

Diversity – A Benchmark of Success

Te Kanorau: He Paearu Angitu

EEO Trust Diversity Index 1999 Summary

Diversity matters

Diversity adds value to New Zealand society. Diversity matters to employers for two reasons: it helps to recruit and retain talented employees; it attracts and retains customers.

The *EEO Trust Diversity Index 1999* shows the following:

- The diversity of the talent pool available for New Zealand leadership and workplaces is increasing.
- Despite increasing diversity, talented people in certain groups encounter barriers to getting jobs. Even when they do get work, they are not always fairly valued and rewarded.
- Although the profile of leadership, decision makers and workplaces shows improvements in some areas, it still shows talent being wasted.
- Successful workplaces in the next millennium will be those active in recruiting and valuing diverse talent using equal employment opportunities.

The *EEO Trust Diversity Index* is an annual measure of New Zealand diversity trends in leadership, decision-making, workplace profile and practice. Janice Burns, a partner with Top Drawer Consultants, carries out independent research for the *Diversity Index* drawing on material from a wide variety of sources. They include the third annual EEO Trust Diversity Survey of 1981 organisations, mostly with 50 or more employees, with a 23.3 per cent response rate.

This year Asoka Basnayake of the EEO Trust carried out a survey of the employment experiences of Sri Lankan immigrants – the ethnic group in New Zealand with the highest rate of tertiary qualifications.

The talent pool is diversifying

The supply of skilled labour to the market is diversifying in New Zealand. There has been a slight increase in the proportion of tertiary students who are Māori. The proportion of graduates and trainees who are Pacific Islands peoples and Asians is also increasing. Those entering key professions, such as law, medicine, accountancy and engineering also reflect the diversifying labour force.

Age is another key factor affecting our workforce profile. Currently about 28 per cent of the workforce is more than 45 years old; in 10 years time 43 per cent will be older than 45. Yet research shows an historic shift in the nature and spread of work leading to the disappearance of work for both men and women over 45.

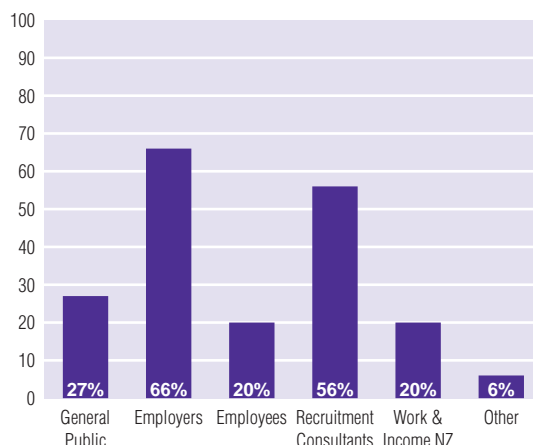
Women's labour market participation continues to increase. However, women are much more likely than men to be in part-time work, and about a fifth of those women want to work more hours.

Employment experiences of diverse groups

The *Diversity Index* data indicate that simply increasing the diversity of the talent pool does not result in equal employment opportunities for everyone.

The survey of employment experiences of Sri Lankans found that 96 per cent of Sri Lankan migrants have a tertiary qualification, 75 per cent held professional positions before coming to New Zealand and 92 per cent are fluent in English. Despite this, more than half have taken up positions lower than those previously held and 47 per cent were discriminated against during their search for employment and thereafter. Employers were the group most likely to discriminate, followed by recruitment consultants.

Sources of discrimination for Sri Lankan migrants



November
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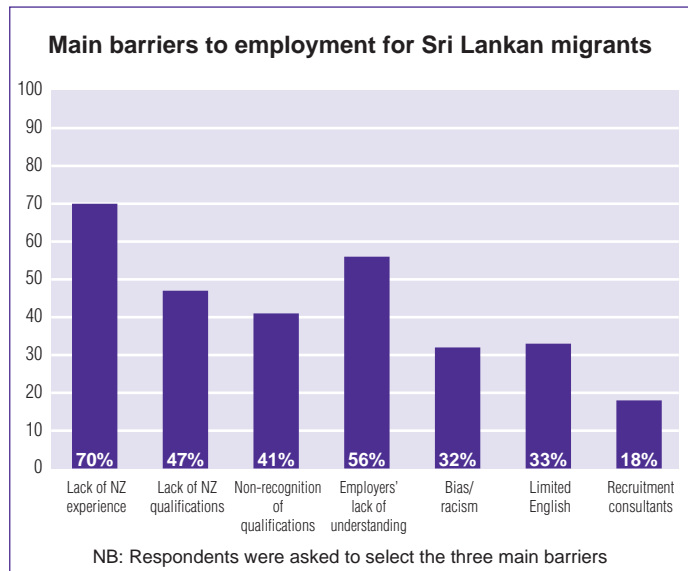


T R U S T

success through diversity
Ahakoa whakaaro kē, ka
puta a ihu

The survey identified the main barrier to gaining employment for Sri Lankan migrants was lack of New Zealand experience, followed by a lack of understanding by New Zealand employers about applicants from different countries. These people are caught in a vicious cycle; because of discriminatory practices they cannot gain the New Zealand experience employers are seeking.

If the Sri Lankan experience reflects that facing other immigrants, too many New Zealand workplaces and recruitment consultants are involved in wasteful, discriminatory and potentially illegal practices.



Māori in the workplace

It is not solely migrants to New Zealand who face discrimination in the workforce. Māori are among those who do. They are increasingly responding to workplace barriers by moving into their own organisations. Between 1981 and 1996 the proportion of employed Māori who owned and operated a business on a full-time basis almost doubled. This trend also applies to women. Between 1991 and 1997 there was an increase of 31.5 per cent in the number of women in self-employment.

Employment of graduates: ethnic groups' experiences

The New Zealand Vice Chancellors' Committee on University Graduate Destinations, highlights alarming differences in the proportions of recent graduates who are employed and unemployed by ethnicity.

Percentage of each ethnic group with Bachelors or Bachelors with Honours who are unemployed six months after graduation

European/Pakeha	22%
Māori	22%
Pacific Islands peoples	28%
Indian	34%
Asian (Chinese and other Asians)	38%

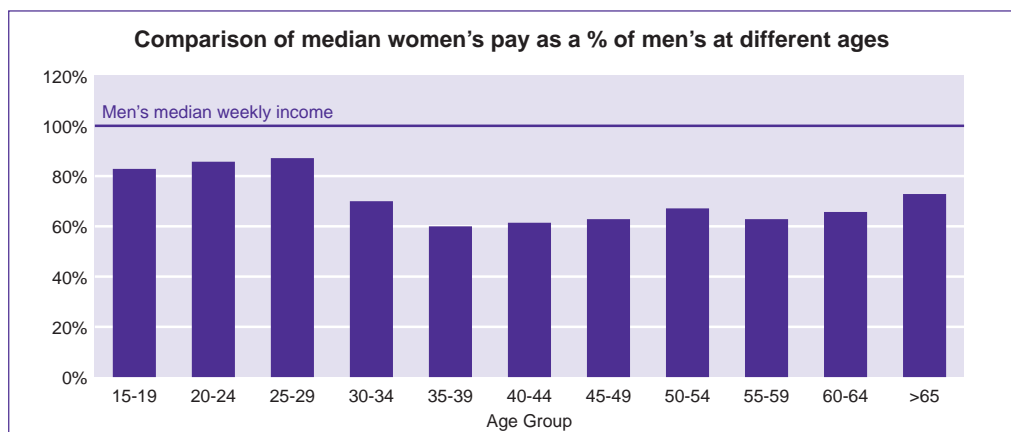
Gender pay gap

In the last year, the pay gap between women and men has not changed. Women still earned only 83.6 per cent of men's average ordinary time hourly earnings. There is no empirical evidence to support the claim that women choose lower paying professions.

The gender pay gap exists even when women and men are equivalent in terms of age, household type, qualifications, experience, seniority and ethnicity.

age

The gender pay gap exists from women's entry to the labour market. It is not simply caused by women "taking time out to have children".



household type

UK data show that the gender pay gap exists regardless of whether women are single or not, or whether they have children.

qualifications

Average salaries for New Zealand bachelors and honours degree holders in full-time employment were higher for males than females in all fields only six months after completing their course. (New Zealand Vice Chancellors Committee data)

experience and seniority

The Sheffield Consulting Group's annual remuneration study of senior executives in New Zealand found for the sixth year in a row that gender impacts on the remuneration packages of senior executives. The total packages of female executives under 35 years were on average 76.5 per cent of the equivalent male executive's package. The gap is wider on total packages than on salary alone, indicating women are either receiving fewer benefits or performance payments and when they do, they are of a lower value.

ethnicity

The gender pay gap affects women in all ethnic groups in New Zealand.

How diverse are the decision-makers?

There are indicators of increased diversity amongst New Zealand's decision-makers, in local government and on statutory boards.

In local government (1998 results in brackets)

- 31 per cent (30 per cent) of local body officers are women
- 5.5 per cent (3.5 per cent) of local body officers are Māori
- 1 per cent of local body officers are members of each of the following ethnic groups: Fijian, Chinese, Indian, Cook Island Māori, Lebanese and Kurdish
- four out of 15, (27 per cent), of cities have women mayors (one more than 1998)
- 15 out of 59, (25 per cent) of districts have women mayors (three more than 1998)
- 71 per cent of local body officers were 50 years or over.

On boards of directors

Fifteen per cent of boards of directors members are women, an increase of five per cent in the last three years, according to data from the Institute of Directors, which represents 2000 directors.

PriceWaterhouseCoopers annual Directors Fees Survey found that female directors are more common in smaller organisations (those with less than \$5 million turnover). They found that:

- 4.5% of non-executive chairpersons are women
- 10% of non-executive directors are women
- 7.6% of executive directors are women.

On statutory boards

Thirty per cent of chairpersons or directors of Crown Company Boards are women. This compares with 19 per cent in 1997. Of the 93 current women directors, 12 per cent are Māori.

In employment organisations

- one out of the 63 members of the Business Roundtable is a woman (one less than last year)
- four of the 17 board members of the New Zealand Employers Federation are women, including the vice president (one more than last year)
- 26 per cent of union presidents and 60 per cent of vice presidents were women in 1997.

In workplaces

There is an increase in the representation of all groups since last year.

Percentage of total top three tiers of management in respondent organisations (1998 figures in brackets)

Women	27.3% (24.6%)
Māori	4.7% (2.8%)
Pacific Islands peoples	1.3% (0.7%)
Asian	2.3% (1.2%)
Other ethnic groups	2.5% (1.4%)
People with a disability	3.8% (0.8%)

Valuing diversity in the workplace

The EEO Trust *Diversity Index 1999* shows only 26.5 per cent of respondents have developed an EEO policy and plan. Those employers most likely to be proactive in valuing diversity are the members of the EEO Employers Group. They are also more active and accepting of EEO benefits and more likely to have senior management support for its implementation. However, a lower percentage of respondents have both policies and plans now (26.5 per cent) than in 1997 (30 per cent).

The proportion of public sector organisations with both an EEO/diversity policy and plan is declining, although public sector workplaces remain far more active in all areas of EEO than the private sector.

• EEO responsibility in managers' contracts

This is down to 19 per cent in 1999, a drop from 23 per cent in 1998. There has been a 12 per cent decrease in public service organisations with EEO responsibility in managers' contracts.

EEO/diversity requirements of recruitment consultants

Only 56 per cent of respondents using recruitment consultants require the consultants to demonstrate they are attracting a diverse range of applicants on behalf of the client. Given that Sri Lankan respondents reported experiencing discrimination from recruitment consultants, employers need to be confident that the consultants are serving the employers' best interests and not exposing them to risk.

• Anti-harassment initiatives

Many employers are still at risk by not addressing prevention of harassment. Only 27 per cent of managers are trained in prevention of harassment, with 27.5 per cent of respondents training staff.

Paid parental leave

Almost a third, 32 per cent, of respondents provide some form of paid parental leave, (31 per cent in 1998).

Women and full-time staff are more likely to be eligible than other groups of staff, although almost two thirds of respondents indicated they provide paid parental leave to all staff.

The most frequent period of paid leave provided is six weeks, provided by 44 per cent of those with paid leave.

Only fifty-one per cent of respondents said they always keep in touch with people on parental leave and 31 per cent said they sometimes do.

Work and family provisions by sector (1998 in brackets)

	Private sector	Public service	Local authorities	Education sector
Childcare facilities	9.5% (6.7%)	37% (30%)	16% (20%)	61% (73.3%)
After school care	7% (5.3%)	9% (12.5%)	12% (8%)	19% (13.3%)
School holiday programmes	9.5% (13.4%)	32% (35%)	44% (36%)	31% (26.7%)
Eldercare services	4% (1.8%)	5% (0%)	4% (12%)	0% (0%)
Work and family information	25% (22.2%)	58% (60%)	48% (28%)	42% (50%)
Flexible work arrangements	71% (71.1%)	96.5% (97.5%)	100% (84%)	86% (80%)

Success in the new millennium

A study of Standard and Poors' 500 companies found that the companies rated in the bottom one hundred for equal opportunity had an average eight per cent return on investment, while those in the top one hundred had an average return of 18 per cent. The figures are clear: diversity pays.

The *Diversity Index 1999* highlights that while the pool of qualified people is becoming more diverse, there are barriers to the recruitment of diverse groups and to valuing them once employed. Success in the next millennium will be demonstrated by the representation of diverse groups of people at all levels of the organisation as well as by the positive employment experiences of these people.

Unless organisations improve their recruitment and retention of a more diverse workforce, New Zealand may well be training talent for the benefit of competitors overseas.

The importance of developing a knowledge economy in New Zealand is increasingly being acknowledged. Equal employment opportunities strategies will be key to achieving this.

The complete *EEO Trust Diversity Index 1999* and *Employment Experiences of Sri Lankan Migrants* are available for \$35 + \$5 admin and postage from the EEO Trust, PO Box 12 929 Penrose Auckland ph 09 525 3023 fax 09 525 7076 email admin@eeotrust.org.nz Internet www.eeotrust.org.nz