

***2010 Equal Employment Opportunity Network of Australia / Hudson  
Australasian Diversity & Equality Survey***



**Hudson**

**Looking for a paradigm shift:  
2010 Market leader report on diversity and gender**

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## 1. Executive summary

What are diversity market leaders doing about diversity in 2010? Are we getting closer to making diversity and inclusion part of “business as usual” in Australia and New Zealand? The data from the 2010 EEONA/Hudson Australasian Diversity and Equality Survey (ADES) are sobering in relation to the current state of play and trends over the past seven (7) years.

Whilst there is much good intention, without a paradigm shift we will keep treading water. The 2010 ASX *Corporate Governance Principles & Recommendations*, requiring ASX companies to set and report on measurable gender objectives, could be a game changing intervention if organisations implement the elements of an *effective* diversity strategy. By consolidating the hands on experience of diversity practitioners in diversity market leader organisations over the past seven (7) years, this report helps point the way forward.

In essence key findings in relation to the **current state of play** are:

1. *It's all about personal leadership*, but that has inherent risks.
2. *Swings and roundabouts of implementation*, but inconsistency causes inefficiency.
3. *A glimmer of hope*, we're getting better at recognising the competitive advantage of diversity and inclusion.
4. *The best of the best know what it really takes to advance women*, and it's not a silver bullet.

In essence key findings in relation to the **seven year trends** are:

1. *Treading water*, we need a paradigm shift to ensure that diversity and inclusion become an embedded cultural norm in Australia and New Zealand.
2. *The new ASX Governance Principles are potentially game changing*, both in relation to gender and diversity more broadly.

In terms of the way forward, the most insightful findings come from the analysis of the approaches of the “best of the best” in relation to gender, namely that an effective approach to diversity

and inclusion is one which is multi-faceted and includes the following four elements: a strategy, the development of managerial capability and measures of accountability/feedback and the selection of effective change initiatives (eg job and career redesign). In addition there is a strong case for reviewing current diversity initiatives that are under-performing (eg diversity training and mentoring/networking programmes) to maximise their effectiveness.

## 2. Background

In July/August 2010 the Equal Employment Opportunity Network of Australasia (EEONA), an umbrella not-for-profit body of EEO networks across Australia and New Zealand<sup>1</sup>, in partnership with Hudson, conducted a survey of members to investigate the status of diversity and inclusion policies and practices in Australia and New Zealand.

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<sup>1</sup> EEONA comprises the NSW Equal Employment Opportunity Practitioners' Association (NEEOPA), the Victorian Equal Employment Opportunity Network (EEON), the Queensland Equal Opportunity Practitioners' Association (EOPA) and the NZ Equal Employment Opportunity Trust (EEO Trust).

As the members of EEONA represent best practice organisations in terms of their commitment to diversity and the implementation of practical initiatives, members (who are typically diversity/HR managers) can provide insight and informed comment about:

- Why their organisations are focused on diversity (ie what are the expected outcomes);
- What's working well in terms of advancing diversity;
- Where are the gaps; and
- What are the strategies for change.

In essence this report consolidates the hands-on experiences of members responsible for implementing diversity in their organisation and thus provides practical insights by market leaders into creating diverse and inclusive workplaces.

As this is the fourth Australasian Diversity and Equality Survey (ADES) conducted by EEONA since 2003, we now have the opportunity to identify how best practice organisations are tracking on the journey to diversity and equality. We can now identify whether organisations have made positive advances over

the past seven years, stagnated or regressed. If positive steps have been taken, these results help us to understand the process of change.

Finally, in addition to general diversity questions which have been consistent across the 2003, 2005, 2008 and 2010 surveys, in 2005, 2008 and 2010 EEONA included questions on a topical diversity related issue. Given the current renewed focus on gender in Australia (culminating in the release of the *ASX' Corporate Governance Principles & Recommendations* on 30 June 2010<sup>2</sup>) and New Zealand, the 2010 ADES included a series of questions on gender. We now have a much richer understanding of the current state of play in relation to gender, and in particular the practical steps which can help bridge the gap between an aspiration of gender equity and organisational practice. In addition these data provide a benchmark or starting point from which we can evaluate the impact of the *ASX Governance*

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<sup>2</sup> The Principles require ASX listed companies to develop a diversity policy, set gender diversity objectives (in relation to women at all levels of the organisation – ie from Board down), assess progress and report annually.

*Principles* in Australia, as well as the impact on these guidelines on Australian companies with offices in New Zealand.

The research was conducted by independent researcher Dr Graeme Russell, in consultation with Juliet Bourke (Chair of EEONA)<sup>3</sup> and sponsored by Hudson and EEONA.

### 3. Findings in detail

Key findings from the 2010 ADES fall into two areas, firstly in relation to the current state of play in 2010 and secondly, in relation to the longitudinal trends in diversity practice over the past seven years (2003-2010).

The current state of play in 2010: In relation to 2010, key findings are:

- (i) **It's all about personal leadership, but that has inherent risks:** Personal leadership is critical to creating a workplace

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<sup>3</sup> Juliet Bourke and Dr Graeme Russell are both partners at Aequus Partners ([www.aequus.com.au](http://www.aequus.com.au)), a workplace change consultancy on diversity and flexibility.

which embraces diversity and inclusion, and 93% of respondents reported the personal commitment of their CEO as a major driver of diversity. Whilst this is a positive finding, because one key person can make a significant difference, the risk is that diversity and inclusion are not embedded in the culture of an organisation and therefore may not be part of “business as usual”.

- (ii) **Swings and roundabouts of implementation, but inconsistency causes inefficiency:** A positive shift in focus in 2010 is the growing recognition of the importance of building managerial capability to implement and manage a diverse workplace (60% of respondents in 2010 compared with 36% in 2008). On the downside, fewer organisations connect a manager’s promotion to her/his performance on diversity outcomes (13% of respondents in 2010 compared with 23% in 2008) or pay (8% of respondents in 2010 compared with 19% in 2008). Consistency of approach would help move the diversity and inclusion agenda forward, whereas an approach

with “swings and roundabouts” is prone to inefficiency and ineffectiveness, and may reflect a lack of direction.

- (iii) **A glimmer of hope, we’re getting better at recognising the competitive advantage of diversity and inclusion:** To create a deeper organisational commitment to diversity means connecting diversity to a multi-faceted business case ie beyond a single focus on employees. Whilst organisations continue to see diversity as key to being an employer of choice and staff retention, in 2010, 72% also see that diversity delivers a competitive advantage. This provides a glimmer of hope that diversity is becoming a more mainstream business objective in 2010 compared with 2008. This finding may also reflect business insight into the need for diversity of thought at the leadership level as a way to deflect risk (such as the Global Financial Crisis) and move ahead strategically.
- (iv) **The best of the best know what it really takes to advance women, and it’s not a silver bullet.** Market leaders on gender diversity are effective because of the combined impact of

four focal areas: firstly, a strategic approach (blending a focus on business, legal and leadership drivers); secondly, a focus on building managerial capability to implement the gender diversity agenda and accountability; thirdly, the implementation of meaningful diversity initiatives (eg job redesign); and finally a strong feedback loop (ie multiple points of evaluation). Knowing these factors will help guide other organisations to develop an effective approach to meeting the *ASX Governance Principles* – one which combines a strong framework, effective initiatives and cultural change.

What's happened over the last seven years? Taking into account the findings from the 2003, 2005, 2008 and 2010 ADES the trend data demonstrate:

- (i) **Treading water, we need a paradigm shift to ensure that diversity and inclusion become an embedded cultural norm in Australian and New Zealand:** Disappointingly little has significantly shifted over the past seven years in relation to market leaders' approach to diversity and inclusion. This

means that the diversity and inclusion agenda is still not an embedded cultural norm in Australia or New Zealand, and organisational commitment depends on the insight of key individual players. Further, initiatives and actions have largely remained unchanged over time, with a notable lack of cultural change programmes (eg training on bias and stereotyping). A paradigm shift will require thought leadership in regards to strategy and culture, a strong feedback loop on the effectiveness of initiatives, and a recognition of the broader diversity opportunities that may be leveraged through the *ASX' Governance Principles* on gender.

- (ii) **The new *ASX Governance Principles* are potentially game changing, both in relation to gender and diversity more broadly:** The new *ASX Governance Principles* on gender could not have come at a better time. Only one-third of diversity market leaders rated their organisation as "highly effective" in relation to advancing women, even though this has been a focus for at least seven years. Further in 2010 only 56% of

organisations implemented specific gender initiatives compared with 75% in 2008, 75% in 2005 and 77% in 2003. As noted above, little has significantly shifted in relation to diversity and inclusion over the past seven years – however the *ASX Governance Principles* throw the spotlight on diversity and have the capacity to drive meaningful change if EEONA members can show their leaders the way forward.

#### 4. Research method

In July 2010 members of the NSW EEO Practitioners' Association, the Equal Opportunity Practitioners' Association (Queensland), the Equal Employment Opportunity Network (Victoria) and the NEW ZEALAND EEO Trust, were invited to complete the ADES online. 89 organisations participated in the survey (compared with 60 in 2003, 32 in 2005, and 48 in 2008<sup>4</sup>), representing a

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<sup>4</sup> The samples were broadly comparable in 2003, 2005, 2008 and 2010, except that in 2010 a higher proportion of organisations from New Zealand participated (56%). In the 2010 sample overall, 28% of the board directors (in the respondent companies) were women (in 2003 it was 23%) and 5% were from a Non-English Speaking Background (2% in 2008 and 4% in 2005).

diverse range of small, medium and large organisations<sup>5</sup> from the private, government and community sectors<sup>6</sup>. In total the survey respondents represented nearly one quarter of a million employees (253,902).

#### 5. Report structure

This report presents the survey findings in terms of the following themes:

**(i) Why are organisations interested in diversity?**

- a. The drivers of diversity.
- b. The expected diversity outcomes.

**(ii) How do organisations implement a diversity agenda?**

- a. A diversity framework.
- b. Diversity data collection.
- c. Diversity target groups.
- d. The nature of diversity initiatives.

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<sup>5</sup> Organisational size ranged from 4 to 39,000. Approximately 40% had 2,000 or more employees.

<sup>6</sup> 32% were from the government sector, 49% were from the private sector and 11% were from not-for-profit organisations. In terms of industry sector, the samples were broadly comparable.

- e. Diversity measurement strategies.

**(iii) What are the challenges to diversity implementation?**

- a. Conditions for effective implementation.
- b. Roadblocks to implementation.
- c. Management accountabilities and rewards.

**(iv) Special report: Gender**

- a. Gender targets.
- b. Gender assessment (in terms of initiatives, effectiveness and drivers of change).
- c. Key differentiators of effective gender strategies.

**6. Why are organisations interested in diversity?**

Data from the 2003, 2005, 2008 and 2010 surveys indicate that organisations have sustained their commitment to a diversity agenda (framed either as a “diversity strategy” or a “diversity policy”), the question is why? In particular, what are the drivers of this commitment and what are the expected outcomes?

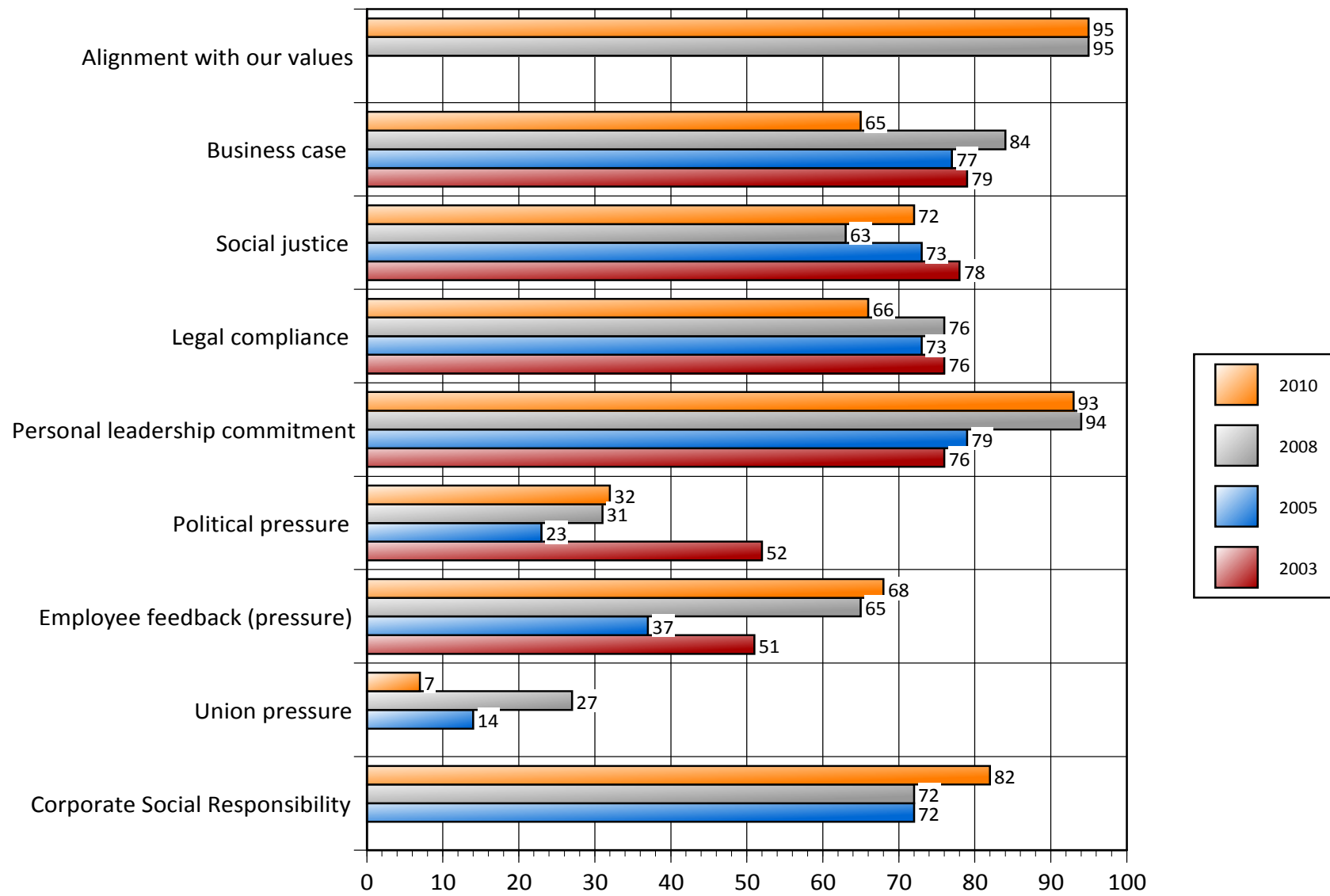
**6.1 Drivers of diversity**

Survey respondents were asked to indicate what had been the main drivers for their organisation implementing a Diversity/Equal Employment Opportunity (EEO) strategy. Findings are summarised in Graph 1 below (note there have been some variations in questions asked from year to year). The five leading drivers in 2010 were: (i) alignment with our values (95%); (ii) personal leadership commitment (93%); (iii) corporate social responsibility (82%); (iv) social justice (72%); and (v) employee feedback (68%). Additionally, for approximately two-thirds of the sample, legal compliance (66%), and the business case (65%) rated highly.

The drivers of a Diversity/EEO strategy appear to have remained relatively stable over time (with some minor exceptions). Of particular interest however is the decrease in the number of respondents who indicated that the “business case” was a main driver of their diversity strategy (65% down from 84% in 2008) and the increase in number who indicated “corporate social responsibility” was the main driver (82% up from 72% in 2008).

The range of the drivers suggests that organisations are responsive to multiple pressure points, eg values, corporate social responsibility, employee feedback, personal leadership and the business case. On the one hand the multiplicity of pressure points might be perceived as having a negative connotation, ie there is no single message about diversity that can be crafted into a simple internal or external marketing campaign.

More positively however, a range of pressure points suggests greater opportunities for stakeholder engagement, ie multiple messages can engage a broader range of stakeholders about the diversity agenda. Finally, the strength of the rating on the personal leadership driver points to the importance of engaging the CEO, Executive and Board in the diversity change agenda, and creating diversity champions throughout the organisation, as a way of ensuring that momentum does not rest on a single individual.



Graph 1 – Major drivers of diversity strategy

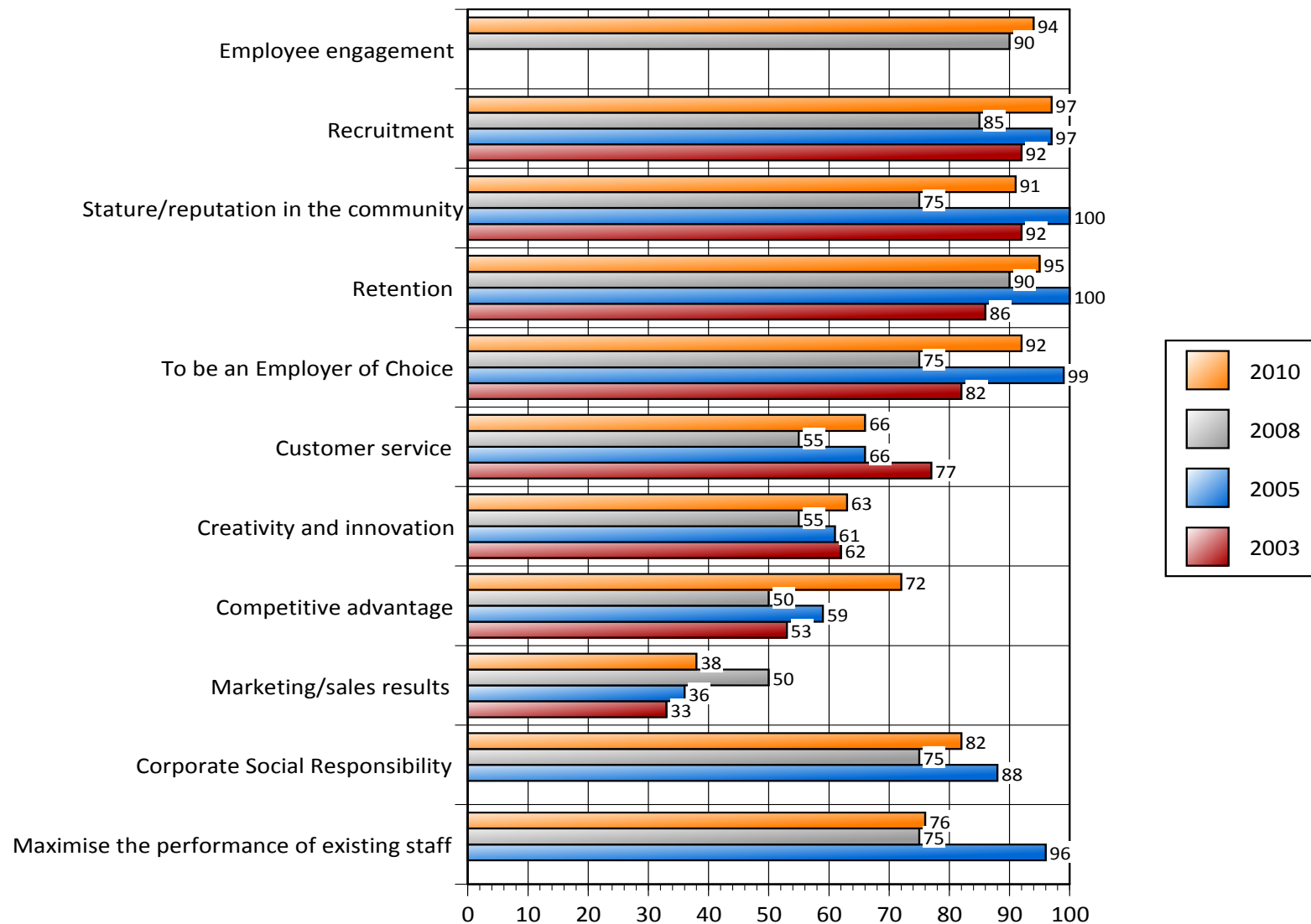
## 6.2 Expected outcomes

Survey respondents were asked to rate the importance of each of ten expected outcomes for their Diversity/EEO strategy, namely (i) recruitment; (ii) stature/reputation in the community; (iii) retention; (iv) to be an employer of choice; (v) customer service; (vi) creativity and innovation; (vii) competitive advantage; (viii) marketing/sales results; (ix) corporate social responsibility; and (x) maximising the performance of staff. Findings are summarised in Graph 2 in terms of the percentages of respondents who rated the outcome as being either “Quite” or “Very” important. Findings from previous surveys are also included where available.

The “expected outcomes” rated most highly in 2010 were (i) recruitment (97%); (ii) retention (95%); (iii) employee engagement (94%); (iv) to be an employer of choice (92%); and (v) stature/reputation in the community (91%). Findings are broadly consistent with those reported in earlier years. There is, however, one significant shift and that is the increase in the importance of “competitive advantage”. In 2010 this was 72% compared with

figures from previous years that were below 60%. Two factors may explain this shift: firstly, a reflection on the drivers of the Global Financial Crisis and in particular whether the lack of thought diversity at senior levels helped create the financial risk; and secondly, the need for diversity of thinking as a way to approach new market changes.

Overall the data suggest that survey respondents see their Diversity/EEO strategy as driven more by employment related outcomes (eg employees’ expectations), than by creating bottom-line business benefits. Support for this argument is derived from the lower ratings attributed to the expected outcomes of (i) customer service (66%); (ii) creativity and innovation (63%); and (iii) marketing and sales results (38%). This highlights a potential opportunity for competitive advantage in entrepreneurial organisations – and notably the trend is towards recognition of the benefits of diversity in terms of customer service (up from 55% in 2008) and creativity and innovation (up from 55% in 2008).



Graph 2 – Importance of diversity in achieving specific outcomes

## 7. How do organisations implement a diversity agenda?

The key elements to implementing an organisational change agenda are (i) articulating a vision, (usually through the development of a strategy) and allocating responsibility; (ii) collecting data to identify the points of change; (iii) implementing specific actions; (iv) measuring outcomes; and (v) addressing cultural change. Is this the approach taken when implementing a diversity agenda? Questions were asked of survey participants to identify (i) the framing of the diversity agenda (ie policy or strategy) and whether it has changed over time; (ii) the nature of data collected on employee diversity dimensions; (iii) whether all diversity groups are targeted; (iv) the nature of diversity initiatives; and (v) diversity measurement strategies.

### 7.1 A diversity strategy

Survey respondents were asked whether their organisations had a formal diversity/EEO strategy, and how that strategy is

operationalised across the business. In 2010 52% of respondents indicated that they had a formal diversity/EEO strategy, down from 63% in 2008 (24% indicated it was in the process of development).

The fact that only half of organisations have a strategy suggests that initiatives are not closely linked to business objectives. This situation could be seen as encouraging a scatter-gun approach to diversity. Of the organisations that do have a diversity strategy:

- 78% (89% in 2008) said that this strategy operates at the corporate level and 22% (15% in 2008) said it operates in one or more business units.
- 38% (46% in 2008) said they have a designated Diversity/EEO manager at the corporate level and 24% (19% in 2008) have this at the business unit level.
- 67% (58% in 2008) indicated they have a steering committee/high level group responsible for their Diversity/EEO strategy.
- 57% (55% in 2008) indicated that their Diversity/EEO strategy is explicitly considered in organisation-wide business planning and objective setting processes.

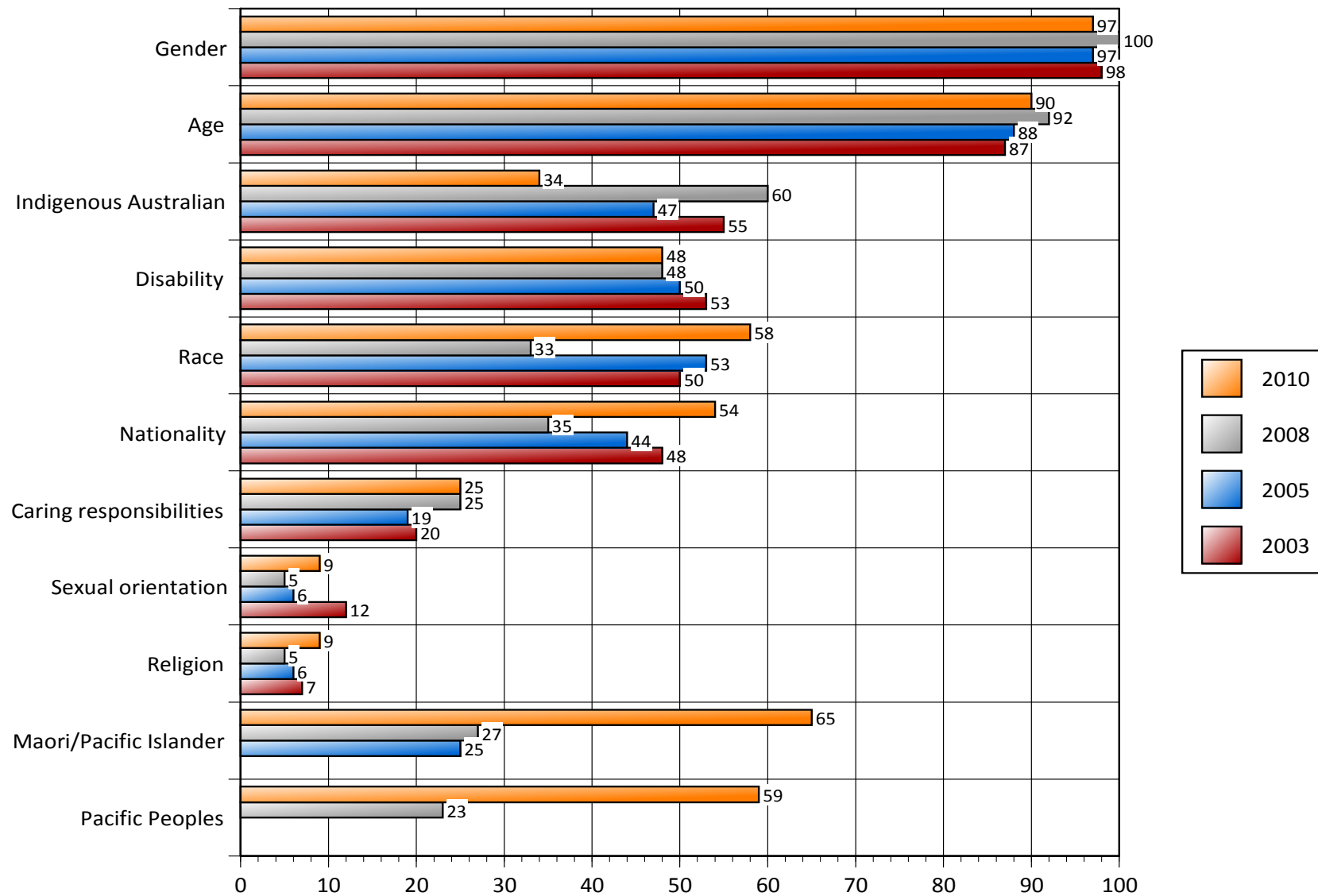
## 7.2 Diversity data collection

Respondents were asked to indicate the nature of the data they collect on various diversity dimensions. Understanding the composition of employees in terms of diversity is clearly relevant to developing programmes and initiatives and evaluating outcomes, eg these data can help determine whether an organisation should prioritise one diversity issue/target group or another at a given point in time.

The findings are summarised in Graph 3 below, and indicate that organisations do not collect data on all aspects of employee diversity. To some degree these findings reflect community-accepted standards about privacy (eg the low levels of disclosure and data collection on religion (9%) and sexual orientation (9%)) in

contrast to self-evident demographic characteristics (eg the high levels of reporting on gender (97%) and age (90%)). The decrease in survey responses for data collection in relation to Indigenous Australians is surprising (34% in 2010 down from 60% in 2008), but probably reflects the inclusion of ATSI data in the more general category of “race” (58% in 2010 up from 33% in 2008).

The shift towards higher levels of data collection by New Zealand companies in relation to Maori and Pacific Peoples (65% in 2010 up from 27% in 2008; and 59% in 2010 up from 23% in 2008 respectively) reflects a sampling change, but also the political and social influence of these groups in New Zealand, which Australia’s Indigenous groups are lacking.



Graph3 – Employee data for different groups

### 7.3 Diversity target groups

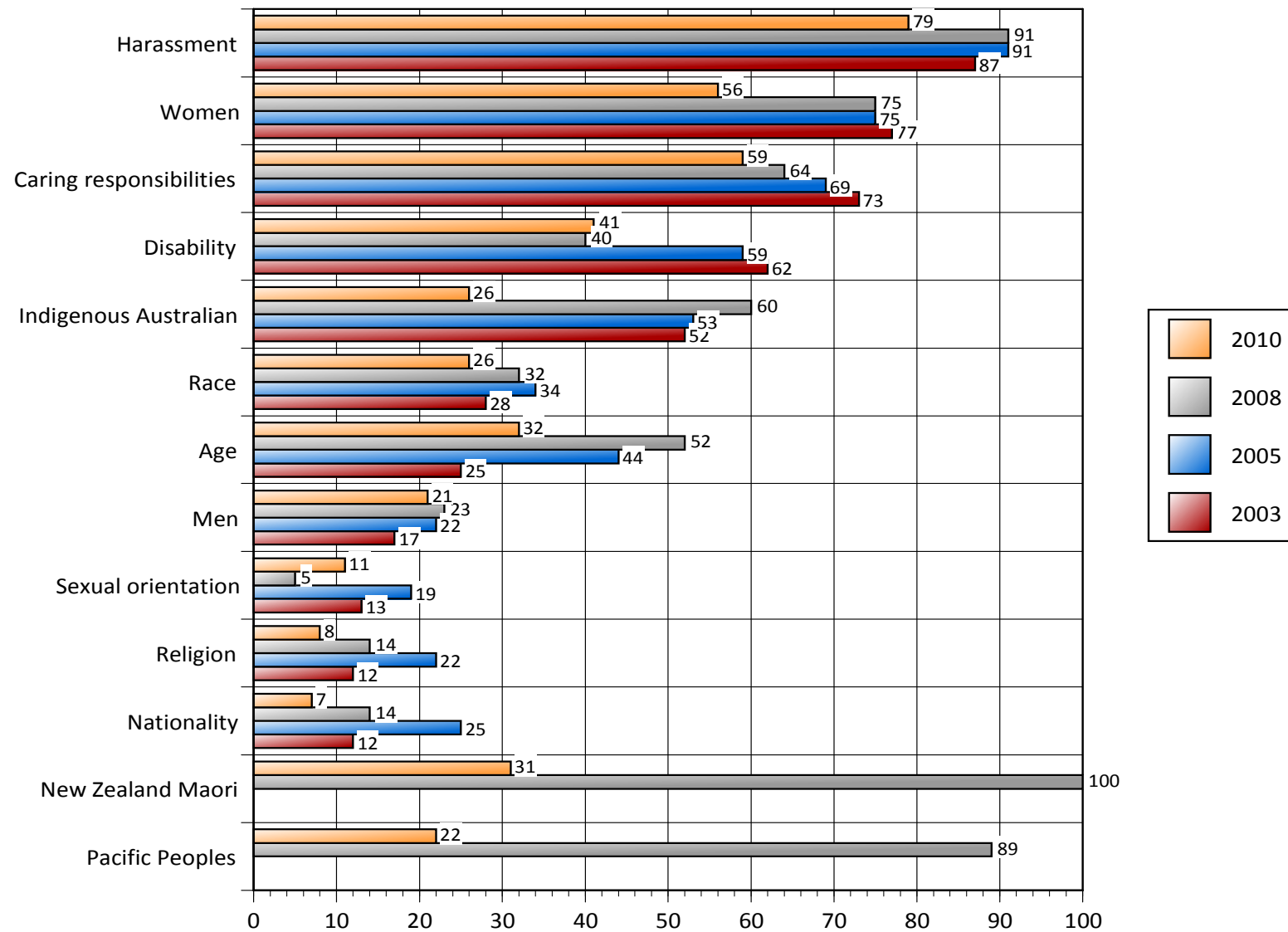
In order to identify what actions are being taken to improve diversity outcomes, survey participants were asked to identify the specific Diversity/EEO initiatives they have introduced to target particular groups or issues. These findings are summarised in Graph 4 below.

These data indicate that (similar to previous surveys), much more priority is currently given to issues associated with harassment (79%), women (56%), caring responsibilities (59%), and disability (41%) than other diversity issues such as sexual orientation (11%), religion (8%) and nationality (7%). These findings are consistent with the conclusion drawn above, namely, that if organisations collect data about a diversity characteristic (eg gender) then that target group is more likely to be the subject of a specific diversity initiative. Correspondingly, if an organisation does not collect relevant employee data (eg in relation to sexual orientation), then that target group is less likely to be the subject of a specific strategy. Further, the selective nature of Diversity/EEO initiatives

suggests that organisations do not fully appreciate, value or support the diversity of their employees.

Disappointingly, the 2010 data show a reduction in focus for all target groups. Presumably this reflects the impact of the Global Financial Crisis, and the reduction in funding for diversity initiatives. Implicitly this reduction signifies that diversity itself is not at a core business issue, and thus vulnerable to economic externalities.

These findings also raise additional questions in terms of: (i) given the recent ASX recommendations in Australia, we might expect to see a significant increase in activities in relation to women; (ii) the attention given to cultural diversity in New Zealand is something that Australian organisations might learn from; and (iii) the data suggest that there is a risk for organisations in a lack of focus on age diversity given the demographic changes (and more mature age workers seeking to stay employed for longer).



Graph 4 – Specific programs, activities or initiatives

#### 7.4 The nature of diversity initiatives

Survey respondents were asked to identify the nature of the actions or initiatives they had introduced to create a diverse workplace. Potential actions ranged from compliance-based initiatives (eg grievance handling processes for complaints of discrimination/harassment) to sophisticated initiatives aimed at eliminating hidden barriers to diversity (eg via job redesign).

Consistent with the findings from previous years, Graph 5 shows that the weight of responses indicates a preference for compliance and high level diversity programmes, and less emphasis on commitment by executives as a group and strategies to address fundamental changes to business structures and culture.

For example, 95% of organisations have grievance processes; 94% a diversity or EEO policy; 85% work/life programmes – all of which can be characterised as a high level programme or policy response. In contrast 67% had established employee networks, 46% work redesign; 40% identification of high potential employees with a diversity focus; 39% a high level diversity committee; 35%

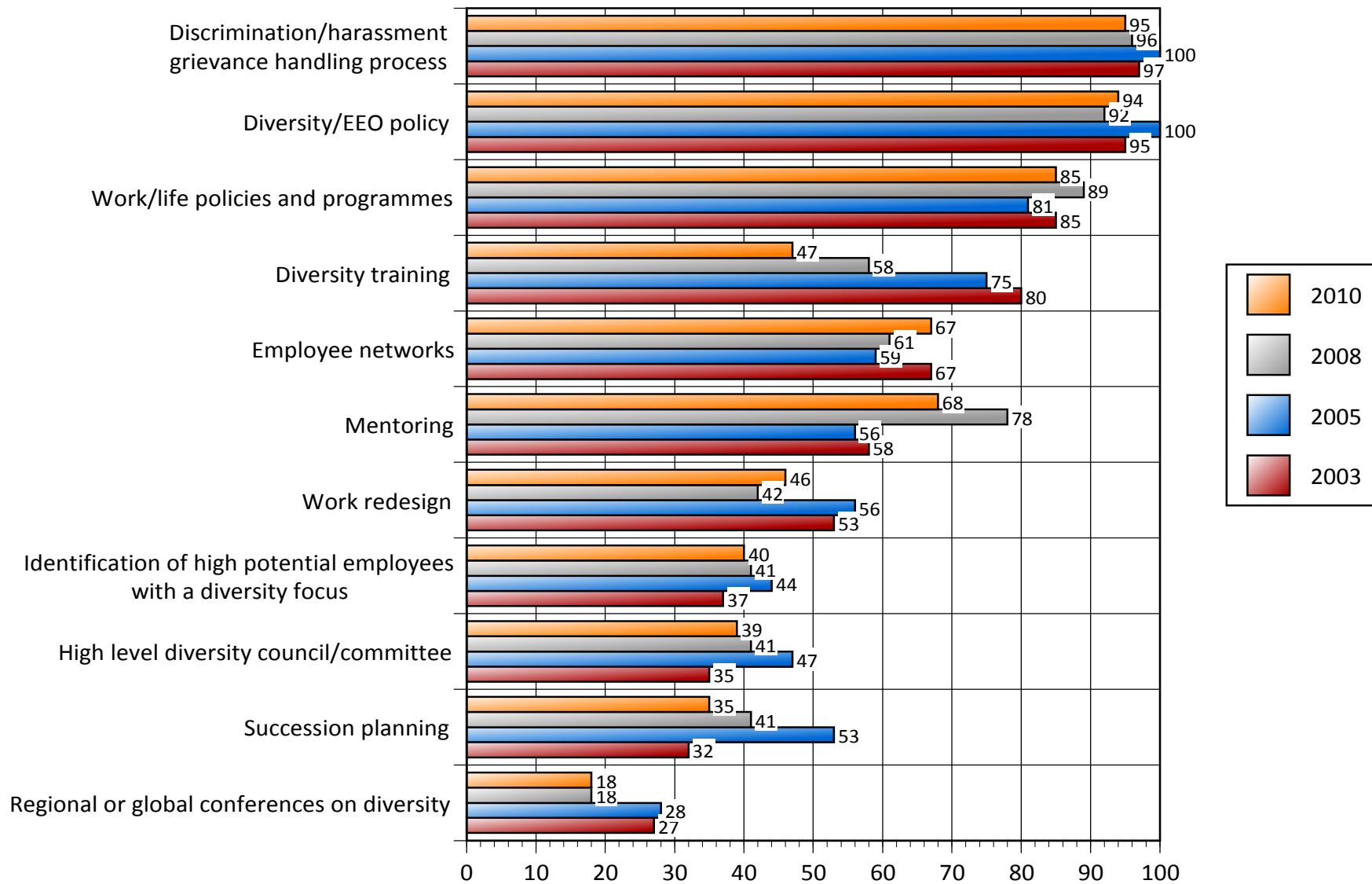
succession planning; and 18% regional conferences – all of which require a long term commitment to issues of changing the workplace culture, structures and mindsets.

In terms of changes over time, a notable variation was the reduced emphasis on diversity training (47% in 2010 down from 58% in 2008) and in mentoring programmes (68% in 2010 down from 78% in 2008).

The finding in relation to “diversity training” is probably explained by the impact of the Global Financial Crisis on programmes perceived as discretionary. Additionally this finding may also hint at the (in)effectiveness of content of diversity training, a theme which is supported by the findings in relation to the special section on gender. This theme suggests that an overhaul of diversity training is needed, ie beyond a focus on awareness and compliance, to take advantage of this potential cultural change initiative.

The reduction in mentoring programmes might be explained by the impact of the Global Financial Crisis as well as findings reported below that participants did not rate mentoring programmes as highly effective in terms of improving outcomes for women.

Another interesting longitudinal finding across the four surveys is the relatively low number of organisations that report having a high level Diversity Council. We might see a change in this finding in future surveys in light of the ASX recommendations.



Graph 5 – Specific strategies in place

In addition to the closed survey questions on the nature of organisations' diversity actions or initiatives, participants were provided with the opportunity to comment freely on the range of initiatives their organisations had introduced over the past 2 years to progress Diversity/EEO. The intention behind this open-ended question was to capture information which might have been lost due to the closed nature of the previous survey question, and also to identify points of innovation.

Initiatives covered a range of areas and issues which were broadly consistent with the data above in Graphs 4 and 5. Activity levels were highest for (i) work/life and flexible work practices (17%); (ii) gender (14%); (iii) establishment or renewal of plans and systems of accountability (eg Diversity Council, EEO Committee) (10%); (iv) dependent care (eg paid parental/maternity/paternity leave, resources for carers) (7%); (v) race and ethnicity issues (7%); (vi) recruitment and selection (7%); and (vii) metrics and reporting (5%). Of interest was the increase in initiatives linked to gender and race/ethnicity and the reduction in initiatives linked to age and disability (both down to 4% from 10% in 2008).

### 7.5 Diversity measurement strategies

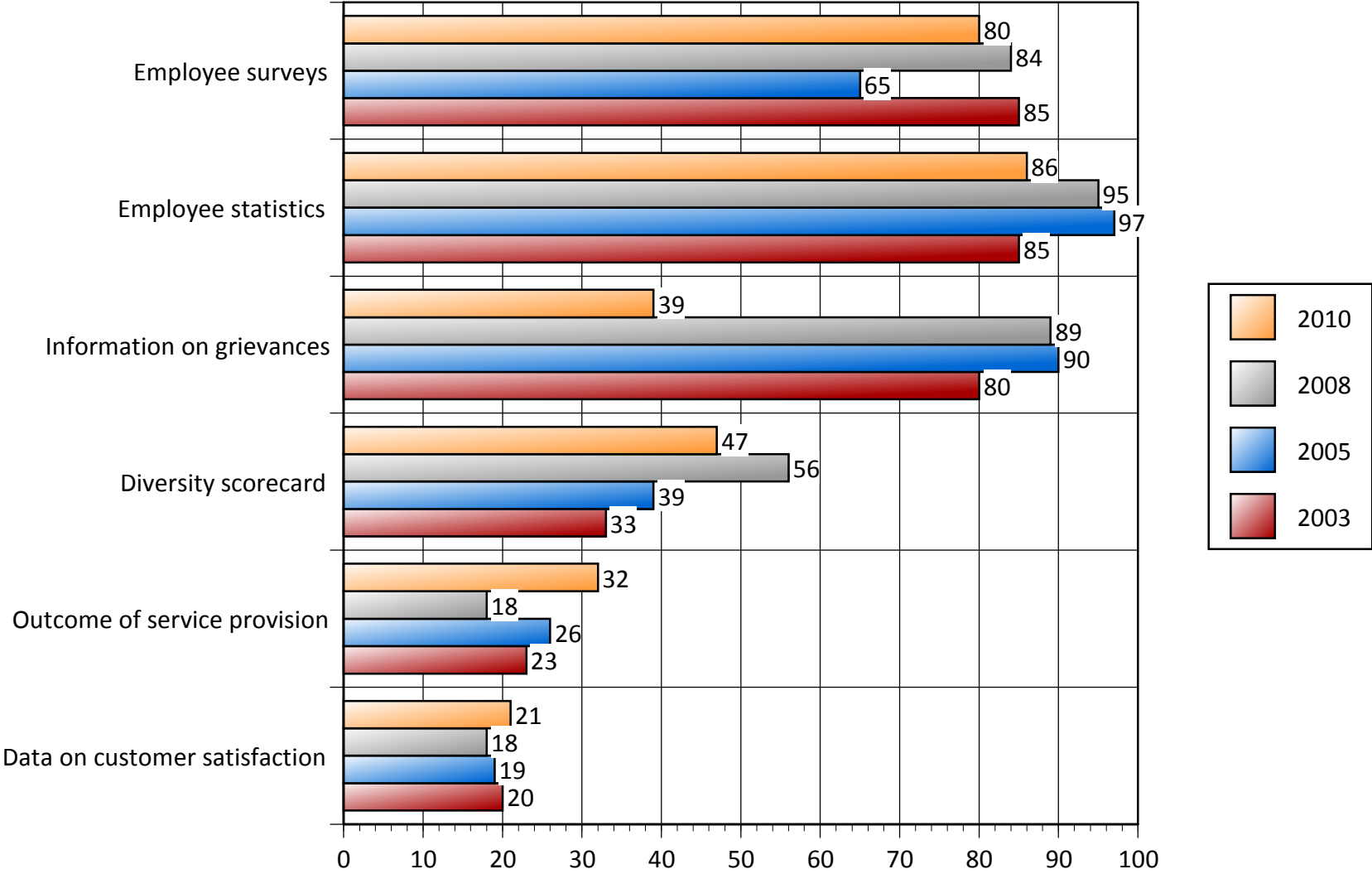
As noted above, a key element in an organisational change strategy is the measurement of outcomes, and the nature of those metrics. Assuming that diversity outcomes are measured (and this is not an unreasonable assumption given responses to previous surveys), survey participants were asked to identify the nature of the metrics used to measure diversity outcomes. The 2010 results were compared with those from previous surveys to identify points of similarity and difference.

Graph 6 below summarises the most commonly used metrics from a range of six potential measures. These potential measures spanned (i) employment related outcomes (eg employee statistics and surveys); to (ii) compliance (eg information on grievances); and (iii) bottom-line business benefits (eg service provision and customer satisfaction). The results indicate that the most common measures are (i) employee statistics (86%); (ii) employee surveys (80%); and (iii) diversity scorecards (47%). The least common measures are (i) the outcome of service provision (32%); and (ii)

data on customer satisfaction (21%). These data are consistent with the findings above in relation to the expected outcomes for diversity, namely there is more of an employment focus than a bottom-line focus, and this expectation is reflected in the lack of business related metrics.

Clearly there is a relationship between expected outcomes and the measurement of those outcomes, and an opportunity to raise the profile of the business related outcomes of a diversity agenda could be the initiation of more business related measures, ie to demonstrate the value of diversity improving the bottom-line and providing a competitive advantage.

One notable change in the responses of 2010 from those in previous years is the significant reduction in “information on grievances” (down to 39% from previous responses which were over 80%). This intriguing finding requires further investigation to identify whether it is a positive shift (ie organisations are more proactive about diversity and less reliant on retrospective grievance data) or negative (ie a blind spot and part of the “swings and roundabouts” theme of shifting foci).



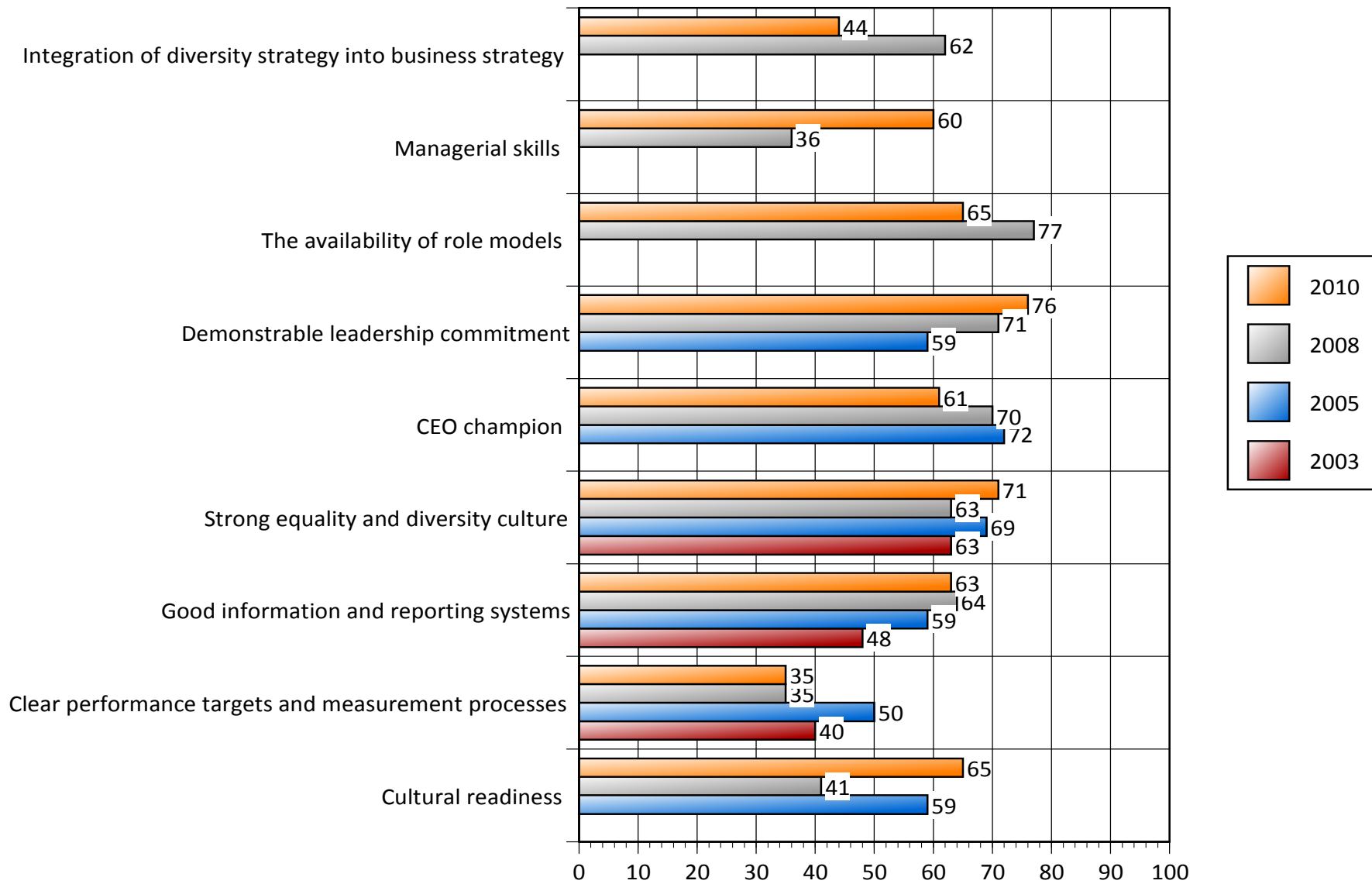
Graph 6 – Outcome measures

## 8. What are the challenges to diversity implementation?

The data above identify, albeit indirectly, some of the challenges HR/diversity practitioners experience implementing diversity. In order to investigate these issues more thoroughly, survey participants were asked a series of questions about implementation. Those questions started with an analysis of their experience in terms of (i) the factors which create success – ie the conditions for effective implementation; followed by questions about (ii) the barriers to integrating diversity into business processes; and (iii) managerial accountability and rewards.

### 8.1 Conditions for effective implementation

Survey respondents were asked to identify the conditions within organisations which they had found to be effective in enabling the successful integration of Diversity/EEO strategies into business processes, ie the conditions necessary for success. The findings are summarised in Graph 7 below. The clear message from these data is that (i) the commitment of those in leadership positions (76%) and the CEO (61%); (ii) having a strong equality and diversity culture (71%); (iii) the availability of role models (65%); (iv) cultural readiness (65%); (v) having good information and systems of reporting (63%); and (vi) having managerial skills (60%), are the key factors enabling success. Note that the importance of managerial skills has increased significantly from 2008 (36%).



Graph 7 – Conditions that enable effective integration of diversity

## 8.2 Roadblocks to implementation

Survey respondents were asked to share their views about the barriers to integrating Diversity/EEO into business processes. This was an open-ended question, enabling survey participants to comment on any roadblock they thought relevant. Comments consistently reflected the following five themes:

- 20% suggested that diversity is not perceived as a business priority nor integrated into mainstream business processes;
- 16% reported barriers associated with a lack of commitment from managers (including the CEO);
- 14% indicated a general lack of awareness of the significance of diversity issues;
- 13% identified barriers associated with a lack of resources to ensure effective implementation; and
- 10% commented on the culture of the organisation and/or barriers associated with “a boys’ club” or male domination.

Whilst these responses are consistent with the responses provided to the earlier structured questions in relation to drivers and

conditions for effective implementation, one significant difference is the identification of resourcing. The comments indicate a level of frustration associated with good intentions being thwarted by a lack of support, both in terms of budget, people and diversity not being seen as a business priority.

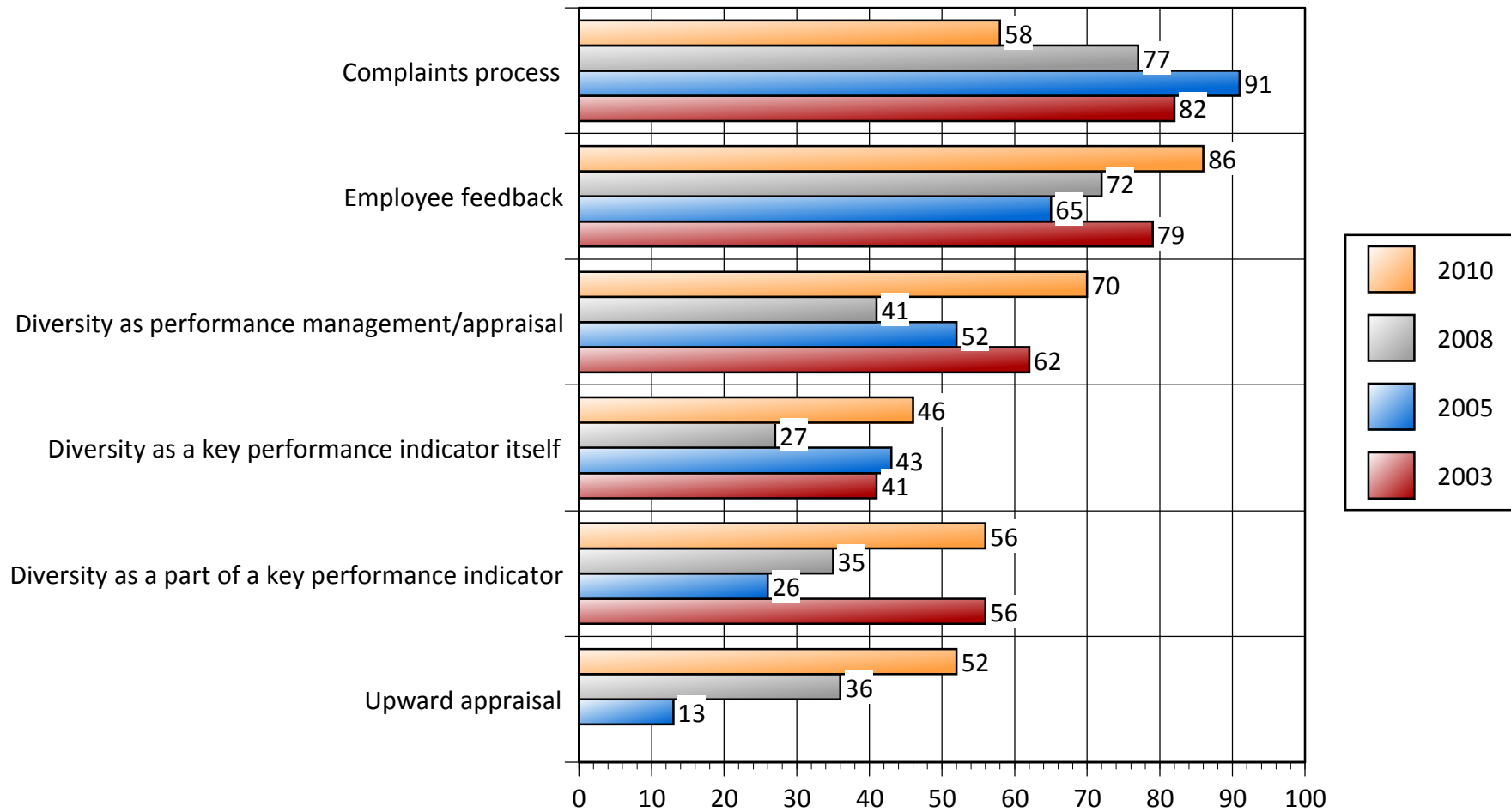
## 8.3 Management accountabilities and rewards

Findings from previous surveys have clearly identified the importance of creating managerial accountabilities for diversity, as well as rewards to acknowledge good practice. Consequently the first question is whether managers are held accountable for diversity outcomes, and if so the nature of those accountability tools.

48% of survey respondents indicated that managers are held accountable for diversity outcomes, an increase from 2008 (30%), although still lower than 72% in 2005. In terms of the types of accountability tools employed (see Graph 8 below), the data demonstrate some variations over the past seven years. There is

now greater emphasis on employee related measures, for example (i) upward appraisal increased from 36% in 2008 to 52% in 2010; and (ii) employee feedback increased from 72% in 2008 to 86% in 2010. There are also indicators of positive trends in relation to: (i) a performance appraisal process (70%); and (ii) a key performance indicator per se (46%) or as part of a key performance indicator (57%).

Nevertheless, only 13% of survey respondents (23% in 2008) indicated that a manager's promotion or progress is dependent on her/his performance on diversity/EEO, and only 8% of survey respondents (19% in 2008) indicated that a manager's pay (including bonuses) is dependent on her/his performance in implementing the Diversity/EEO strategy. Clearly there is room for improvement in terms of holding managers accountable for their actions which impact upon diversity outcomes, and rewarding those who take positive steps towards creating an inclusive workplace.



Graph 8 – Tools used to hold managers accountable

## 9. Special report: Gender

In response to growing public debate about gender, additional questions were asked in the 2010 survey in relation to initiatives and strategies specifically focusing on gender. The aim of these questions was not to build the business case for gender, but to examine how organisations are responding to these pressures (eg pressures in relation to: governance/legislation; employee demands; or a tightening of the labour market). and in particular whether there is a gap between policy and practice, and if so the nature of that gap and remedial strategies.

Of significant issue in Australia at the time of the survey was the release of the ASX' *Corporate Governance Principles and Recommendations* requiring ASX listed companies to develop a diversity policy with gender diversity objectives, by the first financial year commencing after 1 January 2011, and report on outcomes. This initiative generated considerable media attention and response by those organisations which wished to be perceived as a market leader (eg in terms of setting gender targets and

developing a diversity policy). As the *ASX Governance Principles* gain traction (ie become a matter of compliance post 1 January 2011 rather than one of leadership as at July 2010), the data in this report will provide a benchmark for corporate activity.

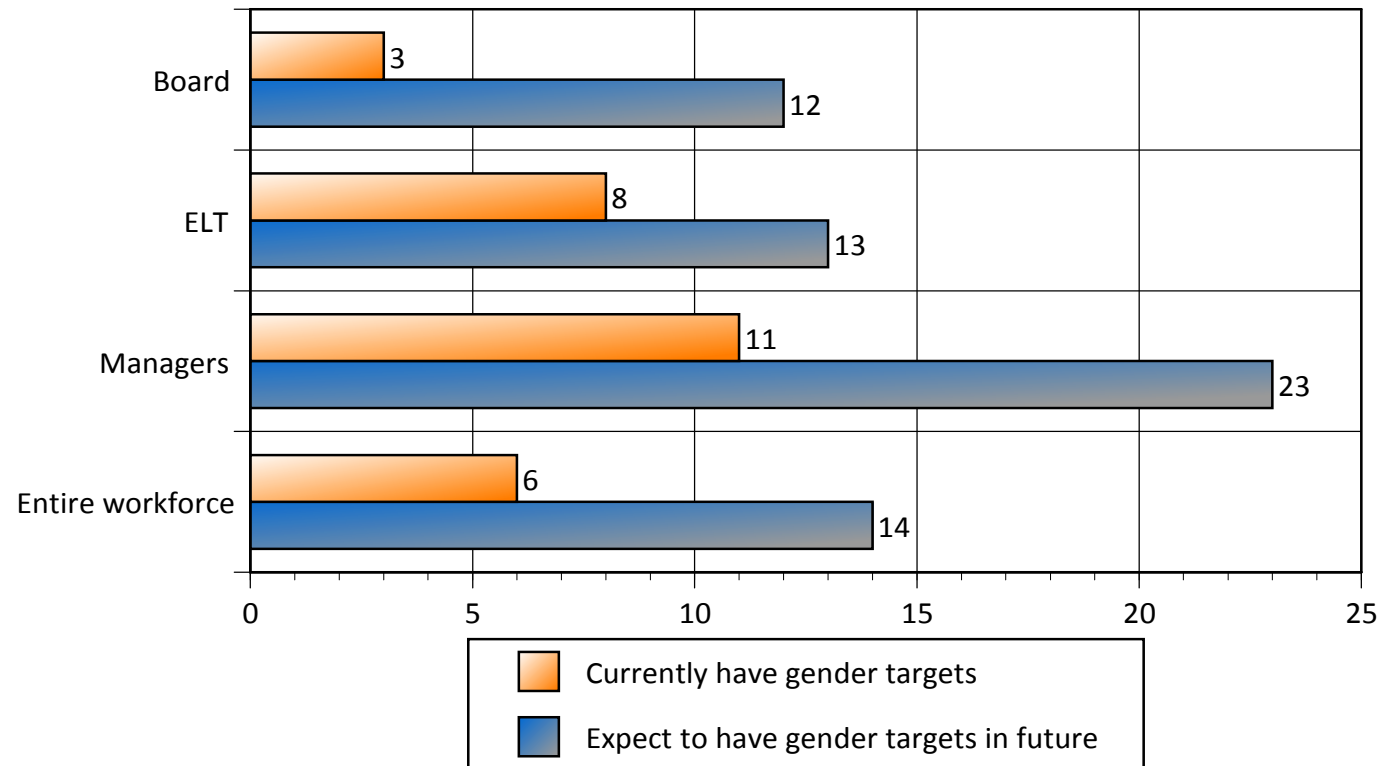
Feedback from the New Zealand EEO Trust also suggests a renewed interest in gender equity in New Zealand, arising in part from the pressure of diverse New Zealand stakeholders, but also the impact of the *ASX Governance Principles* on Australian organisations with offices in New Zealand.

The starting point for this analysis was to identify whether organisations had targets in place, and if so, what factors influenced the decision to take this approach. The next set of survey questions focussed on the assessment of the current situation both in terms of the drivers and the nature of the initiatives. An additional analysis was then conducted to investigate whether some initiatives are more effective than others.

**9.1 Gender targets**

Overall, 24% indicated that they either had gender targets in place or were in the process of setting targets. A relatively small number, however, currently have targets in place at specific levels in their organisation: Board: 3%; Executive Leadership Team (ELT): 8%; Managers: 11%; and entire workforce: 6%. As can be seen

from Graph 9 below, more organisations are in the process of developing targets. This means that whilst a minority of organisations currently have targets in relation to gender (approximately 7%), nearly a quarter of organisations intend to set targets for managers around gender outcomes.

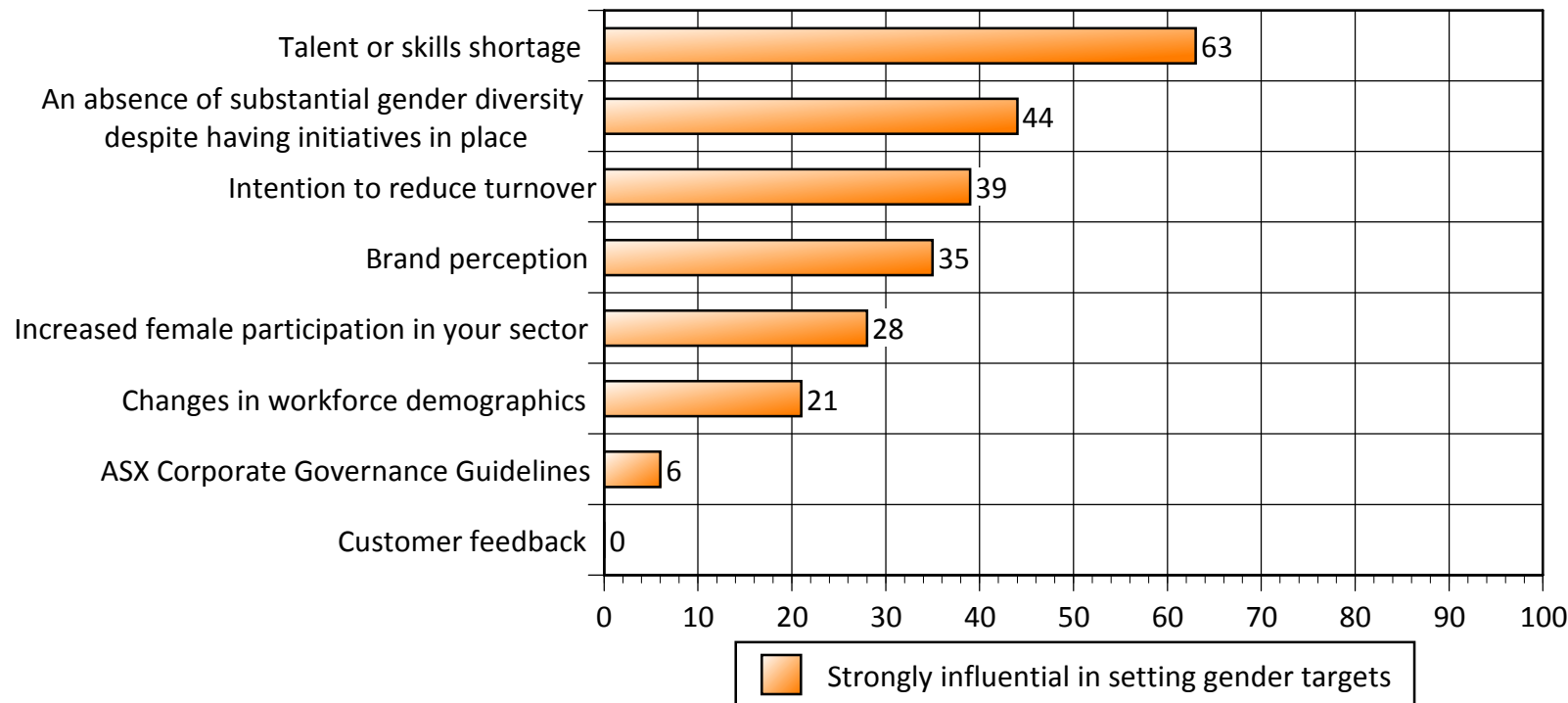


**Graph 9 – Gender targets**

Follow up questions were asked in terms of targets in relation to current gender representation and time frames, however, numbers were too small for meaningful analyses to be conducted.

Additional questions were also asked about factors that influenced the decision to implement targets and management accountability

for the achievement of the targets. Graph 10 below presents a summary of findings for the factors that have influenced an approach based on targets. As can be seen from the graph, the top three influencing factors were: talent or skills shortage (63%), an absence of substantial gender diversity despite having initiatives in place (44%); and the intention to reduce turnover (39%).



Graph 10 – Factors influencing implementation of targets

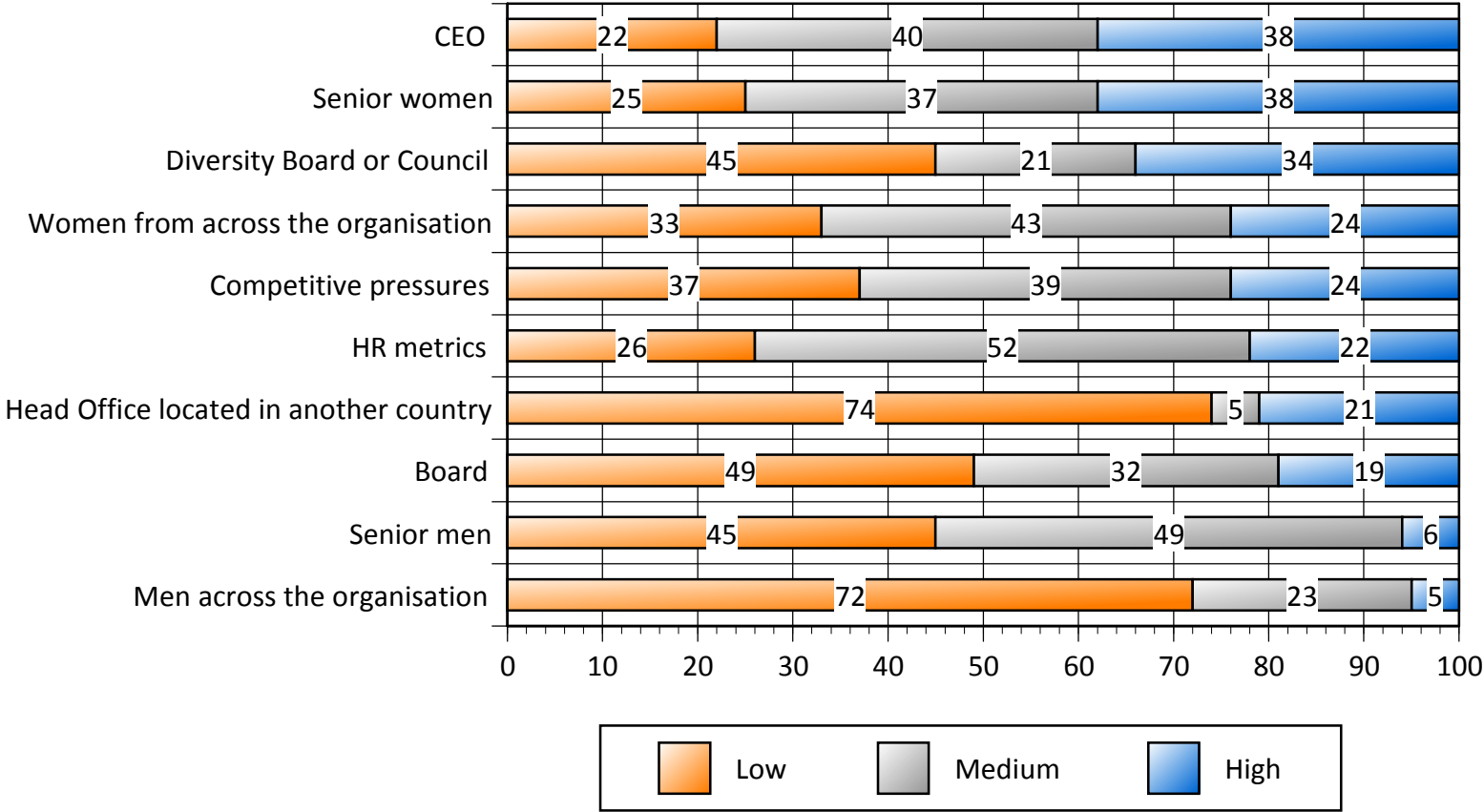
In terms of accountability measures for organisations that either have targets in place or are planning to do so, only 25% reported KPIs of the ELT and 20% reported that bonuses of the ELT were linked to the achievement of the targets. This compares to a higher percentage (46%) who reported that diversity outcomes were a KPI for managers.

## 9.2 Gender assessment

In the first question in this section, participants were asked to rate how effective they thought their organisation had been in addressing the advancement of women. In response, 13% indicated they had not been effective at all, 53% indicated they have been somewhat effective, and 34% indicated that they had been highly effective. This is a disappointing finding, given that these organisations are market leaders in relation to diversity and inclusion, and gender has been on their agenda for, according to these surveys, at least seven years.

The focus of the next question was on who or what is driving the gender strategies or initiatives in their organisation. These findings are summarised in Graph 11 below.

The major drivers are clearly the CEO (38% rated this high), senior women (38%) and a Diversity Board or Council (34%, although 45% rated this as low suggesting Diversity Boards/Councils have differential impacts that could be related to the composition, resources or level of influence), followed by women across the organisation (24%), competitive pressures (24%) and HR metrics (22%). The Board (19%), senior men (6%) and men across the organisation (5%) were rated as being the weakest drivers.



Graph 11 – Who or what is driving gender initiatives

The next set of questions asked: (a) about the nature of initiatives or actions to advance women; and (b) if an organisation had the initiative in place, how effective it had been in advancing women (rated on a three-point scale). These findings are presented in the following graphs.

The first graph (Graph 12) shows the findings for the initiatives/actions that are most common, and the second graph (Graph 13) shows the findings for initiatives that are least common.

Each graph also shows the percentage of those organisations which rated the initiative as highly effective in advancing women within the organisation. The most common initiatives/actions are: commitment from the CEO and ELT (71%), mentoring and coaching (68%), networks (60%) and pay equity analysis (54%) (Graph 12).

When rating effectiveness of initiatives, the highest are: pay equity analysis (42%); commitment of the CEO and ELT (40%); retention strategies specifically targeting women (38%); and career path redesign (33%).

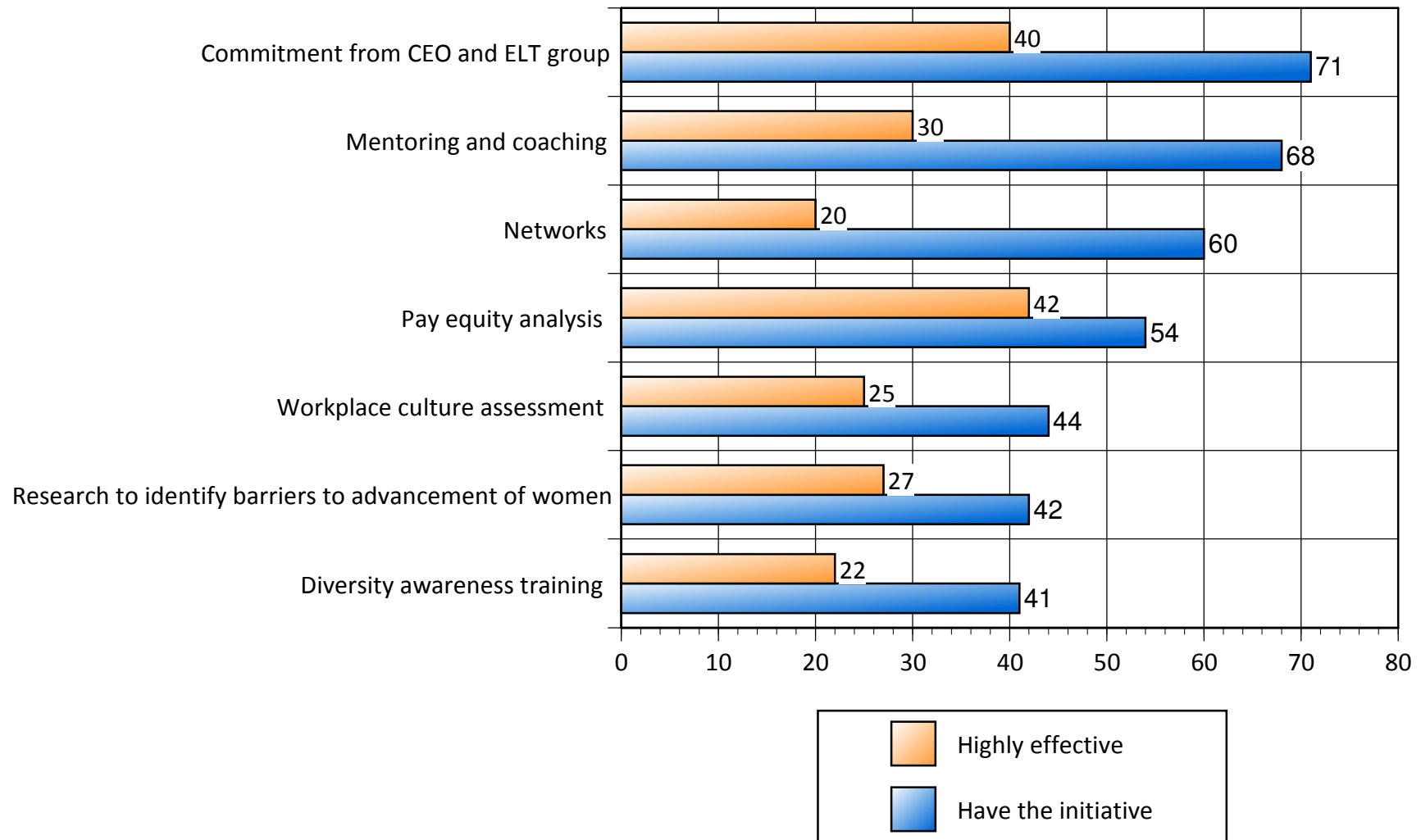
Interestingly some of the most common initiatives were not rated as being highly effective, for example, high level project team (19%); networks (20%); and diversity awareness training (22%).

Conversely, three initiatives (retention strategies, career path redesign and work redesign) were rated as highly effective by 30% or more of organisations even though they were not amongst the most common initiatives (Graph 13).

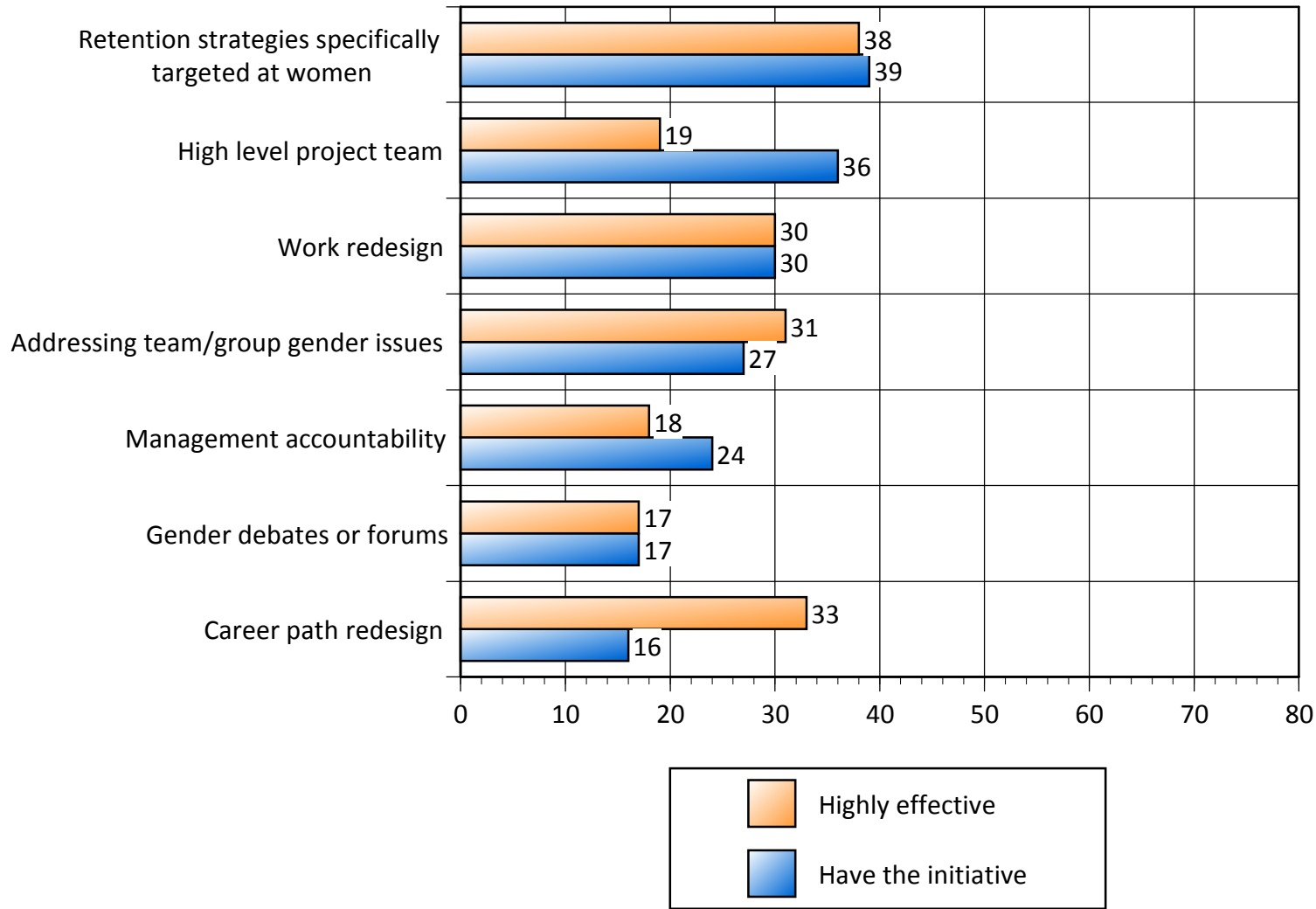
An explanation for this pattern (ie of implementation and effectiveness) requires further investigation, and in particular whether it reflects the nature of the initiative per se, or the quality of the initiative delivered<sup>7</sup>.

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<sup>7</sup> This “quality” insight is consistent with recent global research in relation to mentoring, namely that whilst women are more likely than men to receive mentoring, it is less likely to be effective for women than men in terms of leading to promotions. The finding was explained in terms of the differential quality of the mentoring and mentors and in particular that mentors for men were more likely to sponsor and advocate for their male mentee rather than just provide “behavioural” advice (as they did for women): Ibarra, H., Carter, N. M. and Silva S. (2010) “Why men still get more promotions than women” *Harvard Business Review* (September) p. 80-85.



Graph 12 – Initiatives in place and ratings of effectiveness



Graph 13 – Initiatives in place and ratings of effectiveness (part 2)

Four open-ended questions were also asked in relation to initiatives and actions.

In the first, those who had implemented education programmes were asked: (a) who was the education for; and (b) what were the objectives. 39% indicated that education programmes were aimed at the entire workforce, 27% said they were for managers, 14% said they were for the CEO and ELT, 10% were for new hires and 8% were for front-line managers. In terms of objectives or content, the most frequently mentioned were: compliance training in relation to EEO, harassment or discrimination (34%), bias and stereotyping (16%), succession and talent management (5%), general diversity (5%) and flexibility (5%).

Respondents were also asked which initiatives, undertaken in relation to gender balance, had made the greatest difference. The most commonly mentioned were: women's leadership

forums (22%); flexible work arrangements/agreements (19%); a focus on merit and performance (12%); diversity education (including bias and stereotyping) (9%); and caring/parental transitions (6%). In terms of what they would do if they had more budget, the most common responses were: more research to identify the issues (14%); training on bias/stereotyping (11%); greater focus on the needs of carers (11%); leadership development (6%); and a dedicated diversity resource (6%).

Participants were also asked if their organisation had implemented gender initiatives for different age groups. Numbers responding to this question were low (less than 10%), however, it seemed that, if anything, more emphasis is currently being given to younger employees (graduates/young employees – 8% have gender initiatives for this group; those in mid-career – 9% have initiatives for this group).

### 9.3 Key differentiators of effective gender strategies

In order to gain a deeper level of insight into the factors which drive gender diversity success, organisations were asked to rate their approach to addressing the advancement of women in their workforce as being either (i) not effective at all (low); (ii) moderately effective (medium); or (iii) highly effective (high).

An analysis was then conducted to find out how much more likely a particular driver or initiative was present in organisations which rated themselves high compared to those who rated themselves low. Given that the effectiveness rating was a self-assessment, a check was also carried out which confirmed that those organisations who had rated themselves as highly effective did in fact have significantly more women in senior positions.

This analysis of differentiators is of critical benefit to organisations looking for a way forward in terms of identifying which, out of the large range of possible initiatives touted as capable of generating gender equity, should be supported. These findings are summarised in Graphs 14 to 17 below.

Each graph shows two lines – the bottom line represents organisations who rated themselves as low in effectiveness, the top line represents those who rated themselves as high in effectiveness.

The diversity drivers/initiatives are on the x-axis, and the percentage of organisations with that driver/initiative is on the y-axis. The findings have been organised into four thematic groups with corresponding graphs: (i) strategy (Graph 14), (ii) accountability (Graph 15), (iii) feedback (Graph 16) and (iv) specific Initiatives (Graph 17)

Between the two data lines the percentage difference between the high and low effectiveness organisations is shown, as well as how much more likely high effectiveness organisations are to have this driver or initiative compared to low-effectiveness organisations.

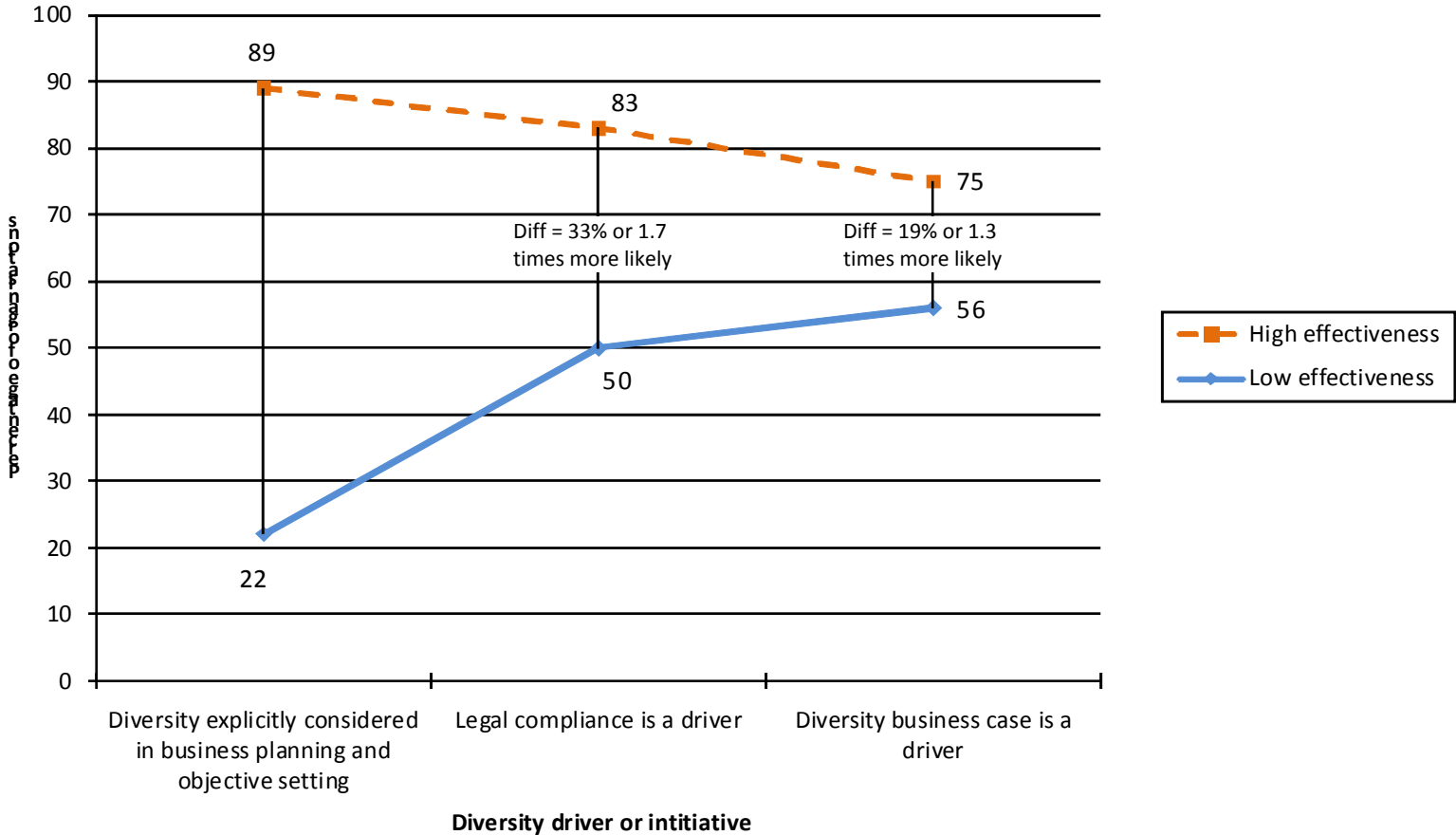
For example, Graph 14 shows that 22% of low effectiveness organisations said that “Diversity is explicitly considered in

business planning and objective setting” whereas 89% of high effectiveness organisations said this was an initiative in their workplace.

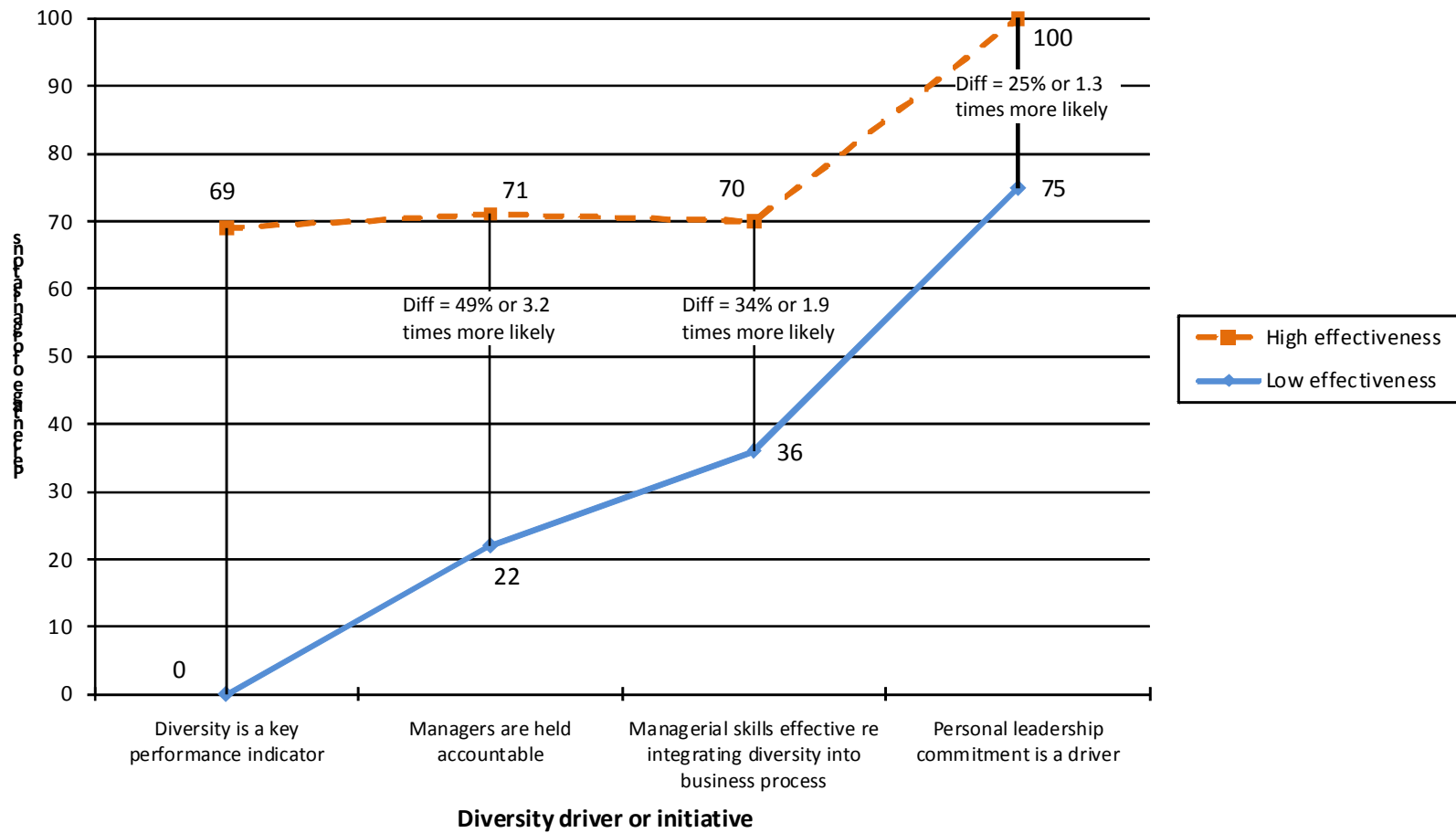
This is a statistically significant finding and it means that the high effectiveness organisations are 67% or 2.3 times more likely to have this initiative. For organisations seeking to improve their gender diversity outcomes, this initiative should be explored as adoption appears to contribute to gender diversity effectiveness.

Graph 14 also shows that 56% of low effectiveness organisations and 75% of high effectiveness organisations rate “diversity as a business case” as a driver. Whilst this is significant, the difference is not as considerable as the business planning initiative. In other words, the business case is important, but embedding diversity into business planning is more effective.

Some drivers/initiatives are not included in this analysis (eg mentoring) because although both high and low effectiveness organisations included it as an initiative, the difference between them was not significant. That is, mentoring is not an initiative that will set an organisation apart from others.



Graph 14 – Strategy: Differences between high and low effectiveness

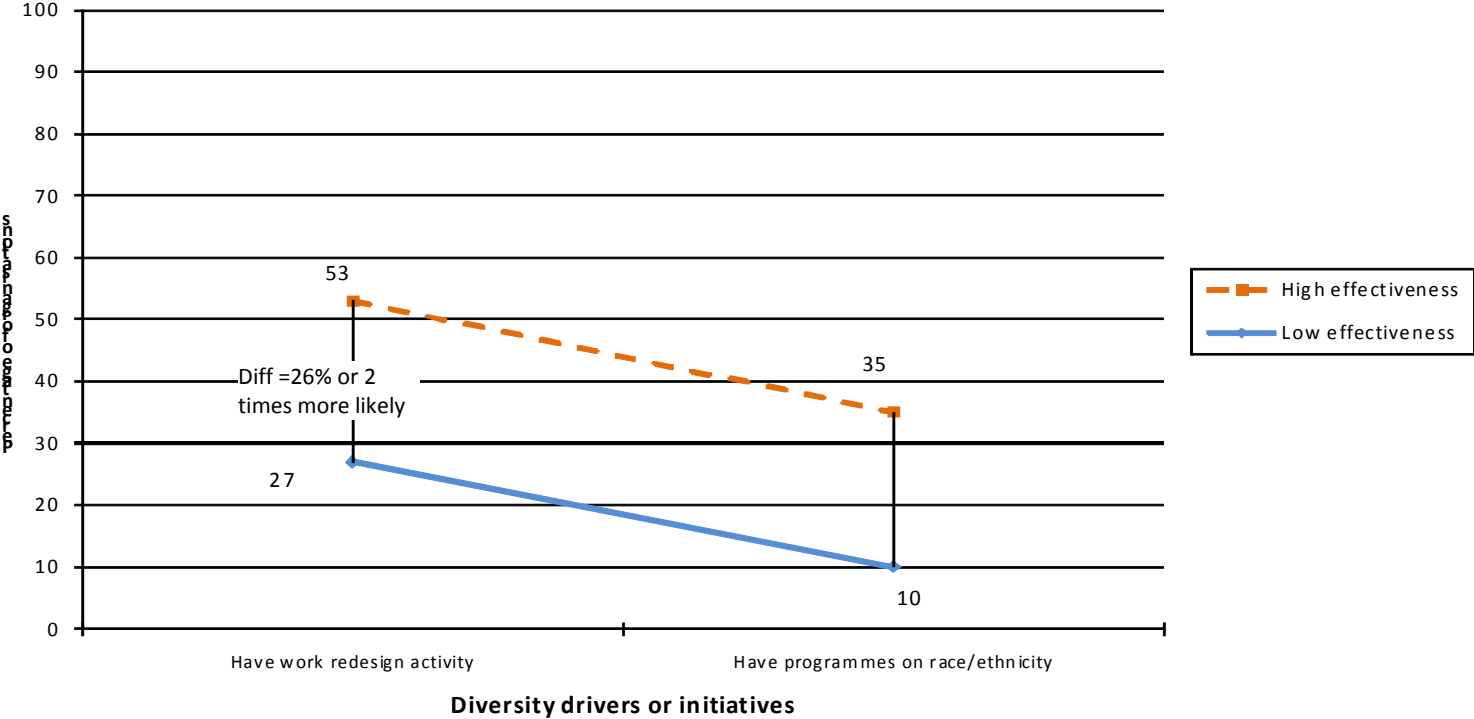


Graph 15 – Strategy: Differences between high and low effectiveness

\*Note that a ratio cannot be calculated for “Diversity is a key performance indicator” as the low effectiveness organisations did not include it as an initiative. It is a significant indicator of diversity success for high effectiveness organisations.



Graph 16 – Feedback: Differences between high and low effectiveness



Graph 17 – Specific activities: Differences between high and low effectiveness

## 10. The way forward

The 2010 ADES Report demonstrates an inconsistent story over recent years about the implementation of the diversity and inclusion agenda in Australia and New Zealand. At best it could be said that there are glimmers of hope, neutrally that we are continuing to do more of the same, and on some measures we have regressed. An overarching finding from this report is that without a paradigm shift, diversity and inclusion will not become culturally embedded norms or “business as usual”. The ASX *Governance Principles* provides a game changing opportunity to check this paradigm. Hence the most enlightening aspect of the 2010 ADES Report is the special section on gender, which helps to identify what differentiates the real market leaders on gender diversity from those who aspire to best practice – and thus points the way forward.

What might change look like? The 2010 ADES Report findings suggest adopting an approach which combines strategy, cultural change, evaluation and judgement:

- (i) *Implementing a strategic approach*, one which does not rest on the personal insights and motivation of key leaders, and is not marked by inconsistencies, but reflects business, legal and leadership drivers and is integrated throughout the business (eg in marketing, customer service, workforce planning, product development).
- (ii) *Building managerial capability* to manage a diverse and inclusive workplace through effective selection, promotion and training processes for managers and appropriate reward and recognition mechanisms (eg via a balanced scorecard with diversity metrics) in terms of pay and promotion.
- (iii) *Selecting effective initiatives* (eg job and career path redesign) and redeveloping those which are under-performing (eg diversity training, networking and mentoring). A scatter gun technique to selecting initiatives, or adopting those which are flavour of the month, is unlikely to prove effective or efficient and demonstrates a lack of real judgement.
- (iv) *Developing a strong feedback loop* with multiple points of evaluation (eg employees and customer surveys) to keep the

strategy on track, to review the effectiveness of selected initiatives, and to refine and grow.