

Diversity-Network – Newsletter Seven

What's in this issue?

In this seventh issue of the Diversity-Network Newsletter we provide a brief summary of **From Compliance to Strategy: A Business Model for Diversity Management**. This Business Model focuses on the need to move from a compliance-based to a strategic-focussed approach to diversity management.

The Newsletter also contains a summary of a diversity-related book, statistical information of second generation Australians, and a best practice case study of mentoring at Bovis Lend Lease. We introduce a new section informing you of upcoming Diversity Events and highlight the changes we've made to our website.

Diversity Resources

Our Business Models are short business-focused arguments for developing diversity policies in a range of areas.

From Compliance to Strategy: A Business Model for Diversity Management focuses on the need to move from a compliance-based to a strategic-focussed approach to diversity management. The Model identifies how Australian organisations can leverage off their existing compliance processes to start the transition to a strategic approach to diversity management.

ACIB research demonstrates that Australian firms are far more compliance-focused rather than strategic when considering workplace diversity. Our survey of Australian-based CEOs found that firms were strongly focused on the need to comply with EEO and anti-discrimination legislation, had developed the relevant policies and had appointed officers to these areas. The survey highlighted a relatively undeveloped understanding of the strategic implications and opportunities of diversity management, however. Our research has focused on identifying a strong foundation for building strategic approaches to diversity management.

The central argument of the Model is that Australian firms can use existing compliance-focused policies

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and practices as the bases for building a more strategic diversity management focus. Identifying **synergies** between legislative and strategic requirements is important to shifting the focus, as is recognising the strong foundation already in place.

The Model discusses how this transition will require a cultural change in Australian organisations, as diversity management's success and value is only really harvested when it is fully integrated with business strategies, when diversity goals and strategic goals are aligned, and when top management supports, owns and resources diversity management, rather than relegating it to the functional level.

The Model also sets out how organisations who adopt a strategic approach can develop diversity capabilities, which may form the basis for competitive advantages in the market place.

The Model sets out **seven action areas**. Attention to these action areas can assist organisations in adding bottom line value and harnessing the diversity dividend. The seven action areas are:

- Top Management
- Auditing
- Strategic Stocktake
- Identifying Existing and Potential Synergies
- Diversity Vision
- Strategic Goal Setting
- Training and Education

Associated with each of the action areas are key steps which an organisation should consider in order to realise the **diversity dividend**.

From Compliance to Strategy: A Business Model for Diversity Management will assist diversity champions in arguing the case a higher-order understanding and focus on Diversity Management. It illustrates how Australian organisations can take stock of what policies and procedures are already in place, determine what strategies, policies and procedures are required, and identify existing and potential synergies to improve existing and future business strategies.

Programme for the Practice of Diversity Management

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A draft of this Business Model is currently with our Business Partners for feedback. It will soon be available from our Website.

The Diversity Dividend

This section highlights evidence we have collected to illustrate the concept of the **diversity dividend**. The emphasis is on bottom-line cost savings or revenue gains that can be achieved through sound diversity management practices.

In **Managing Diverse Human Resources Effectively – A Business Model** we argue that making the workplace more inclusive and attractive to workers from non-majority groups will substantially reduce the incidence of absenteeism. The potential cost savings from reducing absenteeism are very high.

It has been estimated that employee absences cost Australian employers more than \$7 billion a year. The Audit Office of NSW calculated the direct costs of absenteeism in the public sector at \$368.3 million (\$1366 per employee). The high costs of turnover and absenteeism have also been highlighted by an Automotive Industry Council study, which estimated that absenteeism and turnover added \$850 to the cost of each car built. Furthermore, the study found that for a plant of 4 000 employees the total cost of turnover and absenteeism was \$26 million.

Reducing these amounts by as little as 5 percent with represent a substantial diversity dividend. These data (and those provided in Newsletter Six) are taken from **Attract, Retain and Motivate: A Toolkit for Diversity Management**

Diversity Research

This section aims to provide you with brief summaries of important recent research that is shaping the business case for diversity management.

Rocking the Ages: The Yankelovich Report on Generational Marketing by J.Walker Smith and Ann

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Clurman (HarperBusiness,1997) is a useful starting point for anyone seeking a fresh perspective on the generational differences one may encounter in the workplace and the marketplace. Analysing the US marketplace, the authors argue there are substantial gains to be made in understanding the different perspectives, influences and desires of the various generational groupings.

Drawing on almost three decades' worth of consumer surveys, the authors argue that “generationally determined lifestyles and social exercise as much or even more influence on buying and purchasing than do more commonly understood demographic factors like income, education, and gender.” (p.xvii) They claim members of a generation are linked through the shared life experiences of their formative years, and go on to identify three broad generations: **Matures, Boomers and Xers**. The remainder of the text is concerned with generalising the remembrances, values and identifying characteristics of these three groupings.

For example, **Matures**, born between 1909 and 1945 are portrayed as financially and socially conservative, valuing hard work, discipline, authority and self-denial. They remember the Depression and the War and act accordingly.

Boomers, born between 1946 and 1964, are viewed as more self-absorbed and individualistic, with a strong focus on the now and an expectation that they will live out the American dream. This group do not remember the War, did experience post-War prosperity, and probably had no trouble finding work.

Xers were born after 1965 and have been buffeted by tumultuous political and economic conditions. They are portrayed as cynical, pragmatic, uncertain and more conscious of risk. Interestingly, the Xers are described as the most diverse of all the generations. As the authors state “Diversity in all its forms – cultural, political, sexual, racial, social – is a hallmark of this generation, a diversity, accessible to everyone, that transcends even national borders.” (p.89)

While the focus is overwhelmingly on the US, many of the lessons of the book will ring true for Australian organisations. Being more conscious of generational

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differences is a good starting position for launching into the world of understanding diversity in all its dimensions.

Suggesting this book to a manager in your organisation may help trigger a diversity discussion. A comparable Australian-focussed book is **Generations** by Hugh Mackay (Pan Macmillan, 1997).

Diversity Demographics

This section provides you with useful information on the changing demographics of Australian society. Best practice organisations should seek to adapt their management strategies to accommodate the changing needs of their employees. Such organisations will also aim to be well situated to understand and meet the needs of our diverse population.

A key aspect of diversity is cultural heritage. Australia has one of the most culturally diverse populations in the world. Evidence from the **Australian Bureau of Statistics** (ABS) indicates that in 1996 approximately 24 percent of the Australia's population were born overseas. A further 27 percent of persons born in Australia were classified as **second generation** Australians, as they had at least one overseas born parent. Situations where parents are overseas born but from two different countries results in their children being identified as in two second generation nationality groupings.

The size of the second generation relative to the first for a given national grouping generally reflects the length of time since their biggest wave of immigration. For example, longer established groups such as British, German and Dutch immigrants had substantially larger second generations when compared to more recent arrivals such as the Vietnamese and Chinese.

The largest groups were as follows:

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	Overseas Born	Second Generation
UK and Ireland	1,124,000	1,522,900
Italy	238,200	333,900
New Zealand	291,400	200,000
Former Yugoslav Republics	175,400	131,300
Greece	126,500	153,900
Germany	110,300	139,300
Netherlands	87,900	142,500
Vietnam	151,100	46,800
China	111,000	40,200

Language retention differs substantially between immigrant groups. Of the non-English speaking groups above, the ABS found the following percentages within each generation spoke **only** English at home. The median age of each group is also listed.

	Overseas Born (median age)	Second Generation (median age)
Italy	14.8 (58)	57.4 (27)
Croatia	13.9 (50)	41.7 (20)
Greece	6.4 (54)	27.9 (26)
Germany	48.9 (52)	91.1 (25)
Netherlands	62.9 (53)	95.9 (26)
Vietnam	2.7 (33)	10.6 (7)
China	4.8 (40)	48.6 (13)

Again the figures are illustrative of the aging first generation of post-WW2 migrants from Italy, Greece etc, and a younger first generation from Asia. Of the second generations, it appears the German and Dutch migrants have not maintained their language anywhere near as much as the Greeks. ABS data indicates that the proportion of second generation of *mixed parentage* within these groups differ substantially also.

Smart organisations should be aware of data such as these. Employees will identify to differing degrees with their cultural background. In managing diverse groups and teams encouraging participants to self-identify will aid discussions around diversity. Organisations should also be aware of the marketing implications of attempting to target such a diverse consumer base.

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These data are taken from *Australia Now Population: Country of Birth* and *Australian Social Trends 1999 Population - Population Composition: Languages spoken in Australia* 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

Bovis Lend Lease is one of the world's leading companies in the project management and construction services industry, and operates within the larger Lend Lease Group, a fully integrated global real estate group.

A significant proportion of Bovis Lend Lease's employees are professionals in the areas of architecture, engineering and project management. As these have traditionally been male-dominated employment areas, Bovis Lend Lease in Australia has developed a range of strategies to improve gender diversity and retain and reward its female employees.

Bovis Lend Lease manages such strategies as gender diversity on a *project basis* so each project must have a budget, aims and outcomes. The gender diversity strategy/project has a Project Control Group that follows this format. It has brought in women from the professional group, analysed data and generated issues and initiatives.

One particular strategy/project is in the area of remuneration. It was recognised that systemic gender differences in salary outcomes were a major disincentive for female employees and contributed to higher than desired attrition rates.

To address this issue a senior manager annually undertakes a salary and remuneration check. A comparison of male-female salaries within the group is undertaken and obvious outliers are examined and addressed. The manager examines the salary of all professional staff (broken into the six key groupings

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where there should be men and women). The manager then calculates the rate of return per years in the industry. A line of best fit to the data is plotted. The performance of employees relative to this line is examined in terms of salaries, bonuses and the recommended salary increases (by supervisor). Where women are clearly below that line for no apparent reason then the senior manager adjusts the salary if needed. Action is also taken to ensure supervisors understand why this has been done and attempts are made to modify appraisal behaviour.

This strategy has resulted in a concerted effort to ensure equity in rewards and that the salary of all staff reflect their experience and performance, rather than personal characteristics.

"It is vitally important to us in Bovis Lend Lease that our staff are, and are seen to be, remunerated on an equal basis for equal performance with no potential for any anomalies due to gender" - Mike Dedman (Bovis Lend Lease Operations Manager).

This case study appears in **Attract, Retain and Motivate: A Toolkit for Diversity Management** available from our website at <http://www.ecom.unimelb.edu.au/acib/diverse/home.html>

Diversity Events

This is a new section for our Newsletter. We aim to keep you informed of upcoming workshops, conferences, seminars and awards that would be of interest to Diversity Managers, Diversity Committee Members, HR managers and CEOs.

The Victorian Office of Public Employment is holding a public forum titled **Partnerships in Action: a forum examining indigenous employment strategies** on February 20 in Melbourne. For more information see: <http://www.ope.vic.gov.au/>

The Victorian Office of Public Employment is also seeking nominations for the **2002 Victorian Public Sector People Management Awards and Project Grants**. Applications close March 20. For more information see: <http://www.ope.vic.gov.au/>

The Australian Centre for International Business

Programme for the Practice of Diversity Management



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The new 2002 **EOWA Employer of Choice for Women** criteria and conditions are now available. Women-friendly companies with Equal Opportunity programs that recognise and advance their female workforce will be able to brand and position themselves in the marketplace as an 'EOWA Employer of Choice for Women' (EOCFW). For more information see http://www.eeo.gov.au/empl_choice_women/index.htm

Diversity and Culture – Optimising your ROI is a conference being held on March 18-19 in Sydney. The program is focused on addressing how organisations quantify the cost of successfully implementing and managing their diversity strategy, and evaluating the resulting return on investment. Among the presenters are key diversity leaders from Westpac, NAB, Shell, IBM, AMP, BHP Billiton, Qantas, DIMA, KPMG, and the Australian Federal Police.

Professor Stephen Nicholas from the ACIB will present on *Putting the Business Case Forward*.

For more information on this event, contact Rhayver International Corporate Events on 02 8221 8810 or sales@rhayver.com.

If you have a Diversity Event you would like us to mention contact us at Diversity-Network@unimelb.edu.au

Our Diversity Website

Our Website has recently been updated. Two more Toolkits have been added:

- **Adding Value Through HRM - A Toolkit for Diversity Management**
- **Using Diversity Climate Surveys: A Toolkit for Diversity Management.**

Links to the Diversity Policies, Visions or Statements of a number of Australian organisations have also been added. If you would like a link to your organisation's Diversity Policy page please send details to Diversity-Network@unimelb.edu.au.

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The Diversity-Network Newsletters are also archived on the site and visitors can join the Network on-line.

The Diversity-Network

The Diversity-Network continues to grow. It is great that our information is getting out to Diversity Management practitioners and best practice organisations. We are keen to expand the Network further.

The content of our Newsletters is aimed at not only diversity specialists but also human resource officers, line managers, senior managers and diversity committee members - basically anyone with an interest in the strategic direction of their organisation.

We encourage you to forward this Newsletter to interested colleagues, and urge all new readers to sign up to this free Newsletter.

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>