



Women in Business Insights.

Edition 1
June 2019

Women
in Focus
 Can



About the Women in Business Insights Report

The findings in the Women in Business Insights Report are primarily based on a wide-ranging quantitative survey of 2,747 business owners, decision-makers and managers conducted on behalf of the Commonwealth Bank by ACA Research between September and October 2018. Participants were drawn from businesses throughout metropolitan and regional Australia with an annual turnover of more than \$500,000 and at least two employees. Data is weighted back to nationally representative proportions by industry, business location and size.

Within this sample, further analysis was undertaken on the 571 businesses that had over 50% female decision-makers, referred to throughout the series as female-led businesses.

The survey was designed to explore the forces driving change within Australian businesses, assess the role of technology and examine current and planned trends in skills development and training.

In addition, the report includes references to an additional survey of 170 women who own or lead a business with an annual turnover of \$3 million per annum or more. This research was conducted on behalf of CommBank by Direction First between 21 Sept 2018 – 7 Nov 2018.

All data points and percentages contained in this report are based on the results of these research projects unless specified otherwise.

The OECD innovation framework

To determine which business initiatives were truly innovative, and assess innovation activity, CommBank adopted the framework set out in the Organisation for Economic Co-operation and Development's (OECD) Oslo Manual, used by organisations around the world, including the Australian Federal Government and the Australian Bureau of Statistics.

References to 'innovation-active' are based on an assessment of innovation using the Oslo Manual definition - a new or significant improvement in one or more of the following areas: products, processes, marketing and organisational.

When assessing innovation activity, we used the Oslo Manual criteria to test each initiative submitted by the survey respondents, allowing us to determine whether their business improvements met the definition of innovation and the number of areas they were innovating in.

Overview

At CommBank, we are committed to supporting women in business. The inaugural Women in Business Insights Report seeks to provide research-backed insights into the attitudes and behaviours of female-led businesses to better understand what sets them apart and the factors and capabilities that contribute to a growth outlook.

Our research reveals that many female-led businesses share common attitudes, mindsets and characteristics that are not only unique, but that are supporting their ability to lead and grow their organisations.

The report shows that businesses with a majority of females in leadership positions are significantly more innovative. They are also very confident in their ability to adapt to change, a trait shared by those expecting higher revenue growth in the year ahead.

This aligns with previous research undertaken by CommBank that shows nine in 10 female leaders are confident in growing their business, almost half know their blind-spots and seek to close capability gaps, and the majority are willing to face risk head-on¹.

Even so, like many businesses, they face challenges when implementing change. Increasing and changing competition, internal resistance points and lack of financial resources and time top the list.

To overcome these challenges, and respond to opportunities and manage threats, female-led businesses are more acutely aware of the importance of building a culture that supports the organisation to develop the skills it needs. And many are achieving this through a focus on workplace training and development and by offering flexible working arrangements.

Female-led businesses also see technology as vital to gaining a competitive advantage. According to many decision-makers within female-led organisations, over the next five years technology will enable employees to focus on delivering better customer service and generating revenue, as well as take on more management responsibilities. This is also more pronounced for innovation-active female-led business.

Our research indicates that 80% of female-led businesses have implemented or trialled emerging technologies - more than the national average across all businesses. However, this isn't the case for all types of technology. Separate CommBank research indicates that just 39% of



female leaders already have the technology they need to grow and that 41% seek assistance to automate processes². This is an area that female-led businesses are still grappling with. Thus, effective technology skills are the capability they seek above all. However, they also seek staff who can think critically and solve problems and who can lead and manage people.

More generally, all businesses today are having to innovate to meet evolving customer expectations and improve the customer experience. In this regard, it is encouraging that female-led businesses are firmly focused on two key enablers of innovation – an agile workforce with the skills that organisations need to be successful in the future and technology that helps create a competitive advantage.

Melynda Carpenter
Head of Women in Focus
Business and Private Banking
Commonwealth Bank of Australia

¹ Based on a survey of 170 women who own or lead a business with an annual turnover of \$3 million per annum or more. This research was conducted on behalf of CommBank by Direction First between 21 Sept 2018 – 7 Nov 2018.

² Ibid.

Contents

Outperforming on innovation	5
Which businesses are most likely to be female-led?	6
Ahead of the pack on innovation	7
Responding to change isn't always easy	8
A people-first approach to developing future skills	9
Committed to supporting skills development	10
Creating an adaptable organisation	11
A people-first approach: Settlement Services International (SSI)	12
The role of technology	13
The importance of technology is well-recognised	14
Technology skills are in highest demand	15
Key insights	16
Read more	17





67%

Of female-led businesses are innovation-active, compared to the national average of 58%³

Outperforming on innovation.

Female-led businesses are more likely to be innovation active than their peers with many operating in sectors that are currently undergoing significant change and disruption.

³ CommBank Business Insights Report FY19.

Which businesses are most likely to be female-led?

Our survey of 2,747 decision makers from businesses with an annual turnover of \$500K across Australia indicates that, on average, 41% of executives are female. Comparing the characteristics of these female-led organisations with those of their peers is the focus of this report.

First, understanding the industries, business sizes and types that are more likely to have a majority of women at the helm is important to provide context to these findings.

When comparing industries, skews are evident, with female-led organisations most concentrated in four sectors:

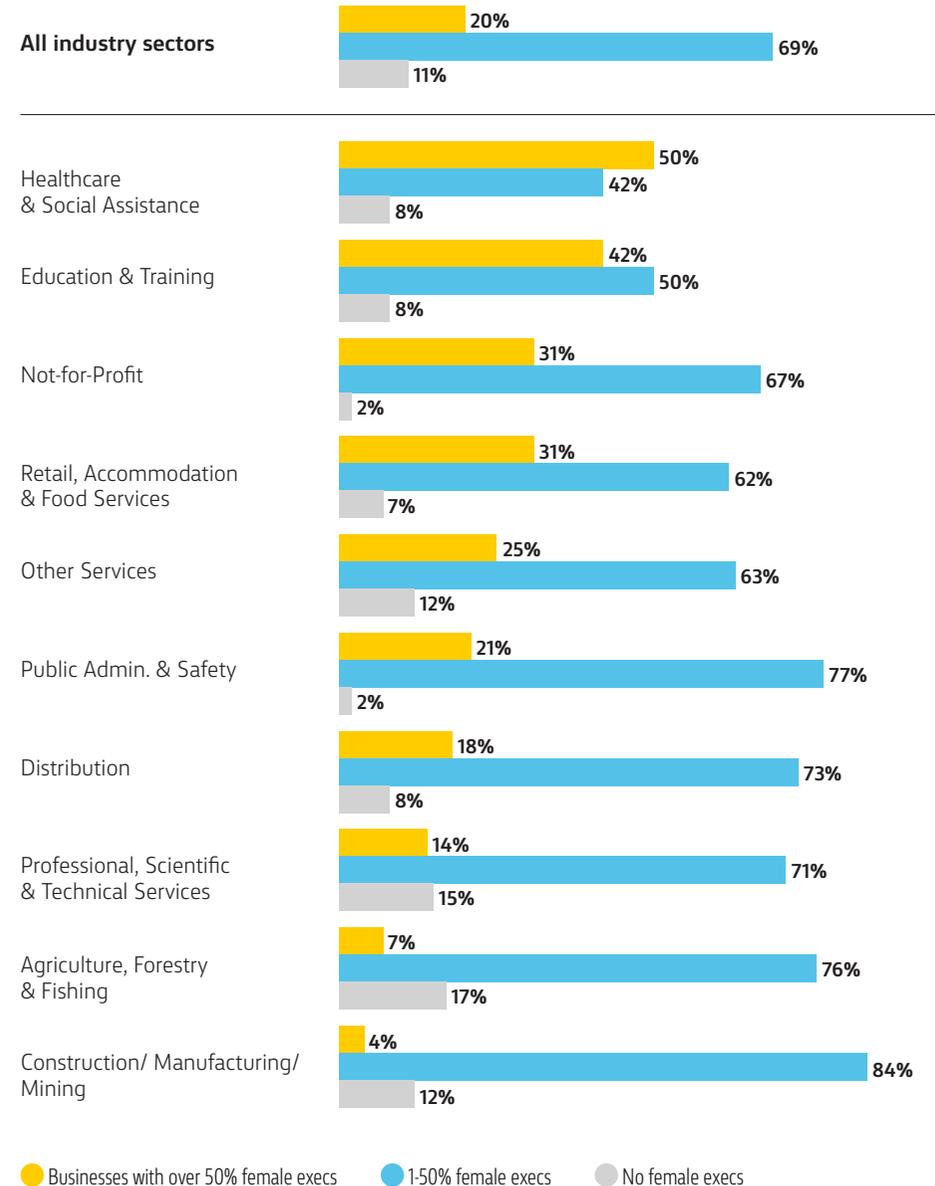


Smaller organisations with less than \$20 million annual turnover and those in operation for five years or less also tend to have a higher proportion of female-led businesses.

There are also a considerably larger number of female-led organisations in the start-out phase (33%) when compared to other growth phases. In fact, the majority of decision-makers in the start-out phase more broadly are female (52%).

This report examines how these female-led organisations compare with the national average in relation to innovation activity, business prospects and the factors driving change.

The proportion of female executives by industry



Ahead of the pack on innovation

Of the 571 female-led organisations surveyed, two in three are innovation-active as defined by the Organisation for Economic Co-operation and Development's Oslo Manual. That is up from 55% in FY18⁴, as well as significantly higher than the national average of 58%.

This ability to implement significant change also ties in with the finding in earlier CommBank research that suggested female decision-makers are adept at defying social norms and don't always follow the mainstream⁵.

The high level of innovation activity possibly reflects the skew towards sectors that are undergoing considerable disruption and change, making innovation crucial. The Healthcare, Education and Not-for-Profit sectors all record above average innovation activity in FY19 compared to the national average.

Despite elevated innovation activity, 38% of female-led organisations see some chance of their business failing within the next three to five years - higher than the national average of 33%. This could relate to their tendency to be younger, smaller and in the start-out phase. However, innovation-active female-led businesses, report a lower chance of failure compared to their peers.

Likewise, only 44% of female-led organisations (and 50% of innovation-active female-led businesses) expect revenue growth to exceed 5%. Nationally, 47% of organisations (and 53% of innovation-active businesses) expect revenue growth of that magnitude. Nonetheless, there is a clear link between innovation and forecast growth in revenue.

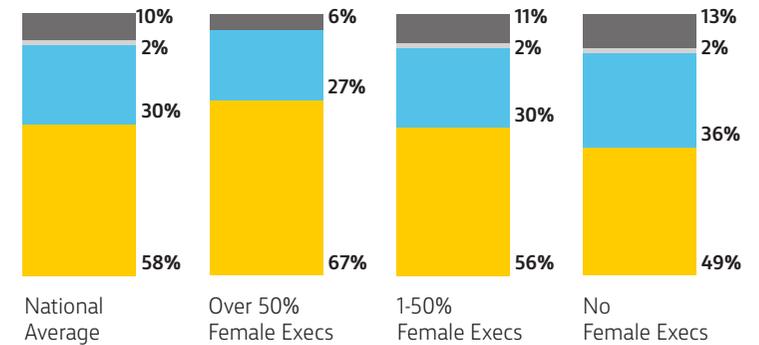
⁴ CommBank Business Insights Report FY19.

⁵ Based on a survey of 170 women who own or lead a business with an annual turnover of \$3 million per annum or more. This research was conducted on behalf of CommBank by Direction First between 21 Sept 2018 – 7 Nov 2018.



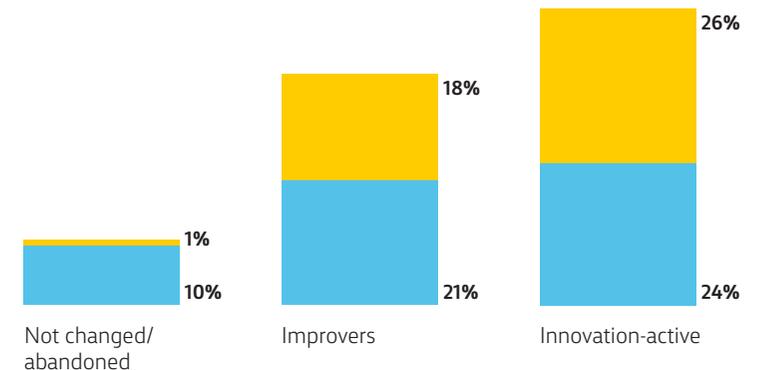
Female-led businesses are more likely to be innovation-active

- Innovation-active
- Improved
- Abandoned innovation
- Have not innovated



Innovation-active female-led businesses have a brighter revenue outlook

- Over 10% growth
- 6-10% growth



How do you define innovation?

According to the Oslo Manual, the definition of innovation is a new or significant improvement in one or more of the following areas of a business: product, process, marketing and organisation.

Responding to change isn't always easy

More so than other organisations, female-led businesses recognise the impact of changing market trends, the need to develop a stronger organisational culture and to review financial factors. Encouragingly, they also display elevated confidence in their ability to adapt to change.

Interestingly, the challenges to adapting roughly correspond with the opportunities and threats that are driving them to innovate.

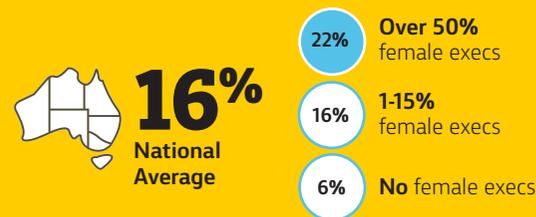
The top challenges are increasing market competition, internal resistance to change and a lack of time and budget. Previous CommBank research also indicates that 65% of female business owners lack the financial support they need to scale their operations, and many are seeking external support to help them grow⁶.

Again, the industry skew is evident. Internal resistance to change ranks among the top four challenges in the Healthcare, Not-for-Profit and Retail, Accommodation and Food Services sectors. It is noteworthy that nationally, innovation-active organisations also rate company culture as a significantly bigger challenge than average (43% versus 37%).

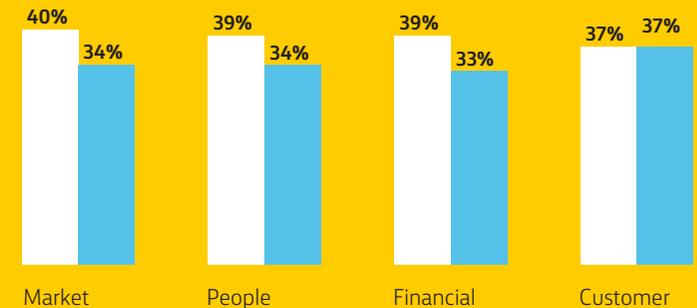
⁶ Based on a survey of 170 women who own or lead a business with an annual turnover of \$3 million per annum or more. This research was conducted on behalf of CommBank by Direction First between 21 Sept 2018 – 7 Nov 2018.



Female-led business tend to be more confident in their ability to adapt



Highest impact opportunities and threats driving change



“With many organisations lacking time to innovate, it’s no surprise there is a common desire among many female leaders to delegate, and better utilise people and technology as they seek to scale their businesses.”

Melynda Carpenter
Head of Women in Focus
Business and Private Banking
Commonwealth Bank of Australia

● Businesses with over 50% female execs ● National Average



73%

Of female-led businesses support flexible working, compared to the national average of 57%⁷

A people-first approach to developing future skills.

Many female-led organisations are prioritising their people when seeking to develop the skills and capabilities that will ensure their business is future fit.

⁷ CommBank Business Insights Report FY19.

Committed to supporting skills development

We have established that among the many factors driving change, the need to build a strong culture to attract talent ranks very highly among the female-led organisations surveyed. At the same time, internal resistance to change is one of their biggest challenges when innovating.

It is also worth noting that innovation activity around organisational structure is significantly higher in female-led organisations than other businesses. Activities here include new ways of distributing responsibilities, training, decision-making and new collaboration with external organisations.

According to our research, 32% of female-led organisations currently collaborate and a further 41% are considering it. That compares with the national average of 24% already collaborating and the 34% that contemplate doing so.

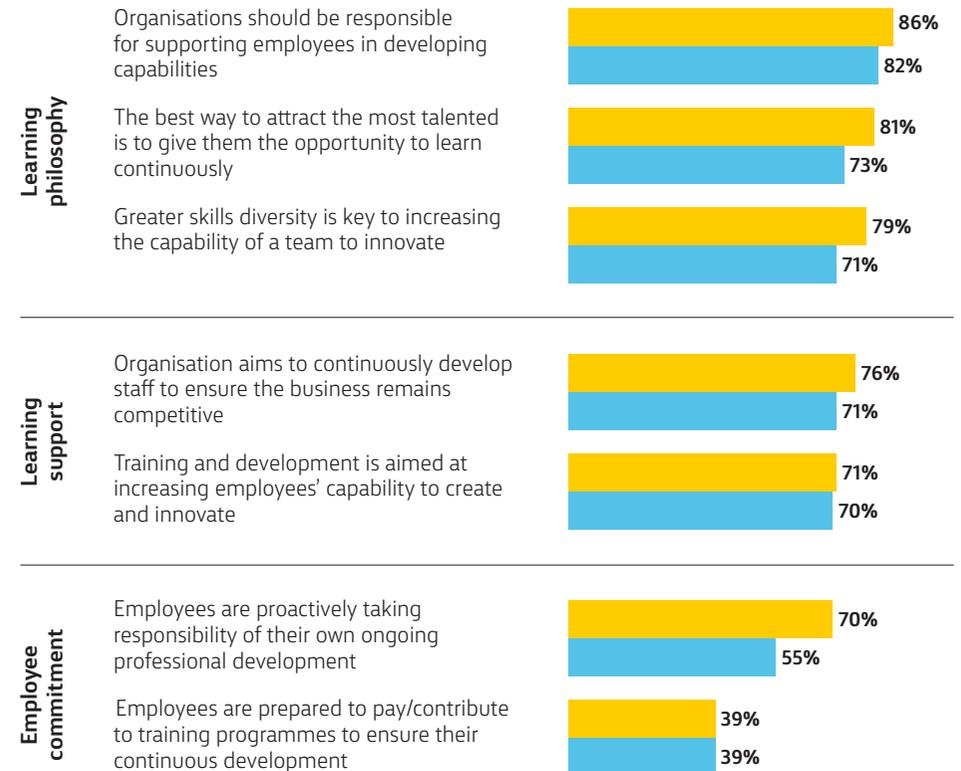
Their collaborative approach extends to the workplace training and development that is critical to securing the skills and capabilities needed for the future and to build a culture that embraces change rather than resists it.

When it comes to building a culture that supports staff learning and development, 86% of female-led businesses believe it is their responsibility to support staff learning.



Culture of staff learning and development

Percentage of female-led organisations that agree:



● Businesses with over 50% female execs
● National Average

Creating an adaptable organisation

More generally, in addition to a focus on continuous development to keep the organisation competitive, female-led organisations tend to offer a wider range of internal learning and development initiatives.

However, they are also significantly more likely to look externally to fill skill gaps and to replace staff who cannot adapt. These are two traits they have in common with innovation-active organisations across Australia. Another industry skew may be at work here as the Retail, Accommodation and Food Services sectors are particularly proactive in replacing staff who cannot adapt.

Philosophically, female-led organisations are far more likely to agree that offering continuous development is a good way to attract talent and offer it to ensure their organisation remains competitive. They share this trait with innovative organisations in many other industries. They are also great believers that skills diversity is key to increasing a team's capability to innovate.

When it comes to supporting their workforce's work, study and life balance, female-led organisations excel. Almost three-quarters (73%) are changing the way their organisation works to support flexible work arrangements. This compares to a national average of just 57%.

This emphasis on flexible working among female-led businesses suggests an acute appreciation of the realities of managing both personal and professional commitments and therefore seeking solutions to assist their staff.

Innovation-active female-led businesses are also offering a broader range of training programs, most pronounced for face-to-face activities such as informal, on-the-job training, non-academic external courses, instructor-led classes, role play, and industry conferences.

Learning and development initiatives in place

-  Promote cross collaboration and learning across teams
-  Replace staff who cannot adapt
-  Actively seek fresh talent to fill gaps in organisation
-  Hire new talent in leadership positions to drive change

Businesses with over 50% female execs	National average
50%	47%
49%	42%
47%	40%
39%	29%



“It’s encouraging to see that female-led organisations are both focused on continuous development but also moving decisively to ensure their workforce is adaptable.”

Melynda Carpenter
Head of Women in Focus
Business and Private Banking
Commonwealth Bank of Australia

A people-first approach: Settlement Services International (SSI)

Established in 2000 by its member organisations – 11 Migrant Resources Centres and Multicultural Services across New South Wales – Settlement Services International (SSI) is a community organisation and social business with a particular expertise in supporting refugees to achieve their full potential.

Violet Roumeliotis joined SSI as Chief Executive Officer in 2012 when the organisation had one flagship program, Humanitarian Settlement Services (HSS), and \$9.4 million in revenue. Today revenue is \$115 million, and SSI runs 17 programs. Along with refugees, SSI now supports people with disability, people experiencing unemployment, entrepreneurs, people seeking asylum, children in foster care, young people, and migrants.

Along with government-funded services, SSI draws on feedback from its client communities to identify unmet needs and invest in initiatives to close these gaps. In the past five years, SSI and its partners have invested more than \$5 million in initiatives that add value to its contracted programs.

According to Violet, working in an ever-changing environment and servicing clients with unique and complex needs means SSI needs to maintain a high degree of flexibility and adaptability.

Reflecting its approach and the breadth of its constituency, SSI seeks diversity of skills and experience in its workforce. Violet says staff must be able to operate in times of uncertainty, necessitating agility and the ability to innovate. “Today we need a workforce that is emotionally intelligent, able to solve complex problems, take risks, make decisions with minimal information and operate in complexity,” Violet says.

Attracting these people requires purposeful and inclusive wording in job ads. Traditional recruitment channels are also supplemented with social media, community networks and SSI’s own internal and external relationships. Throughout the recruitment process SSI considers the whole person, which means candidates from diverse backgrounds are not overlooked because of a lack of local experience or qualifications.

“We often speak to candidates with great life experience, formal qualifications and skills that may not be recognised in Australia,” Violet says. “When developing our training programs, we also ensure that this is reinforced. We build on our people’s strengths and we value competencies and capabilities gained through lived experience.”

Violet explains that SSI’s three-yearly strategy planning process is an example of leadership development in action. Staff members work in non-hierarchical and non-programmatic teams to execute strategic goals. This process requires nuanced and honed interpersonal skills and a capacity to collaborate and perform at a high level. “It also requires staff to, at times, hold hard conversations with peers,” Violet says.

“This tailored on-the-job leadership development is a really wonderful way of engaging people through their strengths and interests and encourages staff to work outside of silos. This approach is valuable should government policy change, requiring people to adapt their skills to work with different clients on different programs.” Violet says.

Mentoring is another large part of how SSI develops its people, and the organisation has recently invested in technology that is enabling 25 mentoring pairs to be guided through a comprehensive program. Ensuring that all staff benefit from leadership development, SSI has also invested in Achieve@SSI where leaders and their direct reports are tasked with identifying their professional career aspirations, which are discussed monthly and tracked so that people can see their careers progress.

Violet doesn’t support a blanket approach to workforce training which challenged SSI when scaling its development programs as its workforce grew from 60 to more than 1,000. But as staff articulated their needs, some consistencies emerged allowing SSI to build on them. Violet calls it “scaffolding”.

Staff members are further supported by SSI’s Be Well program, which includes workshops on being good listeners and taking responsibility for wellbeing, training and development.

Violet is excited about change, the need for SSI to disrupt itself and technology’s potential to provide opportunities and push boundaries. “We could be engaging with someone in a camp in Jordan with a phone and an app and be speaking to them in their own language. So, we must be able to teach people to embrace technology and make it available and workable,” Violet added.



“Today we need a workforce that is emotionally intelligent, able to solve complex problems, take risks, make decisions with minimal information and operate in complexity.”

Violet Roumeliotis
Chief Executive Officer
Settlement Services International



81%

Of female-led businesses agree that technology is important to gain a competitive edge

The role of technology.

Female-led businesses are strong proponents of the importance of technology to gain an edge over competitors, and the power of technology to enable staff to add more value to the organisation.

The importance of technology is well-recognised

The vast majority (81%) of female-led organisations surveyed recognise the importance of technology to gain a competitive advantage. That is significantly higher than the national average of 71% among all Australian organisations surveyed, and in line with innovation-active organisations.

Furthermore, 80% of female-led organisations have implemented or trialled some type of emerging technology, with cloud technology the far most prevalent (52%) followed by Internet of Things (16%), renewable energy sources (12%), virtual reality (10%) and wearable devices (9%), as they seek to make their organisations more efficient, improve security and use data to derive insights.

They lag the national average, however, when it comes to adopting many other different forms of emerging technology including robotics and 3D printing.

Again, industry skews are evident here. Both the Healthcare and Social Assistance and Not-for-Profit sectors assign more importance to technology as an enabler than many other industries. Not-for-Profit organisations also stand out in that 89% have implemented or trialled one or more emerging technology.

Female-led businesses expect technology to have a generally positive impact on the workforce by allowing employees to focus more on customer service and generating revenue, as well as to assume more management responsibilities.



Technology plays an important role in gaining a competitive edge



81%

of businesses with over **50% female execs** agree



71%

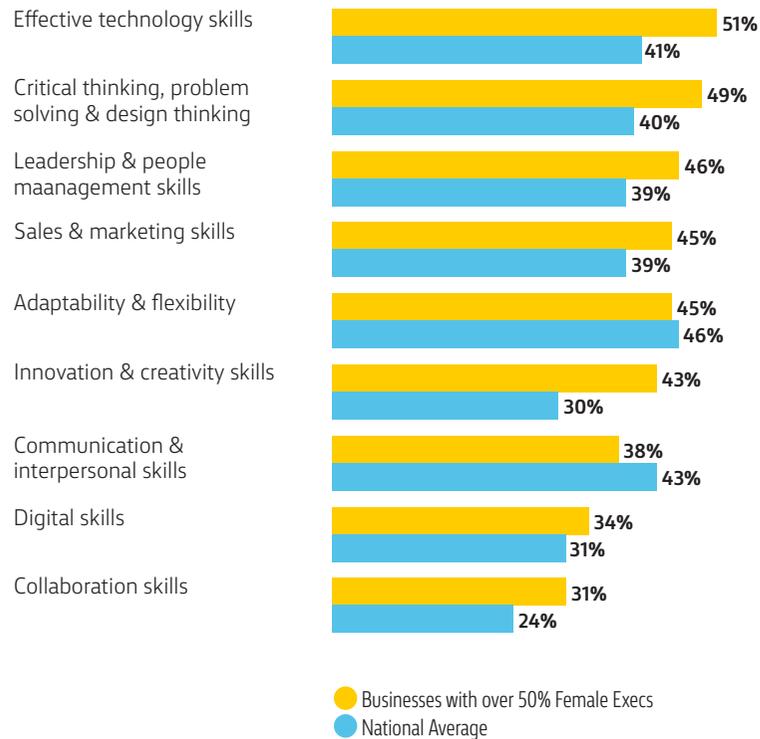
of **all Australian** businesses agree

Impact of technology on the workforce over the next five years



● Businesses with over 50% Female Execs ● National Average

The skills most in demand among businesses



“While female-led businesses are prioritising technology to remain competitive and actively seeking to build their technology capabilities, they also need people with strong leadership and problem-solving skills.”

Melynda Carpenter
Head of Women in Focus
Business and Private Banking
Commonwealth Bank of Australia



Technology skills are in highest demand

The importance placed on technology by female-led businesses influences the skills they seek to develop and access to ensure their organisation remains relevant and competitive in the future.

Therefore, female-led organisations want effective technology skills above all others. This links to other CommBank research that found that only 39% of female decision-makers have the right technology to grow and 41% need help improving or process automation⁸.

However, soft skills such as critical thinking and leadership and people management also rank very highly and above the national average. They also place far more value on innovation and creativity skills and the ability to collaborate.

The research finds that female-led organisations are challenged by internal resistance to change and are focused on building a strong organisational culture⁹. It is therefore counter-intuitive that adaptability and flexibility appear some way down the list of capabilities they seek. Across all industries, and particularly among Australia's most innovative organisations, it is the quality in highest demand.

Once again there is an industry skew. The same paradox exists in the Healthcare sector which also battles with internal resistance to change. There is therefore an opportunity for female-led organisations to steer their workplace learning and development to foster adaptability among staff.

⁸ Based on a survey of 170 women who own or lead a business with an annual turnover of \$3 million per annum or more. This research was conducted on behalf of CommBank by Direction First between 21 Sept 2018 – 7 Nov 2018.

⁹ Ibid

Key insights

Our research reveals that many female-led businesses share common attitudes, mindsets and characteristics that not only set them apart, but that are supporting their ability to lead and grow their organisations.

According to the research, there is a higher concentration of female-led businesses within certain industries and business types, and this may be buoying elevated innovation activity as these businesses tend to face unique pressures and growth objectives. Female-led businesses are confident in their ability to adapt, and those that are innovation-active are also more likely to be positive about their future revenue prospects. They also face pronounced challenges compared to other businesses such as increasing market competition, internal resistance to change and a lack of time and budget.

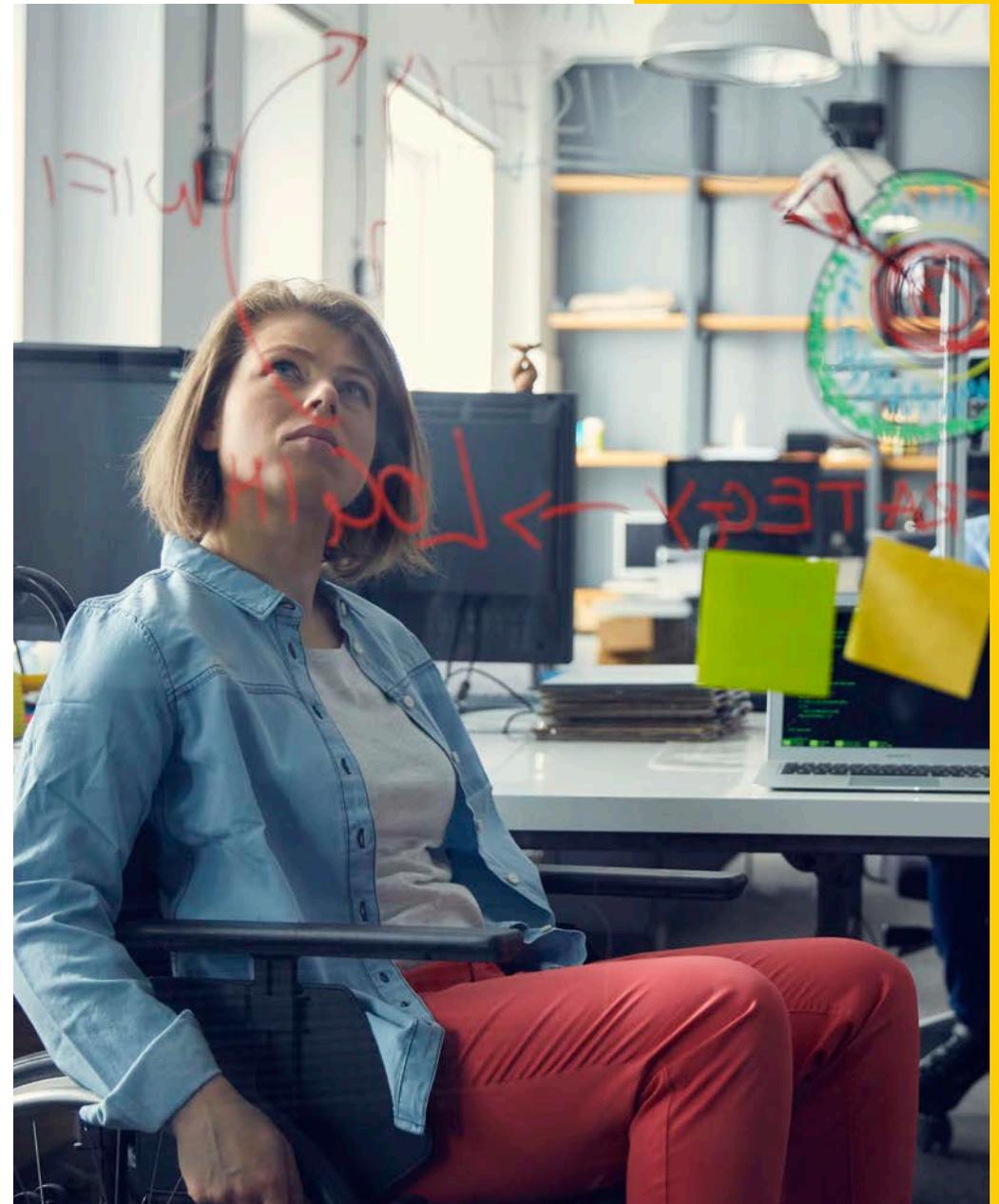
To overcome these challenges, female-led organisations are focused on two enablers of innovation – people and technology.

People:

- ✓ Female-led organisations tend to focus on cultivating the continuous development of their teams to support a culture of learning.
- ✓ They are more likely to be decisive in filling skills gaps and sourcing external support.
- ✓ The majority of female leaders are seeking support on how to grow their business¹⁰.

Technology:

- ✓ Most female-led businesses agree that technology can provide a competitive edge
- ✓ The vast majority are already implemented or trialled emerging technologies.
- ✓ Technology skills are at the top of the wish list for female-led organisations, although softer skills remain in high demand.



¹⁰ Based on a survey of 170 women who own or lead a business with an annual turnover of \$3 million per annum or more. This research was conducted on behalf of CommBank by Direction First between 21 Sept 2018 – 7 Nov 2018.

Read more

Visit www.commbank.com.au/womeninfocus

Things you should know: The report is published solely for information purposes and is not to be construed as advice or recommendation. The report has been prepared without taking account of the objectives, financial situation and capacity to bear loss, knowledge or experience or needs of any specific person who may receive this report. All recipients, before acting on the information in this report, should consider the appropriateness and suitability of the information, having regard to their own objectives, financial situation and needs, and, if necessary seek the appropriate professional or financial advice regarding the content of this report. Any opinions, conclusions or recommendations set forth are subject to change without notice. Any projections and forecasts are based on a number of assumptions and estimates and are subject to contingencies and uncertainties. Different assumptions and estimates could result in materially different results. The report makes reference to data sourced from an online survey of 2,747 businesses that occurred in September to October 2018. The fieldwork and analysis was conducted by ACA Research on behalf of the Commonwealth Bank. An additional survey was conducted of 170 women who own or lead a business with an annual turnover of \$3 million per annum or more. This research was conducted by Direction First on behalf of Commonwealth Bank between 21 Sept 2018 – 7 Nov 2018. All analysis and views of future market conditions are solely those of the Commonwealth Bank. Commonwealth Bank of Australia ABN 48 123 123 124. AFSL and Australian Credit Licence 234945.