



# Diversity in Corporate New Zealand

Our Collective Opportunity

OMEGA Talent for Auckland  
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The *OMEGA Diversity Perception Audit 2011* is OMEGA's inaugural diversity report highlighting the views and perceptions of New Zealand CEOs and HR Directors in relation to the diversity landscape of New Zealand.

Our thanks to our sponsors of this research:



## Our Collective Opportunity

Our collective opportunity is for ALL LEADERSHIP to engage in discussion and collaborative action, sharing the responsibility for fully leveraging the benefits and contributions of our current and future diverse talent pool.

New Zealand needs business to take a lead in our global fight for talent and help businesses grow, increase innovation, productivity, and our global competitiveness.

By business taking the lead in leveraging diverse talent for economic gain, we create a competitive advantage for New Zealand where the world's brightest and best talent will want to live, work and contribute.

## Rationale

The first decade of the 21st century has seen acceleration in the rate of global change. People are more connected, markets are more volatile and the “face of talent” is changing rapidly with an aging workforce in developed nations, increased mobility and shifts in global demographics, and the repercussions of the global financial and leadership crisis.

The “war for talent” is global and business leaders are figuring out ways of recruiting and promoting diverse talent in order to contribute to their businesses. Talent diversity has become an increasingly important marker of success, at an organisational level and in relation to city and national economies.

But just how smart are we at leveraging the diversity advantage?

What does diversity look like in New Zealand? Are our business leaders working strategically to realise the skill, innovation, and new opportunities associated with a diverse workforce? How can we unlock the untapped human capital that immigration represents? How can our diversity become a competitive advantage and a key factor in the future growth and prosperity for our businesses and our country? How do we understand and measure the benefits of diversity – and are we making progress?

To gauge the thinking and perceptions of New Zealand businesses, OMEGA commissioned a “Diversity Perception Audit” which invited business leaders from a wide spectrum of industries and sectors to share their views and perceptions of the diversity landscape in New Zealand. The Audit's intent is to uncover the issues associated with this landscape and what these respondents saw as important.

Forty-one CEOs and HR Directors participated in the audit, sharing their perspectives on diversity in corporate New Zealand based on experience in the following industries: banking, energy, retail, professional services, insurance, ICT, manufacturing, entertainment, transport and the public services.

***The Diversity Perception Audit 2011*** was generously sponsored by Fuji Xerox, Vodafone, NZ Post and the Tindall Foundation. The research was independently conducted and facilitated by Porter Novelli.

## Key Findings

- New Zealand businesses lack indicators, benchmarks and tools to measure, develop, monitor and interpret the business impact and contribution of diversity within organisations.
- Challenges in relation to corporate culture are emerging and will continue to intensify without an investment in appropriate solutions.
- Increased workforce diversity within businesses has been an unintentional result of labour market supply related to migration and changing global demographics. While New Zealand businesses are tolerant of diversity as a social norm, they are complacent about recognising and leveraging the business advantage and economic benefits of diversity.
- Skills shortages continue to plague the strategic development, resilience and prosperity of businesses. Yet, diversity management – a key solution to this skills shortage – continues to be a low executive priority, deepening the impact of an empty talent pipeline.
- Business leaders are not particularly engaged or proactive in advancing diversity or in capturing the benefits associated with diversity. NGOs and HR professionals have “filled in the gaps” when it comes to diversity management and future workforce planning.
- New Zealand’s diversity landscape is haphazard with “knee jerk” programmes and mechanisms which do not adequately capture the business value of the diverse talent that exists in the workplace.



## 8 Key Themes

### 1. New Zealand's erratic and haphazard diversity landscape

New Zealand's diversity landscape is erratic and haphazard. It is characterised by a plethora of players, not-for-profit and industry bodies, all endeavouring to respond to changes in the business environment.

Diversity initiatives tend to focus on review and short-term targets rather than investing in long-term strategies related to business objectives, or over-arching policies that address diversity within organisational culture.

Businesses do not view diversity as part of their 'core practice.' As a result, they tend to engage in issues of diversity on an ad hoc basis. This limits their ability to leverage the full business benefits of a diverse workforce.

High levels of diversity are present in many organisations but diversity is rarely evident at senior executive, CEO and board levels. The retention of women in the workforce is an issue, particularly at senior levels. Furthermore, senior leadership seem to be lost in how to address our "bleak" youth unemployment figures.

From a leadership perspective, the state of diversity management is seen as woefully inadequate or only progressing slowly across all sectors. There was only one interviewee who felt that New Zealand leads in the diversity space. In an alarming number of cases, the Audit showed that only the bare minimum is being done, primarily to ensure compliance around non-discriminatory legislation.

Diversity management is in need of improvement if New Zealand businesses want to be world class and compete in global markets.

“ I see a lot of little token gestures toward diversity and a marked absence of any actual action or commitment in any major sector, either business or government. It's all talk – lip service when what we need is action, delivery and change.

HR head ”

### 2. “Knee jerk” programmes and mechanisms

New Zealand's businesses and organisations are cluttered by ad hoc, “knee jerk” diversity programmes and mechanisms. These address aspects of the diversity landscape but provide little long-term or systemic change in the market. Sustained development or a strong future focus is not part of standard business practice. Only a handful of organisations have created a more sustained diversity management practice within their workplace.

Strong views were expressed about outdated approaches and programmes. Newer programmes are seen to be heavily influenced by the political environment.

Innovative and relevant niche initiatives and programmes do exist in progressive organisations. However, these examples are rare, and not well-known within the larger business community.

Without an overarching diversity framework to guide business, it is envisaged that this situation will continue.

“ Focusing too much on one sub-group can create a culture of exclusion and be self-defeating. There needs to be balance. Head of HR ”

“ The gender debate is obviously another hot topic. I get frustrated with it though as it is such a slim view in the entire diversity question. CEO ”

### 3. Leaders, conspicuous by their absence

“ A lot of companies view diversity in the same light they do sustainability, not something that is a priority. CEO ”

Leadership on diversity issues is lacking, whether in policy or the day-to-day business of diversity management. Business leadership groups and associations tasked with promoting growth and innovation in our commercial sector have not provided a lead or indicated a way forward. Instead, NGOs have filled the void and met a real need, as they are able, often funded by large organisations and government.

The most prominent among the NGOs mentioned by respondents in this Audit are the EEO Trust, OMEGA and Global Women. Both OMEGA and Global Women have a niche focus (skilled immigrants and women, respectively). Outside of these organisations, our corporate and commercial sector relies on HR consultants and senior in-house HR practitioners to navigate the diversity landscape for them.

Primary focus on short-term planning during uncertain economic times continues to distract leaders from the challenge of escalating talent shortages in New Zealand, and the related need to be proactive in advancing the diversity agenda.

Finally, there appear to be large gaps in the diversity conversation, particularly as it relates to Maori and Pacific peoples, and issues of religion, age and sexual orientation.

### 4. Tolerance over leverage

“ The New Zealand population itself has shifted so much over the years – businesses must reflect this change internally to keep engaging with customers and partners. We have seen the largest NZ population growth among the Asian population... How do you engage with Asian businesses/potential customers if you don't have any Asian representatives in the workforce? CEO ”

The diversity agenda has struggled to move from a “rights based” approach. This has unfortunately prevented many New Zealand businesses from recognising the business imperative of untapped skill and talent, and from signing on to the case for diversity as a strategic business investment in human capital.

Business has been tolerant of differences in a changing demographic environment. It has yet to leverage the advantages associated with diversity, especially in relation to innovation, productivity gains and bottom line profits.

## 5. Value proposition of business results through diversity and inclusion is NOT understood

Overall, the value of diversity is not well understood by business leaders. Diversity remains largely a 'nice to do' rather than a 'need to do' item on the typical business agenda. Furthermore, business leaders see the provision of diversity offerings as lacking a compelling business case.

Where a diversity mandate exists, it is most likely to be the responsibility of Human Resource staff. This limits the opportunities for business leaders to leverage and showcase the benefits of diversity, or to provide thought leadership around the business case for diversity.

New Zealand business leaders are not alone in this "disconnect". This is apparent in "the 2011 Forbes Insight survey of 300 multi-national executives, where 41% recognised the "failure to perceive the connection between diversity and business drivers" as a barrier to developing and implementing a diversity strategy"<sup>1</sup>.

The critical question to ask is whether New Zealand businesses can afford to remain complacent in their "disconnect"? This, whilst much of the rest of the world proactively grapples with this issue in order to gain the advantages associated with leveraging diversity for productivity, innovation and bottom line profits.

“ It’s a mind-set thing. You also have to remember that a lot of companies have shareholders to answer to. They need to be convinced of the benefits of investing in diversity programmes and often not many of them are. *CEO* ”

“ Corporates need to see the value proposition of having a more diverse workforce – they need to understand that it’s something positive and can lead to having a more competitive organisation. I have found that the more diverse workforces... are often the hardest working and most productive. *HR head* ”

## 6. Empty pipeline

The "global war for talent" is heating up, as competition between countries, cities and organisations becomes the pivot around which talented individuals move and contribute their skills. It is fast becoming a competition which New Zealand businesses can't ignore. Skills shortages will continue to grow and the ability of business to respond and recruit talent will be compromised by poor diversity practices and failure to develop a pipeline of diverse leadership and talent across all business sectors.

“ There will continue to be a skill shortage moving forward – New Zealand is broad and shallow as far as experience available is concerned. We struggle finding appropriately skills people for projects. It will always be an issue and we really need to have a plan for what we’re going to do about it. It may mean tapping into those alternative talent pools – and considering skilled individuals that might not even be on the radar of some company heads, due to prejudices or simple lack of awareness. *CEO* ”

<sup>1</sup> Deloitte *Only skin deep? Re-examining the business case for diversity* September 2011

Business leaders stressed the fact that they are being asked to fund too many diversity-related initiatives and organisations without realising the business benefits of diversity for themselves.

Local businesses and economies are still losing the war for talent. There is limited benefit from the antiquated programmes and mechanisms currently on offer.

An alarming observation made was that many leaders defer too easily on diversity matters, and issues related to the “gender debate”, expecting government to step in with diversity policies and targets.

Is this due to apathy, confusion, a lack of know-how, or a simple cop-out?

“ There is a real skill shortage in New Zealand but businesses are stuck in a catch 22. Lots of companies aren’t prepared to look at people outside their own narrow framework. *HR Head* ”

## 7. Cultural Challenges

Racism exists, particularly towards Asian talent. A certain ‘fear factor’ is apparent within businesses in New Zealand. Because diversity is only ‘tolerated’ and certain biases have yet to be dealt with, corporate cultures have by and large not moved forward to embrace diverse talent in the workplace as a competitive advantage.

“ We regularly employ people from Australia, the USA and UK but treat migrants from elsewhere with a degree of scepticism. The degrees simply cannot be of the same quality as one earned from a British university. *CEO* ”

As the war for talent intensifies and skills shortages become more critical, corporate cultures will need to transform in order to adapt and to successfully integrate increasingly diverse talent.



## 8. What gets measured gets managed

There are encouraging signs that the value and economic benefit of diversity is recognised by a handful of business leaders who wish to see a more collaborative approach in terms of diversity solutions.

A number of businesses are interested in and looking for measurement tools and solutions in order to advance their focus on diversity in the workplace. Quotas, KPIs, and reporting on diversity targets in the workplace has more support than one might imagine. Others believe such measures are destined to fail.

Several possible strategies were identified by respondents, as was the need for businesses to provide leadership on matters of diversity. Surprisingly, a role for government was also identified as a factor.

There is a need for an “activation mechanism” to be developed in order to fully leverage and connect businesses to the benefits diversity brings to productivity and bottom line profits.

“

Based on where we are i.e. immature, we need the straight out basics – value add, change management, how to engage and become active, set some minimum goals and help enhance the strategy... they’d need to provide some specialist skills at the latter stage to assist with the different areas of diversity. *CEO*

”

## Creating a Shared Sense of Urgency

Business leaders are presented with a competitive opportunity to take a leadership role in the way that diversity is introduced, developed and leveraged in New Zealand by taking collective responsibility for the issues and the complexities involved. This will require business leaders to work together, sharing accountability and by leveraging the best from who we are as New Zealanders – a nation of diverse pioneers and innovators.

We can collectively help solve the “disconnect” that currently exists and help businesses square the equation between diversity and bottom line profits. This will lift New Zealand’s overall performance and productivity, stimulate our economy and contribute to sustainable growth and future prosperity.

## The Way Forward

OMEGA is engaging leadership with a view to deepening the discussion and advancing collaborative action regarding the opportunities presented in this report and to act on our shared sense of urgency.

We would welcome your comments and insights. Please submit your views to us via email at [justin.treagus@omega.org.nz](mailto:justin.treagus@omega.org.nz).

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I worry that some New Zealanders see it as a burden or a problem – they don’t understand how to make the most of it. We are in dire need of leaders that value difference. *HR Head*

”

**OMEGA is a business led response to enable New Zealand businesses to fully utilise diverse talent in a rapidly changing labour market.** The work of OMEGA is made possible by generous financial support from several leading organisations which see the work of OMEGA as crucial to our collective well-being, since they represent industries where skills shortages constrain New Zealand's growth.

Since launching, OMEGA's labour market integration programmes have helped over 350 skilled immigrants find relevant employment in New Zealand with a combined annual salary of approximately \$21M. This represents an estimated return on our funding partners' contribution to the New Zealand economy of 43:1.



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