CGRI RESEARCH BRIEF

GENDER DIVERSITY ON U.S. COOPERATIVE BOARDS

2021

DR. LAURA HANSON SCHLACHTER AND VINYA CHERIAN UNIVERSITY OF WISCONSIN CENTER FOR COOPERATIVES

DECEMBER 2022

INTRODUCTION

Gender diversity in the boardroom has many potential benefits for cooperatives, from community impact to the bottom line.¹ Directors with a broad range of skills and experiences are better able to bring member needs to the fore and create inclusive spaces to exercise member voice. In this research brief, we present novel data about the gender composition of cooperative boards from the Cooperative Governance Research Initiative (CGRI), a 2021 survey of cooperative enterprises representing varied industries, sizes, and origins from across the United States.² The 483 survey participants that reported the gender identity of their directors provided the first baseline data of its kind, laying the groundwork for cooperatives to benchmark gender diversity on the board in relation to their sector, others in the cooperative community, and investor-owned firms.

Gender Composition of Cooperative Boards Varies Substantially by Sector

The board of the average cooperative in the CGRI data is made up of 36 percent female directors, 62 percent male directors, and two percent directors who identify as nonbinary. As Figure 1 shows, the gender composition of cooperative boards varies quite substantially by membership type. Whereas men occupy over two-thirds of seats on the average producer, purchasing, and insurance mutual board, the average worker, consumer, and housing cooperative board approaches parity between the share of men versus women and nonbinary directors.

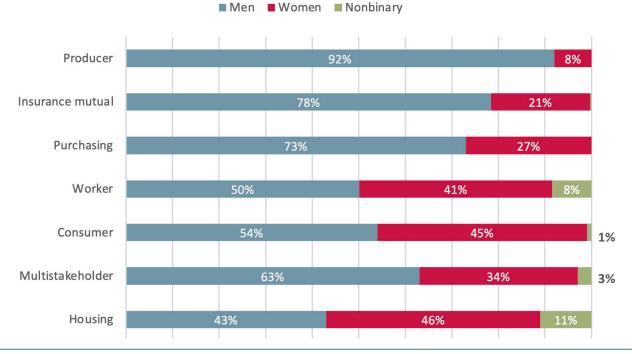


Figure 1. Average Gender Composition of Cooperative Boards

¹Many studies have examined the relationship between board gender diversity and various facets of performance in non-cooperative firms. This literature has found that boards with a broad range of skills and backgrounds tend to make better decisions and that women in leadership positions are more likely than male colleagues to advocate for changes that promote the interests of women, children, and families. To date, however, the impacts of directors who identify as women or nonbinary in cooperatives has been largely overlooked.

²For details about the Cooperative Governance Research Initiative and the data presented in this brief, please see <u>https://uwcc.wisc.edu/cooperative-governance-research-initiative/</u>

We see a similar pattern in terms of boards dominated by a single gender group and the inclusion of nonbinary directors. Thirteen percent of all cooperatives in our data have exclusively male directors, including almost half (45 percent) of producer cooperatives but only three percent of consumer cooperatives. The eleven cooperatives with all-female boards in our data are predominantly worker cooperatives and concentrated in traditionally female industries such as education, childcare, home care, or services. The inclusion of nonbinary directors is most evident in participating worker, housing, and multistakeholder cooperatives, about a quarter of which have at least one nonbinary director, respectively.

As Figure 2 shows, housing cooperatives are the only membership type that are more likely to have majority-female and nonbinary than majority-male boards. The vast majority of producer cooperative (98 percent) and insurance mutual (87 percent) boards are predominantly men.

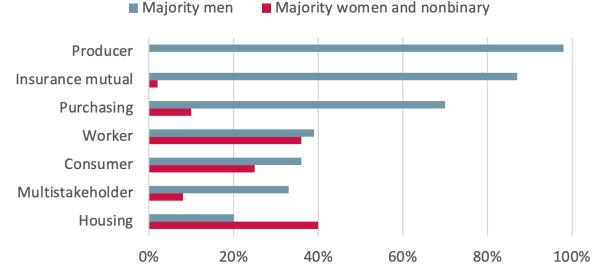


Figure 2. Prevalence of Majority Men vs. Majority Women Cooperative Boards

Gender Diverse Boards Tend to Also be More Ethnically and Racially Diverse

Overall, 28 percent of cooperative boards in the CGRI data are gender diverse, which we define as a board with 40 to 60 percent of directors who identify as women or nonbinary. Figure 3 shows that gender diverse boards are most common among multistakeholder, housing, and worker cooperatives.

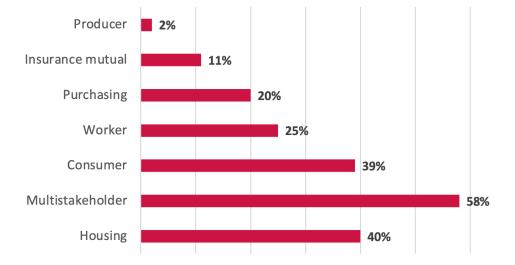


Figure 3. Prevalence of Gender Diverse Cooperative Boards

What types of cooperatives tend to be gender diverse? Overall, cooperatives in the CGRI data with more women and nonbinary directors also tend to be more ethnically and racially diverse. They are also newer, i.e. were established more recently, overall. Boards with higher shares of men tend to be more experienced in terms of overall board tenure. There is not, however, a clear relationship between board gender composition and cooperative size in terms of total members or revenue.

Cooperatives with Predominantly Male Boards are Most Interested in Increasing Gender Diversity

Figure 4 shows there are striking relationships between current board diversity and the likelihood a cooperative will continue to prioritize board diversity in the future. Cooperatives with boards that have more women and nonbinary directors are more likely to report they are very or extremely likely to prioritize diversity of all kinds in the next three years, as well as racial and ethnic diversity specifically. Boards with higher shares of male directors are more likely to report their cooperative plans to prioritize gender diversity in the next three years.

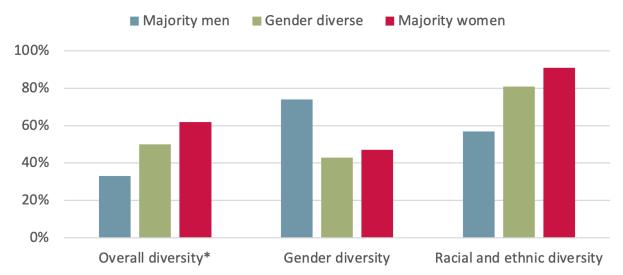


Figure 4. Likelihood of Prioritizing Director Diversity by Current Board Gender Composition

* These bars represent the share of cooperatives in the CGRI data that report they are "very" or "extremely" likely to prioritize increasing board diversity in the next three years.

This snapshot from the CGRI data allows cooperatives to benchmark gender diversity on the board relative to their peers and across sectors – and explore why it matters. Among 2021 survey participants, we find that the share of women and nonbinary directors on the board is a poor predictor of subjective measures of cooperative governance such as how well board discussions allow for healthy dissent or how well the board understands member needs. Self-rated performance of cooperatives with higher shares of men on the board does tend to be slightly higher, but this relationship is weak overall. Looking forward, this data presents many opportunities to further our understanding of the implications of board gender diversity for cooperative performance and community impact.