Companies prefer ticking boxes to breaking the glass ceiling

March 8, 2016 5.58am AEDT

“Empowerment of the world’s women is a global imperative,” UN Secretary General Ban Ki-moon said at the 2016 World Economic Forum. Although the worldwide trend to promote equal opportunities has also impacted Australia, progress in the corporate world is slow and a change in pace is required. Improving disclosures is a good place to start.

In 2010, the ASX Corporate Governance Council made several amendments to its Corporate Governance Principles and Recommendations. The most prominent change was that companies should publicly disclose the number of female directors, senior managers and total number of women in the workforce, as well as progress against diversity objectives established by the board.

New research by Catalyst Australia finds that ASX50 listed companies – Australia’s largest companies and industry leaders – tick all the gender reporting boxes. But while some progress is made concerning women on boards, facilitating the career advancement of women into executive positions remains a problem area.

Likewise, while ASX50 companies do refer to pay equity, our research finds their disclosures are limited and often do not include figures for management or the workforce.

Slow progress
The research finds that 26.7% of ASX50 board positions are occupied by women. This is more than the average percentage of female directors at companies included in other ASX indices: ASX200 (21.6%), ASX300 (20.0%) and All Ordinaries (16.6%).

Forty-four ASX50 companies have at least two women directors, which is important to form a critical mass: two women can help one another to get their contributions across and, when there are three women, they are seen as individuals rather than as the “female voice” on the board.

These statistics nevertheless mean that only about one in four ASX50 board positions are occupied by women. In addition, the absence of female CEOs remains a major issue: only three heads of ASX50 companies are women. In comparison, the ASX50 has more CEOs named Andrew (five), as well as Michael (four), and has an equal amount of Peters as there are female CEOs.

The top levels of the corporate pyramid thus remain male-dominated. This suggests that despite a growing amount of gender equality disclosures, substantial barriers to female career advancement remain.

For decades, a larger percentage of women in OECD countries - among which Australia - enrol in tertiary education compared to men. Figures from the Workplace Gender Equality Agency (WGEA) show that while women make up nearly half of the Australian workforce, they are lacking in management, representing only a third of managers and 26% of senior managers. Catalyst finds that the number of female managers at ASX50 companies is 28.8%.

This simply means that some of Australia’s brightest minds are not being put to good use.

Some solutions

An increase of women directors can be achieved by appointments based on demonstrated skills in other organisations and activities. In comparison, senior managers normally need to work their way up the executive ladder, either internally or in the industry. The pipeline for managers is therefore narrower than for directors. Also, progress through corporate ranks requires a commitment that may conflict with family and other duties.

Consequently, it is essential that companies create a supportive organisational culture and introduce enabling work-life balance arrangements.

Catalyst’s research finds that offering flexible working arrangements is the most common practice among ASX50 companies to facilitate the ascent of women on the corporate ladder. Yet according to the WGEA, a flexible working arrangement such as working part-time is mostly used in non-managerial positions, which suggests a lack of flexible management roles contributing to an underutilised female talent pool.

Analysing gender pay equity can help companies uncover where women cease to progress through the talent pipeline and remain in lower paid positions. Today, on International Women’s Day, the OECD will release its latest pay gap information for OECD countries.
The global pay gap is in decline over the last decade, but this trend has started to flat line in the last five years and is stuck at around 15%. Australia's record is mixed over the years, but worryingly the last five years has shown an increase in the overall gender pay gap.

**Mandates required**

Overall, while companies increasingly report on gender equality, performance lags behind. Improvements could be made by establishing quantifiable targets to increase and retain women at all levels of the organisation, by disclosing more detailed pay equity information, and by providing more narrative around the creation of a supportive organisational culture.

In order to bolster performance these reporting recommendations could be mandated by the ASX Corporate Governance Council, while related performance could be included in executive performance indicators and remuneration strategies.

Lastly, the fact that women are increasingly well-represented on corporate boards and have started to constitute a critical mass should serve as an imperative for management to explain the glacial pace at which progress is currently made.

Found this article useful? A tax-deductible gift of $30/month helps deliver knowledge-based, ethical journalism.

Make a donation