

**2021-2022  
EDITION**



**DIVERSITY  
COUNCIL  
AUSTRALIA**



# INCLUSION@WORK INDEX

**MAPPING THE STATE OF INCLUSION IN THE AUSTRALIAN WORKFORCE**

**SYNOPSIS REPORT**

Report embargoed until 9 December 2021.

An electronic executive summary of this research can be found on the [DCA website](#).

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## About Diversity Council Australia

Diversity Council Australia (DCA) is the independent not-for-profit peak body leading diversity and inclusion in the workplace. We provide unique research, inspiring events and programs, curated resources and expert advice across all diversity dimensions to a community of member organisations.

### Our belief, vision and mission

- Our belief is that diversity and inclusion is good for people and business.
- Our vision is to create a more diverse and inclusive Australia.
- Our mission is to encourage and enable Australian organisations to create diverse and inclusive workplaces.

DCA works in partnership with members to generate groundbreaking high impact diversity research that drives business improvement through providing evidence-based guidance on how to fully leverage the benefits of a diverse talent pool.

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“ DCA is pleased to present this third Inclusion@Work Index report, which sets out the Australian business case for D&I.

Our research has shown once again that inclusion matters to Australian workers, and that inclusive organisations and teams continue to outperform non-inclusive ones.

But this report also has some key insights for businesses looking to do better when it comes to diversity and inclusion, and make themselves more resilient to changes in the labour market as a result of COVID-19.

Much of Australia has experienced serious disruption to our way of life in the past two years. For many businesses it has involved changing the way they work; and for many employees it's changed what they are looking for from work. What we are seeing internationally is that as countries are emerging from sustained pandemic restrictions, employees are expressing a desire to look for a new place to work.

This research demonstrates a link between non-inclusive behaviours, and workers' intentions to stay. So, if you are investing in D&I, you're investing in the wellbeing of your people, and making your business more resilient.

This research also shows that Australian managers need to do better at inclusion. Less than a third of Australian workers have an inclusive manager.

But also, that we all need to be doing more to engage those employees who aren't aware of the benefits of inclusion@work.

This report is a great starting point for that conversation. ”

**LISA ANNESE**

CHIEF EXECUTIVE OFFICER, DIVERSITY COUNCIL AUSTRALIA



## WHAT IS THE INCLUSION@WORK INDEX?

In 2017, DCA and Suncorp partnered to create a national Inclusion@Work Index to track the state of inclusion in the Australian workforce over time. Now in its third iteration, DCA once again set out to investigate 2 questions:

- 1** How inclusive is the Australian workforce for a diversity of employees, and how has this changed over time?
- 2** What impact does inclusion have on performance and wellbeing?



**3,000**  
AUSTRALIAN  
WORKERS

To do this, we surveyed a **nationally representative sample of 3,000 Australian workers**. The survey is repeated biennially to map and track inclusion in the Australian workforce over time.

### OUR ASPIRATION IS TO:

- encourage Australian organisations to **achieve inclusion** in their workplaces
- biennially **track Australia's progress** (or lack of) in creating Inclusion@Work
- encourage Australians to consider workplace inclusion in relation to a **broad set of workers** – not just men and women, but also Aboriginal and/or Torres Strait Islander and non-Aboriginal and/or Torres Strait Islander peoples, people from culturally diverse and non-culturally diverse backgrounds and people from other key demographic groups (e.g. age, caring responsibilities, disability status, sexual orientation and gender identity).



## STATE-OF-PLAY SNAPSHOT

Since 2017, support for diversity and inclusion has remained high – 3 out of 4 Australian workers support their organisation taking action to create a workplace which is diverse and inclusive (D&I).

But 1 in 5 workers continue to neither support nor oppose their workplace taking D&I action, indicating there is still work to be done to better engage this 'mobile middle'.

One way to do this is to make it clear that inclusion is good for everyone – not just people from historically under-represented groups. Index results show that, for people who work in organisations that are taking D&I action, inclusion and wellbeing is higher.

## WHAT IS DIVERSITY?

Diversity is the mix of people in your organisation.

Diversity refers to all the ways in which we differ (e.g., Aboriginal and/or Torres Strait Islander background, age, education, gender, profession).

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## WHAT IS INCLUSION?

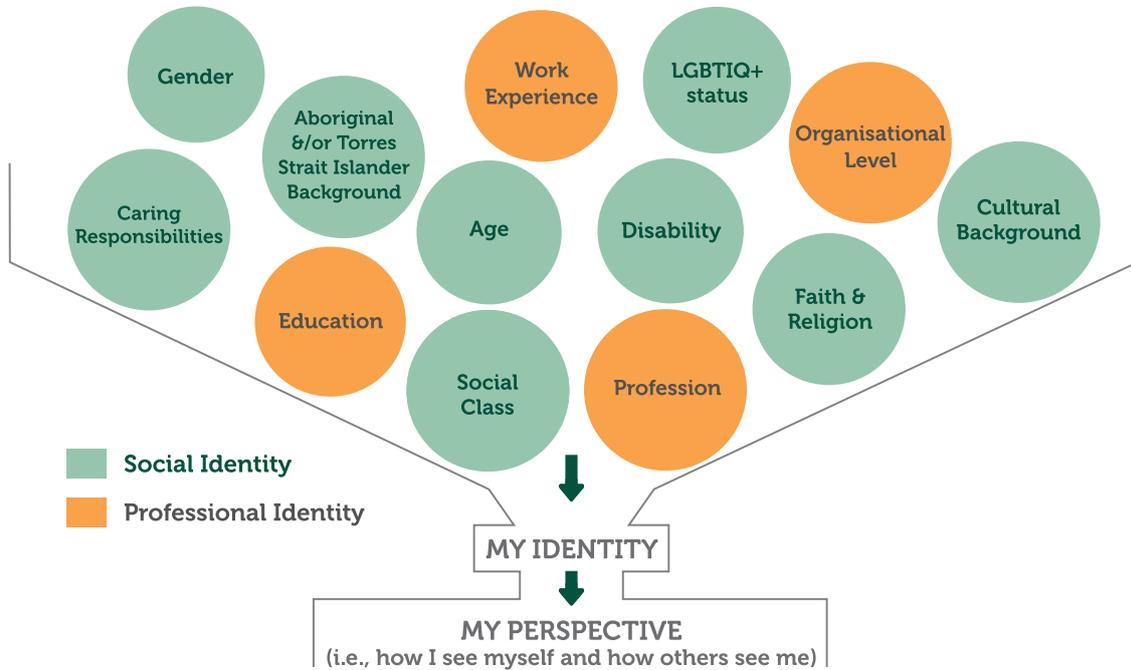
Inclusion is getting this mix to work.

Inclusion occurs when a diversity of people are respected, connected, progressing and contributing to organisational success.



# DIVERSITY

Diversity refers to all the differences between people in how they identify in relation to Social Identity, that is their Aboriginal and/or Torres Strait Islander background, age, caring responsibilities, cultural background, disability, gender, faith/no religion, LGBTIQ+<sup>1</sup> status, and social class, and their Professional Identity, that is their profession, education, work experiences, and organisational role.



# INCLUSION

Inclusion occurs when a diversity of people are respected, connected, progressing and contributing to organisational success.

**Respected.** Inclusion occurs when a diversity of people at work feel valued and respected for who they are.

**Connected.** Inclusion occurs when a diversity of people feel connected to their co-workers and so have a sense of belonging.

**Progressing.** Inclusion occurs when a diversity of people at work have opportunities to develop their career and progress.

**Contributing.** Inclusion occurs when a diversity of people can contribute their talents and energies to the organisation.



Remember that different people will experience inclusion differently. For example, being respected at work may look and feel different for a young Anglo-Celtic graduate and an older Chinese-Australian executive. It's important we all learn about each other's identities so we can understand how they influence our views and experiences of inclusion.



## WHAT IS AN INCLUSIVE TEAM?

An inclusive team is one where a diversity of people feel that they:

- are respected and valued team members
- are able to be themselves
- can contribute and progress at work.



## WHO IS AN INCLUSIVE MANAGER?

An inclusive manager is someone who creates an inclusive team environment. For this research project, we defined an inclusive manager as someone who:

- values differences
- seeks out and uses a diversity of ideas
- treats everyone fairly
- deals with inappropriate behaviour.



## WHAT IS AN INCLUSIVE ORGANISATION?

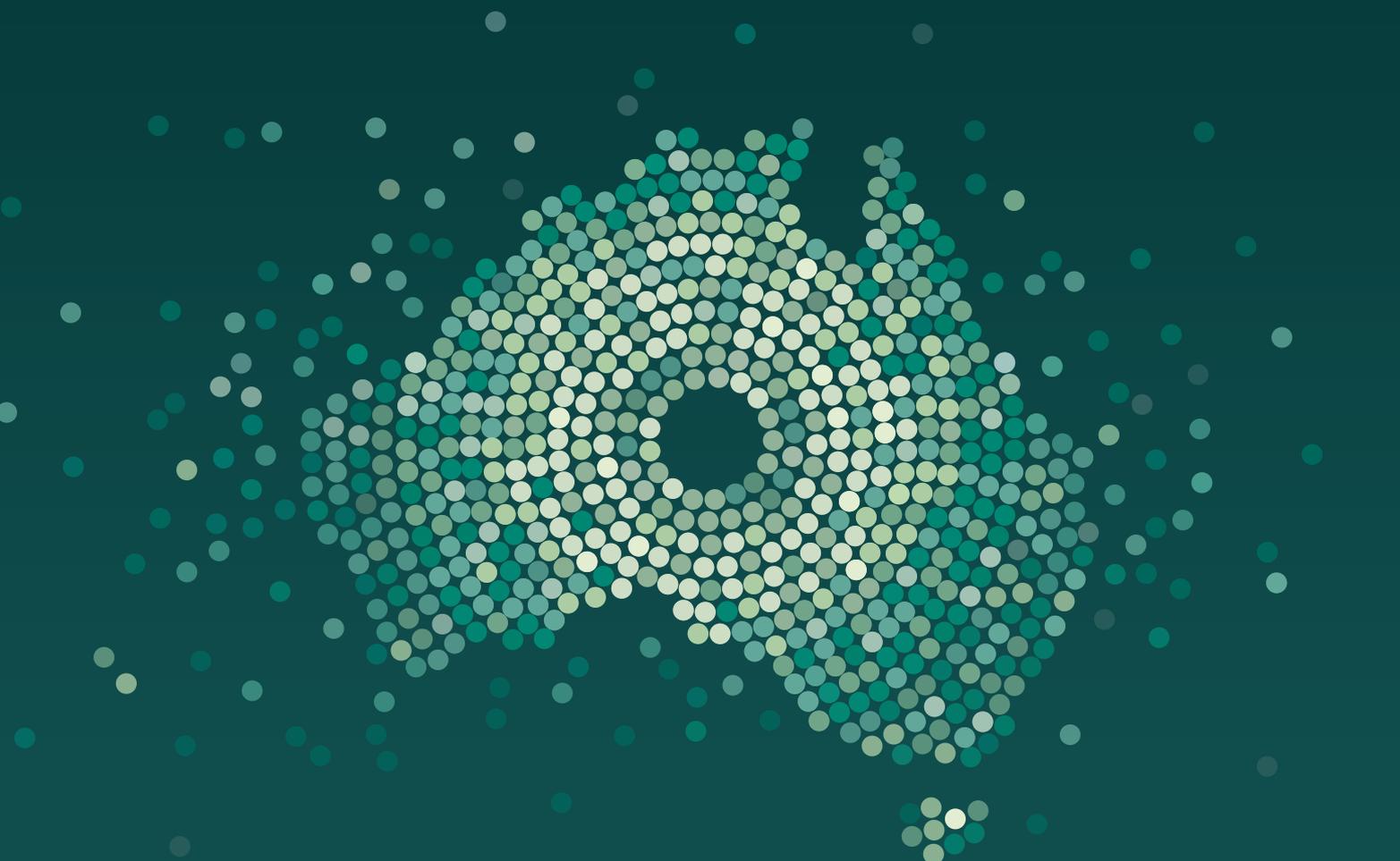
For this research project, an inclusive organisation is defined as one in which employees:

- trust they will be treated fairly
- feel diversity is valued and respected
- report that top leaders demonstrate a genuine, visible commitment to diversity and inclusion.

## MEASURING INCLUSION

Respondents were asked a series of questions about how inclusive their team, immediate manager, and organisation was. Based on their answers, an average score out of 5 was calculated.





## **DOES INCLUSION@WORK MATTER TO AUSTRALIANS?**

In 2021, Inclusion@Work continues to matter to the majority of Australian workers, with opposition to diverse and inclusive workplaces remaining very low.

However, a sizable portion of Australian workers remain in the 'mobile middle' neither supporting nor opposing action to make workplaces diverse and inclusive.

We've called these employees the 'mobile middle' as they represent a significant opportunity for Australian employers wanting to better engage their workforce around Inclusion@Work.

## STRIKING SUPPORT CONTINUES

While it is sometimes claimed that diversity and inclusion (D&I) initiatives are ‘political correctness gone too far,’<sup>2</sup> it is encouraging to see this sentiment is not reflected in Australian workers’ level of support. Since 2017, support for D&I activity has remained consistently high.



As in prior indexes, three quarters (77%) of Australian workers in 2021 support or strongly support their organisation taking action to create a workplace which is diverse and inclusive.

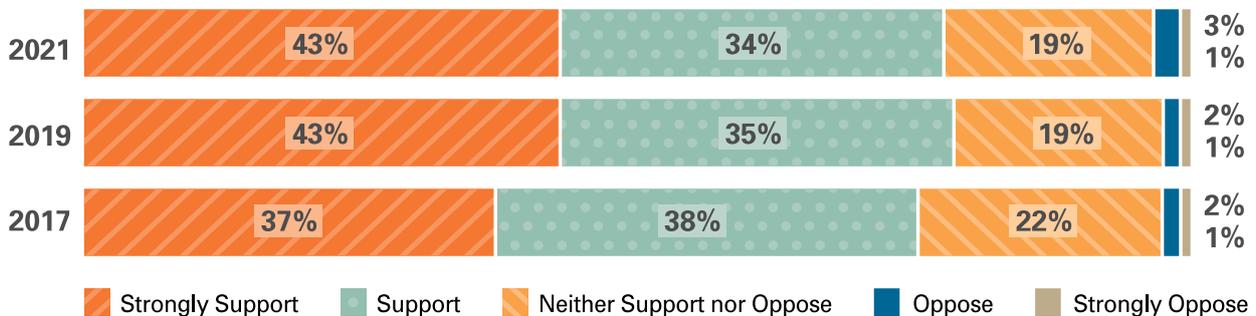


Only a very small percentage of workers remain against workplace D&I action – 3% oppose their organisation taking action to create a workplace that is diverse and inclusive, and 1% strongly oppose that action.

## BUT WE NEED TO DO MORE TO ENGAGE THE ‘MOBILE MIDDLE’



Almost 1 in 5 (19%) of Australian workers continue to *neither support nor oppose* their workplace taking D&I action, indicating there is still work to be done to better engage this ‘mobile middle’ with the benefits of Inclusion@Work.



## COVID-19 HAS HAD LITTLE IMPACT ON WORKPLACE INCLUSION

We had wondered what impact COVID-19 would be having on Australian workers’ experiences of diversity and inclusion. Interestingly, we found few notable differences in index findings between 2021 and previous years, most likely because the 2021 index survey was in field in early May, a time when peak lockdowns were not underway in Australia.



In 2021, the majority of workers still report being in inclusive teams, despite COVID-19 restrictions meaning many teams may not be able to physically connect for periods of time. Close to a half of Australian workers (49%) report that their team is inclusive, compared to only 12% reporting their team is non-inclusive. The remaining 39% of workers indicated that their team is somewhat inclusive.<sup>3</sup> This was a similar percentage to previous years.

# HOW DO WE ENGAGE THE MOBILE MIDDLE?

One of the challenges facing organisations seeking to create a more diverse and inclusive workplace is ensuring that employees do not feel as though D&I efforts are benefiting the ‘minority’ at the expense of the majority.<sup>4</sup>

This requires addressing the assumption that D&I efforts only benefit people from target or minority groups.



For example, **Aboriginal and/or Torres Strait Islander workers** often hear non-Indigenous colleagues complain that they get unfair ‘special treatment’ at work.<sup>5</sup> Our findings challenge this, showing that **inclusion is good for everyone** – not just people from historically under-represented groups.

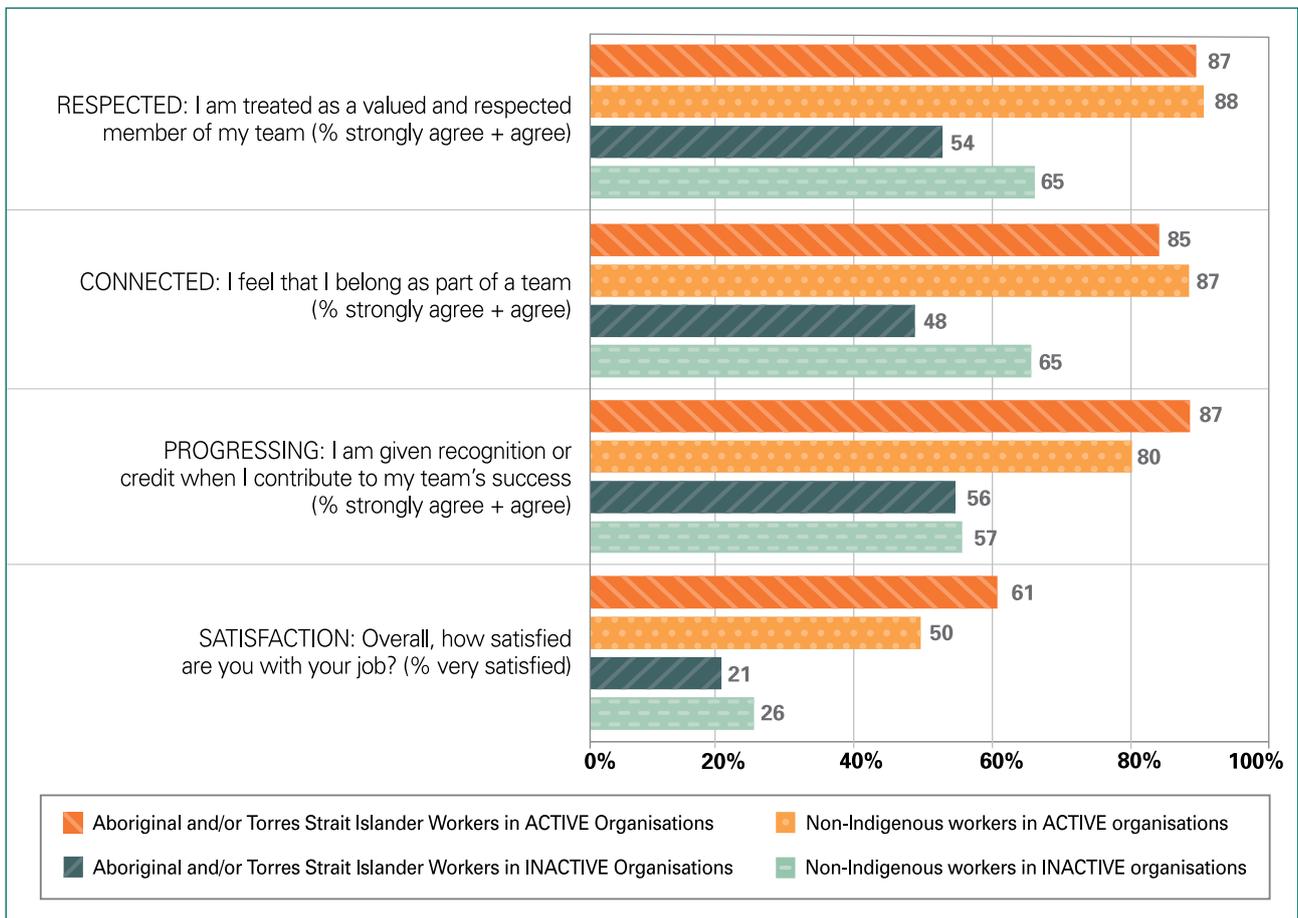


Our analysis of the 2021–2022 dataset revealed that, for people who work in organisations taking D&I action, inclusion and wellbeing are higher for both Aboriginal and/or Torres Strait Islander workers **and** non-Indigenous workers (see graph below).



We also found this to be the case for people with and without disability, culturally diverse and non-culturally diverse employees, men and women, and LGBTIQ+ and non-LGBTIQ+ employees.

**This shows that it’s not just people from under-represented groups who are benefiting from organisational D&I efforts.**





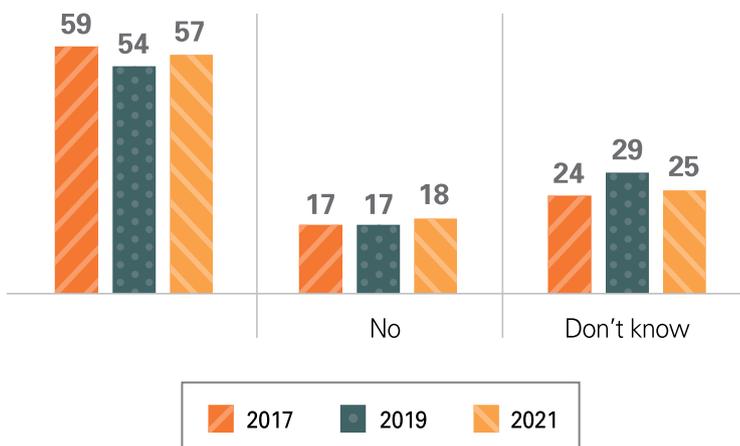
## HOW D&I ACTIVE ARE AUSTRALIAN WORKPLACES?

Well over half (57%) of Australian workers report that their organisation is taking action to create a diverse and inclusive workplace, while 18% report their organisation is not taking action.

A quarter (25%) of workers report that they do not know if their organisation is taking D&I action, suggesting some organisations need to better communicate the work they are doing to become more diverse and inclusive.

Since 2017, these figures have changed little. COVID-19 has exposed gendered, economic and racial divisions, so it is heartening that organisations have maintained D&I activity when it's more important than ever.

### Is your organisation taking action to create a diverse and inclusive workplace?



### WHAT IS A D&I ACTIVE ORGANISATION?

D&I active organisations are those where respondents indicated their organisation is taking action to create a more diverse and inclusive workplace.

D&I inactive organisations are those where the respondent indicated their organisation is not taking action or that they do not know.

# NON-INCLUSIVE MANAGERS: WHAT IS AT STAKE?

Since 2017, DCA has conducted three Inclusion@Work indexes and each time the findings demonstrate inclusion is much more than a 'feel good' exercise.

Inclusion creates a better work environment, which is good for businesses and people. But what happens in Australian workplaces when managers are non-inclusive? Our findings show a lot is at stake when managers are non-inclusive. They significantly reduce team performance, increase the risk of discrimination and harassment, and adversely impact employee wellbeing. Clearly, it pays to be an inclusive manager.

## Non-inclusive managers are bad for business

We found if your immediate manager is not inclusive,<sup>6</sup> you are:



**10 times less likely to innovate** than someone with an inclusive manager<sup>7</sup>



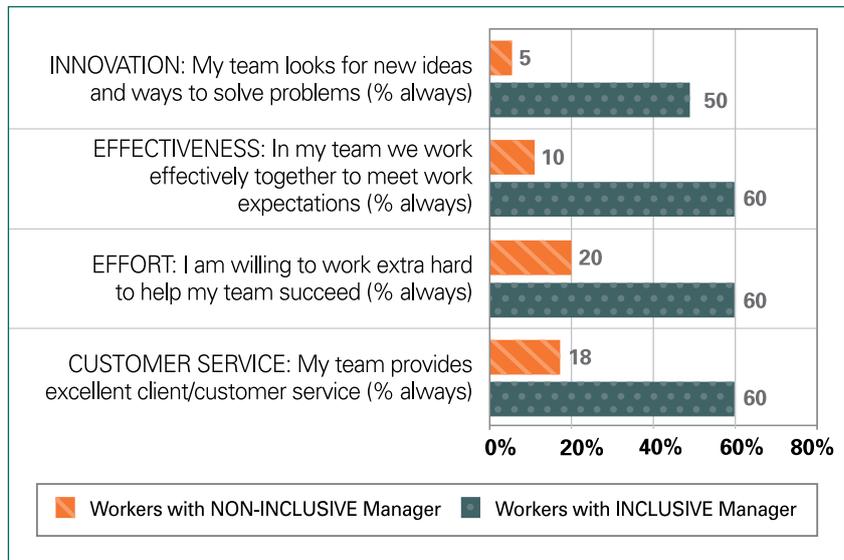
**6 times less likely to be highly effective**



**3 times less likely to work extra hard**



**3 times less likely to provide excellent customer service**



## Non-inclusive managers are bad for employees

Having a non-inclusive manager also significantly reduces your employee satisfaction, security and mental health. You are:



**5 times less likely to be very satisfied with your job**



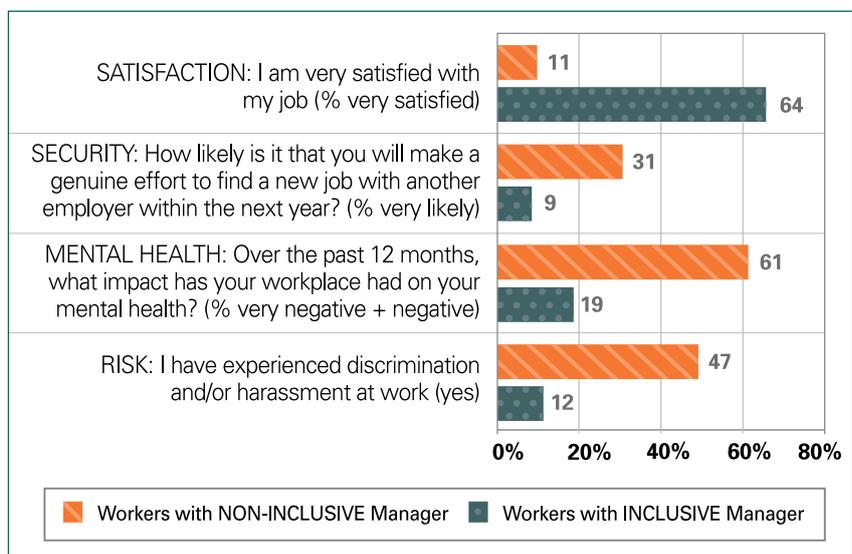
**3.5 times more likely to leave your current employer**



**3 times more likely to feel work has a negative impact on your mental health**



**4 times more likely to report experiencing discrimination and/or harassment at work**

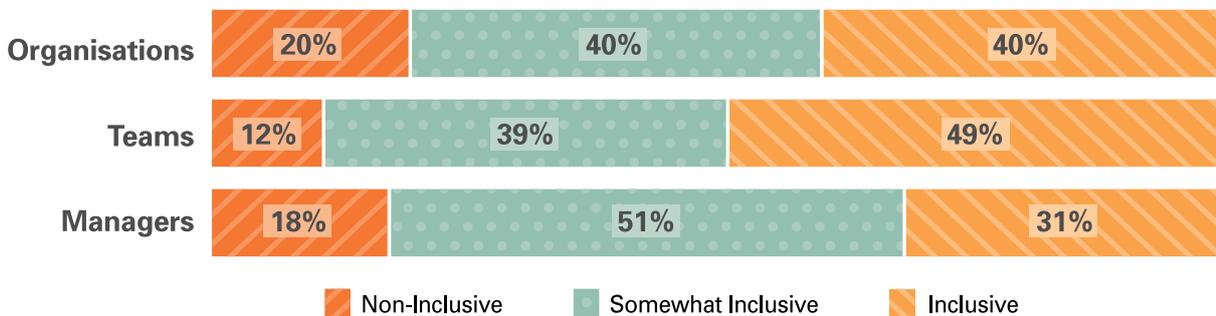




### Less than one in three workers have an inclusive manager

In 2021, inclusive leadership emerged as the area where inclusion is least common. Only 31% of Australian workers reported their immediate manager is inclusive, compared to 49% reporting their team is inclusive, and 40% reporting their organisation is inclusive.

More than two thirds of workers indicated that their manager is either not inclusive (18%) or only somewhat inclusive (51%). Clearly there is more work to be done to increase inclusive leadership capabilities and ensure managers are inclusive at work.

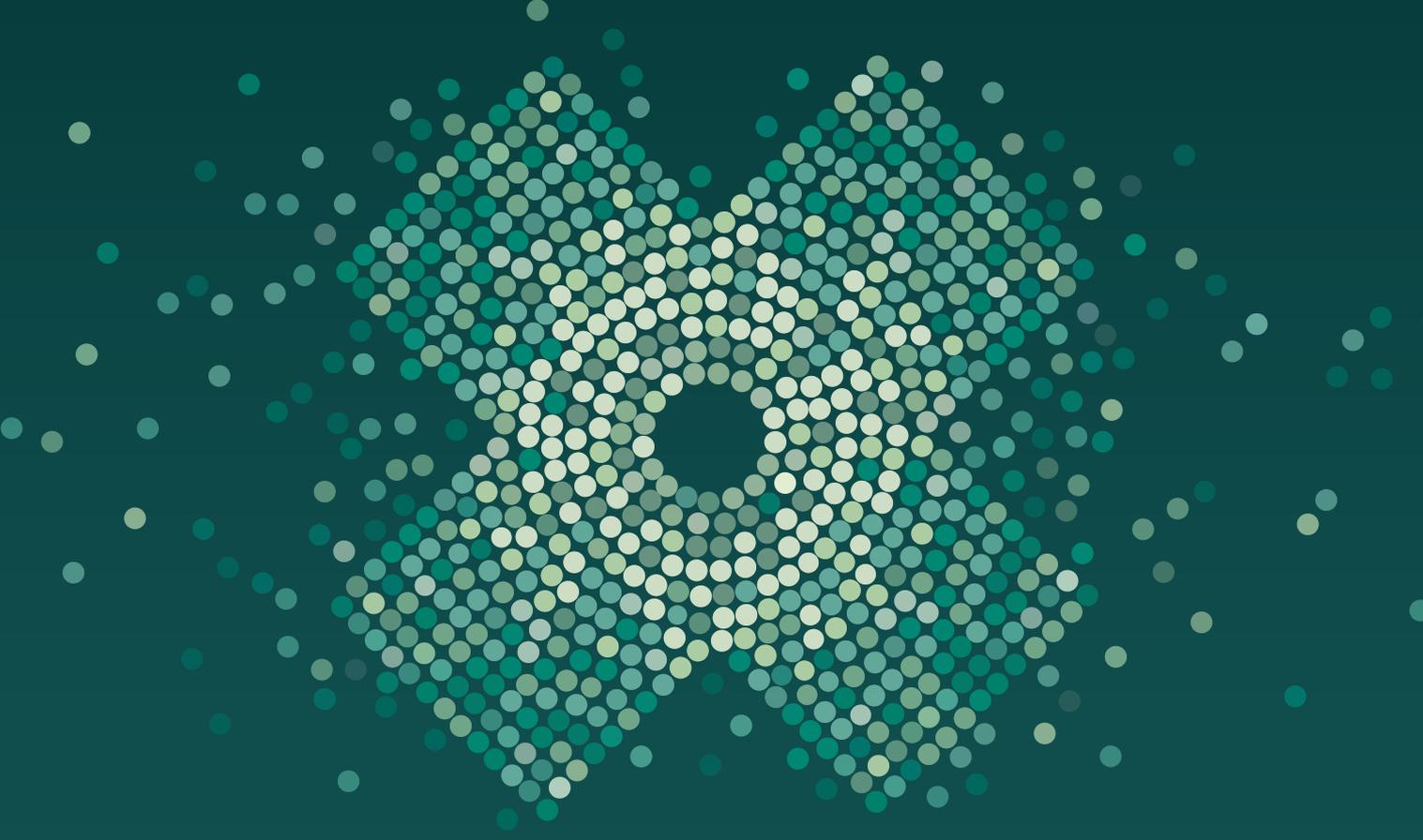


### Where are the inclusive leaders? Industry comparisons

Inclusive leadership is far more common in some industries than it is others. Workers in financial and insurance services (41%) and education and training (40%) report the highest experience with inclusive managers, exceeding the national average of 31%.

In contrast, only 17% of workers in the manufacturing industry report their manager is inclusive, while those in public administration and safety (25%), retail trade (24%), and transport, postal and warehousing (22%) also report inclusive leadership below the national average.



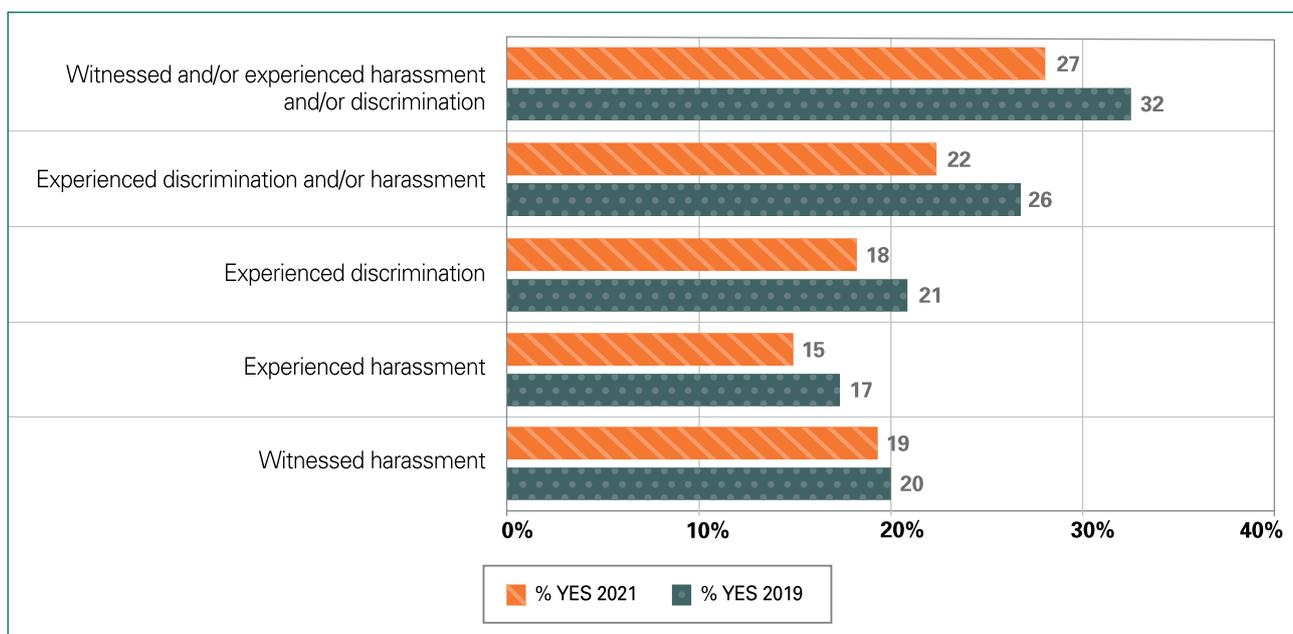
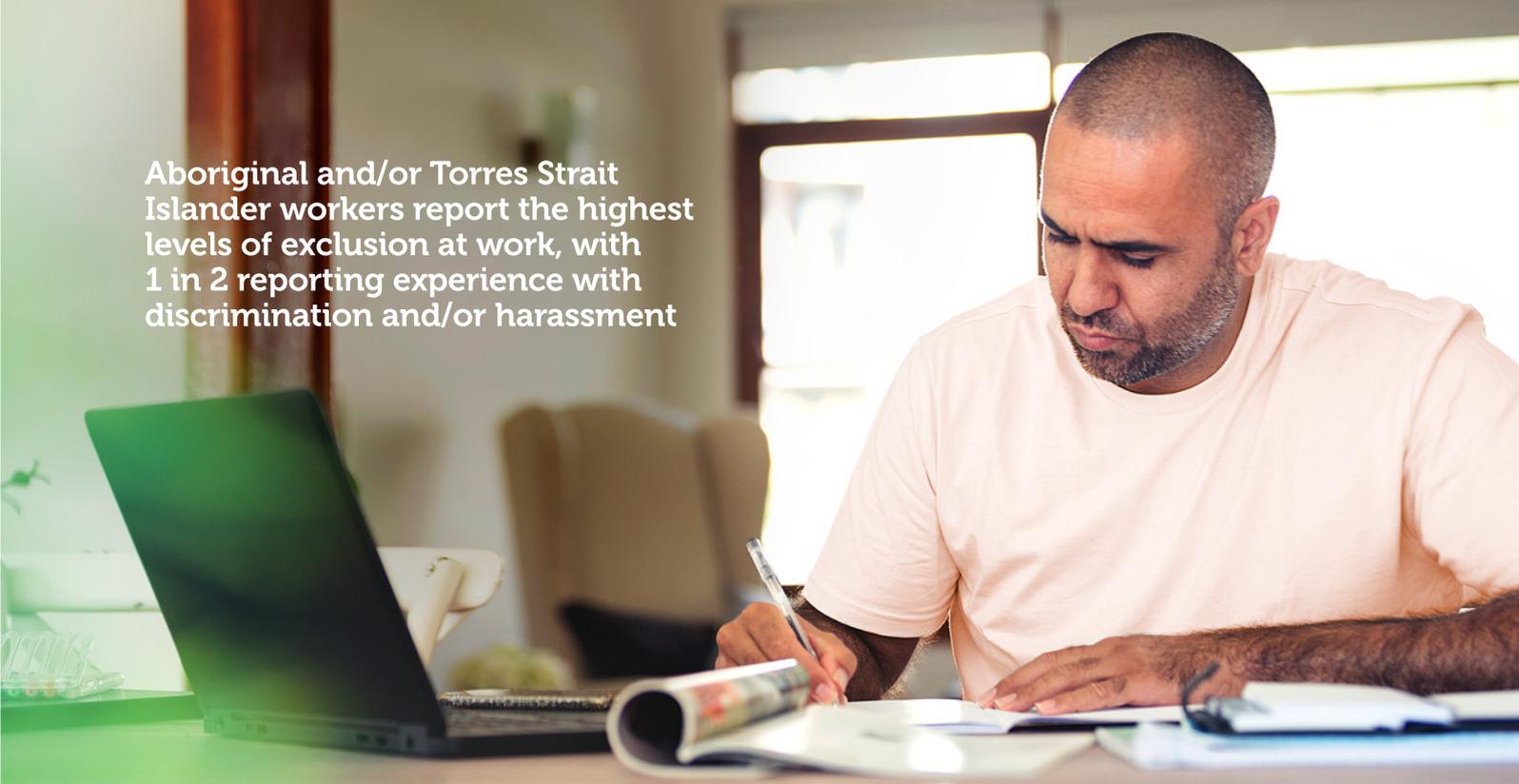


## THE STATE OF EXCLUSION IN 2021

In 2021, over a quarter (27%) of all Australian workers still report having personally witnessed or experienced discrimination and/or harassment at work in the past year.

Our results also show everyday exclusionary behaviours are common in Australian workplaces, damaging employee wellbeing and performance.

Aboriginal and/or Torres Strait Islander workers report the highest levels of exclusion at work, with 1 in 2 reporting experience with discrimination and/or harassment

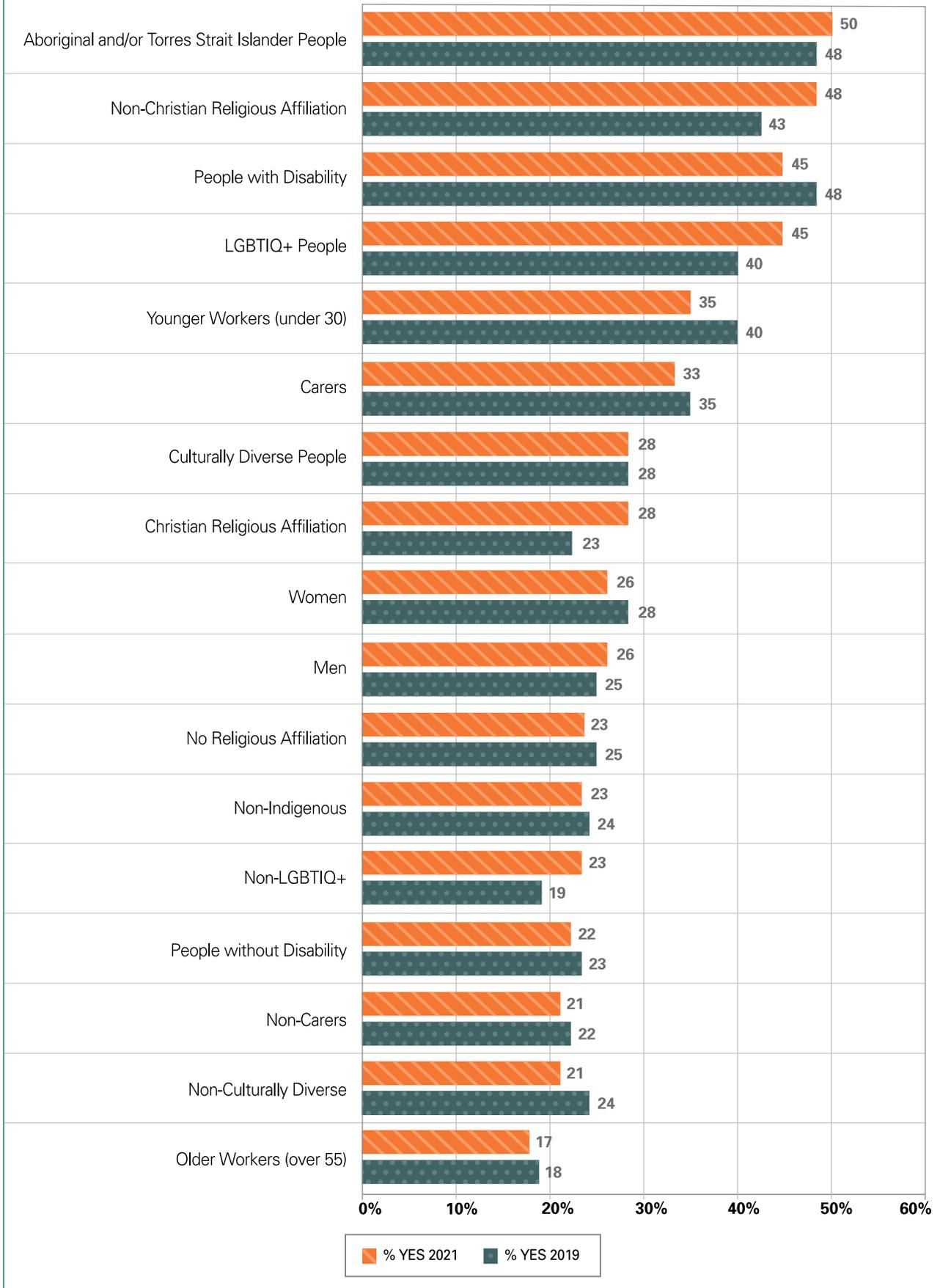


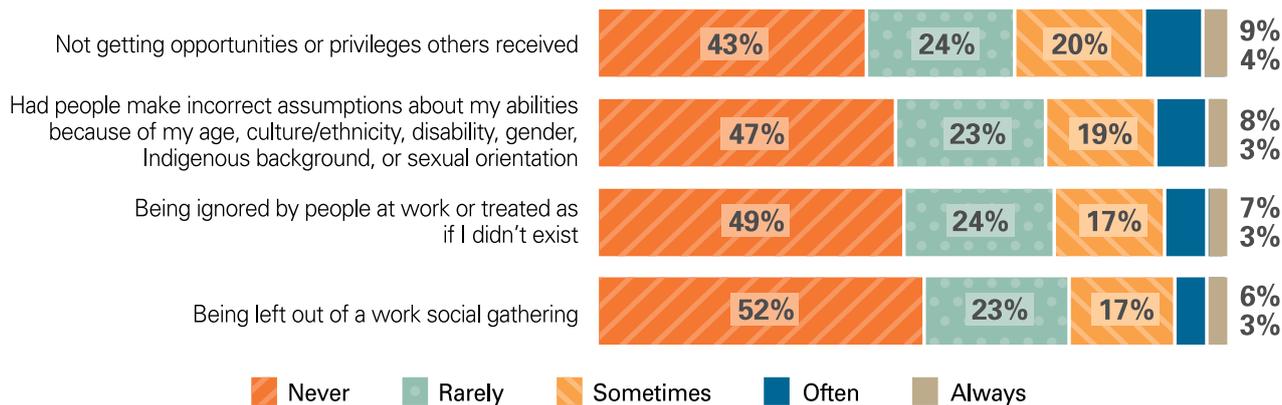
### More workers from minority groups experience exclusion

In 2021, as in 2019, we found that workers from minority groups are significantly more likely to experience discrimination and/or harassment at work compared to workers from mainstream or majority groups.

- Aboriginal and/or Torres Strait Islander workers** reported the highest levels of exclusion. With 1 in 2 reporting experience of discrimination and/or harassment, they were twice as likely as non-Indigenous workers to have experienced discrimination and/or harassment at work in the last 12 months (50% compared to 23%).
- Workers from a **non-Christian religious background**<sup>8</sup> (48%), **workers with disability** and **LGBTIQ+ workers** (both 45%) again reported significantly higher levels of experience of discrimination and/or harassment, compared to Christian workers (28%), workers with no religion (23%), workers without disability (22%), and non-LGBTIQ+ workers (23%).

### Who experiences exclusion at work?





### We also need to focus on 'everyday exclusion'

At least a quarter of Australian workers report always, sometimes or often experiencing everyday exclusion at work, revealing it is common in Australian workplaces.

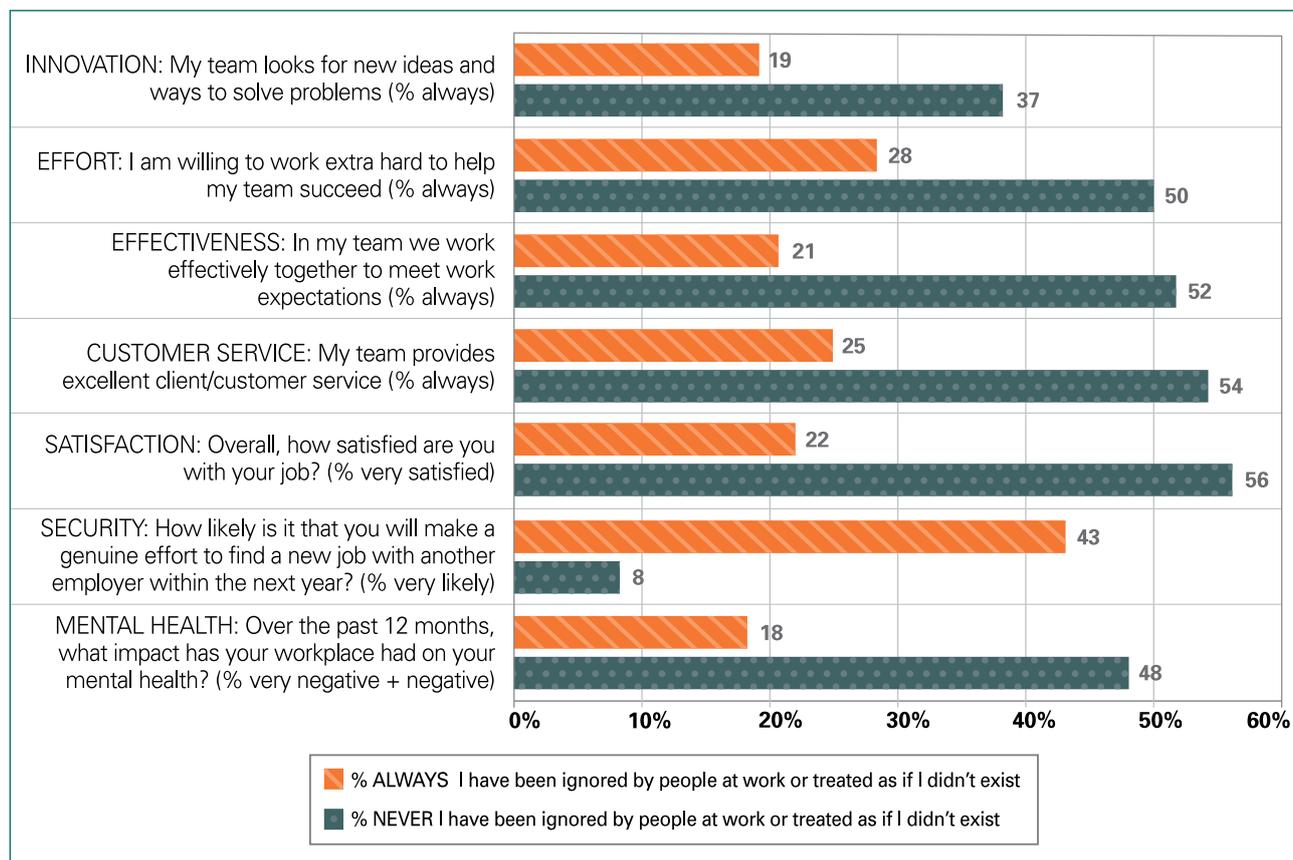
### Everyday exclusion diminishes performance and wellbeing

Exclusion does not only have to look like personal experience of discrimination or harassment to diminish performance and wellbeing.

As an example, Australian workers who experience always being ignored by people at work or treated as if they do not exist report significantly poorer team performance, satisfaction, intention to stay and mental health.

#### WHAT IS EVERYDAY EXCLUSION?

Everyday exclusion tends to be subtle and common, including behaviours like not getting opportunities others receive, being treated as if you do not exist, being left out of work social gatherings, and having people make negative assumptions about your abilities based on your identity.





## LEADING AND LAGGING INDUSTRY SECTORS IN 2021

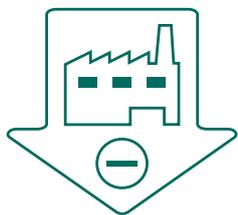
In both 2017 and 2019, financial and insurance services was the leading industry for Inclusion@Work.

This year saw a change – workers in education and training are now the **most likely** to report experiencing Inclusion@Work.



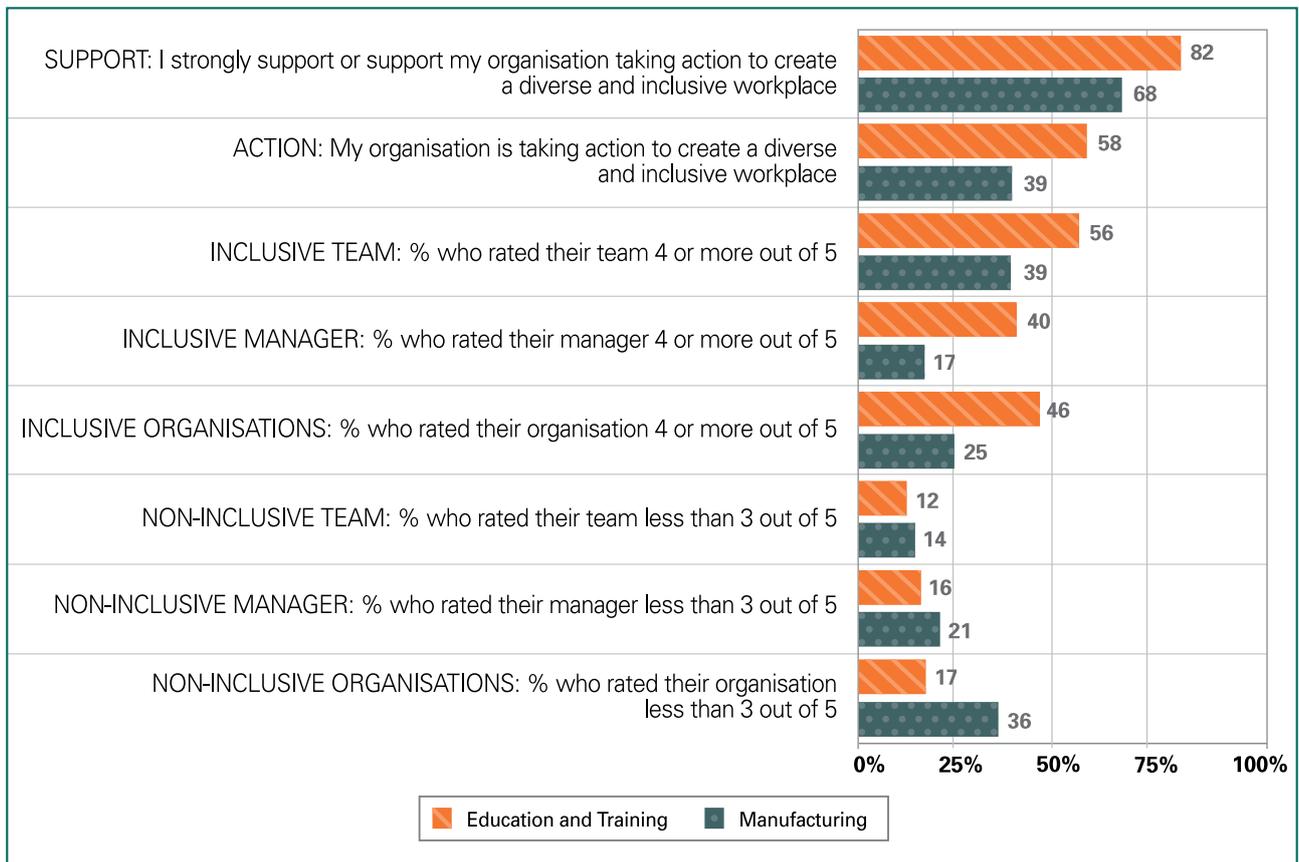
### Education and Training industry

The education and training industry has one of the **highest levels** of reported organisational D&I activity and employee support for this, one of the highest percentages of employees working in inclusive teams and organisations and with inclusive managers, and the greatest overall workforce diversity relative to the Australian workforce<sup>9</sup> average.



### Manufacturing

Meanwhile, for the third index in a row, workers in manufacturing were significantly **less likely** to experience Inclusion@Work. The industry has a low level of reported organisational D&I activity and employee support for this, a low percentage of inclusive teams, organisations and managers, and a high percentage of employees working in non-inclusive teams and organisations and with non-inclusive managers (see figure below).



# METHODOLOGY

The methodology was developed and implemented on the basis of ongoing consultation with and feedback from the project's Expert Panel.

It consisted of the following key steps:

- In-depth review of industry and academic research to investigate how to define and measure workplace inclusion.
- Development of a draft survey of 70 questions with questions focusing on measuring team inclusion, team and individual outcomes, and diversity-related demographics.
- Pilot of draft survey in a large organisation and subsequent statistical analysis of the pilot sample data set to select final 50 survey questions on the basis of their ability to generate findings that were academically rigorous, of practical use to industry/organisations, and covered key inclusion-related themes (i.e. respected, connected, contributing, progressing) and key demographics (i.e. socio-demographics, job and organisational demographics).
- Administration of 2017 survey by Polity Research to a nationally representative sample of 3,000 Australian workers (through a research-only survey panel).
- Review of the 2017 survey to refine for its second iteration, with consultation involving the expert panel and DCA members that had participated in the Inclusion@YourWork Member Index in 2017. Consultations focused on testing how helpful and appropriate each of the 2017–2018 survey areas were for measuring inclusion, as well as which key demographic areas the survey should include.
- Administration of 2019 survey by Polity Research to a nationally representative sample of 3,000 Australian workers (through a research-only survey panel).
- Review of the 2019 survey in 2021 to refine for the third iteration. To help track results against the prior 2 indexes, changes to the 2021–2022 survey were minimal, involving the removal of 4 survey questions where prior results had demonstrated limitations in the ability to capture meaningful data.
- Administration of the 2021 survey by Polity Research in May to a nationally representative sample of 3,000 Australian workers (through a research-only survey panel).
- Weighting of the survey data to ensure the achieved respondent profile aligned with Australian Bureau of Statistics demographic indicators. These include Aboriginality, age, cultural background, disability status, gender, degree qualification, sexual orientation and gender identity, and location (state and urban/regional splits).
- Analyses conducted on the overall sample (e.g., percentage of Australian workers in inclusive, somewhat inclusive and non-inclusive teams) were run on the weighted sample to ensure these findings were representative of the Australian workforce.
- Crosstab analyses of the unweighted sample comparing the inclusion and exclusion experiences of different demographic groups. These ensured the survey could benefit from the oversampling of key demographic groups including Aboriginal and/or Torres Strait Islander workers, while avoiding the loss of statistical power that can accompany weighting. The crosstab outputs did not appear to differ substantially from their weighted counterparts.
- Use of SPSS software to run a series of crosstabs (contingency tables) to identify possible differences in responses. For each contingency table, a chi-squared statistic was calculated to determine whether there was an association between the 2 variables at the 95% confidence level. For contingency tables considered statistically significant, adjusted standardised residuals greater (in absolute size) than +/- 1.96 were examined to determine what was driving the association.

*For the full methodology please refer to the full version of this report available at <https://www.dca.org.au/research/project/inclusionwork-index-2021-2022>*

## ENDNOTES

1. For this report, we use the acronym LGBTQ+ (lesbian, gay, bisexual, transgender/gender diverse, intersex variation, and queer). It recognises that LGBTI doesn't include a range of other terms that people identify with, including gender diverse and queer.
2. A Crabb, 'Australians Say "Political Correctness Has Gone Too Far" – But it's Complicated', *ABC News*, 28 November 2019. <https://www.abc.net.au/news/2019-11-28/australia-talks-annabel-crabb-political-correctness-analysis/11742380>  
  
A Beaumont, 'Has a Backlash Against Political Correctness Made Sexual Misbehaviour More Acceptable?', *The Conversation*, 21 April 2021. Available at <https://theconversation.com/has-a-backlash-against-political-correctness-made-sexual-misbehaviour-more-acceptable-158428>
3. It is not possible to meaningfully and directly compare the percentage of workers in inclusive, somewhat-inclusive, and non-inclusive teams in 2017 and 2021 as we reduced the total number of items in the team inclusion scale from 17 to 12.
4. A Wittenberg-Cox, 'Can You Push Diversity Without Creating Resentment?', *Harvard Business Review*, 9 January 2013. Available at <https://hbr.org/2013/01/can-you-push-diversity-without>
5. Diversity Council Australia/Jumbunna Institute (Brown, C., D'Almada-Remedios, R., Gilbert, J. O'Leary, J. and Young, N.) *Gari Yala (Speak the Truth): Centreing the Work Experiences of Aboriginal and/or Torres Strait Islander Australians*, Sydney, Diversity Council Australia /Jumbunna Institute, 2020.
6. Workers with inclusive managers scored their immediate manager on average at least 4 or above out of 5 on survey questions asking how inclusive they felt their manager was (where 5 = very included, 3 = neither included nor not included, and 1 = not included at all). Workers with non-inclusive managers scored their manager on average less than 3 out of 5.
7. Where we have indicated that workers with non-inclusive managers were 'X times less likely' than workers with inclusive managers to be effective, innovative, work hard and so on, for ease of reading we have rounded the original number up or down to a whole number.
8. Respondents from a non-Christian religious background are those who identified as having a religious affiliation that was not a Christian denomination (e.g. Buddhism, Hinduism, Islam, Judaism or Sikhism). Non-Christian religious background does not include those who indicated they have no religious affiliation.



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