

Media Release

More women at the top proves better for business

- Profitability, performance and productivity increase under female leadership --**
- Female top-tier managers add 6.6 per cent to market value of ASX companies --**
- Female leadership will help businesses thrive in a post-COVID world --**

As Australia moves towards economic recovery from the impact of the COVID-19 pandemic, a new report shows that more women on Boards and in senior leadership positions drives better company performance, greater productivity and greater profitability.

Research released today by the Bankwest Curtin Economics Centre (BCEC) and the Workplace Gender Equality Agency (WGEA) found that an increase in the share of female 'top-tier' managers by 10 percentage points or more led to a 6.6 per cent increase in the market value of Australian ASX-listed companies, worth the equivalent of AUD\$104.7 million.

The report, *Gender Equity Insights 2020: Delivering on Business Outcomes*, reveals a strong and convincing causal relationship between an increase in the number of women in key decision-making positions and subsequent improvements in company performance.

Report author and BCEC Principal Research Fellow Associate Professor Rebecca Cassells said leadership has never been so important, especially when the world is dealing with the fallout and economic recovery from the COVID-19 pandemic.

"When businesses are looking to a post COVID-19 world, our research shows that having a female CEO has the potential to help companies navigate through the crisis," Associate Professor Cassells said.

"In this report, we have identified a compelling causal relationship between an increase in the share of women in leadership and subsequent improvements in company performance."

The report found that in Australian ASX-listed companies, having a female CEO led to a five per cent increase in their market value. This is worth the equivalent of AUD\$79.6 million on average.

It also showed that increasing the number of women in leadership positions increased the likelihood of companies outperforming in their sector on three or more key profitability and performance metrics. These include return on equity, earnings before interest and tax, sales per worker, return on assets, dividend yield and Tobin's Q.

Libby Lyons, Director of the Workplace Gender Equality Agency, hailed the BCEC research as a significant contribution to the international business case for gender equality.

"Using the Agency's world-leading dataset, this ground-breaking study has provided important new evidence of the crucial need for improving gender diversity in company leadership. As we 'snap forward' to a post-COVID-19 economy, this report demonstrates that CEOs and senior executives must include gender equality as they develop recovery plans," Ms Lyons said.

“This report provides tangible proof to support the established business case for gender equality. More gender-balanced leadership will improve the bottom line and financial performance of any organisation.

“Workplace gender equality is not just about fairness, it also has a compelling commercial imperative. This research provides hard evidence that more women in top-tier management levels will deliver improved profitability for business. Now more than ever, achieving workplace gender equality is an absolute necessity for every organisation in Australia.”

Associate Professor Cassells said that the new evidence is an important step towards delivering more gender equitable workplaces and understanding how they can improve the performance of Australian businesses.

“We found the appointment of a female CEO led to a five per cent increase in the market value of Australian ASX-listed companies. These companies also had a 12.9 per cent increase in the likelihood of outperforming the sector on three or more performance and profitability metrics,” Associate Professor Cassells said.

Report co-author and BCEC Director Professor Alan Duncan said the report’s findings show that Australian companies still have some way to go to achieve a better gender balance in key decision-making roles.

“Women are far less likely than men to be the Chair of the Board. While there has been progress towards a 30 per cent target for the share of women on company Boards, three in 10 companies in the WGEA dataset still have no female Board representation at all,” Professor Duncan said.

“Greater female representation on Boards and in senior leadership positions is better for business. Increasing the talent pool and taking into account the experiences and views of a broader group will ultimately lead to better decisions. This is particularly important as we look to rebuild our economy and broaden business and employment opportunities.”

“We found that an increase of 10 percentage points or more in female representation on Boards led to a 6.0 per cent increase in the likelihood of that company outperforming its sector on three or more performance and profitability metrics.”

Key findings:

- An increase of 10 percentage points or more in female representation 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;
- An increase of 10 percentage points or more in female representation on Boards led to a 6.0 per cent increase in the likelihood of outperforming their peers on three or more metrics;
- The appointment of a female CEO led to a 12.9 per cent increase in the likelihood of outperforming the sector on three or more metrics;
- An increase of 10 percentage points or more in the share of female key management personnel led to a 5.8 per cent increase in the likelihood of outperforming their sector on three or more metrics;

- Women are least likely to be the Chair of the Board, with only 14.1 per cent of women being Board Chairs;
- Women make up only 17.1 per cent of company CEOs;
- 29.8 per cent of companies have no female representation on their Board and a similar proportion of companies have no women in their key management teams;
- Two-thirds of firms in the construction sector have zero female representation on their Boards.

Background:

The 2018-19 WGEA Gender Equality dataset is based on 4,841 reports submitted in accordance with the Act for reporting period 1 April 2018 to 31 March 2019. The dataset captures 4.3 million employees – which accounts for more than 40 per cent of all employees in Australia.

WGEA is an Australian Government statutory agency created by the *Workplace Gender Equality Act 2012*.

BCEC 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 Commonwealth Bank of Australia.

Notes to the Editor:

Copies of the report are available upon request.

Selected charts from the report are provided below. Hi-resolution versions of all tables and charts in the report are available on request.

Interviews with the report authors and Libby Lyons are available to be pre-scheduled, including print, online, radio and television.

Media Enquiries:

Associate Professor Rebecca Cassells, Principal Research Fellow, BCEC

Mobile: 0438 070 528;

Web: bcec.edu.au

Email: rebecca.cassells@curtin.edu.au

Twitter: [@BankwestCurtinEC](https://twitter.com/BankwestCurtinEC)

Professor Alan Duncan, Director, BCEC

Tel: (08) 9266 2873; Mobile: 0400 210 568;

Web: bcec.edu.au

Email: alan.duncan@curtin.edu.au

Twitter: [@BankwestCurtinEC](https://twitter.com/BankwestCurtinEC)

Lauren Sydoruk, Senior Media Consultant, Curtin University

Tel: (08) 9266 4241; Mobile: 0401 103 373;

Web: <http://news.curtin.edu.au/media-centre>

Email: lauren.sydoruk@curtin.edu.au

Twitter: [@CurtinMedia](https://twitter.com/CurtinMedia)

Murray Black, Media and Communications Manager, WGEA

Tel: (02) 9432 7065; Mobile: 0438 071 876;

Web: www.wgea.gov.au

Email: murray.black@wgea.gov.au

Twitter: [@WGEAgency](https://twitter.com/WGEAgency)

Selected figures and tables

TABLE 1

Share of women in CEO, Board and Management Positions, 2014 to 2019

	Share of women						Change from 2014 to 2019 (ppt)
	2014	2015	2016	2017	2018	2019	
All	35.8%	36.1%	36.8%	37.3%	37.5%	37.8%	+2.0
Chief Executive Officers	15.7%	15.4%	16.3%	16.5%	16.8%	17.1%	+1.4
Board Chairs	11.9%	14.2%	12.9%	13.6%	13.7%	14.1%	+2.2
Board Members	25.3%	25.2%	26.6%	27.2%	28.1%	29.3%	+4.0
Managers	33.1%	33.7%	34.7%	35.7%	36.3%	36.7%	+3.6
KMPs	24.6%	25.9%	27.1%	28.1%	29.0%	30.2%	+5.6
Executive Managers	25.8%	26.8%	27.6%	28.0%	29.0%	30.0%	+4.2
Senior Managers	29.0%	30.2%	31.2%	32.1%	32.4%	33.1%	+4.1
Other Managers	36.3%	36.7%	37.6%	38.6%	39.3%	39.4%	+3.2
Non-Managers	36.6%	36.6%	37.3%	37.7%	37.7%	38.1%	+1.5
Professionals	41.9%	42.3%	43.4%	43.2%	43.2%	43.6%	+1.7
Technicians and Trades Workers	7.9%	7.9%	7.9%	8.4%	9.1%	9.3%	+1.4
Community Services Workers	60.7%	58.1%	57.4%	57.8%	57.7%	57.6%	-3.1
Clerical Workers	71.3%	70.8%	71.1%	70.5%	70.4%	70.2%	-1.1
Sales Workers	46.2%	45.3%	45.5%	46.2%	46.4%	45.9%	-0.3
Machinery Drivers and Operators	9.3%	9.3%	10.1%	10.0%	10.2%	10.9%	+1.7
Labourers	20.1%	22.5%	23.4%	23.4%	22.9%	23.6%	+3.5

TABLE 2

Estimated impact on company performance of increasing or decreasing female leadership

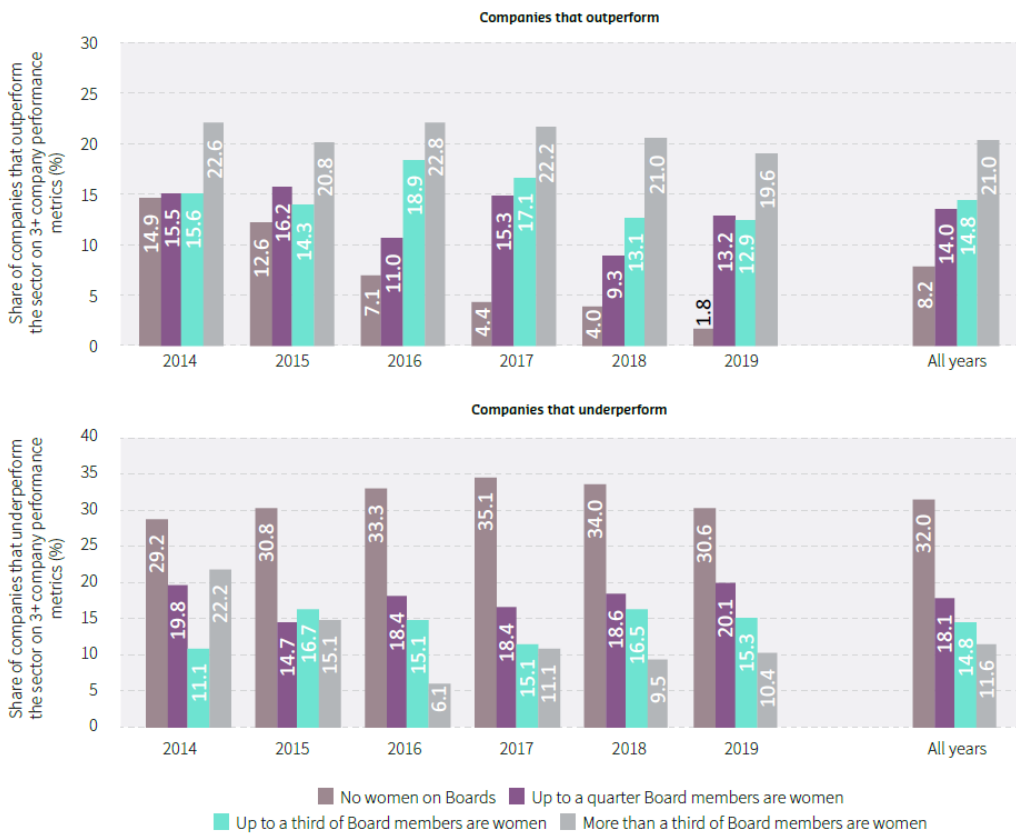
Change in female representation	Impact on value of company				Impact on company performance	
	Change in Tobin's Q	Change in Market Value (AUD\$m)	Sig.	Change in Market Value (USD\$m)	Percentage change	% change in likelihood of sector outperformance on three or more measures
From moving to female CEO	0.112	79.6 **		53.3	5.0%	12.9% **
From increasing female Board representation	0.110	78.5 ***		52.6	4.9%	6.0% **
From increasing female KMP representation	0.147	104.7 ***		70.2	6.6%	5.8% **
From reducing female Board representation	-0.061	-43.4		-29.1	-2.7%	2.5%
From reducing female KMP representation	-0.065	-46.0 *		-30.8	-2.9%	1.7%

Notes: Projections are presented at the average company market value and average value of common equity for Australian ASX-listed companies. Estimates are flagged as statistically significant (Sig.) at 1% (***), 5% (**) and 10% (*).

Source: Bankwest Curtin Economics Centre | Authors' estimates from WGEA Gender Equality data 2014 to 2019.

FIGURE 8

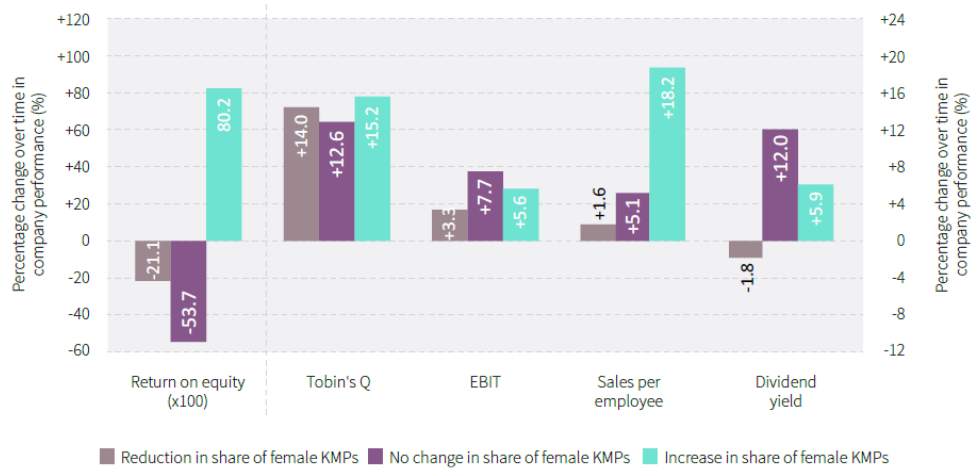
Share of companies that outperform and underperform sector performance benchmarks: by share of women on Boards



Note: Detailed information about each financial reporting indicator can be found in the Glossary & Technical Notes.
 Source: Bankwest Curtin Economics Centre | WGEA Gender Equality data 2014 to 2019, Morningstar.

FIGURE 13

Percentage change in company performance indicators: by change in share of female Key Management Personnel (KMPs)



Note: Changes in company performance indicators and female representation are measured over a two-year time interval.
 Detailed information about each company performance indicator can be found in the Glossary & Technical Notes.
 Source: Bankwest Curtin Economics Centre | WGEA Gender Equality data 2014 to 2019, Morningstar.