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▶ **GROWING TALL POPPIES**

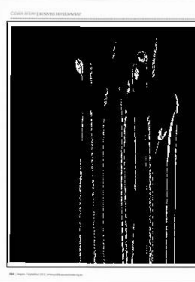
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GROWING TALL POPPIES

Progress has been made in increasing the proportion of women on boards and other senior executive positions in Australian companies over the last few years. But there is still some opposition to the notion and scope for further work. *By Ann-Maree Moodie*

If you're a woman, and you're keen to embark on a board career, there has never been a better time. In the past 18 months 75 women have been appointed to ASX 200 boards, the most significant single increase in female appointments in a decade.

The appointments have increased the proportion of women directors on ASX 200 boards from 8.3 per cent to 11.9 per cent since 2009, but the figures indicate there is still much to be done. A total of 77 boards of ASX 200 companies still do not have any female directors. Despite the progress, Australia remains in a poor light



internationally when compared with similar jurisdictions according to the Lord Davies Review of UK FTSE Boards published in February this year. In the US, for example, 11.4 per cent of board seats are held by women; in Canada it's 11.3 per cent. The leading international examples are the Scandinavian countries, especially Norway where legislated quotas and the threat of delisting have lifted the percentage of female directors to 44.2 per cent.

"The numbers speak for themselves," says non-executive director Kate Spargo whose boards include



Helping women get 'board ready'

With the advent of the changes to the ASX guidelines, the Australian Institute of Company Directors (AICD) implemented a mentoring program in 2010 to identify, assist and promote women into senior executive roles and ASX 200 board seats.

The second tranche of mentees to the AICD program were approved in April this year, with 83 women accepted out of 342 applications nationally. The women are being mentored by some of the most prominent chairmen in the corporate boardroom including David Gonski (CCA), Graham Bradley (HSBC Bank), Peter Smedley (OneSteel) and Bob Every (Wesfarmers).

Under a separate program run by the Business Council of Australia, CEOs mentored leading female c-suite executives for more senior roles and board positions. The pilot program was run in conjunction with the Australian Institute of Human Resources (AHRI).

Australian Unity Limited, Pacific Hydro Pty Ltd and Sonic Healthcare Limited. "There has definitely been a response by companies to try to find suitable women. I think the experience has been a bit of a revelation to some traditional, all-male boards."

The great gender debate

The catalyst for change dates to September 2009 when speakers at the biannual conference held by advocacy group Women on Boards called for the introduction of quotas to improve the low representation of female directors on ASX 200 boards.

The call to action stimulated heated debate, with participants divided roughly into two camps: those who thought it was time for regulated change, and those who were concerned that quotas meant women would not be appointed on merit.

Within weeks, the ASX Corporate Governance Council announced impending changes to its Corporate Governance Principles and Recommendations, a set of guidelines which requires listed companies to report against compliance voluntarily under what's called an 'if not, why not?' regime. The amendments to the guidelines, which took effect in January this year, state that boards should disclose in the annual report what measurable objectives for achieving gender diversity have been set by the board in accordance with the (company's) diversity policy and what progress is being made towards achieving those goals. Companies should also disclose in the annual report the proportion of female employees in the whole organisation, women in senior executive positions and women on the board.

"The ASX Corporate Governance guidelines had an effect before they came into practice," says Ruth Medd of Women on Boards. "The threat that if the guidelines didn't work there might be regulation down the track spurred a large number of ASX directors to start thinking about

The existence of a quota would force companies to work even harder to find qualified women.

putting women on their boards. In 2009 there were very few women appointed to ASX 200 boards; in 2010 there were six times as many."

Women have comprised 31 per cent of new appointments to ASX 200 boards so far this year, according to statistics kept by the Australian Institute of Company Directors, (AICD). Women comprised 25 per cent of all new appointments to ASX 200 boards in 2010, compared to only five per cent in 2009 and eight per cent in 2007 and in 2008.

The cause for change was the threat of sanctions in the form of quotas. "Traditionally there have been very few women on ASX 200 boards and that was the way it was going to be," says Medd. "The old ways of recruiting directors were entrenched and were going to stay the same unless there was an impetus for change. And that's basically what the ASX Corporate Governance guidelines achieved by bringing the concept of doing things differently to wider attention."

Quotas versus merit

The idea that a woman is appointed to a board due to a quota raises the hackles of those who interpret such behaviour as meaning that she hasn't achieved success on 'merit'. But as former chief executive of the Business Council of Australia and now local head of search firm Korn/Ferry International, Katie Lahey has said publicly and privately, if a woman was offered a seat on the board of BHP Billiton due to a quota would she say 'no'?

"The ASX 200 is where all the action is and it's where all the measuring occurs," says Medd. "The position of Women on Boards is that (the gender diversity guidelines) should apply to ASX-listed companies generally and indeed, as the ASX 200 achieve substantial improvements, then the focus needs to be put on to the ASX 300 and so on.

"Women on Boards have said that 25 per cent (of ASX 200 board seats) should be held by women by the end



Medibank Private shows the way

With a 50:50 gender balance since 2009, the board of one of the biggest Government business enterprises, Medibank Private, was a leading example of diversity in the boardroom well before the debate about increasing the number of women directors began. In 2010, I was engaged by Medibank Private's chairman, Paul McClintock, to write a research paper on why gender balance worked so well for the board. During interviews with members of the board and with senior management, I was told that one of the reasons why the mix of men and women was so effective was because everyone – including management – considered that "gender was invisible".

"Women generally have more experience of finding workable solutions, or a joint point, or a meeting point without winners and losers," McClintock says. "They are all core skills on a board and a lot of women on these boards are better at it." Often a professional woman's CV doesn't show a linear progression as is often the case with a man and this means "women bring a diversity of executive and professional experience which adds a lot of value to the board," McClintock says. Managing director George Savvides is another champion of diversity, especially as he oversees a \$5 billion organisation whose 4000-strong employee body represents many different dimensions of diversity – including gender, age and ethnic backgrounds.

"Medibank benefits from the diversity of our board members, (four men and four women) through gaining a range of perspectives on issues, allowing us to develop well-rounded solutions for our four million customers," Savvides said.

Ann-Maree Moodie

of 2012 and 40 per cent by the end of 2015. To get to 25 per cent of ASX 200 directors being women, it generally means two women on each of the Top 200 boards. Clearly a number of boards have reached that target already, but it means at the next AGM and at the one after, they have to appoint a woman. And it means in the year after that they have to appoint a new woman to their board. And Women on Boards would argue that that's not such a big task or a big ask."

Giving chairmen and directors time to adjust to the new governance outlook and to compose boards that are better balanced for gender is important, but there is another battle to be won: whether women should be appointed on merit.

"Quotas and merit are not necessarily mutually exclusive," says Medd. "There are many different definitions of merit also. Even if there was a quota, you'll still look for a qualified candidate. The argument that all of a sudden we're going to have unqualified females appointed just because they're female in my view is nonsense. Companies are not going to do that.

"In fact, the existence of a quota would force companies to work even harder to find qualified women. They'd work even harder in organisations to make sure that women got the opportunities in executive roles to be able to fulfil more senior roles."

Bias in play?

The second battle being fought in parallel to the quotas argument concerns the theory of "unconscious bias", which describes the hidden discrimination, stereotyping and assumptions made by one person about another. Some advocates for improving female representation on boards blame unconscious bias as one of the reasons for the slow progress.

Kate Spargo is a proponent of the view, saying that some men are simply unaware of it being a problem and are therefore inactive

This year alone, 26 women have been appointed to ASX 200 boards.

about changing it. "The incidence of 'unconscious bias' is still high," says Spargo, adding that some boards are happy to continue unchanged while other boards are keen to incorporate gender diversity in board composition. Some board members say privately that 'unconscious bias' is being adopted by some male board members as a viable excuse for lack of progress; 'I can't help it because I'm unconsciously biased' the sceptics mimic, (off-the-record, that is).

The future landscape

This year alone, 26 women have been appointed to ASX 200 boards (up until May 16). Naysayers worry that some of the women appointed in 2010/2011 are being 'recycled' meaning that women who have already 'proved' themselves on smaller listed boards, or a board of a prominent medical or arts board, are 'safe' to appoint to a board in the ASX 200. There is also concern that some of the appointments have been made to vacant seats and therefore no (male) director has had to step down for a woman. And with 77 boards in the ASX 200 still without a female board member, the promise of sustainable gender diversity in the near term is slim.

"The real push hasn't yet arrived," warns Medd. "The rub will occur when the board has to decide that some male director will need to step down to make way for a woman if they're going to get to a respectable number of women on their boards within a reasonable time frame."

Adds Spargo: "For some chairmen and their boards, once one woman has been appointed there can be a sense that 'that's it'. Instead, to accomplish real change you need at least three women on the board in order to achieve critical mass. So we have to maintain the momentum." ☺

Ann-Maree Moodie is the managing director of The Boardroom Consulting Group. Her role includes reviewing the performance of boards, mentoring chairmen and non-executive directors and conducting research projects for boards.