

# Increasing the Number of Women in Senior Executive Positions

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Improving Recruitment, Selection  
and Retention Practices

**About this publication**

The Business Council of Australia (BCA) researches and promotes economic growth policies for the benefit of the nation and all Australians.

This report, *Increasing the Number of Women in Senior Executive Positions: Improving Recruitment, Selection and Retention Practices*, has been prepared as a support tool for BCA member companies in reviewing their recruitment and promotion processes with a view to enhancing the numbers of women in senior leadership roles in their companies.

It is based on a combination of research, interviews and questionnaires, all conducted on the basis of anonymity among search and recruitment firms, companies, consultants and members of Chief Executive Women. These recommendations are for consideration by BCA members, not mandates for adoption. Each company will need to select actions that suit its culture, aspirations, capability and stage of engagement with gender diversity and inclusion. The report has been extensively, but not comprehensively footnoted, to offer further reading or research.

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## Introduction

### Business case and progress

The business case<sup>1</sup> for gender diversity and, more recently, gender diversity and inclusion, has been well and frequently made in terms of improved business performance. It can also be made simply in terms of access to talent.

Given that talent is randomly distributed across both genders, there is a high probability that at least half of a talented workforce will be women, so to take 90 per cent of company leadership from just 50 per cent of the talent pool – the males – simply does not make sense. Or, as Warren Buffet said recently, “We’ve seen what can be accomplished when we use 50 per cent of our human capacity. If you visualise what 100 per cent can do, you’ll join me as an unbridled optimist.”<sup>2</sup>

Yet, after decades of effort, only 10.1 per cent of key executives in ASX200 companies are female.<sup>3</sup> Women lag, in terms of career prospects and remuneration, from day one on the job. As their careers progress, the gender gap widens, with men nine times more likely to reach senior executive ranks than women.<sup>4</sup> Time has not proved to be the answer, with women graduating from universities at higher rates than men for nearly 30 years, different aspirations for a career or parenting are not the reason.<sup>5</sup>

When measures are not taken, the gap grows and the pipeline argument is effective only in workplaces that are already culturally supportive of inclusion and gender diversity, and it presupposes a transparent, genderless meritocracy.<sup>6</sup>

### First wave of change

The first wave of effort to encourage gender diversity in corporate Australia focused on creating equal opportunity for women through structural reform to remove barriers to their progress: changes in policies and processes and the introduction of flexible approaches to working.

### Second wave of change

The second wave focused on the women themselves: offering specific training and mentoring of women to minimise differences between men and women by helping women to adapt to the cultural (male) norms of companies.

### Third wave of change

While both continue to be necessary and worthwhile initiatives, there has been a growing acknowledgement that organisations are inherently gendered<sup>7</sup> and that gender diversity is not about employing a particular type of woman. Rather, it is about having and valuing diversity in teams, diversity of styles and thinking, different perceptions of problems and different viewpoints. Diversity is thus not always comfortable, but it offers superior organisational effectiveness.<sup>8</sup> It also will only flourish within a culture of inclusion, where women feel they belong and are valued.

A prerequisite for sustained diversity within companies is having an inclusive environment in which to work – where a range of ideas and opinions can be heard, where people feel respected, where they feel that they are a part of that environment, and can bring their whole self to work and be appreciated for it. Creating such an environment needs to be a methodical and systemised operation, like any change program, demanding rigorous focus for sustainability.<sup>9</sup>

Thus, the third wave of effort is to develop cultures within companies that will attract and support the women working in them. It is within this context that the BCA has sought an examination of best practices in recruitment, appointment and promotion. To the extent that these activities – at their best – are embedded within strong, sustained and de-gendered talent identification, performance feedback, development and succession planning processes this report recommends some related actions in these areas too.

## **Merit and leadership**

Selecting males for key roles has been integral to past thinking and nobody has thought to qualify this assumption with the phrases “But we must get the best person for the job” or “The appointment must be based on merit.” So a starting point in thinking about gender diversity in the context of recruitment, appointment and promotion is to understand the range of inherent biases in favour of a male-gendered concept of merit-based assessment that exists in companies today.

The next step is to accept and appreciate that gender diversity is not inconsistent with meritocracy but integral to it. It may, however, require recalibration of thinking about merit and leadership in a de-gendered way.<sup>10</sup> Otherwise, inherent biases and underlying attitudes, based on stereotypes about what constitutes effective leadership, can hold women back and cause organisations to narrow the range of desired effective leadership behaviours for both men and women.<sup>11</sup> It requires, too, significant and sustained interventions to build a robust pipeline of women leaders and a culture conducive to retaining, supporting and promoting them to senior leadership roles. It may also require development of the skills of all leaders (including the board) in how to think through, have discussions about, allow broader inputs to, and make decisions regarding merit, talent, development, performance, career planning, succession and retention.

## **The recommendations**

Appointing women as well as men to key roles cannot, in the long term, be a separate process but should be integrated into the mainstream of talent identification and development, succession planning and into the daily work of the company. This is why many of the recommended actions in this report, while referring specifically to women, or female candidates, are also applicable to men and male candidates and useful to encourage other forms of diversity in an inclusive culture.

Other recommendations recognise the current status of women and prevailing unconscious and invisible or ‘second generation’ biases,<sup>12</sup> and stereotyping within companies so that they are relevant and applicable only to women and in respect of female candidates for roles.

The report is divided into subjects, each introduced with an explanatory paragraph and followed by numbered recommended actions for consideration by BCA members.

## Increasing the Number of Women in Senior Executive Positions: Improving Recruitment, Selection and Retention Practices

### The role of the CEO

The role of the CEO in directly increasing the numbers of women in senior positions, as well as the pipeline to such roles, is paramount. The recommendations in this report will not secure increased numbers of women in senior roles and throughout the organisation, without the personal intervention of the CEO.

1. It is recommended the CEO consider:

- declaring the achievement of gender diversity within an inclusive culture to be a significant strategic objective of the organisation, and overseeing the development and implementation of the strategy to achieve it
- investing personal and reputational capital in reaching the objective
- actively modelling desired inclusive mindsets and behaviours in order to secure the objective
- discussing with the top team and HR leaders the adoption of each of the recommendations in this report and overseeing the implementation of those selected for adoption
- being the chief advocate and storyteller about diversity and inclusion
- leading recognition and acceptance of diversity and inclusion objectives within the organisation and among the board, including in the context of risk mitigation
- building awareness and understanding throughout the organisation of the business case for, and importance of, having gender diversity within an inclusive culture
- understanding, visibly monitoring and continuously challenging the female metrics (and corresponding explanations) throughout the organisation
- mandating clear and specific goals and targets<sup>13</sup> to increase numbers of women throughout the organisation and publicising them internally and externally
- being willing to be held accountable<sup>14</sup> for the achievement of targeted increased numbers of women
- holding others accountable for the achievement of such targets including through calling out and penalising unacceptable mindsets, behaviours and outcomes, and highlighting and rewarding achievements and successes
- recommending to the board the inclusion of specific gender diversity metrics – together with female successor identification, development and retention – in the CEO's and the top team's key performance indicators with a meaningful linkage to short-term incentives and other bonus payments
- recommending to the board that any CEO successor be required to have a demonstrated commitment to diversity and inclusion so that initiatives in this area are sustainable beyond current incumbents
- appointing women in equal numbers to men in the top team (if necessary by increasing, in the short term, the numbers in the top team) and staking their personal reputation on ensuring their success and the success of the required cultural transformation to inclusiveness<sup>15</sup>
- showing commitment to diversity and inclusion in all words and actions (including by bringing de-gendered norms and language to the table, by listening deeply and maintaining awareness of the personal thoughts and feelings that limit leadership effectiveness)
- undertaking and sharing with others the CEO's own results of unconscious bias testing
- tackling any issues of openness, honesty, authenticity and teamwork at the top that may detract from an inclusive culture and from women's ambitions to be part of the top team

- undertaking (and mandating that the leadership team undertake, and also recommend that the board undertake) the training initiatives in Recommendations 12, 43, 67, 71 and 102
- overtly taking an interest in the numbers and identities of women included in talent identification, development and succession processes
- participating in a socialisation program with identified internal talent
- overtly overseeing the sponsorship of talented women into senior roles
- overseeing and challenging decisions that may undermine an inclusive culture and the promotion of gender diversity
- modelling the recommended interview and decision-making behaviours outlined in this report
- modelling various forms of flexible working<sup>16</sup>
- appointing a diversity and inclusion expert within the company to give direct support to the CEO and giving this person ongoing access, authority and respect<sup>17</sup>
- securing a high calibre, strategic-thinking and business-oriented HR head, who is able to support the CEO's culture change initiatives, challenge and garner respect within the top team and collaborate and develop in them behaviours, skills and attributes conducive to creating a high-performing inclusive and diverse environment.

## Risk

In light of the acknowledgement among business leaders of the commercial advantages of gender diversity and the current high 'failure' rate (44 per cent) of new hires,<sup>18</sup> many companies are considering the appointment of talented women in the context of risk mitigation, as well as business improvement strategies.<sup>19</sup> However, this often requires a change in mindset to ensure that sufficient weight is given to the real benefits, as against the perceived risks, of enhanced gender diversity in the context of identifying business risks and resulting mitigating actions.

2. To assist in this process, it is recommended that companies consider reviewing their risk metrics with a view to providing sufficient weight to the commercial advantages of:

- an inclusive culture that embraces gender diversity (and other forms), as well as diversity of career backgrounds, styles, competencies, skills, attributes and experiences at all levels
- gender diversity as a strategic priority throughout the company to produce a full, or at least steady, pipeline of talented women including within the leadership team<sup>20</sup>
- ensuring that an unwavering commitment to the achievement of gender parity is a non-negotiable attribute of any new CEO and senior team appointment so that initiatives under a former leadership are embedded, sustained and built on
- targeted development and sponsorship of identified internal female talent and successors to enable role readiness, increase the numbers and quality of internal female appointments and enhance their retention
- sustained investment in succession planning at least five years out from potential need, and ensuring talented women are identified and developed for each key role. Also ensure there is follow through on their appointment
- high-quality and de-gendered articulation of criteria for role requirements, talent identification, performance assessment, career management and development of required interview skills that will produce more successful employment and business outcomes – and avoid over-reliance on experience in the same, or similar, roles and familiar touchstones as bases for decision-making around filling roles<sup>21</sup>
- ensuring that when women are appointed or promoted into new roles in gendered environments, they are given a clear understanding of what success in the role will look like, supportive mentoring and powerful sponsorship by the CEO or other line business leaders to succeed in their roles.

## Targets, measurements and accountability

McKinsey research has shown that companies with a robust, fact-based understanding of their female metrics are 2.4 times more likely to transform their companies than those less prepared. The research also demonstrated that the most effective measure to enhance gender diversity is for the board and CEO to commit to know and understand such metrics and to set, monitor visibly and reach specific and time-bounded targets (and milestone targets along the way) for women.<sup>22</sup>

3. It is recommended that companies move from 'diversity maths'<sup>23</sup> to consider – as a strategic priority – setting, monitoring and reaching specific time-bound targets (and interim milestones) to reach gender parity through numbers of women:

- appointed and promoted to roles within each business, and function and at each job level from top to bottom and across the company
- included in long lists, short lists and interview lists and the conversion rate from each through recruitment, appointment and promotion
- included in each tranche of 'identified talent' for talent development programs, and in each tranche (based on role levels as well as categories of readiness) of identified successors
- participating in leadership development and other training, and education programs designed to develop the company's leaders and future top leaders
- along the performance review bell curve as compared to men.

4. It is recommended that companies challenge themselves as to why their initial short-term target cannot be 50 per cent women in any of the above categories.

5. It is recommended that companies also set specific and time-bound targets to reduce to zero the number of women with differential remuneration to their male counterparts, and also the difference between the proportion of talented women leaving the organisation versus talented men (regardless of the stated reason).

6. It is recommended that companies integrate such targets – and their reporting, visible monitoring and assessment – into the strategic plan and business appraisal process including through taking measurements at least quarterly, in order to identify potential lead indicators of areas needing particular attention.

7. It is recommended that companies make public their key targets, milestones and outcomes, at least to a level (and format) consistent with various external reporting requirements.<sup>24</sup>

8. It is recommended that the achievement of such targets and milestones form a significant component of the CEO's, each executive's and every leader's (throughout the company) performance scorecard – on a pass or fail basis – with a correspondingly significant proportion of short-term incentive or other monetary award at stake.<sup>25</sup>

9. It is recommended that outcomes be tested through questioning and challenging by the board, CEO and leadership team in order to uncover and remove underlying barriers, contexts and biases. This should happen at an organisational (global) level and on a case-by-case basis so that even where global figures appear satisfactory and there are apparently acceptable explanations for not achieving a target in a particular case, such explanations are challenged and outcomes changed as a result.

10. In support of these actions, it is recommended that each company periodically take a core sampling in various areas of the organisation to dig down and see what is happening on the front line at all levels and report this to the CEO.

## **TALENT, SUCCESSION, CAREERS, PERFORMANCE, DEVELOPMENT, RETENTION AND REMUNERATION**

The processes of recruitment, appointment and promotion will not provide greater numbers of talented women in senior positions, or in the pipeline towards them, if they are done in isolation.

The company's approach to the development of role requirements; the identification, development, remuneration and retention of talent; the management of careers of talented staff; the planning and implementation of succession decisions and the assessment of performance and provision of feedback, along with sustained and high-quality investment in these areas, is vital to women's success in attaining leadership roles.

This report looks at some aspects of human resource management where actions can be taken to enhance the numbers of women appointed and promoted into senior positions. The suggested actions can be adapted to suit all organisations.

11. It is recommended that companies integrate initiatives in these areas within their business planning processes and cycles. This will help broaden thinking from looking at current performance and organisational needs and the direct experience required to fulfil those current needs into the context of future needs and the potential of candidates to fulfil those future needs based on a broader set of attributes and competencies.<sup>26</sup>

12. It is recommended that companies train all employees (from CEO and leadership team through to front-line managers):

- in the value of diversity
- for inclusive leadership
- against unconscious (and conscious) bias<sup>27</sup>
- in awareness of gendered values and behaviours, and of stereotyped<sup>28</sup> and outmoded views
- in understanding their interaction with others, different leadership styles and their value, and leading in different situations and contexts
- in how to think through, discuss and decide about talent, potential, development, performance, career planning, succession and retention
- in interviewing candidates for roles.

### **Talent (capability) identification**

Effective talent identification and development in an inclusive culture, and closely linked with long-term succession planning, is an essential pillar of company performance and competitive advantage.

If talented women are not appropriately identified as being of high potential and developed and earmarked as middle- and senior-role successors, the pipeline to senior roles will, inevitably, be thinner than it should be.

13. In order to avoid relying on personal preferences and existing masculine norms and culture – resulting from years of male-dominated leadership teams, and generic talent identification and development – it is recommended that companies consider implementing a clear talent management philosophy around:

- diversity as an explicit focus<sup>29</sup>
- differentiation of performance and its consequences, behaviours that matter, transparency and accountability<sup>30</sup>
- increasing the value of stereotypically feminine criteria and perspectives (“women take care”), and minimising the overuse of stereotypical masculine criteria (“men take charge”)<sup>31</sup>
- targets to achieve equal representation of women in all talent pools

- broad sharing of detailed data so everybody relevant to talent identification and development has facts, rather than hearsay and assumptions
- decreasing exclusionary informal network practices among executives
- developing inclusive and effective organisational goals and objectives<sup>32</sup>
- specifically linking talent identification and development with succession planning, conducted with a long-term perspective to avoid a replacement approach to succession planning.<sup>33</sup>

14. In the context of strategic people needs, it is recommended that companies seek to identify where talented females sit throughout the organisation. It should identify their strengths and develop these areas across a five-year plan at least, and then augment this – in respect of key roles – with a view of the external market to provide benchmarking or ideas about strategic roles, succession and risk areas.

15. It is recommended that companies include, in their identification targets, the talent pool of women in their alumni networks, on boards and those who have started their own businesses (including those who have made these moves out of frustration about their executive careers) and who would, given the right opportunity, return to such careers.

16. It is recommended that companies be flexible regarding upper- and lower-age criteria for women in identified talent pools, in order to allow for periods of leave that may require a higher upper-age limit, or for lower age limits where women have the early maturity and ambition to progress faster in their careers before possibly taking time out for parenting.<sup>34</sup>

17. It is recommended that each woman internal to the company, identified as being in a key talent pool, be advised of this in order to strengthen her loyalty and enable the company and the woman to accelerate her development and plan her career (in accordance with an individual career development plan) in a more open environment (not as either a prerequisite or guarantee of promotion).

18. It is recommended that companies implement a socialisation program with identified internal and external female talent to build affinity and favourable disposition towards the company – and greater knowledge of them by senior executives, the CEO and, where appropriate, board members.

19. To optimise the success of talent identification and development programs, it is recommended that companies consider:

- improving the abilities of executives at all levels to define and unpick what potential looks like and identify who has it and why
- securing external validation of identified talent
- holding regularly scheduled talent discussions, which are seen to be a high priority activity, with business executives
- ensuring accountability for follow through with planned development of targeted female talent.

20. While many companies have easy access to 50 per cent or more females at graduate, or other early entry points, some struggle to find sufficient female starters. It is recommended that these companies consider – either individually, or with other companies – targeting females in appropriate university or TAFE courses, and at secondary school level, to encourage them to consider careers in areas of need for the company. They should keep in touch with them throughout their tertiary training.

### **Succession planning**

There is evidence to suggest that unless consideration of gender bias is specifically injected into the process, formal succession planning could inadvertently perpetuate traditionally masculine stereotypes of senior leadership characteristics, bias who gets promoted and militate against an inclusive culture.<sup>35</sup> Women are more likely to be nominated as successors when the perceived diversity climate is favourable and when the nominator is higher performing.<sup>36</sup>

Neglect of serious attention to succession planning also results in time-pressured recruitment processes, which may disadvantage the searching out of suitable female candidates and lessen the likelihood of their selection because of decision-making under pressure (which leads to the increased influence of gendered criteria, biases and stereotypes).<sup>37</sup>

21. It is recommended that succession plans are kept 'live', contextualised within strategic planning to fill future capability needs, linked directly with talent identification and development, and integrated with women's career development plans.

22. In support of Recommendations 1–21, it is important that companies consider assessing and rewarding all leaders on their success at selecting the right people for roles and retaining them in the company.

23. It is recommended that companies consider the advantages of filling vacant roles on an interim basis to allow sufficient time to secure a permanent female candidate to meet future strategic, as well as current, operational needs.

24. To optimise succession planning and career management, it is recommended that companies consider developing the capabilities of their executives to think laterally and inclusively about succession, and to enable and support the injection of diverse talent into each team in order to access more talent and improve the quality of decision-making.

25. It is recommended that companies include several women among discussants (with board and management) of succession plans and, specifically, the progress and positioning of women in the company (see Recommendation 61).

26. It is recommended that companies consider having their CEO and leaders in key leadership and feeder roles identify two female successors each. They should identify their development needs and timescale to succeed (capped at five years), and would then be assessed and rewarded on how well they execute their succession plan, how many identified female successors they have actually moved into the planned roles, and the implementation of career development plans within their businesses and across their teams.

27. It is recommended that companies specifically bear in mind and seek to retain, during periods of restructuring and retrenchment, identified female successors (who are often lost to the company during such periods if they are in development roles).

### **Career management**

Research shows that women are equally as ambitious as men,<sup>38</sup> but are less deliberate than men in seeking out opportunities for career progression.<sup>39</sup> The aim of investing time and skills in managing the careers of talented women is to make the most of their talent at every stage of their career. Whether they're working full-or part-time, on leave or newly returned, able to travel more or less,<sup>40</sup> it strengthens the likelihood of them being retained and moving through the pipeline to senior leadership roles.

28. It is recommended that companies implement 'whole of career' planning discussions early in women's careers to ensure the company understands their aspirations and any flexibility needs. It also ensures women's awareness of the specific requirements, pivotal experiences, and skills and attributes favoured in success profiles for key roles for progression to top team/CEO roles.

29. It is recommended that companies consider accelerating women's early development to get them further along their career paths before they might have children, given that the more senior a woman is when she has children, the more likely she will return to work.<sup>41</sup>

30. It is recommended that companies consider appointing women – in equal numbers where feasible – to early career line roles, international opportunities, key project management roles, transformational leadership roles and career enhancing talent development opportunities.<sup>42</sup> Companies should also give them exposure to roles that will develop their strategic thinking, as well as their tactical skills, (which are often a by-product of project management rather than business leadership roles). The corollary of these actions is to avoid early streaming of women into

perceived (often without foundation)<sup>43</sup> stereotypical areas of strength, which may take them out of the running for key feeder roles into senior leadership positions.

31. It is recommended that companies recognise (and seek to redress) the role played in women's decisions not to aspire to the C-suite<sup>44</sup> by issues of openness, honesty, authenticity and teamwork at the top – rather than lack of ability, confidence or ambition.

### **Performance reviews**

Few companies have intentional controls in place that, at the front end, guard against gender bias in performance review forms and evaluations. Most that do are post-hoc analyses.<sup>45</sup> Research has shown that there is a greater perceived lack of fit between stereotypical attributes of women and the requirements of line jobs than of staff jobs. As a result, women in line jobs receive lower performance ratings than women in staff jobs, or men in either line or staff jobs. Promoted women receive higher performance ratings than promoted men, and performance ratings are more strongly related to promotions for women than men, which suggests women are held to stricter standards for promotion.<sup>46</sup>

32. In order to test for and guard against this possibility, it is recommended that companies review and calibrate the outcomes of performance reviews throughout the organisation to identify any disparities along the lines of:

- gender, with a particular focus on ratings in those areas deemed to be critical for future promotions including specific leadership skills<sup>47</sup>
- various work patterns, including part-time and full-time work.

33. It is recommended that companies commit to the same bell curves of ratings as between males and females within defined cohorts, and ensure flexible working and parental leave are not penalised.

34. It is recommended that companies review and amend performance review documentation to remove gendered and stereotyped measures and language.

35. It is recommended that companies track, adjust for, and:

- train against bias, gendered and stereotyped concepts of merit, competencies, preferred leadership styles and language
- train for behavioural, rather than adjectival, assessments among reviewers and an improved understanding of competencies and their assessment.

36. Given the tendency of women to underrate or realistically rate themselves and men to overrate themselves, particularly when criteria are ambiguous,<sup>48</sup> it is recommended that companies avoid the practice of reviewees presenting their self-assessed scores (as against lists of achievements or other qualitative inputs) to reviewers.

37. It is recommended that companies incorporate feedback from talent, succession and promotion discussions, as well as off-line conversations, into performance reviews and assess for 'how', as well as 'what' goals were achieved.

38. It is recommended that companies consider requiring all performance reviews to be the result of a variety of inputs to reduce the likelihood of bias and, in the context of 360-degree assessments, that 50 per cent of assessors are female.

39. Given that women often fare better when assessment is independent, and competency and outcome-based, it is recommended that companies consider the benefits of having executives – when a male and female are under consideration for the same role – undergo external assessments to obtain an objective comparative supplement to internal 360-degree feedback and performance reviews, and to calibrate a consistent approach to assessment throughout the organisation.

## Development

40. To this end, it is recommended that development plans for women are enhanced when they are regularly discussed in a gender-balanced group, and when they are reviewed and modified against specific succession, career management and performance enhancement goals. The most important predictors of advancement for women are having key mission critical 'hot jobs' and powerful sponsors into such roles.<sup>49</sup>

It is recommended that companies consider implementing development programs for women that are:

- targeted at career advancement and succession fulfilment
- linked directly with performance reviews, talent, succession, career and promotion discussions
- split between:
  - training and education (10 per cent)
  - exposure through networking,<sup>50</sup> mentoring,<sup>51</sup> coaching and other influential relationships (20 per cent)
  - on-the-job experience, primarily in key feeder/mission critical roles, highly visible, whole-of-organisation, cross-functional and challenging projects and international assignments (70 per cent).<sup>52</sup>

41. It is recommended that companies focus the training and education component,<sup>53</sup> of women's development on:

- supplementing 'mainstream' development initiatives in order to deliver, for women, what men receive through their established informal mentoring and sponsorship networks
- assisting them to adapt and win in the culture, and overcome barriers and biases during an interim period of transformation towards gender diversity in an inclusive culture.

42. It is recommended that companies select women for mainstream talent development and leadership programs at the rate of 50 per cent of participants.

43. It is recommended that companies consider providing regular training of all employees with staff reporting to them to reduce any (often unacknowledged or unconscious) discomfort with leading, giving feedback, having career and succession discussions and developing women – particularly those women who might be significantly younger or older than their colleagues or boss.

44. It is recommended that companies do not provide education, training and development in ways and at times that prevent access by those working outside normal hours or flexibly.

## Retention

Having an inclusive culture plays a crucial role in retaining women, as well as encouraging them to aspire to top roles.<sup>54</sup> Research shows that any team with less than 25 per cent women may struggle to retain them, and that a better diversity climate and inclusive leadership are related to lower intent to leave.<sup>55</sup> The recommendations made throughout this report will enhance the retention of talented women by making it genuinely attractive for them to stay and difficult for them to leave.

45. It is recommended that companies recognise the role that a genuine commitment to flexible working may play in retaining women at certain stages of their careers.

46. It is recommended that companies enhance the retention of mid- and senior women appointed from outside the organisation by thoroughly on-boarding them during their first 100 days with the organisation. They should pay close attention to integration and fit with the culture by interviewing them at the three- and six-month marks, and by conducting a 360-degree appraisal at six months as an early warning means of identifying areas for attention.

47. It is recommended that companies consider encouraging line managers of women on parental leave to:

- invite them to participate in team activities, training, strategy development and networking
- include them in performance reviews, in development, succession and career discussions, and in consideration for promotion
- ask them if they are interested in opportunities that arise when they are on leave, even if such opportunities appear to clash with the previously sought length of leave
- make it plain to them that they are wanted back as soon as possible and that flexible working, to enable them to return sooner than planned, is available and fully supported.

48. It is recommended that companies treat women who are 'regretted departures' in ways that encourage their return in the future.

49. It is recommended that companies interview all departing women at the time of departure and six months later (by an independent female) to discern trends and act on underlying reasons for their departure.

50. It is recommended that companies establish, within an overall inclusive culture, a strong and vibrant network of women within their organisation, and of alumni of talented women who have left the organisation or are on leave from it, with a view to encouraging them to come back to work.

### **Remuneration**

A 2008 Catalyst survey of graduates of top MBA programs worldwide showed that women are paid US\$4,600 less in their first post-MBA jobs, occupy lower-level management positions and have significantly less career satisfaction than men. This takes into account industry, prior work experience, aspirations and parenting.<sup>56</sup> As women become more senior, the pay gap becomes larger, reaching up to 30 per cent in top managerial positions, including for each of base level pay and bonuses.<sup>57</sup>

51. To ensure such differentials are not perpetuated within their organisations, it is recommended that companies review remuneration throughout their organisations to identify and rectify areas where women have fallen behind, anomalies and systemic differences in fixed and variable remuneration<sup>58</sup> including those that arise from:

- systemic gender differences in performance ratings
- criteria that penalise on the basis of gender (including in relation to attributes as well as means of fulfilling requirements based on length and types of experience)
- a female's apparent lack of direct experience for a new role, despite having won the role over a more experienced male due to her having other more pertinent attributes and competencies for the role
- the undervaluing of some roles, in particular 'feminised' roles (which might be rectified by either re-valuing them in accordance with internal and external benchmarking, or de-feminising them)
- lack of visibility or transparency about what will be rewarded
- differences in the relational access of women to male decision-makers, resulting in higher variable rewards for 'being like me'.

52. It is recommended that companies reward female promotees, or appointees, fairly in comparison to the rates being sought, or offered to males being considered for the same or similar roles.<sup>59</sup>

53. It is recommended that when women are on parental leave, companies continue remuneration reviews and notional increases in base pay, bonuses and superannuation, based on average CPI-related and performance-based increases received across their team/peers.

54. It is recommended companies initiate fair remuneration increases (and titles) for women taking on extra roles and responsibilities (who may have a tendency not to ask for title recognition or remuneration increases in these circumstances).

55. It is recommended that companies ensure their HR directors are paid at market in relation to peers, or this acts as a disincentive for them to advocate for equitable remuneration for female candidates for senior roles.

### **CULTURE, ROLE MODELS, SPONSORSHIP, STRUCTURE AND FLEXIBILITY**

The most important support for the success of women in organisations is an inclusive culture that appreciates and seeks diversity. The type of culture each company seeks to develop needs to be determined by that company to best encapsulate its overall business, societal and employment goals and needs. This report does not attempt to examine all the dimensions of desired cultures and their development. Rather, it proposes some recommendations designed to enhance the acceptance, and reduce the rejection of women within the corporate ecosystem.

The organisation does need to recognise and embrace actively the two fundamental concepts of:

- diversity (the existence of unique individuals in the workplace)
- inclusion (active, intentional, and ongoing engagement with diversity so that – in the context of this report – women feel valued, respected, supported, connected, engaged, treated fairly and productive).

The benefits of diversity are not automatic and do not simply occur from having a diverse workforce. Companies will only become inclusive places by working in intentional ways to increase the benefits of diversity and, in the absence of leadership conviction and visible action, there will be no traction for such a culture.<sup>60</sup>

The other areas identified in this section of the report are recommended tools to support the particular needs of female employees (and, increasingly in the case of structure and flexibility, male employees too). In this regard, role models and sponsorship are particularly important in the lead up to a fully inclusive culture and when a tipping point in numbers of senior women has not yet been reached. Role models and sponsorship generally already exist inherently for men in their organisations.

#### **Culture**

Building a culture that is congruent with inclusiveness and appreciative of diverse approaches, thinking and leadership styles requires sustained CEO commitment and accountability for gender diversity and the achievement of gender parity.<sup>61</sup> Such a culture won't reject women while their numbers are building, but will strongly and directly support and enhance their likelihood of success,<sup>62</sup> including through their first bosses in the company.<sup>63</sup>

56. To this end, it is recommended that companies seek to develop inclusive cultures where:

- diverse ideas and opinions can be heard
- diverse ways of being and behaving can happen
- men and women feel respected, productive, engaged and feel like they are part of the environment
- each employee can bring their whole self to work and be appreciated for it
- the role of unconscious bias (and fundamental attribution errors) is understood and accounted for
- merit is maintained by drawing from top performers in 100 per cent of the pool of men and women, rather than only the 50 per cent of the pool who happen to be men.

57. It is recommended that companies:

- lead and reflect diversity and inclusion at the top, through the CEO and top team, so that different people advocate for difference and inclusion
- establish required behaviours that support such cultures
- illustrate what good and 'not good' looks like in a diverse and inclusive culture

- maintain clear line of sight and accountability between behaviours, in accordance with desired culture and performance reviews and rewards
- guard against a return, during times of pressure or change, to a default culture that is not inclusive and embracing of diversity.

58. It is recommended that companies reflect inclusion and diversity in all areas of the organisation,<sup>64</sup> including its lowest levels, its public faces, employee proposition and advertisements for staff (and review the latter for unconsciously gendered language and branding).

59. It is recommended that companies consider developing, scoring and rewarding against a measure (such as an index) of an individual leader's, team's and organisation's inclusiveness on the basis that this is a leadership asset of long-term benefit to the company's performance.

### **Role models**

While men should be encouraged to be role models of desired leadership styles, and by their commitment to diversity and inclusiveness, studies show that female role models increase women's commitment and career satisfaction and also aid in identity construction (particularly when those female role models reflect a diversity of circumstances such as being parents, having working partners or stay-at-home partners or no partners etc.). In addition, visible role models of women in authority are associated with an increase in women's ambitions because they start to change the old gender schema of status and power.<sup>65</sup>

60. In recognition of the positive impact of having female role models in senior positions<sup>66</sup> and the greater likelihood that these women will develop other women,<sup>67</sup> it is recommended that companies consider, within the context of a target of 50 per cent female members of the top team, adopting an early minimum milestone of 25 per cent (considered as a potential 'tipping point' for more lasting change) women in their top team. If necessary, they should increase the size of the top team.

61. It is recommended that to attract, promote and retain talented women, companies should include their senior executive women, female directors or – in their absence, as an interim measure – consider retaining and including independent senior external women, in:

- key talent identification, development, succession planning, appointment and promotion discussions and processes
- interviews that involve internal and external female candidates for all mid-level and senior roles.

62. It is recommended that companies also encourage women in the mid-tiers of their organisations to consider themselves as role models for more junior women, and to include being a role model within their key performance indicators so there is a reward for being a role model.

### **Sponsorship**

Sponsorship focused on career advancement and predicated on power is a powerful differentiator in preparing women for and helping them to secure key "hot" roles and assignments (namely, those which lead directly to sought after senior appointments). It develops their skills and helps them gain visibility, meet challenges and overcome barriers. It assists them to access roles and opportunities and make strategic contributions.

Without sponsorship, women are not only less likely than men to be appointed to top roles, but may also be more reluctant to go for them.<sup>68</sup> In addition, sponsorship is key to helping women gain access to opportunities until companies can eliminate double-bind judgements<sup>69</sup> against them for either promoting their own interests, and being seen as aggressive and selfish, or not promoting them and being seen as not as ambitious as their male counterparts.<sup>70</sup>

63. In order to gain the benefits from sponsoring women, it is recommended that companies, particularly those without large numbers of women in senior roles, consider providing all high potential women with a very senior sponsor, selected on the basis of:

- position power (including having a seat at the table in talent, succession and promotion decisions)

- experience in areas where the woman may have a developmental need or
- oversight of projects that may provide such development.

64. It is recommended that companies prescribe an identified payoff for being a sponsor.

65. It is recommended that the CEO drive the sponsorship of talented women, including by personally sharing the company strategy and explaining to high potential women the business operations and drivers and ensuring they spend significant time with the top team.<sup>71</sup>

66. It is recommended that the CEO makes it clear that:

- the purpose of sponsorship is to advocate and help women gain visibility in the company and get to the next level and to key positions<sup>72</sup>
- there is an identified payoff for being a sponsor (through inclusion of sponsoring within key performance indicators with a financial reward attached)
- sponsorship needs to be integrated within performance review discussions, talent identification, development and succession planning processes
- sponsorship is not a system of promotion by patronage instead of merit, but is a way of ensuring the performance of talented women is optimised, recognised and rewarded.

67. It is recommended that companies train sponsors in the complexities of gender and leadership styles<sup>73</sup> and hold them accountable (through key performance indicators and rewards) to ensure their sponsees are ready for their next roles and that they succeed in these future roles.

### **Structure and flexibility**

Losing talented women, which is more likely to happen in the middle years of their careers, is a considerable cost to companies. Whereas differences in style are cited most often by more senior women as a barrier to promotion, those in the junior and middle years see lack of flexibility within their companies as impeding their careers. This may lead these women reluctantly to leave the workforce altogether.<sup>74</sup>

Having elderly care responsibilities will increasingly be an issue for middle-aged staff (males and females) as their parents live longer (the proportion of over 85s in the Australian population increased more than fourfold between 1960 and 2010.)<sup>75</sup>

Much has already been achieved in the area of formal structural and operational flexibility policies, and many companies have realised the productivity benefits of flexible working.<sup>76</sup> Others, however, still have a narrow concept of who may need flexible working, the productivity and other benefits of offering it (for the business and at an organisational, team and job level) and the nature of flexible offerings (affecting when, where and how people work<sup>77</sup>). The challenge now is to:

- bring flexibility (in all its guises and for all genders) into the mainstream of companies' thinking, culture and ways of operating
- model flexibility at the CEO and senior levels
- move away from command and control mindsets to understanding and measuring outputs so that flexible working is enabled and leaders' skills to manage flexibility is enhanced
- have transparent conversations about working flexibly and define its parameters carefully in the context of performance expectations
- measure the success of working flexibly in terms of engagement, retention and inclusiveness, as well as productivity.

68. To this end, it is recommended that companies guard against paternalism and assumptions about a woman's need or type of flexibility, her work hours, ability to travel, her ambition or her commitment.<sup>78</sup>

69. It is recommended that companies actively encourage women who have moved into functional roles during child rearing years to move back into line roles as soon as possible.

70. It is recommended that companies encourage and support parents to professionalise (rather than leaving to ad hoc arrangements) their childcare in line or ahead of taking on more senior roles with greater work commitments.

## **THE RECRUITMENT, APPOINTMENT AND PROMOTION PROCESS**

Having built the pathway to the stairs and then the stairs – the recruitment, appointment and promotion process might be viewed as the keys to the door for talented women progressing through companies to senior leadership positions in larger numbers.

Implicit (automatic) attitudes and assumptions and fundamental attribution errors (the making of instant assessments and attributing a person's behaviour to innate characteristics rather than external circumstances<sup>79</sup>) pose fundamental barriers for women during the recruitment, appointment and promotion process. The recommendations in the following sections are designed to build on the previous recommendations and are suggested as means to directly reduce the particular barriers to achieving gender parity during this process.

71. It is recommended that all those involved in the areas addressed in this report, particularly in the recruitment, appointment and promotion processes, undergo regular unconscious bias training, including those at CEO and board levels.

72. It is recommended that sufficient time, resources and undivided attention be allocated to each step of the process to allow for the fact that when people are under heavy cognitive load – such as time pressures, stress or multitasking conditions – even those motivated to avoid them will likely be unable to control the effects on them of automatic biases and stereotypes.<sup>80</sup>

### **Role requirements**

It is important to contextualise requirements in each company's specific culture and future strategic business and people needs, stage of development and team requirements. This will avoid focusing solely on current operating needs, and help avoid inferring transfer of success in traditional feeder roles or in similar sounding roles in other companies. It will also help reduce any mental connection between the role and the attributes of the current or most recent incumbent, which may not be appropriate for the future requirements of the role.

It is important that each company understands what its prevailing leadership style is and the biases such a style may create in drawing up role requirements, and in making decisions about candidates. Selection criteria need to be built in ways that are cognisant of that style and its biases and guide decision-makers away from perpetuating it and towards a diversity of styles.

73. To this end, it is recommended that companies enhance their capability to design jobs and that they develop role requirements with diverse inputs, from a range of perspectives and stakeholders, in a collaborative effort between the line, HR leadership and any external consultant.

74. It is recommended that companies, in the context of role requirements:

- prioritise time-bounded future outcomes desired from the role
- treat generic or company-wide competencies and behaviours as only a starting point
- deconstruct and understand the underlying competencies, skills and attributes (and alternative ways of developing these), and the new criteria that a role might require to meet strategic objectives, including its part in team performance and dynamics
- understand the motivational and cultural matching required for the role and the organisation<sup>81</sup>
- enhance the requirement and capability of leaders to build diversity and inclusion within their teams, and to manage and assess outcomes in a flexible environment.<sup>82</sup>

75. It is recommended that companies determine which criteria will be essential and which will be desirable, prioritise within each set of criteria and also determine, in advance, how assessment will be done. They should remain open to the various pathways that might demonstrate fulfilment of the criteria.

76. It is recommended that companies review all role requirements to eliminate any gender biases inherent in them, and remove gendered language and terminology.<sup>83</sup>

77. It is recommended that companies consider developing an assessment tool for motivational and culture fit for their desired inclusive culture. The assessment tool should also enhance understanding of these requirements within the context of each role, as an aid to later decision-making around candidate fit and to avoid assessing 'comfort' instead of 'fit'.

### **Talent, recruitment and search firms, and internal recruitment functions**

The use of recruitment and search firms for transactional external appointments (as against for role analysis, assessments and talent mapping) will be minimised when companies have:

- talent identification, performance feedback, training and development, succession planning and retention measures that are in-depth, strategic, sustained and high calibre
- leaders who understand the underlying strategic requirements, and drivers of particular roles and how to judge people's ability to perform well in them.

78. It is recommended that companies consider changing transactional relationships with talent, recruitment and search firms into advisory relationships, based on qualitative and quantitative performance metrics. These metrics should be based around a proven commitment to gender diversity, so they invest in understanding the client's ongoing strategic intent and business plans, and they assist in the identification and assessment of talent and the development of role requirements.

79. It is recommended that companies implement fee arrangements that are blind to the source of the successful candidate.

80. It is recommended that companies obtain evidence in writing from recruitment and search firms (and adapt as relevant for talent firms) of:

- their commitment to gender diversity, including
  - the diversity of their own staff
  - a gender diversity policy in respect of their own staff and in relation to their work with clients
  - tracking their gender metrics as a firm and by consultant
  - that their consultants have been trained in eliminating bias
- their willingness to include at least 50 per cent female candidates in their recommended short lists or compile female-only recommended lists if required by the client (allowed under the *Sex Discrimination Act 1984*<sup>84</sup> if it is a 'temporary special measure' to achieve gender parity)
- percentage of women in their long lists and short lists (divided according to type of role) presented to clients over each of the previous three years
- percentage of female appointments by clients (divided according to type of role) from presented lists
- success rate of candidates appointed by clients over each of the previous three years from their recommended short lists (still in or been promoted from the role into which they were appointed 18 months after appointment).

81. It is recommended that companies appraise the performance of talent, recruitment and search firms or internal recruitment functions on:

- their ability to enhance the client's/line manager's –
  - understanding of each role's requirements, and how it interacts with other roles in the team and company
  - capacity to think laterally about criteria, the fulfilment of such and the attributes of the right candidate

- the quality:
  - range and number of potentially viable candidates they bring to the table via long lists and short lists for interview
  - of their analysis (including comparative analysis) of candidates
  - their recommended interview questions
- in respect of senior positions:
  - their willingness to be high touch, including by meeting with their potential team and participating in the client's/line manager's interviews with candidates
  - the value resulting from such participation
  - the follow up with the client/line manager and candidate at three months, six months and 12 months from commencement
- the capacity (in respect of recruitment firms) of their databases to capture motivations, skills and competencies, as well as more traditional data. Also that they are experienced in role profiling for skills, competencies and attributes.

### **Job advertisements and briefing recruitment firms, and internal HR recruitment functions**

Limited gender diversity and inclusiveness within a company and failing to keep alive succession plans, talent mapping and strategic role requirements are significant contributors to the direct and indirect costs and risks of appointing, or promoting, the wrong person into key feeder and senior roles to meet immediate operational needs. It is recommended that companies allow sufficient time for a comprehensive briefing session with a recruitment or search firm or internal recruitment function about a role to be filled, and, before doing so, that they invest adequate time and skill in:

- developing their employment brand proposition in the context of a diverse and inclusive culture
- thinking (collaboratively between lines and HR) about strategic role and gender diversity requirements and company culture
- reviewing succession plans and female talent pools.

82. It is recommended that companies use inclusive language and imagery in any advertising, including employment advertisements, and that they seek out recruitment channels with high female populations, such as [www.womensagenda.com.au](http://www.womensagenda.com.au).

83. Increasing the proportion of females being rated increases ratings of female applicants and employees,<sup>85</sup> so it is recommended that companies consider seeking short lists of 100 per cent women or specifically requiring that at least 50 per cent of the recommended short list of candidates be female. They should also encourage review across the company for other potential internal female candidates who were not initially identified.

84. Given that 'culture' is one of the main reasons cited by women promoters or detractors of their company,<sup>86</sup> it is recommended that external recruitment, talent and search consultants are given a full 'warts and all' briefing on the company's culture and the authority to share this at an appropriate time with those selected for interview.

85. It is recommended that companies lengthen or abandon 'time to fill' requirements of recruitment firms in respect of mid-level appointments. Such a limitation often does not allow sufficient time to secure a sufficient range of female candidates who may be harder to find, or who have a tendency not to respond to approaches from recruiters with the same speed as men. This leads, instead, to an increased likelihood that the successful candidate will be one who is already doing a similar role in a similar company or who is promoted from a traditional feeder role within the company. This increases the likelihood of the selected candidate 'running out of runway' in these roles and decreases the chances of selection of diverse candidates.

## CV assessment and references

Both women and men tend to prejudge other women and men as having stereotypically feminine and masculine traits, respectively. Such biases may disadvantage women when male stereotypes infuse success criteria and are more highly valued, which often happens in male-dominated cultures. When evaluating for recruitment, research has shown that in identical CVs (except for gender) the male is preferred twice as often as the female. When evaluating performance for promotion, standards are likely to be stricter for a woman than for a man, even when both perform at the same level<sup>87</sup> and reservations are expressed four times more often about a woman's CV than a man's.<sup>88</sup> Pre-interview impressions can affect the interviewers' level of attention and what information they recognise about the applicant, even in unconscious ways. They can also influence what information they recall from the interview and how that recalled information is interpreted and causally attributed.<sup>89</sup> So investing the time, skills and self-awareness into meaningful consideration of CVs will help guard against undertaking a process that is merely one of confirmation of implicit assumptions and biases.

86. It is recommended that companies consider either periodic auditing of their assessments of CVs – for appointment or promotion – by de-identifying and then examining them to test outcomes (versus selection for interview or predictions of status within the organisation). Alternatively, they could seek, on an ad hoc or usual basis, de-identified CVs from external firms or in-house recruitment functions to prevent implicit assumptions being made when selecting candidates for interviews.<sup>90</sup>

87. It is recommended that role criteria be applied consistently to each CV, assessment and reference check and that companies consider writing reasons, grounded in the role criteria, for their decisions to interview or not interview short-listed candidates.

88. It is recommended that favoured candidates, or all short-listed candidates in the case of senior roles, undergo objective assessments including their potential to outperform in the role under consideration and for future roles. In considering the results of such testing, it is important to understand where women are generally likely to vary from any norms because the outcomes are biased towards men, given they are still the majority of candidates tested.

89. In light of the research referred to in Recommendation 83, it is recommended that companies consider interviewing all short-listed women. This will improve awareness of female talent and enhance interviewing capabilities and openness to diverse candidates.

90. It is recommended that companies obtain references, where feasible, before (as well as after, where necessary) candidates are interviewed, to enhance the quality of the interview questions.

91. It is recommended that companies adjust for the fact that:

- references for successful male candidates generally are longer and refer more specifically to work achievements and those for successful female candidates generally are shorter, refer more often to personal life and contain more 'doubt raisers' (such as hedges, faint praise and irrelevancies)
- people generally place more weight on the reference of someone known to them than the combined weight of various independent referees with close knowledge of the candidate.<sup>91</sup>

92. It is recommended that all candidates for mid- and senior-level roles be assessed for their capability and track record in having built diverse and inclusive teams.

## Interviewing internal and external candidates

While structured interviews are not necessarily immune from interviewer biases, a strong body of research has shown that adding structure to the interview process can enhance reliability and validity of interviewer evaluations. It can also help guard against implicit or automatic attitudes and biases that impact interviewer behaviour, interviewer information processing and interviewee performance.<sup>92</sup>

93. In order to enhance the quality of all candidate interviews and the fair comparison of candidates, it is recommended that companies shape a core set of interview questions against the role's criteria for success and ask these of all candidates (including asking women the same commercial questions around their experience and plans for the role as asked of men). Compromising such standardisation opens the way for biases to enter.<sup>93</sup>

94. It is recommended that companies exclude invasive and irrelevant questions; gendered language, terminology or expectations; over-engagement with female candidates on a personal level rather than on content; and that they avoid making judgements of competence derived from candidates' use or non-use of particular styles of speech and presentation.

95. It is recommended that companies train all interviewers, including senior leaders and directors, in behaviour-based interviewing in order to explore beneath a CV and lessen reliance on years of experience in a similar role, familiar touchstones and demographics, biases, stereotypes and assumptions – which may impact both interactions during an interview (resulting from influenced expectations)<sup>94</sup> and the decision-making process thereafter.<sup>95</sup>

96. It is recommended that, during the comparative phase of interviews, companies ensure each interview takes place with at least two interviewers together who are diverse<sup>96</sup> in gender, style and role type so that:

- candidates see the extent of diversity and role models within the company, including through the different styles and perspectives of interviewers
- interviewers, as a group, can guard against the automatic tendency to adopt approach behaviours more quickly with people who are similar to themselves, and to adopt avoidance or distancing behaviours (including terminating an interview) more quickly with people who are different from themselves<sup>97</sup>
- interviewers can synthesise and test their impressions, data and analysis based on the same data points but through diverse lenses of perception.

Having at least two interviewers together is particularly important when a candidate's experience is not an identical match to the brief, so there is a stronger need to uncover fully – through a range of lenses – the skills, attributes, competencies and behaviours and other relevant experiences that a potentially lateral appointment may bring.

97. It is recommended that one-on-one 'chemistry' meetings do not take place until the final stage of the process following the identification of a favoured candidate by the group of interviewers.

98. It is recommended if there are no or insufficient senior line female role models within the executive team, or on the board, that companies consider retaining independent experienced senior women through the recruitment, appointment or promotion process, who can bring an enhanced awareness of gender diversity issues into the room. Companies may also find such women valuable for inclusion in talent and succession discussions.<sup>98</sup>

99. It is recommended for senior roles that companies include the search consultant in interviews as a means of helping coach the client around interviewing skills, enriching the consultant's understanding of the client, and of improving the quality of feedback to the candidates.

100. It is recommended that companies allocate sufficient time to the preparation and conduct of each interview. Interviewers should engage with female candidates sufficiently on content rather than a personal level, and allow candidates to talk more than they do before inviting their

questions. They should also resist ‘selling’ the role to favoured candidates and not cut short an interview based on initial impressions.

101. It is recommended that interviewers recognise and adjust for any of the potential differences in interview behaviours between men and women (see Appendix 1). In particular, it is recommended that companies specifically advise female candidates ahead of time that the interview will focus on concrete examples of their achievements – of how they personally secured outcomes, of their strategic thinking and of how their claimed strengths are reflected in such outcomes. If this is not done, it is recommended that companies specifically invite women to revert after the interview with examples.

### **Decision-making**

Unconscious, implicit or automatic attitudes, perceptions and biases operate via associative processes, which are independent of an individual’s values or perceived truth. As a result, they affect an individual’s actions, behaviours and decisions regardless of whether the individual believes the attitude, perception or bias to be true or correct.<sup>99</sup> Such implicit beliefs about how women and men ought to behave can limit a person’s ability to evaluate others without bias and are so deeply rooted in our decision-making that very often not even highly trained people-evaluators can defeat its effects.<sup>100</sup>

We unintentionally respond to people in ways that elicit the information that confirms our biases and dismisses contradictory information. Interestingly, those with higher self-perceived objectivity have been found to be particularly likely to act on their stereotypical beliefs in a hiring context.<sup>101</sup> For example, across an entire series of studies, experts take high performance as evidence of high ability and don’t sufficiently discount it by the ease with which that performance was achieved. So when candidates are appointed or promoted based primarily on their performance in a specific environment, a drop in their success can be expected once they work under different conditions.<sup>102</sup>

As a result, perceptions of where women excel, or don’t continue to match gender stereotypes, despite over 40 studies of leadership, spanning more than 15 years, failing to support these perceptions – and both women and men hold characteristics stereotypically ascribed as feminine or masculine.<sup>103</sup> Partly due to this and also the existing perceived incongruity of women in leadership (‘think leader, think male’), gender stereotypes create different standards by which women are evaluated compared to men in similar positions. Men also tend to evaluate women leaders more harshly than women.<sup>104</sup>

Women are more likely than men to suffer from the ‘promotion myopia’ of a CEO or board when they assess them for roles in the CEO’s team because they wouldn’t (rather than couldn’t) envisage considering them as CEO successors. It is natural for people to prefer to make decisions that feel right in the gut, which, in an environment where women are a minority and men may feel a level of discomfort with females in leadership roles, can also lead to decisions against female candidates.

102. Therefore, it is recommended that companies identify, bring into the open and discuss among interviewers – and with the talent, recruitment (in-house or external) or search consultant – and provide training in identifying and guarding against likely inherent biases in judging women, particularly of double-bind judgements for displaying stereotypic female or male traits.

103. It is recommended that all interviewers for each role agree and use the same robust scoring methodology, which is matched to role criteria. They should adjust this for potential inherent biases in their decision-making (see Appendix 2), guard against being overly influenced by peripherals and acknowledge that skills, competencies, attributes, behaviours and potential cannot be imputed sufficiently from experience alone.<sup>105</sup>

104. It is recommended that the CEO motivate all interviewers to embrace diversity and inclusion and, implicitly and explicitly, to form accurate impressions<sup>106</sup> and that they clarify among themselves what is not to be considered.

105. Given that group decision-making encourages greater accountability,<sup>107</sup> it is recommended that interviewers discuss candidates, make comparative analyses and rank order them – and make decisions about them as a group of interviewers. However, making decisions as a group should not lead to ‘group think’ or a ‘halo effect’ (of appointing candidates with the same characteristics as the interviewers, in a reflection of similarity attraction/selection bias), if the group is sufficiently diverse across a range of dimensions.

106. It is recommended that decision-makers eschew judgements about:

- competence-based on narrow accepted pathways or sources of candidates’ skills, attributes, competencies or experience
- style, fit or chemistry based on a halo effect or on comfort
- particular responses and behaviours of women, without examining their contexts and testing whether such responses or behaviours are actually rational and smart reactions to such contexts.

107. It is recommended that decision-makers:

- apply a de-gendered concept of merit
- apply conscious regard to diversity targets and the benefits of an inclusive culture
- apply the previously agreed strategic role requirements and criteria arising from the strategic plan and capability needs
- assess each candidate’s potential for success in the role and beyond it<sup>108</sup>
- do not base their judgements on assumptions (see Appendix 2)
- avoid holding women to higher standards of behaviour than men<sup>109</sup>
- avoid lowering the bar for candidates put forward by them
- avoid using adjectival labels instead of behavioural descriptions, but instead embed style, fit and chemistry comparisons in descriptions of desired behaviours
- avoid the natural tendency to interpret ambiguous information in ways that reinforce stereotypes and to require fewer pieces of information to make stereotype-consistent inferences. Also to require larger numbers of counter-stereotypic pieces of information to make counter-stereotypic inferences.<sup>110</sup>

108. It is recommended that companies consider asking one of the interviewers to specifically advocate for the female candidates throughout the process.

109. It is recommended that decision-makers write down their reasons (grounded in role requirements) for selections at each stage of the process using behaviourally anchored rating scales. In particular, they should guard against the tendency to recall attributes that exaggerate differences and to recall stereotypic-consistent information better than stereotypic-inconsistent information.<sup>111</sup> For internal candidates, it is recommended that reasons be accompanied by the development needed for selection or success in or beyond the particular role.

110. It is recommended that when feedback is provided to unsuccessful internal candidates, it be accompanied by advice regarding the specific development needed for appointment to the role, and actions being taken by the company to provide opportunities for such development.

111. It is recommended that companies compare (for consistency) the feedback given to unsuccessful internal female candidates with their most recent performance reviews, and that they re-examine and adjust the development plans of these women to enhance their likelihood of promotion.

### **Appointment, integration and support**

The likelihood of success of appointed and promoted women in their new roles is enhanced when cultures are inclusive and actively embracing of diversity and consistently led from the top.

112. It is recommended that companies develop:

- a holistic and realistic view of female candidates during the assessment (including assessment of potential for future roles) and interview process
- clarity around why they have been selected and what development areas they have for the current and future roles
- a plan for 'selling' them to their peers and the broader company
- an active and ongoing program to integrate them into the whole ecosystem of the company.

113. It is recommended that successful female candidates are advised of:

- the specific, time-bounded criteria for their success in the role (in particular through their first 100 days)
- their development needs
- what arrangements have been made for addressing these from day one.

114. It is recommended that female appointments be 'sold' appropriately inside the company.

115. It is recommended that companies invest time and resources in supporting successful female candidates to integrate and succeed, and in shaping the company's culture to avoid gender-based rejection. This includes supportive internal and external mentoring/coaching for at least their first six months in the role, and through powerful internal sponsorship.

116. It is recommended that companies monitor the organisation's ecosystem and propensity to reject women and take early intervention to prevent this.

117. It is recommended that companies take the steps previously recommended in this report on Culture, Role Models, Sponsorship, Structure and Flexibility so that the organisation's ecosystem does not reject its women.

## Appendix 1

### **Some noted approaches to careers, CVs, interviews and remuneration by women that can lead to poor appointment, promotion and remuneration decisions if taken at face value.**

The following commentary is derived from consistent feedback from search and recruitment firms. While neither all women nor all men reflect these behaviours, they appear sufficiently often for those interviewed to raise them as meaningful generalisations, or even stereotypes, that interviewers and decision-makers might watch out and adjust for throughout the process of recruitment, appointment and promotion. In addition, when differences are acknowledged and adjusted for, women will more likely perceive the hiring and promotion processes as fair.

1. Women may be less proactive and more conservative than men in their career management (often labelling it as politics) and more reluctant than men to ask for a role (even when they are equally or more capable of doing it, and equally or more ambitious). This could be due to women receiving a less positive response than men when they adopt the same career advancement strategies as men.<sup>112</sup>
2. Women may gravitate early in their careers to brain-challenging roles rather than revenue-generating roles in the mistaken belief, left over from school and university, that proving themselves intellectually will win promotions.
3. Women may be less likely to ask for added remuneration for added responsibilities than men, nor threaten to leave an organisation unless they receive more remuneration, nor ask for as much as men when discussing remuneration during appointment or promotion discussions. This leaves them less satisfied about their remuneration than men and may undermine retention of women.<sup>113</sup>
4. Men's CVs and job interview responses may be more likely than women's to focus on the positive, identify concrete successes, appear more analytical and objective (due to language and style) about successes and claim ownership of them.
5. Women's CVs and interview responses may be more likely than men's to be realistic about or even highlight flaws in themselves, underplay their successes, appear more subjective (due to language and style) and to ascribe success to their team or to luck.
6. Men may be more likely to claim to meet all role requirements, whereas women may be more likely to say they may not have all the requisites for a role. They may do this even when they actually have equal or more role requirements than male candidates, which can inadvertently create doubts in the minds of interviewers about whether they are as capable or confident as men.
7. Women may be more likely to prepare better for interviews and bring notes and presentations in an effort to cover all the bases. They may also ask more questions than men in an effort to prove their preparation for the interview. This may not necessarily reflect their need to know the answers, be insecure or unsure about the role or be micro-managers – just as men asking fewer questions should not lead to an assumption that they know more than female candidates.<sup>114</sup>
8. Women may be more likely than men to have thought about their leadership style because it is often under so much scrutiny and more likely to have been criticised earlier in their careers. However, they are less likely than men to have ready lists of their individual achievements.
9. Women may try to address all interviewers in the room, whereas men may tend to favour the alpha male among the interviewers.
10. Women may be more inclined to think out loud or tell a story with outcomes at the end of the story, whereas men may be more inclined to think through an answer first and articulate outcomes up front. This may lead interviewers to evaluate women during their thinking aloud process, rather than on their conclusions and to regard men as being more insightful or decisive because their thinking process is hidden from them.

11. Women, particularly when they are internal candidates, may have thought more about, but be culturally less inclined than men to raise concerns directly with interviewers about the role and any imperfections in its design or relationship with other roles.
12. Based on their experience of being rejected for roles, women may be more likely to participate in an interview on the assumption they won't win the role, whereas men may more often assume they will.

## Appendix 2

### Some frequently cited factors, which may bias judgements about female candidates and lead to poor appointment, promotion and remuneration decisions.

#### Style,<sup>115</sup> fit<sup>116</sup> and chemistry – common reasons for decisions against female candidates at senior levels

1. The more senior the position, the more prominent are these given as reasons for decisions made against female candidates and the more conservative are the decisions made around them.
2. These can become code for a range of biases against women. Leaders (in particular, older leaders) need to be helped to understand and encouraged to challenge what might have previously been 'received wisdom'. They also need help to understand and be supported in the experience of discomfort with unfamiliar styles, being seen with women, networking and interacting with them and leading and managing them. All are part of the very nature of diverse teams, with different styles at work, and
3. Given the strength of the 'think-leader-think-male' mindset, women – as atypical leaders – are often perceived as going against the norms of leadership or femininity. They run the risk of not having a clear identity in the eyes of others, with their behaviour often being viewed as more like men's by other women, and at the same time either condemned by men for being too stereotypically female, or for behaving in a masculine way (when they exhibit leadership traits prescribed as male).<sup>117</sup> It is important to be aware of the potential for double-bind evaluations,<sup>118</sup> which penalise women both for stereotypical female and male styles. As such, they have a narrower range of behaviours available to them and greater expectations placed on them by interviewers and decision-makers.
4. While assessing for cultural fit makes excellent sense if it reflects sound objective judgement and lessens the organisation's tendency to reject difference automatically, such assessment very often has a strong subjective dimension, which can lead to homogeneity and exclusion.<sup>119</sup> In assessing female candidates, in particular, a lack of comfort with difference may sometimes lead to erroneous conclusions about lack of fit.
5. Good chemistry should not equate to sameness or the halo effect of recruiting 'people like me'.

#### Experience – the next most cited reason for decisions against female candidates at senior levels

6. The less thought given to role requirements; the less understanding of the company and role-specific model of potential and motivation; the less preparation given for interviews and the shorter the time frame allowed for filling the role – the more emphasis is given to direct experience at the expense of potential and motivation (and judging women on the basis of their experience and men on the basis of their potential), of other key role requirements as well as thinking laterally about candidates.
7. The majority of interviewers for middle-and senior-level roles are males and adapted females (women who have had to adapt to the prevailing culture in order to succeed), who find it easier to identify with the style, fit and chemistry of men. These interviewers are also more likely to see the possibilities for male candidates and to feel emotionally comfortable about stretching them. As a result, they want female candidates to be more experienced than males to compensate for that lack of comfort.
8. In order to achieve diversity of thought and approach, as well as gender, it is important to conceptualise different pathways to gaining experience and advantages for the business from various team members or CEO-succession candidates who have experienced several pathways to their roles.

9. There is a real business risk in undervaluing potential, motivation and benefits of transferable capabilities and attributes, and overvaluing (length of) experience within the same or similar role, organisation, sector or geography.

### **Competencies**

10. Competencies<sup>120</sup> (with the exception of strategic or visionary thinking and agility) are often given less weight in decision-making for senior level roles, which may disadvantage women who have gained required competencies for a role through different experience pathways. It is therefore important for decision-makers to differentiate between wanting candidates to have certain competencies and the varied ways these competencies might be gained.
11. Women often lack the presumption of competence accorded to their male peers. This is compounded by gender stereotypes, which result in women being judged more critically for displaying stereotypical female and male behaviours – whereas males who display stereotypical female behaviours are praised for their range of style.

### **Leadership**

12. While interviewers want to be comfortable, the successful candidate can take their team or business on a journey, and the way this is done by a female candidate may be completely different, but equally or more successful, than how they themselves would do it.
13. Women's leadership style may involve more consultation, which does not equate to being less decisive or lacking leadership skills.

### **Safe pair of hands**

14. While most businesses today need more than a safe pair of hands to fulfil their longer-term strategies, even if that is what is required, it doesn't equate to 'a familiar pair of hands' but to a pair of hands that can get the job done, even if it is in a different way.

### **'Male' traits**

15. Research shows that women are judged to be less likeable and less agentic than male peers who display the same behaviour. They are seen as less competent for work than their male peers who perform at the same level, less desirable as leaders (e.g. women who are actually equally as aggressive as men are often judged to be more aggressive), less hireable and having less potential to succeed in their careers than men. This is regardless of being judged equally competent as men – when both men and women behave in a stereotypically masculine way. These negative evaluations of women relative to men are more pronounced in male dominated occupations.<sup>121</sup>
16. It is therefore important to understand the tendency by men and women to judge women negatively and men positively for:
  - displaying 'male' traits or styles of behaviour for which men are judged positively (e.g. women being considered 'aggressive' rather than 'tough', 'argumentative' rather than 'strong', or 'a bitch' rather than 'forceful')
  - asking for what they want
  - being ambitious
  - challenging the status quo, which leads to concerns about whether women might be difficult to manage ('high maintenance') or disruptive ('bolshie') to the team.
17. Men who threaten to leave a company unless they receive a promotion or remuneration increase are generally treated more favourably than women. Females are generally less likely to make such threats in the first place and be condemned if they do.

### Touchstones

18. Male interviewers and referees, through business and sporting networks and other reference points and – as a result of similar demographics or the halo effect – tend to impute a range of attributes to male candidates while female candidates often remain a mystery.

### Appearance

19. Given women have more scope than men to take risks with the way they look, it is more likely their looks will be commented on than men's. However, appearance should not become a basis of decision-making. Decision-makers should guard against the tendency for good-looking candidates to be generally commented on more favourably regarding content areas than less good-looking candidates.

### Age

20. Women may be judged less competent, based on them being younger than male counterparts when both are under 30 years, due to their greater maturity, and on being older than male counterparts when over 40 years because they've had time out of their careers. Therefore, it is important not to make direct age comparisons between male and female candidates.

### Assumptions

21. There is a range of assumptions mistakenly made about female candidates, which result in poor decision-making around their candidacy or their not being judged as individuals but as representative of their gender. Therefore, assumptions should not be made about:
- a woman's interest in, views about or willingness to undertake specific roles including international assignments (women are no more likely than men to turn down an opportunity for an international assignment)<sup>122</sup> when they arise, despite what may have been said in general development or career planning discussions including about parenting or carer plans and responsibilities
  - the level of a woman's ambition compared to a man's<sup>123</sup>
  - a woman's need for flexibility or the type of flexibility required
  - the relevance or ability of a woman to achieve work–life balance
  - the reasons why women leave companies versus men (like their male counterparts, most female MBA graduates leave one job for another, for faster career advancement and, like men, the next most cited reason for leaving is for more money or better benefits or a career change,)<sup>124</sup> or
  - career commitment or choice if a woman moves from a line to functional role for short periods while having children.

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## Notes and references

### Notes

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  64. McKinsey research shows that a company's perceived commitment to gender parity tends to dwindle further down the organisation; the closer to the front line, the less support there appears to be for gender diverse initiatives due, at least in part, to men lower in the organisation being less persuaded of the need for gender diversity initiatives and less aligned with their objectives: 65% of men felt their company's evaluation processes treated men and women equally, whereas only 30% of women felt the same: *Women Matter 2012: Making the Breakthrough*; similar disparities between the sexes were found by Bain & Chief Executive Women, 2011, *What stops women from reaching the top? Confronting the tough issues.*
  65. Sealy, R.H.V. & Singh, V., 2010, The Importance of Role Models and Demographic Context for Senior Women's Work Identity Development, *International Journal of Management Reviews*. Bain & Chief Executive Women, 2013, *Creating a Positive Cycle: Critical Steps to Achieving Gender Parity in Australia.*
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  67. A large body of research has debunked the so-called Queen Bee syndrome and demonstrated that women are more likely to develop others than men (65% versus 56%), particularly those who have been developed themselves and those in senior roles, and they are more likely to be developing other women. Failure by some men to develop others is not attributed to their gender group as a whole and so is not used to negatively characterise all men's behaviour, whereas such failure in a women is used to negatively characterise women's behaviour as a group: Dinolfo, S., Silva, C. & Carter, N.M., 2012, High Potentials in the Pipeline: Leaders pay it forward, Catalyst; Rindfleisch, J., 2000, Senior Management Women in Australia: Diverse Perspectives, *Women in Management Review*, 15(4); Ragins, B.R. & Scandura, T.A., 1994, Gender Differences in Expected Outcomes of Mentoring Relationships, *Academy of Management Journal*, 37(4); Mavin, S., 2008, Queen Bees, Wannabees, and Afraid to Bees: No More 'Best Enemies' for Women in Management, *British Journal of Management*, 19.
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  71. Barsh, J. & Yee, L., 2012, *Unlocking the full potential of women at work*, McKinsey.
  72. Ibarra, H., Carter, N.M., Silva, C., 2010, *Why Men Still Get More Promotions Than Women*, HBR.
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- extremes: Eagly, A.H., & Carli, L.L., *Through the Labyrinth*, HBR Press, 2007; *Catalyst*, 2007, *The Double-Bind Dilemma for Women in Leadership: Damned if You Do, Doomed if You Don't*.
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  76. McKinsey, 2008, *Women Matter 2: Female leadership, a competitive edge for the future*. See also Deloitte, 2011, *Only skin deep? Re-examining the business case for diversity, for benefits to business of flexibility for all employees*. See the report issued by the Diversity Council of Australia, 2012, with the support of Westpac, Stockland, Origin Energy and Allens, *Get Flexible: Mainstreaming flexible work in Australian business*.
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124. McKinsey research among MBA graduates shows that, like men, most women (38%) who leave a job, move to another, for faster career advancement, rather than exit the workforce; like men, the next most cited reasons were more money/better benefits (26%) or a career change (27%). However, more women

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(25%) than men (16%) leave companies because of a difficult manager. Only 3% of women (2% of men) left for child rearing reasons: Barsh, J & Yee, L., 2011, Changing Companies' Minds about women, The McKinsey Quarterly, September; Carter, N.M. & Silva, C., 2010, Pipeline's Broken Promise, Catalyst.

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