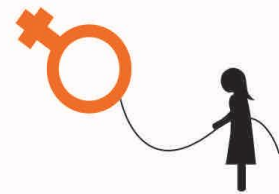




The one hundred percent project

# ADAPTIVE LEADERSHIP



An answer to gender imbalance in the workplace?

*“An adaptive change that is beneficial to the organization as a whole may clearly and tangibly hurt some of those who had benefited from the world being left behind”*

*Heifetz & Linsky (2002)*

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Chloe Kypuros  
Frances Feenstra

**Foreword**  
Marty Linsky  
Catherine Fox

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### **About The 100% Project**

The 100% Project is a not for profit organisation that wants to see 100 percent of Australia's leadership talent, 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 carries out research and runs other programs that are designed to help make this happen. 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**

#### ***Chloe Kypuros***



Chloe is an organisational psychologist and has been a valued member of The 100% Project's research team since 2012. She has a passion for gender equality and has been a significant contributor to a number of The 100% Project research projects and events. She is a graduate of the Deakin Master of Psychology (Industrial and Organisational) program, for which she submitted a thesis based on the data collected for the research study described in this report. Chloe is currently working as consultant at People Measures where she works in assessment, talent management and leadership development, with clients at various levels of seniority and across industries.

#### ***Frances Feenstra***



Frances is an organisational psychologist 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 continues to work as a member of the organisation's Research Committee.

## FOREWORD

### Marty Linsky



Two realities synthesizing.

I grew up in the 1940s and 1950s. Life was easy. The rising tide of the post-War recovery really did lift all ships, as far as I could tell. The Cold War and the Korean War represented some distant threats to stability, but everyone I knew operated on the assumption that prosperity was permanent and the future would evolve incrementally and predictably.

How different are the times in which we live now.

In my work globally with organizations and senior authorities across all three sectors, public, private, and non-profit, I experience individuals and institutions struggling to thrive and just survive in a world in which change is a constant and the future is uncertain and unpredictable. No one alive today has ever experienced anything like it (except, perhaps, briefly in the mid/late 1960s).

Coping with all of that has generated enormous attention to the challenge, difficulty, and imperative of adaptation. What does it mean for people and communities when they have to give up values and behaviours and beliefs that have worked so well in the past to make room for new practices and ways of being that they hope but do not know for sure will enable them to continue to exist, contribute, and succeed going forward?

That's Reality One.

At the same time, and somewhat connected, the push for gender equity has gained unprecedented visibility and momentum. The 100% Project has been at the centre of that effort. In the workplace, the movement for women's rights has manifested itself in policy changes in areas such as affirmative action, parental leave, work life balance, and equal pay. The case for those initiatives has typically relied on a combination of capturing the moral high ground, providing compelling data from solid research, and damn good organizing and advocacy. The 100% Project employed all of the above to generate progress, working at the front edge of a shift in the tectonic plates in how we think about family relationships, gender roles, and gender-neutral professional advancement and opportunities.

That's Reality Two.

With this Research Report on the potential connections between adaptive leadership and gender equity in the workplace, Chloe Kypuros and Frances Feenstra and the entire 100% Project Research team have made a significant contribution to both fields, using hard data to synthesize those two realities, building on their own work and the work of others in both domains.

Personally, speaking as one who has been immersed in adaptive leadership tools and frameworks for over a quarter of a century, and have been privileged to play on the fringes of the movement for gender equity, I want to thank all those involved here for the conceptual breakthroughs in both the synthesis, and particularly in advancing our collective knowledge about what are the essential qualities and characteristics for an adaptive organization.

This Report goes beyond moral argument and sophisticated advocacy. In short, the headline of the story you are about to read is pretty clear: if you want your community or organization to thrive in the current reality, you need the skill and capacity to adapt, and an essential strategy for embedding that skill set is to ensure that the voices of women are heard at the most senior levels.

The causal relationships are not yet clear, but after this research the correlation between gender equity and an adaptive organization are indisputable.

Read on.

## FOREWORD

Catherine Fox



The latest research from the 100% Project is a particularly welcome addition to the search for more effective ways of addressing the many barriers that women continue to face. Barriers in their daily working lives, in climbing the ranks and joining the decision making table.

The strength of this work is in reframing how we tackle the problem. Instead of repeating the monotonous litany of reasons why women are to blame for not fitting into work structures largely designed by and for a male breadwinner, adaptive leadership is about changing and improving the way our workplaces are managed so that women can thrive.

And defining the lack of women in senior levels as an adaptive challenge positions it as a core business problem which needs a new solution. That's because whatever has been done in recent years to address the gender gap in workplaces has failed to make much significant or sustained progress.

The research points out that adaptive organisations are not relying on the 'way we've always done it'. They are less hierarchical, encourage independent judgement and name the elephants in the room. All of these characteristics imply a greater focus on the best thinking to solve difficulties. That means being less hidebound by stereotypes and more likely to make the most of differences in opinion and ways of operating. That sounds a lot like a genuine meritocracy – a description very few organisations could lay claim to these days despite the rhetoric.

So it's not surprising to find the research revealed a link between greater adaptive capacity and women in leadership. At the same time, using this lens effectively moves attention from the failure of women to conform to traditional standards to the benefits of their contribution. After watching the often futile attempts to mount a 'business case' to support fairer treatment of women, I am increasingly convinced that these efforts often fail because they actually reinforce gender stereotypes rather than break them down. The business case is usually framed around the idea women bring 'special' nurturing and collaborative qualities to the table rather than a range of practical skills and life experience which can enrich and broaden the resources a company can draw from in good and bad times.

So this research offers a way to challenge the deficit model of women. It's about time we ditched this pervasive idea that we need to fix women by telling them to act more like their male peers. Particularly as research now shows it usually doesn't work. No amount of leaning in, speaking up or asking for a pay rise actually changes the rules. We need more than behaviour modification to reboot the system.

So it's a welcome relief to find organisational thinking about a complex problem that avoids some of the traps of the past. Adaptive leadership is a way to refresh the conversation and bring innovative thinking about solutions. It can help push the effort to tackle gender imbalance on to leaders and the systems they run, where it belongs.

Given the glacial progress in many areas of gender equality – particularly the gender pay gap, women in leadership and the serious deficit in women's retirement savings – this work by the 100% Project provides a much needed circuit breaker for Australian businesses looking for success rather than incremental change. Hopefully it will be embraced by all sorts of employers who see the enormous value in a different way of leading that addresses the urgent economic and social imperative to bridge the gender gap.

Congratulations to the 100% Project for this timely contribution.

## INTRODUCTION

Progress towards better gender balance in Australian workplaces has been very slow particularly in leadership ranks where women are scarce. Efforts to address the problem over the last decade have had little impact and been largely reactive, remedial and self-regulatory. Despite large numbers of women entering the Australian workforce, at this moment in time women hold 12% of Board Chair positions and 27.3% of directorships.<sup>i</sup> In the ASX 200 there are currently 12 female CEOs (6%) and 15.5% of ASX200 organisations still do not have any women on their boards.<sup>ii</sup> Statistics like these epitomise the fact that a significant gap still exists between our *espoused* values and our *lived* reality. In other words, there is a significant gap between stated government and organisational values and the reality that female presence within the top tiers of organisational management remains low, across all sectors. Attempts made by both government bodies and organisations to abolish gender-based disparity have been unable to solve gender imbalance in leadership. This research aimed to establish whether a new approach using the framework of Adaptive Leadership<sup>iii</sup> can be applied in organisations to contribute to solving gender imbalance in leadership positions in Australia.

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## WHAT IS ADAPTIVE LEADERSHIP?

Adaptive Leadership is a theory that explains how organisations can adapt and thrive in challenging environments through growth and capitalisation on change<sup>iv</sup>. It embraces a polyarchic approach to leading and managing, meaning that power is dispersed to all levels of the organisation to ensure that all individuals are engaged in the change process<sup>v</sup>. Unlike other contemporary theories of leadership Adaptive Leadership theory does not focus on the interaction between leaders and their followers – but, rather asserts the benefits of employing the knowledge of the wider organisation, generating a larger vested interest and collective intelligence to diagnose challenges and implement solutions in the face of intensifying global competition, political and economical instability and increasing internal and external pressures.

Rather than defaulting to known or traditional problem solving strategies, leaders are encouraged to embrace uncertainty and seize the opportunity to change the implicit organisational rules, structures and cultures that prevent organisations from shifting from one state to another. Adaptive Leadership theory recognises that organisations do not function as simple systems, but as complex and evolutionary ecologies where ready-made solutions and a clear map of the future are increasingly rare<sup>vi</sup>. Organisations (and larger systems) must encourage system wide learning of new habits and attitudes by abandoning and transforming traditional views of leadership into dynamic approaches where challenges they face can be successfully managed.

According to Heifetz et al. (2009a)<sup>vii</sup>, what distinguishes organisations as having more adaptive capacity from others are five key characteristics (see side bar). By assessing how well organisations satisfy the adaptive criteria, enterprises can begin actively changing their adaptive capacity to better deal with the challenges their organisations face.

## WHY ADAPTIVE LEADERSHIP?

Adaptive Leadership is the practice of mobilising people to tackle difficult challenges and thrive. Unlike technical challenges, where the know-how already exists, adaptive challenges require learning to overcome conflicts in values or reduce the gap between espoused values and lived reality.

To date, attempts to close the gender gap for leadership in Australia have largely been based on known or traditional problem solving and have resulted in so-called ‘technical solutions’. In an effort to eliminate discrimination against women, the Australian Government implemented the Sex Discrimination Act in 1984 and the Equal Employment Act in 1986<sup>viii</sup>. More recently gender targets, flexible working practices and maternity leave programs have been implemented by many Australian organisations with the aim of recruiting and retaining a larger portion of the female talent pool<sup>ix</sup>. Research generated by the Australian Bureau of Statistics in 2013 suggests that such initiatives have been somewhat successful, as the total percentage of women working in Australia has significantly increased from 40% to 58.5% between 1979 and 2013. According to Adaptive Leadership theory these kinds of solutions work in “situation(s) where both the problem and the potential solution can be clearly defined”<sup>x</sup>.

However, the lack of women in senior positions in Australia appears to be a problem for which traditional solutions are not enough; rather it is a challenge demanding a different kind of solution.

**Gender imbalance in leadership is a challenge that requires recognition of the complex, systemic nature of the issue.**

Gender imbalance in leadership is a challenge that requires recognition of the complex, systemic nature of the issue. Developing qualities of adaptive capacity

within organisation may therefore be critical in solving this issue. Australian statistics support this point of view, and show that despite best efforts women in Australia remain marginalised and

## THE 5 CHARACTERISTICS OF ADAPTIVE ORGANISATIONS

- ***Naming the elephant in the room:*** organisations and its employees are encouraged to raise all issues big or small, ordinary or sensitive without prejudice. This ensures that not only are issues acknowledged and discussed quickly, but that hidden perspectives do not lay dormant for too long.
- ***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 judgments 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 of the organisation to assess “what they do not know and what they need to discover” (Heifetz et al., 2009b, p 105). Key qualities include, asking difficult reflective questions, honouring risk through experimentation and creating a culture of openness and commitment

continue their struggle against the so-called *glass ceiling*: the upper limit on how high women can climb the organisational ladder<sup>xi</sup>. This reinforces the view that while legislation has had some impact in curtailing overt discrimination in organisations, there are still some less overt forms of discrimination such as organisational culture that are harder to tackle<sup>xii</sup>.

## WHAT DRIVE GENDER IMBALANCE AT THE TOP?

There are many and complex variables that drives gender imbalance at the decision making end of organisations. However, research has shown that not only does organisational culture affect women's leadership opportunities but that masculinity almost always dominates the organisational setting and structure<sup>xiii xiv</sup>. This is evident in organisational processes, such as the division of labour and power, where men hold significantly more senior positions and receive a higher income. For example in 2015 there are still only 12 female CEO's within the top 200 ranked organisations by the

### Business Case

- Better financial outcomes
- Access to an optimal talent pool
- Increased innovation and creativity
- Builds reputations
- Flexibility and responsiveness
- Improved customer understanding

ASX and that despite the implementation of the Equal Employment and Sex Discrimination act in 1984 and 1985 women continue to receive a 18.2% lower weekly full time income than their male counterparts<sup>xv</sup>. For women aspiring to leadership or for those already in leadership positions, organisational culture continues to limit women's leadership opportunities. While the business case (see sidebar) is clear and the vast majority of senior (male) leaders recognise the impact of gender diversity on business performance, this belief does not translate into action within Australian organisations and their culture as it relates to women in leadership.

## ADAPTIVE LEADERSHIP AND GENDER EQUALITY?

To date, attempts to close the gender gap in leadership in Australia have largely focused on technical solutions – such as introducing antidiscrimination policies, flexible work arrangements or formal mentoring programs aimed at women. These kinds of solutions work in “situation(s) where both the problem and the potential solution can be clearly defined”. Gender imbalance in leadership is not such a simple problem. Australia has grappled with the issue for decades without much success. It is a challenge that requires recognition of the complex, systemic nature of the issue – and we therefore need to look for an approach such as Adaptive Leadership. The fundamental shift in the business environment means that organisations are now faced with the reality of needing to evolve through uncertainty where there are no simple solutions. Developing qualities of adaptive leadership within organisations may well prove critical in solving ongoing challenges such as the gender imbalance in leadership and as a result reaping the business benefits of increased gender diversity at the highest levels in our Australian organisations.

Based on an extensive literature review, we investigated whether those organisations which were judged by their employees as having greater adaptive capacity, would also be judged to exhibit an organisational culture that supports women in senior leadership positions and would have a higher percentage of women in leadership positions.

## RESEARCH: WHO, WHAT AND HOW

A total number of 268 adults participated in this research study by completing an on-line questionnaire; 31 males and 237 females. The participants' average age was 50 years and the length of tenure ranged from less than 11 months to 20 plus years from a range of industries including Banking and Finance, Education, Health, and Professional Services.

A twelve-page questionnaire was developed to measure the variables of adaptive capacity and organisational culture of women in leadership. Participants were also asked a number of demographic questions such as age, sex, occupation, role level, industry and gender composition of their workplace.

The invitation to participate was sent to The 100% Project database that includes individual members and partner organisations. Participants were encouraged to send the survey link on to other people they felt may be interested in participating in the research. In addition, the questionnaire was uploaded onto social networking sites. Questionnaire responses were anonymous, however only responses from current employees of Australian organisations over 18 years old were used in the analysis of the data.

## RESULTS

The aim of this study was to investigate the five key characteristics that are proposed to indicate the adaptive capacity of organisations and how the model relates to organisational culture, specifically a culture that is supportive of women in leadership. It was predicted that organisations which are judged by their employees as being more adaptive, will exhibit an organisational culture that supports women in senior leadership positions. It was also hypothesised that organisations with a high percentage of women in leadership would be judged by their employees as having greater adaptive capacity and a culture that supports women in leadership. Overall these hypotheses were supported, see table 1.

## KEY FINDINGS

- There is a **significant** link between an organisation's adaptive capacity and its record on gender equality in leadership.
- Employees who see **greater adaptive capacity** in their workplaces are more likely to say their **organisational culture supports women in leadership**. These organisations generally also have a **higher number of women in senior leadership positions**.

*Table 1: Correlations between Adaptive Capacity and Organisational Culture of Women in Leadership*

Variable	1	2	3	4
1. Organisational Culture of Women in Leadership	1			
2. Naming the Elephant in the Room	.56*	1		
3. Distributive Leadership	.49*	.62*	1	
4. Collective Engagement	.59*	.72*	.76*	1

*\*significant at  $p < .01$  (two tailed)*



Additionally, an exploratory factor analysis tested the underlying themes or factors of the adaptive capacity scale that was developed for the purpose of this study. The aim of this was to validate the five adaptive leadership characteristics proposed by Heifetz et al<sup>xvi</sup>. Results revealed the presence of three underlying factors as opposed to five.

Factor 1 was labelled *Collective Engagement* and symbolises an organisation's capacity to share responsibility for its future through engagement, sharing of goals and an organisational culture that values the independent judgement of employees. Results revealed that senior management's ability to act for the betterment of the organisation as a whole and senior management's ability to influence employee's involvement throughout the organisation was an important characteristic of this factor. What it suggests is that managers play a crucial role in cultivating an environment of respect and trust in the wider organisation but also in inspiring employees to fully engage in the work they are doing.

We named Factor 2 *Distributive Leadership*. It describes an organisation's capacity to push decision-making and idea generation down the organisational hierarchy to all levels in the organisation. According to<sup>xvii</sup> the benefits of doing this are that a diverse pipeline of talent is being developed. What this suggests is that a polyarchic approach to leading and managing is required where the focus is not on the interaction between leaders and followers but rather how power is dispersed throughout the organisation. This is unlike other contemporary theories of leadership such as Transformational Leadership where the focus is on the power vested in the relationship between a leader and follower regardless of the purpose of the organisation.

*Naming the Elephant in the Room* represented factor 3 and was also the only factor that replicated one of<sup>xviii</sup> original Adaptive Leadership characteristic (Elephants in the room are named). Identifying and raising tough issues in any organisation is difficult, however naming the issues associated with gender imbalance in leadership can be especially challenging. Not being able to 'name the elephant in the room' freely and without consequence disadvantages women and organisations in their goal of minimising gender disparity in organisations (Eagly, 2007). What this factor proposes is that in organisations that rate highly on this factor, employees have the ability to raise all issues no matter how big, small, ordinary or sensitive without prejudice from others<sup>xix</sup>. Establishing this characteristic ensures that not only are issues acknowledged and discussed quickly, but that hidden perspectives do not lay dormant for too long.

#### ADDITIONAL FINDINGS

- Heifetz et al. distinguish organisations as having more adaptive capacity than others if they display five key characteristics: *elephants in the room are named, responsibility for the organisation's future is shared, independent judgment is expected, leadership capacity is developed, and reflection and continuous learning are institutionalised*. Our research revealed that the model could be simplified under three key headings that indicate the adaptive capacity of organisations. We named these: ***Collective Engagement, Distributive Leadership and Naming the Elephant in the Room.***

## SUMMARY

The results of the study showed that there is a significant link between the adaptive capacity of organisations and whether or not they exhibit an organisational culture that is supportive of women in leadership. Organisations that do, also tend to have a higher number of women in senior leadership positions. However, this is only the beginning. Considering women make up 45.6% of the Australian labour force, they still remain poorly represented within the upper echelons of the corporate world. Therefore, new approaches to leadership such as adaptive leadership and its applicability in the workplace should be considered in order to help increase the representation of women at the most senior organisational levels.

## RECOMMENDATIONS

The following recommendations are based on our research findings:

**Continued investment and education into the development of adaptive leadership in Australian organisations will pay a diversity dividend.** The link between an organisation's adaptive capacity and the number of women in senior leadership positions suggests that (continued) investment in developing adaptive capacity and leaders who are equipped to lead 'adaptively' will drive greater gender equality.

**Promote collective engagement in organisations.** A strong emphasis on shared responsibility for the organisation's future will promote the sharing of goals and desires and help tackle challenges such as gender inequality.

**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 as well as allocating the time, space and resources for diverse perspectives to influence how work can be done better and challenges like that of gender inequality in the workplace can be overcome.

**Adopt a shared approach to leading and managing.** The research results show that leadership, decision-making and idea generation should be distributed through all levels of an organisation, rather than always coming from the top. The benefits of doing this are that a diverse pipeline of talent is being developed and that together leaders and followers are working towards a common goal.

**Value constructive conflict and have the conversations that matter.** In organisations where employees are encouraged to raise issues, challenges can be identified and discussed, and new approaches trialled, however large and sensitive they are.

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## RECOMMENDATIONS

- <sup>i</sup> Workplace Gender Equality Agency (2015). Gender workplace statistics at a glance.
- <sup>ii</sup> Ibid.
- <sup>iii</sup> Heifetz, R.A., Grashow, A., & Linsky, M. (2009a). The practice of adaptive leadership: Tools and tactics for changing your organization and the world. USA: Harvard Business Review Press
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- <sup>vi</sup> Heifetz, R.A., Grashow, A., & Linsky, M. (2009b). Leadership in a (permanent) crisis. *Harvard Business Review*, 1-6.
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- <sup>x</sup> Thygeson, M., Morrissey, L., & Ulstad, V. (2010). Adaptive leadership and the practice of medicine: a complexity-based approach to reframing the doctor-patient relationship. *Journal of Evaluation in Clinical Practice*, 16, 1009-1015.
- <sup>xi</sup> Meyerson, D., Fletcher, J.K. (1999). A modest manifesto for shattering the glass ceiling. *Harvard Business Review*, January-February, 127-136.
- <sup>xii</sup> Ibid.
- <sup>xiii</sup> Acker, J. (1990). Hierarchies, jobs, bodies: A theory of gendered organizations. *Gender & Society*, 4 (2), 139-158.
- <sup>xiv</sup> Devillard, S., Sancier, S., Werner, C., Maller, I. & Kossoff, C. (2013). Gender Diversity in Top Management. Moving corporate culture, moving boundaries. McKinsey & Company, Women Matter.
- <sup>xv</sup> Workplace Gender Equality Agency (2015). Gender workplace statistics at a glance.
- <sup>xvi</sup> Heifetz, R.A., Grashow, A., & Linsky, M. (2009a). The practice of adaptive leadership: Tools and tactics for changing your organization and the world. USA: Harvard Business Review Press
- <sup>xvii</sup> Heifetz, R.A., Grashow, A., & Linsky, M. (2009b). Leadership in a (permanent) crisis. *Harvard Business Review*, 1-6.
- <sup>xviii</sup> Heifetz, R.A., Grashow, A., & Linsky, M. (2009a). The practice of adaptive leadership: Tools and tactics for changing your organization and the world. USA: Harvard Business Review Press
- <sup>xix</sup> Ibid.