

### Diversity-Network – Newsletter Two

#### The Programme for the Practice of Diversity Management

The Programme for the Practice of Diversity Management aims to articulate the strong business case for Australian firms adopting best practice diversity management strategies.

In this edition of the Newsletter we:

- 1). Define diversity in a workable fashion
- 2). Provide data on Australia's diversity
- 3). Provide a brief outline of the Business Case.

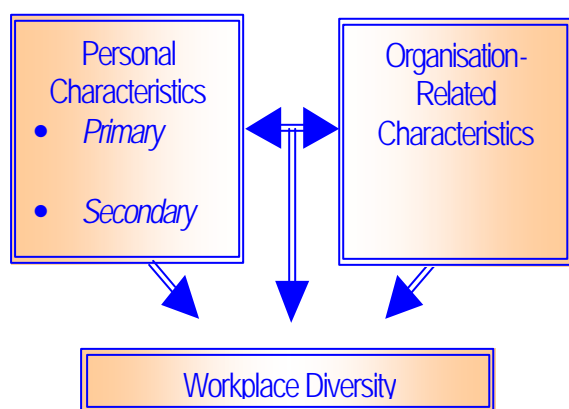
#### What is diversity?

Diversity encompasses all the ways in which people differ. Individuals differ on both a personal basis and in terms of organisation-related characteristics.

As illustrated in Figure 1, there are three major components of diversity:

- *Primary personal characteristics* e.g. race, gender, sexual orientation, nationality, mental and physical ability
- *Secondary personal characteristics* e.g. marital status, educational level, values, beliefs
- *Organisation-related characteristics* e.g. position in hierarchy, tenure, casual/part-time/full-time status.

**Figure 1: Components of Workplace Diversity**



The complex interaction of these characteristics gives rise to workplace diversity and provides the basis upon which to leverage bottom line benefits.

**“Our diversity is a source of competitive advantage”  
... Prime Minister John Howard**

#### Diversity in Australia

Managing diversity is an imperative for Australian business. Australian demographics have shifted so that it is becoming increasingly impossible to employ a homogeneous workforce. Figure 2 offers a snapshot of Australia's Diversity

**Figure 2 - A Snapshot of the Australian Population**

- Almost 4.4 million Australian residents are overseas-born
- 3.5 million residents are second-generation Australians
- The indigenous Australian population is approaching 400,000 and grows at a rate higher than the non-indigenous population
- Over 200 languages are spoken in Australia
- 2.5 million people speak a language other than English at home
- The largest growth in religious affiliation have been in Hinduism, Buddhism, Islam and Judaism
- 15% of working age people and 19% of the population live with some form of disability
- 33% of people living with a severe or profound form of disability participate in the labour market
- Female labour market participation rates are increasing at the same time as male rates decline
- Partnering and family patterns have changed enormously over the past 30 years with increasing numbers of same sex partnerships and lone parent households
- 54% of wage and salary earners hold a post-school qualification
- The proportion of the population aged 65-plus has tripled in the last 100 years
- 2.3 million people act as carers providing assistance to people who need help because of disabilities and ageing; 38% of carers are aged 35-54; 19% are identified as primary carers
- There are now more women than men in the Australian population



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#### The Business case

The Programme has developed a comprehensive and compelling business case for diversity management. The business case encapsulates four main areas:

- 1). The human resource management case
- 2). The knowledge firm case
- 3). The international business case
- 4). The marketing case

**The HRM Case** argues that there are cost savings from improving the employment experiences of minority groups and seeking greater workplace harmony. There are also revenue gains in terms of higher productivity from more effective teamwork, greater innovation and product/market development. Diversity management contributes significantly to the bottom-line by:

- Increasing job satisfaction that translates into lower absenteeism and turnover
- Broadening the pool of likely candidates for positions, both internally and externally
- Reaching higher levels of firm productivity and performance through reduced conflict, greater cooperation, better teamwork
- Improving performance through superior problem solving, decision making, creativity and innovation
- Enhancing the firm's reputation as a *good place to work*

**The Knowledge Firm Case** argues that increasingly firms must be knowledge-creating and leading organisations. Firms will win or lose market share, prosper or fail, on their ability to innovate new products, services, business relationships, delivery modes and organisational structures. A knowledge firm continually expands its capacity to create in its future. The learning organisation uses its diverse workforce to create value, through better problem-solving, innovation, decision-making and creativity. Diverse teams and workplaces are better at innovation, problem solving and creating new products. When diverse teams and workforces are managed productively, they can integrate information

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to create new knowledge, and disperse that knowledge throughout the organisation. Workplace homogeneity means a narrow range of views is on offer, and this is not conducive to new thinking.

**The International Business Case** argues that Australian firms increasingly compete in global marketplaces. Organisations operating internationally must develop capabilities to navigate culturally complex environments. Operating in Asia and in transitional economies with different formal and informal institutions than those at home challenges Australian business. Managed productively, Australian firms can mobilise the skills that reside within their organisation's culturally diverse workforce to compete in culturally complex host countries. Employees with a background in the nation in question may provide the organisations with a strong advantage in navigating their way through these complexities. So too will employees with a long history of working in diverse workplaces. Effective diversity management creates the capabilities firms need to compete internationally, including creating new products, operating subsidiaries and forming global alliances.

**The Marketing Case** argues that homogenous firms will fail to meet the needs of the diverse consumer market, that they will fail to identify new product or service opportunities, and that firms with diverse marketing teams will reap the gains. Through sound diversity management, firms develop strong capabilities for market analysis, predicting consumer behaviour, targeting advertising, product positioning and building relationships with suppliers and buyers.

#### Want to find out more?

These arguments and examples are expanded upon in many of the Programme's materials. The ideal starting point is *The Business Model for Diversity Management: The Big Picture* available from our website at:

<http://www.ecom.unimelb.edu.au/acib/diverse/home.html>

We will also expand of many of these points in future Diversity-Network newsletters.