

Diversity – A Benchmark of Success

Te Kanorau: He Paearu Angitu

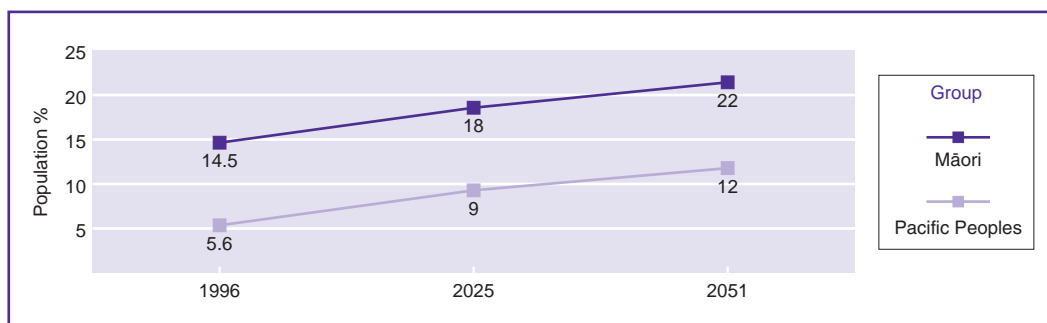
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EEO Trust Diversity Index 2000 Summary

The changing face of talent

Key population projections show an increasingly diverse country – especially in relation to ethnicity, with significant increases in the proportion of Māori and Pacific peoples projected. These trends will have a significant effect on the labour force, particularly as the median age of Māori and Pacific peoples will be considerably lower than for the total population by 2051.

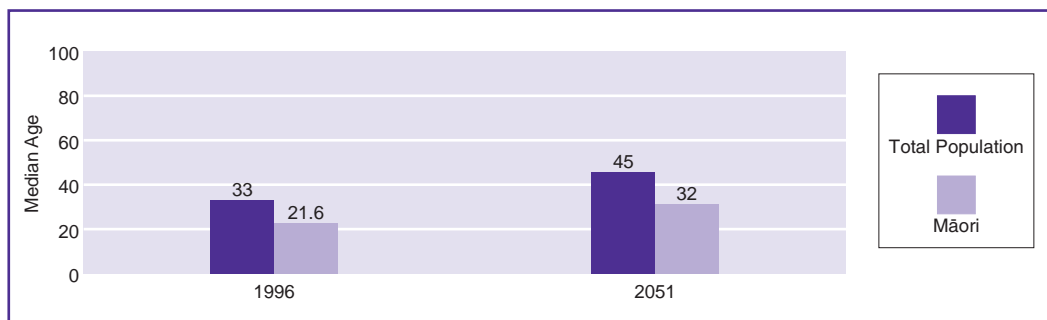
Population Projections 1996-2051



The other key difference is an increasingly aging labour force, with the median age for the total population moving from 33 to 45 between 1996 and 2051. Most of this change will take place in the next 15 years. The growth in the 'old old' (i.e. those 85 plus) is projected to grow from one percent of the population in 1996 to over six percent in 2051. This has significant work and life implications for employees and their employers.

Older workers are worth appointing and worth the investment of ongoing training. There is no correlation between increasing age and decreasing performance.

Median Age



Finding talent and keeping it

The "war for talent" makes regular headlines in New Zealand as workplaces face the challenge of how to attract, retain and develop the best people in an increasingly competitive labour market.

McKinsey and Company picked talent as the single most important business resource for the next 20 years in their 1999 report, *The War for Talent*.

It's a global problem, and global technology such as the internet means New Zealand employers face international competition for staff, and struggle to compete with the higher pay attracting our talented people (many with a large student debt) overseas.

And, as commentators note, the brain drain is not just occurring with skilled labour. There are specific areas of shortage in highly skilled areas, with headhunters from Australia, the US and the UK recruiting our IT experts, lawyers, doctors, teachers, researchers and police. Increasingly, there are unskilled labour shortages, as firms responding to the Institute of Economic Research's *Quarterly Survey of Business Opinion* reported in October. Sheffield Consulting Group's July newsletter commented on the talent war emerging further down the ranks.

The EEO Trust Diversity Index is an annual measure of diversity in New Zealand workplaces and places of influence. For four years it has provided New Zealand and international data against which organisations can benchmark their progress in achieving success through diversity. Janice Burns, a partner with Top Drawer Consultants, carries out independent research for the EEO Trust Diversity Index, drawing on material from a wide variety of sources. This includes the results of the EEO Trust's annual Diversity Survey, this year distributed to 1303 organisations, mostly of over 50 employees, with a 34.2 percent response rate.

Diversity: A Benchmark of Success summarises the key findings of this year's EEO Trust Diversity Index. The full EEO Trust Diversity Index 2000 is available as a free download from the EEO Trust website www.eeotrust.org.nz to all EEO Employers Group members. Hard copies are available for \$30 from the EEO Trust PO Box 12 929 Penrose Auckland ph 09 525 3023 fax 09 525 7076 email admin@eeotrust.org.nz website www.eeotrust.org.nz



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Lampen's 2000 salary survey predicts the skills shortage will get worse.

It's an issue that cannot be ignored by New Zealand workplaces. But the picture is not all doom and gloom, as the results of the *EEO Trust Diversity Index 2000* show. There is talent available in New Zealand's labour market: it's just that to date much of it has been undervalued, overlooked or just not recognised by those recruiting.

"Take the lid off this issue, it's holding us back."

Recruitment consultant

Recruiting talent: an opportunity for change

Recruitment is obviously the key intervention in ensuring an organisation gets the talent it needs. Yet a survey of highly skilled and experienced professionals recruiting for New Zealand workplaces paints a disturbing picture of how workplaces are doing in accessing the skills available in the marketplace. The survey, carried out for the EEO Trust by independent researcher Janice Burns of Top Drawer Consultants, in partnership with HRINZ, the Human Resources Institute of New Zealand and RCSA, the Recruitment & Consulting Services Association, found that:

- more than 80 percent of the human resource practitioners and recruitment consultants had first-hand experience of talented and appropriately qualified people being discriminated against in the job market
- those the respondents had most often witnessed experiencing unfair discrimination were older people, followed by people with a non-New Zealand accent, and then people from a different culture
- the most common forms of discrimination reported were clients thinking the applicant wouldn't "fit in", stereotyped views, clients wanting a younger employee and clients formally or informally specifying the kind of person they wanted rather than relying on evidence of relevant merit including skills, qualifications and experience
- those by far the most likely to discriminate were the managers or clients the human resource professionals and recruitment consultants were working for
- almost two-thirds of respondents had felt personally compromised or embarrassed by an applicant's experience in trying to get a job.

The results come from those who know: 40 percent of the respondents to the survey had more than 10 years' experience in the industry, and two-thirds of them had more than five years' experience.

Diverse groups have more to offer

The labour force changes are marked by the increasing diversity of students and trainees with skills entering the workforce. Changes include:

- the proportion of Māori students in tertiary education more than doubling since 1997
- a 58 percent increase between 1994-1998 in the number of Māori who completed a programme of study and therefore attained a tertiary qualification
- a significant number of Asian graduates. Yet as Morgan & Banks found earlier this year, many highly skilled Chinese and Korean IT specialists cannot get jobs because of "xenophobic" attitudes. The EEO Trust's survey of employment experiences of Sri Lankan migrants in 1999 showed almost half of these people, many with skills in areas of shortage in New Zealand, were encountering discrimination from employers and recruitment consultants.

Composition of tertiary students

| | 31 July 1997 | 31 July 1998 | 31 July 1999 |
|-----------------|--------------|--------------|--------------|
| Women | 55% | 55.8% | 56.8% |
| Māori | 5% | 11.9% | 12.7% |
| Pacific peoples | 3.3% | 3.6% | 3.7% |
| Asian | 8% | 9% | 9.1% |

- People with disabilities are also among those with skills to offer. More than half have school or post-school qualifications. Victoria University has at least 30 post-graduate students with a disability.
- The proportions of industry trainees who are women, Māori and Pacific peoples are increasing.

Industry trainees by group

| | 1997 | 1998 | 1999 | 2000 |
|--------------------------------------------|-------|-------|------|------|
| Women | 15.6% | 19% | 18% | 19% |
| Women (minus hairdressing apprenticeships) | 11.8% | 16% | 15% | 17% |
| Māori | 14% | 16.4% | 16% | 17% |
| Pacific peoples | 3% | 4.6% | 5% | 5% |



How diverse are our places of influence and workplaces?

Is our changing population base being reflected by those holding the key decision-making positions in our places of influence and our workplaces?

Places of influence

Women are making some significant gains in public roles. With the recent announcement of Dame Sylvia Cartwright as the next Governor General, the top five jobs in New Zealand will soon be held by women (the other positions being Prime Minister, Leader of the Opposition, the Attorney-General and the Chief Justice).

Women hold 31 percent of Parliamentary seats, as well as 31 percent of elected local body positions. Fifteen percent of board directors were women last year, as were 29.6 percent of statutory board members.

Two-thirds of union chairpersons are women, and three of the New Zealand Employers' Federation executive are women. None of the 15-member Business Roundtable is a woman.

There is no official collection of ethnicity or disability information from MPs. At local authority level, 5.5 percent of elected officers are Māori, and one percent are from each of the following ethnic groups: Fijian, Chinese, Indian, Cook Island Māori, Lebanese and Kurdish. Of those serving on a council 71 percent are 50 years or more.

Workplaces

The EEO Trust Diversity Survey 2000 found some signs of increased diversity in senior positions in workplaces. Although many groups are still under-represented, since 1998 Māori, Pacific peoples and other ethnic groups have almost doubled their representation in senior management roles, while people with a disability have also made progress.

Percentage of various groups in the top three tiers of management by year

| Group | 1998 | 1999 | 2000 |
|--------------------------|-------|-------|-------|
| Women | 24.6% | 27.3% | 27.7% |
| Māori | 2.8% | 5% | 5.4% |
| Pacific peoples | 0.7% | 1.3% | 1.3% |
| Asians | 1.2% | 2.3% | 1.9% |
| Other ethnic groups | 1.4% | 2.5% | 2.5% |
| People with a disability | 0.8% | 3.8% | 3.8% |

Source: *EEO Trust Diversity Index* 1998, 1999, 2000.

Workplace culture and practices for an employer of choice

Fair access to jobs is only one aspect of valuing diversity. People with options will not stay in workplaces that do not treat them well. Workplaces are beginning to recognise their need to hold on to staff. The latest Morgan and Banks Job Index found that retention was the second most favoured strategy New Zealand employers plan to implement in the next six months.

Harassment

One of the biggest deterrents to employee satisfaction is harassment. Yet a low number of organisations responding to the EEO Trust Diversity Survey 2000 report adequate measures for ensuring their workplace is harassment-free. This leaves these workplaces exposed to risk of complaints, bad PR and unnecessary staff turnover.

Anti-harassment procedures for respondents to the EEO Trust Diversity Survey 2000

| | General harassment (including sexual and racial harassment) | Sexual harassment only |
|-----------------------------------------------------|-------------------------------------------------------------------|------------------------------|
| Policy | 65% | 15% |
| Harassment awareness material | 31% | 8% |
| Documented harassment procedures | 52% | 12% |
| Designated trained harassment contact/liason people | 36% | 7% |
| Prevention of harassment training for managers | 20% | 5% |
| Prevention of harassment training for staff | 17.5% | 5% |

The results of this low focus, particularly on sexual harassment, are reflected in the findings of a recent Human Rights Commission (HRC) survey:

- 31 percent of women and 13 percent of men reported they had been sexually harassed
- most of this harassment occurred in the workplace (67 percent)
- nearly three-quarters of the alleged harassers were in a position of workplace seniority over the person they harassed, half of them in a management position

- 63 percent of those harassed felt they had no option but to resign from their job.

These findings are reinforced by the fact that nearly a quarter of all complaints received by the HRC last year related to sexual harassment.

Gender earnings gap

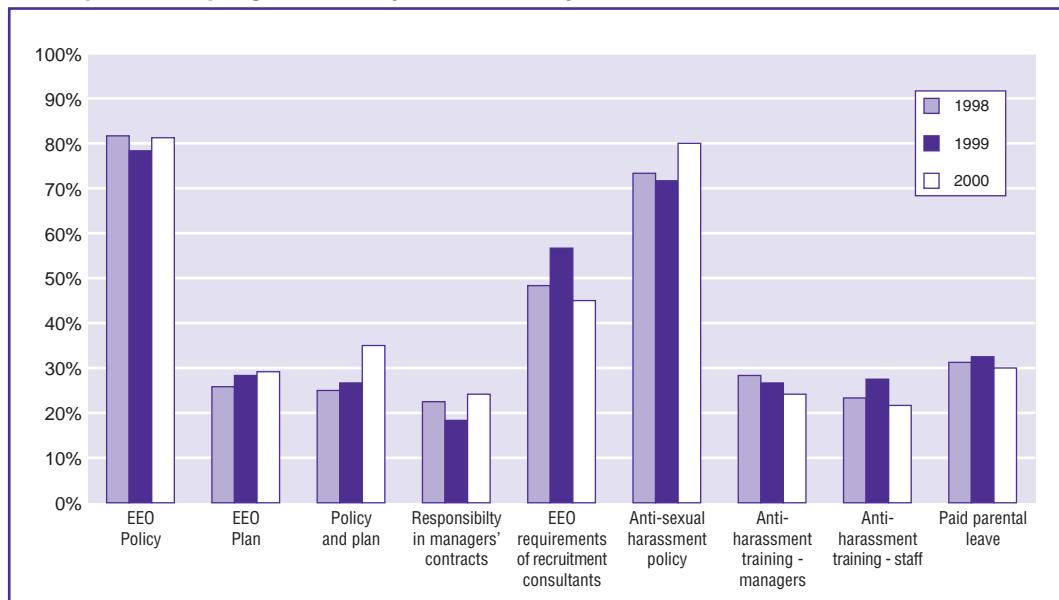
Despite increasing representation of women at senior levels, the gender earnings gap continues.

For the year ending February 2000, women still earned only 84.4 percent of men's average ordinary time hourly earnings, and 77 percent of men's ordinary weekly earnings. Even in the same jobs as men, women earn less. For example, a recent New Zealand study for the Institute of Chartered Accountants found a gap of up to 20 percent in men's and women's salaries for the same job. And British research shows that even by the age of 20, women's incomes are already lagging behind those of men in equivalent family types.

EEO plans and policies

An EEO plan and policy help ensure recruitment and retention of sought-after talent occurs. Unfortunately there is little increase in the proportion of survey respondents with policies and plans.

All respondents progress on key EEO/diversity indicators



Winning employers

It is encouraging to note that EEO Employers Group members continue to be more than twice as likely to identify and work towards EEO goals as non-members. They are more likely to have work and life balance strategies, and a top management team that is diverse. They also report a much higher level of awareness and acceptance of EEO/diversity within their organisation than non-members.

Employers who win the "talent war" will be those who have:

- recruitment practices designed to tap into the increasing diversity of the talent pool
- fair pay and promotion practices
- anti-harassment policies and procedures
- EEO policies and plans to help the organisation achieve success through diversity.

The data show that winning employers are more likely to be members of the EEO Employers Group. Continuing progress by these employers (especially in the prevention of harassment, management accountability and planning for EEO results) will create benchmarks job applicants can use to select employers of choice. New Zealand will compete more successfully in the talent war with increasing numbers of employers committed to EEO.



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