



**What Business Wants: A Project Assessing SME's  
attitudes and approach to gender equity in the workplace  
and female participation in the workforce**

**A Report for  
Security4Women**

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For more information please go to:

S4W Website: [www.security4women.org.au](http://www.security4women.org.au)

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## EXECUTIVE SUMMARY

Since the inception of the Equal Pay Day campaign in August 2008, it has become clear to Business and Professional Women Australia (BPWA) that there is growing negativity to the notion of pay equity. This led to the formation of the Equal Pay Alliance in 2009. Subsequently, the community response to the release of the *Making It Fair: pay equity and associated issues relating to increasing female participation in the workforce* report highlighted the fact that community and business sentiment is increasingly cautious about the repercussions of implementing change that would address pay inequity.

BPWA believes that we must be instrumental in providing quality information to government and other relevant organizations about how small business with less than 100 employees, SMEs, can embrace these recommendations of the Making It Fair report. Such businesses employ thousands of women in Australia therefore it is imperative that we drive and implement appropriate structural change for small business in order to achieve pay equity and better assist women's lifelong economic security. Hence a proposal was submitted and successfully funded by Security4Women (S4W) with the support of BPWA to investigate this important issue further.

This investigation was conducted in two stages. The first stage reviewed the literature in relation to pay equity and small business. The second stage used this review to inform and develop consultations with small business to investigate their attitudes and collect data on current practice in relation to pay equity. Further, the consultations were to garner small business' view on the issues raised in the literature.

There is little research, internationally and nationally, into the attitudes of SMEs to gender equity. However, the review of the literature revealed multiple issues and included compulsory gender representation gender segregation, part-time and casual work, diverse working arrangements, negotiation skills, career expectations, women in leadership roles, education, work-life balance, paid maternity leave, gender equity auditing and gendered corporate culture. The qualitative data from the consultations exposed a general lack of awareness of many of the issues, in particular of gender equity auditing. However, many SME's recognised the existence of strong male oriented influences in recruitment, workforce gender segregation and corporate culture. All participants saw the benefits of greater flexibility in diverse working arrangements specifically in retention of skills and acknowledgment of family commitments. One key problem identified was the lack of negotiation skills that women display and consequently their career expectations. It was believed that an underestimation of the leadership capabilities of women in the workforce and the difficulty in transition to management was problematic.

The consultations with small business confirmed the Making it Fair report.

The following recommendations were made.

1. Private sector companies employing 50 or more people should be required to report to EOWA, or the proposed Pay Equity Unit within Fair Work Australia, on their gender equity strategies, performance, pay and outcomes. However this recommendation requires the proviso that reporting would need to have minimal administrative impact and could possibly be collected from existing reporting mechanisms.
2. Training and education should be provided to SMEs (50-100 employees) relating to the benefits of diverse management teams and diverse working practices.

3. Incentives should be provided to employers for providing training, such as communication and negotiating skills, to enhance women's career opportunities.
4. Greater transparency with respect to remuneration via the abolition of confidentiality clauses in employment and remuneration packages for SMEs
5. The literature review suggests that further research is required in Australia investigating the influence of government funded work/family programs on gender pay inequity
6. That investigation is undertaken into the effect of, and possible influence, of gendered corporate culture on gender pay inequity in SMEs.
7. The recommendations made by the *Making it fair: Pay equity and associated issues related to increasing female participation in the workforce* report (as relating to gender pay equity in SMEs) be supported by BPW Australia.

## 1.0 INTRODUCTION

The *Making it fair: Pay equity and associated issues related to increasing female participation in the workforce* report makes several recommendations which aim to narrow the gender pay discrepancy that exists in Australia today. The report highlights the fact that Australia is falling behind other Western countries, such as the United States, Britain, Canada and South Africa, as far as women in leadership roles is concerned. While large companies and the public service are compelled to employ strategies to improve opportunities for women to advance their careers in Australia, medium and small private sector businesses are not. Investigating the attitudes of such employers in Australia will add to the evidence collected during the parliamentary inquiry. In establishing that a discrepancy exists between men and women's pay, the inquiry highlights the stalling of previous gains made with respect to women's participation in the workforce. The report suggests that inequity is one of the factors influencing women's opportunities in the workforce particularly when considering promotion to more senior levels.

A number of issues were highlighted. These included compulsory gender representation, gender segregation in the workforce, part-time and casual work, diverse working arrangements, negotiation skills, career expectations, women in leadership roles, children's education, work-life balance and paid maternity leave, employment contract confidentiality, gender equity and gendered corporate cultures.

This report outlines the background to project and highlights the issues raised by the existing Making It Fair report. Stage 1 of the project presents a literature review of gender pay inequity as it related directly to small business. The methodology outlines stage 2 of the project including the recruitment and consultation process. This is followed by a detailed presentation of the results. The report concludes with the analysis of these results and consequential recommendations.

## 2.0 BACKGROUND

### 2.1 Terms of reference

The *Making it fair: Pay equity and associated issues related to increasing female participation in the workforce* (House of Representatives Standing Committee on Employment and Workplace Relations, 2009) report makes several recommendations which aim to narrow the gender pay discrepancy that exists in Australia today. The report highlights the fact that Australia is falling behind other Western countries, such as the United States, Britain, Canada and South Africa, as far as women in leadership roles is concerned. While large companies and the public service are compelled to employ strategies to improve opportunities for women to advance their careers in Australia, medium and small private sector businesses are not.

The report specifically states it wishes to avoid “creating new obligations for small and medium enterprises” (House of Representatives Standing Committee on Employment and Workplace Relations, 2009, p. iv) on the premise that reporting will be burdensome to the sector. The report also makes the point that there were comparatively few private sector contributors to the inquiry. Despite this, many of the report’s recommendations will affect small and medium-sized enterprises (SMEs). Further it appears current understandings about how to address gender pay equity does not account for SME opinion or capacity, nor is it clear that SMEs have an awareness of the potential advantages of adopting strategies to reduce the gender pay gap. These observations have been the impetus for this research project. Investigating the attitudes of such employers in Australia will add to the evidence collected during the parliamentary inquiry and reported in *Making It Fair..*

### 2.2 The Issues

In establishing that a discrepancy exists between men and women’s pay, the inquiry highlights the stalling of previous gains made with respect to women’s participation in the workforce. The report suggests that inequity is one of the factors influencing women’s opportunities in the workforce particularly when considering promotion to more senior levels. While EOWA compels some employers to implement programs to improve opportunities for women, the Act ("Equal Opportunity for Women in the Workplace Act," 1999) applies only to those employers with 100 or more employees. This represents only 23% of the working population, or 2.5 million people (Australian Bureau of Statistics, 2002). According to the January 2010 labour force participation data (Australian Bureau of Statistics, 2010) some 10.9 million people are currently employed. With approximately 1.8 million of these being employed in the public service (Australian Bureau of Statistics, 2009) (June 2009 figures) there remains in excess of 6.5 million people employed in the private sector.

Small business (organisations employing under 20 people) in 2000-2001 represented some 97% of private sector businesses in Australia (Australian Bureau of Statistics, 2002) employing some 55% of all private sector employees including owner employers and own account workers. (These figures exclude agricultural workers). Bearing in mind that these figures are relatively old (there are no more recent analyses available from the ABS) this potentially leaves almost 3 million people employed in medium-sized businesses (those employing between 20 and 99 people) who are not covered by any equal opportunity in the workplace legislation. How many women are represented in this group? This is difficult to estimate as there are no disaggregated data available. However, working on the premise that women make up approximately 45% of the Australian workforce (Australian Bureau of Statistics, 2008), this potentially leaves some 1.34 million women working in private sector organisations which are not obligated to provide programs to enhance opportunities for their advancement to senior positions nor subject themselves to a pay equity audit.

Given that the submission to the review of EOWA (Australian Government, 2009) recommends organisations which employ over 80 people should be included in the reporting cycle, Business and Professional Women, Australia (BPWA) is concerned that smaller private sector employers are not concerned with or are unaware of the strategies available to improve opportunities for women in their workforces. Furthermore, the submission also estimates that presently only between 65-70% of organisations who should report, do, and many of the reports submitted are modestly compliant or marginally compliant. These findings of course raise the question of how, if it is difficult for larger organisations to properly comply, will smaller organisations fare if they are similarly compelled to implement and report to EOWA?

## 3.0 LITERATURE REVIEW

### 3.1 Gender Equity in Australia and Internationally

Research in a number of European countries, North America, New Zealand and Australia tracks the progression of women through company structures and indicates that globally women still appear to be failing to break the 'glass ceiling' (Weyer, 2007; Wirth, 2002). While many countries have ratified ILO Convention 100, which concerns "equal remuneration for work of equal value, covering the basic wage and any additional cash or in-kind remuneration or benefit arising out of the worker's employment" (International Labour Office, 2007, p. 74), few countries have actually implemented legislation to meet this principle. Canada has been proactive in implementing affirmative action legislation with women winning substantial pay equity compensation from public sector organisations. However, the legislation is complaint-based and there appears to be high non-compliance among private sector employers, particularly in non-unionised or less-unionised organisations, even after 20 years of the legislation being in place (Cornish, 2007). The *Quebec Pay Equity Act 1995* ("*Quebec Pay Equity Act*," 1995) requires that organisations of 50 or more employees develop pay equity plans to establish the causes of gender pay inequity and discrimination, while employers of 100 employees are required to form gender pay committees to address pay inequity. The committees must have two-thirds employee representation of which half must be women. The Quebec model is widely accepted as the most advanced policy of its kind and has received support from the Anti-Discrimination Commission Queensland and *Making It Fair*. In Australian SMEs greater compliance with policy directives is also achieved when combined with complementary measures (Perotin, Robinson, & Loundes, 2003).

In the United States there is ongoing gender pay inequity which some authors relate to neo-liberalism (Cornish, 2007), as in Europe (Figart & Mutari, 2000) and here in Australia (Connell, Fawcett, & Meagher, 2009) and this may account for the widening gender pay gap since 2006. Indeed, the Howard led Liberal-National Coalition government's preference for a conservative social policy agenda, which favoured the single or modified breadwinner family model, effectively weakened women's attachment to the workforce (Craig & Mullan, 2009), thereby reducing women's opportunities for employment participation and advancement in the workforce. Such findings are repeated elsewhere in Greece, Italy and Spain in Southern Europe where the male breadwinner model is still prevalent (Figart & Mutari, 2000).

In Australia the tendency for women to move to part-time work during this period has allowed women to maintain some attachment to the workforce, and this has been their preference according to surveys (Probert, 1999). Making work more flexible has increased women's participation in the work force and has, to some extent, mitigated the 40 hour work week constructed around the norm of male breadwinner with little or no caring responsibility. However, this model of liberal flexibility has resulted in the reproduction of gender inequity in the UK because of the ways it has been established (Figart & Mutari, 2000). In addition, flexible and part-time work has serious implications for women's potential future earning capacity and total lifetime earnings (Olsen & Walby, 2004; Rubery, Smith, & Fagan, 1999). Countries such as Germany, Sweden, the Netherlands, Austria and Luxembourg share a preference for part-time work for women. This model of work behaviour preserves part-time work as gendered and circumscribes women's employment participation to accommodate their families and/or caring responsibilities (Figart & Mutari, 2000).

Part-time and flexible work is clearly advantageous to working families. However, research suggests a better alternative to achieving gender equity would be the reduction of hours worked per week rather than simply making work flexible (Figart & Mutari, 2000). Countries such as Finland, Denmark,

France and Belgium have introduced shorter working weeks and these countries exhibit narrower gaps in employment behaviour between men and women (Figart & Mutari, 2000). In these countries women's employment participation tends to be higher, in Denmark part-time employment as a gender equity strategy is declining and in France job-sharing has become more popular. Finland appears to have the least gendered workforce where low over-time for men, high employment participation by women and public support for families combine (Figart & Mutari, 2000). De-gendering part-time work, providing social support for families and shortened the working week with diverse flexible arrangements seem to hold the most promise for achieving gender equity in the work place (Figart & Mutari, 2000; Rubery, et al., 1999).

The New Zealand Pay and Employment Equity Plan review found that significant inequity existed across all employment sectors with women experiencing occupational segregation, under-representation at senior levels and limited career progression opportunities (New Zealand Government, 2010). In New Zealand family-friendly workplace policy is recognised by Government as beneficial to employers as the best employees are attracted to such workplaces. The best employees will increase profitability and improve human resource outcomes such as employee retention. This is referred to as the 'business case' rationale (Ravenswood, 2008). However, while the business case rationale introduces family-friendly policies into workplaces, it leads to prioritisation of business over employee needs (Ravenswood, 2008) and tends to entrench existing work practices and gendered work environments (Zacharias, 2006). Further, family-friendly policies tend to be favoured by employers when economic conditions are good and may be discarded when market conditions deteriorate (Doherty, 2004; Zacharias, 2006).

Affirmative action programs have been in place in the US though they have limited impact in terms of increasing the numbers of women in senior management positions (van der Lippe & van Dijk, 2002).

A number of European companies offer work-life balance programs which seek to address gender inequity with varying results. According to researchers a country's commitment to a welfare state system influences the ways men and women are treated in the workplace and thus the ways work is segregated along gender lines (Weyer, 2007). Northern European countries, such as Norway, Finland and Sweden are considered modern Nordic welfare states and strongly favour gender diversity and support child care provisions for employees as well as career enhancing programs for women (van der Lippe & van Dijk, 2002). These states are also those which have legislated affirmatively to ensure greater numbers of women are promoted onto boards. Studies in Sweden show that despite there being significant mechanisms in place to provide work/family balance for both men and women gender segregation in the workforce remains an issue and few women reach positions of power (Haas & Hwang, 2007).

This may be related to corporate cultures where 'substructures' of gender difference exist to maintain career structures favouring men - the ideal worker - whose only life focus is their job and where caring and family responsibilities are ignored or subordinated (Acker, 1990, 1998). More recently the term 'gender asbestos' has been used to describe corporate cultures where sexism is built into the structures and processes of the organisation (Wittenberg-Cox & Maitland, 2008). Not only is the environment toxic to women, so they choose to leave, but women's skills and sensibilities are unrecognised or undervalued to the extent that their chances of progression are hampered.

Conservative and liberal states tend to be less active in promoting workplace gender diversity (van der Lippe & van Dijk, 2002), however while France is considered to have a conservative social structure, along with Germany, Austria, the Netherlands and Belgium, recent legislation demands that 40% of publically-listed French company boards must be women. Currently only 10% of board members are women. Spain has also developed a voluntary program to enhance women's

participation in senior corporate life. Interestingly, Eastern European countries, with socialist state structures, tended to promote gender equality in the workplace far more than Western European countries. However, this seems to be in decline following the shift to more liberal state structures suggesting institutional structure and ideology have an influence on female workforce participation (van der Lippe & van Dijk, 2002).

### **3.2 Small and Medium Enterprises**

There appears to be little workplace gender equity research among small and medium-sized businesses internationally or nationally. Some research focuses on women's working experience in SMEs rather than employer's attitudes or opinions about their role in encouraging gender equity (Wynarczyk, 2007; Wynarczyk & Renner, 2006). There is acknowledgement that not enough research is conducted with SMEs given that they employ large numbers of people (Woodhams & Lupton, 2006). While there is an argument that SMEs can learn from research conducted with large businesses, others point out that smaller organisations tend to be presented with particular challenges that make them fundamentally different. Being a smaller organisation carries with it advantages and disadvantages in terms of management of human resources (HR) (Cassell, Nadin, Gray, & Clegg, 2002) and research with SMEs carries the proviso that SMEs are heterogeneous and any conclusions about SMEs in general should bear this in mind (Woodhams & Lupton, 2006). Further, while SMEs may appear not to embrace equal opportunity strategies there are some smaller organisations that clearly are sensitive to gender equity principles.

It has been suggested that SMEs could be expected to be promoters of equal opportunity for women and other diverse populations as their employment practices tend to be more flexible (Woodhams & Lupton, 2006). SMEs were more likely to have flexible working arrangements because managers tended to have close personal relationships with employees (Woodhams & Lupton, 2006). SMEs were less likely to embrace gender equity programs and plans as they became smaller and this may relate to a lack of expertise, preference for informal arrangements and/or less resource availability. Cassell, et al. (2002), in their study in the North of England, found that while owners and managers of SMEs stated their HR practices embraced equal opportunity, there was evidence that in reality recruitment, selection and evaluation processes tended not to be formalised nor were they transparent. SMEs were more likely to be family-owned and operated businesses and were more likely to be managed by people with less formal management training. This may have implications for their awareness of, and favourable attitude to, gender equity obligations or strategies (Carroll, Marchington, Earnshaw, & Taylor, 1999). SMEs tended to take a context-based, piecemeal approach to HR management practices depending on their available resources and inclination and were resistant to bureaucratic demands (Cassell, et al., 2002). These conclusions have implications for mandatory reporting to governments and for educating employers to embrace gender equity strategies.

Legislation enacted appears to target public sector and/or large businesses with small and medium-sized businesses being offered education and information about how they too can improve. However, there is an apparent reluctance by such businesses to engage in practices that potentially can make the workplace more equitable for women and this is a considerable barrier to women's advancement (Cassell, et al., 2002). The culture of some businesses tends to covertly exclude women. For instance in a case study of SMEs and larger organisations in the financial services industry in the UK (Ogden, McTavish, & McKean, 2006), which employs approximately as many men as women, women tend to exclude themselves from those areas of the industry when networking and long hours are requirements of the occupation. These requirements represent the gendered culture of some occupations and are significant barriers to women's advancement.

### **3.3 Diversity in Management**

Much research suggests companies can benefit from diverse management structures, not only in terms of operational effectiveness but also in terms of productivity and profitability (Morrison, Titi Oladunjoye, & Rose, 2008; Syed & Murray, 2008). Diversity can also create challenges for organisations when groups become fragmented due to lack of similarity and this has implications for in-group communication (Wright & Snell, 1999). Creating diverse workforces brings varied experience and knowledge which tends to enhance innovation and creativity in enterprise (Wright & Snell, 1999). Better decisions are made by women using feminine characteristics, as they tend to resolve conflict more appropriately, work collaboratively, share information and power and adopt a more holistic approach to employment and business. This contrasts with so-called masculine leadership traits which tend to be task-oriented and based on a rewards/punishment model of management (Rosener, 1990; Syed & Murray, 2008).

The need to highlight such findings to small and medium-sized business owners so that the cultural and attitudinal change can be achieved has been emphasised previously (Wirth, 2002) but it seems reiteration is required. Support, from managers and owners of enterprises, is crucial to changing the current situation. However, equity cannot be achieved through targeting organisations individually or through business initiatives only. Widespread change can only be achieved through the adoption of gender equity principles in education and employment at government and societal levels (Weyer, 2007; Wirth, 2002). Employer organisations and unions have the most potential to achieve gender equality, particularly at senior management levels, and it is the active support of senior managers, with an understanding that losing women's talent would be detrimental to their business, that will ensure gender equity policies succeed (Wirth, 2002).

## **4.0 METHODOLOGY**

Immediate consultation in Australia with a sample of such SME businesses was required to be undertaken. The consultations are designed to provide a clearer understanding of the fears and concerns of SMEs in regards to gender inequity issues. It also provides a voice for SMEs to put their viewpoint forward on how they believe they can respond effectively to achieve pay equity in their sector.

### **4.1 Research Aims**

This project included:

- A search of the national and international literature relating to the adoption of gender equity, including pay equity, principles and any associated measures to achieve same; and
- Consultations with SMEs to directly investigate:
  - awareness among SMEs of gender equity principles and strategies;
  - whether SMEs currently take responsibility for addressing gender equity;
  - what measures, if any, have been implemented or plan to be undertaken by SMEs to address gender equity; and
  - what strategies SMEs believe they are able to effectively employ to achieve gender equity.

### **4.2 Participants**

Participants in the consultations were drawn from the networks of BPW Australia's members, from both metropolitan and regional areas to ensure that potentially underrepresented female workforces are represented. Consultations took place in Perth, Caboolture, Parramatta, Sydney and Melbourne. It should be noted that access to SMEs was particularly difficult due to the lack of data available on who and what constituted such businesses. For the purpose of this project a small and medium businesses was defined as those having between 20 to 100 employees. Efforts were made through Chambers of Commerce, SBDCs, employer groups and trade associations. It is not clear if access was made even more difficult because of the nature of the project but there is little doubt that when the term "gender pay equity" was raised the level of cooperation diminished. Managers in SMEs also commented that even if they were interested they did not have time to spend on the issue, the implication being that it was not a priority.

### **4.3 Survey Design**

A short survey (Appendix A) was developed from analysis of the Making it Fair report together with issues identified from the literature review. This was given to consultation participants. (See Appendix B for aggregated results). The survey used a five-point Likert scale with a not applicable option. Participants were asked to grade the extent to which they agreed or disagreed with a series of statements. In addition, semi-structured interview questions were developed to initiate and drive the participant consultation discussions (Appendix C).

### **4.4 Consultations**

The consultations commenced with the survey followed by a 1 to 2 hour discussion. The facilitator explained the purpose of the consultation, defining the term 'pay equity', and asked a series of semi-structured interview questions (Appendix C) concerning gender pay equity as it is related to their SME. Attitudes to gender equity were invited and open discussion encouraged. Consultations were recorded and later transcribed. Transcriptions were analysed for understanding and awareness of the issues the inquiry is concerned with.

## 5.0 RESULTS

The consultations raised a number of topics. The main points arising are summarised below.

### 5.1 Compulsory Gender Representation

Views were mixed regarding mandatory gender representation on boards. While some thought it a good idea, others felt it could be problematic. For instance, less qualified people may be promoted to such positions in order to fill a quota. Tokenism could be a problem for both the employer and employee both in terms of credibility and the company's performance. There could be a danger that the company was not recruiting the right people. Additionally a number of participants foresaw potential resentment issues from current employees, commenting that;

*It could be hard to force companies to do this. They would not want to create a hostile environment (Melbourne).*

However, the point was made that promotion to senior positions is often flawed anyway as recruitment processes often are not formalised and can rely too heavily on networks. Women are often overlooked because they are not part of those networks or are excluded from the 'boys clubs'. On the other hand if women had to be recruited, companies might enhance the ways they recruit. The Norwegian example of giving companies a lead time (four years) to voluntarily increase the numbers of women recruited to boards before legislating to force recruitment was thought to be a good middle road to follow.

### 5.2 Gender Segregation

The issue of gender segregation in workforces was raised as was the lack of women in leadership roles in SMEs. An example was the field of dentistry. Few women qualified as dentists (though more women appear to be enrolling at dentistry school according to one participant) and yet most dental assistants were women. Comment was made that too many women are concentrated in administrative roles and more men should be encouraged to enter these occupations to give more balance. The community service sector workforce is predominantly female but is losing staffing because of low pay. This workforce is also aging which creates succession and sustainability problems.

A discussion arose at one consultation around the public sector employment and how educated women gravitate to the public service for favourable maternity arrangements. This in itself may have created gender segregation. Gender segregated work and pay was highlighted by this statement:

*I'm more qualified than my husband and he's earning \$60,000 and I'm earning \$25,000. He gets paid more because he works with machinery in a factory whereas my skills are office skills and I'll only get \$18 an hour. It's ridiculous (Caboolture).*

### 5.3 Part-time and Casual Work

Increasing casual and part-time work has led to greater flexibility in workforces. This has advantages for both the employee and employer. While greater numbers of people are employed, which tends to increase on-costs, this kind of flexibility has advantages in terms of operational effectiveness and

thus productivity. Employees tend to be multi-skilled which, while appearing to produce duplication, also allows for greater scope for planning in the event of pregnancy, sickness and leave. Comment was made that greater flexibility would need to occur with aging populations as workers caring responsibilities extend to aging parents after children become self-sufficient.

## 5.4 Diverse Working Arrangements

Increased flexibility in workforces in terms of starting and finishing times was thought to increase a company's productivity. It was thought, however, that management salaries related to outcomes rather than to hours worked. Inflexibility tended to increase resentment and loss of staff. An element of trust and reciprocal arrangements were thought to enhance employee loyalty and thus productivity, particularly in smaller organisations. It was noted that there were different expectations of employees depending on their personal circumstances. For instance, employees with no family responsibilities were given less flexibility than those who did. The introduction of more flexible work places may cause some disruption initially and so requires the support of management but does settle down after a period.

*One person started recently started a nine day fortnight...some resistance at first but that is decreasing (Melbourne).*

The degree to which a company could provide flexibility was context dependant and technology has increased some companies' capacity to provide flexible working arrangements. Participants talked about being able to work from home doing research for instance.

Job sharing at senior levels was discussed. It was suggested that job sharing would be a useful flexible arrangement for some employers and employees. Older employees might tend towards a desire to reduce their working week as they move towards retirement. They would be useful in training roles as they have a wealth of experience, skills and knowledge which would to be imparted to younger employees. It was suggested that job-sharing is less likely to occur at senior levels because skills sets become too specialised. Women in senior roles with children expressed a desire to shorten their working week but found such options were unavailable to them. This created feelings of guilt that they could not spend more time with their children. Job sharing in task-oriented roles was easier to implement than more highly skilled roles. There is the potential for imbalances to occur in workloads when people job-share, though this could be alleviated with properly defined job descriptions and targets.

*You could job share but you'd have to have someone in the same situation as you or someone prepared to take a lower wage to share the role. You'd find that the level of expertise is hard to find. Even trying to find good scientists at lower levels is hard, but the seniors would be hard to find.*

*But I don't know how job share would work if you weren't exactly in sync. Otherwise you'd be challenging each other and it would take a lot of energy if there was a power play there. You'd have to have someone very likeminded in the job (Sydney 2).*

## 5.5 Negotiation Skills

Women tend to have fewer negotiation skills in terms of pay and training opportunities. They also have less idea of their worth, and instead tend to be grateful for a job. More information regarding average and ranges of salaries within and across industries and occupations should be made available. This would enhance women's confidence in negotiating remuneration packages.

*I've worked in the finance area and seen entire company's salaries. Over the years I've noticed how differently people come and approach you for a pay rise. The guys, as soon as they're asked to do anything extra in their jobs, question their salaries. The male managers are more forthcoming about their male employees, to make sure that they get the appropriate compensation. But the male managers are less forthcoming about their female employees. Certainly that doesn't seem to be a role that's greatly valued. In a previous job I looked after a business unit as Finance Director and worked with a Business Director, who was a woman who had just joined and I knew her salary. She did a really good job. She then got promoted and a male colleague took her old position. He had friendships and a mentor in immediate management and I noticed that his salary when he began in that role had jumped 50% on hers. I've seen this example again and again, whether it's a large or small pay jump. Needless to say I got better at negotiating my own salary! (Sydney 3).*

*You need to trust yourself and your instincts that you can negotiate. If they say no you can come back and re-negotiate (Sydney 3).*

## 5.6 Career Expectations

Opinions were expressed that some women may not aspire to a career and instead expect to be married and caring for children after a few years in the workforce. This suggests a dichotomous model where women either have careers or are carers. One male participant made the following comments:

*I personally think it's tragic that women have to go back to work when the children are really tiny. I might be old-fashioned.*

*I don't think any woman will ever do a job in the workplace that's more important than raising a child. But then I'm a dinosaur (Sydney 1).*

The prevalence of the male breadwinner model was noted as a 'norm' in Australia and characterised as a significant barrier to women's expectations and aspirations in terms of career. One participant noted a degree of surprise when an exiting employee cited the 'boys club' as one reason for her departure. He had no expectation that women wanted to further their careers and has since tried to provide career pathways for women in his organisation.

Comment was made that women's careers were halted because of their lack of continuity in the workforce.

*Most of the time you earn your peak potential pay at around 30-35 and that's when most people have their families (Sydney 2).*

However, comment was also made that societal expectations were changing in that fathers were beginning to expect to have caring responsibilities and expected their employers to accommodate those desires.

## 5.7 Women in Leadership Roles

There was acknowledgement that women make good managers and that companies risk increasing their efficiency and productivity if they do not take advantage of the skills women possess. The view was expressed that women make better managers because they are emotionally more intelligent. This makes them better HR managers.

*I think that's wrong and as it's been agreed here, the whole world's missing out because my experience shows me that women are much, much better at management and more in touch with other human beings and sensitivity to what's going on – and much better organised. I'd love to have more women partners involved but trying to get them to take that step is difficult (Perth).*

And this about a woman's contribution to board meetings:

*Everyone has their say on an issue and she'll come back with a comment like "You're missing the point. It's not about the productivity -it's about the poor person who's been decimated." And always brings it back to the human side. Sometimes when we've gone so far down that track it takes her to put us back on track. She looks at the bigger issues. She's almost our conscience too ... brings us back to our human side (Perth).*

Transitioning people into leadership roles has proved to be problematic. Promoting women from administration into managerial roles has bred resentment and passive aggression. Smaller companies tend to lack the systems to make the transition a success and this may be related to the lack of HR expertise. This applies to men and women equally. However, it was thought women may need more support than men to make the transition. Women experience a variety of push/pull factors when considering the move to management. Mentoring programs were thought to be useful strategies to achieve success in this area. Mentoring programs might give women an opportunity to express their needs in a safe environment. It was thought women often do not express themselves as they not wish to appear weak. Such programs would be more successful if managers were measured on the success of their mentee.

Changes need to be made in the ways business communicates with its employees. Changes need to start with senior management but communication needs to be reciprocal. Channels for communication need to remain open in both directions – from the top down and from the bottom up.

*It seems be me that for that change to occur you have to educate business about opening those communication channels, being open to hearing what people are going to say even if it contradicts their previous assumptions, and also educating and empowering employees right through to school children to exert that ability to think for themselves and question some of those assumptions (Perth).*

## 5.9 Children's Education

It was suggested that children should be educated about their career options in a way that does not promote gender segregation. The education system should include information about entitlement to career and family, and discrimination and gender inequity in the workforce.

## 5.10 Work-life Balance and Paid Maternity Leave

The issue of parental leave was raised. It was pointed out that women who take maternity leave and return to work do not command the same authority as when they left. When women need to take leave to care for children they are deemed to be of less value to an employer. Men are not faced with the same caring responsibilities. There is no expectation that male employees would have the same caring responsibilities; the following comment emphasising this ongoing issue.

*I think it's going to take a couple of generations before it's not taken for granted that the wife will be the primary caregiver (Caboolture).*

One participant noted that employers had stated they would not employ women of child-bearing age if paid maternity leave was introduced. (The facilitator pointed out that it is due to be introduced in January 2011). A comment was made that community organisations cannot afford to pay parental leave as they are underfunded already. (The facilitator pointed out that government will pay for the leave; companies will only administer payment of the leave). The issue of productivity loss and cost losses incurred from recruiting replacements was raised with one participant stating they would refrain from employing younger women because of the risk of pregnancy. Most consultations confirmed that any parental leave created difficulty for the business but they had learned to live with it.

*We have policies but we know it's potentially difficult (Melbourne)*

## 5.11 Employment Contract Confidentiality

It was commented that transparency was required with respect to salary packages. In most companies employees were not permitted to discuss their salary and packages with others.

## 5.12 Gender Equity

It was agreed that gender equity audits were a good idea but they would need to be simple. It was felt compliance would be an issue. To a degree this is a valid comment as there is difficulty with compliance in reporting to EOWA currently.

Comment was made that gender equity provisions were more important in SMEs because this was where most people start their careers. Another participant held the reverse opinion stating:

*I've got strong corporate experience and all the experience I bring into a small business is from the exposure in corporates. I think someone who has worked a long time in a small company couldn't cope with the demands and expectations in a corporation, because there is a level of professionalism there. When you work for a large company you have an IT dept, an HR dept, so the focus is very much on your professional*

*development skills and you're more likely to be trained up and they have training programmes. The owners of small business sometimes get upset because they think their staff should be thinking in the same way and have the same passion as they do and they often haven't had training or been mentored. But that's what they're requiring of them. And they're often left to their own devices to manage that (Sydney 3).*

The point was made that no formal systems were in place to assess job comparability and this may relate to the lack of HR management practitioners.

*In larger businesses there are more programs – there are performance reviews and assessments and the HR dept is very much involved. In small business there isn't that. Often they'll say, "You're not doing your job. I'm unhappy with you. You're not doing the work the way I'd like you to be", but there's no communication and training about the expectation of the role and what needs to be done (Sydney 3).*

### **5.13 Gendered Corporate Cultures**

Participants referred to the 'glass ceiling' and to 'gender asbestos' in some companies and described experiences where men assumed a position of authority notwithstanding a woman's greater experience. One participant described how smaller companies exhibited misogynistic tendencies, thought women inferior and retained the 'boys club' ethos. In another example an auditor passed a document to a female - rather than the male employee - to photocopy, despite her seniority. Further examples of the 'boys club' were given such as being invited for Friday afternoon drinks and being subjected to sexist remarks. Comment was made about the ways some men manage, in that they tend to be task-oriented rather than listeners.

One employer maintained his right to retain control in his business.

*If I employ 30-50 people there are some basic rights I wish to hold. One is to hire who I want to hire. What I don't want is a quota system. I don't want to be told that I have to hire certain people. People don't hire someone for all sorts of reasons, but they should have that right, up to a point. If I have a woman and a man on equal footing applying for a job I'm going to take the man, because he's not going to have a baby and that's the simple truth of it. Having said that, the last seven people who have applied for jobs have been women – young women. Some jobs women do better than men and vice versa. I know if I want to hire labourers I should be open-minded enough to hire a woman but I'm not there. I can't do that (Sydney 1).*

Comment was made concerning the ways lower women's salaries were justified in the past in that there was an assumption that women would leave employment to have children. It was felt that this sentiment was still present today to some extent.

Further comment was made that employers will resent being imposed upon and women might experience a backlash if change is imposed too rapidly.

*In terms of cultural change in 50 years, it's been absolutely enormous and you should bear that in mind because that industry has been more successful than it thought and accelerated change is not always a good*

*thing. Sometimes things do have to take time. They are coming quicker and quicker. But all minority groups are so used to getting their own way that the moment you say stop or you can't have that, there's hell to pay because the expectations are too high. It's about managing expectations. If women are getting impatient about at 17% gap and I expect, like you, that they're probably at the higher end and not the lower end, it's important to remember that it used to be higher and it's getting smaller and we're continually moving in the right direction. But if we try to impose these things too quickly you get a backlash and lose ground (Sydney 1).*

Companies would benefit from being educated about why they should be actively recruiting women to management positions. However we also:

*Need to train women to know that they're good enough (Sydney 3).*

## 6.0 CONCLUSIONS

The literature review and consultations shared some similarity in terms of how SMEs view gender equity. While some employers were aware of the issues others were not. It was felt that flexible working arrangements will only work if employers have close working relationships with employees. There was generally agreement that flexibility in the workforce will create more equity but that complete equity would not take place for some time and it would be dependent on a culture change within corporations. Job sharing was thought to be a good idea though some fear was expressed about how this would work in practice. The international literature demonstrates that it can work provided working arrangements were restructured. For instance, a reduced working week has worked in some jurisdictions. It seems the onus will be on Generation X and especially Generation Y to achieve equality for women and other diverse groups.

In accordance with previous inquiries, the consultations revealed a general reluctance for more regulation of small business. However, according to the literature, companies are more likely to promote diversity principles when they are legislated to do so. To further facilitate increasing gender equity in the workplace, education and a change in corporate cultures and attitudes may be a promising way forward. A surprising finding was the lack of awareness around issues such as gender pay audits, the proposed paid maternity leave provisions being introduced in 2011 and the fact that the proposed leave would be funded by government. It was also of some concern that employers are still reluctant to employ women of a certain age despite this being discriminatory and illegal.

There is contradiction in the findings in that SMEs believe gender equity audits will increase costs, while they also believe there is no gender pay gap within their organisations. SMEs are reluctant to be more regulated and fear losing control in their business. SMEs are under-resourced in terms of expertise.

The issue of education seems to be important on a number of levels. It was thought children's educational curriculums should be amended to include issues relating to the workplace and gender inequity. This should start at primary level education. Women need to be more highly qualified in order to achieve equal pay. Business also requires more education relating to gender inequity and to the lost productivity and profit opportunity if recruitment and promotion of women is avoided.

While Australia was ranked number 1 for women's educational attainment, it was ranked 40 for women's employment participation in the World Economic Forum's 2008 Global Gender Gap Index (World Economic Forum, 2008). "This represents a significant leakage of resources from the formal Australian economy" (House of Representatives Standing Committee on Employment and Workplace Relations, 2009, p. 36). Reasons for this leakage will vary across industries and occupations and will also be influenced by personal circumstances. However, this leakage might be related to persistence of inequities. The literature suggests that while larger corporations and the public service have reasonably well advanced policies for the promotion of diversity, smaller companies do not, and will not, while they continue not to be challenged to change their practices. Companies with 50 or more employees would have enough layers of hierarchy to accommodate succession planning, diversity plans and training opportunities for women to advance to leadership roles. If Australia is to progress to a true meritocracy measures need to be implemented to ensure all companies, not just larger ones, adopt diversity and equity principles. While EOWA recommends inclusion of employers of 80 or more employees in the reporting mechanisms BPW Australia suggests this number is further reduced.

*Gender is a business issue, not a 'women's issue'. The underuse of women's talent has an impact on the bottom line. Taking action to address this will require sustained courage and conviction from today's corporate leadership. This is an opportunity that must not be missed (Wittenberg-Cox & Maitland, 2008).*

The above quote speaks to the problem business faces if they fail to make change. It is BPW Australia's contention that women are an underutilised resource in Australia and the literature bears this out. With many European countries legislating to increase women's presence in senior positions it would be remiss for Australian business to ignore strategies that could increase their productivity and profitability.

## 8.0 RECOMMENDATIONS

The following recommendations were made.

1. Private sector companies employing 50 or more people should be required to report to EOWA, or the proposed Pay Equity Unit within Fair Work Australia, on their gender equity strategies, performance, pay and outcomes. However this recommendation requires the proviso that reporting would need to have minimal administrative impact and could possibly be collected from existing reporting mechanisms.
2. Training and education should be provided to SMEs (50-100 employees) relating to the benefits of diverse management teams.
3. Incentives should be provided to employers for providing training, such as communication and negotiating skills, to enhance women's career opportunities.
4. Greater transparency with respect to remuneration via the abolition of confidentiality clauses in employment and remuneration packages for SMEs
5. The literature review suggests that further research is required in Australia investigating the influence of government funded work/family programs on gender pay inequity
6. That investigation is undertaken into the effect of, and possible influence, of gendered corporate culture on gender pay inequity in SMEs.
7. The recommendations made by the *Making it fair: Pay equity and associated issues related to increasing female participation in the workforce* report (as relating to gender pay equity in SMEs) be supported by BPW Australia.

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## Appendix A – Consultation Questionnaire

Please indicate to the extent to which you agree or disagree with the following statement:-

	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Not Applic
1	“Australia’s private sector lagging behind US, UK, Canada and South Africa on all relevant benchmarks relating to women in leadership.” This is an important issue for Australia.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Most companies in Australia believe there is no gender gap in their organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	My business has plans to implement gender pay equity principles in the immediate future.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	I never subconsciously assume a position is a man- or women-specific position.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	My industry has clear male/female defined roles.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	I sometimes think twice about employing women of a child-bearing age because of potential maternity leave.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	My business actively recruits women into senior roles.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	My business would consider participating in a pay equity audit of my business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Legislating for compulsory gender representation on Boards is a good idea.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	I believe that education at high-school level should occur to educate young men and women about discrimination in the workplace.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Women in my business are uncomfortable negotiating their individual employment contracts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Appendix B - Consultation Questionnaire Results

Please indicate to the extent to which you agree or disagree with the following statement:-

	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Not Applic
1	"Australia's private sector lagging behind US, UK, Canada and South Africa on all relevant benchmarks relating to women in leadership." This is an important issue for Australia.	8	25	8	3	0	0
2	Most companies in Australia believe there is no gender gap in their organization.	5	31	4	7	1	0
3	My business has plans to implement gender pay equity principles in the immediate future.	10	6	9	5	2	13
4	I never subconsciously assume a position is a man- or women-specific position.	11	16	14	10	0	0
5	My industry has clear male/female defined roles.	4	9	6	15	9	4
6	I sometimes think twice about employing women of a child-bearing age because of potential maternity leave.	1	6	6	19	7	6
7	My business actively recruits women into senior roles.	8	13	7	4	1	11
8	My business would consider participating in a pay equity audit of my business.	5	10	11	4	2	9
9	Legislating for compulsory gender representation on Boards is a good idea.	11	14	9	7	3	1
10	I believe that education at high-school level should occur to educate young men and women about discrimination in the workplace.	20	23	4	3	0	0
11	Women in my business are uncomfortable negotiating their individual employment contracts.	9	11	11	7	3	6

## Appendix C - Consultation Semi-Structured Interview Questions

### Definition

- Pay equity means equal pay for work of equal value work;
- Genuine promotion opportunities for men and women

Today's consultation is to ascertain if the gender pay inequity is an issue for SME's in Australia and if so what actions you have taken or plan to take to address this issue.

- 1) How do employment practices of SMEs ensure gender pay equity?
  - Do you allow flexible start and finish times for all staff?
  - How do you define flexible working hours?
  - How are these negotiated in your business?
  - Do you believe there is room for more flexibility of hours for men and women in your business?
- 2) How do they encourage the full utilization of their female employees?
  - Do you think that work/life balance is an issue for any of your staff?
  - Do you consider or discuss with staff how they could achieve an improved work/life balance?
  - Is career development in your business a clearly defined progression?
  - Do you provide training specifically tailored for staff career development?
  - As an example, how will your business cater for paid maternity leave?
- 3) Do employment practices in SMEs contribute to a situation that exacerbates gender pay inequity?
  - Are you aware of the issue with gender pay gap? (For instance too few women are on Boards and in high level positions.) (Yes/No)
  - Do you have any informal or formal mentoring practices in place? If so please describe them.
  - If so, how do SMEs overcome this?
- 4) Is this an issue that SMEs see value in addressing?
- 5) Do you believe that your business has a role to play in promoting gender equity and equal opportunity?
  - Describe what steps you are taking (if any)?
  - How would you like to see pay equity promoted by government?
  - Are you aware of other businesses that appear to have more women in senior roles?
- 6) Have you ever undertaken a gender pay equity audit?  
This would include:
  - Retention rates of women in your organization
  - Return rates
  - Salary on same level as men

- Have you promoted more men than women in the last 12 months?
  - a. If not, why not?
  - b. If yes, when was the last one undertaken? Briefly describe your outcomes from this audit.