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Diversity the name of the game

Questioned recently by a shareholder about board diversity, Telstra chairman Catherine Livingstone expressed some regret that she was the company's only female director. It is, she said, something the board "is taking into account very actively in its succession plans".

Diversity is a big deal at Telstra – and not just in relation to gender.

Telstra's corporate responsibility report says its diversity priorities are age balance, gender, cultural diversity, disability, indigenous, sexual orientation and gender identity and work-life flexibility – but there's a lot more to its attempts to promote workplace diversity.

Unfortunately, the restructuring that's so far cut 18.2 per cent from Telstra's full-time employees has also had an impact on workforce diversity. While women make up about 30 per cent of the total, the proportion is 0.67 of a percentage point lower than it was in 2005.

Likewise, the proportions represented by indigenous workers and those with disabilities are down slightly, but the biggest drop (3.2 percentage points) has been among those categorised as "culturally and linguistically diverse" who now represent just 5.8 per cent of the workforce compared with 9 per cent before the cost-cutting program was initiated.

Telstra's corporate responsibility report does note, though, that Livingstone's appointment as chairman in May (she has been a director since 2000) heralded "a new status for women's representation and leadership" at the company.

The number of women in executive management roles rose 4.6 per cent to 31.3 per cent in 2009, while the number in senior management roles rose 3.2 per cent to 22.9 per cent. Women also fill 27 per cent of Telstra's middle management roles and 30.9 per cent of operational management – a representation in line with the 29.9 per cent women make up of the company's total paid employees.



By comparison with most of the rest of corporate Australia, Telstra is an over-achiever in the area of gender equality despite Livingstone's being the only woman in the boardroom. Not that Telstra's



alone in this regard – 41 of the top 100 listed companies have only one woman on their board, or just 11.5 per cent of the board seats of those companies. This is a statistic that is made to look better only by the fact that a similar number (39) of companies in the top 100 have no female directors.

Among the last group are several large resources, materials and contracting groups (such as Newcrest, Santos, Leighton Holdings, Toll Holdings and Amcor) but also a couple of surprising offenders.

Pathology and health services providers Sonic Healthcare and Primary Health Care, for example, have no women directors, and neither does the largest private hospital operator Ramsay Health Care.

For that matter, Livingstone must be disappointed there are no females on the board of Cochlear, the company she steered to greatness as chief executive for six years.

Retailers Metcash and JB Hi-Fi don't have any women on their boards, something that sets them apart from other retailers Woolworths (two women directors),

Harvey Norman, David Jones and Myer (one each). Wesfarmers, whose business portfolio skews heavily towards retailing, also has two women on its board.

In an interview with *The Australian Financial Review* last month, Origin Energy chairman Kevin McCann warned that gender diversity was going to be a bigger issue for companies in 2010, both at board and top management level.

The Australian Securities Exchange's corporate governance council and the Australian Institute of Company Directors have been discussing board diversity, with the AICD believed to be very close to launching a major initiative.

It's been known to be hatching a plan to encourage greater board diversity, and particularly gender diversity. Based on an initiative announced earlier this week that's intended to help aspiring directors find their first board seat or expand their portfolio of directorships, it may help facilitate an easier path for women wanting to sit on boards. As much as anything, it reinforces the sea change in attitude on diversity.

As an aside, two of the AICD's three national directors are women as are two of its seven division council presidents.

Westpac Banking Corp, QBE Insurance and Aristocrat Leisure are leading the way, each with three women directors.

As this column has previously mentioned, women are best represented among the biggest listed companies – 12 per cent of board seats among the top 50 companies are held by women, but the overall proportion falls to 10 per cent among the top 100 and to just 8 per cent for the top 200.



It's not just gender diversity that's an issue, though, with only 13 of the top 100 companies having Asian directors. And we won't even go into the issue of indigenous Australian boardroom representation.

A big part of the problem has to do with expanding directors' networks and headhunters' files to identify more people outside the traditional mould and provide them with incentives and opportunities to contribute at this level.

Anecdotal evidence suggests a much better balance exists on the boards of private and not-for-profit companies, while the so-called professions (law firms and accountants) are chock-full of potential directorial talent. The trick seems to be working out how to convince them to throw their hats into the ring so that the white Anglo Saxon male bastion that has for so long represented boardroom Australia can be given a proper makeover.

There are big chunks of multicultural Australia that are simply not represented in boardrooms – and, sadly, there may be other factors at play apart from lack of opportunity. For whatever reason, there are many talented people from other backgrounds who seem either uninterested or inhibited from becoming listed company directors – although their lists of achievements in other areas speak volumes for their capability.

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