THE DIVERSITY & INCLUSION STUDY

A SURVEY OF COMPANIES OF AUSTRALIA AND NEW ZEALAND

JULY 2013

Contents

Introduction

In April 2013, Korn/Ferry and Futurestep, in association with Diversity Council Australia (DCA), conducted a study of Diversity Managers and Human Resource leaders. The survey, the first of its kind conducted in Australia and New Zealand, aims to provide insight into the profile of the diversity function within organisations; on the professionals leading diversity within business and to look forward at the priorities for business in the next 12 to 24 months.

In conducting the survey, the survey partners received responses from 103 respondents, representing a 25% response rate. From across industry almost all respondents were from organisations with more than 100 employees, the regulatory threshold for the Workplace Gender Equity Act 2012, 69% have 1000+ employees.

Survey respondents represented both leaders (67%) and team members (33%). Organisations represented in the survey varied in their approach to resourcing diversity with 38% respondents with 100% of their role responsibilities dedicated to diversity.

Executive summary

With much of the current debate around diversity in organisations focused on the numbers of individuals represented from diverse groups, it is important to understand the organisational enablers and blockers to increased representation.

We might ask why, after decades of regulatory levers and stated commitment to diversity from many businesses and leaders, our organisations do not reflect society at every level. And, how the existing approach to talent management impacts on business strategy and growth.

The Diversity and Inclusion Survey by Korn/Ferry, Futurestep and Diversity Council Australia, the first of its kind, sheds light on the experience, structures and strategies within Australian and New Zealand businesses to understand why real change has not been achieved.

The engagement of senior leadership to diversity is critical to success with 81% of respondents believing that senior level management are the most important people contributing to the success of a diversity and inclusion strategy in an organisation. However when asked to rate the engagement of senior level management most survey respondents said they were only "somewhat involved" and not "very involved".

The Survey found more than 50% of businesses surveyed described the stage of their diversity and inclusion strategy as "compliance at best" or "just at foundation stage". This is a surprising result after decades of regulation and commitment to improving diversity in organisations. Equally surprising was the limited experience among those responsible for enabling organisational diversity agendas. Whilst there are some very experienced diversity leaders, one-third of respondents had no previous experience in diversity and 40% had less than three years' experience working in some kind of diversity role.

In a majority of organisations, Human Resources (HR) has oversight of the diversity function (69%), and it is pleasing that an increased number of organisations are going to focus on HR capability in managing diversity and inclusion over the next 12 – 24 months.

A welcome result from the survey is an indication of the greatest change in organisational focus from the past 12 months to the next 12 – 24 months being in leadership capability in managing inclusion. Without committed leadership and leaders throughout an organisation that are agile in managing and leveraging diverse teams and creating inclusive workplaces, our working culture will not change.

Key points

- 66% of respondents said their organisation had a designated manager with designated diversity and inclusion responsibilities

- 62% of those with responsibilities have it as part of a broader role, usually within the HR or talent/leadership development function

- 67% of those with diversity responsibilities have HR career experience and just 6% have experience in change management

- 60% of respondents had no or limited experience within a similar role in diversity

- Nearly 40% of respondents have less than three years' experience in diversity. 20% have 10+ years' experience in diversity

- 70% of respondents with diversity responsibilities are female

- 10% of respondents have no focus on diversity and inclusion or a compliance mindset at best

- 30% of respondents say their diversity stage is creating a culture of inclusion

- 89% of respondents say the business case for diversity and inclusion was recruitment, advancement and retention of talent. Only one-third say the business case is to support market revenue growth and customer satisfaction

- The focus on gender and women in leadership will lessen in next 12-24 months while the focus on flexibility will be greater

The way forward

Change in the diversity and inclusion agenda is most successful when the issues are linked to the strategic issues of the business. The activation of a diversity strategy occurs when the question is asked – why does it matter to our business? How does diversity assist us for achieve our business goals. Reframing the diversity dilemma into the business context enables a broader and more strategic approach to representation and barriers. The dialogue then becomes how we can ensure our employees can contribute at the most strategic level of their capability and experience to impact the business performance.

Organisations have had a long history of counting the numbers and while this information is critical it has not enabled the analysis of the root cause of the issues. An adhoc approach to diversity initiatives has often been in absence of any strategic diagnosis of the core issues and without appropriate emphasis on leadership and cultural change.

Leadership is the key level for change and a shift in emphasis toward leadership for inclusion is required. While people from diverse groups benefit from career programs and mentoring it is vital that organisations also focus on building leadership capability around inclusion. One without the other does not change things.
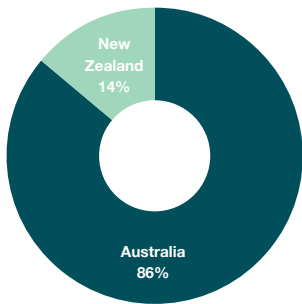
Demographics

Chart 1
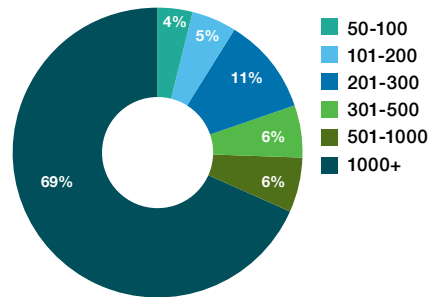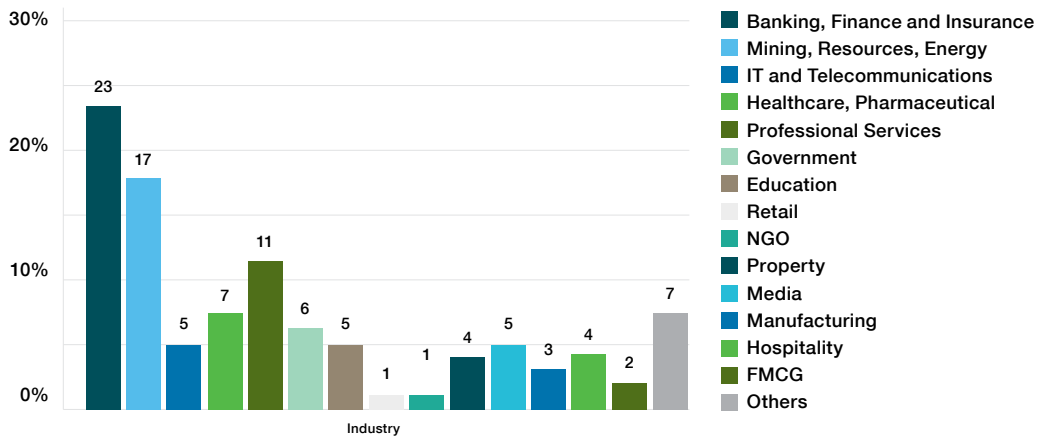**Location**

Chart 2
Organisational size

- 50-100
- 101-200
- 201-300
- 301-500
- 501-1000
- 1000+

Chart 3
Industry

- Banking, Finance and Insurance
- Mining, Resources, Energy
- IT and Telecommunications
- Healthcare, Pharmaceutical
- Professional Services
- Government
- Education
- Retail
- NGO
- Property
- Media
- Manufacturing
- Hospitality
- FMCG
- Others

Table 1.
Diversity status of respondents

Diversity Status		%
I am the Diversity leader within the organisation		67%
I am a member of the diversity team		33%
Total		100%

Structure of Diversity and Inclusion

Over 66% of respondents said their organisation had a designated manager with designated diversity and inclusion responsibilities. This manager has either 100% responsibility or had diversity responsibility as part of a broader role (62%) with other responsibilities that form part of their accountability being that of HR, or talent/leadership development.

A third of respondents said their organisation did not have a designated manager with diversity responsibilities and did not plan to in the next 12 months. That said this was not necessarily an indication that the organisation was not addressing issues related to managing a diverse workplace. Only 2% of respondents said their organisation had no focus on diversity (Table 4, p13).

When we asked respondents about the structure of the diversity function within the organisation, it is clear the dominant practice within organisations in Australia and New Zealand is to have diversity strategy and implementation as a responsibility within the broader HR functions (82%).

Chart 4
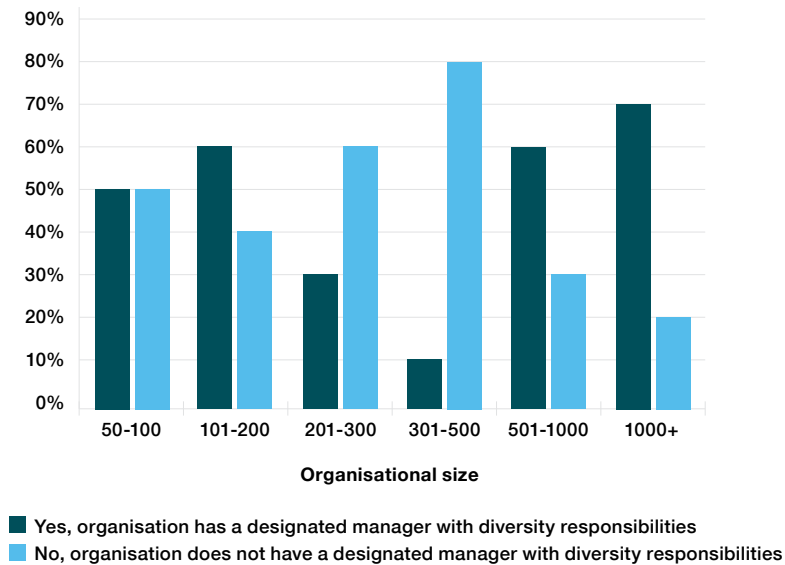**A designated Diversity Manager in organisations of different sizes**

■ Yes, organisation has a designated manager with diversity responsibilities
■ No, organisation does not have a designated manager with diversity responsibilities

Table 2.
Showing Degree of Role dedicated to Diversity Management

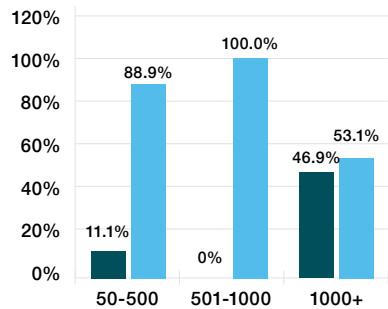Only 38% of respondents had a 100% dedicated
diversity management role.

Answer		%
100% Dedicated Diversity Management Role		**38%**
Diversity Management is combined with other responsibilities		**62%**

Chart 5
Degree of Role dedicated to Diversity versus Organisation Size

Having a dedicated diversity manager with 100% diversity function is most
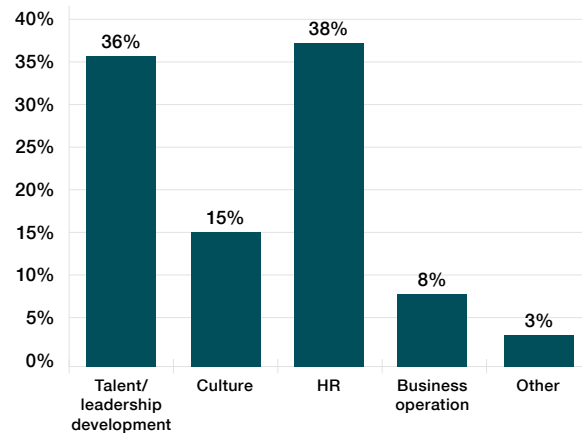common in larger organisations with 1000+ employees.

- 100% Dedicated Diversity Management Role
- Diversity Management is combined with other responsibilities

Chart 6
A designated Diversity Manager in organisations of different sizes

Of the 62% of respondents that had additional responsibilities within their role other than diversity, the majority had people related responsibilities. Only 8% of respondents shared their diversity responsibility with business operational responsibilities outside of the people functions.

Chart 7
Structure of Diversity and Inclusion

- Stand alone team that reports directly to the CEO or other executive
- HR has oversight of the Diversity function
- Strategy has oversight of the Diversity function
- Corporate communications/sustainability has oversight of the Diversity function
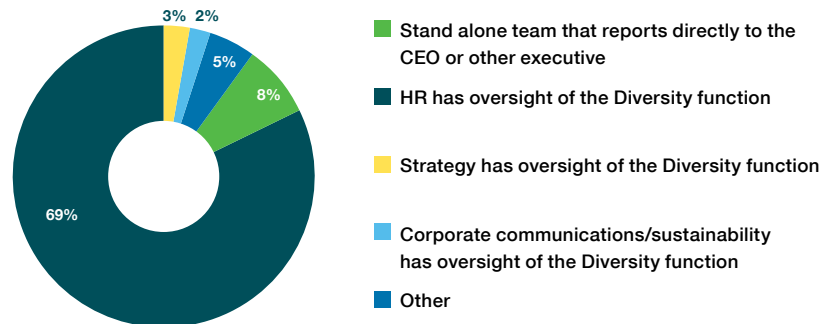- Other

Chart 8
Reporting structure

The most common reporting relationship for a Diversity Manager is to report to a people leader function (54% – 33% report to the Head of HR and 21% report to the Head of Talent and Culture). A fifth report to the Chief Executive Officer and a very small proportion of organisations have a reporting line into a strategy role or business unit head.
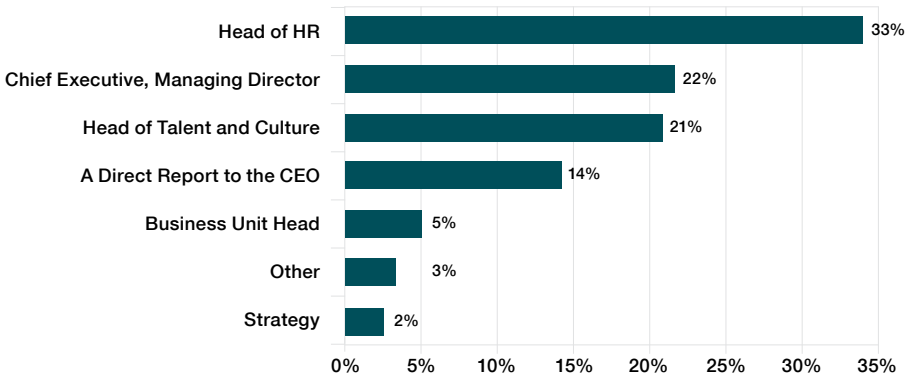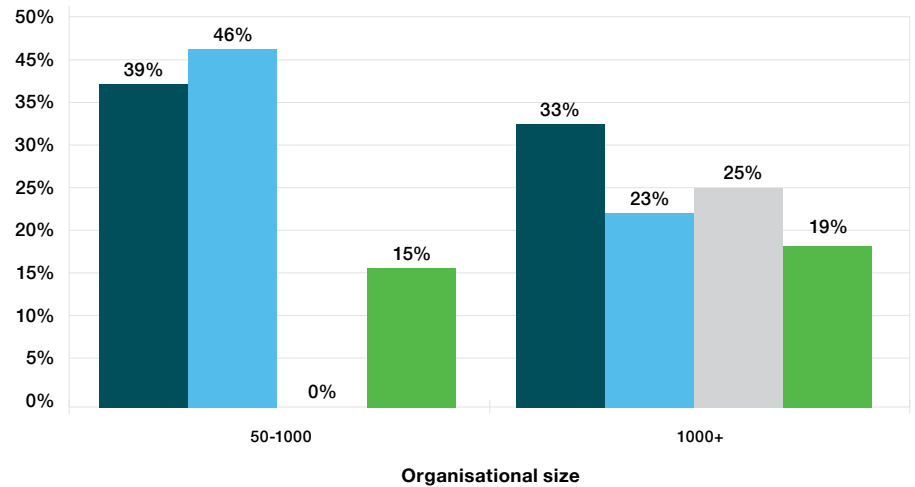

Table 3.
Size of Diversity and Inclusion Team

#	Size of Diversity Team		%
1	1		34%
2	2		28%
3	3-4		20%
4	5 or more		18%
	Total		100%

Chart 9
Size of Diversity and Inclusion Team

Organisational size

Profile of Respondents

According to the survey data, someone with diversity responsibilities in their current role has the following profile:

• A female (70%)
• A degree holder or above (85%)
• A full-time worker (75%)
• Has majority career experience in HR (67%)
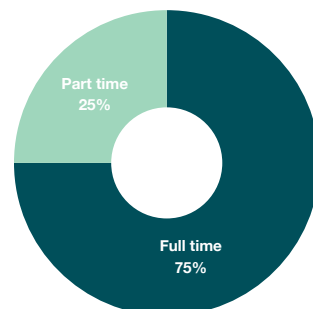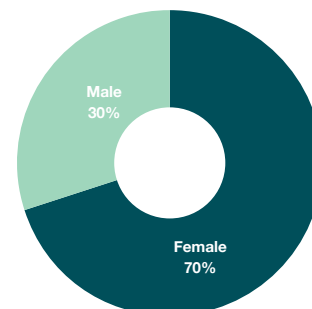
Chart 10
Nature of work hours

Part time 25%
Full time 75%

Chart 11
Gender

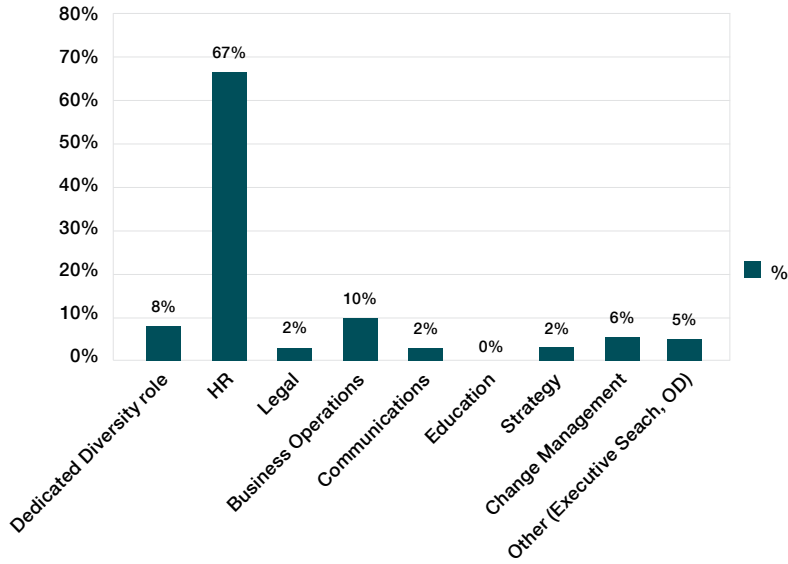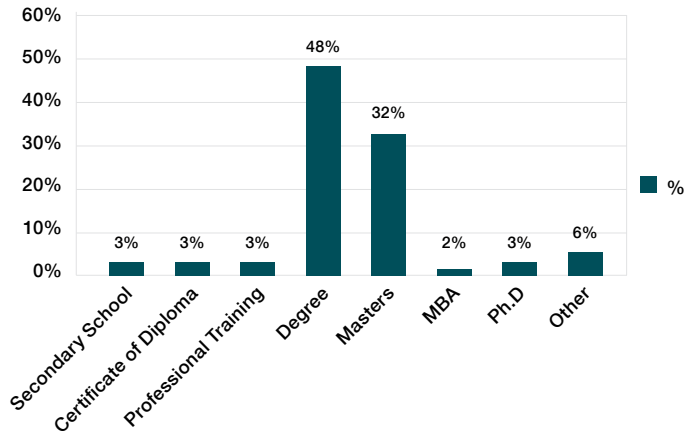Male 30%
Female 70%

Chart 12
Career experience

Chart 13
Highest educational qualification

Compensation 2013

With 67% of respondents working in HR and related functions, the remuneration responses covered a salary range consistent with other similar HR salary surveys. The range is representative of level within organisation, company size and industry.

The results of this survey have enabled us to shed light specifically on remuneration of the Diversity role. As a relatively new role within organisations to be dedicated 100% to leading diversity, there has been no specific data.

The average compensation package for persons with responsibility for diversity in companies in Australia and New Zealand lies between AUD 151,000 to 200,000 annually. The average salary of a Diversity Manager is $196,000.

Chart 14
Salary versus Role Dedication to Diversity Management

The average salary of a manager with 100% Role dedicated to Diversity Management is lower (between $151,000 and $175,000) than a manager responsible for Diversity Management combined with other responsibilities as well (about $200,000).
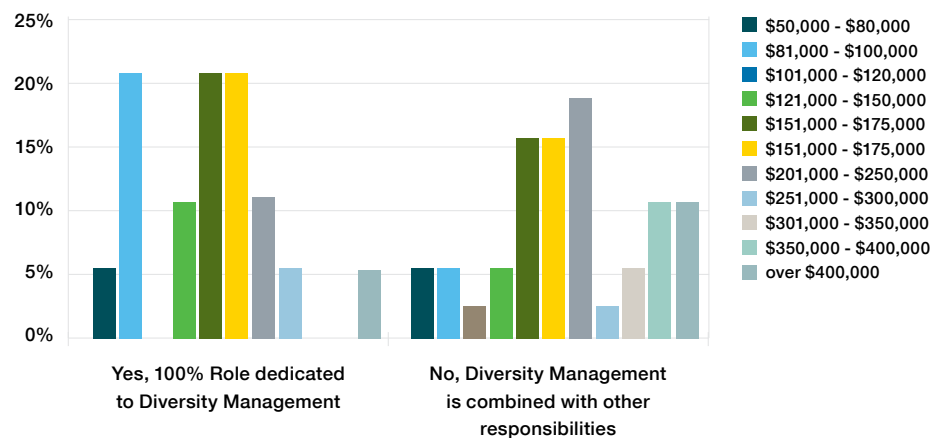
Experience of a Diversity Manager

To understand the Diversity Manager's profile, it is important to see the kind of experience that someone with responsibility for diversity has had prior to working in the area. We asked questions around experience in the current organisation; in diversity in total; the previous experience before the current role and how they came to take on the diversity role.

Although there are some very experienced diversity leaders within organisations, considering gender equity legislation will mark a 30 year anniversary in 2016, that 27% of people currently with responsibility for diversity in their role had no previous experience, highlights that the level of inexperience within businesses in Australia and New Zealand is challenging.

Chart 15.
Previous Experience in Diversity and Inclusion before Current Role

60% of respondents had no or limited experience within a similar role in diversity before taking on their current role. Those with no experience represented 27% of respondents. Male respondents were less likely than female respondents to have no experience.
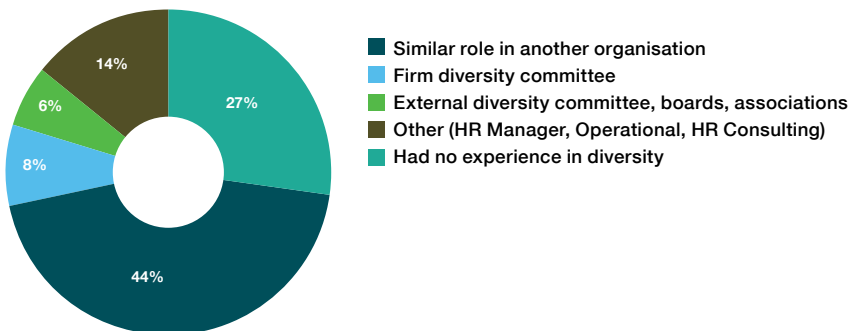

- 14%
- 6%
- 8%
- 27%
- 44%

■ Similar role in another organisation
■ Firm diversity committee
■ External diversity committee, boards, associations
■ Other (HR Manager, Operational, HR Consulting)
■ Had no experience in diversity

Chart 16
Tenure in the Diversity Role

Of the professionals surveyed with diversity responsibility, our respondents have had experience in a number of organisations and their mean experience in the current organisation is about 2-3 years (35%).

Whilst one fifth of respondents have over 10 years combined experience working in some kind of diversity role bringing experience to a diversity and inclusion agenda, nearly 40% of people surveyed have less than 3 years' experience.

Interestingly when we cut the data by gender we found that respondents with the greatest tenure in working in diversity were male. They were 10% more likely to have had diversity responsibility for more than five years.

Years of experience

■ Diversity role in the current
■ Diversity role in total
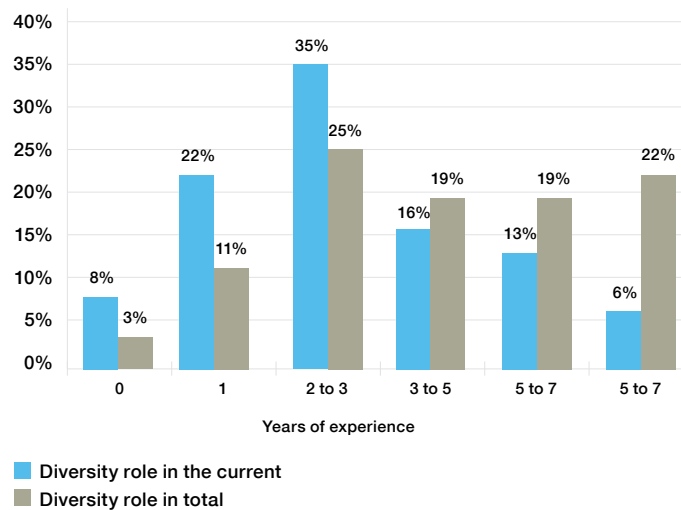
Chart 17.
Circumstance of diversity responsibility

We asked respondents how they happened to have responsibility for diversity in their current role. Experience within the organisation seems to be the most significant criteria for selection for responsibility of diversity (68%). Nearly half of respondents have had diversity added to their existing responsibilities.

■ Internally hired
■ Externally hired
■ The role was added to my responsibilities
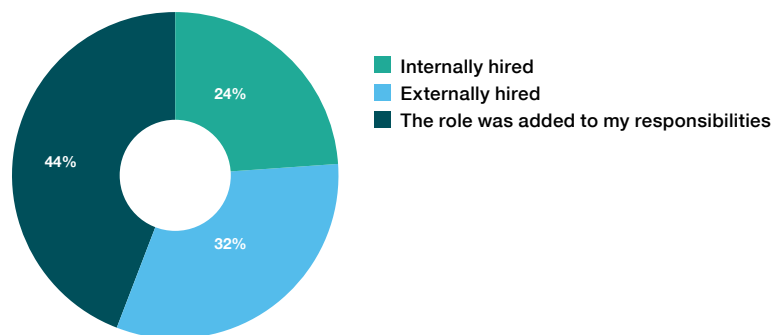
Diversity and Inclusion in Organisations Today

Since the introduction of equal opportunity/affirmative action legislation nearly 30 years ago, organisations have implemented strategies for affirmative action, equal opportunity and within the last ten years, diversity. Some organisations, like the founding members of Diversity Council Australia have been addressing these issues for those 30 years, others have only recently focused on the issues and of course there are some that believe it is not a business issue. The 30 years of action highlight the challenges within organisations, the barriers and an ever evolving workplace culture of diversity.

On the spectrum of diversity programs from "no focus" to "creating a culture of inclusion", respondents are scattered, 41% indicated they were at the building foundation stage. At this stage setting the business case, linking it to the overall corporate strategy and conducting a comprehensive diagnosis are priorities to set a strong foundation from which to "lead diversity".

The focus and priority of the diversity strategy and implementation varies depending on whether the role is completely dedicated or whether in addition to diversity they have other responsibilities. If organisations are seeking to drive forward with their diversity and inclusion agenda they would probably be well placed to appoint a dedicated manager.

Table 4.
Diversity and Inclusion Program

Stage of Diversity and Inclusion strategy	%
No focus on Diversity and Inclusion	2%
Compliance mindset at best, symbolic actions only [WGEA(EOWA) or ASX Principles reporting]	8%
Building a Foundation (the integration of diversity and inclusion into the overall business plan and related strategic initiatives)	41%
Leading diversity (leaders treat diversity and inclusion as they would any other strategic business issue)	6%
Designing & measuring diversity (using baseline data before implementation of initiatives and measure to monitor progress, tying results into business outcomes either directly or indirectly)	13%
Creating a culture of inclusion (acknowledgement that diversity and inclusion constitute an evolving process with new issues and trends emerging over time)	30%

Table 5.
Business Case for Diversity and Inclusion Strategy

Of those organisations with a focus on diversity and inclusion, we asked respondents to identify up to three responses that best describe the foundation of their organisation's business case for diversity. Recruitment, Advancement and Retention of Talent was the strongest basis for the business case (89%).

#	Answer		%
1	Market Revenue Growth and Customer Satisfaction		33%
2	Recruitment, Advancement and Retention of Talent		89%
3	Performance optimisation		56%
4	Improved customer service		16%
5	Legal and compliance		25%
6	Protection of corporate reputation and brand value		30%
7	Development of innovative solutions		35%
8	Others (Culture of the organisation)		2%

Table 6.
Areas of Responsibilities versus Role Dedication to Diversity Management

When a Diversity Manager's role is fully dedicated to Diversity Management, the role has a larger number of traditional diversity and inclusion responsibilities. However, when Diversity Management is just one of the responsibilities of an HR Manager, then the agenda does not have such a focus. For example, in the case of 'developing programs to ensure firm has an environment that fosters inclusiveness', the manager with a fully dedicated role is more likely to include it as his/her basic responsibility (96%) than a manager with other responsibilities (67%).

It is interesting to note, that whilst recruitment and retention forms the number one business case for diversity, when diversity is only part of a role, just 41% of managers work with the recruitment team, compared to over 70 per cent of those managers with only diversity responsbility. This is an example of how the organisations business case is not linked to action.

Responsibilities	Role 100% dedicated to Diversity Management	No, Diversity Management is combined with other responsibilities	Aggregated Total responses
Develops and promotes diversity goals and strategies	96%	89%	92%
Ensures implementation of both a short-term and long-term strategic diversity plan	96%	72%	81%
Implements and monitors objectives and strategies	96%	72%	81%
Promotes awareness of issues that impact diversity in firm management, operations and governance	96%	77%	84%
Develops programs to ensure firm has an environment that fosters inclusiveness & support for staff to encourage retention	96%	67%	78%
Establishes a formal mentoring program	25%	33%	30%
Manages the organisation's external outreach programs	38%	15%	24%
Diversity metric measurement	83%	64%	71%
Presents diversity updates to leadership team	88%	72%	78%
Identifies individuals with diverse backgrounds for recruiting purposes	33%	8%	17%
Works with recruitment team	79%	41%	56%
Works with organisation's professional development team	79%	44%	57%
Manages the firm's supplier diversity program	17%	10%	13%
Other (Culture and Internal Communications)	8%	8%	8%

Table 7.
Ranks of the various responsibilities based on their criticality in the organisation

A Diversity Manager has responsibilities in the organisation ranging from developing and promoting diversity goals and strategies, ensuring implementation of both a short-term and long-term strategic diversity plan and implementing and monitoring objectives and strategies of the organisation, the chart below ranks respondents' views in order of importance.

Rank	Stage of Diversity and Inclusion strategy
1	Develops and promotes diversity goals and strategies
2	Ensures implementation of both a short-term and long-term strategic diversity plan
3	Implements and monitors objectives and strategies
4	Promotes awareness of issues that impact diversity in firm management, operations and governance
5	Develops programs to ensure firm has an environment that fosters inclusiveness & support for staff to encourage retention
6	Diversity metric measurement
7	Presents diversity updates to leadership team
8	Works with recruitment team
9	Works with organisation's professional development team
10	Establishes a formal mentoring program
11	Manages the organisation's external outreach programs
12	Identifies individuals with diverse backgrounds for recruiting purposes
13	Other (Culture and Internal Communications)
14	Manages the firm's supplier diversity program

Chart 18
Budget Allocation

Budget allocations for initiatives linked to diversity vary across organisations.

Legend:
- 0
- Between 25,001 and 50,000 AUD
- Between 75,001 and 100,000 AUD
- Between 200,001 and 500,000 AUD
- Between 0 and 25,000 AUD
- Between 50,001 and 75,000 AUD
- Between 100,001 and 200,000 AUD
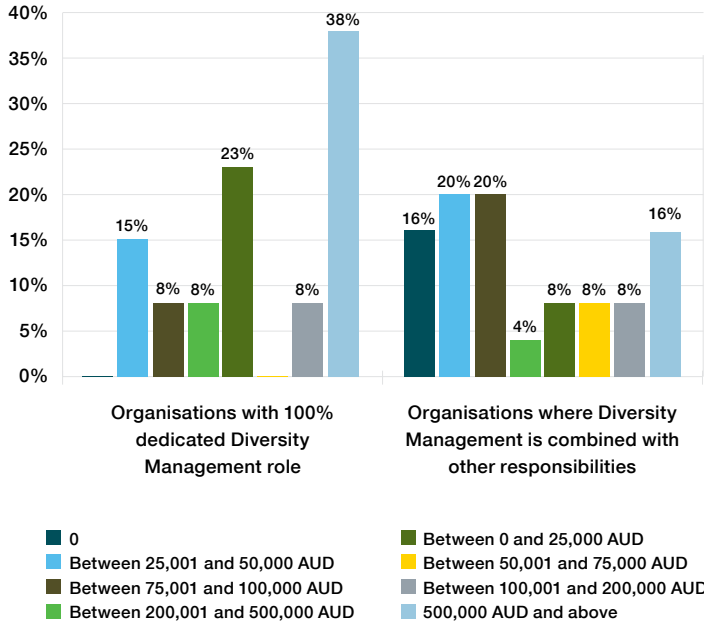- 500,000 AUD and above

Chart 19.
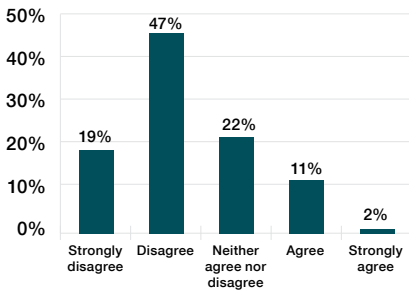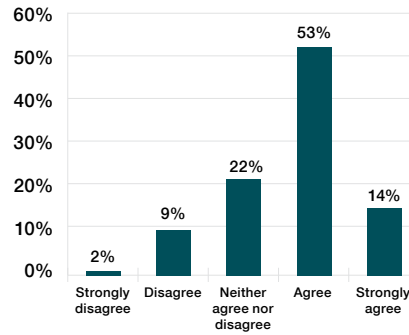## There is Resistance/ Lack of support to Diverse Individuals

Chart 20.
Diversity plays a role in attracting new hires

Outlook

The Diversity and Inclusion agendas within Australian and New Zealand businesses look set to change over the next one to two years compared to issues that Diversity Managers focused on in the past 12 to 24 months.

Gender and *Women in Leadership* lose their top spot although they remain a priority for more than 70% and 60% of respondents respectively. There will be increased focus on *Flexibility*.

The fourth priority, and the one with the greatest shift in focus from previous years is *Managing inclusion – leadership capability*. This shift in focus is interesting to note and perhaps finally a clear sign in understanding of the importance of leadership in cultural change and the biggest gap to date in achieving significant change. Respondents identified senior level management and the c-suite as the most important people for the success of diversity strategy, however these leaders are only *somewhat involved* in leading their organisation's diversity strategy.

Given the results shedding light on the experience of Diversity Managers (Chart 15), it is encouraging that an increased number will also be focusing on improving *HR Capability managing diversity and inclusion*.

Of possible concern is the decreased focus in *diagnosis* and *diversity strategy*. In our experience these are the two areas that organisations do not spend sufficient time or resources investing in towards building the strategic foundation.

Chart 21
Diversity and Inclusion Issues

The following areas/issues will increase in focus: age generational; flexibility; HR capability; LGBT; managing diversity; leadership capability; mental health; cultural diversity; disability; talent development; unconscious bias; managing cross cultural diversity within teams; cross cultural capability in leadership in executive ranks.

The following areas/issues will decrease in focus: diversity strategy; diagnosis and Indigenous. The following will decrease in focus within organisations but still remain important for more than 70% of respondents: gender and women in leadership.
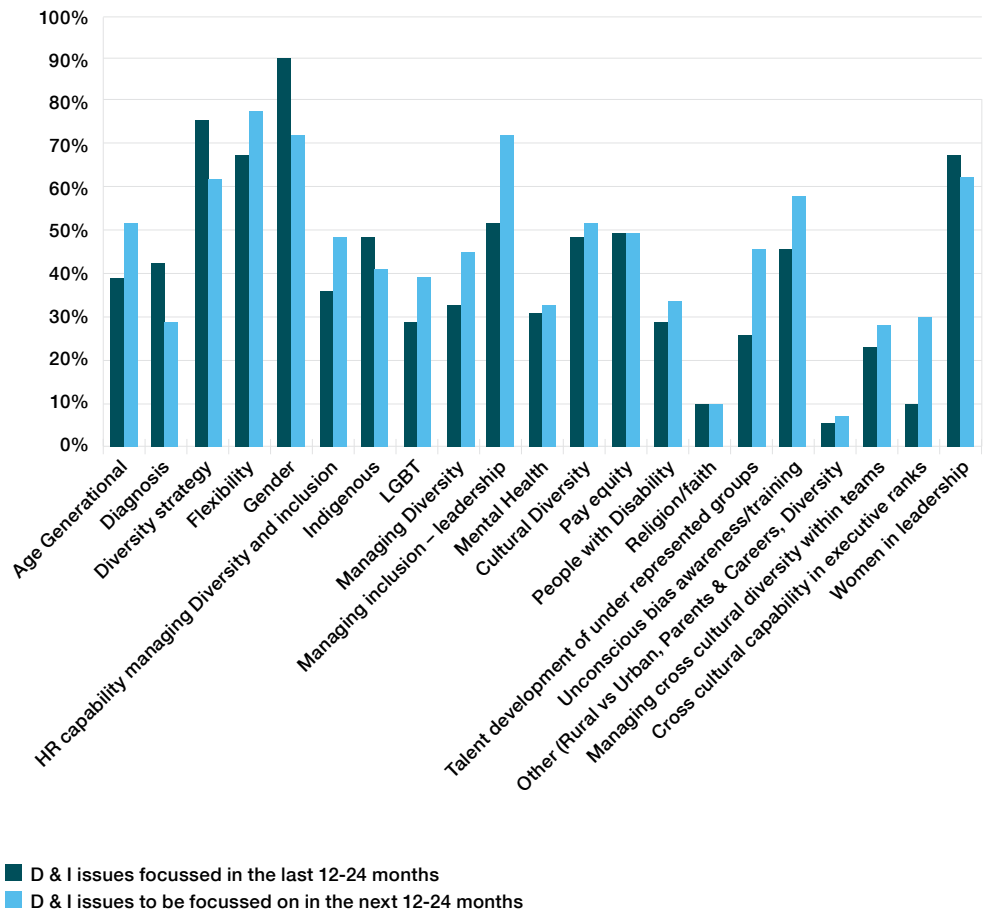

■ D & I issues focussed in the last 12-24 months
■ D & I issues to be focussed on in the next 12-24 months

Chart 22
Most important people to the success of Diversity and Inclusion strategy in the organisation

More than three quarters of respondents believe that senior management and the C-Suite are the most important people to the success of diversity and inclusion strategy in an organisation. However, it is interesting to note in Chart 23 that these leaders are not very involved in the strategy.

Category	%
Senior level management	81%
C-suite	75%
Business unit leaders	53%
Middle management	44%
Line leaders	36%
Men	19%
Women	14%
Salaried employees	13%
Clients	9%
Suppliers	0%
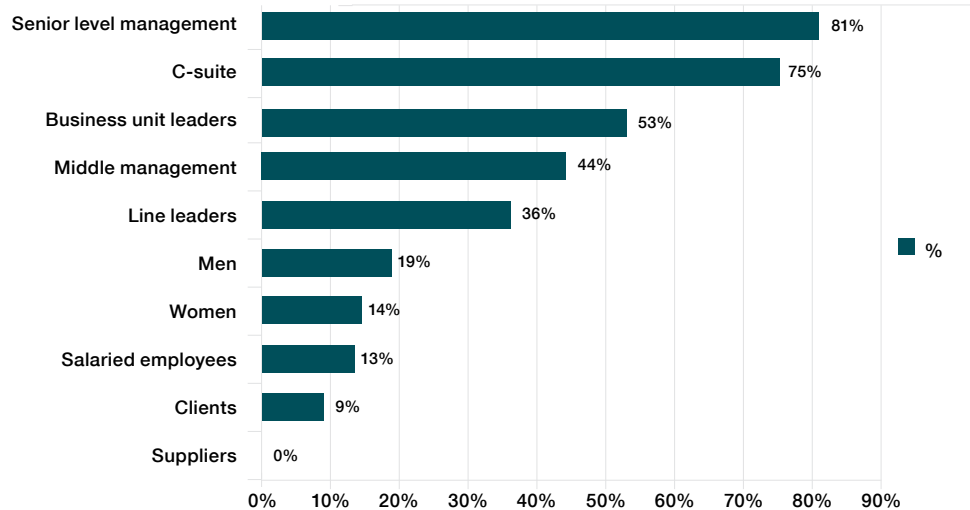
Chart 23
Involvement of different people in the Diversity and Inclusion Strategy

Category	Involvement
C-suite	2.38
Senior level management	2.37
Business unit leaders	2.13
Middle management	1.89
Line leaders	1.82
Salaried employees	1.7
Suppliers	1.37
Clients	1.53
Women	2.26
Men	1.97

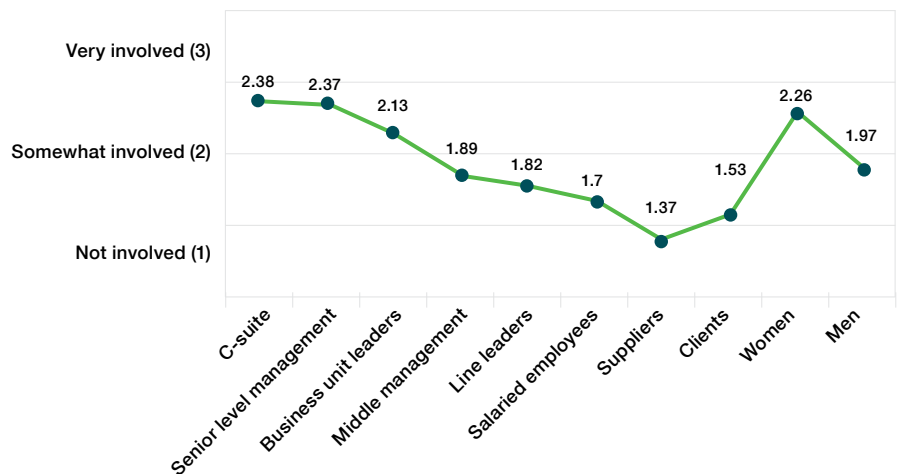Very involved (3) — Somewhat involved (2) — Not involved (1)

Table 8.
**Competencies in the Diversity and Inclusion Leaders within the Business
(ranked in order of importance)**

Rank	Competencies
1	Leadership
2	Openness to change/ leading change
3	Diversity Knowledge
4	Influencing Skills
5	Communication Skills
6	Business Knowledge
7	Business Acumen

About the Survey Partners

KORN/FERRY INTERNATIONAL
Greatness Cultivated

KornFerry

Korn/Ferry International is a premier global provider of talent management solutions, with a presence throughout the Americas, Asia Pacific, Europe, the Middle East and Africa. The firm delivers services and solutions that help clients cultivate greatness through the design, building and attraction of their talent. Visit www.kornferry.com for more information on Korn/Ferry International, and www.kornferryinstitute.com for thought leadership, intellectual property and research.

futurestep
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As a Korn/Ferry Company, Futurestep can meet a variety of workforce requirements; from RPO and project recruitment, to search and consulting, our solutions apply a truly world-class capability to deliver talent with impact, providing the experience and global reach to identify, attract and retain the people who drive business success. To learn more, visit www.futurestep.com

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Diversity Council Australia

Diversity Council Australia is the only independent, not-for-profit workplace diversity advisor to business in Australia. We offer a unique knowledge bank of research, practice and expertise across diversity dimensions developed over more than 25 years of operation.

DCA provides diversity advice and strategy to over 180 member organisations, many of whom are Australia's business diversity leaders and biggest employers. Our founding members include ANZ Bank, AMP, AXA, BHP Billiton, Boral, IBM Australia, Orica, Rio Tinto and Westpac.

Learn more about DCA or about how to become a member at www.dca.org.au

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