

Are Companies in Australia Making the Most of Diversity?

Diversity can bring many benefits, if well managed.

Business Coach Pat Skalsky and Sydney Business School's Dr Grace McCarthy asked how well are Australian companies managing diversity.

Introduction

The Diversity Council of Australia DCA (2009) reports that employers who were leaders in managing work-life balance for their staff, achieved reduced turnover by average of 15%; reduced absenteeism by average of 16%, increased parental leave return rate by average of 40% and increased employee satisfaction by average of 14%.

Despite these promising findings, a report by the Committee for Economic Development in Australia (Lau et al. 2001) claims that:

'top managers do not have a clear understanding of the importance of diversity management or the benefits that it brings both to the individual employees and employee engagement as a whole.'

Furthermore they argue that Australian business is not 'capturing the diversity dividend', in other words, the additional benefits resulting from effective diversity management, such as enhanced creativity and innovation, reduced workplace conflict, lower absenteeism and turnover and superior teamwork skills.

The aim of this study was to examine whether Australian companies in 2009 have formalised their diversity management practices since those earlier reports.

Findings

This paper reports on a small scale study of fifteen Australian companies which explored the management of diversity in those organisations. Only one manager was aware of a diversity statement in his organisation. Only one had Key Performance Indicators relating to diversity. None had received training specifically related to diversity and two thirds had no training of any kind relating to diversity.

The most common issues managers had to deal with related to gender and sexual orientation, followed by cultural, racial and flexible hours.

Almost half the managers gave time off for ethnic festivals without deducting it from a leave entitlement on a 'give and take' basis. Two of the fifteen objected to this based on equitability.

Discussion

The findings of this survey indicate that 73% of respondents either did not have a diversity statement or were unaware of one, if one existed. This suggests an informal approach to diversity management and one which may lead to inconsistent responses by different managers even in the same organisation.

Participants in this survey had not had any diversity training but considered training in diversity as legislation-centric. However, when faced with diversity issues where legislation is concerned, they tended to refer these to the HR department. Managers themselves responded to more subtle, non-legislative issues relating to gender, sex, ethnicity, religious. They appeared to use an intuitive, individual approach to managing diversity, rather than a systematic approach. The absence of Key Performance Indicators also suggest an informal approach to diversity.

Diversity issues can be very personal, and challenge one's own cultural background as religious views, tolerances and biases are often deep rooted. A coaching approach may be appropriate, as coaching is about listening and asking questions to understand the individual, and being non-judgmental. Coaching is based on a one-on-one confidential partnership, creating an environment which helps build trust, empathy and rapport. Coaching also leads to heightened self-awareness which will help managers gain an accurate picture of their performance and their impact on others. Training is useful for putting across legal and company policy, however the benefits of training are often lost shortly after the training course finishes. However when coaching is combined with training, sustainable behavioural change can be achieved.

Conclusion

A large proportion of organizations surveyed do not appear to be deriving the potential commercial dividend from diversity management identified in previous research, e.g. CLC (2004) show us that diversity training may produce a Return on Investment of over 150% on decreased turnover costs of staff through increased retention. Some Australian organisations, have recognised the benefit of diversity management. It would appear however that the commercial benefit for many companies has yet to be recognised. Should the findings of this small study be verified through a larger study, it would indicate a lost opportunity in terms of increased commercial returns.

The managers surveyed believed that they did have the skills required to address diversity issues, yet had not received any training nor did they have any key performance indicators relating to diversity. They acknowledged that their approach to diversity was largely intuitive.

Managers interviewed were receptive to further skill development in diversity management, provided that value can be demonstrated. It is suggested in this article that training by itself would be insufficient to develop a manager's ability to manage diversity, but that coaching combined with training would be an appropriate approach to raise awareness, create lasting behavioural change and attain some of the benefits reported in previous research.

References

Diversity Council of Australia, 2009, accessed 26/06/09 <http://www.dca.org.au/Practicalexpertise/DiversityConference/Speakerpresentations.asp>

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Acknowledgements

Many thanks to all our participants.

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This research was carried out as part of the Master of Business Coaching at Sydney Business School www.uow.edu.au/sbs