

Diversity-Network – Newsletter Four

What's in this issue?

In this fourth issue of the Diversity-Network Newsletter we provide a brief summary of **Managing Diverse Human Resources Effectively: A Business Model**. In particular, we identify the crucial aspects of the business case outlined in this model. We also summarise the key action steps suggested in this model.

In this issue we also introduce a new format. Material appears under a range of new headings. We hope you will find these useful in guiding you around the newsletters:

- Diversity Resources
- Diversity Demographics
- The Diversity Dividend
- Diversity Research
- Best Practice Diversity Management

We would love to hear your feedback on this new format and any ideas you have under each heading, or your ideas for new sections. Contact us at Diversity-Network@unimelb.edu.au.

Diversity Resources

This section highlights the resources we have developed to articulate the Diversity Management message to Australian employers and managers.

Our Business Models are short business-focused arguments for developing diversity policies in a range of areas. **Managing Diverse Human Resources Effectively: A Business Model** outlines the business case for Diversity Management enhancing the HR function. In particular, this Model examines the conflict and associated problems that arise from ineffective Diversity Management. A series of steps to improving the organisation's performance are outlined.

The HRM business case for managing diversity is simple: poor diversity management incurs costs; effective Diversity Management reduces these costs.

"Our diversity is a source of competitive advantage" ... Prime Minister John Howard

Workplace diversity left unmanaged will result in conflict and communication problems. This can lead to low job satisfaction and commitment, high absenteeism and turnover, and greater discrimination and harassment costs.

Diversity Management acknowledges the differences between employees and addresses these differences through changes in employment and management practices. Organisational culture may need to be modified to encourage greater inclusiveness and better communication.

This Business Model identifies a range of indicators of poor or non-existent Diversity Management such as incidents of discrimination and harassment, low job satisfaction or high workplace stress for particular groups of employees or perceptions of inequality. These individual level outcomes will manifest at the organisational level as productivity and compliance issues and HR problems.

This Business Model outlines a list of *action areas* in which organisations may modify their practices and reduce the various costs of poor management practices. These areas are:

- Top management
- Auditing the organisation
- Strategic goal-setting
- Social integration and cohesion
- Training, education and awareness
- Attract, retain and motivate
- Structuring Teams
- Metrics

Each *action area* involves a number of *key steps*. For example, the *Attract, retain and motivate* key steps involve auditing and improving the recruitment and selection, appraisal, promotion and reward functions, as well as developing retention strategies. These key steps are explained at length in **Attract, retain and motivate: A Toolkit for Diversity Management**.

Future Toolkits will cover the other action areas from this Business Model. Toolkits covering *Auditing the organisation* and *Metrics*, *Social integration and cohesion* and *Training, education and awareness* are currently under review by our Business Partners.



<p>Diversity-Network – Newsletter Four</p>	<p>“Our diversity is a source of competitive advantage” ... Prime Minister John Howard</p>
<p>Both Managing Diverse Human Resources Effectively: A Business Model and Attract, retain and motivate: A Toolkit for Diversity Management are currently available for download from http://www.ecom.unimelb.edu.au/acib/diverse/home.html</p>	<p>Further aspects relating to diversity training are contained in Adding Value Through HRM: A Toolkit for Diversity Management, which is currently under review by our Business Partners.</p>
<p>The Diversity Dividend</p>	<p>Diversity Research</p>
<p>This section highlights evidence we have collected to illustrate the concept of the <i>diversity dividend</i>. The emphasis is on bottom-line cost savings or revenue gains that can be achieved through sound diversity management practices.</p> <p>Figures from the NSW Anti-Discrimination Board (1999) illustrate a substantial bottom-line benefit for organisations that invest in EEO/harassment prevention training. The costs of resolving serious harassment or discrimination grievance are significant with the <i>average</i> case including:</p> <ul style="list-style-type: none"> • \$1625 10 day stress leave for employee on \$30K • \$2000 workers compensation claim • productivity loss (70% of harassed employees take time off) • replacement costs (85-150% of salary for EEO/Discrimination related employee exit) • \$3000-\$10000 per day for tribunal, court or commission costs • reduced productivity or potential sabotage <p>Investing in Diversity Management can counter these costs. Compare the costs of grievances with the outlay for appropriate training:</p> <ul style="list-style-type: none"> • \$1500 (average) for trainer to do a one day EEO, harassment prevention, and grievance handling training for 25 middle managers plus lost production/salary of those managers • \$400 (average) for 1.5 hours EEO, harassment prevention, and grievance handling training for 25 non-supervisory staff plus lost production of staff <p>These figures appear on page 38 of Attract, retain and motivate: A Toolkit for Diversity Management.</p>	<p>This section aims to provide you with brief summaries of important research that appear in academic journals. Such research has contributed to our Business Case for Diversity Management.</p> <p><i>Putting Your Whole Company's Brain to Work</i> by Leonard and Strauss (Harvard Business Review July-August 1997) popularised the term <i>creative abrasion</i> a process critical to innovation. Innovation, the authors argue flourishes in an environment where “different ideas, perceptions, and ways of processing and judging information collide”. The value in this diversity is the way that these ideas, perceptions, and ways of processing and judging information <i>grate against each other</i> to produce new ways of thinking and doing, and therefore, innovation.</p> <p>Leonard and Strauss argue that managers successful at fostering innovation are those that figure out <i>how</i> to get these different approaches to grate against each other productively. Managers need to ensure individuals interact with those that support their way of thinking, but more importantly with those that challenge it. An environment that does not support or value diversity will find conflict often becomes personal, or destructive. Fostering creative abrasion and harnessing constructive conflict fuels the innovation process.</p> <p>Diversity Demographics</p> <p>Best practice organisations should aim to adapt their recruitment and management practices to ensure they are employing the <i>brightest and best</i> from across the labour market, and that they are well situated to understand and meet the needs of our diverse population.</p>

The Australian Centre for International Business

Programme for the Practice of Diversity Management



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This section provides you with useful information on the changing demographics of Australian society.

Earlier this year, the **Australian Bureau of Statistics** (ABS) announced that the number of Asian-born Australians had topped the one million mark. This represents almost 6 percent of the total Australian population and 24 percent of our total overseas born population. We have a proportionately larger Asian-born population than Canada (5.2 percent), New Zealand (3.3), the USA (2.0), Sweden (1.0) and the U.K (0.8). This may prove crucial to the business opportunities of Australian organisations over the coming decades.

The main source countries (i.e. countries of birth) of Asian-born Australians are:

- Vietnam (174,400)
- China (168,100)
- Philippines (123,000)
- India (110,200)
- Malaysia and Brunei (97,600)
- and Indonesia (67,600)

The Asian-born population is concentrated heavily in the 20-44 years old age group. A number of the populations have a median age under 30, in particular Indonesia (27.3), Singapore (26.0) and Hong Kong (25.4). This represents a fundamental shift in the current pool of recruits for many organisations. These populations will be in the labour market for years to come.

The children of Asian-born Australians also make up a large (286,000 in 1996) and growing group.

Of course, Asian-born Australians are themselves a diverse group. The ABS includes over 25 countries in its definition of Asia, and it includes such geographically and culturally distant nations as Mongolia, the Maldives and Japan.

Asian-born Australians represent a large and diverse pool of potential employees, managers, consumers and suppliers.

Smart organisations will be adapting their management practices to ensure Asian-born employees experience an inclusive workplace.

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Diversity Management strategies should ensure that these employees’ skills are harnessed to produce innovative products and services and that their cross-cultural communication skills are utilised in expanding organisations globally.

This data is taken from *Australian Social Trends* (2001) at <http://www.abs.gov.au>

Best Practice Diversity Management

In this section we highlight examples of Australian firms adopting best practice Diversity Management strategies and policies. Our Toolkits include a large number of case studies.

Westpac’s latest diversity initiative is the Disability Discrimination Action Plan. The Plan outlines specific commitments to actively recruit employees with disabilities and is part of Westpac’s positioning as an *employer of choice*. Westpac’s recruitment supplier is explicitly briefed to source and process job applicants who have disabilities. Westpac, which is one of our Business Partners, is featured in the September issue of **HRMonthly**.

We are keen to *spread the word* on Australian organisations’ activities. If you have a policy or strategy you would like us to highlight contact us at Diversity-Network@unimelb.edu.au

The Diversity-Network

We encourage you to forward this Newsletter to interested colleagues. We are open to any suggestions for promoting the Diversity-Network, the Programme and our website through avenues such as industry publications, forums and conferences, other mailing lists and websites.

Contact us at Diversity-Network@unimelb.edu.au

Or through our website at <http://www.ecom.unimelb.edu.au/acib/diverse/home.html>