

LEADERSHIP QUOTAS

CAN WE TALK ABOUT THEM YET?

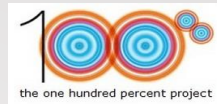
“When you have two percent of your management pool made by women, there is no way with big principles and good attitudes that you are going to change this radically. Quotas are important. Why? Because quotas lead to action. Action means hiring, training, coaching, and putting in the process of the company the systematic decision, forcing the selection of female potential at all levels.”

(Carlos Ghosn, CEO, Renault-Nissan Alliance, 2014 World Economic Forum)

*Bonnie Richards
Frances Feenstra*

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

Ms Bonnie Richards

Bonnie 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. Bonnie 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.



Ms 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, a 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

Catherine Fox



The mere mention of gender quotas can trigger a remarkably strong reaction from many men and women, particularly in the Australian business community where scepticism or hostility is the norm. Unsurprisingly, this distinct lack of enthusiasm hasn't encouraged a balanced examination of legislated quotas and their impact on the numbers of women in leadership in recent years, despite the mounting evidence of their effectiveness in both political and business arenas around the world.

So it's particularly valuable to have new research by The 100% Project providing a timely reading on the appetite for and understanding of quotas by Australian employees. Despite the lack of debate, and regular rhetoric condemning quotas as harmful and unnecessary regulation, it seems fifty per cent of respondents support the approach. The size of this cohort, and the fact they came from a range of roles, suggests the aversion to quotas in business has been seriously exaggerated.

That's the good news. At the same time many respondents also believed that quotas would result in unqualified women being promoted which the research points out reflects a poor understanding of the business case for better gender balance.

The data also shows support for quotas increases once respondents are briefed on the current gender statistics in Australia. The latest data does not paint a pretty picture. While progress, particularly on listed company boards, has been made, it has been slow and spasmodic. There is far more work to be done to increase the number of women entering certain sectors, accessing secure employment and equal pay, and joining the influential senior ranks of organisations.

These fundamental problems have remained largely unchanged in recent years. Quotas are no panacea and will not magically resolve all these issues but they quickly transform the gender mix of influential groups to tap into a much broader mix of skills and change decision-making dynamics. On the other hand, voluntary regulation with few penalties for non-compliance, has taken far too long for too little effect. Intervention to break down systemic barriers based on gender stereotypes and bias is sorely needed in many workplaces.

As the research points out, in countries where they have been introduced quotas have made a remarkable impact quite quickly. Norway led the way with quotas and moved from 15.9 per cent women directors in 2004 to 41 per cent today. In 2011 France introduced legislated quotas of 40 per cent with women, currently holding nearly 30 per cent of board seats. Germany has announced a 30 per cent quota for supervisory boards from 2016, while Italy, Belgium, Iceland, Malaysia, India, the Netherlands and Spain all have a form of legislated quotas for women on boards.

Critics of quotas often cite the lack of progress for women in executive management roles as a sign of failure. But board quotas in these countries have delivered exactly what they set out to without dire consequences. Perhaps, in fact, the results to date actually suggest that far from rejecting quotas they should be used more widely to rebalance management ranks.

Having heard vehement objections to quotas over many years I've started to understand this angst is not only concern about over-regulation or that merit would be ignored in favour of gender. It's also the implication that by introducing quotas we acknowledge our inability to behave fairly in a country where a 'fair go' is a sacred concept. But data like this is a reminder that attitudes are already transforming and that clear evidence can effectively change minds.

I congratulate The 100% Project on its work in reinvigorating an important discussion through targeted research which plugs a gap all too often filled by conjecture and assumptions. A healthy debate about quotas is about action and results which are needed now more than ever.

A handwritten signature in black ink, appearing to read 'Catherine Fox'.

FOREWORD

**Benja Stig
Fagerland**



Welcome to the latest research from The 100% Project on Leadership Quotas which follows from my visit to Australia in December 2012, during which I was the keynote speaker discussing leadership quotas at a dinner and panel event staged by The 100% Project to engage the business community and generate discussion and debate on solutions to address the gender imbalance in leadership opportunities in the Australian workplace. I noticed during my time in Australia the good work that The 100% Project does in getting people to talk about difficult things and this research report is just another example of that.

This paper asks a very important question: Can we talk about them yet? From my experience, getting people to openly debate the merit of quotas is an important first step.

When I was first involved in the debate around quotas, I was very much against quotas for women on boards. I changed my mind because of the slow pace of change. I see quotas as the lesser of two evils. If we refuse to even discuss quotas, we communicate that we are comfortable with the way things are – unequal.

The biggest barrier to change appears to be individual mindsets. Many would prefer believe in that we live in a fair world. That we live in a meritocracy, where those who are good at what they do will get ahead and be rewarded. No-one wants to live in a world where there is discrimination and because we rarely witness it explicitly, it is easy to live in blissful ignorance. The meritocracy is a myth, but one that people hold closely.

Change is hard. If it were easy, it would be done already. In Norway, we have seen a revolution in the way we do business and there was definitely many nerves and discomfort when quotas first arrived. But we now have 41% of women on boards and high performing organisations.

One thing I have learned along the way is that quotas alone will not work – they need to be paired with an effective strategy. Norway has shown the world that quotas work (and many countries have since deployed them). The current Australian gender equality statistics show that current methods are not working. The time has come for a mature and open debate on quotas.

The importance of research such as this is that it gives the supporters of change some solid evidence and data to open up a conversation. It provides us with the insight that, given the right information, people can change their minds. Big change happens when many people make small but significant changes. I hope that this research provides you with the tools to stimulate such change, to begin a movement.



INTRODUCTION

Gender Quotas are defined as legislated mandates that require women make up a certain proportion or number of members of a body such as boards or in leadership positions. Targets, on the other hand, set aspirational goals without imposing penalties for non-compliance.

Gender leadership quotas¹ have frequently been debated as an approach to resolving the issue of under-representation of women in senior management, board positions and government. Globally, 22 countries have now adopted quotas to ensure women make up between 30 and 40 per cent of public company directors². As a result, numbers of women on company boards in countries such as France and Italy have risen sharply in the past decade while in Norway the number now stands at 41%². In the Australian context, debate and discussion around gender quotas has been found to evoke strong, emotive responses. Over the past decades, research has demonstrated that the basis of these responses stem from simple naivety at one end of the spectrum to complex perceptions of gender roles and justice, at the other end. In addition, the existence of gender discrimination and traditional attitudes towards women further complicates the public's understanding of gender quotas in resetting the current gender imbalance that exists in leadership and management roles. This research explores Australian reactions to gender quotas and what drives these responses.

AN INCONVENIENT TRUTH

While overt discrimination has decreased in response to gender equality policies and legislation, the current statistics suggest that discrimination is still ubiquitous. Now more likely to be covert, discrimination is seen in internal attitudes such as unconscious bias, stereotyping or maintaining traditional views of women.

Women graduate from university at higher rates than men, are consistently better academic performers and enter the workforce in large numbers³. However, this does not translate into success in the workforce. In fact, women are significantly overrepresented in positions of low responsibility, making up the greatest proportion of part-time and casual roles, while comprising a substantially lower proportion of leadership positions⁴. As a result, women still struggle with gender parity issues

BUSINESS CASE^{3 5}

Gender diversity in organisations leads to:

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

KEY FINDINGS:

- 50% of respondents supported gender quotas, while only 35% actively opposed them.
- Only 37% of men believe that gender discrimination still exists compared to 84% of women.
- Those who oppose gender quotas are more likely to believe that the current system is fair and that in Australia people are paid and promoted based on merit.
- Many people still believe that quotas will inevitably place women in roles for which they are unfit and that this will result in poor organisational performance.
- The business case for greater diversity is not as well, or as widely, understood as we had thought.
- Of the 693 people who didn't support quotas, 102 (15%) changed their view to support them after reading gender discrimination statistics or the business case for gender diverse leadership.

including career development, access to leadership positions, a large (and growing) gender pay gap and occupational gender segregation.

Gender equality has been known to provide widespread value to organisations⁵. However, it appears that many organisations either do not recognise this, or simply do not feel that the benefits outweigh the pain of change. Given the advantages that gender diversity offers, the call for more efficient methods to reach greater gender equality is pressing. Quotas present one such method.

RESEARCH: WHO AND HOW

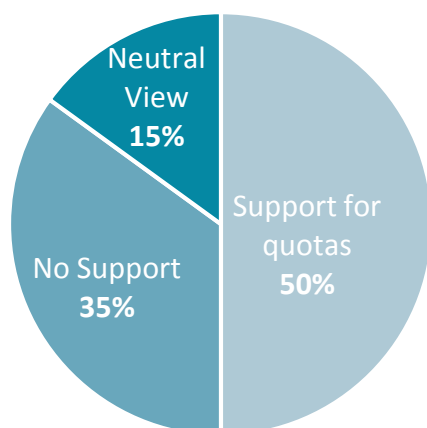
A total number of 1375 adults participated in this research study by completing an on-line questionnaire; 294 males and 1081 females. Fifty-seven percent of participants were aged 35-54 years of age, most (79%) had university qualifications, and the vast majority worked full time (87%). Almost half of the participants worked in the public sector (48%).

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.

SURPRISING LEVEL OF SUPPORT FOR QUOTAS

Remarkably, despite the controversy that quotas generate and the tense discussions that surround them, exactly half of the respondents in our research supported gender quotas.

This finding suggests that currently there is greater support for gender quotas in leadership than ever before. It is feasible that many Australians believe it is time for greater female representation in leadership, and that we are becoming more amenable to the application of quotas to achieve a greater gender balance at the top. Interestingly, support for gender quotas in leadership was relatively consistent across all levels of employment, from team member to executive level. If potential implementation of gender quotas is to meet optimal success it is important to have buy-in at all levels. Our research indicates that this buy-in may be growing.



"[I'm] glad this research is taking place. As a senior, successful (anglo, straight) male, I am well aware of the additional impediments I have not had to confront...we've done the easy stuff but the hard stuff is still there to be tackled. That's what quotas are there to address." – Male survey respondent

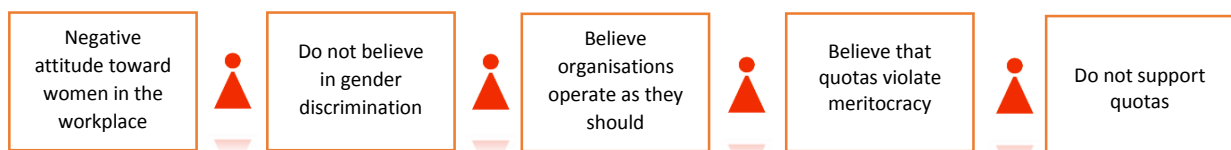
This is in line with evidence from overseas. The US organisation Corporate Women Directors International (CWDI) held their annual international forum on women’s economic issues, the Global Summit of Women, in Paris on 6–7 June 2014. A poll of the 1,200 Summit participants from around the world showed general endorsement for mandatory measures as the best way to advance gender equity.⁶ In fact, globally the evidence for the effectiveness of quotas is growing. As Catherine Fox has stated: “Laggards like Australia will find their record under scrutiny”⁶, and increasingly so.

YES! SO, WE ARE READY TO TALK ABOUT QUOTAS. OR ARE WE...

SO, WHO DOESN'T SUPPORT QUOTAS AND WHY?

While the support for quotas from 50% of our participants was encouraging, this left another 50% who were either not supportive or neutral. Our findings suggest that a negative view of gender quotas is not simply the result of a negative attitude toward women, i.e. the belief that women are less suited to the workplace than men, but is often reflective of a more complex interaction of relationships. Our results show that the following are associated with lack of support for gender quotas:

- negative perceptions of women in the workplace,
- perceptions that gender discrimination does not exist, and
- the justification of the status quo and a belief that Australia is a meritocracy.



Overall, people who have a negative attitude towards women in the workplace, or those who do not believe gender discrimination still exists, as well as those who believe the current system to be fair and meritocratic, tend not to support gender leadership quotas. In addition, the study showed clearly that those who hold a negative attitude toward women in the workplace are more likely to fall into either, or both, of the other categories. In other words, a negative attitude towards women makes it more likely that gender discrimination goes unnoticed and the current system is perceived as just.

Justifying the current status quo. Resistance to quotas has been associated with individual interest, where individuals are motivated to protect their self-interest out of fear of losing historically enjoyed group privileges⁷⁸⁹¹⁰. The findings in this study are consistent with these earlier findings and suggest that individuals ‘protect’ their interest by justifying the current state of gender roles and organisational systems, refusing to acknowledge that gender discrimination exists and believing that quotas violate meritocracy. In other words, they believe the existing social order to be just and imbue the status quo with legitimacy. Consequently,

Men are more likely to perceive gender roles and organisational systems as justified, thereby supporting the status quo

they view the current state of gender inequality as natural and inevitable. This provides support for the idea that people are inclined to justify existing systems, even if the current system favours certain groups over others, as they are motivated to maintain the prevailing order. In contrast, those who do not justify the system are more likely to perceive its flaws, for example, the existence of discrimination. This may seem odd given that there were also a number of women who were anti-quotas or neutral in their views, which would suggest that it is not solely men who are justifying their social standing, but that women may also believe that discrimination does not exist. This finding is consistent with theories that emphasise that members of subordinated groups are often complicit in their own subordination¹¹.



Meritocracy A common objection to the implementation of gender quotas is that they conflict with the principle of merit and lead to women being placed in roles that they do not deserve. Individuals in support of meritocracy believe that selection decisions should be based on evaluations of individual merit that lead to the selection of the most deserving applicant, rather than based on the applicant's gender^{7 12}. This study found that those who believed that quotas violate meritocracy did not support gender quotas. Moreover, results demonstrated that those who didn't perceive gender discrimination to exist were more likely to believe that quotas violate meritocracy. As these individuals do not perceive a problem to exist, they also perceive that quotas place women in roles they do not deserve. Other research has found that it is not quotas that are anti-meritocratic, but the status quo, as research demonstrates that women are evaluated less positively than identically qualified men when applying for jobs¹³.

Men are more likely to believe that quotas place women in roles they do not deserve.

*"Leadership should be on merit only. The best possible candidate should get the position irrespective of gender."
- Male survey respondent*

Perceived discrimination Our research found that men were significantly less likely than women to believe that gender discrimination still exists in the workplace. While 84% of women indicated they believed that gender discrimination still exists in the workplace today, only 13% of women indicated they did not believe gender discrimination to still be a problem. This compares starkly with 37% of men indicating they *do believe* gender discrimination is alive and well, with 59% clearly indicating they do not believe this to be the case. International research has found that perception of discrimination has a significant impact on support for quotas and other affirmative action strategies⁸. This refers to the belief that women experience high levels of discrimination¹². Perceived discrimination is likely to result from a personal experience of discrimination or from social

Men were less likely than women to believe that gender discrimination still exists in the workplace today

learning, which can occur when an individual learns by observing other people's behaviour¹⁴. Belief, or the lack of, in the existence of gender discrimination may also be influenced by whether or not an individual supports defined gender roles. Gender roles are learned behaviours that have been passed through generations based on observations of masculine and feminine behaviours of men and women¹⁵. Traditional gender role attitudes are founded on the idea that men and women are suited to specific and different types of activities. The impact of the Australian culture may be influencing views toward women in leadership, as in Australia high dimensions of masculinity and femininity are evident (reflecting that gender roles are perceived as highly distinctive). A comprehensive analysis of leadership within the Australian culture found that corporate life is commonly considered to be a 'man's world', due to the high representation of males in leadership, the masculine corporate culture, male-oriented type of interactions and the association between leadership success and masculine identity³. Consequently, the people that are identified as leaders tend to be male and Anglo-Saxon. This leads to the belief that quotas will inevitably place women in roles for which they are unfit or are not suited to (such as leadership, which is perceived to be a man's job), thus resulting in poor organisational performance⁹. Our results demonstrated that those who had a negative view of women in the workplace, believing that women were more suited to domestic duties, were less likely to support gender leadership quotas.

THE BUSINESS CASE IS STILL IMPORTANT

Participants who indicated a negative or neutral view of gender leadership quotas were automatically presented with either a list of gender discrimination statistics or a list of facts supporting the business case for gender diverse leadership. Results illustrated that there was a statistically significant improvement in support for gender quotas after participants were shown the gender discrimination statistics or the business case for gender diverse leadership. This demonstrates that people are more inclined to support quotas when they understand that discrimination still exists and appreciate the benefits of greater gender equality at the top of organisations. This finding implies that resistance to gender quotas can be driven by lack of knowledge around gender discrimination. It may also suggest that people may not be aware of their biases against women in leadership until presented with the statistics around discrimination and the benefits of gender equality are clearly presented to them.

Of the 693 people that didn't support quotas, 102 (15%) changed their view to support them after reading gender discrimination statistics or the business case for gender diverse leadership

SUMMARY

This research highlighted that support for gender quotas may be more widespread than has generally been realised. It also highlights that individuals tend to justify the existing social order and see the status quo as fair, natural and inevitable. This inclination is hindering gender equality, as when people believe that gender discrimination does not exist they also believe that quotas inevitably place women in positions they do not deserve. If quotas are to be introduced, *and* meet with success, in Australia, they must be perceived as fair and as a means of recognising, rather than destroying, merit.

RECOMMENDATIONS



Education around the existence of gender discrimination is vital. As legislation and changing social norms have made it more difficult to overtly discriminate, people may conclude that discrimination no longer exists. However, there is evidence that less obvious forms of discrimination persist. The findings of this research suggest that educating people around the prevalence of gender discrimination in Australia, or by illustrating the evidence in favour of greater gender equality in the workplace, makes the introduction of quotas more palatable. An important practical implication of this research is that gender quotas are likely to be more widely supported if individuals are educated around the need for action – including the existence of biases against women.



Put the spotlight on female leaders. The highly distinctive gender roles evident in Australian culture are likely to influence views toward women in leadership and it has been shown that corporate life is commonly considered to be a ‘man’s world’³. Consequently, the people that are identified as leaders tend to be male and Anglo-Saxon. The strong emphasis on a masculine work place may influence individuals to have a negative view toward women in the workplace, leading them to believe that gender discrimination doesn’t exist, that gender roles in society are just and that organisational systems operate as they should. In order to eradicate gender discrimination, we need to challenge the perception that leadership is masculine and eliminate stereotypes. One way to do this is to put a much greater spotlight on female leaders, emphasising their successes and normalising leadership as something that is exercised by both men *and* women.



Make quotas synonymous with fairness. The findings suggest that meritocracy and perceptions of fairness are important to many individuals. If gender quotas are to be implemented in Australia, it is important that they are supported. This research suggests there may be opportunities for educational campaigns that present quotas as a mechanism to uncover, rather than destroy, merit. Further, this research has shown that a deeper understanding of the positives associated with gender quotas in achieving a fairer workplace is fundamental to their acceptance as a tool for realising gender equality in leadership and management .



Provide real support for women selected under quotas. Research conducted in the United States of America has consistently found that women selected under affirmative action policies are perceived to be less competent, less productive and less qualified by both men and women^{16 17}. Studies have also found that women who believed they were hired based on their gender reported less job satisfaction, lower organisational commitment and less perceived competence^{18 19}. This means that organisations need to ensure women are properly supported if they are selected under a quota system.

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The 100% Project would like to acknowledge its supporters.



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