

# women's financial security:

## five levers of change



### women's financial security forum



Lifting women in Australia out of financial hardship



## Right thinking

Over the past century Australia has been a world leader in legislating for gender equality. However true equality is about more than just equal rights, it's also about changing attitudes. Unfortunately, societal norms change at a glacial pace, and though few today would still argue for differentiated gender roles, a strong gender asymmetry persists.

In this article we present a framework for assessing the disadvantages women face and outline five levers of change for addressing these issues. These ideas were developed in preparation for and during Right Lane's inaugural 2018 Women's Financial Security Forum.

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Historically Australia has been a world leader on gender equality. In 1902, only a year after Federation, Australia became the second country in the world to give women the right to vote and to stand for parliament; it took over a quarter of a century for our erstwhile colonial parent to follow suit. Since this triumph, Australia has taken great strides towards creating an egalitarian society through legislation such as the Sex Discrimination Act of 1984 and the Workplace Gender Equality Act of 2012. However, despite this progress, a stark disparity remains between the financial challenges faced by Australian men and women.

### Gender biases are pervasive in today's society

For many people, 'gender equality' is synonymous with 'equal rights'. However, while certainly a prerequisite, merely securing equal rights is not sufficient to deliver gender equality. If we look beyond the legislated rights, we find that the prejudices of history echo through to the everyday experiences of Australian women. In this article we focus upon one such persevering disadvantage: the systemic biases inherent in today's society which compromise the financial security of Australian women. Our analysis highlights several pervasive impediments to women's financial security that engender a heightened vulnerability to changes in their financial position. As a result, financial 'shocks' are more likely to push women towards a position of financial hardship.

## The financial disadvantages faced by Australian women

There are two primary disadvantages that adversely impact the ability of Australian women to achieve and maintain, financial security. Firstly, despite a positive trend in recent years, women continue to be significantly underrepresented in full-time employment, forming only 37% of the Australian full-time workforce (The Melbourne Institute 2018). Secondly, women who are in full-time work, take 22% less in average total remuneration than men (WGEA 2018), reflecting a \$500 gap in weekly earnings.

Though a range of factors may contribute to these two effects, perhaps the most significant impact arises from societal expectations relating to, and the observed reality of, the role women play in household and familial care. On average, women spend 26 hours more per week on these duties than men, limiting the time they can commit to their professional careers.

By the time of retirement, the cumulative effect of these headwinds results in a \$131k gap in the average superannuation balance between men and women, a staggering 42% shortfall (ASFA, 2018). These disadvantages mean many Australian women struggle to achieve financial security and are therefore less able to absorb financial shocks.

## A crisis waiting to happen

For the large number of Australian women who endure this state of heightened financial vulnerability, one or more financial shocks can be enough to push them into financial hardship. Financial shocks may have many causes including sudden job loss, the inability to work due to disability or illness and reductions in welfare payments. For women who are already delicately balancing their financing, any one of these shocks can be enough. In a recent survey three out of five women indicated they were unsure they had the resources to withstand a financial shock (CBA 2017).

In addition to financial shocks, a variety of domestic influences can lead to financial hardship. For example, separation or divorce from a long-term partner, domestic abuse, or sudden bereavement are all capable of driving women in to financial hardship. In Australia, one in three marriages ends in divorce (AMP and NATSEM 2016), with women most often becoming the primary care giver to their children while receiving significantly reduced support from their former partners. For other women, violent domestic situations can drive them, and their children, from the family home. The prevalence of domestic violence in Australia often goes unobserved. However, a recent survey found that one in three women have experienced some form of physical violence from the age

of 15 (ANROWS 2018). For those women affected by domestic violence, escaping can thrust them into financial hardship as they must contend with finding and funding safe domestic arrangements. Coping with separation, abuse and sudden bereavement are significant challenges for anyone who must face them. However, women whose financial resilience is already compromised by the pervasive disadvantages they face are at a much higher risk of falling into financial hardship.

## Working towards a solution

In September 2018 we hosted a Women's Financial Security Forum with over 40 like-minded and passionate leaders to generate ideas for addressing the systemic disadvantages that women face. In preparation for this session we created a framework to structure the way that we observe and respond to this issue.

Our framework identifies five drivers of financial security for women in Australia, and the systemic issues relating to each driver, which put women at increased risk of financial hardship (See figure 1: Drivers of financial security).

During the forum participants developed five initiatives to move the dial on women's financial security (See figure 2: Five initiatives to address the structural disadvantages that impair financial security for Australian women).

Figure 1: Drivers of financial security

**Community attitudes** are central to all the other drivers and reflect the beliefs, feelings, and values held by society, that predisposes people to act in a certain way.

**Social and economic participation** refers to the way in which individuals engage with the community. There are two primary drivers of social and economic participation: paid employment, which equips us with the financial resources we require to endure 'bumps on the road' and engagement in the community, which contributes to financial resilience by elevating social capital.



**Financial resilience** is the ability to adapt to adverse events and experiences, changing circumstances, and to manage financial demands. An individual's financial resilience is driven by the resources they possess, and their ability to effectively make use of these resources.

The **cost of living** captures the day-to-day expenses individuals must meet to get by.

**Government policies** refer to legislative and regulatory settings which may impact upon the financial security of individuals. This includes regulation relating to social security, paid employment, maternity leave, childcare and domestic violence.

Figure 2: Five initiatives to address the structural disadvantages that impair financial security for Australian women

1.	<b>Engage in story telling through the media</b>	Drive an education campaign through the media, schools and several other channels with the aim of addressing the negative stigma women endure when facing financial hardship and driving a shift in cultural attitudes around caring roles for women.
2.	<b>Deliver a grass-roots education campaign</b>	Increase public awareness of the triggers for, and context behind, women's financial hardship, to build empathy and respect into how the government designs and delivers social policy.
3.	<b>Grow 'dollars and sense'</b>	Build financial literacy in young women through delivering targeted financial education at schools, increasing their financial knowledge to navigate through headwinds.
4.	<b>Build a digital solution</b>	Develop a digital platform to provide a single source of reference for all the available services aimed at supporting women experiencing financial hardship. The aim of this initiative is to increase the awareness of, and accessibility to, information and services that support women in this position.
5.	<b>Supply affordable housing</b>	Provide viable housing alternatives to women facing financial hardship, thereby reducing the cost of living and easing pressures on women in difficult circumstances.

## Getting involved

At Right Lane, we are committed to connecting individuals and organisations that share our goal of achieving financial security for women in Australia.

We will continue to work to further each of the initiatives developed during this year's forum. In 2019 we plan to host a second Women's Financial Security Forum to continue to find ways of creating real change in this space. If you would like to be a part of these initiatives, or want to find out how you can contribute, don't hesitate to get in touch.



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## want to know more?

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We employ our distinctive ideas and processes, and our absolute commitment to delivery, to help clients we care about pursue their inspiring missions.

We work alongside clients who do great work within the sectors they operate, and we are excited to be involved in creating outcomes that truly make a difference.

We are an ethical consulting firm with a strong belief in the work we do, and with a passion to give back to the broader community with the skills and expertise available within our walls.

Right Lane was established in 1997 to help private, not for profit and public sector clients to clarify and accelerate their future plans. Over the past 21 years, we have helped the executive teams and boards of more than 250 organisations to define and adapt their direction and strategy, identify and clarify their priorities, align their efforts with their aspirations, get their major projects started and finished, and measure and improve their performance.

## Our areas of focus

- Developing and managing strategy and planning processes for clients
- Leading strategic growth projects, such as pre-merger analysis, new product feasibility, marketing expenditure effectiveness and growth options evaluation
- Implementing strategy through aligning and engaging the organisation, and measuring and monitoring performance
- Assisting clients with governance projects – from board culture and capabilities to board appraisals and reviews

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This follows Right Lane's decision in 2011 to adopt 'for benefit' principles, including reasonable returns, inclusive ownership, stakeholder governance, transparency, and social and environmental responsibility.

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