

# **Making the Link 15**

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## **Chapter 1: Women at Work: Uncertain Times**

The last twelve months have witnessed major change on the political and economic fronts. Australia has faced the trauma of terrorist attacks and joined the United States and Britain in their war in Iraq. The world economy has faltered in the face of these developments and global economic growth has been dealt a further blow by the identification and spread of the severe acute respiratory syndrome (SARS). This had a particularly destructive impact in the airline and tourism industries, with China and much of South East Asia experiencing sharp reductions in economic growth. This Chapter will focus on how women are they faring in these uncertain times.

Four topics will be discussed. First, the slow and patchy progress of women entering executive management and taking up Board positions. This requires analysis of the subtle and discriminatory power of corporate cultures. Second, the lack of work/life balance for women and men is a hot topic, a 'barbecue stopper' as Prime Minister John Howard called it (*Sydney Morning Herald*, News Review, 31 May–1 June, p.7). Work/life balance, or rather the 'collision' of the two spheres, has profound effects on individuals, their families and their employers (Pocock 2003). Third, the issue of paid maternity leave goes hand-in-hand with a discussion of work/life balance. Paid maternity leave has been on the public agenda over the last year and some disappointing political decisions have been made. And lastly, attempts are under way to restructure the Human Rights and Equal Opportunity Commission (HREOC) which, in effect, would compromise the Commission's independence and potential to act on behalf of disadvantaged groups. The submission to change HREOC's status will be discussed in further detail.

## **Women in Leadership**

Twenty years ago, Elizabeth Proust – now a finance executive – started her career in the corporate world. It was not unusual for her to be the only female in meetings and at conferences; it was not viewed as a problem (*Australian Financial Review*, 27 November 2002, p.3). November 2002 saw the launch of the first Australian census of women executive managers and women board directors of our nation's top 200 companies listed on the Australian Stock Exchange (ASX200). The data on women in leadership positions revealed that there remain significant obstacles inhibiting women's access to senior positions.

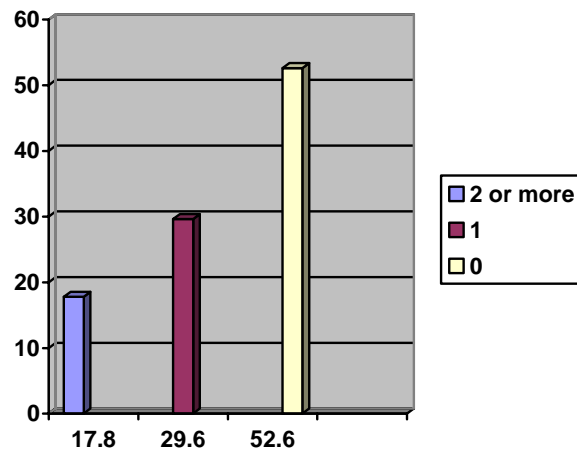
The Equal Opportunity for Women in the Workplace Agency (EOWA) has undertaken the Australian census in partnership with Catalyst, a North American based, non-profit research and advisory organisation, and in collaboration with Macquarie University and Expertise Australia. Catalyst seeks to advance women in business and, to this end, has provided the methodology used in the census. As part of the data collection, scanned copies of company annual reports (a total of 152 companies) submitted to the Australian Stock Exchange for the period 1 April 2001 and 31 March 2002 were obtained and reviewed. A total of 86% of companies validated their data (EOWA 2002).

Based on the premise that 'what gets measured gets done', the census provides invaluable data. It has been demonstrated by studies carried out under the auspices of the International Labour Organisation (ILO) and the American Management Association that companies with more diverse management, and specifically more women at the highest organisational levels, perform better on several key business indicators. The Australian census suggests that there are significant obstacles in the path of women in organisations and this may well damage enterprise performance.

Key findings of the census are as follows: Women hold 8.4% of executive management positions in the Australian companies included in this census (for the purpose of this study, 'executive manager' was defined in terms of the CEO and those reporting to the CEO). This compares with 15.7% of corporate officer positions in the US Fortune 500 (Catalyst 2002). 47.4% of Australian

companies have at least one woman in an executive management position. This compares with the 86% figure for US Fortune 500 companies reported by Catalyst in 2002. In 9.2% of Australian companies, 25% or more of the executive management pool comprised of women. The comparable figure in the US is 12%. Women account for 5% of line executive positions, ie positions with profit-and-loss or direct client responsibility, compared to 9.9% reported by Catalyst in 2002. Women hold 3.2% of the highest executive management titles, such as CEO, Chairman, Vice Chairman, President, Chief Operating Officer, Senior Executive Vice President or Executive Vice President. The US figure reported by Catalyst in 2002 was 7.9% (Source: EOWA 2002). Figure 1 below shows the percent of companies with zero, one, two or more women in executive management positions.

Figure 1: Percent of companies with zero, one, two or more women executive managers



Source: EOWA (2002), Census of Women Board Directors and Executive Managers.

If these figures are analysed according to industry sectors there are some obvious differences in the Australian corporate landscape. Some industries have a relatively high representation of women in executive management positions, as is indicated in Table 1.

Table 1: Industries with high representation of women executive managers

INDUSTRY	NUMBER OF COMPANIES	% WOMEN
Software & Services	8	17.7
Banks	9	15.1
Telecommunications	3	14.8
Insurance	4	14.6
Retailing	7	12.3

Source: EOWA (2002), Census of Women Board Directors and Executive Managers.

The five industry groups with a low representation of women in their executive management ranks are quite diverse in their nature. Table 2 shows that they cover Real Estate; Transportation; Food, Beverage and Tobacco; Hotel, Restaurants and Leisure; and Commercial Services and Supplies.

Table 2: Industries with low representation of women executive managers

INDUSTRY	NUMBER OF COMPANIES	% WOMEN
Real Estate	8	3.1
Transportation	5	3.9
Food, Beverage & Tobacco	12	4.4
Commercial Services & Supplies	10	5.7
Hotels, Restaurants & Leisure	6	6.1

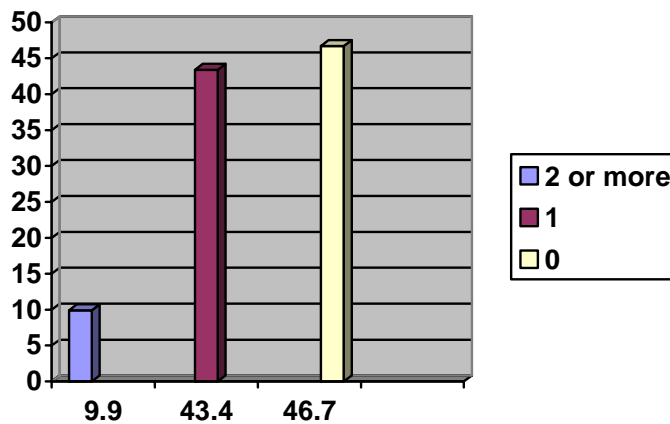
Source: EOWA (2002), Census of Women Board Directors and Executive Managers.

As mentioned earlier, the census also measured, for the first time in Australia, the number of women board directors in the 152 top companies listed on the Australian Stock Exchange. Again, the methodology of the US-based Catalyst organisation was applied. Catalyst has measured the participation of women on boards in the US and Canada over the last fifteen years. In its foreword, EOWA (2002) points out that the result clearly attests to the 'chronic under-utilisation of female talent in our nation's business life'.

The key findings are as follows: Women hold 8.2% of board directorships in the Australian companies included in this census, ie 97 board seats out of a total of

1,185. This figure compares with 9.8% reported in the Canadian (2001) census of FP500 companies and 12.4% in the most recent US (2001) census of Fortune 500 organisations. 53.3% of Australian organisations have at least one woman board director. In 5.9% of Australian companies, 25% or more of their board directors are women (EOWA 2002). The following figure 2 shows the percent of companies with zero, one, two or more women directors.

Figure 2: Percent of companies with zero, one, two or more women directors



Source: EOWA (2002), Census of Women Board Directors and Executive Managers.

Again, the census differentiated between industry sectors with high or low representations of women on boards. However, even within industries with the highest representation of women board directors, there are significant differences (see table 3).

Table 3: Industries with high representation of women board directors

INDUSTRY	NO OF COMPANIES	% WOMEN
Insurance	4	17.9
Retailing	7	15.7
Telecommunications	3	15.4
Diversified Financials	5	13.3
Food & Drug Retailing	3	12.5
Banks	9	11.9

Source: EOWA (2002), Census of Women Board Directors and Executive Managers.

The same applies to industries with low representation of women on boards, ranging from 0.0% to 5% (see table 4).

Table 4: Industries with low representation of women board directors

INDUSTRY	NO OF COMPANIES	% WOMEN
Automobile & Components	3	0.0
Technology & Hardware	2	0.0
Capital Goods	6	2.0
Commercial Services & Supplies	10	3.8
Utilities	5	4.8
Energy	6	5.0

Source: EOWA (2002), Census of Women Board Directors and Executive Managers.

In contrast to *Half Way to Equal* (1992) and *Unfinished Business* (1998) which focused on equity for women in Australian workplaces in general, the Karpin Report (Industry Taskforce on Leadership and Management Skills 1995) discussed at length issues of board diversity. The figures above demonstrate that there has been little impact as a consequence of the report's findings 'despite a growing body of research supporting the greater value of a diverse board' (*Australian Financial Review*, 24 October 2002, p.69). A major problem can be seen in that 'current selection criteria for company board directorships are very narrow and ill-defined' (Burton 1999, p.22). There has been too often 'a bias in the system in favour of staying with the kind of people you know',

according to AGL chairman John Phillips (*Australian Financial Review*, 28 November 2002, p.4).

There is a range of opinions about what needs to be done to accelerate the slow and patchy progress towards gender equity at executive levels. Osborne Asia Pacific Financial Services Advisors argue that the Government should intervene: 'A more proactive legislative response is required to hasten the change process' (Osborne, December 2002, p.2). John McFarlane, CEO of ANZ, places the responsibility for change in the hands of individual organisations: 'The results are a clear reminder for all businesses in Australia of the importance of accelerating efforts to create opportunities which foster participation and create truly diverse workplaces.' (EOWA 2002).

The last decade has demonstrated that legislation and policies, while necessary stepping stones, are not sufficient to establish gender equity because they do not really go to the heart of the matter. Successful women who have reached the top echelons in organisations seem to agree that change will only occur if we look at the inflexible 'blokey cultures' (*The Australian*, 27 November 2002, p.6) that permeate so many Australian organisations. The power and intangibility of organisational culture must be appreciated. Corporate culture can be at the root of the systemic disadvantage experienced by women. In such cultures, work practices and organisational norms often provide the soil for indirect discrimination (Meyerson and Fletcher 2000).

It might be tempting to think that time will improve matters, (*Australian Financial Review*, 28 November 2002, p.4). However, given that legislation, policy changes and tinkering at the edges of human resource management systems have so far been insufficient to improve significantly gender diversity, it is improbable that the passing of time will hold the key to increasing the number of women in executive positions (*Australian Financial Review*, 25 March 2003, p.75).

### **Work/life balance**

Discussions around contemporary 'collisions' between our work and our lives have become one of the current hot topics (Pocock 2003), referred to by the

Prime Minister John Howard as 'a barbeque stopper'. Several surveys questioning employees and managers have concluded that achieving a work/life balance is a serious concern (*Australian Financial Review*, 13 May 2003, p.60). Australian executives have ranked the balance between work and life as one of their major organisational challenges, higher up on the priority list than managing change or building teams (Durant and Morley 2003). And this is not necessarily driven by a particular gender agenda, states IBM CEO Philip Bullock:

For IBM, work/life balance is not just an issue for women with young children; nor is it solely a family issue. It is about considering the whole person – acknowledging the many roles each person plays at work and at home. It is about building trust and encouraging work practices that are sustainable and create an environment where every individual has an opportunity to achieve work/life harmony, regardless of salary or seniority. (ACCI National Work & Family Awards, 2002, p.10).

Several leading organisations such as NRMA, AMP and DuPont have carried out studies to assess the business benefits in attempting to achieve work/life balance. They have found that significant outcomes can only be gained if the following three strategic levels are integrated in the work/life balance process: (a) the personal level, especially for senior managers, (b) the team level, including senior management teams and (c) the organisational level, such as systems, practices and policies. Russell and Bourke (2002, p.31) list the following benefits which have been reported:

- Return on investment;
- Customer retention;
- Innovation and creativity (for example, in work redesign);
- Employee loyalty and commitment;
- Personal productivity/performance;
- Effective teamwork;
- Enhanced leadership effectiveness;
- Reduction in workplace stress;
- Improved employee, family and community wellbeing.

ABS surveys report that regular working hours per week have risen in Australia and that 16% of Australians worked between 50 and 59 hours per week in 2002 (Australian Bureau of Statistics 2002); a review by the Centre for Sleep

Research, commissioned by the Queensland Department of Industrial Relations for the Reasonable Hours Test case, reports that lack of work/life balance has reduced employee health and wellbeing, limited organisational commitment and led to declining levels of productivity and workplace safety (Dawson, McCulloch and Baker 2001).

A study was undertaken by the Office of the Employment Advocate (2000) into the implementation of Australian Workplace Agreements to support work/life balance. Beneficial outcomes for employers and employees were achieved by enabling employees to manage their work commitments consistent with their lifestyle – whether their focus was family responsibilities, study pursuits or community/leisure activities – with cost neutral arrangements for employers. A number of provisions proved highly successful in the organisations interviewed for this study. The most popular provision was the introduction of flexible working hours. One of the participants, Peter Stock, owner of Crafty Kids, successfully implemented flexible rosters in his small Adelaide firm. He argued that Australian workplace relations ‘are far too regimented and organised to enable Australia to compete with other companies around the world that are delivering value to customers’ (Office of the Employment Advocate 2000, p.5).

The role of AWAs has stirred considerable debate. Critics argue that there is a significant imbalance of bargaining power when the individual employee is engaged in making an agreement with an employer (ACIRRT 1999). Also, the total number of employees covered by AWAs is small: only about 20,000 employees or less than one-quarter of 1 per cent of the workforce (ACIRRT 1999, p.43). Finally, a number of larger organisations (examples include Australian Post, AMP, Westpac and Macquarie University) have used enterprise bargaining as the vehicles for improving the work-life balance of their employees.

There are a number of workplace arrangements which can offer strategies to balance work and life for employees. These include time off in lieu of overtime, regular unpaid leave, job sharing arrangements, working from home arrangements, family rooms, ongoing child/dependent care subsidies and

career break schemes. However, one of the arrangements which has not been discussed so far and which certainly affects women more than men is paid maternity leave.

### **Paid maternity leave**

The introduction of a universal, regulatory approach to paid maternity leave for all Australian women has been the focus of vigorous debate during the last twelve months. On 11 December 2002, the Sex Discrimination Commissioner Pru Goward launched the Human Rights and Equal Opportunity Commission (HREOC) proposal for a paid maternity leave scheme. The model suggests a national scheme, Government funded, available to women in paid work at the time of their child's birth. Women who have been in paid work 40 of the 52 weeks prior to the birth of their child, including small business women, contractors and other self-employed, casual and part-time workers, would be eligible. Each eligible woman would be entitled to 14 weeks income at a rate of up to the federal minimum wage, currently at \$431 per week.

At present, just 34 per cent of workplaces offer paid maternity leave – and this figure drops to 23 per cent if only private sector workplaces are counted (EOWA 2003). Australia is lagging in comparison with other OECD countries. The Sex Discrimination Commissioner Pru Goward states that 'Australia is now one of only two member countries in the Organisation for Economic Cooperation and Development without a national entitlement to paid maternity leave' (HREOC 2002). Globally, more than 120 countries have already established paid maternity leave (ACTU 2003). Enterprise bargaining has not proved an effective means to embed paid maternity leave. The percentage of workplace agreements which include paid maternity leave has dropped from 10% in 1998 to 7% in 2001 (*Australian Financial Review*, 1 October 2002, p.4).

According to the latest data from the Bureau of Statistics, '57% of Australian women take at least six months off work when having a child' (*Australian Financial Review*, 30 April 2003, p.7). 60% of women do not have access to paid maternity leave (*Australian Financial Review*, 9 May 2003, p.19). However,

according to EOWA's paid maternity leave submission to HREOC, there is a stark contrast between public and private sector employee benefits: 'Public sector employees (57 per cent) are more than twice as likely as private sector employees (24 per cent) to have access to paid maternity leave.' (EOWA 2002, p.5). The current system of paid maternity leave favours women in full-time public sector jobs or in white collar private sector positions. Female part-time workers, casual employees and low-paid women in hospitality, manufacturing and retail are the least likely to benefit from the current scheme.

The Equal Employment Opportunity for Women in the Workplace Agency has found that 'there is a strong correlation between employer attitudes to paid maternity leave and their commitment to broader EEO and diversity strategies' (EOWA 2002, p.3). A survey conducted by the State Chamber of Commerce and the NRMA concluded that more than three quarters of firms would be less likely to employ women if they were forced to pay maternity leave (*Daily Telegraph*, 28 October 2002, p.15). Another study by Dun and Bradstreet of 400 Australian executives from small to medium-sized businesses stated that 63.5% did not believe maternity leave would help retain staff (*West Australian*, 29 October 2002, p.19). On the other hand, Helen Ormond, Head of Organisational Capability, National Australia Bank, highlights the benefits since the introduction of paid maternity leave in her firm: 'While this is a substantial investment in our people, we have done sufficient cost-analysis to know that we reap the dividends in terms of employee productivity, job satisfaction and retention.' (EOWA 2003).

The difference between retaining a highly skilled woman with experience and the cost of recruiting and training a new employee is significant. The cost of a short period of paid maternity leave is offset by reduced resignation rates at the expiration of the leave. Companies which have introduced paid maternity leave have seen significant increases in women returning to work after maternity leave. Westpac, for example, introduced paid maternity leave in 1995. Its retention rate for staff taking maternity leave increased from 52% in 1995 to 94.8% in 1998 (ACTU 2003), which saved the company an estimated 6 million dollars (EOWA 2003); AMP was able to increase the number of women

returning after maternity leave from 50% in 1992 to 90% in 1997, with a saving of \$50,000 to \$150,000 for each returning woman; and NRMA increased the leave return from 32% in 1993 to 85% in 1998 (EOWA 2003).

Despite these compelling statistics, the Government has so far not supported the introduction of a federal or employer funded maternity leave scheme, arguing that its objective is to respect and maximise choice rather than mandate behaviour. Whilst Federal Employment Minister Tony Abbott declared that his government is in favour of achieving a better balance between work and family, he also made it clear that a 'one-size-fits-all' legislation would not provide a sustainable solution (*Australian Financial Review*, 1 October 2002, p.4). The Prime Minister John Howard is 'totally opposed' to a paid maternity leave scheme funded by businesses. Second, he argues that the problems associated with a falling fertility rate would not be alleviated by the introduction of 14 weeks paid maternity leave (*Australian Financial Review*, 10 April 2003, p.3). In a recent speech at the Liberal Party of Australia National Women's Conference on 6 June 2003, the Prime Minister John Howard detailed the arguments for and against paid maternity leave with the following questions:

- Will it improve job security for women contemplating children?
- Will it increase fertility rates?
- Will it overcome the variability of employer schemes?
- Will it help with the cost of children?

Unfortunately, continuing debate of these questions will do little to counter the widespread discrimination against women workers on the grounds of pregnancy or potential pregnancy, as outlined in the *Pregnant and Productive Report* of the National Pregnancy and Work Inquiry by HREOC (August 1999).

The Equal Opportunity for Women in the Workplace Agency (EOWA) argues that we need to look towards the future. Further discussions, says EOWA, need to move away from a focus on maternity leave. Instead, we have to discuss the issue of parental leave, as it is not about special or preferential treatment for women. There are four good reasons why a future debate ought to concentrate on parental leave rather than maternity leave:

- Families are supported by providing greater choice and flexibility, important for economic and other reasons;
- The issue is broadened to include the family responsibilities of mothers and fathers;
- The concern of many men (employers and employees) is addressed about 'special treatment' for women;
- Women are helped by encouraging gender equity in the domestic sphere which will inevitably have an impact on gender equity at work.

(EOWA 2002, p.6)

### **Human Rights and Equal Opportunity Commission (HREOC)**

Since its establishment in 1986, the Human Rights and Equal Opportunity Commission has promoted and protected fundamental values of fairness, equality, tolerance and non-discrimination in Australia, with a particular focus on sex, race and disability discrimination. Over the last seven years, HREOC has gained a high-profile reputation internationally as a leading national human rights institution. Europe, Britain and countries in the Asia-Pacific region have applauded HREOC for its structure, strength and independence (Tay 2003).

Despite this reputation, the Commonwealth Government introduced into Parliament the *Australian Human Rights Commission Legislation Bill 2003* on 27 March 2003 – a bill, which seeks to amend the legislation under which HREOC performs its functions, with important and not necessarily advantageous consequences. Of note, the Commission opposes the proposals contained in the bill, arguing that it would 'significantly undermine the integrity, independence and efficiency of the Commission' (HREOC Submission 2003). In particular, the Commission argues that the proposed changes would impact its work in the following ways:

- The implementation of the proposed changes would curb its independence by increasing the political control in the form of a gatekeeper function over its work;

- The changes would raise an actual or perceived conflict of interest if the Commonwealth had a greater involvement in deciding whether the Commission would be allowed to intervene in matters before the courts;
- The proposed amendment to abolish the positions of the five specialist commissioners (and replace them by three generalist commissioners) would reduce the Commission's effectiveness and undermine the strong relationships of the current system;
- The Commission would be unable to make recommendations for financial compensations under the *Human Rights and Equal Opportunity Commission Act 1986 (HREOCA)*; and,
- The power of the HREOC President to delegate inquiries under the HREOCA to the Human Rights Commissioner would be undermined (HREOC 2003).

What are the implications for women at work. One of the proposals included in the *Australian Human Rights Commission Legislation Bill 2003* is that the Commission be renamed as the Australian Human Rights Commission, with a by-line 'Human rights – everyone's responsibility' incorporated in the Commission's logo. Political commentators, such as Anne Summers, support HREOC in its concern that the Coalition Government is moving to curb the Commission's independence (*Sydney Morning Herald*, 28 April 2003, p.11). The deletion of 'equal opportunity' in the proposed new title is also of major concern. Along with the suggested abolition of the Sex Discrimination Commissioner, it seems that the Government seeks to weaken the Sex Discrimination Act (1984), landmark legislation of the Hawke government, which outlaws discrimination in employment, education or in the provision of goods and services on the grounds of sex, marital status or pregnancy.

Progress towards equal employment opportunity may well be considered slow but few engaged in pursuit of EEO would doubt that federal and state legislation has assisted in raising levels of awareness and deterring discriminatory behaviour. Federal government intentions to undermine HREOC send the wrong signal to business and employees. Especially in these

uncertain times, there is a crucial role for government to reaffirm its support for EEO and the tackling of discrimination. In this environment HREOC and the Equal Opportunity for Women in the Workplace Agency (EOWA) need solid support from government.

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