

September 2017



Diversity Reporting

Guidelines for Reporting Organisations

Revised version: September 2017
www.championsforchange.nz

Contents

3	From the Co-Chairs
4	Introduction
5	Data
9	Case Study Bank of New Zealand
11	Case Study Auckland Council
16	Case Study New Zealand Post

From the Co-Chairs

COLLEAGUES

It is with great pleasure that we present the Champions for Change External Reporting Initiative.

When we launched the Champions for Change in November 2015, we emphasised that we were about action and accountability, not more talk, and that the launch of a new external reporting standard and mechanism would be one of our first major projects.

We believe that to achieve our vision of a new generation of diverse leaders driving New Zealand's future economic and social prosperity, we need to set clear targets and hold ourselves accountable for our results.

Because diversity drives business value, we believe that our stakeholders – investors, employees, and the community – should both value us by how well we do in this and join with us in having the conversations we need about how we can all contribute to change.

The Champions for Change model is based on collaboration, and the work done to develop this initiative has called on the skills and expertise of many of our Champions, particularly Deloitte, Massey University, Russell McVeagh, CA ANZ and McKinsey & Company. We are very grateful to them, and to all the Champions, for their leadership and enthusiasm for what, we hope, will come to be recognised as a ground-breaking initiative for New Zealand.

*Dame Jenny Shipley and Anthony Healy
Co-Chairs, Champions for Change*

Introduction

BACKGROUND AND CONTEXT

Developing clear targets and metrics on diversity is critical for organisations in ensuring focus and prioritisation, and understanding what works. Externally reporting on those metrics allows organisations to benchmark their efforts, and enables stakeholders (investors, customers, employees) to make informed choices.

At their March and June 2016 Summits, the Champions for Change discussed the potential to develop a standard annual diversity reporting framework and mechanism for Champion organisations and potentially others. The Champions saw that this framework would apply equally to listed and non-listed organisations, partnerships, and public sector organisations, going beyond what is currently required of different types of organisations, for example, under NZX listing rules or under public sector requirements.

Between June and September 2016, the Champions' Measurement & Accountability Action Group developed this initiative with the generous support and input of Champion organisations, including particularly Deloitte, Russell McVeagh, Massey University, CA ANZ and McKinsey. A consultation draft was issued in September 2016, and an extensive consultation process with Champion organisations and relevant private and public sector bodies, involving a request for written feedback as well as individual interviews, was carried out between September and December 2016. The initiative will be formally launched by the Champions for Change at their March 2017 Summit, with the first report on the 2017-2018 year to be made in mid-2018.

At this stage, the initiative is focused on reporting on gender and ethnicity within the workforce and across Boards, with a spotlight on leadership pipelines. Whilst some Champions may choose to report publicly on a more extensive basis, by referencing additional diversity indicators such as age, disability, or key benchmarks including pay equity and flexible working hours, beginning with a smaller group of indicators is more achievable at this initial stage. This focus is appropriate given the Champions' intention to increase diversity in leadership, with gender and ethnicity identified as priority indicators.

Whilst the Champions have each made a public commitment to hold themselves accountable for their success in bringing through diverse leaders, Champion organisations are at different stages in relation to the quality and extensiveness of the employee diversity data they currently collect. The Champions recognise therefore that an introductory period of 1-2 years may be required before all Champion organisations are reporting fully.

WHAT WE HOPE TO ACHIEVE

By voluntarily coming together to publicly share their workforce diversity data, the Champions intend to provide strong leadership to New Zealand organisations and across the New Zealand community.

The Champions are sending a powerful message that they see diversity performance as an important component of business performance, and that they want stakeholders to recognise, value and be reassured by their efforts here. They hope that their lead will encourage other organisations, across the private and public sectors, to join them. In due course, other regulatory bodies such as the NZX may choose to recognise the importance of this information to investors by making its provision mandatory.

Through their combined reporting and analysis, the Champions also intend to create a much richer understanding of how New Zealand is doing over time in terms of making the best use of its people resources to achieve social and economic prosperity. On an individual level, organisations will be able to learn what is possible through benchmarking against each other, and on a national level, we will see clearly where we all need to improve, where collaborative action, potentially across sectors, is required, and how our efforts are resulting in change over time.

A PRACTICAL GUIDE

This document provides a practical guide for organisations on how to collect, analyse and report on the gender and ethnicity workforce and Board data required under the Champions for Change External Reporting Initiative (“the Initiative”). It includes case studies and links to additional resources. This is a companion to the Reporting Framework document which details the reporting requirements for individual organisations and sets out how the combined reporting and analysis will be carried out, and the Question pack and Template documents that support the format for data collection.¹

¹ The *Reporting Framework, Question Pack and Template document* is available at www.championsforchange.nz

Data

MODES OF COLLECTION

Organisations collect workforce gender and ethnicity data in a number of ways, including:

- As part of individual employee records within the HR data system
- Within the annual engagement survey, conducted anonymously, with gender and ethnicity questions included, as well sometimes as other diversity indicators
- Using a broader diversity census, often conducted every 3-4 years, that seeks anonymous information on a wide range of diversity indicators

In order to report under the Initiative, organisations must collect employee data as part of employee records within their HR data system. In addition, some organisations use the annual engagement survey and diversity census to gain an increased understanding of employee diversity and how employees with diverse identities are faring within their organisations.

HUMAN RESOURCES

Most current HR systems have built-in fields for recording gender and ethnicity data, and system providers are increasingly supporting companies to collect this and other diversity information.

The organisation must specifically seek this information from their employees, and ensure that they are made aware of the purposes for which the information is being collected and will be used. The easiest way to do this is at the time when an employee joins the organisation as part of the induction process. It is not advisable that organisations collect such information in the job application process.

Some organisations who have not previously focused on diversity data or who have only recently started recording this information, may need to work hard to get employees to now add it to their employment records.

Campaigns focused on getting employees to check and update their data, including using prize draws, internal social media and “update stations” in the cafeteria and other central places have all been used. Using a variety of methods, some organisations within New Zealand now have good quality gender and ethnicity data for up to 90% of their workforce and some are aiming for 100%.

As both gender and ethnicity are matters of personal identification, employees should also have, and know that they have, the opportunity to change their own data at any point.

COMMUNICATING WITH EMPLOYEES

Asking employees to provide their gender and ethnicity information as part of their HR record requires a careful approach to ensure that as many individuals as possible provide the information.

Some employees may be worried that they will be disadvantaged or negatively affected by disclosure within their employment records. Those who identify as other than the majority ethnicity or as gender diverse could be concerned that they will be treated differently by the organisation and individual staff. Those who identify with the majority ethnicity and the dominant gender may be concerned that they will be disadvantaged.

These issues need to be addressed, both in the broader context of the organisation's commitment to diversity and inclusion, and in relation to specific concerns on privacy and treatment.

As part of the broader context-setting, organisations need to communicate to employees on an ongoing basis their commitment to diversity and inclusion, and to holding themselves accountable for the success of their efforts to promote diversity. The collection of employee data should be seen in this context as enabling the firm to understand its diversity and inclusion challenges, to develop initiatives to address them, and to evaluate how well it is doing in achieving change. Employees will be far more likely to willingly provide their personal information if they believe that their organisation is truly committed and see evidence of that commitment in action. A key reciprocal element in data collection should also be the provision of results to employees, and the opportunity for a conversation with management around what the results mean for the organisation and what changes need to be made going forward. This can be done annually, through "town halls", online and through conversations with employee affinity groups.

In terms of specific employee concerns, employees should be reassured that:

- They are under no obligation to provide any personal information that they do not want to
- All information provided will be held in confidence and according to the requirements of the Privacy Act 1993
- They may be offered additional opportunities based on their ethnic identification or gender but are not obliged to take them up
- Employees should be able to change their data at anytime.

COLLECTING BOARD DIVERSITY DATA

The collection and storage of Board member diversity data should be undertaken according to the same principles as employee data, even though only a small number of people are involved and information may not be stored within the same system.

Board members should be asked formally to supply the information, assured that it will be held in confidence and in accordance with the requirements of the Privacy Act 1993. They should be made aware of the purpose for which the data is collected and the intentions for its use. Experiencing this process will also be an important opportunity for Board members to understand the organisation's diversity commitment and how it works in practice.

THE PRIVACY ACT AND OTHER LEGAL CONSIDERATIONS

The organisation will need to ensure that the way data is collected, stored and used for employees and Board members complies with the Privacy Act.

Some key considerations include (but are not limited to):

- Employees and Board members must consent to their information being collected and used for the Initiative
- The purpose for which the information intends to be collected, stored, and used must be communicated
- Personal information must only be collected from individuals themselves and no other source
- Collection must be done by lawful means
- Information must be stored securely and safeguarded from loss, access, use, modification or disclosure
- Individuals have the right to access all personal information that the organisation holds about them.

Organisations may be required to comply with legal obligations, in addition to those listed above. Organisations must comply with all other legal obligations, particularly those under the Employment Relations Act 2000 and the Human Rights Act 1993 in relation to discrimination. This is particularly relevant to recruitment processes. It is recommended that each organisation seek independent legal advice. Further information on managing employees' information can be found at www.privacy.org.nz.

COLLECTING GENDER DATA

Understanding the need to allow people to record their gender identity in ways other than solely “male” or “female” is relatively recent, and organisations will need to ensure they understand the concepts here, can work with them effectively and can explain them to employees and other stakeholders as required.

The Statistics **NZ Statistical Standard on Gender Identity**² gives a valuable background, as does the human Rights Commission’s report **To Be Who I Am**³ and fact sheet for employers.⁴ Rainbow Tick, a non-profit which assists other organisations to develop their LGBTI inclusiveness may also provide useful guidance.

Gender identity may be defined as “an individual’s internal sense of being wholly female, wholly male, or having aspects of female and/or male”. It refers to each person’s deeply felt internal and individual experience of gender, which may or may not correspond with the sex recorded at birth. A person’s gender identity can change over their lifetime, and can be expressed in several ways and forms. The concept of “gender diverse” is having a gender identity or gender expression that differs from a given society’s dominant gender roles.

In terms of data collection, organisations should ask employees which gender they identify as, giving at least the options of “male”, “female” and “gender diverse”, as well as an opportunity for employees to choose not to answer the question. Organisations should be prepared to explain this option, and to use any conversation as an opportunity to both educate and support employees. Employees seeking more information could be directed to the Human Right Commission report above, as well as to Agender, an organisation supporting transgender people, their whānau and co-workers, and Rainbow Youth, supporting young people up to age 28.

As a person’s gender identity may change over time, or as they may feel more comfortable expressing their true gender identity at work, organisations should ensure that employees can change their gender (and ethnic) identity at any time.

² Available at: <http://www.stats.govt.nz/methods/classifications-and-standards/classification-related-stats-standards/gender-identity.aspx> .

³ Available at: https://www.hrc.co.nz/files/5714/2378/7661/15-Jan-2008_14-56-48_HRC_Transgender_FINAL.pdf .

⁴ Available at: <https://www.hrc.co.nz/files/5214/2378/4839/TGI-Fact-Sheet-F.html> .

COLLECTING ETHNICITY DATA

UNDERSTANDING ETHNICITY

Most NZ-based employees will be familiar with the concept of ethnic identification, given the prevalence of its collection across public agencies, and the approach used here which is based on Statistics NZ protocols.⁵

Newer migrants and overseas-based employees may however need more guidance on the concept of ethnicity as it is understood in New Zealand. New Zealand is unique internationally in basing its concept of ethnicity solely on the basis of cultural affiliation, and self-identification, rather than any concept of race, ancestry, nationality or citizenship and the biological, historical and legal concepts bound up in these.

In New Zealand, ethnicity is self-identified and people can belong to more than one ethnic group.

ASKING ABOUT ETHNICITY

Organisations should use the standard Census question for asking about ethnicity being “Which ethnic group do you belong to?”

The simplest way for organisations to provide for responses is to provide a series of tick-box options, with the instruction that individuals mark up to three spaces that apply to them. Individuals should have an option not to answer the question, in which case the organisation will report the response as “Not Stated”.

The tick boxes should conform to the Statistics NZ Level 2 classification, under 23 categories as follows:⁶

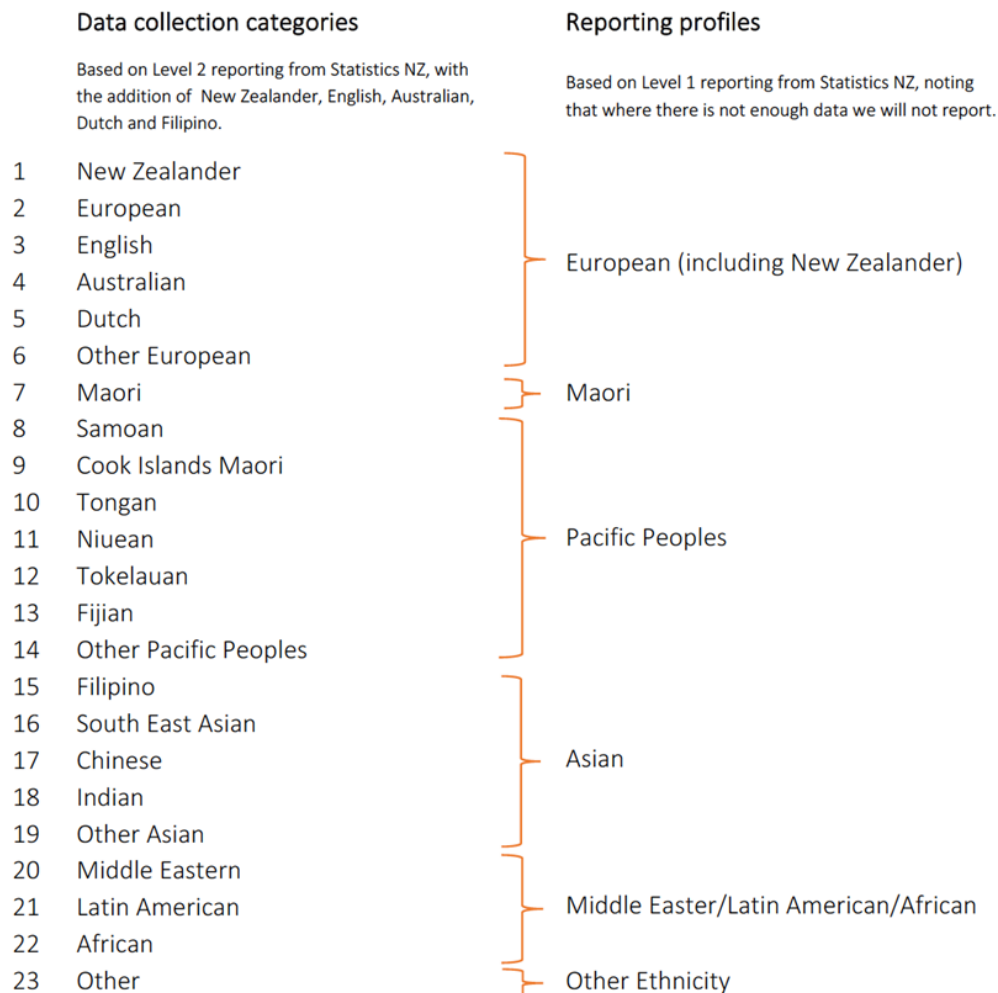
1. New Zealander
2. European
3. English
4. Australian
5. Dutch
6. Other European
7. Maori
8. Samoan
9. Cook Islands Maori
10. Tongan
11. Niuean
12. Tokelauan
13. Fijian
14. Other Pacific Peoples
15. Filipino
16. South East Asian
17. Chinese
18. Indian
19. Other Asian
20. Middle Eastern
21. Latin American
22. African
23. Other

Organisations should collect ethnicity data within these categories, as well as the “Not Stated” category which covers employees who choose not to respond to this question. Because employees can select up to three ethnicities, the total of all ethnicities may exceed the total number of employees. Employees should not be asked to prioritise their responses, and employers need not weight responses in any way. Prioritisation and weighting is done in some contexts⁷ but is harder to analyse using standard HR systems as well as having other implications and so is not used here.

6. This represents Level 2 of the Statistics NZ Ethnic Classification System, with the addition of New Zealander, English, Australian, Dutch and Filipino. The term New Zealander rather than New Zealand European, has been used. This allows, for example, NZ-born Asians to also identify with this category.

7. Such as under the Ministry of Health (2004) Ethnicity Data Protocols for the Health and Disability Sector, available at <http://www.health.govt.nz/system/files/documents/publications/ethnicitydataprotocols.pdf>

Reporting will then take place at Level 1 of the Statistics NZ Ethnic Classification System, as detailed in the ‘Reporting profiles’ section below:



I prefer not to answer this question.

Tools to assist with collecting ethnicity data as required, are available at:

Statistics NZ Classification Code Finder: Enter a keyword to find a classification category, search for a category by its code, or browse the classification hierarchy: http://www.stats.govt.nz/tools_and_services/ClassificationCodeFinder.aspx. The Classification Coding System (CCS) is a tool used by organisations, researchers, and users of official statistics to code commonly used standard classifications. These include industry, occupation, and ethnicity coding: <http://www.stats.govt.nz/methods/classifications-and-standards/classification-related-stats-standards/download-the-classification-coding-system.aspx>

Ariā: Use Ariā to find and download concepts and definitions, classifications, concordances, and standards used for data and statistical activities across government: <http://aria.stats.govt.nz/aria/>

DETERMINING MANAGEMENT CATEGORIES

Under the Initiative, organisations report on management categories using a standard classification system adapted from the Australian Workplace Gender Equality Act. Many organisations will not currently use this approach to role categorisation and will need to align their own role classification system to it. Note in this regard that all organisations with more than 100 employees in Australia will already have been through this process to comply with the Workplace Gender Equality Act (WGEA). Some organisations which operate in both countries may, therefore, be able to more easily line up their classification systems.

Each organisation will need to ascertain for itself how its structures fit into this framework, and apply the same logic to ensure consistent results over time. A professional services partnership may, for example, determine that all its partners, as well as its CEO and functional heads, constitute KMPs. Not all organisations will have employees in each of the management categories, and not all organisations will have a governing body equivalent to a Board. See the Reporting Framework for a full breakdown of management categories and definitions.

Case Study | Bank of New Zealand

BNZ recognises the value in robust demographic data to support decision-making across all areas of its business.

The bank is continually exploring ways to increase the diversity of the data it has access to, how it can be collected, and where it is most appropriately stored. BNZ collects and stores demographic data in several ways, depending on use, privacy and other considerations.

INDIVIDUAL EMPLOYEE RECORDS

BNZ currently captures and stores demographic data specific to an individual employee through the established HR systems. Core information includes gender, age, tenure in role, tenure with organisation, employment type, leadership level, hierarchy level and structure, salary banding, and the data collected here is very robust.

In addition, BNZ captures the following data, with varying degrees of comprehensiveness;

- **Fluency in other languages** – there is a list of employees who have requested personalised name badges with flags added that represent the additional languages they speak (voluntary, predominantly used by frontline staff, and manually collated in a spreadsheet)
- **Personal intranet profiles** – employees can update their personalised intranet profiles to include languages, skills, interests, and availability to coach/mentor (voluntary, with low uptake, and only limited search functionality)

BNZ has also been working with its HR systems provider to add additional data collection fields. This will increase the depth of data stored about an individual within the existing HR systems, and will be more easily reported on than previous options.

The new data fields include:

- Country of birth
- Year of migration
- Ethnicity (up to 6 options)
- Chiefly title
- Iwi affiliations
- Disabilities
- Flexible work options
- Gender (Non-binary options available including; Male, female, transgender, intersex, other)

These fields are all voluntary, however, annual campaigns are planned to promote revision and updating of data to increase and then maintain the integrity of information held. In addition, where possible, core data will be entered directly at induction.

ENGAGEMENT SURVEY DATA

BNZ conducts an annual engagement survey on an anonymous basis and includes a variety of demographic questions within the survey. With data collected in this context, there is not considered to be a clear business requirement or purpose for linking the data to an individual, especially given the potential for employees to feel themselves at risk of bias.

This survey provides a wealth of valuable data and insights about the demographic make-up of the workforce, as well as how employees experience various areas of working in the organisation, and their levels of overall engagement as a result. Demographic data collected includes: languages spoken; ethnicity; sexual orientation; disabilities; primary career responsibilities and flexible working options. Filtering can be used to customise demographic views against the standard HR system generated demographic options.

Confidentiality is continually stressed in all survey communications, and the survey is managed externally by a third party to ensure responses remain anonymous. All data is held by the external provider, and accessed through its online portal with access options restricted to People Leaders, Business Unit Leaders, and the Survey Administrator.

BNZ regularly achieves a response rate of over 80% of eligible employees for this survey.

EMPLOYEE CENSUS

In 2015, BNZ conducted a Census Survey to better understand the diversity of employees. The census was completed by 67% of employees. Demographic data collected included place of birth, ethnic identification, languages spoken and flexible working options. Data was collected using the same classifications as the 2013 NZ Census to allow for direct comparisons wherever possible. Basic filtering by geographic location and business unit was possible. While the data was not provided anonymously, the results were not able to be stored centrally against an individual's unique employee file.

Case Study | Auckland Council

Auckland Council is committed to increasing the diversity and inclusion of its organization, and its Executive Leadership Team has set a goal that, in three years' time, the gender and ethnic makeup of its executive and senior leadership team will match Auckland's working population. One of the Council's baseline actions towards achieving this is to ensure that it has demographic information for 100% of its employees.

The Council collects and stores demographic data in two main ways.

INDIVIDUAL EMPLOYEE RECORDS

Auckland Council uses a SAP system to gather and store its employee data. The system allows for employees to record their ethnic identification and currently 62% of staff have provided this information. The Council has recently run another push to ensure staff enter their ethnicity information, with the goal that all staff record this.

The Council's HR system uses the Statistics NZ/ Census ethnicity classifications, and allows for classification up to Level 4 (233 categories). This depth allows Māori employees to identify through to iwi and hapu, Pacific Peoples to their country of origin (Samoan, Niuean, Tongan etc), Asian people to identify with Korean, Singaporean, Chinese, (including Mainland Chinese) Taiwanese, and Latin American and MELAA people to identify at a similar sub-category level.

ENGAGEMENT SURVEY DATA

Auckland Council collects information on ethnicity, age and gender in its engagement survey and has done so since the survey was implemented in 2013. Typically, 95% of respondents to the engagement survey provide the personal information. This data is less reliable than SAP data but is useful internally for tracking trends and gaps. This year, the Council is adding a question on LGBTI identification.

Case Study | New Zealand Post

NZ Post collects gender, ethnicity and disability data for all new employees at the time of on-boarding and new and existing employees are encouraged to keep their personal records up to date through a self-help portal.

The following are points of interest in this regard:

- 100% of employees have identified themselves as either male or female. Other options are not currently provided.
- 85% of employees have completed data on the ethnicities they identify with as part of permanent employee records.
- These results are consistent across all the years of tenure and have been consistent for at least the last 3 years.

NZ Post also collects anonymous gender and ethnicity data as part of its employee engagement survey. An employee census was also conducted in 2011 to gather key employee data.

Key enablers of outcomes to date include:

- Clear communications about the purpose of collecting the data and assurances on how the data will be used at every touchpoint.
- Discipline in capturing data as part of the on-boarding process.

Contacts

Michele Embling

PwC Chair and Champions for Change Co-Chair
michele.embling@championsforchange.nz

David McLean

Westpac CEO and Champions for Change Co-Chair
david.mclean@championsforchange.nz

Miranda Burdon

Global Women CEO
miranda.burdon@globalwomen.org.nz

Aleisha Coote

Champions for Change Programme Manager
aleisha.coote@globalwomen.org.nz