

“Empowerment of the world’s women is a global imperative.”

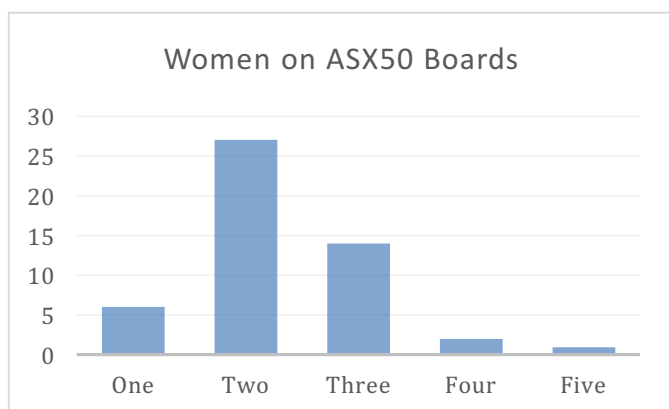
Ban Ki-moon, UN Secretary General, 2016 World Economic Forum¹

This report by Catalyst Australia looks at the representation of women in leadership at companies included in the ASX50. This index lists Australia's largest publicly-owned companies that are considered leaders in their industry.

This research assesses the ASX50 companies and gender equality in four areas: boards, management, policies and practices, and the gender pay gap. It finds disappointing levels of female representation on boards and in management, increasingly well-developed policies and practices, and generally under-reported gender pay gap information. The full results, company scores, and the methodology can be found on the [Catalyst Dashboard](#).

Board of Directors

Our research finds that 26.7% of board positions at ASX50 companies are taken by women. While this is more than the overall proportion of female directors of companies included in the ASX200 (21.9%), ASX300 (20.0%) and All Ordinaries (16.6%)², it nevertheless means that only about one in four ASX50 board positions are occupied by women. Encouragingly, we find that all ASX50 companies do have female directors, while among the ASX200 companies 24 boards remain without women, while ASX300 and All Ordinaries companies have, respectively, 58 and 169 boards without female directors.³



Apart from the importance of having at least one woman on the board, research shows that having multiple female directors constitutes a critical mass: two women can help one another to get their contributions across and, when there are three women, they are seen as individuals rather than as the 'female voice' on the board.⁴ Our research finds that more than half of ASX50 companies have at least two women directors. It should be noted that the majority of ASX50 companies has eight or more board members.⁵

The role that the board of directors can play in enabling equal opportunities should not be underestimated: those boards that have an understanding of the gender-related matters in the company gain valuable insights into the organisational culture, the existing talent pool, and the growth potential of employees and the company. Apart from being held accountable for operational performance, there is a strong case for the board holding executive management accountable for establishing and achieving gender diversity objectives as well.

Management

For decades a substantially larger – and growing – percentage of women in OECD countries have been enrolled in tertiary education compared to men. Australia has followed this trend.⁶ Yet while Australia has a highly educated female population, this does not translate into the workplace. Female representation declines sharply with job seniority: while 40.0% of the lowest levels of management are women, only 15.4% of CEOs are women in Australia.⁷ This simply means that some of Australia's brightest minds are not being put to good use.

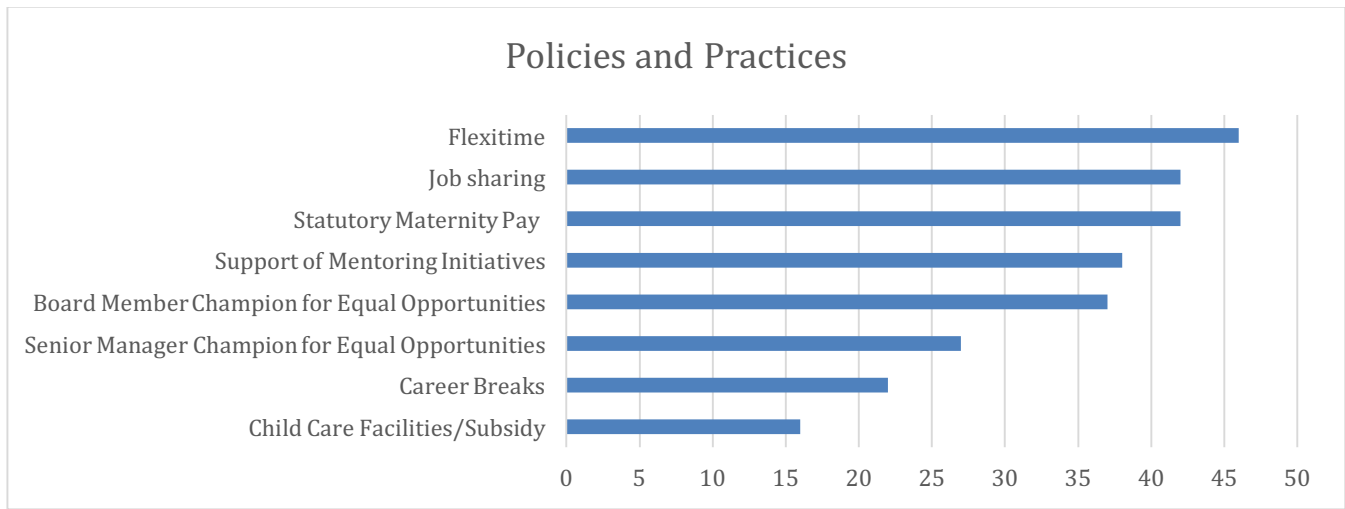
Catalyst Australia's research shows that of management positions in ASX50 companies, 28.8% are occupied by women. This is less than the overall number of female managers at ASX200 companies, which lies at 36.5%.⁸ Considering the very top of the corporate pyramid, only 1.5% of ASX50 companies have a female CEO. In other words, only three of fifty heads of business are women: Alison Watkins (Coca Cola Amatil), Susan Lloyd-Horwitz (Mirvac Group) and Kerrie Mather (Sydney Airport). In comparison, the ASX50 has more CEOs named Andrew (five), as well as Michael (four), and has an equal amount of Peters as there are female CEOs.

The top levels of corporate management remain male-dominated, suggesting the existence of substantial barriers to female career advancement. While an increase of women in board positions can be achieved by appointments based on demonstrated abilities in other organisations and activities, senior managers normally need to work their way up the executive ladder, either internally or in the industry. As such, the pipeline for senior managers is narrower than for directors, and it will take more time for women to advance. Also, progressing through corporate ranks requires a commitment of time that may conflict with family and other commitments. Consequently, it is essential that companies create a supportive organisational culture and introduce enabling work/life balance arrangements.

Policies and Practices

There is growing awareness among businesses of the need to support gender equality in the workplace. Of the 12,229 employers disclosing to the Workplace Gender Equality Agency (WGEA), 20.6% reported that they take a strategic approach to gender equality, as opposed to 18.3% in the previous reporting period.⁹ In addition to establishing a policy that outlines principles and responsibilities, a strategy typically describes a number of specific objectives, shows how these are to be achieved and how progress will be measured.

Our research considers eight practices that are supportive of gender equality. It finds that flexible working arrangements and job sharing are common, as is maternity pay, support for mentoring initiatives and board members championing gender equality. Less common are senior managers championing the cause, career breaks and child care provisions. Among all companies reporting to the WGEA, 60.2% mention flexible working arrangements. Yet female managers rarely work part-time, which remains most common among non-managers: CEOs (0.4%), key management personnel (2.8%), other executives/general managers (4.0%), senior managers (4.6%), other managers (5.7%), and non-managers (17.0%).¹⁰ These figures are indicative of a lack of flexible management positions.



Pay Gap

Women earn less than men. According to the International Labour Organisation, the global difference in earnings between men and women has hardly changed in the last two decades, and it will take another 70 years to close the gender pay gap if it continues to reduce at the present pace.¹¹ While the overall trend indicates that the pay gap is in decline over the last decade, this trend has started to flat line in the last five years and is stuck at around 15%. Australia's record is mixed - worryingly the last five years show an increase in the overall gender pay gap.¹² The WGEA finds that the gender pay gapⁱ in Australia is 19.1% based on a full-time base salary and 24% based on full-time total remuneration.¹³

Increasingly, Australian employers are concerned with pay equity: the WGEA finds that 26.3% of reporting companies conduct a gender pay gap analysis.¹⁴ However, this means that three-quarters of Australian employers do not consider pay equity a priority. Our research finds that thirty-seven ASX50 companies publicly address equal remuneration, while thirteen do not report on the issue at all. Only fourteen companies publicly disclose pay equity figures in their annual or sustainability report. These are disappointing figures, as a constructive approach towards pay equity involves companies disclosing and being accountable for pay gaps in their organisation, and taking action to address the issue.

Conclusion

Looking at the four areas that are assessed in this report, it can be said that the worldwide political and regulatory trend to promote women in leadership has also impacted the Australian corporate world. Yet progress is slow, and a change in pace is required. The ASX50 outperforms other ASX indices when it comes to the amount of women directors, and it is encouraging that all boards have at least one woman, while the majority of boards have two or more female directors. This suggests that tokenism is not an issue. Less positive is the fact that the number of female managers at ASX50 companies is lower compared to the ASX200. As well, the underrepresentation of women as CEO remains a major problem.

In order to facilitate the ascent of women on the corporate ladder, companies do seem to focus on achieving a better work/life balance for employees, enabling them to utilise their talents in appropriate employment, without neglecting family or other social responsibilities. The most common corporate strategy is to offer flexible working arrangements, yet part-time work is an option mostly used in non-

ⁱ The WGEA data does not show comparisons of women and men in the same roles. Instead, its findings show the concentration of women in low paying roles and sectors and the concentration of men in the high paying roles and sectors.

managerial positions, which suggests a lack of flexible management roles and an underutilised female talent pool. Analysing gender pay equity can help companies uncover where exactly women cease to progress through the talent pipeline and remain in lower paid positions. Unfortunately, this area of reporting is weak: while companies do refer to pay equity, their disclosures are often limited and do not include figures for management or the workforce.

Overall, a lot of work remains to be done. Companies could consider establishing quantifiable targets to increase and retain women at all levels of the organisation. Setting and achieving targets could be mandated by the ASX Corporate Governance Council, or included in executive performance indicators and remuneration strategies. Lastly, the fact that women are increasingly well-represented on corporate boards and have started to constitute a critical mass should serve as an imperative for management to perform a gender pay gap analysis, and to explain the glacial pace at which progress is currently made.

¹ <http://www.theguardian.com/business/2016/jan/21/un-global-womens-economic-empowerment-initiative-davos>, accessed 26-02

² http://www.companydirectors.com.au/~media/resources/director-resource-centre/governance-and-director-issues/board-diversity/board-diversity-pdf/05180-4-coms-gender-diversity-quarterly-report-deb15-a4_v6.ashx, accessed 26-02

³ Ibid.

⁴ Torchia, M., Calabrò, A., & Huse, M. (2011). Women directors on corporate boards: From tokenism to critical mass. *Journal of Business Ethics*, 102(2), 299-317.

⁵ <http://www.companydirectors.com.au/director-resource-centre/governance-and-director-issues/board-diversity/statistics>, accessed 26-02

⁶ <http://www.oecd.org/gender/data/primarynetadjustedenrolmentratiosbysex.htm>, accessed 26-02

⁷ https://www.wgea.gov.au/sites/default/files/2014-15-WGEA_SCORECARD.pdf, accessed 26-02

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ http://www.ilo.org/gender/Informationresources/Publications/WCMS_348087/lang--en/index.htm, accessed 26-02

¹² <http://www.oecd.org/gender/data/genderwagegap.htm>, accessed 26-02

¹³ https://www.wgea.gov.au/sites/default/files/2014-15-WGEA_SCORECARD.pdf, accessed 26-02

¹⁴ Ibid.