

Women in Leadership: Looking below the surface



Women in Leadership Series and Report Leads

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About this publication

Women in Leadership: Looking Below the Surface

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About CEDA

For nearly 50 years, CEDA has informed, influenced and raised the standard of discussion about the issues shaping Australia's economic and social development.

We do this by:

- publishing independent research and policy analysis
- providing a forum for debate and discussion
- offering a membership network to people and organisations that value knowledge, insights and ideas in Australia's best interests.

CEDA is an independent not-for-profit organisation. Our funding comes from membership fees, events, research grants and sponsorship.

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Foreword

CEDA is Australia's leading independent thought leadership organisation providing policy perspectives on the critical economic and social issues facing Australia. Women in leadership is an issue with implications for policy that influences everything from Board membership to gender equality.

The following document provides an overview of the key issues raised during CEDA's Victorian Women in Leadership series during 2010/2011.

Reports such as this and other subsequent publications that will emerge from CEDA's ongoing Women in Leadership series across Australia aim to drive the debate around gender equity, and in turn substantiate the business case for improvements for women in leadership roles. The need for action is indisputable and is also vital if Australia is to meet future skills and labour demand.

While this document draws together facts and figures which provide an irrefutable business case for resolving gender equity issues, it also aims to highlight some of the underlying unconscious biases that exist that are often unspoken and are hindering change.

By enabling our members to deconstruct this important but challenging issue, CEDA hopes to assist them to map a way forward so they can realise the economic benefits to their businesses, the economy and to society more broadly.

This successful Victorian Women in Leadership series has been run in conjunction with Dr Hannah Piterman and the series sponsors ExxonMobil Australia and GlaxoSmithKline. CEDA commends them for this work and thanks all of the contributors, presenters and attendees who have participated in this process.

Hopefully this report will bring about a deeper understanding of the issue, new insights and possible solutions. However, CEDA recognises that for real change to occur, sustained focus is required and we look forward to continuing our Women in Leadership series, both here in Victoria and nationally.



Professor the Hon. Stephen Martin
Chief Executive, CEDA



Introduction

Overview

Australia is well placed as a leader on the world stage, but in these precipitous times it cannot afford to be complacent. Government and business together must continue to pursue reforms in areas of productivity, competition, regulation and human capital to secure the nation's talent. Australia's future and the integrity of these reforms will be thwarted if the market for female talent, particularly executive talent, remains underutilised.

Women continue to be underutilised in our organisations, particularly at senior levels. The following questions need to be asked: Why is this so? Is it simply women choosing to raise their families instead of climbing the corporate ladder? Is it that women are not given the appropriate opportunities that men who are equally trained or skilled obtain? Or is it something all together less tangible, something unconscious in our minds, lying dormant – a social construction of the female role. It is crucial to keep asking these questions and for CEDA to play an active role in continuing the conversation.

We know that Australia is falling behind when it comes to female leadership. Compared with New Zealand, Canada, UK, US and South America, Australia is at the back of the pack with women holding only:

- 12.5 per cent of directors in the ASX 200
- 2.5 per cent of chairs
- 3 per cent of CEOs
- 8 per cent of key executive managers positions, and
- 72 ASX 200 companies do not have women on their boards¹.

A significant number of lobby groups, ASX businesses and state and federal governments are leading the nation's impetus for change by demanding transparency, setting targets and developing consultative panels. CEDA commends and supports these levers for change. However, there is more work ahead.

Why is CEDA addressing this issue?

CEDA has a 50-year history of providing thought leadership and policy perspectives on the economic and social issues affecting Australia, through a rigorous and evidence-based research agenda, and forums and events that deliver lively debate and critical perspectives.

CEDA has explored gender equity through the Women in Leadership series over the last two years. The economic benefits of addressing the financial disparity between men and women has been proven in numerous studies. One such study undertaken by Goldman Sachs JBWere in 2009 found that closing the pay gap between men and women alone would boost the level for Australia's GDP by 11 per cent². As this report suggests, unlocking the female potential and underutilised labour pool is certainly one solution to improving the skills shortage that currently threatens Australia's continued economic growth.

As an independent organisation, CEDA has engaged business leaders from across government, academia, and the private and not-for-profit sectors to explore the challenges and impediments related to gender equity.

This paper is a culmination of the Victorian events of the Women in Leadership series which provided an open platform to explore these issues in all their complexity. The series explored the business and economic case, as well as the cultural factors that contribute to gender inequity.

To date the series has included three public and two private forums on the following themes:

- Closing the gender gap – the impact on Australia's productivity
- Improving participation in the workplace – opportunities and challenges
- Why embracing diversity is good business
- Engaging men in the gender debate
- Female – speak the unspoken

About this paper

This paper draws together the views provided by the thought leaders who spoke at the events, case studies that were put forward, and conversations and themes that emerged. It also includes recommendations and insights drawn from discussions at these forums.

Hosting a combination of public and private sessions enabled the identification of subtle hidden barriers that sit below the surface. These are not always readily available for scrutiny, but can see women excluded from leadership. Dr Hannah Piterman provides a brief insight into these hidden barriers in the first section of the paper.

'Views from the CEDA Podium' shapes the major themes emerging from the Women in Leadership series, with summaries of presentations by keynote speakers.

'Views from the CEDA Roundtables' includes direct quotes from the female-only and male-only roundtables that were held to provide a safe setting where the less tangible perceptions that exist in relation to gender at work could be explored.

'Insights from industry and government' provides three case studies that offer examples of how organisations have initiated reforms, confronted culture and paved the way for the retention and recruitment of women.

Issues relating to gender equity are not new to the reform agenda. What has changed, or appears to have changed, is the breadth of the debate and the lens through which business and government view the issues.

Through the ongoing Women in Leadership series, and reports such as this, CEDA aims to elevate the debate, and in turn the business case, in a way that enables its members to deconstruct the issues behind gender equity and realise the economic benefits to their businesses and to society more broadly.

We welcome the dialogue that this paper generates.

Recommendations and insights

Throughout CEDA's Women in Leadership series, thought leaders and participants provided a range of recommendations and insights, including strategies, actions and techniques for improving an organisation's gender equity outcomes.

While some of these ideas will take a long time, others can be implemented readily, the underlining result should be that they provide realistic solutions.

Create the business case

1. **Lead by example and lead for the future.** Leaders need to understand that this is a journey; it will take resilience and commitment to bring about change and it must be driven from the top.
2. **Good debate stems from good information which can drive change.** Organisations need to take an evidence-based approach to understand the metrics and data within their own business, whether it be small, medium or large. Do an internal audit. Be realistic and transparent about the gender balance, leadership pipeline, retention and the pay parity within the business.
3. **Set realistic targets and report on progress.** The ASX amendments to corporate governance principles are very important steps in propelling the gender debate onto the agenda of board rooms. With this in mind all businesses should be creating and implementing their own policy and strategy or run the risk of being left behind.
4. **Build the talent pipeline.** With females graduating at a higher rate than males, building the talent pipeline by increasing opportunities for women throughout their careers is critical for organisational success in the future.

"Leaders need to understand that this is a journey."

Cultural change

1. **Understand the nuances and culture that exist 'under the surface'.** This can be a challenging and threatening experience. Using the evidence-based approach reduces the likelihood of defensiveness and blame. However, it will uncover issues that may be uncomfortable to face. An acceptance of this at the beginning needs to be understood and widely communicated.
2. **Leadership will need to ensure a safe setting.** Encourage men and women to have honest conversations. Gaps will undoubtedly be found between the organisation and employees' perceptions on issues relating to equal opportunity, including career opportunity, leadership and flexibility.
3. **Rethink existing or hidden norms.** Challenge norms that perpetuate cultures of discrimination such as the 'Imposter Syndrome' (women feeling out of place in leadership roles).
4. **Abandon the fear of being marginalised or recriminated against.** Cultural change will never occur if fear takes hold.
5. **Celebrate change.** Build momentum and communicate these celebrations through newsletters, intranets, presentations and annual reports.

Workplace actions

1. **Understand the longer-term return on investment.** Organisations need to allocate funding to this change and understand the longer-term financial implications of the return on investment for the future. Internationally, companies are investing significantly on diversity initiatives. It was reported that \$8 billion annually was invested by the Fortune 100 in the US.³ If Australia is serious about improving its international ranking, we need to invest for change.
2. **Discuss workplace practices.** For example, implement an internal policy that ensures all critical meetings are within the school hours of 9am and 2.30pm.
3. **Every employee has different needs.** Providing multiple workplace flexibility options is an imperative to strong female, and increasingly male, retention.
4. **Innovation is paramount.** Create the right balance between the individual needs and the organisation's needs – this is an opportunity to create a new paradigm for work.
5. **Softwiring.** Provide role modelling, advocates and change agents.

Understanding the unconscious: setting the scene

BY HANNAH PITERMAN

Dr Hannah Piterman explores a recurrent theme of the Women in Leadership series – how unconscious bias, or intangible cultural dynamics, can undermine change in organisations:

Research continues to show that while organisations are increasingly taking elaborate steps to embed values of meritocracy and transparency in their work practices, they find their initiatives can be thwarted by intangible cultural dynamics. These cultural dynamics sit outside the realms of the rational and the strategic. They are often ambiguous, highlighting a deep tension between those rational elements in business that promote equality in the workplace and the non-rational that see women under-represented and underpaid. Much sits in the domain of the unconscious, is subliminal in its expression and it is held onto despite logical argument and facts.

According to Harvard researcher Audrey Lee⁴ unconscious bias is a form of discrimination that is specifically tied to the human cognitive process for receiving and storing information. Researchers have demonstrated that individuals tend to process incoming information by relying on cognitive shortcuts – in essence, stereotypes.

Gender biases lead managers to view talent in predetermined ways, and make decisions based on these predetermined views leading to inequity and loss of current and future capability. Unconscious bias is quite prevalent, often in sharp contrast to the way individuals perceive their view of themselves. Throughout this paper, and particularly within the private discussions, numerous thoughts and quotes exhibit the described unconscious bias. Understanding what it means can equip organisations to challenge it and pursue new models of thinking.

“Gender biases lead managers to view talent in predetermined ways.”



Insights from the CEDA podium

1. Alan Duncan, NATSEM
2. Judith Sloan, Fair Pay Commission
3. Hannah Piterman, HPCG and Gender Worx
4. Rachel Slade, Westpac



Professor Duncan became the Director at NATSEM in early 2010, after leaving his previous position as Professor of Microeconomics and the Head of School at Nottingham School of Economics, University of Nottingham.

1. Understanding the gender gap and its implications

Professor Alan Duncan

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Professor Alan Duncan, Director of NATSEM, discusses NATSEM research that explored the reasons behind the gender wage gap and the links with economic growth.
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NATSEM research on gender wage differentials in Australia has attempted to identify the job or work characteristics that can explain at least a component of gender differences, and which gender differences remain unexplained.

A recent AMP.NATSEM report⁵ shows that women are more educated than ever before, with a 10 per cent increase in labour force participation in the last 20 years. While greater employment in professional occupations has brought about better equality, there are still massive divisions in income, in wealth and superannuation, in unpaid work and in representation at senior levels.

The wage gap

The figure often sighted in relation to the raw average earnings gap between men and women is 17 per cent⁶. However, the story is far more complicated than this. The wage gap figures alone do not demonstrate the level of discrimination and therefore a deeper review of the data is required.

Wage gaps can be explained by different work-related characteristics, different occupational choices, labour market patterns and histories between genders. There are also factors of choice – either guided or forced choice – that exist. Women perhaps disproportionately select employment with lower financial returns and, while this may be a behavioural choice, it is fascinating to consider that behaviour may in fact be conditioned by gender norms and attitudes.

Logically, the differences between men's and women's wages can in part be due to different characteristics or attributes, alongside other aspects such as selection or choices in occupation, industries and job types – otherwise described as human capital characteristics.

A study by NATSEM researchers Rebecca Cassells, Yogi Vidyattama, Riyana Miranti and Justine McNamara⁷ for the Australian Government Office for Women sought to strip away these job-related characteristics and worker attributes from the raw wage differential.

Explaining the pay differential

Vocational qualifications, firm size, labour force history differences in terms of time in paid work, tenure of current occupation, and industry segregation of selecting into gender specific industries hold some explanatory power. However, the overarching finding is that the majority of the wage differential is explained by being a woman or by being a man. If this data is taken a step further to create equal or equivalent characteristics and job-related attributes between men and women, it found that about one-third of the pay differential could be explained.

Therefore, the stark and overwhelming statistic that lingers is that for the remaining 60 per cent or more which is unexplained, there is no logical reason for the wage differential.

Given the study shows that being a woman exerts a negative influence on average patterns of pay, what does this mean? The reality is there is much more to the story than just looking at average wage differences.



"...the more senior a female becomes, the higher the gap in wage patterns."

Where in the distribution of income and the distribution of earnings is the differential at its greatest? It may be that the average wage gap stems from particular or specific discrepancies at different points in the earning distribution or different levels of seniority. In another study undertaken by Juan Barón and Deborah Cobb-Clark⁸ and published in the *Economic Record*, gender wage gaps among lower paid workers could be largely explained by job-related characteristics. However, when compared with higher-paid workers in either the private or public sectors, more substantial circumstances emerge. In the private sector, the gender wage gaps are only partially explained by job-related characteristics. In the public sector, it appears that virtually none of the wage gaps are explainable. From this evidence it could be asserted that across the workforce areas of seniority hold more cause for concern.

Female managers

Research conducted by Ian Watson⁹ in the *Australian Journal of Labour Economics* and Hiau Joo Kee¹⁰ in the *Economic Record* also looked at unexplained gender wage differences. Both their findings concur with the pattern that the more senior a female becomes, the higher the gap in wage patterns.

Watson discovered that female managers in full time employment earn 27 per cent less than their male counterparts and that between 65 to 90 per cent of this differential is unexplained by job-related characteristics. He also reported on the evidence of a plateau in regards to labour market experience and, from that, postulated the ongoing existence of the glass ceiling that prevents progression from middle to senior management for females compared with males.

Overall Watson's analysis found that an \$18,500 difference in remuneration exists. He looked at how this wage difference could be closed if female characteristics were conferred upon men, including labour market experience, hours worked and equalising the returns to different family characteristics. In fact, it only constituted a fraction of the \$18,500 difference in remuneration. The most important element in equalising the differential was for a woman to become a man, which would contribute around a \$12,500 difference in wages for females.

Kee's work reiterated the pattern that wage gaps for lower-paid workers could be explained by job-related characteristics. However, the greatest unexplained gap occurred moving up the earnings distribution from the 75th to the 95th percentile, with the greatest difference in private rather than the public sector.

The evidence leads to questions about the longer-term economic impacts for Australia.

The NATSEM Office for Women report sought to establish relationships between the gender wage gap and economic growth. Although the authors acknowledge that their findings are limited by not taking into account women's unpaid contribution to the economy, there are nevertheless some indicative patterns that emerge in the analysis.

It suggested a reduction of the gender gap of around one percentage point could increase GDP by around \$4.4 billion.



"... a reduction of the gender gap of around one percentage point could increase GDP by around \$4.4 billion."

Judith Sloan was appointed as a non-executive director of Westfield Holdings Limited and is a board member of the Lowy Institute. She is also a Honorary Professorial Fellow at the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne.



2. Labour force participation

Professor Judith Sloan

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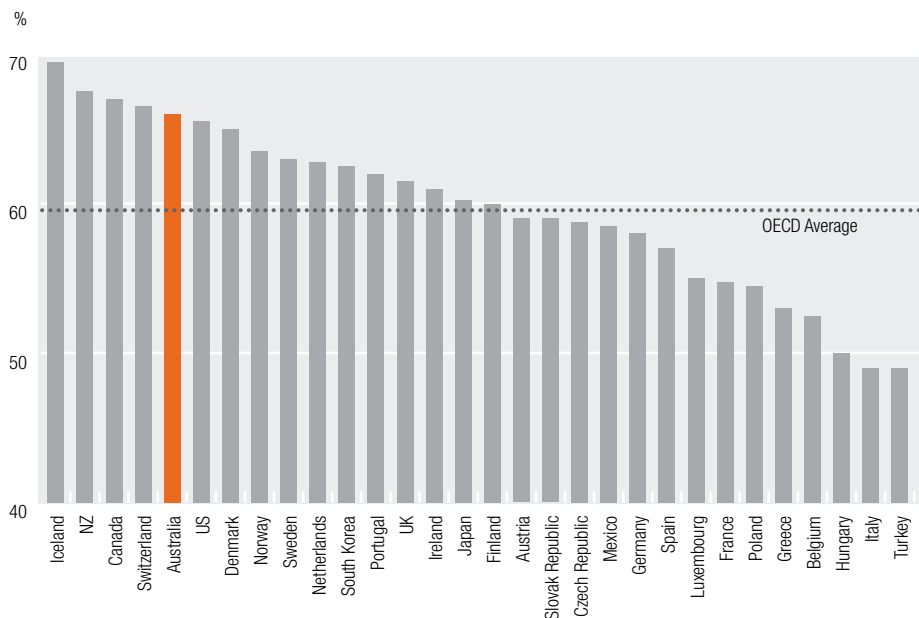
Professor Judith Sloan, Commissioner with the Fair Pay Commission, discusses the change in female labour force participation over time, and whether increased participation can contribute to higher labour productivity.

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It's interesting to think about how Australia compares in terms of female labour force participation and how this may have changed overtime. Does higher female labour force participation contribute to higher labour productivity?

Overall Australia ranks reasonably well, behind New Zealand, Canada and Switzerland.

CHART 1:
AUSTRALIA RANKS PRETTY WELL IN TERMS OF OVERALL WORKFORCE PARTICIPATION



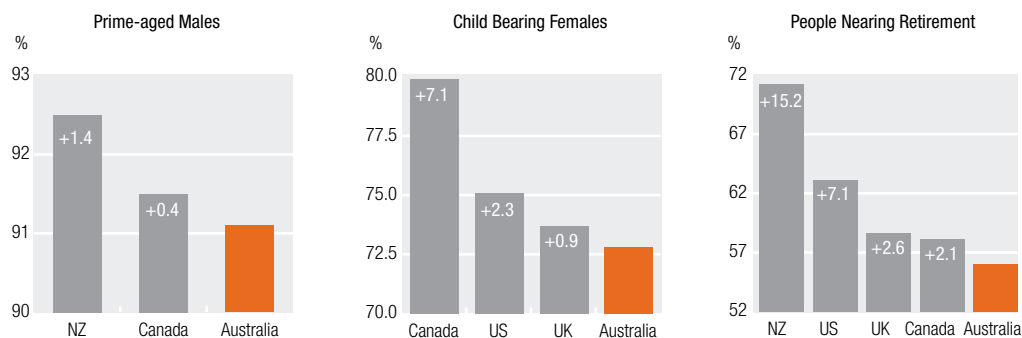
Source: Source: Abhayaratna, J. and Lattimore, R. 2006, Workforce Participation Rates – How Does Australia Compare? Productivity Commission Staff Working Paper, Canberra (Page XII)

In the younger age groups Australia ranks well in labour force participation. It is believed this is due to the prevalence of education and work, and the combination of both. Interestingly this is not as common elsewhere in the world.

The issues arise in the prime age bracket of 25 to 54 years of age, where Australia ranks quite poorly on the international scale.

Female labour force participation has increased, and while we still have low participation during the child bearing years, it has also slowly increased as Graph 2 indicates.

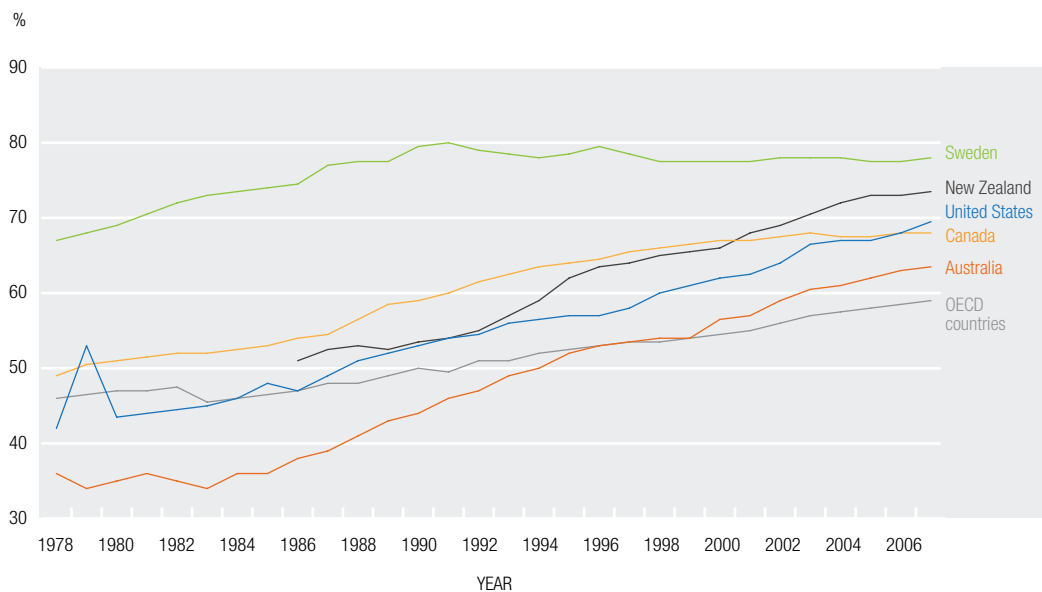
CHART 2:
COUNTRY-SPECIFIC WORKFORCE PARTICIPATION RATE GAPS BY KEY LABOUR MARKET SEGMENTS, 2005



Source: Abhayaratna, J. and Lattimore, R. 2006, Workforce Participation Rates – How Does Australia Compare? Productivity Commission Staff Working Paper, Canberra (Page XIII).
 Data sources: Based on ABS (2006C, 2006d); CIA (2006); EOWA (1998); IISS (2006); OECD (2006c); UN (2005a, 2005b) and USCB (2005).

What is evident is the major increase in the participation of older women. There are in fact two effects: one, the cohort effect where women are much better educated than their mothers and are continuing to participate; and two, an increase in participation from women who are beyond the cohort. In the past, Australia was dismal in realising older female participation, but now we are above the OECD average.

CHART 3:
LABOUR FORCE PARTICIPATION, OLDER MEN AND WOMEN, 1979 TO 2009



Source: OECD

Another interesting participation factor is part-time employment. Australia is the champion of this. In Australia, over 40 per cent of employment is part time and this could arguably be due to flexibility in the labour market. Interestingly, even the male percentage of part-time employment is high in comparison to OECD standards.

Interestingly, and contrary to popular belief, producing an environment that is conducive to more female participation will result in a lower skilled and less experienced work force which will reduce productivity – in the short term. Does this mean we should not take action? Certainly not, as the longer-term results would certainly produce a different outcome.

Currently, women who choose to stay in the workforce do so for rational reasons as they are seeking a return on their skills and experience. From this we could question the focus with which Australia chooses to pursue its increases in participation. For example, ensuring that we maximise the underutilised skilled talent that is currently lying dormant. What we do know is that female participation is growing, particularly among older women, and this may be a constant trend for years to come.

There is an interesting story sitting behind all of this information in the choices couples are making. Does he take the high risk and she takes the low risk? Perhaps this is a sensible choice to make as a family, but logically speaking if women have chosen the low-risk occupation, with low returns, this will inevitably show up in the wages gap. This is something to think about and consider as a whole.



“What is evident is the major increase in the participation of older women.”

Dr Hannah Piterman is the Director of Hannah Piterman Consulting Group and Co founder of Gender Worx. Hannah authored 'Unlocking Gender Potential: A Leader's Handbook', which was published in 2010 and has contributed immensely to this topic through reports and journal articles.



3. The power of the irrational

Dr Hannah Piterman

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Dr Hannah Piterman discusses why, despite the business case for gender equity being clear, this remains a complex issue and looks at the changes needed.

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Despite the clear business case backed by extensive research that has aligned improved financials and healthier, more positive cultures with the increase of women at senior ranks, the gender parity chasm still exists. Not only are women excluded from the leadership table, but they are held to account for being women.

The business case for gender equality is clear but the solutions are complex. Gender diversity is by no means unanimously accepted as a strategic priority. Perceptions of its importance vary, particularly between men and women.

Recent worldwide research published in the Harvard Business Review by Bain and Co.¹¹ found that 80 per cent of women and only 48 per cent of men believe that gender parity should be a critical business imperative. Sixty-six per cent of men believe that women have equal opportunity to be promoted to leadership and governance positions, yet less than a third of women agreed.

Competing messages

So we have competing messages. One that recognises women are smart, capable and committed and that business cannot afford to squander scarce and talented female resources. The other messages are subtle, perhaps unconscious, and deeply embedded in an organisation's DNA. These messages are based on a belief system that meritocracy exists and that women who have not succeeded have only themselves to blame.

The resulting dynamic sees women having to prove that they are extraordinary. That they are without needs or demands, and that they are unencumbered by family in order to avoid being sidelined as less ambitious, as not having the prerequisite experience and of not wanting to commit.

The well-documented wage gap is testament to the fact that women are expected to be selfless, while self-orientation and competitiveness are accepted in males.



"The business case for gender equality is clear but the solutions are complex. "

Female authority

As a society, we still struggle with the notion of female authority. Women who are seen to step outside a stereotypical female paradigm can engender rage in others, both male and female.

There are many extraordinary women who continue to achieve extraordinary things. However, as long as being extraordinary remains the tacit prerequisite by both men and women for women's entry into leadership, senior ranks will remain populated by men. It is undoubtedly a cultural problem and therefore cultures need to shift for female authority to thrive.

Changes needed

First, the rationale needs to be ramped up from important to urgent and a cogent business case prepared. The ASX amendments to the Corporate Governance Principles are an important step. However, unless the impetus is complemented by culture change in organisations, women will choose with their feet.

Second, business needs to take an evidence-based approach and seek metrics that can guide strategy and interventions for dealing with the issues. Companies invest significantly in diversity initiatives. For the US it is estimated to be in the vicinity of \$8 billion annually for Fortune 100 companies¹². However, investment has not made significant inroads into the number of women in senior executive positions. The right levers are not being pulled. A sound measurement basis provides a strong lever for change.

Third, leadership needs to respond to the evidence and take action. For example, strategies that address the paucity of women in line roles will not become effective for some time as organisations address pipeline blockages that see an aggregate of only 4.1 per cent of women in line roles. However, a decision to make all core strategic meetings between 9am and 2.30pm could be implemented immediately.

Fourth, leadership needs to ensure a safe setting that encourages men and women to examine hidden norms without the fear of marginalisation or recrimination. While an evidence-based approach reduces the likelihood of defensiveness and blame, the process will surface uncomfortable issues. It may highlight gaps between the organisation as a fair-go employer and the way employees perceive the organisation's commitment to equal opportunity.

Fifth, it goes without saying that a budget is needed to ensure that action is taken to address issues that emerge from the data while acknowledging that Rome wasn't built in a day.

Sixth, business needs to challenge norms such as the long-held belief that flexibility and seniority cannot be aligned. Some organisations have found creative options to deal with structural impediments.

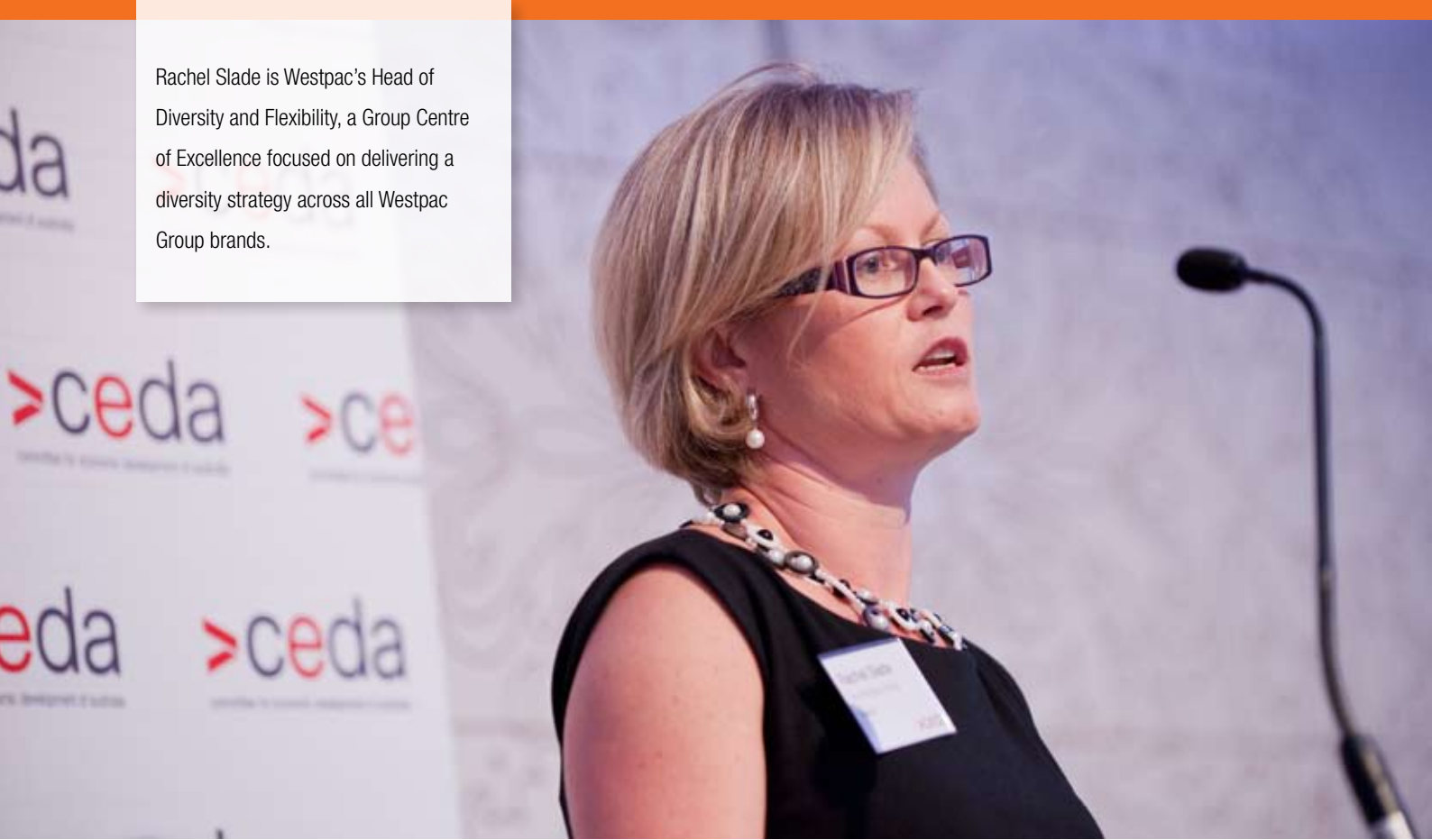
Finally, business needs to accept that change occurs incrementally and imperfectly, and therefore needs to commit to the long haul. Equivocation, particularly during difficult times, sends a strong message that can undo progress.

Gender is a strategic and risk management issue – not a women's issue – and organisations that are successful in reducing gender parity will be the new winners.



“Gender is a strategic and risk management issue – not a women's issue...”

Rachel Slade is Westpac's Head of Diversity and Flexibility, a Group Centre of Excellence focused on delivering a diversity strategy across all Westpac Group brands.



4. Understanding barriers

Rachel Slade

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Rachel Slade examines some of the barriers and what is needed for long-term sustainable change.
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Like the rest of corporate Australia and in particular the financial services industry, Westpac is struggling to deal with the issues of women in senior leadership, except of course at the very top. Westpac has a proud history of taking action to make a positive difference for women.

To reference a study by FINSIA that provides a powerful message:

When asked: "Is it almost impossible for women to progress to executive level in such a male-dominated cluster of the financial services industry", **61 per cent of women agreed and 85 per cent of men disagreed.**

When it comes to perceptions of opportunities for women, this kind of gender divide is not uncommon. The majority of decision makers in this industry and in corporate Australia today are men. The corporate fabric of the organisation has been woven by men and unwritten rules have been framed by men. So with this in mind it is not surprising that barriers aren't transparent or overt. Here are some that we know exist and we are cognisant of their implications:

Maternal wall: A description used to explain the issue of women not being approached for opportunities because somebody is making a decision in their best interests. The phrases too often are: "She won't want to travel because she has young children", "the hours in that role are too long", "she won't move to Melbourne because of her commitments", and "she's just too pre-occupied with her wedding next year to be interested". It can sound ridiculous, but when people (both men and women) discuss the maternal wall the facial expressions acknowledge the guilt.

Organisations and leaders need to question both stated and unstated assumptions about what is good for women and/or what women want. To tap female potential organisations need to engage with the female workforce.

The hour glass ceiling: Finding the balance between paid and unpaid work and that unpaid work is largely about caring. Women do invariably take on a large share of the caring and nurturing role, whether that be their children, the household and increasingly their elderly parents.

Displaying ambition: Women and authority - how do we as a business society accommodate a different face and style of leadership? How do we remove the perception of the double bind women face: too aggressive if they behave in an ambitious manner and too weak if they are communal and collaborative? Assumptions about what women want, need to cease and questions need to be asked at various stages of their career. Businesses need to support creating valid and alternative models of career progression.

Hardwiring: Achieving long term sustainable change takes an approach that combines focused interventions like targets, with critical elements and drivers for soft wiring cultural change. Some examples of hardwiring include targets and policies. Examples of softwiring include storytelling, role modelling and creating a grass roots community of advocates and change agents.

Supporting communication with some fundamental principles is important – this is about equality of opportunity, for the full talent pool. Not about opportunity at any cost.



"...The corporate fabric of the organisation has been woven by men and unwritten rules have been framed by men."



Insights from the CEDA roundtables

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As part of the Women in Leadership series, CEDA held two roundtables – one with women only and one with men only – to try to distil some of the less tangible perceptions that exist. The experience provided a unique opportunity for business leaders to hear and discuss some of the nuances that exist in a safe setting.

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Regardless of the facts and figures of this debate, underneath are the feelings, experiences, mindsets and biases.

The higher the level of awareness of these perceptions, the greater the opportunity for renewed insight and understanding. Some thoughts and opinions from the sessions are included below to provide insight into some of these underlying issues.

From the female perspective

Women's role in society

"There is a question about space for talking and communicating these issues in a male-dominated world. There is a travesty of culture which means you have to fight between picking up your children from school or being at work. So I believe Australia is a conservative society with a massive gender segregation, which goes across all industries."

"There is a travesty of culture which means you have to fight between picking up your children from school or being at work."

"There is a whole-of-family challenge, more predominant in different ethnicities. However, the gender roles that men and women play are still very real today. There is pressure from family and friends believing you should play a certain gender role. You are made to feel guilty for going to work, for leaving your children and it's assumed that someone else is raising your children. This is an enormous emotional and mental hurdle to overcome."

"Women stand out more because the culture is one of male entitlement, and that is the norm. Women who stand up to men are seen as being ultra-feminist and feminism can be used in a derogatory way."

"I was the only female on the executive team and I've had comments like 'It's those bio-rhythms again'."

"Australia has had a culture which enabled one bread winner and this is the genesis of all those 50s type expectations of one feeling inadequate. Even though this is not realistic we still have this image."

How women feel about other women

"I can sometimes be fearful of women who are manipulative and yet men who behave the same are not deemed manipulative, they are deemed as influencers. Why is this so?"

"There is unconscious behaviour in organisations; it's rife, an underlying anger towards other successful women. Women are really angry with other women and they don't like that female authority."

"As a minority in a competitive culture, women are often pitted against each other. It's natural to want to be the best woman in the room. However, this engenders competition."

"There is no support from our own sisterhood; basically women are criticising women."

"Women who stand up to men are seen as being ultra-feminist and feminism can be used in a derogatory way."

From the male perspective

Men on women in leadership issues

“This issue is a major social equity argument but even with the ever increasing evidence that suggests a stronger business and economic argument to create more diverse senior ranks and boards in Australia, it still seems incredibly hard. Why is this so? Why do our metrics lag behind the rest of the world? This is what puzzles me and both genders have a responsibility.”

“One of the challenges to inequity is trying to understand the more subtle dynamics in the relationship between men and women in the workplace. There has been much attention placed on the provision of maternity leave, childcare and crèches, the more tangible aspects. However, (there is) not enough discussion about the intangible aspects of the workplace and the sorts of cultural and interpersonal relationships that exist.”

“There is a perception that men can exude a natural aggression, it's needed to do these jobs, you need to be pushy. If a female does this, it's almost unnatural, whether it comes with the voice, the tone, the body language and everything else. I can reflect on a past senior colleague who used to come across as excessively aggressive or tense but upon reflection I can see it was simply her trying to find her voice.”

“It can be intimidating for women to speak up around men, especially ‘big men’ with ‘big voices’. The presence alone can create anxiety that alienates the minority, being the female, who in many cases are smaller in stature and quieter in vocal delivery. We need to lift women's confidence and we need to help them speak up and find their voice.”

“As a minority in a competitive culture, women are often pitted against each other.”

Men on unconscious bias

“There are subtle sexual tensions that exist between men and women, we all have relationships in our lives which are gender based and the workplace is simply another environment, but indeed a more complex one. I admit to having had a tendency towards employing more attractive women, not simply more physically attractive, also more attractive personalities.”

“Whilst unconscious bias is now a big conversation, we need to be realistic and not allow bad behaviour to be deemed as unconscious. Let's not pretend that conscious bias is not present; there are definitely still stereotypical attitudes that we men and women are guilty of holding.”

“There is a perception that men can exude a natural aggression...if a female does this, it's almost unnatural.”

What men *think* women think

“Women get to the point where it's just too hard and they have had enough. Balancing work and life is too difficult and therefore it's easier to move into the small to medium size market that is more flexible. The opportunity loss for talented women is enormous.”

“Women are more likely to feel the imposter syndrome, which effectively means I am sitting here in this meeting but I don’t belong here. Often they fought really hard to be there but when they look around they don’t really belong. I’m at the table but I am an imposter.”

“I’ve seen women get to senior positions and they are often harder on women coming through, certainly harder than their male counterparts. Is it because they broke through the glass ceiling and now they have a right to be extra critical of those trying to forge the same path? Why is it that women seem to be the harshest judges of women?”

“Our firm has been particularly proud of its achievements with women. However, we are seeing a fall off from where we have been. Many women who have been promoted are simply saying, ‘I do not want this’. Interestingly, we are also seeing a rise in Beyond Blue statistics in depression levels in men. Perhaps there is something in the role we expect our executives to take on and the environments with which they participate which is fundamentally flawed. Perhaps women are being smart and men go on suffering.”

“Why is it that women seem to be the harshest judges of women?”

What about the Baby Boomers?

“Another issue males need to understand is that baby boomers are still in charge and they don’t understand women as much as they think they do. An example of this is a baby boomer CEO of a top 10 company a few years ago was about to hire a woman into a position one below him. The woman confided in the recruiter that she was pregnant and the recruiter informed somebody in the organisation who ultimately informed the CEO. The whole process nearly collapsed except a 39-year-old man at the time said, ‘This is ridiculous, that’s fine, I’ll hire her’. The interesting part is the 58-year-old CEO had absolutely no intention of hiring her, this was a deal breaker. I think baby boomers are really struggling with issues that the next generation are not struggling with as much.”

“...baby boomers are still in charge and they don’t understand women as much as they think they do.”

Do we need to moderate “maleness” in organisations?

“I did experience through my career macho characteristics being exhibited. What is it to be male? The mateship idea of squeezing people out who weren’t particularly interested in football or didn’t want to go to the pub after work. There is a much greater need to be culturally sensitive and we could all admit that these characteristics are still alive and well today and you have to ask, is this how it’s supposed to be?”

“Perhaps there is something about our boardrooms that reflects what men are used to, such as the behaviour on football fields, behaviours we developed earlier in our childhood as boys.”



*CEDA Women in
Leadership Series
Improving participation in
the workplace
Opportunities and
challenges*

Insights from industry and government

Three case studies:

1. GlaxoSmithKline
2. PriceWaterhouseCoopers
3. South Australian Government

1. GlaxoSmithKline Australia

Deborah Waterhouse, Vice President and General Manager,
Australia and New Zealand

At GSK there is a strong economic rationale for attracting and retaining talented people, alongside a very strong business rationale. Supporting employees to find the right balance between their work and their personal lives is paramount, and GSK has created a number of policies that support this commitment.

All GSK staff can apply for alternative work arrangements, including:

- job sharing
- reduced hours or school hours
- part time work
- work from home and from office scenarios
- purchase of additional annual leave
- taking a career break
- retirement wind down

In addition, GSK has a Corporate Family Program – an online portal where employees can find child care services, babysitters, access parenting resources, and find out about free onsite parenting seminars. This program is geared for both men and women. GSK also runs health and resilience programs, and parental leave is an option for both men and women.

“History has proven
the best teams are
not dominated by
one gender...”

In 2010 and 2011, GSK was awarded Employer of Choice for Women by the Equal Opportunity for Women in the Workplace Agency. GSK set a very clear strategy for the business in 2008 to ensure success. One of the pillars within this strategy was ‘fostering individual empowerment’, where an individual employee value proposition is developed. The strategy, *GSK in Balance*, essentially means striking a deal between the needs of the employer and the needs of the employee.

Today the GSK executive team is 50/50 – five men and five women. History has proven the best teams are not dominated by one gender and the breadth of thinking and range of perspectives that emerges from this team is absolutely invaluable.

Women have the greatest opportunity to exercise authority as authentic and unencumbered leaders when there is a critical mass.

2. PriceWaterhouseCoopers

With 6,505 employees, and an average employee age of 32 years old, the people agenda is a critical part of our firm's strategy – to *'ignite a behaviour led culture to live the strategy'*. Diversity is also imbedded in the PwC corporate responsibility strategy – we believe that a positive workplace culture which supports diversity and wellbeing is paramount to delivering high performance, innovation and agility in the marketplace.

PwC's diversity strategy has seven dimensions

Our aspiration is to create an inclusive workplace that embraces the diversity of our people and supports them to achieve their personal and professional goals while enhancing business performance. In order to support this aspiration, we focus on creating an awareness of how unconscious bias can impact the decisions we make.

PwC's current approach to transformation is based on a 'positive change construct' (a process adapted from 'Appreciative Inquiry' by Fran J. Barrett & Ron E. Fry). In this regard, we seek to create change by understanding and leveraging the strengths of our organisation in addition to addressing the deficits. The focus shifts to the solution rather than the problem. In adopting this model we have started to see positive results in the retention of talent, increased engagement, increase in people working flexibly and an increase of women in leadership.

Three years ago the firm took a fresh look at our whole diversity strategy and our female population, in an effort to understand the root cause behind our challenges in this space. The research explored two key themes:

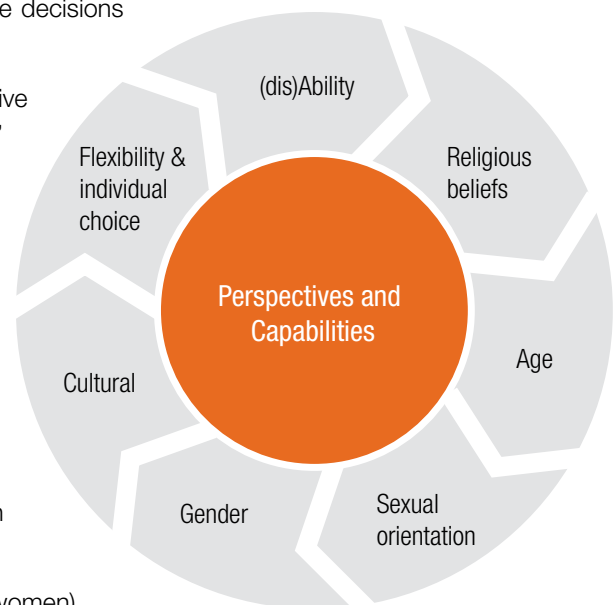
1. Why was the pipeline leaking from senior manager (49 per cent women) to director (39 per cent women) to partnership (17 per cent women)?
2. With a strong parental leave return rate, why were women leaving within 12 months of returning to PwC?

The causal analysis uncovered the following challenges:

- More men were being tagged as potential talent for the leadership pipeline
- Part time work was offered but it had very little flexibility
- Leadership development courses were often held off site or in a residential capacity, a model not suitable for all staff members

Applying the 'positive change construct' approach, we consulted a new audience of women who had succeeded to reach partnership level and women who had returned and chosen to stay at PwC beyond 12 months. Our research uncovered something very different than what we had seen before.

Every female that had made partner at PwC had a sponsor – an advocate. Coincidentally, the sponsor was male in every case. Secondly, the staff returning and remaining after parental leave worked flexibly, not within a tight part time regime.



They tapped into a variety of sources to achieve the desired flexibility (purchasing additional annual leave, utilising an emergency nanny service and working flexibly to balance personal and client commitments).

Equipped with this knowledge, a new strategy was designed starting with leadership, and formed part of our employee value proposition. It built a point of differentiation in the marketplace for graduate intakes and clients. There was an intentional focus on understanding bias and building awareness as outlined below:

The new strategy includes specific programs:

- Growth Mindset – leadership development programs based on research by Carol S Dweck, Ph.D and world renowned psychologist at Stanford University.
- Building Female Leaders – designed for senior managers and directors. The program builds the mental and emotional capacities that underpin the wellbeing and success of women in senior roles.
- Sponsoring Women – designed for our partners. The workshop focuses on specific strengths-based approaches to one-to-one interactions and sponsorship roles as well as the science of gender differences in thinking, decision making, stress response and reactions.
- Redesigning part time work – shifting language from part time fixed hours to flexible hours, transition that matches workload.
- Inspiring Market Leaders – designed for partners and principals. This two-day workshop takes an outside in approach to our culture work, starting with the needs of our clients to help shape where we focus and how we lead our teams. The output is a network of change agents across the firm who then continue the behavioural change journey in their business units.
- Harvard Implicit Association test – staff recommended to undertake this 15 minute test to aid conversation around cognitive bias.

Results:

- 87 per cent of our people are proud to work at PwC
- 84 per cent believe PwC is an inclusive work environment where individual differences are respected and valued.

“...we focus on creating an awareness of how unconscious bias can impact the decisions we make.”

CHART 2
THE GENDER SHIFT IN PWC

These are some of our milestones and achievements

	2008	2011
Representation		
Partner admissions	14% are female	41% are female
Returning parental leavers	87%	91%
Parents leaving within 12 months of return	24%	16%
Sponsorship		
Key talent women with a sponsor	10% female Key Talent	65% female Key Talent
Formal male sponsors	no formal data	54% sponsors
Flexibility		
Purchasable annual leave	4 weeks	12 weeks
Paid parental leave	14 weeks	18 weeks
Work flexibility	8%	49%

Source: Diversity & Inclusion Survey 2010

3. South Australian Government

Warren Maccan, Commissioner for Public Sector Employment,
Office for Ethical Standards and Professional Integrity,
Department of Premier and Cabinet

South Australia can boast that it is the leading Australian state for the highest number of female executive positions in Australia.

Within the SA Government Strategic Plan is a target: 50 per cent of the public sector executives to be women by 2014.

The public sector in SA is the largest employer in the state with approximately 100,000 staff. Of that figure, 1,200 are classified as executives. Experience had shown over time that the traditional arguments for change around equity and the glass ceiling were falling on deaf ears and decision makers were becoming quite cynical. Therefore, the need for the business case became clear and it was this that helped provide a bridge for change in SA.

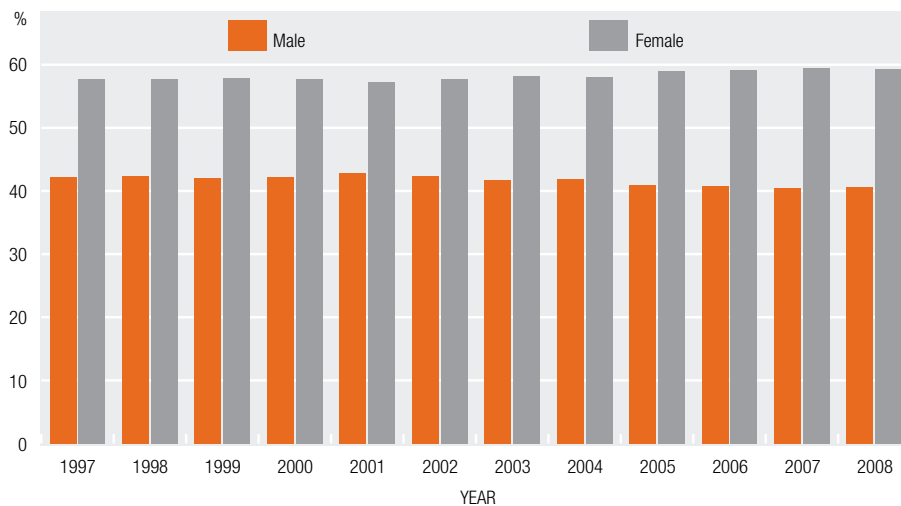
In 2003, only 29 per cent of the SA female workforce held executive level positions. In October 2010 that had jumped to 42 per cent. So how did this happen? What was the business case for change?

The key components of the business case included:

Graduate talent

Over the past 10 years almost 60 per cent of Australia's graduates were women, and with the number of female graduates growing at twice the rate of male graduates, the pipeline is clear. These numbers are not due to more predominantly female oriented courses, such as nursing or social work; females also outnumber males in natural and physical sciences, and management and commerce, among other courses.

CHART 1:
AUSTRALIAN STUDENTS AWARD COURSE COMPLETIONS BY GENDER, 1997 TO 2008



Source: Department of Education Employment and Workplace Relations Higher Education Statistics 2008 – Table 2 Award course completions for all students by citizenship and gender, 1997-2008

The poignant relevance for the SA Government was to consider that a very large proportion of executives will ultimately come from the graduate pool of talent. Therefore, it does not make good business sense to be appointing less than 50 per cent of our executives from the pool that is largest and clearly growing.

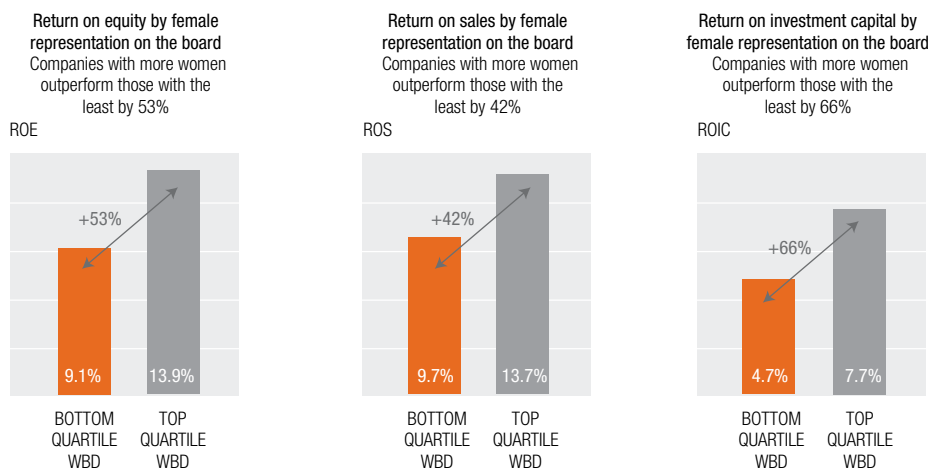
Female executives and performance of boards

The next component to consider for the business case was the link between female executives and performance. There is an immense amount of international research on this question but the following referred to here is from Catalyst in the United States.

The graph below measures the performance of boards of US Fortune 500 companies with more women. It shows that boards with a greater number of female board directors outperform on all three results – return on equity, return on sales and return on invested capital.

“...traditional arguments for change around equity and the glass ceiling were falling on deaf ears...the need for a business case became clear...”

CHART 2:
BOARD DIVERSITY RESULTS



Source: Catalyst 2007: US Fortune 500 Companies

We know women make up half the workforce entrants, but by the time they reach executive level, the proportion has fallen to 10.7 per cent, while only two per cent get to sit in the CEO's chair.

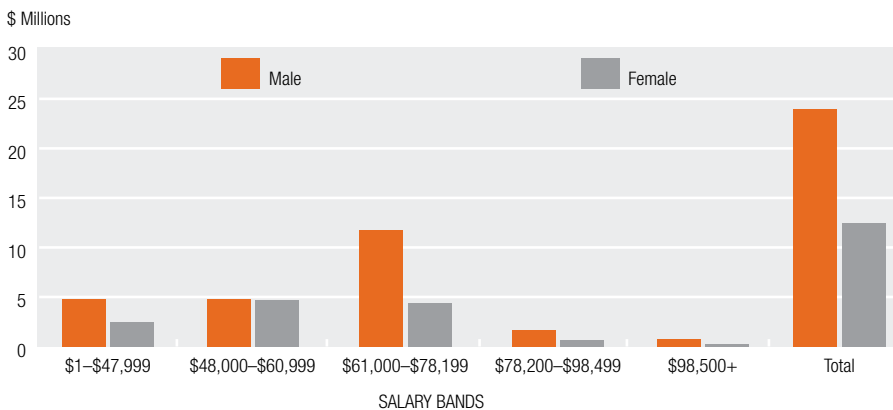
Cost impact

Women are leaving the SA public sector at a younger age than men, and every time an experienced female member of the executive feeder group leaves it costs \$140,000 in recruitment and training to replace them.

Dollars spent on training and development

Given the composition of the workforce is 50/50, it is more than unjust – if not inequitable – to see the statistics below. One can see why females might become disenfranchised with pervading cultures.

CHART 3:
TOTAL TRAINING AND DEVELOPMENT BY GENDER ADMINISTRATIVE UNIT EMPLOYEES JUNE 2009



Source: Workforce Information Collection Data (WIC) June 2009

Understanding this content has helped build the business case which has been used to improve the SA story. Using external benchmarks has been a driver for internal organisational change and building the business case for gender parity within the SA Government. Paramount to achieving change is driving it from the top.

“...every time an experienced female member of the executive feeder group leaves it costs \$140,000... to replace them.”

Endnotes

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- 6 Rebecca Cassells, Riyana Miranti, Binod Nepal and Robert Tanton (2009). 'She works hard for the money: Australian women and the gender divide', AMP.NATSEM Income and Wealth Report Issue 22, April 2009.
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- 12 Duehr, E. & Bono, J.E. (2006). Men, women, and managers: Are stereotypes finally changing? *Personnel Psychology*, 59, 815-846.

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From our sponsor:

ExxonMobil

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ExxonMobil is a highly successful company in a highly competitive, technology focused industry. Diversity is a key issue for ExxonMobil for a simple reason – it makes good business sense to employ the best people, whatever their gender or background, and ensure that they develop to their full potential. Our success, and our future, relies on our ability to attract and develop the best brains from diverse backgrounds.

Women play a vast and important role in our operations, both in Australia and globally. ExxonMobil Australia has been recognised as an Employer of Choice for Women by the Equal Opportunity for Women in the Workplace Agency (EOWA) for the past 10 years, since the inception of these awards.

Our policies encourage women's active participation in the workforce and are important in fostering a supportive environment for women, such as 14 weeks of paid parental leave in addition to the Federal Government's paid parental leave scheme. Our Workplace Flexibility Programs allow for part-time work opportunities, time-off from work and variable work schedules to support our employees' need for flexibility at various points in their careers.

Equally important is creating a culture of diversity and inclusiveness within our company. We do this in many ways, not least by building a proactive consciousness about progression opportunities for women right from the start of their career.

Our ongoing aim to provide an inclusive environment for women in our workplace fits perfectly with the aims of CEDA's Women in Leadership Series. It is through ongoing discussions and engagement with opinion leaders, such as the opportunities offered through this series, that effective change on closing the barriers faced by women in the workplace can truly be met.

ExxonMobil Australia has been proud to be involved with the CEDA Women in Leadership Series and the Looking Below the Surface report. As a subsidiary of one of the world's largest companies providing energy to people all around the globe, we have an important job to do, and this can only be achieved if both men and women are involved to their full potential.

Ulysses Yiannis
Human Resources Manager, Asia-Pacific South
ExxonMobil Australia Pty Ltd

From our sponsor:
GlaxoSmithKline



GlaxoSmithKline (GSK) is incredibly proud to be involved in CEDA's Women in Leadership series. It has been a great opportunity to showcase the leadership of a number of talented women and actively contribute to the debate on important questions facing our society today.

When we heard about this series we were determined to be involved, because we are passionate about advancing the career prospects of all our employees. Like many businesses, we know that fostering great talent and matching the right people to the right roles is crucial to our success.

In 2010 and again in 2011, GSK was recognised by the Equal Opportunity for Women in the Workplace Agency (EOWA) as an employer of choice for women. We are very proud of this achievement because it represents our public commitment to supporting and advancing women in the workplace.

We have put in place a number of policies to support this commitment, from paid parental leave, corporate family programs, development opportunities and flexible working arrangements, to help all employees find the right balance between work and family life.

But is there more we can do? How can we continue to maximise the value that women bring to our business, particularly in leadership and management roles? On a more personal note, as an executive, what support can I give the women in my team to help them reach their full potential?

It is to help us answer these important questions that GSK decided to be involved in the series; and we have not been disappointed.

GSK is a global research-based pharmaceutical and healthcare company with a proud history in Australia dating back to 1886. We collaborate with local researchers and doctors to discover new ways of treating and preventing disease, investing around \$56 million a year in research and development. We provide about 1620 skilled jobs across Australia and contribute \$584.6 million to Australia's pharmaceutical and medicinal exports.

With this research heritage we are delighted to support the research-based approach CEDA has adopted throughout the series, culminating in the development of this Women in Leadership report entitled Looking Below the Surface. We commend CEDA and Dr Hannah Piterman for instigating this important research and for creating the safe environment to continue to drive the debate.

As women, we have a lot to celebrate. We are chief executives, business leaders, academics, Nobel Laureates, mothers and partners. We have achieved high public office. But it hasn't been easy and there is a long way to go. That's why we need to keep having this conversation.

Deborah Waterhouse
General Manager, GlaxoSmithKline Australia and New Zealand

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