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GENDER EQUITY INSIGHTS 2021

MAKING IT A PRIORITY

BCEC | WGEA Gender Equity Series

Authorship

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This paper uses de-identified data from the Workplace Gender Equality Agency's compliance reporting and benchmarking dataset. The findings and views reported in this paper are those of the authors and should not be attributed to the Workplace Gender Equality Agency.

About the Bankwest Curtin Economics Centre

The Bankwest Curtin Economics Centre is an independent economic and social research organisation located within the Curtin Business School at Curtin University.

The Centre was established in 2012 through the generous support of Bankwest, a division of the Commonwealth Bank of Australia. The Centre's core mission is to deliver high quality, accessible research that enhances our understanding of key economic and social issues that contribute to the wellbeing of West Australian families, businesses and communities.

The Centre's research and engagement activities are designed to influence economic and social policy debates in state and Federal Parliament, regional and national media, and the wider Australian community.

Through high quality, evidence-based research and analysis, our research outcomes inform policy makers and commentators of the economic challenges to achieving sustainable and equitable growth and prosperity both in Western Australia and nationally.

The Centre capitalises on Curtin University's reputation for excellence in economic modelling, forecasting, public policy research, trade and industrial economics and spatial sciences. Centre researchers have specific expertise in economic forecasting, quantitative modelling and economic and social policy evaluation.

About the Workplace Gender Equality Agency

The Workplace Gender Equality Agency is an Australian Government statutory agency created by the Workplace Gender Equality Act 2012.

The Agency is charged with promoting and improving gender equality in Australian workplaces.

We work collaboratively with employers providing advice, practical tools and education to help them improve their gender performance. Our staff are workplace gender equality specialists and provide industry-specific advice.

We also work with employers to help them comply with the reporting requirements under the Workplace Gender Equality Act 2012. This reporting framework aims to encourage measures that improve gender equality outcomes and has been designed to minimise the regulatory burden on business.

The Agency uses the reporting data to develop educational benchmark reports based on six gender equality indicators.

The benchmark reports can be customised by industry and organisation size and enable employers to identify areas for focus, develop informed strategies and measure performance against peers over time.

We are committed to promoting and contributing to understanding, acceptance and public debate of gender equality issues in the workplace. We work collaboratively with employers, business, industry and professional associations, academics and researchers, equal opportunity networks and women's groups and regularly speak at private and public events on workplace gender issues.

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There is an essential truth behind the famous saying "what gets measured, gets managed". The findings of this 2021 Gender Equity Insights Report show that the opposite is also true. What is not measured can run the risk of being neglected and ignored.

This year's report tells some crucial stories. Stories about where Australian businesses need to aim their focus and about the opportunities available as we revive the post-pandemic economy to hone in on the aspects of workplace gender equality that will have the greatest impact.

The businesses who pay close attention to their own data, and who consistently scrutinise and apply their workplace policies, are the ones that have seen the most effective gender equality outcomes. From reducing gender pay gaps faster to achieving more rapid increases in women in management, the results of ambition, accountability and a consistent approach are clear improvements in gender equality outcomes in those workplaces.

However, while some organisations have embraced change, in others we are witnessing, as the report identifies, 'gender apathy'. This 'gender apathy' has acted to slow the overall pace of change.

Our most recent dataset showed that reporting organisations are not consistently undertaking pay gap audits. In the 2019-2020 reporting period, almost 54% of the companies that report to us did not undertake a regular pay gap analysis. This report proves again that a gender pay gap analysis is essential for every organisation. As I have said many times before, if every organisation in Australia did a pay gap analysis and acted on the identified problems of that analysis, the gender pay gap in Australia would soon be consigned to history.

If the pace of change across all industries continues on the current trajectory, it will be more than a quarter of a century until the full-time, total remuneration gender pay gap closes. A whole generation! This is far too long.

The report also reveals a wide range of outcomes in closing pay gaps across different sectors, manager categories and mon-manager occupations. In most manager categories, the gender pay gap may close in ten to fifteen years, whereas women in some non-manager occupations may wait well beyond a generation to see their pay gaps shrink.

You might think that female-dominated industries like healthcare and education would lead the way in terms of gender equality best practice, but this is not the case. Female-dominated industries and organisations are, in fact, less likely to pay close attention to, and take consistent action on, gender equality. Industries such as mining, utilities and finance are the ones leading the way and driving change.

In further proof that consistency is so important for good results, setting targets to increase the number of women on boards does work. This report shows that organisations that set targets to increase their share of female board members achieve change twice as fast as organisations that do not. Despite this, only about 8% of businesses set targets of this kind. In general, the report finds that there is both less target setting, and less ambitious goals.

There are two important qualifiers to highlight about the findings of this report. Firstly, the findings assume that current trends, as they are, will continue. Secondly, all the data analysed was collected prior to the COVID-19 pandemic. We will not begin to see the effect of the pandemic until the data is collected from employers this year and the Agency releases the results later in 2021.

As we navigate our economic recovery in the wake of a global pandemic, one thing is clear – we cannot afford to be complacent. Without ambition, target setting and consistency, we risk seeing a decline in all our hard-won gains in workplace gender equality. This in my view is simply unacceptable. All Australian employers must ACT now.

Libby Lyons
Director, Workplace Gender Equality Agency

FOREWORD BCEC

For six years the **BCEC|WGEA Gender Equity Insights series** has been providing new insights into what works when it comes to progressing more gender equitable workplaces across Australia.

Through the Gender Equity Insights series, we have been able to understand not only how things have changed over time, but what policies and actions can make change happen faster.

We now have the evidence that shows that undertaking a gender pay gap audit, reporting to executives and introducing policies that support combining work and family will make a big difference in driving more equitable outcomes in our workplaces.

We also know that greater gender diversity in leadership roles plays a key role in creating more equitable workplaces and that more women in leadership will deliver additional benefits to a workplace – greater profits, and greater productivity.

Our findings in this latest report uncover the top performing organisations that have taken ***consistent and comprehensive steps*** year after year to improve gender equality outcomes.

These organisations are more likely to have significantly reduced their gender pay gap over time and increased the number of women in their leadership teams as a result.

Yet while these behaviours exist for a significant sub-set of reporting organisations, there is evidence of a level of apathy and complacency setting in among some of Australia's biggest workplaces.

This apathy exists in efforts to increase the number of women on Boards, to narrow the gender pay gap through regular audits, and the implementation of policies and practices that help make workplaces more gender equitable.

And surprisingly, workplaces that have a higher concentration of women are less likely to be consistently focussing on gender equity outcomes.

The good news is that we know what works and that greater gender equity is achievable. But organisations must consistently focus on this as both an input and an outcome.

Gender equity is not something we look at every few years. It requires leadership, vigilance and commitment.

The risk from complacency is that the hard earned gains in improved gender equity outcomes we can see are lost.

We hope that the findings in this report series provide you with new insights and hard evidence to drive permanent change in Australia's workplaces.

John Curtin Distinguished Professor Alan Duncan
Director, Bankwest Curtin Economics Centre

EXECUTIVE SUMMARY

Consistent application of workplace policies and actions delivers better gender equity outcomes, translating into lower gender pay gaps and more women in senior leadership roles.

For seven years, non-public sector organisations in Australia with more than 100 employees reported annually to the Workplace Gender Equality Agency (WGEA) on gender equality policies and practices in their organisations. This world-leading data base has advanced our understanding of what initiatives works to create more gender equitable workplaces and what this can mean for better business outcomes.

In this sixth *BCEC|WGEA Gender Equity Insights* report we uncover further insights about effective initiatives to improve gender equality across Australia's workplaces, by identifying the top performers, who have consistently taken steps to improve gender equality outcomes over the last seven years.

Through our Gender Equality Good Practice Index, we find that the consistent application of workplace policies and actions delivers better gender equality outcomes, translating to lower gender pay gaps and more women in senior leadership roles.

But there is considerable evidence of a level of apathy among Australia's biggest organisations when it comes to progressing gender equality.

This apathy exists in efforts to increase the number of women on Boards, to narrow the gender pay gap through regular audits, and the implementation of policies and practices that help make workplaces more gender equitable.

What's more, it is organisations with a higher concentration of women that tend to be the most apathetic.

The risk from complacency is that we will lose the hard earned gains in recent years in improved gender equality outcomes.

Consistent gender equality good practice lowers gender pay gaps

Organisations that implement a comprehensive suite of gender equality policy and practice measures and do this consistently over time have lower gender pay gaps.

The top 10 per cent of companies that are the most consistent in implementing gender equality policies and actions saw a 4.4 percentage point reduction in the gender pay gap of managers between 2015 and 2020 and a 2.3 percentage point reduction in the gender pay gap for non-managers.

This compares to the least consistent organisations, in which the gender pay gap among managers fell by only 1.4 percentage points over the same period, and the non-managerial pay gap remained unchanged.

Mining, utilities and finance outperform health care and education in good practice

Finance and insurance, utilities and mining companies are most likely to follow the best gender equality practices, with mining increasing by 8.4 percentage points over the last five years.

Organisations in the education and training, health care and social assistance sectors rank lowest on average in terms of a consistent approach to gender equality in the workplace and have shown the least improvement over the last five years.

Businesses in the finance and insurance sector are 2.9 times more likely to follow best practice in gender equality policies and processes and those in mining are 2.4 times more likely to be following best practice.

Businesses in the health care and social assistance sector are only a quarter as likely to adhere to best practice.

Organisations with that are female dominated are less likely to pay close and consistent attention to gender equality within their workplace. This suggests a significant level of complacency and inaction exists within sectors that have a higher concentration of women.

Gender pay gap will likely take another quarter of a century to be eliminated

The full-time total remuneration gender pay gap has fallen from 24.7 per cent to 20.1 per cent over the last seven years. And while the current rate of change is positive, it may take another twenty six years to eliminate this pay gap.

For executives the gender pay gap may disappear in the next decade but the outlook is less positive for community and personal service workers, sales workers and technicians and trades.

If the average annual rate of change continues, the gender pay gap among full-time executives would be eliminated within ten years, and for senior managers in less than fifteen years.

For non-management occupations, this will take longer, with some occupations unlikely to see any change at all in the gender pay gap in the coming years.

Pay gap audits have slowed and it shows

The rate of pay gap audit actions has slowed considerably, increasing by only 1.7 percentage points in the latest WGEA reporting data, whereas in previous years it has averaged growth of 3.7 percentage points. Currently, more than half of reporting organisations still do not undertake a regular pay gap analysis.

The managerial total remuneration gender pay gap grew by 5.1 percentage points among those organisations that ceased conducting a pay gap audit after 2017.

Organisations that consistently undertook pay gap audits saw their managerial gender pay gap narrow at a faster rate than other companies, by up to 2.2 percentage points between 2017 and 2020.

Women remain under-represented on Boards

There has been substantial progress in the representation of women on governing Boards over time, but women remain under-represented as Board members or Chairs relative to their workforce representation in every single industry except mining.

Agriculture, wholesale trade, finance and insurance and health care and social assistance have half as many female Board members compared to the share of women in these sectors.

Male-dominated industries are more likely to have closer proportionate representation of women on Boards than many female-dominated sectors. Construction performs better than the health care sector.

Board targets work but there is little ambition beyond 30 per cent

Over the last six years, organisations that have set consistent Board targets to increase the share of female Board members do so at twice the pace of those that do not set any targets.

These organisations saw the share of women on Boards increase by 7.3 percentage points, lifting the percentage of women from 21.6 per cent to 31.1 per cent between 2015 and 2020. This compares to an increase of only 3.5 percentage points for companies that did not set Board targets.

However, the share of organisations that set targets to increase women's representation on governing bodies has been flat at about 8.0 per cent for the last four years. There is a demonstrable level of apathy among Australia's biggest organisations in increasing the number of women on their Boards. Targets are becoming less common and less ambitious.

Organisations that have set consistent Board targets increase the share of female Board directors at twice the pace of those that have not set any targets in the last six years.

INTRODUCTION

The **BCEC|WGEA Gender Equity Insights series**, now in its sixth year, has been producing research insights that are designed to support Australia's journey towards gender equality in pay, employment and leadership.

Based on the world-leading Workplace Gender Equality Agency data collection, these reports have served to highlight the positive changes that have been made in Australian workplaces in moving towards improved gender equality outcomes.

The 2021 Gender Equity Insights report is based on the world-leading Workplace Gender Equality Agency (WGEA) data collection, covering nearly 4.4 million employees.

And at least as important as the breadth of its coverage, the WGEA data collection has grown substantially in power because of its longitudinal nature - ***where information about the same company is captured annually***.

By tracking progress of the same companies from one year to the next, we have been able to relate policies, actions or changes in company leadership to progress in gender equity outcomes.

Over the past six years, the Gender Equity Insights series have shown what works when it comes to creating more gender equitable workplaces across Australia's business community.

But importantly, the research insights produced in the report series have also shone a spotlight on those areas where progress has been slower to come by, or where challenges still remain to achieve genuine change.

Our previous research showed that undertaking a pay audit often leads to companies taking action to correct pay gaps within their organisations, and to review their performance pay processes as a result[1].

Companies that took action were also more likely to narrow their gender pay gap over time compared to otherwise similar companies that took no action.

In fact, these actions were found to be three times more effective when implemented alongside a process of reporting to the executive or the Board.

In our 2019 report, we captured the impact workplace policies have on progressing women in senior leadership positions and breaking through the glass ceiling[2].

Unsurprisingly, policies that support combining work and family make a big difference.

Flexible workplace policies, employer provided on-site childcare and employer funded paid parental leave at full replacement wage all have a significant impact on retaining female workers – especially those in leadership roles.

These findings offer practical solutions that organisations can put in place to create a more equitable workplace with greater female leadership, but potentially a more productive and profitable workplace as well.

In our 2020 report[3], we tested this proposition: *do more women in leadership positions within an organisation lead to better company performance?* We found unequivocally, that it does.

A strong and convincing causal relationship exists between increasing the share of women in leadership and subsequent improvements across a suite of company performance metrics. This relationship is present when increasing women's representation on boards, increasing the share of women in the most senior leadership tier of the company and when appointing a female CEO.

We have the business case and we know a lot more about what works when it comes to progressing gender equity within some of Australia's biggest workplaces. *But how do we make it stick and get all organisations on board, consistently?*

1 BCEC|WGEA Gender Equity Insights 2018: Inside Australia's Gender Pay Gap.
2 BCEC.WGEA Gender Equity Insights 2019: Breaking through the Glass Ceiling.
3 BCEC|WGEA Gender Equity Insights 2020: Delivering the Business Outcomes.

10

Gender Equity Insights 2021: Making it a Priority identifies the top performers, who have consistently taken steps to improve gender equality outcomes over the last seven years.

We examine why some companies are better than others in delivering improved gender equity outcomes and the factors that drive success through consistency of policies, practices and accountability.

We also take a look at the progress made in narrowing the gender pay gap and estimate just how long it may take for the pay gap to fully close and offer practical solutions to speeding things up.

And lastly we consider the representation of women on Boards and test whether or not Board targets work?

This new evidence base is an important step towards not only consistently delivering more gender equitable workplaces, but making sure we don’t go backwards.

Australian Workplace Gender Equality Data

In 2012 the Australian Government legislated the Workplace Gender Equality Act, which has the primary objective to improve and promote equality for both women and men in the workplace.

Under the Act, non-public sector organisations with more than 100 employees are required to report annually against six gender equality indicators.

These include the representation of women in leadership, equal remuneration between women and men and policies and actions they are taking in respect of these gender equality indicators.

This legislation has resulted in the collection of a unique and extensive data set.

The Workplace Gender Equality Agency data collection covers more than 4.3 million employees – which equates to more than 40% of the Australian workforce.

"COMPANIES THAT CONSISTENTLY UNDERTAKE PAY GAP AUDITS SEE A FASTER REDUCTION IN GENDER PAY GAPS WITHIN THEIR ORGANISATIONS."

GENDER PAY GAP: HOW HAVE WE PROGRESSED?

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While the current rate of change is positive, it will still take another twenty six years for the full-time gender pay gap for total remuneration to be eliminated.

If the average annual rate of change continues, the gender pay gap among full-time Executives would be eliminated within ten years, and for senior managers in less than fifteen years.

One of the key reporting indicators within the WGEA data collection is the level of remuneration available to women and men.

Over the period since mandatory reporting to WGEA started in 2014, to the latest data collection in 2020, the gap in full-time remuneration between women and men has narrowed across the workforce, decreasing from 19.9 to 15.0 per cent at the base salary and from 24.7 to 20.1 per cent for total salary.

Across the workforce, women working full-time currently earn on average $25,534 less than men, over a year.

While the current rate of change is positive, it will still take another twenty six years for the full-time gender pay gap for total remuneration to be eliminated (Table 1).

Which occupations have made the fastest and slowest progress?

The gender pay gap is much higher across the management tiers, but these are also the occupation levels where progress has been much faster.

The gender pay gap among senior managers has reduced by 6.8 percentage points over the last seven years, and by 7.0 percentage points for executives. If the average annual rate of change continues, the gender pay gap among full-time executives would be eliminated within ten years, and for senior managers in less than fifteen years.

The lowest management tier – other managers, which is where women are concentrated, will take longer if the current rate of change continues. The gender pay gap for this management tier will not dissipate until 2043. For the most senior management level – key management personnel, this will be even longer, with the gender pay gap estimated to reach zero in 2045.

For the non-management occupations, the journey will be even longer, with some occupation levels unlikely to see any change at all in their gender pay gap in the coming years.

Among these occupation groupings, professionals have the most positive outlook, but the gender pay gap among full-timers is unlikely to disappear until 2051. For clerical and administration workers, this may take until 2053, machinery operators and drivers until 2060 and labourers until 2064, some 34 years away.

But it is the community and personal service workers that have the most unfavourable outlook, with the full-time gender pay gap unlikely to narrow in the coming years if patterns continue. Community and personal service workers have a much smaller gender pay gap averaging around 10 per cent, but very little change year-on-year is evident within this occupation.

These workers also have one of the lowest annual wages. Men working full-time as community and personal service workers will earn on average $78,200 each year, however, women, who dominate this occupation class, can expect to earn on average $70,700.

Sales workers and technicians and trades have a similar fate, with the full-time gender pay gap unlikely to disappear anytime soon.

TABLE 1

Gender pay gap among occupations and over time, 2014 to 2020

Occupation Level	Full-time Gender Pay Gap 2014	2015	2016	2017	2018	2019	2020	Change between 2020 & 2014 (ppt)	Gender pay gap elminiated by:
Total remuneration	24.7%	24.0%	23.1%	22.4%	21.3%	20.8%	20.1%	-4.6	2046
Base salary	19.9%	19.1%	17.7%	17.3%	16.2%	15.5%	15.0%	-4.9	2038
Managers (total remuneration)									
Key management personnel	28.9%	29.0%	26.6%	24.9%	24.3%	24.4%	23.4%	-5.4	2045
Other executives/general managers	27.5%	25.0%	24.6%	24.0%	22.0%	22.3%	20.5%	-7.0	2031
Senior managers	23.5%	22.8%	21.7%	21.1%	18.8%	18.2%	16.7%	-6.8	2034
Other managers	24.6%	24.2%	23.8%	22.9%	21.6%	21.3%	19.7%	-5.0	2043
Non-managers (total remuneration)									
Clerical and administrative	9.1%	8.3%	8.8%	8.4%	8.3%	8.2%	7.7%	-1.4	2053
Community and personal service	4.5%	9.4%	10.9%	9.1%	9.5%	11.6%	9.6%	+5.1	Indefinite
Machinery operators and drivers	13.7%	12.9%	16.1%	14.9%	14.3%	14.2%	11.9%	-1.8	2060
Sales	23.3%	22.2%	23.5%	23.9%	23.7%	25.1%	22.4%	-0.9	Indefinite
Professionals	22.0%	21.2%	19.7%	19.4%	19.0%	18.4%	18.3%	-3.7	2051
Technicians and trade	25.2%	24.6%	27.1%	26.7%	26.4%	26.0%	25.4%	+0.2	Indefinite
Labourers	22.8%	21.2%	17.2%	21.1%	18.3%	19.1%	20.0%	-2.7	2064

Source: Bankwest Curtin Economics Centre | WGEA Gender Equality data 2014 to 2020.

Community and personal service workers that have the most unfavourable outlook, with the full-time gender pay gap unlikely to narrow in the coming years if current patterns continue.

What will drive change?

Change is occurring faster within some sectors and among companies that pay close attention to their gender pay gap, regularly monitoring and reporting on this metric.

We know that this behaviour is effective and that actions to correct gender pay gaps are three times more effective when combined with reporting to the Executive or Board, reducing the gender pay gap by an average of 3.3 percentage points in one year[4].

But recently we've seen a backwards step. Reporting organisations are not consistently undertaking pay gap audits, and the rate of pay audit take-up is slowing considerably. In the most recent WGEA reporting period, the share of companies that conducted pay gap audits only increased by 1.7 percentage points, whereas in previous years the average change was 3.7 percentage points.

Indeed, more than half of companies that report to WGEA still did not undertake a regular pay gap analysis in 2020.

So how does the consistency of pay gap audits affect the rate of change of gender equity outcomes within a company?

To answer this question, we differentiate companies according to the regularity of the formal pay audits they conduct, and examine how their gender pay gaps change over time.

Specifically, we compare the size of the managerial and non-managerial gender pay gaps over time for three groups of companies[5]:

(i) those that ceased to undertake pay audits after 2017;

(ii) those that commenced pay audits after 2017 but not before, and;

(iii) those that conducted regular annual pay gap audits between 2015 and 2020.

More than half of companies did not undertake a regular pay gap analysis in 2020.

4 BCEC|WGEA Gender Equity Insights 2018: Inside Australia's Gender Pay Gap.

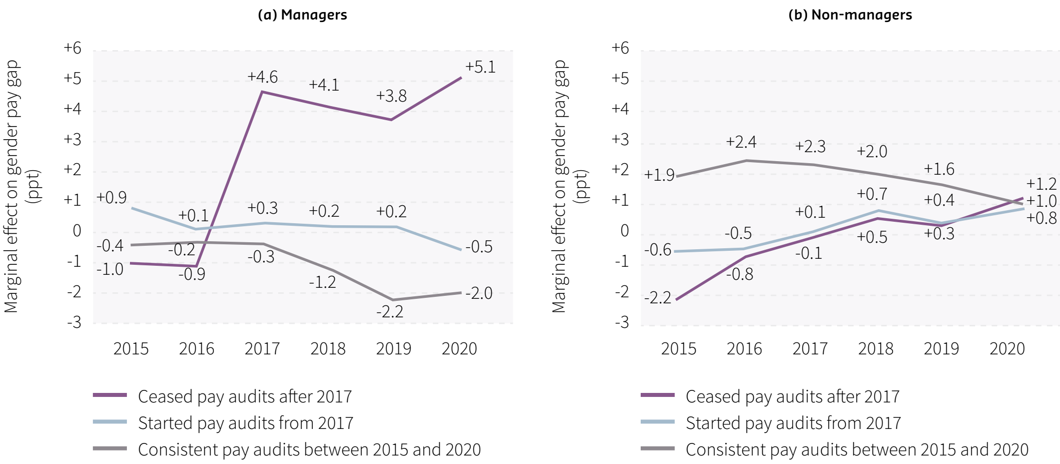
5 We take a number of steps to ensure that the effects of regular pay audits on the size of the gender pay gap is measured consistently. First, we restrict attention to those companies that appear in all WGEA reporting waves from 2015 onwards. Second, we apply regression methods to take account of different company characteristics between groups. The regression approach ensures that any differences in observed gender pay gaps are not driven by changes in the composition of companies in each of the three company groupings over time, or other organisational factors.

The managerial gender pay gap grew an extra 5.1 percentage points by 2020 among those organisations that ceased conducting a pay gap audit after 2017.

Those organisations that consistently undertook pay gap audits saw their managerial gender pay gap narrow at a faster rate than other companies, by up to 2.2 percentage points between 2017 and 2020.

FIGURE 1

Gender pay gaps and the consistency of pay gap audits: 2015 to 2020



Note: Organisations that are consistently observed in each year of the WGEA reporting data are selected for this analysis.
Source: Bankwest Curtin Economics Centre | WGEA Gender Equality data 2017 to 2020.

Figure 1 presents a series of estimates of the incremental (marginal) effects of pay audit consistency on the managerial and non-managerial pay gaps.

The managerial gender pay gap grew an extra 5.1 percentage points by 2020 among those organisations that ceased conducting a pay gap audit after 2017 (Figure 1 Panel a).

In fact, the average gender pay gap remained worse for companies that stopped pay audits from 2017 onwards, by close to, or in excess of, 4 percentage points in each year.

In contrast, those organisations that consistently undertook pay gap audits throughout the period saw their managerial gender pay gap narrow at a faster rate than other companies, by up to 2.2 percentage points between 2017 and 2020.

The progression of non-managerial pay gaps over time has been somewhat different, but again show strong evidence of the benefits of consistency in pay gap audits on the one hand, and the dangers of complacency on the other.

For companies that undertook regular annual pay audits, the average gender pay gap for non-managers was actually 1.9 percentage points higher in 2015 compared to other similar companies with less regular pay audit practices (Figure 1 Panel b). However, this excess gender pay gap has been gradually reduced, to 1.0 percentage point in 2020.

For those companies that ceased conducting a pay gap audit from 2017, the non-managerial gender pay gap grew by an extra 1.2 percentage points by 2020.

These findings suggest that companies that committed to regular pay gap audits have enjoyed some success in narrowing gender pay differentials within their organisations, and doing so more quickly.

Yet pay gap outcomes for non-managers are improving far less quickly than for the managerial workforce.

So why might this be the case?

Non-managerial occupations are more likely to have pay set by Awards and Enterprise Bargaining Agreements. This limits the potential for pay gaps to occur for the same occupational role, but leaves less room for changes to occur between roles at the organisational level.

The degree to which women and men are separated across different sub-occupations, and hence different awards, then plays a far stronger role in driving non-managerial pay gaps

Further, the gender wage gap may be narrower in occupations and sub-industries where women are concentrated. Gender pay gaps may well be small for occupations and sub-industries with a high share of women, such as child care and aged care, but this does not necessarily mean that women are better off.

The rates of pay for workers in female-dominated occupations are often low relative to male-dominated occupations, and may also have remained low over the years.

This is not to say pay audits are completely ineffective and should not be undertaken for occupations outside the managerial grouping. There is evidence that regular pay gap audits will have some impact on gender pay gaps for non-manager occupations, but additional levers are likely to be needed for more substantial change to occur.

The pay gap for non-managers grew an extra 1.2 percentage points by 2020 for companies that stopped pay audits from 2017.

Companies that committed to regular pay gap audits have enjoyed some success in narrowing gender pay differentials within their organisations, and doing so more quickly.

"INCREASING THE SHARE OF WOMEN ON BOARDS LEADS TO BETTER OUTCOMES FOR GENDER EQUALITY, AND BETTER BUSINESS OUTCOMES ACROSS A SUITE OF PERFORMANCE METRICS."

WOMEN ON BOARDS: DO BOARD TARGETS WORK?

WOMEN ON BOARDS: DO BOARD TARGETS WORK?

Increasing the share of women on Boards does not just lead to better outcomes for gender equality – it leads to better business outcomes across a suite of performance metrics.

We know that more women on Boards leads to a number of positive outcomes for gender equity within an organisation, including narrower gender pay gaps and more women in senior leadership positions.

We know from our 2019 Gender Equity Insights report that increasing the number of women on boards has significant links with improving the share of women in management positions within an organisation. Specifically, we found that moving from all-male to gender-equal company boards increases the share of full-time female managers by 7.3 percentage points and the share of part-time female managers by 13.7 percentage points.

And our very first Gender Equity Insights report in 2016 uncovered a strong association between increased representation of women on Boards and significant reductions in gender pay gaps. In fact, increasing the share of women on Boards from zero to equal representation is associated with a 6.3 percentage point reduction in the gender pay gap for full-time managers and 7.8 percentage point reduction for part-time managers.

But increasing the share of women on Boards does not just lead to better outcomes for gender equality – it leads to better business outcomes across a suite of performance metrics.

Our 2020 Gender Equity Insights report showed definitively that more women on Boards will deliver greater company performance, profitability and productivity. In fact, increasing women's representation by 10 percentage points or more on the Boards of Australian ASX-listed companies led to a 4.9 per cent increase in the company market value, worth the equivalent of AUD$78.5 million for the average company.

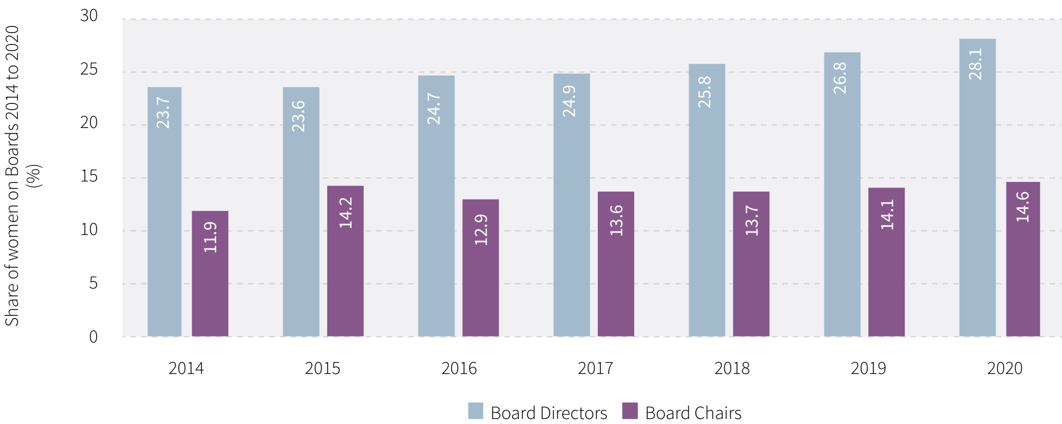
We also know from an increasing body of research that companies with more women on Boards are less likely to be involved in fraudulent behaviour[6] and more likely to be socially responsive[7].

The representation of women on Boards in Australia has gained momentum over the last seven years, and currently 28 per cent of Board positions within the WGEA reporting data are now held by women (Figure 2). This represents an increase of 4.5 percentage points between 2014 and 2020.

Representation of women as Board Chairs has improved over time but they still remain much rarer held positions for women than men. Women currently hold 14.6 per cent of Board Chair positions, and in the past six years there has been very little progress at all (Figure 2).

FIGURE 2

Share of women on Boards and as Board Chairs



Source: Bankwest Curtin Economics Centre | WGEA Gender Equality data 2014 to 2020. Board directors includes both board members and chairs.

6 Capezio and Mavisakalyan 2015.

7 Galbreath 2011 and Williams 2003.

Which organisations are more likely to have women on their Boards?

The share of women on Boards varies considerably across WGEA reporting organisations, but in general there is a higher share of women within more female-dominated industries.

For example, women hold 39 per cent of Board positions within the health care and social assistance sector and have a workforce that consists of 80 per cent women (Table 2).

In contrast, women hold only 11 per cent of Board positions in the construction sector and constitute 18 per cent of employees.

A similar pattern exists with Board Chair positions. Women are more likely to hold the Chair position within organisations operating in the education and Training sector – here they make up 64 per cent of the workforce and hold 30 per cent of Board Chair positions.

However, given the many benefits of greater diversity on governing Boards, there is a strong case to aspire to equal representation of women and men regardless of the overall balance of the organisation or sector.

Over time, there have been substantial improvements in female representation on governing boards across industry sectors.

Mining and agriculture have made the most ground in the seven years to 2020, increasing the share of women on Boards by 10 percentage points. Both sectors have also been the top performers in increasing the number of women holding the Board Chair position. In fact, organisations operating within the agriculture sector currently have a higher proportion of female Board Chairs than Board Directors.

Considerable progress has also been made in the real estate and accommodation and food services sectors and manufacturing sectors.

Women currently hold 28% of Board Director positions within the WGEA reporting data - an increase of 4.5ppts in seven years.

Mining and agriculture have made the most ground in the seven years to 2020, increasing the share of women on Boards by 10 percentage points.

TABLE 2

Share of women in Board and Board Chair positions, 2014 to 2020

Industry	Board Directors						Board Chairs						
	Share (2014)	Share (2020)	Rank (2020)	Change 2014 to 2020 (ppt)	Change 2014 to 2020 (rank)	Over or under-representation of women *	Share (2014)	Share (2020)	Rank (2020)	Change 2014 to 2020 (ppt)	Change 2014 to 2020 (rank)	Over or under-representation of women *	Share of women (2020)
Agriculture, Forestry and Fishing	5%	15%	18	10	1	0.5	0%	17%	4	17	1	0.5	33%
Mining	10%	20%	14	10	2	1.1	4%	14%	6	10	3	0.8	18%
Manufacturing	13%	21%	12	8	5	0.8	3%	6%	16	3	11	0.2	27%
Electricity, Gas, Water and Waste Services	14%	18%	16	4	15	0.7	9%	4%	18	-5	19	0.1	26%
Construction	7%	11%	19	4	16	0.6	3%	3%	19	0	15	0.2	18%
Wholesale Trade	13%	18%	17	5	13	0.5	6%	8%	14	2	12	0.2	38%
Retail Trade	17%	21%	11	4	17	0.4	4%	10%	12	6	8	0.2	57%
Accommodation and Food Services	14%	22%	10	8	4	0.4	10%	11%	10	1	14	0.2	53%
Transport, Postal and Warehousing	12%	19%	15	6	10	0.7	10%	5%	17	-5	18	0.2	27%
Information Media and Telecommunications	18%	24%	7	7	8	0.6	15%	14%	7	-2	16	0.3	39%
Financial and Insurance Services	20%	27%	5	7	7	0.5	10%	13%	8	3	9	0.2	54%
Rental, Hiring and Real Estate Services	15%	23%	9	8	3	0.6	0%	8%	13	8	5	0.2	41%
Professional, Scientific and Technical Services	18%	24%	8	6	11	0.6	8%	10%	11	2	13	0.2	43%
Administrative and Support Services	19%	27%	6	8	6	0.6	5%	16%	5	11	2	0.4	45%
Public Administration and Safety*	17%	20%	13	3	19	0.9	0%	8%	15	8	6	0.4	22%
Education and Training	36%	42%	1	6	12	0.7	27%	30%	1	3	10	0.5	64%
Health Care and Social Assistance	34%	39%	2	5	14	0.5	19%	28%	2	9	4	0.4	80%
Arts and Recreation Services	22%	28%	4	7	9	0.6	5%	12%	9	7	7	0.2	51%
Other Services	31%	34%	3	3	18	0.7	24%	21%	3	-3	17	0.4	52%
All Industries	24%	28%				0.6	12%	15%				0.3	51%

Note: * Over/under-representation of women in Board/Board Chair positions: 0.5=half as many women; 1=proportionate; 2=twice as many women. Public administration and safety does not include government organisations.

Source: Bankwest Curtin Economics Centre | Authors' calculations from WGEA Gender Equality data 2014 to 2020.

In every industry except Mining, there is a much lower share of women as Board directors or chairs relative to their workforce representation.

The male-dominated, high performing Mining industry is the only sector where women's representation on Boards is greater than their representation in the workforce.

However, with the exception of mining, in every single industry, there is a lower share of women as Board directors or Chairs relative to their representation within that sector.

In every industry except mining, there is a much lower share of women as Board directors or chairs relative to their workforce representation.

The over- and underrepresentation of women in board leadership positions across industries is shown graphically in Figure 3. A value of 1 indicates that the number of women Board directors or Chairs is proportionate to their overall representation in that sector. Values over 1 signify that women have greater representation compared with their share in the workforce, and values of 0.5 indicate that women have half the expected representation.

Agriculture, wholesale trade, finance and insurance and health care and social assistance have only half as many female board directors compared to the share of women in these sectors.

Retail trade and the accommodation and food services sectors have the lowest female representation relative to the number of women, with only 40 per cent of the expected membership given the share of women that work in these sectors.

The male-dominated, high performing mining industry is the only sector where women's representation on Boards is greater than their representation in the workforce. Women make-up 18 per cent of workers in the mining sector and hold 20 per cent of Board positions.

In fact, male-dominated industries are more likely to be closer to having proportionate representation of women on Boards than many female-dominated sectors. Manufacturing, utilities and transport postal and warehousing sectors all perform in the top five sectors when evaluating female Board directorship relative to the share of female workers. These sectors do not do as well when it comes to the Board Chair position.

The construction sector performs better than the health care sector when assessing women's representation on Boards relative to their representation within those workforces.

FIGURE 3

Over and under-representation of women on Boards, by industry, 2020

Note: Public administration and safety does not include government organisations. Board directors includes both board members and chairs.
Source: Bankwest Curtin Economics Centre | WGEA Gender Equality data 2014 to 2020.

The Construction sector performs better than the Health Care sector when assessing women's representation on Boards relative to their representation within those workforces.

France set a quota for 40% of women on boards by 2017. Women now hold 45% of Board positions in the largest public companies in France.

Do Board targets work?

There have been actions taken across the world to increase the representation of women on Boards, with many countries introducing targets or quotas in the last decade. These range from targets to encourage a baseline share to be reached by a certain timeframe, to more ambitious quotas with sanctions in place if unmet.

A general baseline of female representation among many OECD countries is 30 or 33 per cent. This has been adopted in Germany, Belgium, Italy and the Netherlands.

Some countries, including Canada, France, Spain, Norway, Finland and Iceland, have taken even stronger action, legislating for a share of at least 40 per cent of women on the boards of their biggest public companies.

For example, France passed a law in 2011, requiring companies with more than 500 employees or with a yearly turnover of €50 million or more to have at least 40 per cent of board seats occupied by women by 2017[8].

As at 2020, women now hold 45 per cent of Board positions in the largest companies in France, and leads the OECD on this metric (Figure 4).

France set a quota for 40 per cent women on boards by 2017. Women now hold 45 per cent of Boards positions in the largest public companies in France.

Iceland, which has 44.4 per cent of board positions held by women also legislated for companies with more than 50 employees to have at least 40 per cent of women represented on company boards by 2013.

And Norway went to great lengths to increase the share of women on boards after seeing very little change despite quotas in place.

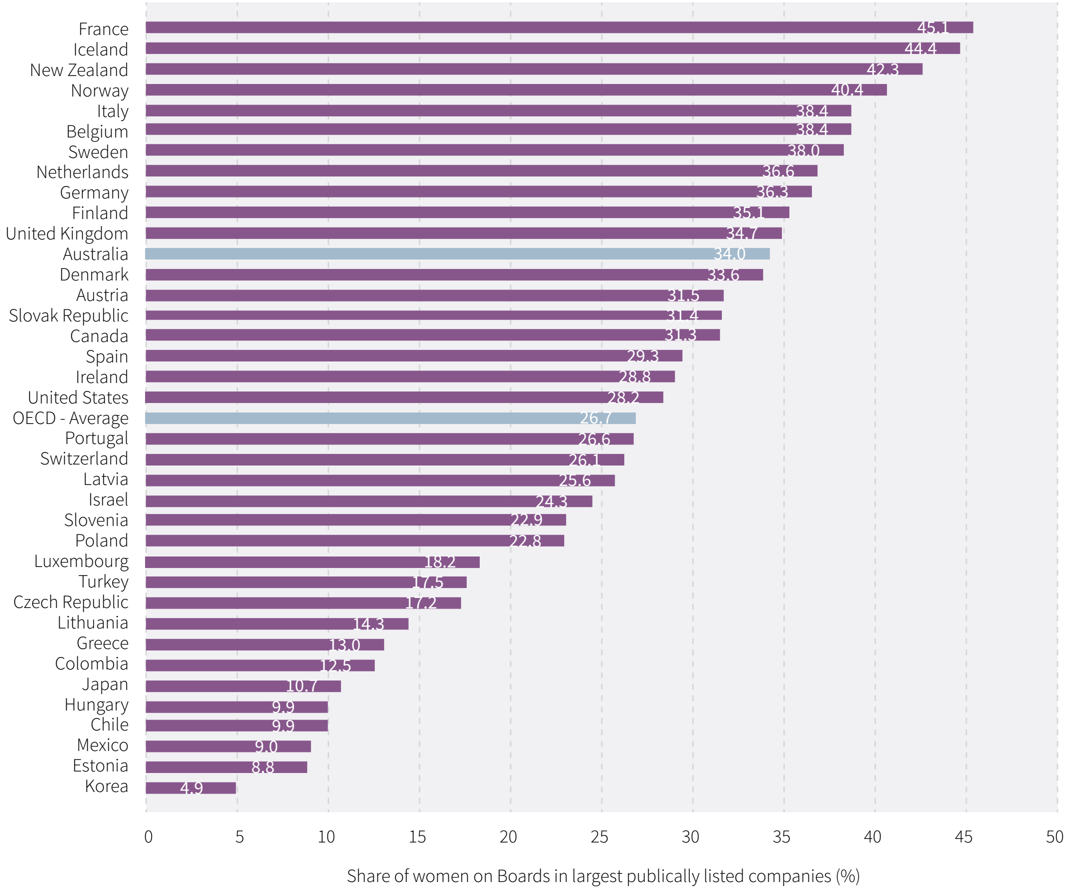
Within Australia, the Australian Institute of Company Directors (AICD) set a target in 2015, for 30 per cent of Board positions in the top 200 publically-listed companies to be held by women by the end of 2018. This target was achieved by the end of 2019, but has made little ground since.

And companies outside the ASX200 still have a way to go to improve the representation of women on their governing Boards. These companies have around 20 per cent of women as Board directors.

8 See European Commission (2016) and Govostos, L. (2017). Gender Diversity in Corporate Boards in France: An Analysis. Joseph Wharton Research Scholars.

FIGURE 4

Share of women on Boards, largest publically listed companies, OECD, 2020



Source: Bankwest Curtin Economics Centre | OECD Employment Dataset

The share of organisations with a target to increase women's representation on governing bodies has been flat at around 8% for the last four years.

Organisations that have set consistent Board targets increase the share of female Board Directors at twice the pace of those that have not set any targets in the last six years.

What this demonstrates clearly is that targets once in place can be met, and reasonably quickly, but to move past 30%, targets will need to be more ambitious.

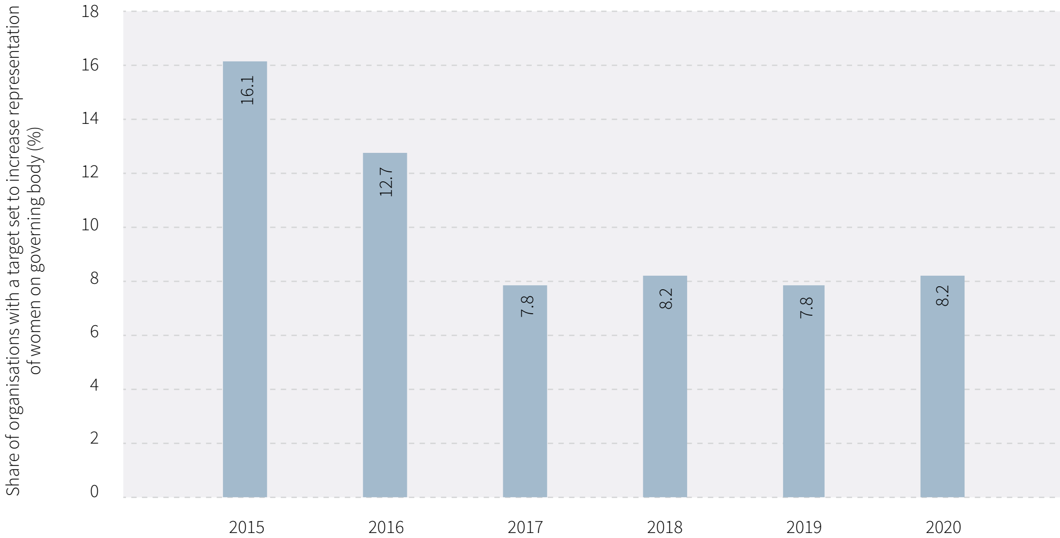
A number of organisations reporting to the Workplace Gender Equality Agency each year, have set internal targets for greater diversity in their governing bodies, but generally this has been declining over time as targets are met and ambitions wane (Figure 5).

In 2015 the share of WGEA reporting organisations that had set a target for women's representation on their governing Board was 16.1 per cent. This fell to 12.7 per cent in 2016 and again in 2017 to 7.8 per cent.

Since this time, the share of organisations with a target to increase women's representation on governing bodies has been flat at around 8 per cent for the last four years.

FIGURE 5

Share of organisations with target for women's representation on Boards



Source: Bankwest Curtin Economics Centre | WGEA Gender Equality data 2015 to 2020.

How do we increase women's representation on Boards?

What we do know from the WGEA reporting data is that if a target is set, we are more likely to see change, and change at a faster pace.

There is a strong relationship between targets to increase women's representation on Boards and the share of women on Boards. Having a target in place, generally means an increased likelihood of more women on Boards (Figure 6).

Organisations that have set consistent Board targets increase the share of female Board members at twice the pace of those that have not set any targets in the last six years. These organisations saw the share of women on Boards increase by 7.3 percentage points, lifting from 21.6 to 31.1 per cent between 2015 and 2020. This compares to an increase of only 3.5 percentage points for companies that did not set any Board targets.

Those that set later Board targets between 2018 and 2020 have seen an increase of 5.3 percentage points, and those with early Board targets set within the 2015 and 2017 timeframe saw an increase of the share of women on boards by 4.8 percentage points.

Targets clearly work, but are they ambitious enough?

The Australian Institute of Company Directors recommends a ratio of 40 male/40 female/20 other gender to be a good practice model, with 30 per cent the minimum target for women on Boards[9].

The data show that most organisations are aiming for the minimum target and we are a long way from achieving a 40/40/20 goal. Two substantial barriers are likely to be constraining this recommendation.

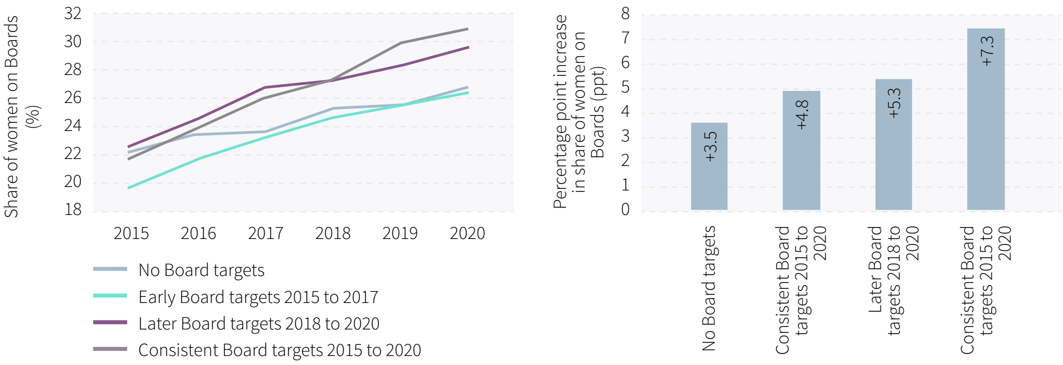
The first is a lack of organisations setting Board targets at all and focusing on these as an outcome. The second is that where targets are set, ambition is lacking and it appears that 30-33 per cent is the target that most organisations have set for themselves.

This is not unexpected, given that there has been a focus on women holding 30 per cent of Board positions in Australia for some time through various public campaigns including the 30% Club and ASX 200 target of 30 per cent.

What this demonstrates clearly is that targets once in place can be met, and reasonably quickly, but to move past 30 per cent, targets will need to be more ambitious.

FIGURE 6

Board targets and change in women's representation on Boards, 2015 to 2020



Note: Organisations that are consistently observed in each year of the WGEA reporting data are selected for this analysis.
Source: Bankwest Curtin Economics Centre | WGEA Gender Equality data 2015 to 2020.

9 Australian Institute of Company Directors, February 2020.

"THE RISK FROM COMPLACENCY, FOR WHATEVER REASON, IS THAT WE GIVE BACK THE HARD EARNED GAINS IN IMPROVED GENDER EQUITY OUTCOMES."

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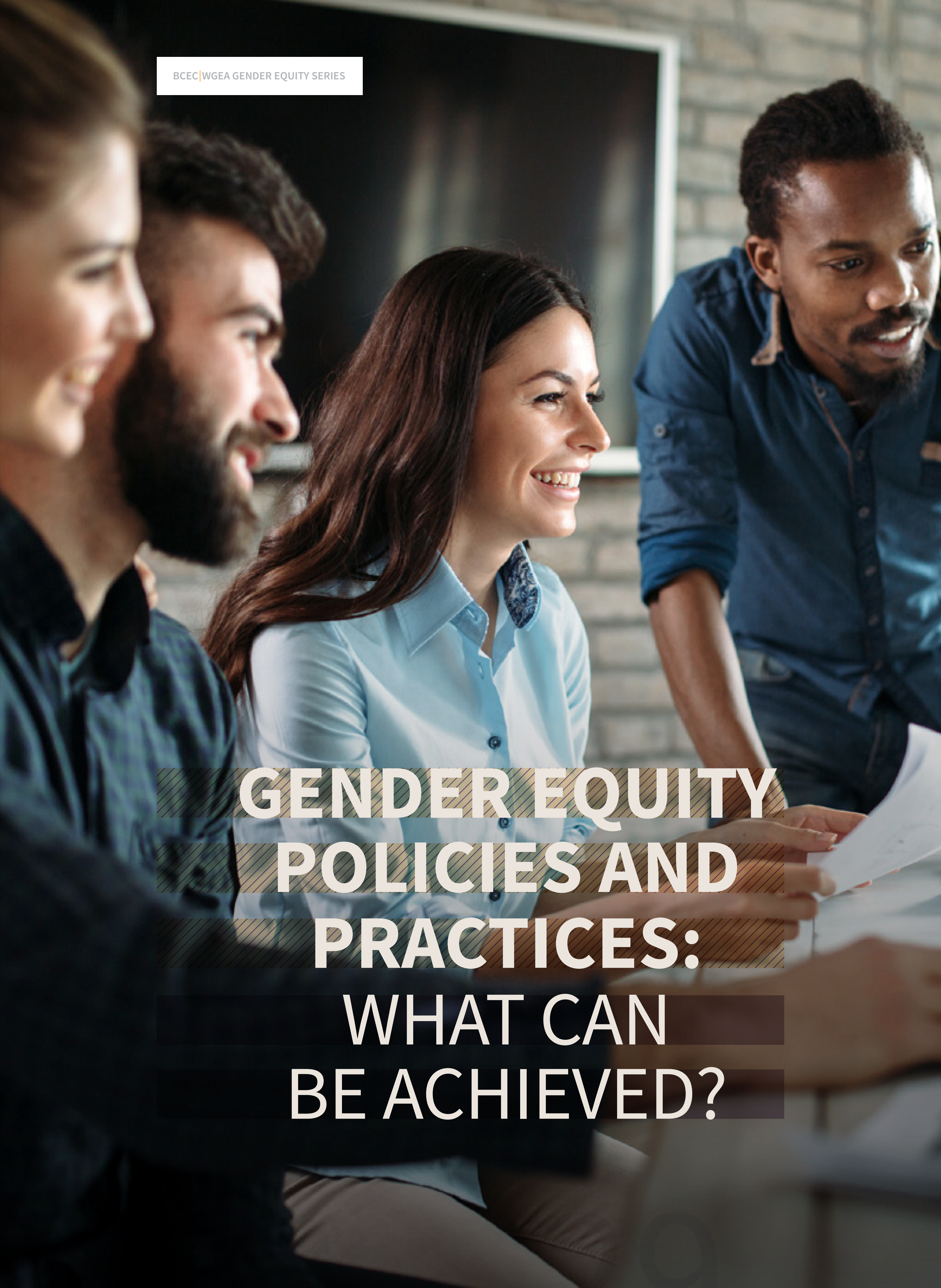


GENDER EQUITY POLICIES AND PRACTICES: WHAT CAN BE ACHIEVED?

INTRODUCTION

Why are some companies better than others in delivering improved gender equity outcomes to their workers? What factors drive their success? And what can we learn more about good practice by looking at companies that have consistently taken steps to improve gender equality outcomes over the last six years?

In this chapter, we look at the types of gender equity policies and practices that organisations have implemented consistently over time to identify the top and bottom performers, and whether these ultimately make a difference to improving gender equality outcomes within an organisation.

30

WHAT DOES GOOD GENDER EQUITY POLICY AND PRACTICE LOOK LIKE?

For this *BCEC|WGEA Gender Equity Insight* report, we have chosen to place a particular focus on the consistency of approach to gender equity through the regular implementation of a range of policy measures and actions that are focussed on enhancing gender equality within an organisation.

These measures cover policies and practices that examine gender equity in pay, progression, recruitment and retention, coupled with a range of workplace gender equity supports and actions that address different aspects of respect, agency, job flexibility, and safety at work and at home.

WGEA's data collection includes an exceptionally rich set of indicators that capture the breadth of companies' gender equity policies and actions.

For the purpose of this study, we chose to focus on the set of policy and practice indicators shown in Table 3.

The individual policy and practice measures listed in Table 3 have been arranged into three domains that capture the broad strategies or purpose that companies pursue in driving better gender equity outcomes.

Each thematic domain grouping has been informed by a statistical approach to assessing the similarities and differences between related indicators, known as *principal components analysis*[10].

The broad domains include indicators that capture each organisation's focus on:

1. Pay gap objectives, analysis and accountability;
2. Recruitment, retention, performance and training, and;
3. Workplace gender equity supports and actions.

Our approach seeks to examine whether the breadth and frequency of these actions drive improvements in a series of key gender equity outcomes.

TABLE 3

Gender equity policy and practice domains and indicators

Gender equity domain	Policy/practice indicators
Pay gap strategies, analysis and reporting	Specific pay equity objectives
	Objectives in place to achieve pay equity
	Remuneration gap analysis undertaken
	Remuneration gap analysis undertaken in last year
	Report pay equity metrics to executive
	Report pay equity metrics to boards
Recruitment, retention, performance and training	Recruitment
	Retention
	Performance management processes
	Promotions
	Talent identification
	Succession planning
	Training and development
	Gender Equity overall
Workplace gender equity supports and actions	KPIs for managers relating to gender equity
	Remuneration
	Provide additional funded paid parental leave
	Has a target for share of women on Boards
	Flexible working arrangements
	Domestic violence
	Consultation with employees on gender equality issues
	Sex-based harassment and discrimination

Note: Public administration and safety does not include government organisations.
Source: Bankwest Curtin Economics Centre | Selected from WGEA Gender Equality data 2014 to 2020.

10 A detailed explanation of the principal components approach is provided in the Appendix to this report, along with a visualisation of indicator groups in Table 3.

MEASURING CONSISTENCY IN GENDER EQUITY PRACTICES: A NEW INDEX

The risk from complacency is that the hard earned gains in improved gender equity outcomes are lost.

Complacency is one of the greatest dangers to continued progress towards gender equity in the workplace.

Complacency can develop in a number of ways. Company leaders can take their 'eye off the ball' when they no longer regard gender equity as a top priority, or when they consider no further action is necessary because in their view, the goal of gender equity has been achieved.

The risk from complacency, for whatever reason, is that we give back the hard earned gains in improved gender equity outcomes.

So how can we distinguish between those companies that maintain a consistent focus on improving gender equity in their workplaces, and those that lose concentration and let this focus slip?

One dimension of consistency is shown by companies that implement a comprehensive suite of the gender equity policy and practice measures listed in Table 3.

A second aspect of consistency comes from the regular, ongoing implementation of these policies and practices over time.

To capture these aspects, we have developed an index of consistent good gender equity practice. The Gender Equity Good Practice Index counts the number of individual policies and processes in Table 3 implemented by each company in the WGEA data collection, for each year between 2014 and 2020.[11]

These good practice scores are aggregated across all years and scaled from 0 (no policies implemented in any year) to 100 (all policies implemented in all years) to generate the overall Good Gender Practice index.

Using this index, we can differentiate companies that apply consistently good gender equity practices from those that are more inconsistent or partial in their approach.

We can also assess the average scores for company good practice across industry sectors and test the index against desirable gender equity outcomes.

11 Four indicators (Board targets, putting pay equity objectives in place, undertaking a remuneration gap analysis, and remuneration gap analysis in the last year) were collected from the second wave of WGEA data. Only companies that are consistently observed in all years of WGEA reporting data are included in the index.

WHICH ARE THE BEST AND WORST INDUSTRIES FOR GOOD GENDER EQUITY PRACTICES?

Average scores for consistency in gender equity practice are shown in Figure 7 for companies in each of the main industry sectors, both in 2015 as a baseline and progressing through to 2020.

Finance and insurance companies are most likely to follow the best gender equity practices on this measure, with an average score rising from 57.5 in 2015 to 61.6 in 2020. This sector also has the highest gender pay gap, however, this has fallen by almost 10 percentage points over the last seven years.

Mining companies ranked third in 2020 in gender equity practice, with an index score increasing by 8.4 points over the last five years.

The professional, scientific and technical services sector has shown a very similar improvement, with an average index score rising 8.3 points over the period.

Construction companies ranked the lowest of all sectors in both the consistency and breadth of their gender equity policies in 2015. However, the construction sector has also shown the greatest improvement, and now ranks 10th in good gender equity practices in 2020.

Organisations in the education and training, health care and social assistance and agriculture sectors rank lowest on average in terms of their approach to gender equity in the workplace, and have shown the least improvement over the last five years.

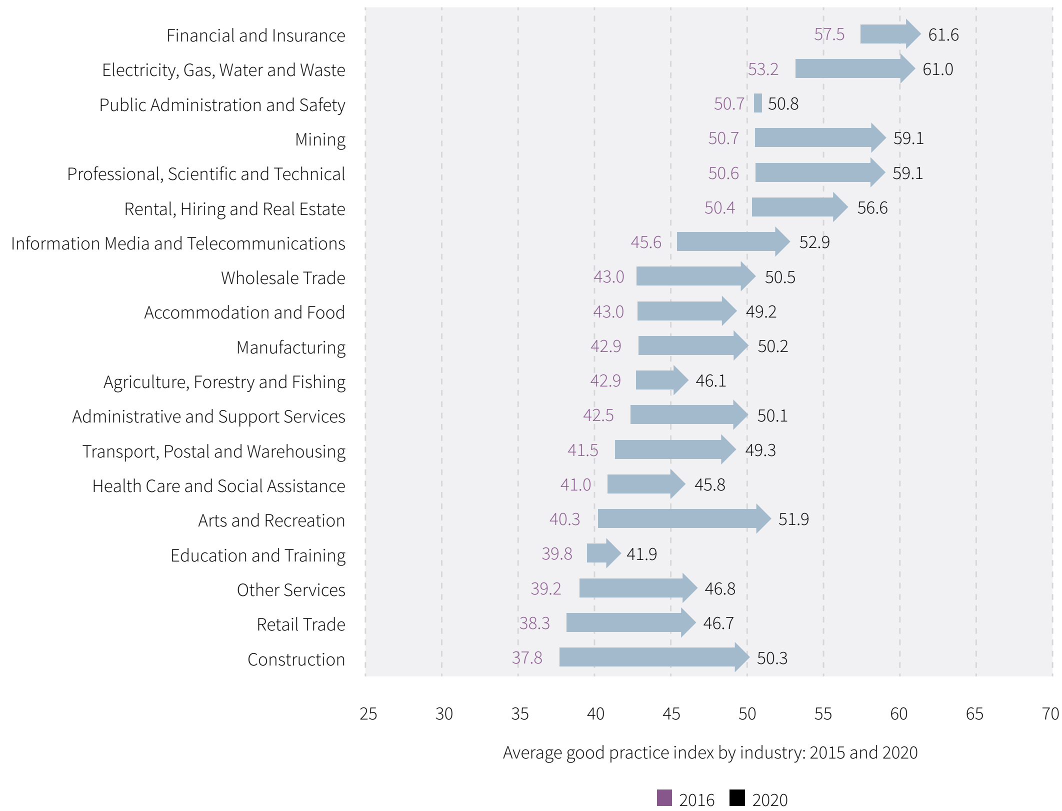
Finance and insurance companies are most likely to follow comprehensive and consistent gender equity practices.

Mining companies ranked third in 2020 in gender equity practice, with an index score increasing by 8.4 points over the last five years.

The construction sector has shown the greatest improvement, and now ranks 10th in good gender equity practices in 2020.

FIGURE 7

Average company gender equity good practice scores by industry: 2015 and 2020



Note: Consistency scores for each gender equity policy and practice indicator are scaled to between 0 (indicating no gender equity policies being implemented at any time) and 100 (indicating that all policies and practices are implemented in every year). Further details of the good practice scores can be found in the Glossary & Technical Notes.
Source: Bankwest Curtin Economics Centre | Authors' calculations based on WGEA Gender Equality data 2014 to 2020.

Businesses in the finance and insurance sector are 2.9 times as likely to be following best practice in gender equity policies and processes.

Electricity, water and waste services businesses are 2.8 times as likely to be among the top 10 per cent of organisations for the best gender equity policies and practices, and mining businesses are 2.4 times as likely to be best practice.

Businesses in the health care and social assistance sector are only a quarter as likely to adhere to best practice.

How likely are companies in each industry sector to be following best practice in terms of gender equity policies and processes?

In Figure 8, we report a series of relative odds measure to answer this question.[12]

Businesses in the finance and insurance sector are 2.9 times as likely to be following best practice in gender equity policies and processes compared to the average across all industries.

Electricity, water and waste services businesses are 2.8 times as likely to be among the top 10 per cent of organisations for the best gender equity policies and practices, and mining businesses are 2.4 times as likely to be best practice.

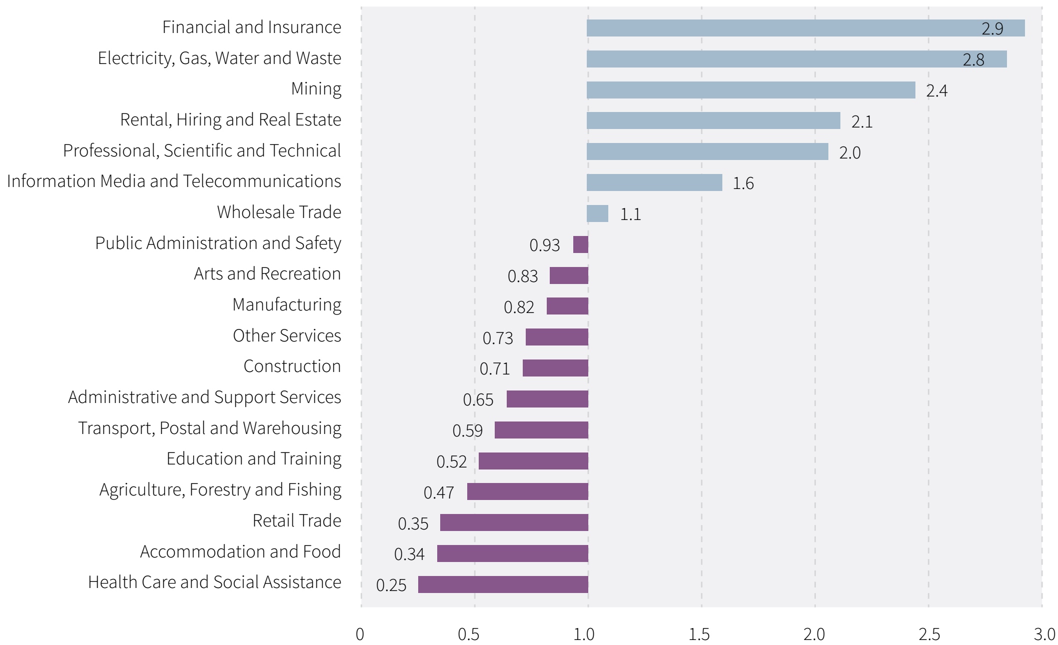
However, organisations in the education and training and agriculture sectors are only half as likely to be following good practice compared to the average across all industries.

And businesses in the health care and social assistance sector are only a quarter as likely to adhere to best practice.

These results are somewhat surprising, given the concentration of women in both the education and training (64%) and health care and social assistance sectors (80%). We discuss the potential drivers of these industry differences in the summary and discussion.

FIGURE 8

Relative odds of companies following best gender equity practices: by industry, 2020



Note: As an example, a relative odds ratio of 2 implies that 20 per cent of companies in a given sector are rated in the top 10 per cent of all organisations for their gender equity practices. 20/10=2.
Source: Bankwest Curtin Economics Centre | Authors' calculations based on WGEA Gender Equality data 2014 to 2020.

12 As an example, a relative odds ratio of 2 implies that 20 per cent of companies in a given sector are rated in the top 10 per cent of all organisations for their gender equity practices. 20/10=2.

Which specific policies or strategies are implemented the most, or the least, by organisations in different industry sectors?

To gain some insight into these questions, Table 4 presents measures of the average consistency with which companies implement each of the gender equity policies and practices listed in Table 3.

As before, a score of 100 indicates that every company in a given industry sector implements the policy or practice measure in each year of the WGEA reporting data that it is collected, while a score of 0 indicates that no companies apply the policy or strategy in any year.

Policies and formal strategies that relate to gender equity in recruitment and the prevention of sex-based harassment and discrimination are among the strongest and most consistently implemented across all sectors. The high rate of implementation of these policies is likely driven to some degree by anti-discrimination legislation.

This is followed by indicators within the recruitment, retention, performance and training cluster, which has relatively high rates of consistent implementation. In particular, performance management processes and training and development to specifically support gender equality are consistently implemented across the majority of organisations and industries.

There are some noticeable gaps in this cluster. Organisations operating within the education and training, health care and social assistance and arts and recreation services sectors do not score as highly as other industries within the recruitment, retention, performance and training domain.

This is especially the case when assessing the number of organisations that consistently report having gender equality policies and strategies in place that relate to talent identification, succession planning and retention.

Organisations within these sectors score consistently lower than the overall industry average, and lower than male-dominated sectors.

Policies, strategies and actions related to remuneration are much less frequently implemented across most industries. However, it's the male-dominated sectors that perform consistently better and the female-dominated industries that are underperforming within this domain.

Organisations in the health care and social assistance, education and training and arts and recreation sectors are well below the industry average when it comes to having specific pay equity objectives including those to achieve pay equity. These organisations are also well below the industry average in consistently undertaking a remuneration gap analysis and reporting this to the executive or Board.

This is in stark contrast to a number of industries – but particularly those where there are fewer women. Mining, utilities, finance and insurance, professional, scientific and technical services as well as a number of other sectors are all consistently performing above the industry average when it comes to policies and actions on gender equality in remuneration.

Policies and formal strategies that relate to gender equity in recruitment and the prevention of sex-based harassment and discrimination are among the strongest and most consistently implemented across all sectors.

Organisations in the health care and social assistance, education and training and arts and recreation sectors are well below the industry average when it comes to having specific pay equity objectives in place.

TABLE 4

Average consistency scores for each gender equity policy and practice indicator: by industry sector

Policy/practice indicators	Recruitment	Retention	Performance management processes	Promotions	Talent identification	Succession planning	Training and development	KPIs relating to gender equity	Gender Equity overall	Remuneration	Specific pay equity objectives	Objectives to achieve pay equity	Remuneration gap analysis	Remuneration gap analysis in last year	Reports pay equity metrics to executive	Reports pay equity metrics to boards	Additional funded paid parental leave	Has a board target	Flexible working arrangements	Domestic violence support measures	Consultation with employees	Sex-based harassment and discrimination
Agriculture, Forestry and Fishing	86	54	80	74	63	62	84	18	78	59	13	5	33	26	9	5	28	14	46	47	49	99
Mining	91	69	82	77	72	68	84	42	83	84	35	23	63	50	23	18	55	12	59	48	55	100
Manufacturing	83	58	73	68	68	65	76	29	76	67	22	10	42	31	10	6	35	7	65	41	55	99
Electricity, Gas, Water and Waste Servic	93	76	84	79	78	78	89	39	89	83	37	25	57	48	28	20	78	16	87	62	64	100
Construction	81	61	73	63	64	57	76	29	78	56	23	14	46	32	9	6	25	7	54	39	53	98
Wholesale Trade	83	56	74	70	67	63	74	30	77	68	27	15	52	40	12	8	34	6	67	40	52	98
Retail Trade	77	56	66	66	61	59	69	26	69	52	14	9	32	26	7	4	17	5	59	34	46	95
Accommodation and Food Services	84	66	79	73	69	68	83	37	79	51	14	6	24	18	3	3	20	7	64	50	52	100
Transport, Postal and Warehousing	83	61	72	69	65	63	74	28	79	65	21	13	41	28	9	5	34	7	60	47	53	100
Information Media and Telecommunications	80	61	67	70	64	57	72	24	75	61	27	19	54	44	14	7	59	11	80	55	50	99
Financial and Insurance Services	88	73	80	81	78	78	83	40	84	91	40	29	69	56	30	25	69	15	86	63	64	99
Rental, Hiring and Real Estate Services	82	73	78	71	73	73	78	45	78	78	31	21	53	45	16	13	34	12	76	52	61	99
Professional, Scientific and Technical	86	72	77	77	73	69	79	35	80	76	36	25	65	51	23	14	59	13	86	53	61	99
Administrative and Support Services	88	61	76	71	64	58	76	30	81	51	22	14	38	27	7	5	24	11	67	50	49	97
Public Administration and Safety	98	65	75	64	81	71	79	52	83	60	16	6	68	49	13	0	46	14	70	51	79	98
Education and Training	76	56	70	64	54	51	73	28	68	32	12	6	18	13	6	4	75	8	52	43	52	98
Health Care and Social Assistance	85	62	75	64	53	52	76	20	70	48	13	7	21	14	3	2	58	7	71	55	44	99
Arts and Recreation Services	82	53	66	64	58	51	70	30	70	64	20	13	43	30	9	7	56	11	78	52	62	99
Other Services	72	48	61	63	52	47	72	15	71	67	18	10	41	31	10	5	54	10	77	46	45	97
All industry sectors	83	62	74	69	64	61	76	29	75	60	22	13	40	30	11	7	48	9	68	48	53	99

Note: Consistency scores for each gender equity policy and practice indicator are scaled to between 0 and 100. A company scores 100 on consistency for each indicator if the corresponding policy has been in place for all waves of WGEA reporting data, and 0 when the policy has never been in place. Cells represent average consistency scores for all companies within an industry sector. Public administration and safety does not include government organisations.

Source: Bankwest Curtin Economics Centre | Authors' calculations from WGEA Gender Equality data 2014 to 2020.

The female concentrated education and health care sectors do however perform better when assessing the availability of workplace supports, particularly those related to work and family, but there are mixed results. Education and training has one of the highest industry scores for additional paid parental leave, but is below industry average on formal policies and strategies for flexible working arrangements.

Health care on the other hand scores just above the industry average on flexible work arrangements, but well below when it comes to additional paid leave.

These results suggest a significant level of complacency and inaction exists within sectors that have a higher concentration of women.

This may be driven by a number of factors, including misplaced perceptions of gender equality prevailing through the very existence of more women within an organisation.

Other drivers could include the relative size of the female workforce itself, which may constrain or deter an organisation from providing certain policies and supports, particularly those that may have a budgetary impact. Potential drivers are explored further in the summary and discussion.

Whatever the reason or reasons, it is clear that organisations with more women are less likely to pay close and consistent attention to gender equality within their workplace. This translates into constrained progress and poorer outcomes for women, which is explored further in the following section.

These results suggest a significant level of complacency and inaction exists within sectors that have a higher concentration of women.

Organisations with more women are less likely to pay close and consistent attention to gender equality within their workplace.

POLICY CONSISTENCY DRIVES IMPROVED GENDER EQUITY OUTCOMES

The top 10 per cent of organisations that are the most consistent in gender equity policies and practices saw a 4.4ppt reduction in the gender pay gap of managers, compared to 1.4ppts for the least consistent organisations.

Examining the most and least consistent performers against a range of outcomes, it is clear that organisations that consistently pay attention to gender equity will be more likely to have better outcomes. This includes lower gender pay gaps and more women in their leadership ranks.

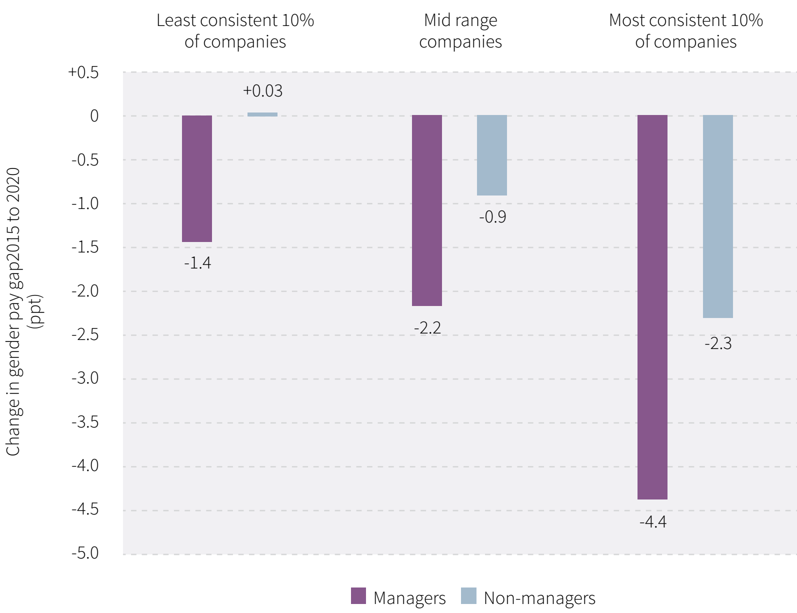
Figure 9 shows the change in the gender pay gap for companies with the least and most consistent gender equity policies and practices and those that are mid-level.

The top 10 per cent of companies that are the most consistent when it comes to gender equity policies and actions saw a 4.4 percentage point reduction in the gender pay gap of managers between 2015 and 2020 and a 2.3 percentage point reduction for non-managers.

This compares to the least consistent organisations, who saw the gender pay gap among managers fall by only 1.4 percentage points over the same period, and the non-managerial pay gap remain unchanged.

FIGURE 9

Change in gender pay gap for companies with most/least consistent gender equity policies



Note: Companies are grouped into the lowest and highest 10 per cent according.to their consistency score from the BCEC Good Gender Practice Index 2020.
Source: Bankwest Curtin Economics Centre | Authors' calculations from WGEA Gender Equality data 2015 to 2020.

Assessing the relationship between gender equity good practice levels within industries and changes in the gender pay gap over time, shows there is a strong correlation between the two.

The higher the gender equity good practice index, the more likely that the gender pay gap within an organisation has decreased over time.

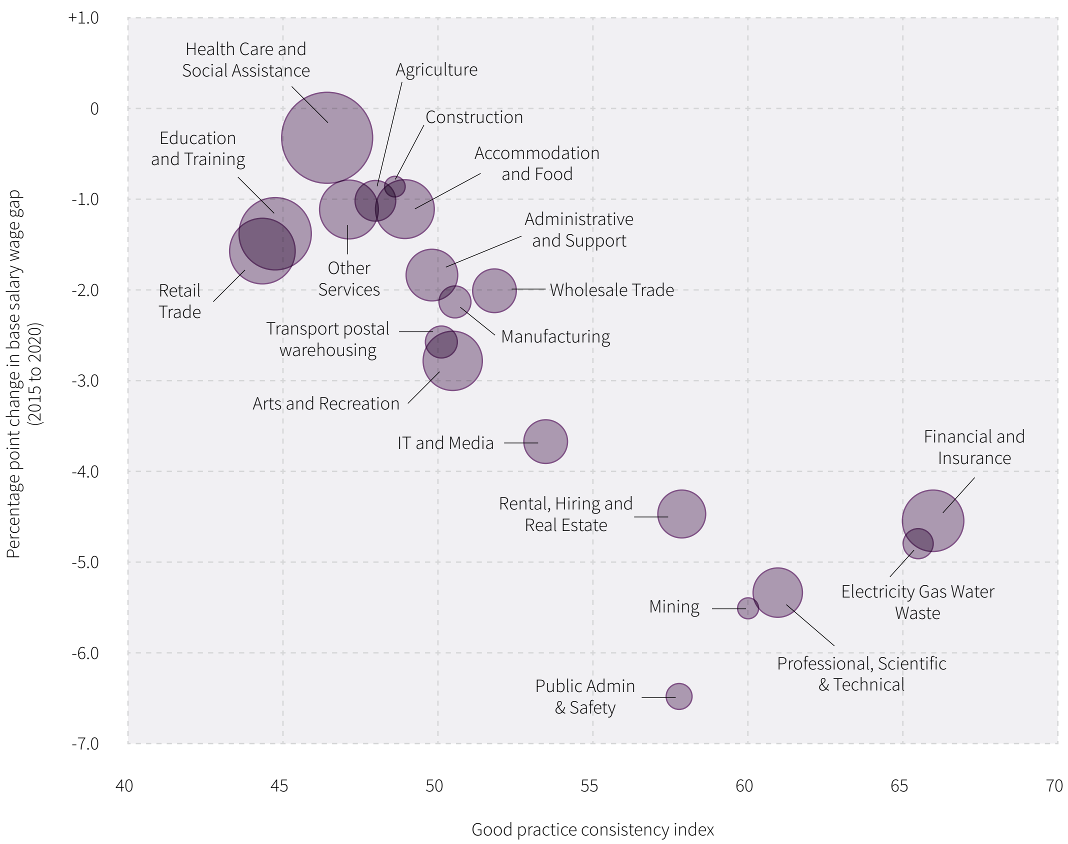
Finance and insurance, electricity, gas water and waste, mining, professional services, rental hiring and real estate all score higher on the gender equity good practice index. These sectors have consistently implemented policies, strategies and practices aimed at improving gender equality. They are also the sectors that have seen the largest decrease in the gender pay gap over time.

On the other hand a cluster of industries that score much lower on the gender-equity good practice index has also seen the least progress in narrowing the gender pay gap. These sectors include health care and social assistance, construction, education and training, agriculture and retail trade.

The higher the gender equity good practice index, the more likely the gender pay gap has decreased over time.

FIGURE 10

Consistency of gender equity policies and change in gender pay gap: by industry



Note: The Gender Equity Good Practice Index is scored between 0 and 100 for each industry sector. A score of 100 would be achieved if all companies within the sector had each gender equity policy in place for all waves of WGEA reporting data. A score of 0 would occur if no company within the sector had any gender equity policies in place for any wave of WGEA reporting data.
Source: Bankwest Curtin Economics Centre | Authors' calculations from WGEA Gender Equality data 2015 to 2020.

The most consistent 10% of companies saw an increase in women in key management positions by 10.2ppts. The 10% least consistent companies saw an increase of only 1.6ppts.

Consistent gender equity policies and practices also have a positive association with increasing the share of women top-tier managers and board directors.

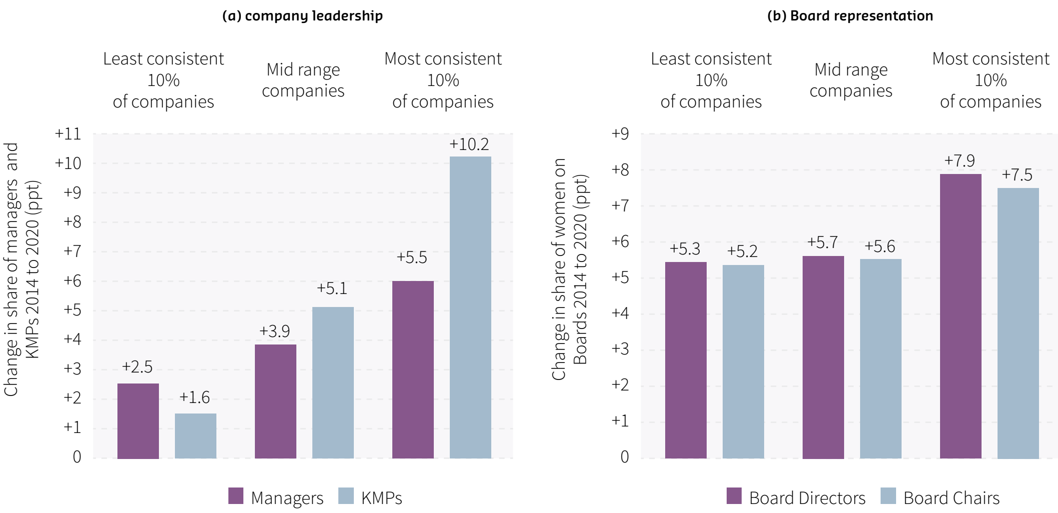
In fact, the most consistent companies saw the share of female key management personnel increase by 10.2 percentage points over time and female managers by 5.5 percentage points. This is in stark contrast to those companies that were least likely to apply consistent gender-equity policies and practices over the last six years. These organisations saw an increase of only 1.6 percentage points in the share of female key management personnel, and 2.1 percentage points in the share of female managers.

There is also a strong relationship between an organisation's gender-equity consistency and the share of women on Boards.

The most consistent 10 per cent of companies have seen an increase in the share of women Board directors by 7.9 percentage points, and Board Chairs by 7.5 percentage points. The least consistent companies on the other hand saw smaller changes in the share of women as Board member and Chairs over the same period.

FIGURE 11

Change in shares of women in leadership for companies with most/least consistent gender equity policies



Note: Companies are grouped into the lowest and highest 10 per cent according.to their consistency score from the Gender Equity Good Practice Index 2020.
Source: Bankwest Curtin Economics Centre | Authors' calculations from WGEA Gender Equality data 2015 to 2020.

DISCUSSION AND SUMMARY

DISCUSSION AND SUMMARY

Reporting organisations are now more far more likely to have comprehensive gender equality policies, flexible work and supports for carers such as paid leave.

An organisation with more women does not guarantee more equitable outcomes.

When the WGEA reporting requirement was introduced in 2012, there was an expectation that this would lead to real positive change in promoting and improving gender equality outcomes within Australian workplaces.

Workplaces would be more likely to pay closer attention to how they recruit, promote and reward men and women. They would be more likely to introduce policies and practices that support balancing work and family and address different aspects of respect, agency and safety at work and at home.

Together, these actions would lead to greater gender equality in our workplaces – declining gender pay gaps, more women in leadership roles and workplaces where women and men are equally valued and supported.

Since reporting began in 2014, we have seen this positive change.

Reporting organisations are now far more likely to have comprehensive gender equity policies, flexible work and supports for carers such as paid parental leave.

They are also more likely to be closely examining their gender pay gap and have put in place formal policies to support employees experiencing domestic violence.

Through our Gender Equity Good Practice Index constructed for this report, we find that consistent application and attention to a suite of workplace policies and actions will deliver better gender equity outcomes, translating to lower gender pay gaps and more women in senior leadership roles.

But despite these positive changes, we have now come to a point where the pace of change has slowed and many are taking their eye off the gender equality ball.

Ambition wanes in efforts to increase the number of women on Boards, to narrow the gender pay gap through regular audits, and the implementation of policies and practices that help make workplaces more gender equitable.

What's more, it is organisations with a higher concentration of women that are less likely to pay close and consistent attention to gender equality within their workplaces and are losing momentum.

Why have some organisations stopped paying attention to gender equity?

This may be driven by a number of factors, including misplaced perceptions of gender equality prevailing through the very existence of more women within an organisation.

This may lead to a false sense of less need for action and a higher prevalence of complacency as there may be a conscious or unconscious belief that gender equity already exists.

This has been described by some researchers as 'gender fatigue' and others as 'cognitive dissonance'; a situation where there is an acknowledgement of gender inequality, but not within an individual's own work environment[13].

As an illustration, at a broad level, female-concentrated industries tend to have more women in senior leadership positions and on governing boards, but this is often much lower relative to women's presence in these organisations. They also tend to have lower gender pay gaps, but this can conceal significant variation.

For example, the base full-time gender pay gap across the health care and social assistance sector is ranked the ninth highest out of the nineteen broad industry groups. But for managers in the health care and social assistance sector the gender pay gap ranking increases to second place, and fifth place once total salary is taken into account.

Mining on the other hand has one of the lowest managerial gender pay gaps at only 5.9 per cent. This falls to 4.4 per cent when taking into account total remuneration.

An organisation with more women does not guarantee more equitable outcomes.

Another potential driver could include the size of the female workforce constraining or deterring an organisation from providing certain policies and supports, particularly if there is a view that these may have a significant budgetary or resourcing impact.

13 Elisabeth Kelan (2020), Why aren't we making more progress towards gender equity? Harvard Business Review.

There may also be greater pressure on male-concentrated sectors to be more attentive to gender equity, with the spotlight shone more brightly on these organisations and their behaviours and actions.

These organisations also have a greater likelihood of being registered on the Australian Securities Exchange, exposing them to higher expectations and standards from shareholders, investors and industry bodies.

How do we make gender equity a priority?

How do we move to a point where more organisations are prioritising gender equity and making this a permanent and regular occurrence, rather than something that is focused on every other year?

Leadership

Leadership that is committed to gender equity will play one of the most significant roles in creating and sustaining more gender equitable workplaces.

We know that when leaders care about an issue, a process, an outcome – the rest of the organisation tends to care too. Leaders direct what needs to be paid attention to and implicitly or explicitly invoke a level of accountability to make it stick.

Diversity in our leadership ranks will help this along even further. More women, more people from different ethnic and socio-economic backgrounds will mean that the status quo is more likely to be challenged; questions that may have never been asked – asked; new processes and practices implemented; and more attention paid to areas within an organisation like gender equity.

We have seen how an organisations' focus can shift when more women are added to Boards and senior leadership levels. These organisations are more likely to focus on corporate sustainability and shareholder outcomes, deliver lower gender pay gaps and influence the number of women in management levels.

Ambition

Organisations need to be more ambitious in their efforts to improve gender equality.

Our findings show that where objectives do exist and are stated as such, they are likely to be met. We observe this clearly when organisations have set targets for the share of women on Boards.

Those that do set a target reach a higher share of women and do so at double the pace of organisations that have set no targets at all.

Board targets work, but they are also lacking ambition. A target of 30 per cent women on Boards has been set and reached. This tells us that targets are possible, but also that without them we are unlikely to progress, and without more ambitious targets, we are unlikely to move much further beyond the 30 per cent self-imposed floor.

Embedded Good Practice

And last but not least, embedding practices and processes will make a difference and withstand leadership changes and focus.

Our Gender Equity Good Practice Index shows that there are industries that rank highly in both attention to and consistency in applying gender equity policies, yet have considerable disparity in pay outcomes for men and women. Finance and Insurance is one example. This sector is 2.9 times more likely to follow best gender equity practices but has the largest total gender pay gap at 27.5 per cent.

However, Finance and Insurance has also seen one of the biggest improvements in its gender pay gap over time, decreasing by almost ten percentage points between 2014 and 2020.

This is a sector where three-quarters of organisations are conducting a gender pay gap audit annually. This compares to only a quarter of organisations in health care and social assistance.

Regular pay gap audits are one of the most significant actions organisations can take in narrowing the gender pay gap.

Embedding these and other practices into an organisation's annual performance metrics will help ensure that consistent attention is paid to how women and men are rewarded and positioned within an organisation.

Gender pay gap audits along with a suite of other strategies and actions should be a regular practice that all organisations take-up.

"LEADERSHIP, AMBITION AND EMBEDDED GENDER EQUITY PRACTICES WILL PLAY A SIGNIFICANT ROLE IN CREATING AND SUSTAINING MORE GENDER EQUITABLE WORKPLACES."

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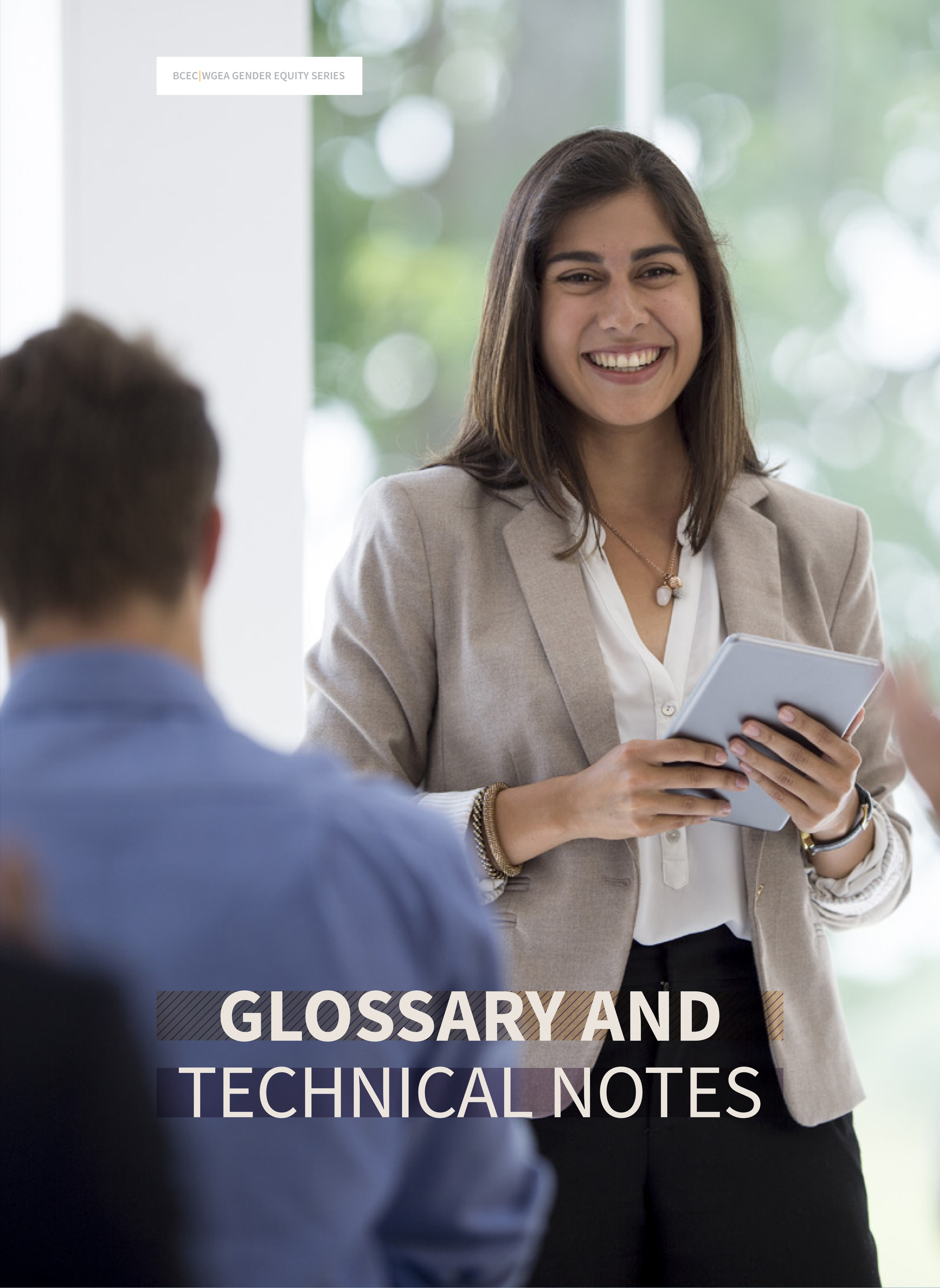

GLOSSARY AND TECHNICAL NOTES

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About the WGEA Gender Equality Data Collection

This report uses the 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 WGEA Gender Equality datasets, which are a unique data collection within Australia.

The dataset came to existence through the introduction of the *Workplace Gender Equality Act* 2012, which was legislated to promote and improve gender equality in remuneration and employment within Australian workplaces. The Act requires relevant employers to report annually against a number of Gender Equality indicators.

The dataset is effectively a Census of all private businesses that have 100 or more employees and can be considered population level data. The first reporting year of the WGEA data was 2013-14.

The 2019-20 WGEA Gender Equality dataset is based on 4,943 reports submitted in accordance with the Act for reporting period 1 April 2019 to 31 March 2020. The dataset covers over 4.3 million employees – which accounts for more than 40 per cent of all employees in Australia.

The WGEA Gender Equality data collection does not cover public sector organisations, and is therefore likely to demonstrate different patterns because of this, particularly when assessing the characteristics of these organisations within industry groupings that have a large public sector presence. It also does not cover small businesses and a significant proportion of medium sized businesses that have less than 100 employees.

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TECHNICAL APPENDIX

TECHNICAL APPENDIX

Good practice index: methods and estimation

The good practice index has been constructed using an equal weighting method of 22 selected policies and practices related to gender equity. These practice scores are aggregated across all years and scaled from 0 (no policies implemented in any year) to 100 (all policies implemented in all years) to generate the overall Gender Equity Good Gender Practice index.

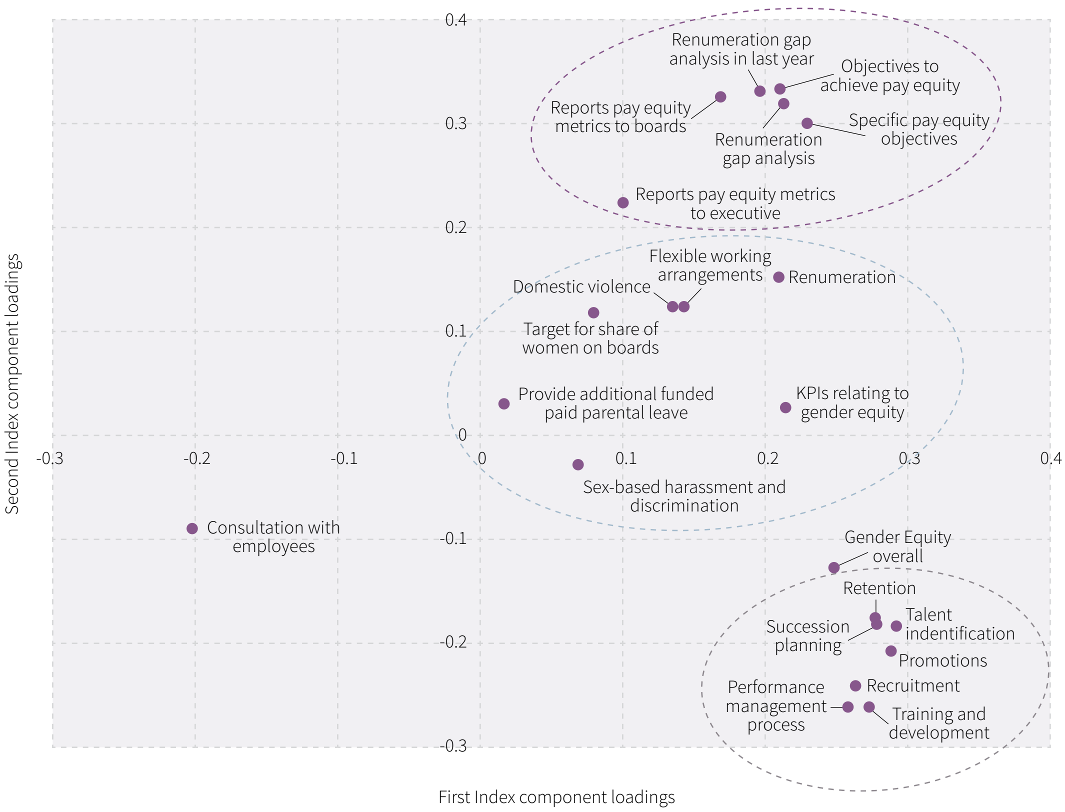
Companies are grouped into the lowest and highest 10 per cent according to their consistency score. The analysis is restricted to organisations that are observed in the WGEA reporting data for every year between 2014 and 2020.

We have undertaken additional analysis using principal components analysis (PCA), where component loadings provide a statistical indicator of similarities and differences between various indicator groups.

The first and second index component loadings shown in this chart are estimated using a principal component rotation of 22 indicators of policies and practices among companies in the 2020 WGEA reporting data collection.

FIGURE 12

Index component loadings and policy/practice indicator groupings



Source: Bankwest Curtin Economics Centre | Authors' calculations using WGEA Gender Equality data 2014 to 2020.

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"GENDER PAY GAP AUDITS ALONG WITH A SUITE OF OTHER STRATEGIES AND ACTIONS SHOULD BE A REGULAR PRACTICE THAT ALL ORGANISATIONS TAKE-UP."

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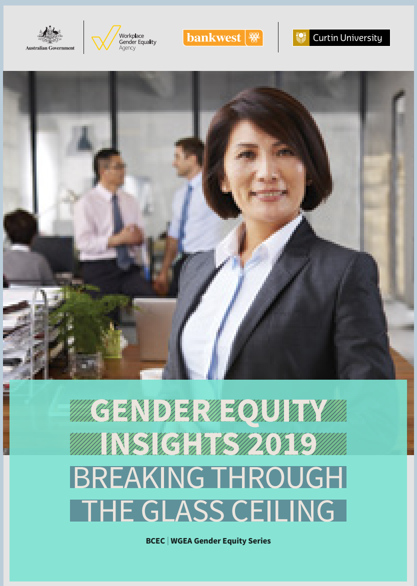
BCEC | WGEA Gender Equity Insights Series

2016

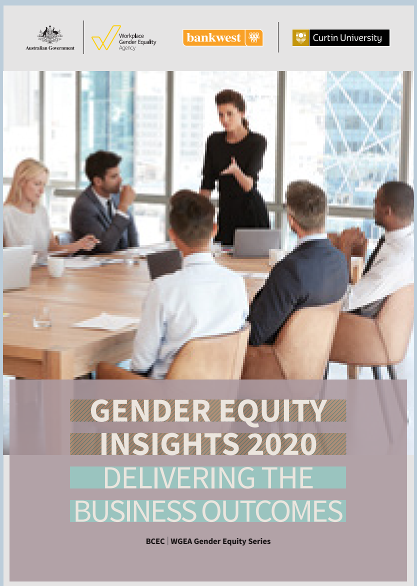
2017

2018

2019



2020



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