



## **ENGAGING SENIOR MANAGERS: A TOOLKIT FOR DIVERSITY MANAGEMENT**

Programme for the Practice of Diversity Management

**Department of Immigration and Multicultural and Indigenous Affairs in  
Cooperation with the Australian Centre for International Business**

## ENGAGING SENIOR MANAGERS: A TOOLKIT FOR DIVERSITY MANAGEMENT

2001

Janine O'Flynn  
*Research Fellow, Australian Centre for  
International Business*

André Sammartino  
*Research Fellow, Australian Centre for  
International Business*

Karen Lau  
*Research Officer, Australian Centre for  
International Business*

Professor Stephen Nicholas  
*Co-Director, Australian Centre for  
International Business*

## Foreword

The Programme for the Practice of Diversity Management has produced a range of diversity management resources. This Toolkit explains how to engage senior managers in diversity management.

### Resources for Diversity Management

#### *The Business Case:*

HRM Case  
Knowledge Firm Case  
International Business Case  
Marketing Case  
Theory of Diversity and Group Performance

#### *Business Models:*

Diversity Management: The Big Picture  
Capturing the Diversity Dividend  
Engaging Senior Managers  
From Compliance to Strategy  
Managing Diverse Human Resources Effectively  
Adding Value Through HRM  
The Innovation and Learning Advantage from Diversity  
Managing Diverse Teams  
Going Global  
Expatriate Management

#### *Toolkits:*

Attract, Retain and Motivate  
Adding Value Through HRM  
Effective Management of Diverse Teams  
Innovation and Learning  
Using Diversity Climate Surveys  
Building Cross-Cultural Capabilities  
Keys to Expatriate Success  
Engaging Senior Managers

## PROGRAMME FOR THE PRACTICE OF DIVERSITY MANAGEMENT

The Programme for the Practice of Diversity Management is a collaborative arrangement between the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) and the Australian Centre for International Business (ACIB) funded through DIMIA's Productive Diversity Partnership Programme.

The mission of the Programme for the Practice of Diversity Management is to meet the practical needs of business by developing a business case for productive diversity, providing business models for diversity management, and creating toolkits and checklists for assessing diversity. The Programme invites your firm to become a member of the electronic Diversity-Network, which brings Australian business together to promote good diversity practices.

Join the diversity network on-line at <http://www.ecom.unimelb.edu.au/acib/diverse>

## Table of Contents

Introduction to the Engaging Senior Managers Toolkit	4
What Are Toolkits? A Brief Guide To Using This Toolkit	5
Step One: Define Diversity	7
Briefing Notes: Productive Diversity Defined	8
Briefing Notes: The Value of Productive Diversity	9
Step Two: Develop a Business Case for Diversity Management	10
Case Study: Making the Business Case for Diversity at National Australia Bank	12
Briefing Notes: The Business Case for Diversity Management: Enhancing HRM	13
Briefing Notes: The Business Case for Diversity Management: Building Knowledge Organisations	15
Briefing Notes: The Business Case for Diversity Management: Marketing and Business Relations	16
Briefing Notes: The Business Case for Diversity Management: International Business	17
Case Study: Making the Business Case and Engaging Senior Management at Bovis Lend Lease	19
Case Study: Making the Business Case for Indigenous Employment at Telstra Country Wide	22
Briefing Notes: Employer of Choice Advantages	25
Step Three: Sell Diversity to Senior Management	26
Step Four: Engaging Senior Managers	29
Case Study: Mentoring Programmes at AMP	33
Briefing Notes: A Diversity Policy Template	34
Briefing Notes: Creative Abrasion	37
Case Study: Using Diversity Performance Measures at Microsoft Australia	39
Case Study: Incorporating Diversity into Performance Assessment	40
Briefing Notes: Diversity Management Performance Standards for Managers	41
Case Study: Incorporating Indigenous Employment Outcomes into Performance Measurement at Telstra Country Wide	42
Checklist of key steps	44

## Introduction to *Engaging Senior Managers: A Toolkit For Diversity Management*

The Programme for the Practice of Diversity Management's *Engaging Senior Managers: A Business Model For Diversity Management* outlines how engaging senior managers is critical to successful diversity management.

This toolkit explores the four *key steps* for engaging senior managers identified in the *Engaging Senior Management: A Business Model for Diversity Management*.

1. Define diversity
2. Develop a business case for diversity management
3. *Sell* diversity to senior managers
4. Engage senior managers

# What are Toolkits?

## A Brief Guide To Using This Toolkit

The Programme for the Practice of Diversity Management has developed a range of Toolkits to provide guidance to, and examples of, the potential paths to effective diversity management. The Toolkits complement a set of Business Models.

The Business Models are targeted at HR Managers and Senior Managers to assist in developing a strong business case argument to present to their CEO, their Board and their line/business managers.

The Toolkits are designed to assist in the operationalisation of the commitment to diversity management. The target audience is those individuals with functional responsibilities in the relevant areas e.g. HR, recruitment and training officers.

Each Toolkit involves a number of action areas and/or key steps. Action areas tend to reflect a particular set of functional requirements e.g. recruitment, expatriate selection, training and awareness. The key steps represent a potential implementation strategy in that area.

Each Toolkit is related to at least one of the Business Models. Often it will be more. A number of the Business Models suggest action areas and key steps from more than one Toolkit.

As there is often crossover, rather than replicate an action area or key steps, the Toolkits will, where appropriate, refer the reader to another of the Programme's Toolkits. All Toolkits will be available from the Programme's website: <http://www.ecom.unimelb.edu.au/acib/diverse>

## Step one: Define diversity

### The purpose

- To ensure a cogent approach to engaging senior managers
- To ensure senior managers have a common understanding of diversity and diversity management

### The process

- Review existing definitions of workforce diversity
- Devise a workable definition of diversity and diversity management that suits the needs of the organisation

#### *Review existing definitions of workforce diversity*

- Research definitions of workforce diversity applied by other organisations. Such definitions can be obtained from:
  - The Programme for the Practice of Diversity Management's *Business Models* available on the Programme's website
  - The Department of Immigration and Multicultural and Indigenous Affairs
  - The websites of other organisations
  - Online diversity management newsletters
  - Recruitment agents, such as Diversity@Work

#### *Devise a workable definition of diversity and diversity management that suits the needs of the organisation*

- Apply research from previous step to determine how definitions of diversity apply to the organisation
- Determine whether there are any dimensions of diversity that are particularly poignant to the organisation. Eg:
  - Are certain demographic groups underrepresented within the organisation?

- Have there been a number of discrimination/harassment complaints by a particular demographic group?
- Are there obviously higher rates of absenteeism/turnover amongst particular demographic groups?
- Include aspects of workforce diversity that are particularly poignant to the organisation in the definition of diversity

## Briefing notes

### *Productive diversity defined*

Diversity refers to the multiple characteristics that capture differences between people. These characteristics are broadly categorised into observable and unobservable characteristics. Observable and unobservable characteristics include race, ethnicity, gender, age, tenure, functional background, sexual orientation, socio-economic status, education, physical and mental ability, values, and attitudes. The recognition of the complexities of 'diversity' as a multivariate concept forms part of the agenda for better understanding the complexity of productively managing diversity at work.

Productive diversity management concerns itself with managing teams with diverse members to better communicate with one another. To sustain and develop competitive positions, Australian firms turn to their human resources for creativity and innovation. Creativity and innovation rests on the acquisition, dissemination and reaction to new knowledge. The success of this process depends on the employees' ability to share their diverse ideas and insights. Diverse teams have the potential to see problems from many different perspectives, contributing to enhanced decision-making, problem solving, and innovation. However, dysfunctional in-group and out-group behaviour may repress diversity capabilities. In-group or majority group members tend to marginalise out-group members, capping the potential pool of information. Dissatisfied out-group members tend to be less committed and more likely to engage in withdrawal activity. To achieve the HRM objectives of attract, retain, and motivate, Australian firms must adapt their HRM strategies to the diversity demands of their work force.

## Briefing notes

### *The value of productive diversity*

In addition to HRM cost reduction and minimisation benefits, there are clear performance benefits to be captured from diversity management. Once employees experience improved quality of work life, their contribution to decision-making and problem solving increase. As the group develops diversity capabilities, it is more likely to access and utilise latent information for enhanced creativity and innovation. These improvements flow through to bottom line benefits for the organisation.

The information and decision-making perspective purports that diversity is beneficial for group performance. Diversity will bring new knowledge, skills, information, and unique perspectives to the group. Diversity brings to the group greater potential access to information that can promote creative and innovative behaviour, enhancing decision-making, creativity and innovation. The information and decision-making approach predicts three positive diversity effects on group processes: diversity will increase the cognitive processing demands of work groups; diversity will improve analysis in the group, leading to more careful analysis of issues; and diversity will lead to better use of information in the work group. However, harnessing the diversity dividend rests on the ability to manage productive diversity.

## Step two: Develop a business case for diversity management

### The purpose

- To determine why diversity management is important to the organisation
- To draw attention to linkages between diversity management and the strategic direction of the organisation

### The process

- Identify the organisation's strategic goals
- Establish the potential benefits of diversity management for the organisation in the areas of HR efficiency and productivity; knowledge and learning; international expansion; and improving access to consumer markets.
- Investigate existing costs of poor or non-existent diversity management.
- Investigate areas of diversity management where the organisation presently performs well.
- Investigate the diversity management initiatives of the organisation's competitors.
- Investigate the diversity of the labour markets from which the organisation recruits.
- Investigate the diversity of the organisation's customers.
- Investigate opportunities for becoming an employer of choice
- Compile diversity management business case research into a cohesive document.

#### *Identify the organisation's strategic goals*

- Review the organisation's strategic goals as documented in recent vision statements

- Use these goals as a framework to determine the relevance of the business case for diversity management to the organisation's specific strategic direction

***Establish the potential benefits of diversity management for the organisation in the areas of HR efficiency and productivity; knowledge and learning; international expansion; and improving access to consumer markets.***

- Seek existing business cases for diversity management
  - Review the Programme for the Practice of Diversity Management's range of *Business Models* (refer to *Briefing notes – the business case for diversity management*)
  - Seek out the latest academic research in the field of diversity management
  - Seek out business press publications on diversity management
  - Seek out business consultant reports on diversity management
  - Seek out electronic diversity management newsletters
- Determine which aspects of existing business cases are most compelling and most relevant to the organisation
- Investigate how a business case for diversity management *fits* with the organisation's strategic direction
- Compile a detailed document that outlines the organisation's business case for diversity management

See:

- *Case Study: Making the Business Case for Diversity at National Australia,*
- *Case Study: Making the Business Case and Engaging Management at Bovis Lend Lease; and,*
- *Case Study: Making the Business Case for Indigenous Employment at Telstra Country Wide.*

## Case Study

### Making the Business Case for Diversity at National Australia Bank

For Helen Ormond, Strategy Leader in the Organisational Capability People and Culture group at the National Australia Bank, the key to engaging senior management in diversity initiatives is making a strong and convincing business case that emphasises the strategic importance of managing diversity. Taking diversity management out of the functional level and linking it with the strategies and values of the National was incredibly important in getting buy-in from senior management.

At the National, Helen Ormond demonstrated to senior management that people management and organisational culture have shifted to centre stage as the business environment shifts rapidly, and new network and partnership forms emerge. The strategic management of people-related core competencies has become the route to differentiation from competitors.

The strategic importance of diversity management was made clear when Helen Ormond presented information on how intangibles are becoming the predictors of future earnings. Leadership quality and innovation ability are two of the key intangibles that will add market value. Investors, she explained, value many non-financial metrics that the National should develop capabilities to deliver. The top five identified by an Ernst & Young Study in 1998 are:

- The organisations ability to attract talent
- Corporate culture
- Quality of strategy
- Management quality
- Execution of strategy

For the National the importance of strategic diversity management and the means of engaging senior managers came from three main drivers:

- The need for innovation
- The need to manage mergers and acquisitions effectively
- The recognition of changing demographics.

Making a strong case about how these drivers link to strategic diversity management was a central part of Helen Ormond's presentation to senior management. Combining this with the current demographic profile of the organisation, the organisation's values, and ensuring strong links with business strategy demonstrated the need for senior management involvement and championing of strategic diversity management in the organisation.

Increasing the diversity within the organisation, and managing it strategically, will allow the National to be seen as a great employer, ensuring it can attract and retain the best talent, provide a strong innovation base, and provide the impetus to transform the organisational culture. The destination identified is *total inclusion*, where diversity is fully integrated, viewed as a competition advantage and strategic importance. And, importantly, that there is visible diversity within *all* ranks of the National. The creation of the National's Diversity Guiding Coalition, which the CEO chairs, signals the high level support of diversity management at the National, and the importance placed on it by senior management.

## Briefing notes

### ***The Business Case for Diversity Management: Enhancing HRM***

Organisations that develop capabilities in managing diversity have the potential to develop competitive advantages in people management. The rewards are reflected in the bottom line.

Diverse teams and workgroups outperform homogenous groups on problem solving and completing complex tasks. Greater diversity in approaches to problem solving and decision-making leads to a better quality decisions and solutions. Over whole development cycles, diversity fosters speed and innovation.

But heterogeneous teams must be managed effectively. Differences in understandings, values and ways of viewing the world create intra-team conflict in the problem solving and decision making process leading to higher quality ideas. Diversity management reduces interpersonal conflict and channels ideas constructively so that diversity dividends can be produced.

Poor diversity management leads to conflict, communication problems and a lack of social integration. This results in low levels of job satisfaction and organisational commitment, which is reflected in higher levels of absenteeism and turnover. Low levels of job satisfaction lead to low productivity.

## Briefing notes

### *The Business Case for Diversity Management: Enhancing HRM (continued)*

Diversity management improves the effectiveness and efficiency of HRM functions. When organisations do not invest time and resources to managing diversity, a number of HRM-related costs are incurred.

Failure to invest in diversity management may result in costly discrimination and harassment cases. In addition to the issues this raises for individuals, this has a measurable impact on an organisation's bottom line. Investing in diversity management helps organisations to reduce absenteeism, turnover, and legal costs, representing a positive bottom line benefit.

A key HRM benefit from effective diversity management is improved recruitment. Organisations that are known for their diversity management capabilities attract the best applicants and retain them. Investing in diversity management and doing it well helps organisations to "win the competition for talent". Organisations that have high turnover and earn a reputation for poor diversity management, reduce the talent pool from which they can draw. Only 14% of CEOs in the ACIB survey ranked diversity management as of high importance in recruitment. Organisations that build diversity management capabilities will become employers of choice.

For many Australian organisations, developing diversity management capabilities will require major changes to existing organisational cultures and require strong leadership from CEOs.

Australian organisations need to collect and analyse data on their workforce and elevate diversity management's importance in comparison to OH&S and EEO. Diversity management goes beyond mere compliance to the strategic level.

## Briefing notes

### ***The Business Case for Diversity Management: Building Knowledge Organisations***

In the 21<sup>st</sup> century, knowledge is becoming a key source of competitive advantage. To be able to provide new and innovative products and services to increasingly diverse markets is an important test for success.

Australian firms are in a learning race and need to consider strategies and structural change that ensure learning and knowledge capabilities are enhanced.

To create a knowledge firm, a CEO must find efficient mechanisms for ensuring knowledge is shared among workers, and make innovation an explicit focus of the firm's strategy.

To grow and succeed as a learning firm, top management needs to provide an environment that generates and nurtures new ideas, creativity and innovation. A diverse workforce is a key ingredient in the development of innovative products and services.

An organisation's human resources are critical to the ability of firms to become dynamic knowledge organisations because the interaction of organisational members leads to innovation, creativity, learning and knowledge creation. Consequently, HRM and knowledge strategies need to be aligned to produce a diversity dividend.

Few Australian CEOs recognise the value of diversity management in facilitating and improving the exchange of information and creating new knowledge. This makes innovation a more difficult task.

## Briefing notes

### ***The Business Case for Diversity Management: Marketing and Business Relations***

The diversity of the Australian population means that markets for products and services are segmented on a number of characteristics such as: age, gender, ethnicity, and sexual orientation.

Firms that use their diversity capabilities to understand and respond to these markets can outperform other firms. Because of its diversity, the Australian population also provides a ready made 'testing ground' for new products prior to entering the international market.

Integrating diversity management and strategic marketing ensures successful alignment with market segments. The means by which firms manage their diversity capabilities to generate, disseminate and respond to markets will determine their ability to compete and their success in the market place.

Just as diversity management is essential for customer relations, it is important for business-to-business relations. Of the more than 1.4 million small business operators in Australia, 33 percent are women. Over 400,000, or 30 percent, are operated by people who were born overseas. Having diversity capabilities can make business-to-business interaction more effective, given that the business environment is diverse.

This holds true for international operations also, where Australia's trade and investment profile has changed significantly. There has been a shift away from traditional European trade and to investment in more important regional relationships.

The increasing diversity of the Australian population and the changing patterns of trade and investment mean that building diversity capabilities have become a critical success factor.

The business case for the integration of diversity management with marketing strategy is similar to that in the HRM case. Managing diversity channels constructive conflict, which arises from that diversity in productive ways. Capitalising on the value of diversity allows firms to enhance problem-solving decision-making, innovation and creativity, which facilitates the design and implementation of a marketing mix aimed squarely at satisfying the needs of customers and channel members who are not homogenous.

## Briefing notes

### *The Business Case for Diversity Management: International Business*

The link between managing diversity and building international business capabilities is strong. Operating in the international arena means that businesses will face different ideologies, languages, institutions, customs, beliefs, social systems and business practices. Australian business must interact with people from a variety of cultural, economic, political and social backgrounds. These factors all contribute to the complexity of operating in an international business environment.

As operating internationally becomes more important for Australian firms, diversity management becomes critical. Organisations need to develop diversity capabilities that allow them to navigate culturally complex environments. Diversity management allows organisations to undertake international operations more effectively through exporting, franchising, joint ventures, alliances, or direct ownership arrangements.

Organisations with members from diverse backgrounds have a higher propensity to internationalise, and if they develop diversity management capabilities, will have a higher success rate. Capitalising on the skills, experience and mental models within the firm makes overseas environments less uncertain, allowing firms broader internationalisation choices, and improving the internationalisation experience.

Harnessing the power of a diverse workforce allows firms to develop new products and services in an international market and can improve interactions with suppliers, governments, and partners.

A crucial issue for firms operating internationally is the management of expatriates. The ability of expatriates to navigate culturally complex environments plays an important role in the success of international business. It is estimated that between five and ten per cent of Australian expatriate assignments fail. US research reveals that the estimated direct costs of a failed overseas assignment ranges from US\$200 000 to US\$1.2 million. Further costs may be incurred if the failed expatriate has actually caused damage to an overseas business operation. Effective diversity management improves expatriate success rates, reduces the cost of expatriation, and allows firms to build cross-cultural capabilities.

## Briefing notes

### ***The Business Case for Diversity Management: International Business (continued)***

Diversity management allows firms to identify employees with appropriate cultural skills for international assignments, reducing the severity of 'culture shock' and associated costs.

The cross-cultural capabilities that develop from managing diversity and leveraging human resources produce prompt bottom line benefits for firms operating internationally.

## Case Study

### Making the Business Case and Engaging Senior Management at Bovis Lend Lease

Bovis Lend Lease is one of the world's leading companies in the project management and construction services industry. With 93 offices worldwide, Bovis Lend Lease has over 7,000 employees. As a leading company Bovis Lend Lease seeks to employ and develop the most talented employees. Recently, in Australia, this has led to a commitment to increasing the gender diversity of its workforce, and addressing issues that gender diversity in the workplace can raise.

This increased focus resulted from the actions of WIPAC (Women in Property Advising Committee), a Professional Women's Group in Bovis Lend Lease, in presenting their concerns and ideas to senior management. Mike Dedman, Operations Manager at Bovis Lend Lease, said that one of the keys to getting the attention of the senior management team was WIPAC's role in gathering important data on remuneration, turnover, career advancement and project placements. This data was instrumental in convincing the senior management team that the issue of gender diversity was a major issue for the organisation to address in the future.

Being a project management and construction services company, Bovis Lend Lease tackles all of its initiatives on a project basis with each initiative requiring a budget, aims and outcomes. The gender diversity initiative is no different. It has a Project Control Group, consisting of members of the senior management team and WIPAC that meets approximately every six weeks. The task of this PCG is to:

- Obtain and analyse organisational data eg salary and bonus levels, attrition rates, etc
- Give support and direction to WIPAC
- Listen to WIPAC
- Sponsor debate on possible initiatives that could be introduced that address the issue of gender diversity
- Prioritise and implement selected initiatives.

Results from the PCG's efforts have been significant and include a mentoring scheme, salary and remuneration checks, and the establishment of aggressive recruitment targets to attract women at all levels to the organisation. All business units in the organisation have also been required to write gender diversity plans.

There are many methods by which senior management can be engaged on diversity management issues. In the case of Bovis Lend Lease the successful analysis and presentation of organisational data provided the basis for a convincing argument to shift the organisations focus to issues surrounding gender diversity. In some cases, simply seeing the *numbers* can be illuminating for senior managers. Addressing the issue of gender diversity at Bovis Lend Lease will allow them to attract, develop, and maintain the best talent.

"The gender diversity initiatives we are introducing into Bovis Lend Lease will help us to identify, make way for and retain a talent pool for our business that reflects the businesses and communities we interact with", says Mike Dedman (Bovis Lend Lease Operations Manager (Head Office)).

## ***Investigate existing costs of poor or non-existent diversity management***

1. Investigate HRM costs of poor or non-existent diversity management:
  - Determine whether absenteeism rates are particularly high both for particular demographic groups and throughout the organisation
  - Benchmark absenteeism rates against best practice organisations
  - Determine whether productivity rates are particularly low both for particular demographic groups and throughout the organisation
  - Benchmark productivity rates against best practice organisations
  - Determine whether voluntary turnover rates are particularly high both for particular demographic groups and throughout the organisation
  - Benchmark voluntary turnover rates against best practice organisations
  - Investigate whether the organisation experiences significant levels of unproductive group conflict
  - Investigate whether the organisation is widely considered to provide a 'good' working environment
  - Investigate whether the organisation is widely considered to treat employees fairly and with respect
  - Investigate the quantity, nature and seriousness of complaints of discrimination and harassment
  - Investigate whether the organisation is satisfied that it attracts top quality talent in its recruitment efforts

Consider using a Diversity Climate Survey to gather these data – see *Using Diversity Climate Surveys – A Toolkit for Diversity Management*.

2. Investigate knowledge development costs of poor or non-existent diversity management:

- Investigate whether ideas presented in meetings go unchallenged
- Investigate whether employees feel confident to challenge ideas that they perceive as less than optimal
- Investigate whether the organisation is less innovative than its competitors
- Investigate whether there are clear communication channels between and within functional departments
- Investigate whether the organisation 'loses' knowledgeable employees through voluntary turnover
- Investigate whether the organisation has difficulties attracting employees with specific valuable skills

3. Investigate internationalisation costs of poor or non-existent diversity management:

- Investigate whether international ventures have failed or been hampered owing to 'partner problems'
- Investigate whether international ventures have failed or been hampered owing to poor selection of:
  - International destination
  - Venture timing
  - Venture mode
  - Venture partner
- Investigate expatriate failure rates:
  - Do expatriates return home prematurely?
  - Do expatriates fail to achieve the objectives of their assignments?
  - Do expatriates experience significant difficulties working in culturally-complex environments?
  - Do repatriates leave the organisation shortly after returning home?

## Case Study

### Making the Business Case for Indigenous Employment at Telstra Country Wide

The Telstra Country Wide business unit was launched in June 2000 to provide better communications services to regional & rural Australians and to increase Telstra's business performance.

In response to a desire to build stronger stakeholder relationships with their Indigenous customer base, and to improve employment opportunities of Indigenous peoples, TCW developed an Indigenous strategy which has four aims:

- To improve commercial partnership arrangements;
- To recognise & embrace Indigenous Stakeholder management;
- An employment strategy involving traineeships, cadetships, sponsorships of school students and;
- Orientation, retention and Cross Cultural Awareness Strategies

Various processes were adopted to implement these strategies including a steering committee comprising of TCW's General Manager HR, a number of TCW's Regional Managing Directors, Telstra's Indigenous Consultant and a representative from TCW's Advisory Board. This committee was held accountable for monitoring and coordinating the strategies. External advisors include representatives from the Federal Government's Department of Employment, Workplace Relations, community representatives and education agencies.

The roll-out of the strategy required significant senior management support. The case for investing resources in this area was made to senior management on the grounds of:

- Improved market performance and bottom line results
- Improved understanding of key markets
- Recognition of the importance of diversity as a part of the business planning process.

Jeff Pentney, General Manager - Human Resources: "The long term sustainability of diversity initiatives will only occur when such initiatives are recognised as an intrinsic component of your business and strategic planning process. Diversity initiatives cannot rely solely on goodwill and interest in the cause, nor can they survive with one individual champion - as these individuals will come and go."

***Investigate areas of diversity management where the organisation presently performs well***

- Points to consider:
  - Does the organisation attract a diverse pool of job applicants?
  - Does the organisation recruit a diverse pool of employees?
  - Is the diversity of lower levels of the organisation mirrored at senior levels?
  - Is the organisation and 'employer of choice'?
  - Has the organisation been awarded employer prizes?
  - Does the organisation experience relatively low levels of voluntary absenteeism and turnover?
  - Do employee surveys reveal relatively high levels of job satisfaction?

***Investigate the diversity management initiatives of the organisation's competitors***

- Conduct web searches for diversity management policies and practices of competitors
- Ask about diversity management at industry association meetings
- Investigate competitor's recruitment publicity materials
- Seek anecdotal information from employees who may have once worked for competitors
- Investigate why some employees may have left the organisation to work for competitors

***Investigate the diversity of the labour markets from which the organisation recruits***

- Investigate the diversity of people of working age in the geographical area of the organisation's operations

- Investigate the diversity of the student body of university/TAFE courses that are relevant to the organisation
- Talk with recruitment agents to determine the diversity of job seekers

### ***Investigate the diversity of the organisation's customers***

- Build profiles of customer demographics
- Determine whether the organisation's workforce diversity reflects customer diversity

### ***Investigate opportunities for becoming an employer of choice***

- Determine the importance to the organisation of attracting and retaining the *best and brightest* employees
- Identify 'employer of choice' recognition programmes and assess the organisation's scope for involvement (For more information on employers of choice, refer to *Briefing Note: Employer of Choice Advantages*. For strategies designed become and employer of choice, refer to *Adding Value Through HRM: A Toolkit for Diversity Management*, steps 10-13.)

### ***Compile diversity management business case research into a cohesive document***

- Compile a cohesive and comprehensive document on all the material collected
  - Ensure that the document is easy to read
  - The document should be a useful reference for future initiatives

## Briefing notes

### *Employer of Choice Advantages*

The main aim of adopting an employer of choice strategy is to locate, attract, optimise and retain the most talented employees in order to fulfil organisational goals. Employers of choice attract and retain talented staff, because employees *choose* to maintain their connection with the organisation. Firms that become employers of choice enjoy a competitive advantage in the labour market through differentiating themselves from others, usually through innovative HRM strategies, policies and practices.

In an article published in *Employment Relations Today* in 2001, Herman and Gioia identified the twelve main advantages that employers of choice reap:

- Reduced marketing and recruitment expenses
- Performance optimisation
- Reduced turnover and enhanced loyalty
- The bar is raised for potential employees
- Improved efficiency, effectiveness and profitability
- A waiting list of willing workers
- Reduced stress and more enjoyment for employees and employers
- Easier planning through continuity of personnel
- Increased attractiveness to investors
- Increased attractiveness to customers
- More efficient customer service
- The development of a more exciting workplace

These advantages form the basis of any business case that managers develop to pitch an employer of choice approach and are easily linked to bottom line outcomes.

## Step three: *sell* diversity to senior management

### The purpose

- To convince the CEO, executive team and board of directors of the importance of diversity management

### The process

- Compile the information gathered to establish the organisation's business case for diversity management into a formal report for senior managers
- Ensure that the report is relevant to the strategic goals of the organisation
- Arrange a formal presentation of the report to the CEO, executive team and board of directors, linking diversity to the organisation's strategic direction
- Seek feedback on the presentation and report

### ***Compile the information gathered to establish the organisation's business case for diversity management into a formal report for senior managers***

- Identify the most salient aspects of the organisation's business case for diversity management
  - Determine which arguments senior managers are likely to find most compelling. They may include:
    - Appeals to the social good of diversity management ('it's the right thing to do')
    - Appeals to employer of choice potential
    - Emphasis on the benefits of reflecting customer diversity within the firm
    - Emphasis on the existing costs imposed by poor diversity management

- Emphasis on the potential for enhanced innovation
  - Reference to the diversity management activities of competitors
- Compile these aspects into a concise report in a clear format that makes it readily accessible to busy senior executives
  - Include statistics and diagrams of the organisation's existing and projected employee and customer demographics
  - Include 'critical moments' experienced by the organisation where workforce diversity proved a significant advantage or where lack of diversity management precipitated a serious organisational problem

***Ensure that the report is relevant to the strategic goals of the organisation***

- Align the report with existing objectives set out in the organisation's vision statement
- Emphasise how diversity management can assist the organisation in achieving these objectives:
  - If the organisation's strategic objective is globalisation, emphasise the potential for diversity management to build cross-cultural capabilities
  - If the organisation's strategic objective is innovation, emphasise the potential for diversity management to generate new knowledge
  - If the organisation's strategic objective is to become an employer of choice, emphasise the potential for diversity management to attract, retain and motivate top talent
  - If the organisation's strategic objective is to expand the existing customer base, emphasise the potential for diversity management to access new markets

***Arrange a formal presentation of the report to the CEO, board of directors and top management team, linking diversity to the organisation's strategic direction***

- Arrange a meeting time and place to formally raise the issue of diversity management
- Try to ensure that diversity management is the only item on the meeting agenda to prevent diversity management from being sidelined by other issues
- Present the organisation's business case for diversity management to the CEO, board of directors and top management team:
  - Include audiovisual materials to ensure that the audience receives communication through both visual and aural channels
    - Visual information should be simple and easy to read while listening to the presenter
- Present a copy of the report of the organisation's business case for diversity management to all meeting participants

***Seek feedback on the presentation and report***

- Facilitate question and discussion time after the presentation
- Ask those present to review their copies of the report
- Set a timeframe to receive feedback
- Incorporate feedback suggestions into a final copy of the report

## Step four: engaging senior managers

### The purpose

- To ensure that senior managers are engaged in diversity management on an ongoing basis

### The process

- Call for diversity champions amongst senior managers
- Form a diversity working group (preferably including the CEO) to devise diversity strategy and monitor the progress of initiatives
- Establish senior management commitment to mentor programmes
- Establish diversity management performance measures for senior managers to provide incentives for proactive diversity management
- Seek publicity for the organisation's initiatives that incorporate senior managers

### *Call for diversity champions amongst senior managers*

- Seek diversity managers from amongst the top management team and board members that attended the presentation of the business case, preferably across a broad range of functional areas
- Outline the role of diversity champions:
  - Diversity champions keep diversity management issues on the organisational agenda
  - Diversity champions ensure that diversity practices are implemented in their area of responsibility
  - Diversity champions act as role models and mentors for a diverse array of employees

- Diversity champions actively seek opportunities to enhance the organisation's diversity management
- If possible, the creation of a diversity management executive position will help keep diversity issues on the senior management agenda

***Form a diversity working group (preferably including the CEO) to devise diversity strategy and monitor the progress of initiatives***

- Organise diversity champions into a working group to devise diversity policy and practices
- Gain a commitment from diversity champions:
  - Provide a time frame for diversity champion roles (Eg. 24 months)
  - Formulate an approximate meeting schedule for the working group (Eg. Every eight weeks)
- Work with the working group to develop an organisation diversity policy:
  - Determine what the organisation views as its most significant motivation for diversity management
  - Review the diversity policy/vision statements of other companies
  - Formulate a diversity policy that sets out the organisation's diversity vision (refer to *Briefing Note: A Diversity Policy Template* for an example of a diversity policy)
  - Formalise diversity policy and disseminate throughout the firm
  - Include diversity policy in organisational publications, such as the company website and recruitment notices
- Coordinate the identification of diversity management priorities, which may include:

- Greater representation of particular demographic groups at various levels of the organisation's hierarchy (for diversity recruitment, promotion and retention strategies, refer to *Attract Retain Motivate: A Toolkit for Diversity Management*)
- Reflecting customer diversity within the organisation
- Building cross-cultural capabilities for improved cross-cultural interaction with customers and business partners, both internationally and domestically
- Combating high levels of absenteeism and voluntary turnover, particularly for once marginalised groups (for diversity motivation and retention strategies refer to *Attract Retain Motivate: A Toolkit for Diversity Management* steps 4-10)
- Minimising unproductive interpersonal conflict (This may be achieved through training, education and awareness. For diversity management strategies in this area, refer to *Adding Value Through HRM: A Toolkit for Diversity Management* steps 1-5)
- Maximising 'creative abrasion'; productive conflict to arrive at superior problem solving, decision making and innovation (See briefing note: creative abrasion. For strategies to enhance performance through diversity management, refer to *Adding Value Through HRM: A Toolkit for Diversity Management* steps 6-9)
- Becoming an 'employer of choice' (For strategies to enhance performance through diversity management, refer to *Adding Value Through HRM: A Toolkit for Diversity Management* steps 10-13)

- Call on diversity champions to commit to addressing diversity management priorities
- Ensure the allocation of funds to support diversity management development in priority areas

***Establish senior management commitment to mentor programmes***

- Establish mentor programmes that pair senior managers with junior protégés to facilitate the development of capabilities and work experience within employees who may once have been overlooked for promotion (See *Case Study: Mentoring Programmes at AMP*)
- Mentor programmes ensure that senior managers are personally involved in fostering the skills of a diverse array of employees

## **Case study: mentoring programmes at AMP**

AMP, in cooperation with the Department of Workplace Relations and Small Business has established cadetships for indigenous Australians. As an integral part of the program, senior managers undertake to formally mentor the cadets during their first 12 months of employment. AMP further ensures that the cadets are supported by more experienced colleagues via an informal mentoring or 'buddy' system.

Mentoring is also a key component of AMP's Springboard Program. This program equips the female lower level management/supervisory target group to self-select mentors. It also provides them with the framework to obtain maximum benefit from a mentoring partnership and introductions to potential mentors.

## Briefing notes

### ***A Diversity Policy Template***

*Below is a sample diversity policy. Firms wishing to establish a diversity policy are invited to use the ideas contained in this template and modify them to suit the individual character of the firm*

#### **Diversity vision**

[ ] recognises its talented and diverse workforce as a key competitive advantage. Our business success is a reflection of the quality and skill of our people. [ ] is committed to seeking out and retaining the finest human talent to ensure top business growth and performance.

Diversity management benefits individuals, teams, our company as a whole, and our customers. We recognise that each employee brings their own unique capabilities, experiences and characteristics to their work. We value such diversity at all levels of the company in all that we do.

[ ] believes in treating all people with respect and dignity. We strive to create and foster a supportive and understanding environment in which all individuals realise their maximum potential within the company, regardless of their differences. We are committed to employing the *best* people to do the *best* job possible. We recognise the importance of reflecting the diversity of our customers and markets in our workforce. The diverse capabilities that reside within our talented workforce, positions [ ] to anticipate and fulfil the needs of our diverse customers, both domestically and internationally, providing high quality products/services.

[ ] is diverse along many dimensions. Our diversity encompasses differences in ethnicity, gender, language, age, sexual orientation, religion, socio-economic status, physical and mental ability, thinking styles, experience, and education. We believe that the wide array of perspectives that results from such diversity promotes innovation and business success. Managing diversity makes us more creative, flexible, productive and competitive.

## Briefing notes

### *A Diversity Policy Template (continued)*

#### Recruitment

As a global player, [ ] recruits people from all around the globe. We believe that our employees from many different cultural, linguistic and national backgrounds provide us with valuable knowledge for understanding complex international markets. We have established outreach programmes to identify talented women and individuals from under-represented backgrounds for recruitment. We provide scholarships for promising young women and under-represented status students with the potential to become high achieving professionals in [ ].

#### Career development and promotion

[ ] rewards excellence and all employees are promoted on the basis of their performance. All managers are trained in managing diversity to ensure that employees are treated fairly and evaluated objectively.

#### Community programmes

[ ] recognises that there are distinct demographic groups that have long been disadvantaged. We recognise that racism, ageism, sexism and other forms of discrimination are problems both for our organisation and society as a whole. [ ] is committed to tackling cultural stereotypes both within and outside our organisation. We have clear reporting procedures for any type of discrimination or harassment combined with follow-up procedures to prevent future incidents.

[ ] combats discrimination in the wider community through partnerships with community based groups. We work closely with [.....].

#### Diversity bodies

Our commitment to diversity is led by our diversity champions who come from all levels of the company, from top management to the shop floor. The diversity champions make up a diversity committee, which is responsible for ensuring that our diversity policy is articulated in the day to day running and the strategic direction of the company.

## Briefing notes

### *A Diversity Policy Template (continued)*

#### Diversity practices

All employees undergo diversity training. Diversity training encompasses raising awareness about issues surrounding diversity and developing diversity management skills.

[] provides a safe and pleasant environment for our employees. We offer:

- Flexible working time arrangements
- Employee education assistance
- Employee network and support groups
- Open communications
- Childcare assistance
- Mentor programmes

## Briefing notes

### ***Creative Abrasion***

The notion of conflict is essential to the innovation process. In a 1997 Harvard Business Review article, Leonard and Straus popularised the term 'creative abrasion'. Innovation, the authors argue, breeds in a space where 'different ideas, perceptions, and ways of processing and judging information collide'. The value of this diversity is the way in which these ideas, perceptions and ways of processing and judging information grate against each other to produce new ways of thinking and doing, and therefore, innovation.

As Leonard and Strauss say, 'the manager successful at fostering innovation figures out how to get different approaches to grate against each other in a productive process we call *creative abrasion*'.

To be creative and foster an environment for innovation, managers need to ensure individuals interact with those who support their way of thinking, and also those who challenge their way of thinking, their ideas, and perceptions. Creating an environment where individuals can engage in constructive conflict propels the creative and innovative process. The value of the team as a whole is in the diversity of talent, backgrounds, perspectives, expertise and so on.

Problems can occur when people don't understand or recognise the value of thinking differently and conflict becomes personal and the creative process stalls. But providing training and information on the value of difference can spark the process, as people become aware of the power of difference working together. Teaching people that constructive conflict fuels innovation, and personal conflict destroys it helps teams to reach and exceed their goals. Reframing what members mean by 'conflict' can help teams to work more productively.

### ***See further:***

Dorothy Leonard and Susaan Straus, Putting Your Company's Whole Brain to Work, published in *Harvard Business Review* July-August 1997, pp. 111-121.

***Establish diversity management performance measures for senior managers to provide incentives for proactive diversity management***

- Establish diversity management performance measures (See *Briefing Note: Diversity Management Performance Standards for Managers*) and incentives. Incentives may include:
  - financial bonuses
  - mandatory requirements
  - public recognition
  - diversity management assessments kept on managers' permanent employment records
- Apply performance incentives for participation in diversity programmes. Such programmes may include:
  - Mentoring
  - Diversity training
  - Communication of diversity imperatives throughout the organisation
  - Diversity auditing
  - Organisational climate surveying
  - Recruitment outcomes
  - Work/life balance policy and practice formation and enforcement
  - Devising new diversity management initiatives

See:

- *Case Study: Using Diversity Performance Measures at Microsoft Australia*
- *Case Study: Incorporating Diversity into Performance Assessment*
- *Case Study: Incorporating Indigenous Employment Outcomes into Performance Measurement at Telstra Country Wide*

## Case Study: Using Diversity Performance Measures at Microsoft Australia

Microsoft is a worldwide leader in software for personal and business computing. The company holds to the philosophy that:

“...diversity enriches our performance and products, the communities in which we live and work, and the lives of our employees.”

Microsoft Australia has adopted and developed a sophisticated set of HR policies in the diversity management area. Diversity management is considered one of the key competencies that all employees are evaluated against. These competencies represent the key success factors of the organization.

The Microsoft approach to performance review sees all managers receive a *people management review rating* as part of their performance appraisal. A key aspect of this rating is a diversity management component.

The Fostering Diversity competency refers to a range of behaviours, such as:

- Encourages a wide range of ideas and includes employees from varied backgrounds in problem solving and decision-making
- Treats others with Dignity and Respect
- Understands the business case for investing in the talent of people of diverse backgrounds
- Creates a comfortable environment to discuss sensitive issues, including those relative to diversity
- Takes diversity, in its broadest sense, into account when planning and executing business strategy and administration
- 

Some other core competencies managers are reviewed against, that include a diversity element, include:

- Open Communication
- Developing People
- Building Team Spirit and
- Hiring and Staffing

Employees are assessed through upward and downward appraisals. Assessors are asked to evaluate their managers using statements such “My manager demonstrates respect for diversity (e.g., opinions, work styles, gender, race, ethnic backgrounds)”; “My manager creates a climate in which diverse perspectives are valued”, and “My manager leverages the individual strengths and differences of diverse people”.

Microsoft Australia has found that the inclusion of diversity management as an assessed competency is driving a cultural paradigm shift in the organization where managers and employees are more aware of their accountability in this area. Lorrin Maughan, HR Manager for Microsoft Pty Ltd, claims that compliance training in the organization is being replaced with a more behavioural approach, with the aim of building a strong organization that respects diversity to the point where compliance is assumed. “The more we respect diverse opinions and backgrounds, the more successful we will be in delivering what our customers – and our employees – really want”.

## Case study: incorporating diversity into performance assessment

A large manufacturing company with operations in Australia has incorporated diversity measures into performance assessment for key HR personnel. Each year, the company establishes five top corporate objectives. In 2001, these objectives were:

1. To target customers by enhancing the company's brand name
2. To enhance the value to the company of its core products
3. To enhance customer satisfaction with the company's products
4. To enhance distribution networks
5. To develop a cost effective structure that attracts investment

The top five corporate objectives have a cascading effect on the personal objectives of all salaried managerial employees. Each functional area sets five objectives to reflect how they will contribute to overall corporate objectives. Each individual sets five personal objectives that reflect how they will contribute to functional objectives. Some individuals, particularly within the HR function have diversity management related objectives. In 2001, the HR manager responsible for Diversity had the following objectives:

1. Set and endorse a three year plan for the direction of the Diversity Program
2. Establish WorkLife Balance Program
3. Implement all Work and Family provisions of the Enterprise Bargaining Agreement
4. Broaden the focus of the Diversity Program and improve program monitoring
5. Raise profile of Diversity Program and its achievements internally and externally

The performance assessment system recognises that each manager's individual activities contribute to overall corporate objectives. Individual managers define key metrics at the time of determining objectives, according to which their performance on each objective is assessed. Individuals receive informal coaching and counselling throughout the year from their supervisors.

A formal review of management performance is conducted mid-year to determine progress towards achieving yearly objectives. A formal performance assessment is completed at the end of the year, whereby results are compared with objectives. The way in which results were achieved is also assessed, taking into account factors such as the individual's leadership, integrity and team work qualities. Supervisors conduct performance assessments with employee input via a self-assessment mechanism. Personnel Development Committees rank individual employee performance within comparative groups (hierarchical levels) within and across functions to determine top performers.

## Briefing notes

### *Diversity Management Performance Standards for Managers*

Diversity Management Performance Standards for Managers		
<i>Measure</i>	<i>Comments</i>	<i>Rating</i>
[Person-Position] hires, retains and promotes individuals from different backgrounds		
[Person-Position] coaches, grooms and mentors people a diverse group of individuals		
[Person-Position] builds cohesive, productive and diverse work teams		
[Person-Position] resolves diversity-related conflicts between individuals		
[Person-Position] maintains a low rate of discrimination and harassment complaints		
[Person-Position] develops staff through delegation of responsibility		
[Person-Position] plans and leads effective meetings with diverse teams		
[Person-Position] takes time to learn about important cultural norms and values of employees		
[Person-Position] helps new employees to learn about the organisation's norms and values		
[Person-Position] provides diversity training for staff		
[Person-Position] attends diversity awareness training and applies this knowledge to managing staff		

**Source: L. Gardenswartz & A. Rowe *Managing Diversity* (1993:213)**

## Case Study

### Incorporating Indigenous Employment Outcomes into Performance Measurement at Telstra Country Wide

The Telstra Country Wide business unit was launched in June 2000 to provide better communications services to regional & rural Australians and to increase Telstra's business performance.

In response to a desire to build stronger stakeholder relationship with their Indigenous customer base, and to improve employment opportunities of Indigenous peoples, TCW developed an Indigenous strategy which has four aims:

- To improve commercial partnership arrangements;
- To recognise & embrace Indigenous Stakeholder management;
- An employment strategy involving traineeships, cadetships, sponsorships of school students and;
- Orientation, retention and Cross Cultural Awareness Strategies

Various processes were adopted to implement these strategies including a steering committee comprising of TCW's General Manager HR, a number of TCW's Regional Managing Directors, Telstra's Indigenous Consultant and a representative from TCW's Advisory Board. This committee was held accountable for monitoring and coordinating the strategies. External advisors include representatives from the Federal Government's Department of Employment, Workplace Relations, community representatives and education agencies.

The steering committee met with regional and business managers to assess their needs and sought *buy-in* on the strategies. Objectives were then developed. These objectives were tied in the *Key Result Areas* (KRAs) of these managers. KRAs achievement has a direct link to remuneration & reward strategies.

Jeff Pentney, General Manager - Human Resources: "Recognition of the importance of Indigenous Australians and their telecommunications and employment needs is a key part of the TCW Business Plan."

## ***Seek publicity for the organisation's diversity management initiatives that incorporate senior managers***

Publicity for the organisation's diversity management initiatives that incorporate senior managers ensures accountability. Senior managers are on the public record as having established their support for initiatives and consequent performance expectations are established. Publicity also enables senior managers to receive kudos for the initiatives that they lead.

### **1. Promote the organisation's diversity initiatives internally**

- Promote the diversity initiatives and senior managers' involvement in such initiatives via multiple communication channels, including:
  - Organisation newsletters
  - Intranet communication
  - Notice boards
  - Staff meeting communication

### **2. Promote the organisation's diversity initiatives externally**

- Promote the diversity initiatives and senior managers' involvement in such initiatives via multiple communication channels, including:
  - The company web site
  - Media releases
  - Company promotional materials
  - Business-community events, such as the Department of Immigration and Multicultural and Indigenous Affairs' *Harmony Day*
  - Recruitment campaigns
  - Annual reports

## Checklist Of Key Steps

Step One: Define Diversity ?

Step Two: Develop Business Case For Diversity Management ?

Step Three: Sell Diversity To Senior Managers ?

Step Four: Engage Senior Managers ?