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Towards Gender Equality:
A case study of Finland

Helsinki Metropolia University of Applied Sciences
Bachelor of Business Administration
European Management
Thesis
Date 20.4.2015
Abstract

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<td>Title</td>
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<tr>
<td>Number of Pages</td>
<td>32 pages + 2 appendices</td>
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<tr>
<td>Date</td>
<td>20 April 2015</td>
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<td>Degree</td>
<td>Bachelor of Business Administration</td>
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<td>Degree Programme</td>
<td>European Management</td>
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<td>Specialisation option</td>
<td>Management</td>
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<td>Rosli Kamarul-Baharin, Senior Lecturer</td>
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The purpose of this thesis was to evaluate the state of gender equality in Finland and find out what kind of measures could be used to improve it and how different approaches fit the Finnish culture. The study focused on positions of economic decision making, using these positions as basis for measuring equality and the success of measures used.

The study was conducted by analysing existing research and reports on gender equality. In addition to reviewing relevant research, comparative analysis was conducted and quantitative data over time and between different markets was analysed. By doing comparative and qualitative review, a comprehensive picture of the current situation was created.

The results revealed that gender discrimination in Finnish labour market is mainly a result of prejudices and biased judgement of character, originating from gender stereotypes and remains of old tradition and cultural norms. Discrimination is often indirect and unintentional, which means direct discrimination in the labour market, such different pay for the same work, is rare. The research indicates that the most effective measures already in place are based on voluntary means of promotion, such as corporate governance codes and target recommendations. These measures seem to fit the Finnish market environment better than compulsory measures. However, the research also shows that these measures are not enough. In addition, reforming the policies which create social equality between the sexes needs to be considered, in order to create flexibility and divide the burden of for example parenthood between the parents. Considering future development, raising awareness and creating new norms and attitudes is the biggest challenge.

Keywords | gender equality, top management, Finland, glass ceiling, self-regulation, gender quota
Contents

List of Figures ii

1 Introduction 1
   1.1 Background 1
   1.2 Objective 2

2 Why encourage gender equality in the Finnish labour market? 4
   2.1 The benefits of diversity 4
   2.2 Obstacles to gender equality 5

3 How to encourage gender equality in the Finnish labour market? 11
   3.1 The Politics of Gender Equality in Finland 12
      3.1.1 Gender mainstreaming and positive action 12
      3.1.2 Self-regulation versus coercive measures 15
   3.2 Policies supporting equal opportunities and social equality 17

4 Methods 20

5 Results 22

6 Conclusion 27
   6.1 Key findings 27
   6.2 Limitations 28
   6.3 Implications for future research 29

7 Bibliography 30

Appendix 1: Percentage of females graduating from higher education in 2004 and 2011 according to field of study

Appendix 2: The share of women in top management according to industry
List of Figures

Figure 1: Percentage of women on boards of listed companies in 2008 and 2014 23

Figure 2: Development of gender distribution on boards of listed companies after introducing corporate governance code in 2008 24

Figure 3: Nordic comparison - women in the management of listed companies in 2013 25
1 Introduction

1.1 Background

Finland is traditionally considered a model country for gender equality. It was the first country in Europe to give women the right to vote in 1906 and ever since, Finland has been a forerunner when it comes to women’s rights and gender equality. Women contribute to the economy by participating actively in working life and the principles for equal treatment and equal rights are rooted deeply in the culture. Looking closer at the situation, however, we can still distinguish signs of different opportunities and unequal division of responsibilities between the genders. Women not only hold a greater responsibility for the home and the children, but they also face discrimination in working life. The labour market shows clear signs of gender discrimination when it comes to average wage and gender distribution of managerial positions associated with power and authority.

Scanning through statistics gathered on education, it becomes clear that women in Finland should be more than capable to take on challenging careers. According to Statistics Finland, females make up more than 50% of new graduates in all fields of study except in natural sciences, technology and transport (refer to appendix 1). This means, that from an education aspect, the gap between the genders has closed or even become reversed. In 2012 in Finland, 61% of the non-students holding a tertiary education were females (OECD, 2014). A tertiary education refers a degree giving advanced and specialized knowledge, required from highly-skilled workforce. With females surpassing males in level of education, the pressure to level off the unequal distribution of top-management positions between the genders grows. It is evident, that to make the best decisions and lead wisely all actors in the market, both public and private, need the best people to occupy the boardroom seats and other decision making positions.

This visible problem in our labour market caught my attention and made me want to look at the Finnish situation up close. Being a young professional woman myself, gender equality is very close to my heart and interests me not only for the implications it
has on me as an individual and my career progress, but also because the subject has been topical during the recent years and raised intense debate across the globe. It is clear that gender equality needs to be encouraged. However, it is less clear how to do it. The discussion in the western media has focused around glass ceilings and quotas, failing to discuss the root of the problem and comprehensive solutions.

1.2 Objective

The objective of this thesis is to evaluate the state of gender equality in Finland today and the tools available for encouraging gender equality in the labour market. During the research process, I hope to answer the questions (1) to what extend does gender discrimination occur in the Finnish labour market and (2) what can be done to remove it and improve gender equality.

The research will focus on the Finnish situation. This limitation is consciously made for two reasons. First of all, as Finland has been a forerunner in equality, the country is often perceived as role model for promoting equality. This makes Finland an interesting research subject. On an international scale Finland has come far and gender equality is considered to be very developed. Thus, one would assume that the nature of labour market discrimination in Finland is different compared to countries behind in development of equality policies. If this is true, one would additionally assume that the solutions effective against market specific discrimination will be different on different stages of development.

Secondly, as equality as a concept is rooted deeply in the Finnish culture and traditions, narrowing the research down to the Finnish market will make it possible to consider culture specific characteristics of discrimination and culture wise suitable solutions. For example within the European Union member states have harmonized equality legislation to a great extent, yet the situation in single member states varies considerably. Consequently, one would assume that one solution does not fit all. Comparing for example more conservative southern countries with the more liberal Nordic countries, it seems the measures effective for one does not necessarily bring the same results for the other.
Alongside focusing on the Finnish market environment, the research will also emphasize positions of economic decision making, because regardless of industry, women are underrepresented in the highest ranks of the corporate hierarchy (refer to appendix 2). The same does not apply for lower level positions. This underrepresentation can hardly be a result of educational background, as women in Finland already passed men in education (refer to appendix 1). To build a holistic picture of the situation, factors affecting women throughout their careers will be reviewed, as this will make it possible to assess the different factors hindering women from advancing on their careers and the cumulative effect these factors have on women’s careers.

The research will be conducted by analysing existing research and reports on gender equality, and comparing quantitative data over time and between different markets. The process is very much literature based, as the goal is to describe the current market situation and identify existing barriers and possible solutions. By doing comparative and qualitative review, a comprehensive picture of the current situation can be created. This was considered a better approach compared to making interviews and statistical analysis, because it would have been very difficult to find a sufficiently large group of highly ranked women to participate in the study, and thus the results would not necessarily have reflected the true market situation. In addition, data collected could not have been used for assessing development over time or international differences.

To begin the discussion, the benefits of diversity and the barriers to equality will be reviewed. After this the discussion will be turned towards how to encourage gender equality, including policy instruments available at state level as well as measures available at corporate and individual levels. The discussion is based on existing literature and research in the field, alongside case studies of current approaches. This closes the literature review and is followed by sections discussing the methods of research and analysis, the results and possible limitations.
2 Why encourage gender equality in the Finnish labour market?

2.1 The benefits of diversity

In an international market, recognizing different approaches and cultures is a prerequisite for being successful and understanding the changing business environment. A more diverse workforce and management team can be the key for building such understanding and improving business performance and organisational wellbeing.

In a study on collective intelligence conducted in cooperation between MIT, Carnegie Mellon University and Union College researchers, it was discovered that a group’s collective intelligence is correlated to the number of females in the group (Woolley & Malone, 2011). The standard argument when discussing diversity is that group structures should be in balance, meaning that an ideal composition consists of equal amounts of women to men. However, the studies by Woolley et al. (Woolley, Chabris, Pentland, Hashmi, & Malone, 2010) suggest that the more women in the group, the better the group performs. This does not however remove the fact that diversity pays off, as the study also indicates that performance suffers at both of the extreme ends.


During the research, the team found three major factors affecting the intelligence of the groups; social perceptiveness, equality of contribution and ratio of women to men (Woolley, Chabris, Pentland, Hashmi, & Malone, 2010). In an interview with Strategy + Business, Malone (Kleiner, 2014) discusses the findings further, explaining the reasons behind the female dominance. Women tend to be more socially sensitive, which may be the reason why groups with a majority of women perform better. However, for organizational purposes, it would be more important to consider the qualities of individual people, when building teams and recruiting. Regardless of gender, if the person by nature is socially sensitive and thus skilled at reading people and able to use that information when working, he or she will make a good and valuable team member and contribute positively to the group’s joint intelligence (Kleiner, 2014).
Supporting findings have been reported by McKinsey researches. According to Barta et al. (Barta, Kleiner, & Neumann, 2012), the diversity of the executive team has positive correlation with the company performance measured in return on equity and EBIT. These are the results when measuring diversity as number of women or foreign nationals on senior teams. Looking closer at the business case for women, McKinsey research shows that introducing women to the boards improve not only financial performance, but organizational health on all dimensions tracked by McKinsey (Barsh, 2014). Besides profitability, women seem to bring creativity, innovation and better problem solving to the boards. These benefits derive from the greater cognitive diversity introduced as the team as a whole becomes more diverse (Woolley & Malone 2011, Barta, Kleiner & Neumann 2012).

2.2 Obstacles to gender equality

Regardless of the encouraging research, studies show unfortunately slow improvement and progress in the field (Hunt, Layton & Prince 2014, McKinsey & Company 2007). Women and representatives of ethnical minorities still have to work harder to reach their career goals, and more often face obstacles on their way. McKinsey research in Europe and the US has found that it is two to three times harder for women to advance at each stage of their careers compared to their male peers (Barsh, 2014). Those women who do make it to the top have reached their positions by playing better than their male peers, meaning they have to be tough, perseverant and strong of character.

In order to make progress and achieve visible results in gender equality, it is important to identify the barriers to equality. A commonly discussed barrier is the glass ceiling, which refers to an invisible, yet powerful, barrier preventing women from climbing up the corporate ladder beyond a certain level in hierarchy. As discussed by Cotter et al. (Cotter, Hermsen, Ovadia, & Vanneman, 2001) the glass ceiling should not be used to explain all kinds of inequality between the genders. Quite the opposite, the glass ceiling portrays a very distinctive type of barrier, identified by four characteristic features. First of all, a glass ceiling is characterized by pure discrimination in the labour market, as the inequality faced by women cannot be explained by qualification or experience,
but rather by previous discrimination in for example education, or by personal choices in relation to for example family. Hence the discrimination women face when encountered by a glass ceiling is not explained by characteristics relevant to the position they apply for.

Secondly, an inequality originating from the glass ceiling is greater the higher up in the hierarchy one proceeds. Traditionally the glass ceiling describes a sudden stop in the career progress, after which women find it difficult if not impossible to advance higher up through the corporate hierarchy. This characteristic of the glass ceiling is closely linked to the following two features, namely that individuals are less likely to attain promotions for higher level positions and the inequality grows during the course of the career. According to some researchers, the concept of cumulative disadvantage is an important characteristic of the glass ceiling and highlights the problem women face when climbing up the ladder (Ferree & Purkayastha, 2000). Although the recruitment process at each level might be independent from the previous levels; making it to the higher round cuts requires one to first pass the lower level cuts. Considering that women face discrimination on each level in the corporate hierarchy and have to pass several unequal selection rounds before being eligible for top management positions, the discrimination accumulated at this stage puts women in a much worse position when compared to their male peers.

When viewed from this light, it is not surprising that women are less confident they will reach senior executive positions compared to male colleges. According to Devillard et al. (Devillard, Sancier-Sultan, & Werner, 2014) around 80% of mid- or senior level managers, both women and men, would like to reach executive positions. In addition, women one step away from achieving this goal are more likely than their male peers to agree strongly that they have top management ambitions. Nonetheless, surveys show that these women are less certain they will make the cut for executive level positions. Compared to 86% of male peers saying they are confident they will reach executive level, only 69% of senior women feel the same.

Alongside the glass ceiling, there has been extensive research studying a phenomenon called the glass cliff. The glass cliff aims to illustrate a situation where women are more likely to be promoted to precarious positions, subject to more than average un-
certainty and hence a greater risk of failure. The glass cliff is described as a second wave of discrimination women have to overcome at work after retaining a position of power and authority, unlike their male peers (Ryan & Haslam, 2007). To evaluate the glass cliff effects for equality, Ryan and Haslam focus on implicit theories of gender and leadership.

The first implicit theory Ryan and Haslam discusses is the notion “think male – think manager” (Ryan & Haslam, 2007). A great deal of the prejudices women face in working life arises from the conflict of being a women and a manager. Traditionally people associate management with being male and hence traditionally female characteristics conflict with what is expected from a manager. The research results by Schein (1973, 1975 cited by Ryan & Haslam 2007) are a good example of how stereotypes affect our reasoning. Schein reached the conclusion that both male and female managers tend to believe that males possess more qualities necessary for managerial success than females. Out of 92 given characteristics, an astounding 60 were thought to be traits of both men and successful managers. These stereotypes have been found to be very enduring and international by nature, hence proving, that our gender significantly affects the way we are perceived and treated in working life. According to Ryan and Haslam (2007) the implicit theories result in two types of prejudices. Firstly, they impact a women’s perceived adequacy for a particular position, and secondly, they result in women being evaluated less favorably compared to their male peers, regardless of how the female manager acts.

The second implicit theory Ryan and Haslam (2007) discuss is related to the notion “think crisis – think female”. Schein’s original research (1973, 1975 cited by Ryan & Haslam 2007) suggested that there were some characteristic of successful leaders which were typically female characteristics. These traits have later been associated with successful crisis management. To support this statement, Ryan et al. (Ryan, Haslam, Hersby, & Bongiorno, 2011) conducted a new study to identify characteristics related to either successful companies, unsuccessful companies, women or men. What they found, was that the notion of “think male – think manager” was confirmed in relation to successful companies; however, the same notion was clearly impaired or reversed when linked to unsuccessful companies. Instead it was found that the type of
person perceived as an ideal leader during crisis or downturn, was strongly related to stereotypically female characteristics.

The above review studies show that there is no one implicit theory of what it means to be a leader. Quite the opposite, it seems perceived suitability varies depending on the state of things. In addition, the theory of a glass cliff has been criticized by Adams et al. (Adams, Gupta, & Leeth, 2009) who found no supporting evidence of women being overrepresented in precarious positions. Hence they concluded, that women appointed to CEO positions start from a levelled playing field, but noted that their study did not examine whether women have reached their position by taking on more risky assignments compared to their male peers.

To look further at the obstacles women face in working life, research conducted by Eagly and Carli (2007) will be reviewed. They have adopted a broader view of the obstacles to gender equality, portraying the issue as a labyrinth. In fact, they claim that there is no glass ceiling stopping women from reaching positions of power and authority, rather it is the sum of several obstacles hampering women’s way to the top. The problem with the glass ceiling is that it portrays an absolute barrier at a specific level of the organisation, implying that men and women have equal opportunities to access entry and middle level positions (Eagly & Carli, 2007). By doing so, the glass ceiling fails to see the complexity of the challenges women face which results in solutions resolving only part of the problem. By creating a picture of the labyrinth, Eagly and Carli wish to emphasise that top management positions are worth striving for, although the path to get there is complex and challenging for women in particular. In their studies, Eagly and Carli identified five major obstacles affecting women’s career advancement; (1) prejudices, (2) resistance to women’s leadership, (3) leadership style, (4) family life and (5) social capital (Eagly & Carli, 2007).

Prejudices were mentioned already before, when discussing the glass ceiling and glass cliff theories. It seems all research in the field is unanimous about the fact that remains of old culture and traditional norms still bias our judgement when it comes down to capabilities and gender. The Goldberg paradigm (as cited by Eagly & Carli, 2007) is just one of many experiments proving, that if all other variables remain the same, females are judged less favourably compared to their male peers. In the experiment, a
set of identical essays were evaluated, with the difference that some of them were told to be written by male students and others by female students. When under the assumption that a female student was the writer, the assessment given was worse. These results indicate that discrimination is equally strong at each stage of the career, and thus not progressive, but rather a sum of all the encountered discrimination, which is contrary to the concept of a traditional glass ceiling.

The resistance female leaders’ face is closely linked to both prejudices and leadership styles. Due to the conflict of being both a woman and a manager, female leaders often struggle with being double bind. This conflict arises when the communal and agent roles are subject to opposite expectations of behaviour. As a result, female leaders face more criticism and have to work harder to gain authority during their careers. In response to being double bind, female leaders often find themselves searching for their own leadership style longer than their male peers.

When looking at different leadership styles, management theory sometimes defines three types of leaders; (1) transformational, (2) transactional and (3) laissez faire leaders (Eagly & Carli, 2007). A transformational leader focuses on change and leads through being a trusting and confident role-model who empowers and motivates others. A transactional leader on the other side manages by creating give-and-take relationships, reflecting a more conventional style of leadership. Laissez faire leaders typically possess leadership positions, but do not act as leaders, leaving their subordinates free to organize themselves. Referring to recent research, Eagly and Carli (2007) point out, that although majority of leaders possess a mixture of qualities; women tend to be more transformational, whereas men tend to be more transactional or leaning towards a laissez faire type of leadership style. Considering the modern organisations, transformational leaders provide the best fit for meeting their changing needs, which should encourage companies to support gender equality and motivate women to strive higher.

According to Eagly and Carli (2007) combining work with family life turns out to be the most fatal challenge for successful females striving to build a career. More often than their male colleges, women interrupt their careers in order to stay at home and care for their children. This pattern continues beyond parental leave, showing up as more frequent days off and greater likelihood for switching over to part time work. As a re-
sult women’s career progress and wage development slows down, putting women at risk of falling behind their male peers in working life. Another important aspect of family is domestic work. When comparing the distribution of domestic work between the genders, there have been signs of positive development. Men take on more and more responsibility at home; however, women still carry the greater amount of domestic work on their shoulders. This has been found to be true even when the spouses spend equally many hours at work (Eagly & Carli, 2007). As if women did not fall behind enough as a result of family life, there is evidence suggesting that decision makers at companies find it inappropriate to promote a female candidate with domestic responsibilities and young children. The same however, does not apply for male colleagues in the same situation.

The last factor impacting the success of women’s career journeys is social capital. According to the OECD definition, social capital is "networks together with shared norms, values and understandings that facilitate co-operation within or among groups" (OECD). In working life social capital is above all building networks and making new professional contacts. As a means of career progress, a large network is sometimes the most valuable asset one can have. Studies in social psychology (Thomson & Lloyd, 2011), however, show that people naturally seek the company of likeminded people. With the higher ranks of the corporate world being very male dominated, it can be difficult for individual women to blend in and make new contacts. This is an important issue, as mentoring has been proved to have a positive impact on career development (Finnish Chambers of Commerce, 2015). If women fail to make good connections to leaders higher in corporate hierarchy, they very likely are worse off when a new opening comes, as no one in the decision making body has their back covered.

Based on the above discussion, it becomes clear that the question of gender equality is neither simple to define nor resolve. The issue is created from numerous different factors bundled together, including decisions made by individual people, organizational culture, socio-economic factors and cultural norms and traditions. Hence addressing equality and producing more than marginal effects becomes equally complex as the problem, requiring the joint contribution from all actors in society. The following section will focus on discussing how to promote gender equality and encourage the actors in the labour market to address the prevailing issue.
3 How to encourage gender equality in the Finnish labour market?

The benefits of achieving true equality between human beings, regardless of gender or ethnicity, are evident. For example McKinsey research shows that introducing women to the boards improves the organizational health on all dimensions tracked by McKinsey (Barsh, 2014). Besides profitability, women seem to bring creativity, innovation and better problem solving to the boards. These benefits derive from the greater cognitive diversity introduced as the team itself becomes more diverse (Barta, Kleiner & Neumann 2012, Woolley & Malone 2011).

In Finland the modern debate on equality between women and men began already in the 1960’s (Ministry of Social Affairs and Health, 2006). During the 1970’s the Council of Equality was founded to promote and implement reforms for equality. Since then we have achieved formal equality through the Equality Act and managed to highlight the importance of the issue. We are however, still far from true equality and unbiased encounters in working life. In order to achieve positive development and actual results in this area, measures against inequality need be taken on more than one level. Equality is a complex issue, affected not only by formal regulations and political decisions, but also by the prevailing cultural and social norms. So said, solving the issue and achieving actual results will require more than formal decisions. The decisions need to be backed up by proper implementation and a change of mind set throughout society.

This section will discuss different tools for promoting gender equality and ensuring proper implementation. First the discussion will focus on political decisions and governmental instruments, such as soft and hard regulation. After this the discussion will be turned towards the organizational and individual aspect of gender equality, emphasizing the effect personal choices and organizational culture has on career development and gender equality.
3.1 The Politics of Gender Equality in Finland

Gender equality is pursued and implemented through measures forming the Finnish equality policies. As a member of the European Union (EU), the Finnish legislation is greatly impacted by the direction taken by the EU. The EU directives provide the foundation and framework for Finnish legislation including the equality policies. Looking at the national perspective, the focus of these policies originates from the Equality Act, which lays the foundation of equality within Finland. The Equality Act has three main goals; promotion of gender equality, prohibition of discrimination and legal protection (Ministry of Social Affairs and Health, 2015). This section will look into the politics of equality and assess the measures available at the state level. According to Rees (1998 as cited by Stratigaki, 2005) states have three effective tools for creating equality between the sexes: equal treatment legislation, gender mainstreaming and positive action. The focus in Finland has been on gender mainstreaming and policies of equal opportunities and social equality (Ministry of Social Affairs and Health, 2012). Besides the measures mentioned by Rees, also the use of coercive measures, such as mandatory quotas, will be considered.

3.1.1 Gender mainstreaming and positive action

Gender mainstreaming refers to a concept of assessing the different implications a planned policy might have on gender equality (Ministry of Social Affairs and Health, 2006). In Europe this has also meant re-evaluating existing policies from the gender aspect. It was included to the EU’s policies in the mid-1990’s and is still today considered one of the most important tools for achieving gender equality across the EU (European Commission, 2008). Within the EU, gender mainstreaming has been organized in steps. First member states focused on preparatory work, organizing the work and learning about the nature of the current gender inequalities. Later the focus has been moved to assessing the policy impacts and redesigning policies to be in line with the prevailing principles of gender equality. Most of the changes have been allocated to labour and social policies, such as equal pay and reconciliation policies (European Commission, 2008).
Positive action or positive discrimination on the other side refers to means encouraging the employment of a representative from a minority group, provided that the representative is equally qualified compared to the other candidates. Positive action has been a part of EU’s policies of equal treatment already before gender mainstreaming was introduced and the use of it is clearly defined in the directive of Equal treatment in employment and occupation (Council Directive 2000/78/EC of 27 November 2000). The directive defines the principle of equal treatment as prohibiting both direct and indirect discrimination based on gender, but allowing the promotion of equal opportunities by removing existing barriers, meaning that positive discrimination is justified only in cases when the action intends to prevent or compensate for existing inequalities.

As member states have interpreted the exemption in various ways, the European Court of Justice (ECJ) has elucidated the concept in several of its rulings. Two particularly important cases discussing the relationship between formal equality and positive action are the cases Kalanke v Freie Hansestadt Bremen (Kalanke v. Freie Hansestadt Bremen, 1995) and Marschall v Land Nordrhein-Westfalen (Marschall v Land Nordrhein-Westfalen, 1997). In both of these cases district authorities used a practice of promoting candidates representing the minority sex for positions where clear underrepresentation was seen. In the case Kalanke v Freie Hansestadt Bremen, the ECJ stated that a rule giving women "absolute and unconditional priority for appointment or promotion" is beyond positive action and thus not a measure allowed under the directive of Equal treatment in employment and occupation. In case Marschall v Land Nordrhein-Westfalen, a similar policy was implemented, with the difference that female candidates were prioritized "unless reasons specific to an individual male candidate tilt the balance in his favour". This policy was considered to be in accordance with the exemption clause, as each individual case was assessed objectively. Although emphasizing that equality above all means giving each candidate, male or female, a fair and objective assessment, the ECJ expressed its concern of biased judgements affecting women’s opportunities to advancement by stating:

"...it appears that even where male and female candidates are equally qualified, male candidates tend to be promoted in preference to female candidates particularly because of prejudices and stereotypes concerning the role and capacities of women in working life ... For these reasons, the mere fact that a male candidate
and a female candidate are equally qualified does not mean that they have the same chances.”

Judgment of the Court of 11 November 1997
Hellmut Marschall v Land Nordrhein-Westfalen

The concept of positive discrimination has raised intense debate across Europe, due to its controversial nature. There are however, several experts who emphasize the importance of result-oriented, specific actions and criticize gender mainstreaming for having neutralized results attained through positive action (Stratigaki, 2005). Built on principles of democracy and equal opportunities, gender equality has been part of the EU’s goals since its foundation in 1957 and all along policies directing the member states in these issues have been developed. Irrespective of these efforts, there is still a visible gap between the genders and although direct pay-discrimination is rare, women earn less due to lower market value of the work women traditionally carry out and are clearly underrepresented in positions of economic decision making (Selanec & Senden, 2011). Slow development in these areas is part of the reason behind the critique towards the principle of gender mainstreaming. Stratigaki claims that the implementation of the policy changes resulting from gender mainstreaming have been inadequate, indicating that gender mainstreaming needs to be complemented with more specific policies such as positive action.

Stratigaki is not the only one claiming gender mainstreaming has had a reverse effect on equality. When policies are formulated for large communities they run the risk of becoming thin compromises rather than powerful tools of change (True, 2003). True is concerned with the lack of local adaptation of the mainstreaming efforts, claiming there is a risk that the policies lack groundlevel expertise and are imposed on behalf of women, leading to an approach missing the local cultural and social aspects and thus local engagement. Stratigaki touches the same issue, discussing the developments in environments hostile to gender equality policies. In such environments gender mainstreaming has been used to eliminate or weaken specific gender equality policies already in place. In such cultures, the success achieved through positive action and other similar instruments is threatened to be diminished by people afraid of the redistribution of economic decision making power.
3.1.2 Self-regulation versus coercive measures

Positive action and gender mainstreaming have both promoted gender equality and pushed the matter forward. Slow progress has, however, lead to discussion of more binding measures. In 2012 the European Commission proposed a 40% gender objective for non-executive board positions in listed companies (European Commission, 2012). The proposition was followed by an intense debate across Europe, of whether legislative regulation brings better results when compared to self-regulation. In Finland progress based on voluntary means has traditionally been favoured, and hence, the state has mainly provided recommendations and codes of conduct on how companies should improve gender equality.

Since 1995 the Equality Act (8.8.1986/609) has called for companies to create gender equality plans. The most recent requirements oblige companies with 30 or more employees to conduct a gender equality plan containing: (1) a report of the state of equality, including an overview of pay differences and gender distribution in the corporate hierarchy; (2) planned measures to improve equality; and (3) an evaluation of the success of earlier measures (Laki naisten ja miesten välisestä tasa-arvosta, 8.8.1986/609).

Alongside the recommendations, the Finnish state has attempted to influence listed companies by setting an example. Since 2004 companies, where the state is a majority shareholder, have had a gender target of 40% (Hanski, Jauhiainen, Raevaara, Uotinen, & Väisänen, 2015). By setting an example, the state hoped to show that recruiting female leaders was not a question of finding qualified candidates, but rather a conscious decision of wanting to find them. The same can be interpreted when comparing statistics of higher education to statistics of female leadership (refer to appendix 1 and 2). The statistics show, that even in fields where women are overrepresented, they lack representation in top management positions. By setting an example, the states objective was to encourage other listed companies to follow suit and avoid a situation where the state would have to resort to coercive legislation as a means of ensuring gender equality.
Alongside the state, also the Finnish Chambers of Commerce has made efforts to promote gender equality on voluntary means. They have influenced the current discussion in Finland to a great extent by lobbying self-regulation before coercive measures such as a mandatory quota. According to their report from 2012 (Finnish Chambers of Commerce, 2012), the progress achieved through voluntary measures is sufficient. In their report they refer to the development following the above mentioned 40% target and to the corporate governance codes which followed soon after. In 2008 listed companies where given a corporate governance code obliging them to act on equality. The code was lobbied by the government under the threat of introducing a quota unless visible progress was achieved. The business sector, however, were responsible for creating it, which gave it a better starting position and reception among the companies (Finnish Chambers of Commerce, 2012).

In Finland the most influential actors in the market are evidently cautious about mandatory quotas. For the sake of comparison, however, the Norwegian quota approach will be briefly discussed to create a picture of how a mandatory quota might further impact gender distribution.

Norway passed its first quota law in December 2003, requiring a 40% representation of both genders on boards of directors of publicly limited companies. As the progress was inadequate the law became compulsory in 2006, with the threat that companies failing to comply by January 2008 would be dissolved. The compulsory quota turned out to be very effective in Norway, with female board representation reaching 40% in 2009 – growing 31 percentage points from 2004 (Teigen, 2012). According to Teigen (2012) the implementation of the quota was generally speaking very successful, although the development stopped at around the target of 40%. The fear that many people had before the quota reform, was that the pool of qualified female candidates was too small to fill the openings. This, however, was not the case. Norwegian companies have been successful in their recruitment of female board members, although there is a clear gendered age-structure developing, as current boards tend to comprise of older men and younger women.

In Finland, the development in Norway has been closely followed and somewhat criticized for having created only partial results and deteriorated women’s opportunities in
other areas. According to a report from 2013 (Finnish Chambers of Commerce, 2013), the compulsory quota managed to raise the number of female board members in Norway, but not the net number of female managers in the higher ranks of the corporate hierarchy. This is a result of the so called Golden skirt –phenomenon. This phenomenon refers to a situation where a small number of women become board member professionals, taking up multiple seats at one time, and possibly abandoning a bright future in operational tasks to manage the new responsibilities.

3.2 Policies supporting equal opportunities and social equality

The above discussed measures are political instruments which are directly linked to gender equality in the labour market. Gender equality, however, can be improved through several other policies and initiatives by both corporate actors and individual people. This section will discuss the effect other types of policies and decisions have on gender equality. As ensuring equal access to working life and equal treatment during working life is the starting point for achieving equal representation in positions of economic decision making, the states should evaluate whether developing policies and encouraging change in these areas could improve equality and help break some of the barriers hindering women from climbing the ladder today.

A recent paper published by the Women Leader’s Program (Finnish Chambers of Commerce, 2015) discusses important changes that need to be made on a national level in order to achieve gender equality in the labour market. The research first of all takes up the issue of equal access to the labour market. According to the paper, equal access needs to be ensured by creating more flexible day-care solutions and dividing the burden of the parental leave costs between the employers of both of the parents. Currently, the employer having the mother on its payroll is responsible for a larger share of the costs, which puts women in less favourable positions compared to their male peers. In addition to levelling the burden of the costs, the paper discusses the need for a change in mind-sets. This includes reforming how we think about gender roles and education. In order to ensure a sufficient pool of qualified male and female managers for all types of positions, new gender role models and attitudes need to be promoted to encourage girls to strive for traditionally male industries and boys for traditionally female industries. This encouragement needs to come both from the homes
and the schools to bring the desired results. With our current gender division in higher education (refer to appendix 1) certain industries are condemned to suffer continuous under-representation of the other gender.

Ensuring social equality and encouraging change of attitudes in education will, however, not solve the problem alone. The Women Leader’s Program also discusses the important role of the corporate world. For women to reach the top, companies need to create strategies for recognizing talented women and supporting their development through mentoring and flexible working time solutions. By creating holistic and goal-oriented plans for achieving gender equality, companies consciously work towards making their targets and consider the impact decisions have on gender equality. These ideas are supported by Eagly & Carli (2007), who in addition suggest implementing more transparent processes and objective measures of performance. According to Eagly and Carli, transparency would limit the effect of biased opinions both during recruitment processes and performance evaluation, which would benefit equality. Moreover, objective tools of assessment should be used when measuring for example productivity, to avoid creating incentives for spending more hours at the office, doing less work. By encouraging productivity on flexible working hour terms, employers could encourage more successful women to take on new challenges and develop professionally, instead of transferring to less challenging tasks and part-time work. By raising the awareness of prejudices and other factors limiting equality, companies can participate in breaking the barriers to gender equality and come out with a more motivated, talented and diverse workforce.

To sustainably build a labour market characterized by equal opportunities and gender equality, however, individual choices and attitudes need to follow the changes in social policies and corporate initiatives. As discussed in section 2.3, one of the major challenges faced by women is combining work with domestic duties. This challenge is not only a result of culture and tradition, but partially self-inflicted. We still today raise our young generations to fit the gender models behind inequality. If women as individuals refuse to give up domestic responsibilities or fail to demand equal distribution of the responsibilities, attitudes will not change and barriers will remain. The same pattern continues unless we have the will to change it. Researches (Eagly & Carli 2007, Finnish Chambers of Commerce 2015) show, that women tend to be more self-critical in their
careers compared to their male colleges, resulting in a partially self-inflicted disadvantage. Hence, to build a strong career, women need to let go of some of that domestic responsibility, and in return, confidently strive forward professionally, building networks, stepping outside of the comfort zone and ambiguously taking on new challenges, acting as leaders.
4 Methods

The purpose of this thesis was to understand to what extend gender discrimination occurs in the Finnish labour market and what can be done to remove it and improve gender equality, particularly in top-management. This has been done through analysing existing research and reports on gender equality, and comparing quantitative data over time and between different markets.

Since the goal for this research was to describe the current market situation and identify existing barriers and possible solutions, conducting qualitative and comparative research was considered most suitable. The qualitative research mainly consisted of analysing existing studies and reports on gender equality. To verify the findings from the qualitative review, also existing quantitative data was reviewed and analysed. By using a combination of different types of information and comparing the research results, a more comprehensive picture of the current situation was created when compared to existing individual studies or reports. This enabled taking into account variables from different studies and assessing their interrelationship. With the focus of the thesis being on top-management positions, it was considered more appropriate to rely on data collected by organizations active in this field of research rather than collecting new data during the research process. First of all, it was considered difficult to gain relevant new data from the field, and secondly, by relying on existing data, it was possible to analyse development over time and provide more depth to the research results.

As discussed in the introduction, the topic was narrowed down to focus on the Finnish market. Hence, the literature reviewed has been both field specific and country specific; making it possible to run comparative and qualitative analysis of the research results and consider the cultural implications. When researching to which extent inequality exists in the Finnish market, studies looking at market specific characteristics in Finland have been reviewed alongside with international studies. By doing so, it has been possible to establish an understanding of how Finland manages in an international context with respect to gender equality. When researching how to break the existing barriers on the other side, measures and initiatives taken by the European Union (EU) were reviewed, as well as current reports by influential actors in the field of research. As Finland is a member of the EU, it has to adopt the policy directions taken by the EU,
and hence reviewing EU initiatives was a natural place to start. To supplement and build a holistic picture of current policy developments, also initiatives taken by the Finnish government alone were reviewed.

Information obtained in the literature review was analysed using comparative and qualitative methods. As the topic is very current and the field develops in a fast pace, with new studies and research aspects emerging, the literature reviewed for this thesis was mainly recently published. However, for the sake of comparison and development over time, also single studies dating back to the start of gender equality debates have been referred to. A qualitative review was considered the best method of analysing the studies as this method provides an opportunity to describe, compare and contrast the studies and their results. As the thesis was built on literature-based research, analysing the results by using qualitative review felt most natural and fit for the aim of the thesis.
5 Results

The objective of this thesis was to find out how gender discrimination shows itself in the Finnish labour market and what can be done to remove it and improve gender equality.

The research shows, that although women and men are formally equal in the eyes of the law and are given the same opportunities in theory, gender discrimination still occurs in the labour market. Most commonly discrimination in the workplace shows up as prejudices and biased judgement, which places women in less favourable positions compared to their male peers. This barrier to advancement is often referred to as the glass ceiling. However, the research shows that the glass ceiling actually fails to explain much of the discrimination, suggesting it is only one barrier among many. Alongside other studies in the field, this gives reason to believe that gender inequality lies deeper in our system and is also very closely linked to our culture and traditions.

Measures taken to achieve formal equality seem to have removed some of the barriers however, as direct pay-discrimination is rare today. Unfortunately though, these measures have not achieved a change in perception, as women still earn less due to the lower market value of the work women traditionally carry out. The same applies for social equality. Women continue to carry a majority share of domestic responsibilities in addition to carrying the cost burden of parental leaves. Although biology cannot be changed, the responsibilities following parenthood can be divided equally between both of the parents. Considering the policies supporting gender equality, this is an area where Finland still has room for development.

Considering the instruments available for encouraging gender equality, the Finnish state has obediently implemented EU directives regarding gender mainstreaming and positive action. Based on the research, these measures have been somewhat successful in highlighting the importance of gender equality. For the Finnish state however, it seems other means of promoting gender equality have been more visibly effective. As discussed, the Finnish state has attempted to influence the development in listed companies by setting an example and taking action in companies where the state has decision making power through shares. The 40% target introduced in 2004 clearly paid off.
and was followed by the desired development. Looking at the difference in gender distribution between state and privately owned companies after the introduction of the quota in state owned companies, there is clear evidence of positive development.

Figure 1: Percentage of women on boards of listed companies in 2008 and 2014. Created from data collected by the Finnish Chamber of Commerce and Statistics Finland as cited by Hanski et al. 2015

As the column graph shows, the development in companies where the state is an important shareholder started earlier, proving evidence that the 40% target was successfully implemented. The data also shows that setting an example has paid off, as other listed companies are catching up with the positive development, and currently growing the number of female board members percentagewise faster compared to state owned companies. The above displayed development, however, gives evidence supporting both self-regulation and coercive measures. On one hand the quota-like target applied in state owned companies shows that clear progress has been achieved and highlights the efficiency of a quota instrument. On the other hand, the progress in listed companies with no state-ownership is following the example, indicating that voluntary engagement leads to the same result, although with a delay.
The fact that the development in privately owned companies paced up between 2008 and 2014, might on one hand indicate, that the listed companies in Finland only needed reassurance that the Finnish labour market could meet the rising need for female leaders. However, considering that the 40% target was followed by a corporate governance code in 2008, the paced up development is possibly a result of that. At this time companies started to realize the severity of gender equality, as a threat of introducing a compulsory quota was flashed as an alternative if development continued to be inadequate. The below displayed column graph shows the development of gender distribution on boards of listed companies after introducing corporate governance code in 2008.

Since the introduction of the corporate governance code, the number of companies with purely male boards of directors fell from 49% in 2008 to 14% in 2014. This together with the previous evidence clearly shows that voluntary measures have improved the situation in Finland. However, the above showing column graph does not take into consideration the amount of women on corporate boards. Research shows that it is important to ensure a critical mass to achieve the benefits of diversity. Considering the threat of a quota, the positive development might simply reflect an attempt to fill minimum requirements to avoid compulsory measures. To assess the ef-
fectiveness of the Finnish measures, the state of equality, measured as percentage of women in the management of listed companies, needs to be compared to countries with similar labour market environments. Thus, benchmarking and comparing the situation in Finland against Sweden and Norway is suitable. Norway has been a pioneer in compulsory quotas, whereas Sweden has followed a similar strategy for promoting gender equality as Finland. With this setting, it should be possible to distinguish between positive development resulting from a quota-like measure and development resulting from voluntary measures.

As the column graph above shows, Norway has only passed Finland and Sweden when comparing gender distribution in board of directors. When looking at executive positions, both Finland and Sweden perform better than Norway. When tying this information together with the Golden skirt –phenomenon, which describes the emerging of board professionals and hence the concentration of power, it seems a compulsory quota is not necessarily the best way to promote true gender equality in cultures such as the Nordic countries.

At the beginning of this research, I expected to find that only measures of force can create the necessary change, for gender distribution in working life to reflect true

Figure 3: Nordic comparison - women in the management of listed companies in 2013. Data source: Finnish Chambers of Commerce, 2013
equality. However, it seems the case is quite the opposite if followed by similar results as in Norway. In this case a quota might damage equality by creating a concentration of power and little or no development in the net number of female managers in executive positions. This suggests that when implementing a quota, additional measures need to be taken to avoid undesired development and a variety of side effects need to be considered before turning a quota compulsory.

Based on these findings, it seems that in order to improve gender equality, the issue itself needs to be redefined. Today we focus a lot on breaking single barriers, such as the glass ceiling, and in the process we fail to consider the interrelationship different factors contributing to gender inequality in the labour market have. Development in Finland is clearly going to the right direction, suggesting that voluntary measures and recommendations are working and should remain as a basis for influencing the corporate world. However, looking closer at the discrimination women face, a large part of it is derived from our traditions and culture. To endeavour change in people’s perceptions and attitudes is much more complex and hard to do, and it requires different kinds of measures. To start with, policies supporting social equality need to enable equal distribution of parental responsibilities for women to have the same opportunities as their male peers. By ensuring social equality and equal opportunities, women will contribute to creating new role models and attitudes in society, which will make it easier to promote new family values and encourage both men and women to take on challenges unlike before. Only then can we create changes which reach deep into our culture and traditions, and break the barriers prejudice has built.
6 Conclusion

6.1 Key findings

To summarize findings of this research, it seems the gender equality issue is neither simple to define or resolve due to its complex nature. Existing research and reports often focus on specific issues, failing to understand the complexity of the problem and the interrelationships between factors resulting in gender discrimination. Considering the original research questions – (1) to what extent does gender discrimination occur in the Finnish labour market, and (2) what can be done to remove it and improve gender equality – there are three main findings.

1) Gender discrimination in Finnish labour market is mainly a result of prejudices and biased judgement of character, originating from gender stereotypes and remains of old tradition and cultural norms. Direct discrimination in the labour market, such different pay for the same work, is rare. This emphasizes the fact that much of the ongoing discrimination is a result of unconscious judgement and lack of awareness.

2) It is encouraging to see that there are effective measures in place to promote gender equality, such as corporate governance codes and target recommendations. These measures seem to fit the Finnish market environment better than a compulsory quota; however, they cannot achieve equality on their own.

3) In addition to reforming the policies which create social equality between the sexes and thus levels the playing field, Finland needs to raise the discussion surrounding gender equality to a new level. Reforming regulations of parental leave is a good starting point for policy developments and discussion, but raising awareness and creating new norms and attitudes is the biggest challenge for the future.
6.2 Limitations

Considering the quality of this thesis, the most significant limitation is the fact that it is purely literature based. When relying on existing literature, findings depend on the aspect taken by the original author. During the research process, this was one of the major challenges faced. Many of the studies available use a subjective assumption of the existing problem as a starting point. This affects the research methods used and the following results. Another problem with analysing existing literature is the focus on very specific barriers. Studies tend to look at the cause-effect relationship behind a specific barrier, which means the result and the proposed solution might be inadequate for solving the problem as a whole. This is a result of failing to understand the complexity of the problem and all the factors contributing to it. By ignoring factors of importance, the interrelationships of different factors are bypassed in the research. Considering this thesis, to avoid the described limitation, other methods of research could have been used to back up and complement the existing research results. Such methods include interviews and collection of quantitative data. Also extending the scope of the research could have provided a better understanding of the real cause-effect relationships.

Looking closer at the literature reviewed, it is evident, that the nature of the field studied is such, that it is very difficult to control for all the relevant factors leading to discrimination. Considering for example job-relevant employee characteristics that affect recruitment decisions, it is almost impossible to control for all the characteristics and the interrelationships between them. This means the results are always limited, and this limitation should be considered when using the results as a basis for argumentation. In the case of this thesis, limitations of the literature reviewed have been taken into consideration by comparing results of several studies. It could be argued however, that more aspects and other types of studies should have been included to be able to critically evaluate the accuracy of each source.

When forming the research question, a conscious decision was made to restrict the area of research to top management positions in Finland. By restricting the research also limitations were created. By having extended the research to cover all types of discrimination in the labour market and a larger geographical area, an even more com-
prehensive understanding of the state of gender equality could have been created. However, considering the quality of research, this would have created new limitations. Had the thesis been extended to a large-scale area, the depth of the research might have suffered due to the thesis related limitations in length.

6.3 Implications for future research

As discussed in the findings, reforming policies of social equality to enable true equality and raising awareness and creating new norms and attitudes are the biggest challenges for gender equality development in the future. Without forgetting to monitor and follow the development achieved through existing measures, resources need to be transferred towards new areas of research.

The research focus needs to be moved towards looking at cause-effect relationships and interrelationships between different factors contributing to unequal treatment in working life. Furthermore, resources need to be invested in researching how to establish new decision making models and generate awareness and change of attitudes across society; affecting both individual and corporate actions. Inflicting change on our most fundamental decision making models is a slow progress, however, and will require time, patience and impressive campaigns to be achieved. If achieved though, this will be more powerful than any other measure available.
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Percentage of females graduating from universities of applied science in 2004 and 2011 according to field of study

- Teaching
- Culture
- Social sciences and business administration
- Natural sciences
- Technology and transport
- Natural resources and environment
- Social services and health care
- Tourism and catering
- Other education

Source: Statistics Finland

Percentage of females graduating from universities in 2004 and 2011 according to field of study

- Teaching and humanistics
- Culture
- Business and administration
- Natural sciences
- Technology and transport
- Natural resources and environment
- Social services and health care

Source: Statistics Finland
The share of women in top management according to industry

(The bar graph is in Finnish, translations can be found above it.)

The industries covered arranged in the same order as in the bar graph:

- Energy
- Basic industry
- Healthcare
- Finance
- Industrial products and services
- Technology
- Consumer goods and services

Women represented in red colour and men represented in blue colour.

Source: Finnish Chambers of Commerce, 2014