

EXECUTIVE LEVEL LEADERSHIP NETWORK ANNUAL FORUM

Strengthening the workforce: Focusing on diversity

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AGENDA

- Diversity Council Australia
 - Our mission, our services
- The current context
 - Demographics & trends
 - Australian/international picture
 - Diversity issues
- Implications for the workforce



DCA = BUSINESS BENEFITS

- DCA is the independent, not-for-profit diversity advisor to business in Australia
- In partnership with our member organisations our mission is to:
 - Understand and achieve leadership in diversity thinking and practice in our Australian context;
 - Implement highly effective diversity management in a changing community and legislative environment;
 - Realise business improvement through successful diversity programs; and
 - Publicly demonstrate commitment to diversity.

DCA MEMBERSHIP = STRATEGIC COMMITMENT TO DIVERSITY



- DCA is resourced solely by member subscriptions, partnerships and signature advisory services
- Members are Australia’s leading practice organisations committed to diversity
- Diversity is evolving – DCA is continually developing and refining the business case for diversity in the Australian context through:
 - research
 - leading practice information.

DIVERSITY COUNCIL AUSTRALIA

SERVICES



- Members access range of free or discounted services:
 - **Information** – fortnightly email update, quarterly business and research journals, members-only area of website
 - **Events** – diversity leadership briefings, teleconferences, webcasts, CEO roundtables
 - **Research** – groundbreaking projects such as Working for the future
 - **Advisory services** – org. development, diversity audits, high level strategies
 - **Education** – for boards, executives and employees, on flexibility for managers, diversity awareness and first principles
 - **Compliance** – referral to high quality diversity providers
 - **Member representation** – submissions to government inquiries e.g. EOWA inquiry
 - **Speakers** – for diversity council or executive team and business events
 - **Networking** – with other business diversity leaders.

THE CURRENT CONTEXT: AUSTRALIAN DEMOGRAPHIC TRENDS

- Projected to be 35.9 million by 2050
- 2.7 people of working age for every person aged 65 and over by 2050 (compared to 5 today)
- Similar to trends for other Asia-Pacific nations:
 - E.g. Japan will only have 1.4 working people for every person aged 65 & over by 2050

2010 Intergenerational Report

THE CURRENT CONTEXT: AUSTRALIAN DEMOGRAPHIC TRENDS



–For culturally and linguistically diverse people (CALD):

- In 1996, 18% of population was from CALD
- In 2011, 23% of population is CALD
- 41% have one parent born overseas
- 16% speak a non-English language at home
- Most common languages – Italian, Greek, Cantonese, Arabic, Vietnamese, Mandarin & Tagalog/Filipino

Aust. Institute of Health & Welfare & ABS

DIVERSITY IN AUSTRALIA: CURRENT STATUS OF WOMEN



–Workforce is currently 54% male / 46% female

ABS

–Female labour market participation has increased from 3.8 million (Sep 99) to 4.9 million (Sep 09)

ABS

–Gender pay gap is 17.6% male to female earnings or \$1-1.5million over a lifetime

AMP.Natsem

DIVERSITY IN AUSTRALIA: CURRENT STATUS OF WOMEN

Statistics for women in management:

- Women account for 10.7% of executive management positions
- Women account for 45.5% of managerial and 50.8% professional positions

EOWA Census of Women in Leadership 2009

UNDERUTILISATION OF WOMEN: FACTORS TO EXPLAIN WAGE GAP

- Skills factors
- Education
- Formal/informal and on-the job training
- Tenure
- Labour market experience

DCA/KPMG Pay Equity Report 2010

UNDERUTILISATION OF WOMEN: FACTORS TO EXPLAIN WAGE GAP

- Labour market rigidities
- Discrimination
- Segregation: By mode of work, occupation and industry
- Interruptions to work life-cycle
- Political and legislative environment

DCA/KPMG Pay Equity Report 2010

UNDERUTILISATION OF WOMEN: COMPONENTS OF GAP

- 35% discrimination
- 8% experience (years)
- 3% current employer tenure
- 9% years not working
- 10% industry segregation
- 18% occupational segregation
- 14% share in part-time employment

DCA/KPMG Pay Equity Report 2010

UNDERUTILISATION OF WOMEN: CLOSING THE GAP



- Closing the gap between male and female employment will:
- Boost Australia's GDP by 11%
- Increase economic activity by 20%
- Situation is similar in other major economies, US, Europe & Japan

Goldman Sachs JB Were – Australia's Hidden Resource

UNDERUTILISATION OF WOMEN: CLOSING THE GAP



- Female representation across industries (pay equity test case)
- Over representation in particular roles
- Improving women’s representation in senior roles
- Making flexibility *really work* so it is just part of way we do business
- Challenge preconceptions, attitudes, culture

IMPLICATIONS FOR WORKFORCE: WORKPLACE FLEXIBILITY



- Workplace flexibility is about delivering business outcomes in a way that meets the needs of individuals
- Not just about the hours of work but about the way someone works
- Requires a willingness to do something new
- Can deliver huge benefits to both employees and organisations

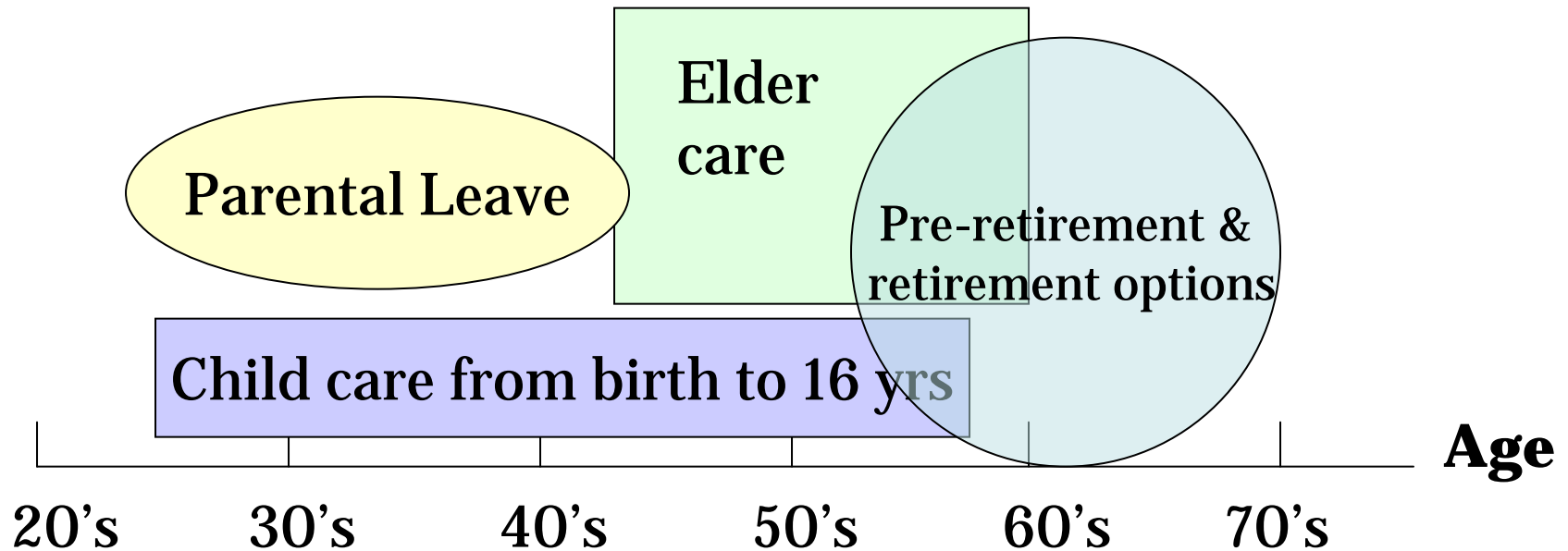
WORKPLACE FLEXIBILITY: SOME EXAMPLES

- Home-based work or telecommuting
- Job-sharing arrangements
- Flexible working hours (some examples)
 - Part-time hours
 - Flexible start/finish times
 - Abbreviated or condensed working week
 - Term-time hours
- Career breaks or extended leave

WORKPLACE FLEXIBILITY

THE LIFECYCLE (using ABS averages)

Extra Study, Injury, Illness, Career breaks, other interests...



FLEXIBILITY = BUSINESS BENEFITS

RESEARCH SHOWS FLEXIBILITY...



- Enables employment of diverse workforce
- Assists organisations become ‘employers of choice’
- Generates productivity benefits through retaining experienced and skilled staff
- Reduces costs from turnover, recruitment & retraining
- Can assist organisations better meet customer needs and adapt to change.

WORK-LIFE FLEXIBILITY = BUSINESS BENEFITS

–Research on leading work-life employers in Australia shows that on average they:

- Reduce turnover by 15%
- Reduce absenteeism by 16%
- Increase parental leave return rate by 40%

*Source: Managing Work/Life Balance
International Survey, 2007*



FLEXIBILITY FIRST: **NATIONAL EMPLOYMENT STANDARDS**



Requests for flexible working arrangements:

- “An employee who is a parent, or has a responsibility for the care of a child may request the employer for a change in working arrangements for the purpose of assisting the employee to care for the child if the child:
 - (a) is under school age; or
 - (b) is under 18 and has a disability”

*Source: (Australian Government):
The National Employment Standards, Fair Work Act 2009*

DIVERSITY IN THE FUTURE: INTERNATIONAL CONTEXT



- As a market, women represent an opportunity bigger than China and India combined
- Women control US\$20 trillion in consumer spending, projected to increase to \$US28 trillion in 5 years

Boston Consulting Group 'The Female Economy'

DIVERSITY IN THE FUTURE: INTERNATIONAL CONTEXT

–A global economy:

- 24 hours/7 days
- New technologies
- Fewer barriers

–A global labour market:

- Increased competition for talent
- Increasing mobility

CURRENT CONTEXT: THE ASIA-PACIFIC REGION

- Post GFC landscape will be different
- Goals of G20 framework:
 - Balanced growth
 - Inclusive growth
 - Sustainable growth
 - A connected Asia-Pacific

APEC: Asia Pacific Economic Cooperation (2009)

TRANSLATING BACK TO OUR BUSINESS ENVIRONMENT



- Need for improved risk management
- Need for improved management capability
- Opportunities to capitalise on competitive job market
- More need than ever to tap into business benefits of diversity
- Diversity accountability needs to be linked to the bottom line.

DIVERSITY IS THE KEY: BUSINESS BENEFITS



- Diversity leaders outperform their competition:
 - Top 50 diversity companies outperformed S&P 500 by 24.8% and NASDAQ by 28.2% (Baue, 2006)
- Better gender diversity associated with significantly higher financial performance:
 - Return on equity (outperformed by 53%), return on sales (42%), return on invested capital (66%) (Catalyst, 2007)
 - Return on equity (11.4% vs 10.3% sector average), operating result (EBIT 11.1% vs 5.8%), stock price growth (64% vs 47%) (McKinsey & Company, 2007)

DIVERSITY IS THE KEY: BUSINESS BENEFITS



- Supportive diversity climates generate better employee sales performances:
 - Retail stores with high pro-diversity climates
 - Hispanic employees increased their hourly sales by \$26
≡ ~ \$27,000 annual sales gain per employee
 - African-American employees increased by \$20 ≡ ~ \$21,000
 - White sales personnel also showed improvements.

McKay, Avery & Morris, 2008

DIVERSITY IS THE KEY: DCA PROJECTS



- ‘Working for the Future – A National Survey of Employees’
 - Results being launched 1 July
- *Flexibility First* – AHRI partnership
- New website – content/case material
- Pay equity – finding solutions
 - EOWA Partnership
- *Pride in Diversity* partnership with ACON
- Cultural Diversity Study

DIVERSITY = BUSINESS BENEFITS

- Diversity Council Australia is the independent, diversity advisor to business
- Visit www.dca.org.au for more information



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