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FINANCIAL PLANNING RESEARCH JOURNAL

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Special edition: Diversity and inclusion in financial planning

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Griffith UNIVERSITY Queensland, Australia

FINANCIAL PLANNING ASSOCIATION of AUSTRALIA

Aims and objectives

With an increasing emphasis on individual capability in personal financial management as well as an increased focus on consumer protection and professionalism in financial services, growing the research base for financial planning has never been more important.

The financial planning profession needs an academic platform for discourse on the issues of individual personal financial planning and wealth management, where issues of practice and policy can be debated with rigour, independence and evidence. Prior to the *Financial Planning Research Journal* (FPRJ), no journals fitted into this niche to provide a forum for dissemination of research in the specific area of personal finance and investments in the Australian context.

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- The second page should repeat the title so that papers may be refereed anonymously. This page should also include an abstract and up to five keywords. The text of the article should begin on the third page.
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    Journal articles: Knight, J. and Shi, L. (1996) 'Educational attainment and the rural-urban divide in China', *Oxford Bulletin of Economics and Statistics*, 58:1, pp. 83–118.

    Internet source: Henry, K. (2004) Australia China Economic Directions – Long Term Trends in the Australian Economy (unpublished speech at the Australia China Free Trade Agreement Conference, Sydney, 12 August), http://www.treasury.gov.au/documents/875/PDF/Australia_China_FTA.pdf (accessed on 04/01/2005).

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From the editor

Financial planning is at a critical point of disruption. This year, financial planning stakeholders have seen an increasing focus on standards in education, training and ethics, as detailed by the Financial Adviser Standards and Ethics Authority (FASEA) and stipulated in the *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017*. While these standards are foundational for a profession, so too, are the culture and practices beyond the legislated standards that will be scrutinised by the public, by regulators, current industry participants and those thinking of joining the industry.

Moving to a profession has posed extraordinary challenges for the financial planning industry. This year, industry, government and consumers are again dismayed by the evidence unfolding in Australia's Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. Some of the norms that may no longer be serving the industry are being contested—from licensing arrangements, remuneration, through to product design and distribution.

Professional practice takes many forms and needs new ideas, new business models and a culture that welcomes the changes needed to build relevance, authenticity, integrity, as well as sustainable growth and profitability. The cultural change to more diverse and inclusive practices is imperative for the success of a financial planning profession – if it is to serve the public well. The launch in 2018 of the Australian Securities and Investment Commission's 'Financial Capability' strategy and web resource has highlighted the gap in financial capability that the majority of Australians need to prosper. The strategy reinforces the need for the financial planning sector to reflect the needs of clients, but also points to the continuing potential value of professional financial advice.

There has been some recent increased emphasis on culture that supports diversity with the growing agreement that diversity and inclusion are part of the hallmarks of a modern profession. Historically, financial service industries have not performed well in terms of meeting diversity and inclusion benchmarks, albeit with some notable exceptions. In 2017, the financial and insurance services industry still had the largest gender pay gap for full-time employees of 31.9 per cent, worse than construction, mining and indeed, all other industries. Too often, the focus has been more on diversity as a numbers game, as if by having more diverse students and new entrants coming into the industry that eventually there will be a critical mass and things will sort themselves out over time. Like many industries, financial planning has often missed the 'inclusion' ingredient, that is, accommodating diverse views and seeing how the industry might need to change its thinking and practices.

In this context, it is with great pleasure that as guest editor I present this edition of the *Financial Planning Research Journal* (FPRJ) with its focus on diversity and inclusion in financial planning. The industry and community have recognised that we need a more diverse client base, more diverse business models and a more diverse and inclusive workforce, if we are to flourish.

Some industry leaders have been implementing significant cultural and practical changes in support of greater diversity and inclusion in their organisations. However, for this to happen on a broader scale, the paradigm of 'getting more women and people with diverse lives into the pipeline, and we will eventually get a more diverse profession overall' has to change. The fact is, despite trying this approach for decades, the needle has not been moving sufficiently in areas such as gender representation.

The first article in this edition is by Leith Mitchell of Mitchell Services, and presents a framework for identifying and intentionally disrupting the current subtle and not-so-subtle business processes that perpetuate inequity regarding gender as well as other diverse attributes. The paper details the results of a structured diversity and inclusion audit across a number of organisations, assessing the current state of bias in structural, cultural, interpersonal and personal dimensions. The paper shows that fundamental to results in diversity and inclusion is an understanding of where bias occurs, measuring its progress, and a leadership focus to disrupt it.

The second article by Levon Blue and Ciaran O'Faircheallaigh presents the case for increased Indigenous autonomy to improve financial management and outcomes in Indigenous communities. The paper explores what may enable and constrain good financial practice and a move towards autonomous financial decision-making in Indigenous communities.

The third article by Melinda Laundon and Penny Williams explores perceptions of flexible work practices in a large financial services organisation and shows that employees using flexible work arrangements are less likely to understand and know how to access the full range of benefits, many of which have short- and long-term financial implications. This has consequences for the long-term financial security of women (as the heaviest users of flexible work arrangements) and for financial planners, both as employees of organisations in the Australian finance industry and as providers of advice to women working in this sector.

The fourth article by Amanda Craft, Sharon Taylor, Alicia Gaffney and Suzanne Wagland provides a review of literature on the experiences of female primary carers in Australia under the current model of superannuation, including financial consequences and explores some of the enduring structural barriers in superannuation that lead to less equitable outcomes for primary carers.

There is still much work to be done in diversity and inclusion in financial services in Australia, both within the industry itself and in the access to appropriate advice and products for a diverse community. Historically and recently in financial planning there has been egregious, damaging behaviour that needs to be taken very seriously and addressed over the long-term. To start to change the story, organisations and individuals are putting in motion new practices in recognition that the existing model alone will not get us to where we need to be for a thriving financial planning profession.

If financial planning can achieve and uphold the standards of competence and integrity expected of a profession, then financial planning will survive and will flourish, as will the Australian consumers of financial advice. To do this, we all need to work together to re-write the rules and practices that will underpin the belief from the public that financial advice is changing.

This edition of the FPRJ with its focus on ‘Diversity and Inclusion’ in financial planning, has both theoretical and practical papers, as requested by industry and community stakeholders interested in research in this emerging profession. In an industry in crisis, we again look for the ‘helpers’, and the researchers and leaders in diversity and inclusion are helpers, with stories of success and models of practice that work, in addition to shining a light on areas of continuing challenge.

I would like to thank the standing editors of FPRJ, Professor Mark Brimble and Dr Rakesh Gupta, the FPRJ editorial board, our reviewers and the production team including Joy Lin, Laura Phoenix, Sian Jones and Alayne Campbell for their contribution to this edition.

I hope you enjoy the seventh issue of the *Financial Planning Research Journal*.

Dr Di Johnson

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BIAS INTERRUPTERS—INTENTIONALLY DISRUPTING THE STATUS QUO TO CREATE INCLUSIVE AND WELL WORKPLACES

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ABSTRACT

Currently, only one in five Australians seek financial advice. There is significant future growth and potential for increased financial wellness for community, families and individuals through a financial advice relationship.

Leveraging diverse perspectives to reflect and understand clients' diverse needs and to guard against 'groupthink' is critical to achieving this growth potential. Finance organisations are lagging behind in gender diversity in Australia and globally (Workplace Gender Equality Agency, 2017). The Association of Financial Advisers states that of all financial planners in Australia, only one in five financial planners are women, not reflecting the rapidly changing customer base where women control $12 trillion of the $18.4 trillion in consumer discretionary spending (International Herald Tribune, 2012).

With the recent move to professionalism for the industry, now is a point of agitation to redefine inclusive pathways in and through financial planning. Intentionally disrupting the current subtle and not-so-subtle business processes that perpetuate gender inequity requires a disruptive approach to the current practices of many Australian organisations. An Inclusion and Diversity audit assesses the current state of bias in structural, cultural, interpersonal and personal dimensions. Fundamental to bold pragmatic action to accelerate gender parity is an understanding of where bias occurs, measuring its progress, and a leadership focus to disrupt it.

Introduction

Organisations are moving beyond the traditional one-size-fits-all approach to financial advice to a more personalised approach to helping clients reach financial wellbeing. To understand client needs, create high-performing teams and be more innovative, many financial advice organisations are slowly recognising that leaders and managers cannot reflect only one homogeneous group. Greater diversity of thought results in better decision-making, improved corporate governance and risk management and, critically for financial institutions, reduces risk among homogeneous groups to consider issues within only a certain paradigm or 'groupthink' (Janis, 1982; Page, 2007). Yet in Australia, financial organisations are lagging behind in gender diversity globally (WGEA, 2017). The Association of Financial Advisers states that only one in five financial planners in Australia are women. The rise of women investors is forcing financial firms to look at their offerings through a gender lens to design propositions and service offerings better suited to women, and to men who do not fit the typical male profile (Morse, 2016). Fifty-five per cent of women aged 25–34 prefer working with women financial advisers— as do many men—but the current dearth of women financial planners is a stumbling block (State Street Global Advisors, 2017). There is also external and internal stakeholder pressure and legislative requirements from Australia's Workplace Gender Equality Act (WGEA, 2012) for organisations above 100 employees to report on gender equity progress. Recent public campaigns by the Australian Institute of Company Directors (AICD) to achieve 30 per cent female representation on ASX 200 boards have applied further pressure to investors to consider gender diversity initiatives as part of their due diligence (ASX, 2011; AICD, 2017). In 2017, the Australian Council of Superannuation Investors (ACSI), with members owning 10 per cent of the average ASX200 company, advised it will recommend a vote against directors of companies that do not meet a make-up of 30 per cent of women on the board or provide a clear plan on how they will achieve this target. Despite these governance measures, gender diversity in Australian financial planning organisations has stagnated for the last 20 years.

This paper seeks to provide a process for firms to 'disrupt' current workplace practices and instead create inclusive workplaces with gender parity—a focus that financial planning acknowledges demands considerable improvement. Inclusion and Diversity (I&D) is an expansive view that values all differences and leverages those differences to cultivate inclusive, high-performing teams. It is not just a focus on gender diversity, though gender diversity is the focus of this research.

Literature Review

The I&D business case

High-performing organisations recognise that the aim of diversity is not solely to measure diversity, but to cultivate inclusive leaders and inclusive organisational cultures (Deloitte, 2014). Such organisations must examine how their leaders embrace new ideas and accommodate different styles of thinking, how more flexible work environments can be created, whether existing organisational processes enable successful human connection and collaboration, as well as the shadows different leaders cast across the organisational culture. More organisations are recognising the urgency of leveraging diverse talent through inclusive leadership as a business imperative (Future Inc, 2015; Herring, 2009). Inclusive leaders are keenly aware that personal biases can narrow their vision and impact on objective decision-making. Since the global financial crisis, there is an increasing spotlight on homogeneous boards and leadership teams, and the need to be more diverse to ensure better decisions resistant to groupthink (Daley, McGannon and Ginnivan, 2012). Deloitte defines the difference between highly inclusive leaders and less adapted leaders as a mindset that places importance on the insights of others, on empowering individuals, as well as empowering the thinking of diverse groups to cultivate different perspectives and voices in the decision-making process (Deloitte, 2016).

Seventy-five per cent of executives identify innovation as a top three priority. The key skill identified for ‘breakthrough’ innovators is a leader’s/manager’s ability to cast a wide net for ideas (McKinsey Quarterly, 2015; 2018) or to create more inclusive channels for diversity of thought to surface. Australian workers who identify as working in inclusive teams are 10 times more likely to be highly effective than workers in non-inclusive teams and are nine times more likely to innovate (DCA, 2018). Despite these promising reports on the state of inclusion in Australia, progress has slowed in achieving gender equity (AICD, 2017). Women represent 26 per cent of the make-up of ASX 200 boards. Specifically, in the Australian finance industry, women comprise 55 per cent of all employees, though hold only 8 per cent of CEO roles (compared to 16% average for all industries), and 28 per cent of key management roles. In the emerging industry of Fintech, nine in 10 Australian leaders are male (Ernst & Young, 2017). Yet when asked in the FINSIA 2014 survey whether women are well represented at senior levels in their organisation, 72 per cent of men respondents agree that they are. Despite this perception gap, organisations are investing significantly to achieve gender equity progress. However, many find it challenging to accurately identify barriers and to measure those initiatives most effective in driving change. Dismantling gendered organisations is long overdue, not only for women being held back, but also for men who do not accept that stereotypical masculine workplaces should be the standard for all (Fox, 2010; Fox, 2017).

Gendered organisations

A gender division of labour is pronounced in Australia, and there are deep and subtle gendered expectations in relation to work and leadership (Due Billing, 1994; Probert, 2002). Acker (1990) disrupted existing research on organisational theory by stating that our societies are gendered, and that this is implicitly reflected in our organisations. This is evidenced by women lagging behind at both the top and the bottom of the employment pyramid in terms of pay and authority, despite women outperforming men in educational attainment in many countries. Acker demonstrates how gender differences in organisational behaviour and outcomes are impacted by structural, cultural, interpersonal and personal characteristics. Ackers’ theory of gendered organisations (1990) purports that gender inequality is built into organisations that value and reward employee loyalty through jobs that are characterised by long-term security, career pathways, job descriptions and management evaluations (Reger, 2016). Newer research by Williams, Muller and Kilanski (2012) and Williams (2014) shows that gendered organisations are perpetuated despite the disruption of the 'new economy' marked by job insecurity, teamwork, career maps, and networking. Addressing gender inequity requires a holistic, strategic approach focused on addressing all four workplace dimensions—structural, cultural, interpersonal and personal.

Over-emphasis on the personal dimension; or a 'fix the women' approach

Organisations have traditionally focused on the personal dimension—addressing simplistic solutions to 'fixing the women' by focusing on women's perceived lack of confidence by providing women-only events, women industry awards or women mentoring programs. Many organisations seek to raise awareness by showcasing female role models and by participating in the Telstra Business awards and other, industry-specific awards such as the Women in Financial Services Awards and the Female Excellence in Advice Awards. There is no supporting research that these events or awards change gender equity statistics. For example, a 2010 World Economic Forum report on corporate practices for gender diversity in 20 countries showed that almost 60 per cent of companies offered mentoring. Further research supports women mentoring women as significantly more important for the progression of women managers (Ragins and McFarlin, 1990; Ragins and Scandura, 1994; Tharenou, 2005), though with few women financial planner role models, a perpetual cycle of female underrepresentation is potentially created. More recent research (Ibarra, Carter and Silva, 2010) shows that while mentoring relationships are important, they are not leading to nearly as many promotions for women as for men. There is a multitude of literature to substantiate women's apparent lack of confidence with women failing to apply for jobs or promotions. Quoted in Sheryl Sandberg's *Lean In* (2013), Russ Harris's *The Confidence Gap* (2011), McKinsey Quarterly (2014), Kay and Shipman (2014) and many other sources is the Hewlett Packard research that women apply for jobs or promotions only when they are confident they have met 100 per cent of the qualifications, whereas men apply when they think they can meet 60 per cent of the job requirements. Even though the Hewlett Packard research is referred to often, there is no readily identifiable, published source for the Hewlett Packard research.

Counter arguments have since emerged, arguing that confidence is a self-concept that is not gendered. There are both overconfident and unconfident men and women in the workplace. There is research to show that most men are overconfident of possessing the skills and qualifications required to apply for jobs (Taris and Bok, 1998). Women are confident about their own abilities to become top managers but, once hired, are much less confident that their company cultures will support them (McKinsey Quarterly, 2014). The McKinsey research found that an organisation's culture is more than twice as likely to impact women reaching leadership roles. Bain & Company reported that 43 per cent of women are confident that they can reach top management positions at the outset of their careers contrasted with only 34 per cent of men sharing that same goal. Two years into the job, women's confidence in their careers goals plummets to 16 per cent while men stay steady at 34 per cent. Australian women are twice as likely as men to receive feedback indicating they need to show 'more confidence' to be ready for promotion yet are often criticised for being too assertive (Sanders *et al.*, 2017;2016; Eccles, 1987). Using data about the confidence levels and promotions pathways of 7,500 working men and women, recent research shows that while more confident men get a 3.3 per cent boost to their job promotion prospects, there is no such boost for highly confident women (Risse, *et al.* 2017). There is little actual payoff for women in 'getting more confident' at work. These studies find that women's confidence is intrinsically linked to a lack of support by management and rigid stereotypes of success within the company.

Structural biases in-built in organisational processes and practices

Acker debated that gender inequity is insidious because it is embedded into the structure of organisations, suggesting an inherent preference for men workers and indicating that employers preferred to hire, reward and promote employees with 24/7 availability and few distractions outside of work. This reveals an implicit assumption that the 'ideal worker' is a man (Acker 1990; Williams 2001).

Biases in hiring

Financial planning—considered to be a male-dominated industry—has long struggled to attract women to consider and apply for jobs, yet 43 per cent of men believe that the key barrier to women is due to a pipeline issue (Ernst & Young, 2015). Research suggests otherwise—that organisational recruitment practices are inherently biased (Taris and Bok, 1998; Born and Taris, 2010; Bosak and Sczesny, 2008; Simard and Gammal, 2012). The Australian Human Rights Commission's *Women in Male-dominated Industries Report* (2013) states that historically, job advertising in male-dominated industries has been focused towards men, identifying that job advertisements cue women on their potential fit in a workplace (Heliman, 1983, 2012). Gendered language can have a subtle but real impact on women's self-ascribed perceptions of job fit (Giles and Coupland, 1991; Gorman, 2005; Stout and Dasgupta, 2011; Uggerslev *et al.*, 2012). Irrespective of skills matches, women can eliminate themselves from applying for jobs due to job description cues, particularly in male-dominated industries (Gaucher, *et al.* 2011). Gaucher, *et al.*'s research (2011) identifies that gendered language is a key barrier for women applying for roles. The research revealed that masculine wording was more likely to be used in job descriptions in male-dominated industries. Test cases showed that where masculine wording was used in job descriptions, both men and women applicants made assumptions it was a male-dominated environment. When job descriptions are linked to typically masculine characteristics, research has shown male candidates are more likely to apply.

Biases in the structure of work

Eighty per cent of managers prefer workers with few personal or family responsibilities, agreeing that "the most productive employees are those without a lot of personal commitments" available to meet business needs irrespective of operating hours (Linkow, 2011). In a 2014 FINSIA survey, when asked for the most effective way to increase gender equity in financial services, men rated ''implementation of flexible work options", while women rated "cultural change" as the most effective strategy. Critical to creating flexible work practices for both men and women to enable a diverse and inclusive workforce is the ability to be flexible in where, when, and how they work (Boston Consulting Group, 2017). In recent years, some Australian organisations have adopted Telstra's 'All Roles Flex', with varying results. When senior leaders and managers 'talk the talk' without 'walking the walk'—or when role modelling flexibility does not take place, specifically in male-dominated industries—flexibility practices do not have a positive impact on increasing women in management, reinforcing instead existing stereotypes of women and family, low ambition and commitment (Kalysh, *et al.*, 2016; Brooke, *et al.* 2013; Vandello *et al.*, 2013). Viewing flexibility as a silver bullet—so that women can have career breaks to raise children and return to work, for example—perpetuates biases about career drivers for all women. Leaders believe the majority of women aged 22–35 leave careers because they are planning to start a family, or because they have difficulty in balancing work and life (Arscott, 2016; Arscott and Noel, 2016; Burke and Sabrina, 2016). Of women aged 22–35, 65 per cent cited the number one reason for leaving their jobs was due to salary (Dobbins and Kalev, 2016).

Biases in rewarding work

WGEA (2017) cites causes for the pay gap to include:

> discrimination and bias in hiring and pay decisions; women and men working in different industries and different jobs, with female-dominated industries and jobs attracting lower wages; women's disproportionate share of unpaid caring and domestic work; lack of workplace flexibility to accommodate caring and other responsibilities, especially in senior roles; women's greater time out of the workforce impacting career progression and opportunities (p. 2).

Detractors of the pay gap issue cite that women's greater time out of the workforce is the sole factor that naturally impacts career progression and opportunities (Carers UK, 2015). This is a contributing factor for some women who take time out of the workforce; however, the pay gap starts from graduate hires where Australian economics and business men graduates earn 4 per cent more than women (Butler and Woolley, 2011; Ely *et al.* 2014; Graduate Careers Australia, 2014)).

In a 2014 Financial Services Institute of Australia (FINSIA) survey, when respondents were asked if the reported financial services gender pay gap was grossly exaggerated, 53 per cent of women responded no, and 46 per cent of men responded yes. Australia's gender pay gap for the past two decades has averaged between 15 and 19 per cent, with the largest gap occurring in the financial sector where men earn 32 per cent more than women (WGEA, 2017). Anecdotally, men perceive women to be poor at negotiating better salaries. Harvard University research found women are treated more harshly than men on negotiating for increased pay (Bowles, *et al.*, 2007; Bowles and McGinn, 2008; Snyder, 2014).

Biases in promotions

Fifty-six per cent of Australian women perceive obstacles overwhelmingly with advancement (Boston Consulting Group, 2017). In Australian financial services organisations, representation of men has a sharp increase between mid-management and executive level contrasted with representation of women with the opposite trajectory (PwC, 2013). Australian men in senior jobs thought men were 50 per cent better than women executives in problem solving—critical criteria for management roles (Sanders *et al.*, 2011). Women in particular are excluded from critical informal networks and excluded from opportunities for promotion and secondments (Peterson, Saporta and Siedel, 2000; Ibarra, Carter and Silva, 2010). In Australia, the visibility international experience brings is viewed as an unspoken prerequisite to executive and leadership roles.

Melbourne University's Centre for Ethical Leadership research highlights managers' and HR's assumptions that females are not willing to travel overseas, despite the data showing that seven out of ten women wanted to work outside of their home country (Melbourne University, 2016).

The meritocracy myth

Institutional-level contributors reinforce and perpetuate gender inequality in the workplace through reinforcing the view that the workplace is a meritocracy (Sidanius and Pratto, 1999; Pratto, Stallworth and Sidanius, 1997). Organisations and institutions that believe themselves to be the most meritocratic are often the least, due to a greater bias from managers towards men over equally qualified women, and also because that belief creates less vigilance in examining and mitigating bias (Male Champions of Change & Chief Executive Women, 2016). Managers in organisations who explicitly identify as meritocracies favour male employees over equally qualified female employees by awarding them larger monetary rewards (Castilla and Benard, 2010). As a country, Australia prides itself on being the land of the 'fair go' yet research shows merit to be socially constructed and gendered.

The culture of the Australian male breadwinner

Stereotypes of women and leadership are impacted by the effects of a society's culture on the values of its members (OECD, 2014, 2016, 2018), and how these cultural values relate to behaviour. Australia is considered to be a masculine culture (Hofstede, 2011) with a preference for "achievement, heroism, assertiveness and material success", subtly impacting the preferred style or stereotype of leadership. Behaviours associated with leadership such as assertive, authoritative, and dominant behaviours are frequently deemed less attractive in women (Eagly and Carli, 2007; Cejka and Eagly, 1999). Known as the double bind, women are compared to the dominant 'masculine' standard of leadership, irrespective of leadership performance (Catalyst, 2007). 'Think leader think male' bias has been shown where traits typically associated with leaders—forceful, dominant, strong, competent—are stereotypically associated with men, in turn overruling actual merit, as merit is subjective and prone to bias. Research by Schein, *et al.* (1996) found that both men and women perceive successful middle managers possessing characteristics, attitudes and temperaments more commonly ascribed to men in general than to women. The bias of men and leadership/women and nurturing continues to permeate workplaces, despite the majority of neuroscientific studies finding minimal difference in people in how they think and behave. Most gender differences arise within social, cultural and personal environments (Fine, 2010).

A recent study concluded Australia has a significantly stronger male breadwinner culture compared to other countries, including the US (Baxter and Hewitt, 2013), aligning with Elizabeth Broderick's views— Australia's former Sex Discrimination Commissioner—that deeply held beliefs in Australia perpetuate stereotypes and greatly impact women's workforce participation. The two deeply held beliefs impacting gender equity progress in Australia are that a good mother stays home with her children, and that a serious worker is available 24/7 and has no obvious family commitments. Australian workplaces mirror the male breadwinner/female caregiver model with noticeably absent women CEOs (Crabb, 2015), and fewer men taking parental leave compared to women.

Male-dominated cultures perpetuate gender roles and stereotypes leading to direct and indirect discrimination in interpersonal workplace relations

An Ernst & Young global survey (2016) found most business leaders believe they are making good progress toward gender parity in the longer term; however, only 13 per cent anticipate significant improvements in the next five years. Many men CEOs in Australia form part of the Male Champions of Change (MCC) in either state or national representation—a coalition formed by Australia's former Sex Discrimination Commissioner, Elizabeth Broderick, in 2013. The MCC aims to use individual and collective influence and commitment to ensure the issue of gender equity in leadership is progressed along the national business agenda. While there is agreement that men stepping up to make change is a powerful signal to other men, research has revealed that women executives are penalised for advocating for other women to fulfil management potential, creating concern that senior and powerful women leaders may be abdicating their responsibility to advocate loudly (Hekman, *et al.*, 2016). This research also shows that when women value I&D, they violate the expectation that, as minorities, they will play a supporting rather than a leading role. It is critical that I&D be led from the top, inclusive of both men and women leaders. In many financial organisations, leaders are 'talking the talk', but many women are not experiencing 'the walk'. In the January 2017 New Yorker edition, various examples of interpersonal conflict and sexual harassment across global, renowned finance organisations, reinforce the view that finance is a male-dominated industry and the few women who manage to enter it, and to climb its ranks, can often become the targets of some of the men who work there. Due to the increased focus on diversity, bullying and discrimination in the workplace, discrimination has become more subtle and indirect (Basford, Offermann and Behrand, 2014). Often women who express concerns about discrimination are further impacted by negative outcomes such as career stalling, resulting in shutting down complaints or, ultimately, in women leaving the organisation (Holland and Cortina, 2013). Women executives are 30 per cent more likely to leave their financial services employers mid-career—the highest rate compared to all other industries (Mercer, 2016).

Unconscious bias matters

Views about the abilities of women, the demands of leadership roles, assumptions about career drivers, hiring, remuneration and retention, and stereotypes about women's and men's capabilities are great obstacles to gender diversity progress (Fitzsimmons and Callan, 2015). Ian Narev, ex-CEO of one of Australia's largest banks, Commonwealth Bank, believes the biggest barrier to gender equity is "unconscious bias leading to one of the biggest pitfalls for leaders" (5050 Foundation, 2013). There is overwhelming evidence that there are no genuine differences in capability between genders, but the perpetuation of this idea of difference continues to hold women back, specifically in leadership roles (Kandola and Kandola, 2013, Ross, 2008). Where men dominate senior levels of management, as well as boards of directors, there is a tendency—known as affinity bias—for these men to select males similar to themselves (Reskin and McBrier, 2000; Tharenou, 1999). Affinity bias occurs when we gravitate to people like us because it creates a sense of familiarity and comfort and is most often at play in the hiring process—when hiring managers implicitly hire in the image of themselves. Affinity bias also has the potential to impact many other aspects, including who gets promoted, who is seen as the go-to person, and who is assigned high-profile assignments. Johnson, Brimble and Zanetti, (2016) found that the most common recruitment pathway into Australian financial planning careers—almost 30 per cent of all hires—was through personal networks. This over-reliance on personal networks for recruiting new hires impacts organisational cultures with the potential to perpetuate affinity bias, as well as groupthink—where group members closely align with one another thus insulating themselves from outside opinion and reinforcing viewpoints they already share. This can result in poor decision-making as the objective becomes gaining consensus, or perhaps the mistaken belief that if everybody in the room agrees, it must be right (Malmo, 2018). Former board member of Citigroup, Sallie Krawcheck, states “had we had more diversity of thought, perspective, education, gender, colour, the financial crisis would have been less severe.” Group members attempt to minimise conflict by actively suppressing dissenting viewpoints and isolating viewpoints from outside influences. Lack of diversity is identified as one of the antecedent conditions of groupthink (Beecher-Monas, 2007). Groupthink, in particular, was identified in the Nyberg Report as a contributing factor to the financial crisis in Ireland. Driving for consensus can create an echo chamber, silencing alternative viewpoints. A culture of groupthink prevented the International Monetary Fund from grasping the risks behind the global financial meltdown, according to an internal report. Chairman of Anglo American, Sir John Parker, states “a mix of skills and backgrounds is a real bulwark against the destruction of shareholder value. In diverse groups, someone is going to ask the unthinkable question.” David Gonski, Chairman of the Australia and New Zealand Banking Group, on why gender equity initiatives are resisted, states “I think it is easier for everyone to go along with the norms of today than it is to challenge them.” Many Australian organisations conduct mandatory unconscious bias training programs with minimal measurement of the behavioural and attitudinal change as part of the outcomes of the return on investment for this spend (Dobbins and Kalev, 2016; Bohnet, 2016; CDO Insights, 2008; Hiscox, 2017).

Method

The method for this paper outlines the I&D Audit & Bias Interrupter processes, providing examples in the results section of firms that have applied the bias interrupter framework as a highly practical and accountable method for operationalising diversity and inclusion objectives, and also indicates where financial planning firms can change or ‘disrupt’ current practices to improve inclusive cultures.

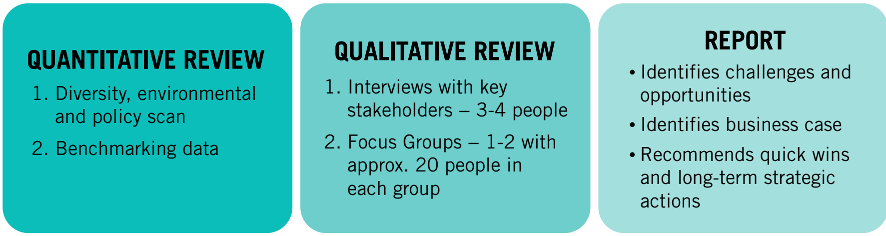
Few employers are taking a strategic whole-of-enterprise approach to I&D, with few organisations creating a standalone gender inclusion and diversity strategy (WGEA, 2014). More typically, development of an inclusion and diversity policy involves one-off events or a program of events without measuring where bias occurs or the impact of the event or event program. Developing a deeper understanding of workplace culture and cultural differences as it applies to individuals, teams, and leaders is critical to understanding the ‘as is’ picture for I&D, and is a clearer intention of what this paper is trying to achieve. Along with strong leadership for advocating change, the most impactful approaches to I&D are based on a sound understanding of gender diversity baseline data, pinpointing bias through qualitative and quantitative data, and providing clear, specific and practical action plans. An I&D audit identifies the values and norms in the organisation's culture as well as uncovering bias and perceptions of bias held by both employees and managers (Grensing-Pophal, 2001). Once baseline data is collected and analysed, bias interrupters can be implemented to create change and critically measure progress (Bohnet, 2016). The Inclusion & Diversity Audit (see Figure 1) provides a broad quantitative and qualitative understanding of diversity issues, inclusive culture, and short-term and long-term opportunities for bias interrupters. Quantitative data collected includes a diversity, environmental and policy scan inclusive of inclusion and diversity policies; flexibility policies; compensation groups and job location analysis; application rates; screening rates; interviewing rates; on-boarding rates; promotion rates; retention trends; participation in Employee Resource Groups; questions in engagement surveys including feeling free to speak without fear of negative consequences, valued differences, discrimination and harassment free and fair leadership. Data collected is benchmarked against the relevant industry group as well as cross-industry benchmarking in Australia, including against WGEA industry benchmarks.

Some people and groups, due to their visible or invisible difference, do not always have their views, needs and perspectives considered in society or in organisations making qualitative research critical to understanding the lived experience of I&D within an organisational context (Involve, 2012). At a minimum, one on one interviews with key influencers in the organisation are required to understand the lived experience. The qualitative question template is standard for all key influencers and includes questions such as:

- what does a successful leader look like here?
- why is I&D important to the business?
- describe the current state of I&D
- what change management initiatives have worked well historically?
- what has not worked well? and
- how I&D specifically supports the overarching business strategy.

Often, individuals involved in deciding gender diversity interventions are the people who are the 'easiest' to involve, such as people accustomed to being involved, that is, HR personnel and senior leaders. It is likely that different people bring views that challenge or oppose the status quo, requiring focus group attendance to be broad in roles, tenure, age, gender. The qualitative question template is standard for all focus groups, with similar questions to key influencers but with additional time factored in to create discussion and alternate views. The number of interviews with key stakeholders and focus groups can be scaled up or down depending on organisation size.

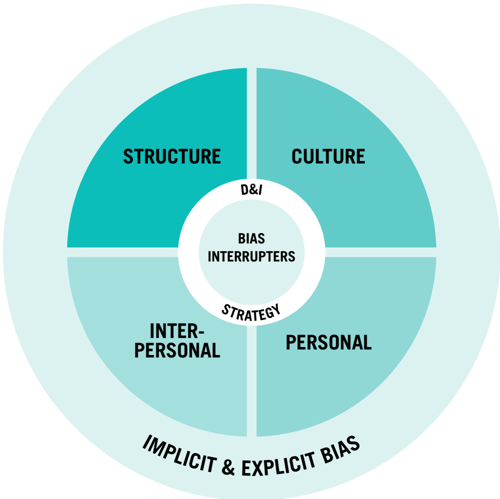
Figure 1: Inclusion & Diversity audit process.



The I&D audit process crucially provides baseline data for organisations to measure bias, create an Inclusion and Diversity strategy with tailored bias interrupters at the heart, and create tailored ongoing methods to measure progress, or the impact of the bias interrupters. Engaging managers in solving biases in systems and processes and creating transparency and accountability for change are among the most effective strategies for increasing I&D (Dobbins and Kalev, 2016). According to Williams (2014), fixing non-meritocratic business processes with bias interrupters that are based on objective metrics and allowing companies to start with pilots then scale up are key to disrupting the status quo. Bias interrupters focus on collecting detailed data about whether gender bias plays a role in workplace interactions, identifying specific ways to measure its effect, and strategizing those 'interrupters' most likely to shift biases and barriers in the workplace. Bohnet (2017) asserts companies need to redesign their processes to prevent biased choices as "it's easier to change processes than people." Examining processes and practices that may have been assumed as gender-neutral is critical, as assumptions in many cases lead to biased outcomes. Bias interrupters, or inclusion nudges (Nielsen and Kepinski, 2016), nudge individuals to more inclusive decision-making processes, generating better outcomes, reducing backlash and enabling greater alignment with business objectives versus a focus on I&D events or pink-washing programs (Sherbin and Rashid, 2017).

The framework leveraged in this research (see Figure 2) recommends the design of bias interrupters in each of the structural, cultural, interpersonal and personal dimensions. The structural dimension refers to the spatial and temporal arrangements of work, the rules prescribing workplace behaviour, how the work is allocated, how business partners and suppliers are engaged in achieving Inclusion and Diversity, examining if stereotypical characteristics exist for successful leaders or managers. The cultural dimension refers to the creation of values, symbols, images and understanding what defines the organisation and what is valued. The interpersonal dimension refers to how leaders relate to followers, how followers relate to leaders, how followers relate to followers, how women and men relate to each other, how women and women relate to each other, how men and men relate to each other in the organisation. The personal dimension refers to the doing of masculinity and femininity in the workplace, and how socialisation can impact an individual's careers and ambitions.

Figure 2: Inclusion & Diversity bias interrupter process



Results

According to Seek's data lab in Australia, the top drivers for seeking a financial planning career for both men and women are career development, compensation, and work-life balance. The current gender inequity in the financial planning industry in Australia indicates that these key needs are not being met for women, and are statistically under-reported for men. Organisations across a variety of industries are creating bias interrupters—tweaking business processes such as hiring and remuneration reviews—and measuring the impact on bias disruption in the workplace.

Disrupting bias at graduate level

Setting governance targets of 50:50 for graduates

In 2016, engineering and construction company AECOM hired 130 graduates across Australia and New Zealand with just under 30 per cent of women graduates. Considering the low representation of women studying science, technology, engineering, mathematics (STEM) subjects in Australia, AECOM CEO, Lara Poloni, and the executive team could have been complacent in their success. However, the team set out to strategically increase gender diversity of graduates with a bias interrupter.

AECOM's graduate intake bias interrupter

AECOM internally and externally published commitment to closing the gender pay gap, recruiting and promoting more women. AECOM's CEO set a target of 50:50 gender split supported by the executive team. A strategic approach was required for the 2017 intake to elevate AECOM's on-campus profile. Gamification tools were used as part of the short-listing assessment process, with eligible graduates logging in from home to complete an aptitude assessment that simulated a computer game, reducing potential anxiety. AECOM continues to develop relationships with female student societies on campus and are also hosting in-house women in STEM events. AECOM's recruitment campaign for the 2017 intake attracted over 5,000 applications, of which 24 per cent were women. Fourteen graduate assessment centre sessions were conducted with minimum 50 per cent women. AECOM's 2017 graduate recruitment intake of 119 achieved a 50:50 gender split for the very first time, boasting 100 per cent gender pay equity. All graduate employees' progress according to a specific, merit-based performance and rewards system, not because they are women.

Disrupting bias in the pipeline at IBM

Attracting, retaining and developing female talent; a business imperative for IBM

IBM employees' work with clients in environments where diversity of thought is the norm creates a culture of, and a commitment to, client value and innovation. Hiring experienced professional women at IBM Australia had stagnated at 23 per cent from 2009–2011. In 2012, an internal I&D audit was conducted at IBM Australia to track every stage of the application process to isolate where biases may exist and interrupt them. The audit revealed that the gender 'field' was not mandatory in the application database at application stage, causing a data hole across the recruitment pipeline. Leveraging big data enabled the issue to be isolated and exposed. Prior to the audit, anecdotal evidence on causes for the gender gap included a lack of women enrolling in IT degrees, women not wanting to travel, and women not able to balance family needs with career. The data revealed that the most significant gender gap was at application stage where, for every role advertised, there was a significant difference in men and women applicant rates. On average, for every 100 male candidates, only one female candidate applied. On examining the initial quantitative data, IBM sought further qualitative data to understand the reasons underlying this application imbalance. Focus groups were conducted with new starters to explore gaps in perception of the job description and the lived experience of being an 'IBMer.' Further focus groups and interviews were held to develop targeted advertising campaigns using diverse images, ensuring that the Employee Value Proposition centred on inclusive values. Involvement in schools and university career fairs was undertaken, as well as participation in key industry events and diversity fairs, targeted referral campaigns, and targeted, highly visible sponsorship of diversity awards. IBM also conducted roundtables with external recruitment agencies to understand feedback from candidates who declined to apply for IBM roles. The quantitative data revealed that IBM was perceived as a male-dominated organisation, and stereotypical comments emerged of IBM perceived as a job for men in blue suits.

IBM's pipeline bias interrupter

Leveraging the qualitative and quantitative results from the I&D audit, the recruitment team designed bias interrupters, including a reboot of the recruitment Employee Value Proposition, a review of recruitment imagery, and a review of job descriptions for gendered language. The Growth Markets Diversity Recruitment Leader provided guidelines for creating a bias interrupter using a pilot approach of advertising roles using multiple job descriptions, keeping existing job advertisements with gendered language, recreating job advertisements with removed gendered language, and measuring the impact. This bias interrupter resulted in increasing women experienced professional hires from 23–30 per cent. The Australian IBM General Manager, Andrew Stevens, stated: "That is the highest rate in years. It was a small thing to do, you could almost disregard it, but it had a big effect."

Disrupting bias in the pipeline at BHP

Attracting, retaining and developing female talent in the most male-dominated industry of mining

At BHP in 2016, an audit showed that only 17 per cent of BHP's worldwide workforce were women. According to WGEA, mining and resources is one of the most male-dominated industries in Australia, with just 2.6 per cent of the industry's CEOs, 12 per cent of key management staff and 16 per cent of all workers being women (WGEA, 2016). BHP's internal research has shown the most diverse and inclusive sites outperform the company average on lower injury rates, and increased adherence to work plans and production targets.

BHP's pipeline bias interrupter

BHP set about disrupting the gendered nature of the industry by setting a 50 per cent workforce target by 2025. In launching the news of the aspirational goal in 2016, Chief Executive, Andrew Mackenzie, acknowledged that the "challenging" target would require significant change, requiring senior managers to achieve performance targets to lift female staff numbers by at least 3 per cent a year. Traditionally, there has been a reliance in mining on frontline operations experience for senior roles. A majority of mining leaders progress from operational roles to management roles before advancing to executive positions—creating a barrier with the perception that operational roles are a prerequisite for mining leadership roles. The requirement to have ten or more years of operations service had previously narrowed the available candidate pool, and particularly impacted women in mining with career breaks. The rise of technology has significantly changed mining operations, opening opportunities for transferable technology skills from other industries. BHP's new high-tech remote-control centre located in Brisbane, operates BHP's coal system in Western Australia, with new technical skills required outside the mining industry. BHP sought to interrupt bias in manager expectations—at hiring and promotion—by removing the requirement for previous operational experience in the mining industry for these roles. Hiring for capability focused recruitment on intrinsic attributes, such as logical reasoning, instead of external attributes, such as qualifications and previous mining experience. Hiring for capability also enabled recruiters to widen their search to a range of different industries with similar skills, including traffic controllers, medical technicians and IT programmers. The impact of the bias interrupter was measured and women now make up 53 per cent of the remote-control centre workforce. This bias interrupter can also be applied to career development and progression through senior roles, removing the requirement for specific mining industry experience.

AECOM disrupting the gender pay gap

Significant gender pay gaps in engineering

In 2015, AECOM's then chief executive, Lara Poloni, became a WGEA equal pay ambassador, acknowledging that senior leadership was required to address the significant gender pay gap in the professional and technical services industry, with the fourth highest pay gap in Australia at 25.4 per cent. Professionals Australia research (2017) found that women engineers reported average earnings of 89 per cent of their men colleagues, and only 14 per cent of women had worked as an engineer for over 20 years compared with 32 per cent of male respondents. AECOM is one of the biggest employers in the industry with 3,300 staff in Australia. AECOM undertook a comprehensive gender pay analysis across pay bands to establish the baseline on where gender pay inequities existed. The data revealed the biggest pay gap emerged after women who had been in the workforce for 8–15 years took parental leave or returned from parental leave. AECOM established that bias crept into decision-making around salary at these points in time. The baseline data also revealed more men negotiating pay rises outside of the normal pay cycle, and women being left behind.

AECOM's pay gap bias interrupter

The design of the bias interrupter had three components: firstly, when men win pay increases, women on the same team also get salary rises. Secondly, women on parental leave receive pay rises and are offered coaching sessions about how to discuss remuneration with their managers. Finally, the CEO set aside 5 per cent of the company's annual salary review budget to address the gender pay gap. Tracking progress to measure the impact of the bias interrupter found the gender pay gap among mid-professional employees fell below 5 per cent. The company-wide gap is at 24.5 per cent, largely driven by more men than women in leadership positions, which the organisation is working to address due to a significant challenge of women leaving the engineering profession at a much higher rate than men.

The German Government disrupting structural pay gaps

Gender pay gap 5 per cent higher than European average

Germany's gender pay gap is 21 per cent, higher than the European average of 16 per cent. Men earned, on average, 21.00 euros an hour in 2017, compared with 16.59 euros for women (Eurostat, 2018). In 2007, the gap was 23 per cent. Germany's huge gender pay gap is attributed to the high number of women in lower-paying or part-time jobs and under-representation in senior positions. Eurostat found that across Europe, the gender pay gap is much higher in the financial and insurance sectors.

German Government's pay gap bias interrupter

In January 2018, the German Government created a bias interrupter by passing the Wage Transparency Act, impacting businesses of 200 employees and more. For companies with more than 200 employees, employees will be able to request information on how salaries are determined, request the median remuneration based on at least six colleagues of the opposite sex in a comparable or same role. Women can check on the average of their male colleagues, and men can check on the average of their female colleagues' salaries. Companies with more than 500 employees are encouraged to implement internal audits of their pay structures to ensure compliance with the equal pay law and must publish regular reports on the actions they have committed to promote gender equality (Human Rights and Equal Opportunity Commission, 1998).

Virgin Money disrupting pay gaps through transparency

Gender pay gap 36 per cent

Virgin Money has been an early adopter of transparency after auditing remuneration in 2016 and finding a gender pay gap of 36 per cent. Baseline data revealed that Virgin Money had only 27 per cent of men in customer service roles and a disproportionately high level of men—at 65 per cent—in the highest paid roles.

Transparency bias interrupter

A bias interrupter was created to both improve the attractiveness of its employment offer to men at entry levels as well as increasing actions to retain women through maternity mentoring and other targeted programs. Virgin Money improved transparency in management decision-making tools so that managers have 'real time data' and can see the impact of their decisions immediately on their business unit gender pay gap when considering allocating pay rises and bonuses. The management decision-making tools are leveraged by executives to monitor the pay gap across the organisation. Since implementing the bias interrupter, the gender pay gap currently stands at 32.5 per cent.

Discussion

Women determine 89 per cent of decisions on bank accounts, own 40 per cent of stocks, yet 84 per cent of women do not feel understood by financial planners and investment marketers (Silverstein and Sayre, 2009). The I&D audit process and bias interrupters can be widely implemented across the Australian financial planning profession to disrupt gender inequity. The six bias interrupters discussed in this paper have significant and specific application to the financial planning industry, especially in relation to its efforts to increase women from the current 1:5 financial planner ratio. A bias interrupter that many large Australian companies have signed up to is setting 50:50 graduate gender equity targets, based on the principle of what gets measured in business gets done. Common biases on why there are fewer women financial planners in the workforce default to over-reliance on the personal dimension—views centred around perceptions that finance is the domain of men, and that the financial planning workforce purely reflects the wider demographic. Graduate statistics state otherwise. Over half of all management and commerce Australian graduates were women at 50.14 per cent (Department of Education, Employment and Workplace Relations, 2009). The finance planning industry can uniformly apply the 50:50 graduate structural bias interrupter with commitment from the leadership team to measure progress, with commitment from business leaders, as well as from HR to design and fund undergraduate programs to showcase and promote financial planning as an exciting career for both men and women.

A scan of the Australian job search engine seek.com.au using the search terms ‘financial planner’ results in a mix of gendered language with some job descriptions using gendered wording such as ‘dominate the marketplace’, and ‘aggressively meet targets’ and ‘join a young, dynamic and hungry team’ and ‘great role for a hungry financial planner’ and ‘role for a hunter’ and ‘for a driven individual’ and ‘get skin in the game’. Research shows that irrespective of skills matches, although some women will identify with these terms, many women will eliminate themselves from applying for jobs due to job description cues that imply male-dominated culture. Firms need to forensically examine both qualitative and quantitative data from applicants, previous hires, HR, recruiters and recruitment suppliers to understand at what point of the recruitment process does inequity surface (Askehave and Zethsen, 2014). Quantitative data provides an understanding of the structural dimension and barriers to hiring women. Qualitative data provides an insight into the cultural, interpersonal and personal dimensions to understand the barriers in hiring. Without this baseline, myths continue to perpetuate and the Personal dimension assumes a greater significance as to why women are not applying for financial planning roles. Further industry research is required to understand the drivers and barriers for women entering and succeeding in financial planning, and the creation of industry bias interrupters to address these inequities.

The pay gap bias interrupters provided in this paper have particular application to the financial planning industry which has the largest industry pay gap in Australia of 32 per cent. Companies in the Financial and Insurance services sector have reduced the gender pay gap in total remuneration progressively over three years from 35 per cent in 2015 to 32 per cent in 2017; however, many financial planning organisations have not begun gender pay equity reviews (5050 Foundation, 2018). Organisations and managers do not deliberately set out to pay men and women differently, for the Workplace Relations Act 1996 requires employers to accord male and female employees equal remuneration for work of equal value (Workplace Relations Act, 1996). However, there is much room for bias when promotion and remuneration bonuses are determined at managerial discretion with minimal transparency (Johnson, Brimble and Zanetti, 2016). The initial baseline to understanding pay gaps is a critical beginning, as outlined in the AECOM and Virgin Money case studies, to establishing the numerous causes for pay gaps. Rather than default to the personal dimension bias that women are inept at negotiating competitive remuneration, AECOM and Virgin Money identified the specific data points impacting pay gaps and created structural bias interrupters to increase transparency with real time data. AECOM also created a cultural bias interrupter to change the culture of leaving women out of salary reviews when on parental leave. Whilst the Australian Government echoes the German Government in requiring firms to regularly publish reports on actions taken to promote gender equality, the Australian Government could do much more to implement the German Government’s bias interrupters to create transparency at a national level, enabling employees freedom of information to request median remuneration based on at least six colleagues of the opposite sex in a comparable or equivalent role. This would not only impact pay gaps within the financial planning industry but pay gaps for all industries in Australia.

Bias interrupters have advantages over cultural change programs which, while effective, are expensive, resource heavy, and often abandoned. Bias interrupters fundamentally require leadership support for execution and accountability, measurement to understand the baseline of where bias exists, tailored interventions underpinned by the business strategy, and transparency on progress. There are three key recommendations for implementing I&D audits and bias interrupters:

Leaders leading

Every member of the financial advice industry has the potential to implement sustainable change and facilitate inclusion. However, taking a strategic approach must come from Australian business leaders driving sustained, holistic leadership on gender diversity. The implementation of I&D bias interrupters does not work when there is no clear, compelling communication from the top on why I&D is critical to the business, and why it leads to better decision-making processes. Real change cannot happen without a commitment from the top because that's where people take their cues. Andrew Stevens, IBM Australia's former CEO, stated publicly that 50 per cent of his performance bonus was committed to achieving gender diversity targets. KPIs were spread across the management team to ensure accountability for achieving gender diversity progress. Action occurs for gender diversity when specific measurable objectives are set for the leaders to execute against and, specifically, when meeting these objectives are linked to performance and at-risk remuneration (Whelan and Wood, 2012).

Baseline data to establish bias and measure progress

Measuring I&D and gender diversity progress for any organisation can look like a simple task at the outset, counting men and women and comparing the count with the demographics of the community the organisation serves. Counting people does not automatically translate into making people count—or into an inclusive organisation where ideas and contributions are heard and valued. Deloitte has found that, historically in Australia, there has been an under-emphasis on inclusion and accountability, and an over-emphasis on diversity (Deloitte, 2018). Critical to establishing a baseline is the I&D audit, using data to pinpoint leaks in the talent life cycle from recruitment to retirement, including inclusion experience data. Benchmarking and leveraging top-down and bottom-up data all feed into achievable, measurable I&D objectives to continually measure progress.

Tailored bias interrupters

Bias interrupters do not advocate a scattergun approach or a programmatic approach, but rather are tied to an I&D strategy that explicitly defines how each bias interrupter will input into driving the overarching business growth strategy. Many Australian organisations have disconnected, *ad hoc* initiatives that do not lead to sustained change. I&D objectives are not effective when they are not tied to a strategic vision, governance or accountability for achieving them. Bias interrupters are not one-size-fits-all solutions; they require tailoring to the business unit or region according to the baseline audit of where bias occurs.

Conclusion

Inclusion and Diversity creates quality outcomes for all Australians by ensuring that a broader range of issues, perspectives, and risks is represented in decision-making processes (ABS, 2012). "Diversity is not a form of political correctness, but an insurance policy against internally generated blindness that leaves institutions exposed and out of touch" (Heffernan, 2011). The Roy Morgan Superannuation and Wealth in Australia survey, conducted since 2009, shows little improvement in trust of financial planners for ethics and honesty. PwC identifies Inclusion and Diversity as a litmus test for wider transparency and trust for financial institutions (Terry, 2017). In light of the current Financial Services Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry—with a final report expected by 1 February 2019—the imperative to make impactful structural, cultural, interpersonal and personal change in the Australian financial planning industry requiring a framework of bias interrupters to move the gender equity status quo is critical. This paper provides a highly practical mechanism to fix gender equity biases in the financial planning industry through a process of baseline measurement via an I&D audit, followed by the design of bias interrupters along with objective metrics creating change. Future research opportunities exist to highlight current bias interrupters in Australian financial planning organisations and to advance best practice for disrupting gender inequity.

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INDIGENOUS AUTONOMY AND FINANCIAL DECISION-MAKING IN COMMUNITIES

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ABSTRACT

In this article, we argue that Indigenous autonomy, not increased regulation, is required to improve financial management and outcomes in Indigenous communities. We explore what may enable and constrain good financial practice and a move towards autonomous financial decision-making in Indigenous communities. Drawing on research about financial literacy education practices in a Canadian Aboriginal community and research in Australian Aboriginal communities receiving royalties from mining, we highlight the need for Indigenous autonomy in financial practices. Finally, we argue for the role of internal accountability in allowing a move towards Indigenous autonomy.

Introduction

This article is a call for action to change financial practices in Indigenous communities in Australia. This call to action is about amplifying the voices of Indigenous people globally who demand Indigenous autonomy and self-government. By Indigenous autonomy we are referring to having “the capacity to set your own goals and the means by which to pursue them” under self-government (O’Faircheallaigh, 2017, p. 1). To be self-governed means “a particular form of autonomy which involves a negotiated, permanent transfer of governance powers, and of the resources required to exercise those powers, to Indigenous institutions” (O’Faircheallaigh, 2017, p. 1).

Indigenous autonomy is a long way from being realised in Australia, with Distinguished Professor Moreton-Robinson (2015) arguing that:

> since the 1970s, government policy has oscillated between self-management and self-determination. The former was concerned with administration and management of communities and organisations, while the latter implied control over policy and decision making, especially the determination of structures, processes and priorities (p. 159).

Moreton-Robinson (2015) further argues that self-management has been the model since the 1970s and that self-management was prevalent even with the establishment of the Aboriginal and Torres Strait Islander Commission (ATSIC) in 1990. Under ATSIC “regional councils did not have autonomous control over expenditure in their regions, and ATSIC’s budget was controlled and monitored in the same way as other government departments” (p. 159). Moreton-Robinson (2015) asserts that as ATSIC attempted to change Indigenous policy towards “a self-determination model that advocated Indigenous rights”, the government and the media “represented the commission as being mismanaged, misguided, and corrupt” (p. 159). O’Fairchaellaigh (2017) also articulated the battle Indigenous people continue to face in Australia with government policy and procedures blocking the path to autonomy. Thus, the struggle for self-determination and Indigenous autonomy around decision-making and Indigenous rights continues in Australia, as in many other parts of the globe.

Internationally, Indigenous autonomy has been proven to reduce unemployment (Cornell and Kalt, 1998) and increase incomes for Indigenous people (Aragon, 2015; Frye and Parker, 2016; Pendakur and Pendakur, 2017). Lombardi (2016) reports that Indigenous accountability processes existed prior to colonisation and that such processes included decision-making based on kinship and age. We argue that moving towards Indigenous autonomy in financial decision-making requires the incorporation of Aboriginal epistemologies (AE) and Indigenous knowledges (IK) to transform institutional structures that reinforce inequities in society. Incorporating AE and IK into financial education practices is an important step towards transformative education and transformative policy.

It has been argued elsewhere that changing practices requires changing education (Kemmis, *et al.* 2014). Thus, our focus is on the practices and education that may need to change in a move toward Indigenous autonomy in financial decision-making in Communities – from a financial literacy education perspective moving from the conventional individual wealth accumulating focus to a praxis approach (Blue and Grootenboer, 2017) which incorporates how others are affected, influenced and impacted by financial decision-making in Communities.

Current Australian context

Driving this change in practice involves the ability to make sense of complex financial deals such as trusts established to manage royalty streams in Aboriginal communities. One impetus for this call for action is the Indigenous Land Use Agreement that traditional owners negotiated with Argyle Diamond Mines between 2003 and 2005, which has been held up as an example of best practice. The financial management arrangements created under this agreement are now recognised as problematic, by allowing unaccountable and opaque financial transactions, including cash payments to individuals instead of payments being tied to community projects (West and Smith, 2017). In addition, community payments were based on percentage of gross profit instead of revenue, thus creating the risk that profits might be manipulated (West and Smith, 2017). Financial regulations and formal financial accountability procedures did not prevent the misallocation of funds in the Argyle example. O'Faircheallaigh (2017) argues that because financial reporting and accountability procedures are often complex and hard for community members to understand, they are often not aware of the misappropriation of funds until it is too late. He notes in discussing the case of the Groote Eylandt Aboriginal Trust, which resulted in a trustee receiving a jail sentence (Wild, 2016):

> Institutional forms created to reflect 'mainstream' and corporate values and practices rather than Indigenous values are inevitably fragile and vulnerable. They may play a useful function for Aboriginal people who understand how they can be employed to hold organisational decision-makers accountable, but they lack transparency to many of the Traditional Owners and other Aboriginal community members for whose benefit they supposedly operate. As a result they are vulnerable to exploitation by politically-astute Indigenous individuals and unscrupulous non-Indigenous employees and businesses. Evidence from the last three decades shows clearly that these institutional forms and regulatory processes are insufficient, on their own, to ensure that positive outcomes eventuate for Aboriginal people (O'Faircheallaigh, 2017, p. 5).

As this quote highlights, misappropriation of funds can occur by both Indigenous and non-Indigenous individuals involved in financial transactions. It is important to note that such misappropriation of funds occurred despite having financial accountability procedures and financial regulation in place. Lombardi (2016) reminds us that " accounting can potentially be a tool of both empowerment and disempowerment" (p. 1323). Disempowerment of Indigenous people has continued in part because "accounting facilitated both the translation of racial stereotypes into policies and the construction and representation of financial incapacity of Aboriginal people" (Greer and Neu, 2009, p. 476). Moreover, Greer and Neu (2009) highlight that Greer's (2006) analysis of accounting structures in Australia reveal that current government strategies "mirror the mentalities and practices of colonial authorities who sought to micro manage the minutiae of Aboriginal lives" (Greer and Neu, 2009, p. 480).

Successful outcomes occur where Aboriginal control over financial decision-making, accountability, and management has been achieved, and where alignment between social and cultural values and financial management practices occurs (O'Faircheallaigh, 2017). Thus, the change in financial practice we are conceptualising includes moving from a system based on formal, externally-driven financial accountability mechansims, to robust internal accountability that draws on Indigenous values and practices and builds Indigenous autonomy.

Moving towards a change in practice through education

Sustainable education practices are often developed on site or in Community (Kemmis, *et al.* 2014) and with Community (Blue, 2016). Sustainable and transformative education practices may involve working with others, in this case Indigenous communities and/or Indigenous people, instead of assuming their need and knowledge. Kemmis and Edwards-Grove (2018) argue that education both transforms and reproduces society, that "they are mutually constitutive aspects of each other" (p. 77). To be able to improve the practice of education we must be certain about:

- what we are doing now…and how what we are doing is informed and justified by theories and by traditions;
- understanding of our own and others' educational values;
- the way our education practice fits into the wider context of schooling and society;
- some historical understanding of schools and schooling…[and]…what has enabled changes in schooling, but also some of the constraints on the process of change;
- continu[ing] to develop more general historical understandings and self-understandings—and understanding of wider history so we can locate within it our understanding…[of] personal histories…and the ways our ideas about and practices of education, have been formed, and especially the ways our work fits into the wider contexts of education and society, locally and globally (Kemmis and Edwards-Grove, 2018, p. 80).

By gaining insight into one's practice, the possibilities of what might be may become more apparent. However, any change in practice requires a change in the practice architectures that enable and constrain a practice (Kemmis, *et al.* 2014).

In the context of Indigenous autonomy, this means that Indigenous autonomy will not be possible unless cultural-discursive, material-economic and socio-political arrangements are also changed. For example, a move towards Indigenous autonomy in higher education may mean developing a higher education program in Indigenous personal finance, specifically designed for individuals wishing to work in Indigenous communities in finance-related roles. For instance, offering a graduate certificate in Indigenous financial leadership would require Indigenous people, the higher education sector professional associations such as the Financial Planning Association of Australia (FPA), Indigenous Accountants Australia, and the financial regulator (ASIC) to work together. This coming together would be about determining if there was a need for such a program and building relationships to ensure that a graduate certificate was endorsed, valued and has real-world currency.

Foley (2000) highlights in his case study of successful Indigenous Australian Entrepreneurs that there is a “need for culturally and industry qualified experts to provide social, cultural and business support to aspiring Indigenous Australian Entrepreneurs” (p. 71). Although we are not focusing on Indigenous entrepreneurship in this article, the importance of entrepreneurship education that is transformative rather than colonising (Pinto and Blue, 2017; Pinto and Blue, 2016) may lend itself to valuing IK paving the way for Indigenous autonomy.

Conceptualising Indigenous autonomy in financial decision-making in Communities

In this article, we conceptualise what Indigenous autonomy may look like for financial education pathways in higher education. We are guided by the following research questions that have helped us to conceptualise what may be possible and may be required to move towards Indigenous autonomy in Australia.

1) Why is Indigenous autonomy required in financial practices in Indigenous communities?

2) How is Indigenous autonomy currently practised and realised in a financial context?

To answer these research questions, we draw on research conducted by the authors about financial literacy education and the consequences of royalty payments received in Indigenous communities. The first named author’s research involved a case study of financial literacy education (FLE) practices in a Canadian Aboriginal community. The research highlighted a need for a praxis approach to FLE, which includes acknowledgement that all life decisions are not financially rewarding but often valuable and necessary; that improving financial mathematics knowledge and skills does not equate to increasing income; and that full attention must be paid to how financial decision-making impacts others as well as self. It also includes a recognition that socioeconomic status (SES) affects an individual’s ability to save and maintain long-term savings; and that gender, culture, values and ethics shape identity and this will affect an individual facing a financial decision (Blue and Grootenboer, 2017).

A change in practice starts from within the Community, is enabled and constrained by the cultural-discursive, material-economic and social-political arrangements (Kemmis, *et al.* 2014) and is enacted and enforced by the people within the Community. For example, in Australia, Hudson (2011) reports that Aboriginal control over restrictions on alcohol led by Aboriginal women in Fitzroy Crossing and Halls Creek resulted in a significant decline in alcohol-related hospital admissions. Grey and Wilkes (2011) found that government interventions regarding alcohol restrictions were less effective. Humpage (2016) also argues that government-led reforms involving compulsory income management programs for individuals receiving a government benefit that operate in New Zealand and Australia are ineffective because they are “forms of institutional racism, disproportionately affecting Indigenous people and significantly limiting Indigenous opportunities for self-determination” (p. 551). These income management regimes mean “opportunities for engagement with money and the economy are often removed and the right to self-manage their funds is sometimes not made possible” (Lombardi and Cooper, 2015, p. 84).

Strategies that may work

A better future for Aboriginal people and Aboriginal communities as described by Ted Hall, an Aboriginal Traditional Owner for the Argyle Diamond Mine in Western Australia, starts by investing in land and businesses for the future instead of cash payments (West and Smith, 2017). Revenues flowing in Aboriginal communities can be both a curse and an opportunity depending on how the funds are used and invested (O'Fairchaeallaigh, 2012). Limited understanding of the Community's financial statements may prove to be problematic and not covered by generic financial literacy education (Blue, 2016). Therefore, by understanding the complex nature of financial transactions, financial regulation, financial advice and financial literacy education, we conceptualise what capacity-building in conjunction with financial qualifications may look like.

Using the graduate certificate in Indigenous financial leadership as an example, the possibilities include recognition for expertise in Indigenous financial matters at a leadership level. However, if such a certificate was offered it would need to be underpinned by a focus on changing financial practice towards Indigenous autonomy in financial decision-making.

Challenging and changing dominant ideologies

Changing practice and changing education benefit both individuals and society and involve a moral, ethical and caring commitment to sustainable and just ways of being (Kemmis, *et al.* 2014). Sustainable changes to practice may involve educators, practitioners and community members working together towards a common goal. Kemmis (2017) states that thirty years ago being critical was more about challenging ideological distortions that caused oppression and domination and that caused injustice in society. He states that the aim then was to challenge and change those dominant ideologies, but that unfortunately they have persisted. Kemmis (2017) argues that part of our role in education is to help overcome injustice. Thus, overcoming injustice in Indigenous communities in Australia may require "a genuine reconciliation that accepts that if Indigenous Australians tell us that autonomy and an end to their powerlessness is essential to their well-being, this should be the starting point for Indigenous policy" (O'Faircheallaigh, 2017, p. 19).

Change in financial practice moving towards Indigenous autonomy

Kemmis (2017) reminds us that changing knowledge is not enough to change practice and that to change practice we have to change the arrangements that support it. Sayings, doings and relatings that hang together in a project is how practice is defined by Kemmis, *et al.* (2014). Looking closely at the theory of practice architectures, Kemmis, *et al.* (2014) highlight the individual and social aspects of our practices, including financial practices. For example, our sayings (forms of understanding), our doings (modes of action) and our relatings (ways of relating to one another and the world) are experienced individually and socially (Kemmis, *et al.* 2014). Our forms of understanding (sayings) are experienced socially through "individual and collective self-expression to secure a culture based on reason", modes of action (doing) are experienced socially as "individual and collective self-development to secure a productive and sustainable economy and environment", and ways of relating (relatings) to one another and the world are about "individual and collective self-determination to secure a just and democratic society" (Kemmis, *et al.* 2014). Thus, the practice architectures (arrangements and set-ups) enable and constrain our practices.

Using this theory, we attempt to understand what has enabled and constrained Indigenous autonomy by identifying the practice architectures. It is important to highlight that 'the sayings' are realised through language and thinking, such as ideas and thoughts about self-determination. 'The doings' are realised through activity and work and the material-economic arrangements found in the site or Community. The latter include, for example, the conditions of poverty that often affect Aboriginal communities, an ongoing effect of colonisation, and the lack of employment and inability to secure well-paying jobs. These enable and constrain financial practice both individually and collectively. 'The relatings' then are realised in power and solidarity through the social-political arrangements found or brought into the site or the Community.

Relationships with Government—which continues to try and control Indigenous people through 'self-management' rather than by supporting Indigenous autonomy—constrain the practice of Indigenous autonomy. In particular, the social-political arrangements highlight the struggle for individual and collective self-determination and autonomy for Indigenous people. One reason why self-management regimes persist may be the dominant 'sayings, doings and relatings' about Indigenous financial management that come from a deficit perspective. Viewing Indigenous financial management from a deficit perspective may allow those in charge of external monitoring via formal mainstream financial accountability mechanisms to rationalise such monitoring of financial practice as ensuring the 'trustworthiness' of the Community. Under self-management regimes, Indigenous autonomy will not be realised. However, through capacity building, valuing IK and embedding Indigenous values and practices into internal accountability mechanisms, autonomy can be experienced.

Conceptualising Indigenous autonomy through capacity building

Capacity building in conjunction with financial qualification may work in a way similar to how capacity building in higher education has operated at a national level through the National Indigenous Research and Knowledge Network (NIRAKN). The Australian Research Council (ARC) funded NIRAKN in 2013 as a special research initiative, and extended the funding to 2018. NIRAKN aims to increase the number of Indigenous researchers in academia, support the researcher via research capacity building, and develop national and international research environments and collaborations with partner organisations to achieve national and international recognition in research, knowledge and innovation (Moreton-Robinson, 2016). Developing a national model to build capacity, pathways and networks for Indigenous financial consultants might begin by understanding how successful research initiatives such as NIRAKN have been developed and sustained. Outcomes from such a financial capabilities model could include financial consultants who form a part of the recognised profession with specialities in Indigenous matters. Foley and O'Connor (2013) found that a "strong cultural and normative social capital base provided the platform for bridging networks to form with the dominant culture" and that, without it, legitimacy is questioned and networking is limited (p. 291).

Thus, understanding the role that social and cultural capital play in financial decision-making and, ultimately, Indigenous autonomy is important. Focusing on capacity building and creating pathways for industry and professional recognition may start the process of Indigenous autonomy in financial decision-making.

Findings and Discussion

O'Faircheallaigh (2017) argued that "success comes when Aboriginal people control decision making and develop accountability and management mechanisms that make sense in the terms of their own social and cultural values and practice [and that] autonomy is critical" (p. 6). Success stories from royalty payments are just as common as stories of misuse and wasted opportunities and financial regulation has not prevented misuse nor a lack of transparency for all parties involved. Indeed, it was "more than two years before Traditional Owners on Groote Eylandt became aware that large sums were being misappropriated from the Trust" (O'Faircheallaigh, 2017, p. 4). Thus, transparency and governance arrangements around royalty trusts are critically important.

Focusing now on success stories, O'Faircheallaigh (2002, 2006) highlights the Gagudju Association's use of mining royalties during the 15 years they were in receipt of funds for successful tourism initiatives, to establish trust funds for children in the Community and to assist the Gagudju community and people by contributing to income, health and educational needs. Another Aboriginal community used royalty income to build up a long-term capital fund of close to $50 million to generate an income after mining ceases (O'Fairchaellaigh, 2017, p. 4). Similar success stories have also been reported on smaller scales where royalties have been used to support educational initiatives of the children living in the community in Gladstone and on the Port Curtis Coral Coast (see O'Fairchaellaigh, 2017). Perhaps highlighting success stories such as these, and identifying where a change in financial practice is required (see below), will result in a move towards Indigenous autonomy in financial decision-making.

Now we highlight an example on a smaller scale, by illustrating how control of decision-making that makes sense to the people in a Community enables and/or constrains practice. The conversation below came from research exploring financial literacy education practices in a First Nation community in Canada of which the first named author is a member. This conversation was between two Elders involved in running a two-day cultural gathering from their home. The financial practices in place in this Community require that all requests for catering go out to tender. This tender process constrained their practice:

> Actually I was thinking of doing a hand drum gathering before this summer is out here in the Community but again like [Elder 2] says it's hard to get the money. And how much is it going to cost and how many people are going to come? …For me I would have to write a letter to the Council to one of the portfolios stating this is what I am going to do and sometimes they will say yay or nay. (Elder 1)
>
> For funding to build that lodge? (Elder 2)

> No, no for just for bringing the people here, just for the food for a period of two days. I have a cook, my daughter but, I would have to put that out to tender. You have to tender that out. I can't just hire her right off the top. That is one of the requirements. You have to tender it out. So if she get the job then that is fine but I have nothing to do with the decision and I want to make sure that the person I hire is going to be working in this house and that nothing goes amiss. Do you know what I mean? (Elder 1)

Elder 1's comment about things not going amiss includes having someone unfamiliar in your home but extends beyond the risk of theft to include judgement about your home and your possessions, and also includes not being familiar with the cooking appliances and crockery creating a risk of damage. If damage did occur, replacing the damaged items would be at the expense of the host. If the damage was done by a family member, arrangement could be made to help contribute to the cost, whereas if it was caused by an outsider, recovering the cost to fix any damages could be problematic, especially in a Community where poverty is high.

> But so again like I said that is one of the drawbacks [tender process]. If I got the money from somewhere else I could hire her because is available, she knows the house and where everything is and that the reason and I trust my daughter …. So when I look at that, it doesn't cost much to run one of these it is just having the people come and the food and the cost for her for the two days that she will be doing this. Breakfast, lunch, supper … when I do that here I have to tender things and tender them out, if I get the money from this place, they will say who is going to be your cook. (Elder 1)

This discussion highlights concerns about putting a tender out for a cook when the food preparation is taking place in your own home. The need to tender the cooking aspect of this event is questioned. The financial practice in place—going out to tender—constrains this cultural event. Indeed, who ends up as the cook may either contribute to the success of the event or jeopardise it. Therefore, it is this type of external accountability practice, that is, tendering for catering a day event hosted at a home, which needs to change if we want to demonstrate trust in Indigenous people and move toward establishing internal accountability mechanisms.

The next part of the conversation highlights the other Elder's (Elder 2) understanding of accountability and the need for a budget to run the type of a workshop described above. The excerpt below is representative of O'Faircheallaigh's (2017) argument that autonomy involves accountability and management that suits the context, including the Community's social and cultural values.

> So he is coming from that perspective and my perspective is that you need a budget. You need to stay within your budget and you need to get this out and write a report.
>
> Committees, support groups really need to have that basic understanding of…budgets and…stay[ing] within that budget and you don't change mid-stream and say okay we don't really need that. That needs to be discussed by everybody…you need to stay within the budget. (Elder 2)

This excerpt demonstrates the internal accountability practice that needs to be understood and adhered to in the Community when requesting funding. There is certain taken-for-granted knowledge about requesting and preparing a budget submission that includes not changing plans prior to the event that will have an impact on the cost. Thus, a well thought out plan and budget are required by Community members for Community-funded events.

Concluding comment and implications for financial practitioners

In this article we argued the need for appropriate financial education initiatives combined with Indigenous control in financial decision-making as a way towards achieving autonomy in Indigenous communities. We highlight how practices, including financial practices, cannot change until the practice architectures that enable and constrain practice are also changed. We conclude that Indigenous autonomy in a financial context is yet to be realised in Australia. Instead, mainstream financial practices and self-management regimes continue in place of self-determination.

Through conceptualising what Indigenous autonomy in financial decision-making could be, we provide examples of possible ways forward based on success stories in Indigenous communities. We also provided an example where external accountability processes—such as the tender process example—constrained cultural practices and internal accountability processes in place in the Community. We note that the tendering process example could have been overcome by having a process in place to bypass the tendering process when events were being run from a personal residence and/or where the cost was less than an agreed upon amount.

We also argued that current financial accountability and financial regulations have not reduced the risk of exploitation and misuse in land use agreements in Indigenous communities. A move towards Indigenous autonomy and financial decision-making is thus long overdue. Successful models of capacity building of Indigenous postgraduate students (such as NIRAKN) provide models of success to follow. Finally, we proposed a change in financial practices that involves robust internal accountability and draws on Indigenous values and cultural practices as a step towards building Indigenous autonomy.

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FLEXIBLE WORK: BARRIER TO BENEFITS?

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ABSTRACT

The Australian financial services industry has been a leader in offering flexible work policies, positioning them as a solution to the tensions between women's dual work and family roles. While Australian legislation provides the right to request flexible work, this study uncovers how, in one finance organisation, flexible work is framed as an employee benefit within a suite of benefits. The study shows that employees using flexible work arrangements are less likely to understand and know how to access the full range of benefits, many of which have short- and long-term financial implications. This has consequences for the long-term financial security of women (as the heaviest users of flexible work arrangements) and for financial planners, both as employees of organisations in the Australian finance industry and as providers of advice to women working in this sector.

Introduction

The Australian finance industry has been one of the leaders in the development of flexible work policies, with over 73 per cent of finance companies having a written flexible work policy (WGEA, 2016b). Flexible work arrangements (FWAs) are frequently positioned as a solution to the tensions between an individual's dual work and non-work roles, and a tool for organisations to attract and retain a greater diversity of talented workers. While FWAs are now offered for reasons beyond caring responsibilities, FWAs were historically focused on family-friendly initiatives as a means of facilitating greater participation of women in the workforce (ABS, 2013b). Women, for a variety of reasons, remain the primary users of FWAs (ABS, 2011). Under the Fair Work Act 2009 (Cth) all Australian employees with caring responsibilities are entitled to request FWAs. Rather than an entitlement, however, FWAs are frequently positioned as an employee benefit offered by progressive employers. This study explores the association between FWA use and access to other employee benefits to determine if employees who use FWAs understand and can access the other employee benefits available to them.

Employee benefits, sometimes called fringe benefits, are defined as the non-wage components of remuneration (ABS, 2013a; Bureau of Labor Statistics, 2015). They are a significant component of compensation or 'total reward', representing an estimated 10–20 per cent of total compensation costs in Australia, the US and the UK (Shields and North-Samardzic, 2016; Dulebohn, *et al.*, 2009; Tremblay, Sire and Pelchat, 1998). As is the case in financial planning, the Australian context for benefits is quite different to other developed economies. Mandatory superannuation and good public health care mean that retirement plans and health insurance are not commonly part of the suite of benefits provided by Australian organisations. Rather, benefits may include special paid leave, health and wellbeing programs, career development such as training, and employee discounts. Employee benefits also differ between and within Australian industries, depending upon company and industry choice of 'best fit' or what may provide employers with a competitive advantage in attracting and retaining staff (Dulebohn, *et al.*, 2009). Common benefits in the Australian financial services industry include salary sacrificing, share equity plans, and discounts on proprietary financial products.

Benefits are distinct from employee entitlements. Benefits are framed as non-essential extras designed to attract, retain and reward staff (Shields and North-Samardzic, 2016), while entitlements are considered essential working conditions. The Fair Work Ombudsman defines employee entitlements as "rules about what employees get at work"—that is, working conditions protected by law or by formal agreements, such as the hours employees work, sick leave or the frequency and duration of breaks (Fair Work Ombudsman, n.d.). The Australian Fair Work Act 2009 provides all workers with caring responsibilities the entitlement to request FWAs; however, Australian organisations maintain the ability to refuse FWA requests on reasonable business grounds. Consequently, access to FWAs remains a negotiated employment arrangement, influenced by organisational policies, practices and culture (Williams, McDonald and Cathcart, 2017). The negotiated aspect of FWAs makes FWAs distinct from other human resource (HR) policies that specify employee entitlements. This negotiated aspect also distinguishes FWAs from employee benefits, which are pre-defined and involve implied company discretion in altering the benefits offered to staff.

This study is conducted within a large Australian financial and insurance services organisation where flexible employment arrangements are presented as an employee benefit. The study draws on a survey of over 5,000 employees to explore whether utilising FWAs reduces employee understanding of, or ability to access, the other benefits available to them. Further, this paper canvasses the implications for the financial planning profession, both as employees of Australian financial sector organisations, and as advisors to employees in this sector.

Literature Review

FWAs provide employees with negotiated variations to when, where and how much they work (Maxwell, *et al.*, 2007). These variations might be formalised in an employment agreement, as is the case with part-time work, or they might be informal adjustments to work arrangements negotiated between the employee and their supervisor on an *ad hoc* basis. FWAs frequently include arrangements such as teleworking/working from home; caring and support arrangements (personal/carer's leave or child care facilities); flexible working hours (time off in lieu, variable start and finish times); and reduced-load work agreements such as part-time or job share (McCarthy, Darcy and Grady, 2010; Yuile, Chang and Gudmundsson, 2012).

The Australian Bureau of Statistics (2011) identifies the availability of FWAs as a stimulus for labour participation rates and the provision of FWAs has subsequently been supported in Australia by industrial and legislative protections such as paid parental leave and the right to request FWAs (Fair Work Act 2009). Many aspects of flexible work are therefore employee entitlements provided by law. The variability inherent in flexible working means, however, that the implementation of many FWAs is tailored to organisational and individual needs, providing benefits to both (Timms, *et al.*, 2015). The understanding of FWAs as an employee entitlement or an employee benefit hence becomes obscured.

Australian organisations have subsequently developed FWA policies that outline the FWAs available to employees and provide guidance on the process for requesting and, for managers, approving or declining FWAs. The financial services industry was an early adopter of FWAs, and over 73 per cent of finance companies in Australia now have a written flexible work policy, compared to 52.3 per cent of all industries (WGEA, 2016b). This is not surprising given the demographic characteristics of the industry. Almost 56 per cent of the workforce in financial services is female (WGEA, 2016a). Women more frequently access FWAs despite FWAs being available regardless of gender (ABS, 2011).

The gendered use of FWAs has been widely researched. It has been demonstrated that an underlying assumption that FWAs are designed to support women, influences the low uptake of FWAs by men (McDonald, Pini and Bradley, 2007). For example, within the Australian finance industry, 89.5 per cent of part-time employees are women and 10.5 per cent are men (WGEA, 2016b). This gendered perception of policy use has been identified as one dimension of work-life culture that influences employee access to FWAs and contributes to negative stigma associated with FWA use (McDonald, Brown and Bradley, 2005). Numerous studies have identified that both male and female employees believe that accessing FWAs will have negative career consequences, such as reduced opportunities for promotion or development (Eaton, 2003; McNamara, *et al.*, 2012), and there is some empirical evidence to support these perceptions. For example, in a study of Fortune 500 companies, Leslie, Manchester, Park and Mehng (2012) demonstrated that FWA use can result in reduced measures of career success (salary, job levels, recommendations for promotion). Similar results were found in a more recent study of a Dutch financial services firm (Noback, Broersma and Dijk, 2016). Such career penalties are also likely to have immediate and longer-term financial implications for FWA users.

Even though it is a leader in offering FWAs, the Australian financial services industry faces many gender equity challenges. Despite the predominantly female workforce, only 37 per cent of management and leadership positions in the financial services sector are held by women (ABS, 2017; WGEA, 2016a, 2016b). The sector also has the largest gender pay gap of any Australian industry, with the full-time average weekly earnings of female employees 32 per cent lower than that of male employees. This is significantly more than the Australian average gender pay gap of 14.6 per cent (WGEA, 2018). While some of the difference is due to occupational segregation, the gender pay gap cannot be fully explained by the fact that female workers are concentrated in lower-paid administrative and clerical positions (WGEA, 2016a). The long-term implications of pay differences become evident in women's financial security, particularly as they approach retirement age. Previous research has highlighted the role of gender in retirement adequacy (Basu and Drew, 2009; Neelakantan and Chang, 2010; Sunden and Surette, 1998).

Existing literature has not examined employees' understanding of the long-term financial implications of accessing particular benefits, yet benefits are a (non-wage) component of an employee's total remuneration package. The small existing benefits literature deals with benefits satisfaction, benefits type preference and communication preferences, finding that each vary according to employees' demographic characteristics (Dencker, Joshi and Martocchio, 2007; Lawton and Chernyshenko, 2008; Freitag and Picherit-Duthler, 2004; Shields, *et al.*, 2009). Many employee benefits provide a form of additional financial reward for employees. Some benefits, such as salary sacrificing or discounted products or financial services, allow employees to save money immediately, while others such as study assistance are likely to result in sustained longer-term salary increases, with consequent increases to superannuation. In contrast however, FWAs provide non-financial benefits for the individual employee, such as more control over their time and work locations, leading to a reduction in work-life conflict (Haley and Miller, 2015). Associated career and wage inhibiting effects mean that the long-term financial situation of employees is rarely improved by utilising FWAs (Draco and Green, 2004; Glass, 2004; Green and Leeves, 2013; Noback, Broersma and Dijk, 2016). Given the perceived stigma associated with FWA use, this study proposes that when FWAs are positioned as an employee benefit, employees utilising FWAs may be reluctant to access further benefits or may not be aware that other benefits remain available to them. Further, using FWAs that reduce time in the office may limit access to information about other benefits, compounding the financial downside of FWA use.

Focusing on the finance sector, this case study aims to uncover if FWA use influences an employee's knowledge of available benefits or understanding of how to access those benefits. The study answers the research question: is the utilisation of FWAs associated with lower understanding of employee benefits? The implications for all FWA users are discussed but given that women are the largest group of employees in this sector, and also the predominant users of FWAs, this study gives attention to the experiences of female finance workers. The following sections outline the method and approach taken to address the research question.

Study Context

This study was carried out in a large Australian financial services company with more than 10,000 employees. Consistent with industry data, over half of their employees (56.7%) are female with 37 per cent of senior leadership roles held by women (WGEA, 2016a). A FWA policy has been in place within the organisation for over eight years, and according to an internal staff survey, over 84 per cent of employees feel they have some flexibility (formal or informal) in their job.

The finance sector, and this organisation within that sector, present an ideal case for exploring the implications of FWA use on benefits understanding for a number of reasons. Firstly, as well as being leaders in the development of FWA policy, Australian finance companies offer a wider range of flexible work options than other industries. For example, over 60 per cent of finance organisations offer job-sharing and telecommuting, compared to all industries where 42 per cent offer job share and 28 per cent telecommuting (WGEA, 2016b). The FWAs available to employees, coupled with the wide range of employee benefits offered within the sector, present an opportunity to explore the views of employees when they have access to a diversity of options. As a large employer of women, differences in the views of each gender and the implications of those differences can also be studied.

Methods

This study utilises a case study approach. Theoretical sampling for single cases involves selecting cases that are exemplary or provide a unique opportunity to critically explore phenomena (Eisenhardt and Graebner, 2007; Yin, 2013). The case organisation, hereafter referred to as Bank 1, commissioned a reward management consultancy to develop and conduct an all-staff survey on the suite of benefits offered by Bank 1. Within the survey FWAs were specifically included as part of the suite of benefits. This study analyses the responses to seven open-text questions and two interval scale survey questions, with respondent demographic data, to investigate if employees who perceive and use FWA as a benefit, understand and know how to access other employee benefits. Consideration is also given to the survey design and administration as it pertains to employee perceptions of what the case organisation offers as an available benefit.

The survey focused on issues of benefits satisfaction, benefits understanding, benefits value, flexible work arrangements, health and wellbeing, and financial services discounts for employees. The survey was conducted via an online survey platform and was open to all staff across Australia for a one-month period in mid-2015. Participation was voluntary and no personally identifying information was collected. Participants were offered the opportunity to enter a draw for some retail and cinema vouchers. The survey was advertised via three all-staff emails, the company intranet and internal social media. The 36 survey questions included seven demographic questions, seven open-text questions, four nominal scale and 18 interval scale questions. Demographic data collected included age range, gender, working location (office-based or working from home), pay band, type of employment (full-time, part-time, casual, other) and business unit. Each question was voluntary; however, missing responses on demographic questions were minor (1%–2.4%). The data was subject to analytical and thematic research techniques to address the research question. While the primary method employed was qualitative (thematic analysis of open-text responses), data from the responses to two quantitative survey questions was statistically analysed to complement the insights gained through the qualitative analysis. In particular, independent samples t-tests were conducted to test for differences between (1) gender, (2) types of employment, and (3) working locations.

Participants

The survey had a high response rate (39%, n=5,084). Survey respondents were representative of the organisation and the industry in terms of gender, with the 56.7 per cent female and 42.2 per cent male sample (no response n=59) being comparable to both the organisation (59% female) and the Australian financial services industry (almost 56% female). Survey participants were drawn from both metropolitan and regional locations across all Australian states and territories.

A summary of descriptive statistics is provided in Table 1. “Understand benefits” relates to the survey question: I understand the current benefits available to me and “Know how to access benefits” relates to the survey question: I know how to access my benefits. Both questions were measured on a scale from 0–100 reflecting participants’ self-assessment of their understanding and knowledge.

Gender, employment type and primary working location of survey participants are also included in Table 1. Within this study, employees who self-identified as part-time or casual, as working from home or working a combination of office and home (from home at least 1 day per week), were categorised as users of FWAs. The majority of survey respondents (84.4%) were full-time employees, while 14.6 per cent were part-time, casual or other (no response n=46). Participants identified their primary working location as: Office/Branch-based (65.3%), Working from home (7%), or Working from home at least one day per week (26.7%) (no response n=55).

Table 1: Descriptive Statistics

Variable	Category	Frequency	Percentage[a]	Mean	SD	Min	Max
Understand benefits	-	-	-	63.44	21.74	0	100
Know how to access benefits	-			66.64	23.53	0	100
Gender	Male	2143	42.2	-	-	-	-
	Female	2882	56.7	-	-	-	-
Type of Employment	Full- Time	4290	84.4	-	-	-	-
	Part- Time	662	13.0	-	-	-	-
	Casual	48	.9	-	-	-	-
	Other	38	.7	-	-	-	-
Work Location	Office/Branch	3320	65.3	-	-	-	-
	Home	354	7.0	-	-	-	-
	Combination	1355	26.7	-	-	-	-

Note: n=5084. [a]Discrepancy towards 100% due to cases with missing data.

The following section outlines the findings from a review of the approach to survey administration, thematic analysis of open-text survey responses, and analysis of relevant interval scale survey responses. The findings begin by examining employee perceptions and use of FWAs as a benefit compared to other employee benefits, then presenting the implications for benefits understanding.

Findings

FWAs are presented to staff as a benefit

FWAs available to employees were promoted in job advertisements and on the Bank 1 website, where employee benefits such as wellbeing programs, special paid leave for volunteering, and discounts on financial products are also marketed. Bank 1 further used the benefits survey to explicitly position FWAs as a benefit, listing it alongside other benefits such as health and wellbeing programs and career development initiatives. The academic and HR practitioner-focused literature describes the purpose of benefits surveys as measuring staff satisfaction with current benefits offerings, ascertaining those benefits most valued by staff and the specific dollar value they ascribe to benefits, and assessing the adequacy of internal benefits communications practices (Society for Human Resource Management, 2017; Armstrong, 2010). By including FWAs as a benefit in this survey, the organisation was both positioning and measuring perceptions of FWAs as a benefit. The survey data thus tells us about employee perceptions of FWAs as compared to other employee benefits, rather than as an entitlement compared to other entitlements. The legitimacy of presenting FWAs as a benefit in the survey was questioned by only eight of the over 5,000 respondents, with statements such as:

> I wasn't aware that working from home was a staff benefit. I understood it to be part of our working agreement. To me there is a difference. (Male, full-time, working from home>1day)

> Flexible working is great but given it saves [Bank 1] $$$ in real estate and other costs I think it shouldn't be defined as an employee benefit. (Male, full-time, office-based)

> I don't see flexible working or career development as a staff benefit, they are hygiene [factors] …. (Female, full-time, office-based)

Notwithstanding the disputable inclusion of FWAs in the survey design, employees used the survey to voice the perceived value of FWAs as a benefit.

Flexible Work as a Valued Benefit

Survey respondents were asked to list the employee benefit(s) they most valued. Previous research shows that determinants of benefits and employee reward preference include demographic characteristics such as gender (Lawton and Chernyshenko, 2008). The benefit most valued by women was FWAs, with 50 per cent of female respondents listing flexibility in their response. In contrast, the benefit most valued by men was financial product discounts; however, 48.5 per cent of men also listed flexibility as a highly valued benefit. Data on the types of FWAs most valued by employees was not gathered but the criticality of FWAs to employees was evident in the responses.

The high value afforded to flexibility was evident in the comments provided by employees who were users of formal FWAs such as weekly work from home and part-time work:

> The flexible working arrangements that [Bank 1] offers me are invaluable. It makes a work/life (family with young kids) balance possible and I am very appreciative of that. (Female, part-time, working from home>1day)

> [Most valuable benefit is] Flexible working arrangements – as time is more valuable than money. (Female, full-time, working from home>1day)

> The most important benefit to me is ability to work from home. (Male, full-time, working from home>1day)

Full-time employees indicated that they used informal FWAs such as occasional teleworking or *ad hoc* adjustments to start and finish times. Full-time and office-based staff also placed a high value on flexible work as a benefit:

> Flexible work is crucial for our busy lifestyles and a big benefit to working for [Bank 1]. (Female, full-time, office-based)

> I find having the option of having flexible work arrangements is a real privilege and benefit of working for [Bank 1]. It makes working for the company a really attractive option, especially for working parents (such as in my circumstance) as it allows greater flexibility in meeting the demands of family life but in still being able to work your usual hours. (Female, full-time, office-based)
>
> Flexible working arrangements is best benefit. (Male, full-time, office-based)

Qualitative responses also indicated that some employees did not access any other benefits, other than FWAs:

> Flexible working arrangements mostly. I currently do not use any other benefits. (Female, working status not provided, office-based)
>
> Flexible working arrangements. I've never found anything worthwhile in the rest. (Female, full-time, office-based)
>
> Apart from flexible working arrangements, I very rarely use any other benefits simply because I don't spend the time going through the portal to see what is on offer. (Male, full-time, working from home>1day)

While respondents valued FWAs, this was not the only reason that some employees did not access other benefits. Employees (notably only female employees) described how they were unable to access other benefits that were inconsistent with FWA use:

> The benefit that means the most to me is career progression, however over the last few years I have noticed less and less opportunities … this means that I have to consider relocating to continue my career…and is at odds with our flexible way of working, working from home, working from different countries. (Female, full-time, working from home>1day)
>
> I have had a lot of questions about employees who can't access benefits while being on leave i.e. parental leave. (Female, full-time, office-based)
>
> The employee benefits days that they have usually fall on the days that I work from home (Female, full-time, working from home>1day)

The responses indicate that employees, and particularly women, in Bank 1 do perceive FWAs as a benefit, and value flexibility more than other benefits that could potentially improve their career prospects (career development), disposable income (product discounts, bonuses), or financial security (share plans or salary sacrificing). Responses further suggest, however, that FWA use, at times, impinges upon the ability to access other benefits. This finding was explored further in relation to employees' understanding of benefits and knowledge of benefits access.

Understanding of Benefits is Limited

The survey results pertaining to benefits understanding reveal significant differences in benefits knowledge based on gender, employment type, and working location. Responses to two survey questions: I understand the current benefits available to me; and I know how to access my benefits

(0 (disagree) – 100 (agree)); show that females and FWA users had less understanding of the suite of benefits and less knowledge of how to use them. Table 2 provides the results of independent samples t-tests that demonstrate significant differences in benefits understanding and knowledge of how to access benefits between gender and FWA users and non-users.

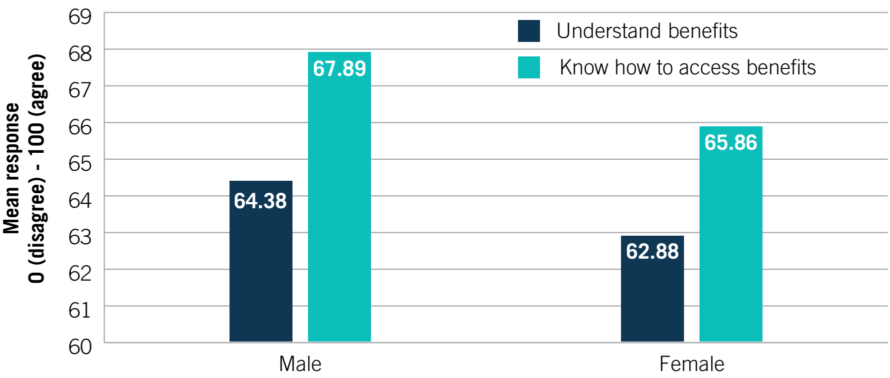
Table 2: Independent samples t-tests

	Male		Female			Full-time		Part-time			Office / branch		Home		
	M	SD	M	SD	*t*-test	M	SD	M	SD	*t*-test	M	SD	M	SD	*t*-test
Understand benefits	64.38	21.26	62.88	21.99	2.45*	64.34	21.45	59.20	22.48	5.51***	63.84	22.14	60.77	21.90	2.49*
Know how to access benefits	67.89	22.80	65.86	23.97	3.06**	67.83	23.16	60.70	24.41	7.04***	67.31	23.90	61.81	23.68	4.12***

****p<.001, **p<.01, *p<0.05 M = Mean. SD = Standard Deviation.*

Figure 1 below illustrates the significant differences in understanding benefits and knowing how to access benefits between the two groups of male and female employees. Male employees demonstrate higher levels of understanding benefits (M=64.38, SD=21.26) compared to female employees (M=62.88, SD=21.99), $t(4,697)=2.45$, p=0.014. This was also the case when knowledge of access to benefits was compared between males (M=67.89, SD=22.80) and females (M=65.86, SD=23.97); $t(4,733)= 3.06$, p=0.002. Women in Bank 1 were less likely than their male counterparts to understand the benefits available to them or have knowledge of how to access those benefits.

Figure 1: Benefits understanding by gender



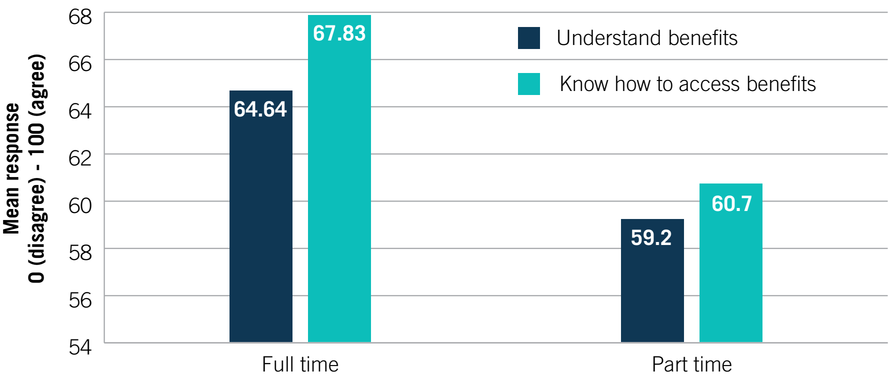
Female employees also commented more frequently on their lack of knowledge about benefits:

> I find it hard to understand how to access some of the benefits (Female, full-time, working from home)

> You hear about benefits, but don't know how to access them (Female, part-time, office-based)

When viewed by employment type, individuals working part-time show lower levels of understanding and knowing how to access the full suite of benefits than full-time employees (see Figure 2). Full-time employees demonstrate a better understanding of benefits (M=64.34, SD=21.45) compared to part-time employees (M=59.20, SD=22.48); t(857)=5.51, p=.000 (Table 2).

Figure 2: Benefits understanding by employment type



Similarly (see Figure 3 and Table 2), the survey results pertaining to employee understanding of benefits reveal that benefits understanding is significantly lower for those working from home (M =60.77, SD=21.90) than for office-based employees (M=63.84, SD=22.14); *t*(3,672) = 2.49, p=0.013. The difficulties of understanding benefits as a remote worker were acknowledged in free-text comments:

> Benefits are very confusing, especially when I do not have the time to fully look into any of them. (Male, full-time, working from home>1day)

> I find it requires an investment in time to understand and if you don't have your own device that is easily connected to the intranet, it means you have to take time in the office to look for benefits and manage purchases. It benefits those who have easier access to the website and/or those who spend their time in the office purchasing items. I rarely use time in the office doing things other than work. (Male, full-time, office-based)

Figure 3: Benefits understanding by working location

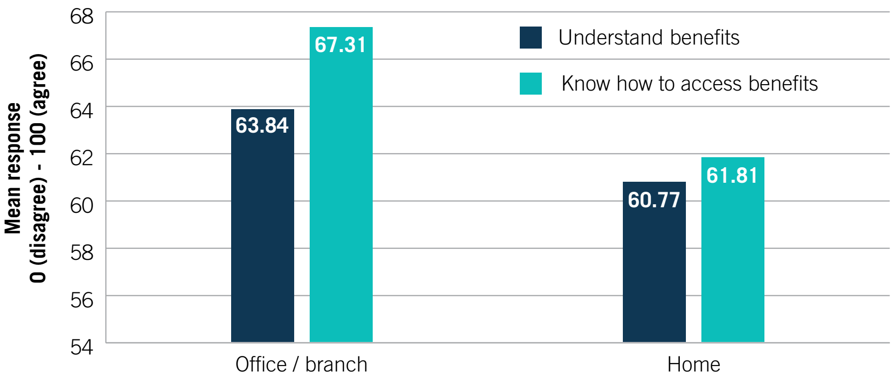


Figure 3 and Table 2 also show that employees working from home had significantly less knowledge about how to access benefits (M=61.81, SD=23.68) than office-based employees (M=67.31, SD=23.90), *t*(3,672)=4.12, p=0.000. Difficulties in accessing information relating to benefits appeared to contribute to employees' limited understanding of the benefits available to them:

> I didn't know about the employee benefits for nearly 2 years after joining the company. Even now, I am slowly learning while talking to co-workers. Something should be done to create employee awareness. (Male, full-time, office-based)

Comments regarding access to information about the full suite of benefits were most noticeable among employees utilising FWAs such as part-time workers or those who work from home, with women expressing the majority of concerns regarding access to benefits information:

> The benefits could be better advertised. Hardly anyone in our team have used them. Poor take-up is attributed to low awareness of what is available to us. (Male, full-time, working from home>1day)

> There needs to be more communication around benefits available to employees especially for parents and employees going on maternity leave. (Female, part-time, office-based)

> I know there are benefits available to me, but accessing them or information about them is difficult (Female, full-time, working from home)

> [I use] Flexible working hours. I didn't know of any career development benefits on offer. (Female, full-time, office-based)

Interestingly, a number of respondents noted that the greatest deficit in benefits understanding was in relation to the financial benefits offered by Bank 1, whereas relatively inconsequential benefits such as small discounts at retailers were well known and well understood:

> Discounts on food shopping, fashion and homewares – amazing. (Male, full-time, office-based)
>
> Financial benefits from [Bank 1] products is where I have the greatest lack of clarity. (Male, full-time, working from home>1day)
>
> Salary sacrificing could be explained better. (Female, full-time, working from home>1day)
>
> If I spent hours trolling through the material online I might be able to figure it out—but some one-on-one time with an expert to provide ideas and answer questions would be great. (Male, full-time, office-based)
>
> It would be good to cover some fundamentals—like, 'what can be salary sacrificed by employees?’ (Female, part-time, office-based)

Discussion

Drawing on data from an employee benefits survey conducted in a large Australian financial services company, this study set out to understand if using FWAs influenced employee understanding of available benefits. The findings have implications for financial planners, both as employees of Australian financial sector organisations, and as advisors to employees in this sector.

Even though the right to request FWAs is an entitlement provided by the Fair Work Act 2009, in Bank 1 FWAs are communicated as an employee benefit and positioned as part of the total reward, remuneration and benefits package, yet FWAs are distinct from the other benefits that provide some form of financial gain for employees. In Bank 1, female employees perceive FWAs as the most highly valued benefit and indicated that they access FWAs more than other employee benefits. The identified lack of understanding in relation to the financial benefits being offered by Bank 1, and limited knowledge of the full suite of benefits available to them, may reinforce the perceived value of FWAs over other benefits. The findings further identify that those employees accessing FWAs are also least likely to understand what other benefits might be available or how to access those benefits.

Viewed collectively, the study’s findings suggest that where FWAs are valued as a benefit, users of FWAs are less likely to understand benefits options, or have knowledge of how to access other benefits (available alongside FWAs) that may improve their financial situation. This situation is further exacerbated for women who are the primary users of FWAs and are least likely to understand available benefits or have knowledge of how to access them. FWA use appears to limit access to information required to make informed benefits decisions. FWAs that reduce time in the office may also reduce an employee’s availability for training or information sessions on employee benefits or may simply restrict access to benefits information provided formally and informally to office-based staff. An alternative explanation—in the context of Bank 1—is that employees who perceive they are accessing FWAs as a benefit do not then seek out information on other benefits or believe they can access other benefits. Further research in other organisational contexts is needed to fully understand the factors that contribute to this apparent relationship between FWA use and access to benefits information.

The FWA literature links FWA access to reductions in hours and career opportunities, lower pay and lower superannuation (see for example, Crowley and Kolenikov, 2014). This study explains how in one organisation where FWAs are framed as an employee benefit, they are also largely perceived by employees as a benefit that is highly valued. Employees who use FWAs as a benefit then tend to have less understanding and knowledge of how to access other benefits available to them. Within the legislative framework and within organisational policy however, FWAs are not provided *in lieu* of other benefits. Rather, employees need to be aware that their use of FWAs should not preclude them from accessing other benefits with greater financial reward, such as salary sacrifice, product discounts or career development opportunities. When providing advice, financial planners have an opportunity to prompt individuals to investigate and use the full range of benefits available to them, regardless of their work arrangements.

Additionally, the finding that female employees and all FWA users are less likely to understand and know how to access benefits has implications for financial literacy. The financial literacy literature indicates that women have far lower financial literacy than men (Lusardi, Mitchell and Curto, 2014; Hung, Parker and Yoong, 2009). Further research is needed to explore whether FWA users are less financially literate than employees who do not use FWAs. For the financial planning industry these findings do, however, suggest the need for greater education on the financial implications of benefits decisions for employees who use FWAs.

Limitations and Future Research

While survey methodology is a popular and appropriate method for collecting data on employee opinions (Church, 2001)—in this case in relation to employee benefits—this study drew data from an organisational survey developed by a third party and administered by the case organisation. While the survey provides a rich data set to inform this study, the analysis was limited by survey questions designed for an alternate purpose, and potential resultant response effects (Yang and Hinkle, 2012). By applying a qualitative approach to analysis of the free-text responses, however, this study was able to inductively use the data to provide insight into the research question. The industry context, large sample size, gender and geographic diversity of the sample in this study, also provided a unique opportunity to explore in depth how FWA use may influence benefits understanding. Future research that considers how FWAs are positioned and perceived within other finance organisations and other industries would shed light on the relative influence of industry or organisational context on this study's findings. Further research in contexts where FWAs are not framed as part of the benefits package is also required to extrapolate when FWA use influences benefits understanding. The link between understanding of employee benefits and financial literacy also warrants further investigation.

Conclusion

The Future of Financial Advice (FoFA) Bill 2016 provided a clear indication that regulators of financial planners are seeking to raise the standard of financial advice provided to Australians. As an aim of the financial advice profession is to assist people to manage their finances effectively in order to achieve financial wellbeing (Johnson, Brimble and Zanetti, 2016, p.107), it is important that financial planning professionals understand and communicate the implications of employees perceiving flexible work as a benefit. While further research is needed, there is potential that employees—particularly women as the heaviest users of flexibility—may be forgoing other benefits because of their lack of understanding of the benefits available to them and how to access them. Since benefits have important long-term financial implications in terms of career development and consequent pay and superannuation increases, financial planners are well positioned to advise their clients to become educated about how they can maximise benefit use, and to inform clients using FWAs that they do not need to forgo access to other benefits simply because they have accessed flexibility.

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RETIREMENT OUTCOMES FOR FEMALE PRIMARY CARERS IN AUSTRALIA: A LITERATURE REVIEW

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ABSTRACT

Due to an ageing population, encouraging self-funded retirement has been a key goal of Australian government policy for the last three decades. However, the current model of superannuation—funded primarily by the Superannuation Guarantee (SG)—leaves significant segments of the Australian population at a disadvantage. These segments include groups of individuals who do not participate in the paid workforce due to their performance of non-paid work. This research paper examines the disadvantage experienced by female primary carers in Australia under the current model of superannuation.

The body of literature on superannuation has identified that a significant proportion of working age women take time out of the workforce to provide care and receive a minimal amount of assistance from the government and that this has a detrimental effect on their retirement outcomes. However, this paper identifies a gap in the existing literature as it does not consider the financial consequences in retirement for women who must care for their parents. In particular, this paper identifies the disadvantage experienced by those women who simultaneously, or sequentially, 'sandwich' caring for their parents with raising children.

Introduction

During the 1970s and 1980s, policy advisory bodies, governments and global institutions including the World Bank in 1994 expressed concern regarding future capacity to meet the financial needs of ageing populations in OECD nations (World Bank 1994). Suggestions for reform were focused on replacing, as far as possible, public Age Pensions with private systems based on life course superannuation contributions as a means of financing retirement. This strategy was ostensibly aimed at relieving the fiscal burden on future generations of taxpayers. However, the timing of its implementation and the surrounding political dialogue are indicative of a belief that public bodies were, by comparison to markets, inefficient in allocating social resources.

The Australian Retirement Income System was introduced in 1992 to alleviate what was perceived to be an impending fiscal crisis (Edey and Simon, 1996). Based on World Bank guidelines, Australia's three-pillared system consists of a means-tested public Age Pension, income from the investment of employment-based mandatory contributions and additional voluntary contributions for those willing and able to afford these. The architects of this scheme claimed that it was equitable, considering the retention of the Age Pension as a 'safety net' for those unable to fund themselves in retirement.

Since its implementation, Australia's Superannuation Guarantee (SG) has generated a body of research and opinion challenging claims that it is efficient or equitable or both (e.g. Cox, 2007). Critics of the system variously focus on its proffered administrative efficiency, its stability and sustainability in the context of fluctuating global and macroeconomic conditions, and its fundamental inequity. With regards to equity, a significant portion of critics emphasise that the SG particularly disadvantages women. They predict that many women in Australia are likely to rely to some degree on the Age Pension in retirement, which is concerning because women are more likely to have greater financial needs in retirement than men due to their longer life expectancy.

This is particularly the case for those women who work as carers, both formally and informally. The Australian Bureau of Statistics (ABS) 2012 Survey of Disability, Ageing and Carers (SDAC), defines a carer as:

> a person of any age who provides informal assistance, in terms of help or supervision to an older person or someone who has a disability or a long-term health condition. This assistance has been, or is likely to be, ongoing for at least six months (ABS 2012a, p.1).

The paid care industry is particularly gender-based in Australia, as well as internationally, with predominantly female employees. The gendered experiences and exploitation of formal care workers in Australia and in other countries have been extensively analysed and documented (Palmer and Eveline, 2012; Hogan, 2004; De Bellis, 2006; Healy and Moskes, 2005; Nelson, 1999). Although the formal care industry has grown exponentially in recent years, females employed in formal care work continue to receive low rates of pay and may have to sustain onerous working conditions (Smith, 2011). Lower rates of pay result in lower superannuation contributions and, thus, smaller retirement incomes. Women working as informal primary carers (providing full-time care to children, partners, or elderly parents) may qualify for government funded Carer Payments or Carer Allowances.

Feminist political economists have observed that employment and income-based retirement income systems are inherently gender-biased (Estes, 2004), given women's relative underrepresentation in the paid labour force and the persistent gender wage gap in Australia. For example, the median account balance for a man aged 60–64 was $110,000 in 2015–16, compared to just $36,000 for women of the same age (Clare, 2017, p.5). Patriarchal attitudes to women's labour in the historical transition from largely agricultural to industrial market societies, reconceptualized 'work' and 'domestic' activities into different categories (Folbre, 1991). In pre-capitalist societies, however, 'work' and 'domestic' activities were effectively undifferentiated. Thus, 'work' became identified with roles performed in the public sphere, while 'domestic' labour was performed in the private sphere. Feminists generally articulate the value of women's unpaid labour (and the implicit associated degree of economic exploitation) in terms of market-based value contributions to Gross Domestic Product. This dichotomy between legitimate 'work' that deserves to be paid and informal 'domestic' work is still evident in the lower rates of pay for formal caregiving roles and the purely governmental support payments offered informal carers, such as the Carer Payment or Carer Allowance. A 2015 study by Deloitte Access Economics estimated that one in eight Australians (2.86 million people) were providing informal care and 825,000 people identified as "primary carers" (Deloitte Access Economics, 2015, p.ii). In addition, the study revealed that informal carers provided 1.9 billion hours of care in 2015, with a total estimated cost of $60.3 billion (Deloitte Access Economics, 2015, p.15).

As a result, feminists such as Estes (2004) interpret the likely less favourable retirement outcomes for women in Australia as manifesting a patriarchal system that 'rewards' women's unpaid social labour with various degrees of poverty. In this regard, projected estimates of accumulated superannuation in the existing literature have highlighted the significance of the life course timing of paid employment, especially as it relates to particular groups of women who are at risk of living in poverty in retirement (ACOSS, 2012). These include mothers raising children and then returning to full-time or part-time work, migrant women from non-English speaking backgrounds, and women who divorce or are separated from their partners.

Several studies have focused on the likely dire financial outcomes in retirement for those female informal primary carers who provide important assistance to family members, friends and others (COTA Australia [formerly Council on the Ageing], 2015; Womens' Health in the North (WHIN) and Women's Health Goulburn North East (WHGNE), 2013). The examination of likely retirement incomes for these informal carers has been motivated by both their significant representation in the Australian population (nearly 12%) and the sizeable social and economic value of their unpaid labour. These studies have afforded valuable insights into the relationship between the life course timing of care provision and financial outcomes for carers in retirement. Additionally, these studies have focused on outcomes relating to just two of a range of care situations in Australia—namely, informal care of children with disabilities and care for a partner, the latter assumed to be undertaken mostly by mid-aged females.

However, in only focusing on these cohorts, researchers have failed to consider the approximate 30 per cent of working age carers who provide elder care. Many of these informal carers of elders could be considered members of a sandwich generation. This term is used to describe the group of mostly female baby boomers who, having had children at a relatively later age, are consequently faced with the dual responsibility of supporting and caring for teenaged and young adult children as well as their elderly parents (Fuller-Thomson, *et al.* 1997). Iskra and Smark (2017) suggest that the baby boomer generation, in particular, is more likely to have to bear financial responsibility for "three generations—their parents, themselves and their children—over a longer lifetime" (p.49).

Without further investigation, it cannot be assumed that financial outcomes in retirement for this group can be straightforwardly extrapolated from outcomes for the carer cohorts previously considered.

Evaluation of the superannuation system in Australia

While Australia's three-pillared system is considered by some to be one of the best retirement systems in the world—supported by cross-national studies in which Australia's current system figures favourably—theoretical analysis and modelling of the likely results has generated a range of criticisms (Hely, 1993–1994; Holzmann and Hinz, 2005; Australian Centre for Financial Studies, 2009). These criticisms include: the contention that the superannuation contributions being made are insufficient for pension replacement for the majority of working Australians; that the superannuation system is fragile; superannuation returns are highly sensitive to financial and macroeconomic fluctuations (Deloitte Access Economics, 2014); the superannuation system is not cost efficient; as well as claims that it is inequitable and unfair (Colebatch, 2009; Rice Warner Actuaries, 2012; Brown, 1994; Donath, 1998; Tinnion and Rothman, 1999; King, 2001; Preston and Austen, 2001; Kelly, Percival and Harding, 2002; Jefferson and Preston, 2002). Most importantly for the purpose of this paper, the superannuation system, being employment and income-based, has been identified by some critics as inherently gender-biased (Clare, 2001). In addition, the ratio of working to non-working people in Australia is becoming increasingly disproportionate and is "expected to decrease from 5:1 today to 2.7:1 by 2050" (Rickwood, *et al.* 2017, p.48).

A review of the Superannuation Guarantee by Kelly (2012) for the Certified Practising Accountants of Australia (CPA) identified that, contrary to the goal of superannuation—to allow individuals to self-fund their retirement, deeming the Age Pension as largely unnecessary—the current system has failed segments of Australians:

> Many who have spent a large portion of their working lives under this system will still be relying on the pension (Kelly, 2012, p.2).

Of particular note is CPA's claim that the current superannuation scheme will be unable to allow those "who have spent a large portion of their working lives under this system", to wholly self-fund their retirement (Kelly, 2012, p.2). If those individuals who spend the vast majority of their working lives employed (statistically males more than females), it is clear that females who provide primary care will need to rely heavily on the Age Pension, retiring with little superannuation.

The inability of the Superannuation Guarantee to sustain independent financial income for retirees is supported by data from the Association of Superannuation Funds of Australia (ASFA). While their data demonstrates a gradual increase in superannuation balances for men and women across all age groups during the period 2011–2016, these figures ($270,710 for men and $157,050 for women in 2015–2016) still fall far short of the $545,000 ASFA identifies as necessary to fund a comfortable retirement (ASFA, 2017, p.13).

Thus, these studies identify fundamental flaws in the very concept of employment and income-based superannuation systems. This is demonstrated by the high percentage of women who must provide primary care for children, partners or parents and, as such, spend much of their working careers unemployed and without employer contributions to their superannuation. Further, it has been argued that employment and income-based superannuation schemes are more susceptible than public pension schemes to the destabilising impact of macroeconomic shocks. As Borowski (2013) has observed, employment and income-based superannuation systems are inherently susceptible to a range of risks, including inflation, exchange rate, investment, longevity, and political risks.

Fairness and equity

Although some studies investigating the equity of Australia's superannuation system focus on the tax treatment of voluntary contributions, a greater range of studies question whether the very concept of employment and income-based retirement provisioning can itself be fair (e.g. Sharp and Austen, 2007; Clare, 1994a; Clare, 1994b; Cox, 1994; Larkin, 1994; Pender, 1994; Rosenman and Winocur, 1994; Walpole, 1994; Roseman, 1995; Sharp, 1995). This line of criticism draws attention to the social structural context in which such schemes are implemented. Here it is worth pointing out that the neo-liberal regimes that have implemented private employment income-based superannuation schemes have, in the same period, presided over increasing disparities in the distribution of income and wealth as well as marked shifts from permanent full-time to casual and intermittent employment (Palley, 2007).

With reference to the current Australian system, of particular concern are those who are unemployed and underemployed. Some employers of the latter—i.e. casual and part-time workers— are exempted from making mandatory contributions, depending on hours worked and wages earned, as are non-business employers. Individuals who experience sustained periods of unemployment or underemployment during their lifetimes will likely have retirement funds well below those of the 'ideal' candidates in continuous full-time employment.

Although those who do not accumulate sufficient superannuation funds due to sporadic and/or poorly paid employment can always fall back on the welfare safety net of the Age Pension, its extreme modesty (particularly for renters, see Johnson *et al.* 2016) suggest that the financial struggles of the poor will not cease upon retirement. The prediction that the impoverished are likely to continue struggling under the current system is supported by a range of studies indicating a rise in the rate of elder poverty in Australia over the past few decades (Council on the Ageing, 2002; Harding, *et al.* 2001; ACOSS, 2012). This relationship is supported also by cross-national studies demonstrating a significant inverse relationship between reliance on private retirement income and levels of elder poverty in nations with relatively mature superannuation schemes (Scheiwe, 1999; Blackburn, 2002; O'Brien and Burgess, 2004).

Gender bias

A range of studies such as Estes (2004) and Cox (2007) have emphasised that, while Australia's superannuation system is inefficient and inequitable, it is particularly so for women. Critics of Australia's Superannuation Guarantee emphasise that any assessment of the current system should proceed from recognition of the fact that women generally require a greater amount of retirement income than men. This is partly because, on average, women live longer than men. They are also more likely to retire earlier than men. The ABS (2009) indicates that by age 65 approximately 67 per cent of men in Australia and 84 per cent of women will have retired.

Additionally, women also appear to require more income in retirement because at this period in their lives they are less likely than men to have repartnered or remarried (ABS, 2012b). This is significant given the increasing rates of separation and divorce in Australia over the past half century. The Family Law Act 1975, which came into operation at the beginning of 1976, has been identified as a contributing factor as it provided for 'no fault' divorce (Australian Government Department of Social Services, 2005). In 2016, there were 118,401 marriages registered and 46,604 divorces granted in Australia (ABS, 2016).

Women's greater need for sufficient superannuation income may also be attributed to the disproportionate burden on unpartnered adults of meeting household costs (Wells, 2012). These gender patterns in longevity and repartnering not only suggest that women's income needs in retirement are greater than men's, but also undermine any assumption that women can, or should be expected to, rely on male partners or male family members to meet their financial needs in retirement.

Given that the financial needs of women in retirement will generally be greater than those of men due to longer life expectancy, it is concerning that Australia's Superannuation Guarantee is biased against women. This bias is suggested by studies highlighting the significant gender gap in existing levels of superannuation savings. For example, a study of approximately 25,000 people in Australia highlighted an approximate 40 per cent gap between the superannuation savings of men and women—women were found to hold an average of $92,000 in superannuation savings, while men held an average of $154,000. Moreover, the difference appears to be more pronounced for those aged between 58–62—that is, for those approaching retirement, which has been recognised as largely a generational effect (Johnson, *et al.*, 2016; Stewart, 2012a; 2012b; Clare, 2017)

The 2016 study by Bianchi *et al.* provides baseline estimates of projected superannuation balances of Indigenous Australian workers. The results indicate a significant retirement income gap when compared with the median non-Indigenous male: 27 per cent for Indigenous males, and 39 percent for Indigenous females. Interestingly, Bianchi *et al.*'s data indicates far smaller differences in the superannuation balances of Indigenous males and females, than non-Indigenous Australians

(2016, p.372). This is due to the fact that male and female Indigenous Australians have nearly identical median income levels (Bianchi *et al.* 2016, p. 372).

As well as being the result of lower rates of pay for formal caring roles, and the fact that women must take time out of the workforce to perform informal caregiving roles, this superannuation disparity between Australian men and women is also the result of the gender pay gap. In Australia, this is indicated by the National Centre for Social and Economic Modelling (NATSEM) which suggests that, based on the work patterns of males and females in 2012, a 25-year-old man with a postgraduate degree is likely to earn $3.2 million over a lifetime, while a woman is likely to earn $2.5 million (NATSEM, 2012).

With the superannuation saving disparity identified between men and women in Stewart (2012), as well as the significant wage gap, many studies have predicted that the current Australian superannuation system will fail to adequately meet the retirement needs of many women. According to these studies, women in Australia will continue to rely heavily on the Age Pension in future (Olsberg, 2001; Kelly, Percival and Harding, 2001; Jefferson, 2003; 2005; Australian Human Rights Commission, 2009; Westpac Bank, 2013; Women in Super, 2014). It is important to note that these studies do not consider those women who must provide primary care for elders (parents or partner's parents) as well as children. If these studies demonstrate that the superannuation system will fail to adequately meet the retirement needs of many women (chiefly those who take a gap from the workforce to provide care for children), it will further fail to meet the retirement needs of those women who simultaneously, or sequentially, 'sandwich' caring for their parents with raising children.

Formal and informal female caregivers in Australia

In the 1970s when women began entering paid employment in large numbers, they were less able than men to combine previous caring responsibilities with paid work, especially when the caring responsibilities were demanding or onerous. This, along with the rise of the feminist movement, brought the issue of caring activities—who carers are, where and how they work, whether they are recognised and how they should be conceptualised—into the arena of public discourse. As a result, the terms "carer" and "caregiver" have become part of the vocabulary in post-industrial societies (Fine, 2007). Nonetheless, such terms commonly have vague boundaries and multiple uses. A specific terminology is required in order to avoid conceptual and empirical confusion. This paper primarily utilises carer definitions developed by the ABS.

Formal care work typically includes legally contracted work in childcare, aged care, nursing, and other health and welfare services in the community service sector primarily entailing direct, personal assistance with bodily or psychological wellbeing (ABS, 2003). Women's struggle to adequately balance caring responsibilities with paid work has resulted in the growth of the paid care industry (Smith, 2011).

Informal care work refers to unpaid carers and, in particular, those providing primary care. This may be care provided for children, partners, or elderly parents. In all cases, informal care work may be required for physical or psychological disability or long-term health conditions. There is no legal contract due or formal service provision.

In Australia, care work is further categorised in terms of the degree of assistance required and provided in carrying out activities in three core areas, such that a primary carer is defined as "someone who provides the most informal assistance to a person with a disability with one or more of the core activities of mobility, self-care and communication" (ABS, 2012a).

In estimating the extent of informal care work in Australia, it must be noted that the wide range of activities falling within this category makes it difficult to obtain precise figures. Additionally, it is important to note that many individuals providing such assistance may not regard their activity as 'work' or may not self-identify as carers (Qu, Edwards and Gray, 2012). Here, the difficulties are exacerbated by care work being undervalued, unrecorded and invisible in most industrial nations (Hess, 2013). As an estimate, in Australia in 2012, approximately 2.7 million people (11.9% of the population) were carers. Of these, 770,000 (3.4% of the population) identified as primary carers (ABS, 2012a). These numbers vary only slightly from those reported in earlier ABS Surveys and in The Household, Income and Labour Dynamics in Australia (HILDA) Waves 5–11 (ABS, 2008; Wilkins, 2014).

According to the 2012 Survey of Disability, Ageing and Carers, 39 per cent of carers reported providing 40 hours or more of care per week (ABS, 2012a). This is comparable with the hours reported in the Australian Government House of Representatives Standing Committee on Family, Community, Housing and Youth (2009) publication *Who Cares…? Inquiry into Better Support for Carers*. Female primary carers comprised the greatest portion of this group. Examining the 2006 cohort of carers receiving Carer Payment or Carer Allowance, only 11.6 per cent reported caring for a person with a disability for twenty hours or less a week, and 58 per cent reported providing more than 100 weekly hours of care. This was likely to include being 'on call' as well as direct care. However, as the authors of the survey observe:

> While the number of hours caring may not always represent direct care, even being on call has implications for the lives of the carers and their families. Carers may not feel that they can leave the person in care by themselves, which has implications for engaging in a social life outside of the house, independent of the care recipient, and also in employment (Edwards, *et al.* 2008, p.xiv).

In 2006, almost half of primary informal care recipients had some type of physical disability, 16 per cent had an intellectual or learning disability, approximately 11 per cent had a psychiatric condition, approximately 5 per cent had a sensory or speech impediment, and almost 3 per cent had brain injury (Edwards, *et al.* 2008). In 2012, the most common types of physical illness or disability experienced by informal care recipients included back problems, arthritis and related disorders, diseases of the nervous system (e.g. multiple sclerosis and cerebral palsy), autism and congenital problems (ABS, 2012a). Those with intellectual and developmental disabilities requiring care are likely to be younger, while those with physical disabilities are more likely to be elderly. Individuals with a psychiatric illness requiring high levels of care (predominantly schizophrenia and substance related disorders) are most likely to be aged between 18 and 24 years. Although 60 per cent of young people with mental illnesses recover over the course of their lifetimes, 15 per cent lose their lives to suicide and at least 20 per cent live with mental illness for the rest of their lives (ABS, 2007).

From the perspective of the carers, HILDA data pooled between 2005–2011 indicates that 44 per cent of these carers were caring for a co-resident partner, 16.8 per cent were caring for a co-resident elderly parent or partner's parent, 15.1 per cent for an elderly parent or partner's parent living elsewhere, almost 11 per cent for a co-resident adult child with a disability, and approximately 9 per cent for a young child with a disability (Wilkins, 2014; See Appendix A4, Table A4:1). ABS (2008) data indicates similar proportions, with females providing primary care for an elderly parent or partner's parent comprising almost 30 per cent of all carers. Edwards, *et al.* (2008) note that a significant number of females providing primary elder care did so for more than 40 hours a week, the same as ABS (2008) data for those caring for a child with a disability.

Here it is pertinent to note that the proportion of females providing informal elder care tends to be obscured in surveys focusing on co-resident carers, since elderly parents are less likely than children or partners to be living with their primary carer. The significant proportion of female carers providing primary care for a parent tends also to be obscured if both male and female primary carers are considered, since the great majority of the relevant males are aged over 70 and are caring for a partner (Wilkins, 2014).

This cohort of (mostly female) individuals caring for multiple care recipients could be considered members of a sandwich generation—those likely to be simultaneously or sequentially 'sandwiched' between raising children and caring for their parents. The existence of a significant cohort simultaneously caring for elderly parents and non-disabled children is supported by ABS data indicating that most carers of elderly parents are aged between 35–65 years; almost half of primary carers in this age range are themselves parents of children younger than 15 years of age (ABS, 2008). However, while the impacts of simultaneously caring for multiple individuals are reportedly considerable (Edwards, *et al.* 2008), the impacts of sequentially raising children and primary caring for an elderly parent (or spouse) are equally, if not sometimes more, significant for financial outcomes in retirement. The data on working aged carers with children is not likely to capture the full extent of sequential 'sandwich care' since it excludes parents of children over the age of 15. The employment and financial impacts of this type of care are likely to be more widely spread across the carer's working life and, thus, require further studies that specifically target and assess the superannuation outcomes of this cohort.

Characteristics of informal carers

In Australia in 2012, a higher proportion of females than males provided primary informal care. Females comprised almost 70 per cent of primary carers and 56 per cent of all other carers (ABS, 2012a). Pooled HILDA data for 2006 to 2011 indicates that, among the cohort of working aged people in Australia, women are much more likely to be primary carers than men (Wilkins, 2014). However, after the age of 70, men are more likely to be primary carers than women (ABS, 2008).

The majority of carers are of workforce age (18–64 years), representing 75.6 per cent of all carers. In fact the ABS 2012 Survey of Disability, Ageing and Carers specifies that most of these are aged between 35 and 64 years (ABS, 2012a). It is also important to note that in 2003 approximately 101,600 children aged less than 15 years were caring for disabled parents or other family members (Australian Institute of Health and Welfare, 2004), which may also set them on a course of entrenched caring roles across their life course. In terms of educational achievements in the working age population (over 15 years of age), carers were found to be less likely than non-carers to have completed a Bachelor's degree or above (ABS, 2012a). The great majority of carers were born in Australia, with the remainder most commonly immigrating from the United Kingdom or New Zealand (ABS, 2012a).

Labour force participation of carers

The large body of Australian and international literature on the labour force participation of carers overwhelmingly notes the correlation between the extent and intensity of unpaid primary care and the carer's lower levels of employment and financial wellbeing. (For recent and comprehensive reviews of this literature see Nguyen, et al, 2013; OECD, 2011). The main variables associated with carers' lower labour force engagement include lower levels of educational attainment, poor health of the carer, provision of full-time care, caring for a child with a disability, and lack of support from people outside the household (Edwards, *et al.* 2008; Leigh, 2009; Bittman, 2007). In assessing the impact of caring on carers' retirement finances and on other factors, it is important here to determine the direction of causality between these correlates. Each of the abovementioned characteristics of informal carers is correlated with relatively low levels of labour market engagement for the population as a whole.

Superannuation and patriarchy

Jefferson's (2007) study of women's attitudes to financial planning concluded that concepts of 'work' and 'retirement' are significantly informed by gender roles. Studies have consistently shown women to have lower financial literacy rates than men, and some theorists have posited that this is due to ingrained notions of gender roles and norms. As a result, Jefferson's study culminates in an assertion that elevating women's financial literacy levels is not merely a matter of providing them with further information on regulations and risk calculations. Rather, it would entail transforming the socially and culturally prescribed conceptions and values pertaining to whether it is a woman's 'role' or 'responsibility' to investigate complex financial arrangements in the first place.

Further, an evaluation of superannuation upon divorce (Sheehan, *et al.* 2008) found that women were more likely to forgo a share of their former partner's superannuation balance in exchange for a greater portion of the family home.

While Parr, Ferris and Mahuteau's (2007) study found that an individual's superannuation balance is in inverse proportion to the number of children they have, their findings concluded that the relationship between the number of children and the median value of superannuation was much less significant for men than it was for women. This indicates that the cost of raising children played only a minor role in explaining the low level of superannuation balances compared with the effect of women's non-participation in the paid workforce.

Investigation of the superannuation balances of Australian women has also been undertaken into particular groups, such as separated and divorced women and migrant women (Maloney, *et al.* 2000; Murphy, 2006). Others have constructed micro-simulations based on various assumptions regarding wage rates, labour force participation, and other variables, which has been advocated to be the best alternative to (at present undeveloped) Australian longitudinal data. Preston and Austen's (2001) cross-sectional model stressed the "importance of education, occupation of employment as well as timing and length of exits from the paid workforce, in a retirement system where the emphasis is on self-funded retirement" (p.14).

Preston and Austen's results confirm the conclusions of a large number of previous studies indicating that women are marginalised and disadvantaged under Australia's current retirement income system. We posit that informal female carers are further disadvantaged based on patriarchal values that differentiate between 'work' and 'domestic' activities, of which 'caring' is deemed the latter. However, even though the figures indicated in the previous section attest to the fact that informal primary carers work 40 hours plus a week in this required caregiving role, the current superannuation system is set up to not only inadequately prepare men for self-funded retirement but, based on projected figures from all of the studies so far discussed, will necessarily situate these women to live in poverty for the entirety of their retirement. In this regard, a critical assessment of Australia's Superannuation Guarantee must, at the very least, examine likely financial outcomes in retirement for informal primary carers.

Financial outcomes of caring over the life course of carers

A 2011 OECD cross-national study indicated that those of working age undertaking informal care are at greater risk of experiencing poverty (OECD, 2011). This was also confirmed by the results of two surveys for individuals aged over 50 years—the European Survey on Health and Ageing (SHARE)(EXPH 2016) and the United States Health and Retirement Survey (US Department of Health and Human Services, 2007). The OECD's study and the two surveys referenced above highlighted lower wages due to career interruption and fewer opportunities for career advancement as being related factors. Panel data from HILDA Waves 8–11 (2008–2011) indicate that these adverse financial impacts of caring intensify with each year of care (Wilkins, 2014).

However, a 2007 cross-referencing of some retrospective comments of carers reported in Waves 1–4 of HILDA with international longitudinal patterns suggests that the adverse financial (and other) impacts of caring are experienced by carers often years after the main caring activity has ceased (Bittman, *et al.* 2007).

Taking cross-sectional data, the ABS 2012 Survey of Disability, Ageing and Carers noted that carers were more likely than non-carers to have household incomes in the lowest two quintiles of equivalised gross household incomes (ABS, 2012a). Fifty-three per cent of carer households and 65 per cent of primary carer households fell into the poorest two quintiles as compared to 36 per cent of non-carer households. Moreover, only 7 per cent of primary carer households had gross equivalised incomes in the highest quintile compared with 23 per cent of non-carer households (ABS, 2012a). These findings are supported by both the HILDA pooled data for 2005–2011, and the Families Caring for a Person with a Disability Study (FCPDS) conducted in 2007 (Edwards, *et al.* 2008).

In this regard, the economic costs of caring are not confined to foregone wages and salaries. As Dow and Meyer (2010) note, the carer's household budget may be stretched by the need to purchase special equipment, to undertake home modifications and to pay for community support services, medical care and pharmaceuticals. Moreover, if the carer must work to cover the cost of such items, home-based or centre-based respite services become an additional expense.

Furthermore, informal primary carers are also at greater risk of experiencing poverty due to the extreme modesty of public welfare payments bestowed upon carers in Australia. Currently, the rate is $127.10 fortnightly for a Carers Allowance and $907.60 fortnightly for a Carers Payment. Subject to a means test, Carers Payment is provided on the condition that the recipient provides constant care to a co-resident frail or aged person or to a co-resident person with a disability or medical condition. A Carers Allowance is paid when additional daily care and attention is provided to a person with a disability or medical condition or someone who is frail and/or aged, and only on the condition that the carer meets the residence requirements (Department of Human Services, 2018).

The increasing necessity and monetary value of informal care

The likely increasing necessity of informal primary care in Australia and other OECD nations must be considered in light of a combination of several factors. Firstly, the ageing population places increasing demands on family members and others to provide informal care given the absence of increased public funding of formal aged care services (Productivity Commission, 2011). Secondly, projecting from current trends in survival rates for preterm infants, the number of children with a chronic illness or disability is also likely to increase over the next few decades (Schofield, *et al.* 2014). The increasing necessity for informal care in Australia becomes apparent when these trends are considered in light of the deinstitutionalisation or privatisation of a range of care services in Australia and the increasing cost to individuals of formal care over the past few decades (Rice, *et al.* 2008).

When considering the current monetary value of informal care in Australia, a number of counterfactuals must be employed. The value of such care could potentially be represented in terms of the hourly cost of replacing it with formal care. However, this method problematically assumes a lack of causal connection between the extent of informal care and the market remuneration to formal care workers. Alternatively, the monetary value of informal care can be estimated in terms of the hourly wages or salaries that informal carers forgo when not participating in the paid labour force. Using both methods as previously referenced, Deloitte Access Economics has estimated that the annual value of informal care in Australia in 2015 was $60.3 billion (Deloitte Access Economics, 2015, p.15).

This value and functional centrality of informal care in itself makes a case for examining Australia's Superannuation Guarantee in terms of retirement outcomes for informal carers. The system's failure to meet the needs of informal carers is in this regard inextricable from the sustainability of Australia's society and economy generally.

Summary of findings

The nature and the provision of informal care in Australia is a gender-based issue. This is partly because the vast majority of those people experiencing the adverse impacts of informal caregiving are primary carers and, as noted, approximately 70 per cent of these are women. This gender pattern in the provision of primary informal care extends across all OECD nations (OECD, 2011).

Interestingly, however, the relatively greater adversity experienced by female carers in Australia cannot be attributed entirely to their over-representation in the population of primary carers. The gender effects are manifest also in the fact that female primary carers are significantly more likely to provide more than 40 hours a week of primary care than their male primary carer counterparts (ABS, 2012a). This is compatible with the increased likelihood of male primary carers being in full-time work in comparison to their female counterparts. In 2012, only 15 per cent of female primary carers were employed on a full-time basis, and approximately one quarter were employed part-time (24%). The vast majority of the remainder were full-time carers and so were not able to participate in the labour force (ABS, 2012a). In this regard, an earlier ABS study notes males as being more likely to use paid leave, rostered days off, flex time, and working from home, in order to fit in care activity, whereas females are more likely to withdraw from the labour force or reduce their weekly hours (ABS, 2000).

In particular, the literature highlights the present and likely inadequate and inequitable outcomes for women in the current superannuation system. The statistics show that employment retirement income systems are inherently gender-biased given the stereotyping and discrimination underlying gender wage gaps and women's lower rates of labour force participation. This research has outlined the nature, extent, functional significance, and impacts of informal primary care in Australia. In doing so, it has demonstrated the pressing need for a study of financial outcomes in retirement for informal female primary carers. Further research studies targeting this particular demographic are needed to expand on the carer cohorts previously considered in the existing literature. Such research has the potential to inform public policy and affect real change in the lives of female primary carers and their retirement outcomes. This would have the potential to benefit not only the female primary carers themselves, but also their families and communities who are at present providing the support that a lack of retirement savings leaves them requiring.

Future research

Considering the employment and financial disadvantages for female primary carers, several researchers have indicated a need for analysis of likely retirement outcomes for this group (Qu, *et al.* 2012; Rice, *et al.* 2008; Dow and Meyer, 2010). It is our suggestion that such an analysis would benefit from Feminist Standpoint Theory's emphasis on the viewpoints of the marginalised in light of the differing and conflicting ways that specific groups of women experience patriarchy.

When focusing on likely financial outcomes in retirement for female carers of parents, certain methodological difficulties arise. Firstly, the relatively wide span of the working age cohort means that the age at which a woman reduces or ceases employment to care for a parent cannot be assumed within a narrow range. One may note, however, that a woman caring for a partner or spouse is more likely to be closer in age to the care recipient.

Further complexities arise when we recall that a significant proportion of informal elder care is likely to be 'sandwiched' with raising children or at least financially supporting them. As noted earlier in this article, the employment and financial impacts of providing 'multiple' care are as likely to arise from the intensity of meeting simultaneous demands as from cumulative impact of sequentially caring. In this regard, the likely retirement incomes of working aged women raising children and then caring for an elderly parent or spouse are of particular concern.

Considering the significance of life course employment patterns for superannuation balances, retirement incomes for these other carer cohorts cannot be subsumed under the two types of caring (formal and informal) considered in Nepal, *et al.* (2008) without further investigation. Given the relative immaturity of relevant longitudinal data for Australia, this investigation would require at least an expansion of the types of carer profiles drawn from cross-sectional data to include profiles for women caring for an elderly parent and various profiles of 'sandwich generation' women caring for an elder parent or partner while raising children or afterwards.

As well as these, the range of profiles estimating financial outcomes in retirement for female primary carers should address the fact that 11 per cent of informal care is provided for persons with a psychiatric illness (Edwards, *et al.* 2008). Given that individuals aged 18 to 24 are most susceptible to the types of psychiatric illnesses that require high-level prolonged care (ABS, 2007), parents or partners caring for these individuals are likely to experience significant financial impacts.

However, at this point we may also note that while expanding the range of hypothetical types of caring drawn from cross-sectional data may go some way towards addressing methodological problems in estimating female carers retirement incomes, this procedure will not in itself address certain other methodological problems. These additional problems, as noted above, arise from the episodic nature of caring combined with what we have noted are distinctively temporally asymmetrical impacts.

At present, HILDA has accumulated 18 years of panel data, extending from Wave 1 (2001), to Wave 18 (2018). However, participating individuals have only been asked to identify themselves as carers since Wave 5 (2005). Moreover, some questions relating to the provision of informal care have been included only since Wave 8 (2008). It is for this reason that Wilkins' (2014) report on HILDA information about carers relies mostly on data pooled over three to four years. Thus in the present context, HILDA is limited as a source of longitudinal data on life course employment, earnings and financial outcomes in retirement for female primary carers. This is particularly so since estimates based on recollections recorded in ABS and other surveys indicate that at least 50 per cent of primary carers have provided care for a period ranging from 4 to over 24 years, with at least half of these indicating that they have provided care for 10 to over 24 years (ABS 2008).

Considering Australian and international research suggesting that the impacts of caring on the carer become intensified with the duration of care it would seem that available panel data on carers in Australia may need to be supplemented by information from other sources for some years. This is especially the case when considering the life course employment and earnings information required in estimating carers' likely incomes in retirement.

These problems highlight the methodological difficulties that the relative immaturity of Australian longitudinal panel data presents when estimating financial outcomes in retirement for various groups in the Australian population. However as noted, these problems are particularly acute when estimating likely retirement incomes for female primary carers since panel data relating specifically to this cohort is just several years from infancy. Given the relative immaturity of Australia's current retirement income system, timely assessments informing modifications and reform must currently rely on projections from cross-sectional data. There is therefore a need for research that draws to some extent on static techniques comparable to those underlying existing estimates of likely retirement incomes for various cohorts in the Australian population by constructing likely retirement income scenarios based on a range of life-course employment and earnings profiles constructed largely from cross-sectional data.

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