

WOMEN IN LEADERSHIP SERIES 1

COMMITTEE FOR ECONOMIC DEVELOPMENT OF AUSTRALIA (CEDA)

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I want to begin by answering the question:

“Why should we worry about female representation in senior management?”

Well, according to a recent study – “empowering the third billion: women and the world of work in 2012”, by Booz and Company - and as reported in the Harvard Business Review, if women in the US, Japan and Egypt were employed at the same rates as men, the GDP of those countries would be higher by 5%, 9% and 34% respectively.

The same study ranks 100 countries on two measures: the policies they had in place to support women, such as those guaranteeing access to education and to credit, and the economic achievements of women there, including their participation in the workforce and employment in high-level jobs. You might be surprised to know that Australia ranks equal top, together with Norway and ahead of countries such as Denmark, Sweden, the Netherlands and Germany. So we must be careful about generic assumptions that Australia is a laggard – we’re not. The US, for example, is the only country in the OECD that doesn’t provide income support during parental leave, while Italy has the second lowest female participation rate in Europe.

I speak to you today not as a subject-matter expert, not as a professional in a relevant area such as human resources, but as a business practitioner. My remarks will reflect that viewpoint.

I have seen the challenges women face on a daily basis for a long time – as a husband to the same woman for 35 years; as a father of three daughters who are pursuing professional careers and family responsibilities; and in my role as CEO of an Iluka workforce in which women comprise approximately 20 per cent. And, finally, I would observe that I spent much of my early career in human resources – which perhaps, at the risk of offending some in the audience, proves that everyone is entitled to a sense of career optimism! Or that Warren Buffet had it absolutely right when he so famously said that one of the reasons for his success was that he only had to compete with half the population.

My career leaves me with a strongly held view that gender equity and the advancement of women in business are best achieved within a broader framework of diversity, not as stand-alone initiatives.

Resources Industry Context

Within the resources industry there are a number of specific challenges.

These include: attracting women to non-traditional roles and to a non-traditional industry; retaining them in a workplace that is typically male-centric; and the need to achieve career-defining opportunities for women in the line roles that give them the necessary skills and experience for senior executive leadership.

I would like to highlight two specific barriers to gender equity within resources companies.

1. Poor recognition of the link to business performance

First, business schools will teach you that before any change can occur there has to be dissatisfaction with the status quo. If the status quo is seen as being “ok”, there will be no urgency for change. If no link is seen between gender diversity and female advancement and business outcomes, the case for change will be hard to mount.

So, before a gender equality step-change can occur within the resources sector, there needs to be greater recognition that diversity in general, and more women in leadership roles specifically, contribute to a more productive workforce, to competitive advantage and to increased shareholder returns. In short, that the pursuit of gender equity is a sound business strategy.

The case is clear: as long ago as 2007, a Catalyst report¹ found that, on average, Fortune 500 companies with more women on their boards achieved better financial performance than those with fewer female directors. At companies with three or more female directors, return on sales was 16.8 per cent and return on equity was 16.7 per cent compared to a population average of 11.5 per cent in both cases.

Now clearly there could be some sectoral bias in terms of relative returns which influenced these findings, but the differences were stark nonetheless.

More recently, a 2012 report² by Credit Suisse, stated that, in their assessment, a specific consequence for shareholders of greater board diversity is enhanced stability in corporate results and in share price returns.

While these results may not prove a direct causal link exists, they do signify that having more women at the top of organisations is associated with the delivery of improved value to shareholders. That is very important to me because I have since day one at Iluka defined our objective as: “to create and deliver value for shareholders”!

2. Stereotypes and a male-orientated individual performance model

Second, despite many well-intentioned programs in place within the resources sector to advance the cause of women, I think stereotypes and a male-oriented individual high performance model remain significant barriers to progress.

Stereotypes can lead to gender bias in terms of people’s presumed suitability for roles and associated performance expectations. In that regard, it is perhaps worth noting that only a short 50 years ago did the Harvard Business School first admit women to its full-time MBA program.

We need to break down limitations imposed on womens’ careers by stereotypes. As someone who ‘escaped’ the human resources role typecast, I know full well the life-changing impact of a system, or more usually a single senior manager, prepared to take a risk, to accept or champion someone into a role outside his or her core skill set. Whenever I have done so, throughout my career, I have not been disappointed.

The male-oriented performance model is the “anywhere, anytime, 24/7” high performance stereotype. It expects, even demands, overtly competitive and self and family sacrificial behaviour if one is to be “on the A team”.

¹ *The Bottom Line: Corporate Performance and Women’s Representation on Boards*, Catalyst, 2007

² *Gender Diversity and Corporate Performance*, Credit Suisse, 2012

It is intolerant of divergence from the norm and inherently incompatible with the career versus family choices many women face. In addition, it generally assumes a linear career path, with limited flexibility allowed to accommodate changing priorities over time. And I know I struggle to find the right balance here – my business supplies a global market, our competitors are strong, and market conditions can be volatile. Not surprisingly, the first value I emphasised on taking over as CEO at Iluka was and still is “commitment”.

Against this demanding performance model, women can find it difficult to secure the necessary exposure to asset management and P&I roles, typically seen as a pre-requisite for major divisional or company-wide leadership positions.

Finally there is the “likability” gap highlighted by Facebook COO Sheryl Sandberg in her self-described feminist manifesto “Lean In”.

In a recent interview she characterised the likability gap thus: success and likability are positively correlated for men and negatively correlated for women. So, as women are more successful they are less liked – by both men and women. And that’s because we want people to conform to our stereotypes and tend to like them less if they don’t.

I believe male business leaders have a particular obligation here to provide women with not only the same formal training and development opportunities as men, but also the same networking, social interaction, formal and informal mentoring opportunities which are common and very visible practice for men.

Visibility and familiarity are important in career advancement. You have to not only do well, but be well seen while you are doing it. So we must connect those in senior executive or board roles with women within the organisation consistently so that, when senior appointments are being considered, capable women and the skill sets, motivation and, yes, the “likability” they will bring to a role are ‘front of mind’.

The Role of Targets

A brief word about targets.

I believe each organisation must chart its own fit-for-purpose path, rather than adopt or be forced to implement, a prescriptive ‘solution’.

Enforceable quotas, in my view, are definitely not the way to achieve greater diversity and equity – gender or otherwise - sustainably. I have first-hand experience of target-driven, positive discrimination approaches from time spent working in the US.

In my experience, it produced tokenism, fearful unwillingness to address performance problems, and self-serving compliance rather than commitment.

It was ‘sham’ progress, and it is no surprise therefore that over the past decade women in corporate America have still only held some 14% of C-suite jobs.

I believe in this area, as in most, business can and will meet the challenge of achieving gender diversity at all levels because it makes good business sense to do so. We certainly don’t need cynicism-inspiring targets.

Iluka and Gender Diversity – Initiatives and Aspirations

So, what's Iluka doing?

Iluka's approach to diversity is communicated through a policy: "Iluka seeks to attract and retain the best people, while building and maintaining a diverse, sustainable and high achieving workforce".

And through what we call the Iluka Game Plan – a set of values and principles which set direction and align individual and group behaviour. Our game plan incorporates a specific reference to our goal of a diverse workplace.

This is a critical point – within Iluka we think it is vital that the appointment and advancement of women is seen as a key element of a broad, coherent and stable diversity framework, not as a stand-alone, reactive initiative to a societal hot button.

And so our diversity approach focuses not only on gender, but also on age, on the employment of people with disabilities and on the inclusion of indigenous people within our workforce.

We are making progress.

For example, a recent survey of our employees found that 76 per cent of respondents either agreed, or strongly agreed, with the statement that "Iluka is an employer of choice for women".

Instead of grand gestures I have encouraged members of the executive team, individual managers, supervisors, indeed everyone in the company, to make a simple, single difference where they can.

Whether it be employing or promoting a woman, or an aboriginal person, or indeed a person as old as me, I take the view that it is enough, as a first step, if you can make a difference to a single life. I think if more companies focussed on small successes, rather than big programs, we'd make a bigger difference to more lives.

Of course, you need enabling policies and procedures and in that regard some specific initiatives in Iluka include:

- Establishing policies and systems which support a mobile workforce and cater for remote working, flexible hours and part-time work for both men and women.
- Modifying traditional recruitment practices, at an operational level, to focus on values and behaviour, rather than skills and experience, with necessary skills then developed through fast track training and in-situ mentoring programs. At the Narngulu operation in the mid-west, this change in recruitment practice increased the female workforce by 30% over a three year period.
- Gender equity pay audits, conducted annually, the most recent of which found only 17 examples where a significant and unexplainable disparity existed between male and female TFRs – interestingly, in 12 of those cases, the apparently disadvantaged individuals were males!
- Establishment of a Diversity Committee, chaired by myself, with clear priorities and strategies to increase awareness and make a difference.

Notwithstanding our good intentions, our initiatives and senior leadership commitment, I am conscious that Iluka still has a way to go to achieve substantial and wide-spread progress in terms of greater female representation at senior executive (and indeed board) levels.

So we will continue to prioritise activities which support a shift in culture and outcomes and we will regularly review our performance and progress.

In conclusion, let me emphasise again that I strongly believe career planning for women does not need to follow a prescribed much less a linear approach. Indeed to attempt to do so is likely to be self-defeating.

Instead there needs to be a broad and long term view of the potential contribution of an employee, not one defined too precisely by specific preparatory experiences assumed to be required, by old or new convention and stereotype, or by ideology.

WA business will meet the gender equality challenge. It will over time reflect the increasingly diverse nature and multi-faceted aspirations of Australian society. It will do so because it makes good business sense.

But it must start with individuals at all levels in organisations going out of their way to make a difference to the career outlook - and in many cases the life prospects - of a single individual, especially if that person is an indigenous person, or has a disability, or is normally considered "too young" or "too old", or is, yes, "female".

Thank you.