Affirmative action or managing diversity: what is the future of equal opportunity policies in organisations?

Glenda Strachan
John Burgess and
Anne Sullivan

The authors
Glenda Strachan is Professor of Management in the School of Management, Griffith University, Nathan, Australia.
John Burgess is Associate Professor in the School of Policy and
Anne Sullivan is Research Associate in the Newcastle Business
School, both in the Faculty of Business and Law, University of
Newcastle, Newcastle, Australia.

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Abstract
Equal employment opportunity policies were introduced in Australia
in the 1980s in response to women’s disadvantaged workforce
position. Australia’s unique form of affirmative action was
underpinned by legislation, and aimed to promote gender equity in
the workplace via employer action. Throughout the 1990s there has
been a policy shift away from collectivism towards individualism, and
away from externally driven social programmes at the workplace
towards managerialist driven social programmes. The main process
for implementing progressive and inclusive equity programmes at
the workplace is through human resource management policies that
link employment diversity to organisational objectives (for example,
productivity and profitability). Programmes titled “Managing
diversity” have been introduced into some organisations, and today
there are a variety of approaches towards equity policies in
Australian organisations. The article proposes that a distinctive
Australian version of managing diversity will develop in some
organisations based on the prior national legislative framework.

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Issues of equal employment opportunity (EEO) have been tackled in several ways in Australia.
From the late 1960s successful equal pay cases were processed through the industrial relations
system, and from the 1980s discussion about women’s wages widened to encompass a broader
understanding of equal pay. Anti-discrimination legislation has been enacted at the federal level and
in all states, beginning in 1975. This legislation seeks to redress essentially individual cases of
discrimination after they have occurred, and

... is about achieving equal employment
opportunity for women... [and] to achieve this
goal, the barriers in the workplace which restrict
employment and promotion opportunities for
women have to be systematically eliminated

Equal opportunity policies do not operate in a
vacuum: they interact with other employment
policies. The 1980s and 1990s have seen
significant changes in the Australian industrial
relations system, and these changes have
interacted with EEO policies. What was once a
centralised system of conciliation and arbitration
that operated via a semi-judicial authority is now a
heterogeneous and fragmented system that
emphasises workplace bargaining. The evolution
to a decentralised industrial relations system

...
commitments. In the 1990s, government policies focused on giving parents the opportunity to choose between going to work or caring for children. With generous childcare support to low income workers, more recent policies have placed a greater emphasis on access to work (Organisation for Economic Co-operation and Development, 2002).

In recent years, managing diversity (MD) programmes have been promulgated. This article begins to analyse what these programmes can mean in an organisation and what options Australian organisations may choose to adopt. The importance of MD is being promoted in some human resource management (HRM) texts in a way that was never the case for EEO policies. For example, one recent Australian text asserts that: ... the bottom line is that to gain a competitive advantage in the next decade, companies must harness the power of the diverse workforce. These practices are needed, not only to meet employee needs, but to reduce turnover costs and ensure that customers receive the best service possible (De Cieri and Kramar, 2003, pp. 28-9).

What might MD policies mean for an organisation, and will they become part of its overall strategic direction? How will these policies affect the employment opportunities of women?

**EEO policies in Australia**

The focus of the Affirmative Action Act was individual enterprise responsibility as opposed to legislative and economy-wide standards. The Act compelled organisations with more than 100 employees to implement an AA programme. The legislation spelled out eight steps that organisations were to complete, including assigning responsibility for the achievement of EEO to senior staff and allocating sufficient personnel to undertake the task, and undertaking an analysis of the position of women in their organisation through examination of employment statistics and policies and consultation with women employees and trade unions. From this analysis, companies were required to devise a programme which addressed some of the problems identified and set targets against which future progress could be judged (Strachan, 1987). The legislation preserved an individual rather than collectivist focus in its reliance on the merit principle (Thornton, 1990, p. 246). AA in Australia has been characterised as an inclusionary or incorporation model, as it relies on the underlying principle of bringing women up to equality with men (Bacchi, 1996, p. 84). The implementation of EEO principles presumed good corporate citizenship, as there were no explicit national standards and the penalties for non-compliance were weak: non-submission of a report meant that the company might be named in Parliament. In 1992, the Government added the sanction that companies breaching the legislation were ineligible for federal government contracts or specified industry assistance. It is likely that this sanction was never used (no data were collected by the AA Agency).

With the election of a coalition (conservative) federal government in 1996 the legislation was reviewed, and changes were initiated on January 1, 2000. In the Equal Opportunity for Women in the Workplace Act 1999, the guidance given to employers on how to implement a programme was reduced and the previous eight steps of an affirmative action programme were deleted, removing the emphasis on senior management support, allocation of resources, consultation with women and trade unions and setting specific targets. To comply with the new Act, organisations have to take actions on the priority issues identified when undertaking an organisational analysis. Organisations should develop a workplace programme by:

- preparing a workplace profile;
- analysing the issues for women in the workplace, considering each employment matter to identify their priority issues;
- taking action to address priority issues; and
- evaluating the effectiveness of the actions.

Organisations are required to address seven employment matters within their analysis. These are:

1. recruitment procedure and selection criteria for appointment or engagement of employees;
2. promotion, transfer and termination of employment of employees;
3. training and development for employees;
4. work organisation;
5. conditions of service of employees;
6. arrangements for dealing with sex-based harassment of women in the workplace; and
7. arrangements for dealing with pregnant, potentially pregnant employees and employees who are breastfeeding their children (Equal Opportunity for Women in the Workplace Agency, 2000, p. 13).

When reports are considered by the Agency, the seven employment matters are analysed in order to evaluate the progress of the EEO programme. Reporting is still required on an annual basis (although this can be waived under certain circumstances) but the reporting form is no longer prescriptive. In addition, since 1999 organisations have been assessed only on the basis of whether the
organisational policies. There are doubts over how those with little bargaining power, generally the low paid and those in insecure employment, can effectively utilise enterprise bargaining as an instrument for the better integration of work and family responsibilities (Barrera and Robertson, 1996). The impression from the enterprise bargaining experience is that family friendly work has more to do with cost reduction and improved inter-temporal workforce deployment than with genuine family friendly work arrangements (Strachan and Burgess, 1998b).

It is difficult to assess how beneficial many of the alleged family friendly work arrangements have been to women workers. Reference to the federal industrial agreements report for 2000/2001 indicates that there appears to be very little progress through enterprise bargaining with respect to family friendly work arrangements. In 2000/2001 the following arrangements were in less than 5 per cent of agreements:

- unlimited sick leave;
- all-purpose paid leave;
- paid family leave;
- extended unpaid parental leave;
- paid adoption leave;
- paid paternity leave;
- home based work;
- child care provisions; and
- job sharing.

The two main provisions were access to other leave for caring purposes (19 per cent) and part-time work (25 per cent). Not all part-time work is voluntary, and part-time shifts may be very unfriendly for working parents. Making available leave for caring purposes is an extremely modest arrangement from employers.

Overall, there appear to be modest advances with respect to enterprise bargaining developing and delivering family friendly work arrangements. This agenda largely excludes small businesses and casual workers – both dominated by women – who have a relatively low incidence of representation in federal agreements. It is also based on the goodwill and discretion of managers. Even if family friendly work arrangements are included in an agreement, it is not clear who has access to conditions and under what circumstances they have access to conditions. In order to participate in the family friendly work agenda one requires a voice, bargaining power and an ability to demonstrate that such arrangements are also beneficial for business.
Managing diversity

In recent years a new term, “managing diversity” (MD), has come into use. The MD agenda is one that has come to Australia from the USA as an HRM workplace strategy. Pressures in competing in a global marketplace confront USA businesses, and:

... organisations are dealing with diversity in their client and customer populations as well as among their employees. Responding effectively to a more heterogeneous customer base is a requirement in the growing service sector [...] Moreover, workforce diversity presents a challenge to organisations that are devolving a variety of responsibilities to decision-making teams, which increasingly consist of individuals of varying backgrounds (Agocs and Burr, 1996, p. 31).

In the USA, the popularity of MD reflects a search by organisations for an alternative to the contentious affirmative action legislation and as a way to broaden what was seen as a narrow AA agenda that concentrated on hiring. MD is seen as a way to address issues of retention, integration and career development (Agocs and Burr, 1996, p. 34).

The term “managing diversity” or its variants has no specific definition, unlike AA or EEO in Australia where we can look to legislative definitions or explanations by monitoring agencies such as the EOWA. There appear to be almost as many definitions as there are articles on MD, and many HRM texts now have a chapter on MD. There is some repetition in many of the definitions. Bartz et al. (1990, p. 321) state that MD involves:

... understanding that there are differences among employees and that these differences, if properly managed, are an asset to work being done more efficiently and effectively. Examples of diversity factors are race, culture, ethnicity, gender, age, a disability, and work experience.

Another often-used definition asserts that:

... the basic concept of managing diversity accepts that the workforce consists of a diverse population of people. The diversity consists of visible and non-visible differences, which will include factors such as sex, age, background, race, disability, personality and workplace. It is founded on the premise that harnessing these differences will create a productive environment in which everybody feels valued, where their talents are being fully utilized and in which organizational goals are met (Kandola and Fullerton, 1994, p. 8).

It is common in the literature to read that MD is a higher or better level of organisational programme than AA. What are often characterised as “older” concepts of EEO were based on the recognition of employment discrimination targeting groups with specific characteristics such as gender, ethnic origin, disability, for example:

... managing diversity seeks to build on many of the good initiatives undertaken under the banner of equal opportunities (Gill, 1996, p. 34).

Maxwell et al. (2001, p. 469), speaking of Britain, suggest that there are two ways in which MD is differentiated from EEO:

1. the emphasis on a positive perspective on staff differences versus the negative perspective of disadvantage; and
2. the inclusion of diversity factors beyond those included in EEO legislation.

These arguments are based on an analysis of EEO and AA in the USA and Britain, and highlight a clear difference between the USA and British EEO heritage and that of Australia. In Britain, the response to the achievement of equal opportunity has been different to that in Australia. It is essentially a legislative compliance model, with equal pay legislation being passed in 1970 and sex discrimination legislation being passed in 1976. The focus of this legislation was on remedying individual complaints rather than requiring employer action to promote equality. Although some employer action is required by legislation on religious discrimination in Northern Ireland and by public sector employers in respect of race, the British Government has rejected calls for such an approach with regard to gender. A voluntary, management-driven programme somewhat akin to Australia’s AA legislation has been promoted throughout the 1990s, but coverage is not large and the outcomes are difficult to determine (Strachan et al., 2002).

This history has influenced some of the responses to MD in Britain. Wilson and Ills (1999, p. 30) assert that EEO legislation has not produced race or gender employment equality, and they look towards the concept of MD. They propose that “equal opportunities – the old paradigm” is externally driven, rests on moral and legal arguments, perceives equal opportunity as a cost, and perceives difference as being problematical. “Managing diversity – the new paradigm” is internally driven, rests on a business case, perceives MD as an investment, and difference is perceived as an asset (Wilson and Ills, 1999, p. 31). In supporting MD for the UK public sector, Wilson and Ills (1999) highlight four key differences between the EEO and MD agendas:

1. the EEO is externally driven, based on legal or moral arguments, while MD is internally driven, based on organisational objectives linked to the “business case” for equality (e.g. profitability).
2. the EEO agenda is formal and minimalist – organisations need only reach set targets or outcomes. The MD agenda is not restrictive or minimalist and participating in
the agenda is an investment tied to organisational goals.

(3) The EEO agenda uses a white, male, full-time, heterosexual norm and fits other groups into this norm. The MD agenda embraces diversity and the mainstream is expected to encompass the diversity agenda.

(4) The EEO agenda is narrowly focussed towards certain groups such as women or racial groups, while the MD agenda goes beyond this narrow group focus.

These conclusions are not all valid for the Australian experience. In relation to point 1, Australia has had a different experience with AA and EEO programmes which are internally driven and heavily reliant on the business case. In contrast to the statements in point 2, the programmes in Australia have addressed a wide range of issues and organisations have established their own targets. Many organisations, however, have not produced comprehensive EEO programmes and in this way have complied only with the minimum standard in the legislation, i.e. submission of a report (Strachan and Burgess, 2000). However, there is no evidence that they would be more pro-active under a MD scheme. The AA/EEO legislation and policy has a comparative focus of offering women the same opportunities as men (point 3 above) and this has been discussed extensively in the literature (e.g. Bacchi, 1990, 1996; Cockburn, 1991).

However, it is difficult to know just exactly what is meant by the goal that “the mainstream is expected to encompass the diversity agenda” and how this is to be put into operation in an organisation. AA/ EEO legislation in Australia has targeted women (point 4 above), although other groups were included in public service legislation. The basis of targeting groups such as women, Aboriginals and Torres Strait Islanders, people from a non-English speaking background and people with a disability is their experience of systemic discrimination in employment. This was the rationale for including them in public service legislation (Equal Employment Opportunity Bureau, 1984, p.1). The MD agenda does not have this rationale.

In the HRM literature there is extensive analysis of the details of the MD workplace strategy. There is discussion of the meaning of diversity, the support mechanisms (e.g. training and mentoring) necessary for developing and implementing diversity programmes, the management of diversity programmes, the outcomes of diversity programmes for employees and for organisations, and the limitations of diversity programmes (Dass and Parker, 1999; Moore, 1999; Iverson, 2000; Easley, 2001). The MD agenda attempts to be responsive to personal differences and to aspirational differences. In turn, this sensitivity can reduce labour turnover and absenteeism, improve productivity and commitment, and hence service the operational goals of the employing organisation.

The language of MD is constructed around the key values of business, and being tied to the business case means that the MD programme is dependent on business conditions. What business can afford this year may not be affordable next year. It also tends to treat businesses as homogeneous. There may be extensive and progressive MD programmes, but there may also be ineffective and superficial MD programmes that give the appearance of business support for workplace equity objectives. Employees are represented as being diverse, yet managers and businesses are seen as being homogeneous and benevolent.

Commenting on the USA, Agocs and Burr (1996, p. 34) place MD as “one of the many interventions in the organizational development […] family” and state that it is “primarily concerned with improving interpersonal and inter-group communication and relationships in the workplace”. They assert that “the norm is understood to be the traditional white able-bodied male employee or manager, and ‘diversity’ refers to ‘the others’”(Agocs and Burr, 1996, p. 39). There is no recognition of systemic discrimination. They conclude that:

Affirmative action is intended as a response to and remedy for past and continuing discrimination against specific disadvantaged groups. In contrast, the goals of managing diversity are vague, but have to do with changing attitudes and interpersonal behaviours in the direction of greater acceptance by traditional employees of the diversity that has resulted from demographic change, and from the entry of non-traditional employees into the workplace. Thus managing diversity and affirmative action are not substitutes for each other, nor do they lie on a continuum, since they address different issues (Agocs and Burr, 1996, p. 39).

On the other hand, some commentators see MD as merely a repackaging of equal opportunity policies (Wilson and Iles, 1999, p. 40).

**MD: the Australian response**

Australia’s unique response to the discrimination and under-utilisation of women in the workforce will influence the usage of MD in Australia. Industrial relations scholars are familiar with the concept that each country has its own unique system of labour relations. The same is true of equity initiatives. While both systems are intertwined and influenced by international trends, the response is not uniform from country
to country. Therefore the history of Australia’s EEO approaches will influence the form of MD and its spread.

The criticisms made of AA and EEO in the USA and Britain cannot be transferred blindly to the Australian scene. AA and EEO in Australia are distinctly different programmes from those in these other countries. While Australia has had specific anti-discrimination legislation, it has also had a widespread workplace programme with a legislative base that promotes at least gender equity. This has meant that there is much more attention paid to issues such as the retention of women employees and, in the 1990s, the new discourse of accommodating work and family (Strachan and Burgess, 1998a) has meant that some organisations have looked to different working patterns (workstyles) for their employees in a way that is not specifically gendered. There has always been a business case argument attached to EEO legislation and policies in Australia, along with a social justice argument. The cost of losing employees and the under-utilisation of skills is highlighted in these arguments, and examples of this can be seen on the EOWA Web site section titled “Why EO makes business sense” (Equal Opportunity for Women in the Workplace Agency, 2003).

We predict that there will be a range of responses in Australia that will include rebadging AA or EEO programmes as MD programmes through to a different approach that lacks an understanding of systemic discrimination. For example, Suncorp Metway Ltd, a banking and insurance organisation, identifies the implementation of a diversity strategy in its report to EOWA (Suncorp Metway Ltd, 2002). The key priorities of this strategy are leadership, compliance, flexible working arrangements, work-life balance, and women in management. The report is similar in analysis and intent to those of other companies that have clear goals and display an understanding of discrimination issues. Therefore, it may be seen as a rebadging of part of their EEO strategy.

This is not always the case. The MD agenda supplants EEO by stressing individualism and the convergence of the organisation’s objectives with those of the individual worker. Not surprisingly, under the current federal Government, the MD programme is prominent across the Australian public services. In the Department of Employment and Workplace Relations, diversity is about “acknowledging differences and adapting work practices to create an inclusive environment in which our diverse skills, perspectives and backgrounds are valued”. In this Government department:

Workplace diversity builds on the traditional principles of equal employment opportunity (EEO). While EEO focuses on ensuring that all people have access to employment opportunities and conditions, diversity means accepting, welcoming and valuing the differences inherent in every individual and recognizing the contribution that a diverse workforce can make to organisational effectiveness and performance (Department of Employment and Workplace Relations, 2003).

The objectives of this policy are to sustain awareness of diversity, demonstrate commitment to diversity and maintain a safe and secure work environment (Department of Employment and Workplace Relations, 2003). The focus is on the business case, and the individual mentions of specific groups that have encountered discrimination, or are still encountering discrimination, is absent. Bacchi’s (2000, pp. 74-8) analysis of changes in policy in the Australian public services emphasises departmental flexibility in responses to equity issues, and she concludes that changes to the Public Service Act have reduced scrutiny in the area of equal opportunity (Bacchi, 2000, p. 77).

In recent years, management texts have emphasised the value of employees in achieving business success: “the people doing the work of an organisation are an important part of creating competitive advantage” (De Cieri and Kramar, 2003, p. 248). MD emphasises this value. A recent Australian HRM textbook describes MD as “a process of management built on a set of values which recognise that the differences between people are a potential strength for an organisation” (De Cieri and Kramar, 2003, p. 248). It refers to “the vast array of personal and cultural differences that constitute the human race” (De Cieri and Kramar, 2003, p. 250), thus picking up the definitions commonly used overseas. De Cieri and Kramar (2003, p. 27) list a range of activities involved in managing cultural diversity:

… ensuring that HRM systems are bias-free, facilitating higher career involvement of women, promoting knowledge and acceptance of cultural differences, ensuring involvement in education […] and dealing with employees’ resistance to diversity.

These are important issues, as the ways in which diversity issues are managed “has implications for creativity, problem solving, retaining good employees and developing markets for the firm’s products and services” (De Cieri and Kramar, 2003, p. 27).

The MD programme has similarities to the family friendly work agenda that supports the enterprise bargaining agenda. First, it is management-centred. Managers can develop arrangements that benefit both the employer and
In Australia

There appears to be a continuity in the gender and equity policy programs emerging in Australia over the past decade. EEO and other policies, such as gender equity, have been equally important in the development of the gender agenda. The impact of these policies has been significant in addressing gender equity issues, but it has also raised new challenges for managers and organizations. The gender and equity policy programs have been more effective in some sectors and less so in others. The challenges of implementing gender equity policies are complex and require a collaborative approach among all stakeholders.

HMD is seen in this light, as it is possible to have a workplace-centred approach for enterprise bargaining arrangements for family friendly work arrangements and for enterprise bargaining arrangements. These arrangements are introduced to support the family friendly work arrangements. The HMD is also seen as a tool to support the family friendly work arrangements.

The future of employment equity policies

In the gender and equity policy programs emerging in Australia over the past decade, EEO and other policies, such as gender equity, have been equally important in the development of the gender agenda. The impact of these policies has been significant in addressing gender equity issues, but it has also raised new challenges for managers and organizations. The gender and equity policy programs have been more effective in some sectors and less so in others. The challenges of implementing gender equity policies are complex and require a collaborative approach among all stakeholders.

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and implementation of an organisation’s strategic goals. There is a realisation that employees are critical in the achievement of an organisation’s objectives and are a major part in its competitive advantage, and therefore that the policies that recruit and maintain this workforce are rightly part of senior management consideration (De Cieri and Kramar, 2003, chapters 1 and 2). The HRM function is in transition from an administrative role to a strategic business partnership (De Cieri and Kramar, 2003, p. 23). It may be that in this changed context and with greater recognition of the need for strategic planning that equity issues can achieve a presence in the highest levels of organisational thinking that has not occurred in the past. But as HRM issues are devolved to line managers, it is also important that all levels of management are conversant with the issues.

EEO policies have always been more prevalent in large organisations. If MD policies are implemented it will be in these organisations with HRM departments. Under the current legislative situation these organisations will also respond to the requirements of the EEO Act, and some will wish to excel and win prizes in the various schemes for best EEO organisation. These organisations are highly unlikely to adopt the US focus of MD without continuing with the Australian EEO programmes. In this way, it is likely that MD will be adopted as a strategy for enhanced organisational effectiveness, and may be grafted onto EEO policies.

It is quite clear when sampling annual reports to the EOWA that many organisations are reporting in a minimal way so that they meet the minimum requirements of the Act. Overall, most of their HRM policies do not display an understanding of EEO or MD issues. These organisations are not likely to be the ones who embrace MD unless they change their thinking about conditions for employees generally. As noted in the annual reports of the AA Agency in the 1990s, certain industry sectors lag behind others in their understanding and adoption of EEO policies.

In Australia and Britain from the mid-1990s, and increasingly in the last few years, the dominant discourse in employment is around the issues of combining paid work and family care. These work and family issues have gained widespread public recognition in Australia, and have resulted in some minimum conditions (e.g. unpaid parental leave and use of sick leave to care for family members), largely through decisions of the industrial relations commissions. However, implementing these in a cohesive way to the benefit of employees is really reliant on an EEO plan within an organisation. The discourse has moved from being one of EEO that is based on an analysis of gendered workplace discrimination to that of “work and family” and “family-friendly” organisations, a notion that it is hard to disagree with and one that is more acceptable to a conservative government analysis of women and society (Ostenfeld and Strachan, 1999).

In an era of increasing emphasis on quality assurance of products and services and widespread views that employees are an important component in the achievement of competitive advantage, it is worrying that MD policies generally come without any measurable goals and objectives. The EEO legislation in Australia emphasised the collection of data on which to base programmes, and organisations could develop performance indicators to measure progress towards a defined goal. How does one measure the success of MD without clear goals and performance indicators?

It is clear that there is no automatic path in EEO that leads to improved performance over time. Organisations can move in any direction on a performance scale. Analysis of reports to the AA Agency in Australia has shown that there has been no great move for organisations to gain a higher rating, and the proportion of firms located within the three levels of assessment remained relatively stable (Strachan and Burgess, 2000; Strachan et al., 2001). More detailed analysis of outcomes and the role of EEO policies within organisations will rely on organisational case studies. If organisations in Australia embrace MD then it will be an Australian variant of MD, and it is likely to be operated in concert with the EEO policies in place.

References


