

Advancing Ethnically and Culturally Diverse Representation and Inclusive Leadership in Australia

Tuanh Nguyen and Jieh-Yung Lo

Tuanh Nguyen is a Director at PwC, with extensive experience in advising and advocating on diversity and inclusion issues, with a particular interest on cultural diversity, gender diversity and intersectionality. In addition to her work in diversity and inclusion, Tuanh has over 15 years' experience as a corporate and commercial lawyer, advising corporate and not-for-profit clients and their boards, on ECM and M&A corporate transactions, governance and risk management issues. She also holds roles as national Co-Chair of PwC's D&I employee network, 'Cultural Connections' (focused on enhancing cultural diversity within PwC), and on the boards of directors of Vietnamese Museum Australia Ltd and CatholicCare Victoria Ltd. She was also a founding member of the Asian Australian Lawyers Association, being the first Australian law association focused on promoting Asian cultural diversity in the Australian legal profession, where she held various leadership roles, including as National President. She has been recognised for her work in advancing cultural diversity as a recipient of the 40 Under 40 Most Influential Asian-Australians Awards in 2020 and as Special Counsel of the Year in the 2019 Women in Law Awards. She is also a current finalist in this year's Australian Law Awards and Women in Law Awards (which will be announced in December 2021).

Jieh-Yung Lo is the founding Director of the Centre for Asian-Australian Leadership ('CAAL') at the Australian National University ('ANU'). Established in January 2020 by the ANU, CAAL aims to address the significant under-representation of Asian Australians in leadership positions within Australian public institutions and major private sector corporations. Before joining ANU, Jieh-Yung worked in various policy and project roles for a number of not-for-profit and advocacy organisations. He was elected and served two terms as a Councillor with the City of Monash including two years as Deputy Mayor.

Australia is arguably one of the world's most multicultural countries. Yet our institutions do not reflect modern, multicultural Australia — namely by not having many ethnically and culturally diverse Australians in leadership positions across our parliaments, corporate boardrooms, universities, courts and newsrooms.

According to the 2016 Census, 26% of those counted are born overseas, and another 23% have at least one parent born overseas. The proportion of migrants coming from Asia now surpasses those from Europe and is ever increasing.¹ Although Australia's society is culturally, ethnically and religiously diverse, there remains a persistent underrepresentation of Australians from ethnically and culturally diverse backgrounds in top management positions and senior leadership roles in Australia's public institutions and private sector corporations.

This paper describes the institutional barriers that continue to inhibit ethnically and culturally diverse Australians from reaching the corridors of power, authority and leadership. By reflecting on the successes of legislative and regulatory tools such as the *Workplace Gender Equality Act 2012* (Cth)² ('WGE Act') and the Australian Securities Exchange's Corporate Governance Principles and Recommendations³ ('ASX CGPR'), this paper will explore how similar legislative and regulatory tools can strengthen greater ethnically and culturally diverse representation and inclusive leadership across Australia's public institutions and private sector organisations.

I Underrepresentation in Senior Management and Leadership

Despite the positive changes to Australia's cultural demographic over the past 40 years,⁴ there is a persistent under-representation of those from ethnically, culturally and religiously diverse backgrounds in top management roles and across the boardrooms in Australia's public institutions and private sector corporations. Although people from culturally and linguistically diverse backgrounds are well represented in the workforce generally, research conducted by the Australian Human Rights Commission ('AHRC') suggests that the opportunities for them to reach senior levels are limited.⁵

In 2016, the AHRC launched *Leading for Change: A Blueprint for Cultural Diversity and Inclusive Leadership* followed by a revised document in 2018 to capture the cultural composition of senior leaders in Australian business, politics, government and academia.⁶

The AHRC's blueprint examined the cultural backgrounds of chief executive officers of Australian Securities Exchange ('ASX') 200 companies, federal government ministers, heads of federal and state government departments, and vice-chancellors of universities. It also examined the cultural backgrounds of senior management at the level directly below chief executives and equivalent — namely,

group executives of ASX 200 companies, elected members of the Commonwealth Parliament, deputy heads of government departments and deputy vice-chancellors of universities.⁷ Through this exercise, the AHRC's blueprint recorded a snapshot of the cultural composition of senior leaders in Australian business, politics, government and civil society for the first time.

The report found that the ethnic and cultural default in Australian leadership remains Anglo-Celtic. Australian society may not be making the most of its diverse backgrounds and talents, as figures in the below table indicate:

	Anglo-Celtic Australian	European-Australian	Non-European-Australian	Asian-Australian
Percentage of Australian population	58%	18%	21%	12.3%
Percentage of senior executive management (non-chief executive 'C-suite')	75.7%	18.9%	5.0%	3.3%
Percentage of Chief Executives and equivalents	76.9%	20.1%	2.7%	1.6%
Combined Percentage of senior leaders (Chief Executives and other C-Suite leaders)	75.9%	19.0%	4.7%	3.1%

Table 1: Percentage of the Asian-Australian population compared to senior executives (Australian Human Rights Commission, 11 April 2018).⁸

Examining first the cultural backgrounds of chief executive officers of ASX 200 companies, federal government ministers, heads of federal and state government departments and vice-chancellors of universities, the AHRC found that just 1.6% of them were Asian-Australians.⁹

And even when the enquiry was broadened out to cover leadership positions one level below this — group executives of ASX 200 companies, elected members of the Commonwealth Parliament, deputy heads of government departments and deputy vice-chancellors — the proportion of Asian-Australians is just 3.3%, which is a long way below the 12% that their numbers in the broader community would suggest should be the norm.¹⁰ Only Indigenous Australians fare worse, occupying just 0.4% of senior leadership positions against their share of the total population of 3%.¹¹

II Learning from the Gender Diversity Experience

Addressing and solving the underrepresentation of non-Anglo-Celtic and non-European Australians in senior leadership requires a multifaceted solution. These facets include introducing targets for appointments and promotions; tailored development opportunities (including formal training programs and proactively giving emerging leaders stretch opportunities); cultural competency and awareness training programs for leaders; utilising diversity advocates in key decision-making processes (including for recruitment, promotion and performance review processes); and grassroots initiatives through employee networks and advocacy through industry-specific bodies.

One facet that appears to have yielded success in enhancing female participation and representation in senior leadership in Australia and closing the gaps in gender inequality in the workplace is the use of regulatory and legislative tools. These tools mandate organisations to collect data on and to report their performance against gender-based indicators ('Gender Data Regulations'), most notably the ASX CGPR and the *WGE Act*.¹²

Recommendation 1.5 of the ASX CGPR essentially obliges ASX listed companies to have and disclose a diversity policy, to set measurable objectives to achieve gender diversity and to report to the market their progress towards achieving those measurable objectives as well as the company's gender composition (at the board level, senior executive and whole workforce).¹³ Whilst the ASX CGPR is couched as a 'recommendation', the ASX Listing Rules requires ASX listed companies to either comply with the recommendation or explain to the market why they do not or cannot comply with the recommendation and what alternative governance practice has been adopted in lieu of that recommendation.¹⁴

The *WGE Act* was introduced with the aim of promoting and improving gender equality for both women and men in the workplace.¹⁵ The *WGE Act* applies to



higher education institutions and non-public sector organisations with over 100 employees.¹⁶ The key obligation under this legislation is that it requires relevant organisations to annually lodge a public report to the Workplace Gender Equality Agency ('WGEA') containing information on the organisation's performance against various gender equality indicators ('GEI').¹⁷ For organisations with more than 500 employees, there are further obligations which require those organisations to have formal strategies or policies in place for specified GEI areas.¹⁸

The GEIs that organisations are required to report on cover a wide range of matters, including gender composition of the organisation's workforce and its governing bodies (such as boards and senior leadership teams), gender pay gaps and discrimination and harassment policies.

The *WGE Act* does not apply to public sector entities, including government or any regulatory agency. Similar legislation to the *WGE Act* was introduced by the Victorian Government — the *Gender Equality Act 2020 (Vic)* ('*Gender Equality Act*'),¹⁹ which commenced on 31 March 2021, with the objective of improving workplace gender equality in Victoria's public sector and public institutions.²⁰

On the face of it, these regulatory and legislative tools simply collect and report on certain gender-based data. However, these tools have had a significant positive impact on the actions and behaviours of organisations to enhance gender diversity and inclusion within their organisations. As noted by Libby Lyons, the Director of WGEA at the time of publication of the Gender Equality Insights 2021 report ('WGEA Insights Report'):²¹

The businesses who pay close attention to their own data, and who consistently scrutinise and apply their workplace policies, are the ones that have seen the most effective gender equality outcomes. From reducing gender pay gaps faster to achieving more rapid increases in women in management, the results of ambition, accountability and a consistent approach are clear improvements in gender equality outcomes in those workplaces.²²

The public nature of the data collection and reporting systems from these regulatory tools have essentially held a mirror to organisations on their own performance and the performance of their peers, in respect of gender equality. Whether it is due to a self-awareness by organisation leaders, motivation to compete and do better than their competitors or simply being held to account by their staff, customers, shareholders and other stakeholders, these regulatory tools have forced companies to prioritise gender diversity and inclusion and to take positive action to enhance gender equality within their organisations. This has included introducing tailored development programs, flexible working practices, gender pay gap reviews, diversity advocates and targets and quotas for recruitment and promotions.²³

From the data available from WGEA, there is clear evidence that these regulatory tools are having a positive impact on greater female representation in leadership (among other areas of gender diversity). The WGEA Insights Report shows that the proportion of women on company boards has steadily increased since the *WGE Act* was introduced. In 2014, the proportion of women on company boards was 23.7% and in 2020, that proportion had increased to 28.1%. A similar story can be seen in terms of board chairs, where the proportion of women who are chairs of a company board increased to 14.6% in 2020 from 11.9% in 2014.²⁴ Given the number of organisations to which these regulatory tools apply to, the collective efforts of Australian organisations in driving solutions to address gender inequalities, including the underrepresentation of women at senior leadership levels, has the effect of driving macro change across entire sectors — ranging from corporate, professional services, public sector and academia.

III Introducing Cultural Diversity Composition Reporting Legislation

Unlike with gender, there is currently no legislative requirement or regulatory tools for Australian organisations to collect and report on the cultural composition of their workforce or any other cultural or ethnic specific indicators. Despite being heralded as a multicultural success story, data on a person's ethnicity, ancestry, place of birth and the languages they speak is only sporadically and/or inconsistently collected by Australian organisations. Anecdotally, Australian organisations have adopted different

approaches to the collection of these data points. Organisations utilise different methods in collecting the data — where the methods range from ad hoc optional staff surveys undertaken to capture a point-in-time snapshot through to more systemised collection processes through formalised data collection platforms (such as Workday) which capture and retain these data points as part of staff records. Further, there is no market-accepted benchmark on the cultural diversity data to be collected — some organisations collect data on race, ethnicity and self-identified cultural identity while others limit the data collection to place of birth or languages spoken. As a result, getting a precise picture of the cultural diversity within Australian organisations, workplaces, industries and senior leadership ranks remain elusive.

Many of the barriers to leadership for women are the same as those that are faced by ethnically and culturally diverse groups in Australia. Introducing legislative and regulatory tools (similar to the *WGE Act*²⁵, *ASX CGPR*²⁶ and the *Gender Equality Act*²⁷ to require large private sector and public sector organisations to define, collect, disclose and report data on the ethnic and cultural composition within their workplaces will yield similar benefits as those seen in relation to gender diversity.

As seen from Gender Data Regulations, the introduction of legislative or regulatory tools focused on specific cultural or ethnic indicators ('Cultural Data Legislation') will motivate leaders to prioritise cultural and ethnic diversity and inclusion within their organisations. It will enable organisations to identify where the gaps are; design evidence-based responses; identify policy solutions; and introduce action plans to address and enhance cultural and ethnic diversity within the organisation.

Cultural Data Legislation will also have a number of other benefits. Firstly, Cultural Data Legislation will help to address the persistent absence of accurate data on the cultural and ethnic composition of Australia's institutions. Obtaining such data is a necessary prelude to setting realistic targets and timelines for increasing the number of ethnic and culturally diverse Australians in senior leadership positions. Not only will data collected from Cultural Data Legislation add to the body of research work undertaken by various bodies to capture cultural composition data in different institutional settings, but Cultural Data Legislation can also assist in setting definitional benchmarks on cultural diversity data.

Anecdotally, one argument that has commonly been raised by individuals and organisations as a reason not to collect data on cultural composition is that the concept of 'culture' is difficult to define. Unlike gender (which is relatively binary), 'culture' can be defined in many different ways — race, ethnicity, cultural heritage, cultural identity, religion, place of birth and languages spoken at home.

Organisations who do voluntarily collect data on its cultural composition do not have a common or market-accepted benchmark by which to collect this data. For example, some organisations will engage external consultants to provide guidance on the data it should collect in the context of that particular organisation or industry. Some organisations will be guided by research that has been undertaken by various institutions, think tanks and other diversity and inclusion advocacy organisations while other organisations will be guided by data collection practices in other countries. Accordingly, results from data collection exercises conducted by Australian organisations are difficult to compare. Having formal Cultural Data Legislation that defines the cultural data to be collected will help organisations set the parameters around the data they collect, and this then enables a collection of consistent data across industries and sectors.

Introducing Cultural Data Legislation will aid in reducing the sensitivities and stigma around collecting data on an individual's race and cultural heritage. Anecdotally, there are longstanding sensitivities on the collection of ethnic, cultural and race-based data, due to fears of such information being used to discriminate against individuals from minority groups. These sensitivities are heightened by the application of legislation, such as the *Privacy Act 1988* (Cth), which treats information about a person's racial or ethnic origin as 'sensitive information',²⁸ and hence should be collected with caution. As part of the design of any Cultural Data Legislation, issues about its interaction with existing anti-discrimination and privacy legislation will need to be considered to ensure that the objectives of the legislation are achieved, while still enabling the collection of meaningful cultural or ethnic data in the context of enhancing cultural diversity outcomes within Australian organisations. Effective Cultural Data Legislation, developed from a thorough and robust drafting and consultation process, will legitimatise the collection of cultural data, remove the stigma that traditionally exists in the collection of this type of data

and give organisations and individuals the confidence that data collected through Cultural Data Legislation will be used to enhance cultural diversity representation and inclusive leadership in Australian organisations.

IV Conclusion

As workplaces, industries and governments step into the post-COVID-19 future, they need to find new ways to succeed in the new normal; and this includes reshaping leadership to ensure it is more inclusive and innovative to grow and take on new opportunities. This paper recommends the need to prioritise and elevate ethnic and cultural diversity and proposes the introduction of Cultural Data Legislation to require public sector employers and private sector corporate organisations to define, collect, disclose and report data on cultural and ethnic diversity, which will allow a comprehensive understanding of the ethnic and cultural composition of Australian companies, businesses and public institutions.

References

- 1 Australian Bureau of Statistics, *Census of Population and Housing: Australia Revealed* (Catalogue No 2024.0, 27 June 2017).
- 2 *Workplace Gender Equality Act 2012* (Cth) ('WGE Act').
- 3 Corporate Governance Council, Australian Securities Exchange, *Corporate Governance Principles and Recommendations* (Report No 4, 1 February 2019) ('ASX CGPR').
- 4 Any reference in this paper to 'cultural' includes ancestry, ethnicity, race and religion.
- 5 Australian Human Rights Commission, *Leading for Change: A Blueprint for Cultural Diversity and Inclusive Leadership Revisited* (Report, 11 April 2018) 2 ('*Leading for Change Revisited*').
- 6 Australian Human Rights Commission, *Leading for Change: A Blueprint for Cultural Diversity and Inclusive Leadership* (Report, 18 July 2016); *Ibid.*
- 7 *Leading for Change Revisited* (n 5) 1.
- 8 Table 1: Percentage of the Asian-Australian population compared to senior executives based on data adapted from *Leading for Change Revisited* (n 5) 7–12.
- 9 *Leading for Change Revisited* (n 5) 9.
- 10 *Ibid.* 11.
- 11 *Ibid.* To complete the picture, other non-Europeans (from the Middle East, Africa and elsewhere) with 7% of the population occupy 1.7% of leadership positions; Anglo-Celtics occupy 75.7% of positions, over-representing by 17.7% their share of the population, and other Europeans holding 18.9% of positions, very closely mirroring their population share of 18%: *Leading for Change Revisited* (n 5).
- 12 ASX CGPR (n 3).
- 13 *Ibid.* 9–10.
- 14 Australian Securities Exchange, *Listing Rules* (at 1 July 2014) r 4.10.3.
- 15 *WGE Act* (n 2) s 2A(a).
- 16 See *ibid.* s 3(1) for the definition of 'relevant employer'.
- 17 *Ibid.* pt IV.
- 18 *Workplace Gender Equality (Minimum Standards) Instrument 2014* (Cth) s 5(3).
- 19 *Gender Equality Act 2020* (Vic) ('*Gender Equality Act*').
- 20 *Ibid.* s 1.
- 21 See Rebecca Cassells and Alan Duncan, Bankwest Curtin Economics Centre, *Gender Equity Insights 2021: Making it a Priority* (Gender Equity Series Report No 6, 26 March 2021).
- 22 *Ibid.* 6.
- 23 *Ibid.* 42.
- 24 *Ibid.* 20.
- 25 *WGE Act* (n 2).
- 26 ASX CGPR (n 3).
- 27 *Gender Equality Act* (n 19).
- 28 *Privacy Act 1988* (Cth) s 6(1) (definition of 'sensitive information').

