEADERS, BY GENDER AND CREDIT UNION ASSET SIZE



Introduction

Survey Respondents by the Numbers

The survey's response had the following characteristics:

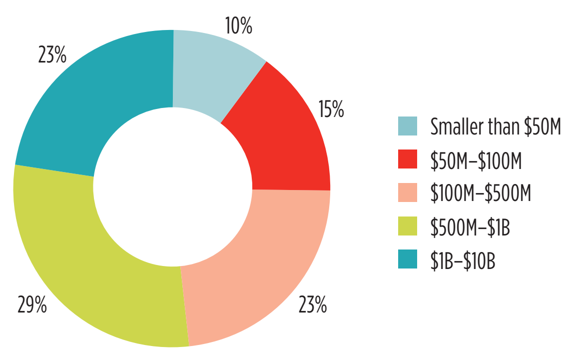
- There were a total of 753 respondents.
- Respondents reported 41 different countries of national origin.
- 320 respondents were from targeted credit unions.
- 70% of respondents were women.
- 67% were Caucasian.
- 53% reported some managerial responsibility.

FIGURE 1

EMPLOYMENT TENURE

FIGURE 2

WHERE RESPONDENTS WORK, BY CREDIT UNION ASSET SIZE

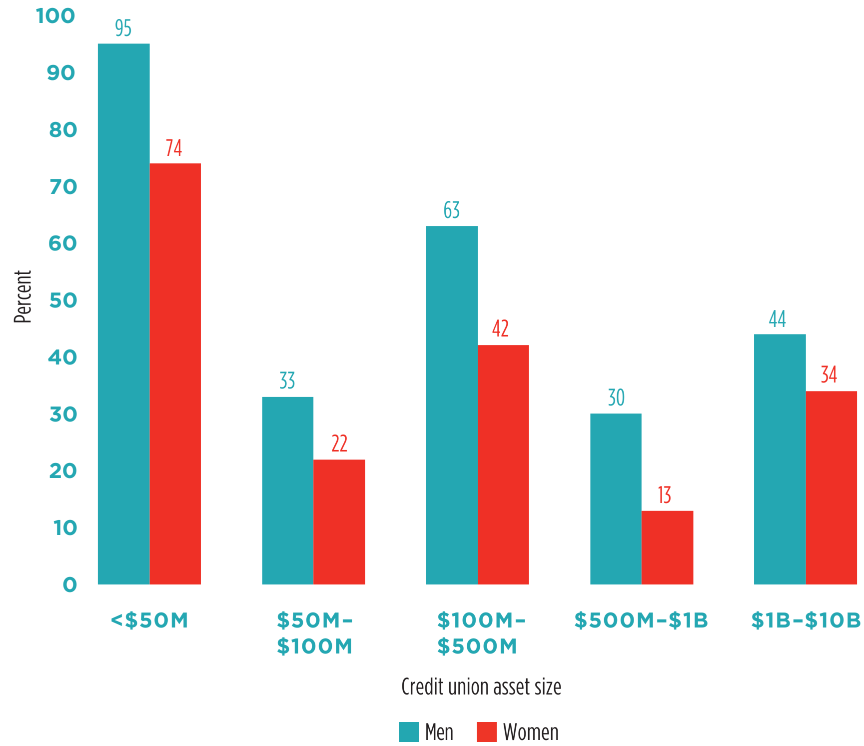


Results

The percentage of women as high-level managers in credit unions significantly lags that of men. Notable is the 21% gap between men and women who report being high-level managers in credit unions with under $50 million (M) in assets, which exists despite the fact that 66% of their CEOs are women (Figure 3). Overall, only 37% of women report being a high-level manager in contrast with 53% of men. This gender divide in leadership shrinks when considering a broader view of managers: 58% of women report some level of managerial responsibility in contrast with 63% of men.

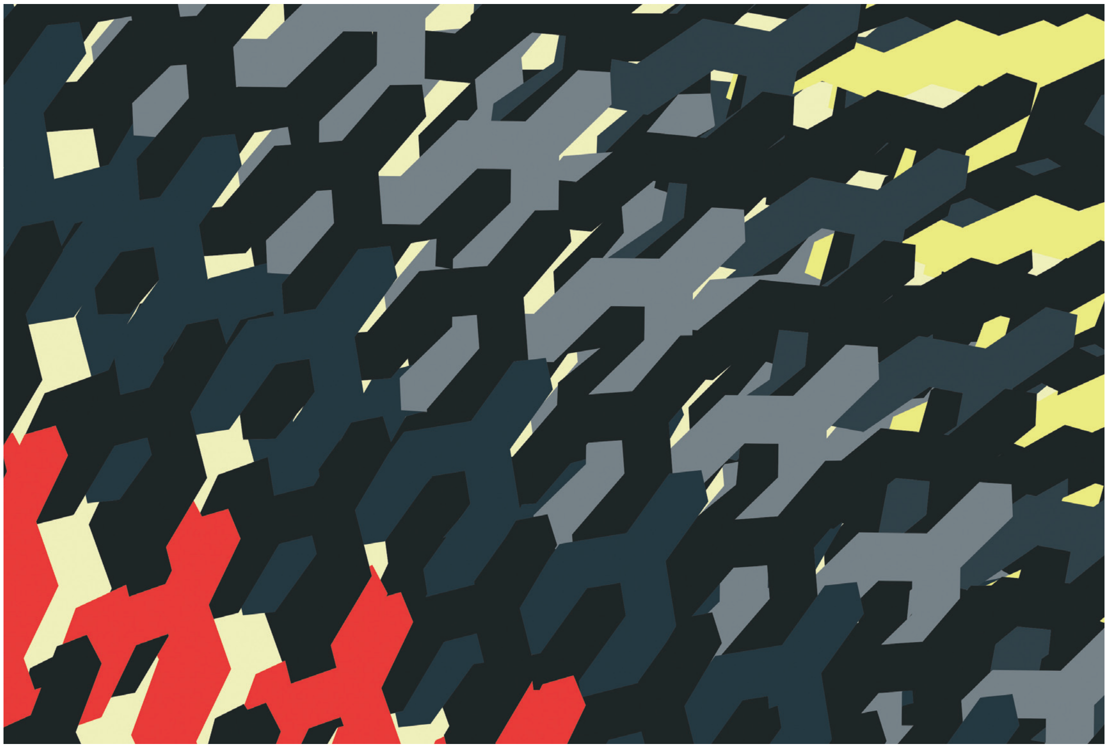
FIGURE 3

RESPONDENTS WHO ARE HIGH-LEVEL LEADERS, BY GENDER AND CREDIT UNION ASSET SIZE



For example: of all male respondents at credit unions <$50M, 95% were senior leaders; of all female respondents, 74% were senior leaders.

Five Challenges: Enhancing Women's Leadership in Credit Unions



CHAPTER 1

Challenge #1: Pipeline Problem and Supply-Side Effects

Starting with an education in general business or finance makes you much more likely to become a high-level credit union leader (Figure 4). We found that individuals with backgrounds in finance/accounting and business/general management represent the highest proportion of high-level managers.

However, of the women responding to our survey, only 19% majored in business or management (compared with 26% of men) and only 15% in finance or accounting (compared with 25% of men). So, fewer women are entering the credit union system with a background in business, finance, or accounting despite the significant numbers of women now majoring in these fields. A degree in these subjects is strongly related to career progression within credit unions, so, given the time it takes to achieve leadership, this specialization gap matches up with the overall leadership gap.

Besides being less likely to major in an area of study that facilitates reaching the highest ranks of the organization, more women also enter credit unions with lower-level degrees. Specifically, a greater percentage of women (48.3%) than men (21.2%) in our credit union sample have an associate's degree or less, while a greater percentage of men (51.1%) than women (37.3%) have a bachelor's degree (Figure 5). Furthermore, 27.8% of men in our study, in contrast with 14.3% of women, have graduate degrees. This is significant because in our study only 28% of individuals with an associate's degree or less report being high-level managers in their credit union. Additionally, 46% of respondents with a bachelor's degree are high-level managers. Furthermore, more than 50% of the time it is not until individuals obtain a graduate degree that they report being high-level managers.

FIGURE 4

PERCENTAGE WITH A GIVEN MAJOR WHO REPORT BEING SENIOR LEADERS

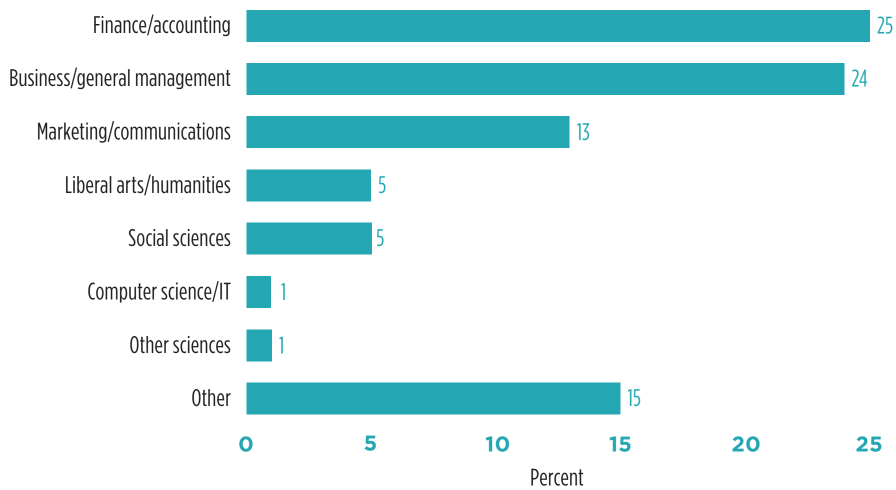
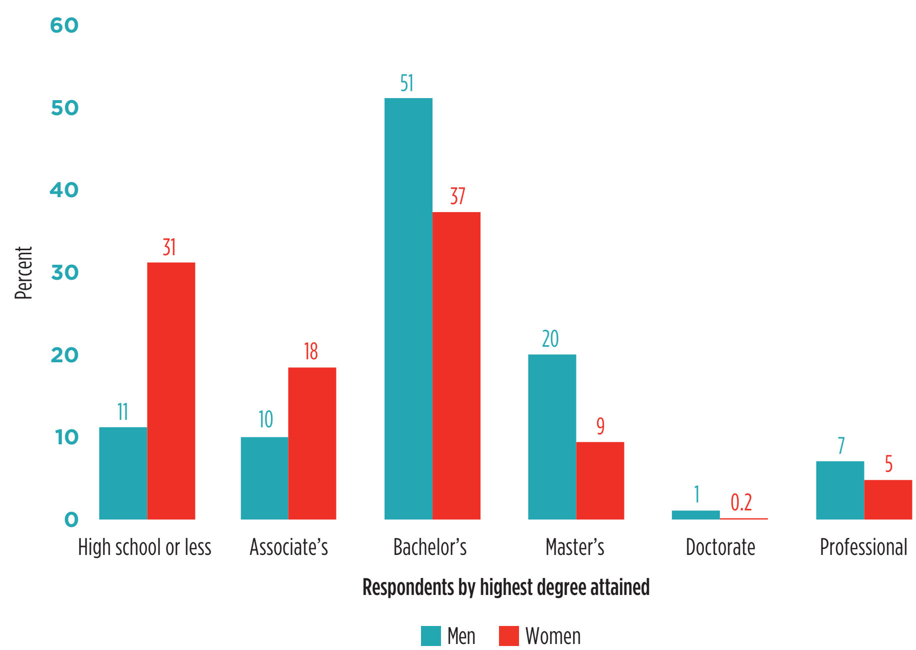


FIGURE 5

EDUCATION DISPARITY LIKELY AFFECTS LEADERSHIP DISPARITY



In isolation, our data on degree attained and major do not indicate whether men and women differ within a specified function of a given credit union. We do know that 47% of women versus 28% of men began their credit union careers as tellers. Human resources, finance/accounting, and operations, however, are the starting areas that generate the highest percentages reporting that they made it to the highest managerial level (Figure 6). The percentages of women starting out in finance/accounting or operations are lower than those of men. It is also important to shed some light on the fact that almost half of women who enter a credit union begin as tellers, versus only 28% of men. This is critical because only 28% of those who start out as tellers end up at the high level, whereas 62% of those who start off in the finance/accounting function make it to the highest ranks of the organization.

Forty-seven percent of women and 28% of men began their credit union careers as tellers.

Our conclusions are somewhat limited by the fact that our data do not reveal the percentages of men and women entering particular functions within any given credit union. We do find, however, that 65% of women who start in finance/accounting end up as high-level managers in contrast with 54% of men who start in finance/accounting. Similarly, a greater percentage of women (50%) than men (29%) who begin in IT/IS end up as high-level managers. This suggests that despite the lower percentages of women than men who enter in the finance/accounting or IT/IS functions, those women who start in finance/accounting or IT/IS may have an even greater likelihood than men starting in the same function of ending up in high-level manager positions. However, for entry into all of the other credit union functions, the conversion to high-level roles is higher for men than women (Figure 7).

FIGURE 6

PERCENTAGE OF CREDIT UNION RESPONDENTS BY STARTING POSITION

	% of respondents by starting position								
	Teller/ member service	Marketing/ communications	Finance/ accounting	Lending/ collections	Operations	IT/IS	Human resources	Legal/ compliance	Other
Women	47.4	12.9	10.1	10.8	9.6	1.4	4.2	0.9	2.6
Men	27.7	16.3	14.1	13.6	13.6	7.6	2.7	2.2	2.2

FIGURE 7

PERCENTAGE OF CREDIT UNION RESPONDENTS BY STARTING POSITION THAT GENERATED HIGH-LEVEL MANAGERIAL POSITIONS

	% of respondents by starting position								
	Human resources	Operations	Marketing/ communications	Lending/ collections	Finance/ accounting	Legal/ compliance	Teller/ member service	IT/IS	Other
Women	72.2	48.8	41.8	26.1	65.1	0.0	25.7	50.0	72.2
Men	100.0	84.0	56.7	56.0	53.8	50.0	33.3	28.6	100.0

From a supply-side perspective, we conclude that women in credit unions, on average, have less education than men and are less likely to have majored in areas with high conversion to high-level positions. Additionally, in general, women relative to men start their credit union careers in functional areas with lower conversion rates to high-level positions.

Teller/member service, marketing/communications, lending/collections, and finance/accounting are reported by the highest percentages of respondents as their starting function, so it is concerning that the conversion rate to high-level positions for individuals starting in those functions is much higher for men than it is for women (Figure 8).

FIGURE 8

STARTING FUNCTION OF RESPONDENTS

Starting function	% of respondents
Teller/member service	34.5
Marketing/communications	11.8
Lending/collections	9.8
Finance/accounting	9.4
Operations	9.2
Human resources	3.1
IT/IS	2.7
Legal/compliance	1.1
Other	18.5

Addressing the Challenge

Credit unions should consider whether they are trying hard enough to recruit women with functional backgrounds and degrees that will propel them into the highest levels of the organization.

Additionally, they should consider whether men and women with similar credentials are being sorted into different functions upon entering the credit union. Overall, further investigation is needed into the reasons driving the higher conversion rates of some majors and starting functional areas.

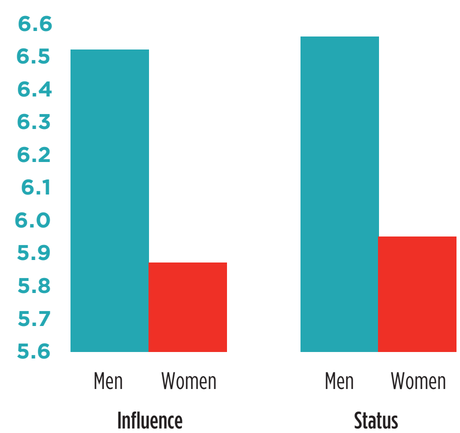
Will the demands of the credit union necessitate certain functional expertise at the top? Individual credit unions should determine what factors or experiences facilitate the advancement to high-level leadership of employees who start in functional areas with low conversion rates to high-level leadership. These experiences could be used to systematically develop employees who might otherwise not emerge in the leadership ranks. In doing so, more women may end up advancing in credit unions.

Challenge #2: Leadership Style and Perception

Supply-side factors are just one type of factor affecting the advancement of women to leadership in credit unions. We also considered whether gendered leadership behaviors might contribute to different rates of advancement. Dynamics within credit unions of varied asset size may foster the use of different leadership styles, so we controlled for asset size in our investigation of leadership style. Across multiple dimensions of leadership, we find very limited evidence of differences in leadership behaviors of men and women.

FIGURE 9

WOMEN REPORT LOWER FEELINGS OF STATUS AND INFLUENCE



There are a few exceptions. Women are a bit more likely to set objectives in isolation and less likely to seek input from subordinates, suggesting that women may engage in more authoritarian styles. Those specific differences may affect women's advancement in credit unions, but the data show that the overall leadership styles of men and women are mostly similar.

Employee perception matters—and male and female employees perceive their situations within credit unions differently. Women feel they have significantly less status and fewer resources and exert less influence than men do, but they also report feeling more able to motivate others than men. Given these varied feelings, credit unions may be creating a context that promotes the advancement of women and men differently.

Addressing the Challenge

Credit unions should determine the factors that encourage women's greater use of authoritarian styles. Even flagging this as a possibility may be enough to get women to consider how their leadership is perceived.

An investigation of the leadership behaviors of men and women at different levels of the organization might reveal whether there are structural or cultural factors within credit unions that encourage women's use of authoritarian behaviors or diminish men's use of similar behaviors.

But in the end, perhaps authoritarian styles get the job done and that's enough. Regardless, credit unions should examine the differential effectiveness of authoritarian and participative styles by men and women.

CHAPTER 3

Challenge #3: Credit Union Climate

To begin, we examine perceptions of whether the credit union climate supports collaboration. Male employees at credit unions report similar levels of collaboration regardless of whether the CEO is male or female. However, female employees have significantly more collaborative perceptions when the CEO is a woman. Is there something that a female CEO engenders that makes women perceive the climate as more collaborative? Do female CEOs behave differently, or is their mere presence sufficient to make women feel that the environment is more welcoming, more collaborative?

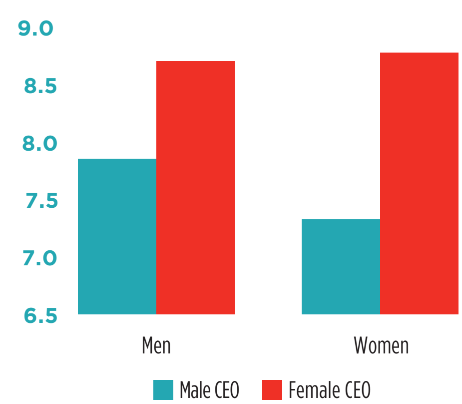
It may not seem like it to men, but the presence of a female CEO is a huge signal to women of the importance of women in their credit union.

The survey offers some hints. We know that both men and women in credit unions feel safer taking risks with a male CEO than with a female CEO—one of the clearest examples of CEO gender affecting credit union climate. Not surprisingly, both men and women are significantly more likely to report that the credit union has women in important roles when there is a female CEO (Figure 10). But, when there is a male CEO, men are much more likely than women to say the credit union has women in important roles. It may not seem like it to men, but the presence of a female CEO is a huge signal to women of the importance of women in their credit union.

Furthermore, men in credit unions with male CEOs feel their superiors listen to their recommendations more than men with female CEOs or women in general. Men with female CEOs might perceive a loss of efficacy in the presence of a female CEO.

FIGURE 10

MEN AND WOMEN ARE MORE LIKELY TO REPORT WOMEN IN IMPORTANT ROLES WITHIN THE CREDIT UNION WHEN CEO IS FEMALE

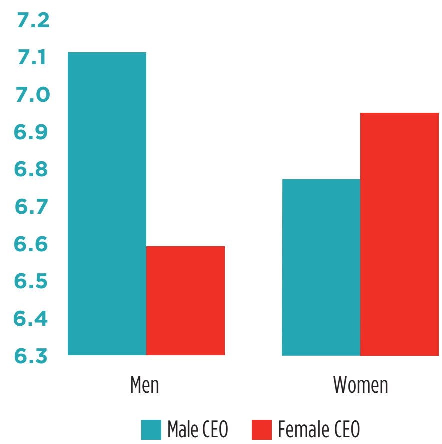


Similarly, men feel more effective under a male CEO, but women's effectiveness is not impacted by CEO gender. For other evidence that the gender of the CEO can shift the climate of the credit union, consider the following:

- Men are sensitive to leadership signaling. Men with female CEOs are *least* likely to feel that the credit union is fulfilling its mission. Conversely, men with male CEOs are *most* likely to feel that the credit union is fulfilling its mission.
- Women with female CEOs indicate that their credit union is fulfilling its mission more than those with male CEOs.
- Men feel their skills are significantly more valued when there is a male CEO, and the reverse holds for women (Figure 11).

FIGURE 11*

AVERAGE DEGREE TO WHICH MEN AND WOMEN FELT THEIR SKILLS WERE VALUED BASED ON THE GENDER OF THE CEO



Addressing the Challenge

Having a female CEO significantly improves the way women experience their credit union. Nevertheless, those same benefits do not translate to men. And in many instances having a female CEO diminishes men's comfort within their credit union.

Credit unions must examine the real and perceived effects of female CEOs on men's experiences. Do men fear that their advancement potential is limited in the presence of a female CEO? Do they experience or expect worse treatment or lack of recognition?

Without understanding men's concerns, resistance to identifying and promoting female talent within the credit union may grow. That, in turn, could thwart women's advancement and detract from the benefits that accrue to women when there is a female CEO.

CHAPTER 4

Challenge #4: Ambition and Motivation

Much of the literature on women's advancement speculates that differences in leadership are a function of women's lower levels of ambition. We find no evidence of that here.

*A previous version of this report incorrectly captioned Figure 11 as the percentage of males and females who feel valued based on the gender of the CEO. This version has been corrected.

Women and men differ little in their stated ambition or in their commitment to achieving as much as they can in their credit union. However, on several measures women are apparently more loyal (or perhaps more risk averse). They report being significantly more likely to remain at their credit union than men. Men serving under female CEOs are significantly less committed than men with male CEOs. Women are more committed to their credit union in general.

Nevertheless, when respondents were asked about the extent to which they identified with the credit union they worked for, men identified more strongly with their credit union than women. While the effects of CEO gender were not significant here, similarity with the CEO's gender affects men's identification more than women's.

The importance of sponsorship has been well documented in the literature. Building mentoring and sponsorship relationships in order to reach the top of the organization has been found to be beneficial for both men and women. Mentors counsel and advise on professional and life decisions. Sponsors, however, move beyond advising and advocate for individuals, often increasing individuals' visibility within the organization and actively creating career opportunities.

The absence of sponsors in women's networks has been cited as one source of their slower advancement relative to similarly qualified men. In our investigation, however, we did not distinguish between sponsorship and mentorship.

We find that both men and women have significantly more mentors/sponsors inside the credit union than outside the credit union. Additionally, the presence of a female CEO appears to diminish women's reports of having mentors or sponsors within their credit union while increasing men's reports of having sponsors within the credit union.

Reports of having mentors or sponsors outside the credit union seem to indicate that men have more external mentors or sponsors than women and that men in credit unions with a female CEO have fewer external mentors or sponsors than those with male CEOs. For men, outside sponsors drop when there is a female CEO. We can't say for sure, but this suggests that a female CEO may mitigate women's perception of the need for additional mentors or sponsors within the credit union.

Conversely, men may feel the need for additional endorsement or coaching inside the credit union when there is a female CEO. Furthermore, men, in the presence of a male CEO, may feel empowered to manage their careers and seek a mentor or sponsor beyond that which they find within their credit union, believing that sufficient support within the credit union exists.

Addressing the Challenge

Credit unions should investigate the source of the lower levels of identification among women relative to men given their higher commitment and intentions to remain than men. What is it about the credit union culture or environment that is diminishing women's sense of belonging?

It is odd that the presence of a female CEO causes women to have fewer inside mentors and sponsors and men to have more external mentors and sponsors. But credit unions should promote mentorships and sponsorships inside and outside of the credit union, regardless of gender.

CHAPTER 5

Challenge #5: Family Concerns

Neither men nor women report that having children or caring for elders limits one's career at credit unions. Nevertheless, we find that 49% of women have children versus 55% of men, suggesting that within credit unions there may be deterrents to women having children. Additionally, the gap in parenthood between men and women rises at the manager rank, with 49% of women and 59% of men indicating that they are parents. For high-level managers or board members, the percentage of men who have children remains at 59% but the percentage of female high-level managers with children drops to 41%. This divide, in particular, suggests that high-level leadership coupled with motherhood may be less tenable than high-level leadership and fatherhood.

Despite the fact that men and women in general report providing the same level of elder care, female managers and female high-level managers report a greater occurrence of providing elder care than do their male peers, suggesting that the managerial ranks of women in credit unions may be bearing an additional hidden burden. Neither men nor women report elder and child care as career limitations, but the ratios suggest some women are opting out of either management or parenthood due to the competing demands they face. The seemingly unequal need to balance family and career undoubtedly impacts the rise of women at financial institutions.

Addressing the Challenge

Credit union leaders, not just those in HR, should probe to understand whether expectations around elder and child care may have a more nuanced impact on choices to pursue advancement. Employees' responses in the survey seem to reflect their genuine feelings that those engaged in elder or child care do not experience biased treatment. But that may not mean it doesn't exist. For one, it differs from the prevailing literature that, for some, parenting and elder care are incompatible with high performance in challenging positions in business. And the lower number of senior women with children from the survey indicates a built-in challenge.

The next step could be to ask in what ways caring for an elder or child makes promotion-worthy performance more difficult. That line of questioning would be more likely to yield answers that reveal the tension between family care and leadership ascension in credit unions.

CHAPTER 6

Summary

Men are more likely to enter credit unions with degrees and into functions that convert to leadership roles at higher rates. Whereas women report more authoritarian leadership tendencies in credit unions, men and women, largely, do not diverge in leadership style. Additionally, despite having lower identification with their credit union than men, women report being significantly more likely than men to remain in their credit union. Part of the differential identification may be attributed to women's perception of being less influential than men and having less status and fewer resources. It is clear that the gender of the CEO has an impact on both women's and men's perceptions of their efficacy and experience. Finally, while family care concerns are not linked to perception of career progression, there is evidence that men and women in credit unions differentially care for children and elders, and this may impact decisions about advancement and parenthood.

Five Questions Every Leader Should Ask

Questions remain about the differential representation of men and women in leadership roles in credit unions. Future research should unpack the leadership qualifications of men and women by function upon entry into credit unions as well as the leadership expectations held and the opportunities provided for development. But in the meantime, every CEO can start asking:

1. Are we hiring women and men with different levels of leadership potential?
2. When we consider outside talent, do we use the same criteria for male and female candidates?
3. What are the work-life balance needs of my employees? Do they differ by gender, parental status, or age?
4. Do we hold different leadership expectations for men and women?
5. Are we offering male and female employees the same exposure to the critical experiences necessary for promotion?

List of Figures

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Melissa Thomas-Hunt's research activities focus on conflict management, negotiation, and collaboration processes. Her current research examines the contribution of expertise within diverse groups and the effects of status and power on negotiation processes and outcomes. She is a contributor at LeanIn. Org. Her publications have appeared in *Research on Organizational Behavior*, *Organizational Behavior and Human Decision Processes*, *Journal of Experimental Social Psychology*, *Journal of Social Justice Research*, *Psychology of Women Quarterly*, and *Research on Managing Groups and Teams*.

Melissa came to the Darden School of Business at the University of Virginia from a position as a tenured associate professor at Cornell's Johnson School. She has also taught at Stanford University's Graduate School of Business and the Olin School of Business at Washington University. She received her master's and doctoral degrees from the Kellogg School of Management at Northwestern University and her undergraduate degree in chemical engineering from Princeton University. Prior to attending graduate school, Melissa worked as an account marketing representative at IBM.

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Mahak Nagpal is a research associate at the University of Virginia's Behavioral Research at Darden Lab. She recently graduated from the University of Virginia with a bachelor's degree in psychology and economics. Her research interests lie in management, particularly within the field of decision making.

About Filene

Filene Research Institute is an independent, consumer finance think and do tank. We are dedicated to scientific and thoughtful analysis about issues affecting the future of credit unions, retail banking, and cooperative finance.

Deeply embedded in the credit union tradition is an ongoing search for better ways to understand and serve credit union members. Open inquiry, the free flow of ideas, and debate are essential parts of the true democratic process. Since 1989, through Filene, leading scholars and thinkers have analyzed managerial problems, public policy questions, and consumer needs for the benefit of the credit union system. We support research, innovation, and impact that enhance the well-being of consumers and assist credit unions and other financial cooperatives in adapting to rapidly changing economic, legal, and social environments.

We're governed by an administrative board made up of credit union CEOs, the CEOs of CUNA & Affiliates and CUNA Mutual Group, and the chairman of the American Association of Credit Union Leagues (AACUL). Our research priorities are determined by a national Research Council comprised of credit union CEOs and the president/CEO of the Credit Union Executives Society.

We live by the famous words of our namesake, credit union and retail pioneer Edward A. Filene: "Progress is the constant replacing of the best there is with something still better." Together, Filene and our thousands of supporters seek progress for credit unions by challenging the status quo, thinking differently, looking outside, asking and answering tough questions, and collaborating with like-minded organizations.

Filene is a 501(c)(3) not-for-profit organization. Nearly 1,000 members make our research, innovation, and impact programs possible. Learn more at filene.org.

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