

Chief Executive Women

**Submission to the Review of the Equal Opportunity for Women in the
Workplace Act and Agency**

29th October 2009

CONFIDENTIAL

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Appendix 1 Chief Executive Women programs and publications

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1. EXECUTIVE SUMMARY AND RECOMMENDATIONS

1.1 Executive summary

- The economic and business benefits of gender diversity are significant.
- Closing the gap between male and female employment would have a major positive impact on Australian productivity. Failure to do so could cause Australia to fall behind some of its major trading partners
- The talent shortage at senior levels of companies will be exacerbated in the medium term by the ageing work force.
- Currently, corporate Australia recruits 90% of its leadership from only 50% of the talent pool.
- Unless there is significant intervention this unsatisfactory status quo will persist.

1.2 Recommendations to the Review:

1.2.1 Establish Voluntary Targets

1.2.1.1 Listed and unlisted public companies

- CEW believes listed and unlisted public companies (over 100 employees) should set voluntary targets to substantially increase the representation of women on boards and at senior executive level. These targets should be 30% of women after three years and 40% after five years. CEW accepts that, for some companies, given their industry sector, these may be stretch targets.
- CEW recommends unlisted companies report progress against these targets in a Diversity Statement in their annual reports. Listed companies

should report against targets on an “if not, why not” basis in their Corporate Governance Statement pursuant to the ASX Corporate Governance Guidelines (which CEW has recommended be amended to incorporate this issue).

1.2.1.2 All organisations

- All organisations (over 100 employees) including tertiary education institutions and trade unions, should set voluntary targets for achieving substantial increases of women in all roles and at all levels throughout the organisation where they are under-represented, providing for progressive increases over a three to five year period, reporting against them annually to EOWA.

1.2.2 Monitoring progress

- Company auditors should include in their audits performance against gender balance targets
- Monitoring achievement of these targets should be undertaken by EOWA
- Audited gender balance information and progress in reaching targets should be provided annually (as per 1.2.1.1)

1.2.3 Targets linked to CEO remuneration.

- Achievement of a company's targets including interim annual ones, should be positively linked to its CEO and executive team remuneration.

1.2.4 Future action to increase gender diversity in reporting organisations

- If voluntary targets are not met within five years, effective legislative measures may need to be considered by the government.

1.2.5 Kick starting change

- CEW believes the suggestion that listed companies increase the size of their boards by one member and recruit a woman to fill that new position is worthy of consideration.

1.3 Recommendations for EOWW Act and the Agency

1.3.1 CEW believes that EOWA has a critical role to play in promoting women's equality at work provided it has stronger powers and is appropriately resourced.

1.3.2 EOWA should remain as a statutory authority and consideration should be given to having an advisory board.

1.3.3 EOWA's coverage should include the Federal public sector

1.3.4 EOWA should continue to collect data and be sufficiently resourced to conduct substantial research.

2. INTRODUCTION

Chief Executive Women (CEW) welcomes the opportunity to contribute to the review of the Act and EOWA. CEW's primary focus in this submission is to identify mechanisms to facilitate women to move in substantially greater numbers into senior corporate leadership roles¹ in the private, not-for-profit and public sectors. As shown below, women are seriously underrepresented in these roles at present.

CEW believes, however, that action to increase the proportion of women in such senior leadership positions is inseparable from enabling women to advance at all levels of working life.

CEW believes there are many barriers to women's appointment to senior roles, including cultural bias, lack of operational experience and systemic discrimination. Thus, measures to assist women into middle management roles, to promote the interests of those in small and medium-sized businesses, and to advance women in the education sector, are all critical to increasing women's leadership at senior levels in major companies.

Women represent approximately one-third of all managers² and one-tenth of executive managers (of ASX200 companies).³ Thus despite the fact that there is an adequate pipeline of potential women managers, this has had minimal effect over many years in increasing the proportion of women in the most senior roles. The speed of change and improvement is glacial. Over the last year, even earlier

¹ Both as executive managers and board members.

² EOWA statistics February 2009, *Women in Management by Occupation*, identifies a third of managers as women, at: www.eowa.gov.au/Information_Centres/Resource_Centre/EOWA_Publications/Pay%20Equity%20Resources/women_in_management_09.pdf

³ EOWA (2008) *Australian Census of Women in Leadership*, research conducted by Macquarie University, identified about 10.7% of executive managers in ASX200 companies as women in 2008, at: www.eowa.gov.au/Australian_Women_In_Leadership_Census.asp

modest improvements have been reversed with a deterioration occurring in women's representation in corporate leadership. Immediate change is required. In this submission, therefore, CEW makes a range of suggestions to make this happen quickly.

3. CHIEF EXECUTIVE WOMEN

3.1 Introduction

Chief Executive Women (CEW) is a not-for-profit member group of 173 of Australia's most senior businesswomen. Our members represent women from Corporate Australia, Governments, academia, the professions and the not-for-profit sectors. (See CEW website⁴ for member listing) CEW was established in 1985 with 25 members, and has grown in size and influence since.

CEW has a committed and active member base with the vision of achieving greater gender diversity at senior levels of organisations, understanding that this improves productivity, culture and returns to stakeholders.

3.2 CEW Vision

Our Vision is to facilitate greater representation of women at senior levels of Australian business, Government and not-for-profit sectors and we articulate this as **“Women Leaders enabling women leaders”**

CEW aims to accelerate talented women into senior leadership positions by:

- Influencing CEOs, Boards and senior executives
- Fostering the development of talented women, and
- Building a supportive and collegial environment for CEW members

⁴ www.cew.org.au/

A description of CEW programs and publications is attached as Appendix I

4. WOMEN IN LEADERSHIP: the numbers

4.1 Introduction

The EOWA Australian Census of Women in Leadership has done an excellent job since 2002 in tracking women in senior corporate roles, that is board directors and executive managers in ASX 200 companies. *Pay, power and position: beyond the 2008 EOWA Australian Census of women in leadership*⁵ (EOWA, 2009) is EOWA's most recent report. The report builds on these biennial reports and other research EOWA has undertaken to provide detailed analyses of the particular roles women perform and their remuneration compared to their male colleagues.

4.2 Women in Executive Management

Between 1994 and 2008, a time of high economic growth in Australia, the proportion of women in the executive teams of ASX 200 listed companies increased from 8% to 10.7%.⁶ This masks the decline since 2006 when they held 12% of such positions.⁷

Women executive managers are more likely to occupy functional than operational roles.⁸ The former include Human Resources, General Counsel, Corporate Communications, Company Secretary and Finance roles. The latter include CEOs, Chief Financial Officers and production, strategy and general line

⁵ EOWA (2009), *Pay, power and position: beyond the 2008 EOWA Australian Census of women in leadership*.

⁶ CEW (2009), *The Business Case for Women as Leaders*, p.2.

⁷ EOWA (2008) *Australian Census of Women in Leadership, research conducted by Macquarie University*, at:

[www.eowa.gov.au/Australian Women In Leadership Census.asp](http://www.eowa.gov.au/Australian_Women_In_Leadership_Census.asp)

⁸ EOWA (2009), p.6.

positions, from which most CEOs and board members are drawn as there is a premium on experience gained in these positions.

There are strong arguments that experience gained in functional roles should be as valued as that gained elsewhere. Nevertheless, women should be gaining appointments to these operational positions in much greater numbers and it is disappointing to note the number of women CEOs, Chief Financial Officers and production executive managers has declined since 2006.⁹

Amongst all key management personnel, that is those who are defined as having the most senior roles in planning, directing and controlling an organisation, only 7% were women in 2008.¹⁰ Of female executive managers just under 40% are considered line managers whilst just over 75% of men executive managers are so designated.¹¹

Perhaps unsurprisingly, a large gender pay gap of 28.3% emerges from an analysis of remuneration of key management personnel. This is much higher than the national average gender pay gap (17.2% in February 2009).¹² Women in executive roles designated as “supporting ones” (as opposed to “key”) earn a staggering average of 37.4% less than men in the same roles. The few who make it into line management positions receive 10.4% less than their male colleagues.¹³

⁹ EOWA (2009), p.6.

¹⁰ EOWA (2009), p.12.

¹¹ EOWA (2009), p.12.

¹² EOWA (2009), p.15.

¹³ EOWA (2009), p.15.

4.3 Women on Boards

The proportion (and the number) of women on boards has declined from 8.7% (129) in 2006 to 8.3% (125) in 2008. This is despite the fact that the number of board seats actually increased. The number of directors is 1180 whilst the number of board seats is 1505. Of the former, only 89 are women, 7.5% of the individuals who hold board directorships, a slight increase from the 7.3% in 2006.¹⁴

Women contribute positively once they are appointed to boards; nearly half of them chair a least one board committee whereas just under one third of men do so.¹⁵

5. WOMEN AT WORK: contributing to Australia's productivity

5.1 Introduction

Maximising women's participation in the workforce at all levels, including in senior corporate roles, has the potential to dramatically improve Australia's productivity. Everyone in Australia who wants to be in paid work should have the opportunity to contribute in this way, using their skills and abilities to the full and achieving their aspirations, regardless of gender.

Below, we outline the arguments as to why achieving gender equality at work is not only good for women – but also good for the economy, business, organisational governance and fulfils Australia's human rights obligations.

¹⁴ EOWA (2009), p.7.

¹⁵ EOWA (2009), p.5.

5.2 The economic case

5.2.1 Introduction

Increasing Australia's national income is dependent on increasing investment in technology and in people, and on increasing the number of people in work and the number of hours by those underemployed.

5.2.2 Increasing women's labour force participation

When measuring national wealth by GDP per capita (i.e. the entire population), Australia is middle ranked.¹⁶ This is due to longer average working hours and because people start work at an earlier age and cease it later than in many other OECD countries. Australia could, however, perform much better than it does if it retained more women in the workforce and for more hours. Key to doing this is providing flexible working throughout organisations and in senior positions, not just in non-career track jobs. As the statistics below show, a high proportion of Australian women work part-time. However, such work is very often of poorer quality than full-time work as research by Women in Social & Economic Research (WiSER) indicates.¹⁷ This results in women working below their capabilities or dropping out of work altogether.

The most recent OECD statistics¹⁸ for labour force participation rates (LFPR) and part-time employment are for 2008. Looking at the five countries in the table below, men's LFPR for the prime working age group 25 to 54 ranges between 90 and 95%. Women's on the other hand, varies much more - this being the prime childbearing years for women. It is approximately 75% for both Australia and the US, 78.3% for the UK but 83.2% in France and 87.5% for Sweden.

¹⁶ US Department of Labour (2009), *International comparisons of GDP per capita and per employed person: 17 countries 1960-2008*, at: www.bls.gov/fls/flsgdp.pdf

¹⁷ Research by Women in Social & Economic Research (WiSER). Barns, A., T. Jefferson and A. Preston (2009), *Woman's employment in the context of the economic downturn*, at: www.hreoc.gov.au/sex_discrimination/publication/employment2009.html

¹⁸ OECD (2009), *Employment Outlook Statistical Annex*, Paris.

Labour force participation and part-time employment rates the selected countries, 2008

Country	Population aged 25-54		Part-time employment as % of total employment for population 15-64	
	Men	Women	Men	Women
Australia	90.9	75.4	12.3	37.7
France	94.5	83.2	5.3	22.7
Sweden	93.1	87.5	9.6	19.6
UK	91.7	78.3	10.2	37.7
US	90.5	75.8	7.5	17.0

Source: OECD (2009), *Employment Outlook Statistical Annex*, Paris.

Low though the participation rate for women appears in international comparison, it still overstates Australian women's participation in terms of hours worked, due to the extent of their part-time work. Comparative part-time employment rates for the 25-54 age group are not readily available. But nearly 40% of Australian employed women aged between 15-64 work part-time. The proportions in the other countries are significantly lower (22.7% in France,¹⁹ 19.6% in Sweden and 17% in the US). The gap between men and women's rates of part-time working are also higher in Australia and the UK than the other countries.

In Australia therefore, the underuse of human resources identified by low female participation rates is compounded by the high proportion of women working part-time in lower quality jobs.

A 2007 paper by Goldman Sachs²⁰ has calculated:

“Closing the gap between male and female employment would have huge economic implications for the global economy, boosting US GDP by as much as 9%, Eurozone GDP by 13% and Japanese GDP by 16%.”

¹⁹ Fewer of those under 25 and over 55 participate in the labour market in France than Australia.

²⁰ Goldman Sachs (2007), *Gender inequality, growth and global ageing*. Global Economics Paper, at: www.ftd.de/wirtschaftswunder/resserver.php?blold=10&resource=globalpaper154.pdf

It could be assumed that Australian GDP could be boosted by a comparable percentage if the gap were closed here. If it is not, but the rest of the world continues to close the gap, Australia will fall further behind.

Australia additionally faces significant challenges over the medium to longer term due to its aging population. By 2050, we will have a quadrupling of the proportion of people over 85 and a doubling of the proportion over 65. Increasing women's participation in paid work by addressing barriers to this would significantly improve the national dependency ratio,²¹ essential to expanding the national tax base.

5.2.3 Women's human capital: increasing productivity by maximising return on investment in education

5.2.3.1 Women's education levels are high

Australian productivity measured by GDP per hour worked is relatively low in international comparison.²² Employing women at their full potential is one way of increasing productivity. The WiSER research referred to earlier identifies that between 1996-2003 women made up about 54% of university students and were employed as graduates at the same rate. However, as women progress through an organisation's hierarchy there is a progressive reduction in the percentage of women as they become more senior. See discussion of "The Stupid Curve" Section 5.3.4.

To achieve the best use of women's educational investment, the WiSER research advocates the need for flexible work to be available across all levels of the economy and organisations: "In the absence of the desired flexibility in highly

²¹ That is the ratio of the number of those working in relation to the number of non-workers of all ages.

²² US Department of Labour (2009), *International comparisons of GDP per capita and per employed person: 17 countries 1960-2008*, at: www.bls.gov/fls/flsgdp.pdf

skilled jobs and jobs in non-traditional sectors women will continue to sort into less demanding (and lower paying) jobs. As a society we will continue to fail to maximise the benefits from our investment in women.”

The rigid delineation of work into “full time” and “part time” and the resulting pre-conceptions, limits the effective contribution of women and reduces opportunities for their advancement.

5.2.3.2 Women, work and retirement

Where women cannot obtain any or enough good quality flexible work, they either leave work or work below their potential. This together with the gender pay gap impairs their ability to fund their own retirement. Women currently hold only half the retirement savings of men, and make up 73% of Age Pension recipients. Improving women's ability to be involved in paid work will not only improve the utilisation of their education and abilities but also alleviate the pressures on the social security system.²³

5.3 The business and governance case

5.3.1 Financial performance

In its discussion paper, *The Business Case for Women as Leaders*,²⁴ (CEW, 2009) CEW summarises the research done over recent years linking improved business results in companies to the high proportion of women they have in their most senior management.

In the UK, management consultants McKinsey & Co analysed companies by the proportion of women in their senior management and found that those with a

²³ FAHCSIA, *Pension Review Background Paper* (2008) p 6. Available at www.facs.gov.au/seniors/pension_review/pension_review_paper.pdf ; Robert Tanton, Yogi Vidyattama, Justine McNamara, Quoc Ngu Vu and Ann Harding, *Old Single and Poor: Using Microsimulation and Microdata to Analyse Poverty and the Impact of Policy Change Among Older Australians* (2008) p 15. Available at guard.canberra.edu.au/natsem/index.php?mode=download&file_id=880 .

²⁴ CEW (2009), *The Business Case for Women as Leaders*.

higher percentage produced better results. They calculated that they had a 10% higher return on equity (ROE), a 36% higher stock price growth and nearly double the EBIT²⁵ growth compared to the average in their respective industries.²⁶

In the US, research group Catalyst²⁷ found similar results when analysing Fortune 500 companies' financial results by data for women on boards.²⁸ Companies with the most women board directors significantly outperformed those with the least. This held true across industries.²⁹

5.3.2 Employee engagement

The importance of employee engagement with their employer is a widely recognised factor in corporate performance and much discussed in business management schools and academic literature.³⁰ Again, McKinsey and Co have undertaken research illustrating that companies with three or more women on the executive team rate significantly higher than those with no women on measures including work environment and values, vision, coordination and control and leadership.³¹ These are all good measures of how well an organisation has developed its culture so as to maximise employee engagement.

²⁵ Earnings Before Interest and Taxes.

²⁶ McKinsey & Co (2008), *Room at the Top - Women and success in UK business*, 2008; McKinsey & Co (2008), *A Business Case for Women*, McKinsey Quarterly, September.

²⁷ CEW (2009), *The Business Case for Women as Leaders*; Catalyst (2007), *The bottom line: corporate performance and women's representation on boards*, at: www.catalyst.org/publication/200/the-bottom-line-corporate-performance-and-womens-representation-on-boards

²⁸ In the US, executives make up a large percentage of board directors.

²⁹ Of the five industries analysed.

³⁰ For example, Cranfield University School of Management is currently advertising a program to improve senior managers' performance in this regard, stating " Research indicates that in the UK and US as many as 70% of employees may not be engaged at work. Therefore, it is not surprising that employee engagement has become something of a hot topic amongst business leaders" at:

www.som.cranfield.ac.uk/som/som_applications/somapps/contentpreview.aspx?pageid=679&app_type=news&id=453

³¹ CEW (2009), *The Business Case for Women as Leaders*, p.7; McKinsey and Co (2007), *Women matter - Gender diversity, a corporate performance driver*.

5.3.3 Diversity of Thought

2007 research by Gratton et al at the Lehman Brothers Centre for Women in Business at the London Business School examines how gender balance in professional teams affects innovation potential.³² They collected online survey data from 21 companies encompassing 100 teams in 17 countries, receiving replies from 1400 team members and leaders. They looked at both all male and all female teams and differing gender compositions within teams between these extremes. They also covered different functional areas including leadership executives, research and development, finance and accounting, legal, information technology, human resources and marketing.

The research examined the effect different proportions of men and women in teams have on the factors the researchers knew to be critical in producing innovation from earlier research. This includes readiness to take risks and team efficiency. They found “for all these critical factors the optimal gender mix was about 50% men and 50% women. [They] also found that a slight majority of women (60%) creates optimal conditions in relation to the self-confidence of the team.”³³

Diverse teams at Board and senior executive levels create a more open and questioning culture. They are more likely to avoid “group think” and have a more sophisticated approach to risk management.

³² Gratton, L., E Kelan, A. Voigt, L. Walker and H-J Wolfram (2007), *Innovative Potential: Men and Women in Teams*, at: www.london.edu/facultyandresearch/researchactivities/womeninbusiness.html

³³ Gratton et al, see above, p.5 (of pdf).

5.3.4 Talent management and succession planning

With Australia leading OECD countries out of the recession, identifying and retaining talent throughout an organisation will be key to maximising companies' success as the upturn takes hold. CEW 2009 points to a worldwide survey of employers by Manpower during 2008 on this issue. It reported that over half of Australian employers envisaged having to deal with a talent shortage. This was considerably higher than the overseas employers surveyed.³⁴

This talent shortage in senior levels of companies will be exacerbated in the medium term by the ageing workforce and the retirement of the cohort known as the "baby boomers" over the next 10 years. Deloitte in *Board Effectiveness: The Directors' Cut*,³⁵ states:

"The demand for talent exceeds supply. Directors are keenly aware that the traditional methods of attraction, deployment and development of talent are not producing the right results."

Despite this, corporate Australia recruits 90% of its leadership from only 50% of the population. This approach results in the very low proportions of women in executive management and on boards, and exacerbates talent shortages at senior levels. CEW has projected that on the current trajectory it will take over 150 years for women to hold a similar number of senior positions as men. Yet the evidence outlined above points overwhelmingly to how counter-productive and short-sighted a strategy this is in terms of improving corporate performance.

³⁴ Manpower Inc, (2008) *Confronting the Talent Crunch*.

³⁵ 2008, quoted in Corporations and Markets Advisory Committee (2009), *Report on Diversity on Boards of directors*, to the Australian Government Minister for superannuation and Corporations Law, at:
[www.camac.gov.au/camac/camac.nsf/byHeadline/PDFFinal+Reports+2009/\\$file/Board_Diversity_B5.pdf](http://www.camac.gov.au/camac/camac.nsf/byHeadline/PDFFinal+Reports+2009/$file/Board_Diversity_B5.pdf)

Figure 1 below is a graph illustrating this behaviour identifying the waste of talent it involves. CEW agrees with Mike Cook former Deloitte USA Chairman who referred to it as the Stupid Curve.

Fig 1: The "Stupid Curve"



Source: The CEW CEO Kit edition 2, EDWA Australian Census of Women in Leadership 2008

Australian companies need to stop ignoring the plentiful talent they would find available were they to give proper weight to women's skills and experience. It's important for them to value diversity of skills in addition to a linear progression through the organisational ranks.

Once women are in senior management and on boards in sufficient numbers, they encourage more women into senior roles through providing role models, mentoring and coaching, and persuading their male colleagues to appoint appropriate women.

5.4 Moral/human rights case

5.4.1 Human rights and women

The Australian government is party to a range of international conventions, covenants and declarations intended to promote women's participation and status at work. They impose on the government an obligation to provide equal employment opportunity including equal access to promotion. Corporations law can therefore legitimately be amended to progress this aim should voluntary measures be unsuccessful (see below, section 6)

In this submission, CEW highlights the Beijing Declaration and Platform for Action which emerged from the Fourth World Conference for Women held in Beijing in 1995, and which Australia is committed to implement.

The platform articulates the importance of women in power and decision-making. It states:

'Without the active participation of women and incorporation of women's perspective at all levels of decision-making, the goals of equality, development and peace cannot be achieved.'

In particular the Platform commits governments to achieving gender balance in governmental and public administrative positions including the judiciary. It mandates the establishment of numerical targets and other measures to achieve this aim.

5.4.2 Women in legislatures

The representation of women in legislatures has been examined by Lambert³⁶ in her research looking at the influence of various national institutions on promoting legislation beneficial to women (specifically paid maternity leave and childcare). She concludes that improving the representation of women in parliaments assists women in terms of legislative developments in these areas - confirming the relevance of changes to comply with the Beijing Platform for Women.

5.4.3 Women on government boards

Currently women make up 33% of Australian government boards and bodies.³⁷ The Governments of Victoria, ACT and South Australia have set time-limited targets to achieve 50% representation of women on government boards and committees. They are measuring their progress and publicly reporting against outcomes.

In SA, the proportion has increased from about 33% in 2004 to nearly 45% in 2009.³⁸ In the ACT, improving leadership and representation was one of the six aims of the 2004 ACT Women's Plan. Whilst already reasonably well represented in some respects, the 2008 evaluation nevertheless shows improvements under these measures. For example, between 2005 and 2008 the proportion of Chairs of ACT government boards who are women has increased from 26% to 34.7%.³⁹

³⁶ Lambert, P.A. (2008) *The Comparative Political Economy of Parental Leave and Child Care: Evidence from Twenty OECD Countries*, Social Politics: International Studies in Gender, State & Society 2008, Vol. 15(3), pp. 315-344.

³⁷ See at:

www.facsia.gov.au/sa/women/pubs/general/womeninaustralia/2009/Pages/chapter4.aspx#3

³⁸ South Australia's Strategic plan Target Fact sheet, target 5.1, at:

www.stateplan.sa.gov.au/content/view/149/185/

³⁹ ACT (2009), *Taking Stock: Reporting on the ACT Women's Plan (2004-2009) Indicators of Success*,

www.dhcs.act.gov.au/_data/assets/pdf_file/0011/66818/Taking_Stock_WomensPlan_-_Indicators_of_Success.pdf

6. BENEFITS OF WOMEN'S WORKFORCE PARTICIPATION

6.1 Improved productivity

Two recent UK calculations illustrate how improving the availability of good quality part-time and flexible working would reap economy wide benefits. The UK Department of Business Enterprise, and Regulatory Reform estimated "the annual benefits of extending the Right to Request [flexible working] to parents of older children (an additional 8 million employees) at £21 million resulting from reduced recruitment costs, £6 million in reduced absence costs, and £64 million in enhanced profitability, compared with estimated costs to employers of £69 million resulting in a net gain to employers collectively."⁴⁰

Additionally, if flexible working were spread throughout all occupational levels, the costs of the "brain drain" identified by the UK Equal Opportunities Commission (EOC)⁴¹ in 2005 would be greatly reduced. The EOC identified that 20% of the working population were working below their potential.⁴²

The same potential benefits would probably also be identified in Australia, were similar calculations to be made here. Data from the 2005 Parental Leave in Australia Survey⁴³ indicates a similar underutilisation of women's skills is occurring. It examined the nearly 1200 mothers in the survey who had worked prior to the birth, taken leave and returned to work within 15 months of childbirth. Of those working full-time before childbirth, 70% returned part-time. These

⁴⁰ Hegewisch, A. (2009), *Flexible Working Policies, a comparative review*, EHRC, London.

⁴¹ EOC (2005), *Britain's hidden brain drain, Final report. The EOC's investigation into part-time and flexible working.*

⁴² EOC (2005) above, defined as: "People who either say they have had previous jobs that used a higher level of qualifications or skills, or involved more management or supervision, and/or say they could easily work at a higher level." (p.5)

⁴³ See Whitehouse, Baird and Diamond (2005). The PLAS was conducted through Wave 1.2 of the Longitudinally Study of Australian Children and funded through an ARC Linkage Project. It gathered data from over 3500 families with infants in 2005. At: <http://www.polsis.uq.edu.au/index.html?page=54055>

women were particularly likely to say their career opportunities had declined since they returned to work.

6.2 Inclusive culture

The culture of an organisation, its ability to be inclusive of all employees and value diversity, is critically important to retaining women and enabling them to feel that they have a future within the organisation. An aspect of this is linking increased availability of flexible working at senior levels with an understanding by senior management that it is outcomes, not long hours in the office, which count and against which performance should be measured.

CEW 2009 demonstrates that organisations with more inclusive cultures are more profitable, have greater success in retaining talent (including women) and are more enjoyable places to work.

7. TIME FOR CHANGE: Recommendations

7.1 Introduction

The economic and business benefits of gender diversity are well-known to advocates for a greater role for women in senior corporate positions. However, they have been insufficient to drive forward real change.

Corporations are very familiar with achieving outcomes based on numerical targets and in tracking whether these are being achieved.

7.2 Recommendations to the Review

7.2.1 Establish voluntary targets

7.2.1.1 Listed and unlisted public companies

- CEW believes listed and unlisted public companies (over 100 employees) should set voluntary targets to substantially increase the representation of women on boards and at senior executive level. These targets should be 30% of women after three years and 40% after five years. CEW accepts that, for some companies, given their industry sector, these may be stretch targets.
- CEW recommends progress against these targets be reported by unlisted companies in a Diversity Statement in their annual reports. Listed companies should report against targets on an “if not, why not” basis in their Corporate Governance Statement pursuant to the ASX Corporate Governance Guidelines (which CEW has recommended be amended to incorporate this issue).

7.2.1.2 All organisations

- All organisations (over 100 employees) including tertiary education institutions and trade unions, should set voluntary targets for achieving substantial increases of women in all roles and at all levels throughout the organisation where they are under-represented, providing for progressive increases over a three to five year period, reporting against them annually to EOWA.

7.2.2 Monitoring progress

- Company auditors should include in their audits performance against gender balance targets.
- Monitoring achievement of these targets should be undertaken by EOWA.
- Audited gender balance information and progress in reaching targets should be provided annually (see 7.2.1.1)

7.2.3 Achievement of targets to be positively linked to CEO remuneration

- Achievement of a company's targets including interim annual ones, should be positively linked to its CEO and executive team remuneration.

7.2.4 Future action to increase gender diversity in reporting organisations

- If voluntary targets are not met within five years, effective legislative measures may need to be considered by the government.

7.2.5 Kick starting change at Board level

- CEW believes the suggestion that listed companies increase the size of their boards by one member and recruit a woman to fill the new position, in order to kick start the process of change is worthy of consideration.

7.3 Recommendations for the Equal Opportunity for Women in the Workplace Act and Agency

7.3.1 Overview

- CEW believes that EOWA has a critical role to play in promoting women's equality at work provided it has stronger powers and is appropriately resourced.

7.3.2 A statutory authority.

- EOWA should remain a statutory authority, with a focus on promoting equality for all women at work. CEW is concerned that if it does not continue as a separate agency focused exclusively on women, an opportunity will be lost to create a high-profile advocate for women at

work. Consideration should be given to appointing an advisory board for EOWA.

7.3.3 Ensuring compliance.

- Certification by EOWA that progress towards targets is being made should be a prerequisite to participating in Australian Government procurement tenders.
- Where companies do not meet their targets, EOWA should name them publicly in a report to the Minister tabled in Parliament.

7.3.4 Extend EOWA's coverage to the Australian Public Sector

- Currently women make up 33% of Australian government boards and bodies.⁴⁴ In order to lead by example, the government should aim to achieve a minimum of 40% of each gender on all of boards within three years. It should set itself a similar target in relation to the judiciary.

7.3.5 EOWA's research capabilities

- **The Australian Census of Women in Leadership** data collection should continue under the auspices of EOWA. It provides an invaluable way of tracking women' progress (or lack of) in corporate Australia.
- **General research.** EOWA should also have a substantial research budget. This would enable it to both undertake research itself and to commission research into issues affecting gender equality at work and how to overcome them.

⁴⁴ See at:
www.facsia.gov.au/sa/women/pubs/general/womeninaustralia/2009/Pages/chapter4.aspx#3

Chief Executive Women programs and publications

In order to assist organisations understand the benefits of gender diversity, and take appropriate action to achieve it, CEW has invested in a number of tools, programs and publications.

These are:

- *The CEO Kit for Attracting and Retaining Women*
- *Talent Development Program*
- *The CEW White Paper on the benefits of gender diversity at senior levels*

1. The CEO Kit for Attracting and Retaining Women

The Kit has been developed to encourage organisations to discuss the issues of female talent and the lack of it at senior levels in Australian organisations.

The kit allows companies to use their own data to determine where in their organisation the percentages of women decline (The Glass Ceiling) and provides guidance and advice on how to improve their capability of attracting and retaining senior women.

2. The Talent Development Program

The Talent Development Program (TDP) was set up by Chief Executive Women to help organisations create an environment that is successful in developing and retaining talented women leaders. The program began in 2004 and 15 organisations and 132 women have taken part.

The TDP runs over ten sessions from February to November in both Sydney and Melbourne. Sessions are designed to stimulate thought and discussion and to challenge participants so they step up to senior executive roles with confidence alongside their male colleagues for the benefit of the organisation, shareholders and the community.

Some of the organisations that have participated include ANZ, ASX, Australian Army, BHP, Bluescope Steel, Deloitte, GSJBW, Mallesons, NAB Telstra and Qantas. Active participation of Chief Executive Women members is

acknowledged as one of the most important benefits of the program. Participants have the opportunity to listen and learn directly from Chief Executive Women who have been in CEO and Board roles and raise issues in a constructive and supportive environment.

3.Publication – The Business of Women as Leaders

This paper collates studies conducted by McKinsey & Co, Ernst & Young and Catalyst (amongst others) demonstrating the significant improvement in output and employee engagement in companies with greater numbers of women at senior executive and Board levels

A copy of the paper is included with this submission, and has been quoted in support of improved productivity of gender diverse organisations