

## The Big Quota Question: Why You Should Count on Women

Published : May 01, 2012 in [Knowledge@Australian School of Business](http://knowledge.asb.unsw.edu.au/article.cfm?articleid=1579)

Australia's first female prime minister, Julia Gillard, German chancellor Angela Merkel, Dilma Rousseff, the president of Latin America's largest and most populous country, Brazil, International Monetary Fund head Christine Lagarde, US Secretary of State Hillary Clinton... The list of globally prominent women leaders is growing. So, do we still need to be talking about gender inequality?

If the Australian Treasury is anything to go by, the answer is "yes". Institutional bias exposed in a strategic review of the nation's leading economic agency, initiated by its chief, Martin Parkinson, shows the organisation is impacting negatively on the careers of its female employees. The Treasury admitted it was viewed as arrogant, with a culture that failed to value the skills of its female workforce. Women with family responsibilities who are working at Treasury experience what Parkinson described as "unconscious assumptions about the capacity and credibility of people with commitments."

In some areas there has been progress for women. Spurred on by the Australian Securities Exchange's Corporate Governance Principles and Recommendations, which required companies to set targets and report achievements, women's participation on boards has increased from 8.6% in 2010 to a record 12.7% in 2011 – a figure that's still behind the US with 15.2% and the UK with 12.2%.

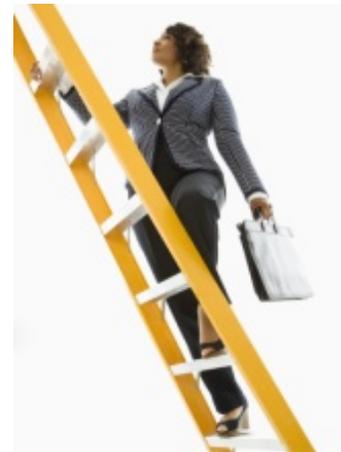
But when it comes to senior executive positions in the ASX 200, women have not exceeded 13% for more than a decade, according to 2010 census figures released by the [Equal Opportunity for Women in the Workplace Agency](#) (EOWA). This snail's pace has meant a greater focus on the harder to tackle impediments to women's advancement – such as exposing and addressing unconscious bias, which Parkinson touched on.

[Ann Sherry](#), formerly the head of human resources at one of Australia's top four banks, Westpac, recalls the situation she faced when introducing diversity targets at the bank back in the late '90s when there were virtually no women in middle management. Westpac was reinventing itself and the then CEO Bob Joss and Sherry went on a tour of the company where they spoke to "a sea" of executive men in every city in Australia, but in the branches, there would be a sea of women. Women literally disappeared as they climbed the corporate ladder.

"When we started introducing targets at Westpac, the noisiest groups were those teams who had no diversity," reports Sherry, now chief executive of cruise ship company Carnival Australia. "As soon as you start to challenge things, what comes to the fore pretty quickly is that unconscious bias moves to conscious bias. Most of it is cultural. 'We like the way we operate, we think we're fine.' All those lame excuses to explain why there's so little diversity. But one of the great powers of the HR function is that you analyse the workforce data and it tells you a lot. We set benchmarks against other companies, particularly US banks where women are everywhere at a senior level." Within five years, the number of women in senior management at Westpac went from 5% to 20%, says Sherry.

### Balance Without Bias

Multiple research studies have shown companies with three or more women at the top perform better than those with none. One of the studies, a 2007 report by McKinsey & Company, found "companies with



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gender diversity outperformed their sector in terms of return on equity, operating result and stock price growth."

In an increasingly competitive global economy, the question is: Can Australia afford to lag behind – not only the developed, but also the developing world – in getting women into leadership roles? Australia invests heavily in educating its female population, with A\$33 billion being ploughed into an education system that's producing – in the majority – female university graduates. Logic suggests the country is missing out when more than 50% of its talent pool is unable to make a full contribution.

Initiatives addressing this deficit include the new [Women in Leadership program](#) at the Australian Graduate School of Management (AGSM) designed for talented women who are in senior leadership positions with aspirations to contribute at the highest level, supported by their employers. Executive coach Rosamund Christie heads the program and says its purpose is to "enable women to exercise leadership in the most constructive way and to become agents of change themselves." Part of the program addresses unconscious bias: getting women to recognise it and giving them skills and abilities to manage it.

What form does unconscious bias take? [Rosemary Howard](#), executive director and conjoint professor of AGSM Executive Education, says there exists among women – as well as men – unconscious bias that favours masculine attributes at work. [What Stops Women From Reaching the Top?](#), a 2011 survey from international management consultancy Bain & Company, shows that men and women think there are differences of style between the genders at work, with women believing that what they bring to the table is not valued and prevents them from advancing in their careers.

"[In the Bain report] women are seen as more collaborative, but less assertive, for example, so rather tragically we see that as bad," says Howard. "Women are perceived as not so good at problem-solving, not so good at communicating, not so good at leadership." Christie says she doesn't subscribe to the view that women have different styles of management or are more nurturing than men in leadership roles. "The implication is that women are different from the norm but in the workplace, we're not," she insists.

When the New York-based research organisation, Catalyst, questioned 325 CEOs and more than 10,000 female executives about what holds women back from advancement, 52% of women cited male stereotyping while only 25% of CEOs thought this was an impediment.

## Pinpointing Problems

Challenging assumptions about women's skills and capabilities appear to be at the heart of bringing about organisational change. The experience at supermarket giant Woolworths illustrates what can be achieved when a company tackles this head on. Kim Schmidt, who until recently was director of human resources at supermarket giant Woolworths where 27% of senior executives are female, says the ball was set in motion when the company was going through a period of growth in 2004 and looking for new talent. Aware there were disproportionately fewer women in senior levels of the organisation, Woolworths addressed likely impediments with flexible working arrangements – including job sharing, maternity leave, and mentoring – all of which helped retention. That was the easy part, but by 2007, the company still wasn't attracting women into its senior ranks.

"Although it wasn't referred to as unconscious bias back then, we knew assumptions were being made about what women couldn't or wouldn't do," says Schmidt. A typical example, she suggests is: "That woman wouldn't want that job because she's just come back from maternity leave and needs time to reintegrate."

Schmidt asserts that "you can't train [bias] out of people", but assumptions have to be challenged. "It's human nature: people pick people like themselves and breaking that down is a journey. Getting your business leaders to challenge traditional thinking about leadership qualities ensures old stereotypes are discredited and opens the way for female talent."

Sherry agrees that it's too easy to perpetuate the dominant culture in an organisation. "The myth of merit is that we choose the best person... who looks like me." She says senior management need incentives – whether it's targets or quotas – that force them to identify barriers to women's promotion. "If you don't hit your targets, you don't get your bonus. There are consequences."

Howard believes adopting more professional selection processes is a prerequisite "to create a capability culture for the society that we want". "It's building conscious competence where there's been unconscious incompetence."

As most senior executives are male, persuading them to take a lead is crucial to the success of increasing women's presence in the workplace. Stephen Fitzgerald of Goldman Sachs is one of the Male Champions of Change – CEOs and board members recruited by sex discrimination commissioner Elizabeth Broderick at the Australian Human Rights Commission. The "champions" have committed to affecting gender diversity within their companies.

"Women are Australia's hidden resource," attests Fitzgerald. "The gains that we could make as a country by elevating the representation of women in leadership are substantial. We are a long way from realising the full potential of our workforce. We need to make this a priority."

Taking a lead and sending out the message that an employer is serious about women's careers is one of the keys to creating gender diversity, says Schmidt. She describes how former Woolworths' CEO Michael Luscombe made two significant appointments in 2007, when Julie Coates became head of logistics and Debra Singh head of consumer electronics. "These two appointments weren't made to make a statement: they were selected on Michael's belief in their capabilities, but it sent a strong signal that Woolworths was serious about women and was prepared to put women into key line roles. After that our percentage of senior female executives accelerated quickly from around 21% to 26%," says Schmidt.

Achieving a critical mass of senior women in a company creates a momentum, says Schmidt. "Women start to see a career path where previously they had seen none. I went from having discussions with women who did not believe they could be CEOs or senior leaders – but they would ask me: 'What can I do? What is possible?' – to women saying: 'This is what I want to do (be a CEO); how can I get there?'"

### **Knock-on Effect**

Many would argue that the time has come for a quicker way to achieve critical mass and that is through the introduction of quotas – but it's a contentious issue. The government's position favours persuasion over quotas, but advocates point to the experience of Norway.

Legislated board quotas have been introduced in Spain, France, Iceland and the Netherlands, but compliance with the targets remains low. However, Norway introduced mandatory quotas in 2003 when the proportion of women on boards stood at 8%. Today it's 40%. There was resistance. A Harvard review for the 2011 World Development Report on Gender Equality and Development, said that some public limited Norwegian companies, which were opposed to the law, turned private to avoid compliance. In addition, "quotas intended to give more women an opportunity to serve as leaders have been circumvented by corporations allowing directors to sit on multiple boards", the report states. And the boardroom impact has not had a knock-on effect in increasing participation of women in senior management to the same degree in Norway.

Quotas divide people – and not along gender lines. The biggest concern is that quotas undermine the principle of merit leading to women being promoted who are not up to the task; or that quotas are patronising and undermining, giving the impression that women have not earned their promotion.

In an address to the Australian Human Rights Commission, Elizabeth Broderick said merit was a very good principle but it has been unevenly applied. "The merit principle aims to ensure that leadership selection processes are fair, impartial and transparent. It means the outcome isn't based on where you went to university, or who you know, or what your parents do. The merit principle is intended to eliminate favouritism, nepotism and bias – and, yes, sexism. But unfortunately, it's now being used to defend just that."

[Malcolm Dunn](#), director of Executive Development Services at the [Australian Graduate School of Management](#), disagrees and says that quotas would be a mistake. He believes the issue is a distraction from the real problem of how we develop the highest quality managers. "The challenge is how do we build capabilities in our leaders irrespective of gender," he says. "If we are encouraging diversity, including demographic and ethnic diversity, we shouldn't be legislating for conformity and trying to make

everyone look like each other. A combination of masculine and feminine traits is the essence of good future leadership."

In mid-March 2012, an amendment to the Equal Opportunity for Women in the Workplace Act was introduced. It will require businesses to report on the outcomes of their gender equality policies rather than just the processes. The Workplace Gender Equality Agency will replace the Equal Opportunity for Women in the Workplace Agency and will ensure compliance as well as offer support to employers to achieve greater gender diversity. The agency will have the power to name and shame companies that don't.

Perhaps mindful that government should be taking a lead, after its period of public self-reflection, the Treasury has set itself a target: it wants 40% of its senior executives to be women with 35% achieved by 2016.

There are certainly plenty of women waiting for the opportunity. Addressing a recent group of AGSM students, Ann Sherry said a lot of questions were about diversity. "The good thing is that now it is being spoken about openly. They were a racially diverse group as well as gender diverse. There are a lot of groups in our community who feel the edge of bias and together they form a large group that can hopefully come together to challenge these attitudes."

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