

# Easy to classify

The education and experiences of  
Australian CEOs

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## Executive Summary

Most people don't know who Australian CEOs are.

They could walk past them in the street, they could be their neighbour, and not know who they are or what they do.

That is a good thing and reflects the lingering sense of egalitarianism of the Australian way of life.

What this report seeks to understand is who are Australian CEOs, and their backgrounds.

In doing so, it uncovers a series of commonalities and norms in their education and experiences.

The report reviews the educational and professional experiences of ASX200 CEOs.

It reveals a narrowness in who becomes CEO and the pathways they take to reach that role. It is not to criticise the pathways, but to question whether they are fit for purpose.

The trends I find are reflective of a business environment that has been in place for decades. For some organisations these may be the right decisions and appointments. But Australian business has modernised and become more global over the past few decades.

Do the choices made for CEO reflect the wider Australian economy and society?

The data used was sourced from the annual reports and websites of the ASX200 companies. This sort of research and analysis has not been conducted in recent years, and is a unique contribution to understanding the Australian business environment.

There are increasing community expectations on Australian business, understanding about who becomes CEO is part of this dialogue.

## The typical Australian CEO

The average Australian CEO is a man, mostly likely named Andrew or Michael.

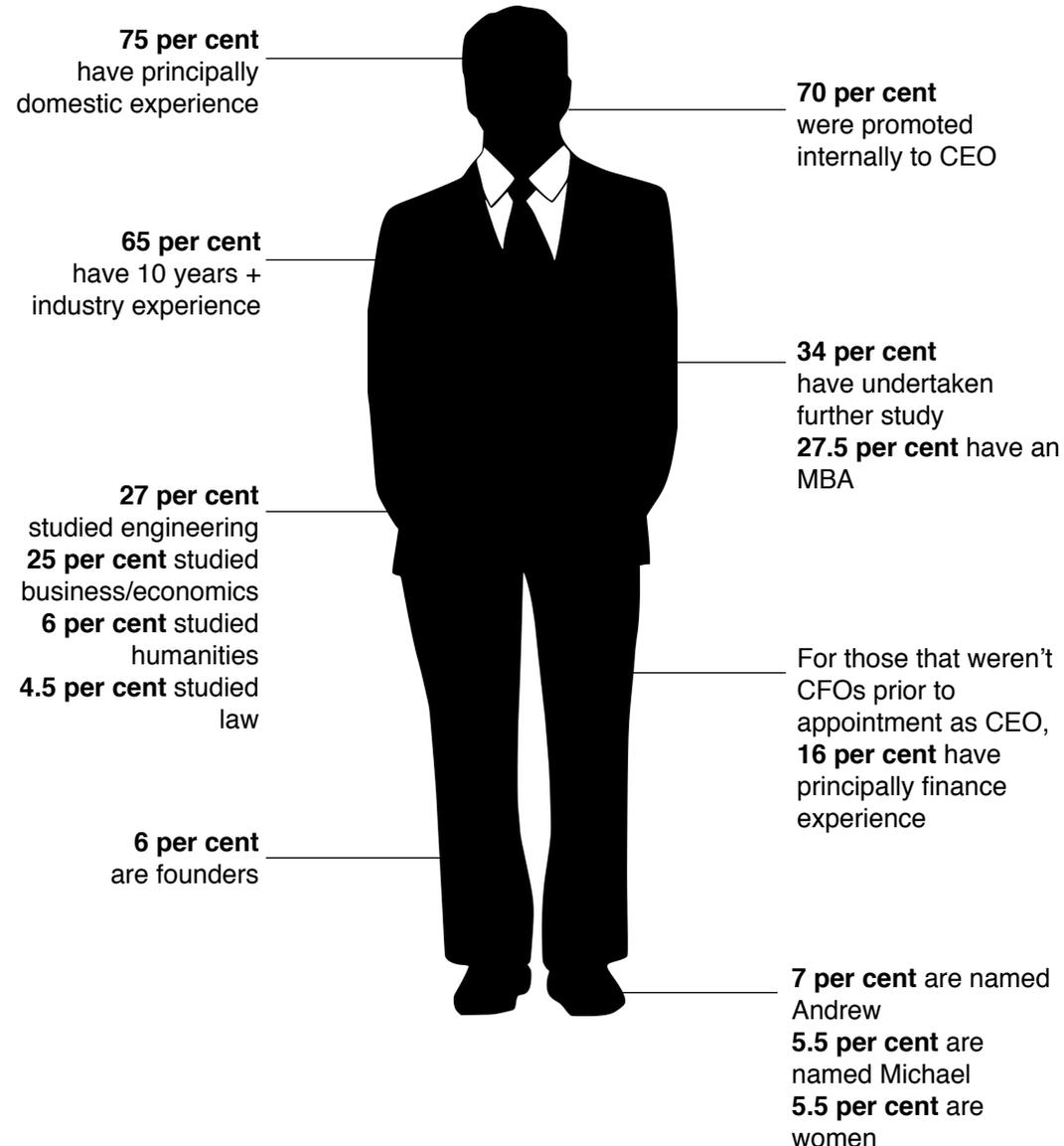
When he finished school he went to a sandstone university, likely in the city that his company is situated, to study engineering or commerce.

If he studied engineering, he eventually moved into project management, with some finance experience. If he studied commerce he moved toward accounting and through financial units.

His professional experience is primarily domestic. If he has international experience it is usually earlier in his career and in one jurisdiction, that is not across borders. It is more likely to be in banking than any other sector.

He has worked in the industry his company operates in for more than 10 years.

Before becoming CEO, he likely headed a business unit or was CFO of that company.



## Education

The education experiences of Australian CEOs largely reflect the years they were educated, in the late 1970s and early 1980s.

80 per cent of CEOs were educated at sandstone universities with long historical links to their cities - University of Melbourne, University of Sydney, University of Queensland et al. The city they studied in, which is almost always the city they were born and schooled in, dictates where they will work. Most (estimate: 80 per cent) CEOs undertook their tertiary education in the city that the company they now work for is headquartered.

27 per cent of them studied engineering. There is limited information about their field they specialised in, but generally aligns with the industry they have primary experience in, ie chemical engineers in resources, civil engineers in construction.

25 per cent studied business or economics, becoming accountants or finance professionals like bankers. Because of the nature of these degrees it is harder to classify what was studied, there may have been a second major as well. However, the early career experiences of these CEOs shows a trend of accounting and finance.

Six per cent studied the humanities and hold Bachelor of Arts degrees.

4.5 per cent studied law, and most became admitted lawyers, which they studied with, primarily, commerce or, less likely, the humanities.

Following this, 34 per cent of CEOs have undertaken further studies. Which is noticeably higher than the general population, where the rate of postgraduate education is ~4 per cent.

Overall, 27.5 per cent of CEOs have an MBA, being the postgraduate degree of choice. This, too, reflects the business norms of the 1980s onwards when MBAs became a common pathway to more senior roles. Engineers are a third more likely to study MBAs people with undergraduate qualifications in business.

## Professional Experience

CEOs are mostly appointed from within.

70 per cent of CEOs were promoted internally, with others being hires from marginally smaller competitors. No CEO has headed more than two listed companies.

In a sign of the nascent nature of Australian entrepreneurship, only 6 per cent of CEOs are founders of their companies. There are some companies with founders are chairs, but that is a smaller number than those who continue as CEO.

Most (estimate: 70 per cent) CEOs careers started in generalist organisations like consulting, account or finance, and 65 per cent have extensive industry experience, spending more than 10 years in the sector the company they work for operates in. 35 per cent have experience, primarily junior and mid-career stages, in banking.

75 per cent of CEOs have principally domestic experience. They generally have some international experience or remit in roles, but this is limited and those roles had primarily domestic responsibilities. If the CEO does have international experience, these are mostly in single jurisdictions/markets.

If they are internal appointments, 65 per cent of CEOs were appointed from heading business units, and 30 per cent from CFO roles. With 5 per cent from other roles, such as COO. There are no CEOs appointed from business-wide roles (HR, marketing, legal et al).

If a CEO was *not* promoted from being CFO, 16 per cent still have principally finance experience with most having general finance experience at some stage of their career.

## So what?

For most people, who the CEO is doesn't matter. It has no obvious bearing on their work or personal lives.

However, the ASX200 has considerable economic clout, and social and political from that. They include some of the largest employers in Australia.

Who makes decisions, both in individual organisations and as a group themselves, matters.

What this evidence seeks to show is the macro trends of Australian business. At a time when the community is expecting more from business, it is clear that there is a narrowness in who becomes CEO of an Australian company.

Directors and shareholders may be content with this. "Better the devil you know" is a regular modus operandi in senior appointments.

But is Australian business sourcing the best talent available?

Is the narrowness seen here helping or hindering business and the economy?

Workforces are made up of a wide group of people with varied skills and experiences, shareholders and consumer markets even more-so.

A report like this informs markets, workplaces and communities about who makes decisions.

This report is not to criticise the decisions made by businesses in who becomes CEO or the pathways that lead to that, but intends to stimulate thought on whether that is fit for purpose. Indications from the market suggest that this has not been substantially changed in decades.

It's important to note that CEOs have limited international experience, which may be a distinct weakness in an export-oriented market.

In drafting this report, I was unable to find a comparable analysis of Australian CEOs.

## **A note of sources and methodology**

This report is a review of the publicly available disclosures from ASX200 companies about the education and professional experiences of their CEOs.

All conclusions are based on the disclosures made in annual reports and websites by those companies.

The evidence was gathered in January 2019 and reviewed in March 2019.

Additional evidence was sourced from the Australian Bureau of Statistics, specifically Census analysis, 4261, 6227 and 6202.

**Disclosure:**

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This is part of a periodic analysis of various workplace and economic issues of contemporary national and industry interest. All efforts are made to present the evidence as impartial, independent, fair and not misleading. These contributions are verifiable and are reviewed by experts prior to release.

The author, Conrad Liveris, is a corporate adviser on workplaces and risk. Considered one of Australia's leading employment and workplace experts, he works closely with decision-makers across sectors on a range of HR, management and economic issues. He is alumni of the US State Department's programs and the UN, and is an Associate Fellow of the Royal Commonwealth Society (London). He completed his Bachelor of Arts at the University of Notre Dame Australia, a Master of Commerce at Curtin University and has received scholarships to study at the Governance Institute of Australia and the University of California, Los Angeles.