



## WHY GENDER BALANCE NEEDS PROXY METRICS

### Tips for creating proxy metrics

If you're not going to look solely at one high-level indicator of gender balance, what factors might you consider? Here are some ideas for where you may want to look for suitable gender balance proxies.

1. Do your gender balance targets have teeth? Are there rewards for achieving them and consequences for falling short?
2. Do you have measures that take into account the uniqueness of each context in the organisation, or is it just the same few everywhere? An example of a unique metric might be how often different team members (noting gender) speak in team meetings.
3. Is there flexibility in roles? How is this measured? How often is it exercised? Do some use it more than others? If so, do you know why?
4. Is gender balance a standing item on the regular meeting that reviews team progress?
5. Are a series of possible gender balance measures trialled, in a way where ideas that work are embedded and those that don't quickly dropped?

### *Looking differently at how gender balance is measured*

For most who have some interest in the topic (many women and an increasing number of men), the gender balance on boards is probably the most recognisable yardstick of progress. Recently the AICD, which has a target of 30% of women on ASX boards by the end of 2018, drew attention to the 13 companies that still haven't a single woman on the board.

The corporate world is certainly doing a lot better now where boards are concerned than even a few years ago. For example, there were 8.3% women on ASX 200 boards in 2009 and, in January 2017, that figure reached 25%. This progress is good news. But, if the complex topic of gender balance at work is to be addressed comprehensively, then we need to see beyond having 'women on boards' as the sole proxy measure for gender balance progress overall in organisations.

The excellent and valuable WGEA data on gender splits at different levels in organisations has been both revelatory and influential. High level figures deliver a superb way of comparing organisations, level by level, and also annually assessing the country's progress on these metrics.

But, like the number of women on boards, the level by level comparison of number of women in management is also just too high-level to inform more the precise actions that will bring about change within individual organisations. A very important consideration is that these high-level metrics are relatively slow moving. It's not likely, for example, that we'll see a spill of all (or any) board or executive positions, as they sometimes do in political party stoushes! Yet, the tenure of incumbents is usually quite long. In some businesses, senior executive team members stay for decades! While it may be good for businesses, it's a significant challenge for gender balance progress, one that UGM surfaced in a briefing back in December 2014.

### *Enter proxy metrics*

If metrics for change are high level and slow moving, there is the distinct danger that any behind-the-scenes progress will not be acknowledged. Taking the big slow-moving metric alone, people may incorrectly conclude that nothing is happening. This can severely impact perceptions and motivation. It can even become a very much unwanted psychological barrier to the myriad of smaller changes that must take place, before the one big high-level metric finally moves.

So how do organisations deal with this big problem? Actually, in the same way as most deal with other big problems. Break it into manageable pieces. What smaller steps would need to be taken on the longer

journey towards gender balance? Once these have been identified, then measure their progress. An aggregation of these measures will constitute a 'proxy' for overall gender balance progress. Even though the high-level target may change little over several years, there will be some hard evidence that successful steps are being taken to improve matters.

### *Other reasons for using proxy metrics*

Having a single high-level target masks the level of complexity involved in achieving gender balance. If it were simple, it would have occurred years ago. But, many indirect factors impact on current gender ratios and on the desired future state. Since they aren't 'the main game in town', these vital contributing factors are often not on the measurement radar. Consequently, they are less likely to receive the focus they need.

Organisations are also realising that their own contexts are unique and require solutions customised to their own settings. While it may be helpful to know what others have done, complexity makes it unlikely that solutions can simply be transplanted from one organisation to another. This also applies to different contexts within the same organisation. Actions most appropriate to support gender balance progress in a specific context need to be identified and measured. Essentially, those metrics become customised proxy metrics suited to the context.

To be inclusive, people in each context where proxy metrics are created should be involved in establishing and monitoring the metrics. There are a number of benefits from this approach. First, they are likely to identify meaningful proxies for gender balance progress. Second, there is a far greater chance that they'll embrace those metrics with a sense of ownership. Finally, when they do see improvements, they are more likely to be motivated than if the metrics were simply fed up the chain for the sole purpose of reporting.

Finally, by focusing on a wide range of different, indirect gender balance factors simultaneously, the total amount of time spent thinking about gender balance at work increases. With more brains engaged and committed to the challenge, there is a far greater likelihood of making the desired progress. This inclusive approach also has a much higher chance of success than one slow-moving, high-level metric.

### *Using proxy metrics isn't rocket science*

Using proxy metrics to support gender balance doesn't require high levels of mathematical ability. But some level of awareness and experience in basic measurement is likely to be helpful. This includes how to establish baselines and benchmarks. It would also be helpful to understand the range of factors implicated in the present state of gender balance.