

**CO-OPERATIVE DEMOCRACY:
BOARD DIVERSITY AND THE
REPRESENTATION OF WOMEN**

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By

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Keywords: credit union, governance, board of directors, gender, visible minority,
equality, director recruitment, participation, decision making, leadership

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ABSTRACT

The principle of democratic governance is a defining feature of co-operative organizations. Members of the board of directors are the elected representatives of the membership, and as democratic organizations, there is an expectation that co-operatives should have adequate representation of member groups on their boards. However, empirical evidence indicates that many Canadian co-operative boards embody a “diversity problem”: there is little diversity in board representational characteristics. The main objective of this study is to identify key barriers and facilitators of representational diversity in co-operative leadership structures. To this end, two core research questions are posed. First, how do boards achieve diversity? Second, how do diverse boards maintain their diversity? Board diversity is defined as at least 30 per cent female representation on the board. Factors in four key areas believed to affect board diversity levels are identified: problem recognition; formal diversity policies; proactive recruitment strategies; and responsive governance. For each area, two specific theoretical propositions are posited and examined.

Two credit union boards of directors are selected as case studies. The first case is the Surrey Metro Savings Board of Directors between 1995 and 2002, which was homogenous in terms of its demographic composition. The second case is the Coast Capital Savings Board of Directors between 2001 and 2006, which was diverse in terms of its demographic composition. In view of the theoretical propositions that fall under the four main areas of inquiry, each case is examined separately, after which a cross-case analysis is conducted.

The case study findings support the view that, to achieve diversity, boards must recognize representational homogeneity as problematic, make diversity a priority issue, and take deliberate action towards increasing their diversity levels. These findings also support the view that, to maintain their diversity, diverse boards must have an inclusive governance approach and provide all board members with meaningful opportunities to participate in decision making processes. This study contributes to a greater understanding of how co-operative organizations can rectify the under representation of key groups within their own organizations and communities, and empower those who typically sit on the margins of economic, social and political power.

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CHAPTER 1

INTRODUCTION

Organizational governance as a research topic has received considerable attention, particularly since the corporate scandals of the 1990s. Although relatively new, the study of board diversity is one area of governance that is an emerging literature. There have been significant gains in the participation of women and minorities in the workforce and management in the last two decades. However, there is an obvious gap between the participation of women and minorities in employment and management ranks, and those holding leadership positions in the corporate, non-profit, and co-operative business sectors. The under representation of minority groups, particularly within senior leadership positions, is often referred to as the “diversity problem.”¹

Statistical evidence concerning board composition of co-operative organizations reveals that many co-operative leadership structures embody a diversity problem. In September of 2004, the Canadian Co-operative Association (CCA) and Brown Governance released their findings from the first national survey on credit union governance practices.² In the area of board composition, they found that over 30 per cent of co-operatives (including credit unions) and 28 per cent of credit unions have no women on their board of directors. In an earlier survey, CCA found that among the co-operatives surveyed almost 60 per cent of agricultural co-operatives had no women on their board and 85 per cent had no visible minorities, while 95 per cent of urban co-

operatives had no visible minorities.³ In effect, it is reasonable to assume many co-operative organizations lack demographic diversity in their governance structures.

The main objective of this research project is to create a better understanding of the barriers and facilitators of representational diversity with respect to co-operative boards of directors. Specifically, the focus of this study is the representation, or lack thereof, of women and visible minorities in co-operative leadership structures. The lack of demographic diversity on co-operative boards demonstrates that there exists a gap between the theoretical expectations of co-operative democracy and the reality within co-operative organizations. This gap is problematic for several reasons. First, the lack of participation by women and visible minorities suggests that co-operatives are missing important views, opinions and social perspectives in their decision making bodies, and may not be meeting the needs of their members. It is assumed that women and visible minorities bring unique perspectives to the decision making process. Because we live in gender and culturally structured societies, one's life experiences are significantly influenced by what sex or ethnicity they are. Such experiences shape one's perspectives, the starting point for determining one's values, beliefs, views and opinions. The call for diversity on co-operative boards stems from the need to disperse political power among various social groups, and to ensure that the needs of all members are considered in the decision making process.

Second, the principles and values that co-operatives espouse require them to be fair, equitable, and inclusive. Co-operatives claim to be inclusive organizations concerning their membership as well as their leadership structures and, therefore, should reflect this claim in practice. Finally, the idea that co-operatives are equitable and inclusive organizations is also a part of the democratic structure of co-operatives. As

such, co-operatives have governance concerns that extend beyond the need for transparency and ethical accounting practices. The democratic element of co-operatives requires them not only to worry about transparency and accountability, but also how they “do democracy.” There is an expectation that, as democratic organizations embodying the principles of equality and equity, co-operatives should have adequate membership representation on their board of directors. Although the principle of “one member, one vote” is central to the practice of co-operative democracy, it is only one part of the democratic process. In addition to formal elections, the principle of democratic governance requires that all members have adequate opportunities to participate in, and be represented on, key decision making bodies, regardless of their social background.

This research project is divided in six main chapters. In Chapter Two, pertinent literature from the fields of political science, co-operative studies, and board diversity are reviewed, and then a broad theoretical framework for this study is developed. Two broad categories of democracy are discussed: representational and participatory. Some feminist analyses of democracy are also surveyed. These works provide a critical view of traditional theories of democracy and highlight the gender biases that exist within such theories. As well, the concept of representation is considered. This section looks at the various components of the concept of representation and describes the merits of descriptive, or mirror, representation. Mills’ theory of elite capture of democratic institutions is also reviewed.

Next, the literature on co-operative democracy and board diversity is reviewed. Surprisingly, there are few in-depth treatments of co-operative democracy, despite the fact that democratic governance is a defining feature of co-operative organizations.

Recent studies on the topic of board diversity represent current attempts to further develop the notion of co-operative democracy and to put democratic principles into practice. In the last section, this study's broad theoretical framework is presented. Perspectives from the field of political science are applied to the co-operative context, and are used to develop a theory of co-operative democracy, member participation, and representational diversity.

In Chapter Three, the core research questions, theoretical propositions, and methodological approach of this study are presented. Two core research questions are offered. First, how do boards achieve diversity? Second, how do diverse boards maintain their diversity? Studies of the representation of women in political institutions and co-operative organizations are drawn upon to identify four main areas of inquiry: problem recognition, formal diversity policies, proactive recruitment strategies, and responsive governance. Under each area, two specific theoretical propositions are posited. This study aims to identify and compare key characteristics of homogenous and diverse boards of directors. It is argued that to achieve and maintain diversity, boards must recognize board homogeneity as problematic, employ a formal diversity policy, proactively recruit minority group members to the board, and display responsive governance practices.

This research project adopts a case study approach, whereby two cases are selected from a cohort of credit unions that were located in the Greater Vancouver Area during the late 1990s and early 2000s. The first case study is the Surrey Metro Savings (SMS) Credit Union Board of Directors between 1995 and 2002. During this time, the SMS Board was homogenous in terms of its leadership's representational characteristics. The second case study is the Coast Capital Savings (CCS) Credit Union Board of

Directors between 2001 and 2006. Because CCS underwent a significant merger in June of 2002, it is examined in two phases: the pre-merger phase and the post-merger phase. This board was diverse in terms of its leadership's representational characteristics. For this study, board diversity is defined as at least 30 percent representation of women and visible minorities on the board.

In chapters four, five and six the findings of the case studies are presented. The findings of each case are based upon a variety of case study data sources, including personal interviews, archival information, and organizational documents such as annual reports and member newsletters. The findings of the SMS case study are presented in Chapter Four, while the findings of the CCS case study are presented in Chapter Five. For each case, the history and structure of the credit union and its board is described, after which the theoretical propositions of this study are discussed. In Chapter Five, a cross-case analysis is conducted and the SMS and CCS cases are compared and contrasted. In addition, alternative explanations for the different levels of representational diversity in the two studies are explored.

In the final chapter, the overall objectives and approach of this research project are summarized and key findings are highlighted. The significance and implications of these findings are also discussed.

¹ The lack of diversity on co-operative boards could also be referred to as the “homogeneity problem;” however, to be consistent with the existing literature on board diversity, the term “diversity problem” is used for the remainder of this thesis.

² CCA and Brown Governance, *Measuring Up: National Report on Credit Union Governance Practices* (Ottawa: Canadian Co-operative Association, 2004); CCA and Brown Governance, *Towards Excellence: National Report on Credit Unions and Co-operative Governance Practices* (Ottawa: Canadian Co-operative Association and Brown Governance, 2004).

³ CCA, “Unity Through Diversity,” *Governance Matters* (Winter 2003); available from <http://www.coopscanada.coop/NewsLetter/Governance/winter2003/>; accessed 24 August 2005.

CHAPTER 2

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

There is a large body of literature concerning theories of democracy from which to develop a theoretical framework for this study. In this chapter, the research project is situated within the relevant fields of study through reviewing the pertinent literature on democratic theory, co-operative democracy, and board diversity. This literature review helps the researcher draw upon, and bring together, important perspectives from the field of political science toward applying them to the co-operative context.

This chapter has four sections. The first section is an overview of several theories of democracy in the broad categories of representative and participatory democracy. This helps distinguish the basic assumptions of each model. In the second section, the extant literature on co-operative democracy is discussed. In this body of literature, there is a strong emphasis on member participation. The third section surveys the literature on board diversity and co-operatives. Authors of board diversity and co-operatives suggest that the diversity problem in co-operative organizations has implications for the economic and democratic success of co-operatives. The final section of this chapter describes the theoretical framework of this study, which is developed by drawing upon several theories discussed in the previous sections. The purpose of co-operative

democracy, the institutional arrangements for effective co-operative democracy, and the argument for board diversity are presented in this section.

2.2 Democratic Theory

For centuries, political theorists have developed and revised theories of democracy. Most theories of democracy include notions of equality, freedom, political participation, and legitimacy. However, these notions are often defined and interpreted differently. As a result, theorists come to different conclusions about the merits of democracy itself and the possibility of achieving democracy as a way for people to organize and govern themselves.

This section reviews two broad categories of democratic thought: participatory democracy and representative democracy. Although there are many variations within each category, a discussion of the fundamental differences between participatory and representative democracy highlights the different assumptions marking each school of thought. This section also reviews the contributions of feminist theories, theories of representation, and elite theories to democratic thought. The feminist theorists presented in this section challenge some key assumptions of both representative and participatory democracy and offer alternative ways of conceptualizing political equality. A discussion of some theories of representation provides an overview of the different ways to conceptualize the act of representation and how, if at all, the act of representation relates to the notions of political equality and participation. Elite theories examine why the achievement of democratic ideals have often failed.

2.2.1 Representative Democracy

The works of Thomas Hobbes and John Locke have been influential in modern political thought, particularly concerning representative democracy. The authors develop the notion of equality as one where all men are equal in a “state of nature” and therefore each must be given the same right to choose their representatives. Citizens confer legitimacy upon the representatives by consenting to the democratic process, which ultimately is created to protect citizens’ interests. In *The Leviathan*, Hobbes argues that men are self-interested by nature. According to Hobbes, without a central power ruling them, men live in a state of war in which life is certain to be “solitary, poor, nasty, brutish, and short.”¹ Individuals, therefore, must choose a Leviathan (or an assembly of men) to ensure their security.² In *The Second Treatise of Government*, Locke argues that men are by nature reasonable and rational and choose representatives to ensure the protection of their liberty and property.³ Both theorists hold that in the case that their representatives do not fulfill their obligation to act in the interests of the citizens, citizens hold the power and the right to remove and replace their representatives. In their view, democracy serves as a means for equal citizens to choose representatives, as well as a means to secure their interests and protect against tyranny. Democracy is useful only to the extent that it serves these purposes. In this view, there is nothing intrinsically good about democracy itself.

Some recent theories on representative democracy reflect similar notions of representation seen in Hobbes and Locke, particularly the protective function of democracy. For example, in his book *Capitalism, Socialism and Democracy*, Joseph Schumpeter argues that democracy can only be justified as a decision making tool: “Democracy is a political method, that is to say, a certain type of institutional

arrangement for arriving at political – legislative and administrative – decisions and hence incapable of being an end in itself.”⁴ In his view, citizens have equal political rights, particularly the equal opportunity to vote. However, the masses are viewed as incapable of understanding complex political issues.⁵ The inability to relate to political issues which are far removed from one’s everyday reality, according to Schumpeter, “accounts not only for a reduced sense of responsibility but also for the absence of effective volition.”⁶ He concludes that democracy is best conceived as a method of decision making whereby interested and knowledgeable candidates compete with one another for votes and the winners subsequently make decisions on behalf of the broad electorate.⁷

Robert Dahl presents one of the most recent and significant treatments of representative liberal democracy in his book, *On Democracy*.⁸ The author contends that every person must be considered equal because no one person is definitively better qualified to govern than any other. Citizens are entitled to the same rights and freedoms that provide everyone with the same opportunity to participate in political life.⁹ Democracy, then, can be justified as the best means to resolve conflicts between relatively equal, competing groups within society, to protect citizens against authoritarian rule, and to ensure the preservation of individual rights and freedoms.¹⁰ In his discussion of representative versus participatory democracy, Dahl argues that representative democracy resolves problems associated with large-scale, complex societies. Moreover, he contends that one must not assume that people want to participate. For example, Dahl argues that a citizen may not wish to speak because the topic of discussion has already been adequately addressed.¹¹ Therefore, representative

democracy is desirable because it is practical as an institutional arrangement, and also because citizens may prefer it.

Hobbes and Locke developed theories of representative government that influenced modern political thought. Many democratic institutions in countries such as Great Britain, the United States, and Canada were built upon some of the theoretical foundations seen in the works of Hobbes and Locke. Schumpeter was among the first to consider how the large-scale, industrial societies of the early 20th century affected the practice of democracy and what, in his mind, was a realistic approach for reaching democratic ideals. Dahl's pluralist theory is an important concept in the context of a socially and ethnically diverse society such as Canada. Although the above authors have contributed much to democratic thought, representative democratic theory is but one category of democratic theory. Many models of participatory democracy also draw from a rich theoretical background and offer an alternative way to conceive of the notion of democracy.

2.2.2 Participatory Democracy

Theories of participatory democracy begin from different premises than representative democracy. For example, in his well-known work, *Utilitarianism, Liberty, and Representative Government*, John Stuart Mill argues that direct democracy is the ideal form of government: "There is no difficulty in showing that the ideally best form of government is that in which the sovereignty, or supreme controlling power in the last resort, is vested in the entire aggregate of the community; every citizen not only having a voice in the exercise of the ultimate sovereignty, but being, at least occasionally, called on to take an actual part in the government, by the personal

discharge of some public function, local or general.”¹² In this view, political participation is a key element of democracy. Mill contends that democracy is more than simply an instrumental process that protects individuals from tyranny. Democracy is intrinsically good in that it promotes the development of virtue and intelligence in individual citizens.¹³ Democratic participation allows citizens to realize their interests, to understand the interests of others, to co-operate with one another, and to ensure effective control over one’s life.

Some theorists extend the notion of political participation to include participation in organizations such as voluntary or community organizations. For example, in his work, *Democracy in America*, Alexis de Tocqueville argues that participation in voluntary and community organizations helps citizens develop the necessary skills and virtues required to serve in formal politics.¹⁴ Since de Tocqueville, there have been many studies that examine the relationship between citizen participation in community organizations and formal politics, some of which come from the literature on co-operative organizations. For instance, in the 1998 study entitled *The Social and Economic Importance of the Co-operative Sector in Saskatchewan*, researchers found that “co-operatives make a significant contribution to the development of leadership in the province of Saskatchewan” and that “involvement on co-operative boards helps to prepare individuals for more general community leadership.”¹⁵ These works highlight the important relationship between participation in community and voluntary associations and broader political participation in civic, regional and national democratic institutions.

Mill’s and de Tocqueville’s idea that participation is an essential component of good democratic governance is further developed by Carole Pateman. Building upon

Mill's work, Pateman offers a contemporary perspective of participatory democratic theory in her book, *Participation and Democratic Theory*.¹⁶ Pateman's theory of participatory democracy brings democratic participation into the everyday lives of citizens. She argues that participatory democracy is intrinsically valuable. Citizens, according to Pateman, learn about democratic procedures and broaden their perspectives and ideas in a participatory society. She rejects the claim that people are inherently apathetic and contends that theorists must look closely at the correlation between apathy, low feelings of political efficacy, and low socio-economic status.¹⁷ Pateman argues that meaningful participation requires individuals to have equal political power and participate in the decision making process of everyday activities in areas such as industry, family, and higher educational institutions.¹⁸ In order to achieve meaningful participation, the conceptual dichotomy between private and political life must be carefully examined. Pateman argues that industry is a part of political life and not a matter of private life. To consider industry as part of one's private life ignores the fact that one's workplace greatly affects their life. Pateman concludes that participation in the workplace is essential for individual empowerment and important for citizens to control and develop the environment in which they live.¹⁹

Benjamin Barber makes an important contribution to the literature on participatory democracy with his theory of "strong democracy." In his book, *Strong Democracy: Participatory Politics for a New Age*, Barber defines strong democracy as a model of participatory democracy that "resolves conflict in the absence of an independent ground through a participatory process of ongoing, proximate self-legislation and the creation of a political community capable of transforming dependent individuals into free citizens and partial and private interests into public goods."²⁰ Of importance for this study is

Barber's view that politics need not be conceived as a zero-sum game. Rather, Barber argues, democratic participation and deliberation provide the means by which conflict is transformed into compromise and co-operation and, as a result, political outcomes are accepted by most citizens.²¹ In his view, people learn from one another and the result of participation and discussion is a combination of perspectives.

Participatory and representative theories of democracy are often compared and contrasted. In practice, representative and participatory institutions exist side by side, although more emphasis is usually placed upon the former. The foundations of representative and participatory theories developed before the women's suffrage movements of the late 19th and early 20th centuries, the achievement of universal suffrage, and the sexual revolution of the 1960s. The development of feminist thought in the 20th century challenged established notions of democracy and, in many ways, altered the ways in which both representative and participatory theories of democracy are understood today.

2.2.3 Democracy and Feminism

Feminist theories have contributed much to democratic thought and have challenged several important assumptions underlying liberal representative government and participatory theories of democracy. Liberal democracy is often considered a specific type of representative democracy and most often seen in Western political systems.²² Patrick Dunleavy and Brendan O' Leary characterize liberal democracy as "a system of representative government by majority rule in which some individual rights are nonetheless protected from interference by the state and cannot be restricted even by an electoral majority."²³ Central to feminist discussions is the public-private distinction

identified by some liberal theorists. For example, Susan Moller Okin argues in her work, “Gender, the Public, and the Private,” that liberal democratic theory is inherently patriarchal.²⁴ Okin argues that early developments of liberal democratic thought ignored women as citizens and, as a result, the public-private dichotomy is based on gendered notions. The family and women’s activities were considered private matters.²⁵ Therefore, only men were entitled to individual rights and freedoms which ultimately provided men with the ability to control their children and wives without interference from the state. She claims that the inclusion of women in the old conception of the individual creates a sense of “false gender neutrality.”²⁶ She states that “gender neutral terms, if used without real awareness of gender frequently obscure the fact that so much of the real experience of ‘persons,’ so long as they live in gendered-structured societies, does in fact depend on what sex they are.”²⁷ Inequalities between men and women in the private sphere restrict the ability for women to participate in the public sphere. Therefore, Okin argues, the distinction between private and public spheres in liberal democratic theory is illusory and also helps to perpetuate gender inequality within democratic societies.²⁸

Many feminist critiques are directed toward liberal democracy in particular. Carole Pateman, however, offers a feminist critique of mainstream liberal and participatory democratic theories. In a chapter titled “Feminism and Democracy” in her book *The Disorder of Women: Democracy, Feminism and Political Theory*, Pateman echoes Okin’s argument and rejects the liberal claim that universal suffrage and formal political equality has provided women with equal status as citizens.²⁹ She also argues that proponents of participatory democracy have focused on the implications of the workplace and its relationship with the private realm without considering the

implications of gender and its relationship to the domestic realm and the workplace.³⁰

Although more women work today than have in the past, the domestic division of labour continues to affect the ability of women to participate as equal citizens in the political community. Until sexual harassment, discrimination, and segregation of occupational categories along gender lines are eradicated, women will continue to be disadvantaged in political life.³¹ She concludes that “neither the equal opportunity of liberalism nor the active, participatory citizenship of all people can be achieved without radical changes in personal and domestic life.”³²

The purpose that democracy serves will inevitably shape the kind of democracy one sees as appropriate for a nation, a township, or an organization. The representative and participatory theories of democracy are different in that they supply a protective purpose and developmental purpose respectively. Although feminist theorists tend to favour participatory democracy, many have not disregarded the need for representation in large scale, complex political entities.³³ Some participatory democratic theorists recognize the practical difficulties associated with modern societies and also accept the need for representatives.³⁴ The notion of representation is defined and conceived in many different ways. Important notions to consider in the conceptualization of representation include the function of representation, the actions of representatives, and the impact of the composition of representative assemblies.

2.2.4 The Concept of Representation

A clear understanding of the concept of representation is of central importance to this study. The claim that diverse representation on co-operative boards of directors is a component of good democratic governance suggests that the social backgrounds of

representatives is related to their ability to represent their constituents. However, the literature on representation indicates that this relationship is not necessarily straightforward. There are many ways to conceive the act of representation, each of which contributes to a comprehensive understanding of the concept. In order to develop a clear understanding of the relationship between a representative's social background and its effect on their ability to represent well, a thorough examination of the concept of representation is required. Each theory of representation discussed in this section contributes to the concept of representation used in the theoretical framework of this study.

In her classic work, *The Concept of Representation*, Hanna Fenichel Pitkin successfully demonstrates the complexity of the concept of representation. She argues that most discussions about representation only consider a part of what it means to represent a person or a group of people. Below is a discussion of four ways to think about the concept of representation as presented by Pitkin. First, Pitkin identifies the formalistic view, a view that describes the formal relationship between the representative and the represented.³⁵ She discusses two types of formalistic views. The authorization view is that in which “a representative is someone who has been authorized to act.”³⁶ According to Pitkin, the authorization view is problematic because it ignores the representative's obligation to conform to external standards of behaviour, such as constituent expectations.³⁷ The second formalistic view, labeled the accountability view, Pitkin describes as a view in which “a representative is someone who is to be held to account, who will have to answer to another for what he does.”³⁸ The accountability view, Pitkin believes, is attempting to communicate the idea that representatives consider the represented, and their actions are constrained by such

considerations.³⁹ According to Pitkin, both the authorization and the accountability views are partially correct. In the end, however, she rejects both claims as sufficient as definitions of representation: “Neither can tell us anything about what goes on *during* representation, how a representative ought to act or what he is expected to do, how to tell whether he has represented well or badly.”⁴⁰ The formalistic view is, therefore, only part of the concept of representation.

The second view of representation Pitkin discusses is the descriptive view.⁴¹ This approach consists of “the view that a representative body is distinguished by an accurate correspondence or resemblance to what it represents, by reflecting without distortion.”⁴² Representatives are expected to provide information about their constituents to the assembly.⁴³ According to Pitkin, this indicates nothing about the ability of the representative to govern.⁴⁴ One can be held accountable for what they do, but not for what they are.⁴⁵ She concludes that “if we are interested about information about the public, the ideal or perfect reflection or resemblance does no harm, but if our concern is political action by our representatives, the idea of accuracy is likely to mislead.”⁴⁶ Pitkin accepts that descriptive representation is a means to provide important information about constituents to the decision making assembly. Nevertheless, she believes it to be only part of an accurate definition of representation.

Pitkin is interested in the activity of representing as a substantive activity.⁴⁷ She argues that representation as a substantive activity lies somewhere in between the view that a representative is a free agent and the view that a representative is a delegate.⁴⁸ This concept is useful at the theoretical level because it enables us to determine good from bad representation. However, this view also captures only part of the concept of

representation. It does not tell us anything about the formalities of representation or the institutions that are needed to bring the idea of representation into practice.⁴⁹

Finally, Pitkin defines representation as “acting in the interest of the represented, in a manner responsive to them.”⁵⁰ According to Pitkin, the concept of representation should not be over-simplified in order to define it: the representative “is neither agent nor trustee nor deputy nor commissioner; he acts for a group of people without a single interest, most of whom seem incapable of forming an explicit will on political questions.”⁵¹ She concludes that representation should be seen in the context of an institutional framework.⁵² Seen in this context, the partial conceptions of representation discussed above can be included. She states that “representative government is not defined by particular actions at a particular moment, but by long-term systematic arrangements – by institutions and the way in which they function.”⁵³ As a result, according to Pitkin, representative institutions need to be continuously examined in order to determine if they are able to realize the ideals of political representation.⁵⁴

Pitkin’s view that the concept of representation has various components, each of which is more or less important at different times throughout the democratic process, is compelling. Anne Phillips and Iris Young, however, offer alternative views on the merits of descriptive representation and its relationship to governance. Writing from a feminist perspective, Anne Phillips discusses at length three arguments made in favour of equal gender representation in her article “Democracy and Representation: Or, Why Should it Matter Who our Representative Are?”⁵⁵ Phillips makes an argument for gender parity (roughly equal representation) in democratic assemblies, as opposed to an argument for more, but not necessarily equal, women’s representation. First, she reviews arguments that are founded on principles of justice. She begins with the

argument that the current division of labour among men and women in society is unnatural and is a source of overt discrimination which prevents women from being politically active.⁵⁶ She highlights the claim that women have an equal right to a political career.⁵⁷ Phillips also discusses the argument that gender under representation is a function of unequal participation in political parties and “thus treats the equal right to be an elected representative as part of an equal right to political participation.”⁵⁸ She concludes that, although the third argument for gender parity is convincing, equal participation and equal representation are not necessarily synonymous concepts. Representation is often said to remove the requirement of participation, thereby reducing the opportunity for those who have a strong interest in politics to dominate the political agenda.⁵⁹ Phillips asserts that equal participation is implied in the notion of democracy but, in principle, equal representation is not. She states that “when democracy has become largely a matter of representing particular policies or programmes or ideas, this leaves a question-mark over why the sex of the representatives should matter.”⁶⁰ Although Phillips supports the justice argument, she inquires further into the concepts of democracy, participation, and representation.

The second argument for gender parity discussed by Phillips is the argument of women interests. This perspective posits that, in a democracy, all interests within society should be given representation to protect against tyrannical tendencies.⁶¹ This position, Phillips argues, rests upon three assumptions: “that women have a distinct and separate interest as women; that this interest cannot be adequately represented by men; and that the election of women ensures its representation.”⁶² Phillips carefully examines each assumption and concludes that the women’s interest argument can justify the need for a threshold number of women, but not necessarily an equal number of women, in a

democratic assembly.⁶³ A threshold of women's representation, she contends, may be enough to ensure that women's interests are adequately considered in the decision making process.

Phillips offers a third argument for gender parity in representative assemblies. She attempts to address the problems associated with the seemingly opposing notions of participation and representation as well as democratic accountability and autonomy. She argues that "implicit in most feminist arguments [is] a conviction that changing the composition of existing elected assemblies is only part of a wider project of increasing and enhancing democracy."⁶⁴ Arguments for equal representation must be placed in the broader context of democracy and in conjunction with arguments of participatory democracy. Gender parity, she argues, should be placed alongside arguments for dispersing political power, increasing the number of decision making centres, and "changing the balance between participation and representation."⁶⁵ Although Phillips believes that arguments of justice and women's interests are strong, she concludes that the case for gender parity in representative assemblies made alongside arguments for greater participation and consultation are strongest.⁶⁶

Phillips suggests that the principle of equal political participation and the concept of descriptive representation are related in some way; however, she does not discuss in detail the theoretical connection between the two.⁶⁷ Building upon Pitkin's work, Iris Young provides a convincing argument about the interconnectedness between the concepts of political equality, participation and descriptive representation. In her book *Inclusion and Democracy*, she argues that democracy and justice are theoretically connected and deliberative democracy is the best model for achieving just outcomes.⁶⁸ Just outcomes are those that are developed through a process of inclusion and political

equality. Young aims to “conceptualize representation as a *differential relationship* among political actors engaged in a process extending over space and time.”⁶⁹ Building upon Pitkin’s work, Young argues that representatives must be able to make decisions independently, while at the same time, remain connected to their constituents through discussion and consultation.⁷⁰ Inclusive participation allows representatives to remain connected with their constituents. Therefore, Young contends that the concepts of participation and representation are not mutually exclusive and actually require one another.

Young rejects the claim that a representative can be a substitute for his or her constituency. No group has a single interest or opinion that can be represented.⁷¹ Yet, she argues that special representation for certain groups is desirable and justifiable. She identifies three aspects of an individual (or group) that can be represented. First, representatives can promote selfish interests. Second, they can represent opinions.⁷² Third, Young claims that different social perspectives can be represented. The latter point is of particular importance. People have unique social perspectives “because differently positioned people have different experience, history, and social knowledge derived from that positioning.”⁷³ In her view, the aspect of social perspective provides the basis for supporting an argument for descriptive representation in an inclusive, deliberative democracy.⁷⁴ Including different social perspectives in the decision making process can alleviate feelings of alienation among marginalized groups, ensure that all groups are able to influence the political agenda, and can bring about relevant situated knowledge that contributes to good and just decisions.⁷⁵

In summary, Pitkin demonstrates the complex nature of the concept of representation and highlights the many different roles that representatives assume.

Although she recognizes the merits of descriptive representation, she does not fully support it in her theory of representation. Contrary to Pitkin, both Phillips and Young argue for descriptive representation, albeit for different reasons. Interestingly, however, Phillips and Young argue that participatory democracy and representation are compatible and, in fact, both necessary for a healthy democracy. Phillips and Young provide sound theoretical explanations in support of those who continue to work toward more accurate representation in democratic institutions.

The theories reviewed in this section consider the concept of representation as it is and what it should be. Equally important are those theories that seek to explain why the practice of democracy has often failed to meet democratic ideals. Elite theories of democracy attempt to explain the concentration of power in the hands of the few and the homogenous nature of representative institutions.

2.2.5 Elite Theories

Elite theories attempt to explain the exercise of power by the few within a political community. There are several schools of thought in the ‘elite theory’ camp; however this study focuses on one specific approach.⁷⁶ This school of thought is one that examines a single, homogenous group of elites. C. Wright Mills’ work, *The Power Elite*, is representative of this particular school.⁷⁷ Mills perceives elites as a group of people that hold positions of power within society and he set out to determine who are these elites and from where they came. After examining the origin and background of military, political, and economic elites in America, he argues that the “power elite” is a united and cohesive group of men that shared similar psychological affinities and social backgrounds.⁷⁸ Mills rejects the pluralist notion that groups within society compete on

relatively equal playing fields thereby balancing the interests within society. However, social background is not enough to account for this particular group of elites. Mills also argues that the institutional landscape, the formal and informal structures of democratic institutions, helps certain people to acquire positions of power.⁷⁹ In the end, Mills is skeptical about the prospects of democracy and suggests that popular control is, in his view, impossible to achieve.⁸⁰

In summary, Mills' elite theory attempts to explain the use of power by elites within democratic societies. He provides an institutional explanation after examining the formal and informal structures of American democratic institutions. The formal and informal structures create barriers preventing many from being included in decision making centres.

The exclusion of marginalized groups is not limited to national democratic institutions. Although there are many theories of democracy and representation at the state level, democracy is practiced in local, community organizations as well. Co-operatives are community-based organizations that are governed by democratic principles and some key theories here also concern democracy.

2.3 Co-operative Democracy

Formal co-operative organizations have existed for nearly two hundred years.⁸¹ In its "Statement of the Co-operative Identity 1995," the International Co-operative Alliance (ICA) defines a co-operative as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise."⁸² This definition is widely accepted and used in the co-operative sector. Co-operatives are also guided by a

common set of values and principles. Co-operative values include self-help, self-responsibility, democracy, equality, equity, solidarity, honesty, openness, social responsibility and caring for others.⁸³ The seven co-operative principles provide the means for co-operatives to fulfill their commitment to co-operative values.

The list of co-operative principles has changed and evolved over time in order to meet the needs of each generation.⁸⁴ Today, the co-operative movement embraces the following principles: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; concern for community; and co-operation among co-operatives.⁸⁵

In his work, *The Meaning of Rochdale: The Rochdale Pioneers and the Co-operative Principles*, Brett Fairbairn argues that the list of co-operative principles is to be considered minimal criteria in order for co-operatives to meet the needs of their members.⁸⁶ Co-operatives should, at the very least, commit to implement each principle the best they can. Of particular importance to this study is the second principle of democratic member control: “Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.”⁸⁷ He notes that the principle of democratic governance has always been, either explicitly or implicitly, an integral part to co-operative organizations. For example, the Rochdale Pioneers, the first well-known successful co-operative, did not explicitly state the principle of democratic governance. Fairbairn explains:

This is not because democracy was unimportant to the Pioneers: their association with Owenism, Chartism, and working-class causes indicate democracy was an uppermost concern. Most likely democracy was left out because it was taken for granted. Friendly Societies, and probably all associations the founding members had ever encountered, all functioned in a democratic manner. Curiously, then, one may take the omission of the principle of democracy as an indication of its centrality to Rochdale co-operation.⁸⁸

Democracy is a defining feature of co-operative organizations. However, the literature on democratic theory demonstrates that this is a difficult concept to put into practice.

Several approaches to democracy discussed in the previous section are found implicitly, and occasionally explicitly, in the literature on co-operative democracy. The purpose of the democratic process is interpreted differently within the body of literature on co-operative democracy. However, there seems to be a strong emphasis on the developmental function of democracy. There are three main approaches to studying co-operative democracy: “cash register” democracy; “theatrical” democracy; and “participatory” (or “generative”) democracy.

The theory of “cash register” democracy posits that democracy is a means to protect the interests of its members. Much like theories of representative democracy, the “cash register” theory of democracy de-emphasizes the role of participation in the democratic process. According to this school, members express their satisfaction with the co-operative and its governance by buying what it has to offer.⁸⁹ In this view, if the co-operative is financially successful, then this is taken as concrete evidence that the members approve of the board’s decisions. However, if the co-operative is financially unsuccessful, then members have expressed clearly their dissatisfaction with the governance of their co-operative.

In the second approach, “theatrical” democracy, members observe the board’s discussion and periodically ask questions.⁹⁰ The board presents their reports to the audience (members) and the audience usually sits and listens.⁹¹ “Theatrical” democracy is demonstrated by the annual general meeting (AGM) and the emphasis on this event as the venue for democratic participation. Members are able to ask questions to the board of directors but have little influence over the directors’ agenda.⁹² Co-operatives are often required by law to hold an AGM. Trevena asserts that, as a result, the AGM is often perceived as sufficient for fulfilling a co-operative’s democratic duty.⁹³

In the third approach, “participatory” (or “generative”) democracy, the tenets are similar to the conceptions of democracy espoused by Mill and Pateman. This is most often considered as the ideal form of democracy in co-operative organizations.⁹⁴ Joel David Welty, for example, contends that participatory democracy is good for the development of the individual and the co-operative itself.⁹⁵ Members are encouraged to be active members, to learn about important issues, and to express their thoughts and concerns to a responsive organization.

It is clear that the co-operative principle of democratic member control is necessary to ensure that members’ needs are addressed and the organization remains economically viable. Strangely, how democracy is supposed to be practiced in co-operatives is often unclear and studies of co-operative democracy are few. Democratic concepts such as equality, participation, and representation are pertinent to the practice of co-operative democracy. The literature on co-operatives and board diversity demonstrates efforts to develop such concepts in the context of co-operative organizations.

2.4 Co-operatives and Board Diversity

Analyzing the level of diversity present on governing boards is a new sort of inquiry that has largely developed over the last decade. The corporate and non-profit worlds especially have begun to investigate the effects of board diversity on organizational performance. In the co-operative sector, although governance issues are gaining more attention, there are few studies that examine the implications of the diversity problem on co-operative boards of directors. Among extant works on this topic are studies of co-operative board composition, some explanations for the apparent lack of diversity in co-operative governance structures, and analyses of the economic, moral and democratic implications of the diversity problem for co-operatives. Five important studies on the presence of women and minorities on the boards of co-operatives are worth mentioning briefly.

From 1995 to 1996, the Conseil Canadien de la Coopération (CCC) inquired into the difficulties surrounding the participation of women on the boards of directors in co-operative organizations. The findings are summarized in *Boon for the Future: The Participation of Women in Co-operative Democracy*.⁹⁶ It found that women were disadvantaged by existing structures and patriarchal attitudes within the co-operative. For example, the CCC examined the role women play within the family. For some women, the demands of parenting and household tasks left little time to be involved in their local co-operatives.⁹⁷ The times and duration of board meetings often were not conducive for women with young children or with modest incomes.⁹⁸ Also, the CCC reported that the organizational culture of some co-operatives was not conducive for women's participation. For example, sexism prevailed in some organizations. In some cases, women were assumed to be secretaries or someone's companion.⁹⁹

The CCC recommends strategies for co-operatives to take in order to address the barriers that prevent women from participating in their co-operatives. For example, co-operatives were encouraged to develop new participatory structures, such as increasing the number of opportunities for members to meet.¹⁰⁰ In addition to identifying the barriers for women's participation in co-operative organizations, this study was also concerned with revitalizing co-operative democracy: "the issue of women is also that of all absent members in our co-operatives; in some ways, it is the issue of democracy itself. This loss of democratic vitality, which seems to affect many co-operatives, may place limits on the capacity of executive teams to follow and understand changes in the needs of the members, and thus on the capacity of the co-operative to respond to these needs effectively."¹⁰¹ The absence of women and other minority group members highlights the fact that certain members are excluded from the political process. Therefore, the principle of political equality is compromised.

In a second important study, *Research for Action*, Leona Theis and Lou Hammond Ketilson sought to identify some barriers and means of support encountered by women as board members in decision making positions.¹⁰² The study consists of five case studies of co-operatives across Canada. The researchers found that boards often fail to use gender neutral language and women are often excluded from prestigious committees.¹⁰³ In their recommendations, Theis and Hammond Ketilson stress the importance of communication and the flow of information to all members about governance and recommend that co-operatives help make it easier for women with families and community responsibilities to participate as board members.¹⁰⁴ The authors stress the importance of equity in co-operative organizations: "When co-operatives deal with issues that cluster around equity, they address questions that have to do with how

co-operative organizations ‘do democracy,’ and how they do business. There is – and there ought to be – an expectation among members of co-operatives that as democratic organizations, they will strive to achieve equity for members and employees.”¹⁰⁵ Co-operatives claim to be inclusive organizations concerning their membership as well as their leadership structure, and they therefore should reflect this claim in practice.

Third, a study conducted by Carol Hunter from the CCA in 1997 entitled “Women in Co-operatives: Some Benchmarks” was one of the earliest efforts to collect data about women on co-operative boards in Canada.¹⁰⁶ Data was collected from 38 co-operative organizations from various sectors including agriculture, finance/insurance, services, retail, and associations/federations.¹⁰⁷ At this time, women comprised 16.2 per cent of co-operative board members in Canada.¹⁰⁸ This study also demonstrated that women’s participation on co-operative boards varies by sector. For example, women made up 47.7 per cent of board members in the service sector (daycare, housing, health) and only 2.9 and 12.1 per cent of directors in the agriculture and finance/insurance sectors respectively.¹⁰⁹ This report provides researchers and the co-operative sector in Canada with important benchmarks against which to measure current and future levels of women’s representation on co-operative boards.

A fourth study is *Leadership and Diversity: A Study of Demographic and Attitudinal Homogeneity in Saskatchewan’s Credit Union Governance Groups*.¹¹⁰

Cristine de Clercy and Lou Hammond Ketilson study whether the composition of Saskatchewan credit union boards of directors reflects the demographic make-up of the provincial population.¹¹¹ They report that Saskatchewan credit unions lack the diversity that appears in the general population. This diversity problem has potential economic costs and raises concerns about the renewal and rejuvenation of Saskatchewan credit

union boards.¹¹² Further, this diversity problem diminishes the democratic representation that is expected of co-operatives as member-based organizations.¹¹³ The researchers surveyed the attitudes of board members and found that many members believed that Saskatchewan's credit union boards were more diverse than they actually are.¹¹⁴ Lastly, de Clercy and Hammond Ketilson conducted focus group sessions regarding the perceptions and experiences of sitting board members as well as those who were not board members. The focus groups helped identify some key perceptions regarding barriers to board diversity as well as illuminate strategies to improve the recruitment and retention of new members.

The final study was completed in 2004. The CCA and Brown Governance conducted the first national survey on credit union and co-operative governance practices.¹¹⁵ The survey provides a benchmark to which future surveys and indicators of credit union and co-operative governance practices can be compared. In *Measuring Up: National Report on Credit Union Governance Practices*, numerous board governance benchmarks were reported including areas such as composition, terms and tenures, selection and renewal, duties, structure and committees, and compensation.¹¹⁶ Although the report does not make specific policy recommendations, it marks an important step toward the much needed monitoring of credit union board practices for the future. With such surveys, credit unions and co-operatives can monitor national governance norms across time and compare their governance practices with national norms. Further, they enable credit union and co-operative owners and board members to identify governance practices they wish to improve on and design strategies targeted toward specific problems areas.

The literature on board diversity and co-operatives tends to be more specifically about women's representation. There are few studies that examined the diversity problem as it pertains to the representation of visible minorities. For example, the most recent survey conducted by CCA and Brown Governance reports board composition in terms of gender only. However, there are two studies that examine diversity beyond the categories of gender to include the representation of visible minorities. In 2003, the CCA completed a comprehensive study of Canadian co-operatives.¹¹⁷ It found that over 85% of responding co-operatives had no visible minorities on their board and over 95% of responding urban co-operatives had no visible minorities on their board. The CCA states that the last finding "was surprising, too, given the multi-cultural make-up of urban communities."¹¹⁸ In their recent study, de Clercy and Hammond Ketilson remark that Saskatchewan credit union boards were not representative of the provincial population in terms of Aboriginal peoples, persons with disabilities, and visible minorities.¹¹⁹

In summary, the literature on democratic theory provides a rich and extensive theoretical background upon which to draw toward developing a theoretical framework for this study. Representative democratic theories tend to emphasize the protective function of democracy and to consider democracy as a means of resolving conflict and problems associated with democracy in large-scale, complex societies. On the other hand, participatory democratic theories tend to argue that democracy is intrinsically good in that it educates citizens, promotes understanding and co-operation among citizens, and transforms conflict into consensus. Feminists challenge established democratic notions such as the distinction between public and private spheres. Okin criticizes liberal representative democracy on the grounds that the conception of

individual rights is based upon gendered notions. Although some participatory theorists considered the workplace to be firmly situated within the public sphere of political activity, feminists such as Pateman contend that these theorists ignored the domestic division of labour. Because women tend to do most of the work in the domestic realm, participatory theorists have not considered the impact of the public –private dichotomy on political equality between men and women.

Theories on representation are particularly pertinent for the study of board diversity in democratic organizations. Pitkin successfully demonstrates the complex nature of the concept of representation. She describes several different conceptions of representation – formalistic, descriptive, and substantive – none of which, in her view, are adequate conceptions of representation. According to Pitkin, the ability of representatives to remain responsive to their constituents is of key importance to any theory of representation. Phillips provides several justifications for descriptive representation. Descriptive representation can be supported by arguments from a justice perspective, from a women’s interest perspective, but most convincingly, in conjunction with arguments for more participatory democracy. Young supports arguments for descriptive representation on the grounds that members of social groups share similar social perspectives that should be included in the democratic decision making process. Mills’ theory of elites argues that the formal and informal institutions in democratic societies perpetuate the existence of a single elite, an elite that shares similar social affinities with one another.

The literature on co-operative democracy presents three main approaches to co-operative democracy: “cash register” democracy, “theatrical” democracy, and participatory (or “generative”) democracy. Trevena argues that participatory co-

operative democracy is the most desirable for co-operatives and reflects many arguments made by the participatory theorists discussed above. The literature on co-operatives and board diversity demonstrate that co-operatives embody a diversity problem. This body of literature identifies key structural barriers and attitudes that prevent adequate representation of women on co-operative boards. Also, the literature on board diversity has provided scholars and co-operatives themselves with recommendations and strategies to increase board diversity. Significantly, studies on the representation of visible minorities in co-operative leadership structures are few.

2.5 Theoretical Framework

The theoretical framework used in this study draws from the literatures on democratic theory, representation, co-operative democracy and board diversity. The framework considers the nature of co-operative democracy, member participation in co-operatives, social group representation and board diversity, and member apathy. First, the purpose of co-operative democracy is identified. Second, the institutional arrangements that are necessary to realize co-operative democracy are considered. Representative and participatory institutions complement each other by ensuring efficient and accountable co-operative governance. Third, the works of Pitkin and Young are drawn upon to develop a conception of representation that is compatible with arguments for descriptive representation on co-operative boards of directors. Lastly, assumptions of Mills' elite theory are used to explain the homogenous nature of co-operative boards of directors.

In this study, it is argued that descriptive representation helps fulfill the purpose of democracy in co-operative organizations. Democracy in co-operatives serves two main

purposes. In 1979, the Co-operative Future Directions Project included, among other areas of study, an examination of co-operative democracy.¹²⁰ A statement of the purpose of co-operative democracy adopted by Federated Co-operatives Limited in 1981 reads as follows:

it is agreed that the democratic process and member relations activities should aid and encourage participation by members by observing these two purposes: 1. To cultivate, between the members and the Co-operative, a relationship which stimulates members to a sense of loyalty and commitment to, and an appreciation of, the Co-operative as an organization they own; and 2. To facilitate and encourage communication by the members as to their wants, needs, expectation and views so as to provide information that will assist, guide, and influence the leadership team (board plus general manager) in the making of its decisions.¹²¹

In short, here democracy serves to develop member loyalty and ensure that the governing body of the co-operative is responsive to its members.

The purpose of democracy helps determine the institutions that are needed to put co-operative democracy into practice. For co-operative democracy to develop member loyalty and respond to the needs of members, co-operatives must employ both representative and participatory methods of democracy. First, representation on co-operative board of directors addresses the practical difficulties associated with large scale democracy. The larger the assembly of members, the less opportunities members will have to participate.¹²² Although co-operative organizations do not reach the same scale as most nations, many have substantial member bases. For example, Van City Savings Credit Union in Vancouver, British Columbia, boasts over 300,000 members.¹²³ Means of ensuring meaningful representation are necessary for the simple reason that gathering 300,000 people in large or small groups to discuss all the activities and the direction of the credit union is impossible. For such a large organization, effective governance requires representatives who are given authority to make decisions on behalf

of the membership.¹²⁴ To be responsive to members, co-operatives need to ensure that their governing institutions work effectively and efficiently.

Second, representative structures also ensure that board members are held accountable for their actions. A form of arbitrary, *de facto* representation will likely emerge in a democracy in the absence of regular means to select representatives who formally represent the membership.¹²⁵ *De facto* representation raises the concern that overbearing and aggressive members may control the discussion and overwhelmingly influence the decision making process. Formal representation plays an important role in preventing unequal participation in the democratic process. The electoral process both legitimizes representatives and holds them to account for their actions. Unelected representatives are illegitimate and unaccountable to the membership.

Representative democracy is necessary, but not sufficient, for co-operative democracy. Although this study focuses on representative institutions, it is necessary to acknowledge that participatory institutions are vital to the success of co-operative democracy. Co-operative democracy demands participation between elections. Co-operatives must have institutional arrangements that allow members to influence and contribute to the decision making process. In its work, *Making Membership Meaningful*, the International Joint Project on Co-operative Democracy elegantly captures the need for participatory democracy:

Participatory democracy offers the possibility of making representative democratic structures more effective, and of expanding democracy into operations. Participatory democracy offers the advantages that a wider range of members can become involved in and knowledgeable about the co-op, they learn skills which will serve them well should they ever become board members, they become more committed to the co-op, the co-op finds it easier to stay in touch and to be responsive.¹²⁶

Like many participatory democratic theories, co-operatives hold the belief that democracy contributes to individual and societal development. Co-operative values and principles identify member and co-operative development as an organizational priority. For example, the fifth principle of “Education, Training, and Information” requires co-operatives to provide their members with educational and training opportunities to learn about co-operatives and participate in their organization’s activities.¹²⁷ Co-operatives that are responsive to their members and provide their members with opportunities to learn about their organization can promote a sense of loyalty among members.

Although both representative and participatory institutions are necessary to fulfill the purposes of co-operative democracy, they are sometimes considered incompatible models of democracy. For example, Phillips suggests that the equal right to participate is not necessarily analogous to the equal right of representation.¹²⁸ Critics of participatory democracy, she argues, often assert that representative government is more desirable because it removes the requirement of participation.¹²⁹ By removing the requirement of participation, citizens do not have to be present in the decision making process. In a representative democratic system, equal participation is guaranteed by allotting each person one vote. In this view, the relationship between representation and participation is one of substitution: representation removes the need for participation in a democratic society.

However, the view discussed by Phillips is a narrow conception of representation, one that does not capture the meaning of representation in its entirety. In the co-operative context, an overwhelming focus on the principle of “one member, one vote” demonstrates a tendency to conceive the relationship between representation and participation as one of substitution. For example, Trevena argues that an overwhelming

focus on fulfilling the legislative requirements of having an AGM and electing board members has weakened co-operative democracy.¹³⁰ He contends that some co-operatives believe that democratic control is successfully achieved by simply holding an AGM.¹³¹ In this view, emphasizing the AGM and member voting rights has come at the expense of member engagement and participation.

Pertinent to this study is that this narrow conception of representation also oversimplifies the complex nature of the concept of representation. The notion of “one member, one vote” emphasizes the role of elections as a tool to legitimize the actions of representatives and hold them to account for those actions. This demonstrates what Pitkin refers to as the “formalistic view” of representation.¹³² The problem with this view is that it does not indicate what representatives actually do or what good or bad representation is.¹³³ To be sure, authorizing and holding representatives to account is important. It is, nevertheless, only part of the concept of representation.

The concept of representation employed in this study reflects the work of Pitkin and Young. The concept of representation has multiple aspects of which are employed at different times and in different contexts. In this view, representation includes the formalities of authorizing representatives to act and of holding them to account. Also, representatives are not to be conceived as simply delegates that always consults their constituents or agents who do not consult with their constituents. Rather, representatives must be independent enough to ensure efficient governance and, at the same time, remain connected and responsive to the membership. Although all aspects of representation need to be fulfilled to ensure effective co-operative democracy, the focus of this study is on the ability of representatives to remain connected and responsive to the membership.

This study adopts the assumption that board diversity is one way to ensure that co-operative board members remain connected and responsive to their membership, an important feature of good democratic governance. Descriptive representation refers to a representative assembly that closely resembles the demographic composition of the electorate. Those analysts who argue for increasing board diversity in co-operative organizations usually refer to some form of descriptive representation on the boards of directors. The term “board diversity” is often defined as the inclusion of people with different demographic characteristics - such as gender, race, ethnicity, age, religion, occupational and professional background, economic status, physical and mental disability, and culture - on the board. The relationship between board diversity and co-operative democracy seems to appeal to an intuitive belief that the composition of the board of directors should be very close to the composition of the membership. Consider the following statement by the Saskatchewan Credit Union System:

Credit Unions operate under the co-operative democratic theory. One member with one vote elects boards of directors. Ultimately, boards are representative of the people who are members. This includes women, young people, visible minorities and people with disabilities, etc.

Under this model, the goal of every credit union is to ensure that the decision making circles reflect the diversity of the membership served. For this reason, at a minimum, participation by women, Aboriginal people, visible minorities and persons with disabilities is essential.¹³⁴

As demonstrated above, arguments for board diversity rest upon the assumption that the equal right to participation is related to the equal right to representation.

The complex nature of the concept of representation requires an examination of the relationship between participation and representation. Before this relationship is discussed, it is necessary to address two main criticisms of descriptive representation. Critics of descriptive representation argue that there is no theoretical relationship

between the equal right to representation and the equal right to participation. First, critics argue that members of social groups do not share one particular interest. Pitkin illustrates this view when she states that “behind all the applications of the descriptive view to political life hovers the recurrent ideal of the perfect replica, the flawless image, the map which contains everything.”¹³⁵ For example, one woman cannot represent all women because other social characteristics, such as age, ethnicity, and religion, make it impossible to identify one interest that applies to all women. Group interests cannot be identified, therefore, critics argue, the argument for descriptive representation loses its persuasiveness.

The second criticism is that those who argue for a more demographically accurate representative assembly focus on individuals “being something rather than doing something.”¹³⁶ Pitkin charges that this view of representation ignores the most basic task of representatives, which is to govern.¹³⁷ She argues that those who typify the electorate are only capable of reporting the views of their constituents to the representative assembly.¹³⁸ The ability to report constituents’ views does not, however, mean that representatives necessarily govern well.¹³⁹ Representatives, she continues, are usually abnormal in the sense that they are more articulate than the typical person.¹⁴⁰ According to Pitkin, descriptive representation is only useful to the extent that representatives can provide representative assemblies with the views of their constituents.

Despite its critics, descriptive representation continues to be considered a pertinent issue in democratic entities. Calls for increased representation of marginalized groups are perennially expressed. Young provides an alternative conception of social groups and group representation that helps explain the persistence of those concerned with

diversity and representation. Group politics, she contends, is often conceived using what she terms “logic of substance.”¹⁴¹ The “logic of substance” identifies group belonging according to the presence of some essential attribute within an individual.¹⁴² However, Young conceives social group differentiation in terms of relational, rather than substantial, difference. One’s social experience and social relationships are greatly influenced by one’s position within society.¹⁴³ Different social histories, experiences and knowledge generate, what Young calls, social perspectives.¹⁴⁴ Social perspectives are particular points of view, backgrounds for which analysis of problems, questions and issues begin.¹⁴⁵ Social perspectives only provide the conditions under which interests and opinions are formed, but do not determine one’s interests and opinions.¹⁴⁶ Although each individual has their own unique mixture of experiences and social knowledge, Young importantly states that “we must avoid, however, the sort of individualism that would conclude from this fact that any talk of structured social positions and group-defined social location is wrong, incoherent, or useless.”¹⁴⁷ It is necessary to acknowledge and recognize the experiences shared by structured social groups. The conceptualization of social groups in terms of relational rather than substantive categories does not assume that individual group members have identical interests while, at the same time, does not ignore the impact of social structures on an individual’s life.¹⁴⁸

The conception of social groups in relational terms addresses the criticisms of descriptive representation presented by Pitkin and provides a starting point for understanding the relationship between equal representation and participation. The argument for descriptive representative becomes stronger if it is seen as a means to include a variety of social group perspectives. Descriptive representation in co-

operatives is important for effective and responsive representation. A representative must be conceived as *speaking for* their constituents instead of requiring them to *speak as* their constituents.¹⁴⁹ Representatives are not substitutes for their constituents because representatives cannot be identical to their constituents.¹⁵⁰ However, they can act for constituents by remaining connected and responsive to them. A strong connection between members and board directors not only requires directors that represent different interests and opinions, but also share the various social perspectives that exist within the co-operative's membership. Thus, the representation of the membership's social perspectives is a component of good representation.

Descriptive representation also improves the decision making process and the outcomes of that process. It ensures that those who have been traditionally absent from decision making centres are able to influence the decision making agenda.¹⁵¹ The inclusion of different social perspectives provides an opportunity for the board of directors to identify important membership concerns that may not have been previously considered. Moreover, the inclusion of different social perspectives brings new understanding of issues to the decision making process. The more views that are considered, the more comprehensive the decision making process is likely to be. In the end, better understanding of issues and problems by the board of directors is likely to bring about better decisions.

This study shares two main assumptions of Mills' elite theory. First, this study assumes that some groups wield more power than others in the democratic process. The pluralist notions that interests compete on relatively equal playing is rejected. C. Wright Mills called this "romantic pluralism" and argues that the balance of power theory has a short-term focus and can only explain temporary alliances.¹⁵² If one examines political

elites over a long period of time, they would observe that some groups consistently occupy positions of power. If equality of bargaining power truly exists, then different groups would have their interests realized. The under representation of some social groups such as women and visible minorities suggests that these groups have been systematically excluded from the democratic process.¹⁵³ Moreover, governing elites share similar social affinities and backgrounds, as Mills observed.¹⁵⁴ Likewise, board members also tend to share similar social affinities and backgrounds.

The second elite theory assumption adopted by this study holds that the formal and informal structures of power perpetuate the under representation of women and visible minorities on co-operative boards of directors. Mills attempts to explain why certain social groups are able to acquire, and hold onto, positions of power.¹⁵⁵ First, formal structures may prevent some people from participating. For example, in co-operatives, formal structures and policies may include democratic institutions such as board size, the location, time, and date of elections and board meetings, or recruitment policies. Formal democratic practices are those which are written down in policy statements or organizational rules and bylaws. Second, Mills notes that informal structures are also important.¹⁵⁶ Informal democratic practices include informal organizational norms and practices that indicate “the way things are done around here.”¹⁵⁷ For example, informal norms and practices in co-operatives may include the type of language used, the manner of welcoming new board members, or even how formal policies are followed or adhered to. Informal democratic practices are those which are unwritten but no less influential than formal democratic practices.

2.6 Summary

The overall objectives of this chapter were to overview the extant literature on democracy, representation, co-operative democracy, and board diversity and to develop a theoretical framework for this study. Hobbes, Locke, Schumpeter, and Dahl provided some compelling arguments for representative democracy. Effective democratic governance in co-operatives requires representatives to be authorized to act for the membership and to be held accountable for their actions. Also, like large-scale, complex societies, co-operatives must confront the practical obstacle of size for mass participation by formally and legitimately electing representatives. The theories on representative democracy do not, however, adequately consider important democratic principles such as equality and participation. Participatory theorists, such as Mill, Pateman, and Barber, contribute to this study's theoretical framework with their discussions on the intrinsic worth of democracy. Co-operative democracy can, and should, provide members with opportunities for individual member development as well as opportunities for members to contribute to organizational development. Both participatory and feminist theorists highlight the need to examine the issues of political equality in a democratic entity. As demonstrated by Okin and Pateman, successful democracy and the achievement of political equality sometimes requires an examination of gender roles and the ability of women to participate in the democratic process.

The concept of representation is of central importance to this study. Together, the theories of representation by Pitkin, Phillips, and Young offered several ways to conceptualize the concept of representation. Pitkin's view of representation as a temporal concept that has many aspects is particularly useful. Representatives are authorized to act and held to account for their actions. Also, representatives are

delegates as well as agents at different times throughout a representative's term. Phillips and Young, however, add to the concept of representation with their views of descriptive representation. Arguments for board diversity in co-operatives organizations are arguments for descriptive representation and better democratic governance. Board diversity is an important component of good democratic governance as it is one way to ensure that the social perspectives which are present in the membership are also present in the decision making process. The inclusion of various social perspectives is one way to make certain that representatives remain connected and responsive to the co-operative's membership.

Currently, most co-operative boards tend to be homogenous in terms of composition and representation. Mills' argument that formal and informal democratic structures prevent the participation of certain social groups is supported by the empirical evidence in the literature on co-operatives and board diversity. The works of the CCC, Theis and Hammond Ketilson, and de Clercy and Hammond Ketilson suggest that structural barriers, such as board size and sexist attitudes, among many others, have contributed to the exclusion of women on co-operative boards of directors. The absence of women and visible minorities on co-operative boards of directors suggest that members do not have equal political power within co-operative organizations.

The lack of diversity in co-operative governance structures is problematic for two reasons. First, it suggests that there may be the systematic exclusion of certain social groups and therefore social perspectives from the governance activities of the organization. As democratic organizations, co-operatives have a responsibility to ensure that all members have an equal opportunity to participate in, and influence, the decision making process. Second, it suggests that co-operative organizations may not be meeting

the social and economic needs of their membership. It has already been established that democracy is important for the social and economic success of a co-operative's success. Enhancing board diversity can provide co-operative organizations with insights about issues and concerns that are important to the membership. To achieve inclusive governance and realize the co-operative competitive advantage, the barriers to, and facilitators of, board diversity must be identified. It is the objective of this study to identify formal and informal structures that are assumed to inhibit and facilitate the inclusion of women and visible minorities on co-operative boards of directors. The next chapter focuses on studying these structures empirically within select cases.

¹ Thomas Hobbes, *The Leviathan*, in *Classics in Political Philosophy*, ed. Jene M. Porter, 3d ed. (New Jersey: Prentice Hall Canada, 2000), 287.

² *Ibid.*, 303.

³ John Locke, *Two Treatises of Government: The Second Treatise*, in *Classics in Political Philosophy*, ed. Jene M. Porter, 3d ed. (New Jersey: Prentice Hall Canada, 2000), 358.

⁴ Joseph Schumpeter, *Capitalism, Socialism and Democracy* (New York: Harper and Row, 1976), 242.

⁵ *Ibid.*, 257. According to Schumpeter, the idea that individuals are rational beings is false. First, individuals lose their ability to think responsibly, effectively, and rationally when they are part of large groups, whether they are physically grouped together or simply influenced by the same media messages. The second reason is closely associated with the first. Schumpeter argues that individuals are easily persuaded and influenced by advertising. The sphere of human reality is small and therefore individuals have a difficult time applying a critical lens to issues that are far removed from their everyday lives. This perspective differs from that of Locke. Locke believed that humans are rational and hold the capacity to understand complex issues and make good decisions.

⁶ *Ibid.*, 261.

⁷ *Ibid.*, 269.

⁸ Robert Dahl, *On Democracy* (New Haven: Yale University Press, 1998). Other relevant works by Dahl include Robert Dahl, *Polyarchy: Participation and Opposition* (New Haven: Yale University Press, 1971); and, Robert Dahl, *Who Governs: Democracy in an American City* (New Haven: Yale University Press, 1961).

⁹ Dahl, *On Democracy*, 69.

¹⁰ *Ibid.*, 45.

¹¹ Dahl believes there are several other reasons for why citizens may not want to participate in political life. He states that citizens may not want to participate “because what they intended to say has already been covered adequately; or they have already made up their minds; or they suffer from stage fright, a sense of inadequacy, lack of a pressing interest in the subject at hand, incomplete knowledge, and so on. While few carry on the discussion, then, the rest listen (or not), and when the time comes for a vote they vote (or don’t)” (107).

¹² John Stuart Mill, *Utilitarianism, Liberty, and Representative Government*, with an introduction by A. D. Lindsay (New York: E.D. Dutton and Company, 1951), 278.

¹³ *Ibid.*, 259.

¹⁴ Alexis de Tocqueville, *Democracy in America*, ed. Phillips Bradicy, Vol. 2 (New York: Vintage Books, 1955), 123.

¹⁵ Lou Hammond Ketilson et al, *The Social and Economic Importance of the Co-operative Sector in Saskatchewan*, a Research Report Prepared for the Saskatchewan Department of Economic and Co-operative Development (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2001), 181. In the report’s section on leadership and development, researchers examined the demographic characteristics and experiences of community leaders in Saskatchewan. To this end, researchers conducted a random survey of households in the southern half of the province. In another report entitled *A Report on Aboriginal Co-operatives: Current Situation and Potential for Growth*, researchers noted that over half of the political leaders in the Nunavut Legislature at the time of publication received significant training and experience from the co-operative sector before entering into formal politics (31). Lou Hammond Ketilson and Ian MacPherson, *A Report on Aboriginal Co-operatives in Canada: Current Situation and Potential for Growth* (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2001), 283.

¹⁶ Carole Pateman, *Participation and Democratic Theory* (Cambridge: Cambridge University Press, 1970).

¹⁷ *Ibid.*, 104.

¹⁸ *Ibid.*, 109.

¹⁹ *Ibid.*, 110.

²⁰ Benjamin R. Barber, *Strong Democracy: Participatory Politics for a New Age* (Berkeley: University of California Press, 1984), 151.

²¹ *Ibid.*, 119.

²² Patrick Dunleavy and Brendan O’Leary, *Theories of the State: The Politics of Liberal Democracy* (New York: Meredith Press, 1987), 5.

²³ Ibid., 5-6.

²⁴ Susan Moller Okin, "Gender, the Public, and the Private," in *Feminism and Politics*, ed. Anne Phillips (Oxford: Oxford University Press, 1998), 116-141.

²⁵ Ibid., 118.

²⁶ Ibid., 120.

²⁷ Ibid.

²⁸ Ibid., 130.

²⁹ Carole Pateman, "Feminism and Democracy," in *The Disorder of Women: Democracy, Feminism and Political Theory* (Cambridge: Polity Press, 1989).

³⁰ Ibid., 220. She notes that she was a proponent of this view in her book *Democratic Theory and Participation* and has since expanded on her theory of participatory democracy. In *The Disorder*, she offers a feminist perspective in her theory of participatory democracy.

³¹ Idem, *Disorder*, 221.

³² Ibid., 222.

³³ Both Okin and Pateman criticize liberal democracy on the ground that the traditional liberal public-private dichotomy has prevented women from participating on equal terms. However, their charge is not against liberal democracy *per se*, but is against the prevailing conception of the private-public realms. For a detailed discussion on Anne Phillips' feminist perspective on the concept of representation see pp. 19-21 below.

³⁴ For example, despite Mill's argument that participatory democracy is the best form of government, he comes to the conclusion that for practical reasons, representative government must be the best form of government. He states that after considering the merits of participatory democracy "it is evident that the only government which can fully satisfy all the exigencies of the social state is one in which the whole people participate; that any participation, even in the smallest public function, is useful; that the participation should everywhere be as great as the general degree of improvement of the community will allow; and that nothing less can be ultimately desirable than the admission of all to a share in the sovereign power of the state. But since all cannot, in a community exceeding a single small town, participate personally in any but some very minor portions of the public business, it follows that the ideal type of a perfect government must be representative" (292).

³⁵ Hanna Fenichel Pitkin, *The Concept of Representation* (Berkeley: University of California Press, 1967).

³⁶ Ibid., 38, 48. Pitkin argues that once the representative has the authority to represent, anything they do could be considered an act of representing. In this view, there is no such thing as good or bad representation.

³⁷ Ibid., 49.

³⁸ Ibid., 55-56. This view, Pitkin argues, is typically asserted by those attempting to distinguish representative forms of government from other forms. In this case, the emphasis is usually placed on the role of regular elections.

³⁹ Ibid., 57.

⁴⁰ Ibid., 58. Emphasis in original.

⁴¹ Ibid., 60.

⁴² Ibid.

⁴³ Ibid., 63.

⁴⁴ Ibid., 76.

⁴⁵ Ibid., 92.

⁴⁶ Ibid., 89.

⁴⁷ Ibid., 114.

⁴⁸ Ibid., 122. The free agent is one who is confident about stating the position or interests of their constituents without consulting them. Conversely, the delegate representative is someone who always needs to consult with their constituents before making a decision.

⁴⁹ Ibid., 142. Pitkin also discusses what she calls the symbolic representation view. Although her discussion of symbolization is interesting, it is a rare view of representation. According to Pitkin, the symbolic view is where the representative represents something that is not actually there: "a political representative is to be understood on the model of a flag representing the nation, or an emblem representing a cult" (92). Pitkin discusses the concepts of symbolization. Symbols, she argues, are not substitutes for something else. Rather, "the symbol seems to be the recipient or object of feelings,

expressions of feelings, of actions intended for what it represents” (99). For something to be a symbol, people must believe in that symbol as “standing for” something. Pitkin argues that symbolic representation is based upon irrational responses and is therefore a product of manipulation and the purposive fostering of feelings of identification with the representative. In the extreme, the represented reflect the will of the representative thereby perverting the concept of representation. Representatives do have something to do with irrational beliefs and peoples’ acceptance of them as leaders. However, according to Pitkin, it ignores the requirement that representatives are supposed to reflect the views of the represented (100-101, 109-110).

⁵⁰ Ibid., 209.

⁵¹ Ibid., 221.

⁵² Ibid., 233.

⁵³ Ibid., 234.

⁵⁴ Ibid., 236-39.

⁵⁵ Anne Phillips, “Democracy and Representation: Or, Why Should it Matter Who our Representatives Are?,” in *Feminism and Politics*, ed. Anne Phillips (Oxford: Oxford University Press, 1998), 224-240.

⁵⁶ Ibid., 230.

⁵⁷ Ibid., 230-231. Phillips believes women should have equal opportunities for interesting careers, but she is opposed to treating being a politician as a career. She claims she cannot use this argument in support of gender parity at the expense of her belief that political office should not be considered a career.

⁵⁸ Ibid., 231.

⁵⁹ Ibid., 232.

⁶⁰ Ibid., 232-233.

⁶¹ Ibid., 233.

⁶² Ibid., 234. Phillips provides further explanation about the three assumptions that underlie the women’s interest argument. She deals with the first two assumptions together. Women have some shared interests but many women’s interests cut across many social, economic, and political categories. She argues that this does not weaken the gender parity argument and may even strengthen it. She claims that the more clearly an interest is defined, the easier it is for anybody to represent that particular interest. On the other hand, for example, the more elusive women’s interests are, the more difficult it is for men to articulate this interest. As a result, “the very difficulties in defining what are in women’s interests strengthen the case for more women as representatives” (234-235). The third assumption that women will, in fact, represent women if elected, she argues, seems right at an intuitive level. However, she wonders if this is necessarily the case when candidates run on party platforms and within geographic constituencies. Within the third assumptions lies another assumption of which Phillips agrees. This assumption is that representatives have considerable autonomy and that there are no pre-agreed upon party policies and programmes. At the same time, however, radical democrats argue that politicians should remain committed to their original promises. Phillips states that “the politics of binding mandates...turns the representatives into glorified messengers: it puts all the emphasis onto the content of the messages, and makes it irrelevant who the messengers are. In contesting the sex of the representative, feminists are querying this version of democratic accountability” (236).

⁶³ Phillips defines threshold as “where the numbers would reach the requisite level that ensured each group’s concerns were adequately addressed” (236). She does not discuss how one is to determine this threshold.

⁶⁴ Ibid., 238.

⁶⁵ Ibid.

⁶⁶ Ibid., 239.

⁶⁷ Ibid., 239. Phillips admits that the argument that descriptive representation should be part of the broader goal to develop a more participatory form of democracy is less developed than other arguments for gender parity.

⁶⁸ Iris Young, *Inclusion and Democracy*, Oxford Political Theory, ed. Will Kymlicka, David Miller and Alan Ryan (Oxford: Oxford University Press, 2000), 17.

⁶⁹ Ibid., 123. Emphasis in original.

⁷⁰ Ibid., 128.

⁷¹ Ibid., 123.

⁷² Ibid., 135. She defines opinions as one’s principles, beliefs and values.

⁷³ Young, 136. She distinguishes between interests and opinions on one hand, and social perspectives on the other. Interests and opinions, she argues, are about specific outcomes, whereas social perspectives are more like starting points for reasoning.

⁷⁴ Ibid., 142.

⁷⁵ Ibid., 144.

⁷⁶ Elite theories have been categorized in different ways. For example, Patrick Dunleavy and Brendan O’Neil identify three schools of thought in the elite theory camp: first, the “classical elite theory” school including Gaetano Mosca, Vilfredo Pareto, and Robert Michels; second, the “democratic elitism” school, including Max Weber and Joseph Schumpeter; and, third, the “radical elite theory” school, including C. Wright Mills and Floyd Hunter. Patrick Dunleavy and Brendan O’Neil, “Elite Theory,” in *Theories of the State: The Politics of Liberal Democracy* (New York: Meredith Press, 1987). Edward Keynes divided the elite schools of thought into six categories: the classical ruling elite theory, the ruling class model, the natural elite theory, the stratification model, political personality, and pluralism (the anti-thesis to elite theory). Edward Keynes, “Elites and Community Power,” in *Political Power, Community and Democracy*, ed. Edward Keynes and David M. Ricci (Chicago: Rand McNally and Company, 1970), 27-61.

⁷⁷ C. Wright Mills, *The Power Elite* (New York: Oxford University Press, 1956).

⁷⁸ Mills and other elite theorists, such as Robert Michels, rejected the Marxist claim that economic status, or class, determine the distinction between those who govern and those who are governed. As a result, they chose the term “elite” instead of “ruling class” because they believed elites shared other social aspects in common such as family background, county of origin, religious affiliation, and geographical location.

⁷⁹ Mills, 281.

⁸⁰ Dunleavy and O’Neil characterize Mills as a radical elite theorist and stated that the power elite literature was “solidly based upon democratic, even participatory, values. Classical elite theorists had sought to show that liberal democracy was a utopian ideal incapable of realization. By contrast, radical elite theory attacks pluralism for disguising the degree to which existing arrangements do not implement feasible ideals of direct control by citizens over decisions affecting their lives” (144-145).

⁸¹ Co-operative methods were used by many societies and groups before the Rochdale Pioneers. For example, many Aboriginal communities have used forms of co-operation for millennia. However, Rochdale is the most well-known and successful early co-operative organization.

⁸² ICA, “Statement of Co-operative Identity”; available from <http://www.coop.org/coop/principles.html>; accessed 24 August 2005. There have been three major reviews of the Co-operative Principles by the ICA, including “Rochdale Principles of Co-operation 1937,” “Co-operative Principles 1966,” and “Statement on the Co-operative Identity 1995.”

⁸³ Ibid.

⁸⁴ Brett Fairbairn, *The Meaning of Rochdale: The Rochdale Pioneers and the Co-operative Principles*, Occasional Paper Series (Centre for the Study of Co-operatives, Saskatoon, 1994), 48.

⁸⁵ ICA.

⁸⁶ Fairbairn, 50.

⁸⁷ ICA.

⁸⁸ Fairbairn, 7.

⁸⁹ J E. Trevena, *When All Else Fails, Read the Directions*, Co-operative Future Directions Project, no. 5 (Saskatoon: Co-operative College of Canada, 1983), 3.

⁹⁰ Ibid.

⁹¹ J. E. Trevena, *Purposeful Democracy for Co-operatives*, Working Papers (Saskatoon, Co-operative College of Canada, 1980), 9.

⁹² See Trevena, *Purposeful*; Bonnie Rose, *When the Directions are Missing Think, Experiment and Learn*, Co-operative Future Directions Project, no.5 (Saskatoon: Co-operative College of Canada, 1980); Joel David Welty, *Rochdale Ethics: Foundation of Cooperative Culture* (Ann Arbor: North American Students of Cooperation, 1984).

⁹³ Trevena, *Purposeful*, 9.

⁹⁴ See James Peter Warbasse, *Cooperative Democracy* (New York: Harper and Brothers, 1936); Rose; Trevena, *When All Else Fails*; Trevena, *Purposeful*; Welty.

⁹⁵ Welty, 8-10.

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- ⁹⁶ Conseil Canadien de la Coopération, *A Boon for the Future: The Participation of Women in Co-operative Democracy*, trans. Canadian Co-operative Association (Ottawa: Conseil Canadien de la Coopération, 1996).
- ⁹⁷ *Ibid.*, 19.
- ⁹⁸ *Ibid.*
- ⁹⁹ *Ibid.*, 24.
- ¹⁰⁰ *Ibid.*, 44.
- ¹⁰¹ *Ibid.*, 26.
- ¹⁰² Leona Theis and Lou Hammond Ketilson, *Research for Action: Women in Co-operatives* (Saskatoon: Centre for the Study of Co-operatives, 1994). The study also examined the barriers and facilitators encountered by women employees in decision making positions.
- ¹⁰³ *Ibid.*, vii.
- ¹⁰⁴ *Ibid.*
- ¹⁰⁵ *Ibid.*, iv.
- ¹⁰⁶ Carol Hunter, Canadian Co-operative Association, “Women in Co-operatives: Some Benchmarks,” in *Women in Co-operatives: Proceedings from the Women in Co-operatives Forum Held 7-8 November 1997*, edited by the Canadian Co-operative Association, Centre for the Study of Co-operatives, and Manitoba Co-operative Council (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 1998).
- ¹⁰⁷ *Ibid.*, 2.
- ¹⁰⁸ *Ibid.*
- ¹⁰⁹ *Ibid.*, 3.
- ¹¹⁰ Cristine de Clercy and Lou Hammond Ketilson, “Leadership and Diversity: A Study of Demographic and Attitudinal Homogeneity in Saskatchewan’s Credit Union Governance Groups,” Summary of Findings, April 2004, Centre for the Study of Co-operatives, University of Saskatchewan, Saskatoon.
- ¹¹¹ *Ibid.*
- ¹¹² *Ibid.* Studies on board diversity in the corporate world suggest that there is a correlation between board diversity and successful economic performance. In the report, *Women on Boards: Not Just the Right Thing... But the Bright Thing*, the Conference Board of Canada found that the representation of women on corporate boards of directors in Canada improves organizational performance over the long term, financially and non-financially. This study suggests that board diversity is not only morally right but is correlated with strong economic performance. The Conference Board of Canada, *Women on Boards: Not Just the Right Thing...But the “Bright” Thing*, (TCBC: May 2002), ii.
- ¹¹³ de Clercy and Hammond Ketilson, 6.
- ¹¹⁴ *Ibid.*, 11.
- ¹¹⁵ CCA and Brown Governance, *Measuring Up*; CCA and Brown Governance, *Towards Excellence*.
- ¹¹⁶ CCA and Brown Governance, *Measuring Up*.
- ¹¹⁷ CCA, “Unity.”
- ¹¹⁸ *Ibid.*
- ¹¹⁹ de Clercy and Hammond Ketilson, 5.
- ¹²⁰ Trevena, *Purposeful*, 4.
- ¹²¹ *Ibid.*, 19-20.
- ¹²² Dahl, 108.
- ¹²³ Vancouver City Savings Credit Union, *Corporate Information*; available from <http://www.vancity.com/Community/AboutUs/CorporateInformation>; accessed 10 June 2005.
- ¹²⁴ Representatives are not, however, justified to make arbitrary decisions. The concept of representation will be discussed in further detail below.
- ¹²⁵ Young, 125. Emphasis in original.
- ¹²⁶ International Joint Project on Co-operative Democracy, *Making Membership Meaningful: Participatory Democracy in Co-operatives* (Saskatoon: Centre for the Study of Co-operatives, 1995), 303.
- ¹²⁷ ICA. The fifth co-operative principle reads as follows: “Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.”
- ¹²⁸ Phillips, 231.

¹²⁹ Ibid.

¹³⁰ Trevena, *Purposeful*, 6-8.

¹³¹ Trevena, *When All Else Fails*, 13.

¹³² Pitkin, 38.

¹³³ Pitkin, 58.

¹³⁴ Credit Union Central of Saskatchewan, *Tapping the Talents of People* (Regina: April 2004), 19.

¹³⁵ Pitkin, 86.

¹³⁶ Ibid., 61.

¹³⁷ Ibid.

¹³⁸ Ibid., 63.

¹³⁹ Ibid.

¹⁴⁰ Ibid., 64.

¹⁴¹ Young, 87.

¹⁴² Ibid.

¹⁴³ Young also provides a useful definition of structural inequality: “Structural inequality consists in the relative constraints some people encounter in their freedom and material well-being as the cumulative effect of the possibilities of their social positions, as compared with others who in their social positions have more options or easier access to benefits”(98).

¹⁴⁴ Ibid., 136.

¹⁴⁵ Ibid., 137.

¹⁴⁶ Ibid.

¹⁴⁷ Ibid., 138.

¹⁴⁸ Young defines a structural social group as “a collection of persons who are similarly positioned in interactive and institutional relations that condition their opportunities and life prospects”(97). She discusses several different views of structural social groups. Her conception of structural social groups includes three major features. First, social positions are relative to the social positions of others. Second, social structures are not independent of social actors. People act in ways that reinforce existing social structures. Third, although social structures are not independent of social actors, social structures are not maintained by individual action. Social structures are also products of historical social realities and previous actions. According to Young, social structures often have collective results that are unintentional. In the end, she contends that social structures are difficult, but not impossible, to change (94-96).

¹⁴⁹ Ibid., 127. Emphasis in original.

¹⁵⁰ Ibid., 126.

¹⁵¹ Ibid., 144.

¹⁵² Mills, 244.

¹⁵³ The studies discussed in the previous section illustrate the diversity problem in co-operatives.

¹⁵⁴ Mills, 279.

¹⁵⁵ Ibid., 281.

¹⁵⁶ Ibid.

¹⁵⁷ Anne Buchanan, *Towards an Inclusive Organizational Culture* (Ottawa: Canadian Council for International Co-operation, 2001); available from http://www.ccic.ca/e/docs/002_dev_inclusion_applying_diversity_lens.pdf; accessed 8 June 2004.

CHAPTER 3

RESEARCH QUESTIONS, PROPOSITIONS AND METHODOLOGICAL APPROACH

3.1 Introduction

In the previous chapter, the merits of descriptive representation and board diversity were discussed. This chapter has two objectives: to present the overarching theoretical propositions of this study and to describe its methodological approach. First, the core research questions are presented and eight specific propositions are discussed. Second, the methodological approach is reviewed. As well, case selection criteria are reviewed and the two case studies are introduced. Lastly, the data sources and analytical strategies used in this study are presented.

3.2 Research Questions and Propositions

The literature on co-operatives and board diversity reflects a keen interest among researchers and the co-operative sector to better understand board diversity in co-operative organizations. Extant research on board diversity has provided some insight into the role of gender representation on co-operative boards. Importantly, recent empirical evidence has confirmed that there is a diversity problem in Canadian co-operatives.¹ Also, it reveals that women encounter specific barriers while attempting to secure board positions.² Lastly, recommendations about strategies that facilitate board

diversity have been discussed.³ These works provide an important foundation for this inquiry, and have generated additional questions concerning the phenomenon of board diversity. For example, how have some co-operative boards achieved diversity? Why was it important for these boards to pursue diversity? What strategies, if any, were implemented to achieve diversity? Which strategies were successful and unsuccessful? Were some strategies more readily accepted than others and why? What factors contribute to sustainable board diversity? Answers to these questions would be useful for co-operative boards interested in increasing their level of diversity.

There are few empirical examples of diverse boards and, therefore, there is a rather limited understanding of board diversity on the part of researchers and co-operatives. This work focuses on understanding key factors that contribute to board diversity. This study has two core research questions. First, how do boards achieve diversity? Second, how do diverse boards maintain their diversity? The answers to these questions are likely to be complex and influenced by the historical and institutional realities of each organization. Nevertheless, it is possible to offer some theoretical propositions by drawing upon existing studies on board diversity and from the field of political science, particularly works on democracy and gender representation.

To be clear, this thesis does not seek to examine or explain changes in the demographic composition of co-operative boards. It does not consider instances where a board has transformed from a homogenous board to a diverse board, or vice versa. Rather, the main objective of this study is to identify key characteristics of both homogenous and diverse boards, and to examine how representational diversity is maintained. A comparison of diverse and homogenous boards can shed light on the key factors that inhibit or facilitate diversity in co-operative leadership structures.

This study is based on four key areas of inquiry. These four areas are problem recognition, formal diversity policies, proactive recruitment strategies, and responsive governance. Under each area, two specific theoretical propositions are posited. These propositions rest upon the basic assumption that the achievement board diversity requires deliberate action aimed toward including members of marginalized groups. Left to their own devices, boards will not diversify their representational characteristics. Without changing board and electoral procedures, practices and policies, the status quo of homogeneity will continue.

The first main theme of this study is problem recognition. There are several reasons why a board may believe board homogeneity to be problematic and board diversity to be beneficial, as discussed in the first chapter in detail. For example, although researchers are unable to prove causation, studies show that there is a correlation between economically successful organizations and diverse boards.⁴ As well, diversity is believed to improve the decision making processes because directors can draw upon a broader set of experiences and perspectives. This wide range of experience and knowledge is believed to create a better understanding of issues, and contribute to the creation of innovative ideas. Some boards may be concerned about improving the democratic functioning of their co-operative. In addition to the requirement that all members have equal voting rights, the principle of democratic equality requires that all members have an equal opportunity to serve in leadership positions, regardless of gender or ethnic background.

Whatever the specific rationale or rationales for taking action, some homogenous boards act to diversify their leadership representation. Once a leadership group diversifies, it is possible that it will remain diverse over time, and not return to its former

homogenous state. Examples from the political world guide this work's theory here. In her study entitled "Women and the Public Sphere in Saskatchewan, 1905 to 2005," de Clercy found that after reaching the highest level of female representation in the Saskatchewan legislature in 1995 with 24.4 per cent, the 1999 and 2003 provincial elections resulted in a reversal of female representation with 17 per cent and 18 per cent respectively.⁵ However, the level of women's representation did not revert to pre-1990 levels.

Gains in the level of women's representation in national and provincial institutions, as well as co-operative organizations should be celebrated. The dramatic growth in the number of women in the paid workforce and post-secondary institutions over the last few decades demonstrates a considerable achievement toward gender equality. These factors likely contributed to the overall increase in women's representation in formal political institutions and co-operative organizations. Still, structural barriers continue to impede women's participation in the public sphere, and the issue of women's representation needs to be constantly addressed. Studies on women's participation in representative institutions show that change has been slow. For instance, although women in Saskatchewan gained the right to vote in 1916, it was not until the 1960s when women consistently participated in provincial politics, and not until the 1990s when women made significant gains in Saskatchewan's elected assembly.⁶

Furthermore, it is not certain that increases in the level of women's representation will inevitably continue as a result of workforce or educational gains. In the past decade, for example, the level of women's representation in Canadian political institutions has stagnated around 20 per cent, despite a marked increase in women's

representation from the mid-1980s to the mid-1990s.⁷ Therefore, it is important for representative institutions, including credit union boards, to keep the issue of women's representation a priority and to continue to monitor the overall level, and the rate of progress, of women's representation.

So, as concerns problem recognition, this thesis identifies two propositions:

1A. Boards that are homogenous in terms of their leadership's representational characteristics will not consider homogeneity, or lack of diversity, to be problematic.

1B. Boards that are diverse in terms of their leadership's representational characteristics will consider homogeneity, or lack of diversity, to be problematic.

From these propositions, several sorts of board behaviour are expected. For example, in view of proposition 1A, it is expected that homogenous boards will fail to view their homogeneity as a problem. It is expected that they will not discuss the issue of diversity during board meetings, or publicly and explicitly identify a diversity problem in annual reports and members newsletters. Similarly, as regards proposition 1B, diverse boards are expected to regularly refer to the problems flowing from representational homogeneity at board meetings and in annual reports and member newsletters. Further, it is expected that diverse boards will monitor current levels of diversity to avoid the problem of representational homogeneity. In effect, it is expected that diverse boards will not revert to homogeneity.

The second theme guiding this inquiry is formal diversity policies. A formal commitment to diversity is a written policy statement that expresses the board's commitment to equality and equity. It indicates that the representation of women and visible minorities is an important issue for the board. A policy of this sort is difficult to ignore, and may serve as an explicit reminder to the membership and board members of

the board's commitment to achieve diverse representation. Furthermore, it ensures that future boards are aware that the board sought to achieve diversity.

Therefore, this study has two specific theoretical propositions concerning formal diversity policies:

2A. Boards that are homogenous in terms of their leadership's representational characteristics will not have a formal diversity policy.

2B. Boards that are diverse in terms of their leadership's representational characteristics will have a formal diversity policy.

In light of proposition 2A, it is expected homogenous boards not to ensure the representation of women or visible minorities by means of a formal diversity policy.

With reference to proposition 2B, diverse boards are expected to have a formal diversity policy guaranteeing a minimum level of gender and ethnic representation on the board.

The third area of inquiry is proactive recruitment strategies. Proactive recruitment strategies include a purposive effort to identify and ask women and visible minorities to stand for election, and to publicly acknowledge the need for more female and visible minority candidates. Such recruitment efforts are specifically aimed at facilitating the participation of women and visible minority candidates in board elections. Co-operative boards face the challenge of deciding to what extent they are involved in the selection of board members.⁸ Because co-operatives are democratic organizations, some people believe the board should not interfere with the selection of candidates in any way.⁹ The board may be perceived as interfering in the democratic process by providing some candidates with an "unfair" advantage and, therefore, increasing their probability of winning the election.¹⁰ Some people may perceive the board's involvement as a violation of the democratic principle of equality. However, many demographic groups are chronically under represented on credit union boards,

suggesting that many recruitment processes do not effectively reach certain demographic groups, or that existing practices are biased towards white males. Proactive recruitment is one way to reach out to women and visible minorities and ensure diverse representation.

Proactive recruitment strategies are likely to increase diversity on the board for several reasons. First, they encourage women and visible minorities who may not have otherwise run for the board.¹¹ Also, proactive recruitment strategies communicate the message that women and visible minorities are welcome on the board. While such strategies may not have a visible effect in any one election, over time they signal inclusiveness to under represented groups. Lastly, simply asking a person to consider running for a position on the board may give them the confidence they need to stand for election, and so mobilizing under represented group members into the electoral process.

So, as concerns proactive recruitment strategies, this study offers two theoretical propositions:

3A. Boards that are homogenous in terms of their leadership's representational characteristics will not have proactive recruitment strategies.

3B. Boards that are diverse in terms of their leadership's representational characteristics will have proactive recruitment strategies.

In view of these propositions, boards are expected to exercise certain types of recruitment practices. For instance, as regards proposition 3A, it is expected that homogenous boards will not proactively recruit female and visible minority candidates to run for the board. They are not expected to publicly announce the need to increase the level of representational diversity on the board, or overtly call women and visible minorities to run for the board in organizational documents. As well, such boards are not expected to informally recruit for representational diversity through personal

networks or encouragement. In view of proposition 3B, diverse boards are expected to deliberately seek representational diversity with overt and public calls for women and visible minorities to put their names forward for election. As well, diverse boards are expected to identify members of under represented groups and to provide such individuals with personal encouragement and support throughout the electoral process.

The final area of inquiry is responsive governance. It is believed that a critical mass of women and visible minorities ensures that minority group perspectives are included in the decision making process and, as a result, are reflected in board policy and practices.¹² It is assumed that women and visible minorities identify with, and participate in, governance structures that are responsive to their specific needs and identities.¹³ Studies on women's representation suggest that 20 per cent women's representation has not resulted in an acceptable rate of progress in Canadian political institutions.¹⁴ Therefore, a critical mass of women and visible minorities is defined as a level in excess of 20 per cent. In this study, a critical mass is considered 30 per cent representation of women or visible minorities for a period of at least three years. Although a board may achieve such diversity levels in a single year, it is not likely minority group perspectives will influence board policies and practices over such a short period of time.

In effect, this study provides two theoretical propositions concerning responsive governance:

4A. Boards that do not have a critical mass of women or visible minorities will not demonstrate responsive governance practices.

4B. Boards that have a critical mass of women or visible minorities will demonstrate responsive governance practices.

In view of responsive governance, certain kinds of policies and norms of behaviour are expected. For example, as regards proposition 4A, boards without a critical mass of diversity are not expected to demonstrate more traditional board practices including the use of masculine language in organizational documents, pre-determined and rigid meeting dates and times that favour those with traditional work schedules, and the absence of gender- and culturally-sensitive policies aimed to facilitate the participation of women and visible minorities. Further, it is also expected that women who serve on homogenous boards will not serve in influential board positions, such as Chair or Vice Chair. Likewise, as concerns proposition 4B, boards with a critical mass of diversity are expected to use gender neutral language in organizational documents, have flexible dates and times of board meetings to accommodate different lifestyles, and have gender- and culturally-sensitive policies such as childcare provision, or the recognition of various cultural celebrations or events on which board meetings would not be held. Finally, it is expected that boards with a critical mass of diversity will consistently promote women and visible minorities to key board positions.

In summary, this study has eight theoretical propositions that fall under four main areas of inquiry: problem recognition, formal diversity policies, proactive recruitment strategies, and responsive governance. The eight specific theoretical propositions of this research project are based on extant studies in several fields of social science, and they provide a method for exploring and explaining how representational diversification occurs in co-operative leadership cohorts. The next section provides the rationale for this study's research method and design.

3.3 Methodological Framework and Operationalization

This study adopts the case study method, and there are three reasons for choosing this method. First, as Robert K. Yin states, “the distinctive need for case studies arise out of the desire to understand complex social phenomena. In brief, the case study method allows investigators to retain the holistic and meaningful characteristics of real-life events.”¹⁵ The phenomenon of board diversity is complex in that it is likely influenced by many contextual conditions. For instance, every board has its own processes and norms of behaviour that have been shaped by its unique history. Case studies are a desirable research method when contextual conditions are important and pertinent to studying a particular phenomenon.¹⁶

Second, the explanatory and exploratory nature of the research questions discussed above requires the researcher to draw upon multiple sources of information and make linkages between certain events that happened over time.¹⁷ Yin states that “the ability to trace changes over time is a major strength of case studies – which are not limited to cross-sectional or static assessments of a particular situation.”¹⁸ For example, information concerning changes in policy or board practices may provide insight into changes in board composition. The case study method allows for further inquiry into potential linkages between separate events.

As well, case studies are appropriate where the researcher has little or no control over the phenomenon being studied. Yin states that “the case study is preferred in examining contemporary events when the relevant behaviors cannot be manipulated.”¹⁹ In this study, historical and contemporary events such as past and present board policies and board member behaviour cannot be manipulated as in experimental laboratory

research. Instead, multiple data sources, including personal interviews, are drawn upon to evaluate the theoretical propositions of this study.

For this analysis, the case study method is superior to other research methods, such as surveys or experiments. Surveys and experiments are not suitable for providing information regarding the contextual conditions of a phenomenon. As Yin explains, “the survey designer...constantly struggles to limit the number of variables to be analyzed (and hence the number of questions asked) to fall safely within the number of respondents that can be surveyed.”²⁰ Surveys are more suitable if the research goal is to determine the prevalence of a phenomenon.²¹ In contrast to case studies, experiments are designed to remove contextual conditions toward examining a small number of precise variables.²² Finally, with the experimental method, behaviour is often manipulated in a controlled and systematic manner. In this case, some groups cannot be treated differently to manipulate certain kinds of behaviour.²³

The research design of this study is a multiple-case design, whereby two cases are selected to test key theoretical propositions more than once.²⁴ This is what Yin calls “replication” logic which aims to test a particular theory as opposed to a “sampling” logic that seeks to “reflect the entire universe or pool.”²⁵ Also, this study relies on analytic generalization as opposed to statistical generalization. Yin explains that “in analytical generalization, the investigator is striving to generalize a particular set of results to some broader theory.”²⁶ Analytic generalizations require that the theoretical propositions under examination are supported by more than one case. Therefore, multiple-case study designs expand the external generalizability of the study’s findings.²⁷

The concept of theoretical replication guides the selection of the two case studies. A homogenous board is selected as the first case study, and a diverse board is selected as the second case study. One way to study how boards achieve diversity is to compare the similarities and differences of diverse and homogenous boards, and highlight key factors to explain the different outcomes in board composition. According to Yin, “each case must be carefully selected so that it either (a) predicts similar results (*a literal replication*) or (b) predicts contrasting results but for predictable reasons (*a theoretical replication*).”²⁸ It is expected that each case study would yield different results but for predictable reasons. Taken together, the case studies ensure that theoretical replication is possible.

The next sections review the case selection criteria, introduce the specific case studies, and explain the analytic strategies used in this study.

3.4 Case Selection Criteria and Data Sources

The two case studies of this research project were active credit union organizations during the 1990s and early 2000s, and there are two main rationales guiding case selection. First, there were substantial gains in women’s representation in legislative politics during the 1990s. For example, the Saskatchewan legislature saw women’s representation increase from 7.8 per cent in 1982 and 1986 to 18.2 per cent in 1991, and 24.4 per cent in 1995.²⁹ Although the number of women dropped in 1999 and 2003, women continued to comprise between 17.2 and 19 per cent of elected officials.³⁰ At the same time, women’s representation in the House of Commons climbed from 13.3 per cent in 1988 to 18 per cent in 1993.³¹ In 1997, 2000 and 2004 elections, over 20 per cent of Members of Parliament were women.³² Over 10 million Canadians –

approximately one third of the Canadian population – are members of credit unions.³³ Credit unions are present in both urban and rural communities and are active in all Canadian provinces. As well, all rely on one member, one vote democratic practices. Given this deep and widespread membership base, the credit union sector is well-situated to reflect broader national trends, including marked increases of women in elected positions.

Next, the case studies are both situated in the Greater Vancouver Area in British Columbia. Credit union legislation falls under provincial jurisdiction and, therefore, credit union regulation differs across provinces. To ensure that the impact of legislation is similar for each unit of analysis, the case studies are both located in one province. As well, to study the representation of women and visible minorities, it is necessary to ensure that the credit unions have a significant number of women and visible minorities in their membership. It is well-known that immigrants tend to settle in large urban areas. For example, Vancouver, Montreal, and Toronto have the highest immigrant populations in the country. The total population of Vancouver is nearly 2 million people.³⁴ Over 725,000 people in Vancouver are members of over ten different visible minority groups.³⁵ This suggests approximately one third of Vancouver's population is considered a visible minority. Also, women comprise half of Vancouver's population. Given the number of women and visible minorities that live in the Vancouver area, it is reasonable to assume that the membership of credit unions in the Greater Vancouver Area is similar to the general population.

There were a small number of suitable cases to choose from for this study. For some credit unions, archived annual reports and other pertinent documents were located off-site and were not easily accessible. Others cited privacy concerns as reasons for not

participating in this study. From the cohort of potential cases, the boards of Surrey Metro Savings (SMS) Credit Union and Coast Capital Savings (CCS) Credit Union were selected as case studies for this research project.

In 2002, SMS merged with CCS.³⁶ The merger between the credit unions reflects a recent trend toward consolidation in the credit union sector. This trend is demonstrated by the decrease in the number of credit unions from 1990 to 2001. The total number of credit unions and caisses populaires in Canada decreased from 2,700 in 1990, to 1,595 in 2001.³⁷ Yet, the number of “points of service” – locations and Automated Teller Machines – remained the same or increased, and membership in credit unions and caisses populaires has grown steadily.³⁸ As a result, the number of credit unions has decreased while the average asset size of credit unions has grown.³⁹ There are several reasons credit unions consolidate, for instance, to improve customer service, to retain staff by providing them with more exciting career opportunities, to increase profitability, and to improve operational efficiencies.⁴⁰

Here, two points about the way the term “diversity” is conceived in this study should be made. First, it is recognized that the term “diversity” may be viewed as a continuum whereby one board is considered more diverse than another. On the other hand, however, it must be recognized that the level of diversity in representational structures is pertinent for those studying the inclusiveness of democratic institutions and electoral processes. While there are varying degrees of representational diversity, there is a point where the level of diversity is significant and sufficiently high so that one can expect such boards to display different characteristics than those that have not reached this level of diversity. To undertake a comparative study of diverse and homogenous

boards, one must determine what constitutes a clear achievement of representational diversity.

Second, there are many ways to study diversity on boards. Some subcategories of diversity include gender, ethnic, age, educational, income and geographic diversity, to name only a few. In some cases, directors may belong to more than one subcategory. Although each subcategory may be used as an indicator of diversity, gender and ethnic diversity are selected as specific indicators of board diversity for this study. In light of these two points, a diverse board is defined as a board that has at least 30 per cent representation from women and visible minorities for this study. Conversely, a homogenous board is considered a board that has less than 30 per cent representation from women and visible minorities. During the case selection process it was revealed that there were no credit union boards that were ethnically diverse. As a result, the case selections reflect this study's primary focus on the representation of women.

3.4.1 Surrey Metro Savings Credit Union Board of Directors

The first case study is the SMS Board of Directors from 1995 to 2002. This credit union opened in 1947 and eventually became a leading financial institution in the Fraser Valley region in the Greater Vancouver Area, one of the fastest population growth areas in Canada. By 2001, SMS had grown to be the third largest credit union in Canada, with approximately \$2.7 billion dollars in total assets.

A great deal of the success at SMS can be attributed to the strong leadership demonstrated by many dedicated board members. Yet, the SMS Board was homogenous in terms of gender. From 1995 to 2002, the Board consisted of 9 directors. During this period, women comprised an average of 11.1 per cent of directors, and one

visible minority in 1995 and 1996. The lack of gender representation on the SMS Board is not unusual. In fact, and as discussed in the preceding chapter, it is typical of many co-operative and credit union organizations. The SMS Board was chosen because it is homogenous in its gender composition during the period under study.

3.4.2 Coast Capital Savings Credit Union Board of Directors

The second case study is the CCS Board of Directors from 2001 to 2006. CCS was formed when Pacific Coast Savings Credit Union and Richmond Savings Credit Union merged on December 31, 2000.⁴¹ CCS serves the communities of Vancouver Island and the Greater Vancouver Area. The CCS Board of Directors is selected because it achieved the definition of a diverse board (minority group representation exceeding 30 per cent). The total number of directors on the Board varied from 18 directors in 2002 to 11 directors in 2005. On average, women comprised 35.8 per cent representation on the board. Furthermore, with the exception of one year (2004), CCS consistently achieved more than 30 per cent representation of women among its board leaders, thereby making it a suitable case to examine the fourth proposition, which states that boards with a critical mass of women will demonstrate responsive governance practices.

The merger between SMS and CCS in June of 2002 resulted in several organizational changes, one of which is a decrease in the level of representational diversity on the board. Interestingly, the proportion of female directors on the pre-merger CCS Board averaged 43.8 per cent, while women averaged only 31.8 per cent of directors on the post-merger board.⁴² Although the board maintained an average level of diversity above 30 per cent, the 2002 merger carried large implications for the

representation of women on the CCS Board. In effect, the CCS case is examined in view of propositions 1B, 2B, 3B, and 4B both before and after the 2002 merger.

For each case, multiple sources of data were drawn upon to examine the theoretical propositions of this study, as described below.

3.4.3 Data Sources and Analytical Framework

The data sources used in this study include personal interviews, archival information and organizational documents such as policy manuals, annual reports, and organizational websites. Generally, personal interviews are extremely useful in that they provide a focused discussion about the research topic with people who are involved in the phenomenon under study.⁴³ Interviews also reveal perceived causal inferences that are potentially insightful and useful to the researcher.⁴⁴ Ethical protocols for conducting personal interviews in social sciences are followed, including appropriate procedures to ensure informed consent, voluntary participation and participant confidentiality (see Appendix A and B). Participants were informed in writing that they could withdraw from the study at any time and could decline to answer any questions asked to them. A semi-structured interview format is chosen and participants were asked to discuss and comment on their experience in the director recruitment process and their views regarding the issue of diversity, the use of a formal diversity policy, and the board's decision making practices (see Appendix C). A transcript of each personal interview was typed and reviewed by the participant to affirm that the transcript accurately reflected what they intended to say (Appendix D).

Interviewees were selected to include a variety of perspectives and experiences on the boards. Women, men, new and longstanding board members were interviewed.

A total of four board members were interviewed, of whom two were women. In addition, two board members belonging to both the SMS Board and the CCS Board were interviewed. The participants provided valuable information about the rules and processes of the boards and about their own experiences as directors.

Interview data, however, can be subject to poor recall, response bias and reflexivity.⁴⁵ Therefore, other sources of information, such as organizational documents and archival data, complement information that was acquired throughout the interview process. Policy manuals and current and archived annual reports provide detailed information. Also, the substance and nature of formal board policies are described in policy manuals, and major organizational events, issues and priorities are addressed in policy manuals, annual reports and member newsletters. Finally, credit unions inform their memberships about key organizational priorities and issues through the distribution of annual reports and member newsletters. These documents cover the timeframe of 1995 to 2006 and, as a result, provide a broad coverage of past events.⁴⁶ The combination of personal interviews, organizational documents, and archival information provide sufficient data needed to develop converging lines of inquiry.⁴⁷

The merger between SMS and CCS, and the selection of two participants who served on both boards, represent some overlap between the two case studies; however, this is a comparative analysis. Generally, participant recollection and recall in response to broad questions is good. Therefore, this study benefits from the perspectives of these participants because they are able to compare both boards, and highlight major differences and similarities between SMS and CCS board policies, procedures and practices.

Three broad analytic strategies are used to analyze case study data. First, the theoretical propositions guide data analysis (see Figure 3.1). Here, the theoretical propositions are used to create a matrix of categories. Evidence derived from case study data sources are placed in the relevant categories. Yin states that relying on research propositions is desirable because “the propositions have shaped your data collection plan” and they “[help] to focus attention on certain data and to ignore other data.”⁴⁸ For each case, annual reports, organizational policies and member newsletters are examined to determine whether the board used gender neutral or masculine language. Specifically, the terms used for important board positions, such as Board Chair (“Chair,” “Chairperson,” “Chairman,” or “Chairwoman”), and the form in which general references to directors are made (“he,” “she,” or “he/she”), are identified and documented. This data is placed under the heading “Responsive Governance.”

An additional category entitled “other influences” is included to address factors that are not part of the research propositions, but are identified as potential influences on board composition. As a result, plausible rival explanations can be explored during data analysis. Given the exploratory element of this study, this category also intends to include factors that are found to be pertinent to board composition, but were not anticipated. Once placed into categories, evidence is compared to the predicted patterns as proposed in the theoretical propositions. For example, evidence regarding CCS recruitment practices is compared to the proposition that diverse boards are likely to proactively recruit women.

The second broad analytic strategy is the development of a chronology of events to analyze changes in board diversity and the context surrounding such changes. Yin considers a chronology an effective analytic device. He states that “you should not think

Figure 3.1 Categorical Data Matrix

Problem Recognition <i>(Recognition of Diversity; Deliberate Action)</i>	Diversity Policy
Proactive Recruitment Strategy <i>(Formal Recruitment Process; Informal Recruitment Process)</i>	Responsive Governance <i>(Language Use; Times and Dates of Meetings; Decision making Processes; Board Services or Policies; Key Board Positions)</i>
Other Influences <i>(Board Size; Turnover Rate/Incumbency; Term Limits)</i>	

of the arraying of events into a chronology as a descriptive device only. The procedure can have an important analytic purpose - to investigate presumed causal events - because the basic sequence of a cause and its effect cannot be temporally inverted.”⁴⁹ The final analytical strategy used in this study is a cross-case analysis whereby key differences and similarities between the two case studies are revealed and examined to determine the key factors that may account for differences in board diversity levels.

3.5 Summary

This research project aims to answer two questions: how do boards achieve diversity; and, how do diverse boards maintain diversity? Four main themes guide the establishment of eight theoretical propositions. The first theme concerns the area of problem recognition. It is expected that homogenous board will not perceive their lack of diversity as problematic, while diverse boards will identify homogeneity as a problematic for the governance of their co-operative. Under the second theme, formal diversity policies, it is posited that homogenous will not have a diversity policy, while

diverse boards will have a diversity policy to help them achieve representational diversity. In view of the third theme, proactive recruitment strategies, homogenous boards are not expected to proactively recruit women to the board, while diverse boards are expected to deliberately seek the participation of women in board elections. The final theme is responsive governance. Here, it is expected that boards without a critical mass of diversity will not have responsive governance practices. On the other hand, boards with a critical mass of women are expected to demonstrate responsive governance practices.

This study uses a case study method and a multiple-case study design to test the theoretical propositions. The case studies are selected from a cohort of credit unions that were active in the late 1990s and early 2000s and are located in the province of British Columbia, specifically the Greater Vancouver Area. Due to the unavailability of cases that demonstrate ethnic diversity, gender diversity is the main focus of this study. The SMS board is homogenous, while the CCS board is diverse. These cases can highlight key similarities and differences that may account for different outcomes in board composition. Because SMS and CCS merged in June of 2002, the CCS case is examined in view of propositions 1B, 2B, 3B, and 4B in both the pre-merger and post-merger phases. In each case, the board's views and actions towards homogeneity and diversity were examined and the presence or absence of a diversity policy, proactive recruitment processes, and responsive governance practices was determined. It was predicted that each case would yield different results (see Table 3.1). Data was collected from personal interviews, policy manuals, organizational documents, and archival records. Three broad analytical strategies were used to analyze case study data, including the development of a categorical matrix derived from this study's theoretical

Table 3.1 Predicted Case Study Results

Key Area of Inquiry	Proposition	SMS	CCS
Problem Recognition	1A: Boards that are homogenous in terms of their leadership’s representational characteristics will not consider their homogeneity, or lack of diversity, to be problematic.	Yes	-
	1B: Boards that are diverse in terms of their leadership’s representational characteristics will consider homogeneity, or lack of diversity, to be problematic.	-	Yes
Formal Diversity Policy	2A: Boards that are homogenous in terms of their leadership’s representational characteristics will not have a formal diversity policy.	Yes	-
	2B: Boards that are diverse in terms of their leadership’s representational characteristics will have a formal diversity policy.	-	Yes
Proactive Recruitment	3A: Boards that are homogenous in terms of their leadership’s representational characteristics will not have proactive recruitment strategies.	Yes	-
	3B: Boards that are diverse in terms of their leadership’s representational characteristics will have proactive recruitment strategies.	-	Yes
Responsive Governance	4A: Boards that do not have a critical mass of women or visible minorities will not demonstrate responsive governance practices.	Yes	-
	4B: Boards that have a critical mass of women or visible minorities will demonstrate responsive governance practices.	-	Yes

propositions, a chronology of events, and a cross-case synthesis of both case studies.

The following chapter is dedicated to the empirical findings of the two case studies.

¹ For a detailed discussion on this matter see pp. 28-32 above.

² The interviews and focus group discussions conducted by de Clercy and Hammond Ketilson are important in that they reveal the experiences and perspectives of women who have encountered barriers to their participation in co-operative governance structures.

³ See pp. 28-32 above.

⁴ See, for example, The Conference Board of Canada, *Women on Boards*.

⁵ Cristine de Clercy, "Women and the Public Sphere in Saskatchewan, 1905-2005," *Prairie Forum* 32:2 (Fall 2007), 26-27.

⁶ *Ibid.*, 32.

⁷ Linda Trimble and Jane Arscott, *Still Counting: Women in Politics Across Canada* (Peterborough: Broadview Press, 2003), 38, 49.

⁸ CCA and Brown Governance, *Measuring Up*, 12.

⁹ *Ibid.*

¹⁰ Board involvement in director selection is common. For example, in their study *Measuring Up*, CCA and Brown Governance (12) found that over three quarters of the credit unions surveyed are involved in their organization's board renewal process. Many credit unions attempt to identify the strategic needs of their boards and then recruit candidates who are able to offer particular skills and experiences. In addition, some credit unions recognize the need to consider the demographic make-up of the board. Of the credit unions surveyed, between 11 and 17 per cent considered gender in the recruitment process. Although this is a small number of credit unions, it does suggest that some credit unions consciously attempt to recruit women candidates for election to the board.

¹¹ For example, in de Clercy and Hammond Ketilson, one focus group participant stated that she ran for the board because she was asked to run (32).

¹² In her work on women's representation in New Zealand's Parliament, Suzanne Grey explains that "critical mass is based on the belief that the form of a public body will shape the processes and policies of the organization. In political science literature it suggests that the election of an adequate number of female politicians will result in governance more responsive to them." Suzanne Grey, "Does Size Matter? Critical Mass and New Zealand's Women MPs" in *Women, Politics, and Change*, ed. Karen Ross (Oxford: Oxford University Press, 2002), 19.

¹³ Studies of western democratic countries support the argument that more female legislators result in an increase in the amount of attention paid to issues that are more likely to affect women, such as childcare and domestic violence issues. For example, Linda Trimble and Jane Arscott discuss three Canadian studies that examined the impact that the number of women had on parliamentary procedures, policy discussion and policy outcomes. All three studies concluded that women were more likely to discuss gender equality issues. The studies also suggest that "opportunity structure changes" such as partisan realignment, ideological entrenchment and economic downturns often overshadowed gender issues in many circumstances. Nevertheless, gender issues were brought up less as the number of women in Parliament or provincial legislatures was less. Trimble and Arscott, *Still Counting*, 138-145. See also, Sandra Burt and Elizabeth Lorenzin, "Taking the Women's Movement to Queen's Park: Women's Interests and the New Democratic Government of Ontario," in *The Presence of Women: Representation in Canadian Governments*, ed. Jane Arscott and Linda Trimble (Toronto: Harcourt, 1997); Manon Tremblay, "Do Female MP's Substantively Represent Women? A Study of Legislative Behaviour in Canada's 35th Parliament," *Canadian Journal of Political Science* 31:3 (September 1998): 439-40; Linda Trimble, "Feminist Politics in the Alberta Legislature, 1972-1994," in *The Presence of Women: Representation in Canadian Governments*, ed. Jane Arscott and Linda Trimble (Toronto: Harcourt, 1997).

¹⁴ There is no agreement on the percentage of women that constitutes a critical mass. However, research suggests that a critical mass requires an excess of 20 per cent representation. For instance, in the last decade, women's representation in Canada has reached a plateau of 20 per cent. From the mid-1980s to mid-1990s, the number of women elected increased from 9 to 18 per cent. Over the last decade, however, women have made minimal progress. During this time, the number of elected women increased from 18 to 20 per cent. Therefore, the authors conclude that 20 per cent representation by women is not an adequate number for a critical mass of women. Trimble and Arscott, *Still Counting*, 38, 49.

¹⁵ Robert K. Yin, *Case Study Research: Design and Methods*, 3d ed., Applied Social Research Methods Series, vol. 5 (Thousand Oaks: Sage Publications, 2003), 2.

¹⁶ *Ibid.*, 13.

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- ¹⁷ Ibid., 6.
- ¹⁸ Ibid., 123.
- ¹⁹ Ibid., 7.
- ²⁰ Ibid., 13.
- ²¹ Ibid., 6.
- ²² Ibid., 13.
- ²³ Ibid., 8.
- ²⁴ Ibid., 46. Yin notes that the multiple case designs is also called the comparative method in disciplines such as political science.
- ²⁵ Ibid., 48.
- ²⁶ Ibid., 37.
- ²⁷ Ibid., 53.
- ²⁸ Ibid., 47. Emphasis in original.
- ²⁹ de Clercy, 26.
- ³⁰ Ibid., 35.
- ³¹ Canada, Library of Parliament, *Women in Parliament*, Julie Cool, Political and Social Affairs Division (Ottawa: Parliamentary Information and Research Service, February 2006), (PRB05-62E), 2; available from <http://www.parl.gc.ca/information/library/PRBpubs/prb0562-e.pdf>; accessed 21 May 2007.
- ³² Ibid., 2.
- ³³ Canada, Department of Finance, *Canada's Financial Services Sector: Canada's Credit Unions and Caisses Populaires*, updated version (March 2003), 1; available from http://www.fin.gc.ca/toce/2003/ccu_e.html; accessed 27 May 2007.
- ³⁴ Statistics Canada, *2001 Census of Canada, Community Profiles, Community Highlights for Vancouver, 2001 Census*, Catalogue number 93F0053XIE [database online] (Ottawa, Ont: 2002); available from: http://www12.statcan.ca/English/profil01/Cp01/Details/Page.cfm?Lang=E&GeoCode1=933_&Geo2=PR&Code2=59&Data=Count&SearchText=Vancouver&SearchType=Begins&SearchPR=59&B1=All&Custom; accessed 2 June 2007.
- ³⁵ Statistics Canada defines a visible minority the same as the *Employment Equity Act*: "person, other than Aboriginal peoples, who are non-Caucasian or non-white in colour." Statistics Canada, Concept: Visible Minority; available from <http://www.statcan.ca/English/concepts/definitions/vis-minorit.htm>; accessed 2 June 2007.
- ³⁶ The merger was official on June 27, 2002.
- ³⁷ Canada, Department of Finance, 1.
- ³⁸ Ibid., 3-4.
- ³⁹ Ibid., 4.
- ⁴⁰ Karl Baumgardner, "The Saskatchewan Credit Union Frenzy," presentation at the co-op network luncheon series, Saskatoon, Western Development Museum, 14 March 2006, Centre for the Study of Co-operatives, University of Saskatchewan.
- ⁴¹ SMS merged with CCS in 2002, creating Canada's second largest credit union with \$8.2 billion dollars in assets. Vancouver City Savings Credit Union is the largest credit union in Canada with \$10.5 billion dollars in assets.
- ⁴² The diversity averages for the pre- and post-merger CCS Board does not include the board that was created immediately after the merger in June of 2002. This board was not directly elected by the post-merger CCS membership.
- ⁴³ Yin, 86.
- ⁴⁴ Ibid.
- ⁴⁵ Ibid.
- ⁴⁶ Ibid.
- ⁴⁷ Ibid., 98.
- ⁴⁸ Ibid., 112.
- ⁴⁹ Ibid., 125.

CHAPTER 4

A CASE STUDY OF SURREY METRO SAVINGS BOARD OF DIRECTORS

4.1 Introduction

In the previous chapter, the theoretical propositions and methodological approach of this study were presented. This chapter considers the findings of the first case study, the SMS Board of Directors. The SMS Board was chosen as a case study because it was homogenous in its gender composition. From 1995 to 2002, only 11.1 per cent of board members were women and no more than one woman served on the Board at any time (see Table 4.1). Propositions 1A, 2A, 3A, and 4A are examined in this case study. To this end, SMS annual reports, newsletter, Credit Union Rules, policies, and archival information were reviewed and two former SMS board members were interviewed. As discussed in the previous chapter, case study data was placed in a categorical matrix after which empirical evidence was compared with the theoretical propositions of this study. First, the history and structure of the SMS Board is described. The second part of this chapter addresses propositions 1A, 2A, 3A, and 4A, and presents the findings of the SMS case. The conclusion considers the extent to which the SMS case supports the overarching theory of this thesis.

Table 4.1 SMS Board Composition, by Gender, 1995-2002

Year	Directors <i>N</i>	Women (%)	Women <i>N</i>	Men (%)	Men <i>N</i>
1995	9	11.1	1	88.9	8
1996	9	11.1	1	88.9	8
1997	9	11.1	1	88.9	8
1998	9	11.1	1	88.9	8
1999	9	11.1	1	88.9	8
2000	9	11.1	1	88.9	8
2001	9	11.1	1	88.9	8
2002	9	11.1	1	88.9	8

Source: SMS Annual Reports.

4.2 The Case of Surrey Metro Savings Board of Directors

The focus of this case study is the SMS Board from 1995 to 2002.¹ SMS was a leading financial institution in the Fraser Valley for over 50 years. The credit union grew, from 41 members in 1947, to become the third largest credit union in Canada with over 100,000 members and \$2.7 billion dollars in assets in 2001. In addition to its financial success, SMS was also committed to building a strong community. Through its Community Partnership Program, SMS supported numerous community-based organizations including hospitals, multicultural groups, schools, social services organizations, theatre programs, sports programs, and the United Way.²

Throughout the 1990s, SMS re-structured its capital share structure and pursued various merger opportunities. In 1992, SMS became the first credit union in Canada to list shares on the Toronto Stock Exchange (TSE).³ Public shareholders attained non-voting shares while members retained a significant amount of control over the credit union's affairs.⁴ In 1999, a proposal to merge with Canada Trust failed to win the approval of the membership, provoking the establishment of a task force with a mandate

to consult with the membership and determine the future direction of the organization.⁵ This task force concluded that the Board and management could only pursue future merger opportunities within the credit union system.⁶ In May, 2002, SMS members voted in favour of a merger proposal with CCS. The merger between SMS and CCS was effected on June 27, 2002, thereby creating the second largest credit union in Canada with nearly 300,000 members and over \$6 billion in assets.⁷ SMS subsequently de-listed its non-voting shares from the TSE.⁸

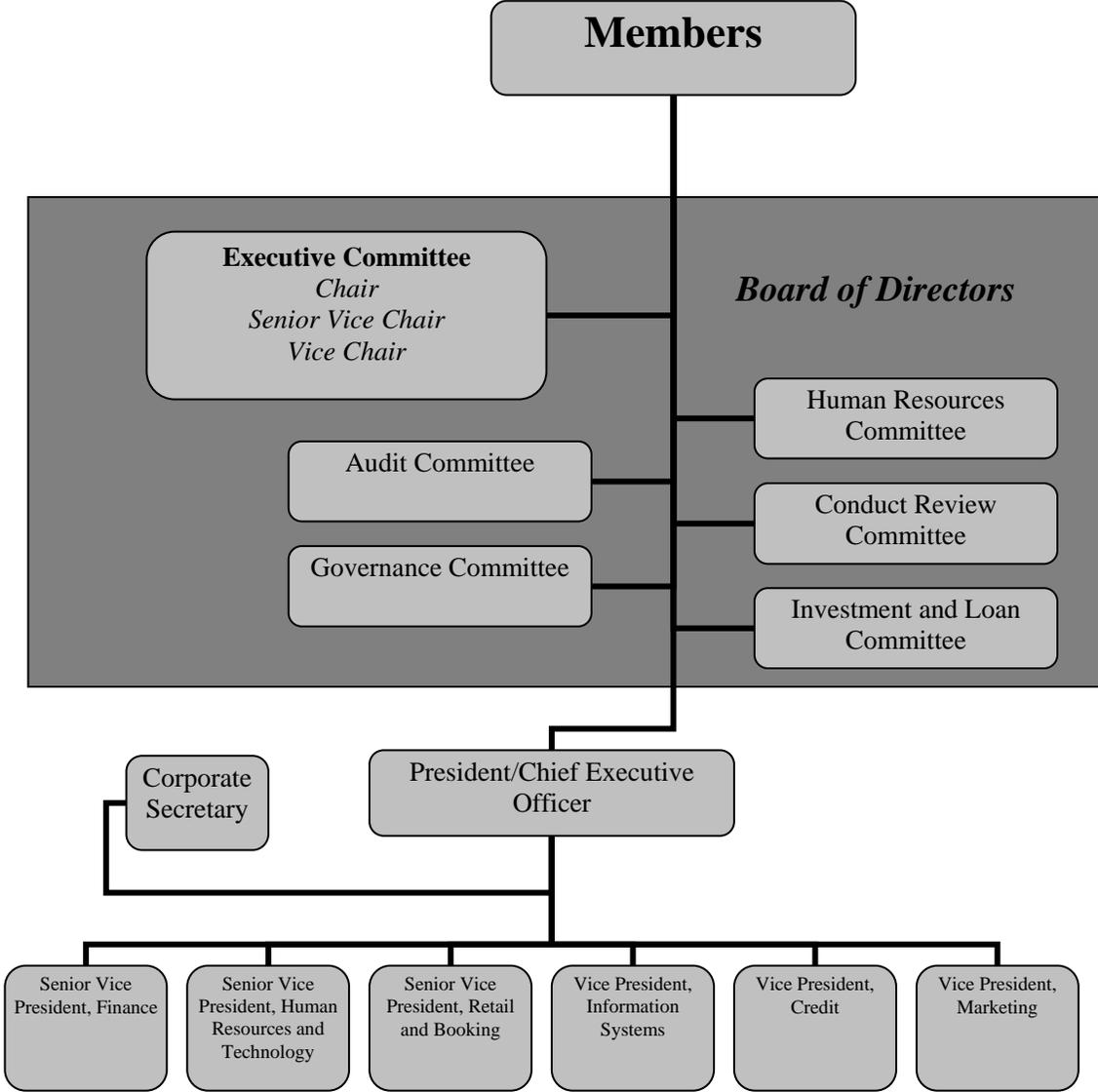
The structure of the SMS Board remained consistent between 1995 and 2002. It had a total of 9 directors, each elected for three-year terms with a term limit provision (no board member serves for more than three consecutive terms).⁹ Each year, three board positions were renewed through elections.¹⁰ The Board had six standing committees comprising of three directors each, including the Executive, Audit, Human Resources, Conduct Review, Governance, and Investment and Loan committees.¹¹ Finally, the Board appointed a Chair, a Senior Vice Chair, and a Vice Chair, which together comprised the Executive Committee (see Figure 4.1).¹²

4.2.1 Problem Recognition

Proposition 1A of this study is that boards that are homogenous in terms of their leadership's representational characteristics will not consider their homogeneity, or lack of diversity, to be problematic. So, it was predicted that the SMS Board would not recognize their homogeneity as a problem. As such, it was expected that the SMS Board would not discuss the issue of diversity at board meetings, or publicly and explicitly mention its diversity problem in annual reports or member newsletters.

From 1995 to 2002, all SMS annual reports referred to the need for diverse

Figure 4.1 SMS Organizational Chart, 1995-2002



Note: From 1995 to 1998, the President/Chief Executive Officer was elected to the Board and served as one of the nine directors.

representation on the Board. As stated in its 1995 Terms of Reference, the Governance Committee (also known as the Nominating Committee) was responsible for “annually develop[ing] criteria which reflect the needs of the Board in recruiting new candidates to ensure *the Board is constituted with individuals of diverse background talents and experience.*”¹³ Also, according to research participant Robert Field, the issue of diversity, including gender diversity, was regularly revisited by the Board:

[I]t was a constant issue that was discussed. We wanted the Board to be representative of our membership...I definitely know we talked about diversity and it was included in our Terms of Reference of the Nominating Committee, or at the board level in terms of filling gaps on the Board.¹⁴

This suggests that the SMS Board was aware of diversity issues and the need to include people with various perspectives in the decision making process.

However, there are different degrees of awareness about, and commitment to, the achievement of board diversity. As discussed in Chapter Two, organizational documents, including policy manuals, annual reports and member newsletters, communicate important organizational priorities and issues to the membership. In the case of SMS, the Board did not explicitly recognize gender or ethnic homogeneity as problematic, or explicitly bring the issue of board diversity to the membership’s attention, in its policy manual, annual reports or member newsletters. Also, even though the Board may have considered gender within its definition of diversity, the idea of “diversity” was referred to in a broad and general manner. The Board did not indicate the type or types of diversity with which it was concerned.

In the end, the level of a board’s commitment to diversity is demonstrated through its actions. Overt and deliberate action towards inclusion indicates that diversity is a priority issue for the board. It also creates an expectation among board members,

managers and the membership that the board will address its diversity problem. A clearly stated definition of diversity indicates which types of diversity are important to the Board, and communicates such priorities to the membership. So, although the SMS Board may have considered diversity as beneficial for the Board, diversity was not an issue for action.

4.2.2 Formal Diversity Policies

As stated in proposition 2A, it is posited that boards that are homogenous in terms of their leadership's representational characteristics will not have a formal diversity policy. As a result, SMS was not expected to have a formal diversity policy stating its commitment to equality and equity, and to achieving representational diversity on the board.

In 1992, SMS implemented a Personal Harassment Policy that stated:

Personal harassment based on race, colour, ancestry, place of origin, political belief, religion, marital status, physical or mental disability, sex, or age are all prohibited under the British Columbia Humans Rights Act.

Harassment means any unwelcome conduct, comment or gesture, or contact based on any of the prohibited grounds of discrimination that could cause offence or humiliation to any person, or that might, on reasonable grounds, be perceived as placing a condition on employment or any opportunity for training or promotion. Some example of harassment include racial slurs, sexist comments, and jokes about a person's age, religion, marital status, sexual orientation, ethnic background, or national origin.¹⁵

This policy was important as it prohibited direct discrimination against women and other minority group members by SMS managers, co-workers and members.¹⁶

Despite the importance of the Personal Harassment Policy, it is not the same in nature or purpose as a formal diversity policy. A formal diversity policy goes beyond protecting individuals from direct discrimination and recognizes that women and visible

minorities may face indirect discrimination. Indirect, or systemic, discrimination is when discrimination is not explicit, but when norms or practices have the *effect* of discrimination.¹⁷ A formal diversity policy commits an organization to seek inclusiveness and acknowledge that, in some circumstances, differential treatment in favour of minority group members is required to overcome systemic barriers.

4.2.3 Proactive Recruitment Strategies

Proposition 3A proposes that boards that are homogenous in terms of their leadership's representational diversity will not have proactive recruitment strategies. In effect, it was predicted that the SMS Board did not proactively recruit women and visible minorities by deliberately identifying and asking women or visible minorities to put their names forward in board elections through formal or informal means.

Because credit unions are democratic organizations, recruitment strategies are intended to shape the pool of candidates from which members choose their representatives. Therefore, a close examination of SMS board candidates may provide insight into the impact of recruitment practices on board diversity. In most SMS Board elections, one or no female candidates put their names forward for election (see Appendix E). In 1995 and 1996, no women ran for the Board. In 1997, 1998 and 2000, one female candidate tried for the Board each year.

The SMS Board employed both formal and informal director recruitment practices. The formal director recruitment strategy was carried out by the Governance Committee, which focused on attracting individuals with particular business skills and experience. Its mandate was "to address governance issues, and to identify, recruit and nominate, endorse, recommend appointment of, and orient new directors."¹⁸ Dennis

Anderson described this formal recruitment process and the Board's emphasis on merit in the evaluation of potential board candidates:

[I]t was basically a call for nominations. We would generally ask for people that had the right kind of skills and experience [that] would add value to the Board...Then it was up to the individuals to come forward. We had a Nominating Committee who would conduct the interviews. We would either endorse or not endorse the people depending on whether they met our criteria.¹⁹

Each year, the Governance Committee conducted a gap analysis whereby it identified specific business skills and experiences that it believed the Board was missing but that were required.²⁰ Every credit union member received a Call for Nominations outlining the skills and experience identified in the gap analysis. Potential candidates were expected to self-identify and attend a structured interview. Then, the Governance Committee endorsed those candidates that met its criteria.²¹ Throughout the formal recruitment process, the Governance Committee did not explicitly call for women to come forward.

Candidates were also recruited through informal means. Board members and managers were encouraged to identify potential directors from among the broader membership.²² One research participant explained that "We would also use our knowledge of people in the membership. We would ask branch managers to help identify people that they thought could be strong contenders for board membership."²³ When asked whether the Board considered diversity or discussed the issue of diversity, interview participants responded differently. According to Robert Filed, the Board attempted to recruit people with board experience as well as women and visible minorities. He stated:

SMS took a more aggressive approach [than other credit unions] in regards to recruiting candidates that had board experience...We consciously worked on

trying to establish diversity. It was certainly one of the words used in the things we wanted to include. Our area at SMS had a large Indo-Canadian population and we made efforts to recruit board members from that community. We certainly made efforts to recruit women to the Board as well. Part of that was driven by the fact that we were a publicly traded company. That put a different level of governance on SMS because we were bound by the TSX governance rules, which were far more stringent than what is required under credit union governance.²⁴

When asked if specific strategies were in place to recruit women and visible minorities, or whether diversity was a conscious part of the endorsement process, he responded:

[W]e always had an active list of candidates. We would be constantly recruiting candidates and keep them on a list. If you couldn't make it this year, you would be on the list for next year...We wrote in our guidelines diversity. We also considered gender within the definition of diversity...My personal philosophy [was] that when we felt we should have greater representation from the East Indian community, or additional women on the Board, if two candidates were relatively equal, I would suggest that we recommend and endorse the woman.²⁵

Dennis Anderson, however, did not recall the board overtly focusing on diversity during the informal recruitment process. When asked whether the issue of diversity came up, he responded that it “probably did indirectly. I know we had one lady on the Board and when she decided to step aside we went out of our way to get her to try and run for another term because she did add a lot of value to the Board.”²⁶

Two comments may be made regarding the different interpretations and recollections of the interview participants. First, not all board members consciously addressed diversity during the recruitment process. Efforts toward increasing diversity on the Board were the result of personal convictions as opposed to a collective effort by all directors. Second, both participants considered one's gender or ethnic background once candidates had already demonstrated that they met the criteria outlined by the Governance Committee, or had already proved themselves to be capable directors. In other words, the Board or individual directors did not seek out diversity *per se*.

Although encouragement to, and endorsement of, women and visible minorities is beneficial at any stage of the recruitment process, proactive recruitment requires that minority group members are identified as necessary but under represented constituents at the outset of the recruitment effort. As well, one's gender and ethnic background can not be incidentally considered; it must be included as a primary criterion with which candidates are recruited, evaluated, and endorsed. Therefore, the SMS board did not have a proactive recruitment strategy specifically aimed at increasing the number of women and visible minority directors.

4.2.4 Responsive Governance

Proposition 4A states that boards that do not have a critical mass of women or visible minorities will not demonstrate responsive governance practices. From 1995 to 2002, the SMS Board did not exceed 11.1 per cent representation by women. Because there were few women who served on the Board, it was expected that the SMS Board would use masculine language in organizational documents, have pre-determined dates and times for board meetings, and not have specific policies aimed to facilitate the participation of those with non-traditional work, familial, or cultural commitments. As well, it was expected that women who served on the board would not occupy influential board positions.

SMS governance practices did not necessarily exclude women from decision making processes. Some board practices revealed that SMS was flexible and adaptable to different circumstances and lifestyles. For example, interview participants revealed that the dates and times of board meetings were flexible and determined by means of consensus.²⁷ The SMS Board met between 6 and 7 times each year.²⁸ Dennis Anderson

noted that, because most board members worked during the day, meetings were typically held in the evenings:

Because everybody was working, we tried to accommodate schedules so that the meetings were held in the evenings, after the work day. So the meeting would start around 6pm in the evening on a weekday. Then we would have a planning session that would go a Friday and a Saturday. We threw the Saturday in there so it didn't disrupt the work schedules [of board members].²⁹

Robert Field emphasized the flexibility of committee meeting dates and times and the willingness of directors to accommodate different circumstances:

[A]ll our meetings other than regular board meetings [were] very flexible. We [met] at 7 in the morning by telephone conference or whatever. I wouldn't say that it was overtly done. We never had a childcare policy or anything...[b]ut we certainly [adjusted] schedules and meetings in order to accommodate people.³⁰

Even though it was not purposely done, this practice ensured that those with different work, family or cultural commitments than those who have traditionally served on boards potentially could participate in meetings.

However, other SMS governance practices indicate that SMS did not deliberately attempt to facilitate the participation of women on the Board. As stated above, the Board did not implement policies designed to accommodate differences in the traditional gender roles between men and women, such as childcare provision. In addition, the use of gender neutral language in SMS annual reports used to describe board positions and directors was inconsistent. In some cases, annual reports and pamphlets referred to the position of Board Chair in masculine form. For example, in its "Statement of Corporate Governance Practices," the 1999 SMS Annual Report stated:

Each committee is comprised of three directors and the *Chair* serves as ex-officio on those committees to which *he/she* has not otherwise been elected or appointed...Surrey Metro Savings has a *Chairman* separate from management, and the Board functions independently of management. The *Chairman's* role is to ensure that full and effective reporting and communication is established

between the CEO and the Board of Directors...The *Chairman* is also either a member of all Board committees, or an ex-officio member.³¹

Another example of masculine language is found in a Board of Directors pamphlet that introduced the 2000 SMS Board and explained some basic governance practices: “A Director cannot serve more than five years as *Chairman*.”³² Although the use of masculine language or the absence of gender sensitive board policies may not deter women from participating, responsive governance policies and gender neutral language send an important message to potential directors that the board is willing to accommodate many lifestyles and is conscious about gender issues.

Lastly, and most significantly, the SMS committee structure reduced the opportunities for women to influence the policy-making process. It was not possible to acquire the views of female SMS board members: only two women served on the SMS Board from 1995 to 2002 and they were not able to participate in this study.³³ Nonetheless, even if it is assumed that the views of women were respected and appreciated, few women served on the Board, none of which served as Chair, Senior Vice Chair, or Vice Chair (see Table 4.2). As a result, no women served on the Executive Committee, a key decision making body. The significance of the Executive Committee is illustrated in SMS annual reports, which states that the Executive Committee “acts as a sounding board for the CEO on matters requiring Boards involvement. This committee also acts in emergency circumstances as required between meetings of the full Board of Directors, and is responsible for representing the company in certain credit union system and public relations matters.”³⁴ Further, the Executive Committee structure made it difficult for all board members to fully participate in the policy-making process. When asked whether all board members were given a fair

Table 4.2 SMS Executive Committee, 1995-2001

Year	Chair	Senior Vice Chair	Vice Chair
1995	Tom Kirstein	H.A. (Bert) Miles	Dale Mumford
1996	H.A. (Bert) Miles	Dale Mumford	Bruce H. Chapman
1997	H.A. (Bert) Miles	Bruce H. Chapman	Frank L. Harper
1998	H.A. (Bert) Miles	Bruce H. Chapman	Frank L. Harper
1999	Bruce H. Chapman	Frank L. Harper	Tom Kirstein
2000	Bruce H. Chapman	Frank L. Harper	Tom Kirstein
2001	Tom Kirstein	Frank L. Harper	Douglas T. Stone

Source: SMS Annual Reports.

chance to influence the policy-making process, Robert Field responded:

I would say SMS was a much more autocratic board than our current board. We [the SMS Board] had an Executive Committee...The Executive Committee would always meet about major issues and stuff would be vetted with the Executive Committee before the Board met...All board members need to be there to be part of the decision making process. They were always part of the process, but the major decisions had already been made by the Executive Committee about the major issues before it came to the Board for ratification. So you felt like ‘what...am I doing here?’³⁵

This suggests that those board members who were not on the Executive Committee were significantly less influential in the policy-making process. The Executive Committee approach, combined with the low number of female directors and their absence in key board positions, significantly reduced the likelihood that women’s perspectives influenced key board decisions.

4.3 Summary

In sum, the case of the SMS Board of Directors supports the theoretical propositions of this study. Because the SMS Board of Directors was homogenous in

nature, it was predicted that it would not have identified homogeneity as problematic, employed a diversity policy, proactively recruited women, or demonstrated responsive governance practices. First, the reference to diversity in the Governance Committee's Terms of Reference and participant testimony suggest that the SMS Board was aware of diversity issues. However, the SMS case demonstrates that there are different levels of awareness about diversity issues. Even though SMS stated the importance of board diversity in its annual reports, it did not explicitly define the term diversity, publicly address the issue of board homogeneity, or demonstrate that board diversity was a priority issue for the Board.

Second, although SMS had a Personal Harassment Policy, it did not have a diversity policy which expressly emphasized the need to include under represented groups, such as women and visible minorities on the Board. Third, the Board did not proactively recruit women and visible minorities. Some board members may have considered the issue of diversity tangentially in the recruitment process, but formal and informal recruitment processes were primarily focused on recruiting candidates with previous board experience and particular business skills. Finally, the inconsistent use of gender neutral language and the absence of gender sensitive policies indicate that the Board did not consciously address the needs and identities of minority group members. Finally, the SMS Executive Committee approach, the low number of female board members, and the absence of women in influential board positions made it difficult to ensure women's perspectives were included in key board decisions. In the end, support for propositions 1A, 2A, 3A, and 4A appear in this case.

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- ¹ Surrey Credit Union changed its name to Surrey Metro Savings Credit Union in 1991.
- ² The Community Partnership Program was also known as the Community Involvement Fund.
- ³ SMS, *Employee Annual Report 1992-93* (Surrey: SMS, 1993), 5.
- ⁴ *Ibid.*, 19. Non-voting shareholders could vote on matters except in specific areas as stipulated in the *Credit Union Incorporation Act*. Non-voting shareholders could vote on matters such as a proposal to amalgamate with another credit union, the winding down of the credit union's affairs, and a proposal to reorganize that may interfere with the rights of Non-voting shareholders.
- ⁵ SMS, *Annual Report 1999* (Surrey: SMS, 2000), 4.
- ⁶ *Ibid.*, 4.
- ⁷ *Leader* (Surrey), 14 Aug 2002, p. 27; CCS, *Annual Report 2002* (Surrey: CCS, 2003), 12.
- ⁸ CCS, *Annual Report 2002*, 12.
- ⁹ SMS, *Annual Report 1995* (Surrey: SMS, 1996); SMS, *Annual Report 1996* (Surrey: SMS, 1997); SMS, *Annual Report 1997* (Surrey: SMS, 1998); SMS, *Annual Report 1998* (Surrey: SMS, 1999); SMS, *Annual Report 1999*; SMS, *Annual Report 2000* (Surrey: SMS, 2001); SMS, *Annual Report 2001* (Surrey: SMS, 2002).
- ¹⁰ SMS, *Annual Report 2000*; SMS, *Annual Report 2001*.
- ¹¹ SMS, *Annual Report 1995*; SMS, *Annual Report 1996*; SMS, *Annual Report 1997*; SMS, *Annual Report 1998*; SMS, *Annual Report 1999*; SMS, *Annual Report 2000*; SMS, *Annual Report 2001*.
- ¹² *Ibid.*
- ¹³ SMS, *Annual Report 1995*, 38. Emphasis mine. From 1995 to 2000, the Terms of Reference for the Governance Committee remained the same. The 2001 SMS Annual Report also included a statement about diversity. It stated that "the strength of the Board is built upon the *diversity*, background, qualities, skills and experience of its directors" (40). Emphasis mine.
- ¹⁴ Robert Field, interview by author, telephone interview, tape recording, Prince Albert, SK, 13 July 2006. The identities of interview participants have been protected by using pseudonyms in place of their real names.
- ¹⁵ SMS, "Personal Harassment Policy," Corporate Affairs Department, CCS, Surrey, BC. The 1992 SMS Report to Shareholders indicated that this policy was originally adopted in 1992. SMS, *Report to Shareholders 1992* (Surrey: SMS, 1993), 10.
- ¹⁶ FAO, *Gender and Law – Women's Rights in Agriculture*, Lorenzo Cotula, FOA Legislative Study 76 (Rome: FAO, 2002), 7.
- ¹⁷ FAO, 6-7. Emphasis mine.
- ¹⁸ SMS, *Annual Report 1995*, 38.
- ¹⁹ Dennis Anderson, interview by author, telephone interview, tape recording, Prince Albert, SK, 26 June 2006.
- ²⁰ Robert Field, interview by author, 13 July 2006.
- ²¹ *Ibid.*; Doug Stone, Chair, SMS Governance Committee, "Committee process explained," *Langley Times*, 9 April 2000, Editorial.
- ²² Dennis Anderson, interview by author, 26 June 2006; Robert Field, interview by author, 13 July 2006.
- ²³ Dennis Anderson, interview by author, 26 June 2006.
- ²⁴ Robert Field, interview by author, 13 July 2006.
- ²⁵ *Ibid.*
- ²⁶ Dennis Anderson, interview by author, 26 June 2006.
- ²⁷ Dennis Anderson, interview by author, 26 June 2006; Robert Field, interview by author, 13 July 2006.
- ²⁸ SMS, *Annual Report 1995*; SMS, *Annual Report 1996*; SMS, *Annual Report 1997*; SMS, *Annual Report 1998*; SMS, *Annual Report 1999*; SMS, *Annual Report 2000*; SMS, *Annual Report 2001*.
- ²⁹ Dennis Anderson, interview by author, 26 June 2006.
- ³⁰ Robert Field, interview by author, 13 July 2006.
- ³¹ SMS, *Annual Report 1999*, 39-40. Emphasis mine.
- ³² SMS, "Meet your new Board of Directors," pamphlet, 2000. Emphasis mine.
- ³³ One former female SMS board member declined to participate in this study. The second former female SMS board member no longer resides in British Columbia.
- ³⁴ SMS, *Annual Report 1999*; SMS, *Annual Report 2000*; SMS *Annual Report 2001*.
- ³⁵ Robert Field, interview by author, 13 July 2006.

CHAPTER 5

A CASE STUDY OF COAST CAPITAL SAVINGS BOARD OF DIRECTORS

5.1 Introduction

In this chapter, the findings of the second case study are presented. The CCS Board of Directors was selected for this study because it was a gender diverse board: from 2001 to 2006, the CCS Board achieved an average of 35.8 per cent women's representation (see Table 5.1).¹ However, the CCS case is treated in two separate periods. The first period is the pre-merger phase, which covers the 2001 and 2002 CCS boards. During this period, women comprised an average of 43.8 per cent of board directors. The second period, or post-merger phase, covers the CCS Board from 2003 to 2006. Here, women's representation on the CCS Board averaged 31.8 per cent, indicating a marked decrease in representational diversity. Still, in both periods, the CCS Board averaged over 30 per cent female representation and, therefore, propositions 1B, 2B, 3B, and 4B are examined in both the pre-merger and post-merger periods. Therefore, it was expected that the findings of the CCS case study would yield contrasting results to those of the SMS case study.

CCS annual reports, newsletters, Credit Union Rules, policies and archival information were examined. Also, four CCS board members were interviewed, including two women and two men (the male participants also served on the SMS Board). As in the previous chapter, the case study analysis was guided by the theoretical

Table 5.1 CCS Board Composition, by Gender, 2001-2006

Period	Year	Directors <i>N</i>	Women (%)	Women <i>N</i>	Men (%)	Men <i>N</i>
Pre- merger	2001	16	43.8	7	56.2	8
	2002	16	43.8	7	56.2	8
Transition Board	2002(b)*	18	33.3	6	66.7	12
	2003	16	31.3	5	68.7	11
Post- merger	2004**	13	23.1	3	76.9	10
	2005	11	36.4	4	65.6	7
	2006	11	36.4	4	65.6	7

Source: CCS Annual Reports.

*The 2002(b) Board of Directors refers to the CCS Board immediately after the merger with SMS, and constitutes a transition board. This Board was not directly elected by the CCS membership and consisted of 12 CCS directors 6 SMS directors. The 2002(b) Board governed from June, 2002 to the 2003 director elections.

**In March 2004, one Board member passed away, leaving a total of 12 directors until the next election. The Board planned to decrease its size to 12 directors in 2005. This position was not subsequently filled and, therefore, the number of directors decreased to 11.

propositions and case study data was placed in a categorical matrix. Also, a chronology of CCS Board events was developed to provide insight into changes in board composition. First, the history and structure of the CCS Board is described. Next, the findings of the CCS case regarding proposition 1B through 4B in both the pre- and post-merger periods are presented. To conclude, the extent to which the CCS case supports the overarching theory of this study is examined.

5.2 The Case of Coast Capital Savings Board of Directors

The second case study focuses on the CCS Board of Directors from 2001 to 2006, with particular attention to the pre-merger (2001-2002) and post-merger (2003-2006) periods. CCS was created when Richmond Savings Credit Union and Pacific Coast Savings Credit Union merged on December 31, 2000, and constitutes the beginning of the pre-merger period. Richmond Savings Credit Union served communities in the Lower Mainland region, while Pacific Coast Savings Credit Union served communities on Vancouver Island. In June of 2002, CCS merged with SMS, and denotes the beginning of the post-merger phase. This merger added the Fraser Valley as a core service area. Despite the challenge of integrating three separate organizations, CCS has enjoyed much success and recognition, which can be largely attributed to its innovative approach to financial services and its strong commitment to the community. By 2006, CCS had approximately 340,000 members, \$8.2 billion dollars in assets, and 47 branches across the Fraser Valley, the Lower Mainland, and Vancouver Island.² It was the first financial services organization in Canada to introduce free chequing accounts for its members. CCS also received several awards for its management practices, commitment to community and ethical business practices, such as the Ethics in Action Overall Leadership Award, one of Canada's 50 Best Managed Companies, and the Imagine Corporate Citizenship Award, to name only a few.³

The structure of the pre-merger CCS Board remained consistent throughout 2001 and up until June of 2002. During this time, the Board had a total of 16 directors who served three-year terms.⁴ There was no restriction on the number of terms a director could serve.⁵ The pre-merger CCS Board had 7 committees including the Executive, Human Resources, Finance and Audit, Conduct Review, Governance and Member

Relations, Nominations and Election, and Investment and Loan committees.⁶ As well, the Board Chair, 1st Vice Chair, 2nd Vice Chair and one other director made up the Executive Committee.⁷

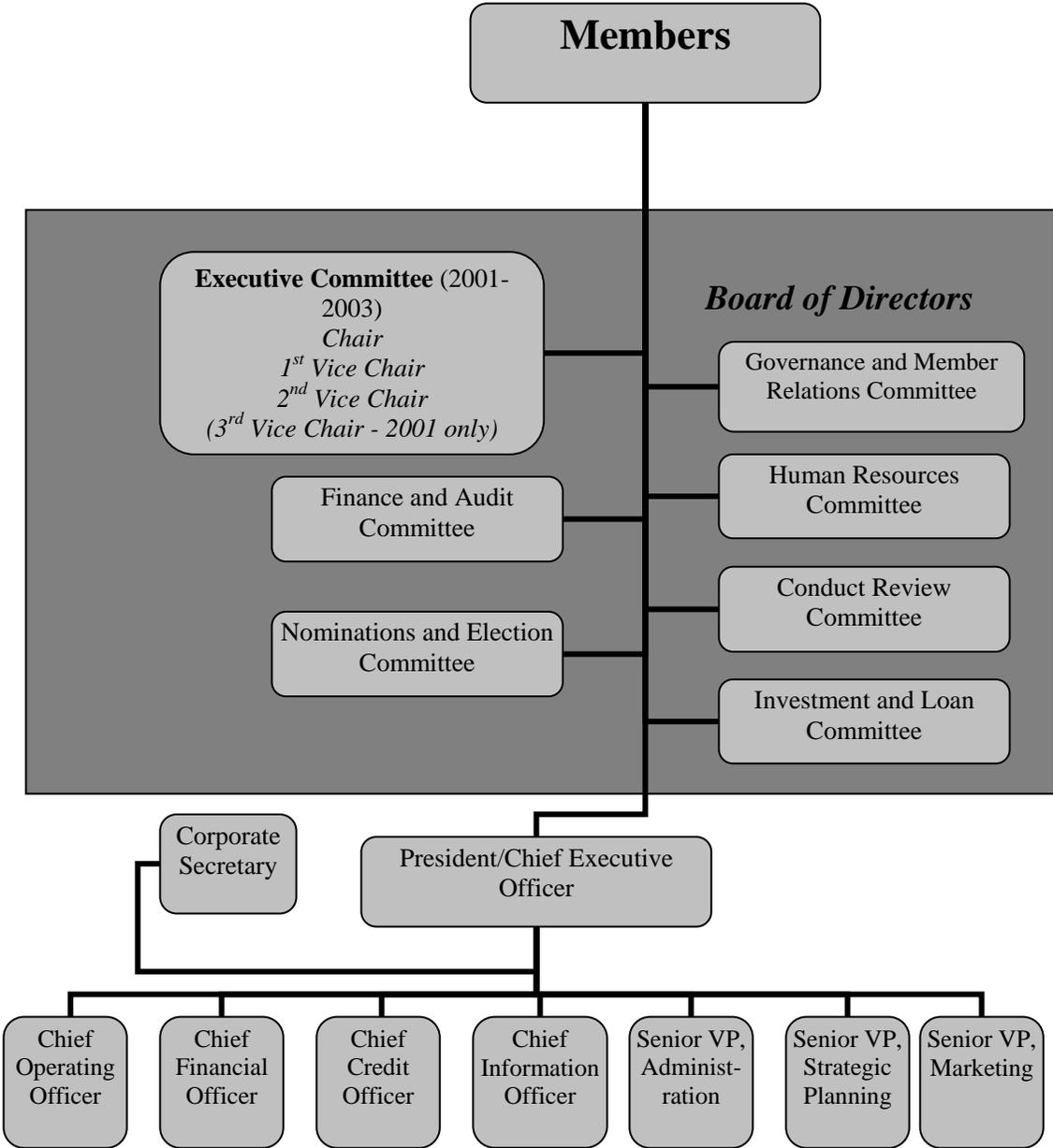
In contrast, the post-merger CCS Board underwent several changes between 2003 and 2006. The size of the Board ranged from 16 directors in 2003 to 11 directors in 2006.⁸ As in the pre-merger period, board members served three-year terms, and had no restriction on the number of terms they could serve.⁹ The Board had 7 standing committees (Executive, Human Resources, Finance and Audit, Conduct Review, Governance and Member Relations, Nominations and Election, and Investment and Loan) in 2003; however, this number was reduced to six after the abolition of the Executive Committee in 2004 (see Figure 5.1).¹⁰

5.2.1 Problem Recognition

Proposition 1B states that boards that are diverse in terms of their leadership's representational characteristics will consider homogeneity, or lack of diversity, to be problematic. As such, the CCS Board was expected to discuss the issue of diversity at board meetings as well as in annual reports and member newsletters. This proposition is examined in both the pre-merger and post-merger periods.

As stated above, CCS achieved an average of 43.8 per cent female representation during the pre-merger period. In the post-merger phase, women comprised 31.8 per cent of total directors. A transition board governed immediately after the merger in June of 2002 until the 2003 director elections. The transition board was not elected: four CCS directors stepped down and 6 SMS directors joined the new board, after which the number of female directors decreased by 1.¹¹ In the post-merger phase,

Figure 5.1 CCS Organizational Chart, 2001-2006



the proportion of female board members decreased to 33.3 per cent in 2003 and reached its lowest point in 2004 with only 23.1 per cent. Nevertheless, the number of women on the CCS Board increased in the following director elections. In 2005 and 2006, both board elections resulted in 36.4 per cent women's representation with 4 of 11 directors being women.

In the pre-merger phase, there were no references to representational diversity in annual reports or member newsletters. In the post-merger phase, however, the topic of diversity was mentioned in CCS annual reports and member newsletters. For example, the 2004 AGM and Board Elections Notice stated: "It is critical that *the composition of the Board reflects the membership* and be balanced in terms of skills, experience and knowledge in order that it meet its responsibilities and maximizes its effectiveness."¹² Like the SMS case, however, the term "diversity" was referred in a general and broad manner and was not specifically defined.

Also, board members had different interpretations about the Board's approach to gender and ethnic diversity. One participant explained that the board believed diversity to be beneficial, but that the most important director attributes were one's business skills and experience:

[W]e would like to have a broad diversity of people on our board including females and certain ethnic groups. We are making a concerted effort to market to the Chinese community and it would be good to possibly have one of their members, being either female or male, on the Board. And because we are expanding geographically, we also look at if a person has the right skills and experience say in Chilliwack...hopefully we could find a person from that market whom we would endorse. We don't care whether they are male, female, [or] what ethnic background they have, as long as they have the right business skills and experience.¹³

Another participant also emphasized the Board's strong emphasis on specific merit criteria:

The focus right now is on skill set – the gap analysis. I feel that our board is fairly diverse in that regard. More important at this point is the skill set that [a] person can bring to the Board. I would never recommend to the membership somebody not as skilled because they fulfilled a criterion that represented diversity because we are responsible for people's money, and large sums of it.¹⁴

One director who joined the Board in 2005 recalled the issue of ethnic diversity being discussed by the Board:

[W]e are not an ethnically diverse board at all...yet our customer base is quite ethnically diverse...It was a concern and a problem. It was raised and brought forward for the Nominations Committee to think about how we could encourage more ethnically diverse people to run for the Board and how they could be elected.¹⁵

On the other hand, one participant who served on both the pre-merger and post-merger boards revealed an alternative perspective regarding the Board's attitude towards representational diversity. She stated:

I have been arguing for more diversity. My pitch when I was interviewed as a candidate was that I would add diversity to the Board. I have mentioned it because we are trying to attract Chinese members. I mentioned it more than once that might be helpful if we had either a Chinese director or at least a visible minority director on the Board. But there is a lot of the attitude that they are afraid that if you get somebody, they think that they are just going to represent those members and not work for the Board as a whole...

[There is] a lot of resistance [to the idea of diversity]. [T]he thing that happened – and I think it is mostly post-Enron – is that there has been a sudden upsurge in the interest in governance...So they have developed all these rules for improving board governance. A lot of it is that you have to have the right skills and the right fit.¹⁶

Although the Board discussed the issue of diversity, whether it was an important issue to the Board, and whether the issue was adequately addressed, was interpreted differently by the participants.

Nevertheless, the issue of female representation was explicitly addressed during post-merger period in the 2004 CCS Annual Report (released in the spring of 2005). As

discussed above, the Board reached its lowest point of female representation after the 2004 director elections. Prior to the 2005 director elections, CCS launched a seven-month public awareness campaign entitled “Leading the Way” which intended to educate members about governance issues and the director recruitment process.¹⁷ The 2004 CCS Annual Report included a section devoted to this campaign. In the “Frequently Asked Questions” section, CCS was asked how it was improving the director recruitment process. It responded:

In 2004, based on member feedback, Coast Capital Savings reviewed and strengthened its recruitment process to provide our membership with a diverse group of qualified election candidates. We strongly believe Board composition needs to reflect Coast Capital Savings’ membership base and be balanced in terms of skill, experience, and knowledge, in order to maximize its effectiveness.

Historically, the credit union had a cross-section of qualified male and female candidates, but in the past few years, we have had fewer women stand for election. Currently, Coast Capital Savings’ Board of Directors is comprised of three females and 10 males. On average, women represent approximately 10% of Canadian Boards. Although our female representation on the Board is much higher (23%) than the national average, we know we can do better.

To help raise awareness of the importance of diversity on our Board and to recruit skilled and knowledgeable candidates for election to the Board of Directors, the credit union undertook a public campaign on behalf of the Nominations and Elections Committee. A brochure was developed to improve understanding of the Board’s role and the candidate recruitment process, and several articles were published in the member newsletter to increase the number of qualified candidates standing for election.¹⁸

Ultimately, the Board responded to the drop in gender diversity by explicitly acknowledging the decrease in women’s representation. The Board also stated its intentions to address governance issues, including the issue of gender diversity, with an awareness campaign regarding the director recruitment process. In 2005 and 2006, women’s representation increased to 36.4 per cent. The 2005 and 2006 annual reports

did not mention the issue of gender diversity, suggesting that the issue of gender homogeneity was no longer problematic for the Board.

In summary, support for proposition 1B was not found in the pre-merger period, but was found in the post-merger period. While women's representation reached its highest point in the pre-merger period with 43.8 per cent, representational diversity was not a priority issue for the Board during the pre-merger period. Yet, the Board explicitly and publicly responded to the decrease of women's representation in the post-merger period and made the issue of diversity an action issue for the Board. Together, these findings suggest that, although the issue of diversity was not problematic for the Board in the pre-merger period, this high level of achievement in women's representation made it unlikely that the CCS Board would accept a significant decrease in gender diversity. These findings also suggest that the lack of discussion about diversity in the pre-merger phase was most likely a result of the Board's satisfaction with its diversity levels, as opposed to a lack of awareness about diversity issues.

5.2.2 Formal Diversity Policies

Proposition 2B posits that boards that are diverse in terms of their leadership's representational characteristics will have a formal diversity policy. So, it was expected that the CCS Board would have a formal diversity policy stating its commitment to ensure the representation of women.

In fact, the CCS board did not have a gender or ethnic diversity policy in either the pre-merger or post-merger period. Some research participants noted their opposition to affirmative action policies. One participant stated:

We are basically saying that if I had a situation of two equal people with equal skill set, I would recommend endorsing the person from the Asian

community...It just makes for a better board. But I would never sacrifice the strength of the Board just to meet a diversity policy. I don't think the shareholders of the credit union...would want us to do that.¹⁹

Another participant noted: "It doesn't matter who is on the Board, but they really have to have the right skills and experience."²⁰ So, some participants were fearful that a formal diversity policy could compromise the quality of the Board.

Although the CCS Board did not have a formal diversity policy in terms of women's representation on the Board, it had a formal regional diversity policy. This policy ensured that the key geographic communities served by CCS were represented among the credit union's elected leadership. As demonstrated below, the CCS regional diversity policy was strongly supported by both the membership and the Board. This policy was in effect throughout the pre-merger and post-merger periods.

The CCS regional diversity policy underwent several small changes between 2001 and 2006. However, its overall objective remained consistent: to secure equitable regional representation among the credit union's elected leadership. In the pre-merger period, the policy required that the Board comprised of 8 directors from the Mainland and 8 directors from Vancouver Island that were elected by their respective communities.²¹ In the fall of 2002, members passed a Special Resolution allowing the Board to use its own discretion regarding regional representation.²² As well, a plebiscite asking members about their preference between regional and at large representation affirmed the membership's desire for regional representation.²³ Before the 2003 director elections, the Board passed a policy "that all members will vote for all directors, and that the Board will consist of a minimum of eight directors residing on the Mainland and four directors residing on the Island, in respect of the proportion of members on the Island and Mainland (one-third and two-thirds respectively)."²⁴ The candidate (or candidates)

from a particular region with the highest number of votes would fill the vacant board position designated for that region.²⁵ This policy applied to all subsequent elections.²⁶

Furthermore, one participant explained why regional representation was important for the CCS Board, as well as for future boards:

I'll talk...about geographic diversity...Once we get the ability to move outside of our marketplace...[s]ay we go into Alberta or Ontario...it would be good to have a board member who really understood the socio-economics of the province – someone who understood what the drivers were and understood the needs that are in that province from a financial perspective.²⁷

While the CCS regional diversity policy does not address the issue of gender or visible minority board representation, it is significant in that it guarantees a minimal degree of representational diversity in the democratically elected leadership of CCS.

So, despite the fact the CCS had a formal regional diversity policy, it did not have formal diversity policy regarding the representation of women on the Board. Therefore, proposition 2B of this thesis was not supported by the CCS case the pre-merger or post-merger period.

5.2.3 Proactive Recruitment

Proposition 3B states that boards that are diverse in terms of their leadership's representational characteristics will have proactive recruitment strategies. In effect, it was predicted that CCS proactively recruited women to the Board by overtly and publicly calling for women to run for the board, as well as actively seeking and identifying potential female candidates through informal networks and personal encouragement.

As regards CCS recruitment practices, there are significant differences between the pre-merger and post-merger periods. First, during the pre-merger phase, CCS did not

have a specific recruitment strategy. In 2001, CCS had the highest number of total female candidates vying for the Board, with 7 out of 16 board candidates being women (see Appendix F). Although the total number of candidates dropped to 10 the following year, women continued to comprise 40 per cent of all board candidates. According to research participants, the CCS recruitment process in 2001 and 2002 was less structured than the recruitment practices of the merger partner (SMS). One participant who served on the CCS Board before it merged with SMS stated:

There wasn't this whole elaborate procedure then. There was no interview [for CCS]...I think if you were really felt to be unsuitable they might have said something...It has been getting more and more controlled [since the merger].²⁸

Also, one interviewee who served on the SMS Board commented that the CCS Board did not have a very structured recruitment process:

SMS had greater diligence in its recruiting process. The others didn't conduct interviews and they just appointed the same people. Often it was a quasi-political appointment...Some people were just elected because they had been nominated at the AGM out of the crowd and had been on the board forever. It was not a real aggressive campaign.²⁹

In 2001 and 2002, the Nominations and Election Committee released a Call for Nominations in the fall indicating the number of board vacancies and the deadline to submit candidate nominations.³⁰ It did not explain the recruitment process in annual reports or identify and articulate specific characteristics and attributes of ideal candidates, such as gender, ethnic background, skills, or experience.

In the post-merger phase, CCS implemented new candidate recruitment practices and procedures. A total of 9 individuals came forward for the 2003 election, of which 33.3 per cent were female. As in the previous year, nine candidates vied for the Board in 2004; however, no women put their name forward for election.

In 2003, the CCS Board introduced a new recruitment strategy which emphasized merit and aimed at attracting candidates with particular business skills and experience. Some participants noted the corporate scandals of the 1990s as constituting the key impetus for the Board's focus on business skills and experience. As one participant explained:

[T]he litigation aspect surrounding corporate governance has gone up at least ten fold [since corporate scandals in the United States]...So you really up the ante for the responsibilities of a board. We have over the last few years recognized this fact at CCS. We started trying to get more experienced board members even before Sarbanes Oxley because we recognized that the complexities and competitiveness of the business is getting more onerous...So we said, 'O.K., if a person is going to sit on our board, they really have to add value.' And the only way you can really add value is if you understand the business and the risks associated with it extremely well, or you have the right types of business skills and experience so that you can get up to speed very quickly.³¹

With this in mind, the CCS Board adopted several formal recruitment practices previously employed by the SMS Board, including a gap analysis of the Board's business skills and experience, a structured candidate interview and the endorsement of those candidates that met the criteria outlined in the gap analysis.

The Nominations and Election Committee was responsible for the implementation of the recruitment process. It conducted a gap analysis of the Board, identified and recruited qualified candidates, interviewed candidates, and publicly endorsed those whom it believed would add strength to the Board.³² Throughout the recruitment process, the importance of business skills and experience was continuously emphasized. For example, the 2006 Director Election Package included the following statement:

For the 2006 election, based on the analysis done by the Nominations and Election Committee, ideal candidates would have: Experience in a highly competitive multi-location retail business environment; The ability to develop strategies around corporate branding, product development, and investment service; Knowledge of how corporate social responsibility policies can have a

positive impact on the communities served and beyond; Skills to comprehend financial statements and management reports; Strong leadership, team building and communication skills; Related board experience and insight into good corporate governance practices; Legal, real estate and/or mediation experience.³³

Throughout the formal recruitment process, women were not proactively recruited.

Gender was not mentioned in the ideal candidate description and women were not explicitly encouraged to come forward.

As discussed above, the Board attempted to increase member awareness about governance issues, in part because of a significant decrease in level of gender diversity in 2003 and 2004. Seven months before the 2005 director elections, the Board launched the “Leading the Way” public awareness campaign. Before the 2006 director elections, the Board did not undertake another awareness campaign, although one board member noted the Board’s ongoing effort to provide members with information regarding governance issues. For instance, when asked whether the board had specific strategies in place to increase diversity, one participant who served on the 2004 Nominations and Election Committee responded:

No. It was along the lines of, ‘here is what we are looking for and if you have the skills to help us with that and move our board forward then demonstrate to us how you could be a good board member.’ But we didn’t specifically say ‘emphasis will be placed on a certain ethnic background or certain gender.’ ...It [is] sort of like if I am a company and I am recruiting for the position of Marketing and Human resources, you don’t say, ‘a female would be preferred’ because that would scare a lot of people away that may have the right skills...

We are trying to get this ‘keep it in your face’ all the time, that being the importance of building this board and trying to let people know more about what the role of a director encompasses.³⁴

The underlying assumption of the awareness campaign and the Board’s efforts to provide members with a lot of information was that the Board’s open and transparent process would increase the number of qualified individuals, and therefore the number of

women, trying for positions on the Board. Interestingly, in the 2005 board election, the total number of board candidates surpassed 2002 levels with 13 candidates trying for the Board, 4 of which were women. Prior to the 2006 election, there was no organized awareness campaign and only one woman came forward for election. The increase in female board candidates in the 2005 director elections, and the subsequent decrease in the 2006 director elections, suggest that the public awareness campaign was successful in attracting more female board candidates.

As well, the experiences of directors help us understand how the formal and informal CCS recruitment processes likely influenced the number of female candidates trying for the Board. The views of research participants about whether diversity was considered throughout the recruitment process differed. Two participants noted that candidates were judged strictly on the basis of merit, regardless of gender. When asked whether the Nominations and Election Committee considered diversity, one research participant responded:

I don't think so, because I have been arguing for more diversity...They see it when it is business related, but [not] when it's other forms of diversity. The only criterion is business experience or MBAs and that kind of thing.³⁵

Another participant felt that the Board considered diversity by not discriminating against women in the recruitment process:

When we go through determining who we are going to endorse or not endorse, we do take into consideration diversity. Say we had two people from Chilliwack, one was a lady and one was a man, and they both had equal skills – and skills that we were looking for – we would certainly endorse both of them. So there is no bias against gender and ethnicity. We are totally open. If you have the right skills and experience, we'll endorse you.³⁶

Both statements suggest that the Board did not place special emphasis on gender or ethnic background throughout the recruitment process.

Participants also noted that board members and branch managers watched for potential candidates.³⁷ As one participant explained: “What I am doing now...[is] I am putting the word out that ‘let me know if you know someone you think would be a good board member.’”³⁸ Although it is difficult to know whether board members or branch managers took diversity into account when recruiting candidates, the experience of one female director suggests that some people considered diversity when approaching certain individuals. Her experience also indicates that openness, transparency, and clarity about the roles and responsibilities of directors play an important role in recruitment efforts. Elected in 2005, Christine Hansen described her experience in the recruitment process:

I had been a member of [credit union name]. I had gotten to know the branch manager fairly well throughout the years...The manager of my branch knew about how I was involved in the community, the business community and the not-for-profit sector. He put my name forward and contacted me and linked me up with the people that were doing the recruiting for potential board members. He convinced me to go to the meeting that they had for potential board members. From that, when I heard what was involved and what the board did, I felt that my experience and involvement in the community could benefit the Board. So I stood to run...

There was a mandatory meeting that all potential candidates had to go to, where the information about what was involved in the board, your time commitments, your liability and responsibility commitments, and particularly, the types of skills and abilities that they were recruiting for were very well laid out...It was very informative and very well-done. From that, we were invited to book ourselves for a panel interview with the Nominations Committee if we felt we still wanted to proceed...I did feel I still wanted to proceed at that stage. I hadn't heard anything that would preclude me from running as a candidate.³⁹

When asked whether gender or ethnic background came up in the nominations process, she responded:

No. In my experience I didn't feel that was a factor...Although I have to admit that my branch manager, who approached me more as a friend at that stage, said ‘I think it would be nice to have more strong women on the Board.’⁴⁰

Her experience is particularly significant given the fact she was one of four women elected to the Board in 2005, and the only non-incumbent woman elected to the Board. In the end, her participation on the Board made an important contribution to the overall increase in women's representation to 36.4 per cent in 2005 from 23.1 per cent in the previous year.

To summarize, in the pre-merger phase, the recruitment process was largely unstructured and consisted of a basic Call for Nominations. The post-merger period saw the introduction of a formal and highly structured recruitment process. Many SMS recruitment practices were introduced, such as the gap analysis and the endorsation process. In 2004, CCS launched the "Leading the Way" public awareness campaign intended to educate members about governance issues and the director recruitment process with hopes to increase the number of qualified candidates trying for the Board. Throughout both pre-merger and post-merger periods, women were not proactively recruited through formal means. They were not explicitly asked or encouraged to put their names forward for election. Also, participants indicated that there was no collective effort on behalf of the Board to specifically recruit female candidates. However, the experience of one female director demonstrates the importance of personal encouragement and highlights the need for a proactive approach in recruiting new candidates. It also underscores the importance of providing potential candidates with adequate information about board processes. So, proposition 3B is not supported by the CCS case.

5.2.4 Responsive Governance

Proposition 4B states that boards that have critical mass of women or visible minorities will demonstrate responsive governance practices. Therefore, it was expected that the CCS Board would display responsive governance practices, including the use of gender neutral language in organizational documents, flexible meeting dates and times, gender sensitive board policies, as well as the presence of women in influential board positions.

During both the pre-merger and post-merger periods, the CCS Board did not have gender sensitive policies that were specifically aimed at facilitating the participation of women.⁴¹ One participant noted that the Board did not require such policies: “we don’t offer babysitting services or stuff like that because we don’t have the need to.”⁴²

Because current and past board members did not require, or ask for, such services, the Board did not perceive a need to have policies designed to facilitate the participation of women. However, gender sensitive board policies are important in that they signal to women that the Board is willing to address their potential needs. In turn, women may be more inclined to run for the Board. So, by preemptively implementing gender sensitive policies, the Board may attract new board candidates who would find such policies beneficial.

In several instances, however, the Board demonstrated inclusive governance practices that were conducive to the participation of women. First, board members indicated that the times and dates of board and committee meetings were flexible and were determined by means of consensus. One participant described this process:

We have the meetings in the afternoon, and it was primarily on the bases of the consensus of the Board as to which time frame would best suit everybody’s schedule. Most of the work is done through the board committees...The

committees generally meet in the morning. Each committee works out what works best for the committee members.⁴³

This ensures that all board members are able to attend board and committee meetings and participate in board decisions.

Second, the Board consistently used gender neutral language in organizational documents throughout the pre-merger and post-merger periods. The Board Chair was always referred to as the “Chair” or “he/she”, in its annual reports, member newsletters, and news releases.⁴⁴ As stated in the previous chapter, the use of gender neutral language may be a small detail, but it is worth noting because it shows a divergence from traditional board practice where the term “Chairman” and the conception of a director as male was common practice.

More significantly, however, is the presence of women in influential board positions in both CCS phases (see Table 5.2). The positions of Chair, 1st Vice Chair, and 2nd Vice Chair (and 3rd Vice Chair) represent key board positions. These positions often include additional responsibilities and time commitments, such as public and media relations duties. In the pre-merger phase, women occupied the positions of 2nd Vice Chair (2001 and 2002) and 3rd Vice Chair (2001). This means that women occupied at least one seat on the Executive Committee. As discussed in Chapter Three, the Executive Committee is a key decision making body with considerable influence over important board decisions. So, this provided important opportunities for women’s perspectives to influence key board decisions.

In the first year of the post-merger period (2003) no women occupied a chair position and, therefore, no women served on the Executive Committee. In 2004, however, women regained their place in key board positions. From 2004 to 2006, the

Table 5.2 CCS Chair Positions, 2001 - 2006

Period	Year	Chair	Vice Chair	2 nd Vice Chair	3 rd Vice Chair
Pre-merger	2001	Bill Wellburn	Terry McPhail	Tilly Marxreiter	Karen Kesteloo
	2002	Bill Wellburn	Bob Garnett	Tilly Marxreiter	N/A
Post-merger	2003	Bill Wellburn	Bob Garnett	Daniel Burns	N/A
	2004	Bill Wellburn	Bob Garnett	Karen Kesteloo	N/A
	2005	Bill Wellburn	Bob Garnett	Karen Kesteloo	N/A
	2006	Bill Wellburn	Bob Garnett	Karen Kesteloo	N/A

Source: CCS Annual Reports.

Note: Female candidates in bold script

position of 2nd Vice Chair was occupied by a female. Furthermore, the abolition of the Executive Committee in 2004 broadened the overall scope of the decision making process. One participant commented on the decision to eliminate this entity: “The trend in governance is to eliminate the Executive Committee, which we have done at CCS. Every issue is before the Board and everyone has an equal opportunity to speak up.”⁴⁵ In effect, this dispersal and decentralization of power increased the number of opportunities for women to influence key policy decisions.

It is important to note that there was little indication that participants perceived patriarchy or sexism as issues in CCS Board procedures or practices. First, most participants did not mention issues of patriarchy or sexism on the Board. Second, while one woman felt that the Board was less responsive to her views than to those of others, she did not perceive this to be a result of her gender:

I think by and large women are accorded respect. But the difference in this respect is not based on gender, [but] on other assessments that they make of us as directors. But there [is] no difficulty of women speaking up. I am...thinking about senior management - there is a fair mix there, but it is definitely male-dominated in terms of style or culture. I don't mean that women are oppressed but it is male led. They provide the impetus for stuff flowing down from the CEO...They don't agree with my position, but it is not because I am a woman. They don't think I have enough business experience so I rank lower for those reasons, but it is not because I am a woman.⁴⁶

Despite her suggestion that the Board's "style or culture" was male-dominated, she did not perceive it as a barrier to women's participation, or an explanation for why the Board was less responsive for her views.

Overall, proposition 4B is supported by the CCS case. Although the Board did not have gender sensitive policies, it had a flexible approach to the setting of board meeting dates and times, consistently used gender neutral language, and promoted women to influential board positions in both the pre-merger and post-merger phases. Finally, the abolishment of the Executive Committee in 2004 decentralized the decision making process, and further increased the number of opportunities for women to influence key board decisions.

5.3 Summary

In summary, the CCS case shows support for proposition 1B and 4B. First, while the CCS Board did not mention diversity in annual reports or members newsletters, it explicitly and publicly addressed the decline in women's representation in the post-merger phase. This suggests that because diversity levels were high in the pre-merger phase, the Board did not perceive a need to discuss the issue of diversity. Next, the CCS case does not support proposition 2B. Neither the pre-merger or post-merger CCS Board had a formal diversity policy expressing its commitment to the achievement of

representational diversity. Third, the CCS case did not support proposition 3B. The CCS Board did not proactively recruit women through formal or informal recruitment mechanisms in either the pre-merger or post-merger period. The experience of one female board member suggests that instances of proactive recruitment were likely the result of personal conviction as opposed to a collective effort by the CCS Board. Still, it demonstrated that personal encouragement and support can play a significant role in one's decision to run for the board. Finally, both the pre-merger and post-merger CCS boards show support for proposition 4B. While the CCS Board did not have gender sensitive policies, it had flexible meeting dates and times and consistently used gender neutral language. Further, in the pre-merger period, women occupied several chair positions and, therefore, were members of the Executive Committee. Although no women served in chair positions or on the Executive Committee in 2003, women regained their presence in key board positions from 2004 to 2006. Finally, the abolition of the Executive Committee in 2004 decentralized the decision making process, opening up the decision making process to include all board members, and women in general.

In the following chapter, the results of the two case studies are compared and contrasted. As well, alternative explanations and additional factors that potentially contributed to the overall levels of board diversity in both cases are explored.

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- ¹ The proportion of women's representation excludes the 2002(b) Board of Directors. Therefore, this percentage reflects the boards of directors that were elected directly by the CCS membership.
- ² CCS, *Annual Report 2005* (Surrey: CCS, 2006), introduction.
- ³ CCS, Awards and Distinctions; available from https://www.coastcapitalsavings.com/About_Coast_Capital_Savings/Corporate_Information/Awards_and_Distinctions/; accessed 2 April 2007.
- ⁴ CCS, *Annual Report 2000* (Richmond: CCS, 2001); CCS, *Annual Report 2001* (Richmond: CCS, 2002).
- ⁵ Robert Field, interview by author, 13 July 2006.
- ⁶ CCS, *Annual Report 2002* (Surrey: CCS, 2003), 45; CCS, *Annual Report 2003* (Surrey: CCS, 2004), 59.
- ⁷ CCS, *Annual Report 2003*, 59; Robert Field, interview by author, 13 July 2006. In 2001, the CCS Board also had a 3rd Vice Chair.
- ⁸ CCS, *Annual Report 2003*; CCS, *Annual Report 2004* (Surrey: CCS, 2005); CCS, *Annual Report 2005*; CCS, *Annual Report 2006* (Surrey: CCS, 2007).
- ⁹ CCS, Board and Elections; available from http://coastcapitalsavings.com/Community/AboutUs/Board_andElections/; accessed 6 September 2005.
- ¹⁰ CCS, *Annual Report 2003*, 59; CCS, *Annual Report 2004*, 63; CCS *Annual Report 2005*, 28; CCS, *Annual Report 2006*, 23; Robert Field, interview by author, 13 July 2006. In 2001, the CCS Board also had a 3rd Vice Chair.
- ¹¹ Of those who stepped down from the CCS Board, one was a woman. At the same time, no women were part of the SMS group of directors that joined the CCS Board.
- ¹² CCS, "2004 – AGM and Board of Directors Election Notice," 2; available from https://www.coastcapitalsavings.com/Resources/Documents/newsletters/AGM_Newsletter_2004.pdf; accessed 13 June 2006. Emphasis mine.
- ¹³ Dennis Anderson, interview by author, 26 June 2006.
- ¹⁴ Robert Field, interview by author, 13 July 2006.
- ¹⁵ Christine Hansen, interview by author, telephone interview, tape recording, Vancouver, BC, 18 May 2006.
- ¹⁶ Angela Nunn, interview by author, personal interview, tape recording, Victoria, BC, 17 May 2006.
- ¹⁷ CCS, *Annual Report 2004*, 11.
- ¹⁸ CCS, *Annual Report 2004*, 25-26.
- ¹⁹ Robert Field, interview by author, 13 July 2006.
- ²⁰ Dennis Anderson, interview by author, 26 June 2006.
- ²¹ Norman Gidney, "Coast Capital set to change rules for board make-up: Members will vote to eliminate Victoria's regional guarantee," *Times Colonist* (Victoria), 2 April 2003, Business, p. B2.
- ²² Bill Wellburn to Norman Gidney, e-mail by Bill Wellburn, CCS Board Chair, Response to *Times Colonist* article by Norm Gidney, 2 April 2003, CUCBC Corporate Affairs Department. CCS credit union rule 13.3 stated: "The Board of Directors may, but shall not be obligate, to require from time to time that a specific number of Directors be residents of any Region specified by resolution of the Board of Directors. Irrespective of any residency requirements, all Directors shall notwithstanding anything else contained in these Rules, be representatives of, and elected by all members of the Credit Union. Any such residency requirements may be modified by the Board of Directors in their discretion including without limitation reducing or increasing the number of Directors required to be residents of a specific Region. The Board of Directors may, in their discretion, determine from time to time the criteria for determining residency for the purpose of this Rule." CCS, Credit Union Rules, Composition of Board of Directors; available from https://www.coastcapitalsavings.com/About_Coast_Capital_Savings/Corporate_Information/Credit_Union_Rules/Board_of_Directors/; accessed 2 June 2007.
- ²³ *Ibid.* In the three divisions, members voted between 70 and 75 per cent in favour of regional representation.
- ²⁴ *Ibid.*
- ²⁵ *Ibid.*
- ²⁶ In 2005, however, one director passed away suddenly, leaving the Board with 11 directors. So, the 2005 and 2006 CCS boards comprised of 4 directors from the Island and 7 directors from the Mainland.
- ²⁷ Dennis Anderson, interview by author, 26 June 2006.
- ²⁸ Angela Nunn, interview by author, 17 May 2006.
- ²⁹ Robert Field, interview by author, 13 July 2006.

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- ³⁰ CCS, “Merger in Progress,” Special newsletter, September 2001, 3; available from https://www.coastcapitalsavings.com/Resources/Documents/merger_progress_update_sept.pdf; accessed 10 June 2006.
- ³¹ Dennis Anderson, interview by author, 26 June 2006.
- ³² Christine Hansen, interview by author, 18 May 2006; Dennis Anderson, interview by author, 26 June 2006. The Candidate Endorsement Policy requires that “[t]he Nominations and Election Committee endorses those candidates who, in its opinion, would best add strength to the Board of Directors for the benefit of the Credit Union and its members.” CCS, “Candidate Endorsement Policy,” Policy manual, 28 September 2005. CCS, Corporate Affairs, Surrey.
- ³³ CCS, “2006 Director Election Package,” candidate information package, 18 October 2005, CCS, Corporate Affairs, Surrey.
- ³⁴ Dennis Anderson, interview by author, 26 June 2006.
- ³⁵ Angela Nunn, interview by author, 17 May 2006.
- ³⁶ Dennis Anderson, interview by author, 26 June 2006.
- ³⁷ Ibid.
- ³⁸ Angela Nunn, interview by author, 17 May 2006.
- ³⁹ Christine Hansen, interview by author, 18 May 2006.
- ⁴⁰ Ibid.
- ⁴¹ Dennis Anderson, interview by author, 26 June 2006; Robert Field, interview by author, 13 July 2006.
- ⁴² Dennis Anderson, interview by author, 26 June 2006.
- ⁴³ Ibid.
- ⁴⁴ See, for example, CCS, *Annual Report 2000*, 3; CCS, “Merged Credit Union Now Coast Capital Savings,” News release, 15 March 2001; available from https://www.coastcapitalsavings.com/About_Coast_Capital_Savings/Press_Advertising/News_Release_Archive/2001/March15,2001/index.jsp; accessed 10 June 2006; CCS, *Money Moves* (Spring 2005); available from https://www.coastcapital.savings.com/Resources/Documents/newsletters/MoneyMoves_05_Spring_CCS.pdf; accessed 10 June 2006.
- ⁴⁵ Robert Field, interview by author, 13 July 2006.
- ⁴⁶ Angela Nunn, interview by author, 17 May 2006.

CHAPTER 6

A CROSS-CASE ANALYSIS

6.1 Introduction

In this chapter, the findings of a cross-case analysis of the SMS and CCS cases are presented. The main objective of this chapter is to highlight key factors that facilitated or inhibited the achievement of board diversity in the two cases presented in this study, and to make analytical generalizations from these findings. In the first section, the findings of the two case studies regarding the theoretical propositions outlined in Chapter Two are compared and contrasted. In the second part of this chapter, alternative explanations that may explain different outcomes in the level of board diversity between the two case studies are explored.

6.2 Theoretical Propositions

In this section, the eight theoretical propositions that fall under the four key areas of inquiry are addressed. The findings of the CCS and SMS cases are compared and contrasted, and the implications of these findings for democratically elected boards wanting to achieve representational diversity are discussed.

6.2.1 Problem Recognition

The first two theoretical propositions of this study fall under the first area of inquiry, problem recognition. These propositions state:

1A: Boards that are homogenous in terms of their leadership's representational characteristics will not consider their homogeneity, or lack of diversity, to be problematic.

1B: Boards that are diverse in terms of their leadership's representational characteristics will consider homogeneity, or lack of diversity, as problematic.

The SMS case study supports proposition 1A, while the CCS case, specifically in its post-merger phase, supports proposition 1B.

The SMS Board did not demonstrate that diversity was a priority issue for the Board in the period under study, despite the fact that women's representation never exceeded 11.1 per cent. Although the Board made broad references to diversity in annual reports and discussed the issue of diversity among board members, it did not publicly or formally recognize a diversity problem, or take deliberate action to address board homogeneity.

In contrast, the CCS Board recognized homogeneity as problematic in its post-merger period. The CCS Board did not mention the issue of diversity during the pre-merger period when women's representation was 43.8 per cent. In its post-merger period, the CCS Board responded to a drop in women's representation after the 2004 board election by publicly and explicitly recognizing gender homogeneity as problematic. The Board took specific steps to address governance issues, including the issue of women's representation, with the "Leading the Way" public awareness campaign. In 2005 and 2006, the Board once again did not mention the issue of diversity. This pattern suggests that the CCS Board did not address the issue of diversity in the pre-merger phase and in 2005 and 2006 because it was satisfied with its overall level of representational diversity. The CCS Board's response to declining diversity levels indicates that the Board was keenly aware of its demographic make-up.

In both cases, research participants offered varying interpretations about the board's commitment to diversity. The views of research participants ranged from those who said that the issue of diversity was consistently discussed by the board, to those who noted that it was only incidentally considered. While there may have been various degrees of individual support for diversity on both boards, the key difference between the two cases is that the CCS Board presented a unified leadership position regarding the decrease in women's representation in its 2004 annual report. This suggests that the desire to increase women's representation was supported by enough directors to make it an action issue for the Board.

These findings are significant because they support the argument that, left to their own devices, boards will not diversify. They must make representational diversity a priority issue and be deliberate and purposive in their attempt to increase board diversity. The comparison between the two cases also underscores the importance of publicly acknowledging the problem of homogeneity. It is more difficult to renege on a commitment when it has been publicly announced. Also, such statements likely resonate with women and potentially entice them to come forward. Finally, the CCS case shows that ongoing support for representational diversity is critical to ensure that the board does not revert to homogeneity once diversity has been achieved.

6.2.2 Formal Diversity Policies

The next two theoretical propositions deal with the area of formal diversity policies. These propositions are:

2A: Boards that are homogenous in terms of their leadership's representational characteristics will not have a formal diversity policy.

2B: Boards that are diverse in terms of their leadership's representational characteristics will have a formal diversity policy.

In both cases, the board did not have a formal diversity policy. So, while the SMS case supports proposition 2A, the CCS case does not support proposition 2B.

Participants noted two main objections to the implementation of a formal diversity policy. The first argument against a formal diversity policy was that all members had an equal opportunity to serve on the Board in that they were granted the same formal rights and were not discriminated against in the election process. The SMS Personal Harassment Policy embodied this view, whereby women were protected against formal and overt discrimination. As well, some participants noted that the CCS Board did not discriminate against women, and that all candidates were treated the same throughout the nomination, recruitment and electoral processes.¹ This reflects the notion of democratic equality as argued by theorists of liberal democracy, such as Locke, Dahl and Schumpeter. According to this view, individuals are guaranteed formal and legal rights that provide all people with an equal opportunity to participate in democratic processes.

Although important, formal and legal equality does not necessarily provide women and visible minorities with the ability to overcome informal social, political and cultural barriers that prevent them from attaining leadership positions in democratic institutions. Here, the difference between the notions of equality and equity merits attention. While the concept of equality refers to the notions of uniformity and sameness, the notion of equity deals with issues of fairness and justice. Although different, both notions are pertinent to the issue of gender equality in co-operatives. For example, in terms of leadership structures, the overall goal is to achieve equal representation and, ultimately,

equal political power for men and women. However, as discussed in Chapter One, feminist theorists importantly point out that the equal treatment of men and women in a context of inequality simply serves to perpetuate the status quo. The domestic division of labour, gender stereotypes and sexual discrimination continue to inhibit the achievement of equal social and political status between men and women. As a result, differential, or equitable, treatment provided by a formal diversity policy may be required to overcome those barriers that prevent women's equal participation in representative institutions. Procedural equity in recruitment, nomination and electoral processes may be required to achieve equal gender representation. Finally, the implementation of equitable board processes may be required so women can exercise equal political power during the decision making process.

The second concern of participants regarding a formal diversity policy was that it may hinder the board's ability to recruit strong directors and risks alienating minority groups by recruiting female or ethnic minority "tokens." However, the implementation of a formal diversity policy and the requirement that candidates be skilled and competent are not mutually exclusive. For example, the CCS formal regional diversity policy worked alongside a recruitment strategy that emphasized specific merit criteria. This policy was carried out by using a ward system whereby the top contenders of specific communities were awarded board positions, even if they did not receive the most votes. Yet, the formal regional diversity policy was supported by most members as well as the Board because it is widely accepted and assumed that one's regional identity provides them with a unique and important perspective. In effect, the formal regional diversity policy was considered an essential part of fair and equitable democratic governance.

This broad support of regional diversity from CCS members and directors raises an important question about how diversity is viewed within the co-operative sector. While gender and ethnic board diversity were considered beneficial but not required, regional diversity was considered essential to good democratic governance. Why might certain types of diversity be considered more important, or acceptable, than other types of diversity? Feminist critiques on the public-private dichotomy of liberal democratic theory provide one perspective from which to understand this issue. As discussed in Chapter Two, the theory of liberal democracy rests upon the assumption that life can be divided into two separate and distinct parts - the public (or political) and the private (or domestic) - and that private life is irrelevant to public life. To guarantee gender diversity, credit unions must deal with matters typically considered private in nature, such as family and childcare. In terms of ethnic diversity, credit unions need to confront issues such as language, religion, or culture, which are typically considered to be private affairs. In contrast, guarantees of regional diversity do not demand discussions of private matters and, therefore, are more likely to be accepted by members and directors.

However, if it is assumed that private matters are relevant to, and not distinctly separate from, public life, formal gender and ethnic diversity policies may be viewed as more supportable to members and directors. So, despite the finding that the CCS Board did not have a formal gender diversity policy, it is argued that a formal diversity policy is an effective method for ensuring representational diversity on democratically elected boards.

6.2.3 Proactive Recruitment Strategies

The theoretical propositions that fall under the third area, proactive recruitment strategies, are:

3A: Boards that are homogenous in terms of their leadership's representational characteristics will not have proactive recruitment strategies.

3B: Boards that are diverse in terms of their leadership's representational characteristics will have proactive recruitment strategies.

While the SMS case supports proposition 3A, the CCS case does not support proposition 3B. However, the experience of one female board member suggests that a proactive approach to recruitment and personal encouragement may have a significant effect on one's decision to run for the board.

The SMS Board did not proactively recruit female candidates to the Board through the formal recruitment process or by publicly announcing the need for more female directors. Rather, the central objective of the formal SMS recruitment strategy was to recruit candidates that met specific merit criteria. As well, board members and managers were not specifically instructed to seek female candidates. Whether one's gender background was considered during the recruitment process was a result of personal beliefs, as opposed to a collective effort by the Board.

Likewise, the CCS Board did not proactively recruit women to the board by means of a formal recruitment strategy or by publicly calling women to come forward for election. In the pre-merger period, the CCS recruitment strategy consisted of a general Call for Nominations without any indication of preferred skills, background, or experiences. After its merger with SMS, the CCS Board adopted several SMS recruitment strategies that emphasized merit criteria, such as a gap analysis of the Board, a formal candidate interview, and a candidate endorsement process. Like the SMS case,

there were no explicit instructions for directors or managers to specifically look for female or ethnic minority candidates.

Nevertheless, the experience of one female candidate sheds light on the potential role of proactive recruitment strategies in increasing the level of representational diversity in democratic leadership structures. As discussed in the previous chapter, Christine Hansen was approached by her branch manager who noted his belief that the board needed more capable women, and encouraged her to stand for election. This provided the impetus for her initial inquiry into the role and responsibilities of directors and, ultimately, her decision to run for the board. In the end, Christine's decision to run for the board helped increase the level of representational diversity from 23.1 per cent in 2004 to 36.4 per cent in 2005.

6.2.4 Responsive Governance

In regards to the fourth area of inquiry, responsive governance, the final two theoretical propositions of this study are:

4A: Boards that do not have a critical mass of women or visible minorities will not demonstrate responsive governance practices.

4B: Boards that have a critical mass of women or visible minorities will demonstrate responsive governance practices.

The findings of the SMS case study support proposition 4A. As well, the overall findings of the CCS case support proposition 4B.

The SMS Board demonstrated some governance practices that are conducive to the participation of diverse groups, such as flexible board meeting dates and times. However, the SMS Board did not demonstrate a conscious effort to make it easier for women to serve on the Board, or respond to their needs and identities. For example, the

SMS Board did not have gender sensitive policies and, in some instances, used masculine language in organizational documents when referring to the role of a director or specific board positions. In addition, no women occupied a SMS chair position between 1995 and 2001 and, therefore, no women sat on the Executive Committee.

Like the SMS Board, the CCS Board did not have gender sensitive policies and were willing to accommodate diverse schedules with flexible meeting dates and times. Still, CCS consistently used gender neutral language in organizational documents. As stated above, this is important because it represents a shift from traditional board terms and practices whereby directors were perceived to be men. These findings were consistent for both the pre-merger and post-merger periods.

The most significant differences between the two cases are the presence of women in key board positions on the CCS Board and the abolishment of the CCS Executive Committee in the post-merger period. First, during the pre-merger phase, women held several chair positions and served on the Executive Committee. In the first year of the post-merger period, no women occupied a chair position and, as a result, there was no female representation on the Executive Committee. However, from 2004 to 2006 women held chair positions. This is important in that board members were elected to chair positions by their fellow directors.²

Second, the abolishment of the Executive Committee in 2004 marked a significant change in the democratic functioning of the CCS Board. According to elite theorists, a key obstacle to the achievement of democracy is the presence of elite power structures wherein decision making power is centralized and concentrated in the hands of few who share similar social backgrounds. According to experts on organizational governance, the Executive Committee has substantial decision making authority, while other

committees typically make recommendations to all directors.³ Although the Executive Committee approach may save time during director meetings, it may be viewed as an elite group and can result in a “two-tiered” board.⁴ As a result, the number of different perspectives included in the decision making process is limited, particularly when the Executive Committee is comprised of directors from similar social backgrounds.

Experts in organizational governance suggest that the absence of an Executive Committee can foster a greater sense of ownership among all directors over the board’s decisions.⁵ The abolishment of the Executive Committee had the important, and perhaps unintended, effect of opening up the decision making process to women. Ultimately, the absence of an Executive Committee decentralizes and disperses political power. In turn, women and other under represented groups can exercise political power on credit union boards and effectively contribute to key board decisions.

So, the SMS and CCS cases support the view that the achievement of long-term representational diversity requires an inclusive governance approach that is able to meet a wide range of life situations. Responsive governance is about keeping people engaged once they have been elected to the Board. People who run for, and serve in, elected leadership positions contribute a great deal of time and energy to their responsibilities. Therefore, it is imperative that board members believe they are able to contribute to the governance process; if not, they are not likely to return because it is not worth their time. A flexible governance approach accommodates various life situations and inclusive decision making practices are important for maintaining representational diversity in elected leadership positions.

To summarize, in this section, the SMS case was compared and contrasted to the CCS case in both its pre-merger and post-merger phases. The implications of these

findings were discussed. First, the SMS case supports proposition 1A. The CCS case supports proposition 1B in the post-merger period, but not in the pre-merger period. Nevertheless, it is argued that, because CCS had achieved a high degree of representational diversity in the pre-merger phase, it is likely that the Board did not perceive its diversity levels to be problematic and, therefore, did not explicitly address the issue of diversity. Overall, this study supports the view that boards must take deliberate action to diversify their leadership's characteristics, and without such action they will not diversify.

Next, while the SMS case supports proposition 2A, the CCS case does not support proposition 2B. This suggests that a formal diversity is not necessary to achieve representational diversity. Yet, the CCS formal regional diversity policy serves as an excellent example of a successful and widely supported diversity policy that worked alongside other director criteria.

Third, the SMS case supports proposition 3A, while the CCS case does not support proposition 3B. This suggests that proactive recruitment strategies are not required to achieve representational diversity. However, the CCS case study revealed that, although there was no formal or collective effort to recruit women, the recruitment effort of one branch manager provided the initial impetus in one woman's decision to run for the Board. The branch manager's actions illustrate how proactive recruitment effort can be an effective tool for achieving representational diversity.

Finally, the SMS case supports proposition 4A, and the CCS case supports proposition 4B. In effect, the findings of this study support the view that boards must consider the needs and identities of directors and provide directors with meaningful opportunities to participate in the decision making process. Given the amount of time

and energy that is required to sit on a board, it is important for board members to feel as though they are able to contribute. Otherwise, they are not likely to return in the future, making it difficult to maintain diversity over the long-run.

In the following section, alternative explanations for different diversity outcomes among the two case studies are explored.

6.3 Alternative Explanations

In this section, four alternative explanations for the difference in diversity levels in the SMS and CCS cases are discussed. As noted in Chapter Two, a category entitled “other influences” was included in the categorical matrix that guided the analysis of case study data. The literatures on democracy, representation, and board diversity helped to identify alternative explanations for outcomes in diversity levels. Four alternative explanations are considered, including board size, recruitment practices, director turnover, and organizational culture.

6.3.1 Board Size

The first alternative explanation considered here is the effect of board size on diversity levels. After surveying credit union boards in Saskatchewan, de Clercy and Hammond Ketilson found that boards with more than 7 members tended to have more women directors than boards with less than seven members.⁶ So, by increasing its size, a board provides more opportunities for women to be elected. A similar pattern is revealed when board size is compared across the SMS and CCS cases, and between the pre-merger and post-merger CCS boards. Between 1995 and 2001, the SMS Board maintained a board size of 9 directors and averaged 11.1 per cent representation per year. During its pre-merger phase, the CCS Board averaged 16 directors and 43.8 per

cent female representation. In the post-merger phase, the CCS averaged 12.8 directors and 31.4 per cent female representation. Overall, the SMS and CCS cases support the argument that increasing board size will lead to higher diversity levels.

However, changes in board size cannot explain changes in diversity levels on the post-merger CCS Board. For example, the total number of directors decreased by two in 2005, while the number of female directors increased by one. In the end, the SMS and CCS cases suggest that larger boards may have a structural advantage over smaller in achieving diversity; however, the post-merger CCS Board demonstrates that additional factors also play an important role in the outcome of diversity levels.

6.3.2 Recruitment Practices

The second alternative explanation considers the impact of recruitment processes on board diversity. After its merger with SMS in 2002, the CCS Board implemented the SMS recruitment strategy which focused on recruiting candidates with particular business skills and board experience. Overall, women averaged approximately 9.1 per cent of SMS board candidates per year (see Table 6.1).⁷ In its pre-merger phase, CCS averaged 41.9 female candidates per election (see Table 6.2). In contrast, women averaged only 20.2 per cent of CCS board candidates per year in the post-merger period (see Table 6.2). The low proportion of female candidates on the SMS Board, and the low proportion of CCS female board candidates in the post-merger period, is correlated with the use of a recruitment strategy largely focused on attracting candidates with particular business skills and board experience.

Two points may be made in regards to these findings. First, recruitment practices that are narrowly focused on business skills and board experience are more

Table 6.1 SMS Board Candidates, by Gender, 1995-2002

Year	Candidates <i>N</i>	Women <i>N</i>	Women (%)	Candidates Elected <i>N</i>	Women Elected <i>N</i>
1995*	7	0	0	3	0
1996*	8	0	0	3	0
1997*	8	1	12.5	3	1
1998*	4	1	25.0	3	0
1999	7	-	-	3	0
2000*	6	1	16.7	3	1
2001	-	-	-	3	0
2002	-	-	-	3	0

Source: CCS Corporate Affairs Department

*Denotes years for which full data points were available.

Table 6.2 CCS Board Candidates, by Gender, 2001-2006

Period	Year	Candidates <i>N</i>	Women <i>N</i>	Women (%)	Candidates Elected <i>N</i>	Women Elected <i>N</i>
Pre- merger	2001	16	7	43.8	5	2
	2002	10	4	40.0	6	3
Post- merger	2003	9	3	33.3	4	1
	2004	9	0	0	4	0
	2005	13	4	30.8	4	3
	2006	6	1	16.7	4	1

Source: CCS Corporate Affairs Department

likely to attract male candidates than female candidates. The emphasis on recruiting candidates according to specific merit criteria is typical of many boards today.⁸ Given the legal and financial complexities of credit union governance, the importance of recruiting capable directors cannot be understated. As one participant noted “any type

of a board that is responsible for other people's money... and large amounts of it...need to have the skill level and competence to do that with integrity and have confidence of the people that entrust that money to them.”⁹ Still, the implications of candidate recruitment practices on board diversity levels should be considered. According to Statistics Canada, 52 per cent of business professional and those in financial occupations are women.¹⁰ However, while women constitute 36 per cent of managerial positions, only 26 per cent of senior management positions are occupied by women.¹¹ Also, men are more likely than women to have previous board experience. According to the *2005 Catalysts Census of Women Board Directors of the FP 500*, women comprise only 12 per cent of all board positions.¹² Among co-operative organizations, only 15.6 per cent of directors are women.¹³

The second point highlights the need to complement such recruitment practices with additional mechanisms to bring in a diverse cohort of candidates. As one research participant noted, “[I]f one is not really careful, one could get really focused on the skills needed and lose focus on other things that make credit union boards unique, which are the representation of the population, diversity, the gender mix...So that needs to be kept at the forefront as well and entrusted to the person doing the gap analysis and making that a criterion as well.”¹⁴ In the case of CCS, the proportion of female candidates went from zero in 2004 to 30.8 per cent in 2005. This marked increase is correlated with the CCS “Leading the Way” public awareness campaign that was intended to raise awareness about governance issues, including the issue of diversity. So, it is argued that although the practice of recruiting individuals with specific business skills and board experience continued, the Board's effort to reach out to members was successful in attracting a more diverse group of candidates. In effect, this observation lends support

to the argument that boards must undertake direct action to diversify their leadership characteristics.

6.3.3 Director Turnover

A third factor to consider is the rate of board member turnover and its potential effect on board diversity levels. Studies in the field of political science have shown that incumbent candidates have a substantial advantage over non-incumbent candidates in the electoral process.¹⁵ In its article, “Unity Through Diversity,” CCA discussed the need for a “reasonable churn rate” so boards can build on director experience while, at the same time, bring in fresh perspectives.¹⁶ Term limits force incumbents to step down, and provide non-incumbent candidates with a greater chance of electoral success. For boards that are dominated by white males, it has been argued that term limits may provide women and minority group members with more opportunities to get involved on the board.¹⁷

The SMS Board limited directors to serving a maximum of three consecutive terms. The average length of tenure for directors who served on the SMS Board from 1995 to 2002 was 5.17 years (see Appendix G). The SMS Board also averaged 1.38 successful non-incumbent directors per election (see Table 6.3). On the other hand, the CCS Board did not have director term limits in either the pre-merger or post-merger periods. The average length of tenure for CCS directors who served on the CCS Board from 2001 to 2006 was 11.63 years (see Appendix H). Finally, the CCS Board averaged only 0.33 successful non-incumbents per election (see Table 6.3).¹⁸

Overall, the SMS Board had higher rates of director turnover than the CCS Board. This indicates that higher rates of director turnover do not necessarily lead to higher

Table 6.3 Success of Non-incumbents Candidates, SMS and CCS

Case	Years <i>N</i>	Non-incumbents <i>N</i>	Non-incumbents Elected/Year <i>N</i>
SMS	8	11	1.38
CCS	6	2	0.33

Source: SMS and CCS Annual Reports

levels of board diversity. This pattern also suggests that low rates of director turnover simply help maintain the status quo regarding board composition and that there is nothing inherent about term limits that facilitate diversity. Instead, these findings support the view that term limits may be effective in promoting diversity only when coupled with additional board diversification strategies.

6.3.4 Organizational Culture

So far, some specific aspects of organizational life have been examined separately. The fourth alternative explanation examines how, when considered together, these specific aspects of organizational life may provide insight into the role of organizational culture in the achievement of board diversity. Organizational culture has been broadly defined as the formal and informal structures, practices, beliefs, norms and values that determine “the way things work around here.”¹⁹

Because this study did not set out to examine all aspects of organizational culture, an in depth analysis of this topic is not possible. Nevertheless, the SMS Board and the CCS Board shared some similar board practices and processes, such as the absence of a formal diversity policy and the recruitment of board candidates according to specific merit criteria. However, when other aspects of organizational life are considered

together, the overall difference between the CCS Board and the SMS Board becomes more acute. In several instances, the CCS Board demonstrated a more inclusive approach to governance than the SMS Board. For example, in its post-merger phase, the CCS Board overtly responded to board homogeneity and abolished the Executive Committee, thereby creating a more inclusive decision making process. In both phases, the CCS Board consistently used gender neutral language and elected female board members to important board positions. Together, these behaviours and practices point toward an inclusive organizational culture that is conducive to the participation of women.

In sum, this section explored alternative explanations for differences in levels of representational diversity between the SMS and CCS cases, as well as between the pre-merger and post-merger CCS boards. First, the potential effect of board size on diversity levels was considered. Overall, the SMS and CCS cases support the argument that larger boards are more likely to be diverse than smaller boards. Nonetheless, a closer look at diversity levels in the post-merger CCS case revealed that other factors also have a significant impact on diversity levels.

Second, the influence of recruitment practices that narrowly focus on merit criteria in regards to business skills and board experience was examined. The case studies reveal that low numbers of female candidates were correlated with such recruitment practices. However, the findings also suggest that deliberate action by the board to broaden knowledge about governance issues is effective in diversifying the pool of board candidates.

Next, the potential impact of director turnover on diversity levels was explored. Interestingly, the findings suggest that high rates of director turnover were correlated

with low levels of representational diversity, while low rates of director turnover were correlated with high levels of diversity. This suggests that even those boards with high turnover rates require deliberate action to diversify.

The final alternative explanation explored in this section was the potential influence of organizational culture on diversity levels. The various behaviours and practices of the boards provide an indication of their respective organizational cultures. Overall, the CCS Board demonstrated more inclusive behaviour and practices, suggesting the presence of an inclusive organizational culture in which women are more likely to participate.

6.4 Summary

To summarize, this chapter set out to compare and contrast the two case studies in a cross-case analysis. In the first section, each theoretical proposition was considered, and the implications of the case study findings were discussed. The second section of this chapter explored four alternative explanations: board size, recruitment practices, director turnover and organizational culture. Overall, this study supports the view that boards must recognize homogeneity as problematic and take deliberate action towards achieving representational diversity. Even though boards may introduce structures that are favourable to the achievement of diversity, such as large board size or director term limits, it is unlikely that these structures alone will generate representational diversity. This means that boards must be willing to take a leadership role and to make value statements about diversity and the need to include members from marginalized groups. In the CCS case, such value statements and actions were present in several instances. For example, the Board publicly stated its dissatisfaction with its degree of women's

representation. This was followed by the launching of the “Leading the Way” public awareness campaign. Also, although not directly related to gender diversity, the formal regional diversity policy signifies a clear statement of support by the Board for regional diversity and constitutes a deliberate attempt to ensure proportional regional representation. As well, the proactive recruitment and encouragement of one branch manager were instrumental in convincing one non-incumbent woman to run for the board. In all instances, there was a clear statement of values followed by deliberate action to ensure representational diversity.

¹ See for example, pp. 100-101 and 106 above.

² SMS, "Meet your new Board of Directors," pamphlet, 2000; CCS, Credit Union Rules, Proceedings of Directors; available from https://www.coastcapitalsavings.com/About_Coast_Capital_Savings/Corporate_Information/Credit_Union_Rules/Proceedings_of_Directors/; accessed 5 July 2007.

³ CCA, "Executive Committees," *Governance Matters* (July 2003): 1.

⁴ *Ibid.*, 3.

⁵ *Ibid.*

⁶ de Clercy and Hammond Ketilson, 18.

⁷ This averaged was calculated using only those years with a complete set of data points.

⁸ Nicholas Walt and Coral Ingley, "Board Dynamics and the Influence of Professional Background, Gender and Ethnic Diversity of Directors," *Corporate Governance* 11:3 (July 2003): 226.

⁹ Christine Hansen, interview by author, 18 May 2006.

¹⁰ Statistics Canada, Social and Aboriginal Statistics Division, *Women in Canada: Work Chapter Updates*, Catalogue number 89F0133XIE (Ottawa, Ont: 2007), 9; available from <http://www.statcan.ca/English/freepub/89F0133XIE2006000.htm>; accessed 5 July 2007.

¹¹ *Ibid.*

¹² Catalyst, *2005 Catalysts Census of Women Board Directors of the FP 500* (New York, 2006) (D41), 1; available from <http://www.catalystwomen.org/files/full/2005%20Canada%20WBD.pdf>; accessed 5 July 2007.

¹³ *Ibid.*, 15.

¹⁴ Christine Hansen, interview by author, 18 May 2006.

¹⁵ See, for example, Joseph Kushner, David Siegel and Hannah Stanwick, "Ontario Municipal Elections: Voting Trends and Determinants of Electoral Success," *Canadian Journal of Political Science* 30:3 (Sept 1997): 539-553.

¹⁶ CCA, "Unity."

¹⁷ de Clercy and Hammond Ketilson, 39.

¹⁸ Given that the CCS Board did not have term limits in either the pre-merger and post-merger period, and that the pre-merger period covers only two years, both phases were considered together when examining turnover rates and average length of tenure.

¹⁹ Heather Berthoud and Robert D. Greene, "A Multi-Faceted Look at Diversity: Why Outreach is Not Enough," *Journal of Volunteer Administration* 19:2 (Spring 2001): 3.

CHAPTER 7

CONCLUSION

In conclusion, democratic governance is a defining feature of co-operative organizations. However, recent studies on representational diversity on co-operative boards revealed that Canadian co-operative leadership structures possess a diversity problem. This suggests that co-operative organizations are missing important views, opinions and social perspectives in their decision making centres. So, the main objective of this thesis was to create a greater understanding of the facilitators and barriers of representational diversity on co-operative boards of directors. Specifically, it focused on the representation of women on co-operative boards. Initially, this study also set out to examine the representation of visible minorities; however, this was not possible due to the lack of empirical examples with adequate visible minority board representation.

This research project was divided into six main chapters. In Chapter Two, the pertinent literature from the fields of political science, co-operatives and board diversity was reviewed. Perspectives from the field of political science were applied to the co-operative context, and a theoretical framework for co-operative democracy and descriptive representation was developed. In Chapter Three, two core research questions were posed. How do boards achieve diversity? How do diverse boards maintain their diversity? Previous works on women's representation in political institutions and co-operative organizations helped to identify four main areas of inquiry. These four areas

include problem recognition, formal diversity policies, proactive recruitment strategies, and responsive governance. For each area, two specific theoretical propositions were posited, for a total of eight theoretical propositions (see Table 7.1). It was argued that, to achieve and maintain diversity, board must recognize homogeneity as problematic, employ a formal diversity policy, proactively recruitment women, and display responsive governance practices.

This study adopted a case study approach to test its theoretical propositions. Two case studies were selected, one of which was a homogenous board and another that was diverse in terms of its leadership's representational characteristics. Both cases were selected from a cohort of credit unions in the Greater Vancouver Area that were active in the late 1990s and early 2000s. This ensured that the case studies were temporally and demographically comparable. The first case study was the SMS Board of Directors which averaged 11.1 per cent women's representation and, therefore, was homogenous in its gender composition. The second case study was the CCS Board of Directors. Because SMS and CCS merged in June of 2002, the CCS case was examined in two separate periods: the pre-merger phase and the post-merger phase. The pre-merger phase included the years 2001 and 2002, while the post-merger phase covered the time period from 2003 to 2006. Women comprised an average of 43.8 and 31.8 per cent of directors in the pre-merger and post-merger periods respectively.

The findings of the case studies were presented in chapters four, five and six. In view of the first area, problem recognition, the findings of this study support propositions 1A and 1B. The SMS Board did not overtly recognize homogeneity as problematic. In contrast, the post-merger CCS Board publicly and explicitly recognized a decrease in women's representation as problematic. The CCS case also indicated that

Table 7.1 Theoretical Propositions and Results

Key Area of Inquiry	Proposition	SMS	CCS Pre-merger	CCS Post-merger
Problem Recognition	1A: Boards that are homogenous in terms of their leadership's representational characteristics will not consider their homogeneity, or lack of diversity, to be problematic.	Yes	-	-
	1B: Boards that are diverse in terms of their leadership's representational characteristics will consider homogeneity, or lack of diversity, to be problematic.	-	No	Yes
Diversity Policy	2A: Boards that are homogenous in terms of their leadership's representational characteristics will not have a formal diversity policy.	Yes	-	-
	2B: Boards that are diverse in terms of their leadership's representational characteristics will have a formal diversity policy.	-	No	No
Proactive Recruitment	3A: Boards that are homogenous in terms of their leadership's representational characteristics will not have proactive recruitment strategies.	Yes	-	-
	3B: Boards that are diverse in terms of their leadership's representational characteristics will have proactive recruitment strategies.	-	No	No
Responsive Governance	4A: Boards that do not have a critical mass of women or visible minorities will not demonstrate responsive governance practices.	Yes	-	-
	4B: Boards that have a critical mass of women or visible minorities will demonstrate responsive governance practices.	-	Yes	Yes

diverse boards may not consistently address the issue of diversity, particularly when the overall level of representational diversity is satisfactory. Still, diverse boards are conscious of their demographic composition, and will respond to decreases in diversity levels with a clear recognition that homogeneity is unacceptable. At this point, the issue of diversity becomes an action issue for the board, wherein the board takes specific steps towards rectifying the problem of homogeneity, or a decrease in diversity levels.

Because problem recognition requires the board to make a value statement about the issue of diversity, many board members must provide ongoing support for representational diversity and the initiatives put into place to achieve it.

In the second area, formal diversity policies, the case study findings support proposition 2A, but do not support proposition 2B. In both cases, the board did not have a formal diversity policy. Although a formal diversity policy may not be required to achieve diversity, the CCS case showed that formal diversity policies are effective for achieving diversity goals. The CCS case had a formal regional diversity policy to ensure that the board proportionally represented the general membership in terms of its regional composition. This suggests that it is acceptable for boards to implement aggressive policy measures to achieve diversity when the issue is strongly supported by the membership and the board. This widespread support for the CCS regional diversity policy raises some significant questions about how boards and co-operative members understand diversity and how they view certain types of diversity as more important, or acceptable, than others.

As regards to the third area, proactive recruitment strategies, the case study findings support proposition 3A, but do not support proposition 3B. In the case of SMS, the Board did not proactively recruit female candidates to run for the board. Similarly,

the pre-merger and post-merger CCS Board did not proactively recruit women. Nevertheless, the experience of one CCS female director shows that proactive recruitment and personal encouragement are effective means to increase a board's overall diversity levels. For example, when asked how she got involved on the Board, one research participant said she was approached by her branch manager who encouraged her to put her name forward for election. After attending an information session of the role and duties of a director, she decided to run for the Board. So, although the CCS Board did not have a formal or deliberate approach for attracting a diverse group of board candidates, this director's experience demonstrated the significance and effectiveness of a proactive approach to candidate recruitment.

In view of the final area, responsive governance, the findings of this study support propositions 4A and 4B. The SMS case study did not have a critical mass of women, and did not demonstrate responsive governance practices. On the other hand, in both its pre-merger and post-merger phases, the CCS Board demonstrated several responsive governance practices. In both periods, the CCS Board had a critical mass of women. Some governance practices, such as the use of gender neutral language, are significant in that they demonstrate a divergence from traditional board language and a deliberate attempt to use inclusive language. Further, once a board has achieved diversity, it is imperative that minority group members believe that they are able to contribute to the decision making process. In the case of CCS in the pre-merger period, the presence of women in chair positions and, therefore, on the Executive Committee, was important. Given the significance of the Executive Committee as a key decision making body, this ensured that the perspectives of women were included in the decision making process. The abolition of the Executive Committee in the post-merger period in

2004 further increased the inclusiveness of the decision making process by decentralizing and dispersing power to all directors, and women in general. Directors put a substantial amount of time and energy toward being elected, and board membership requires a great deal of commitment from them. As a result, it is important to make serving on the board worth their time. With a positive board experience, minority group members are likely to run again, and may encourage other minority group members to serve on the board as well.

Overall, this research project revealed three broad findings. First, to achieve diversity, co-operative boards need to explicitly state the need for diversity. Second, this statement must be followed by deliberate action towards increasing representational diversity. Finally, diverse boards must be aware and conscious of their level of representational diversity, respond to reversals in diversity levels with deliberate action, and ensure that board members are able to influence and meaningfully contribute to board decisions.

In the end, co-operatives should not hesitate to make value statements about diversity, or demonstrate leadership in addressing inequality and injustice within the organization itself and within the larger society. The ability to draw upon diverse views, opinions and social perspectives is important to identify, and meet, the needs of members. Co-operatives have a real interest in the development and well-being of their communities; a clear understanding of members' needs is good business. Finally, as socially responsible organizations, it is unacceptable for co-operatives to perpetuate the current status quo of social exclusion and inequality that exists in many communities today. Co-operatives are local organizations that are well-situated to be agents of positive change. By fostering social inclusion and empowering those who typically sit

on the margins of economic, social, and political power, co-operatives can play an important role in the development of inclusive and cohesive communities.

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APPENDIX A

APPLICATION FOR ETHICS APPROVAL

This study was approved by the University of Saskatchewan Behavioural Research Ethics Board on August 5, 2005. Please note that ethics approval was required prior to the recruitment of potential cases and the final case selection. As a result, some differences may appear between the original Application for Ethics Approval and the research approach described in this study. However, the proposed method and consent and recruitment procedures remained the same.

University of Saskatchewan Application for Ethics Approval

1. Name of Researcher(s)

Dr. Cristine de Clercy (Supervisor), Department of Political Studies
Kimberly Brown (Graduate Student), student study for M.A.
Proposed start date: August 2005
Expected completion date: October 2005

2. Title of Study

Co-operative Democracy: Gender and Visible Minority representation on Credit Union Boards of Directors.

3. Abstract

The principle of democratic governance is a defining feature of co-operative organizations. Members of the board of directors are the elected representatives of the membership and the central decision making bodies of co-operatives. There is an expectation that, as democratic organizations, co-operatives should have adequate membership representation on their boards of directors. However, empirical evidence suggests that many co-operative boards of directors lack the representation of women and visible minorities. This lack of diversity is problematic for two reasons. First, it suggests that certain social groups are systematically excluded from the democratic process, thus compromising the basic democratic principle of equality. Second, the lack of diversity on co-operative boards of directors may jeopardize the ability of co-operatives to meet the needs of their membership. In order to understand their membership, co-operatives in diverse urban communities need to ensure that their boards of directors include the perspectives of various social groups.

The main research question of this study is: Do recruitment strategies help facilitate the representation of women and visible minorities on credit union boards of directors? The Research hypothesizes that recruitment strategies are key factors in facilitating the participation of women and visible minorities on credit union boards of directors.

4. Funding

This research project is supported by a graduate scholarship and support made available from the Centre for the Study of Co-operatives' Social Sciences and Humanities research Council of Canada (SSHRC) project, "Co-operative Membership and Globalization: Creating Social Cohesion through Market Relations." The program of research is based on one year of funding.

5. Participants

The Researcher will contact and request the participation of approximately four individuals from each of three credit unions, for a total of approximately twelve participants. Access to participants will require permission from participating organizations as well as consent from individual participants (see Section 6 below). There are four categories of people that will be selected for interviews: 1) former board members; 2) longest standing board members; 3) women and/or visible minorities on the board of directors. In order to examine the influence of recruitment strategies on the representation of women and visible minorities on the Board, it is essential to draw upon the experiences and perceptions of women and visible minorities within these organizations.

6. Consent

Participants will be informed in writing that their participation is voluntary and may be withdrawn at any time during the research process. This information will be included on participant questionnaires and all consent forms used for interview participants. An *Interview Consent Form* will be signed by each participant prior to conducting any interviews. The "Consent Form Guidelines" provided by the Advisory Committee on Ethics in Behavioural Science Research will be used to ensure that participants can provide informed consent for their participation. Participants will indicate consent by returning a signed consent form to the Researcher by mail or fax. The participants will be contacted individually in order to limit any feelings of coercion to participate or not to participate.

Permission to interview board members of participating organizations will also be required. Letters of consent to participate in the research will be submitted to the Advisory Committee on Ethics in Behavioural Science Research.

No participants under the age of 18, or with cognitive impairments requiring caregiver consent, will be included in the research. There are no relationships of dependency anticipated between the Researcher and the participants.

7. Methods and Procedures

The study will be based on qualitative research data gathered by personal interviews. This research will employ semi-structured interviews to be administered over the telephone. Semi-structured interviews will follow basic themes to the research topic. The questions are intended to guide the participants and to garner their thoughtful processes. It is expected that in some cases, depending on the nature of the response, that the discussion might go outside the expected scope of the interview. The

respondents will be allowed and encouraged to tell the stories they think are most important.

In the interview process, the Researcher will comply with the following set of principles for conducting ethical research in the social and behavioural sciences:

- Informed participant consent
- Voluntary participation with the option to withdraw from research at any time
- Confidentiality and privacy of participants
- Respect for vulnerable persons (the research will not involve children or those with diminished capacities requiring informed consent from a care-giver)
- No conflict of interest with researchers or pre-existing relationships of relationships of dependency between researchers and participants
- Low risk and deception-free study methodologies
- Secure storage of original data gathering documents at the Centre for the Study of Co-operatives

8. Storage of Data

Participant interview tapes, notes, and transcripts, and any correspondence documentation will be securely stored at the Centre for the Study of Co-operatives and held under the supervision of Dr. Lou Hammond Ketilson (advisory committee member). This data will be held for 5 years, after which it will be destroyed.

9. Dissemination of Results

The results of the study will be presented in a thesis for credit toward the completion of a Master's Program. Results will also be presented in a publishable paper for the Centre for the Study of Co-operatives, the research unit funding this study. The research results will also be available to the participants upon request. The results may also be presented in conference proceedings and peer reviewed journal article (s).

10. Risk and Deception

No aspects of the study are anticipated to include risk or harm to participants. there will be no participant deception used in this study.

11. Confidentiality

All reasonable efforts will be made to protect the identity of research participants and will be informed, through *Interview Consent Forms*. Respondents will be informed of confidentiality issues related to their participation in the research, and their rights to withdraw as research participants. There is a possibility that individual participants within each organization may be identifiable to one another. Therefore, the Researcher will use pseudonyms and remove any identifying information from direct quotations in order to limit the loss of anonymity of participating individuals. Taped interviews will be transcribed by a person working under a confidentiality agreement. Data gathered through interview techniques will have all individually identifying information removed from the transcribed data and excluded from the final project findings.

12. Data/Transcript Release

Participants will have the opportunity to withdraw their responses after the interview and prior to the publication of the findings. Participants will review the final transcript of the interview and sign an Interview Transcript Release Form from wherein they acknowledge that the transcript accurately reflects what they intended to say.

13. Debriefing and Feedback

Participants will be urged to contact the Researcher if they have any questions, concerns or comments. The final report will be made available to any participant who requests it.

APPENDIX B

INTERVIEW CONSENT FORM

You are invited to participate in a study entitled *Co-operative Democracy: Gender and Visible Minority Representation on Credit Union Boards of Directors*. Please read the form carefully, and feel free to ask questions you might have.

Purpose and Procedures: This research focuses on the nature of co-operative democracy, particularly the concept of member representation. This study has two core research questions: How do boards achieve diversity? How do diverse boards maintain their diversity?

I would like to receive your responses to questions about your experiences as a board member, the board's history, and changes that have occurred during your time as a board member. You have been selected because of your position as a member of the [credit union name] Board.

Your participation in this study is appreciated and completely voluntary. It is expected that the interview should last between 30 and 45 minutes. You may withdraw at any time without penalty during this process should you feel uncomfortable or at risk. All interviews will be audio taped and you have the right to request the researcher to shut off the tape recorder at any time.

Potential Risks: I will make every effort to preserve the confidentiality of your comments (see below), but you should be aware that controversial remarks, in the unlikely event they are associated with you, could have negative consequences for your relationship with other in your organizations or credit union community. I will try to ensure that your identity is protected in the ways described below.

Potential Benefits: Your participation will provide information regarding the representation of women and visible minorities on credit union boards of directors. Board diversity is a new research topic that has emerged in the last 10 to 15 years. Adequate member representation is a component of effective democratic governance and is important for credit unions that serve diverse memberships.

Storage of Data: Participant interview tapes, notes, and transcripts, and any correspondence documentation will be securely stored at the Centre for the Study of Co-operatives and held under the supervision of Dr. Lou Hammond Ketilson. This data will be held for 5 years, after which it will be destroyed.

Confidentiality: The findings of this study will be presented in a written thesis. The interview transcripts will only be viewed by myself and authorized personnel such as a typist, who have signed confidentiality agreements. I will make every effort to maintain the confidentiality of each participant. Because the participants for this study have been selected from small groups of people, all of whom are potentially known to each other, it is possible that you may be identified to other people on the basis of what

you have said. After you interview, and prior to the data being included in the final report, you will be given the opportunity to review the transcript of your interview, and add, alter, or delete information from the transcripts as you see fit.

Right to Withdraw: your participation is voluntary, and you may withdraw from the study for any reason, at any time, without penalty of any sort. If you withdraw from the study at any time, any data that you have contributed will be destroyed at your request.

Questions: If you have any questions concerning the study, please feel free to ask at any point. This study has been approved on ethical grounds by the University of Saskatchewan Behavioural Science Research Ethics Board on August 5, 2005. Any questions regarding your rights as a participant may be addressed to that committee through the Ethics Office (306-966-2084). Out of town participants may call collect.

If you have any comments or questions about the study, or if you would like to receive a copy of the results of the study, do not hesitate to contact me. You can contact me at (306) 665-5603 or kdb544@mail.usask.ca.

Consent to Participate: *I have read and understood the description above; I have been provided with an opportunity to ask questions and my questions have been answered satisfactorily. I consent to participate in the study described above, understanding that I may withdraw this consent at any time. A copy of this consent form has been given to me for my records.*

(Name of Participant)

(Date)

(Signature of Participant)

(Signature of Researcher)

APPENDIX C

SEMI-STRUCTURED INTERVIEW GUIDE

This is an interview with (name of interviewee), a board member of (credit union name), on (date). Thank-you for participating in my study.

1. I will start off the interviews by asking how and why you became involved with the Board of Directors at (credit union name)? For what reasons did you become involved with the Board?
2. Could you describe the director recruitment process at (credit union name)? Was the director recruitment process formal, informal, or both? What was your experience with the director recruitment process?
3. Did the Board have a specific strategy to recruit women or visible minorities to the Board? If so, what steps did the board take to recruit women and/or visible minorities? Were women and/or visible minorities recruited through informal means? For example, were branch managers or current board members instructed to keep an eye out for potential candidates, and/or female and/or visible minority candidates in particular?
4. Did the Board discuss the issue of diversity discussed? If so, when was this issue discussed and what was the impetus for this/these discussions? Why did the Board discuss this issue?
5. Did (credit union name) have a formal diversity policy? What are your thoughts regarding the use of formal diversity policies?
6. Some people argue that women and visible minorities bring a different perspective to the decision making process, while others think diversity can result in conflict. Do you think that women or visible minorities bring a different perspective to the decision making process either overtly or subconsciously? (As a female director, do you feel that you bring a different perspective to the board in any way? How do you think that influences you, if at all?)
7. In your view, is diversity beneficial or detrimental to the decision making process?
8. Some people have suggested that to achieve diversity, the Board may have to provide particular services that may help facilitate the participation of women or visible minorities such as, the provision of childcare services, or having different meeting times or dates to accommodate a variety of work schedules. Did (credit union name) Credit Union implement any sorts of policies or services to accommodate gender or cultural differences?

9. In your view, was the Board open to new ideas and different perspectives? Was everybody given a fair chance to influence the decision making process and to influence the final outcomes, either at the committee level or the board level?
10. As you know, I am trying to find out what factors lead to a diverse board and what may inhibit more women and visible minorities on the Board. In your view, what factors facilitate or inhibit it?
11. Those are all the questions I have. Is there anything that I didn't ask you that you think I should have, or anything you would like to add or comment on?

Thank-you very much for talking with me.

APPENDIX D

INTERVIEW TRANSCRIPT RELEASE FORM

Co-operative Democracy: Gender and Visible Minority representation on Credit Union Boards of Directors.

I, _____, have reviewed the complete transcript of my personal interview in this study, and have been provided with the opportunity to add, alter, and delete information from the transcript as appropriate. I acknowledge that the transcript accurately reflects what I said in my personal interview with Kimberly Brown. I hereby authorize the release of this transcript to Kimberly Brown to be used in the manner described in the consent form.

If you do not check one of the following, it will be assumed that (a) applies:

_____ (a) I prefer to remain anonymous, as described in the consent form. I understand that my remarks will not be attributed to my name. Instead, they may be attributed to an unnamed individual or to a pseudonym or a composite profile.

_____ (b) the remarks contained in the authorized transcript may be attributed to me by name, or used anonymously, at the author's discretion.

_____ (c) I prefer to have all remarks from the authorized transcript attribute to me by name if they are used.

_____ (d) certain remarks I have indicated by initials in the margin are to be kept anonymous as in (a) above; the rest of my comments (unmarked in the margins) may be attributed to me.

I have received a copy of this *Interview Transcript Release Form* for my own records.

(Name of Participant)

(Date)

(Signature of Participant)

(Signature of Researcher)

APPENDIX E

SMS BOARD CANDIDATES, 1995 - 2001

Year	Candidates	Elected
1995	Ravinder Bhullar Bruce Chapman* Frank Harper Dale Mumford* Alvin Myhre	Bruce Chapman* Frank Harper Dale Mumford*
1996	Sarbjit Bains Lloyd Craig* Hari Dhillon John Jansen Bert Miles* Hari Sharma Doug Stone* Dave Vaishnav	Lloyd Craig* Bert Miles* Doug Stone*
1997	Sarjit Bains Rodney Bergen Aaron Gill Amber Goddyn John Jansen Michael McCartney Jim Sumi David Vaishnav	Rodney Bergen Amber Goddyn Michael McCartney
1998	Bruce Chapman* Frank Harper* Tom Kirstein* Maureen Wood	Bruce Chapman* Frank Harper* Tom Kirstein*
1999	John Jansen Doug Stone Steven Moore (Total of 7 candidates. Names unknown)	John Jansen Doug Stone Steven Moore
2000	Amber Goddyn* Doug Brawn Gary McCarthy Jim Rhodes Jim Browne	Amber Goddyn* Doug Brawn Gary McCarthy

Year	Candidates	Elected
2000 cont...	Derwyn Owen	
2001	Frank Harper* Tom Kirstein* Marvin Shaffer (Number of candidates unknown. Names unknown)	Frank Harper* Tom Kirstein* Marvin Shaffer
2002	John Jansen* Doug Stone* Ken Martin (Number of candidates unknown. Names unknown)	John Jansen* Doug Stone* Ken Martin

* Denotes incumbent candidates

Note: Female candidates in bold script

APPENDIX F

CCS BOARD CANDIDATES, 2001 - 2006

Year	Candidates	Elected
2001	<p>Myrna Borleske (Island) Chris Craig (Island) Peter S. Dawson (Island) Jim Hackler (Island) Wendy Jackson (Island) Patricia Lane (Island)* Verne T. Simpson (Island) Margaret Stephen (Island) Adrien Viani (Island) Mike Wagnell (Island)* Bill Wellburn (Island)* David Bach (Mainland) Ken Johnson (Mainland)* Tilly Marxreiter (Mainland)* Ragini Rankin (Mainland) David Reay (Mainland)</p>	<p>Patricia Lane* Mike Wagnell* Bill Wellburn* Tilly Marxreiter* Ken Johnston*</p>
2002	<p>Chris Craig (Island) Janice de Cuhna (Island)* Jim Hackler (Island) Gordon Munn (Island)* Graham Ross (Island) Christine Brodie (Mainland)* Georgiana Evans (Mainland)* Carlton Hibbert (Mainland) John Huska (Mainland)* Donna Morton (Mainland)</p>	<p>Chris Craig Janice de Cuhna* Gordon Munn* Christine Brodie* Georgiana Evans* John Huska*</p>
2003	<p>Karen Kesteloo* Bob Garnett* Doug Brawn* Daniel Burns* Ken Martin* Lynn Hunter Elizabeth Rhett Woods* Jim Hackler Balwant Sanghera</p>	<p>Karen Kesteloo* Bob Garnett* Doug Brawn* Daniel Burns*</p>

Year	Candidates	Elected
2004	Bill Wellburn* Gordon Munn* Frank Harper* Ken Martin* Iain Hooey Barry Britton Bill Vogel Dave Sela Ben Phillips	Bill Wellburn* Gordon Munn* Frank Harper* Ken Martin*
2005	Christine Brodie* Mary Jane Stenberg Doug Stone* John Jansen* John Page Elizabeth Rhett Woods** Iain Hooey Stan Hartfelder Dave Sela Hart Pfortmueller Ben Phillips Ragini Rankin Bill Hall	Christine Brodie* Mary Jane Stenberg Doug Stone* Elizabeth Rhett Woods**
2006	Daniel Burns* Bob Garnett* Karen Kesteloo* Steven Kurrein Ben Phillips Geoffrey Tiggs	Daniel Burns* Bob Garnett* Karen Kesteloo* Steven Kurrein

* Denotes incumbent candidates

** Denotes candidates who previously served on the CCS Board but were not incumbents in the indicated board election.

Note: Female candidates are in bold script. Also, because the size of the CCS Board fluctuated, so did the number of vacancies on the Board.

APPENDIX G

SMS DIRECTOR TENURE, 1995 - 2002

Board Member	Years Elected	Total Years Served
Tom Kirstein	1988 - 1996 1998 - 2002	14
Bruce Chapman	1991 - 2000	10
Bert Miles	1989 - 1998	10
Doug Stone	1994 - 2002	9
Lloyd Craig	1992 - 1998	7
Frank Harper*	1995 - 2002	8
Dale Mumford	1992 - 1997	6
Amber Godyn*	1998 - 2001	5
Adrienne MacLaughlin	1994 - 1997	4
Rodney Berger*	1997 - 1999	3
Gurmant Singh Grewal	1994 - 1996	3
John Jansen*	1999 - 2002	3
Steven Moore*	1999 - 2001	3
Doug Brawn*	2000 - 2002	2
Gary McCarthy*	2000 - 2001	2
Michael McCartney*	1998 - 1999	2
Marvin Shaffer*	2001	1
Ken Martin*	2002	1

* Denotes non-incumbents that were elected between 1995 and 2002

Note: Only those who served the full 2002 board term were included among those who served until 2002.

APPENDIX H

CCS DIRECTOR TENURE, 2001-2006

Board Member	Years Elected	Total Years Served
John Huska	1981 - 2004	24
Karen Kestelloo	1984 - 2006	23
Bob Garnett	1987 - 2006	20
Bert Hayes**	1985 - 2001	17
Gordon Munn	1990 - 2006	17
Ken Johnston**	1986 - 2001	16
Tom Kirstein	1988 - 1996 1998 - 2003	15
Bill Wellburn	1992 - 2006	15
Christine Brodie	1993 - 2006	14
Daniel Burns	1994 - 2006	13
Doug Stone	1994 - 2006	13
Janice de Cuhna**	1990 - 2001	12
Georgina Evans	1993 - 2004	12
Frank Harper	1995 - 2006	12
Elizabeth Rhett-Woods	1994 - 2002 2005 - 2006	11
Patricia Lane	1995 - 2003	9
Tilly Marxreiter	1995 - 2003	9
Mike Wagnell	1995 - 2001	7
John Jansen	1999 - 2004	6
Terry McPhail**	1997 - 2001	5
Doug Brawn	2000 - 2003	4
Ken Martin	2002	1
Chris Craig*	2002 - 2003	2
Mary-Jane Stenberg*	2005 - 2006	2

* Denotes non-incumbents that were elected between 2001 and 2006

** Denotes those who were elected in 2002 but stepped down after the 2002 merger with SMS