

## **GENDER IN THE PROPERTY INDUSTRY AND PROFESSIONAL BODIES – AN AUSTRALIAN PERSPECTIVE**

### **ABSTRACT**

*Recently, significant public debate regarding the lack of women appointed to senior management positions such as on ASX listed company boards has highlighted the lack of gender equity. The property industry is dominated by male representation at the top levels despite the gender gap within university graduates approaching equal proportions. This paper evaluates the role that professional bodies are embracing to address the gender inequality and how this is reflected in the makeup of the board composition of the leading professional associations and industry bodies in Australia. While there is limited research on women in property this paper demonstrates the need for further in-depth analysis to identify the constraints to progressing gender equality. The findings indicate that the property profession while publicly promoting women in the property industry still maintain governing boards within their professional associations and industry bodies that are significantly under-represented by women.*

Keywords: Board Composition, Gender Equality, Professions, Property, Women

### **INTRODUCTION**

‘We hold these truths to be self evident that all men are created equal’ this quote by Thomas Jefferson in the U.S. Declaration of Independence, 1776 is perhaps the best known statement of equal rights for all, however when it comes to gender equality, in the words of George Orwell ‘some are more equal than others’ . The gender gap in terms of equal pay and opportunities has received much attention over the past few decades with numerous campaigns to promote gender equality in the workplace and in senior managerial positions.

The representation of women in senior management positions and on company boards has been a particular focus of governments to demonstrate the true equal status of women. In many countries there has been active government intervention to increase the representation of women on company boards. Leading examples of affirmative action include Norway where the government set a target in 2002 of 40% of women on private company boards by 2005 having failed to meet this target the government legislated in 2006 requiring compliance by 2008 or face fines. Full compliance was achieved in 2009 (Lord Davies, 2011). Spain legislated in 2007 requiring public companies to attain a 40% share of each sex on their boards by 2015, similarly Iceland passed a quota law in 2010 for public companies to achieve 40% from each sex by 2013 (Lord Davies, 2011). In the UK the Government has adopted a voluntary scheme following the establishment of the Davie’s Review into Women on Boards Review in 2011. Considerable progress has been made within the FTSE 100 reporting in 2015 that 23.5% of board members are women, almost double the number in 2011 at the commencement of the scheme (Lord Davies, 2015).

In Australia the Australian Stock Exchange introduced reporting guidelines for all ASX listed companies in 2010 where these guidelines require companies to have a diversity policy and to set measurable objectives to achieving gender diversity (ASX, 2014). In 2012 the Australian Federal Government introduced the Workplace Gender Equality Act which applies to non-public sector employers with 100 or more employees in Australia. The Act requires such employers to make annual filings with the Workplace Gender Equality Agency (WGEA) disclosing their “Gender Equality Indicators”. The legislation has yet to establish any quotas but does publish annual reports showing detailed analysis by industry sector the proportion of women in senior management roles and represented at board level. (WGEA, 2015).

### **GENDER IN THE PROPERTY INDUSTRY**

Building on the general industry initiatives outlined above it has been recognized that the property industry is a major contributor to the overall economy of the nation, and plays an important role with professional contributions across the financial, agency, management and construction sectors. While there have been a

limited number of studies undertaken into the gender makeup of a number of industry sectors the real estate industry has been largely overlooked. Pauli (2013) reports on a Swedish study by Cettner (2008) into the construction industry, which included property /real estate representatives, where this study concluded that the industry is historically male dominated and remains largely unchanged. This study went on to show that the directors of housing companies between 2001 and 2008 had changed their composition from 29% to 34% women respectively. However, in real estate companies the figure in 2001 was just 8% but by 2008 had reached 21%

A study published in 2005 which reviewed the gender composition of boards of Australian property trusts, initial public offerings (IPOs) between 1994 and 2004 found that of the 58 trusts listed in this period just 12 female directors or 3.8% of the total 320 directors were identified. In the earlier part of this study between 1994 and 1999 the number of female directors was just 7 or 3.3% of the total 214 trust directors (Dimovski & Brooks, 2005). In a similar current study Dimovski et al (2016) examines 1715 ASX listed real estate and development companies and reports that just 499 female directors were found out of a total of 8,360 individuals or just 6%.

As identified in the introduction the Workplace Gender Equality Act 2012 establishes a reporting regime for all private sector employers with more than 100 employees. Companies are required to report annually to the Workplace Gender Equality Agency (WGEA). The data submitted to WGEA is published annually as are examples of major organisations gender equity policies. The objective of this scheme is to publicly demonstrate the progress that is being made toward gender equality. The 2014 WGEA data with respect to the property industry reflect the results reported by Dimovski et al (2016). The WGEA data is collated at several levels initially at the industry division level within which property related services falls under the definition of rental, hiring and real estate services. This can be further refined to the industry sub division level of property operators and real estate services and at the industry group level these can be isolated at the property operators or real estate services level. At each of these levels data is published for each year between 2004 and 2013. The most recent available report covers the financial year 2012 to 2013 and is summarised in Table 1 below. This data clearly show that across the property operations and real estate services division’s female employees represent about half of the workforce and do show that the number of female managers is only slightly below the percentage of fulltime employees. The stand out result, however is that there are only 5.9% of female CEOs within the property operations division and no female CEOs within the real estate services division.

**Table 1 WGEA Reported Female Employees 2012 -2013**

Reporting 2012/2013	Division	No. of orgs	% total females	% full-time females	% female managers	% of female CEOs
Rental, hiring and real estate services		60	44.7%	38.7%	32.7%	3.3%
Property operators and real estate services		35	50.8%	42.9%	34.7%	2.9%
Property operators		17	57.1%	47.5%	42.3%	5.9%
Real estate services		18	45.7%	39.9%	29.2%	0.0%

**Source:** (WGEA, 2015)

The significant under representation of females at the CEO level in the Australian property industry has been highlighted by the leading Australian industry association, the Property Council of Australia (PCA). The PCA commissioned an industry review in 2014 undertaken by Ernst and Young (2014) in which the authors summarise much of the research which supports the benefits of gender diversity to business including better decision making and improved overall financial performance. The report also includes interviews with senior executives within the property industry and identifies the current perspective on promoting gender equality in senior management positions. The findings reveal a willingness to improve equality but also

shows that progress toward achieving this is relatively low (Ernst & Young, 2014).

One issue identified in the Ernst and Young (2014) report was the perceived availability of suitably qualified applicants to fulfil senior roles within the industry. This observation is not supported by data presented in Table 1 which indicates that females represent approximately half of the real estate services workforce. It is also not supported by the findings of Poon (2016) who studied the employment outcomes of property and construction graduates within Australia. There is little research world-wide into the number of property / real estate graduates entering the profession, Devaney and Roberts (2012) evaluated the employment prospects of property and construction graduates from UK universities between 2005 and 2009. The results show that there are greater numbers of females undertaking property related studies than construction courses with 32% females of the 1,635 graduates in the sample compared with just 14.5% to 16.7% of females in the building and construction disciplines.

The proportion of female graduates derived from the 2012 and 2013 Australian Graduate Survey in real estate and construction disciplines match exactly the UK figures in terms of real estate students at 32% of the 991 graduates, however the construction discipline demonstrates a much higher level of female graduates at 37% of the 5907 graduates (Poon, 2016).

The results of both the UK and Australian graduate research demonstrate that females entering the property profession represent 32% of the total number of graduates in the field. It would follow from this that the pool of tertiary qualified potential managers to fill senior positions in the industry should match this figure. Although Poon (2016) does demonstrate that the employment prospects for male graduates are greater than female candidates the difference between the genders was not statistically significant.

The research commissioned by the PCA referred to above highlights the importance of the gender issue in contemporary professional property practice. It also points to the fact that at least the PCA has recognised that there is an issue to be addressed within the property industry. Professional bodies and not-for-profit professional associations play a significant role in the development of the property industry and in nurturing the employment prospects of their members (Warren & Wilkinson, 2008; Wilkinson & Warren, 2008). Given this leadership role and public interest agenda it might be expected that the professional bodies that are linked to the property industry would seek to be exemplars of good governance and ethical practice. This research seeks to evaluate the gender policy standing and board composition of the major property associated professional institutions in Australia.

## **METHODOLOGY**

In order to evaluate the gender policy initiatives and management board composition of the leading property and construction professional bodies and not for profit associations a desktop survey of annual reports and publicly available published policy documents was undertaken. The data was collected in June and August 2015 and reflects the representatives currently holding office in each of the organisations studied. The structure of most property organisations in Australia is one which has state based governing committees with a national level governing body with members usually drawn from the state governing boards. In evaluating each organisation is thus undertaken at both a state and national level.

In Australia the real estate agents profession is represented by the Real Estate Institute of Australia (REIA, 2015), whilst the property profession is represented by two competing institutions the Australian Property Institute (API) and the global body the Royal Institution of Chartered Surveyors (RICS). Membership with the REIA is primarily comprised of practising real estate agents; the API membership is predominantly made up of practicing valuers and land economists and, as such, is the most closely related to those working as valuers in the property industry. The RICS is an international organisation with a governing body located in the UK and with representation drawn from around the world. The RICS also incorporates both property and construction disciplines with the same organisation and, as such, is not purely a property professional body. The Australian Institute of Quantity Surveyors (AIQS), the Chartered Institute of Building (CIOB) and the Australian Institute of Building (AIB), are the only other professional membership bodies in Australia, however these organisations are specifically related to the construction industry rather than land and property. The research has also included the Planning Institute of Australia (PIA) and the Surveying and Spatial Science Institute (SSSI). These two professional bodies are associated with the built environment but not directly related to real estate or the construction industry. They have been included as their area of

professional practice is relevant to property and is also contained within the specialties included within the RICS.

In addition to the professional bodies there are a number of not for profit industry associations and related organisations. The major property industry lobby group and association is the Property Council of Australia (PCA). The PCA is probably the largest and most influential association operating within the property arena. In addition the Green Building Council of Australia (GBCA) is a member of the World Green Building Council and represents the sustainable development industry. The Urban Development Institute of Australia (UDIA) represents the property development industry and has a particular focus in the residential development sector.

## FINDINGS - BOARD REPRESENTATION

In evaluating the gender equality of the professional bodies in Australia it would be useful to establish a benchmark against which to evaluate each organisation. It might be assumed that an equitable representation might be 50% of each gender. This would not, however, take into account the differing levels of graduates entering the program where the research shows just 32% of graduates in the property field are female. This figure represents findings from 2004 onwards and it could be argued, but not supported by any empirical research, that the number of female graduates in earlier years was lower. The UK Davie's Review into Women on Boards established a voluntary target of 25% of board members to be female. This target is expected to be reached during 2015 with the current level at 23.5% (Lord Davies, 2015). This rate is perhaps the most appropriate and eminently achievable target for any professional body to meet.

Analysis of the national boards of each of the professional bodies reveals that other than the Planning Institute of Australia and the Green Building Council of Australia, no organisation meets the 25% target rate. Indeed a number of organisations have representation below 10% and in line with the figures for national reporting to WGEA shown in Table 1. Indeed two organisations the API and AIB have no female members on the national board; and five organisations only have one female member on their national board. The results for each of the organisations included within this study are shown in Table 2 below.

**Table 2 National Board Membership 2015**

Organisation	Male	Female	Female %
AIB	14	0	0.0%
AIQS	19	1	5.0%
API	12	0	0.0%
CIOB	14	1	6.7%
GBCA	7	3	30.0%
PIA	8	5	38.5%
PCA	16	3	15.8%
REI	7	1	12.5%
SSSI	8	1	11.1%
RICS	46	10	17.9%
UDIA	11	1	8.3%

Source: (AIQS, 2014; PIA, 2015; REINSW, 2015; SSSI, 2015; UDIA, 2015)

Within many of the organisations studied the national board members shown in Table 2 are drawn from the state board membership and typically the president of each state group is a member of the national board. An analysis of each organisation at the state level reveals more about the elected representation of the members at a local level. The following tables provide the data at the state level together with a total level of all committee members.

**Table 3 Australian Professional Bodies - State Boards**

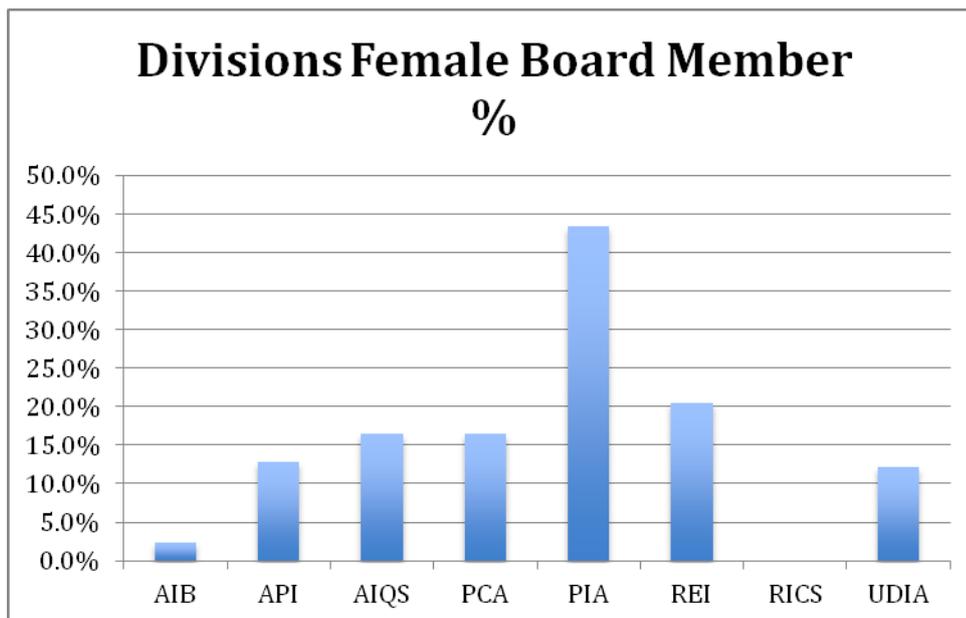
<b>AIB</b>	Male	Female	% Female
ACT	8	1	11.1%
NSW	13	0	0.0%
QLD	19	0	0.0%
SA	10	0	0.0%
TAS	9	0	0.0%
VIC	12	1	7.7%
WA	14	0	0.0%
All Divisions	85	2	2.3%
<b>AIQS</b>			
ACT	9	1	10.0%
NSW	9	2	18.2%
QLD	13	0	0.0%
SA	11	2	15.4%
VIC	12	2	14.3%
WA	14	0	0.0%
All Divisions	68	7	9.3%
<b>API</b>			
ACT	9	4	30.8%
NSW	14	2	12.5%
QLD	12	0	0.0%
SA	7	3	30.0%
TAS	11	0	0.0%

VIC	12	0	0.0%
WA	10	2	16.7%
All Divisions	75	11	12.8%
<b>PIA</b>			
ACT	11	3	21.4%
NSW	9	7	43.8%
QLD	9	8	47.1%
NT	2	3	60.0%
SA	12	6	33.3%
TAS	8	4	33.3%
VIC	13	6	31.6%
WA	5	7	58.3%
All Divisions	64	49	43.4%
<b>PCA</b>			
ACT	11	3	21.4%
NSW	14	3	17.6%
QLD	14	5	26.3%
SA	14	2	12.5%
TAS	12	3	20.0%
VIC	12	3	20.0%
WA	15	1	6.3%
NT	14	1	6.7%
All Divisions	106	21	16.5%
<b>REI</b>			
ACT	6	2	25.0%
NSW	10	3	23.1%
QLD	5	2	28.6%

SA	10	1	9.1%
TAS	9	0	0.0%
VIC	10	1	9.1%
WA	7	2	22.2%
NT	5	5	50.0%
All Divisions	62	16	20.5%
<b>UDIA</b>			
ACT	0	0	0.0%
NSW	9	3	25.0%
QLD	14	1	6.7%
SA	15	2	11.8%
TAS	0	0	0.0%
VIC	9	1	10.0%
WA	11	1	8.3%
All Divisions	58	8	12.1%

From Table 3 it is evident that some regions do have higher levels of female representation while other have less or even no female board members. For instance, the API in Canberra and South Australia, have attained the 25% female board member target rate. Collecting together all board members across the various states once again shows that other than the Planning Institute of Australia (PIA) no organisation studied has attained the 25% female board member target rate. The relative levels of the state organisations female membership is shown in Figure 1 below.

**Figure 1 State Board Female Member Representation**



The regional level results demonstrate a reversal from the top level results with respect to the API and RICS, the two leading property professional bodies, with the RICS Oceania regional board having no female members while the API has female regional board members in ACT, NSW, SA and WA with a total of 12.8% of the board membership being female.

The findings of this analysis clearly demonstrate that the property profession is not managing to meet any reasonable target level of female representation on national and regional boards. This raises the question whether these organisations are actively trying to promote female participation in the decision making processes of the organisation. The second part of this research looks at annual reports to members and policy documents on the organisations website in order to ascertain if there is any stated objective to raise the representation of female members on boards.

## **FINDINGS – POLICY STATEMENTS**

A review of the most recent annual report to members and policy statements from each of the organisations was analysed to identify any recognition by the organisation that female participation was at a low level within the organisation and if there was any policy to redress this imbalance.

### **Australian Property Institute.**

The annual report identifies the number of members in each class but does not report on the gender of members. There is no reporting of gender diversity or published policy within the organisation. (API, 2014)

### **Royal Institution of Chartered Surveyors.**

The RICS has in its annual report identified the need to address diversity issues including gender with the statement;

“RICS is keen to lead in this arena, firstly through our diversity and careers campaign to attract a wider variety of candidates into the construction/property sector, and to spark meaningful debate on the trajectory of female professionals from classroom to boardroom.” (RICS, 2014:23)

While there is evidence of change both on recruitment of members and in terms of internal staff gender diversity there is no evidence of policy to address the lack of female representation within the governance structure.

### **Australian Institute of Quantity Surveyors.**

The annual report does not provide any detail as to the membership gender diversity nor does it contain any

policy statements or initiatives to raise gender diversity. The website does contain a link to grant funding for 'Women in Construction Funding Grants' this is an initiative to fund individuals obtaining leadership training.

**Property Council of Australia:** Perhaps the most vocal on encouraging gender equality the PCA has established a Diversity Committee and has launched a national initiative in 2014 the Property Champions of Change (PCC) to increase awareness of gender issues in the industry. In addition the PCA's three year strategic plan 2015 -2017 reiterates the objective of championing gender equality through its PCC initiative (PCA, 2015). There is, however no clear policy to redress the imbalance within the governance structure of the organisation.

#### **Green Building Council of Australia**

The annual report does not specifically identify any gender equality policy. The organisations website does however point to a number of initiatives promoting women in green building issues. (GBCA, 2013, 2015)

## **CONCLUSION**

Having identified that the professional bodies who represent their members in professional practice in Australia have an important role to play in guiding the future development of the property and real estate professions, it might have been expected that these organisations would play a major role in promoting gender equality.

While it is not clear what the gender make-up of the various organisations membership is, it has been demonstrated that the mix of graduates entering the profession shows at least one third are female. It should follow that the same proportion of graduates enter the profession and thus become eligible to seek representation on governing boards. Therefore the under representation of females is at odds with the professional graduates and questions arise why women are not supported in these leadership roles.

The modest targets set for female company directors in the UK and other countries have not been repeated in Australia. The results of this research clearly show that there is a significant gap between the targets set in for female representation on company boards of directors in other countries and the representation of women on the governance boards of the leading property and construction professional bodies. There is some encouraging evidence that the industry is becoming increasingly aware of the issue and in particular the initiatives of the PCA and RICS in raising awareness are to be applauded, however even these organisations have fallen short of establishing targets for female representation on their own governing boards.

Surely it is time that the property industry recognised the contribution that female graduates make to the profession and take steps to redress the significant underrepresentation within the governance of the professional organisations.

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