

THE ONE HUNDRED
PERCENT PROJECT

Leadership Styles and Gender Imbalance

Research: June 2019

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About The 100% Project

The 100% Project is a not for profit organisation whose purpose is to promote equality of choice and opportunity for women and men.

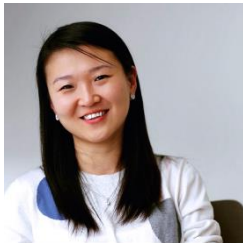
Our vision is to see 100 percent of Australia's leadership potential, female and male, equally contributing to our social and economic future. We exist because women are currently not given the opportunity to contribute equally. Women are under-represented on most Boards and in the senior management teams of most Australian organisations. We believe the reasons for this can be found in the day-to-day practices and mindsets that shape how most organisations are run.

The 100% Project's mission is to challenge leaders in Australian businesses and organisations to identify those reasons and take action to change them. The 100% Project has been at the forefront of gender equality research and an active initiator of productive debate on the issue of gender leadership imbalance and related topics for over 10 years.

Despite the apparent slow progress in the Australian workplace, we have made a significant contribution to our understanding of the issue through academic research findings, and regular and diverse conversations with thought leaders and the public. We recognise we have to engage men if we are to achieve meaningful change – because men run most of the businesses and organisations where change is required and organisational culture is generally defined in male terms.

About the authors

Caroline Rosenberg



Caroline is a psychologist with a background in organisational psychology and project management. She is a graduate of the Deakin Master of Psychology (Organisational) and Melbourne Bachelor of Commerce (Management) programs. She has worked in the telecommunication industry for 13 years, mostly in infrastructure network projects, and she has also led employee engagement and capability development initiatives for nbn co. As part of her Organisational Psychology degree Caroline took part in professional placement opportunities and worked on research projects for People Measures, Deloitte, and the Wakefield Regional Council. She is passionate about leadership, currently conducting research on the topic as a PhD candidate at Deakin University. She is also passionate about the advancement of women in Australia and has been a member of The 100% Project's Research Committee since 2017.

Frances Feenstra



Frances is an organisational psychologist with more than 20 years' experience and a Director of People Measures, a firm of organisational psychologists and development experts who provide advice and solutions based on the best available evidence and up to date research in the areas of assessment, talent management and leadership development. She has held university appointments as well as senior positions with Right Management and PricewaterhouseCoopers. At PwC, she was the main driver behind the establishment of Symmetry, an initiative to connect, inspire and empower the firm's female leaders. Frances was a founder and the inaugural Chair of The 100% Project until 2014. She also chaired the Advisory Board for the Australian Centre for Research into Employment and Work (ACREW) at Monash University, and is a supervisor and examiner for postgraduate research students at Deakin University (Victoria). She continues to work as a member of The 100% Project's Research Committee.

The 100% Project would like to recognise the significant contribution of Ruth Wilden to this research study.

Foreword



Maxime Fern M.Ed



Michael Johnstone Phd

This latest work from The 100% Project brings good news for those who are working hard to create fair, equal and vibrantly successful organisations in Australia. This research has taken a next, sturdy and exciting step towards identifying the conditions already in place in some Australian organisations that not only readily draw on women's talents as well as men's but have achieved this through a culture that rewards adaptive learning.

As a woman and man in a working (and living) partnership for almost 40 years, we have been fortunate to have a buffer to the casual and systemic impediments placed in many women's paths in the workplace. We recognised the signs together, learned the moves, set our boundaries and developed strategies to push back and expand so that both of us could contribute and benefit. To a large extent we have been able to bypass the conscious and unconscious discrimination and bias displayed in expected and unexpected places. But many women still do not have that luxury. In this new research we see described much of what we were able to insist on – organisations with cultures that reward leadership from all levels and from all people and where women are included.

Here we feel the steady, inexorable progress from the 100% Project's continued investigation and discovery. Exploring for news of positive difference in the longstanding problem of gender inequality, particularly in leadership in Australian organisations, the authors have shown a strong association between an adaptive leadership culture that deliberately learns its way through its challenges and organisations that support and draw on women's and men's talent equally.

Their research demonstrates that drawing on adaptive leadership behaviours is critical for creating an environment in which gender equality flourishes. Not only does the paper show that adaptive capacity contributes significantly to gender equality but that exercising adaptive leadership, as distinct from other styles of leadership, is a critical factor: the difference that makes the difference. In this way the authors strengthen the business case for activity that increases opportunity for women. The case has been carefully built with irrefutable simplicity. And they've drawn this from Australian organisations, showing us it's already happening! Small, but we hear the heartbeat. There is very little other work that provides such a clear indication of the means to promote a culture conducive to gender equality.

We shouldn't overlook the fact that this paper is an adaptive intervention in its own right: The authors draw attention to ways forward, supported carefully by the evidence, causing us in the act of reading the work, to see ourselves as a society dealing with 'the problem with women' differently. Better. Although the 100% Project arises from a problem space, here they carefully elucidate exceptions to the common, energy sapping assumptions about Australian women's working experience. This is not the whole picture but does give us access to hope in this long-term adaptive challenge.

In this way, the research arm of the 100% project is changing the narrative of the role and opportunities for women in leadership. While the percentage of women in leadership is no cause for rejoicing, this latest work lays out options for those willing to make productive change more surely.

And so the implications of this wonderful work are quite clear. If we want to create conditions conducive to gender equality then we must draw on adaptive approaches to leadership and change because adaptive leadership has been now been shown to be closely associated with gender equality. The challenge is daunting but achievable; we need to be realistic and optimistic and above all else adaptable. The 100% Project has taken another step to build velocity in the adaptive change Australia needs to make.

Maxime Fern & Michael Johnstone

June 2019

Lead Faculty, The Australian Adaptive Leadership Institute

Background to this research

In 2015 The 100% Project launched a research paper entitled 'Adaptive Leadership. An answer to gender imbalance in the workplace?'. This study found a significant link between an organisation's adaptive capacity and its record on gender equality in senior leadership. In the current research, The 100% Project delves further into the findings by examining how adaptive leadership compares with other leadership styles. We want to know if the link between adaptive leadership and gender equality found in the previous research can be generalised to other forms of leadership or whether adaptive leadership offers a unique opportunity for creating an organisational culture that is supportive of women in senior leadership.

Transactional and transformational leadership styles are well researched, and we know these styles can represent a spectrum of leadership behaviours. While transformational leadership has been argued to be more effective in bringing change to organisational culture, it is also generally understood that both are required to provide effective leadership to organisations. This study compares transactional, transformational and adaptive leadership, and found adaptive leadership is more effective in creating an organisational culture that encourages women into leadership positions in Australian workplaces.

Key findings

- Used independently, adaptive leadership, transformational leadership and transactional leadership are all able to cultivate an organisational culture that is supportive of promoting women to senior leadership positions; however, adaptive leadership was shown to be the most effective, followed by transformational leadership, and subsequently transactional leadership.
- When the characteristics of the three leadership types co-exist, adaptive leadership is the only leadership type that remains effective, offering a unique opportunity over transformational and transactional leadership for cultivating an organisational culture that is supportive of promoting women to senior leadership positions.

Introduction

In the past decade there have been some positive developments made in relation to gender equality in Australian workplaces, most significantly when considering the Boards of ASX200 companies. According to Board Diversity Statistics released by the Australian Institute of Company Directors, the percentage of women on the Boards of ASX200 companies grew significantly from 8.3% in 2009 to the most recent 29.7% reported in February 2019ⁱ. Women also comprised 45.4% of new appointments to ASX Boards in 2018ⁱⁱ. However, it is still a long way to achieving real parity, as there are still Boards without any female representation, and in 2017 Australia was ranked 35th on a global index measuring gender equality, slipping from a high point of 15th in 2006ⁱⁱⁱ.

The business case for gender equality has been well referenced and communicated including in The 100% Project's previous publications^{iv}. The focus has now transitioned from creating awareness of the issue to formulating constructive solutions to address the causes. Gender inequality is an important symptom of a complex and systemic social norm that is maladaptive to the post-modern society. The solution to such a challenge in turn will need to involve attitude and behaviour change that is adaptive to the new social norms.

Business Case:

- *Better financial outcomes*
 - *Access to an optimal talent pool*
 - *Increased innovation and creativity*
 - *Build reputation*
 - *Flexibility and responsiveness*
 - *Improved customer understanding*
-

The influence of organisational culture and leadership

In any organisation social norms are reflected through organisational culture. Organisational culture is defined as a "set of shared, taken for granted implicit assumptions that members of an organisation hold that determines what they perceive, think about and react to in their various environments" ^v. In other words, culture is the shared values and beliefs that guide employees to make decisions about acceptable and appropriate behaviours when approaching work or interacting with each other. When the organisational culture is clearly communicated and understood by employees, it influences and aligns behaviours.

As illustrated by the McKinsey 7S Model of organisational effectiveness (see Figure 1), key organisational elements are interrelated^{vi}. Change in one element will have subsequent effect on all other elements. Therefore, an organisational culture (shared values) that promotes gender equality in senior leadership will align other key elements of the organisation in support. Together, they ultimately lead to behavioural changes. Research has shown that

organisational culture is a key indicator for acceptance of diversity in the workplace and by extension, which naturally leads to gender equality within an organisation^{vii, viii}. However, making any change to organisational culture poses significant challenges and leadership has been found to be critical in making this change successful and sustainable^{ix}.

Transactional Leadership views leadership in terms of an exchange between leader and follower. The leader recognises what the follower wants to get from their work, sets up rewards and exchanges rewards for the follower's work.

Transformational Leadership views leadership as a relationship of mutual stimulation and elevation that converts followers into leaders. It deals with high order changes in attitudes, beliefs, values and needs.

What type of leadership is most effective to create a culture that supports gender equality? The most recognised and researched current leadership styles are transactional and transformational leadership (see definitions below). Research about these leadership styles in relation to organisational diversity practices has found that transformational leadership is most strongly associated with effective diversity practices. While transactional leadership is also associated with successful implementation of diversity practice, this link tends to be moderated by other attributes, such as a value system that supports an appreciation for diversity^x.

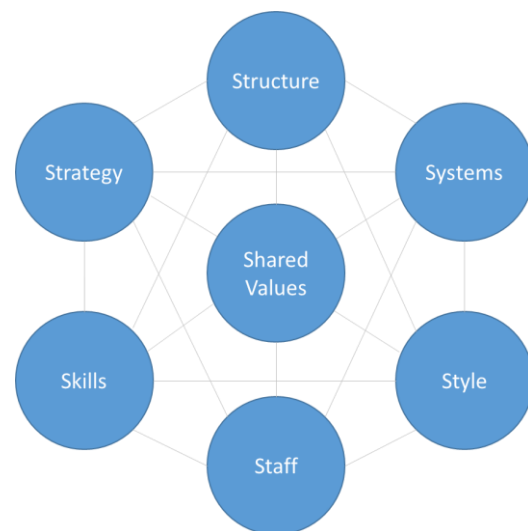


Figure 1. The McKinsey 7S Model

Adaptive leadership

Adaptive leadership is a contemporary model of leadership that has emerged to provide a different lens with which to consider the challenge of gender equality^{xi}. It breaks free from the traditional view of leadership residing with people in positions of power and the need for 'one true theory' of leadership that fits all situations. Instead, adaptive leadership is defined as a practice that can be exercised by people at all levels in the organisation and targets challenges that do not have ready solutions, known as 'adaptive challenges'^{xii}. Adaptive challenges have been defined by Heifetz as challenges that have "a gap between aspirations and operational capacity

Adaptive Leadership is the practice of mobilising people to tackle tough challenges and thrive.

that cannot be closed by the expertise and procedures currently in place^{xiii}. Unlike technical or routine problems that can be solved with appropriate expertise, adaptive challenges are uncomfortable for people and organisations to confront because they often encroach on the values and beliefs we hold deeply. These challenges requires us to become aware of and be open to change our values and beliefs.

Gender inequality is an adaptive challenge. Addressing it in an organisation requires changing: organisational culture, business strategy, policies, procedures, systems and employee mindset. Many people in the organisation may not be consciously aware of their values and beliefs regarding gender equality and the influence these have on their behaviour. Therefore, changes in this context can be hard to manifest.

The authors of adaptive leadership suggested that the 'adaptive capacity' of an organisation can be demonstrated through five characteristic behaviours, as listed on the side bar. The 100% Project's 2015 research found that the presence of these characteristics is linked to organisational cultures that are in support of promoting women to senior leadership positions^{xiv}.

The 5 Characteristics of Adaptive Leadership

- ***Naming the elephant in the room:*** Organisations and their employees are encouraged to raise all issues big or small, ordinary or sensitive without prejudice.
- ***Responsibility for the organisation's future is shared:*** individuals are encouraged to share common interests, knowledge and goals so that a larger vested interest is generated in diagnosing challenges and implementing solutions.
- ***Independent judgement is expected:*** employees actively take initiative in refining, deliberating and amending their judgements and expertise to achieve organisational goals.
- ***Leadership capacity is developed:*** pushing decision-making, idea generation and distributed leadership further down the organisation's hierarchy. The benefits are that a diverse pipeline of talent is being developed.
- ***Reflection and continuous learning are institutionalised:*** requires individuals at all levels to assess "what they do not know and what they need to discover". Key qualities include: asking difficult reflective questions, honouring risk through experimentation and creating a culture of openness and commitment.

This current research builds on the previous findings, further examines the effectiveness of adaptive leadership when compared with transactional and transformational leadership, and investigates the influence of each leadership type on organisational culture. This research aims to identify which leadership type is more effective in creating and maintaining a culture that is encouraging of promoting females into senior leadership positions. The characteristics and objectives of each type are summarised in Figure 2.

	Adaptive	Transformational	Transactional
Characteristics	Naming the elephant in the room	Builds trust	Rewards achievements
	Shared responsibility	Acts with integrity	Monitors mistakes
	Independent judgement	Inspires others	
	Leadership capacity is developed	Encourages innovative thinking	
	Reflection and continuous learning are institutionalised	Coaches people	
Objectives	Mobilise people to tackle tough challenges that often encroach on our values and beliefs, and thrive.	Strive for higher levels of potential as well as higher levels of moral and ethical standards	Defines expectations and promotes performance to achieve these levels

Figure 2. Summary of characteristics and objectives of adaptive, transformational and transactional leadership styles

Research: Who, What and How

A total of 103 working adults participated in the online study, they were recruited through the 100% Project’s champions database, and their extended professional networks. The participants are 28% male and 72% female, from a range of industries and sectors, such as Education (35%), Professional Services (19%) and Health and Community Services (12%). Participants’ levels of employment and age groups are illustrated in Figure 3 below and show that the majority of respondents identified as ‘team member’ (53%), while 19% identified at the other end of the spectrum as either senior manager or executive. Not surprisingly senior level roles were more prevalent in the older age groups.

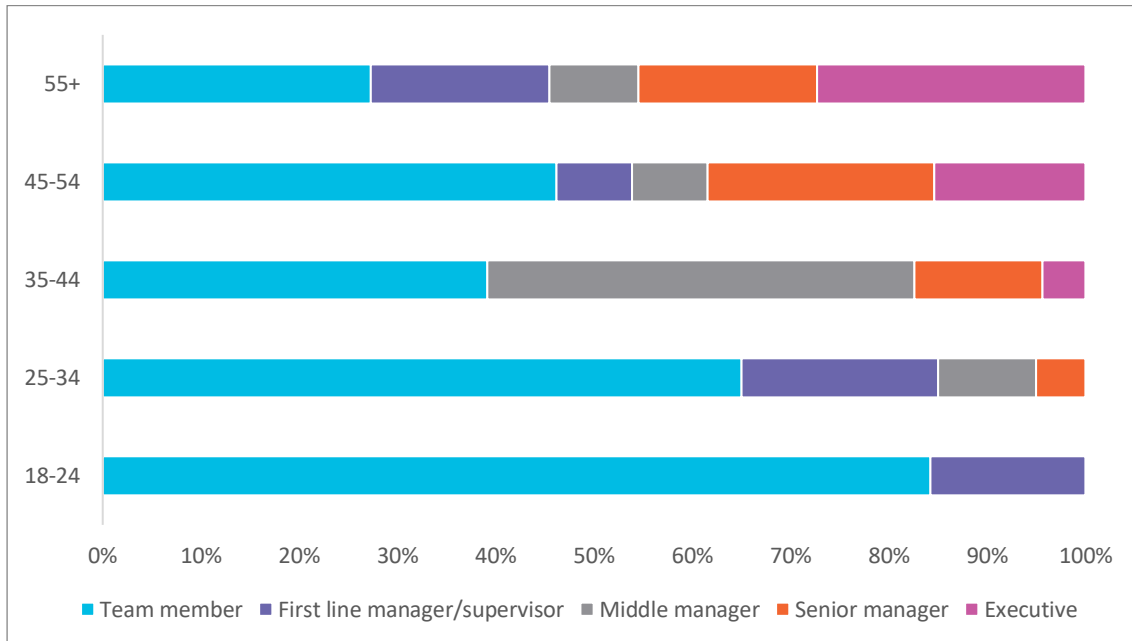


Figure 3. Participants age and level of employment

The online survey consisted of four main components:

- Demographic information (13 items)
- Measures of transactional and transformational leadership (35 items)
- Measures of adaptive leadership (25 items)
- Measures of Organisational Culture (14 items)

The demographic information included questions about participants' age and gender, level of employment, as well as questions about the gender of participants' direct manager, and the percentage of women in senior leadership positions.

The measures of transactional and transformational leadership were adapted from the Multifactor Leadership Questionnaire (MLQ)^{xv}. Sample items for transactional leadership included "Leaders provide others with assistance in exchange, or as reward, for their efforts" and "There is a focus on irregularities, mistakes, and deviations from standards". Sample items for transformational leadership included "Leaders share their most important values and beliefs with employees" and "Employees are encouraged to challenge the status quo".

To measure adaptive leadership, this study used the scale developed by Kypuros and Feenstra (2015) in their study of adaptive leadership and gender imbalance. These items were originally developed based on the five characteristics of adaptive capacity suggested by Heifetz and outlined in the dialogue box on page 9. Based on their results, Kypuros and Feenstra suggested some modification to the items in the scale and these modifications have been incorporated in the current study. The revised version consisted of 25 items, sample items included "There are incentives associated with talking about uncomfortable topics" and "Idea generation is distributed throughout all levels of the organisation so that all talent is utilised".

The items used to assess organisational culture for women in leadership were taken from the Work Family Culture Scale^{xvi}. The 14 items measure beliefs and principles about gender roles within organisational cultures, processes and structures. Sample items included “This organisation is supportive of women who want to climb the corporate ladder”, and “Managers encourage the use of gender equality policies”.

Results

This study aimed to compare adaptive leadership, transformational and transactional leadership with regard to their ability to influence organisational cultures to be supportive of promoting women to senior leadership positions.

Table 1. Correlations and Linear regressions of the relationship between each leadership style and organisational culture that is in support of gender equality in senior leadership

Predicting Variable	<i>r</i>	Adjusted R ²
Adaptive Leadership	.57**	.35**
Transformational Leadership	.52**	.29**
Transactional Leadership	.46**	.25**

* $p < .05$. ** $p < .01$
 Note: Dependent variable is organisational culture
r represent correlation with Organisational Culture

The results of three separate linear regression analyses found that each of the three leadership types are significantly correlated with an organisational culture that is in support of gender equality (see Table 1 below). In other words, organisations with more gender equality are those that use these leadership styles. However, the analyses showed that adaptive leadership can explain more of the variance (35%) in the organisational culture. This means that organisations with higher levels of adaptive leadership are likely to have a stronger culture that is more supportive of gender equality at all levels, followed by transformational leadership (29%) and subsequently transactional leadership (25%).

However, one of the key challenges in leadership studies is that the characteristics of leadership types are often not expressed independently from one another, and there are common elements across different leadership types. People are rarely restricted to one particular leadership style. The most effective leaders are those able to utilise the most appropriate behaviours for the situation or challenge they are faced with. So, we sought to discover which (if any) of the three leadership styles was influencing an organisational culture of gender equality in and of themselves.

When we conducted an analysis that factored in a combination of all three leadership types, results indicated that only adaptive leadership is shown to make a significant contribution to that culture. When considered alongside adaptive leadership, the effect of transformational and transactional leadership was rendered not significant (see Table 2).

Table 2. Multiple linear regression analysis of the relationship between the three leadership styles and organisational culture that is in support of gender equality in senior leadership

Model		Standardised B	t
1	(Constant)		4.97**
	Adaptive Leadership	0.39	2.60*
	Transformational Leadership	0.11	0.73
	Transactional Leadership	0.17	1.51

* $p < .05$. ** $p < .01$
 Dependent variable: organisational culture, $R^2 = .36^{**}$

This finding suggests that the characteristics underlying adaptive leadership are more effective in creating and sustaining a culture that is in supportive of women in senior leadership when compared to the characteristics of transformational and transactional leadership. A comparison of characteristics and objectives of the three leadership types are summarised in Figure 2.

The short-term effect of transactional leadership and the superiority of transformational leadership over transactional leadership in long-term sustainable change are well documented in the literature^{xvii}. To add to this growing body of research about what types of leadership create what types of outcomes, our findings present evidence that adaptive leadership has more to offer than either of the more established leadership styles in developing an organisational culture that is supportive of gender equality in the workplace.

Summary

This study illustrated the power of adaptive leadership in building an organisational culture that is in support of gender equality in Australian workplaces, in comparison with transformational and transactional leadership styles. The lack of women in leadership is an adaptive challenge^{xviii, xix}. As such, adaptive leadership may be able to complement transactional and transformational leadership styles. That is, organisations with higher levels of adaptive leadership are able to identify the issue (naming the elephant in the room), allow employees' autonomous opinions about the severity of the issue and what action to take (independent judgement and reflection), autonomy in their roles (development of leadership capacity), and sharing the responsibility for the organisation's future (shared responsibility). This can be compared to offering rewards in return for desired behaviour (transactional leadership) and/or inspiring or challenging employees (transformational leadership). Adaptive leadership may be more likely to produce a genuinely engaged and sustainable organisational culture in order to solve the adaptive challenge that is gender balance at senior levels.

These findings suggest the value of conducting future research in examining the five characteristics of adaptive leadership as they relate to the gender equality challenge in organisations. For example:

- What are the elephants in the room on the issue of gender equality in senior leadership?
- What are the silent agreements and the questions we are most afraid to ask of others and of ourselves?
- What are the consequences to the organisation's future for not sharing the responsibilities of driving gender equality initiatives?

The 100% Project will continue to ask these and other questions on the journey to a truly gender balanced future in the Australian workplace.

Recommendations

Cultivating behaviours that are reflective of and aligned with the five characteristics of adaptive leadership should be a priority for organisations that desire to achieve gender equality at all levels, and most particularly at the senior levels. Practical applications based on the findings of this research apply to leaders and people throughout the organisational hierarchy.

The 100% Project offers the following recommendations based on our findings.

1. In line with earlier recommendations, continued investment and education into the development of adaptive leadership in Australian organisations will pay a gender balance dividend. The link between an organisation's adaptive capacity (driven by the exercise of adaptive leadership) and a culture that encourages the promotion of women into senior leadership positions suggests that (continued) investment in developing adaptive capacity and leaders who are equipped to lead 'adaptively' will drive greater gender equality.
2. Value constructive conflict. Create specific forums where people can come together to talk about uncomfortable topics, and think about how incentives could be applied to talking about uncomfortable topics. When issues are raised challenges can be identified and discussed and new approaches can be experimented with, no matter how large or sensitive the issue.
3. Put the spotlight on senior management. Senior management play a crucial role in cultivating an environment of respect and trust that enables change. Senior management should be held accountable for valuing the opinions and interests of the wider organisation (even if those opinions are not in line with their own). Senior leaders should also allocate the time, space and resources for diverse perspectives to influence how work can be done better and challenges like gender inequality in the workplace can be overcome.

4. Adopt a shared approach to leading and managing. A key attribute of adaptive leadership is that leadership, decision-making and idea generation should be distributed through levels of an organisation, rather than always coming from the top. This fosters the development of a diverse pipeline of talent and the collaboration of employees at all levels working towards a common goal.
5. Promote collective engagement and learning. A strong emphasis on individual and collective reflection and learning will promote a spirit of trial and error and a mindset of 'making progress' rather than 'fixing'. This means that new ways of thinking about a challenge can be entertained and people feel less need to have the 'one true answer'.
6. Become aware of and open to challenge beliefs and values. Our beliefs and values influence our behaviours and how we interact with others. Collectively in organisations they determine the actions we take and the culture we create. As individuals and leaders, becoming aware of the beliefs and values we hold as they relate to gender equality and being prepared to challenge and change them as required is key to moving to more gender equitable workplaces.

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