The next big deal is on. Property industry, where are you on gender diversity?
In 2014, EY conducted in-depth interviews with 12 male and 7 female c-suite and property executives across 15 predominantly top 200 ASX listed organisations representing 100,000 employees. These included Real Estate Investment Trusts (REITs), large listed property groups (owner/developers), engineering and construction companies and agents.

The depth of the interviews with key leaders – supported by their HR data that indicates the gender spread across job roles as well as policies and practices – means we are able to draw reasonably sound conclusions and themes.

EY thanks the Property Council of Australia who provided communication and encouragement to the organisations and particularly c-suite executives asking them to participate in interviews and supply data during a frenetic time of the year – reporting season. The interviews were conducted over a short six week time frame. We commend the openness and availability of these key executives to provide us their time and insight.
Gender diversity in our workplaces makes compelling business sense.

The war for talent has never been fiercer. Those companies which provide men and women with equal opportunities to thrive and become leaders will win time and time again. The deliverables are tangible and proven; companies which can draw on a diverse mix of talent – including gender – deliver enhanced profits, investor returns and productivity uplifts.

In the property industry we are at a critical juncture.

This landmark research by EY shines an uncomfortable spotlight on the property industry’s divided and disjointed approach to achieving gender parity.

Clearly we have to work together as an industry to accelerate the change needed to increase the number of women in leadership roles and the pipeline of future women leaders.

And we need to act fast to catch up on lost ground.

The Property Council is taking a leadership role through the outstanding work of our Women and Diversity in Property Committees. Our New South Wales Division formed the first of these committees in 2012 and it has provided an exemplary model for the establishment of others across the country in 2015.

Furthermore the Property Council is leading the formation of a Property Male Champions of Change group to tackle this issue and our leaders are committing to this important initiative.

Together the Property Male Champions of Change will listen and learn from each other, define their common commitment and agree to tangible initiatives they will together take to advance women into leadership positions.

We know the property industry is good at embracing and embedding change when it comes to safety, technology or sustainability. Now we need to expand our focus to include gender equality.

I commend EY for undertaking this historic, baseline research and identifying the scale of challenge we are facing.

Now we have to commit our energy and intelligence to tackle the issue of women in leadership roles and seize the opportunity before us.
Executive summary

An industry divided and suspended at the tipping point

New research focusing on leading Australian property companies suggests the industry is divided in its views on gender diversity and consequently missing out on significant financial opportunities.

Conducted by EY, with the support of the Property Council of Australia (PCA), the research reveals an industry divided over gender diversity and lacking a coordinated approach. In a debate undermined by myths, false assumptions and unconscious bias, two opposing camps emerge: gender sceptics and gender believers. As a result, the majority of property companies remain stuck at the ‘knowing’ or compliance end of the diversity spectrum, offering isolated policies, rather than tipping towards true ‘understanding’ or leadership.

We argue that if the industry were to pursue gender diversity with the aggressive focus it devotes to closing deals, the financial benefits could be substantial.

Reaching the tipping point – what needs to change?

Based on our findings, we believe the property industry is at a precipitous tipping point: it can linger in its current status as a male-dominated industry, with a handful of women in executive leadership positions and gender diversity policies or programs, or it can ‘tip’ – opening the flood gates to greater profits and better returns for investors.

In other words, property organisations need to move from “we know gender diversity is important” to “we understand and embody in our attitudes and behaviours the business imperative of gender diversity for our industry”.

This report highlights the top line results demonstrating why the industry is in its current state:

1. Doubt and narrow understanding of the business drivers for gender diversity
2. Failure to grasp the weight of external pressures
3. Opposing perspectives on talent availability and the female talent vacuum
4. The power of leadership

The research also outlines the business case for change and offers next steps to harness the substantial bottom line benefits and cost savings that come with more inclusive and integrated gender diversity policies and behaviours.

We believe gender diversity is a major opportunity for Australia’s property industry, but it must become an investment concept: a driver of business success, economic growth and investment returns. If the industry were to pursue gender diversity with the aggression and focus it devotes to closing deals – and absorb just a fraction of the risk or take more of a ‘leap of faith’ - the bottom line benefits could be substantial.
The property industry needs to accept what the research is saying – that all industries will benefit from gender diversity – and proactively address this issue, before its customers, shareholders and employees find the industry wanting.

**Common traits of gender believers versus gender sceptics**

**Gender believers**
- Attributes lack of women in industry to lack of commitment by industry
- Requires the shortlisting of women for roles
- Looks outside property to identify new leaders
- Actively supports flexibility for both genders
- Does not see flexibility arrangements as a barrier to executive roles
- Provides examples of how customers and clients are becoming more female or influenced by female choices
- Can identify some of the business drivers for improving the number of women in property such as improved culture, innovation and share prices

**Gender sceptics**
- Attributes lack of women in industry to lack of qualified women to choose from in property
- Is sceptical of hiring outside of property
- Offers flexibility policies for women
- Feels some roles not suitable to flexible arrangements due to their demanding nature
- Sees customers and clients as still predominantly male; does not see this changing any time soon
- Identifies need to attract best of entire talent pool as main business driver for diversity
- Wants to see more research on property industry specifically and direct link to profits before committing further to gender diversity

**Commonalities**
- Culture changing ‘on a journey’
- Have flexibility policies
- Have a diversity panel
- Have diversity events

“The top performers I have identified in our pipeline for executive roles are predominantly women.”
(Source: c-suite executive, REIT)

“I can name the number of qualified women for executive roles on one hand.”
(Source: c-suite executive, REIT)
Findings

Widely varying maturity levels

Although one could assume that property CEOs and their leadership teams would have the ‘media line’ on diversity, this wasn’t the case. Our discussions indicated the industry has no clear response or approach to diversity and c-suite level executives from the same organisation could differ on their opinion and approach to gender diversity.

This was supported by HR data provided by participating organisations: although a few organisations have fairly progressive policies in terms of flexibility, remuneration and gender KPIs, the majority are just beginning to recognise the need for developing relevant strategies, motivated by ASX reporting requirements. Some said they were closer to the beginning and learning as they go, while others were keen to be the leaders in the area and had advanced their gender diversity policies more aggressively.

In a particularly revealing set of HR data, the percentage of participating organisations with a standalone policy or strategy to support gender diversity in terms of recruitment is only (55%), talent identification (40%), retention (10%), and succession planning (30%).

Report card: where does property really want to be on the ‘smart curve’?

The research shows the property industry is currently sitting well down the gender diversity ‘smart curve’. This is a concept EY developed to help businesses measure the maturity of their diversity strategies and understand whether their approaches and programs were truly providing business benefits. Most participating property companies fell somewhere between emerging awareness (2) and aware (3), while one or two fell into unaware (1) and active engagement (4).

While a ‘smart curve’ rating between emerging awareness (2) and aware (3) is not dissimilar to other industries, the fact that property had a similar score – an industry that prides itself on fast growth and an assertive sales culture, is perplexing. An average score below level 3 indicates gender diversity programs are mainly compliance focused rather than truly integrated to maximise gender diversity’s financial benefits. In our experience, it’s only when organisations move beyond level 3 that they get any real business value from diversity. At level 5, gender diversity becomes a source of competitive advantage, with improving gender metrics translating into measurable financial results and business benefits.

1 Women in leadership: How smart are you? EY, 2010
The next big deal is on. Property industry, where are you on gender diversity?

Sporadic gender diversity programs
One ‘smart curve’ metric for maturity is the type of gender diversity programs in place and the level where sponsorship in an organisation is coming from. In our interviews, the majority of participating organisations indicate they have diversity activities, described as a designated week during the year where diversity becomes an organisation-wide focus. Others work with universities to support mentoring and apprenticeship programs that target women. Others have activities and programs to keep high achieving women who have left on maternity leave to encourage and support them to come back to the workplace. However, overall most of the programs occur sporadically and are not centralised through an industry body or association, nor are they integrated throughout the organisation's policies and procedures such as recruitment, promotion, or KPIs, to gain long-term and progressive traction.

Local reporting requirements are the main drivers of diversity programs
Another ‘smart curve’ metric for maturity is an organisation’s understanding of reporting requirements. All of our interviewees identified the ASX Reporting Requirements, and recent changes to them, as critical compliance drivers. In 2014, organisations were asked to report more detailed information such as the gender split across a wider range of job roles (entry level to CEO) and were also asked to supply more detailed information on policies and strategies across a wide range of metrics such as flexibility, remuneration, talent acquisition, recruitment and retention, KPIs, and discrimination to name a few. As this information becomes public in early 2015, our interviewees are well aware of its potential to throw a positive or negative light on their organisation in the eyes of shareholders and prospective employees.

<table>
<thead>
<tr>
<th>‘Smart curve’ maturity levels</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
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<tbody>
<tr>
<td>Unaware</td>
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<tr>
<td>Gender diversity programs</td>
<td></td>
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<tr>
<td>You don’t have any specific gender diversity programs</td>
<td>You are beginning to recognise that something should be done to address gender inequality</td>
<td>You have some diversity programs however they are generic and ad-hoc</td>
<td>Gender diversity has strong executive sponsorship. Your diversity programs and initiatives have been informed by data and company insights about your organisation needs and levers</td>
<td>You have organised an integrated approach to diversity including; changing tactics based on lessons learned, refining your metrics and continuously improving</td>
<td></td>
</tr>
<tr>
<td>Local reporting requirements are the main drivers of diversity programs</td>
<td>You collect only minimal gender diversity metrics and do so only for the purposes of WGEA and ASX Corporate Governance Council recommendations</td>
<td>You respond to external pressures such as the new guidelines, not internal recognition that there may be some business value in gender equity</td>
<td>A growing number of people are ‘championing’ diversity but this has not yet filtered down to all levels</td>
<td>You have clearly defined objectives and strategies for addressing gender inequities</td>
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<tr>
<td>You are aware of some of the arguments for addressing gender inequality but don’t think it applies to your business</td>
<td>You think gender diversity issues will resolve themselves by focusing on hiring the ‘best’ person for the job</td>
<td>You have started to identify key performance indicators and collect relevant metrics</td>
<td>You have effective governance and compliance supported by integrated reporting against all metrics</td>
<td>Diversity is seen as ‘business as usual’</td>
<td></td>
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<tr>
<td>You lack access to robust metrics around gender diversity</td>
<td>Your metrics are starting to improve slightly</td>
<td>Your metrics are starting to consistently improve</td>
<td>Your strongly improving gender equity metrics are translating into measurable financial results and business benefits</td>
<td>You are a role model for others in the market, recognised by customers as being truly committed to diversity</td>
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</table>

You lack access to robust metrics around gender diversity
Doubting the business case for gender diversity

You don’t need more proof, you need a small leap of faith

Our interviews revealed property executives doubt the case for gender diversity, despite 15 years of respected global research that clearly indicates companies with the most gender diverse boards and leadership teams consistently outperform their industry average.

Business case drivers for gender diversity

There is a large body of evidence that companies with higher percentages of women in their leadership perform better financially on a wide range of business metrics – return on equity, return on sales and return on invested capital.

For example, EY’s June 2014 Point of View summarises recently released reports including a study published by Thomson Reuters in 2013, which analysed levels of board gender diversity at 4,100 public companies around the world as well as their performance since 2008. The authors found a strong correlation between mixed boards and better return.

A report from Credit Suisse from September 2014, based on an analysis of 2,360 companies worldwide, found that between 2005 and 2011, companies with at least some female board representation outperformed those with no women on the board in terms of share price performance. The average return on equity (ROE) for companies with at least one woman on the board over the six year period was 16%, four percentage points higher than that of companies with no women on their boards (12%).

Yet regularly through the interview process with key executives in property, we heard requests for more research, more proof of the business case, or more property specific data. We argue the industry doesn’t need more data and that this is simply change avoidance. The industry needs to harness its ambitious ‘can do’ attitude and take a small calculated risk based on the data at hand to improve its ‘smart curve’ performance.

A study of 160 REITs, found that those with at least one woman on their board for more than three years tended to produce annual total shareholder return growth rates that were 2.6 percentage points higher than their peers during the three-year period, 3.6 percentage points higher over a five-year period and 3.4 percentage points higher in the course of 10 years.

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3 Mining the metrics of board diversity, Thomas Reuters, June 2013, Andre’ Chamavat and Katharine Ramsden
4 The CS Gender 3000: Women in Senior Management, Credit Suisse, September 2014
Knowing versus understanding business drivers

Many property executives demonstrated a fairly narrow understanding of the business case for gender diversity, seeing it essentially as getting access to the other “50% of the talent pool”. Very few could articulate the well-accepted financial benefits being pursued by other industries.

More than half of the executives interviewed said they understood the business case for gender diversity, but believed ‘it hasn’t affected our industry yet’. This is not the point. The business case for gender diversity is not necessarily about fixing a problem – it’s about ensuring business sustainability and improving financial performance.

Other interviewees recognised the business opportunities, but thought that what they were doing was enough. This was often amplified by the argument that they had good intentions or are ‘supporters of women’.

The business case for women in leadership gets better every year: women bring improved decision making at the top, more creativity and innovation, and better problem solving, stemming from greater cognitive diversity. Women also improve the ecosystem, because company leaders better match the profile of customers and employees. And when three or more women make it to the top team, a company’s organisational health appears to improve on every one of the nine dimensions McKinsey tracks.6

6 Can women fix capitalism?, McKinsey Quarterly, September 2014, Joanna Barsh
Failure to grasp the weight of external pressures

The property industry has yet to grasp the true weight of external pressures motivating other industries to harness gender diversity. And while there are clearly some differences between residential and commercial sectors, external pressures though slightly varied, are clearly relevant to both. Some of these include:

- Brand and reputation
- Institutional investors
- Skills shortages

Brand and reputation

By 2028, women are forecast to control close to 75% of discretionary spending worldwide. The property industry may still believe its client base is male-dominated, but research shows that women are becoming increasingly influential across a wide range of categories. Women are increasingly highly influential. For example, in retail and residential property purchasing decisions, women are more likely to promote or detract from a brand through their social networks. Yet, although most participating organisations make sure their marketing and sales teams have the skills to connect with female customers, few thought that women having a greater impact on buying decisions was a reason to address gender diversity.

Customers are definitely becoming more feminine and more Asian. It's funny because investors never ask me – bar one – about diversity in our organisation. But there is no doubt that customers have changed. Homes are a family decision and the wife has a major voice in the decision. We are also finding that on social media women are particularly involved and linked into our posts. (Source: c-suite executive, large property owner/developer).

Institutional investors

For the commercial sector in particular, a 2014 report on gender balance by international proxy advisory firm Institutional Shareholder Services notes that institutional investors are calling for greater gender diversity, which appears to be influencing director nominations globally.

Gender diversity funds

One of the first funds to focus on investing in companies with a high number of women in senior roles was The Women's Leadership Fund, started by Zürich-based Naissance Capital. Launched by Cherie Blair, the fund is an example of growing interest in gender diversity in companies and is based on studies suggesting businesses with a higher proportion of women in senior positions perform better.

The PAX World Global Women's Equality Fund is another fund that looks to invest in companies that take affirmative steps to attract, retain and promote women, and to advance gender equality and women's empowerment in the workplace and beyond. Specifically, the Women's Equality Fund seeks to invest in companies that promote gender equality through internal policies and programs, transparency regarding the effectiveness of those policies and programs and accountability among employees to assure implementation and observance of those policies and programs.

In partnership with the United National Development Fund for Women (UNIFEM), Calvert launched the Calvert Women's Principles®, the First Global Code of Corporate Conduct focused exclusively on empowering, advancing, and investing in women worldwide. As the leading asset manager using sustainability to drive shareholder value, Calvert Investments identifies those companies who are focused on long-term, sustainable growth and value. At Calvert, including women within the investment framework is an integral part of their strategy and incorporates:

- Including gender diversity as a critical ingredient of corporate valuation
- Using shareholder voice to push companies to think differently about women
- Providing global thought leadership on investment topics that matter to women

Property companies may not be feeling investor pressure yet, but it’s only a matter of time before they are required to answer gender diversity challenges from institutional investors.
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Skills shortages

Although many participating organisations agree it is difficult to fill some engineering and construction positions, most believe the war on talent has not yet affected the industry. Talented women are entering the industry from university, with graduate entry level roles having 30-50% female representation. This is in line with university evidence which also shows that a greater majority of women graduate and many do so at the top of their class.\(^{12}\)

Future skill shortage estimations (Australia)

However, property’s talent supply is being impacted by a series of negative drivers. Participating organisations referred to drivers such as an ageing workforce and aspirations of work/life balance (by women who chose to have children and not return due to long and demanding work hours and the aggressive nature of the work) were affecting employee retention rates.

The universities we spoke to feel they were doing everything they can to attract more women into the industry. They feel the industry needs to target younger children pre-high school to have an impact.

As skills shortages become more acute with Australia’s ageing population, smart property companies will start tapping more effectively into this important resource.

Case study: How Google is grappling with skills shortages

Considered by many to be a top innovator, 2014 Google announced that only 17% of its tech employees are women. The gender disparity is a dire issue for all tech companies. There will be 1.4 million computing jobs available in 2020, but only 400,000 computer-science graduates from U.S. universities to fill them. Part of the problem is that only 12% of computer-science degrees go to women, and in order for Silicon Valley to survive and thrive, it must be able to recruit more engineering talent from the other 40% of the population. Realising the extent of the problem, Google is launching Made With Code, a website that includes coding projects, stories from female technology role models and resources for parents.

Google has invested a lot more than just money in the project. The company conducted research to determine why girls are opting out of learning how to code: the number of female computer-science majors has dropped dramatically since 1984, when 37% of computer-science degrees went to women. How will Google get them back into computer-science classrooms?

Google found that most girls decide before they even enter college whether they want to learn to code – so the tech world must win them over at a young age. They also found that there were four major factors that determined whether girls opted into computer science: social encouragement, self-perception, academic exposure and career perception.\(^{13}\)

\(^{12}\) Based on conversations with leading Australian universities offering a Bachelor degree in Property Economics or equivalent

Opposing perspectives on talent availability enhance a female talent vacuum

Our research found a vacuum in the female leadership pipeline in participating organisations: women come in strongly at entry-level and administrative positions, but then drop off dramatically as they move up the ladder. This is sometimes referred to as the ‘stupid curve’ – a term coined over 10 years ago describing the ‘stupid wastage’ when women fail to climb to senior levels in an organisation.

The female leadership pipeline vacuum

When we look at the HR data from participating organisations and compare the gender spread of managers to non-managers, it is clear that positions of authority are far more likely to be male. The spread of gender across CEO roles is dominated by men, with less than 10% occupied by women. Men also dominate management roles and above, with women occupying approximately only 25% of management positions. The spread is closer to 50/50 when looking at roles below manager.

Gender spread comparison across management and executive roles versus non-management roles from participating organisations
The data tells us that, although the HR data from participating organisations indicates that policies and strategies for gender diversity are being put into place, they do not yet appear to be translating to actual diversity outcomes for most organisations. For example, when executive pipeline roles which lead to positions of leadership are mapped it is clear a leadership pipeline vacuum for women in property exists: women drop off the career pipeline at a number of key career progression hot spots, all the way from professional through to manager, senior manager and c-suite roles. Yet women occupy the vast majority of administrative or “pink collar” roles.14

Bar graph percentage of men/women across executive pipeline job roles versus non-executive from 2014 reporting figures

In analysing where women currently fall in job roles across the participating organisations, it is clear that men dominate leadership pathways.

No one in the industry disputes the lack of female representation at leadership levels, but opinions are sharply divided as to why it occurs. Research found the majority viewpoint attributes the figures to the lack of qualified women to choose from, or because talented women opt out once they have children. Some organisations are cautious about hiring outside the industry. A small minority put it down to the industry’s lack of commitment to actively look for and recruit talented women from outside of property, as well as to support them throughout their careers.

We currently have a target to have 45% of our management roles filled by women by 2017. We are currently at 32%. To do this we are recruiting outside of property for senior roles. You really need to push it. We ask men to find female candidates for consideration. (Source: c-suite executive, REIT)

Property is very specialised. We have tried to look outside, but have found it risky and detrimental. (Source: c-suite executive, Agent)

And while there was awareness about moving women into management roles, this does not mean segregating women to support roles rather than operational roles, or those that lead to top leadership positions.

Of huge concern, in property companies, the fall-off in female representation starts before women start their families. Experience in other industries suggests this is because younger women see the writing on the wall. Looking at the female career path above them, where even senior women are typically in support roles, many young women deliberately move to organisations or other industries in search of companies where they can see senior women in leadership and operational roles. Alternatively, a number of female participants in property told us they perceived motherhood as career stalling and chose to ‘hold out’ until their late 30s to have children, so they can get ahead beforehand. Until these women have confidence in their employer’s ability to offer them genuine career progression, they will continue to leave.

14 As described by Chief Executive Women http://www.cew.org.au/
"Offering" and "encouraging" flexibility are two different things

Based on our experience in other industries, part of the reason comes down to job design. Although many property companies have flexible work policies, job sharing opportunities, even on-site childcare, their HR data shows that full-time, leadership and operational positions favour men and that part-time, support roles favour women.

The flexibility myth

EY’s Australian Productivity Pulse™ research suggests women in flexible roles (part-time, contract or casual) appear to be the most productive members of our workforce. Women in flexible roles waste only 11.1% of time in a typical working day, compared to an average of 14.5% for the rest of the working population. Given 43.2% of women in the workforce work part-time, compared to 13.5% of men¹⁵, this translates into an important productivity bonus that few employers recognise.

Thanks to more productive flexible workers, Pulse found that collectively Australian and New Zealand workers could save at least $1.4 billion on wasted wages by employing more productive female employees in flexible roles. In an average year, these women effectively deliver an extra week and a half of productive work, simply by using their time more wisely.¹⁶

In terms of property specifically this appears to be the case. We looked at the Executive management team of the participants in the study. There were 195 roles in total, 37 of these held by women; two were CEO/MD, eleven were on the path to leadership in operational/line roles and 24 were in support/staff roles such as HR, legal, company secretary and corporate affairs.

In other words, men dominate the leadership pipeline and even senior women tend to be in support roles such as HR, legal or corporate affairs. Asked why this is so, participating organisations cited women: wanting more work/life balance, doubting their skills and ability to thrive should they return to work after having children, or choosing to be a primary carer. Executives said their companies were grappling with ways to try and attract women back to work once they had children.

Ambitious young men are increasingly married to ambitious young women, and both halves of the couple are starting to find focusing a career management time-frame on their 30’s as being problematic. Parents need to be parents, and companies who are managing their Talent effectively and who are building for the future, must accept that both women and men will probably need to be given some flexibility during this time in order to cope with their significant family responsibilities. In no way should this mean that they are disqualified from consideration for future leadership.¹⁷

All of the participating organisations interviewed stated that they had flexibility policies and could identify a number of staff under these types of arrangement. This is supported by the HR data provided by participating organisations (Figure 10) showing the majority have flexible work policies, job sharing opportunities, and leave opportunities. Some organisations also noted in the HR data their excellent on-site childcare facilities and other features.

¹⁵ ABS, Jan 2012 Cat: 4125.0, Gender Indicators Australia
¹⁶ Untapped opportunity – The role of women in unlocking Australia’s productivity potential, EY, July 2013

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However, having flexibility policies is not enough. Property organisations also need to truly support and encourage flexibility. Our interviews revealed widely varying attitudes towards flexible arrangements and having the opportunity for advancement – particularly in executive level roles. There were opposing viewpoints as to how suitable flexibility arrangements were for executive leadership roles. There also seemed to be greater acceptance that flexibility was suited to head office roles but less so for site roles.

To get ahead you need to work hard and put in long hours. This is fine until women have families and then things need to be handled differently for women. Women who come back to work after having a family need to make sure they don’t cut corners. They need to make sure they don’t just ‘get the work done’ then go. (Source: c-suite executive, large property owner/developer)

I think this idea that women who return from maternity leave somehow come back with “less experience” or are less competitive for promotional opportunities is complete nonsense! When men leave because they are ill or need a sabbatical, this never counts against them. We identify high performing women in our pipeline and for those who decide to go on maternity leave, I try to promote them before they go on leave or as they are coming back, and we also assign them a mentor to assist with the transition. (Source: c-suite executive, large property owner/developer)

This is supported by the HR data supplied by participating organisations. Men dominate full time positions while women are far more likely to occupy part-time roles. Although the data supplied by participating organisations does not indicate which of those in part-time roles are on a flexibility arrangement, it does indicate that women are at a disadvantage when it comes to executive pipeline roles due to the current job design which favours full-time and executive roles.

### Men dominate full-time permanent positions of power regardless of job role

- Full-time permanent male
- Full-time permanent female
- Part-time male
- Part-time female
- Contractor/casual male
- Contractor/casual female

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**Flexibility policies**

<table>
<thead>
<tr>
<th>Flexible work hours</th>
<th>Compressed working hours</th>
<th>Time in lieu</th>
<th>Telecommuting</th>
<th>Part time work</th>
<th>Job sharing</th>
<th>Career’s leave</th>
<th>Purchased leave</th>
<th>Unpaid leave</th>
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**Unpaid leave**

- 0 10 20 30 40 50 60 70 80 90 100 101 120 130
- Managers (female/formal)
- Managers (female/informal)
- Managers (male/formal)
- Managers (male/informal)
- Non-Managers (female/formal)
- Non-Managers (female/informal)
- Non-Managers (male/formal)
- Non-Managers (male/informal)
The power of leadership

The single defining characteristic of participating property companies further up the ‘smart curve’ was the quality of their leadership. The (male and female) CEOs of these organisations, had a direct hand in ensuring that any barriers were being addressed, and were able to “sell” the gender diversity message as well as link it to KPIs. They understood and were convinced by the research supporting the business case and could identify particular research or conversations that had motivated them to creating a diverse workforce.

I actually went through salary levels of each job role and where there was a differentiation between a man and women in the same job level/role, I increased the salary of the woman to equal that of the man. (Source: c-suite executive, large property owner/developer)

As a result, the diversity at the executive levels of these organisations was particularly strong, with 30% representation of women at the board level and a good pipeline for leadership roles.

These companies are leading the way. The majority of participants noted that, in the last few years, the leadership style and culture of their organisations have changed, moving to flatter structures, KPIs, performance metrics and activity-based work spaces. Research shows that these types of strategies and structures help to support greater gender diversity in organisations, offering transparent, fair and equal career progression opportunities, and creating a more inclusive work environment.

At the same time, there are a growing number of women in senior positions as well as on boards in property. When aggregated, each sector of property currently has female representation, although still below the 30% representation research indicates is required to provide a tipping point for the benefits of gender diversity.

Board and chair gender representation based on HR data supplied by participating organisations (aggregate)
Gender diversity on boards can have profound advantages

Research suggests that gender diversity on corporate boards can have pronounced advantages.

Ferguson Partners Ltd., a global executive recruiting consultant, and FPL Associates, a management/executive corporation consultancy, analysed the relationship between REITs’ performance and a wide range of characteristics related to their boards of directors. The results of the study indicate that companies that have had a female board member for at least three years or more tend to experience higher total shareholder returns than those that have not.

In addition to gender, the study looked at factors such as board size, frequency of meetings and compensation levels. The study found that of the approximately 160 REITs, those that have had a female on their board for more than three years tended to produce annual total shareholder return growth rates that were 2.6 percentage points higher than their peers during the three-year period, 3.6 percentage points higher over a five-year time period and 3.4 percentage points higher in the course of 10 years.

While the underlying cause or causes is open to interpretation, the authors noted that some may argue that the addition of a female perspective in board activities lends a valuable contrast to that of male counterparts. They say it may be that varied perspective that ultimately results in better performance.

The findings correlate to other similar research conducted across diverse industries and organisations.

The lack of female representation could be attributed to the low number of organisations having set gender diversity targets for their boards.

For any governing boards or bodies where gender diversity targets have not been set, the reason why based on participating organisation HR data

<table>
<thead>
<tr>
<th>Reason</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing body has gender balance (e.g. 40% women/40%, men/20%, either)</td>
<td>5</td>
</tr>
<tr>
<td>Currently under development</td>
<td>2</td>
</tr>
<tr>
<td>Insufficient human resources staff</td>
<td>11</td>
</tr>
<tr>
<td>Don’t have expertise</td>
<td>8</td>
</tr>
<tr>
<td>Don’t have control over board appointments (provide details why)</td>
<td></td>
</tr>
<tr>
<td>Not a priority</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>
How property can reach the tipping point

A lack of coordination, genuine understanding and trust of the business case for gender diversity is hampering property’s progress up the ‘smart curve’.

This is preventing property from reaching a tipping point – the level at which the momentum for change becomes unstoppable.

If the industry were to pursue gender diversity with the aggression and focus it devotes to closing deals – and absorb just a fraction of the risk or take more of a ‘leap of faith’ – the benefits could be substantial.

We believe gender diversity is a major opportunity for Australia’s property industry, but it must become an investment concept: a driver of business success, economic growth and investment returns. In our view, companies that move further up the ‘smart curve’ will improve their financial performance – while also creating a modern culture with the flexibility and innovation that younger generations of both genders are demanding.

The property industry needs to accept what the research is saying – that all industries will benefit from gender diversity – and proactively address this issue, before its customers, shareholders and employees find the property industry wanting.

How property can reach the tipping point

The industry’s next step should be to develop a coordinated approach

Diversity is a strategy, not an issue. Diversity is not about doing the right thing; it’s about honing a competitive weapon. To benefit, property needs to mobilise its historical strengths of aggressive competition and can-do attitude to develop a common understanding and approach around the business case at an industry level.

How can property companies move further up the ‘smart curve’?

The research cited in this report focused on identifying where the industry currently stands in the diversity debate and maturity curve. The following checklist is based on EY’s global experience of moving companies up the ‘smart curve’ in all industries. We recommend individual property companies using this as a basis for identifying appropriate next steps.

<table>
<thead>
<tr>
<th>Area</th>
<th>Gender diversity best practice</th>
<th>Achieved?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership commitment</td>
<td>Our leaders consistently communicate: “This is a business imperative.” They call out inappropriate behaviours and attitudes that undermine the goal of gender diversity. Accountability is embedded into the performance targets of every leader.</td>
<td></td>
</tr>
<tr>
<td>Talent identification and management</td>
<td>We proactively source, seek out and encourage future female leaders, including those who work flexibly. We understand the risks of missed opportunities and unnecessary costs associated with exclusive and outdated talent management processes.</td>
<td></td>
</tr>
<tr>
<td>Culture</td>
<td>Our company respects people who also undertake family and community work. We value contribution and achievement, over face time and appearances.</td>
<td></td>
</tr>
<tr>
<td>Recruitment practices</td>
<td>We have at least one woman on the decision panel and at least one woman in the pool of candidates. We look further afield for quality candidates and have the courage to take a risk on a non-traditional candidate.</td>
<td></td>
</tr>
<tr>
<td>Promotional policies</td>
<td>We ensure that anyone with the right skills and commitment, even if they work part-time or flexi-time, has the opportunity to progress. Our policies include work/life balance initiatives such as working flexibly and remotely and job sharing.</td>
<td></td>
</tr>
<tr>
<td>Gender targets</td>
<td>We have gender targets to regularly measure progress made and to refocus efforts when progress has stalled. Everyone from the CEO to junior managers has gender hiring and pay targets, which are taken into account at remuneration time.</td>
<td></td>
</tr>
<tr>
<td>Career path management</td>
<td>We take a long-term view of an employee’s potential contribution and support the re-entry of high-quality employees to retain them for the longer term.</td>
<td></td>
</tr>
<tr>
<td>Unconscious bias</td>
<td>We are aware of the impact of unconscious bias. We talk about, measure it and put in place systems and processes to minimise it.</td>
<td></td>
</tr>
<tr>
<td>Remuneration</td>
<td>We remunerate in line with capability, not gender.</td>
<td></td>
</tr>
<tr>
<td>Organisational structure</td>
<td>Our organisational structure is aligned to our strategic goals underpinning our commitment to gender diversity.</td>
<td></td>
</tr>
<tr>
<td>Change management</td>
<td>We have adequate change management practices in place, geared to execute on the opportunities to reach the Tipping Point.</td>
<td></td>
</tr>
</tbody>
</table>
The next big deal is on. Property industry, where are you on gender diversity?

Definitions

Diversity — The collective mixture of differences and similarities that includes, for example, individual and organisational characteristics, values, beliefs, experiences, backgrounds, preferences, behaviours.

Inclusion — The achievement of a work environment in which all individuals are treated fairly and respectfully, have equal access to opportunities and resources and can contribute fully to the organisation’s success.

Gender Diversity — Does not necessarily mean numerical equality. Instead, it means a conscious analysis of the gender mix that reflects the available talent pool and sustainably supports strategic goals. The goal does not necessarily have to be 50/50 but should be closer to 50/50 than to 85/15.

Gender Bilingual — Organisations that have developed the management competencies to understand the differences between men and women so that they are able to effectively connect, and communicate with 100 percent of potential customers, end-users, and stakeholders. They are also skilled at being able to attract, retain, and develop 100 percent of the available talent pool.

Tipping Point — The level at which the momentum for change becomes unstoppable. The concept is based on The Tipping Point: How Little Things Can Make a Big Difference, Malcolm Gladwell, 2000.
The research set out to answer the following questions:

- What is the current state of gender diversity in the Australian property sector?
- How do a sample of primarily 200 ASX listed property organisations that make up the sector rate in terms of attitudes, behaviours, policies and statistics relevant to gender diversity?
- How does this compare to Australian and world-wide research?
- Is there a case for change?
- What are strengths, threats and opportunities for property going forward?

**Literature research** — We scanned our existing EY research as well as national and international literature for key themes and approaches for improving gender diversity.

**Qualitative research** — We met with leaders from property organisations in Australia and interviewed them in depth. Our focus was on CEOs, CFOs and other c-suite and executives from key areas of the business as research overwhelmingly agrees that improving gender diversity must start at the top of organisations. The semi-structured interview questions were developed based on 8 key indicators that are predictors for gender diversity, based on a summary of the literature research.

These include:

1. **Knowledge and understanding** — of some gender diversity best practice principles as well as the business case for gender diversity
2. **Leadership and accountability** — More than just “knowing”; doing and selling the message of gender diversity and making sure staff at all levels have KPIs when it comes to diversity
3. **Attitudes and beliefs (culture)** — historical underpinnings that support or inhibit gender
4. **External pressures** — from policies, legislation, customers, staff or community that have affected the way an organisation approaches at diversity
5. **Flexibility policies and practices** — such as childcare and paid parental leave that support women in the workplace
6. **Recruitment and promotion practices (and metrics)** — that are fair and equitable and look broadly at skills and experience that transfer across industries to attract the largest talent pool
7. **Education and training** — that creates gender bilingual staff, managers and executives
8. **Marketing and sales strategies** — that reflect gender bilingual approaches and reach out to female consumers

**Quantitative research** — We analysed human resources data supplied by participating property organisations, based on 2014 WGEA reporting requirements. The information was used to determine:

- Gender composition of each organisation’s workforce and any differences amongst sectors (for example, agents as compared to REITs)
- Gender composition of governing bodies and boards
- Flexible working arrangements for employees
- Other policies and practices that address and/or support gender diversity
- Correlations and/or discrepancies between interviews and data

**Additional key stakeholder interviews** — We also interviewed HR and recruitment companies that focus on the property sector as well as university departments that offer relevant property degrees to gain insights into factors that can affect gender diversity in the workplace such as skills shortages and the pipeline of female graduates and job candidates.
The next big deal is on. Property industry, where are you on gender diversity?

Four main types of organisations were represented.
- Real Estate Investment Trusts (REITs) – 5 in total
- Large listed property groups (owner/developers) – 4 in total
- Engineering and construction – 3 in total
- Agents – 3 in total

The depth of the interviews with key leaders – supported by HR data that indicates the gender spread across job roles as well as policies and practices – means we are able to draw reasonably sound conclusions and themes.

**Figure 1: Face to face interview – job title representation and gender split**

The research findings were anonymised to protect the identities of the individuals and their organisations. The data was also aggregated to ensure confidentiality.
Additional resources

Interested in learning more about gender diversity and how you can improve business performance? Here is a list of EY thought leadership pieces:

- **Women in Leadership – In their own words – Further insights**

- **Women in Leadership – In his own words**

- **Women in Leadership – In their own words**
  [Link](http://www.ey.com/Publication/vwLUAssets/Women_in_leadership._In_their_own_words/$FILE/women_in_leadership_report_2013.pdf)

- **Women in Leadership – What will it take to get Australia on target?**
  [Link](http://www.ey.com/Publication/vwLUAssets/Women_in_leadership._What_will_it_take_to_get_Australia_on_target/$FILE/What_will_it_take_to_get_Australia_on_target.pdf)

- **Women in Leadership – How smart are you?**
  [Link](http://www.ey.com/Publication/vwLUAssets/Women_in_leadership._How_smart_are_you/$FILE/Women_in_leadership_Nov2010.pdf)

- **Women in Leadership – Engaging Australian business**
  [Link](http://www.ey.com/Publication/vwLUAssets/Women_in_leadership._Engaging_Australian_business/$FILE/WomeninLeadership.pdf)
Contact EY

Interested in finding out more about how EY can help you with your gender diversity initiatives?

Doug Bain
Market Segment Leader for Real Estate, Construction and Engineering, Leisure and Hospitality
Tel: +61 2 9248 4554
doug.bain@au.ey.com

Jenelle McMaster
Partner, Performance Improvement
Tel: +61 2 8295 6617
jenelle.mcmaster@au.ey.com

Juliet Andrews
Director, Performance Improvement
Tel:+61 2 9248 5168
juliet.andrews@au.ey.com

Gail Power
Manager, Performance Improvement
Tel: +61 2 9248 4611
gail.power@au.ey.com
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