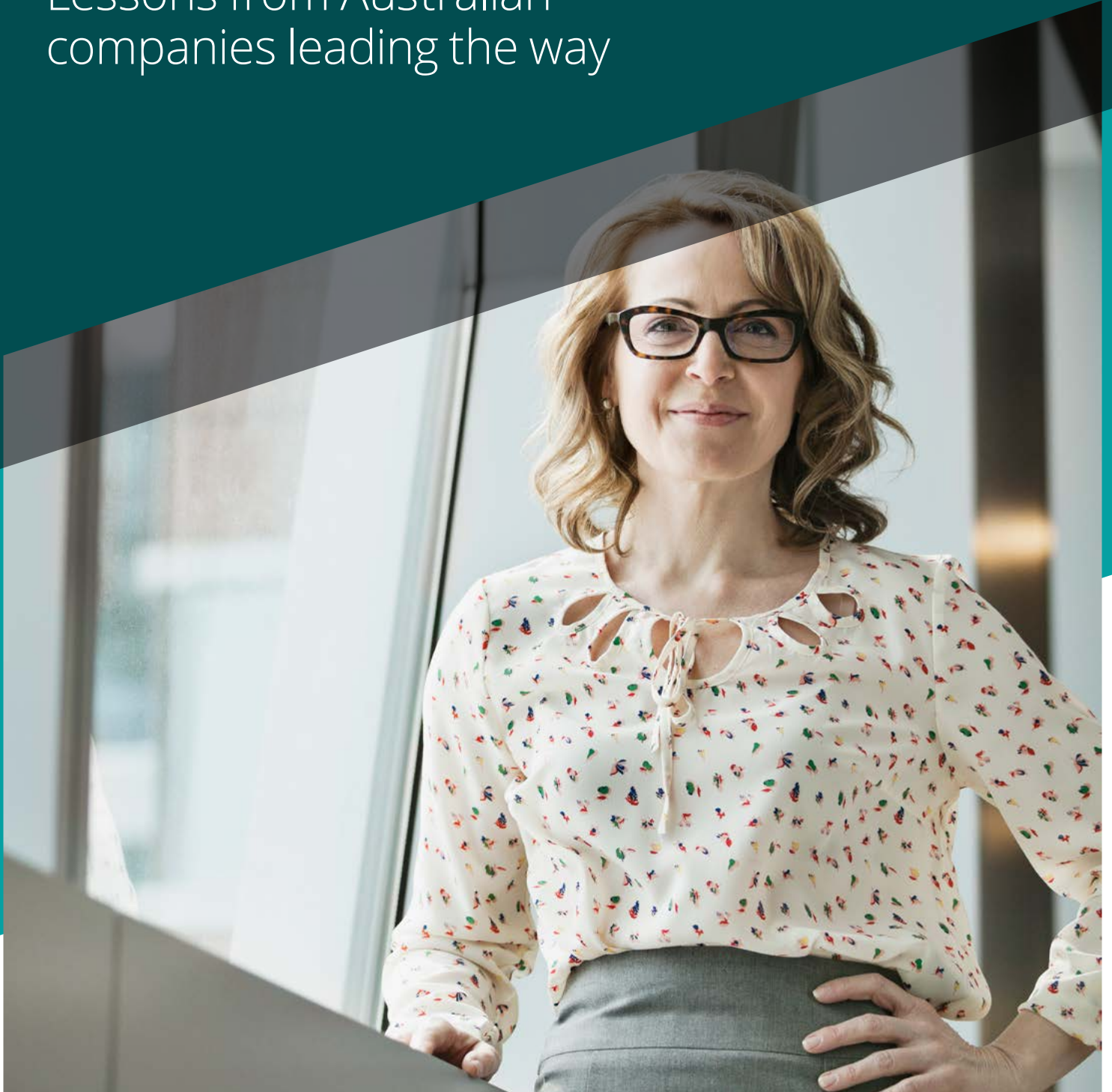


Women in leadership

Lessons from Australian companies leading the way



FOREWORD

Over recent years, there has been growing concern about the under-representation of women in leadership across industry.

Organisations are deploying a range of strategies to address the known issues affecting women's advancement, such as the challenge of balancing of work and family, biases, and barriers that keep women from many of the roles that typically lead to senior leadership.

Yet despite this scope of activities and the good intentions behind them, progress has been too slow.

This is why the Business Council of Australia, McKinsey & Company and the Workplace Gender Equality Agency teamed up to undertake this important study. Using three years of WGEA data and more than 40 interviews, this report lays bare the relationships between the actions companies are taking and the outcomes they achieve.

Put simply, we wanted to use the data to get behind all the activity to find out what is actually working.

What is revealed in this report is a common recipe for success among those companies that have above-average representation of women in top roles – a suite of 10 practices that are proven to be effective and can be implemented across industries.

The report reveals how high-performing companies enact the full suite of 10 practices, rather than taking a piecemeal approach, and how those practices can be customised to overcome each company's unique challenges and drive greater acceptance across their workforce.

With this report, organisations that want and need to drive change now have a blueprint for success that can be tailored and embedded throughout their culture and strategy.

There is a growing recognition in Australia's business community that increasing women's representation in leadership and board positions is critical to having better run, more effective companies that can respond to the diverse demands of an ever-changing business environment.

We hope you will find this report to be an important contribution towards that goal.

John Lydon, Managing Partner, McKinsey & Company

Libby Lyons, Director, Workplace Gender Equality Agency

Jennifer Westacott, Chief Executive, Business Council of Australia

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Context and summary of findings



CONTEXT: GENDER EQUALITY IN AUSTRALIA

The shortage of women in executive roles in Corporate Australia

While Australian companies are increasingly active in their efforts to drive gender equality, women remain under-represented at every stage of the career pipeline in Australia.

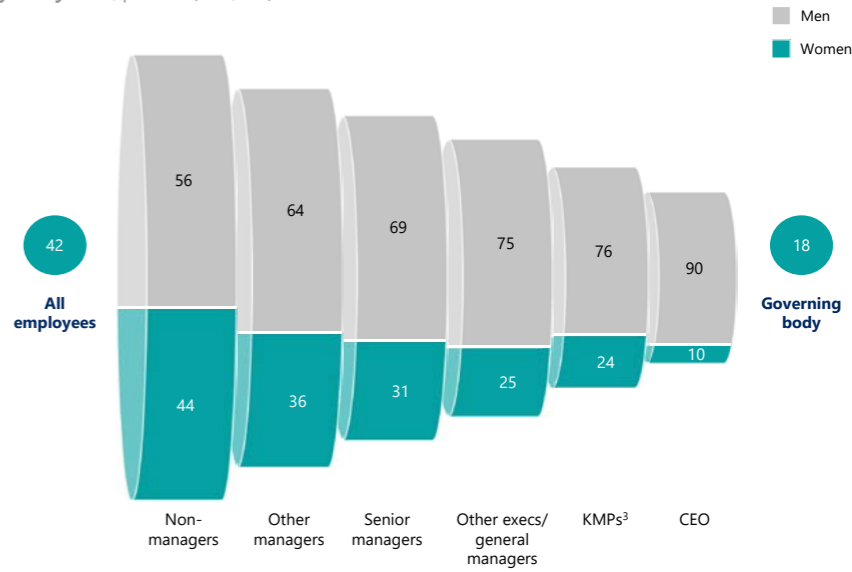
- » Women constitute 42 percent of all employees, yet make up just a quarter of executives and only 10 percent of CEOs for large, for-profit companies.

- » The transition point from key management positions to CEO has the highest drop off (59 percent) in women's representation of any in the pipeline.

Over the past three years, the average growth rate across all industries in women taking leadership roles¹ stands at 2.8 percent with Public Administration and Rental, Hiring and Real Estate Services leading that pack at ~20 percent and 15 percent growth rates, respectively. Despite the positive trajectory, women's representation in management, C-suite and CEO roles continues to be a particular challenge.

Exhibit 1: Gender representation in the talent pipeline

Percent of employees by level, percent (n=2,499)¹



	All employees	Non-managers	Other managers	Senior managers	Other execs/general managers	KMPs ³	CEO	Governing body
Decline in share of women %			-16	-16	-18	-3	-59	
Improvement in share of women since 2013-14 % change	+1.1	+1	+1.1	+2	+1.6	+3	+2.1	+2.6

¹ Excludes non-profits, reports with fewer than 200 employees
³ Key Management Personnel
 SOURCE: WGEA 2013-14; WGEA 2015-16

¹ This includes CEO, Key Management Personnel and other executive/general manager roles.

Exhibit 2: Growth in percent of women in top roles by industry

Industry	Annual growth rate 13/14-15/16 Percent (n=1677) ²	Share of women in senior leadership ¹ Percent (n=2,430) ³
Public Administration and Safety	19.6	22
Rental, Hiring and Real Estate Services	15.1	21
Information Media and Telecommunications	6.9	23
Electricity, Gas, Water and Waste Services	6.9	16
Arts and Recreation Services	6.8	25
Construction	5.5	11
Financial and Insurance Services	4.8	22
Transport, Postal and Warehousing	4.7	16
Administrative and Support Services	4.1	32
Industry average	2.8	24
Accommodation and Food Services	2.7	26
Manufacturing	2.7	15
Retail Trade	2.6	27
Education and Training	0.8	44
Agriculture, Forestry and Fishing	0.6	11
Mining	0.5	10
Health Care and Social Assistance	0.2	46
Professional, Scientific and Technical Services	-0.1	22
Other Services	-0.6	27
Wholesale Trade	-0.9	19

¹ Includes CEO, KMP and other executive/general manager
² Companies matched in 2013-14 and 2015-16 datasets with >0% female managers in 2013-14, excludes non-profits, reports with fewer than 200 employees except BCA report
³ Excludes non-profits, reports with fewer than 200 employees, reports with zero employees in top three roles

SOURCE: WGEA 2013-14; WGEA 2015-16

Progress at the very top is expected to be slow

Beyond today's pipeline numbers, the low numbers of women in key management roles presents a challenge for Australia that is difficult to change in the near term. Of the 24 percent of women in key management roles today, many of them are in support roles, such as Head of Human Resources and General Counsel. As recent research on workplace diversity revealed², around 90 percent of CEO appointments come from line roles such as Chief Operating Officer or head of a business division. This means the near-term pipeline of women who are in line for CEO appointments is even smaller than it appears.

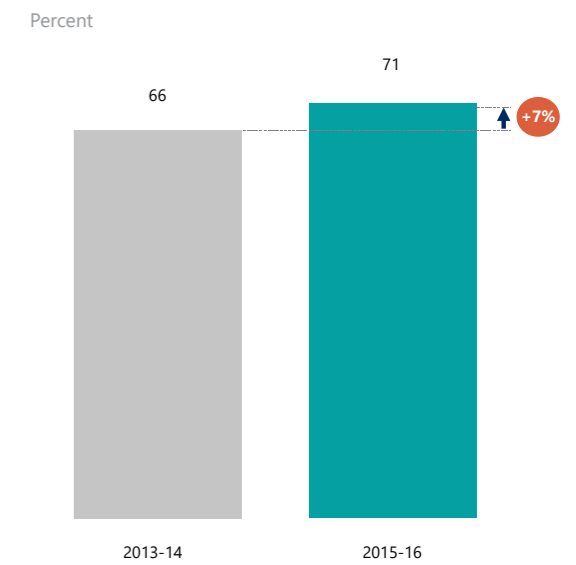
² "2015 CEO Transitions", Spencer Stuart, March 2016.

Efforts to achieve gender equality are apparent

The objective within corporate Australia to achieve gender equality and change these dynamics is evident. Since 2013, around 300 companies have implemented stand-alone gender equity strategies. Recruitment policies are the most emphasised area.

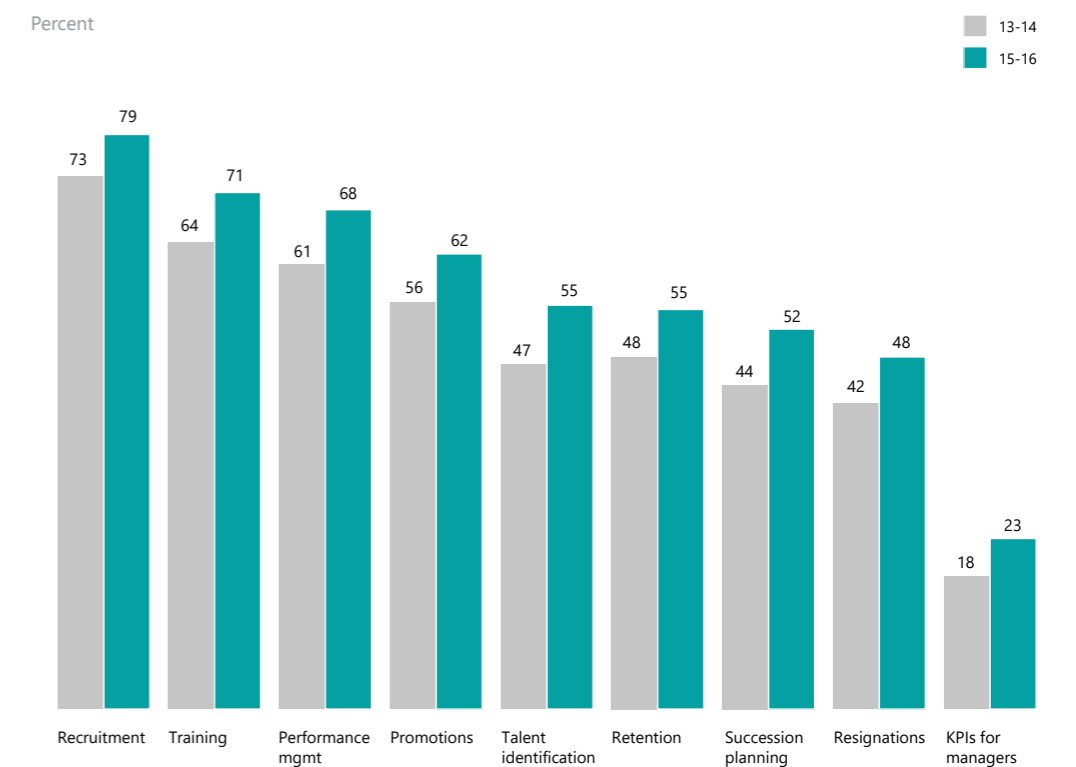
However, while policies are a useful tool for progressing towards gender balance, they alone do not guarantee better outcomes. This is evidenced by WGEA's data that shows across the subset of companies with a wide range of gender-focused programs in place, there is wide variability in outcomes.

Exhibit 3: Share of companies with an overall gender equality strategy



SOURCE: WGEA 2013-14, 2015-16

Exhibit 4: Companies with formal policies or strategies on gender equality by type



SOURCE: WGEA 2015-16

SUMMARY OF REPORT FINDINGS

In producing this report, analysis of both the quantitative and qualitative data revealed how gender equality is lived out day-to-day in corporate Australia. Common practices amongst the high performing companies became evident, in particular the practice of normalising flexible work. The team that produced the report distilled the insights down to 10 practices that have proven to be effective in achieving greater gender equality.

- » These practices make up a 'recipe' for success when it comes to getting higher numbers of women into senior roles. The 'recipe':
 1. Build a strong case for change
 2. Role-model a commitment to diversity, including with business partners
 3. Redesign roles and work to enable flexible work and normalise uptake across levels and genders
 4. Actively sponsor rising women
 5. Set a clear diversity aspiration, backed up by accountability
 6. Support talent through life transitions
 7. Ensure the infrastructure is in place to support a more inclusive and flexible workplace
 8. Challenge traditional views of merit in recruitment and evaluation
 9. Invest in frontline leader capabilities to drive cultural change
 10. Develop rising women and ensure experience in key roles
- » The factor most correlated to higher ratios of women in top roles is the percentage of managers who are on part-time programs, a practice classified as 'normalising flexible work practices'.
- » When it comes to executing the 'recipe', leaders at the high performing companies show great skill and sophistication in their ability to tailor the 10 practices for their workforce and a high willingness to break through barriers and address challenges. These customised practices, listed according to industry archetype, are tabled on page 40.

What works: Descriptions and case studies of the 10 gender equality practices driving results for Australian companies



'We used the company's own data to prove that diverse and inclusive assets are safer and higher performing.'

Mike Henry,
President
Operations,
Minerals
Australia, BHP

1. BUILD A STRONG CASE FOR CHANGE

Leaders need to articulate why gender balance is important for their business and link it directly to the company's mission/purpose.

While many leaders shared that they started the process of improving gender balance with a strong personal belief in the case for change, this vision is not always shared by team members.

When employees think gender diversity leads to business results, they are more likely to be personally committed. And through bringing more evidence on 'why change will make us better', subsequent interventions achieve more impact.

One executive suggested the business case transformed the way the leaders responded to key performance indicators: 'For about five to six years, we had targets and it did nothing. It was like Russian roulette when review time came. Once the case for change was put in place, the KPIs got attention.'

A powerful case for change can be expressed differently but it must resonate:

- » From an operationally-driven industrial company: 'Diverse and inclusive teams are safer and have better operational outcomes.'
- » From a purpose-driven consumer brand company: 'We are changing people's lives around the world with our products, one of those ways is through new, sustainable ways of working.'
- » From a competitive technology company: 'We want the highest-performing teams so we need a diverse group of people.'

Linking gender equality to broader inclusion

Top companies link how being a diverse and inclusive company, often starting with gender, helps them stand out as an organisation – be it with talent, customers, or the community at large.

Some are consciously shifting away from promoting 'women in leadership' to promoting an 'inclusive company' that values people of any gender, age, cultural background and sexual orientation.

More to do

Despite out-performing their peers, every company interviewed suggested they have 'much more to do' on the case for change.

Cultural change is tough work. Leaders are often fighting to change deeply ingrained mindsets, remove long overlooked barriers and do so with a workforce that has spent little time thinking about why diversity matters.

Case Study: Proving the Case with Your Own Data

The strongest cases for change link diversity to performance outcomes. BHP has taken this to the next level by explicitly measuring both gender diversity and inclusion across their groups, with an inclusion index formed through a set of specific questions embedded in their employee survey.

Mike Henry, President Operations, Minerals Australia, describes how they have used BHP's own data to show that 'more diverse and inclusive groups have higher performance both on safety and operational performance'. This helped to reinforce the connection between diversity and performance for line managers.

By linking the business case to a core value of the organisation, employees felt greater ownership suggests Jacqui McGill, Asset President. 'Instead of sitting back and hoping you hit a target, you see deliberate and numerous actions,' she says.

Common stumbling blocks

Getting genuine buy-in from the entire leadership team

- » **Challenge:** Don't assume that everyone on your leadership team is on board.
- » **Solution:** Create space for open and frank discussions, 'hear out' differences of opinion, look for moments of truth which test the belief and celebrate 'living the change' when it happens.

'When people look at the balance in my leadership team – that's walking the talk.'

**Steven Worrall,
Managing Director,
Microsoft
Australia**

2. ROLE-MODEL A COMMITMENT TO DIVERSITY, INCLUDING WITH BUSINESS PARTNERS

Leaders need to role-model support for diversity and inclusion in their organisations, both internally and as members of the business community.

Executives in the high performing companies spoke extensively about the ways in which they 'walk the talk':

- » First and foremost, filling their own team with diverse talent
- » Visibly and authentically supporting company diversity-focussed events
- » Personally using flexible work arrangements
- » Vocalising their own caring responsibilities
- » Sharing ideas with suppliers on ways they could adapt their products and services to serve a more diverse workforce
- » Having courageous conversations with clients to uphold inclusive work practices

Clive Stiff, CEO Unilever Australia and New Zealand, reflects particularly on his role in normalising flexible work within his organisation: 'Leaders lead loudly. I don't sneak out – I say, "I'm going to get the kids".'

Building a supportive 'ecosystem'

Creating an 'ecosystem' that values gender balance can require special effort and courage. However, several of the top companies consider this equally important to their internal focus on gender diversity, and value their role in changing the face of their industry.

'Changing how our suppliers serve us – for example with contractors or machinery – is one of our major pillars for unlocking a diverse and inclusive workplace. If we can do this, we will move our industry,' says one Chief People Officer.



Case Study: Transforming Through Leadership

Throughout EnergyAustralia, employees are quick to identify the personal influence of Managing Director, Catherine Tanna, in creating a more inclusive culture for women.

Tanna outlines that 'the gender balance of our senior leadership team has changed dramatically over the last few years. I started by asking three questions: How do we get the leadership and a culture that reflects the best of the people here? How do we return the business to market-competitive performance? And how do we get people with the experience and know-how to transform EnergyAustralia into a customer-led business?'

Bob Fryer, EnergyAustralia Executive for People said: 'The talent exists and creating the opportunities to bring in talent is important. However, the first step is building an inclusive culture to retain that talent.'



Case Study: Aligning with Clients

The ability of companies to implement flexible work and drive gender balance can be affected by the actions of their business partners. Law firm Ashurst has seen its business ecosystem both support and challenge its attempts to create a flexible and inclusive workplace.

Clients are asking Ashurst to demonstrate its commitment to gender balance in major procurement decisions. 'The game changer for us has been our clients asking for it. And we are aligned with them on a diversity of voices around the table giving better outcomes,' reports Richard Knox, Head of HR Australia.

However, as experienced by many professional services firms or client-facing teams, it can be difficult to reconcile the daily demands of client work with more structural forms of flexible work like part-time work, which are mostly taken up by female employees today.

Client services firms like Ashurst are starting to change this dynamic by having upfront conversations with clients. Knox points to some examples where he has reminded clients of their own values on inclusion and flexibility when managing deadlines and the availability of the team.

One senior partner also recounts a recent discussion with a client. 'We were actively helping negotiate the right flexible arrangement for a secondee who will join the client after returning from parental leave. This will eventually form a big platform for partnership for her later on.'

These experiences are an important reminder, says Knox, that 'as an ecosystem, we really need to support each other more on this.'



Case Study: Changing the Supply Chain

BHP has opened up roles to a diverse workforce by working with its suppliers. 'We've been getting involved in the base design work with equipment manufacturers to increase the range of people who can work at our sites,' says Chief People Officer, Athalie Williams.

Jacqui McGill, Asset President Olympic Dam, started setting expectations around gender balance as part of the procurement process during her time at Queensland Coal, insisting on a critical mass of women within new crews provided by contractors. 'You can't just add one or two women to a crew – they'll be totally alone,' explains McGill.

McGill strongly believes that these incremental changes down the supply chain don't just have significant trickle through effects to the workplace but also to the wider site community. 'When you add three or four women to a crew you start to see changes. The conversations in the crib [lunch] rooms get more inclusive. Amplify this effect for the whole site and you see the community change,' she reports.

Common stumbling blocks

Over-emphasising senior-level role-modelling to drive improvements

- » **Challenge:** Sole reliance at the top can leave an absence of 'close range' role models for people elsewhere in the organisation.
- » **Solution:** Seeing the changes cascade down through middle management and below is an important signal.

Lack of lived experience

- » **Challenge:** If leaders lack the lived experience of an issue, such as the demands of being a primary carer, they can often be missing important ingredients of authentic communication.
- » **Solution:** In these cases, leaders need to recognise their own blind spots and take time to really listen and learn on a new level about the challenges they are trying to address. Often 'appointing' someone they trust to be their adviser and eyes and ears on the issue can be the unlock.

'I tell new starters that you can't impress me by working long hours. You need to have an outcomes focus.'

Michael Cameron, CEO & Managing Director, Suncorp

3. REDESIGN ROLES AND WORK TO ENABLE FLEXIBLE WORK AND NORMALISE UPTAKE ACROSS LEVELS AND GENDERS

Flexible working arrangements need to be available and taken up by men and women, carers and non-carers, managers and non-managers to break the perception that working flexibly is a sign that people (often women) are not committed.

Some Australian companies are already moving in this direction with 13 percent of companies offering eight or more formal flexible work options to men and women and managers and non-managers.³

'Normalising' flexible work

Many companies start their journey viewing flexible work as a 'concession' to parents, most commonly mothers. However, companies that have 'normalised' flexible work view flexible work as a way of allowing all people to thrive and be at their best.

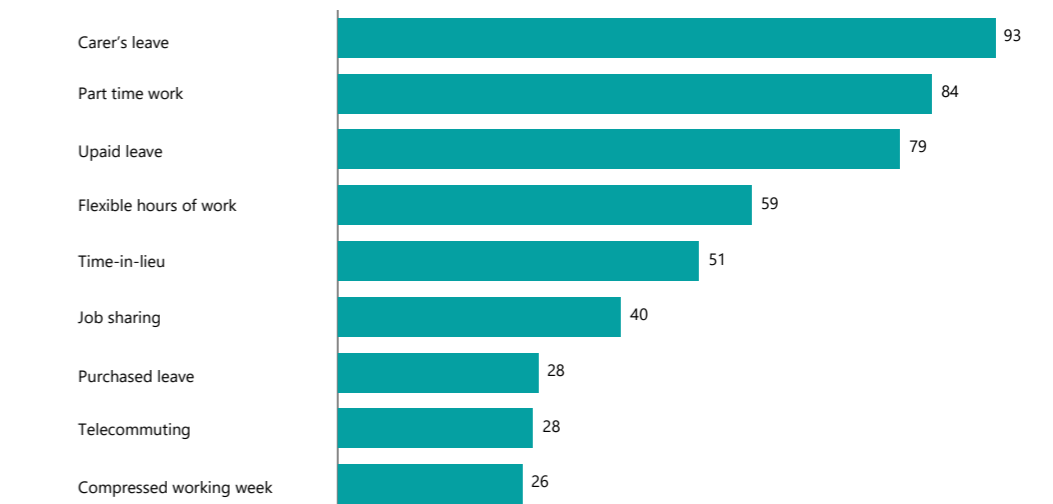
One executive in a company with normalised flexible work practices reported the 'jarring' effect of reading about how 'some people' need flexibility in their lives. 'Really, the concept applies to

Exhibit 5: Flexible work arrangements used by Australian companies

Flexible working, %



Type of flexible work offered, %



SOURCE: WGEA 2015-16

³ WGEA data 2015-16.

everyone,' she explained. One company, for example, has introduced a job share arrangement for a group of nine experienced men on fly-in-fly-out rosters nearing retirement. 'It let us keep their skills in the organisation,' explains the organisation's Head of HR.

Building a workplace culture that accepts 'flex'

Implementing flexible work requires a cultural shift in focus from presenteeism to trust and outcomes. One HR leader described a key part of her work as re-orienting the mindsets of managers towards trusting that people can be fully effective when they are not face to face. 'You need to work with leaders around their barriers,' she explained, 'Often it's a fear that they will lose control.'

One mechanism for regaining the sense of control is ensuring that all employees have clear outcomes against which they will be held accountable. In turning around their approach, companies have developed rigorous employee evaluation processes and removed metrics that tacitly encourage a 'face time' culture.

Designing roles around flexible work

The ongoing challenge for many companies is enabling flexible work for manager roles or shift-based work. In some cases, this is a matter of finding a suitable form of flexible work to suit the role or as one HR leader put it, 'there are a thousand different answers.'

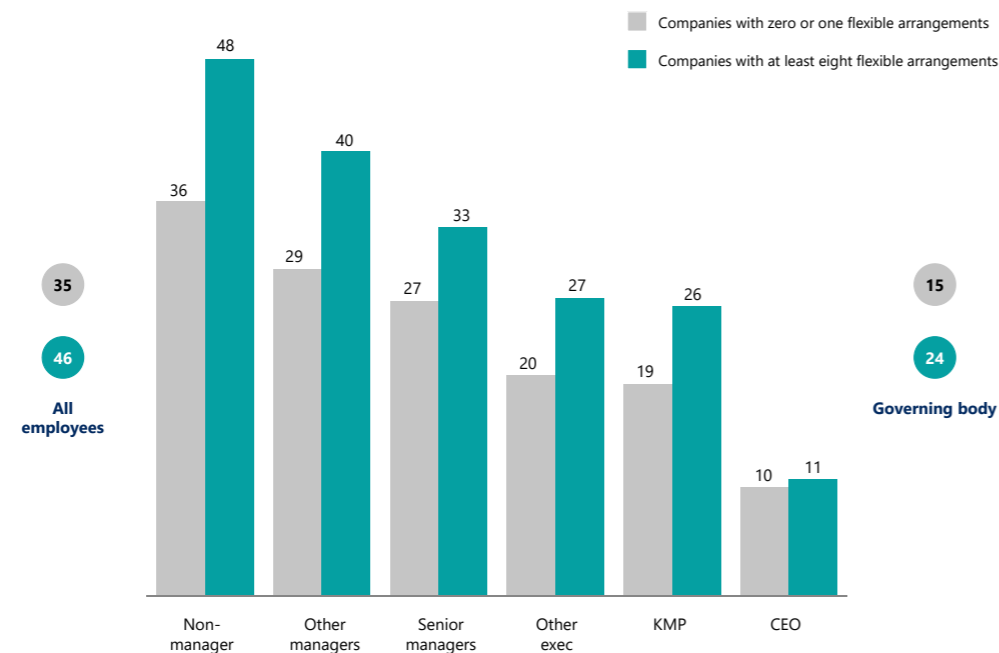
In some cases, roles need to be redesigned to allow for flexible work. One senior HR manager described the pitfall of attempting to introduce flexible work without adequately redesigning roles. 'We advertised for part-time roles at our call centre to attract a wider pool of people,' he reported, 'but we didn't redesign the shifts around when people actually wanted to work. The line managers wanted people to

work full days, but parents often wanted to work school hours and university students wanted to work in the morning or afternoon.'

Efforts to change the traditional approach appear to be paying off. On average, companies with more part-time managers have more women at executive levels.

Exhibit 6: Flexibility is linked to better representation of women

Talent pipeline for companies with different numbers of flexibility arrangements¹
Share of female employees, per cent (n=2,449)²



¹ WGEA collects data on nine types of flexible working arrangements (in order of frequency): carer's leave, unpaid leave, part-time work, flexible hours, time-in-lieu, job sharing, telecommuting, purchased leave, compressed work-weeks. A company is defined as having an arrangement if the arrangement is offered formally to both managers and non-managers
² Excludes non-profits, reports with fewer than 200 employees. Companies with zero or one arrangements (n=265), companies with at least eight arrangements (n=317)

SOURCE: WGEA 2015-16

'We've seen improved engagement and lower turnover of our people.'

Zara Bartholomew, Manager Customer Development, Contact Centres, Suncorp



Case Study: Redesigning the Operating Model

Implementing flexible working arrangements often requires redesigning operating models.

Companies suggested this was particularly important for unlocking more diversity in functions with stricter ties to a location of work.

Suncorp has successfully redesigned its contact centre operating model to enable flexible work, and in turn, recruitment from a larger and more diverse group of people.

Over 600 people are employed as part of 'Work at Home Hubs', which combine home work stations with working spaces attached to regional shopping centres. While most of the core work is performed at home, contact centre staff meet at the hub every two weeks for training and connectivity.

Zara Bartholomew, a contact centre manager, reports that redesigning the call centre operating model was a gradual process of trial and error. The company started with significant research and a pilot, and continued to evolve the model based on feedback from staff and customers.

Bartholomew gives the example of how the company came to offer shorter shift times: 'We needed to make changes to our Enterprise Agreement to enable people to truly take advantage of flex, and we implemented software that enabled people to take on more hours when they wanted.'

The result of these efforts has been overwhelmingly positive. 'Operationally we've seen improved engagement and lower turnover of our people,' reported Bartholomew. 'The customer experience has been really positive.'

'We have transformed working flexibly into an acceptable behaviour.'

Jennifer St-Ledger, HR Director Australia & New Zealand, Unilever



Case Study: Creating an Environment for Flexibility

At Unilever, flexible work is widely used by all people across the organisation.

Jennifer St-Ledger, HR Director Australia & New Zealand, described how the company has 'transformed working flexibly into an acceptable behaviour'. When she joined the company there was explicit encouragement to work from home. 'This surprised me at first,' she says, but she now works a day from home and notices the contribution it makes to her feeling at her best – spending more time with family in the morning, feeling relaxed and taking on a different work routine for the day.

Creating an environment where people feel comfortable taking flexible work is a deliberate and ongoing process. 'Biases and frustrations can still exist about these types of things, so the more you talk about it, the more you normalise it,' reports the Director, Sustainable Business and Communications. To this end, the company encourages open conversations around flexible work, both formally and informally.

Sandra Touma, Talent Acquisition Manager, recounted how she continues to dispel myths around flexible work in her team. 'I had one manager say that she felt that taking 'liberties' with flexible work would be viewed negatively because she didn't have children. You need to keep emphasising that it is supported by the business for everyone.'

The company also uses more formal avenues to discuss flexible work, including using employee communication channels such as Town Halls, functional team meetings and internal newsletters for storytelling around success stories and challenges.

Common stumbling blocks

A lack of trust in the organisation

- » **Challenge:** Red flags for lack of trust in people are the use of phrases like 'how do I know that they're productive when they're at home?'
- » **Solution:** Like other forms of unconscious bias, help managers explore and dissect their own reservations around flexible work and help them re-focus on outcomes.

A mono-definition of flexible working

- » **Challenge:** Companies and managers can often get trapped by thinking the definition of flexible just means 'working from home'.
- » **Solution:** Open the aperture on developing new types of flexible work by sharing best practices and holding 'ideation' sessions with employees. An example of flexible work from a leading company included the creation of an outdoor, covered work station space where employees could bring their dog to work alongside them for the day.

4. ACTIVELY SPONSOR RISING WOMEN

Another critical practice of bringing women into the top roles is active sponsorship by the CEO and C-suite executives.

Sponsorship is different from mentorship. Classic mentors offer caring and altruistic advice, while sponsors put their own personal capital on the line to recommend someone for a significant role or connect them to powerful leaders.

Research⁴ suggests, however, that women have fewer C-level sponsors than men and less access to them, and that their sponsors are less active in putting them forward.

The role of sponsor

Senior executives suggested that their role as sponsors is one of their most important actions towards driving gender balance. Most invest significant time in identifying and supporting talented women.

High-performing companies take a long-term view towards sponsorship, particularly for areas of the business that have traditionally had fewer women.

'I make a point of encouraging women to take on junior leadership positions to prepare them for senior opportunities down the track,' reported Paul Jenkins, Global Managing Partner, Ashurst.

Not only are women proactively approached about potential opportunities, after appointment the sponsorship role continues through encouraging ongoing progression and helping with the problem-solving involved in overcoming any barriers.

Leaders also emphasised the importance of removing barriers by suggesting ways to make the job more flexible or addressing a candidate's fear that she lacks the experience.

Ian Bailey, Managing Director, Kmart tactfully described how 'women are sometimes more cautious in their self-evaluation' and as a result, part of his role is to 'encourage talented women and help them believe that they are ready'.

'I make a point of encouraging women to take on junior leadership positions to prepare them for senior opportunities down the track.'

Paul Jenkins, Global Managing Partner, Ashurst

4 Women in the Workplace 2016, McKinsey & Company | LeanIn.org 2016.

Common stumbling blocks

Assuming sponsorship will happen organically

- » **Challenge:** Research⁵ suggests women have equal access to mentorship however, their mentors are typically less senior in the organisation and lack the hallmarks of sponsors.
- » **Solution:** It takes active (and sometimes formalised) effort and initiative to push past the barriers to sponsor women.

Leaving all the work of sponsorship to female executives

- » **Challenge:** Women executives seem to be more likely to take risks in sponsoring other women.
- » **Solution:** It is also essential for men to sponsor female talent, as the majority of C-level leaders are males.

Assuming all acts of sponsorship will be successful

- » **Challenge:** Like any appointment, there is a risk that some women will not succeed in their new role.
- » **Solution:** Leading executives are prepared to take risks and are not discouraged if all appointments are not successful. Challenge comments that attempt to tie the success or failure of 'women leaders' to any particular person.

⁵ *Why Men Still Get More Promotions Than Women*, Ibara, Carter, Silva, Harvard Business Review, 2010

'Our targets encourage GMs to ask "how am I faring in comparison to the pack?"'

Hamish Aikman,
General
Manager HR,
Kmart

5. SET A CLEAR DIVERSITY ASPIRATION, BACKED UP BY ACCOUNTABILITY

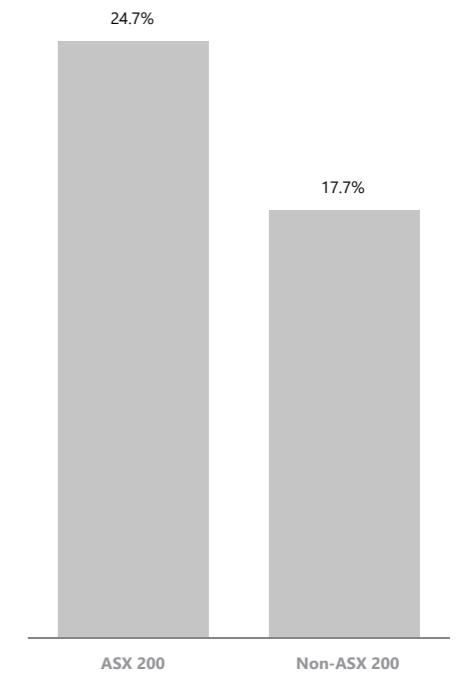
Publicly committing to time-bound targets and making people accountable for their delivery can help drive the action required to achieve gender balance in senior leadership. Setting an ambitious public target has jump-started further actions to improve diversity.

'Setting a target has held us accountable. It's also helped us to make more active decisions around diversity.'
Tracey Fellows, CEO, REA Group

Setting targets

The role of targets has been an increasing focus of organisations working to improve gender balance in Australia. The Australian Stock Exchange has called upon Australian companies to implement 'targets with teeth', while WGEA provides an online tool that helps organisations set and meet their gender balance goals.

Exhibit 7: Nearly a quarter of ASX companies have instituted gender targets for their boards



SOURCE: Gender Equality in ASX200 Companies, WGEA, June 2016

Remaining accountable to the target

Although setting goals at a high level is important, it can disguise the variability in business units and dilute accountability. At high-performing companies, accountability throughout the organisation is typically driven in one of two ways.

1. Tying the target to remuneration

Some companies directly tie gender aspirations or targets to remuneration. One company reported that 'our 50/50 by 2025 aspiration is translated to GM scorecards – they live and die by the scorecard.'

This strategy usually hinges on ensuring managers are able to control the outcomes to which they are being held accountable and that their targets are realistic. A lack of thought on this front can lead to perverse incentives.

One company, for example, limits their manager targets to the hiring and retention of women. 'It's harder to change your numbers if your workforce is stable – at the GM level, we expect 50/50 on new hires and exits.'

More sophisticated companies clearly articulate how their targets break down into components, such as year-on-year improvements at the business unit level. This prevents high proportions of women in traditionally female-dominated areas from masking underperformance in the rest of the business.

2. Peer-to-peer accountability

Accountability can be strengthened through peers holding each other to account. For some companies, this takes the form of monthly reports that make progress on targets transparent across individual managers. 'We share a detailed monthly report on our gender diversity numbers and performance conversations take place for all areas of the business which are not progressing,' reported one HR manager.

At one technology company, managers sign up to gender balance commitments as a group and are held to these voluntary commitments in their performance reviews.

While the choice of mechanism depends largely on company culture, common to both approaches is that accountability mechanisms generate serious conversations and push managers to do their part in improving gender balance.



Case Study: Increasing Transparency and Accountability

Kmart reports publicly on their gender statistics and circulates a quarterly report to the executive leadership team to increase transparency and group exposure on the progress being made on gender balance.

A General Manager report shows gender numbers at each level with supporting metrics and is designed to spark valuable peer discussion.

'It encourages GMs to ask, "how am I faring in comparison to the pack?";' reports Hamish Aikman, General Manager of HR. Importantly the league tables also include detailed metrics on what is driving the change, such as improvement in retention or hiring to direct General Manager attention to the behaviours they can change.

A key part of driving accountability through league tables is facilitating the conversations that drive peer-to-peer accountability. For Aikman, this aspect is an important part of Kmart's 'commitment-based approach rather than a compliance approach'.

Common stumbling blocks

Setting targets without implementing supporting mechanisms

- » **Challenge:** Targets are set without the supporting infrastructure.
- » **Solution:** Targets need to be supported by the full suite of practices to lead to results, in particular, a strong case for change and actions to improve recruitment, retention and promotion.

Making sure your accountability mechanisms are coupled with decision-making rights

- » **Challenge:** There is a risk of disillusioning managers by either making them accountable for metrics they cannot control such as the total number of women in their current team or encouraging short-term behaviour.
- » **Solution:** Ensure that targets are set at the right levels and are given to people who have decision-making influence over hiring with appropriate time frames for change.

'I overheard that the IT department was taking away people's laptops and security passes when they went on parental leave. We fixed this. What a way to make people feel like they're leaving the company.'

Senior Executive Line Leader

6. SUPPORT TALENT THROUGH LIFE TRANSITIONS

To keep talent in the pipeline, organisations need to help employees manage their career track in parallel with their carer responsibilities.

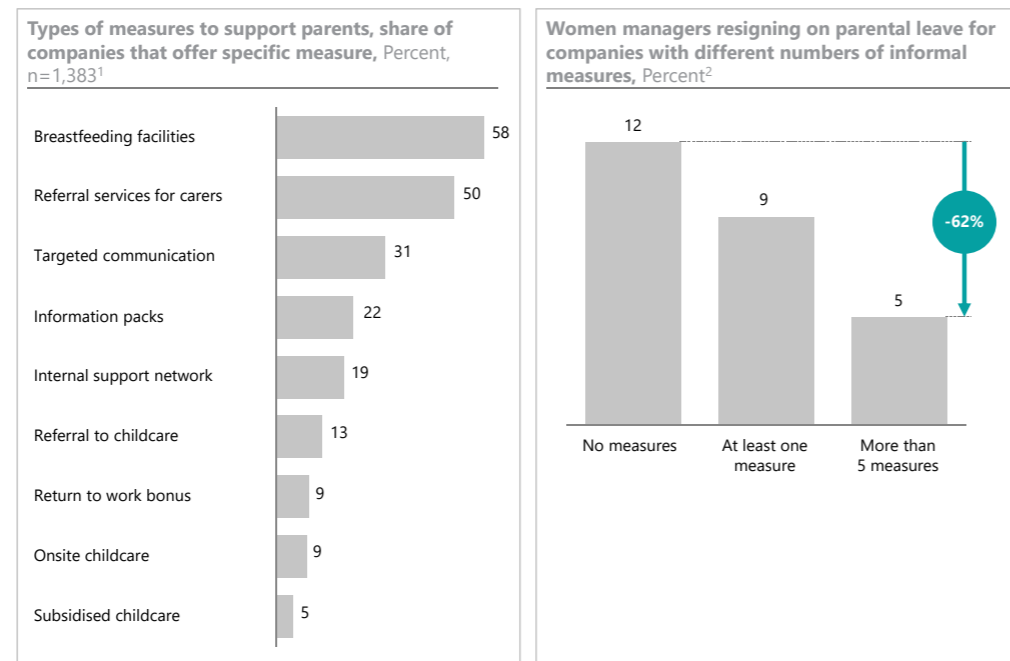
Organisations acknowledge that the transition years into parenthood are the hardest ones to get right for keeping career tracks active for women.

In Australian companies, women are six times more likely to resign in their current role on parental leave than men⁶ and regardless of industry, the pipeline of women takes its biggest hit during the early childbearing years.

High performing organisations recognise that celebrating parenthood and encouraging the return to work after periods of leave is critical to nurturing their talent pipeline, in particular for women.

All the high-performing companies referenced in this report have stepped up their measures to support this transition and the data suggests their efforts are paying off. Investments in family support measures, such as parent networks or childcare referral services, are linked to lower resignation rates.

Exhibit 8: Small investments in family support are linked to lower resignation rates



¹ 1,383 companies responded to Q11 indicating they offer informal measures (either among those listed, or 'other') to support for employees with family and caring responsibilities
² For 'no informal measures' n=1,046, i.e. 43% of companies indicated no informal measures at all; for 'at least one measure', n=588, for 'More than 5 measures' n=151

6 WGEA data 2014-2016.



Case Study: Meaningful Engagement of Carers

Unilever speaks passionately about valuing the caring responsibilities its employees have outside of work. In fact, the company believes that you are at your best when you acknowledge and fulfil your roles outside of work.

'We have a program which is focussed on the fact that you need to be a successful mother, father, son, daughter, or friend to be fully effective at work. This can be a demanding place to work – but you can't sustain high performance without care for health and family,' says the Head of HR.

Clive Stiff, CEO Australia and New Zealand, speaks equally passionately about ensuring people feel valued when they're away from work to take on caring roles.

'Right from the beginning – from the reaction to their pregnancy announcement through to when they come back from leave – we keep people involved,' he says. 'I attend a quarterly parents' club – it's got a social aspect and we also keep people updated on how their areas of work are going. Then when people do come back, the flexible aspect kicks in.'

Clive and other leadership team members showing up to these events, 'in jeans' and being thoroughly present, sends a clear signal to these parents that they are a highly valued part of the organisation even during periods of absence.

The company says it is constantly seeking new ideas and refreshing their practices in this area, including removing the 12-month waiting period to use leave for subsequent children after receiving feedback from staff.

Unilever's philosophy on this is deeply connected to the company's mission - to create 'brands with purpose' and to make sustainable living commonplace.

Common stumbling blocks

Outdated policies unintentionally blocking the new way of working

- » **Challenge:** Outdated policies such as stringent criteria for men making use of parental leave or IT policies to remove an employee's technology equipment while on leave.
- » **Solution:** Ensure there are no fine print guidelines that hinder people's experience or send unintended signals during a period of transition like parental leave.

7. ENSURE THE INFRASTRUCTURE IS IN PLACE TO SUPPORT A MORE INCLUSIVE AND FLEXIBLE WORKPLACE

Organisations are investing in technology and workplace redesign that supports a flexible, more inclusive way of working.

The basics are things like the use of laptops, conference dial-ins and the availability of video-conferencing tools.

Physical spaces and technology encouraging flexible work

Top companies go much further and completely rethink the physical space, not only to ensure a 'rich' remote working experience but also to ensure they support a diverse talent pool.

'We deliberately refurbished with 30 percent less desks as we expect everybody to do some working from home. We don't have permanent desks in the office – I spend time sitting with different teams,' says one executive.

'Our real estate footprint has changed. We don't come into the same desk every day – we encourage people to think about working differently,' says another.

Workplace productivity technology tools are leveraged to enhance the connectivity and speed of collaboration. Video-conferencing is also cited as the default format for communication versus just a conference call.

Removing barriers for physically demanding work

Barriers experienced by women working in locations such as workshops and warehouses are also being addressed. These environments typically have more physically demanding roles.

Forward-thinking companies are making investments in automation, equipment redesign and re-tooling to overcome the barriers which limit the pool of candidates who can fill the roles.

'Work is a thing you do, not a place you go.'
Microsoft



Case Study: Technology-Enabled Flexibility

Ask anyone at Microsoft and they will tell you their philosophy about flexible work: 'work is a thing you do, not a place you go.'

'People don't feel like they need to be in the confines of a building or a construct of a 9-to-5 day to be successful. We have an activity-based work environment – we judge people on their impact,' says Chief of Marketing and Operations Rachel Bondi.

Microsoft backs up this philosophy with serious investments in enabling technology. For example, 'we have a 'video first' philosophy – a Skype link is standard in every meeting request and is a norm for real-time communication,' says Sharon Schoenborn, Director of Office Business.

'We leverage a number of cloud communication and collaboration tools which enable our people to work from anywhere and foster teamwork. We use Yammer to build virtual community groups to crowdsource, share updates and learn from others as well as Teams, a hub for teams to engage in live dialogue and share content from anywhere. All provide the flexibility expected in the modern workplace,' expands Schoenborn.

The support needed to unlock the full benefits of the technology is also in place. 'We invest a lot in helping people be ultra-productive using the technology – we have onsite tech consultants who anyone can book for half an hour. They show you how to use the tools effectively – thirty minutes with them saves me three hours,' reports one senior leader.

Schoenborn reflects on Australia's current position on digital enablement with a call to action: 'As Australia primes itself to become the most connected market with more than half of all mobile connections originating from the APAC region by 2021, organisations need to rethink how they empower their workforce with the right culture, policy, infrastructure and tools to maximise their potential. This means enabling collaboration from anywhere, on any device,' she says.

Microsoft's front-footedness is paying off. The company's executives point to their ways of working as an advantage in the marketplace for talent. Reflects one executive, 'If I talk to female talent in my organisation, the environment of flexibility we have created is a big draw for them – and technology along with culture is a huge driver of that environment.'

'We experiment with a lot of different collaboration tools.'

**Andy Fan,
Delivery
Manager, REA
Group**



Case Study: Helping People Thrive through Connectivity

When you have team members based in different cities and even continents, some serious mastery of flexible work is called for. For REA Group this is a reality, with a China-based development team, a Melbourne-headquartered team, and several team members working from overseas.

Leaders at REA have embraced the idea of experimenting with many different modes of flexible work and believe technology plays a pivotal role in the connectivity of their people.

'We have a screen set up in Melbourne that is always linked into our China-based development team. At any point in the day you can go up to the screen and speak to the team. It removes some of the barriers,' says CEO Tracey Fellows.

Even in their coding environment, where paired coders directly contribute to the same piece of work, Delivery Manager Andy Fan insists effective remote collaboration is not only achievable, but has actually contributed to better outcomes for his team.

'We had a high-performing female leader whose partner was transferred to Sydney for work,' he relates. 'She assumed she couldn't do the role from Sydney, but I insisted we give it a go. It's worked out – she's in contact with the team in Melbourne via the tools we use daily and also regularly connects in person. We've retained our top talent.'

Fan notes that REA has a huge number of tools it uses widely and experiments with. 'We do remote coding in Zoom, we use Google Hangout, we use Slack for team communication,' he says.

He also suggests that remote working has proven to be a productivity driver for his team. 'One star coder wanted to be with their partner who was working in Latin America for six months of the year, so we tested out keeping him on board. By all measures of productivity – like instances writing to code, code rewrites, cycle time – his productivity went up by over 200 percent, mainly on account of reduced walk-up interruptions and the ability to operate closer to 24/7 across multiple time zones. It further reinforced our commitment to keep trying things out,' Fan shares.

'Tooling is being re-designed to require less physical strength. This opens up the pool of people that can fill the role.'

**Mike Henry,
President
Operations,
Minerals
Australia, BHP**



Case study: Re-tooling the workspace

Building on efforts to improve the diversity and inclusiveness of its industry, BHP is making changes to its own workspaces. For example, it has implemented a higher level of automation and has facilities being designed to rely less on physical strength. This is good for both men and women.

President Operations, Minerals Australia Mike Henry shares: 'In our Mooka Ore Car Repair Shop, we have certain heavy tools now suspended from the ceiling rather than requiring brute strength to lift. This opens up the pool of people that can fill that role dramatically and is better for overall health and safety.'

Common stumbling blocks

Technology failure

- » **Challenge:** When video or conference call connectivity drops out or is difficult to use, it diminishes the confidence people have in working remotely.
- » **Solution:** Ensure high quality technology is in place for a seamless working experience.

Reliance on fixed location technology

- » **Challenge:** Reliance on desktop computers and landlines inadvertently discourages flexible working.
- » **Solution:** Move to devices and remote security practices that allow for highly mobile working practices (e.g. tablets).

'We made a step change in our recruitment short-listing. We knew once women were in our candidate pipeline, they perform disproportionately well.'

Lynne Barry,
Director of Learning,
Development and Inclusion,
Telstra

8. CHALLENGE TRADITIONAL VIEWS OF MERIT IN RECRUITMENT AND EVALUATION

In Australia, organisations are particularly enthusiastic about the idea of meritocracy – this involves recruiting, rewarding and advancing employees on the basis of their merit.

The paradox of meritocracy

Research⁷ shows that self-labelled 'meritocratic' organisations see themselves as impartial and unbiased in their recruiting and evaluating processes. Yet they are some of the worst offenders as they leave their existing beliefs unchallenged and reinforce the status quo. The researchers call it 'the paradox of meritocracy'.

Not only (when unchecked) do meritocracies advance the existing dominant group, they also take the focus away from the abilities needed within their ranks in the future.

Removing unconscious bias

High performing companies actively monitor for unconscious bias and have systemically intervened, particularly at key decision moments like recruitment and evaluation.

Top companies are amplifying their work in recruitment – increasing shortlist targets for women, re-examining the depiction of their companies, scrubbing job descriptions and widening the acceptable range of candidate profiles to challenge traditional views of what it takes to be a successful candidate.

The other critical test of merit typically comes in the evaluation cycle. Companies are increasingly sophisticated in their measurement and tools in this area.

'We have always done gender pay reviews, but this year we used much deeper and richer methodology,' says one HR executive.

A services firm suggested it was important to monitor decisions in aggregate 'in the moment' splits during performance evaluations, rather than simply relying on a report after-the-fact.

⁷ *The Paradox of Meritocracy in Organizations*, Catilla & Stephen, Administrative Science Quarterly, 2010.



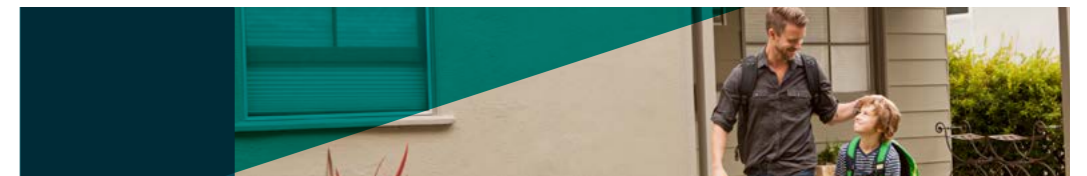
Case Study: Raise the Bar on the Recruitment Shortlist

Telstra has taken active steps to address gender balance in their recruitment process by establishing a gender target for candidate shortlists. Where most companies stop short by saying 'at least one of each gender', Telstra has upped the stakes by establishing a 50/50 candidate requirement for all roles with few exceptions.

'It was launched by the CEO but there was lots of scepticism – people thought it couldn't be done – and we had to assure people that we would do everything possible to pump up the recruitment channels,' says Lynne Barry, Director of Learning, Development and Inclusion, Telstra.

Beyond the sourcing channels, there was also the need to re-imagine company branding and job advertisements. 'We relooked at how we presented our company and challenged the traditional requirements presented in job descriptions like 'X years' experience required,' she says.

This approach is bearing fruit, and there is plenty of positive feedback internally. As one executive reflects, 'I've received comments from managers sharing that on paper they would not have put forward certain candidates – but they were the strongest in the interview process. The process is yielding results.'



Case Study: Check Yourself in the Moment

Evaluations are moments of truth for organisations and Ashurst takes its evaluation cycle seriously.

Head of HR Australia, Richard Knox, explains that Ashurst had long looked at multiple cuts of its performance and pay data, including on gender outcomes. However, Ashurst recently decided to step it up by introducing a live tracking tool, which shows the evaluation team how the scores are panning out in real time, on screen. The tool is able to pinpoint potential sources of bias in the evaluation of men and women, both part time and full time, across divisions, teams, practice groups and locations.

'Live on screen means we are aware of the gender split at the critical moment of annual performance evaluations,' says Knox. 'What we found was a negative bias for part-timers, as they are less likely to do the high levels of overtime typical of the big transactions, which is typically tied to higher ratings. We are actively working on this – our work allocation tool is helping to overcome some of these barriers by distributing the work more systematically.'



Case Study: Transforming Through More Innovative Recruitment

Cultivating external talent, particularly in areas of the business that have traditionally had few women, has led EnergyAustralia to some dramatically different recruitment campaigns.

Earlier this year, EnergyAustralia welcomed its first intake of women to train as plant operators since the Yallourn power station was privatised two decades ago in 1996. In addition, Yallourn also welcomed four female apprentices, with a fifth to start in 2018. These two recruitment campaigns generated more than 450 applications. Even better, the outstanding calibre of applicants encouraged EnergyAustralia to expand the planned intake.

'On the surface these appointments might seem a small step, and it's true we have more to do, but they help address an obvious imbalance in an important part of our business,' says Managing Director, Catherine Tanna.

Common stumbling blocks

Pervasiveness of meritocratic principles

- » **Challenge:** Being asked, 'why not just hire the best person for the job?'
- » **Solution:** Make a dedicated effort to identify unconscious bias in meritocratic recruitment and promotion and push forward with your policies to support or develop particular groups like women.

Recruiting from the usual networks

- » **Challenge:** Searching in the usual, typically local pools in Australia will surface the same set of familiar candidates.
- » **Solution:** Use search firm partners to find candidates from non-traditional pools, as well as pull in overseas talent.

'Oftentimes, when there is resistance in the field, people think the solution is to sharpen our messaging as senior leaders, but I believe in getting people to open up and become emotionally invested.'

Mike Henry,
President
Operations,
Minerals
Australia, BHP

9. INVEST IN FRONTLINE LEADER CAPABILITIES TO DRIVE CULTURAL CHANGE

It is frontline leaders who often make the calls on flexible working arrangements for their team and do the creative thinking on how to further break down barriers to diversity.

However, organisations point to several latent fears sitting 'below the surface' that can hold back change.

Below the surface fears

1. The fear of missing out on opportunities as a result of gender-focussed policies

One CEO reflected, 'I have high-performing men ask me if they will have less promotion opportunities.'

2. Challenging the long held ways of working

'Many of our store managers have been with us since their early days - they haven't had exposure to other industries. They focus on hours spent in the store,' says one retail leader.

Another HR executive explains, 'remote and virtual working feels foreign to many leaders.'

Upskill frontline leaders to combat fears

Most companies admit they have underinvested in upskilling their frontline leaders in handling the fears and concerns of their staff. Frontline leaders are described as being reluctant to engage in conversations for fear of saying the wrong thing or not knowing which flexible work arrangements to allow.

Top companies are addressing the gap by training managers on the conversations and introducing feedback loops to make flexible arrangements work.

What differentiates good from great is the lengths taken to de-risk conversations about diversity and handle any challenging questions. For some companies, this has meant introducing structured training, while other companies host public town hall debates or enable grassroot actions to seed.

'If you think about a world where traditionally our lower-level leaders were there to give directions - 'go there and do that' - asking them to believe in the case for diversity and flexible work, let alone have creative conversations on how to enable it, is a much more mature set of leadership skills than they have historically had,' says one CEO.

Another organisation admits there is still much more to do: 'We produced a workbook on our new flexible policies for the organisation, but it is 54-pages long. We need training down to frontline managers on how to have conversations and handle all types of requests.'



Case Study: Helping the Frontline Do Their Own Reflection

BHP works hard to tune into the mindsets ‘below the surface’ in its organisation. ‘There is still tension in some quarters about our gender aspirations, amongst both men and women,’ admits Mike Henry, President Operations, Minerals Australia. ‘There is fear of tokenism, fear of job loss, or perceived lack of opportunities for men,’ Henry explains.

‘Oftentimes people think the solution is to sharpen our messaging as senior leaders, but I believe it is even more important to open up constructive conversations at the frontline – getting people to open up, reflecting – so that people can get comfortable and emotionally invested for themselves in what we are trying to achieve. We need to help our people leaders get comfortable and capable with holding these conversations.’

Addressing this head-on has translated into a multi-faceted set of initiatives across the organisation.

‘We had training for line managers on how to respond to fears and concerns about our gender parity aspirations,’ says Chief People Officer Athalie Williams, ‘...questions come up like “Does that mean that my son will never get a job here?” Another area of the business produced a short, simple video portraying a whole range of stories about flexible working – and not just from women. There was a man caring for his wife, and another who attended Friday prayers every fortnight with his son,’ says Williams.

Asset President Jacqui McGill, who runs the first asset within BHP to achieve gender balance in leadership with 56 percent women at the top three levels, suggests, ‘We are often dependent on leaders acting on this topic on their own – but we need to guide people on how to handle these conversations. We are cascading ‘leader-led’ training, as when you teach something you really learn it, and it is more authentic.’

‘At our coal business we ran a debate in the local town on gender KPIs, with the ‘for and against’. It got all the issues out on the table. Having open debate greatly de-risked the conversation. We replicated similar debates in other assets,’ says McGill. She also believes that debate is helpful for all levels of management.

‘I practice controversial dialogue with my top team so they can role-play controversial conversations.’



Case Study: Diversity Dialogues

Debunking myths about what holds us back on diversity is often better achieved through experience. Several companies have rolled out forms of role-play training to give their frontline leaders a taste of this.

‘At Kmart we rolled out an exercise called a ‘Diversity Walk’, borrowed from Coles, which allowed people to walk in the shoes of others,’ says Hamish Aikman, GM HR.

‘In the exercise people were assigned different backgrounds and we posed a number of scenarios like “a regional manager calls a meeting at 7 a.m. – can you make that meeting?” Those who could participate moved forward and those who couldn’t stayed put.’

‘It visually represented how seemingly innocuous decisions can affect people’s ability to be included. If you believe that having that person being able to share their perspective is valuable, then without them you don’t get the best decision or business outcome. We are trying to influence an individual’s belief that it’s the right thing to do, as well as achieve the best result for the business,’ says Aikman.

Similarly, Microsoft is making significant investments in developing empathetic and inclusive leaders. ‘We rolled out a global program called ‘dialogue across the differences’ which aimed to make people more conscious about their actions and how they’re perceived,’ says Ingrid Jenkins, HR Director. ‘It is one of the most well-received trainings we’ve ever run – people spoke about light-bulb moments.’

‘We had actors play out different scenarios – very typical scenarios, like meetings, where non-obvious biases were played out. For example, ignoring a contribution from a female colleague, while jumping on the same idea when a man suggests it. People realised, “I’ve done that”,’ explains Jenkins.

‘It highlighted to people the existence of ‘in-groups’ and ‘out-groups’ and taught them to be more conscious of when they’re in or out. It unpacked the subtleties of what inclusive looks like.’

Common stumbling blocks

Assuming the belief held at the top is equally felt by the frontline leaders

- » **Challenge:** Frontline leaders have rarely been exposed to the same level of discussion and debate around gender equality as senior leaders.
- » **Solution:** Consider ways to get more supporting evidence on diversity out to the frontline and have them practise holding challenging conversations.

Lack of practise handling flexible working requests

- » **Challenge:** Frontline leaders will receive many variations of requests for flexible working arrangements but are typically unsure at first what to allow.
- » **Solution:** Support frontline leaders with training to encourage creativity when it comes to flexible arrangements.

10. DEVELOP RISING WOMEN AND ENSURE EXPERIENCE IN CRITICAL ROLES

Companies with a better representation of women in senior leadership spoke about their personal involvement in nurturing women's ambitions.

Supporting ambition

'One of my biggest personal contributions is having discussions with women about their ambition. There's a discomfort amongst women to say "I want that" and declare their ambition. I try to normalise it,' says Tracey Fellows, CEO REA Group.

Lorraine Murphy, Chief People Officer, National Australia Bank shared, 'Women can be more likely to hide their ambition, which is why at NAB we support women to identify and realise their potential by having many more proactive conversations.'

Building the pipeline of 'line role' experience

Much of the large drop-off of women transitioning from key management positions to CEO roles can be explained by the fact that 90 percent of CEOs are appointed from line roles (e.g. COO).⁸ Women are often in support roles such as General Counsel or HR and are missing that critical line role experience.⁹ Helping women get the necessary operational and leadership exposure from an early stage in their career is vital.

Microsoft does this systematically through its 'talent slating' process. Done twice yearly by the senior leadership team, high-performing individuals are slated for leadership positions long in advance of roles being available. By constantly keeping a check on the gender mix of these slates, women are equally put forward and are made aware of the fact that the company has real development opportunities in mind for them.

Uncertainty around development opportunities can be a major dampener for female talent.

'In cases where we have lost high-performing women, it has typically been on the basis of uncertain career progression. They're just not sure there's room for them higher up,' said one executive.

Development programs with purpose

Formal development programs, often targeted at high potential women, are used widely but some organisations warned that many of the programs in the marketplace lack purposeful outcomes.

One HR lead reflected, 'In the past year, we have done a lot of work to get better insights on our development needs. We've baselined our management practices and run talent insights surveys. We are now being much more targeted in our programs'.

⁸ *Women in the Workplace 2016*, McKinsey & Company | LeanIn.org 2016.

⁹ *ASX Corporate governance principles and recommendations on diversity*, ASX | KPMG 2016.



Case Study: Early Slating of Talent

Microsoft has a slating process that takes a long-term approach to identifying and fostering talent.

‘We have a formal ‘slating’ process, conducted twice yearly with our leadership teams, looking at the performance and potential of our people. This includes reviewing our high performers as candidates for more senior roles and determining the timing for their next role,’ says executive Sharon Schoenborn.

Leaders at Microsoft suggest they have a culture which is highly in tune with the need for balance in talent management and how confidence shows up differently for men and women.

‘In our talent reviews, we consciously look at the diversity of our pipelines and challenge ourselves if diverse considerations haven’t come through the talent ID process,’ Schoenborn expands.

A key outcome of the slate reviews is building out development plans to support individuals in the evolution of their careers. These development plans may include targeted development programs. For example, this year, Microsoft Australia partnered with its Asia Pacific colleagues to roll out an APAC Female Leader Coaching program.

In addition to formal programs, leaders also look at the experiences they can offer.

Schoenborn outlines: ‘One recent example was taking a star performer off our biggest account to give her a transformation role so she could broaden her impact and influence. That had some pain attached to it for us – but no one questioned it as we knew it was important for her trajectory.’



Case Study: Getting Exposure to Critical Work

Ashurst took part in a research project that identified work allocation as a potential barrier to women’s career progression and also revealed the process was particularly prone to unconscious bias. Its subsequent implementation of a work allocation process received a ‘Game Changer Award’ for gender equality in the UK.

Head of HR Australia, Richard Knox outlines: ‘Formal work allocation was first adopted in London and is now being trialled in Australia. We have taken an expert in work allocation from another industry to run our model here. They act as a third party to allocate work out to our people. Having an independent perspective removes potential bias, ensures part-time people get a greater share of big jobs and gives people exposure to a wider pool of leadership,’ he says.

The process not only had positive client feedback and was associated with the increased profitability of deals, but there has been further benefit for women through better management of those going on or returning from maternity leave by lowering the likelihood that bias will arise.

At Ashurst, a survey demonstrated an increase of almost 50 percent in the perception of the fairness of work allocation, a trebling of people who felt associates were equally busy, and a significant increase in those who felt they had access to a broad range of work.

How to execute: Tailoring the 10 practices to drive successful adoption



HOW TO EXECUTE: TAILORING THE 10 PRACTICES TO DRIVE SUCCESSFUL ADOPTION

The challenges associated with achieving gender balance differ by a company's archetype.

Heavy industrial companies, for example, may face additional challenges in recruiting women into technical roles, while for some professional services organisations, retention of talented women is a more pressing issue.

To show how the high performing companies tailored their practices to their industry, a set of five archetypes was drawn up. These archetypes cluster companies that have a similar type of work and workforce.

The five archetypes surveyed

- » Industrial operations
- » Consumer products
- » Distributed retail networks
- » Professional services
- » Tech or tech-enabled services

Various archetypes may apply

Companies may find that different parts of their business are associated with different archetypes. For example, a bank may find that its retail branches are better characterised as a distributed retail network but that some institutional banking functions are closer to professional services.

Insights on particular challenges

The table provided shows the gender equality actions being taken by high performing companies to overcome challenges specific to their industry and current point in the industry cycle. It is designed to help companies identify areas that are likely to prove particularly challenging and the actions to address them.

The actions top companies take to customise the execution of gender equality practices to the nature of their work and their workforce

ARCHETYPE	DEFINING CRITERIA	PARTICULAR CHALLENGES	AREAS OF FOCUS
Industrial operations	<ul style="list-style-type: none"> » Mainly trade workers » B2B » Decentralised workforce across multiple sites » Typical industries: manufacturing, mining, oil and gas, construction 	<ul style="list-style-type: none"> » Fear of displacement in some parts of the existing workforce » Physical demands of roles » Perceived lack of flexible work for location/site-based work » Low entry pipeline 	<ul style="list-style-type: none"> » Acknowledge and address questions and fears » Redesign shifts, physical workspace and machinery used » Overhaul recruitment practices – from tools used through to language and imagery
Consumer products	<ul style="list-style-type: none"> » Professionalised workforce with some trade manufacturing and logistics roles » Head office with decentralised manufacturing and logistics networks » Consumer market-oriented » Typical industry: FMCGs 	<ul style="list-style-type: none"> » Implementing flexible work in sales roles, logistics and manufacturing » Often part of global networks with significant coordination requirements 	<ul style="list-style-type: none"> » Hold upfront conversations with customers and redesign rosters » Effectively deploy technology and encourage time-in-lieu after late night calls
Distributed retail networks	<ul style="list-style-type: none"> » Majority frontline customer service » Decentralised store networks » B2C » Typical industries: retail, some aspects of retail banking and retail telecommunications 	<ul style="list-style-type: none"> » Addressing the flexibility needs of a range of roles, including store managers or call centre roles » Driving cultural change through a large, diffuse organisation 	<ul style="list-style-type: none"> » Take creative approaches to flexible work in difficult roles (e.g. job share in stores) » Develop the skills of frontline managers to implement flexible work programs
Professional services	<ul style="list-style-type: none"> » Professionalised and clerical workforce » Centralised office-based work » B2B (some B2C) » Typical industries: accounting, legal services some aspects of banking and insurance 	<ul style="list-style-type: none"> » Client pressure for 24-hour availability 	<ul style="list-style-type: none"> » Have courageous conversations with clients about helping the professional services firms' people thrive
Tech or tech enabled services	<ul style="list-style-type: none"> » Professionalised workforce with strong STEM background » Centralised office-based workforce » B2B and B2C » Typical industries: digital media and computer programming 	<ul style="list-style-type: none"> » Retention of staff (including women) due to competition for talent » Organisational culture that resists strong management control and targets » Low entry pipeline from STEM 	<ul style="list-style-type: none"> » Empower managers to significantly adapt roles for retention » Support grassroots experimentation and employee-led programs » Instigate the attraction of talent at the early pipeline to develop the STEM workforce
Caring and educational services	<ul style="list-style-type: none"> » Professionalised and community service workforce » Dispersed service provision » Consumer or community markets » Typical industries: education and training, healthcare and social assistance 	<ul style="list-style-type: none"> » No companies surveyed as part of this study 	
Policy and governance	<ul style="list-style-type: none"> » Professionalised workforce » Centralised office-based workforce » Provision of services to citizens » Typical industries: public or social sectors 		

A closer look: Progress on the gender equality of BCA companies



A CLOSER LOOK: PROGRESS ON THE GENDER EQUALITY OF BCA COMPANIES

As the BCA's membership is made up of the CEOs of Australia's top companies, progress on gender representation within those companies has been tracked against the larger WGEA reporting cohort.

This involved collating data from the 130 member companies across a range of sectors including mining, retail, manufacturing, infrastructure, information technology, financial services and banking, energy, professional services, transport and telecommunications. Of note is that this membership group employs about one in 10 Australian workers.

Findings

- » The gender representation in the talent pipeline of BCA members was similar to the national average.
- » There has been a higher rate of improvement in the share of women at the various stages of the pipeline since 2013-2014, particularly at manager and key management position levels.

Exhibit 9: BCA companies have shown greater improvement than the broader cohort

Pipeline comparison of All companies vs BCA companies on increase in women since 2013-14, reweighted for industry mix
Percentage point change



¹ n=2309. Excludes non-profits and reports with fewer than 200 employees. All Companies pipeline has been weighted to match BCA industry mix

SOURCE: WGEA 2013-14, 2015-16

Methodology



METHODOLOGY

The study involved the analysis of the WGEA data set and analysis of interviews conducted with more than 40 C-suite and frontline executives.

WGEA data

Annually, WGEA collects a large data set on gender diversity from Australian companies with more than 100 full-time employees. This study analysed three years of annual data, 2014 to 2016.

The analysis showed that some gender equality policies are more effective than others. In particular, policies relating to flexible work practices are statistically correlated with higher ratios of women in top roles. Further, when flexible work practices are taken up across genders and by managers, the outcomes are even better.

Interviews

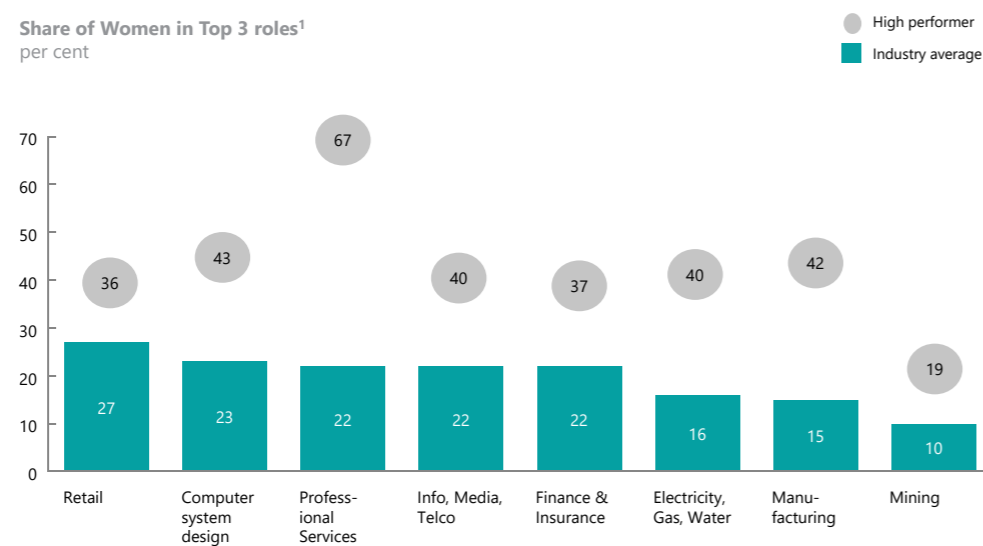
An investigation then took place of what other factors – beyond what was in the data – were linked to better outcomes.

This research involved conducting deep structured interviews with more than 40 executives ranging from CEOs, Heads of Human Resources and several frontline managers.

The candidates for interview were from:

- » Eight high performing companies that outperformed their industry peers on:
 - The percentage of women in the top three roles – CEO, key management personnel and other executives/general managers, and
 - High levels of retention – no more than 20 percent of women employees lost between professional non-manager and top three roles.
- » A handful of mid-level performing companies as a control group.

Exhibit 10: High performers selected on basis of outperforming their industry for women in top roles



¹ CEO, Key Management Personnel, Other Execs/general managers
SOURCE: WGEA 2015-16

ABOUT THE RESEARCH PARTNERS

McKinsey & Company

Since 2007, McKinsey has made a sustained commitment to researching and publishing on gender and diversity.

In 2015, the McKinsey Global Institute, McKinsey's independent research arm, published *The Power of Parity* outlining the global economic benefits of advancing women's equality.

The firm also actively collaborates with LeanIn.Org to publish an annual *Women in the Workplace Report*, a comprehensive study of the state of women in corporate America based on input from over 100 organisations and 30,000 men and women.

McKinsey has made public commitments to increase gender equality in its own organisation through the United Nation's HeForShe initiative and through the Paradigm for Parity movement. In Australia, McKinsey is a founding member of the national Male Champions of Change and the current managing partner John Lydon has been a member since 2014.

McKinsey's internal gender equality efforts are combined under one globally aligned strategy called All In.

Workplace Gender Equality Agency

The Workplace Gender Equality Agency (WGEA) is an Australian Government statutory agency charged with promoting and improving gender equality in Australian workplaces.

The agency works collaboratively with employers providing advice, practical tools and education to help them improve their gender performance. It also works with employers to help them comply with the reporting requirements under the *Workplace Gender Equality Act 2012 (Cth)*.

Business Council of Australia

The Business Council of Australia (BCA) provides a forum for Australian business leaders to contribute directly to public policy debates. It has helped initiate and shape the key economic and business reform debates that have underpinned Australia's economic resurgence.

In July 2013, the BCA launched its *Action Plan for Enduring Prosperity*. Included in the plan was the goal of increasing the number of women in senior roles in BCA member organisations in the next decade. This study is a foundation of this goal. The findings reveal the lessons of high-performing companies and guide organisations on achieving gender balance at all levels.

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All quotes and case studies are based on extensive interviews with representatives from the following participating companies.



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Rachel Howard is an engagement manager in McKinsey & Company's Perth office. She is an expert in organisational change, advising public and private institutions across Australia. Deeply committed to gender equality, Rachel is a member of McKinsey Australia's *All In* committee, the firm's globally aligned program to advance gender equality, particularly focussed on researching and advancing flexible working arrangements.

Jessica Jeeves is the Director Policy, Business in the Community at the Business Council of Australia. Over the past decade, Jessica has led a number of community engagement programs across Australia for the BCA and a number of non-government organisations. She has particular expertise as a senior policy adviser on Indigenous engagement and Indigenous governance. Jessica is dedicated to boosting Indigenous employment and championing gender diversity in the workforce.

Nina Ubaldi is a McKinsey consultant. Amongst her various projects, she undertook business analysis on aspects of the firm's *All In* program and worked on a domestic violence strategy for a not-for-profit. Nina has won numerous academic awards including a University Medal (University of Sydney, 2012) and more recently a Convocation Medal (UoS, 2016), with the latter award received for her strong leadership and promotion of diversity. Nina is currently on leave to complete a Masters degree at the Faculty of Linguistics, Philology and Phonetics at Oxford University.

