

Women in leadership

What will it take to get Australia on target?



Contents

The sticking point	4
Debunking the inequity myths	6
Tackling the uncomfortable issue of quotas	10
AUS vs OECD	12
Case study: Woolworths	14
How to put gender equity targets in place	16
Progress towards gender equity at Ernst & Young	18
Contacts	22

Foreword

The new Australian Securities Exchange (ASX) diversity reporting guidelines are in play, but we are yet to see convincing evidence that corporate Australia is meeting its gender equity goals.

Twelve months ago, our first *Women in leadership* report examined the importance of an enterprise-wide diversity agenda and the benefits of leveraging female talent to create a competitive advantage. In the wake of the ASX Corporate Governance Council's guidelines around disclosing female representation objectives, the business case was clear: a mounting body of evidence¹ showed that increased female representation at board and executive level improves financial performance.²

Three months later, our second report provided practical guidance to help companies assess their gender diversity performance. It introduced the 'smart curve' concept for businesses to measure the maturity of their strategy and understand whether their gender diversity programs were working.³

In that second report, we postulated that gender equity had reached its tipping point; that in the coming year it would attract increasing attention and a growing number of champions. And that regulatory and labour market pressures would drive wide-scale acceptance of the need for businesses to act decisively to improve female representation.

At the end of fiscal 2011 – a year where rarely a week went by that gender equity did not appear somewhere in the media – we reflect on the fact that, while awareness is through the roof, champions are on every corner, and many gender equity programs are in place, tangible change is yet to materialise for the majority of organisations.

CEOs and boards may be well-intentioned but, for many women, challenges still exist for development into senior roles within organisations. Consequently, our report looks at what it will take to create real change in female representation at the highest levels of business leadership.

This report asks:

- What's really stopping women moving into senior business leadership positions?
- Could quotas remove these hurdles?
- What role do targets play in an organisation's journey to gender equity?

Will Australia need a Government mandate before it can rise to the Sex Discrimination Commissioner's challenge of 40% female leadership representation in the next five years?

Quotas may be a short term intervention that is needed to help us quickly attain close to equal representation. We also believe this may not be the disaster many boards are expecting, but a circuit breaker to drive the change that is needed.

Once we reach this point, Australia will actually have the boards and executive teams we say we want – and with it, the innovation, business performance and productivity benefits this country so badly needs.

We encourage you to approach this polarising issue with an open mind and a pragmatic focus on improving business performance and shareholder value.



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¹ Women Matter – Gender Diversity, a corporate performance driver.
McKinsey & Company 2007
Women Matter 2 – Female Leadership, a competitive edge for the future.
McKinsey & Company 2008

² *Women in leadership*, Engaging Australian business' August 2010

³ *Women in leadership* – How smart are you?' November 2010



The sticking point

Female representation will not improve until we develop robust pipelines of talent.

In the last financial year, female participation on ASX 200 boards increased from 8.6% in fiscal 2010 to an historic high of 12.7% in fiscal 2011⁴. However, it's unclear whether this actually represents an increase in the pool of female non-executive directors, or simply an increase in the number of board positions held by existing female directors.

Certainly, the pipelines to ASX 200 board appointments – ASX 200 executive positions and ASX 201-300 directorships – remain thin. In ASX 200 companies, women hold only 8% of executive roles and just 4.1% of line management roles, compared with 24.1% of support roles⁵ which are rarely on the radar for top executive jobs and board roles. Similarly, in the ASX 201-300, women occupy only 6% of board seats.

Given these figures, it is not surprising that many boards report that finding the right woman with the right experience for a board appointment is often the biggest challenge.

In order to remain globally competitive, corporate Australia needs to focus on finding a solution to address this issue. In 2006, Australia was a relatively respectable fifteenth on the World Economic Forum Global Gender Equity Index. By 2010, we had fallen to twenty-third overall, behind the Philippines, Latvia and Mozambique⁶ - and fifty-ninth for wage equality for similar work. To put this in further perspective, New Zealand was seventh in 2006 – it's now fifth. Moreover, because Australia has a number one ranking in female education, this brings our overall figures up – the statistics would otherwise be far worse.

Peter Wilson, National President of the Australian Human Resources Institute (AHRI), believes that, in terms of gender equity, Australia has “reached the point of world’s worst practice by OECD standards.”

Backing up his opinion is a recent AHRI survey⁷, which found clear evidence that executive commitment to gender equity is heavier on rhetoric than action. Indeed, it found only a minority of managers at any level being required to satisfy measurable KPIs on gender equity, specifically: 18% of CEOs, 19% cent of executives, 18% of senior managers, 14% of middle managers, 12% of team leaders and 11% of supervisors. As the report comments: “In a world where ‘what gets measured gets done’, this result betrays a reality of insufficient corporate action on gender equity within Australia’s workplaces.”

Boards and industry executives cannot complain about the lack of suitable female candidates for board appointments and leadership positions, if they are not acting to unblock the pipelines of female talent.

Women represent

- 2.5% of ASX 200 Chairs
- 3% of ASX 200 CEOs
- 4% of ASX 200 Line Managers
- 12.7% of ASX 200 Board Seats
- 11% of ASX 200 executive managers
- 46% of the labour force
- 51% of professionals
- >50% of university graduates

World Economic Forum Global Gender Equity Index 2011⁷ and 'EOWA 2010 Census Key Findings Report'



Defining targets vs quotas:

Targets: Focused effort in reaching a milestone by taking positive action to achieve a desired outcome. Targets are often self-regulated and organisational.

Quotas: A mandated proportion of a defined group within an organisation, often attracting punitive measures if the proportion is not met. Quotas are usually set externally and cover an industry, country or society.

Both should be seen as part of a process or short-term intervention, rather than the end point. They are a means to an end – not the end itself.

Getting a better return on our national investment in education

From an economic perspective, education is seen as the ultimate national investment in human capital. The theory is, a country's economy becomes more productive as the proportion of educated workers increases, since educated workers are able to more efficiently carry out tasks that require literacy and critical thinking. Thus, countries with a greater portion of their population graduating from schools and tertiary institutions should see faster economic growth than countries with less-educated workers.

This is why, in fiscal 2011, the Australian Government spent \$33 billion on education. This investment delivered an excellent result in terms of introducing equal numbers of well educated men and women into the workforce. Yet, for half of this population, equity ends at graduation. Women may reach equal levels of attainment in tertiary education, but representation falls off very quickly as soon as they enter the workforce. According to the 2010 Global Gender Gap Report, Australia's 2010 enrolment in tertiary education had a female to male ratio of 1.30:1.00, whereas our equivalent 2010 labour force participation ratio was 0.85⁸:1.00.

What this means is that tax payers are not getting a decent return on at least half of that \$33 billion annual investment in female education. Productivity levels are continuing to fall, as the female graduates Australia has paid to educate drop out of the workforce when forced to choose between career and family. To keep women in the workforce, we need to:

1. De-gender parental care
2. Create engaging and challenging career options for women
3. Create true part time and flexible work options
4. Re-look at the economics of child care
5. Re-look at how contribution is valued and rewarded in the work place, especially for those on flexible work arrangements

⁴ Australian Institute of Company Directors, August 2011

⁵ Equal Opportunity for Women in the Workplace Agency Census 2010

⁶ Global Gender Gap Report, World Economic Fund, 2010

⁷ Gender Equity In The Workplace, Research Report, AHRI, 2011

⁸ Global Gender Gap Report, World Economic Forum, 2010



Debunking the inequity myths

As organisations scrutinise their female workforce participation levels, there appear to be a number of reasons that are reported for poor female representation. Below, drawing on the work of Catherine Fox⁹, we address some of the most common themes being offered as a defence against inequity.

Women have to take time off to have families

This is clearly not a myth, it's a biological fact. The myth is the idea that women must work full time, all the time, to remain on the leadership track. The fact is, men who take sabbaticals, study leave and career breaks are not considered liabilities. On the contrary, they are often seen as more valuable, for their new insights and perspectives.

The idea that women who take time off to have babies are throwing away their careers is out-dated – purely an issue of perception. More genuinely problematic is that, when women return to work, senior positions are rarely available with family-friendly hours. Most organisations lack the appropriate support infrastructure required to make returning to work for some women a viable option. With only half of Australian businesses offering job sharing or part-time working arrangements – and many of them only below management levels – the bigger issue is that, once back at work, mothers continue to sacrifice promotion opportunities to concentrate on domestic and child rearing responsibilities.

Part of the problem is that business places a lower value on the contribution of those working part time or from home. Corporate Australia has developed an unhealthy bias against those that do not put in the face time in the office, who are often thought not to 'be serious' about their career. Or else, their contributions are being assessed directly against those working full time, with no considering for pro-rating their contribution.

Another issue is the small window of opportunity for promotion and advancement, which often occurs around the time when women are looking to start or expand their families. Without transparent pre-requisites for promotion or advancement, women who are not working traditionally just don't know what to do to get ahead.

This will not change until Australia has a far greater number of organisations successfully offering and managing part-time and job sharing positions at all levels; until this is the norm, rather than the exception. In 2011, male and female managers and executives in these non-traditional roles are still having to fight for credibility. As one respondent in the AHRI report commented, one of the most important actions to improve gender equity is to "recognise the legitimacy of part-time positions for managers".

Restructuring more jobs into more family-friendly hours isn't only important for gender equity – it will also help to keep our aging workforce employed longer. Many retirees would jump at the chance to supplement their pension working three days a week or four hours a day, but balk at the thought of longer hours.

For many reasons Australia will eventually have to adapt to a new shape of work – and this requires strong and supportive leadership. Right now, there is a level of resistance to high level job sharing with many companies citing the need to manage client and customer expectations with the realities of a job-sharing scenario. This needn't be a deal breaker for those wanting to work flexibly. Companies need to manage the relationship with their clients and customers and highlight the advantages that job sharing brings: two individuals bringing their collective experience to the job, holiday and sick leave cover, and genuine continuity when one job share partner leaves. What needs to be taken into consideration is that many clients are facing similar issues in their own organisation and would benefit from the guidance.

Some organisations also dampen female aspirations with kindness and wanting to do the right thing by the employee. When a team member comes back from a period of parental leave, line managers make assumptions about the work load capabilities and ambitions of the returning mother. Unasked, women often find themselves in lower stress,



support roles. Rather than assume, line managers need to have direct conversations with returning mothers as to what their career aspirations are and what sort of responsibilities they are prepared to take on. The success of their transition back to work depends largely on their manager's awareness of and capability to support the often different needs of returning mothers. This is an area where line managers clearly need support.

There are not enough women available to fill senior roles

Despite 50% of female graduates leaving tertiary education for the past 20 years, there are not enough women in traditional pipelines. In the short-term, boards will have to broaden the recruitment net; in the medium-term, they will have to work to fill the pipeline. As one AHRI survey respondent observed: "It starts with the basics: recruiting more women into non-traditional (line manager) roles and developing them for leadership." Until companies do this proactively – actually setting targets for female representation and tying KPIs to bonuses – the pipelines will remain empty.

Women are not as ambitious as men

This is a myth that allows unintentional bias to permeate some decisions that are made in terms of paying women less than men for the same work and offering them fewer opportunities for development and ultimately promotion¹⁰. According to the Global Gender Gap Report 2010, Australian women are still earning just 72 cents in the dollar when compared to their male counterparts.

⁹ Mythbusters – Seven myths about women and work, Catherine Fox, FINSIA, 2010
<http://www.finsia.com/AM/Template.cfm?Section=2010&Template=/CM/ContentDisplay.cfm&ContentID=15224>

¹⁰ Pipeline's Broken Promise, Catalyst, 2010



Unconscious bias is the elephant in the room. Around the world, we are seeing a growing body of evidence that unconscious bias – not a lack of female ambition, or women being unwilling to ‘play the game’ – is the main barrier to women attaining senior leadership levels. Until this is acknowledged, organisations will continue to put in place programs and initiatives to ‘fix the women’ rather than review the underlying systemic issues leading to inequity – namely unconscious bias.

For the last two decades, business leaders have believed parity in education, women moving into the labour force, and diversity programs would be enough to yield a robust talent pipeline. But, last year, a Catalyst report, Pipeline’s Broken Promise, put this conventional wisdom to the test. Its comprehensive findings revealed that, instead of women and men being on equal footing, and inequity arising because women choose not to take up their opportunities, inequality in an organisational culture remains the norm largely due to the issue of unconscious bias.

Unconscious bias occurs because of the way human beings are ‘hard wired’. Humans have many natural characteristics that are out of place in the workplace, inherited from thousands of years of evolution. For example, humans quickly classify people, situations and experiences into categories (good or bad, in or out) based on first impressions and “gut-feelings”, rather than

engaging in time-consuming analysis¹¹. And this classification is largely based on “do they look like me?” This is why, as countless studies now show, people have an unconscious bias to hire those most like themselves.

According to organisational thinker, Ori Brahma: “Time and again, the research shows that interviews are poor predictors of job performance, because we tend to hire people we think are similar to us rather than those who are objectively going to do a good job.”¹²

Our fundamental way of looking at and encountering the world is driven by this hard-wired pattern of making unconscious decisions about others based on what feels safe, likeable, valuable, and competent. And we are generally convinced that these decisions are totally rational. If someone points out our apparent bias, occasionally we correct our decision, but usually we simply begin to generate reasons to explain why it was accurate to begin with¹³.

Unconscious bias makes metrics so important. Most managers and executives genuinely believe they are being scrupulously fair in remunerating, hiring and promoting women – it takes regular reality checks based on empirical data, to drive a change in behaviour.

¹¹ Nigel Nicholson, *Managing The Human Animal*, Texere Publishing, 2000

¹² “Overcoming the ‘Sway’ in Professional Life”. *The New York Times*. July 15, 2008. <http://www.nytimes.com/2008/07/15/jobs/15shift.html>

¹³ Proven strategies for addressing unconscious bias in the workplace, CDO Insights, August 2008

Tackling the uncomfortable issue of quotas

Over the last 12 months, ASX200 boards have achieved 12.7% female representation. However, research shows that you need at least three women on a board before gender diversity has its greatest impact on financial performance of an organisation.

Moreover, the literature also suggests that real pipeline change only occurs when an organisation gets to a critical mass, estimated to be somewhere between 25-30% of women in senior roles. At this point, companies start to make consistently different decisions about the make-up of their leadership teams. Also, women have enough role models to be convinced promotion is possible, rather than thinking the occasional women who make it must be in some way exceptional.

The question for Australia is: How can we quickly achieve this critical mass?

The danger, as the Sex Discrimination Commissioner points out, is that, after its initial gains, Australia will plateau, as per the US experience, where female board representation has sat at 15% for a decade.

This is why the Commissioner wants to set a national target of 40% by 2015 – to galvanise corporate Australia into action if the current ASX recommendations for self-regulation and disclosure regarding organisations' diversity agenda does not work.

Unfortunately, the concept of 'targets', or even worse 'quotas', is fraught with potential for misunderstanding, anger and fear. There is a real danger that the backlash against quotas will alienate senior male leaders – the very people Australia needs to drive this agenda.

For example, many male executives whose organisations already have gender equity targets are still vehemently opposed to 'quotas'. Their argument is that, taken to its logical extension, quotas will require an organisation to sack men and replace them with women if the required gender equity percentage is not achieved.

Clearly, this outcome would be abhorrent to both men and women. And this is not what quotas are about. They are not intended to be punitive but to act as a catalyst for change.

Those on the pro-quota side of the fence see them, not as an end point, but rather as a means to quickly increase female representation. Once critical mass is achieved, supporters claim, quotas will no longer be necessary. They are pivotal, not structural.

Why quotas may be necessary

The idea of quotas has produced a high variance of opinions in Australia. Many of those who are stringent supporters of female advancement will not support the call for quotas.

If self-regulation fails, quotas may be required to create a compelling reason for corporate Australia to get serious about critical mass.

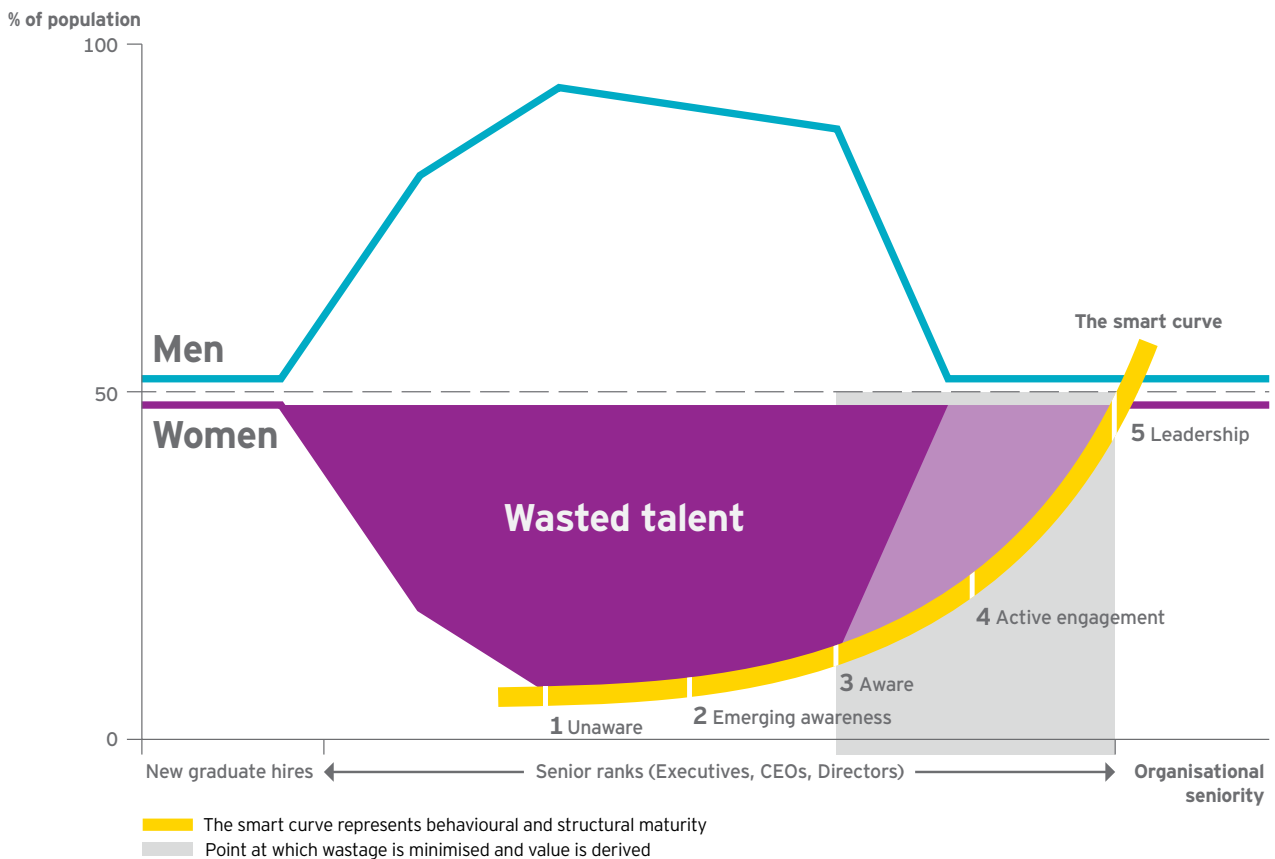
This is the approach being taken in countries such as Norway, where companies can now be delisted from the stock exchange for not complying with the 40% board representation quota law. To date, all listed Norwegian companies have complied, no sanctions have been necessary, chairs declare themselves satisfied with the performance of their female board members and the level of education in the board room has risen as the incoming female directors are highly educated. Moreover, anecdotal reports suggest the move has been good for business, improving creativity and innovation.

Interestingly, the Norwegian Government's first move was to threaten quotas if representation figures didn't improve. This had a minimal effect on numbers; instead, Norwegian companies put their energies into opposing and campaigning against the law.

But once legislation was passed, many began to offer training courses, where CEOs of volunteer firms could choose up to three qualified executive women to complete competence training and networking opportunities. By the end of 2007, almost 600 women had completed the specialised training, half of whom have since become members of Norwegian boards.

Similarly, Australia has many women with the commitment, skill, experience and preparedness to work at the highest levels. The problem is, these women simply cannot get on the radar of chairs, company directors, CEOs and senior executives with the power to promote them. Quotas would put them on the radar, by prompting companies to: set recruitment nets wider; put women on succession benches; develop women for leadership roles; and incentivise hiring and pay equity

Ernst & Young gender representation maturity smart curve¹⁴



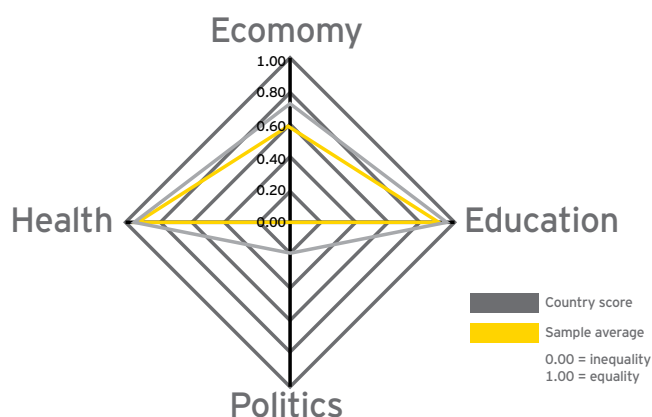
¹⁴ Graph author – Jenelle McMaster

Australia vs OECD

The following is an extract from the World Economic Forum *The Global Gender Gap Report 2010*, which seeks to quantify gender-based disparities by country. This extract is for Australia.

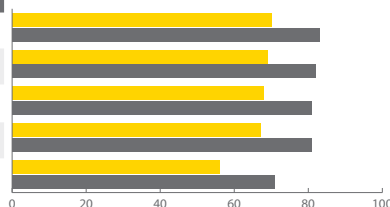
Key Indicators

Total population (millions)	21.43
Population growth (%)	1.69
GDP (US\$ billions)	521.54
GDP (PPP) per capita	34,259
Mean age of marriage for women (years)	30
Fertility rate (births per woman)	1.80
Year women received right to vote	1902, 1962
Overall population sex ratio (male/female)	0.99



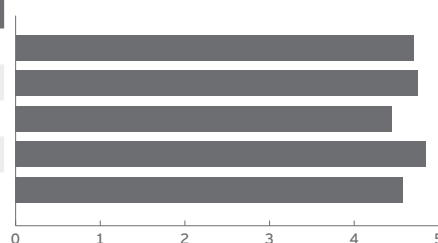
Labour force participation

Year	Female	Male	Female to male ratio
2010	70	83	0.85
2009	69	82	0.84
2008	68	81	0.84
2007	67	81	0.83
2006	56	71	0.90



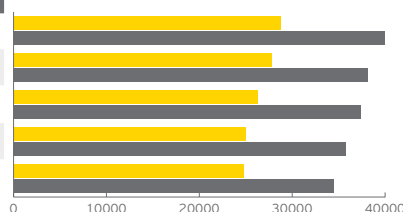
Wage equality for similar work

Year	Score
2010	4.70
2009	4.75
2008	4.45
2007	4.85
2006	4.58

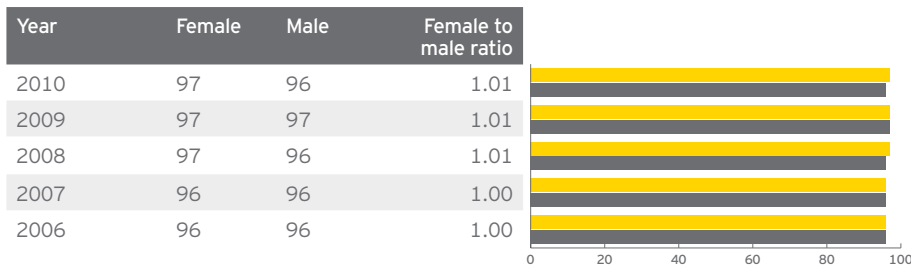


Estimated earned income (PPP US\$)

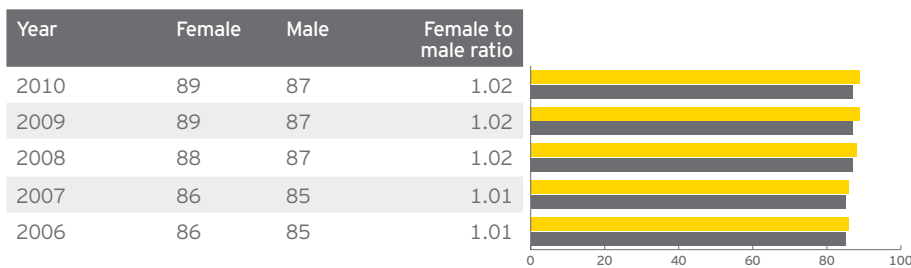
Year	Female	Male	Female to male ratio
2010	28,759	40,000	0.72
2009	27,866	38,152	0.73
2008	26,311	37,414	0.70
2007	24,966	35,832	0.70
2006	24,827	34,446	0.9072



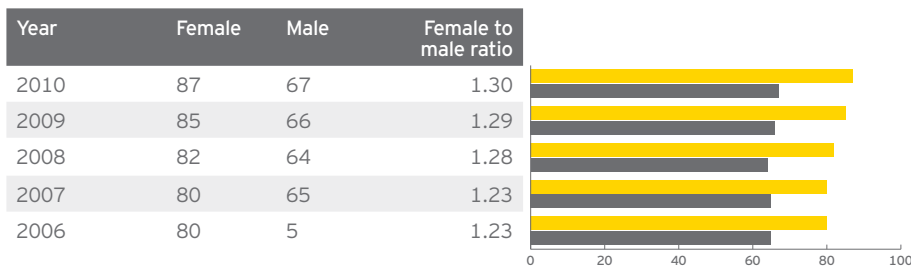
Enrolment in primary education



Enrolment in secondary education



Enrolment in tertiary education



The charts above and to the left display the female and male values, and female-to-male ratio. Ratio values above 1 (the equality benchmark) favour women and values below 1 favour men. All female and male values are measured on a scale of 0-to-100 except for wage equality for similar work, which is based on a 1-to-7 scale, and estimated earned income, which has a scale of 0-to-40,000 USD.

What impacts workforce participation

- ▶ Pay Equity
- ▶ Readily available and affordable child care options
- ▶ Value placed on contribution by those who do not work in traditional full time roles
- ▶ Relative societal prosperity which suggests that some women don't have to work
- ▶ A conservative view of the successful parenting techniques which would suggest a requirement for a stay at home parent in order for children to be well adjusted etc
- ▶ A culture of long work hours – quantity over quality and productivity

Case study: Woolworths

In seven years, Woolworths has increased its female leadership from 16% to 28% of its executive pool, and is tracking towards a public target of 33% by 2015. Achieving critical mass has required strong leadership, a focus on metrics and constant vigilance.

In 2004, the Woolworths' Senior Management Team spent its annual day discussing talent. The business was in a major growth phase, having acquired several companies in quick succession and opened a series of new stores. The Team was aware it would need some outstanding talent to manage growth and performance in the highly competitive retail market. Throughout the day, the conversation kept coming back to a single, ugly statistic: while 55% of its workforce was female, women made up just 16% of Woolworths' executive pool.

Galvanised into action, the Senior Management Team established a Women in Management Working Group to find the root cause of this gender inequity. Woolworths has always been a numbers business. The Group began running surveys and analysing the numbers. Current and previous employees were interviewed, and a number of alarming trends became clear. Female executive turnover was considerably higher than it was for men. Plus, women were leaving in their droves long before they had children, with those aged 25 to 30 most likely to abandon their career with retail group.

Director of Human Resources, Kim Schmidt, says the reasons became quickly apparent: "These young women were looking up and couldn't see any career paths for mothers. There was no flexibility to support parental responsibilities. No one kept new mothers in the loop while they were on leave, and they had to choose between returning into full-time work or not returning at all. The only part-time roles in the company were at the check-out."

"At the same time, managers often assumed that women with families wouldn't be interested in promotions that might require a move, longer hours or challenging responsibilities."

To focus attention on the issue, the metrics and some of the most hair-raising anecdotes from the interviews were shared at a special event with Woolworths' 150 top managers. This was followed by a series of initiatives to overcome identified hurdles to female advancement: making part-time roles available up to executive level; allowing those returning from maternity leave to come back two or three days a week; developing a contact program for people on parental leave; and extending maternity leave to two years.

The company also invested in promising female talent: "We joined Chief Executive Women (CEW) and put our senior women through its CEO mentoring programs. Internal programs were developed for the next level down, with career resilience training where women learned how to put themselves forward and proactively manage their careers," says Schmidt.

Slowly, the numbers started to improve.

"In 2005, just by increasing management focus on the issue, we reached 18%. But the real gains came when we started looking seriously at the metrics. We already had performance indicators tied to talent. Where appropriate, we added in gender equity metrics."

In 2006, this process received a boost from the CEW CEO Kit, which has a charting tool that provides new insights into the metrics that drive gender diversity. One of the first users of the kit, Woolworths started to measure commitment levels, tenure levels, pay differentials and how long it was taking for women to be promoted. At last, the business felt it could set meaningful targets that would drive change.

At the same time, an equally important catalyst arrived in the form of new CEO Michael Luscombe.

"In his first year, Michael made a series of senior female appointments that broke with tradition," says Schmidt. "Previously, Woolworths had a well-worn career path, with senior appointments only granted to people with the requisite number of years as an area manager or running a business unit. Michael simply chose the people he considered had the best capabilities for the job."

The result was the former Director of Human Resources, Julie Coates, being appointed first Chief Logistics Officer and then Head of Big W – followed by a number of other female appointments to high profile leadership roles. Combined with the introduction of paid maternity leave – a big deal for a retailer – these appointments sent a strong message that the business was serious about wanting female leaders. Woolworths' number of women executives grew rapidly, and Luscombe was recognised as a Male Champion of Change.

“By 2009, 26% of our executives were female, with enough women succeeding in highly visible senior roles to give the gender equity drive critical mass,” says Schmidt. “Now our young women have role models, they are staying because they can see a future with us.”

She is adamant that Woolworths grew its female leadership, not by opting for second best, but by abandoning traditional career paths and looking for talent in different places.

“If you use your traditional model, you’ll get the same outcomes. You have to make different, but principled choices, still guided by merit. We made sure there was an appropriate female candidate on every internal shortlist, which sometimes meant thinking out of the box. Generally, managers were very receptive to new types of candidates. There was a shortage of talent at the time, so they were keen to interview anyone who could do the job, even if they hadn’t had the usual decade of experience.”

In the last two years, progress has been somewhat slowed by the difficult retail trading conditions, but Schmidt reports Woolworths’ female executive population has now reached 28% and executive turnover for women is now lower than that for men. She believes the company is also on track to hit its public target of 33% by 2015, for both executive and board, and to achieve pay equity in three years.

Schmidt says this will require constant vigilance. “It’s a work in progress. We’ve yet to reach critical mass in every part of the organisation, so our focus is now on building a pipeline of promotable women in the feeder groups to the areas where representation is lower.”

She is confident the figures will continue to move in the right direction, given the leadership support for gender equity, with CEO Designate, Grant O’Brien, determined to continue Luscombe’s work.

“Michael made a major contribution to gender equity at Woolworths, and now Grant will preside over the next phase. This level of commitment from the very top is essential.”

Learning from Woolworths’ experience

1. Investigate – survey, interview and crunch the numbers to identify barriers to female advancement
2. Educate – share the findings with senior management
3. Demonstrate – send clear messages through senior appointments and policy changes
4. Motivate – invest in promising talent, clear the way by abandoning traditional career paths and support new leaders to be successful
5. Calibrate – understand the useful metrics, set targets and link them to performance

How to put gender equity targets in place

Whether Australia ends up with a quota system at some point in the future, Corporate Australia needs to focus on improving gender equity in the present by setting appropriate and achievable targets. Below we examine what that means in practical terms.

What kind of targets make sense to an organisation?

Currently, only one in five executives and senior managers have bonus payments tied to gender equity KPIs¹⁵. We need to move to a point where management performance, pay, bonuses and promotions are automatically tied to a variety of measurable gender equity indicators. These may include:

- ▶ Making people management skills and the ability to develop an inclusive work environment, pre-requisites for promotion to leadership positions
- ▶ Treating gender equity KPIs the same as revenue KPIs, as a direct impact to the bottom line. For example, including gender targets in bonus conditions, alongside revenue targets
- ▶ Including gender equity measures as part of the organisation's overall scorecard, linked to organisational strategy, as well as setting individual leaders' targets

Which stakeholders need to be involved in the preliminary stages?

Before any targets are introduced, or even discussed, the issue of gender equity and the understanding of its business case must be endorsed and actively supported by the CEO. Without support from the top, real change will not happen. Employees need to see meaningful action, not just hear the right words, before they will believe that the organisation is working towards gender equity. Many individuals have disengaged from the gender equity debate, not because they oppose it, but because it results in their organisation saying one thing but not following through with actions and results.

Support is also vital from those reporting through to the CEO. Line managers control the bottom line and make the day-to-day decisions that support sustainable change. They need to be held accountable for real results by senior leadership, with consequences for non-compliance – linking to bonuses and take home pay.

Often, the path to sustainable change lies with the system review of key people processes – such as recruitment, development programs, promotions and remuneration. Taking steps in understanding where an organisation currently stands and determining what success looks like is imperative. Therefore HR professionals, and those in charge of implementing people processes, must be on board and be aware of any biases in the processes themselves or with those who are implementing them.

Establishing an independent internal Diversity Council comprising of respected and empowered business leaders, as an advisory panel or a 'watchdog' helps to ensure the right people are involved in the change process.

How to involve the wider organisation in the discussion

A communications plan using a variety of channels – from email broadcasts, to team and group meetings to social events – is also imperative to supporting change. To prevent individual views from unconsciously undermining gender equity, the business case for change must be communicated clearly and often.

Running focus groups, questionnaires or an organisational census will help to take people's views and perceptions into consideration when designing and implementing change programs. By assuming what the issues are, a well meaning organisation may make the situation worse.

How to communicate the results

Objective information about and progress against gender diversity goals should be made available in the annual report, internal and external web sites and all key communications with employees, customers and investors. These reports need to be linked to the organisation's values, customers, reputation and goals.

¹⁵ Gender Equity In The Workplace, Research Report, AHRI, 2011

How to track progress against set targets

Progress against set targets should be tracked regularly – at least every quarter – to understand the changes occurring at a micro and business unit level, as well as annual trends. If targets are set three to five years out, extrapolate milestones towards these long-term goals so progress can be checked regularly.

Tracking changes too regularly runs the risk of not seeing significant enough change and individuals and the organisation become discouraged. Tracking too rarely leaves the change process to chance, missing opportunities to take corrective action before the organisation gets too far off course.

How to establish a supportive framework

To help individual managers meet their gender equity targets, organisations need cultural and practical change to support women being attracted to, retained and developed:

- ▶ **Support from senior leaders** – senior leaders must be change agents and role models. They need to inspire others to take responsibility for gender equity and become role models themselves. They should routinely discuss the importance of gender equity as a core organisational strategy, and provide consistent, visible leadership
- ▶ **Unconscious Bias/Self Awareness programs** – the diversity of thought that drives organisational innovation also brings to the workplace established ideas and an individual's personal frame of reference. The challenge for organisations and individuals is to be aware of these personal biases, which we all have, to understand the impact that they have on other people and to modify unwanted behaviour
- ▶ **Robust recruitment practices** – companies should aim to have their overall workforce crossing all levels and functions representative of their labour markets. This will often require high potential women to be supported by internal mentors and external coaches

Advise recruitment agencies to ensure their candidate list is reflective of the desired gender composition

- ▶ **Flexible work practices** – part-time, job sharing and flexible work arrangements should be available for all appropriate positions. Their use, which leaders must visibly encourage, should not detract from career development or promotional opportunities. Companies should also look at innovative job design, where employees are paid for performance, rather than 'putting in time,' further enabling people to work flexibly
- ▶ **Bias-free review processes** – most organisations need a process review to identify any unconscious bias in recruitment, development, remuneration and promotion processes. At the very least, organisations should put at least one woman on recruitment panels and ensure external search firms understand and act on the organisation's diversity agenda
- ▶ **Bias-free remuneration practices** – corporate reward and remuneration systems should be specifically designed to reduce bias; for example, using balanced scorecards or similar methods

Making a public commitment to targets

In March 2011, NAB announced targets to:

- ▶ Increase the number of women in senior ranks (the top three layers of the organisation) from 23% to 33% by 2015
- ▶ Increase the proportion of subsidiary board positions held by women from 14% to 30% by 2015 (an additional 55 female directorships)
- ▶ Strengthen the talent pipeline by creating a 50/50 gender balance in the graduate program intake and ensuring even representation of both women and men on core talent development programs from 2011 onwards

Source: NAB media release, 8 March 2011

Progress towards gender equity at Ernst & Young

Following a number of years of good intentions, well meaning programs and time spent measuring our current position against our aspirational goals, we decided that to achieve greater female leadership representation required a target that the whole organisation could work towards.

Targets need to be achievable in order to gain the support of as many people as possible – especially those in decision making positions within the organisation. This involved:

- Understanding the current state and agreeing on what the organisation should and could look like moving forward
- Evaluating what was achievable and sustainable in the short, medium and long term. This involved aligning gender equity targets with the firm's overall business strategy and the forecast growth of each of its service lines
- Breaking down the longer term goal into achievable annual milestones, based on budgeted growth expectations as well as by service line – acknowledging that each service line has its own unique growth strategy
- Ensuring that we had a clear and robust communication plan to inform, educate and provide the opportunity for feedback

In May 2010, Ernst & Young's Executive leadership team appointed a Diversity Council comprising respected senior leaders from across the organisation to act as an independent advisory body in relation to Diversity and Inclusiveness.

This enabled the Oceania Executive to make informed decisions regarding the actions that needed to be taken in order to drive sustainable change within the firm.

Leading from the top:

The most visible changes have been in the most senior ranks within the organisation.

In July 2010, Oceania CEO and Managing Partner, Rob McLeod, increased the female representation on the Oceania Executive leadership team from 10% to 40%. This included the appointment of a woman to the Deputy CEO position, as well as appointing women to four of the six Office Managing Partner positions across Australia.

In February 2011, following a period of consultation and discussion, we introduced our gender targets through to the end of FY13. The aim of the targets was to focus our efforts and have a goal to strive for – much like revenue targets.

The Oceania Executive also took responsibility for cascading the firm's gender goals through the Service Lines. The Service Line leaders were empowered to make the decisions and to drive the changes that made the most sense to their business – rather than a 'one size fits all' approach.





Identifying and implementing a change strategy:

Having undertaken a review of our key people processes just 12 months before allowed the Service Lines to understand and start acting on the areas that needed to be addressed. This involved:

- ▶ Establishing short to medium term interventions to our attraction, recruitment, development, promotion and reward processes
- ▶ Embedding Diversity and Inclusiveness messaging into each intervention
- ▶ Embedding Diversity and Inclusiveness messaging into all learning and development offerings
- ▶ Taking the opportunity to raise the issue of Diversity and Inclusiveness and in particular gender equity at each team meeting, leadership get-together and milestone learning events

Progress after six months:

At Ernst & Young, we have made considerable progress in the past six months:

- ▶ We have been able to focus our efforts and have a real clarity of what it is that we want to accomplish
- ▶ We have seen significant changes in regard to gender diversity in key leadership and decision making positions across the firm
- ▶ We have made significant inroads into diminishing Unconscious Bias in our key People processes including attraction, recruitment, development, promotion and reward and recognition
- ▶ We have engaged with our people to discuss our position and to raise awareness of the business imperative of an inclusive work environment in support of our diverse workforce
- ▶ We have empowered each of our Service Line leaders to drive this agenda in their business in a way that makes sense to them and aligns with their overall business strategy
- ▶ We have engaged with the business community on the issue of gender equity specifically and Diversity and Inclusiveness more widely

Although the end point is still a way off, through focussing our efforts and having a whole of firm approach to gender equity, we have given ourselves the best chance to reach and surpass our gender equity targets.

Profit Projections -

Contact Ernst & Young

The immediate challenge in gender diversity is promoting an understanding of the organisational specific issues and impacts, and then securing the appropriate level of sponsorship and support to effect change.

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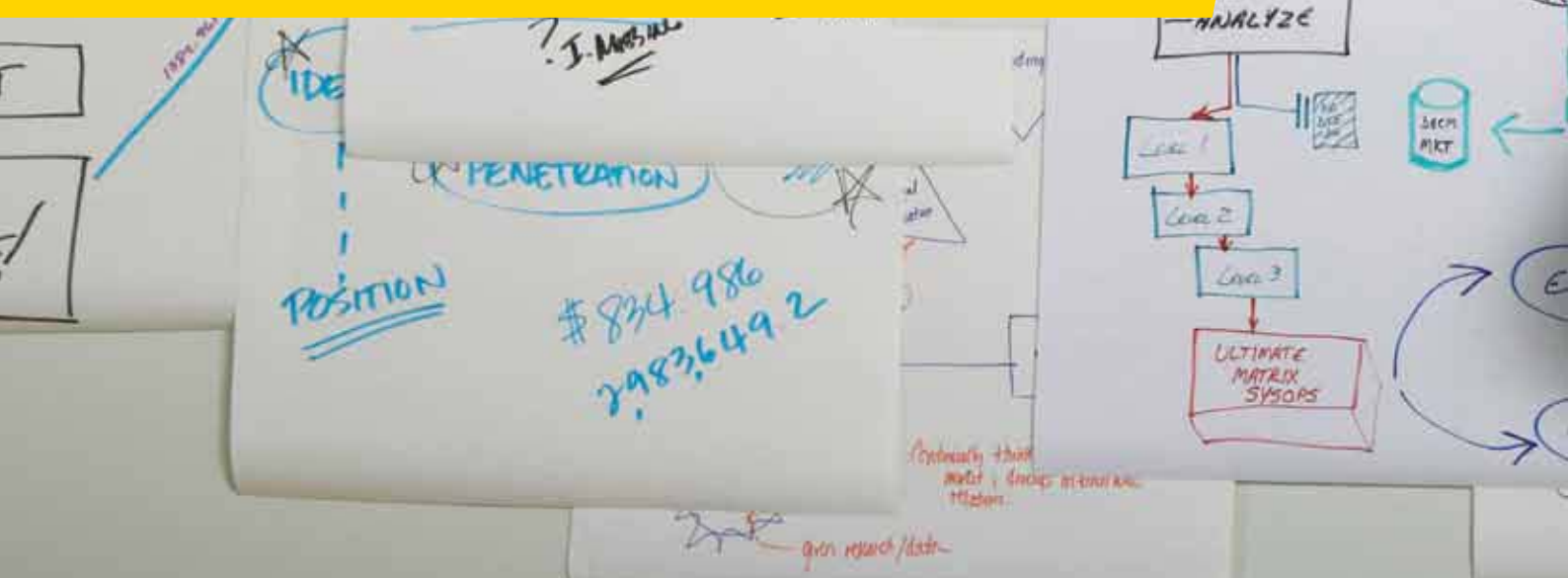
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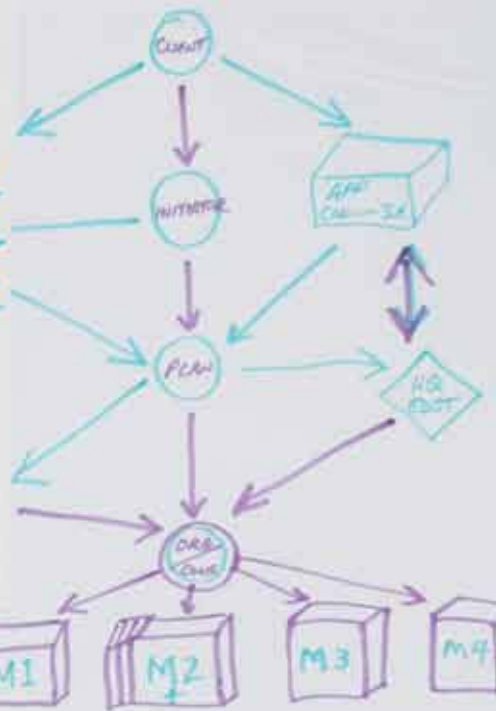


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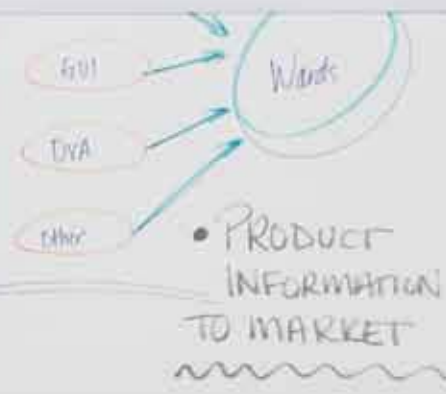
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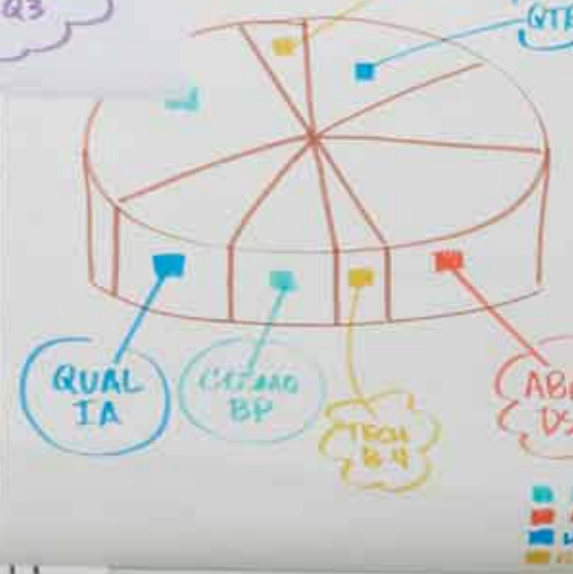


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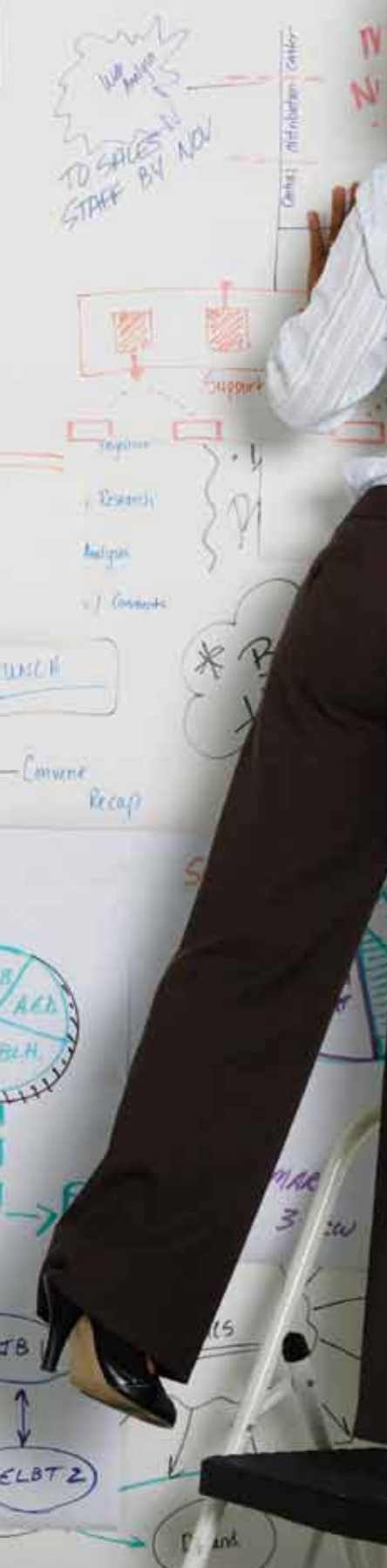


ASSESSMENT

DEFINE OBJECTIVES

IMPLEMENT STRATEGIES

MONITOR/UPDATE



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