

Talents of Women are being squandered

By Hannah Piterman

The post election environment has seen a number of our business leaders' call for a stepping up of the national reform agenda to take advantage of the opportunity afforded by a new and highly dynamic global economic situation. According to *The Global Competitiveness Report 2010–2011* the post GFC economic landscape is characterised by uncertainty in the global economy as economic activity shifts away from advanced economies towards the developing ones. Australia's willingness to embrace competition policy and financial reform and to adapt to the realities of the global market place has seen it reap the benefits. Australia is now well placed as an economic leader on the world stage. However, precipitous times also suggest that Australia cannot afford to rest on its laurels and must continue to pursue a comprehensive reform agenda that includes competition, regulatory and human capital reform to ensure talent capacity for the future.

Integrity to the reform agenda will however be thwarted if the market for female talent, particularly executive talent, continues to remain uncompetitive. Time and again we are presented with research that aligns improved financials and healthier and more positive cultures with an increase in the number of women at senior executive and board levels. Yet we have a situation where women represent only 2% of CEOs, 3% of board chairs, 9.2% of board seats and 10.7% of senior executive roles and the pay gap between the sexes is 17 per cent and according to the National Centre of Social Economic Modelling (NATSEM) is costing \$93 billion a year in productivity.

As a first world economy we have a relatively poor record when it comes to creating a level playing field of equal opportunity for women. Women might enter the workforce in large numbers, but over time they seem to steadily 'vaporize' from the higher echelons of organisation hierarchies – a phenomenon coined as the 'stupid curve' to underscore the deplorable wastage of talent in Australian companies as organisations select nearly 90% of their leaders from just 50% of the male employee pool despite women making up over 50% of graduates from our universities.

In the current climate of post GFC vulnerability we squander scarce and valuable female talent at our peril. We have learnt from recent painful experience that business models that derive their strength from homogeneous cultures are a governance risk and are increasingly seen as strategically limiting. For homogeneity spawns familiarity, group think and poor decision making and blinds us to opportunities under our noses. Indeed

according to a study by the Boston Consulting Group published in the Harvard Business Review late last year women as a market represent an opportunity bigger than China and India combined. They control \$20 trillion in consumer spending, and that figure could reach \$28 trillion in the next five years. It is not only as consumers that the power of the female economy will be increasingly unleashed. Business needs to pay attention to the female talent that is in its organisations or risk a crisis of talent retention and a massive brain drain from organisations.

If business leaders are fervently concerned about the barriers to effective competition policy and national productivity then they need to be as fervently concerned about the opportunity cost, the wastage, the loss, and turnover costs incurred by the lack of competition in the executive talent market and the consequent underutilisation of the female talent pool.

Unfortunately the barriers that see women excluded from leadership positions are not always readily available for scrutiny. They sit outside the realms of the rational and the strategic and squarely in the realms of the hidden, unconscious and often ambiguous highlighting a deep tension between the rational part of business that sees the promulgation of values and policies that promote equality in the workplace and its non rational side that sees women underrepresented and underpaid relative to their male counterparts. The business case can be easily trumped by deeply ingrained belief systems as evidenced by recent research by Bain and Co in combination with Harvard Business Review which found that only 48 percent of the men feel that achieving gender parity should be a critical business imperative as compared to over 80 percent of women. For decision making is not always a rational process driven by purely rational calculations. Rather, it involves the interplay of deep and unconscious emotions that have evolved since time immemorial and remain deeply entrenched in our cultures.

Business leaders need to be prepared to interrogate deeply held assumptions that inform a decision making process that sees women excluded from top jobs. The recent focus on increasing female representation on boards in response to Australian Securities Exchange (ASX) recommendations, while very promising, will see women continue to face challenging cultures. The quota debate has resurfaced a number of enduring and deep seated beliefs about the potential of women's contribution and their merit. Business leaders need to reflect on statements that are made in the public domain by some business leaders, often inadvertently, that reinforce a belief that board performance and shareholder value is in conflict with gender diversity. And they need to ensure tools are in

place to measure the current state of gender parity in order to provide the evidence base to enable examination of entrenched belief systems.

It is leaders who set the example and create the cultural setting to provide a safe and open climate that fosters preparedness by men and women to examine hidden norms that perpetuate cultures of discrimination, to encourage honest conversation about what is really going on and to seek creative approaches that are blame free. Importantly, leaders need to be mindful that culture change occurs incrementally and imperfectly and requires commitment for the long haul.

Hannah Piterman, September 2010

Dr Hannah Piterman is an advisor to senior management and boards in leadership and governance. She is a cofounder of Gender Worx and an adjunct Associate Professor at Monash University. Her forthcoming book *'Unlocking Gender Potential: A Leader's handbook'* will be launched by CEDA in October 2010