Diversity and inclusion is a business and people issue, connected to the sustainability and profitability of our firm, the quality of our relationships with clients and the solutions we provide. It influences our relationships with our people, our clients, our suppliers and our community. Diverse teams are more likely to be innovative and commercial. Our marketplace and our people are demanding change and we are determined to exceed their expectations. By fostering a collaborative environment we will support diverse thinking so our highly talented people will achieve their potential.

Our strategic focus areas:

- Gender
- Flexibility
- Family
- Sexual Orientation and Gender Identity
- Generational
- Ethnicity
- Disability

Why diversity matters to KPMG

- our clients and our people expect a diverse and inclusive workforce
- a diverse workforce drives greater collaboration and innovation
- we want to reflect the communities where we live and work and attract and retain highly talented people from all backgrounds
- we want to be relevant in a world where Asia plays a much bigger role
- we aim to lead the market, not follow it
Our Diversity & Inclusion Strategy, which sits as an integral part of the overall firm strategy, is in its final year. In this, our second external Diversity & Inclusion Report our focus is on inclusion. It reflects the opinions of our leaders across all generations as well as our youngest members of the firm, the Millenials, our leaders of the future.

When I consider inclusion, I think of my early years spent in South Africa, where I witnessed social exclusion first hand. From an early age I began to think about the notion of fairness and I have carried this idea with me as a motivating force throughout my professional and personal life.

One of the things I am proud of, since becoming CEO a little more than three years ago, is the way we have shifted our firm to be more fair, innovative and inclusive.

These three things stand out for me.

The first is that inclusion and diversity is personal and you need to find your own story. At KPMG we have encouraged our people to do this in workshops and conversations, learning programs and within networks throughout the firm.

Secondly it’s about culture not about a series of HR initiatives. It’s about how we do things round here. It’s about respect with an eye on deliberately changing the way things are, clearly linked to the business objectives of our organisation.

And finally it requires personal leadership and this is about more than the CEO. All leaders must step forward with courage, committed to change the status quo, making tough choices and saying things that might seem challenging and occasionally provocative.

I hope you find some inspiration and provocation in our 2016 Annual Diversity & Inclusion Report. We are incredibly proud of and excited about our firm. A firm where our people feel empowered and supported to do extraordinary work for our clients and communities.

Gary Wingrove
CEO, KPMG Australia
Our diversity imperative

At KPMG, we take a long term sustainable view on diversity, a coherent approach that is a leader-led, multi-year effort. Our Diversity & Inclusion (D&I) strategy is now in its fourth year.

Our strategy is to maximise diversity of thought by creating an inclusive culture. Diversity of thought is about valuing difference, such as gender, ethnicity, disability, sexual orientation and different age groups. These differences are the basis of our strategy. An inclusive culture is one where our behaviours show that we just don’t respect difference, we go out of our way to seek out and value different perspectives.

Our D&I strategy is embedded within the firm strategy with measurable benchmarks.
Future Focus takes KPMG from reactive to pro-active. Ensuring our efforts over the next 5 years are not just about catching up, but about forecasting where our market and our clients’ market will be in the years ahead.

Embracing Meritocracy means building a culture with equality of opportunity, a defined standard of merit, no longer defined by an individual relationships, taking into consideration diversity (dominate style, way of thinking, past experience, identity, and culture).
Looking for diversity in the workplace?
Then focus on inclusion as well

By Elizabeth Shaw, Manager, Advisory

Building diverse organisations requires bringing people of different backgrounds, viewpoints and characteristics together. This can create friction, make teams more difficult to manage and slow down decision-making.

When organisations talk about diversity and inclusion, the discussion is often focused on strategies to increase diversity (such as attracting and recruiting diverse candidates) rather than building an inclusive environment. However, diversity won’t work without inclusion, as an inclusive culture is what enables diverse candidates to make an effective contribution.

Many of the benefits we anticipate – such as more robust decision making, or increased innovation – are difficult to achieve without inclusion. It’s much easier to be inclusive when people are just like us, as homogenous groups challenge the status quo less.

Building diverse organisations requires bringing people of different backgrounds, viewpoints and characteristics together. This can create friction, make teams more difficult to manage and slow down decision-making. Organisations which don’t have an inclusive culture are not ready for increased diversity – because diverse candidates will be forced to assimilate or leave. In both scenarios the organisation fails to benefit from their difference.

At KPMG, creating inclusive environments has been a significant part of our diversity journey. KPMG focuses on leadership and culture to drive inclusion by:

- exploring ways our leaders can role model inclusive leadership and set expectations for inclusive leadership at all levels; and
- ensuring our organisational culture reflects our commitment to inclusion.

KPMG CEO Gary Wingrove has worked to role model inclusive leadership, championing diversity and inclusion initiatives internally, supporting pro-bono projects like KPMG’s work for the Male Champions of Change (MCC) to develop a workplace response to domestic and family violence, as a member of the Male Champions of Change and as a board member of Jawun. He says, “I see my role as creating an enabling environment, so that everyone in the firm is at their best. An inclusive culture ensures our clients and communities benefit from the diversity of our insights and the constructive challenge we bring to their work.”
For John Somerville, it was important that KPMG take a stand on LGBTI inclusion and he recently took the role as Executive Sponsor for our LGBTI network, Pride@KPMG.

Role modelling inclusion is something Tax Partner Matt Popham thinks about on a daily basis as KPMG promotes flexible working options to all staff. “Previously, if I had to leave early, I would walk out with files under my arm and look like I was off to a meeting. Now, I loudly state that I am heading off to watch my children at their swimming carnival – because if I don’t, how will anyone else in my team ever feel comfortable working flexibly?”

“We’ve been very conscious not to market our flexible work options as only for mothers with young children,” says National Managing Partner for People, Performance & Culture Susan Ferrier. “Rather, flexibility is the new norm, and our focus is not on evaluating why people are seeking flexible work but instead on how we can make it happen.”

KPMG partners and directors take courses in inclusive leadership, which have focused on building awareness of what it feels like not to be a part of the dominant group. Discussing inclusive leadership behaviours and how they can be applied and undertaking unconscious bias training to build awareness of what biases they bring to work and how they can overcome them.

Creating a shared purpose has been a key way KPMG has worked to make inclusion work in a diverse organisation. Over the last year, the entire firm was asked to develop a “purpose poster” which shared a photo of them with a statement of what they did at KPMG. Posters such as “I support regional development”, “I get a fair go for vulnerable people”, and “I help make NSW a better place to live” adorned offices and resonated with staff by communicating common goals and connecting their daily work with a higher purpose.

Developing a ‘safe to fail’ culture is another element. Initially constructed as a means of creating a more entrepreneurial, risk-taking culture, the ‘safe to fail’ culture at KPMG also promotes inclusion. People of different levels of seniority, personality types and backgrounds are actively encouraged to share ideas without fear of harsh judgement.

For People and Change Partner Stefanie Bradley, inclusion is as simple as saying hello to everyone you come across in the office. “Making a conscious effort to include people in conversations or speaking to people you don’t know very well, finding out what their interests are and what they’re passionate about – it’s something everybody can do to help break down silos and create an environment where people can bring their whole self to work.”

To reinforce communications, role modelling and supporting initiatives, KPMG works hard to ensure that what we say we value is consistent with what we show we value through promotions, rewards and opportunities. “We’ve put a lot of effort into training and equipping our performance managers over the last year to ensure that at every level of the firm our people feel like they are set up for success,” says Susan Ferrier. “We’ve helped performance managers understand their role in creating an inclusive workplace, for example by making sure flexible work arrangements are working or understanding how to support their people through any difficulties they may experience.”

Creating and maintaining an inclusive organisation takes time, commitment and constant vigilance – but the reward of a dynamic, diverse and innovative workplace is more than worth the investment.
Diversity of diversities.
Inclusiveness of inclusions

By Fons Trompenaars,
Trompenaars Hampden-Turner Consulting, KPMG’s People and Change Practice

Diversity is having different viewpoints and inclusion is the process of getting together to create a new reality beyond the two separate realities.

There’s a law in thermodynamics which is called the law of requisite variety. The law says that any system will die when its variety is not at least as varied as its environment. Simply, you need diversity to survive when your environment is diverse; and our environment’s diversity has increased dramatically.

Perhaps most importantly in the context of what we are trying to achieve, you absolutely need diversity for innovation.

Diversity presents wider arrays on novel ideas and makes the likelihood of combining two or more insights to solve a problem much greater, which is a genuinely rare occurrence. If you can begin to match the diversity present on a global scale with the diversity in a particular group, that group can begin to communicate more effectively internally and externally.

An interesting way to think about diversity is to consider inclusion as what we share and diversity as what we do.

Stefanie Bradley, Partner in Charge, People & Change and Fons Trompenaars.
we don’t share – or don’t have in common. If you only focus on what you don’t share, then that’s another word for chaos. And if you only look at what you do share, you get a very non-diverse environment.

So in between inclusion and diversity, we get what we technically call dilemma reconciliation. That is where you find a joint solution built from shared opinions. Dilemma thinking is crucial in the link between diversity and inclusion. Diversity is having different viewpoints and inclusion is the process of getting together to create a new reality beyond the two separate realities.

To paint a picture, diversity swings at the bottom of pendulum but you need a nail at the top as an anchor point, that’s inclusion. The quality of the rope connecting what you share and where you’re different is leadership. The essence of leadership is to distinguish a problem from a dilemma and when it’s a dilemma created by diversity you need to reconcile to become more inclusive. The question becomes how do you that?

I very much build my recommendations on an article by Thomas and Ely, Making Differences Matter: A New Paradigm for Managing Diversity¹, which distinguishes three levels of effective diversity.

The first step is compliance but if you stop there then you’re setting yourself up for failure. It’s not good enough to select women because they’re women, you need to select them because they bring something to the table as a part of their rich array of talents. The problem is, if you don’t start with compliance then nothing will change. If you keep the power with white males then, often unconsciously, they will continue to hire the same type of people. So compliance is the first step.

Secondly you need to ensure that you make use of the diverse competencies you have acquired. Place people in work environments where they will excel, making use of their skills in areas that lack their point of view. It makes sense to provide people with opportunities in which they can excel, rather than excluding them on the basis that they don’t perform well elsewhere.

There also needs to be a third step where you make diversity a component of strategy in terms of innovation, mirroring the market and being creative. This is an opportunity to link diversity initiatives to business problems. Making our differences an asset for tackling complex issues with lateral problem solving.

There was a time when we would say okay, we’ll run a program on gender, then sexual orientation then generations, the list goes on. The problem is that diversity is so complex. For example, if you have a young, American female talking to an old, Ghanaian male and they are struggling to reconcile their viewpoints, what is causing what problem? Is it the role of men and women? What about young and old? What about nationalities? It may be some or none of these divisions, the only certainty is that you cannot prescribe an identity without engaging the individual.

The key is to start with a challenge, link it to a business issue and work on the challenge rather than always saying "oh that’s a gender issue" or "that’s a generational issue". Start with the business issue and diversity should be the conclusion.

A Millenial view:
voices for positive change

How demographics will shape the 2031 workplace

By Simon Kuestenmacher, Senior Consultant and Gen Y, Demographics

Every generation is born into a different and changing world. Different economic situations, different political landscapes and different hopes and beliefs.

The Baby Boomers, who dominate much of the management of our corporate landscape, experienced the struggle for equality in a tangible way. Their fathers marched for the 40 hour week and their mothers and sisters experienced a workplace where gender inequity in pay and conditions was part of the legislation. Baby Boomers were born into a huge generation and learned to fight for their spot at the management table. They also learnt to fight for equality.

In 2016, Baby Boomers made up 23 percent of the Australian population of working age (18-64) while Gen X and Gen Y both contribute 39 percent.

But by 2031 the Australian population of working age will shift massively in favour of Gen Y (42 percent) and Gen Z (30 percent). Baby Boomers will have retired and Gen X will only make up 28 percent of the working age population. It will be the attitudes of these generations that will shape the workplace. The question is, will Gen X and Gen Y share the same attitudes to diversity and will the change in generations also change our approach to a diverse workplace?

With Gen X presenting the smallest share of Australian workers it might seem tempting to assume they won’t have much say in 2031. This assumption could not be further from the truth. In 15 years the Australian CEO landscape will have shifted in favour on Gen X who will contribute 90 percent of CEO aged Australians while only a few Gen Y (10 percent) will have reached CEO age.

It is fair to assume that by 2031 most ASX200 companies will have Gen X CEOs looking over a workforce made up of about 28 percent Gen X and a majority (72 percent) of the younger
Generations of Y and Z. By 2031 only a few Baby Boomers (18 percent) will remain in board positions while Gen X will represent the majority (82 percent).

So what will Australia’s workplace diversity look like in 2031 when Gen X, representing 90 percent of the CEO aged population and 82 percent of the board aged population is tasked with leading a workforce that is about three quarters Gen Y and Gen Z?

If you read on, you will see how Gen Ys are thinking. We have a different attitude to diversity, seeing it as a given rather than something to be aspired to. We have edge and disrupt and reinvent business culture as soon as we rise above junior positions. We grew up with short-term contracts, travelled for our education and started work during the global financial crisis. This reinforced the entrepreneurial nature of us.

I predict and hope this will lead to an almost closed gender pay gap, less discrimination against minorities and an almost even male-female split amongst CEOs.
Generation Y – or millennials – expect diversity and equality. We walk into an office and expect to be challenged by our employers, expect to work with the best minds on the best jobs – the identity of the individuals those minds belong to are irrelevant. We expect to work with people of all genders, races and religions. We expect our male and female managers and directors are paid the same and when they both go for the same job, we expect the best candidate will be chosen for the role, period. Most of all, we expect a rich diversity of thought. We wonder why these simple things are not already a reality.

For young people, there can be a sense your views make you appear unsupportive of diversity initiatives, and the reaction can therefore be to steer clear of the discussion. But I don’t think this perceived apathy is necessarily born of ignorance or entitlement as some suggest.

The same problems plague the effectiveness of social causes as is often the case with charitable ones. There is a ‘day’ for everything now, so much so that many pass you by without a second thought. They are causes that deserve attention, time in the sun and support. But the push for diversity can become tiring, not because it isn’t important but because we think it should already be achieved. Millennials of all genders, orientations or backgrounds often love the makeup of our workplaces, who our managers, directors and colleagues are, so long as they are equitable.

I have spent years firm in the belief forced equality measures such as gender quotas on boards or racial quotas in sport are flawed because they undermine the basic premise I was taught to build my life upon: the best person for the job will get it. Recently, and importantly, my view has softened. Whilst I still think lasting change will emerge as a generational shift, I have realised reverse engineering the broken diversity model may just be the necessary policy for immediate change. My gut tells me it is a band aid solution but if I am to sit here and suggest time will be the best remedy, then a band aid is a good start.

The most immediate solution has to be for us all to lift our heads and realise there are a great range of solutions to the problems we face, accessible within our immediate network of friends and colleagues. Naturally the best of them will emerge when we are able to borrow the brain of somebody who does not think the same way we do. This is what I mean by diversity of thought. When we’re busy, we take the easy route and default to the solution we have applied countless times before. But openness to new ways of thinking and receptiveness to the people who endorse them will enhance our performance in the long term.

Lacking the experience of different times, most millennials are not jaded by yesterday’s troubles, we are willing to try new solutions. Some of these solutions will fail and it is important we experience these failures for ourselves, because our experience of them will inform our leadership moving forwards. We can certainly learn from the past, repeating the mistakes of our mentors is folly, but making new mistakes is essential to our development.

It is my great hope the growth of millennial influence will begin the realisation of our common expectations. I am confident we will not repeat the mistakes of the past.
Human resources is defined by having the right people in the right job at the right time.

The question is: who are the right people?

We’ve often heard the term ‘cultural fit’ when looking to recruit and employ new staff into an organisation. And no doubt, the culture of an organisation is pivotal to attracting the right candidates. But let’s for a moment challenge the notion of cultural fit and what impact it may have on an organisation achieving its goals.

The term cultural fit characterises a person who conforms to an organisation’s culture as it stands, be it an innovative or intrapreneurial environment, as examples. In the same token, it is widely understood that innovation and new ideas stem from diversity of thought, varying perspectives, backgrounds and/or experience. If organisations only look to recruit based on cultural fit, they run the risk of passing up on masses of talent that provide the organisation its competitive advantage.

The risk in recruitment and using cultural fit in its definition above is being drawn, through unconscious bias, to those who are most like ourselves, or that solve an immediate problem rather than the long term objectives of the organisation.

To mitigate these risks, practical tools and processes can be put in place to ensure the progression towards a culture of inclusion, and a workforce that reflects our communities and society as a whole. As examples:

- Educate hiring managers on unconscious bias.
- Challenge hiring managers on:
  - key attributes of the role, as well as capability and behaviour
  - what can candidates of different backgrounds bring to the role
  - can the role be redesigned (i.e. part time)
  - representative interview/selection panels.
- Have open and honest conversations to ensure all considerations are factored in the recruiting process.

So who are the right people?

Creating a culture of inclusion means considering all candidates for what they can bring to the organisation and to the role, and not necessarily where they come from.

The goal and challenge for organisations is to embark on a journey which sees people of different backgrounds and experiences contributing to an organisation’s future success in a disrupted economic landscape, forcing societal shifts that change the status quo from one of sameness to one of diversity and acceptance. Cultural fit needs to be redefined to encompass the values of an organisation, as well as its vision for the future.
Building a diverse and inclusive workplace

‘Everyone agile’: KPMG’s new normal

With the rise of digital and the increasing presence of boundary-less workspaces, many organisations are making the move towards flexible and agile working environments.

The push for flexibility in workplaces is also being felt with the changing trends in demographics. Flexibility is no longer a ‘women’s issue’ — increasingly men are demanding the ability to work flexibly.

But what does it really mean for organisations to be agile and how does it translate in everyday business operations?

Working flexibly doesn’t mean people have less ambition to progress in their career. Nor does it mean they are less productive because they are not physically seen. Everyone has unique needs to work at their optimum level and create a sense of balance and wellbeing. Key to breaking down boundaries to flexibility is a change of mindset on the stigmas associated with flexible working. Having the right conversations with leaders and managers to ensure the best outcomes for the individual, the business, clients and teams.

Susan Ferrier,
National Managing Partner,
People, Performance & Culture
Global Head of Inclusion & Diversity

We are driving positive cultural change through implementing the latest thinking in workplace design and mainstreaming flexible working practices to drive innovation and entrepreneurship.

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Flexible working can range from a change of working hours to support study or sporting commitments, working from home to connect with an international office or reduced hours to develop personal interests and ventures. The possibilities are endless and all plausible.

The benefits associated with flexible working are many and varied

Culture
A flexible and agile working environment, free of bias and judgment, enables individuals to progress their careers by removing barriers to success such as external commitments which may impede on traditional working hours. Flexibility gives the opportunity to increase productivity by being in the right place at the right time to deliver required outcomes.

Wellbeing
Wellbeing defines a person’s overall happiness in their life. Work is time consuming and employee wellbeing is an important consideration for all organisations. Flexibility allows people to prioritise all their commitments. It creates a working environment conducive with people’s needs and circumstances, reducing stress with own health issue/s or that of a loved one and reducing fatigue from long commutes.

Gender Equity
Flexible working empowers and enables both men and women to advance their careers regardless of family responsibilities; and empowers and enables men to take a greater role in family responsibilities.

Mark Evans – Consultant, Advisory MC
Balancing work at KPMG with the demands of playing semi-professional football in the South Australian National Football League (SANFL) can be very challenging at times. I don’t necessarily have a formal flexible work arrangement, but there is an understanding from my work colleagues and our clients that on training days I leave work early. It is a flexible arrangement built on trust. I generally start my work days at 7:30, and tidy up any loose-ends after training. This way my flexible working doesn’t disadvantage my clients or my co-workers.

I am strong believer in a healthy work-life balance and football has been a lifelong passion. Competing in the SANFL competition has great upsides for my physical and mental wellbeing. Many of our clients are also interested in the competition, and take note of my personal/team’s performance (which is of greatest benefit when my team is winning!)

Through making an adjustment in my working hours, playing competition football is a manageable commitment I will continue to balance for (hopefully!) many years to come.
Generations
Enables the workforce of different generations to work in a manner which caters to their individual needs such as staggered work hours or reduced hours, to balance personal interests with work demands be it business, study, family, health or leisure.

Talent
Flexibility is fast becoming a leading factor in to attract and retain diverse talent.

Innovation
Flexibility gives greater opportunity to innovate and connect with clients through creative use of space and technology as a welcoming side effect, an organisation's transformation towards a more inclusive culture is fast tracked and its reputation is enhanced.

At KPMG, we have a refreshed approach to flexibility, launching an ‘Everyone Agile’ policy to embed and mainstream flexibility to support our workplace transformation to a truly agile working environment.

Shannon Sweeney – Consultant, Shared Services
I volunteer once a fortnight at The Royal Children's Hospital in Melbourne, something I couldn’t do without a flexible work arrangement. My role is to give additional support to children, either admitted or visiting the Royal Children's Hospital, and their families.

It is inspiring to look around the hospital and see the difference so many amazing people are making to the lives of the sick children. I feel there are so many personal benefits for me. Gaining new skills and knowledge, enjoying a sense of achievement and meeting new and extraordinary people.

Volunteering at The Royal Children's Hospital allows me to contribute to our firm and the community.
Everyone Agile is our approach to establishing flexibility across the firm giving our people the freedom, trust and empowerment to choose the way to work to deliver the best outcomes for themselves, their clients, the firm and their team. Our managers and leaders are supported to implement this new approach with guidelines, e-learning and webinars, as well as specific activities linked to the move to our new workplaces in Sydney and Melbourne.

Our leaders are challenged to ask the question, “Why not?” to flexibility requests and challenge unconscious bias around flexible working.

Prompted by my wife’s appointment as Principal to the local Catholic school, we moved to Port Lincoln in October 2015. Port Lincoln is a 40 minute flight from Adelaide or a 7 hour drive; either way, not an easy daily commute and so I began discussions with my Partner about a flexible working arrangement.

Whilst we initially agreed to me working 2 weeks in Port Lincoln and 1 in Adelaide, during the first year, with flexibility shown on both sides, this has turned out to be a 50:50 split of working days between the two locations.

With a home desk that mirrors our two screen/hub/keyboard setup in the office, and a functioning broadband connection, my focus on the delivery of financial modelling and data analytics, whilst supporting key regulated internal audit clients, has continued seamlessly.

My team and our clients have embraced my flexible working arrangement and I have reached a great balance between a new life in country South Australia and continuing to deliver a high level of service to our clients.
Wear it purple: questioning our own beliefs about diversity and inclusion

By John Sommervile, National Managing Partner, Advisory, Executive Sponsor, Pride@KPMG

When we talk about diversity and inclusion, what do we really mean? Very simply, diversity means all the ways we differ.

Friday, 26 August is Wear It Purple Day. Set up in 2010 by two Australian teenagers, Wear It Purple is a youth-run, not-for-profit organisation that wants young people everywhere to know they have the right to be safe and proud of who they are regardless of their sex, sexuality or gender identity.

Diversity has been on the firm’s agenda for more than 10 years, and we know that “getting it right” has a moral as well as a business imperative; our people and our clients now expect our firm to reflect their communities.

This imperative crystallised when we formally launched our Diversity & Inclusion Strategy in 2012, which includes seven focus areas: gender diversity, flexibility, ethnicity, generational, sexual orientation and gender identity, family and disability.

Like many other organisations, our diversity and inclusion journey has been challenging and progress is sometimes slow. However, we are proud to have made a significant and sustained contribution towards a more gender-equal workplace and reducing the gap between Indigenous
We led the industry in recognising sexual orientation and gender identity long before others thought to do so. More recently, we reiterated our commitment to gender equity when we announced a new, higher target of 30 percent of women in the partnership by 2020.

These are great initiatives, but I’d like to reflect on two things: what does a diverse and inclusive work environment mean, and why we need to be driving deeper cultural change to improve the quality of our relationships with each other, our clients and the solutions we provide?

For some, diversity and inclusion has become just another corporate buzzword. For others, the words can elicit responses which range from joy, through to apathy or even anger. And for some, diversity and inclusion are used interchangeably.

When we talk about diversity and inclusion, what do we really mean? Very simply, diversity means all the ways we differ. Some of these differences we are born with and cannot change. Inclusion puts the concept and practice of diversity into action where people challenge their beliefs and behaviours. It is what happens when individuals are comfortable embracing their differences and feel they belong.

Unfortunately, many well-intentioned diversity and inclusion initiatives can fail if an organisation behaves defensively, putting in place policies that increase diversity without helping people develop a mindset of inclusion. What’s more challenging is that, as an organisation’s workforce becomes more varied, inclusion can become more challenging – embracing and encouraging difference can be really hard!

Our corporate landscape is rapidly evolving. So too is society and our communities. As a firm, our portfolio of business solutions, how we deliver those services, and the range of clients we work with, are very different to those we had just a few years ago. Change is impacting the firm’s ‘license to operate’ across various arenas, how we connect with each other, and also our workforce.

Most of our new joiners are in their early to mid-20s, and over the next 10 to 15 years millennials will comprise three-quarters of the workforce. Along with this our definition and understanding of diversity and inclusion is also transforming and this is going to impact how we attract, engage and empower future generations of our people.

This transformation is being driven by an emerging generational gap in how diversity and inclusion is perceived in today’s workplace. Non-millennials tend to frame diversity in terms of equal opportunity and representation across demographic groups and inclusion in terms of organisational fairness, acceptance and integration. For millennials, the notion of having a workplace that reflects society is simply assumed rather than being a goal which must be worked towards. They are moving beyond this, towards “cognitive diversity,” which is more likely to be defined by the mix of peoples’ ideas, experiences and identities. When it comes to inclusion, the focus is on cross-functional ‘teaming’ where a culture of connectivity and collaboration is valued.

This is why Wear It Purple Day is relevant for all of us today. We should be open to questioning our innate beliefs and behaviours, and to be agile and flexible in how, where, and with whom we work and hire. We need to think and behave differently. This is not just about diversity and inclusion. It’s about having a workplace that is authentic, inclusive and relevant for our future.

Pride@KPMG is our LGBT+ network for our partners, staff and allies. Its purpose is to engage our people, our clients and our community on LGBT+ matters. To influence and be advocates for positive change. In 2016 the network re-launched raising internal and external awareness. John Somerville is the Executive Sponsor for Pride@KPMG. John sees this appointment as part of the firm’s commitment to embedding its Diversity & Inclusion Strategy.
This year, at the Rio Olympic Games, Australia fielded more women team members than men. Quite an achievement, especially considering that as recently as the Barcelona Games in 1992, 32 countries sent only male competitors.

Sport like business has struggled with gender equality. Former Australian Sex Discrimination Commissioner Elizabeth Broderick has said, “Women’s participation in sport reflects the issues women face more broadly in society. When we talk about women in sport, we often raise the same issues as when we talk about women in the workplace: pay equity; women in leadership positions; discrimination on the grounds of sex; the celebration of a male ideal and the marginalisation of women as the physically weaker and the caring sex.”

At KPMG, we too are conscious of gender equity in our own business and in October 2013, took a market leading stance to publicly announce targets aimed to increase the number of women partners to 25 percent and women in ‘senior leadership’ to 40 percent by 1 July 2016. It focused our attention, putting gender equity top of mind across the firm.

Despite parity in entry positions in the firm, the gender balance becomes more disparate as people progress. This is not acceptable. We want and need more women in leadership, it matters to our firm and to our clients and we are taking positive action for change.

Since 2013 we have made considerable progress, increasing the number of women partners to 21 percent and the number of women in ‘senior leadership’ roles to 34 percent. We have fallen short of our targets, but we’ve delivered a real step change in the way we embed diversity in our business, and learned some invaluable lessons which will serve us well as we extend our commitment.
But there certainly have been things to celebrate. We have reached a milestone of 100 women in the partnership and the number of female partners has increased from 16 to 21 percent during this time and women in leadership from 29 to 34 percent. We’ve launched a range of initiatives to retain and promote our talented women and we have learnt a lot about what works (and what doesn’t).

Successfully building our internal pipeline, and male partners ‘sponsoring’ up-and-coming women are the two stand out successes.

We’re also making positive inroads in retaining women. A variety of initiatives contribute to this including leadership development, better due diligence for promotions and performance by gender as well as improved parental leave support.

Just as Australia is aiming high at the Olympics, we are also raising the bar.

So rather than stepping back to a more ‘achievable’ target, I am announcing a higher target of 30 percent of women in the partnership by December 2020. From our experiences since 2013, we now know what we need to do more of and what we need to do better. We have also identified some new strategies for success.

Gender equity benefits both business and individuals. I also hope it benefits Olympians.

**Building the pipeline for women into senior roles**

**Bird Walton**

At KPMG we know the impact sponsorship can make to careers. Research shows that women are under-sponsored and less likely to get ‘hot jobs’ that develop critical experience and predict advancement. Lack of sponsorship is a significant contributor towards the gender leadership gap.

We wanted a dedicated sponsorship program to create a change to benefit us in years to come.

The Bird Walton program was specifically designed to have real impact in our organisation – a key part of the design is capability building for both sponsors and participants. It is a six month experience involving interactive workshops, coursework and one on one sessions for both sponsors and participants.

The program is named after Nancy Bird-Walton, (1915 – 2009), a pioneering aviator, and the founder and patron of the Australian Women Pilots’ Association.

Deakin University, in late 2015, conducted a longitudinal research study on our pilot program. The research provided empirical evidence the program is delivering ongoing, measurable, transformational leadership and behavioural change. In 2016, two further cohorts participated in the program, in total around 140 people. We already see encouraging and inspiring outcomes, with the program unlocking potential by allowing people to see the unique contribution they bring to our firm.

Our Bird Walton sponsorship program is helping to accelerate our diversity and inclusion strategy.

**Tasman**

One of our key areas of focus has been to actively build a talent pipeline of people with the potential to take on senior roles and specifically to progress into the partnership. We actively work to build a more gender balanced pipeline entering Tasman (our internal partner selection and development program). The gender balance of candidates in the Tasman program in 2016 is 51 percent women and 49 percent men, which should enable us to offer promotion to the partnership to a healthy balance of women and men in 2017.

Peter Nash, Australian Chairman, KPMG
Recognising Domestic Violence as a workplace issue

By 2021-22, an estimated three-quarters of a million Australian women will experience and report violence, costing the Australian economy an estimated $15.6 billion which includes productivity related costs i.e. absenteeism and employer administrative costs such as employee replacement.

KPMG is committed to helping individuals experiencing domestic violence with support and job security, as well as assisting those who may be supporting someone experiencing domestic violence.

Violence against women is both a cause and consequence of gender inequality and at KPMG we consider our response to domestic violence as an important part of our Diversity & Inclusion strategy.

In November 2015 we introduced a specific policy to provide a consistent approach to the care and support of individuals who are experiencing domestic violence as well as raise awareness of the impacts of domestic violence. The company also joins the 16 Days of Activism campaign to raise awareness of this critical human rights issue.

Domestic violence carries with it a stigma that makes it difficult for any woman to admit to her employer that her domestic relationship is abusive. Perhaps they see it as a failure – a lack of resilience or strength. It is neither. Or they believe their ‘private life’ is just that – private and should be kept out of the workplace. Perhaps they fear that if they reveal it to their employer, they may find an unsympathetic response, an embarrassed silence or shocked disbelief.

Economic factors are the largest predictor of whether a woman stays, leaves or goes back to an abusive relationship. So if, as employers, we do not proactively address the support we offer, then we become part of the problem.

Gary Wingrove, CEO

On a pro-bono basis, KPMG designed a world-leading model for workplace responses to domestic violence and developed the Playing our Part report for the MCC in 2015 which included this model. This was followed by a report launched in November 2016, Playing our Part – Lessons Learned from Implementing Workplace Responses to Domestic and Family Violence.
How Australian women can be paid the same as Australian men

By Susan Ferrier, National Managing Partner People, Performance & Culture Global Head of Inclusion & Diversity

Gender parity and the very tangible exemplar of the gender pay gap is a shared responsibility of government, business, its leaders, and its workforce.

Despite increased participation rates by women in the workforce (this has nearly doubled over the past 40 years), increases in pay and improved policies for parental leave and flexible working, the gender pay gap remains as a stark equity issue for women, for business and for the growth in Australia’s productivity.

Enacted into law in Australia in 1969, true pay equity remains elusive. Based on the most recent statistics, the gender pay gap is 16.2 per cent in 2016 and, based on information published by the Australian Bureau of Statistics, has fluctuated between 14 per cent and 19 per cent over the past 20 years. Australia is not alone, the World Economic Forum has recently downgraded its estimate of when we are likely to achieve parity at current rates – globally, now increased from 118 to 170 years.

The gap is unacceptable but acknowledging it is not enough for change. Understanding the drivers of the gender pay gap is critical to designing interventions which will enable organisations to close the gap. The KPMG Australia report, She’s Price(d) less: The Economics of the Gender Pay Gap, prepared for Diversity Council Australia (DCA) and the Workplace Gender Equality Agency (WGEA), aims to do just that.

When undertaking this research, we were conscious there is already a lot of data available on the gender pay gap, and every week it feels like there is another report calculating how far women are behind. In our new research, we focused our attention on the underlying factors driving the gap and the changes that can be seen over the seven year period since our last report in 2009.

Understanding the reasons for the gap helps devise the best method to bring it to parity. At KPMG we are serious about equality and see gender equality as a vital part of our overall diversity & inclusion strategy.

At KPMG we began seeking to understand gender pay in 2010. In the first few years, we built up capability for understanding what was happening in the remuneration of our people and in 2012 we produced a comprehensive report for our National Executive Committee. This report demonstrated the criticality of taking action and has led to significant, sustained commitment across the firm to addressing the gap. Senior management attention and analytics have been important drivers of change for KPMG.

Numbers are powerful and they help us make decisions that override any unconscious bias that may still exist. We now have a comprehensive analytics reporting tool which enables us to track promotions, performance and remuneration results by gender in real time. Independent representatives from HR participate in business unit performance review meetings to monitor and challenge decisions on performance, promotion and pay at the point decisions are made. Data is also captured on ratings and remuneration outcomes which provides real time quantitative data on the gap between comparable roles across the firm.

Most importantly our Executive Committee, CEO and Chairman are strong supporters of pay equity. Their support is essential to drive our strategy to eradicate any inequality.

In the words of Gough Whitlam, who as one of his first acts in government reopened the National Wage and Equal Pay cases at the Commonwealth Conciliation and Arbitration Commission to define equal pay for equal work – “it’s time” to lift our game and take active deliberate and positive action of what remains a very real and close to home business and human rights issue.
Recruiting our Indigenous brothers and sisters

By Andrew Olsen, Indigenous Recruitment Consultant

When I was first asked to write an article, I must admit I was a little bit reluctant. It’s not because I didn’t want to, instead I wanted to make sure my contribution was going to be meaningful and not perceived to be tokenistic.

As an Indigenous person I am all too familiar with the word “tokenism.” Often when I am introduced at both formal and informal events, I am greeted with mixed reviews. Some people think it’s wonderful that a firm such as KPMG is doing so much for Indigenous people (and it is), but then there are the doubters. The people that make remarks such as “So you only focus on Indigenous people, that’s a bit unfair, what about other disadvantaged groups?” Whilst these comments tend to stem from ignorance rather than malice, they still belittle the work I have done to get to where I am today.

I believe I have one of the most rewarding, challenging and complex roles here at KPMG. It is a position in which my work can reflect my personal beliefs, as well as those of Aboriginal and Torres Strait Islander people. This brings both professional and personal scrutiny by a lot of people, but I understand this comes with the territory.

I often wish I could drift into the background at events and just soak up the atmosphere, leaving at the end without anybody noticing. I understand that as part of my role I am, to some extent, the face of Indigenous Employment at KPMG. On a few occasions I have been caught off-guard, singled out for my opinion because I am Indigenous and alone, this makes me slightly embarrassed bringing a sense of “shame.”

“Shame” is a word Aboriginal people often use to describe a situation which is embarrassing or socially awkward.

For most Indigenous people drawing attention to ourselves is something that we are uncomfortable with. We have been conditioned into the mentality that we should avoid being singled out.

But I still believe I have one of the most rewarding jobs at KPMG. The reason is that every day I am ‘hands on’ with all of our candidates that identify as Indigenous. It is this hands on approach that gives me special insight into how much of a difference we are making to Indigenous peoples lives.

In the last 12 months I have managed to grow the KPMG Indigenous workforce from six Indigenous people to sixteen. At first glance this doesn’t seem like much, but just think of how specialised the KPMG workforce is and the difficulty of finding Indigenous people who match that exact profile.

Next year KPMG will welcome its largest cohort of Indigenous vacationers and graduates to date, with a total of 15 Indigenous people.

Not every Indigenous candidate that applies for a role at KPMG is going to make it through the recruitment process. That being said I personally believe we all can do more for first nation people across the globe.

When people ask me what the key to our recent success in Indigenous recruitment has been I answer that it is our ability to build positive relationships.

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Some people believe if you throw enough money at a problem it will go away. This is not the case when it comes to Indigenous inclusion. The cycle we are trying to break is inter-generational, it is a process that takes times and patience. When it comes to Indigenous recruitment I sell the vision of a workplace which is inclusive of any employee, a workplace which is committed to the advancement of Aboriginal and Torres Strait Islander people and business, and an organisation that understands the importance of not only talking the talk but walking the walk.

Building positive relationships internally and externally has been a key to success. It sounds like common sense but not a lot of people understand the way Indigenous people and communities do business. So it’s important that we, as Indigenous peoples, are sharing our culture and educating people on the way Indigenous people do business.

I recently read an article about how the next generation of Indigenous people live in hope. And I truly believe this.

My mother used to tell me that her sole purpose in life was to give me access to every opportunity she did not have. If my mother was still alive to see the work I am doing today, I know she would be extremely proud. Not just because I am working for a reputable firm or doing something that I love, but because I am part of this social change for Indigenous peoples. She would also say that despite our recent success we can do more.

For those Indigenous employees who achieve a high level of education, the level of disadvantage they will be exposed to will be lower. But it is not enough to only offer opportunities to those few, employers need to create a culturally safe space for all Indigenous employees. An environment which is free of negative stigma and an environment where Indigenous people feel comfortable with their identity.

Some people believe if you throw enough money at a problem it will go away. This is not the case when it comes to Indigenous inclusion.
Demographics of our workforce

Age composition of the workforce

- <25: 13%
- 25-29: 27%
- 30-34: 20%
- 35-44: 24%
- 45-54: 12%

Trends in the way people are working

As the boundaries between work and home subside, people need flexibility to take time out for reasons other than child care, and employers need to create an environment that enables them to do so.

Percentage of males taking primary parental leave

- 2015: 7%
- 2016: 13%

As we begin to see an increase in shared parental responsibility, this may continue to drive greater changes in the composition of our workforce.

Trends in gender composition of the workforce

- Female Partners: 20% (2015) vs. 21% (2016)
- Female Directors: 33% (2015) vs. 33% (2016)
- Female Senior Managers: 40% (2015) vs. 42% (2016)