Making Diversity Work

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Executive Summary

The Making Diversity Work project was a three-year ARC-funded research program involving the University of South Australia, the Melbourne Business School, the Australian Senior Human Resources Roundtable, and Diversity@Work.

The project focused on several workforce demographic dimensions (including gender, age, race/culture, and disability status). The research team conducted an annual Employer Survey asking about the diversity management practices used by Australian organisations and linking those practices with organisational effectiveness indicators. The team also conducted an Employee Survey that asked employees how they felt about working for their organisations.

More than 800 organisations participated in the Employer Survey at least once; more than 60 organisations participated in the survey across multiple years. And nearly 4000 employees from over 100 organisations participated in the Employee Survey.

The results from the Employer Survey indicate that Australian organisations are displaying three distinct approaches to diversity management:

- About 40% of organisations say that diversity is not on their agenda. These ‘No agenda’ organisations are adopting only a few haphazard employee management practices; they are not developing a systematic integrated approach to diversity management. ‘No agenda’ organisations tend to have small homogeneous workforces and they report few diversity-related challenges.

- About 45% of organisations are taking a ‘diversity-blind’ approach to diversity management. These organisations are investing in good human resource management practices (avoiding discriminatory treatment, offering employees training and development, or formalising job descriptions). But they are generally not adopting practices that focus on the needs of specific demographic groups.

- Only about 15% of organisations are taking a ‘diversity-conscious’ approach. These organisations are investing in the same good human resource management practices adopted by ‘diversity-blind’ organisations, but they are also adopting practices designed to meet the needs of particular segments of their workforce (mature-age workers, migrant employees, Indigenous Australians, employees with disabilities, and other demographic groups). And over time, these organisations are expanding their diversity management repertoire, adding more practices that focus on more demographic groups.
So, what’s better, a ‘diversity-blind’ or a ‘diversity conscious’ approach to diversity management? The project’s results suggest that when an organisation’s workforce is not very diverse, either approach can be effective. However, when an organisation’s workforce is diverse:

- Senior managers in ‘diversity-conscious’ organisations report higher organisational performance (financial performance and labour productivity) than senior managers in ‘diversity-blind’ organisations.

- Senior managers in ‘diversity-conscious’ organisations report more success in attracting and retaining employees than senior managers in ‘diversity-blind’ organisations.

- Senior managers in ‘diversity-conscious’ organisations report lower employee turnover than senior managers in ‘diversity-blind’ organisations.

- Employees in ‘diversity-conscious’ organisations report higher organisation and job engagement than employees in diversity-blind organisations.

Overall, when an organisation has a demographically diverse workforce, the diversity-conscious approach is significantly better than the diversity-blind approach in delivering high organisational performance and high employee engagement. However, the research team cautions that many organisations participating in the project were not adequately tracking or monitoring the diversity of their workforce. As a result, organisations may not know when they would benefit from adopting more specific diversity management practices.
Survey Objectives

The business case for workforce diversity predicted that diversity would improve organisational performance but organisations are rarely able to leverage diversity to deliver its anticipated benefits. As a result, organisations are often disappointed by the outcomes of their diversity management initiatives.

The Making Diversity Work project was designed to gather systematic research-based evidence to identify the most effective approaches to diversity management. The project was a three-year ARC-funded collaborative research program involving the University of South Australia, the Melbourne Business School, the Australian Senior Human Resources Roundtable (ASHRR), and Diversity@Work. Our focus in this program was on demographic diversity – diversity resulting from differences in employee gender, age, cultural background, or disability status.

The annual Employer Survey was designed (a) to conduct a systematic audit of the diversity management practices used by Australian organisations and (b) to link those practices with organisational effectiveness indicators. The project also conducted an Employee Survey to assess employee responses to their employers’ diversity management practices.

This report describes the key findings from the Making Diversity Work project. Each major section of the report includes a series of discussion questions designed to help organisations use the results to make informed decisions about diversity management.

Description of Surveyed Sample

The sample for the Employer Survey was obtained from two sources. We invited ASHRR members and Diversity@Work clients and newsletter subscribers to participate in the research. Respondents were primarily senior HR managers, CEOs, or other highly-placed organisational decision-makers. We also invited participation from HR decision-makers on a mailing list purchased from Dun and Bradstreet. In combination, these sources ensure that our sample is representative of the full scope of Australian organisations. By November 2011, 809 organisations had responded to the survey at least once, and 66 organisations had completed two waves of the Employer Survey.

Responses were received from HR decision-makers at organisations representing all 17 of the Australian Bureau of Statistics standard industry classifications. The most frequently indicated industries were manufacturing (21%) and health and community services (13%). About 20% of respondents were from public sector organisations. Most respondents (84%) indicated that their organisation’s head office was located in Australia.

Respondents provided information about their organisation’s overall diversity management philosophy, their diversity management practices, and their organisation’s performance.

Organisations that participated in the Employer Survey were also invited to participate in the Employee Survey. By November 2011, 3813 employees at 105 organisations had responded to the Employee Survey. 54% of responding employees were female and 72% had been born in Australia. 22% of responding employees were between 35 and 45 years of age.
Diversity Management Paradigms: How do Australian organisations approach diversity management?

The academic literature presents a four-paradigm typology describing the different ways that organisations approach diversity management. These paradigms describe the organisation’s overall philosophy about diversity and the way it is best managed. Therefore, an organisation’s diversity paradigm is likely to play a major role in determining which diversity management practices are adopted and which diversity management practices are neglected. We asked respondents to read four narratives summarising these diversity management paradigms and to choose one narrative that best described their own organisation.

The four paradigms are presented in Figure 1 along with the percentage of organisations choosing each option.

**Figure 1: Diversity paradigms**

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning and Effectiveness</td>
<td>6.6%</td>
</tr>
<tr>
<td>Recruiting and Selection</td>
<td>7.8%</td>
</tr>
<tr>
<td>People are People</td>
<td>44.7%</td>
</tr>
<tr>
<td>No Agenda</td>
<td>40.8%</td>
</tr>
</tbody>
</table>

As shown in the figure, a significant proportion of Australian organisations are not actively engaged in managing workforce diversity (‘No agenda’ organisations). For these organisations, diversity management is not yet a major agenda item.
Among the organisations that are engaged in diversity management, a “People are people” approach is the most popular. Significantly fewer organisations are adopting ‘Recruiting and selection’ or ‘Learning and effectiveness’ approaches. These last two paradigms represent much more proactive approaches to diversity management. In these paradigms, organisations are actively seeking a diverse workforce and modifying their management practices to capitalise on that diversity. The numbers reported in Figure 1 suggest that only a small percentage of Australian organisations are making that investment.

We’ve summarised the characteristics of organisations adopting these different diversity paradigms in Figure 2. Smaller manufacturing organisations with low union influence were more likely to report a ‘No agenda’ paradigm while larger, public sector, and services organisations were more likely to report a ‘Recruiting and selection’ paradigm. However, industry is not the only driver influencing paradigm selection. Within our largest occupational groups (manufacturing and health and community services) we find examples of each of the four paradigms.

**Figure 2: Characteristics of organisations adopting diversity paradigms**

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning and Effectiveness</td>
<td>Medium size (averaging 800 - 1000 employees)</td>
</tr>
<tr>
<td>Recruiting and Selection</td>
<td>Large (averaging 4000 employees)</td>
</tr>
<tr>
<td></td>
<td>Services industry</td>
</tr>
<tr>
<td></td>
<td>Highest proportion of public sector</td>
</tr>
<tr>
<td>People are People</td>
<td>Medium size (averaging 800 - 1000 employees)</td>
</tr>
<tr>
<td>No Agenda</td>
<td>Small (averaging 250 employees)</td>
</tr>
<tr>
<td></td>
<td>Manufacturing industry</td>
</tr>
<tr>
<td></td>
<td>Lowest union influence</td>
</tr>
</tbody>
</table>

**Reflection Points:**

- What is your organisation’s diversity paradigm? Why has your organisation adopted this paradigm? Does this paradigm reflect a deliberate strategic decision?
- Is there agreement within the organisation that this is your diversity paradigm? Do your employment practices send a consistent signal to employees about management’s underlying diversity philosophy?
- Will this be the most appropriate diversity paradigm for your organisation in the future? Are there diversity challenges on the horizon that might be better met by adopting an alternative paradigm? If an alternative paradigm would be better, how can your organisation shift its focus?
Diversity Management Practice Configurations: What are Australian organisations doing to manage diversity?

The Employer Survey asked HR decision-makers to report on the use of 89 diversity management practices in their organisations. The respondents chose among options ranging from 1 = ‘not at all’ (if a particular practice was not used in their organisation) to 5 = ‘a very large extent’ (if a particular practice was extensively used in their organisation). These practices were drawn from a comprehensive review of the academic and practitioner diversity management literatures.

Some of these practices are very common in Australian organisations. For example, nearly 89% of respondents told us that their organisation had a policy forbidding harassment and bullying to a ‘large’ or ‘very large’ extent. 81% of respondents reported that their organisation had developed grievance and dispute handling procedures to a ‘large’ or ‘very large’ extent.

Other practices are unusual in Australian organisations. 82% of respondents selected ‘not at all’ when asked whether their organisation was using ethnic network groups. Network groups are a way for members of the same cultural or ethnic background to connect across organisational units. In other parts of the world, employers have found that network groups are an effective low-cost strategy to boost retention rates, particularly retention rates of female employees or employees who are members of racial minority groups.

70% of respondents indicated that their organisations are ‘not at all’ involved in offering English proficiency courses for migrant employees who need to improve their English skills. Again, organisations in other geographic locations (e.g., employers located in the southwest United States where Mexican immigrants are a sizeable segment of the population) are finding that this strategy enables them to make better use of the total labour pool.

However, organisations rarely adopt a single diversity management practice in isolation. In this research, we studied ‘diversity practice configurations’, strategic bundles of interrelated management practices that organisations adopt to address their diversity challenges. We used a statistical technique called factor analysis to group the 89 activities into a smaller set of activity ‘bundles’ or ‘clusters’. These bundles represent groups of activities that organisations tend to use together; an organisation adopting one practice is very likely to be using other practices in that bundle.

Then we compared the four diversity paradigms in their use of these diversity practice bundles. In these analyses, we controlled for an organisation’s size, industry, union influence, and sector (private or public).

Figure 3 displays the differences between organisations in their use of diversity-blind practice bundles. Diversity-blind practices are HR practices designed to recruit, select, and manage employees without taking demographics directly into account. For example, ‘a formal mentoring program exists’ describes a diversity-blind practice, but ‘a formal mentoring program for women exists’ does not. We found five diversity-blind practice bundles within the total set of 89 practices, and they are presented along the figure’s X-axis.
As shown in the figure, ‘No agenda’ organisations engage in diversity-blind practices much less than organisations adopting one of the other three diversity paradigms. ‘No agenda’ organisations are less likely to use (a) a non-discriminatory HR bundle (practices such as providing feedback to employees on their performance, establishing formal bias-free job descriptions, and conducting exit interviews); (b) a general promotion bundle (practices such as providing promotion opportunities to all employment categories and encouraging self-nomination for promotion); (c) a flexibility bundle (practices that promote flexibility in employees’ overall work hours, work schedule, or work location); (d) a general recruiting bundle (practices such as training managers to conduct non-discriminatory interviews and supplementing interviews with other selection tools); and (e) a general mentoring bundle (career development and mentoring practices).

In contrast, the ‘People are people’, ‘Recruiting and selection’, and ‘Learning and effectiveness’ organisations are actively engaging in these practices. Even the lowest data points (for general mentoring) for these paradigms are near or above the scale midpoint, indicating that organisations are using these practice bundles to at least ‘some extent’.

Figure 4 displays the differences between organisations in their use of diversity-conscious practice bundles. Diversity-conscious practices are HR practices that directly target the needs of particular demographic groups. We found five diversity-conscious practice bundles within the total set of 89 practices, and they are presented along the figure’s X-axis.
The diversity-conscious bundles comprise (a) a targeted recruiting bundle (recruiting practices designed to attract female, migrant, or mature-age applicants); (b) a mature-age worker bundle (upgrading skills of mature-age workers and redesigning jobs to meet their needs); (c) a disabilities bundle (practices that modify the workplace or jobs to accommodate employees with disabilities and practices that advertise resources to support employees with disabilities); (d) an Indigenous bundle (practices designed to increase awareness of Indigenous Australian culture, develop the skills of Indigenous Australian employees, and monitor the career progress of Indigenous Australians within the organisation); and (e) a migrant bundle (practices that monitor the skills of migrant employees and make appropriate training or resources available).

While the Employer Survey did include several practices focusing specifically on female employees (e.g., mentoring programs specifically targeting female employees or female network groups) we did not find a coherent female worker practice bundle in our analysis. Organisations are offering practices that might be of particular benefit to female employees (e.g., mentoring programs or work flexibility), but they are being implemented as diversity-blind practices and marketed to both female and male employees.
In contrast to Figure 3, the Figure 4 data points are concentrated in the lower half of the response scale; diversity-conscious practices are less common than diversity-blind practices. Both ‘No agenda’ and ‘People are people’ organisations make relatively little use of these practices. ‘Learning and effectiveness’ organisations make some use of these practices, especially those that target the mature-age worker. But ‘Recruiting and selection’ organisations are most likely to invest in these practices, and they are equally likely to invest in practices targeting mature-age workers, employees with disabilities, or Indigenous Australians.

The 66 organisations that participated in the Employer Survey in multiple years demonstrate how organisations ‘grow’ their diversity management programs over time. In Figure 5, we compare the changes in diversity-conscious practices reported by organisations from one survey administration to the next. The solid lines in the figure present the organisations’ use of the practices in Year One; the markers present the organisations’ use of the practices in Year Two. A marker that floats above the corresponding colour line indicates that our repeating organisations have increased their use of a practice bundle; a marker that floats below the line indicates that our repeating organisations have decreased their use of a practice bundle.

**Figure 5: Diversity paradigms - Changes in diversity-conscious practices**

Comparing organisational changes across the four paradigms, we found that organisations adopting a ‘People are people’ paradigm reported very stable use of diversity-conscious practices – there was very little change from one year to the next. Organisations adopting a ‘No agenda’ paradigm increased their use of practices targeting employees with disabilities and Indigenous Australians, but even with these increases, ‘No agenda’ organisations still made less use of diversity-conscious practices than organisations in other paradigms.
The biggest changes were observed among organisations adopting a ‘Learning and effectiveness’ or a ‘Recruiting and selection’ paradigm. These organisations increased their use of diversity-conscious practice bundles from one year to the next, but they tended to expand their diversity repertoires in different ways. Organisations adopting a ‘Learning and effectiveness’ paradigm increased their use of targeted recruiting practices and diversity-conscious practices focusing on mature-age workers and migrant employees. In contrast, organisations adopting a ‘Recruiting and selection’ paradigm increased their use of practices focusing on employees with disabilities and Indigenous Australians while reducing practices focusing on mature-age workers.

**Reflection Points:**

- How closely do your organisation’s diversity management practices align with other organisations adopting the same diversity paradigm?
- Identify one or two bundles where your organisation seems to be under-investing relative to other organisations adopting the same paradigm. Would these bundles be appropriate in your organisation? How might your organisation benefit from increasing its investment in these bundles?
- Identify one or two bundles where your organisation seems to be over-investing relative to other organisations adopting the same paradigm. Why is your organisation emphasising these bundles? Are these bundles helping your organisation to leverage workforce diversity to better achieve its organisational goals?
- What will be the most appropriate diversity paradigm for your organisation in the future? Are there diversity challenges on the horizon that might require a shift in the paradigm, or a change in your diversity management practices?

**Organisational Outcomes: Does diversity management impact the demographic composition of Australian organisations?**

Organisations that are effective in managing diversity should be more successful in maintaining a diverse workforce. Therefore, we examined workforce diversity across the four diversity paradigms. In these analyses, we again controlled for an organisation’s size, industry, union influence, and sector (private or public).

Figure 6 displays the demographic composition of organisations with different diversity management paradigms – the percentage of employees who are female, people with disabilities, Indigenous Australians, mature-age, born outside Australia, or who speak English as a second language. The Overall Diversity column reports the HR decision-maker’s assessment of the organisation’s overall workforce diversity in gender, cultural or ethnic background, age, and education background (1 = not at all diverse; 5 = very diverse). The remaining columns report the average percentage of the organisation’s workforce in different demographic
groups. The numbers in red represent statistically significant differences among the four groups; numbers in red are significantly greater than the percentages in the same column associated with organisations adopting other diversity paradigms.

**Figure 6: Diversity paradigms - Demographic composition**

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>Overall Diversity</th>
<th>Female</th>
<th>People with Disabilities</th>
<th>Indigenous</th>
<th>45+</th>
<th>Born outside Australia</th>
<th>English as Second Language</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Sample</td>
<td>3.50</td>
<td>39.77</td>
<td>2.88</td>
<td>1.48</td>
<td>32.61</td>
<td>23.60</td>
<td>13.38</td>
</tr>
<tr>
<td>Learning and Effectiveness</td>
<td>3.82</td>
<td>47.39</td>
<td>4.18</td>
<td>4.04</td>
<td>31.18</td>
<td>25.06</td>
<td>15.76</td>
</tr>
<tr>
<td>Recruiting and Selection</td>
<td>3.70</td>
<td>56.07</td>
<td>7.77</td>
<td>4.15</td>
<td>36.84</td>
<td>28.66</td>
<td>19.17</td>
</tr>
<tr>
<td>People are People</td>
<td>3.63</td>
<td>42.17</td>
<td>2.98</td>
<td>1.14</td>
<td>32.44</td>
<td>25.01</td>
<td>15.40</td>
</tr>
<tr>
<td>No Agenda</td>
<td>3.27</td>
<td>33.22</td>
<td>1.83</td>
<td>0.94</td>
<td>32.19</td>
<td>21.26</td>
<td>10.44</td>
</tr>
</tbody>
</table>

HR decision-makers in the ‘Learning and effectiveness’ and ‘Recruiting and selection’ organisations are reporting the highest levels of workforce diversity. Organisations adopting either paradigm employ significantly higher proportions of women and Indigenous Australians than other organisations. ‘Recruiting and selection’ organisations also employ significantly higher proportions of people with disabilities and people for whom English is a second language.

HR decision-makers found this part of the survey very challenging. While most decision-makers were able to accurately report the percentage of women and mature-age workers in their organisations, they were less confident of their workforces’ diversity on the other demographic dimensions. This was especially true for organisations adopting a ‘People are people’ or ‘No agenda’ paradigm. Organisations in these paradigms are not actively monitoring the diversity of their workforces.

Organisational Outcomes: Does diversity management impact the effectiveness of Australian organisations?

Organisations that are effective in managing diversity should also be better able to promote a positive working environment that enhances both HR performance (the organisation’s ability to attract and retain valued employees) and overall organisational performance (evidenced by the organisation’s overall performance, profit, and productivity).

We asked our respondents to rate their organisation’s performance on a series of dimensions relative to other organisations doing the same kind of work (1 = much worse; 5 = much better). We used these ratings to create two composite performance indicators. One indicator, HR Performance, measured the organisation’s effectiveness in attracting and retaining essential employees. The other indicator, Organisational Performance, measured the organisation’s relative profit, performance, and productivity.
Figure 7 displays the average performance of organisations with different diversity management paradigms. The results suggest that there are no statistically significant differences across the paradigms; organisations report about the same level of performance across all four paradigms.

**Figure 7: Diversity paradigms - Organisational outcomes**

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>HR Performance</th>
<th>Organisational Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning and Effectiveness</td>
<td>3.84</td>
<td>3.60</td>
</tr>
<tr>
<td>Recruiting and Selection</td>
<td>3.81</td>
<td>3.78</td>
</tr>
<tr>
<td>People are People</td>
<td>3.65</td>
<td>3.73</td>
</tr>
<tr>
<td>No Agenda</td>
<td>3.71</td>
<td>3.73</td>
</tr>
</tbody>
</table>

However, the picture is very different when the diversity of the organisation’s workforce is taken into account. We conducted additional analyses that compared the ‘diversity-blind’ (‘People are people’) paradigm with the two ‘diversity-conscious’ (‘Learning and effectiveness’ and ‘Recruiting and selection’) paradigms. ‘Learning and effectiveness’ and ‘Recruiting and selection’ organisations use similar diversity management practices and report similar outcomes, so it is appropriate to group them together.

As shown in Figure 8 and Figure 9, managers in ‘diversity-blind’ organisations are reporting equivalent levels of organisational effectiveness across all levels of workforce diversity. However, managers in ‘diversity-conscious’ organisations are reporting significantly higher organisational and HR performance when their organisations are diverse. These results suggest that the ‘diversity-conscious’ practices adopted by organisations in the ‘Learning and effectiveness’ and ‘Recruiting and selection’ paradigms are having a payoff in diverse organisations.
Figure 8: Diversity Paradigm Effectiveness - Organisational performance

Figure 9: Diversity Paradigm Effectiveness - HR performance
In the Employer Survey, we also asked the managers to share with us their turnover rates in the last year (the % of employees who voluntarily left their organisation in the last 12 months).

As shown in Figure 10, managers in ‘diversity-blind’ organisations are reporting higher turnover as their workforces become more diverse. This trend is consistent with the academic literature, which suggests that heterogeneous organisations usually experience less social cohesion (less ‘stickiness’) than homogeneous ones. However, managers in ‘diversity-conscious’ organisations are experiencing a reversal of that trend – they report less turnover as their workforces become more diverse. These results suggest that the ‘diversity-conscious’ practices adopted by organisations in the ‘Learning and effectiveness’ and ‘Recruiting and selection’ paradigms are creating a strong bond between employees and employers.

**Figure 10: Diversity Paradigm Effectiveness - Employee turnover**

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Organisational Outcomes: Does diversity management impact employee engagement?

The Employee Survey includes questions designed to measure employee’s job and organisation engagement. Each reaction was measured on a 5-point scale, so that larger numbers reflect more positive employee reactions.

*Job Engagement* reflects an employee’s involvement with, commitment to, and satisfaction with work. We presented five statements (e.g., ‘Sometimes I am so into my job that I lose track of time’ and ‘I am highly engaged in this job’) and asked the respondents to indicate to what extent they agreed or disagreed with each one.

*Organisation Engagement* reflects an employee’s engagement with the employer. The six statements presented to the respondents included ‘Being a member of this organisation is exhilarating for me’ and ‘I am highly engaged in this organisation.’

The academic literature suggests that diverse workforces are difficult to manage because diversity makes organisations less cohesive, less ‘sticky’. Are employees
less engaged in diverse workforces? Our analysis of the Employee Survey data suggests that the answer is yes. Across the 105 organisations that participated in both the Employer Survey and the Employee Survey, we correlated the HR decision-maker's rating of Overall Diversity (reported in the Overall Diversity column of Figure 6) with employee ratings of their Job Engagement and Organisation Engagement. The correlations were negative – indicating that, overall, employees in heterogeneous organisations feel less engaged than employees in homogeneous organisations.

However, these negative employee reactions might be avoided if the organisation can manage a diverse workforce effectively, and one of the most important drivers of diversity management is the organisation’s philosophy about diversity. We examined the relationships between workforce diversity and employee engagement as experienced by ‘diversity-blind’ and ‘diversity-conscious’ organisations.

Figure 11 and Figure 12 show identical patterns. In ‘diversity-blind’ organisations, employee engagement is consistent across the diversity continuum. However, in ‘diversity-conscious’ organisations, employee engagement increases as the workforce diversity increases – suggesting that these organisations are able to leverage diversity more effectively.

**Figure 11: Diversity Paradigm Effects on Job Engagement**
Reflection Points:

- How does your organisation’s demographic composition compare with the composition of other organisations adopting the same diversity paradigm? If some demographic groups are under-represented, might a change in diversity practices help to attract members of these groups to your organisation?

- Are your diversity management practices consistent with the demands generated by the diversity of your workforce? Are your diversity recruiting practices increasing the representation of some demographic groups relative to other organisations? If so, is your organisation adopting diversity practices that provide support to these employees once they join the organisation?

- How does your organisation’s performance compare with the performance of other organisations adopting the same diversity paradigm? Would adopting an alternative paradigm (and investing in different diversity practices) help your organisation to achieve higher performance?

- Would adopting more diversity-conscious practices help you to capitalise on the diversity within your workforce and generate higher employee engagement?
The Bottom Line: Diversity management practices in Australian organisations

The results from the Making Diversity Work project indicate that Australian organisations are adopting four different diversity paradigms, each with a unique profile of diversity management practices.

‘No agenda’ organisations are adopting very few diversity-blind or diversity-conscious practices. These organisations tend to have less diverse workforces and report few diversity-related challenges.

‘People are people’ organisations are investing in diversity-blind but not diversity-conscious practices. These organisations tend to have a less demographically diverse workforce.

‘Learning and effectiveness’ organisations are investing in diversity-blind practices and some diversity-conscious practices (particularly those that target the mature-age worker). Over time, they add more diversity-conscious practices, particularly targeted recruiting practices and practices focusing on mature-age workers and migrant employees.

‘Recruiting and selection’ organisations are investing in diversity-blind practices and most diversity-conscious practices. They are equally likely to invest in practices targeting the mature-age worker, employees with disabilities, or Indigenous Australians. Over time, they increase their use of practices focusing on employees with disabilities and Indigenous Australians but reduce their emphasis on mature-age workers.

Overall, ‘diversity-conscious’ organisations (organisations adopting a ‘Learning and effectiveness’ or ‘Recruiting and selection’ paradigm) appear to be most effective in recruiting and managing a diverse workforce. ‘Diversity-conscious’ organisations report higher organisational performance, greater success in attracting and retaining essential employees, and lower employee turnover than ‘diversity-blind’ organisations when the workforce is heterogeneous. Further, employees in ‘diversity-conscious’ organisations report higher engagement than employees in ‘diversity blind’ organisations.

Unfortunately, many organisations, particularly those in the ‘People are people’ and ‘No agenda’ paradigms, are not actively monitoring the demographic composition of their workforces. As a result, organisations may not be aware that they could benefit from a shift to a more diversity-conscious paradigm and the adoption of diversity-conscious people management practices.
Further Reading

If you’d like to learn more about diversity management, we recommend the following sources:

  Avery and McKay review the most recent empirical literature on effective diversity management in an effort to highlight best practices for organisations.

  D’Netto & Sohal conducted a systematic audit of diversity management in Australian organisations. This article might assist in determining if diversity management activity has changed in the last decade.

  Kreitz presents a reader-friendly overview of the academic literature on diversity management and provides a helpful reading list on major diversity topics.

  Kulik & Roberson provide a thorough review of the research on three of the most frequently used diversity management practices.

  Thomas & Ely introduced the idea that organisations adopt different diversity management paradigms.

Research Team

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