

NAB Australian Business Diversity Index (Q2 2014)

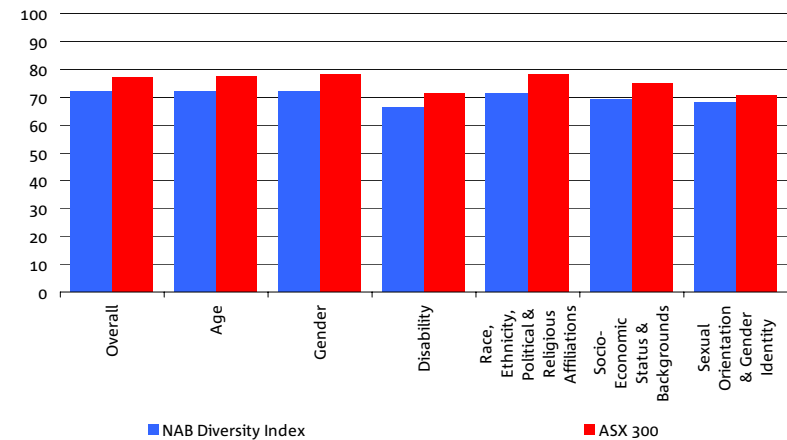


Highlights

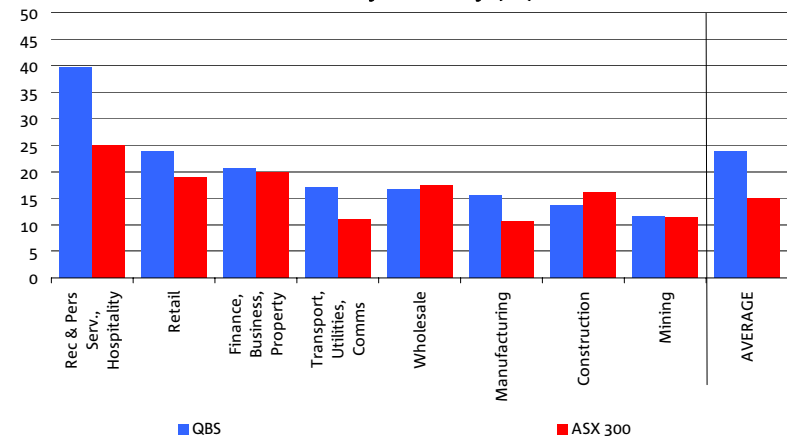
- NAB's Quarterly Business Survey (QBS) has been tracking Australian business conditions and confidence for more than 22 years. It is widely regarded as a leading indicator of economic conditions in Australia. In this new addition to the survey, we asked Australian businesses to assess diversity within their organisation. ASX 300 firms were also surveyed.
- The **NAB Australian Business Diversity Index** was 72 points in Q2 2014 (out of 100). ASX 300 companies scored higher at 77.1 points.
- Around 30% of Australian business scored themselves "high" in terms of overall diversity. Conversely, almost 20% rated "low".
- Diversity was highest for gender, age, race and ethnicity, and lowest for disability.
- Overall diversity (and across all categories) was highest in Recreational, Personal Services & Hospitality (75.8 points) and lowest overall in Manufacturing (67 points).
- For ASX 300 firms, however, overall diversity (and across all categories) was highest in Retail (91.1 points) and lowest overall in Wholesale (70 points).
- Recruitment, advancement and talent retention was the key driver of diversity for all Australian companies and for the ASX 300.
- There appears to be a disconnect between firms perceptions of their gender diversity and actual diversity - at least in so far as executive management.
- Australian business achieved a Gender Diversity score of 71.9, while the ASX 300 scored 78.3. But, when asked to quantify the proportion of women on executive management teams, women made up only 23.8% of the total. In the case of the ASX 300, the share was even lower at just 15%.
- This apparent contradiction raises a number of questions. It is possible some firms are broadly gender diverse, but have not yet realised this balance at senior levels (albeit they may be working towards achieving it). Conversely, it also raises the possibility that there may still be significant barriers in place (both within and outside the organisation) preventing the advancement of women.
- It is also clear that share of women in senior management varies considerably by industry - eg. Recreation, Personal Services and Hospitality are highest (at 40%) and Mining the lowest (at 12%).

NAB Australian Business Diversity Index

(score out of 100 where 0 = "not at all" and 100 = "completely")



Proportion of Women on Executive Management Teams by Industry (%)



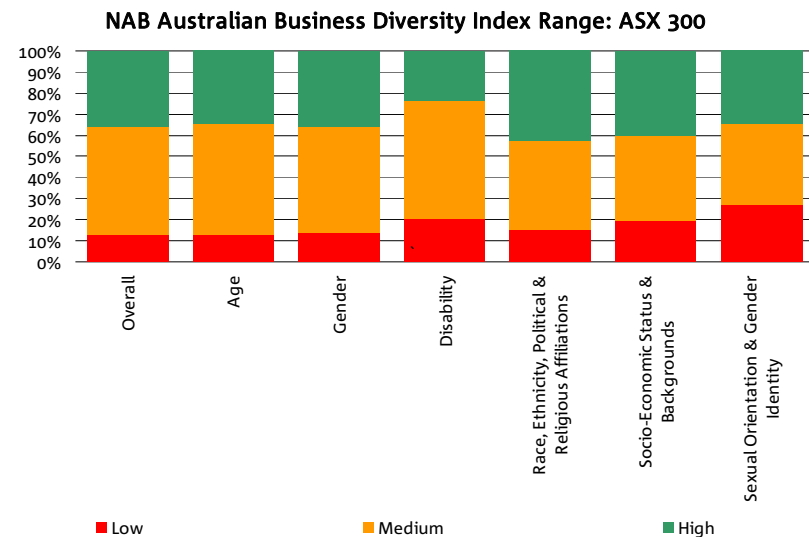
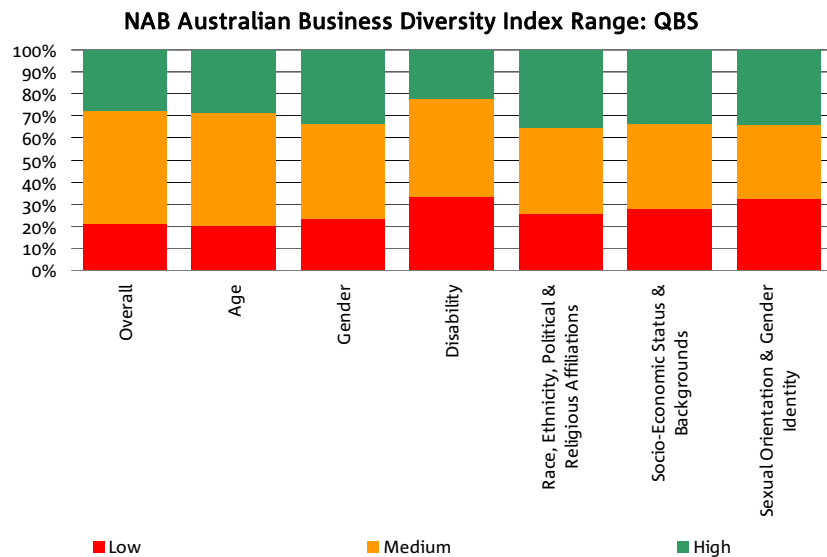
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NAB Australian Business Diversity Index - High, Medium, Low Responses

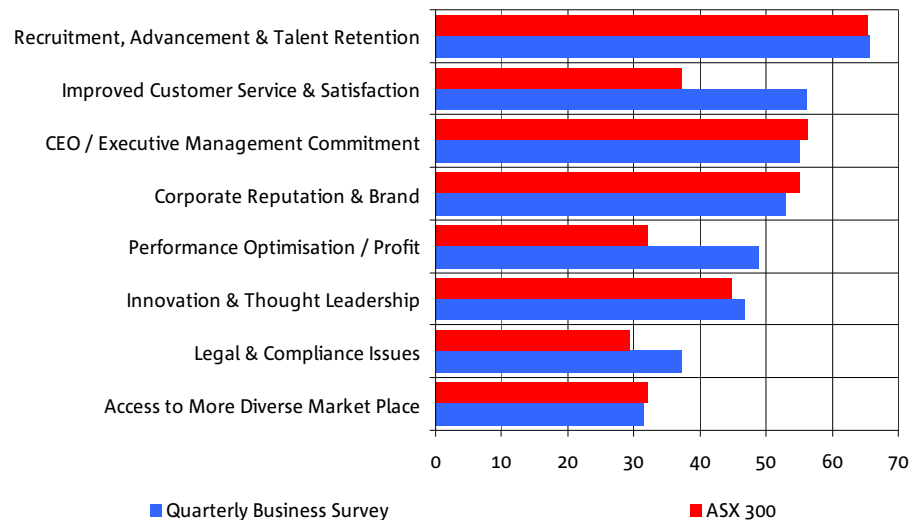
- The “average” business diversity score masks a range of responses from “high” to “low” both in terms of overall diversity and across diversity sub-groups.
- For the broader Australian economy, around 20% of Australian business scored themselves “low” in terms of overall diversity. Conversely, almost 30% rated themselves as “high”.
- By category, more than 35% of respondents said the extent that their organisation recognised and appreciated diversity was “high” for race, ethnicity, political and religious affiliations (highest of all groups).
- Sexual orientation and gender identity was next highest (33.8%), although 32.1% also said that the extent their organisation rated diversity around this issue was “low”
- Around one-third of respondents said that their organisational recognition of diversity based on gender (33.3%) and socio-economic backgrounds and status (33.1%) was “high”.
- In contrast, only 22.1% said organisational recognition of diversity around disability was “high”, with 33.3% identifying it as “low” (highest of all groups).
- ASX 300 companies report higher levels of diversity across all key areas.
- Progress was most apparent with regards to race, ethnicity, political and religious affiliations, where almost 43% rated organisational recognition “high”, followed by socio-economic backgrounds and status (40.3%).
- Recognition of disability was however lowest with only 23.5% rating it “high” and 20.6% rating it “low”.
- While 34.9% recognised organisational diversity for sexual orientation and gender identity “high”, it is notable that 27% of respondents also rated this category “low” (the highest of all groups).



Drivers of Recognition & Appreciation of Diversity

- Over the past 20 years, diversity and inclusion has grown as a key corporate imperative. There are a myriad of reasons why an organisation strives to build a more diverse and inclusive workforce.
- According to the survey, **Recruitment, Advancement and Talent Retention** was overwhelmingly the key driver of recognition and appreciation of diversity for all Australian companies and for the ASX 300.
- For the broader economy, Improved Customer Service and Satisfaction was the next biggest driver of diversity, followed by CEO/Executive Management Commitment.
- In contrast, CEO/Executive Management and Corporate Reputation and Brand were the next biggest drivers of diversity among ASX 300 companies.
- Improved Customer Service and Satisfaction, Performance Optimisation/Profit and Legal and Compliance Issues were much bigger drivers of recognition and appreciation of diversity in the broader economy when compared to ASX 300 companies in general.

Drivers of Recognition & Appreciation of Diversity
(percentage of responses)

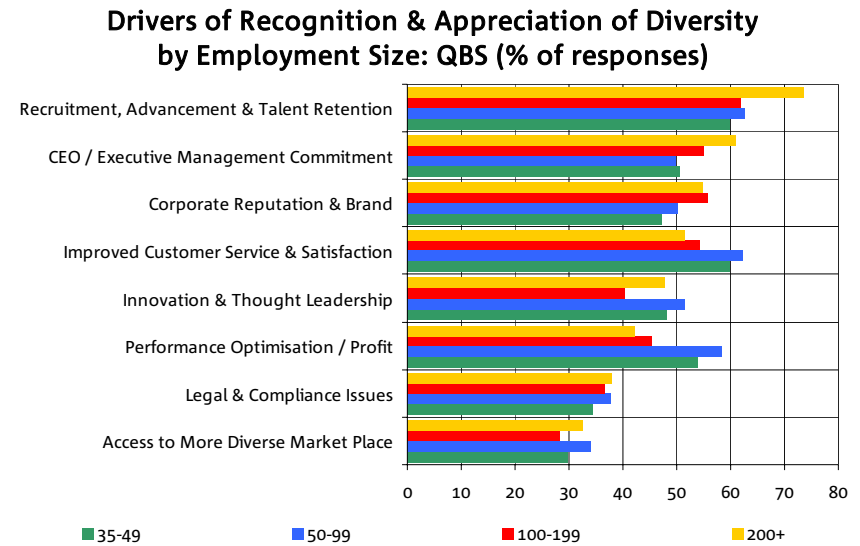
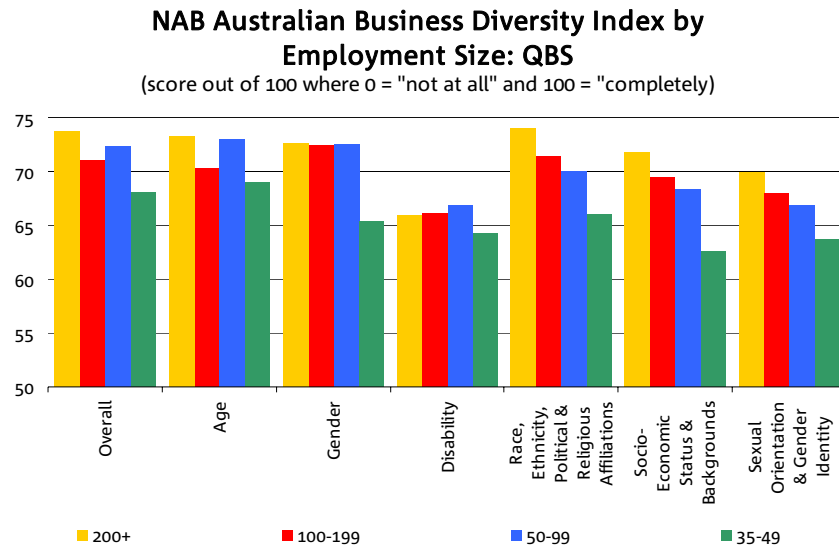


“NAB believes that investing in its employees is crucial to building a sustainable business. It is committed to building diversity and inclusion into everything it does - how the organisation works together and how it does business.”

A diverse and inclusive workforce is not only good for NAB’s employees, it is also good for its business. It helps NAB attract and retain talented people, create more innovative solutions, and be more flexible and responsive to its customers’ needs”.

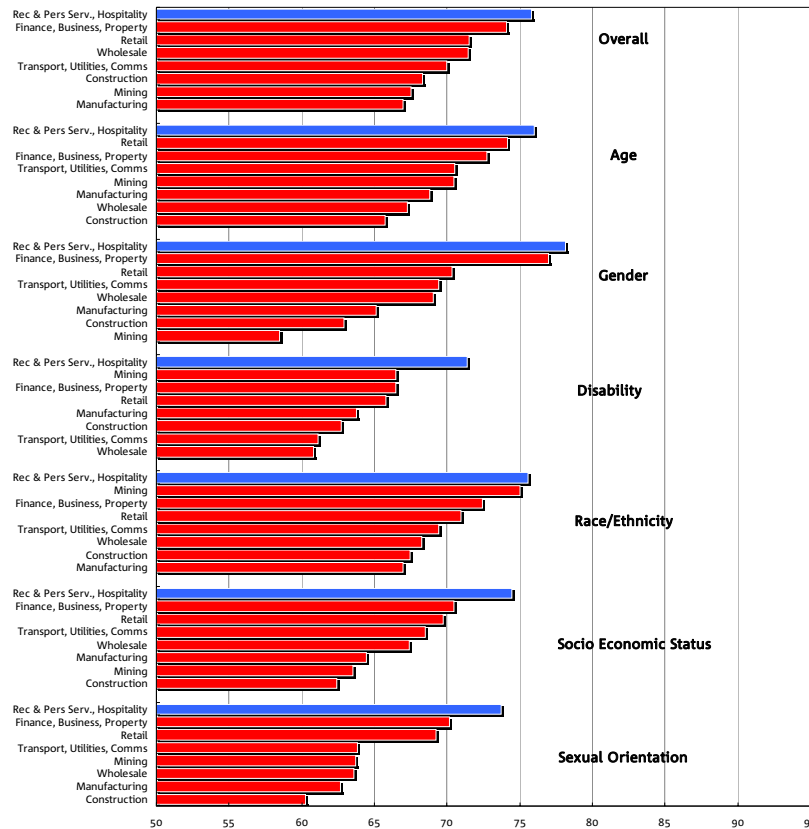
NAB Australian Business Diversity Index & Drivers by Employment Size

- Diversity varies by employment size.
- Across the broader Australian economy, overall diversity was highest for firms employing 200+ people. Diversity in firms employing 200+ people was also highest in all diversity categories except Disability, where mid-sized firms employing 50-99 people scored the highest.
- Diversity was lowest in small firms employing 35-49 people and lowest across all diversity groups.
- Interestingly, firms employing 200+ people scored highest for diversity by Race, Ethnicity, Political and Religious Affiliation, while those employing 100-99 rated diversity by Gender highest. In contrast, smaller firms employing 50-99 and 35-49 people scored highest for diversity by Age.
- All groups rated their diversity lowest for Disability, except small firms employing 35-49 people, who were least diverse for Socio-economic Backgrounds and Status.
- For the biggest employers, the key driver of diversity is clearly Recruitment, Advancement and Talent retention. Conversely, the largest employers were least motivated by Performance Optimisation and Profit as a driver of diversity.
- Profit and Performance were considerably more important for firms employing between 35 to 99 people.
- CEO/Executive Management Commitment was another important driver for the largest employers.
- Improved Customer Service and Satisfaction was more important for smaller firms, compared to larger organisations.

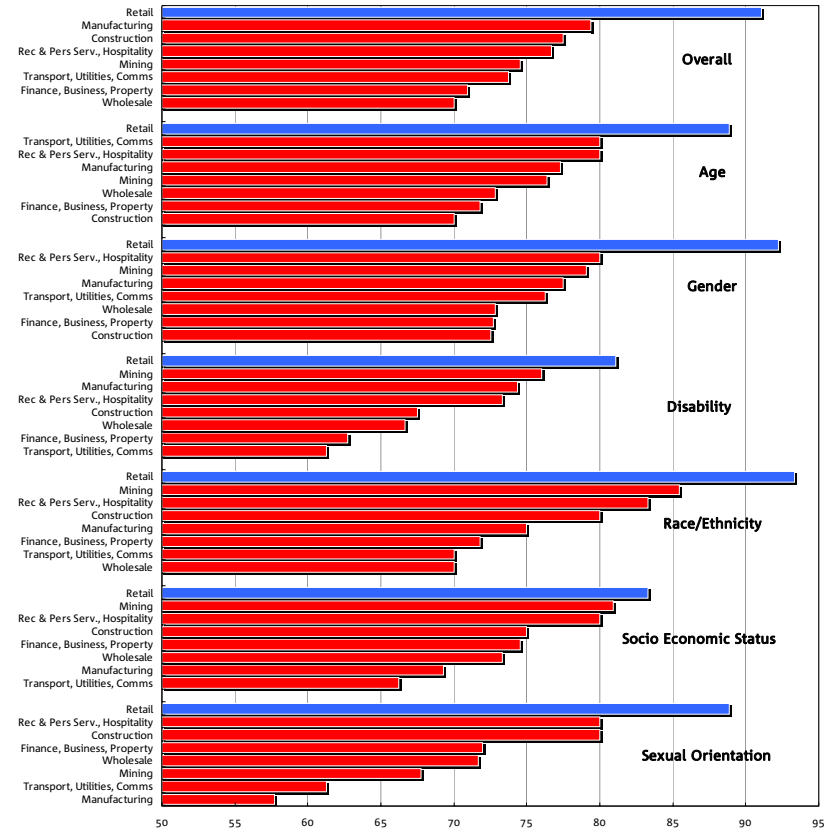


NAB Australian Business Diversity Index by Industry

NAB Australian Business Diversity Index by Industry: QBS



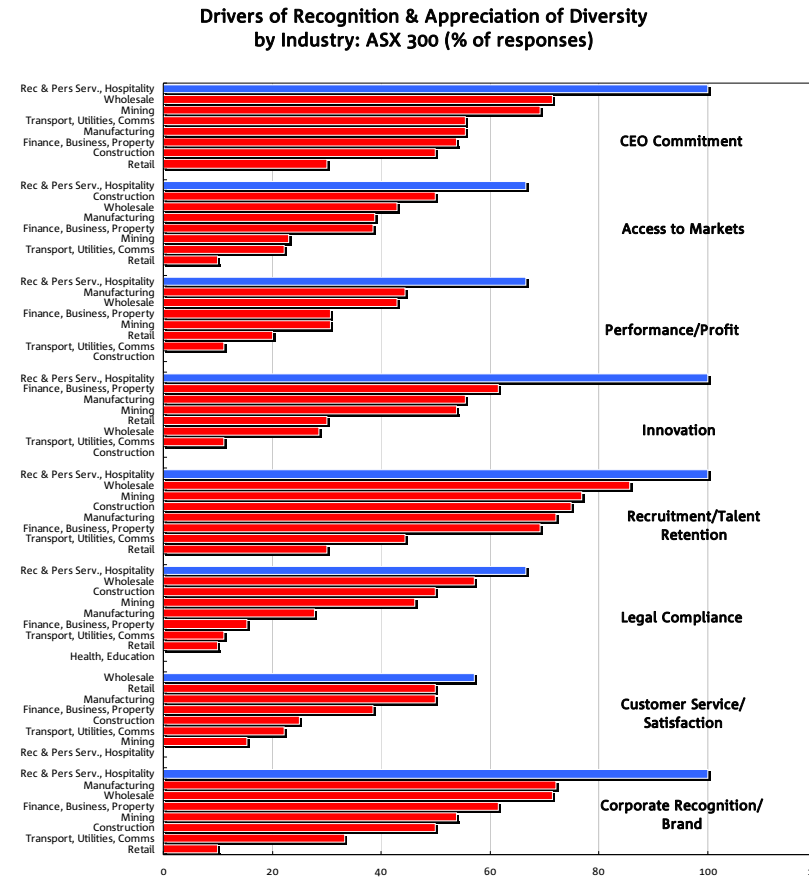
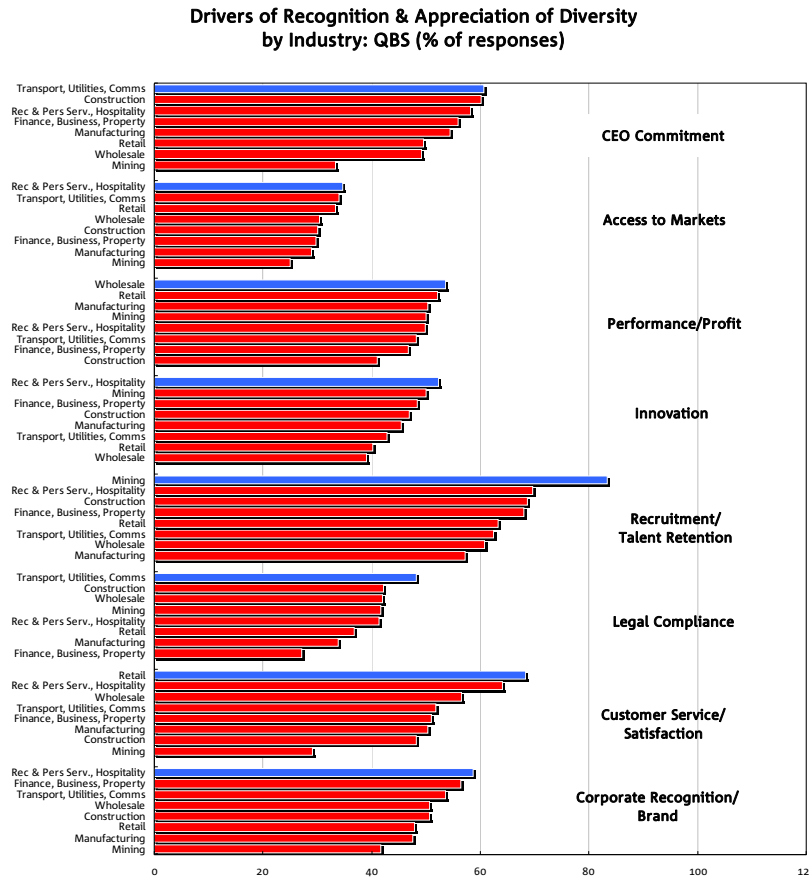
NAB Australian Business Diversity Index by Industry: ASX 300



Overall diversity for all Australian business was highest in the Recreational, Personal Services & Hospitality sector. This industry also rated their recognition and appreciation of diversity highest for all key diversity factors - Age, Gender, Disability, Race/Ethnicity, Socio-economic Status and Sexual Orientation. Manufacturing and Construction firms generally rated diversity lowest across nearly all factors. The biggest variation was noted in Gender diversity, where the Mining sector lagged considerably.

In contrast, overall diversity among ASX 300 firms was highest in the Retail industry. Wholesale firms were least diverse overall, with Finance, Business and Property also performing relatively poorly. The variance in recognition of diversity between the best and worst performing industries in the ASX 300 was especially apparent for Sexual Orientation and Gender Identity (Retail best; Manufacturing worst) and Disability (Retail best; Transport, Utilities and Communications worst).

Drivers of Recognition & Appreciation of Diversity by Industry



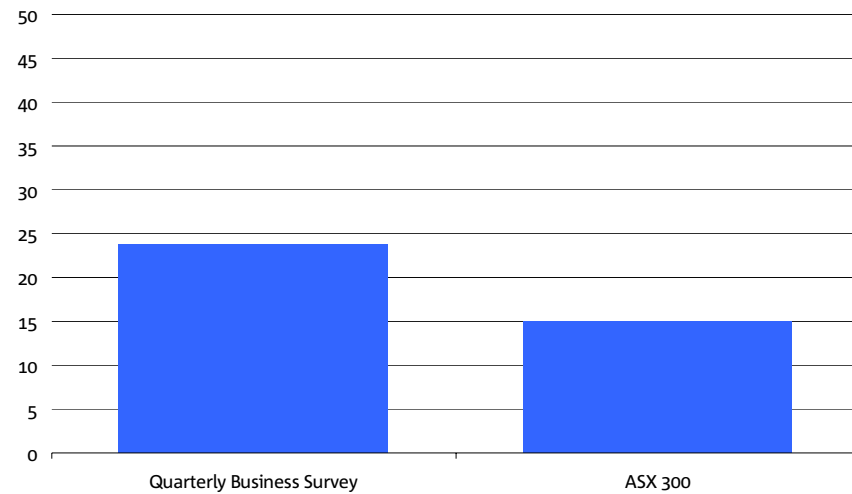
For the broader economy , **Recruitment, Advancement and Talent Retention** was identified as the key driver of recognition and appreciation of overall diversity in nearly all industries (especially Mining), with the exception of Retail where Customer Service was the main driver of diversity. Conversely, fewer industries cited Legal Compliance as a key driver of diversity, particularly in the Finance, Business and Property Sector. Also notable, while Customer Service and Satisfaction is a key driver for Retail and Recreation, Personal Services and Hospitality industries, it was relatively less important for the mining sector.

Recruitment, Advancement and Talent retention was most cited as the key motivator for ASX 300 companies in general, but its importance among different industry groups was much more varied when compared to the broader economy. Indeed, while respondents in Recreation, Personal Services and Hospitality were overwhelmingly positive about this factor, it did not play a significant role in Retail, where diversity was mostly driven by Customer Service and Satisfaction.

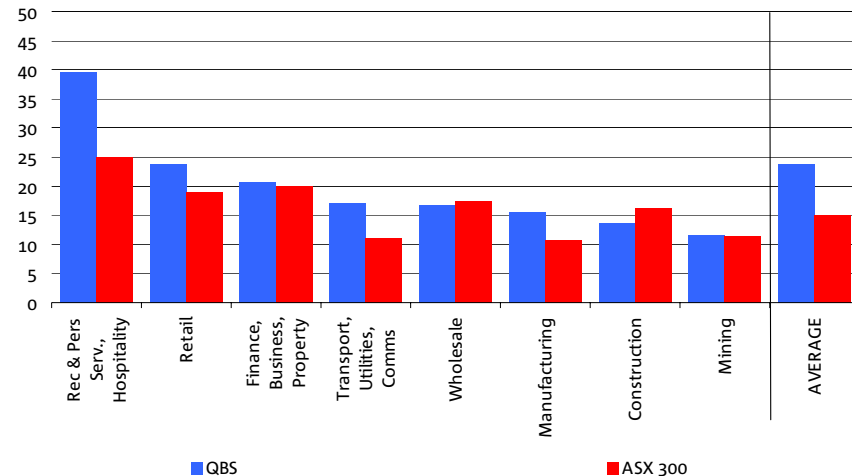
Proportion of Women on Executive Management Teams

- There is a growing body of research that suggests companies with more diverse top teams may also be superior financial performers - albeit the exact relationship is difficult to quantify. Some prefer to see diversity as leading indicator of corporate health rather than an end in itself.
- When asked about diversity from a gender perspective, on average Australian business achieved a Gender Diversity Index score of 71.9 (out of 100), while ASX 300 companies scored 78.3.
- In contrast, when asked to identify the proportion of women on their executive management teams, Australian business on average report that women make up only 23.8% of the total. In the case of ASX 300 companies, the share was even lower at just 15%.
- Hence, there appears to be a disconnect between firms perceptions of their gender diversity and actual diversity - at least in so far as executive management.
- It is also clear that while employment size does appear to be a significant factor influencing gender diversity at senior management levels, the industry in which you are employed appears to be an important differentiator.
- For example, Recreation, Personal Services and Hospitality report a much higher share of female senior executives than other industries overall (39.7%) and for ASX 300 companies (25%)
- In contrast, Mining has the lowest share overall (11.7%) and is also one of the lowest for ASX 300 firms (11.5%). That said, ASX 300 Manufacturing firms are the lowest across the economy at just 10.7%.

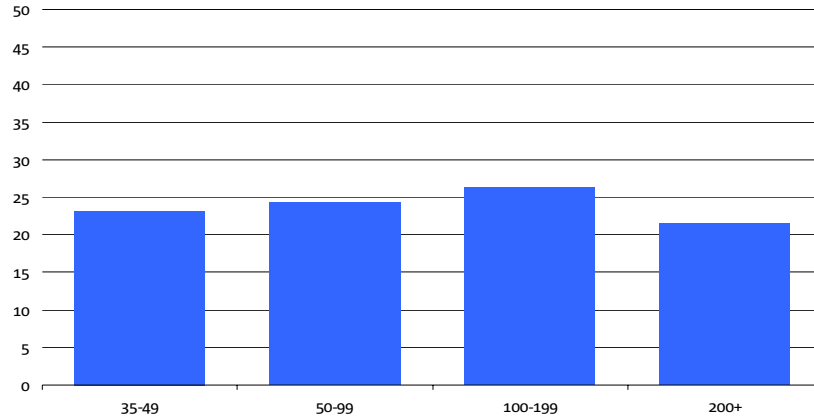
Proportion of Women on Executive Management Team (%)



Proportion of Women on Executive Management Teams by Industry (%)



Proportion of Women on Executive Management Team by Employment Size: QBS (%)



Appendix: About the NAB Australian Business Diversity Index

'Diversity' represents a large group comprised of different people with different experiences. These differences include race, colour, religion, gender, national origin, sexual orientation, age, disability, veteran status or citizenship. Diversity does not address how these different people function or work - this is inclusion.

'Inclusion' enables organisations to strive to have all people valued, not just for their abilities, but also for their unique qualities and perspectives to realise diversity of thought. Diversity and inclusion are therefore related but different concepts. You can have a diverse workforce without inclusion; and inclusion without diversity.

The NAB Quarterly Business Survey (QBS) has been tracking Australian business conditions and confidence for more than 22 years. It is widely regarded as a leading indicator of economic conditions in Australia.

The QBS covers over 900 firms across the non-farm business sector. In this new addition to the survey, we asked Australian businesses to assess diversity within their organisation.

Respondents were asked to assess to what extent their organisation recognised and appreciated diversity across the following areas:

- by age;
- by gender;
- by disability;
- by race, ethnicity, political and religious affiliations;
- by socio-economic status and backgrounds;
- by sexual orientation and gender identity; and
- “overall”

Results are presented for the broader Australian business community based on the QBS and for ASX 300 companies. The **NAB Australian Business Diversity Index** represents a score from 0 to 100, where 0 is “not at all” diverse and 100 is “completely” diverse.

Respondents were also asked to nominate key factors that drive the recognition and appreciation of diversity within their organisation.

Finally, survey participants were asked to identify the proportion of their executive management team that is female.

While the first 2 questions (and indeed the index itself) is based upon business' own the perception of their diversity, this question provides a somewhat more objective measure, albeit only in relation to gender.

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