WOMEN AND THE LABOUR MARKET REVOLUTION:
THE BUSINESS CHALLENGE FOR THE 21ST CENTURY

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INTRODUCTION
International Women’s Day is traditionally used to call for a change in the rules, to argue that the rights of women demand legislative or social transformation. Today I take a different perspective. I want to talk about women and the choices that they are making, and argue that women are leading the way in actively, permanently and profoundly reshaping the labour market. I want to set these developments alongside the dramatic demographic changes which Australia confronts in the next twenty years and set out some of the very considerable leadership and management challenges for business in the 21st century. It is my view that the balance of power is radically changing in the labour market, and companies which fail to adapt to these major changes will also fail to succeed. And women, more than men, are leading the way into a very different future.

SUCCESS IS ABOUT PEOPLE
The basis of all I want to consider today is the conviction that the single biggest predictor of a corporation’s success – or failure – is the quality of its people. Author Jim Collins recently demonstrated this again in his research-based book, Good to Great. Collins reminds business leaders that we can talk all we like about strategy or technology or capital. But business success, in all the great companies he studied, fundamentally came from getting the right people on the bus, taking the wrong people off the bus, and THEN figuring out where to drive it. The “who” decision always came before the “what” decision. So when we talk about the workforce and changes to the labour market we are going to the very core of the asset that will determine business success or failure – and therefore national success or failure.

THE PAST

Let me begin with a snapshot from history. Some of you may have read a book by Australian Robert Drewe. It’s called The Sharknet, and it’s a memoir of Drewe’s boyhood in Perth during the 1960s. In particular, the author vividly portrays his father, Roy. Roy was the archetypal post-WW2 corporate man: he found his financial security and personal identity with a large corporation. Roy said it with pride: “I'm a Dunlop man”. The job was not just a way to earn a living, it was a way of life. Every evening the young Robert would watch his parents as they sat down over a glass of beer and a cigarette for an absorbing conversation about….rubber.

In America Roy Drewe would have been known as the man in the grey flannel suit. In Japan he was salary man. In Australia he was the dad who left for work with a tie on, and went to company parties, and was the envy of his neighbours.

These corporate men gave their lives to their organisations. They progressed up the company ladder until each one reached his appointed altitude. Each received a gold watch on his retirement and was statistically likely to die soon after. Boredom was believed to be the main cause.

We smile at those days now, and tell ourselves that they have long gone. We tell ourselves how well we have adapted as societies and as businesses to the needs of a modern, diverse and flexible workforce.

But the truth is rather different. Pay rates still favour men over women. Only one in ten private sector board members are women. Men outnumber women in managerial and administrative jobs by more than three to one.¹ Current workplace arrangements still fail to reflect the modern labour market. And these arrangements are still enacted via the traditional, adversarial industrial relations system, typified by men bargaining across a table.

¹ Source: Equal Opportunity for Women in the Workplace Agency

There are other trends, however, which tells us that a lot of sisters aren’t waiting for the system to change: they are doing it for themselves. And in the process they are taking us into the future. 

Today 70% of all small businesses are either managed by, owned by or co-owned by women. Woman succeed in small businesses at three times the rate of men. And the fall out rate of women in small business is less than half that of men. On the whole, women in small business don’t aspire to grow their businesses significantly. They are creating a work/life balance, finding the best way to have a family and still use their skills and capabilities to earn a living and fulfil themselves. They are taking very clear decisions about the way to integrate their personal and professional lives, and doing it very successfully indeed.

Women are at the forefront of a new workplace ethic and culture which announces that the “corporate man” is dead. They are leading the way into an era in which working individuals will regard themselves as independent agents with far greater power to set the terms of their business relationship with their employers.

Let’s consider the statistics. There are some clear trends that are shifting power to workers, just as women set the agenda for how that workplace power will be used.

**FACT ONE: SHRINKING WORK FORCE**

Taking the workplace to be all 15 to 64 year olds, today there are 170,000 additional entrants to the workforce each year. On current estimates, that figure will drop to 125,000 additional workers for the entire decade of the 2020s. Let me just spell out this point for clarity. That means, on average, only 12,500 additional members of the workforce each year, compared to 170,000 today.

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2 Source: Council of Small Business Organisations of Australia

3 Source: Access Economics

It’s somewhat ironic that our current debate about industrial relations still obsesses about the rights of employers to fire people. “Employers have too much arbitrary power over employees” cry the unions. “Employers need more freedom to sack people”, cry business groups. The point being missed here is that within the next twenty years the ease of sacking bad workers is going to be far less important to companies than the ability to attract and keep good ones. For many employers this is already true and becoming more obvious. Smart companies are competing vigorously to become employers of choice and the key to this is understanding what employees needs to be successful in their jobs and careers.

That’s why I find it extraordinary that there are still private sector employers who do not yet offer paid maternity leave to women, and business groups who claim that this benefit is too expensive or unrealistic. Detailed analysis at Westpac demonstrated that the business costs of attrition and rehiring far outweighed the cost of maternity benefits. More importantly, paid maternity leave is about respecting and valuing the work-life needs of staff. It’s a way to build a long term relationship with valued workers. In my view, a negative attitude towards paid maternity leave reflects backward thinking and nostalgia for past realities.

FACT TWO: MORE SENIOR WORKERS AND FEWER YOUNGER ONES

Here’s another fact. The number of Australians aged over 65 will nearly double from 2.4 million today, to 4.2 million in 20 years. That’s from 12 per cent of the population today, to 18 per cent in 2021. In the meantime it obviously means a very rapid increase in the number of workers in their late 50s and early 60s. This is going to have huge implications for our economy and how we operate as a society. And according to Access Economics, increases in immigration would have relatively minor impacts on the age distribution and ageing characteristics of the population.

So one thing is clear: older Australians, by choice or economic necessity, will be a key component of our future workforce. How we use the talents of this large new element of our workforce will prove vital, and extremely challenging, for most companies which are
still not comfortable with older workers. Managers will have to forget stereotyped assumptions in their hiring decisions and make objective assessments of skills and abilities.

Consistent with the increase in older Australians, we will also face the reality that young people will become a shrinking proportion of the total labour force. How to attract and keep the best young people will provide a key challenge for corporations looking for the revitalising energy of young employees. And we already know they won’t just be attracted by money. Young people in business care about the triple bottom line of economy, community and environmental sustainability, and companies which fail to excite and inspire young people will find themselves falling behind competitively.

FACT THREE: LONG LIVES

There’s more. A person born in 1901 could expect to live to 55 years. A person born this year will generally live at least 75 years – and probably longer. Consider the gap between policy and emerging reality. German Chancellor Otto von Bismarck created the world’s first old age pension in 1883. It’s the model we still use today, right down to the mandatory retirement age of 65. But when Bismarck created the policy, most people died before they were 40 years old. Hardly anyone made it to 65. Now, everyone expects to. A profound rethinking of superannuation and pensions has started, but more change will be needed to accommodate the costs of a large aging population and to provide the financial flexibility for people to earn a living across their lengthening lifetime.

And think of the consequences of this long working life. Can you imagine graduating at 22 from university and then being told that you will work as a lab assistant or computer programmer in an unbroken sequence for the next 50 years of your life? The challenge for individuals and corporations will be to find ways for all working people to refresh and renew themselves throughout their working lives; to find value and purpose in their employment; and probably to change careers two or three times.
And I want to make one further related observation. As the Australian population grows older and lives longer, it brings into stark relief a new reality of our economy and our society. We are all capitalists now. Since 1985 superannuation fund assets have risen from about $40 billion to $490 billion. And this is going to grow. As Australians age, more and more people won’t just be living off wages, but off their superannuation and other investments, held, at least in part, in the shares of large Australian companies. The once clear dichotomy between labour and capital will become increasingly blurred.

Right now a great deal of emphasis is placed on the short term creation of shareholder value. But, increasingly, shareholders will want confidence in long term value creation. Good corporate management will be judged not just by this year’s performance or next, but by the long term performance of the companies. And with shareholders, customers and employees increasingly being the same people, companies will no longer be able to make the trade-offs they once might have liked. As the Ansett and HIH collapses show, corporate failure is not just a business issue, it’s a social issue. I believe that there will be more pressure than ever on governance, ethical standards, and the creation of a strong social, as well as business reputation. These will be seen as key indicators of organizational health -- and long term success.

ORGANISATIONS OF THE FUTURE

With massive demographic and social change already obvious, it’s time to ask ourselves what we need to do to prepare ourselves. I certainly don’t pretend to have all the answers for companies looking to succeed in a changing labour market environment.

But, it seems to me that women are very much leading the way into the future. No doubt partly because women were never invited to be part of the “corporate man” phenomenon, they are already far more likely to regard themselves as independent agents throughout their working lives. Women dominate casual and part time employment, and those women who work part time are overwhelmingly satisfied with their hours.\(^4\) Women are more likely than men to take time out from the workforce to care for children and then return to it. Women are strongly represented among a new professional class which management thinker Peter Drucker calls “knowledge technologists”: people like nurses, paralegals, corporate knowledge managers and lab technicians who are highly flexible and mobile workers. So the choices that women are making today are already consistent with the style of a very different future workforce.

This changing labour market will have major implications for companies. Some of the issues were spelled out in a useful survey by The Economist magazine in November last year\(^5\).

First of all, the corporation as we know it will continue to shrink. By this I mean that more previously core business activities will be conducted via partnerships, outsourcing and alliances. But I also believe that a declining majority of people working for organisations will be full-time permanent staff. Large employment agencies will provide some workers. Small businesses, of the type owned by many women, will also provide specialist services on a project basis to a small group of client companies. Individuals, particularly older ones, will increasingly provide their services on a contract or casual

\(^4\) Source: EOWA

\(^5\) Economist, The Next Society, November 1\(^{st}\) 2001

Right now a lot of companies simply don’t know how to deal with these new relationships. The attitude seems to be relief that they don’t have to “manage” these workers. In fact, of course, these new workers represent a large part of the future of work; corporations will need them and will need to know how to attract and maintain relationships with them.

Indeed, companies will have to come to terms with a new kind of relationship with all employees. In The Economist survey, Peter Drucker says corporations will have to treat workers less like servants, more like volunteers. At Westpac this message strikes a chord, because we already have a very strong culture of social responsibility, including encouraging our staff to volunteer for community work. So we are attuned to the idea that the workplace must respect and reflect the values of its people, and encourage them in positive ways to fulfil themselves and contribute their best. We also know that a one size fits all approach to human resources is no longer going to work. One human resources manual just won’t cut it with senior workers on contracts and full time Generation X or Y staff fresh from university. There’s another thing I know from experience. When good staff members leave, they never tell you the reason why. You have to figure it out for yourself. Companies which don’t become extremely sensitive to the diverse values of their heterogeneous staff will lose out and fade quietly into reduced performance.

CONCLUSION
Let me conclude.

The future of work is changing and it will be led by individual workers taking control; and by progressive companies transforming to succeed. Women are at the vanguard of this change. The future of workplace relations is going to be about mutual respect, with employers and their workers brought together by shared goals and shared values. Successful organizations will develop a whole range of new skills in relationship management.

This is not just another incremental change to which established practices can readily adapt. It is a unique challenge to traditional managers, management practices and the institutions of organized labour.

Today women are driving these changes to enhance their own lives. But as the new mode of doing business becomes the accepted norm for both women and men, this leadership will provide benefits for our whole society.

So, on this International Women’s Day, my call is not so much for those with authority in our community to do more to accommodate women’s needs. Instead I ask them to get with the program that so many Australian women are establishing. I ask that we accept that corporate man, the hero of the 1950s and centre of power ever since, is on the way out. He is the fading symbol of hierarchical authority, conformity, corporate inflexibility and the power of big structures.

The new driving force in business is the creative woman. She is eager to contribute to her employer’s success and ready to consider new working arrangements, learn new skills and commit more than just her time to the job. But in return, she demands that she be able to respect her employer, find personal satisfaction in her work, and balance work with other aspects of her life.

The creative woman comes in all sizes, ages, educational levels and ethnic backgrounds. She is already in every Australian city and town. She is creating our future. She could make any company successful, but if she decides she doesn’t want to work for you, then you are in big trouble. Corporate man loved his company, but creative woman expects to be loved by hers.

As Australia faces dramatic social and demographic change, all of us in business need to follow the lead set by creative, working women. By responding positively to their leadership, we can readily capitalize on Australia’s social and demographic changes and contribute to our nation’s long term prosperity.