



ATTRACT, RETAIN AND MOTIVATE: A TOOLKIT FOR DIVERSITY MANAGEMENT

Programme for the Practice of Diversity Management

**Department of Immigration and Multicultural Affairs in Cooperation with the
Australian Centre for International Business**

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Janine O'Flynn
*Research Fellow, Australian Centre for
International Business*

André Sammartino
*Research Fellow, Australian Centre for
International Business*

Karen Lau
*Research Officer, Australian Centre for
International Business*

Aurora Ricciotti
*Research Officer, Australian Centre for
International Business*

Professor Stephen Nicholas
*Co-Director, Australian Centre for International
Business*

Foreword

The Programme for the Practice of Diversity Management has produced a series of Business Models and accompanying Toolkits. This Toolkit explains how firms can make the most of their diversity capabilities to appoint successful expatriates.

Other Resources for Diversity Management:

The Business Case:

HRM Case
Knowledge Firm Case
International Business Case
Marketing Case
Theory of Diversity and Group performance

Business Models:

Diversity Management: the Big Picture
Managing Diverse Human Resources Effectively
Expatriate Management
Capturing the Diversity Dividend
Going Global
Adding Value through HRM

Toolkits:

Attract, retain and motivate
Keys to Expatriate Success
Adding Value through HRM
Using Diversity Climate Surveys

Diversity Management in Australia – the State of Play
Capturing the Diversity Dividend
Report to Business on Aboriginal Employment

PROGRAMME FOR THE PRACTICE OF DIVERSITY MANAGEMENT

The Programme for the Practice of Diversity Management is a collaborative arrangement between the Department of Immigration and Multicultural Affairs (DIMA) and the Australian Centre for International Business (ACIB) funded through DIMA's Productive Diversity Partnership Programme.

The mission of the Programme for the Practice of Diversity Management is to meet the practical needs of business by developing a business case for productive diversity, providing Business Models for diversity management, and creating Toolkits and checklists for assessing diversity.

The Programme invites your firm to become a member of the electronic diversity network, which brings Australian business together to promote good diversity practices.

Join the diversity network on-line at www.ecom.unimelb.edu.au/acib/diverse/

Introduction to the HR toolkits

The Programme for the Practice of Diversity Management's *Managing Diverse Human Resources Effectively: A Business Model* outlined the business imperative of diversity management for achieving HR efficiency. It demonstrated that a firm's bottom line HR outcomes can be improved by effective diversity management.

The three major objectives of HRM are to attract qualified job applicants, retain desirable employees, and motivate employees. HRM functions and activities are important because they serve to attract, retain and motivate employees.

The *Business Model* identified eight action areas with associated key steps. The action areas are:

1. Top management
2. Auditing
3. Strategic goal setting
4. Social Integration and Cohesion
5. Training, education and awareness
6. HRM functions – attract, retain, motivate
7. Structuring teams
8. Metrics

The key steps in each area are:

Top management

1. Develop top management awareness of the 'business case' for diversity management
2. Cultivate top management support and commitment for diversity management
3. Encourage top management allocation of resources to diversity management

Auditing

1. Survey of staff
2. Analyse data
3. Build an organisational diversity profile
4. Establish inclusive diversity taskforce
5. Investigate processes, culture, policies and practices
6. Develop new, more effective, policies and practices
7. Encourage and reward positive behaviours
8. Build new cultures

Strategic goal setting

1. Develop a diversity vision
2. Set specific diversity goals

Social integration and cohesion

1. Encourage identification with teams and the organisation
2. Encourage and reward behaviour that values and respects diversity
3. Foster cultures which promote team identity

Training, education and awareness

1. Invest in awareness training at all levels
2. Undertake education programs to build support for diversity management
3. Invest in conflict and negotiation training
4. Produce diversity newsletters
5. Keep the issue on the agenda
6. Build a common understanding of benefits and challenges
7. Emphasise common goals

HRM functions – attract, retain, motivate

1. Conduct an audit of the recruitment and selection function
2. Improve the recruitment function
3. Improve the selection function
4. Conduct an audit of the appraisal function

5. Improve the appraisal function
6. Conduct an audit of the promotion function
7. Improve the promotion function
8. Conduct an audit of the reward function
9. Improve the reward function
10. Develop retention strategies

Structuring teams

1. Investigate opportunities to increase autonomy
2. Establish team-based structures

Metrics

1. Measure performance against goals using available data
2. Survey staff on diversity goals and whether they have been attained
3. Chart and distribute success

These action areas represent discrete toolkits. These action areas are common to a number of Business Models. For example the action areas above can be matched to other Models as follows:

Action Area/Toolkit	Model
1. Top management	Engaging Senior Managers
2. Auditing	All
3. Strategic goal setting	From Compliance to Strategy
4. Social Integration and Cohesion	Adding Value Through HRM Team Work/Group Behaviour Innovation and Learning
5. Training, education and awareness	All
6. HRM functions – attract, retain, motivate	All
7. Structuring teams	Adding Value Through HRM Team Work/Group Behaviour Innovation and Learning
8. Metrics	All

Introduction to the HRM functions – attract, retain, motivate toolkit

The Programme for the Practice of Diversity Management's *Managing Diverse Human Resources Effectively: A Business Model* outlined the business imperative of diversity management for achieving HR efficiency. It demonstrated that a firm's bottom line HR outcomes can be improved by effective diversity management.

This Toolkit outlines 10 key steps for HR managers under the heading of *HRM functions – attract, retain, motivate*. They comprise:

1. Conduct an audit of the recruitment and selection function
2. Improve the recruitment function
3. Improve the selection function
4. Conduct an audit of the appraisal function
5. Improve the appraisal function
6. Conduct an audit of the promotion function
7. Improve the promotion function
8. Conduct an audit of the reward function
9. Improve the reward function
10. Develop retention strategies

This toolkit provides strategies for implementing these key steps.

Briefing notes

Human Resource Management Defined

Human Resource Management (HRM) is an approach to managing the human resources of organisations. HRM recognises that human resources contribute significantly to the goals of the organisations. HRM encompasses several functions and activities to ensure that human resources are used effectively and fairly for the benefit of the individual, the organisation, and society.

There are five HRM functions and activities that organisations generally employ. *Human resource planning* involves short-term and long-term planning and forecasting for the organisation's human resource requirements. It also involves analysing jobs within the organisation to identify duties, purpose, skills, knowledge and abilities requirements. *Staffing* the organisation involves recruitment and selection of people to meet the organisation's needs. *Appraisal and remuneration* entails the design and implementation of how employees are assessed and rewarded for their work. *Improving* employees' performance and the work environment include training and development, quality of work life and productivity strategies, and occupational health and safety policies. *Establishing and maintaining* effective working relationships implies understanding employee rights. This includes management of bargaining and grievance procedures, often, with union representatives.

Briefing notes

Productive diversity defined

Diversity is used to refer to the multiple characteristics that capture difference in an individual. These characteristics are broadly categorised into observable and unobservable characteristics. Observable and unobservable characteristics include race, ethnicity, gender, age, tenure, functional background, sexual orientation, socio-economic status, education, physical and mental ability, values, and attitudes. The recognition of the complexities of 'diversity' as a multivariate concept forms part of the agenda for better understanding the complexity of productively managing diversity at work.

Productive diversity management concerns itself with managing teams with diverse members to better communicate with one another. To sustain and develop competitive positions, Australian firms turn to their human resources for creativity and innovation. Creativity and innovation rests on the acquisition, dissemination and reaction to new knowledge. The success of this process depends on the employees' ability to share their diverse ideas and insights. Diverse teams have the potential to see problems from many different perspectives, contributing to enhanced decision-making, problem solving, and innovation. However, dysfunctional in-group and out-group behaviour may repress diversity capabilities. In-group or majority group members tend to marginalise out-group members, capping the potential pool of information. Dissatisfied out-group members tend to be less committed and more likely to engage in withdrawal activity. To achieve the HRM objectives of attract, retain, and motivate, Australian firms must adapt their HRM strategies to the diversity demands of their work force.

Briefing notes

The value of productive diversity

In addition to HRM cost reduction and minimisation benefits, there are clear performance benefits to be captured from diversity management. Once employees experience improved quality of work life, their contribution to decision-making and problem solving increase. As the group develops diversity capabilities, it is more likely to access and utilise latent information for enhanced creativity and innovation. These improvements flow through to bottom line benefits for the organisation.

The information and decision-making perspective purports that diversity is beneficial for group performance. Diversity will bring new knowledge, skills, information, and unique perspectives to the group. Diversity brings to the group greater potential access to information that can promote creative and innovative behaviour, enhancing decision-making, creativity and innovation. The information and decision-making approach predicts three positive diversity effects on group processes: diversity will increase the cognitive processing demands of work groups; diversity will improve analysis in the group, leading to more careful analysis of issues; and diversity will lead to better use of information in the work group. However, harnessing the diversity dividend rests on the ability to manage productive diversity.

Briefing notes

Appraisal, remuneration and promotion

Performance appraisal can be defined as a formal, structured system of measuring, evaluating and influencing an employee's job-related attributes, behaviours and outcomes to discover at what level he or she is presently performing on the job. That is, how productive are the employees and are they able to perform more effectively in the future? Performance appraisals perform a number of roles including acting as a means of improving organisational performance and success, and serving as a contract between the employer and employee. The results of the performance appraisal can be used for developmental or evaluative purposes. Developmental purposes include research, feedback, management and career development, human resource planning, performance improvement and communication. Evaluative purposes include decisions on pay, promotion, demotion, retrenchment and termination.

One of the purposes of performance appraisal is to motivate employees. Performance appraisals can be especially motivating when serve as a basis upon which to distribute salaries and benefits and to deliver promotions. A valid appraisal of employee performance is necessary in order for an organisation to provide contingent rewards and promotions. Performance appraisal information can be used to determine pay increments and promotions under merit pay and performance-based pay plans.

There are multiple sources that can be used to gather performance data. Appraisal sources include supervisors, peers, subordinates, self-appraisal, customers and computer monitoring. Performance appraisals can be done by anyone who is familiar with the job's responsibilities and performance objectives; by anyone who has sufficient opportunity to observe the employee's performance; or by anyone who has the know-how to distinguish between behaviours, which produce effective, or ineffective job performance. A sophisticated performance appraisal model is the 'Multisource' or '360-Degree' evaluation model. The 360-degree appraisal involves an individual being evaluated by his/her superiors, peers, subordinates and others such as customers or suppliers. The objective of the 360-degree performance appraisal is to pool feedback from all stakeholders that the employee works with. Figure 4, graphically illustrates how the 360 degree performance appraisal model operates.

Step one: conduct an audit of the recruitment and selection function

The purpose

- To review the firm's current recruitment and selection practices.
- To identify underrepresented groups in the firm's search pool and recruitment intake.
- To identify discriminatory practices in the recruitment and selection processes.
- To use the audit information to improve the firm's recruitment and selection functions.

The process

- Audit current search pool and recruitment intake.
- Examine current search practices.
- Examine current recruitment and selection practices.
- Establish recruitment and selection goals.

Auditing the current search pool and recruitment intake

The recruitment function aims to attract the right people at the right time, with organisations and individuals making the decisions that best suit their short and long-term interests. The selection and placement function aims to match individuals with the most appropriate positions within an organisation and maximise the likelihood of retaining that individual. This is the basis upon which recruitment and selection should be assessed.

An audit of the search pool and recruitment intake of an organisation should ask the following questions:

1. Who is applying?

- Given the diversity in the Australian labour market, it should be expected that the pool of applicants for advertised positions would reflect such diversity. Collate data on the applicants.
- DATA: The CVs of applicants and application forms should provide sufficient data to draw some immediate conclusions and comparisons. Demographics to consider might be:
 - gender
 - age
 - education level
 - experience
 - languages spoken
 - place of birth
 - place of residence (such as suburb)

Further aspects of diversity are identified in the Briefing Note–*Productive Diversity Defined*.

- NOTE: Other demographic data may be more difficult to garner from CVs and application forms and it might be necessary to establish means by which to gather further data. Attention should be paid to the legal limitations on the methods of collecting any such data (see Briefing Note-*Legal Requirements/Best Practice*).
- ALTERNATIVES: A *second best* alternative is to audit the selection outcomes (see below). This data is *second best* as it also reflects any potential shortcomings in the selection procedures.

2. Who is selected?

- There may be diversity in the pool of applicants but homogenous selection outcomes.
- DATA: All of the above data can be collated on recent appointments along with perhaps other demographic variables such as disability and carer

status. There will be less legal restrictions on this data collection process.

3. Are certain groups underrepresented?

- Certain groups may show up immediately as clearly underrepresented. Are there a low number of males or females? Is everyone from a particular age group? Is there a mix of language skills and/or nationalities?
- DATA: The Australian Bureau of Statistics (ABS) (<http://www.abs.gov.au>) provides extensive data on demographic characteristics at various geographic levels. The Briefing Note-*The labour force* provides some illustrative examples. Such data may provide benchmark demographic profiles.
- Compare search pool and selection data to these benchmarks to identify underrepresented groups.
- DATA: Further data should be sought on the demographics of school-leavers and graduates in particular occupational fields and disciplines. An organisation that is not recruiting from such a pool is not recruiting the best talent and will also find itself with an overly homogenous management cohort in the future.
- Compare search pool and selection data to these demographics to identify underrepresented groups.
- It is to the case that certain jobs will attract *traditional* pools of applicants. A question for HR Managers is the degree to which the dominant characteristics of the applicant pool are essential (or even preferable) requirements for the job. See further discussion of this below.
- Data on applicants and new appointments should be matched to data on the current workforce within the organisation. Current recruitment is the sole mechanism to remedy previous recruitment biases.

The data on the current workforce may identify particular groups of workers that have been systematically excluded in the past.

- DATA: Data may also be gathered on the demographics of the consumer or business market serviced by the organisation. Again, a failure to match the diversity of the marketplace may represent a lost business opportunity for the organisation.

Examining current recruitment practices

1. Who recruits?

- Identify who is responsible for the recruitment process. Is it the principal responsibility of HR staff? Do line managers seek out applicants? Are external parties such as recruitment agencies used?
- Ensure a clear set of recruitment guidelines are being given to the responsible recruiting party.
- NOTE: It is possible that the recruiting party has made a series of assumptions about the preferred demographic make-up of the recommended applicants. There can be a strong tendency to attempt to *match* existing workplace demographics or *replace* outgoing employees with like individuals. Such tendencies may not be indicative of any inherent discriminatory preferences, but rather a lack of clear guidance from the client.

2. Is recruitment internal or external?

- Examine the means of recruitment. There are two major sources: internal and external. The diversity management implications of both forms need to be considered.

- INTERNAL: Internal recruitment may add to the degree of multi-skilling within the organisation. Internal recruitment may act as an incentive to current employees and these employees may more readily apply for *non-traditional* internal roles as the risk involved is lower and they may feel they have a qualification or knowledge advantage over external applicants. There is also much more scope for targeted recruitment internally.
- EXTERNAL: External recruitment may act to broaden the demographics of the organisation, as the pool of applicants is not as limited by previous recruitment practices. Consideration must be given to the means of advertising the positions and/or identifying applicants.

3. How are applicants sourced?

- External recruiting sources include walk-in applicants, employment agencies (public and private), educational facilities and via advertising through various media, including newspapers, trade journals, perhaps radio or television, and increasingly on websites, electronic newsgroups and mailing lists.
- Identify the current practices in place.
- Examine the *success rates* of each method in attracting the broadest range of applicants.
- Consider the implications of adopting the various recruitment methods. Is there a clear reason why certain methods attract a more diverse group of applicants?

4. How has the position been described?

- The manner in which the position is described, the stated selection criteria, the tone and content of the

advertising *blurb*, and even the choice of accompanying imagery will significantly effect the attractiveness of the position for potential applicants. Any aspect that is viewed as exclusionary, or communicates the message that certain demographic or socio-cultural characteristics are preferred, will limit the range of applicants. The aim is to reduce **direct** and/or **indirect discrimination** (see Briefing Note-*What is discrimination?*).

- Are the criteria listed essential to the position?
- Has a clear distinction been made between the essential criteria and those that are merely desirable?
- Does the call for applicants state preferred age groups or experience levels? If so, does this reflect an essential requirement or merely an expectation?
 - For example, a call for applicants that requires candidates to have lengthy industry experience in a field that has traditionally been demographically homogenous will limit the diversity of applicants.
- Does the call for applicants imply certain physical or mental attributes, or particular skills are required? Are these attributes or skills necessary?
- Does the call for applicants state a form of employment relationship (e.g. full-time) or hours of work?
- Does the call for applicants use gender specific language?

5. Who is being excluded?

- The critical examination of the content of the call for applicants, the job description, stated selection criteria and the recruiting sources may have identified clear problems in terms of:
 - exclusionary and/or ambiguous language

- demographically or socio-culturally specific imagery
- demographically or socio-culturally biased expectations

Is it clear who is being excluded?

- Alternatively, examine the content of the call for applicants from the perspective of the groups identified in the Intake Audit as underrepresented.

6. Is there a supply problem?

- It is possible that homogeneity in the organisation's applicant pool reflects a much deeper problem than the nature of the organisations' recruitment process. It may be that the pool of suitable applicants in this occupation is homogenous.
- The Value in Diversity argument (see Briefing Note- *The value of diversity*) illustrates the strong bottom line arguments for workplace and workgroup heterogeneity. Consider the barriers to individuals from non-traditional groups entering this occupation:
 - Is there low diversity in *feeder* roles?
 - Is there low diversity in the relevant tertiary courses?
 - Is there low diversity in the relevant secondary education subjects?
 - Is there low diversity in the relevant vocational training?
 - Is there a lack of encouragement for potential entrants from non-traditional groups?
 - Are there institutional limitations on the number or range of qualified individuals? For example, are overseas qualifications not recognised or undervalued?
 - Are the experiences of workers from non-traditional groups in this field perceived as negative?

- Are there any public or private initiatives currently in place to increase this diversity?

Examining current selection practices

1. Who *short-lists*?

- Identify who is involved in the *short-listing* process. Are external parties such as recruitment agencies used? Is it the principal responsibility of HR staff?
- Investigate whether a clear set of selection guidelines are given to the responsible party.

2. Who interviews and selects?

- Identify who is involved in the interview selection process. Is it the principal responsibility of HR staff? Are external parties such as recruitment agencies used? Does the process involve a committee of relevant parties from across the organisation?
- Investigate whether a clear set of interview and selection guidelines are given to the responsible party.

3. How are applicants interviewed?

- The essence of diversity is that different people will act and interact in different fashions.
- Examine the structure of the interview process. Is it culturally specific or biased?
- Compare the interview techniques to those listed in the Briefing Note–*Best Practice: Recruitment and Selection*.

Case study: Recruiting for diversity

Is the interview and selection panel diverse?

- There is substantial evidence that similarity is a strong source of attraction in social interaction (see Briefing Note-*Similarity/Attraction*). Interviewers and selectors will, without diversity training, have a greater likelihood of rating an applicant similar to themselves more highly relative to an applicant who is different.
- Assess the diversity of the interview and selection panel along the dimensions identified in the Briefing Note-*Productive Diversity Defined*.

Establishing recruitment goals

Given the outcomes of the appraisal system audit goals should be set to overcome problems.

1. Set goals that specifically relate to the issues identified.

- **SEARCH POOL:** In instances where there are clearly underrepresented groups in the typical applicant pool, then targets may need to be set for specific groups. This aims to increase the chance of selection.
- Set targets and dedicate resources to developing innovative strategies to reach this new audience of applicants.
- **SELECTION:** Set targets for greater diversity in future intakes. Communication of search targets sends a clear message to the responsible parties that change is necessary. Avoid presentation of targets as *quotas*.
- **SELECTION PANELS:** Set targets for greater diversity on selection panels. Dedicate resources to

greater diversity education and training of interviewers.

Briefing notes

A snapshot of the Australian population

- 25% of the population born overseas
- 27% of Australian-born have at least one parent born overseas
- The Aboriginal and Torres Strait Islander population is approaching 400,000 and grows at a rate higher than non-indigenous population
- Over 200 languages are spoken in Australia
- 2.5 million people speak a language other than English at home
- The largest growth in religious affiliation have been in Hinduism, Buddhism, Islam and Judaism
- 15% of working age people and 19% of the population live with some form of disability
- 33% of people living with a severe or profound form of disability participate in the labour market
- Female labour market participation rates are increasing at the same time as male rates decline
- Partnering and family patterns have changed enormously over the past 30 years with increasing numbers of same sex partnerships and lone parent households
- 54% of wage and salary earners hold a post-school qualification The proportion of the population aged 65-plus has tripled in the last 100 years
- More than 2 million Australians provide support and assistance as carers for people living with a disability or for the aged; almost 900,000 of these carers provide support for children, partners or ageing parents
- There are now more women than men in the Australian population

Source: ABS, 1995-2000 (various sources)

Briefing notes

Theories to explain in-group and out-group behaviour

Much of the focus in literature exploring diversity management has been on in-group and out-group behaviour. Social categorisation and similarity/attraction theories explain why diverse groups tend to form into sub-groups of in-groups and out-groups. The theories also provide insight into inter- and intra-group behaviour.

Social categorisation theory asserts that individuals define themselves through a process of self-categorisation. Self-categorisation may be based on any salient characteristic, such as age, gender, ethnicity, language group, religion or tenure. In defining oneself as a member of a particular social category it is likely that particular co-workers are viewed as being members of that category. Interacting with those identified as *in* one's category acts to reinforce self-identity, increases group integration and group cohesiveness. Those work colleagues that are not classified as within one's social category are defined as some sort of *other*. It follows that the behaviour of individuals to the *other* is shrouded in assumptions and stereotypes, is less friendly and ultimately less cooperative. This behaviour is amplified in situations where employees are coopted into teamwork with parties they automatically categorise as significantly different from themselves.

The similarity/attraction paradigm focuses on the preferences of individuals to interact with individuals they share common life experiences or values. Similarity is preferred since interacting with someone who has similar values and attitudes confirms one own values and attitudes. Similarity enhances communication, improves social integration and sustains group affiliation. There is an element of crossover with the social categorisation theory, as perceived social group identification serves as a shortcut to identifying those with similar experiences or values. These behaviours manifest themselves most clearly in communication problems that inhibit the organisation from utilising its pool of diverse information to enhance problem solving, decision-making, creativity and innovation.

Evidence of social categorisation and similarity/attraction behaviour can be seen in several studies. In a survey of 79 members of 20 work groups within a large US convenience-store chain, lower levels of group social integration resulted when work group tenure was diverse.

Step two: improve the recruitment function

The purpose

- To broaden the recruitment pool.
- To identify and develop potential applicants from underrepresented groups.
- To remove discriminatory practices.
- To reduce the probability of turnover based on a poor match.
- To ensure the firm meets its responsibilities under equal opportunity legislation and social obligations.

The process

- Develop new recruitment strategies.
- Target underrepresented groups.
- Explicitly enter new labour markets.
- Develop supply pipelines from underrepresented groups both internally and externally.
- Modify recruitment criteria.
- Develop company-wide policies on recruitment practices.
- Provide awareness training to line managers and HR staff.

Developing new recruitment strategies

1. Target underrepresented groups

- ADVERTISING: Advertise in 'non-traditional' areas to increase the applicant pool. Target specialised media outlets such as:
 - the 'ethnic press' and foreign language radio
 - gay and lesbian newspapers and radio
 - youth or 'grey' radio
 - local and community newspapers

Case study: Expanding our network

- Use company websites, web-based recruitment sites, electronic newsgroups and mailing lists.
- SPECIALISED RECRUITMENT: Develop relationships with search agencies that draw from a diverse pool of job seekers. Question your current agencies' relationships with specialised providers of underrepresented applicants. For example, see Case Study – *Engaging with specialised recruitment agencies*.
- NON-TRADITIONAL RECRUITMENT: It is common for organisations to engage in recruitment drives and information sessions at careers fairs, on school and university campuses. Expanding these endeavours to non-traditional locales may substantially increase the potential pool of applicants. Consider establishing contacts in:
 - adult education classes, such as English-language courses
 - local community groups
 - student associations and clubs
 - Migrant Resource Centres and Migrant Service Agencies
 - sporting groups
 - voluntary organisations
- INTERNAL RECRUITMENT: Use data from human resource information systems on demographic characteristics to identify potential applicants from underrepresented groups.

2. Modify the format and content of advertisements

- Remove any culturally or gender specific language.
- Consider running versions of the advertisements in languages other than English.
- Include a statement in your advertisement encouraging applications from groups that are

under-represented in a particular work area. For example:

- "Firm X is an equal opportunity employer. We actively encourage applications from women, Aboriginal and Torres Strait Islander people, people with a disability or people who speak a first language other than English."
- Or "Firm X aims to recruit from a diverse group of applicants to ensure that the best person for the job is employed, and that their suitability for a job is assessed on the basis of their abilities, skills, experience, and standard of work performance in relation to the selection criteria."
- State diversity management credentials in the call for applicants. For example:
 - "Firm X believes in treating all people with respect and dignity. We strive to create and foster a supportive and understanding environment in which all individuals realise their maximum potential within the company, regardless of their differences. We are committed to employing the best people to do the best job possible."
- Consult with relevant representatives of particular demographic groups both internally and externally to gauge whether advertisements and calls for applicants are unambiguous, appropriate and attractive to the target audience

3. Consider alternative mechanisms

- Increasing the diversity in areas that may have been traditionally homogenous may be difficult in the short term if there is little diversity among *feeder* positions. Consider the scope to *headhunt* recruits from other organisations.

Case study: Go back to school

Case study: getting balanced at IBM

One of IBM's Diversity programs is Get Balanced. "Get Balanced" is a two part program, developed in IBM Australia, for managers to use with their teams. In the first part of the program team members examine their own personal needs and business priorities. In the second part of the program the team comes together to develop a working pattern that best meets the needs of all the members of the team and enables the team to meet business commitments.

Underpinning "Get Balanced" are IBM's seven principles of Work Life Balance; included in these is, the need for employees to take responsibility for their own work life balance, that work life balance should have a positive impact on all, that teams are flexible and that ongoing performance and contribution are prerequisites.

Cameron Woolfe uses the 'Get Balanced' Program to lead his team to higher levels of client service and work/life satisfaction. Cameron Woolfe is a Technical Manager, in Production Management. He lives and works in Ballarat in regional Victoria but manages twenty-nine staff in four teams over five different locations in Sydney, Melbourne and Ballarat. Production Management staff are customer service specialists whose work is usually based at the premises of an IBM client. Working as a team under one roof is not an option for them.

Attracting and retaining technical talent to work in a regionally spread team environment requires some lateral thinking - and some flexibility.

Cameron uses the 'Get Balanced' program to increase his employees' satisfaction, which in turn leads to increased customer satisfaction. Before the 'Get Balanced' program was initiated, Cameron was already implementing a variety of flexible working practices such as a flexible work week and telecommuting where appropriate. These practices helped production management staff service their client's needs and attend day-to-day IBM communications whilst still allowing time for their chosen lifestyle.

The first aspect of the 'Get Balanced' program was offering variety in work. IT staff are generally highly mobile, seeking challenge through training promotion. Cameron implemented a process of moving people through a variety of work to retain their services.

Cameron found the 'Get Balanced' program easy to implement as it simply codified the tools of flexibility through placement into a coherent system. His teams were well placed to roll out the program and as a result a high percentage of his people, approximately 75%, used the program.

There were even additional unexpected benefits such as the extension of business hours which occurred when staff selected early starts or late starts/finishes. This was of particular advantage where support was required across different time zones. Cameron has a standby schedule shared by technical staff for customer service, and this extension reduced the hours people were on call.

Cameron believes that IBM's work culture, training provisions, salaries and challenges attract many top performers towards IBM, but it is the flexibility and corporate culture that wins them over. He is a firm advocate for 'Get Balanced'. *His advice? To attract good staff in the IT industry, you need to offer exceptional benefits and 'Get Balanced' is a great example.*

Identify potential target applicants through:

- industry organisations, trade unions and other representative groups
- conferences
- informal networks
- media.
- For example, see Case Study – *Expanding our network*

Building pipelines

There may be poor supply either internally or externally of viable applicants from underrepresented groups. Strategies can be developed to build *pipelines* that will increase the labour supply. Firms that can establish such strategies will increase the likelihood of becoming *employer of choice* for traditionally underrepresented groups.

1. Establish traineeships

- Establish traineeships to improve the average skill level in underrepresented groups and introduce new skills
- Target these traineeships at underrepresented groups
- Develop partnerships with community groups etc to promote traineeships
- Develop partnerships with community groups, representative bodies, training professionals and other educators to ensure the structure and curriculum of the traineeships is appropriate and attractive to the target audience.

2. Offer scholarships

- Establish scholarship schemes that will identify, encourage and attract underrepresented groups to the firm

- Promote scholarships widely to improve public perception of the organisation
- Maintain database of unsuccessful applicants and actively promote opportunities for further involvement with the organisation

3. Go back to school

- A longer-term strategy is to broaden the diversity of students currently at secondary school and tertiary institutions that might move into this industry or occupation in the future.
- Develop school or campus based activities that improve the profile of the organisation.
- Target classes, schools, campuses or student activities and organisations that will increase the exposure of the organisations to the organisation. Examples of such activities include:
 - school excursions
 - visits to schools, particularly by employees from non-traditional groups
 - sponsorship of clubs on campus
 - sponsorship of awards or competitions on campus
 - provision of judges, workshop and conference participants at events on campus, particularly employees from non-traditional groups

For further *pipeline building* strategies see Step Seven.

Flexibility in work design

Underrepresentation of particular groups of workers in the existing positions and in the applicant pool may reflect the design of the jobs on offer.

1. Examine job design

- Identify the current work requirements of the positions, in particular the hours of work and the location of work.
- Consider the impact of these requirements on potential applicants.
- Do the hours of work discourage applications from potential applicants with carer responsibilities?
- Do the hours of work discourage applications from potential applicants with study commitments?
- Does the requirement to work on-site discourage applications from potential applicants with primary carer responsibilities?
- Does the requirement to work on-site discourage applications from potential applicants with certain disabilities?
- Does the requirement to work on-site discourage applications from potential applicants from geographically isolated areas?

2. Determine scope for flexibility

- Consider alternative arrangements to increase the diversity of the pool of applicants.
- Remove requirements that employees work on-site, and consider scope for home working or teleworking.
- Reconsider full-time status, offer greater hours flexibility and job-sharing.
- Offer opportunity to combine work with study.

Developing company-wide policies

Decentralisation of recruitment and selection in many organisations requires the establishment of a company-wide recruitment policy and communication to ensure that standards are met and that selectors comply with legal and social obligations. Firms that outsource the

recruitment function should ensure their suppliers are similarly informed.

1. Develop a policy that sets out the firm's standards and goals in relation to recruitment.
2. Provide information to selectors on their legal obligations in the recruitment process.
3. Provide awareness training to line managers highlighting the implications of discriminatory practices in the recruitment process.

Case Study: Recruitment relationships

Diversity@work – Solutions through diversity.

Diversity@work collaborates with companies to make it easier for them to develop and implement diversity in their workplaces.

Diversity@work provides a convenient cost-free solution for employers and recruiters seeking to hire people with a disability and Indigenous people. They offer low cost cross cultural and disability awareness training, as well as a conflict resolution service and information on the benefits of hiring and retaining older workers.

Many companies are finding solutions to persistent workplace issues through workforce diversity. Outcomes include: bringing new perspectives to company planning; demonstrating a commitment to the reconciliation process; accessing new markets; developing a more stable, reliable and dedicated workforce (particularly in remote locations); and minimising opportunity for litigation through a demonstrated commitment to Equal Employment Opportunity. They are actively employing Indigenous jobseekers and people with a disability.

People with a disability make up 19% of the Australian population, representing a significant customer base. This is 15% of the potential workforce, or more than one million people, with a spending power of \$26 billion each year in Australia.

Diversity@work has quick and easy access to more than 3,000 people with a disability and 1,500 Indigenous jobseekers across Victoria. The applicants are keen and ready to work, and represent a significant, and relatively untapped pool of talent, particularly when companies are having trouble accessing suitable candidates.

Diversity@work can work either directly with the employer, or through their recruitment suppliers, and pre-screens all applications. All industries, including management, sales, hospitality and administration, as well as labourers and factory hands, have positions that people with a disability and Indigenous people have.

To make it easier for employers, Diversity@work has developed two comprehensive training packages, "Opening the Door for People with a Disability", and Cross-Cultural Awareness.

"Opening the Door" has been specifically designed to enable participants to develop their own disability action plan and access the advantages of employing people with a disability. It is the most comprehensive disability training package generally available, and has been designed specifically for people working in Human Resources.

The Cross-Cultural Awareness package addresses many of the stereotypes employers may hold in relation to Indigenous culture. The training looks at the impact of European settlement on Indigenous culture and why this needs to be linked to companies' employment policies.

Diversity@work suggests companies adopt an Indigenous Employment Policy before recruiting. This ensures Indigenous people are included in the development and implementation of Human Resource planning. Diversity@work can also assist employers develop a Disability Action Plan, to protect and build their business.

Once a placement is made, Diversity@work will provide ongoing support if needed by either party. Diversity@work is funded by the Federal Government to assist companies diversify their workforce.

Briefing notes

Discrimination defined

Employment policies that discriminate can take two forms: direct discrimination or indirect discrimination. Direct discrimination includes the exclusion of an individual or a group from an employment opportunity or benefit because of a personal characteristic, which is irrelevant to the performance of the tasks. Policies, practices and behaviour, which directly discriminate are obvious and are the result of conscious intent. An example of direct discrimination would be choosing not to select a recruit based on the recruit's gender or race.

Indirect discrimination includes the exclusion of an individual or a group from an employment opportunity or benefit because of the application of conditions or requirements, which are not directly relevant to the performance of tasks. Although apparently neutral, such conditions for employment discriminate because they incorporate attitudes or assumptions that disadvantage individuals in some groups more than others. For example, the use of height as selection criteria when height is not required to efficiently perform the job is an example of indirect discrimination.

Briefing notes

Discrimination & the potential costs of litigation

The cost associated with discrimination and harassment is substantial and potentially impacts upon the bottom line through legal fees, lost productivity, staff time and settlements. In addition to direct costs attached to discrimination EEO costs, organisations incur indirect costs. For example, the reputation effects of a discrimination case can be immeasurable, particularly if the best candidates are deterred from working for the firm. There are also knock-on effects in terms of existing employees who may choose to exit the organisation because of the incident. The NSW Discrimination Board has calculated the average cost to an organisation of resolving "a relatively serious or complex discrimination or harassment grievance" to be \$35,000. Figure 3 sets out the comparative costs of litigation versus investment in diversity management initiatives. Total costs of resolving a discrimination grievance is estimated to cost \$75 thousand, while an investment in diversity training is only \$20 thousand. A survey of diversity training in Australia showed that only 14 per cent of CEOs ranked diversity training as of high importance.

Figure 3. Costs versus Investment: Diversity management or Litigation

Costs

Average cost of resolving serious harassment or discrimination grievance: \$35 000

CONTRIBUTING COSTS

Ten days stress leave for employee on \$30 000 p.a.	\$1650
Worker's compensation claim	\$2000
Productivity loss (70% of harassed staff take time off work)	
Replacement costs (average cost for EEO/discrimination employee)	85-100% of salary
Tribunal, court, commission costs (average)	\$3 000 – \$10 000 per day
Costs of reduced productivity, sabotage etc	tens of thousands
Costs of external consultants/marketers to reach 'diverse' communities	tens of thousands

Investment

Cost of one day's EEO/harassment prevention handling training for 25 middle managers (average)	\$1500 (trainer) salary/lost production
1.5 hours of EEO/harassment prevention handling training for 25 non-supervisory staff (average)	\$400 (trainer) salary/lost production

Source: Anti-Discrimination Board, NSW 1999 reprinted in Junor and Coventry, 2001, p. 90.

Step three: improve the selection function

The purpose

- To meet the projected future human resource needs of the organisation and select appropriate candidates.
- To ensure the selection of the best people for the position.
- To increase the selection of underrepresented groups.
- To reduce the problems of turnover.
- To ensure EEO and social responsibilities are met.

The process

- Identify the *core* and *non-core* requirements of positions and reduce emphasis on non-core, potentially discriminatory, criteria.
- Allow flexibility in meeting selection criteria.
- Consider adapting the job or selection criteria to suit the uniqueness of individual candidates.
- Adjust interview practices.
- Provide education and training for interviewers and selection committees to ensure selection is based on merit.
- Publicise goal attainment in the selection process.

Flexibility in selection criteria

The selection and placement function aims to match individuals with the most appropriate positions within an organisation and maximise the likelihood of retaining that individual. In essence, the aim is to get the right person for the job. Firms who find a lack of diversity in particular positions are potentially missing a lot of people who were right for the job. These people may have missed selection due to inflexible, irrelevant or unrealistic selection criteria.

1. Are the current selection criteria limiting the likelihood of non-traditional applicants being selected?

- Examine current selection criteria.
- Consider the impact of these criteria on different groups of potential applicants. For example, do the experience requirements preclude applicants with different educational backgrounds, those who have taken parental leave, or immigrants who have had to retrain?

2. Determine *core* and *non-core* criteria.

- Evaluate the necessity of each criterion.
- Consider if the absence of this criterion would reduce the likely productivity in the position or alter the likelihood of a successful *match*.
- Consider again the likely impact of each criterion on target/underrepresented groups, in particular considering whether it may represent discriminatory behaviour.
- Remove or dilute any criteria which are found to be *non-core* or discriminatory

3. Become more flexible

- Consider adapting the job or selection criteria to suit the uniqueness of individual candidates.
- Recognise that recruits may be working in team-based environments, and match their skills and experiences with those in the workforce. NOTE: The emphasis is on having a complementary set of skills, rather than simple replication.
- Discuss the criteria with applicants to determine reasons for any disparity. For example, if an applicant is lacking in experience in a particular

area, or does not appear to have performed particular tasks, there may be reasons why.

- Expand the questioning beyond the standard criteria to explore what other valuable skills and attributes the applicant may bring to the organisation. For example, ask how the applicant's atypical experiences or background manifest as skills.
- Discuss job design with applicants so as to gauge the scope for alternative arrangements.
- NOTE: It is dangerous to assume that applicants have particular needs or restrictions. If the applicant has the requisite skills, experience and attributes and looks a likely selection then the interviewer(s) should then examine their work needs.

Adjusting the interview processes

1. Adopt best practice interview processes

- See Briefing Note – *Best practice: recruitment and selection*.
- Ensure that an applicant's difference does not become the focus of the interview
- Adapt questioning styles to the situation. For examples, be conscious that certain individuals may be more or less comfortable with direct forms of questioning.
- Be aware of different cultural norms in terms of body language, eye contact, personal space, and formality.
- Increase interviewer awareness of such issues through education and training.
- Encourage applicants to discuss their individuality, their needs and strengths. Explaining the diversity management vision of the organisation may facilitate such discussions.

2. Provide diversity training to interviewers and selectors

- Managers and employees bring with them their diverse backgrounds, understandings and perceptions to the selection situation. It is important to be aware of this and to recognise the potential effects of this on the process.
- Provide awareness training for interviewers to ensure that are aware of biases that can occur in the interview process. For example, explore the subconscious tendency for interviewers to rate applicants of similar characteristics more highly than those perceived as different.
- Ensure that interviewers do not make assumptions based on gender, race, disability etc.
- Provide materials for raters on legal obligations in the interview process (See Briefing Note - *Legal Requirements/Best Practice*)

3. Use interview panels

- A broader range of views and a diversity of interviewers should assist in overcoming any biases in the selection process.
- Establish interview panels drawn from across the organisation and from a range of backgrounds.
- Do not assume diversity implies awareness of the issues. Provide awareness training as outlined above.
- Consider using a range of interview techniques such as group scenarios, role-plays, individual meetings etc so as to draw a well-rounded picture of applicants' capabilities.

Publicising goal attainment

1. Send a positive message

- Communicate internally and externally the *wins* that occur in recruitment and selection.
- Acknowledge the diversity of new pools of recruits.
- Emphasise the value increased diversity brings to the bottom line of the organisation.

Briefing notes

Compliance requirements in Australia

Equal Employment Opportunity (EEO) deals with the employment situation in which every individual has access to employment and its benefits. EEO is an important concern for all employers, managers, employees, trade unions, industrial tribunals and policy makers. EEO must be taken into account when developing and implementing human resource policies and when dealing with employees.

There is a substantial body of legislation regarding equal treatment of employees within Australia, including federal and State anti-discrimination, EEO and affirmative action laws, industrial relations laws and awards and enterprise agreements. Under Australian law, an employer must take "all reasonable steps" to prevent discrimination and harassment in the workplace if they wish to avoid liability. It is the employer's responsibility to prove that all reasonable steps were taken. This means they must actively implement precautionary measures to minimise the risk of discrimination and harassment occurring. "Reasonable steps" are not defined in the legislation and are determined on a case-by-case basis. What is reasonable for a large corporation may not be reasonable for small business.

When deciding what level of preventive action is reasonable, an employer should consider:

- the size and structure of the organisation;
- available resources; the nature of the work undertaken;
- gender imbalances in the workplace;
- the employment of women in non-traditional areas;
- the number of junior staff; the workplace culture;
- cultural diversity in the workplace;
- any history of harassment;
- any relevant provisions in industrial awards or agreements;
- working hours;
- level of supervision;
- any other relevant factor e.g. geographic isolation of the work location, duties which require working in close physical proximity, live-in arrangements etc.

When developing a strategy to address discrimination and harassment, it is recommended that employers consult with relevant parties including staff, unions, employer organisations, industry and professional associations, the Commission and/or State and Territory anti-discrimination agencies.

Source: http://www.hreoc.gov.au/info_for_employers/employer_resp/index.html

Briefing notes

Discrimination: preventive measures

It is recommended that employers take the following steps to prevent harassment:

- Obtain high level support from the chief executive officer and senior management for the implementation of a comprehensive strategy to address discrimination and harassment;
- Develop a written policy which prohibits discrimination and harassment in consultation with staff and relevant unions;
- Regularly distribute and promote the policy at all levels of the organisation;
- Translate the policy into relevant community languages where required so it is accessible to employees from non-English speaking backgrounds;
- Ensure that managers and supervisors discuss and reinforce the policy at staff meetings;
- Provide the policy and other relevant information on discrimination and harassment to new staff as a standard part of induction; periodically review the policy to ensure it is operating effectively and contains up to date information;
- Display posters on notice boards in common work areas and distribute relevant brochures (these may be obtained from the Commission, State and Territory anti-discrimination agencies and/or relevant unions);
- Train all line managers on their role in ensuring that the workplace is free from discrimination and harassment;
- Ensure that line managers model appropriate standards of professional conduct at all times;
- Include accountability mechanisms in position descriptions for managers;
- Ensure that selection criteria for management positions include the requirement that managers have a demonstrated understanding of and ability to deal with discrimination and harassment issues as part of their overall responsibility for human resources;
- Check that managers are fulfilling their responsibilities through performance appraisal schemes;
- Conduct awareness raising sessions for general staff on discrimination and harassment issues;
- Develop a policy prohibiting inappropriate use of computer technology. e.g. e-mail, screen savers and the Internet.

Briefing notes

Discrimination: remedial measures

It is recommended that employers take the following steps to deal with the occurrence of discrimination and harassment:

- Implement an internal system for dealing with complaints of harassment or adapt existing grievance procedures for this purpose;
- Ensure that the organisation's policy on discrimination and harassment provides employees with advice on what to do if they are discriminated against or harassed. Employees should be given information on:
 - how to deal with the discrimination or harassment themselves. Employees should not be pressured into pursuing this option and should only confront the harasser directly if they feel confident enough to do so;
 - speaking to their supervisor, manager or other contact officer who has responsibility for dealing with discrimination or harassment;
 - lodging a formal complaint through the organisation's complaint/grievance procedure;
 - approaching an external organisation such as their union, the Commission or a State or Territory anti-discrimination agency.
- Depending on the size of the organisation, appoint anti-discrimination and harassment contact officers of both sexes at various levels who are responsible for:
 - providing employees with information on discrimination and harassment and clarifying any questions or concerns they may have;
 - providing confidential advice on the options that are available for dealing with harassment;
 - providing advice to an individual who wishes to confront the discriminator harasser themselves.
- Anti-discrimination and harassment contact officers are usually not involved in the investigation or resolution of formal complaints.
- Provide employees who have been discriminated against or harassed with access to counselling services or employee assistance programs. The costs should be fully borne by the employer.
- Provide employees who have harassed with information and training to ensure the discrimination or harassment does not occur again.

Briefing notes

Best practice recruitment and selection

General points

- Examine workforce profile for distribution of groups of employees across the organisation.
- Consider if you could include in your workforce, members of particular groups, which have been systematically excluded in the past.
- Implement a consistent method of recruitment.
- Encourage applications from the widest possible pool.
- Confidential record keeping justifying decisions made.

Developing selection criteria

- Ensure job specification is up-to-date and consistent with requirements of the job.
- Formulate selection criteria, which is consistent with the job specifications.
- Distinguish between essential criteria, those that the person must satisfy to be able to do the job, and desirable criteria, those that will help to do the job.
- Assess whether formal qualifications (academic, trade etc) are essential to the performance of the job.
- Ensure length of experience, age required etc are essential, and justifiable, for performance of the job and not set arbitrarily or based on stereotypes.
- Ensure there are no unnecessarily restrictive English language qualifications on jobs that do not require them. Be specific.
- Determine how criteria will be assessed: interview, referees report, work record, testing etc..

Advertising

- Consider benefits to the organisation of a multi-skilled workforce by advertising all positions internally (as well as externally).
- Determine strategies for reaching the widest pool of applicants possible, eg use of ethnic media, informal networks, community groups, industry groups, trade journals.
- Ensure the information in the advertisement matches the selection criteria.
- Do not use stereotyped or discriminatory language or discriminatory requirements. Eg, 'Salesman', 'Age 30-45 years',... If used, ensure recruitment consultants are fully briefed on your requirements and have a good understanding of equal opportunity principles.
- Include name of a contact person in the advertisement and ensure they have information (presented in a clear and consistent way) prepared about the position.

Short listing

- Cull (short list) on essential qualifications first then on desirable, prioritising criteria and determining method first.
- Don't make assumptions about qualifications / experience, how people could handle particular situations or how others may react.
- Seek more information if necessary. The aim is to find the best person for the job.
- Be consistent. Document decisions made and reasons for them.

Application forms

- Ensure language and length is relevant to the performance of the job.
- Do not include any invasive or irrelevant questions.
- Predetermine to what use the information collected will be put and ensure no discrimination.
- Ensure strict confidentiality.

Testing

- Tests to match the requirements of the job.
- Check that tests are up-to-date and relevant.
- Check for any bias or indirect discrimination, eg a test for potential trades apprentices that examines prior knowledge of the trade rather than aptitude.

Interviewing

- Aim to allow applicants to demonstrate what they can offer the organisation, not to simply confirm expectations or to see how applicants perform under pressure.
- Check need for any specific arrangements eg; physical access, interpreters etc. Have questions prepared in advance.
- Ensure consistency and fairness in questioning.
- Focus on the real needs of the job. Don't make assumptions or stereotype individuals.
- The selection committee is entitled to ask applicants whether they can fulfil the requirements of the job (travel, work overtime, perform the physical functions) but such questions must be asked of all applicants. It is appropriate to ask people with disabilities, whether they require any adjustments to perform the job.
- Allow interviewee time to make their point. Allow silence. Rephrase or clarify if necessary.
- Don't make assumptions about a person's ability to do the job based on physical characteristics.
- Do not ask invasive and irrelevant questions eg, Do you intend to have a family. If necessary rephrase to gain the essential information you require and ask of all applicants eg, 'Can you commit yourself to the organisation for 2 years?' **Keep records of questions** and answers.

Referee reports

- Applicant offers referees, or is able to comment on choice of referees, eg supervisors report. Be consistent in use of referees.
- Ideally use a standard referee reporting form, which matches the selection criteria.

Making the decision

- Focus on the selection criteria.
- Rank applicants according to performance against essential and desirable qualifications. Assess all information; application form, interview, referees reports, tests etc. Record decisions made and reasons for them.
- Avoid value judgements and ensure report and process is kept confidential.
- If requested, provide constructive feedback to unsuccessful applicants on their performance against the selection criteria.

Medical examinations

- It is appropriate to have employees medically examined if potential health risks could be high for employees with particular health problems, eg jobs that involve heavy lifting for people with spinal injury or disease.
- The Medical Examiner should have the job specification so any recommendation made relates specifically to the job.
- Source:
http://www.hreoc.gov.au/info_for_employers/best_practice/recruitment.html
- Ensure only information relevant to the position is sought and avoid invasions of privacy irrelevant to the job requirements.
- Selection Committee and Examiner to be aware of technical equipment and other reasonable adjustment provisions for people with disabilities. Where there is concern about ability to perform a job, Examiners to seek expert advice and assessment from vocational specialists in disability organisations.
- Ensure strict confidentiality.
- Applicants to be advised of results.

Step four: conduct an audit of the appraisal function

The purpose

- To review current appraisal process and practices.
- To evaluate and identify trends in appraisal outcomes.
- To identify discriminatory practices in the appraisal process.

The process

- Audit current appraisal outcomes.
- Examine current appraisal practices.
- Set appraisal-related goals.

Auditing appraisal outcomes

The appraisal function aims to measure the efforts of individual performance in the pursuit of organisational performance. Performance appraisal seeks to meaningfully measure performance against a set of criteria, provide feedback and contribute to developmental plans. Because individual performance improvements feed into organisational improvements, performance appraisal is a critical HRM function. The appraisal should seek to measure performance and this is the basis upon which it should be assessed.

1. Are there clustering effects in appraisal outcomes?

- An examination of performance appraisal data provides a performance profile of individuals and groups. Analysis of this data can highlight clustering effects.
- Examine the outcome data and match this with personal characteristics of the ratees to develop a profile of appraisal outcomes.

- It is possible to identify clustering effects in the data? Examine whether there are trends in appraisal outcomes when matched with personal characteristics such as gender, age, and ethnicity.

2. Is there evidence that particular groups are consistently rated higher or lower than others in the appraisal process?

- Consider the trends identified in the cluster analysis. Is there evidence that particular demographic groups are consistently rated higher or lower than others? Do particular raters demonstrate bias in the appraisal process (e.g. dedication to work vs. work-life issues)
- Ask raters to provide feedback to these findings.
- Are there explanations for these trends? Do they reflect organisational inflexibility or a lack of work-life policies, for example?

3. Is there conflict in rating between the rater and ratee?

- Firms that use multiple rating sources in the appraisal process can identify inconsistencies more readily. For example, firms may use self-assessment, peer assessment, subordinate assessment and supervisor assessment methods.
- Examine the performance ratings awarded by the individual being rated (self-assessment) and the rater/s. Are there discrepancies in the appraisal outcomes?
- Are there particular areas where discrepancies are more pronounced that may reflect personal differences rather than performance or which may reflect organisational inflexibility? For example, are individuals with dependents absent more often

leading to lower ratings – does this reflect a lack of work-life balance policies?

4. Are there trends in these discrepancies?

- Match these inconsistencies with the demographic data of the rater/s and ratees and identify any trends in inconsistencies.
- Seek feedback from raters and ratees on these trends – what do they believe explains the results?
- Is there evidence that there are instances of direct or indirect discrimination?
- Is there evidence that raters rate 'similar others' more highly than those that are different? Are raters aware of this?

Examining current appraisal practices

Managers and employees bring with them their diverse backgrounds, understandings and perceptions to the appraisal situation. It is important to be aware of this and to recognise the potential effects of this on the process.

1. Who does the appraisal?

- Investigate who carries out appraisals.
- Is there diversity amongst the raters?
- Are there multiple raters involved in the appraisal process?
- Has there been interpersonal conflict in the past between raters and ratees that may impact the appraisal?

2. How are appraisals carried out?

- Employees who are not part of the dominant organisational group may be apprehensive about the

appraisal system. Firms should consider *how* the performance appraisal process is carried out.

- Do participants have an understanding of the purpose of the appraisal process?
- Set out for ratees why the appraisal is being undertaken
- Ensure the reasons for the process are clear to all staff, explaining the assessment and developmental benefit for individuals and the firm. This should occur at the actual appraisal session, at induction and pre-appraisal.
- Explain step-by-step how the appraisal process will be undertaken.
- Set out for the ratee what the outcomes will include and what they will be used for.
- Explain that setting goals and achieving them leads to rewards.

3. Are there discriminatory practices in the appraisal system – both formal and informal? (See Briefing Note-*What is discrimination?*)

- Invest time in gathering feedback on the appraisal system from participants. Ask participants for their opinions.
- Ask ratees via confidential feedback tools (survey, opinion box etc) whether they have encountered any overt discrimination in the appraisal. For example, were they subjected to derogatory comments about race, age, gender, or sexual preference?
- Ask ratees whether they have encountered any informal discrimination in appraisal process. For example, are there standard rules or practices within the process that effect a particular groups appraisal results disproportionately?
- Seek general feedback about the appraisal experience using confidential tools.

- Commit to feeding these comments back into the process.
- If there are concerns about the appraisal system these should be addressed. For example, if there are concerns about a one-on-one appraisal model, firms should consider moving to a more sophisticated appraisal system such as multi-rater systems (see Briefing Note - *360-degree Performance Appraisal*).

Establishing goals for appraisals

Given the outcomes of the appraisal system audit goals should be set to overcome problems.

1. Set goals that specifically relate to the issues identified.

- Aim to have diversity amongst raters. This should reflect both organisational (e.g. tenure, position) and personal (e.g. age, ethnicity, gender) factors.
- Set goals to address cluster trends
- Set goals for the removal of formal and informal discriminatory practices in the appraisal process based on the feedback from ratees.
- If ratees identify problems address them in a meaningful way for example, through providing awareness training for raters.

Step five: improve the appraisal function

The purpose

- To use the audit information to improve the appraisal function.
- To ensure that appraisal is based on actual performance and merit.
- To remove discriminatory practices from the appraisal function.
- To avoid appraisal based on non-relevant personal characteristics.
- To ensure the appraisal process allows firms to identify individuals for merit-based promotions.
- To build diversity-related performance standards into managers appraisal

The process

- Establish non-discriminatory appraisal processes.
- Ensure that raters are provided with education and training on how to conduct appraisals based on merit and to ensure that personal characteristics do not form the basis of appraising performance.
- Allow some flexibility in the appraisal process to adapt to individual differences.
- Consider introducing more sophisticated appraisal systems which include multiple raters.
- Address any clustering effects in appraisal outcomes by providing awareness training to raters.
- Incorporate diversity-related performance standards into managers appraisal.

Establishing non-discriminatory appraisal systems

- 1. Firms should aim to remove discrimination from the appraisal process for many reasons, not least the financial costs associated with discrimination (See Briefing Note- *Costs of discrimination*).**
 - Can core and non-core standards be identified?
- 2. Determine whether there are irrelevant or discriminatory measures or standards that can be removed, or changed.**
 - For example, having a 'different' accent does not indicate individuals have a language comprehension problem
- 3. Ensure raters do not include irrelevant comments in the appraisal about personal characteristics such as age, gender, disability etc.**

Education and training

- 1. Provide diversity training to raters**
 - Provide awareness training for raters to ensure that they are aware of biases that can occur in the appraisal process. For example, explain the tendency for raters to rate similar others higher based purely on personal characteristics
 - Ensure that raters do not make assumptions based on gender, race, disability etc.
 - Provide materials for raters on legal obligations in the appraisal process (See Briefing Note - *Legal Requirements/Best Practice*)

Introducing flexibility into the performance appraisal system

Applying rigid standards across all individuals may be counterproductive. Consider building flexibility into the system.

1. Can core and non-core standards be identified?

- What are the key components of the position and the best measures for determining performance?

2. Can some of the measures be more flexible?

- For example, can absenteeism rates be more reflective of the *reason* for absence (personal sickness, carer responsibilities etc.)

Introducing more sophisticated appraisal systems

1. Consider the value of multi-source evaluations systems which aim to provide a more representative appraisal than the one-on-one supervisor rated systems (See Briefing Note - *Multi-source Evaluation Systems*)

- Examine the benefits of using these systems and the investment required against current system
- Does the firm have the ability to establish this infrastructure?
- Can clear benefits be identified?
- Determine whether appraisals are used for development and evaluation to select the appropriate system.

Setting diversity-related performance standards

- 1. If firms aim to build diversity capabilities, then the ability of managers to capitalise on the benefits of a diverse workforce should be developed and assessed.**
 - Managers should be evaluated and rewarded on the effectiveness in managing diversity. Performance standards should be included in the appraisal of managers.
 - The following template provides firms with a starting point for evaluating management performance. The standards can be used for self-assessment and also for assessment by others. Firms can adapt the measurement to suit existing appraisal tools, for example, managers can be rated from 1 (low) to 5 (high) on each of the measures, or be graded on performance (from unsatisfactory to superior). Firms should also include other organisation-specific relevant measures.

Case study: Appraising and rewarding diversity management skills

Briefing notes

360-degree performance appraisals

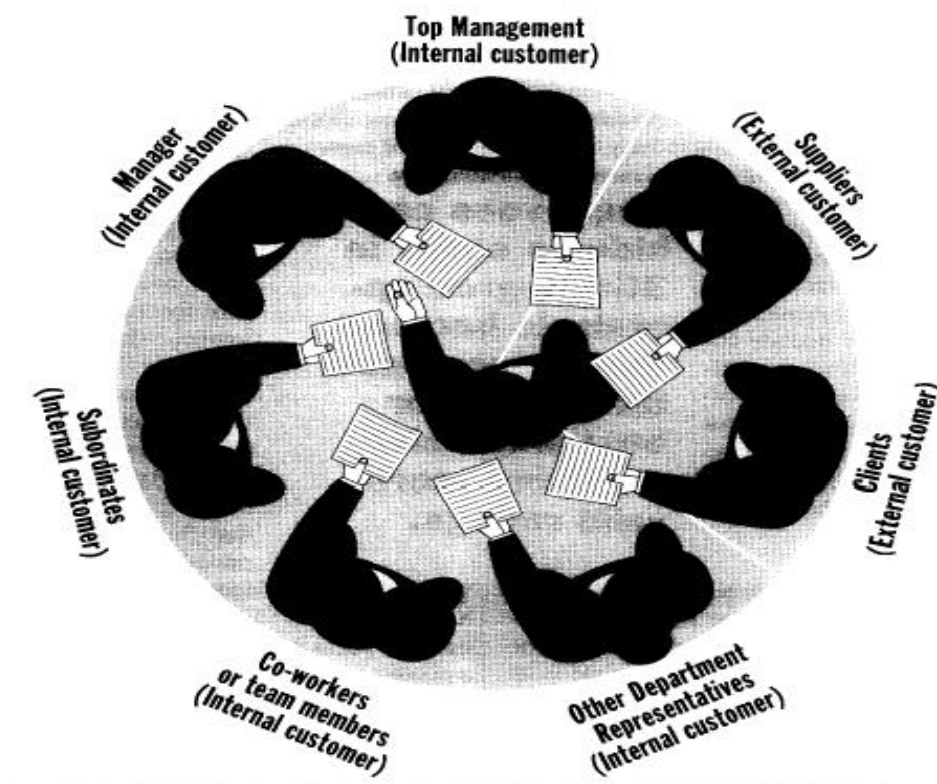
ADVANTAGES

1. Provides a more comprehensive view of employee performance.
2. Increases credibility of performance appraisals.
3. Feedback from peers enhances employee self-development.
4. Increases accountability of employees to their customers.

DISADVANTAGES

1. Time consuming and more administratively complex.
2. Extensive giving and receiving feedback can be intimidating to some employees.
3. Requires training and significant change effort to work effectively.

Figure 4: 360 Degree Performance Appraisal Model (source Milliman et al, Companies Evaluate Employees From All Perspectives, *Personnel Journal*, Nov. 1994:100)



Diversity Management Performance Standards for Managers

<i>Measure</i>	<i>Comments</i>	<i>Rating</i>
[Person-Position] hires, retains and promotes individuals from different backgrounds		
[Person-Position] coaches, grooms and mentors people a diverse group of individuals		
[Person-Position] builds cohesive, productive and diverse work teams		
[Person-Position] resolves diversity-related conflicts between individuals		
[Person-Position] maintains a low rate of discrimination and harassment complaints		
[Person-Position] develops staff through delegation of responsibility		
[Person-Position] plans and leads effective meetings with diverse teams		
[Person-Position] takes time to learn about important cultural norms and values of employees		
[Person-Position] helps new employees to learn about the organisation's norms and values		
[Person-Position] provides diversity training for staff		
[Person-Position] attends diversity awareness training and applies this knowledge to managing staff		

Source: L. Gardenswartz & A. Rowe *Managing Diversity* (1993:213)

Step six: conduct an audit of the promotion function

The purpose

- To review the firm's current promotion policies and practices.
- To identify underrepresented groups in the firm's promotion process.
- To identify discriminatory practices in the promotion process.
- To use the audit information to improve the firm's promotion function.

The process

- Audit their current promotion outcomes.
- Examine their current promotion practices.
- Establish promotion goals.

Measuring promotion outcomes

The promotion function aims to attract the right person at the right time to fill a position within the firm to the mutual benefit of the individual and the organisation. The promotion function also acts as a powerful motivator and is important for retention strategies. The promotion function should be assessed with these aims in mind.

1. Who gets promoted?

- Examine promotions data. Define promotions in a meaningful fashion.
- NOTE: Organisations and employees may define promotions differently. Promotions generally involve an increase in task complexity, responsibility, managerial duties or hierarchical status. Some horizontal hierarchical shifts may be presented as promotions. Others may consider increased

remuneration to be a promotion of sorts. A clear and commonly understood should be established within an organisation.

- Compare promotions data with the diversity profile of the organisation developed from the diversity audit.
- Is there evidence that particular demographic groups are promoted whilst others are not?

2. Are people satisfied?

- Seek feedback from those responsible for promotional decisions, unsuccessful applicants, successful applicants and other organisational members to gauge opinions on the promotions process.

Examining current promotion practices

1. On what basis individuals are promoted?

- Is promotion based on merit or are there other factors that influence promotion?
- What are the core and non-core requirements for promotions?
- Are there irrelevant requirements in the promotion policy? For example, are tenure requirements necessary?

2. Are there potentially discriminatory barriers in the promotions system?

- Examine the criteria for promotion. Do these criteria limit the opportunities of particular groups of employees?
- For example, does time out for caring responsibilities unnecessarily disadvantage talented staff?

- Consider the influence of informal processes in the promotions process – are some individuals or groups excluded from these powerful networks? Do these networks influence who gets promoted?

3. Is there scope to introduce flexibility into the promotion system?

- Examine and identify core and non-core promotion requirements
- For example, are specific formal qualifications a core requirement for the job, or something that can individuals can acquire at a later stage?
- Make promotion decisions with consideration for the uniqueness of individuals and consider adapting the job or requirements (non-core) to get the best people

4. Is the promotion of employees from underrepresented groups encouraged?

- The firm should assess the organisation's openness to promoting employees from underrepresented groups.
- Managers can complete a short questionnaire as set out (see *Organisational Openness to Promoting Underrepresented Groups Questionnaire*) to gauge openness to the promotion of underrepresented groups.

Organisational Openness to Promoting Underrepresented Groups Questionnaire

Source: L. Gardenswartz & A. Rowe, Managing Diversity 1993:368

Directions: Managers and Executives responsible for promotions should complete the following questionnaire and score their responses. Focus groups of Managers and Executives should discuss the results concentrating on organisational strengths and weaknesses and barriers to promotion. Collate the results for internal benchmarking. It could also be useful to distribute the questionnaire to employees at lower levels of the organisation to gauge opinions.

Questions	Yes	No
1: Those responsible for promotions use the formal systems to meet with and encourage high achievers from different backgrounds		
2: Teaching potential stars the 'rules of the game' is a top priority		
3: A balanced life is compatible with the demands of moving up the career ladder		
4: Our company is attractive to employees because we accommodate, respect and value difference		
5: Our company welcomes diversity at all levels		
6: A formal mentoring programme exists to nurture top talent		
7: The golf course is the best place to tap into informal networks		
8: Taking parental leave is possible but frowned upon		
9: Our organisation can sell itself to a diverse range of individuals because our top management is diverse		
10: Involvement in change is pushed to the lowest level of the organisation		
11: Top management seeks advice from and contact with employees from many backgrounds		
12: Our organisation builds relationships with, and is knowledgeable about, the population it serves		
13: A reward structure exists in our organisation that accommodates different employee motivations		
14: Our company has an excellent reputation for attracting talent because of our work-life programmes		
15: Many of our systems today are different to what they were in the past		

Scoring

Items 7 and 8 should be 'no' answers. The remaining items should be 'yes' if the organisation values diversity in promotion.

The items are grouped to measure different concepts. These are:

Building connections (Items 1,6,11)

This helps employees develop and maintain relationships that are strong and enhance all levels of the organisation

Political Savvy (Items 2,7,12):

Helps employees make use of the informal organisation and pick up on unstated cues.

Dealing with multiple motivations (Items 3,8,13)

Demonstrates a willingness to be flexible with the workforce, realising that different employees are motivated by different things

Positioning (Items 4,9,14)

Indicates the organisation's ability to make itself attractive by presenting outcomes via a value base that employees respect and respond to

Mastering Change (Items 5,10,15)

Demonstrates organisations openness to new people, ideas and systems.

Establishing goals for promotions

- 1. Aim to have diversity at all levels of the organisation**
 - For some firms this may require considerable investment in strategies to improve the promotion function (e.g. pipeline building)
 - For some firms targets or quotas may be appropriate for underrepresented groups

- 2. Set goals for removing discriminatory practices in the promotion function**
 - Measure and benchmark achievements over time using employee surveys and feedback

- 3. Aim to improve the openness of the organisation to promoting people from underrepresented groups**
 - Benchmark achievements using mechanisms such as the *Organisational Openness to Promoting Underrepresented Groups Questionnaire*

Step seven: improve the promotion function

The purpose

- To ensure that promotion is based on actual performance and merit.
- To remove discriminatory practices from the promotion function.
- To avoid promotion based on non-relevant personal characteristics.
- To ensure the “pipelining” of previously underrepresented groups.
- To ensure greater diversity throughout the organisation.
- To use reward systems to evaluate managers’ diversity skills.

The process

- Establish non-discriminatory promotion processes.
- Invest in building pipelines for underrepresented groups.
- Encourage diversity at all levels of the organisation via open promotion processes.
- Include diversity skills requirements as part of the promotion decision.

Establishing Non-Discriminatory Promotional Processes

1. Review each job before it is advertised

- Establish core and non-core requirements
- Promote on the basis of core requirements, not based on who previously filled the position.

2. Invest in awareness training for people involved in promotions to eliminate discriminatory practices

- Provide awareness of common, often unconscious, biases in promotion:

- *The Clone Effect* – promoting others that are most like yourself
- *Comfort* – promoting similar others and replicating established patterns to maintain comfort levels
- *Expectations and Socialisation* – unconscious expectations and assumptions that we make about groups that are different to ourselves
- *Double Standards* – people outside the 'majority' group have to exceed the standards of those in the dominant group to be promoted

3. Ensure promotional committees are diverse

- Look across the organisation for people to sit on promotional committees to ensure a cross-section of staff are represented.

4. Ensure those involved in promotions understand legal requirements

- Provide training and materials for those responsible for promotion decisions on legislative compliance
- Provide information about direct and indirect forms of discrimination (see Briefing Note – *What is Discrimination?*)

5. Seek multi-source assessments of the applicant for promotion rather than a singular source

- This may require investing in more sophisticated performance appraisal systems to provide a more representative assessment for consideration.
- Seek feedback from peers, subordinates, supervisors and other important internal and external contacts

Investing in and building internal pipelines

If the organisation has significant under-representation of groups it may consider investing in building future pipelines to increase the future applicant pool for promotions.

- 1. Provide skills training for potential applicants to improve their chances of promotion**
- 2. Provide formal mentoring programmes for underrepresented groups in the organisation to groom future applicants for promotion, promote self-confidence and skill development**

Promoting diversity at all levels

- 1. Encourage applicants from a diversity of backgrounds by providing relevant training**
 - For example, if language is a potential barrier to promotion, provide English language training to individuals
- 2. Advertise promotional opportunities across the entire organisation**
 - Attracts broader internal applicant pool
 - Attracts those outside informal networks
 - Provides opportunities for growth and development
 - Provides equal opportunity to apply to employees
 - Increases openness in the organisation as opportunities are public knowledge
- 3. Ensure everyone in the organisation understands the promotions policies**
 - Provide training (e.g. workshops) and materials setting out the promotion system

- Ensure people understand promotion requirements and that these are *core* position requirements

4. Target under-represented groups

- If particular groups are under represented ensure there is focussed assistance to promote diversity at all levels (e.g. mentoring programmes or targeted promotions workshops)

Include diversity skills requirements as part of promotion requirements

1. Firms should include diversity skills requirements for promotion

- This can be included in core requirements for promotion
- Provides incentives for effective diversity management

2. Assess senior promotions on diversity skills

- Firms can use the *Diversity Management Performance Standards for Managers* included in this toolkit as part of the assessment of skills required for promotion
- Provides incentives for committing to practicing effective diversity management

Case study: mentoring programmes at AMP

AMP, in cooperation with the Department of Workplace Relations and Small Business has established cadetships for indigenous Australians. As an integral part of the program, senior managers undertake to formally mentor the cadets during their first 12 months of employment. AMP further ensures that the cadets are supported by more experienced colleagues via an informal mentoring or 'buddy' system.

Mentoring is also a key component of AMP's Springboard Program. This program equips the female lower level management/supervisory target group to self-select mentors. It also provides them with the framework to obtain maximum benefit from a mentoring partnership and introductions to potential mentors.

Step eight: conduct an audit of the reward function

The purpose

- To review the firm's current reward policies and practices.
- To identify discriminatory practices in the reward process.
- To use the audit information to improve the firm's reward function.

The process

- Audit their current reward outcomes.
- Examine their current reward practices.
- Establish reward goals.

Measuring reward outcomes

Compensation acts as an important motivator and aids in reinforcing organisational culture and key values. Because compensation can encourage, reinforce and reward desired behaviour, it has important implications for the achievement of strategic goals. The aim of the reward function is to attract and retain preferred employees, to motivate, and to reinforce behaviour, culture and values. The reward function should provide equal treatment for all employees. The factors should be considered when the reward function is audited.

1. Who gets rewarded?

- Examine rewards data
- Compare reward data with the diversity profile of the organisation developed from the diversity audit
- Who has been rewarded? How?
- Are there underrepresented groups?

2. Are particular groups being rewarded in different ways?

- Examine the rewards data and match this with personal characteristics of those that have been rewarded.
- Identify any clustering effects in the data. Are particular groups being rewarded in different ways? Are some groups dominating particular reward schemes? For example, examine whether there are trends in rewards when matched with personal characteristics such as gender, age, and ethnicity.
- Pay particular attention to the type of reward: e.g. performance pay, bonuses, non-cash benefits etc.
- Are there obvious discrepancies between groups?
- Are there explanations for these trends? For example, do some groups have access to bonus schemes and others don't?
- Do they reflect formal/informal discrimination?

Examining current reward practices

1. On what basis are individuals rewarded?

- Examine current reward policies.
- Is remuneration based purely on merit and performance or are there other factors that influence reward levels?
- What are the core and non-core requirements in the appraisal and promotions systems and how do they affect rewards? Consider how these factors flow through to rewards.
- Are there possible irrelevant factors considered in the rewards policy? For example, age, family status or gender?
- Consider how informal processes affect rewards – are in-group people rewarded more handsomely than those outside these networks? Why? How do these networks influence rewards?

2. Are there formal or informal discriminatory practices in reward practices?

- Are there potentially discriminatory factors in the reward system? For example, are there reasons why some groups don't have access to bonus schemes?
- Is work status (full-time, part-time, casual) impacting on access to some forms of reward (e.g. bonuses)? Is status relevant to performance in these areas?
- Are there valid reasons why new starters start at different levels of pay scales? What are these reasons? Are they relevant?
- Ensure that people are rewarded on the basis of merit and performance, not in relation to personal characteristics.

3. Investigate whether employees would prefer flexible reward systems?

- Is there flexibility to reconfigure remuneration to attract and retain valuable staff?
- Can individuals have more control over how they are rewarded? The ability to match rewards with preference can be a powerful motivator.

Establishing goals for reward

1. Set goals for removing discriminatory practices in the reward function

- Measure and benchmark achievements over time using reward data, employee surveys and feedback.

2. Set goals to achieve equity in reward system

- This does not require everyone to be paid in the same way, but to ensure there is fairness in the reward system and that it is based on merit.

Case study: Equity in rewards at Bovis Lend Lease

Bovis Lend Lease is one of the world's leading companies in the project management and construction services industry, and operates within the larger Lend Lease Group, a fully integrated global real estate group.

A significant proportion of Bovis Lend Lease's employees are professionals in the areas of architecture, engineering and project management. As these have traditionally been male-dominated employment areas, Bovis Lend Lease in Australia has developed a range of strategies to improve gender diversity and retain and reward its female employees.

Bovis Lend Lease manages such strategies as gender diversity on a 'project basis' so each project must have a budget, aims and outcomes. The gender diversity strategy/project has a Project Control Group that follows this format. It has brought in women from the professional group, analysed data and generated issues and initiatives.

One particular strategy/project is in the area of remuneration. It was recognised that systemic gender differences in salary outcomes were a major disincentive for female employees and contributed to higher than desired attrition rates.

To address this issue a senior manager annually undertakes a salary and remuneration check. A comparison of male-female salaries within the group is undertaken and obvious outliers are examined and addressed. The manager examines the salary of all professional staff (broken into the six key professional groupings where there should be men and women). The manager then calculates the rate of return per years in the industry. A line of best fit to the data is plotted. The performance of employees relative to this line is examined in terms of salaries, bonuses and the recommended salary increases (by supervisor). Where women are clearly below that line for no apparent reason then the senior manager adjusts the salary if needed. Action is also taken to ensure supervisors understand why this has been done and attempts are made to modify appraisal behaviour.

This strategy has resulted in a concerted effort to ensure equity in rewards and that the salary of all staff reflect their experience and performance, rather than personal characteristics.

"It is vitally important to us in Bovis Lend Lease that our staff are, and are seen to be, remunerated on an equal basis for equal performance with no potential for any anomalies due to gender" Mike Dedman (BLL human resources).

Step nine: improve the reward function

The purpose

- To ensure that reward is based on actual performance and merit.
- To remove discriminatory practices from the reward function.
- To avoid reward based on non-relevant personal characteristics
- To motivate employees.
- To use reward systems to evaluate managers' diversity skills.
- To use the reward function to encourage a culture valuing diversity.

The process

- Establish non-discriminatory reward processes.
- Include diversity skills requirements as part of managers' rewards.
- Better match individual preferences with reward options.
- Consider rewarding diverse teams differently.
- Reward behaviour that reflects and reinforces diversity values and goals.

Establishing non-discriminatory reward processes

- 1. Firms should aim to remove discrimination from the reward process**
- 2. Ensure that rewards are based on performance and merit**
 - Explicitly link remuneration to merit and performance.
 - Ensure personal characteristics are not involved in determining rewards.

Rewarding Diversity Management Skills

1. Firms should reward managers for their diversity management skills

- Use the *Diversity Management Performance Standards for Managers* exercise as a basis for rewarding managers' diversity management skills
- Reward managers for their diversity management skills as an incentive for developing appropriate behaviours and practices

Matching individual reward preferences

1. Seek information on reward preferences

- Survey employees regarding their reward preferences.
- Are there *gaps* in the organisation's current reward schemes?

2. Build total compensation and reward packages

- Are there new or innovative rewards people prefer that the organisation can offer?
- Build total compensation for individuals around these preferences to enhance motivational incentives.

3. Ensure flexibility in the reward system

- Is there any flexibility in rewards?
- Build in flexibility to allow for changes in preferences and to attract valuable human resources
- Develop a *tailoring* mentality, where employees feel comfortable in taking greater control over the structure and design of their total compensation and reward packages

- Consider whether flexible benefit plans (or 'cafeteria-style benefits') are appropriate. These plans allocate a certain amount of funds for each employee to spend on benefits offered by the firm, allowing individuals to best match rewards with personal preferences for reward. For example, partners working at separate firms may want to mix-and-match benefits with one opting for family health care and the other for child-care as part of their individual remuneration. Other possible inclusions are increased leave entitlements, or personal education expenses.

Rewarding diverse team differently

1. Set short and long-term goals for diverse teams

- Set short-term goals to focus on improvements in group processes
- Short-term goals should focus on communication improvements, negotiating improvements and building social cohesion
- Long-term goals should focus on rewarding innovation, creativity and improved decision-making and problem-solving

2. Rewarding diverse teams in different ways can encourage improved team performance.

- Diverse teams should not be rewarded purely on output measures
- Rewarding group process improvements facilitates improved group performance in relation to the long-term goals
- Well-managed diverse teams excel at complex tasks and rewards need to encourage and acknowledge

completion of complex tasks rather than simplistic output measures

Rewarding cultural change

- 1. The reward system can be used to encourage and reinforce behaviours that fit with the organisation's cultural goals**
 - Set out the diversity-related values of the organisation (see Diversity Vision Template)
- 2. Make explicit links between behaviours and rewards**
 - Make the organisation's diversity goals clear
 - Link specific rewards (bonuses, promotions, non-monetary benefits etc) to behaviour
- 3. Reward behaviour that reflects and reinforces the desired culture**
 - Provide a range of monetary and non-monetary rewards for those who exhibit behaviour matching the desired culture
 - Ensure that desirable diversity-related behaviour is *explicitly* rewarded.

Step ten: develop retention strategies

The purpose

- To develop strategies to retain valuable employees.
- To improve job satisfaction and organisational commitment.
- To reduce diversity-related absenteeism and turnover.
- To create a harmonious workplace environment that allows individuals to excel and achieve.

The process

- Audit employee satisfaction and commitment levels.
- Audit absenteeism and turnover data.
- Develop HRM strategies in response to the diversity audit findings.

Audit Employee Satisfaction and Commitment

1. Measure employee satisfaction and commitment levels

- Employee satisfaction and commitment are important in predicting absenteeism and turnover. It is important to collect data on satisfaction and turnover to identify retention issues and to measure the success of retention strategies.
- What is the general level of satisfaction?
- What is the general level of organisational commitment?

2. Benchmark the data

- Benchmark this data against other available data. For example, compare it to previous internal data, to best practice firms, and to industry standards.

- Are there significant differences?

3. Are there clustering effects?

- Match the satisfaction and commitment data with data from the diversity audit to develop a satisfaction and commitment profile.
- Is there evidence that job satisfaction and/or organisational commitment levels are different for different groups? Which groups? Are the levels significantly different?
- Are there explanations for the results? Consider the data gathered in the satisfaction and commitment (or climate) survey? What links can be made for the outcomes for particular groups?

Audit Employee Withdrawal Data

1. Audit the absenteeism and turnover data

- Analyse absenteeism and turnover data and match with groups in the organisation. Develop an absenteeism and turnover profile.
- Are there trends?
- Is there evidence that particular groups have higher absenteeism or turnover rates than others?
- Investigate climate data to establish why this behaviour may be occurring?
- Ensure exit interviews are conducted to establish factors influencing turnover. Are they diversity management related?

Developing Retention Strategies

1. Address issues in the appraisal, reward, promotion functions

- This toolkit provides firms with information on how to improve the recruitment and selection, appraisal, reward and promotion functions. Firms that seek to improve these functions should find improvements in retention rates

2. Fostering Social Integration and Cohesion

- Higher levels of social integration and cohesion are associated with lower levels of dissatisfaction and higher levels of commitment, which predict lower absenteeism and turnover. There are a number of strategies that firms can pursue to foster social integration and cohesion.
- Firms can draw together the diversity vision, goals, strategies, reward, promotion and appraisal systems to set out an organisational culture programme.
- The organisational culture programme should focus on building a culture that respects and values difference and diversity.
- Culture strategies can focus on encouraging higher-order identification – as part of the team or organisation rather than firstly as a member of a particular group.
- Training is an integral part of building social cohesion and encouraging social integration and can take numerous forms. For example, the first stage of training may be awareness training facilitated by a specialist diversity trainer, and other stages can focus on developing communication skills, negotiation skills, or educating employees and managers about differing cultural norms.

These aspects are developed at much greater length in the Toolkit – *Social Integration and Cohesion*.

Case study: AMP's work and family initiatives

In a recent evaluation of its work and family programme, AMP determined that work and family initiatives had realised a benefit of approximately \$5 million to the organisation in the four-year period since 1995. AMP has established a clear business case for meeting the needs of its diverse workforce.

AMP has derived considerable bottom-line benefits through its work, life and wellbeing initiatives which provide employees with a more supportive, inclusive and satisfying work environment. These initiatives include family friendly leave policies, flexible work practices, and family and wellbeing support and development programs. AMP has demonstrated its commitment to these initiatives by actively promoting work and life policies and programs throughout the business and evaluating employee satisfaction with work-life outcomes.

The bottom line benefits of AMP's work and family initiatives include a significant increase in parental leave return rates, low turnover rates for women in senior positions, an increase in the percentage of women in higher job levels, greater satisfaction with working at AMP, and an enhanced image as an employer of choice.

Further demonstrating its commitment to employees, AMP was the first privately owned Australian firm to introduce paid paternity leave. Among the first group of men to take up the leave were senior managers, thereby sending an important signal across the entire organisation of the importance AMP places on family-friendly policies. AMP had set the standard with around 50% of eligible men taking this leave, which is considerably higher rate of takeup than has been measured in other organisations.

3. Develop support networks for underrepresented groups

- Firms can provide resources and encouragement for underrepresented groups to build networks. These networks may reduce feelings of isolation within the organisation, and allow individuals to build networks in the organisation for social support and work-related issues.
- Examples of such network groups include workers with disabilities; parents' network; gay and lesbian employees' network.
- Support networks can also be built around 'buddy' systems or formal/informal mentoring programmes.
- For further examples of such networks, see Case Study – *Building a Network*.

4. Recognise workers' responsibilities

- Family and personal responsibilities can often produce absenteeism where there is a lack of organisational flexibility. Recognising that individuals have these responsibilities and building flexible employee policies signals organisational support and can improve job satisfaction and commitment, reducing absenteeism and turnover
- Consider introducing flexi-time arrangements that allow individuals to bank up overtime and use this time when required for personal reasons.
- Consider introducing policies that allow for extended leave for carer responsibilities, or systems that support multi-site employment arrangements (for example, a mixture of home-based work and on-site work).

- Invest in building referral service databases for employees, which provide information on services in the community for different groups. For example, childcare providers, community support groups or services, or religious groups.

Case study: Diversity training

Case study: balancing gender in Bovis Lend Lease networks

Bovis Lend Lease is one of the world's leading companies in the project management and construction services industry, and operates within the larger Lend Lease Group, a fully integrated global real estate group.

A significant proportion of Bovis Lend Lease's employees are professionals in the areas of architecture, engineering and project management. As these have traditionally been male-dominated employment areas, Bovis Lend Lease in Australia has developed a range of strategies to improve gender diversity and retain and motivate its female employees.

Bovis Lend Lease manages such strategies as gender diversity on a 'project basis' so each project must have a budget, aims and outcomes. The gender diversity strategy/project has a Project Control Group that follows this format. It has brought in women from the professional group, analysed data and generated issues and initiatives.

Allocation to major projects has been identified as a key to promotion and reward, but women often lack the networks to gain a place on the 'best' projects or feel inhibited about 'putting up their hands'. BLL is addressing this problem through its regional resource allocation teams which are responsible for allocating staff to projects. Each team member of each regional team has been allocated a representative component of the existing group of 80 professional women. Their task is to become acquainted with the women in their group, learn about their skills and ambitions, and act as their champions at the project allocation stage. This allows the women to tap into established networks, which have long been male dominated.

Briefing notes

Diversity and HRM costs

Unmanaged, diversity provides information for social categorisation that leads to the formation of in-groups and out-groups. Based on social categorisation and similarity/attraction theories, members of the dominant work group experience more co-worker support, less role conflict, access to adequate resources and greater autonomy, contributing to enhanced job satisfaction and commitment. Conversely, employees who have become out-group members may experience low job satisfaction and consequently low organisational commitment. The qualitative outcome of reduced quality of work life leads to quantifiable HRM costs. The quantifiable outcomes of low quality of work life are reduced group performance, absenteeism, and turnover. There is strong evidence to support that 'minorities' in the workplace have lower levels of job satisfaction than 'majorities' and that 'minorities' tend to display less positive emotional responses to their employer and engage more in withdrawal behaviour.

Job Satisfaction, Organisational Commitment & Withdrawal

The potential HRM costs of diversity stem from poor quality of work life. Poor quality of work life results from ineffective management of social categorisation in diverse workgroups. A strong indicator of quality of work life is job satisfaction and organisational commitment. In general terms, job satisfaction is the gratification that employees get from their job. Job satisfaction reflects employees' perceptions of work: whether they enjoy their work; whether they perceive their jobs as meaningful; and whether they perceive that there are negative effects of their job.

Organisational commitment refers to the strength of individuals' attachment to an organisation. Organisational commitment has three main components: a strong belief in, and acceptance of, organisational goals and values; willingness to exert effort on behalf of the organisation; and, a desire to maintain organisational membership. The relationship between job satisfaction and organisational commitment is considered to be significant. If job satisfaction reflects the day-to-day gratification that people get from their jobs, then it acts as an intervening variable between work conditions and affective organisational commitment. Organisational commitment positively affects performance and retention and it has been shown that low commitment is correlated with poor group performance, higher absenteeism, and higher turnover. In general, work conditions contribute to job satisfaction; job satisfaction predicts affective commitment and commitment predicts withdrawal behaviour.

Briefing notes

Costs of turnover

Evidence shows that non-majority groups in the workplace tend to have lower levels of job satisfaction and higher rates of turnover. Turnover can be very costly to an organisation. In a study examining the cost of female staff turnover, a plethora of separation, replacement and training costs incurred by firms were identified. Including estimates for lost productivity, it is estimated that the total turnover cost was almost \$75000 for each high-performing female manager exiting a large Australian professional services firm. The main reason for exit was the absence of family-friendly policies and a culture that accepted multiple commitments. Multiple commitments acted to situate some women in the minority, where they were treated as out-group members.

A number of Australian firms have attempted to cost turnover in their organisations. The NRMA estimated the cost of replacing a manager at \$48 000, and other staff members at \$12 000. The Westpac Bank placed a figure of \$60 000 on senior management replacement and \$40 000 for an employee with eight years experience. Generally, organisational turnover costs per person are between 93 and 200 per cent of their annual salary.

The potential cost costs from absenteeism are similarly high. It has been estimated that employee absences cost Australian employers more than \$7 billion a year. The Audit Office of NSW calculated the *direct* costs of absenteeism in the public sector at \$368.3 million (\$1366 per employee). The high costs of turnover and absenteeism have also been highlighted by an Automotive Industry Council study, which estimated that absenteeism and turnover added \$850 to the cost of each car built. Furthermore, the study found that for a plant of 4 000 employees the total cost of turnover and absenteeism was \$26 million.