



# **EEO Trust Diversity Survey 2007 Executive Summary**

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## Foreword

Research consistently shows that the culture we work in – the values, communication styles and priorities of our workplaces – is more influential in the successful management of a diverse workforce than written policies or procedures. While formal documents do ensure longevity and consistency of diversity management practices, unless such practices reflect what is actually happening or nearly happening in the workplaces, they are worth little more than the paper they are written on.

This year's EEO Trust Diversity Survey explored workplace culture by asking respondents whether their organisation was inclusive of diverse cultures, whether senior management believed diversity was important and whether their organisation promoted and advanced diverse talent. The majority of respondents said their organisation had a positive diversity culture, and this positive culture was related to greater staff diversity at all levels, higher staff retention and more effective diversity practice.

Another recent EEO Trust survey explored the links between work-life balance and employee engagement, finding that a culture that supported work-life balance was more strongly related to employee engagement than formal work-life initiatives on their own.

While our intuition confirms that it is the culture we work in – the words and actions of our colleagues and managers – that most affects us, our employment processes depend on the written word. How, then, to instil a culture that supports diversity in order to maximise the business benefits?

The EEO Trust diversity symposium in August 2007 created a forum for discussion of a wide range of diversity issues, for example, how to create intersections to stimulate innovation, addressing the challenge of the ageing workforce and building a values-based culture that supports diversity. The EEO Trust Diversity Survey approaches these issues from another perspective, drawing on the practices and experiences within New Zealand workplaces in order to assess how effectively those workplaces are tapping into the talents of the diverse people that now make up our workforce.

This year's Diversity Survey highlighted that few employers measure the connection between initiatives to support diversity and bottom-line benefits, few employers integrate their diversity strategies into their core business strategy and few employers collect data on the diversity of their workplace in order to monitor the effectiveness of their diversity strategies.

By comparing best practice respondents with other respondents we can confirm that organisations which take diversity seriously are likely to have much better employment outcomes, particularly in terms of improved recruitment and retention. This raises a challenge for all New Zealand employers – how can they too take advantage of our diverse labour force by building both a culture that supports diversity and a strategic framework that ensures sustainability and consistency of diversity practices.

Dr Philippa Reed  
Chief Executive  
EEO Trust

## Executive summary

The EEO Trust has conducted its Diversity Survey since 1997. Last year, in recognition of the importance of supporting work-life balance to improve recruitment, retention and productivity, we introduced a Work-Life Survey. This will be conducted in alternate years to the Diversity Survey.

In this report, we look at the results of our 2007 Diversity Survey, compare them with our findings from previous years and make international comparisons to see how we measure up against Australia, the UK and the US.

The 2007 EEO Trust Diversity Survey was completed by 364 organisations, 341 of which had 10 or more employees<sup>1</sup>. This covered 242,813 employees, 11% of the New Zealand workforce as at March 2006<sup>2</sup>.

For the first time, we explored whether respondents had a workplace culture that supported diversity. This was assessed through questions on whether the workplace was inclusive of diverse cultures, whether senior management believed diversity was important and whether the organisation promoted and advanced diverse talent. The majority of respondents said their organisation had a positive diversity culture. A positive diversity culture was related to greater diversity of staff at all levels, higher staff retention and more effective diversity practice.

Comparing our responses with a US survey of workplace culture shows that our respondents were much less likely than their American counterparts to believe that valuing diversity positively affects the organisation's financial bottom-line (26% for New Zealand compared with 65% for the US). New Zealand respondents had a high "don't know" or neutral response on this item, suggesting this area has not been given much consideration here.

Open comments in this section often referred to a lack of statistical data on the bottom-line impact, or diversity initiatives being too newly implemented to know the outcomes. For example, "We do not collect statistics that indicate the effect on the financial bottom-line. The recent climate survey provided very positive feedback on the organisation as a place to work."

An aggregate score for the questions on diversity culture enabled us to compare the top third and bottom third organisations. Those with a strong diversity culture were more likely to employ women, older workers, and people from Asian ethnic groups at all levels. They also had lower staff turnover – 14.2% compared with 17.3% for the bottom group.

As in 2005, we identified a group of best practice organisations overall and compared their outcomes with those in the bottom group for diversity practice, confirming a link between diversity strategies and positive outcomes. In particular, staff turnover was substantially lower for best practice organisations at 13%, compared with 39% for the bottom 20% of respondents. The best practice group turnover rate is lower than the national average of 17.3% at June 2006<sup>3</sup>. Best practice organisations were also more

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<sup>1</sup> A total of 429 organisations submitted a survey response but 65 incomplete surveys were eliminated from the final analysis in order to provide comparable, consistent findings.

<sup>2</sup> *Labour Market Statistics 2006*, Statistics New Zealand. Household Labour Force Survey average year ended March 2006.

<sup>3</sup> Statistics New Zealand, *Linked Employer-Employee Data: June 2006 quarter*, released 22 August 2007.

likely to report a decrease in staff turnover over the past 12 months (29% compared with 21% of the bottom group).

Some changes emerging since 2005 are an increase in the proportion of senior management who are from Asian or “other” ethnic groups in best practice organisations. However, there has been a decline in the proportions of women and Māori in senior management in best practice organisations.

Only 21% of respondents measured the effectiveness of their diversity practices, but almost all of those doing so find positive business outcomes such as improved match with customers/clients, and improved recruitment and retention.

While most respondents do not measure the effectiveness of their diversity initiatives, they consistently rank attracting and retaining staff, along with social responsibility as the key drivers of effective diversity management. Few recognised improved innovation or other areas of business performance as key drivers.

There has been a decline since 2005 in the proportion of respondents that integrate their diversity strategy into their core business strategy and objectives. This may in part be due to an increase in new EEO Trust members who are just starting out on their diversity journey. This decline was also apparent for preparing written action plans and training managers in diversity management.

Accountability of managers for diversity was still low, suggesting that effective diversity management is not seen as critical to the success of respondent organisations. This was consistent with only 28% of respondents including diversity considerations in all their business initiatives and policies.

Gains have been made in the numbers of respondents collecting data to monitor EEO/diversity, mentoring or development of target groups, and compliance of policies and practice with general principles of diversity/EEO.