

GENDER QUOTAS

*WHY IS THE MYTH OF
MERITOCRACY SO STICKY?*

“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)



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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

Ms Kat Stevenson

Kat is a psychologist, with a Masters degree in Industrial/Organisational psychology, with experience in counselling and coaching, participant support, project management, facilitation, and program development and delivery. She is personally passionate about gender equity, and has worked with several organizations and not-for-profits who champion equality between men and women. She has been a member of The 100% Project's Research Committee since 2014, and completed her Master's thesis based on the data collected for the research study described in this report.

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, an initiative to connect, inspire and empower the firm's future female leaders. Frances was a founder and the inaugural Chair of The 100% Project until 2014 and she continues to work as a member of the organisation's Research Committee. She is also an honorary academic with Deakin University's School of Psychology and supervises postgraduate students and their research in the area of leadership, with a specific focus on women and leadership.

FOREWORD

Ken Lay

Board Chair and former
Chief Commissioner of
Victoria Police



Mentioning the word 'quota' in any context is likely to elicit an emotional response from both men and women. Usually for or against and less commonly with a willingness to explore the conversation and understand what sits behind the emotion. That is why research like this and the discussion that it promotes, is so important.

Being a male with many decades working in male dominated, gender imbalanced organisations, although I held positive beliefs around the benefits of gender equity and equality, I was not able to get close to a 50/50 gender split at senior leadership levels in the organisations I led. Advocating and saying yes to quotas therefore feels disingenuous without acknowledging the difficulties in implementation particularly in public organisations with multiple, diverse stakeholders.

In my experience, the more gender diverse an organisation or leadership team, the more open it is to considering different views and to showing greater compassion and empathy. I have seen the way more gender equitable workplaces help drive a reduction in family violence which is why I became an advocate in the first place.

Violence against women is linked to gender inequality and preventing violence against women requires addressing the norms and behaviours that support rigid gender roles and stereotypes. In the same way, as this research suggests, we need to challenge ourselves around some deeply entrenched ideas about gender, meritocracy and bias and the impact that these are having in holding back the advancement of women.

Attitudes such as those around meritocracy are so embedded that either we don't challenge them or we can't challenge them because our biases are such that we can't see them. Evidence suggests that we develop concepts around male privilege early in childhood. Self-reflection around gender equity and equality is hence neither vague nor indulgent, it is courageous and necessary to clearly understand what blocks and enables us as men and women in this debate and what messages through our words and actions we are passing to others in our organisations and to our children.

Whilst quotas may not be the answer in all circumstances and are not a panacea to resolve all gender related challenges, they are one mechanism that will transform the gender mix quickly. Because a more gender equitable workplace will have positive outcomes for both men and women, research such as this and the discussion that it promotes is an important step forward.

I believe leaders who, despite the overwhelming evidence to the contrary, continue to push the meritocracy argument as a basis for inequality in recruiting and promoting, will not survive in the workforce of the future.

FOREWORD

Catherine Fox

Journalist, author, 2017 Walkley award winner, and former 'Corporate woman' columnist



Even broaching the topic of quotas for women on boards or in leadership unleashes a range of opinions and invariably strong objections, particularly in the business community.

This reaction, including from many opinion formers and leaders, means the topic usually slides quickly off the agenda, or is dismissed out of hand. Even as more men at the top stand up and speak out about addressing the barriers women face in the workplace it seems the question of quotas remains taboo.

That's precisely why it should be raised and discussed – and why The 100% Project's research and reinvigoration of this approach is an invaluable addition for a more effective debate.

With so much to do to improve women's workforce prospects, every avenue available should be seriously explored to address these deeply entrenched problems.

And here's the thing: quotas for women are being used with some notable success in political and business arenas around the world. Yet, as this research so clearly outlines, some well-worn objections continue to hold sway.

The idea that a quota automatically prevents merit being recognized is commonly circulated, despite strong evidence to the contrary. Data released recently by London School of Economics¹ found quotas actually increased rather than compromised competence levels.

The reason? Far from leading to an influx of incompetent women, quotas lead to a loss of incompetent men who tend to surround themselves with mediocre teams, the research showed.

Another stumbling block to quotas stems from the still widespread belief that the system most of us work in is fundamentally fair and quotas are therefore unnecessary, as these results reveal.

Confronting that belief is a key step recommended here, and essential to provide better understanding of how quotas could operate while honing some of the tools being used in organisations to deliver better outcomes.

It's also clear from these findings that more women are now supporting the idea of quotas than just two years ago. This suggests that exasperation at the lack of progress has led to a change of mind for some, despite concerns about being tagged as a 'quota appointment'.

It is another sign that it's time for an informed and much broader conversation on quotas. They are no panacea. But, as a growing number of women recognize, they do provide a circuit breaker which can quickly recalibrate and improve the quality of boards. That's a win for everyone.

Congratulations to the 100% Project for their crucial work in elevating this discussion.

¹ <http://blogs.lse.ac.uk/businessreview/2017/03/13/gender-quotas-and-the-crisis-of-the-mediocre-man>

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 set aspirational goals without imposing penalties for non-compliance.

Despite a range of affirmative action initiatives designed to address gender inequity, and despite the fact that women are consistently better academic performers, graduate from university at higher rates, and enter the workforce in higher numbers, there remains a significant disparity in the proportion of women in senior leadership positionsⁱ. While gender quotas are unlikely to be the whole answer to gender inequality in Australia, there is robust evidence that quotas may offer us a mechanism to help provide a level playing field for both men and women in all aspects of political, organisational and community life. However, the topic of gender quotas can often be divisive; with many people either for or against, and fewer sitting on the fence.

“We're not big...on quotas. We believe in merit-based pre-selections...”ⁱⁱ. This statement from Craig Laundy, the Assistant Minister for Industry, Innovation and Science in the Turnbull cabinet when he appeared in July 2016 on the ABC's Q&A program, is one of many examples of how conversations about gender equity in senior leadership positions often become a discussion about merit. Support for gender quotas in Australia is hindered by the persisting belief that organisations in Australia are meritorious in nature, and that the lack of women in senior leadership roles in Australian organisations and government is therefore due to a lack of qualified women. A question that remains to be empirically investigated is why do people believe that quotas will violate this meritocracy, and as a consequence perceive women (or any individual) recruited via a quota system as less competent?

GENDER EQUITY – A SLOW PATH

According to the most recent Workplace Gender Equality Agency statistics, women hold 16.3% of CEO positions in the agency's dataset of reporting organisations. The same dataset shows that women occupy 12.9% of chair positions and 24.7% of directorships. Over one-quarter (29.9%) of Agency reporting organisations have no key management personnel who are womenⁱⁱⁱ. Data published by the Australian Institute of Company Directors shows that a quarter (25.4%) of ASX 200

KEY FINDINGS:

- 61% of respondents supported gender quotas, while only 21% actively opposed them.
- Approximately 50% of the respondents indicated they believed that in Australia people who perform well rise to the top, that people are rewarded based on their competence and that organisations will mostly offer jobs to the most highly skilled candidate, i.e. they believe that Australia is a meritocracy.
- Those who are more likely to believe that the current system is fair and that in Australia people are paid and promoted based on merit, are also more likely to oppose gender quotas.
- Those who have a stronger preference for a hierarchical society are more likely to perceive the current system as meritorious, and are more likely to have a negative attitude towards gender quotas.
- While 89% of respondents believed that unconscious bias affects hiring decisions and 84% believed unconscious bias affects women in the workplace, those with a stronger preference for a *group-based hierarchical society* are also less likely to believe that unconscious bias exists. Similarly, those who endorse the existence of *meritocracy* are less likely to endorse the notion of unconscious bias or that it has an effect on women in the workplace.
- Results supported the concept of a vicious cycle when it comes to attitudes towards quotas: individuals with a preference for an unequal society endorse the legitimising myth of meritocracy, which leads to the reinforcement of the stereotype that men are better leaders, which influences unconscious biases that favour men in leadership positions.

directors are female, and 13 organisations in the ASX 200 have no women sitting on their boards at all^v. This gender inequity is not just limited to Australian businesses listed on the ASX, but is also found in the health system^v, public service^{vi}, sporting clubs^{vii}, government^{viii}, and academia^{ix} x.

THE CASE FOR GENDER DIVERSITY AND QUOTAS

Beyond the moral impetus, there are many organisational and broader societal benefits to having gender diversity in organisations. Research suggests that including women in senior leadership positions increases both corporate governance efficacy and corporate profitability^{xi}. There are also broader economic benefits of gender equity. Goldman Sachs reported that the increase of women in employment between 1974 and 2009 led to a 22% rise in GDP, and predicted that closing the gap between male and female employment rates would contribute a further 11% increase in GDP^{xii}. Furthermore, employing women into leadership positions where their productivity is maximised could boost the level of economic activity in Australia by 20%. Employing more women in leadership would also reduce the dependency ratio (the number of people receiving government payments), lift household savings rates, and increase the amount of tax that the government would receive^{xiii}. The current unequal representation of female leaders in Australia means that much of the potential talent-base that could contribute to the country's competitiveness on the global stage is not being accessed. Given that maximising the potential of women in senior leadership positions would produce economic benefits not just for women or the companies that they work for but for wider society as well, it can be inferred that a significant proportion of the potential of women to contribute to Australia's workforce is being missed. Thus, gender diversity is linked with a wide range of organisational and societal benefits; from enhancing organisational outcomes, to engaging talent, and better public policy development. While quotas are often perceived as being good for women whilst taking away something from men, there is an increasing recognition that better gender diversity may in fact be good for men too. Men want better work-life balance, a deeper connection with their families, a better future for their daughters and a rethink of what it means to be a man^{xiv}.

International success in Norway and Germany show that legislated quotas can be an effective, disruptive method for addressing the gender imbalance in senior leadership positions^{xv}. These results are applicable in the Australian context also, not just for legislated quotas but for non-legislated quotas as well. However, for gender diversity targets and quotas to be adopted to their greatest effect, they must be accepted by those who are implementing them^{xvi}. In order to be able to reap the potentially positive outcomes of quotas, more research needs to be undertaken about why they remain a divisive solution in order to encourage maximum buy-in and support from key stakeholders and society more broadly.

THE MYTH OF MERITOCRACY

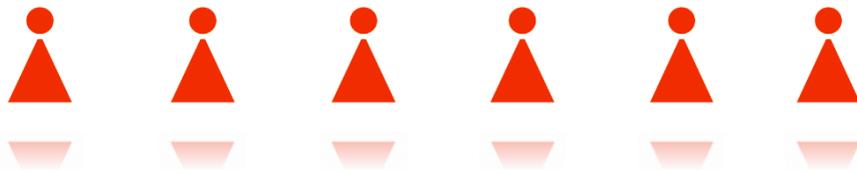
Previous research from The 100% Project^{xvii} has shown that people who oppose gender quotas are more likely to believe that the current system is fair and that in Australia people are paid and promoted based on merit. Proponents of the merit argument state that quotas undermine a merit based system and imply that the reason there aren't as many women in senior leadership positions as there are men is because women do not have the skills, expertise and/or experience compared to their male counterparts. This merit argument persists despite overwhelming evidence to the contrary. In most professions and industry sectors Australia has no 'pipeline' issue. There are more female than male professionals (52.6% versus 47.4% respectively) in the workforce^{xviii}, 62.1% of university graduates are female and Australia is ranked number one globally for women's educational attainment^{xix}. Furthermore, senior women executives are more likely to have post-graduate qualifications that are relevant to their positions compared to men^{xx}. Thus, it is not the case that there

are not enough qualified women available to employ in senior leadership roles and an increasing body of research is therefore questioning the ‘myth of meritocracy’, pointing to the negative effects of this myth for both women and men. However, the merit argument appears entrenched and as a result is difficult to address.

WHAT DID WE SET OUT TO INVESTIGATE?

To begin to understand, at least partially, why the argument for, and the belief in, meritocracy is so sticky and persistent we investigated two theories. The first theory we looked at, *Social Dominance Theory (SDT)*, posits that people hold different levels of support for a hierarchical society (where one group dominates over others)^{xxi}. The theory suggests that humans naturally organise themselves into groups (based on gender, race, or other factors), and in order to minimise conflict in society people create an unequal hierarchy where one group is superior over others. A common method through which this social hierarchy is enforced is through the use of ‘legitimising myths’. The social purpose of these myths is to maintain the *status quo* of the existing hierarchy, by attributing a seemingly rational argument for its existence. Meritocracy is one of the most common legitimising myths used to maintain the status quo of gender inequality.

Secondly, we investigated the effect of *Unconscious Bias*. This bias reflects our natural, and necessary, human tendency to use stereotypes to organise our thoughts^{xxii}. Stereotypes are ‘shortcuts’ that allow us to understand the world and process information quickly and efficiently; they help us to understand and organise our relationships with people. However, the nature of stereotypes can also lead to biases against people of different race, age, physical ability, and sexual orientation, and such stereotypes exist for gender roles in the workplace too.



RESEARCH METHODOLOGY

A total of 248 participants (203 females, 41 males, 4 not reported), over 18 and working in Australia, took part in our study by completing an online questionnaire that assessed opinions of gender quotas, social dominance orientation, unconscious bias and perceptions of meritocracy. Participants worked across a large range of industries, with the most predominantly represented sectors being health and community services, education, and professional services.

Participants were initially recruited from The 100% Project database and then via snowball method, i.e. those who received an invitation to take part in the study were asked to forward it to any family, friends, colleagues or other contacts in their network. Two initial screening questions ensured that all final participants were both over 18 years old and working in Australia in order to ensure that data collected could be generalised to the Australian context. Participation in the research was both voluntary and anonymous, once submitted, individual data could not be identified or retrieved.

OUR FINDINGS

In our survey 61% of participants endorsed the implementation of quotas which was up from 50% since our 2015 study. While this endorsement of quotas by well over half of our participants is encouraging, it should be noted that this may be partially due to the high percentage of females in the participant group. Other surveys of sentiments towards the idea of quotas have shown that women tend to be more supportive of quotas than men. For example, the 2016 Vote Compass conducted by the ABC prior to the Federal Election showed that about half of Australian women (49%) supported the idea of using quotas to increase the number of women in Parliament, but a majority of men were opposed to the idea (56%). The support for quotas from half the female population more closely supports our results from 2015.

Fifty two percent of respondents believed that in organisations, people who do their job well rise to the top, 48% believed that in life, people are rewarded based on their competence and skill, while 49% believed that in most circumstances, organisations offer the job to the most highly skilled candidate. In other words, approximately half of the participants in our research believe that Australia is a meritocracy. The more participants perceived the world to be meritocratic the lower their support for gender quotas, empirically supporting earlier research which showed that many people who oppose gender quotas do so because they believe that quotas violate the principle of meritocracy^{xxiii}.

Our findings suggest that a negative view of gender quotas is reflective of a complex interaction of relationships. We found that people who have a stronger preference for a hierarchical society are more likely to perceive the current system as meritorious, and are more likely to have a negative attitude towards gender quotas.

While 89% of respondents believed that unconscious bias affects hiring decisions and 84% believed unconscious bias affects women in the workplace, those with a stronger preference for a group-based hierarchical society were also less likely to believe that unconscious bias exists, suggesting that these beliefs are linked to perceptions of meritocracy.

These results support the idea of a vicious cycle when it comes to attitudes towards quotas: individuals with a preference for an unequal hierarchy endorse the legitimising myth of meritocracy, which leads to the reinforcement of the stereotype that men are better leaders, which influences unconscious biases that favour men in leadership positions. Those who endorse meritocracy are less likely to endorse the notion of unconscious bias or that it has an effect on women in the workplace, further reinforcing the myth that a meritocracy exists.

RECOMMENDATIONS



Improve understanding of barriers to affirmative action policies

Better understanding the barriers to acceptance of effective affirmative action policies like quotas will ensure the most effective implementation of such interventions to disrupt the systematic and damaging inequity that exists for women in senior leadership positions in Australia today. More research is required and organisations are encouraged to support this research to realise the benefits available to them and Australia as a whole.



Enhance unconscious bias training

To date, a lot of diversity programs in organisations have focused on unconscious bias training and educating employees about the existence and effect of unconscious bias for disadvantaged populations (like women). The current evidence supporting a vicious cycle that includes both unconscious bias and meritocracy opens up a possibility for a new way to disrupt the cycle: by increasing information sharing to disrupt beliefs about the existence of meritocracy. Some empirical theory suggests that unconscious bias training could be contributing to discrimination in

the workplace. Since unconscious bias training highlights that biases are a “normal” cognitive process, it has the potential to create a belief that stereotypes are normal, therefore legitimising discriminatory behaviours^{xxiv}. To combat this, there is an opportunity for workplace training and education to focus on persistent beliefs about meritocracy rather than, or in conjunction with, unconscious bias understanding.

Work to influence belief systems that reinforce discriminatory practices

Research suggests that beliefs like endorsement of the “myth” of meritocracy can be changed. As such, equitable institutional measures like quotas can, somewhat ironically, provide a framework to which individuals can adapt and mould. This idea is supported by an earlier study conducted by The 100% Project that suggests that opinions of gender quotas are malleable, and other research which shows that workplaces with more women have more acceptance for a larger range of leadership ‘styles’ than male-dominated workplaces^{xxv}.

Have open, authentic, organisation-wide conversations about quotas and other affirmative action policies

Many leaders struggle with the gender diversity debate in their organisations, especially at the most senior levels, and many have stated publicly they would like to change the status quo. However, not knowing how to implement targeted and effective change, coupled with apprehension about the reaction of their employees (middle management and executives, male and female), many leaders put the issue in the ‘too hard basket’. Denying the conversation does not make it go away, and not having an open, authentic conversation about quotas, allowing for all viewpoints to be heard, will not improve the situation, for women or for men. Understanding the opinions and views of employees, particularly at the executive team and middle management decision making layers, and seeking to understand why your people feel the way they do, will inform the way forward.

Question our own beliefs and biases

Rather than ‘react’ to the idea of quotas (negatively or positively) we need to ask ourselves (and encourage others to do the same) what it is about us, our upbringing, beliefs and paradigms that influence our reactions and behaviours in this space. Where we oppose gender quotas we should be open to understanding why this is so and what might be gained by their introduction. Our research shows that there may be complex internal motivations for our belief in meritocracy and therefore our opposition to gender quotas. While we may like to think we oppose quotas out of a sense of fair play, i.e. the best person for the job should get the job, there may be other factors at work, such as a preference for a group-based hierarchical society.

IN CONCLUSION

It could be asked why we continue to research the issue of gender leadership quotas given the possibility for division and conflict and the potential negative side effects. Our dilemma is that previous research conducted by The 100% Project has found that there is *no* difference between men and women when they are asked what they aspire to. Men want to contribute more to their families and the community in addition to their career and women want a rewarding career in addition to their family contribution. Compelling research conducted both in Australia and overseas suggests that when men have greater balance their well-being increases (happier, less depression, reduced suicide rates), their relationships improve, and both men and women’s collective interests are enhanced. Greater gender equity will deliver greater overall well-being to men as well as better career opportunities for women, and that is good for society as a whole. The implementation of gender quotas is one mechanism to get us closer to our goal.

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