Inclusive Leadership in the Public Service of New South Wales, Australia

This case study was prepared in the context of the 2017-2019 OECD multi-country project on civil service leadership focussing on a variety of challenges and practices relating to the changing nature of leadership in the public sector. It was peer reviewed at a workshop with the ten countries participating in the project. The case study focusses on inclusive leadership approaches to designing and implementing diversity and inclusion strategies in the state of New South Wales, Australia. It examines how inclusive leaders build evidence-based approaches, embed diversity and inclusion throughout the employee lifecycle and support governance structures that promote accountability. Principal lessons to be drawn from the case study for promoting diversity and inclusion are that dedicated resources are necessary for meaningful data collection and analysis, data needs to be analysed within the context of organisations’ opportunities and challenges, and a culture of inclusion must be anchored on trust with managers and employees.
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Diversity and Inclusion in the public sector: moving beyond the business case

Civil services in OECD member countries have, for some time, recognised the compelling body of evidence supporting the business case linking diversity and inclusion with improved performance and organisational health. It is now generally accepted that greater diversity can promote innovation by bringing in a wider mix of perspectives and experiences, keeping “group think” at bay, and contributing to a culture where outside-the-box ideas are encouraged. More diverse civil services can lead to improved public services since—not surprisingly—civil servants who are more attuned to the variety of citizens’ different needs and preferences go on to design and deliver more accessible and responsive products. Indeed, performance more broadly (i.e. productivity and efficiency) can be raised by building a strong culture of inclusion, particularly when it supports civil servants to feel accepted in the workplace, and therefore more engaged and committed to their organisations’ missions and successes.

Aside from the business case however, increasing diversity and inclusion are worthy endeavours in and of themselves, and reflective of public service values that underpin public employment systems. The 2019 OECD Recommendation on Public Service Leadership and Capability—in its very first pillar—sets out the importance of “ensuring an inclusive and safe public service that reflects the diversity of the society it represents.” Indeed, governments cannot be regarded as legitimate advocates of equality and integrity if they do not practice what they preach.

Today’s “inclusive leaders” first and foremost adopt inclusiveness as a core value and aim to reflect these in their actions and behaviours. The underlying premise of inclusive leadership frameworks is that the set of socio-economic and workplace challenges facing leaders requires a different mind-set and skill set than in the past. Several frameworks for inclusive leadership have been developed primarily by consultancies such as Deloitte and Mercer. These frameworks tend to emphasise traits such as empowerment, humility, courage, accountability, self-reflection/awareness (of one’s own biases); cultural agility, openness to diverse points of view, the ability to motivate and inspire diverse teams and serve underrepresented groups.

Inclusive leaders’ focus on values also leads them to strive for cultural change, not only changes in procedures or regulations. This allows for a more comprehensive approach targeted increasingly at changing people’s unconscious biases and attitudes, or preventing some of the often-encountered backlashes against D&I policies and rhetoric. With inclusive leaders at the helm, arguably, the “next generation” D&I strategies are looking far different than their predecessors with innovative initiatives based on behavioural sciences, new exploitations of data and HR analytics to identify bottlenecks to inclusion, and with new-more consultative- mechanisms for the design and implementation of D&I initiatives. To be successful, these inclusive leaders will need to have a strong grasp of the changing notions of diversity, the past barriers to implementation, and the skills necessary to translate diversity and inclusion into beneficial outcomes.

The present case study looks therefore at the leadership challenges of designing and implementing ‘next generation’ D&I strategies in the state of New South Wales (NSW), Australia. Specifically, it looks at how inclusive leaders in the NSW public sector workforce are building evidence-based approaches to achieving D&I targets, are embedding D&I throughout the employee lifecycle to ensure coherence and broaden the reach of policies, are tackling implementation gaps by “nudging” towards change, and are building sound governance structures that promote accountability for results.
While impressive changes are underway, some important challenges remain, namely:

- Achieving targets in sectors where labour force availability of targeted groups is low;
- Promoting mobility across the government sectors;
- Achieving pay equality;
- Achieving targets in scenarios of a stable or even shrinking public service in terms of headcount;

New targets for a diverse NSW public workforce

The vibrant mix of cultures and languages positions New South Wales at the forefront of the Asia Pacific region in its capacity to develop and support a large, diverse, well-educated and multilingual public sector workforce that serves an equally diverse community. With almost one third of the total national population, or 7.7 million residents in 2015–16, New South Wales is Australia's most populated region.

The broader policy implications on the labour market from NSW public sector strategies to foster D&I within the public sector can be considerable. The NSW public sector is Australia’s largest employer. It employs about 396,000 people, or 329,000 full-time equivalents across 10 clusters according to the 2018 Workforce Profile Report. This accounts for, on average, nearly 10% of the NSW labour force. While the majority of employees are based in Sydney, public sector employees can make up a large share of employment in other regions—such as for example up to 17.3% of total employment in Far West and Orana. Overall, nearly 40% of the NSW public workforce are based in regional areas outside of Sydney, the capital of NSW.

Following the 2015 New South Wales state election, the then Premier identified 12 priorities for the government, each represented by a performance target. The current Premier, the Hon. Gladys Berejiklian, recommitted to the Premier’s Priorities upon taking office in early 2017, making only small adjustments to some existing targets in July 2017. Amongst the targets are those aiming to improve diversity in the NSW public workforce (highlighted in red below). Specifically, the targets entailed increasing the share of women in senior leadership roles to 50% and doubling the number of Aboriginal and Torres Strait Islander people in senior leadership roles to 114.2 (NSW State Audit Office, “Progress and measurement of the Premier’s priorities”)

The NSW Public Service Commission was charged as the lead agency to achieve the diversity targets. However, the role of the Premier’s Implementation Unit (PIU) has also been key. The PIU was established as a delivery unit that supports agencies to measure and

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1 Health (35.9%, education (28.2%), justice(12.5%), transport(7.8%), industry(5.2%), planning and environment(4.2%), family and community services(2.7%), finance services and innovation (2.3%), premier and cabinet(0.4%), treasury(0.4%), and external to government sector(0.3%). Percentages indicate the contribution of the cluster FTE to the total public sector FTE according to Workforce Profile Report (2018): https://www.psc.nsw.gov.au/ArticleDocuments/3522/State-of-the-NSW-Public-Sector-Report-2018.pdf.aspx?Embed=Y

monitor performance, make progress toward the Premier’s Priorities targets, and report progress to the Premier, key ministers and the public. Alongside the PIU, the Behavioural Insights Unit (BIU) has supported the Public Service Commission and other agencies in achieving diversity targets. The BIU works with government agencies and partner organisations to understand challenges, design solutions and trial interventions to help identify what policy interventions work best.

Table 1. The Premier’s Priorities and lead agencies

<table>
<thead>
<tr>
<th>Premier’s Priority performance target</th>
<th>Lead agency</th>
</tr>
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<tbody>
<tr>
<td>1. 150,000 new jobs by 2019</td>
<td>Department of Industry</td>
</tr>
<tr>
<td>2. Decrease the percentage of children and young people re-reported at risk of significant harm by 15 per cent by 2021</td>
<td>Department of Family and Community Services</td>
</tr>
<tr>
<td>3. Reduce overweight and obesity rates of children by five percentage points by 2025</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td>4. Deliver ten key infrastructure projects in metro and regional areas on time and on budget by the end of 2024</td>
<td>Infrastructure NSW</td>
</tr>
<tr>
<td>5. Reduce the volume of litter by 40 per cent, by 2020</td>
<td>Environmental Protection Authority</td>
</tr>
<tr>
<td>6. 61,000 housing completions on average per year to 2021</td>
<td>Department of Planning</td>
</tr>
<tr>
<td>7. Increase the proportion of NSW students in the top two NAPLAN bands by eight per cent by 2019</td>
<td>Department of Education</td>
</tr>
<tr>
<td>8. Increase the proportion of women in senior leadership roles in the NSW Government sector from 33 to 50 per cent by 2025 and double the number of Aboriginal and Torres Strait Islander people in senior leadership roles in the NSW Government sector from 57 to 114 by 2025</td>
<td>Public Service Commission</td>
</tr>
<tr>
<td>9. Improve customer satisfaction with key government services every year, this term of government to 2019</td>
<td>Department Finance, Services and Innovation</td>
</tr>
<tr>
<td>10. 81 per cent of patients through emergency departments within four hours by 2019</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td>11. Reduce the proportion of domestic violence perpetrators reoffending by 25 per cent by 2021</td>
<td>Department of Justice</td>
</tr>
<tr>
<td>12. Increase the proportion of young people who successfully move from Specialist Homelessness Services to long-term accommodation to more than 34 per cent by 2019</td>
<td>Department of Family and Community Services</td>
</tr>
</tbody>
</table>

NSW Diversity targets: Women in senior leadership

Overall, women are overrepresented in the NSW public sector workforce, making up 65.1% of employees relative to the NSW population of 50.4%. However, gender equality remains elusive in the upper echelons of the hierarchy, hence the Premier’s target. As of June 2018, there were 3,401 senior executives in the public sector, with 3,115 in the government sector (the scope for achieving the target). Within the senior leadership there are four Bands (Band 1 corresponding to the largest group of “Directors”; Band 2 corresponding to “Executive Directors”, Band 3 to “Deputy Secretaries”, and Band 4 to the highest tier of “Secretaries”).

Between 2014 - 2018, the share of women in senior leadership rose from 33.4% to 38.7%. Women’s representation in each band has increased each year since 2014: up by 10.2 percentage points in Band 2, and 8.4 percentage points in bands 3 and 4 over the entire period. While female representation in senior leader roles became progressively lower in the higher bands, in 2018 the proportion of female leaders in band 2 roles increased above the proportional representation of women in Band 1 roles for the first time. Increases occurred in the Education, Finance, Health, Industry, Justice and Transport clusters.

Figure 1. Share of women in senior leadership by Gersband, 2014-2018

Despite this progress, projections based on current turnover and gender ratios in recent appointments indicate that the sector will fall short of the target if this pattern continues, with only 40.9% female senior leaders in 2025. This trend can be traced in some part to the variations in the representation of women in certain sectors, where certain key occupations such as police, prison officers, bus and train drivers, engineers and labourers, where men remain overrepresented not only in the government sector but in the broader labour force as well, presenting a challenge to achieving gender equality through recruitment. Furthermore, the lack of progress on this trend demonstrates the need to promote mobility across the sectors. Many occupations that have a large number of senior roles such as in engineering, transport and justice sectors traditionally leveraged leaders from within their male dominated workforces to fulfil their senior leadership teams. The challenge to overcome breaking down historical patterns that can expand back to the recruitment of
junior and graduate staff and to unlock the potential of a mobile large workforce where female talent from other parts of the sector can easily find a place.

**Figure 2. Share of women in senior leadership by cluster, 2018**

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>55.1</td>
</tr>
<tr>
<td>Premier and Cabinet</td>
<td>54.6</td>
</tr>
<tr>
<td>Family and Community Services</td>
<td>54.1</td>
</tr>
<tr>
<td>Industry</td>
<td>45.9</td>
</tr>
<tr>
<td>Finance, Services and Innovation</td>
<td>43.7</td>
</tr>
<tr>
<td>Treasury</td>
<td>42.8</td>
</tr>
<tr>
<td>Health</td>
<td>40.4</td>
</tr>
<tr>
<td>Planning and Environment</td>
<td>37.5</td>
</tr>
<tr>
<td>Transport</td>
<td>28</td>
</tr>
<tr>
<td>Justice</td>
<td>24.9</td>
</tr>
</tbody>
</table>

*Source: State of the Sector Report (2018)*

**NSW Diversity targets: Representation of Aboriginal and Torres Strait Islander people in senior leadership**

In total, Aboriginal and Torres Strait Islander people represent 3.3% of the public sector workforce (above the NSW population of 2.9%), however this group remains underrepresented in senior leadership positions. In 2014-2018, the number of Aboriginal and Torres Strait Islander people in the NSW public sector senior leadership increased from 57 to 87. While the sector is on track to meet the target by 2025, it should be noted that most of the increase in the Aboriginal and Torres Strait Islander cohort occurred in the lower salary range (with 26 appointments) and are concentrated in a few clusters (Transport, Education).

Beyond the targets set by the Premier, the NSW PSC aims to improve the representation of Aboriginal employees at all levels of the sector, with an aspirational target of 1.8% representation across all classifications by 2021. Figure 3 below shows progress made since 2014 toward achieving this goal. The target has been achieved in grades 5/6 and 7/8, but grades 9/10 and 11/12 remain below target. Based on the performance since the beginning of the strategy, it is projected that the target will be achieved in these grades by 2021.
It is important to note that increases in the proportion of both female and Aboriginal and Torres Strait Islander senior leaders in 2018 occurred in conjunction with an increase in the number of senior executives overall. Sustained increases in representation without corresponding increases in the size of the overall leadership cohort may be more challenging to achieve.

**Additional initiatives and actions to increase diversity**

Beyond the Premier’s Priority, targets are being used to drive attention and action in other areas of diversity. In January 2018, for example, the Public Service Commission (PSC) and the Department of Family and Community Services (FACS) released *Jobs for people with disability: A plan for the NSW public sector* (see Annex for further information), which set a Government sector wide target of 5.6% representation by 2027. In 2018, the representation of people with disability within the NSW public sector reached a low of 2.5% which is considerably lower than disabled persons in the state (18.1% of the population) or the labour market (8.5% of the working population). While activity to improve the representation of people with disability in NSW is taking effect, a data-driven approach to understand the drivers of the declines is helping consider the most effective action to halt the declining rate so that an upwards push towards the target can become attainable and realistic to leaders and their people. For example, the PSC and Departments are taking a closer and more regular look at the rate of recruitment of people with disability when compared to those leaving, and the data about their working experience is helping provide focus on the strategies to attract new staff with disability and also consider the work experience.
Australia has one of the world's most diverse populations, with 60 per cent of population growth coming from net overseas migration. For NSW, this rate is even higher at 66 per cent. In 2016, almost 28% of NSW workers were born overseas – about 2,069,000 people.

Data on employees in the public sector born overseas is not collected. As a proxy, the self-reported measure of whether English is a first language is often used. In 2018, an estimated 18.1% of the public sector’s non-casual workforce in 2018 identified that their first spoken language as a child was not English (compared to 23.2% in the NSW population and 25.4% in the working population). This marked a decrease of 0.3 percentage points from the previous year. This group is also underrepresented amongst the more senior levels.

**Figure 4. Representation of people with disability over time, 2009-2018**

**Source:** State of the Sector Report (2018)

**Figure 5. First language not English-distribution across salary grades, 2013 and 2018**

**Source:** State of the Sector Report (2018)
In 2018, an estimated 12.4% of the NSW public sector’s non-casual workforce identified as being from a racial, ethnic or ethno-religious minority group, a decrease of 0.8 percentage points from 2017. Notably, people in this diversity group are more likely to work at higher levels in the NSW public sector, and are equally represented at the senior executive level.

“Next generation” D&I strategies in NSW: redefining diversity and inclusion

“Diversity is like a ticket to the dance. Inclusion is getting up and having a dance”. 
Quote from NSW public sector employee during public consultation

In 2017-2018, the Public Service Commission (PSC) Advisory Board commissioned research on what diversity and inclusion signified for the NSW public sector. The Board applied an evidence-based approach, which involved a literature review, consultation with around 150 NSW public sector employees, case studies of leading practice organisations and an analysis of existing data. From this evidence base, a strong story emerged about the meaning of diversity and inclusion across the public service in the state. (“Diversity and Inclusion in the NSW Public Sector: a conversation”, NSW Public Service Commission, January 2018).

Employees noted that a group-based approach had enabled targeted focus and funding, which has delivered results. However, employees also thought that a group-based definition of diversity could be limiting. Group-based definitions of diversity forced a simplification of the complexity of an individual’s identity, failing to take into account intersectionality, where an individual identifies across multiple demographic groups. Multiple group identities can intersect to create a whole that is different from the component identities.

The majority of employees therefore supported a broader definition of diversity. Diversity of thought and experience, professional background, knowledge, ways of working, thinking, approaches and understanding of the world, family make-up, personal responsibilities and commitments were some of the elements of difference identified by employees when defining diversity (see Figure below). It was found that a broad, non-categorical approach better recognised the types of difference with which people identify as part of the many aspects of diversity. Ultimately, the definition that best reflected this individualised meaning was: the seen and unseen characteristics that make each of us different.

Employees found it more challenging to explain what inclusion meant to them and many employees understood inclusion in terms of the feelings it evoked. For the majority of employees, inclusion was understood as involving:

- Positive actions by individuals, teams and agencies to provide the space for everyone to contribute, and
- Having their contributions heard and providing a feeling of safety.

When present, these two aspects become an enabler for people to genuinely contribute and participate (Figure 7).

**Figure 7. How employees understood inclusion: results of public consultation**

Ultimately, inclusion was defined as: the act of enabling genuine participation and contribution, regardless of seen and unseen characteristics, which results in employees feeling safe to bring their whole selves to work.

These conceptualisations were used as the basis for moving forward with a new generation of D&I policies aiming to achieve not just diversity but authentic cultures of inclusion across the public service. While individual agencies design and implement their own plans, several horizontal initiatives by the PSC are in place including:

- NSW Public Sector Aboriginal Employment Strategy 2014-2017
Aboriginal Career and Leadership Development Program (see Annex for further information)

Aboriginal Employment and Development Program

A guide to Aboriginal cultural protocols, and other initiatives such as the “Language Matters” series

The “Make Flexibility Count” strategy for flexible working for all groups (see Annex for further information)

Strategies for knowledge capture and transfer in support of age diversity

Disability sensitivity training and “myth buster” communications

Individual disability improvement action plans for agencies

Accessibility reviews of recruitment procedures

Barrier analysis of women in senior leadership roles: (“Advancing women report”)

Leadership academy places for women

A “Managers Guide” for progressing on gender equality

In addition to these targeted programmes, and in accordance with the broader conceptualisation of D&I stressing the importance of a culture of inclusion, the PSC has approached D&I strategies in ambitious and innovative ways. Embedding D&I considerations across the employee lifecycle, applying lessons from behavioural sciences, propping decision-making and implementation on data and strong institutional governance structures have all contributed to the success of policies.

**Accountability and good governance**

*“The fact that Secretaries discuss diversity together on a regular basis has been tantamount to changing the culture.”*

Political leadership from the Premier in the form of the two diversity targets has been critical to sparking discussions around D&I in individual Departments and agencies. The Premier’s Implementation Unit (PIU) and the PSC has organised monthly meeting with Department Heads (“Secretaries”) to monitor progress. The agendas rotate every three meetings: typically the first meeting is devoted to tracking progress on achieving the Premier’s two targets; the second meeting to a particular theme (such as flexible working policies), and the third to analysing a particular Department as a case study. The Premier publishes statistics on progress on its website periodically.

This approach has functioned not only as an accountability mechanism, but as a lever for catalysing organisational cultural change by:

- Challenging the current conceptualisation of leadership by signalling to senior leaders that inclusive leadership traits are both valued and expected;
- Sparking frank discussions on diversity and inclusion in the public service, helping to change unconscious biases and address bottlenecks to reform;
- Facilitating the exchange of lessons learned and good practices, allowing for a quick “catch up” by lagging Departments;
Facilitating the centralisation and exchange of data between Organisations;

Providing institutional support where needed, such as through the Behavioural Insights Unit or through the data and evidence compiled by the PSC.

In addition to these meetings, Departments’ own Diversity Advisory Committees meets quarterly to discuss their specific challenges. The Committee is Chaired by a Deputy Secretary with senior management attending. These meetings consider all aspects of diversity and inclusion across the Department, including progress of key initiatives, review of data development of new ideas and sharing best practice.

The state of NSW has further balanced this top-down approach with opportunities for employees at all levels to inform senior management of their concerns and to influence D&I policies themselves. In addition to their advocacy role, they also provide training opportunities. Individual Departments and agencies have Employee Resource Groups focused on specific demographic or identity groups including women, mature age, disability, LGBTI, Aboriginal and Torres Strait Islander, etc. These groups can meet and discuss their specific challenges, consolidate requests and inform the design of D&I policies in their Organisations. Indeed, the benefits of these groups to Organisations have been multiple including:

- Develop sources of expertise and support for employees with specific needs in the agency;
- Enable structured feedback from employees about their experience of organisational barriers;
- Provide advice on common issues and leverage the contribution of diverse employees;
- Help to promote diversity within the agency and encourage compliance with legislative requirements;
- Provide genuine insights about the diverse requirements of the client base that the agency services.

**Adopting an evidence-based approach to designing and monitoring progress on D&I policies**

“Data is very powerful. It drives conversations and, eventually, decisions”

“Data provides insights, but also accountability. Our dashboards and benchmarking tools have been key to monitor progress but also to push for change.”

One of the key roles of the Public Service Commission as lead agency on the Premier’s diversity targets has been to push for, and facilitate, an evidence-based approach to the design and implementation of D&I policies. They do this in various ways:

- **Data collection**: the annual People Matter Employee Survey, is designed and run by the PSC and provides standardised data across departments to assess engagement, levels of harassment and bullying, as well as to collect data (albeit self-reported) on employees’ identities (i.e. ethnicity, sexual orientation, gender

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identity, disability, etc.) It is also an invaluable tool to collect data on perceived levels of inclusion in the workforce. For example, the People Matter Survey data drives understanding of the D&I challenges, issues and barriers people face in the workplace and these results are used as an evidence-base to monitor whether culture is improving as a leading indicator to the high-level representation targets. Examples of this include how different people respond to the satisfaction with flexible working or their relationship with their manager. The Survey also helps identify what the barriers are to career progression and how they differ for different groups of people. In 2018, 150,000 people responded to the survey so as an evidence base it is becoming incredibly powerful.

- **Data consolidation and analysis:** there is great value added in consolidating administrative and demographic data across departments and conducting “deep dives” into the potential inclusion barriers affecting specific groups, departments/units, positions or grades. The PSC publishes various annual reports (Workforce Profile Report, State of the Public Service Report) to share trends and summarise comparative data. Scenario-based data modelling is one form of analysis which has helped individual Departments assess their progress on meeting targets according to current conditions and trends. See Box 1 below on the modelling process led by the PSC.

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**Box 1. Modelling progress on diversity targets: the power of data to inform the design of strategies and promote a whole-of-government approach to D&I**

The PSC developed a model that predicted, based on current recruitment and separation behaviour across the public sector, what the proportion of women in senior leadership roles would be. This was then extended to each cluster and became the starting point to demonstrate that unless a framework of high impact whole of government initiatives were in place there would be little movement of the rate. This also formed the evidence where the PSC arrived at the view that to achieve 50% by 2025, the public sector needed 6 out of every 10 appointments to senior roles to shift from 4 out of 10. Current data has shown this rate is now at 5.5 out of 10 roles.

The PSC asked each cluster to provide a forecast of where they would be on the gender target by 2025. When this was collated, the PSC estimated that the government would achieve 47.5% (close but short of the target). As the forecasts were identified independently by the departments, it created a discussion that whole-of-government initiatives such as accelerating movement of high potential females to different parts of the sector which traditionally may not have been seen as a career pathway.

Furthermore, by asking the departments to set their own progression which have been shared across the sector, this constituted a form of a commitment that could be monitored and shared. The competitive nature of reporting also helping push activity from the bottom up.

- **Producing analytical tools:** lastly, the PSC produces user-friendly data visualisation tools such as dashboards, that help drive policy conversations at the highest levels by communicating clearly where the gaps are and promoting the
exchange of good practices amongst agencies. Figure 8 below illustrates an example of a dashboard showing individual Departments’ performance according to several KPIs related to targets for women in senior leadership. Data is shown for the number of roles advertised and – for those roles – the share of women applicants, shortlisted candidates, number appointed, etc.

Figure 8. Women in senior leadership according to selected KPIs

Quarterly Status update: Women in senior leadership 1 Oct – 31 Dec

With regards to data analysis, the deep dives in particular have proven useful for conducting barrier analysis and subsequently informing what specific procedures, and/or policies need reform to achieve objectives. Some key findings from deep dives have been highlighted below, with implications for flexible working policies, accessibility policies for disabled persons, and hiring procedures.

- **Having a disability is highly age-related.** It was found that a contributing factor to the decline of the representation of people with disability is that the incidence of disabilities increases with age. The exit rate of employees with disability is 2.3 percentage points higher than for all employees in the sector, and the commencement rate is 3 percentage points lower. In effect, the sector has not been able to recruit sufficient numbers of people with disability to negate those departures. This insight has led to a focus on improving recruitment practices and attraction for people with disability to NSW government to improve the recruitment rate. Recruitment strategies have also leveraged the data about what factors are affecting the retention of the workforce with disability, for example, accessible workplaces, high incidence of bullying and flexible working opportunities.
• **Contributing to the gender imbalance in higher salary bands is the fact that fewer women applied for the roles in these bands.** Women were on average more successful than men when applying to senior roles, the barrier seems to be more in application rates. There were 2.4 applications from women for every application from a man for roles in the $61,658 to $68,929 salary range. In the more highly remunerated roles, the gap between the number of applications from men and women generally widened as remuneration increased. It was at its widest for Senior Executive Band 1 roles, which attracted 2.0 applications from men for every application from a woman. As a consequence, the PSC have looked at how to bolster the number of applicants, and are developing a sponsorship program (as opposed to a mentoring one) where senior executives sponsor a high potential female (or Aboriginal person), introduce them to their networks and opportunities and help prepare them for progression. The PSC also have introduced a rule that at least one female must be interviewed for each senior executive role.

• **Gender imbalances at senior levels can also be traced to lack of mobility across sectors.** As mentioned earlier, data showed that the lack of progress in some sectors required the need to promote mobility across the sectors. Many occupations that have a large number of senior roles such as in engineering, transport and justice sectors traditionally leveraged leaders from within their male dominated workforces to fulfil their senior leadership teams. The challenge to overcome breaking down historical patterns that can expand back to the recruitment of junior and graduate staff and to unlock the potential of a mobile large workforce where female talent from other parts of the sector can easily find a place.

• **Assessing commuting data according to gender revealed that more than three-quarters of women worked in their home region compared to around half of men.** The proportion of women travelling to Sydney for work was lower than the proportion of men across most salary bands. However, the gap progressively narrowed until in the highest salary ranges the percentage of women travelling was almost equal to that of men, and slightly higher in senior executive roles. **If women face greater difficulties in commuting to work, they are less likely to apply for certain roles including possibly promotions and flexible work policies should perhaps target women more effectively.**

Figure 9. Share of public sector employees travelling to Sydney from Illawarra and Central Coast regions by gender and salary band, 2018

*Source: State of the Sector Report (2018)*
Tenure in the public service varies by gender and can impact promotion and leadership possibilities for women. Over the 10-year period, male tenure remained relatively stable, and the change in the gap between male and female tenure was more a product of female tenure increasing or decreasing. The gap was widest in 2009, when tenure was 1.2 years longer for males than for females. The PSC found a correlation between seniority and tenure, with males having greater tenure than females and being another contributing factor to the current situation. While the tenure gap is decreasing, the PSC have focussed on recruiting people based on capability rather than experience which anecdotally is having an effect.

Closing the implementation gap: “nudging” towards cultural change

“Real life behaviours are often quite different from behaviours assumed in standard economic models. As a result, behavioural insights help us design public services and policies in ways that complement people’s actual behaviour.”

While data and evidence are useful tools for designing and implementing D&I policies, they fail to consider the “human factor” that often makes the difference between success and failure. Behavioural insights draws on research into behavioural economics and psychology to influence choices in decision-making. By focusing on the social, cognitive and emotional behaviour of individuals and institutions it suggests that subtle changes to the way decisions are framed and conveyed can have big impacts on behaviour.

In NSW, the BIU works alongside the Premier’s Implementation Unit (PIU), which has played a key role in supporting agencies in monitoring and achieving the 12 goals, including PP9 on diversity and inclusion. The support of the BIU has been key particularly in the area of recruitment and promotion. There are a number of stages within the recruitment process that can impact the diversity of a workforce. Biases can impact the way we make decisions at each of these stages. At the attraction stage, decisions that recruiters make about outreach activities and job advertisements can affect the diversity of applicants. During the selection stage, biases can affect the way we evaluate candidates. Finally, at the promotion stage, the merits we value in employees can limit who we consider leadership material.

Finally, the BIU has played a role in supporting the adoption of flexible work policies for government employees. Flexible working schemes are common in diversity and inclusion strategies; however, the issue is adoption and acceptance of these schemes as part of organisational norms has traditionally been a limitation to maximising their impact. Employees are often reluctant to take-up of such policies, either due to perceived repercussions to career opportunities and development, or as a result of signalling from managers. Behavioural interventions in such cases (see Box 2) have proven to help change norms in favour of adoption. The uneven adoption by certain groups (in this case, women), imply that such interventions served to legitimise and foster greater acceptance in the organisation of flexible working schemes.

Box 2. Promoting flexible working hours through behavioural interventions: the case of Australia’s State of New South Wales

Driving diversity in the NSW public sector is a key priority of the NSW Government. The NSW Government has committed to: doubling the number of Aboriginal and Torres Strait Islander peoples in senior leadership roles increasing the proportion of women in senior
leadership roles to 50% in the government sector in the next 10 years. The NSW Government also has strategies to increase the participation of mature workers and people with a disability in the public sector.

The BIU conducted trials with the various Departments to encourage staff members to modify their habitual commuting behaviours and avoid travelling to and from work in the peak hours. They did this by encouraging take-up of existing flexible work policy. The trial involved changing workplace defaults that had encouraged employees to work the standard ‘nine to five’, by disrupting informal workplace culture and norms on workplace flexibility. Researchers also incentivised teams to try either arriving earlier and leaving earlier, or arriving later and leaving later. Three interventions were used:

- **Outlook calendars:** Normally, Outlook calendars show staff as available or ‘active’ from 8 am to 5 pm. The trial adjusted the default settings for ‘active hours’ on all staff Outlook calendars to reflect the standard core hours of 9.30 am to 3.30 pm.

- **Manager messages:** staff normally entered the building through electronic turnstiles, which recorded each person’s entry and exit times. Data from the turnstiles showed that employees tended to match the working hours of their directors, over and above their line managers and the rest of the senior executive. Directors were shown this data, and were prompted to speak to their teams about flexible work. The BIU used behavioural insights to improve existing corporate resources, making them easier to access and understand, and thereby reducing frictions and information asymmetry.

- **Competition:** the BIU ran a team-based competition in the workplace to encourage staff to avoid peak-hour travel. The aims were to encourage them to adjust their commuting behaviour and try other forms of flexible work such as working remotely. The competition incorporated several behavioural insights elements, including social comparison, social norms, and incentives through competition points and a competition prize. There was performance feedback through a competition leader board that showed each team’s ranking in comparison to other teams.

Six months after the trial ended, the BIU found that the proportion of work arrivals outside peak hours had increased 8.6 percentage points and that the proportion of work departures outside peak hours had increased by 3 percentage points.

Most interestingly, the results were more noticeable among women. Although both women and men were responsive to the trial’s interventions, the impact was particularly pronounced with female staff. It is likely the competition had a legitimising effect on women’s preferences for flexible work behaviour.


Mainstreaming diversity and inclusion throughout the “employee lifecycle”

“Embedding diversity within the employee lifecycle is key. It’s important to look at this issue from different perspectives.”
The People and Culture Team within the Department of Finance, Services and Innovation (DFSI) has taken a key step in ensuring diversity and inclusion objectives are considered through each stage of the employee lifecycle, therefore broadening the focus to all individuals rather than only specific target groups. Specifically there are six areas they focus on:

- **Identify and segment**: data analysis and deep dives to assess barriers to recruitment and promotion; workforce data and strategic workforce planning processes examine each Division’s opportunities for inclusive employment and implement specific actions and tactical initiatives.

- **Attract and acquire**: talent is targeted from a range of pipelines, and there are two women on all shortlists (unless an exception is granted by the Secretary). DFSI is implementing a dedicated pipeline and mobility function to identify, establish and foster relationships with communities and organisations who represent targeted talent groups. These mutually beneficial relationships will connect the Department with the broader community and open opportunities for social procurement and employment. A recruitment review has been undertaken to re-align capability, processes and systems which included a diversity and inclusion focus. Diversity confident recruitment guidance is being offered to hiring Managers. This integrated approach has resulted in an increase in the percentage of senior women from 34% to 44.3% since December 2015.

- **Welcoming and onboarding**: Diversity & Inclusion training materials are included in induction and orientation programs with activities highlighting the culture of inclusiveness as a key part of DFSI’s employee value proposition, guides and toolkits exist in an online learning management system and DFSI’s intranet, Managing Flexible Work training for leaders to support working flexibly is implemented.

- **Career development**: mentoring and specialised leadership programs for managers and leaders; an online learning platform is available, specialised solutions continue to be implemented to increase the confidence and competence of leaders to lead in an inclusive culture and challenge resistance to inclusivity.

- **Engagement**: entry, exit and employee surveys are a key part of the strategy to understand the leading and lagging indicators of staff engagement, a Diversity Advisory Council has been established to drive Diversity & Inclusion within DFSI, 8 Diversity & Inclusion Employee Resource Groups have created a two-way dialogue about the opportunities to engage with diverse groups. These groups are self-organised and collaborate across diversity and inclusion areas to promote an integrated approach to awareness and celebration of inclusiveness within DFSI.

- **Visibility**: reporting and transparency around D&I objectives and results are in place, Executive sponsorship for Diversity & Inclusion is the key to driving this initiative within DFSI. Leading for Diversity & Inclusion has been incorporated into senior leaders KPIs, Diversity & Inclusion indicators are reported to the Executive team on a monthly basis and a quarterly deep dive ensures continued dialogue and a focus on priorities.

Challenges to the implementation of this approach include establishing consistency with each component of the employee lifecycle being managed by a different function (e.g. Recruitment, Learning & Development etc). A clear strategy for Diversity & Inclusion with
consistent principles which can be applied and tested against existing and new processes will assist with consistency. Data accuracy is also a challenge with data drawn from various sources which requires manual manipulation and review. Systematising data feeds will improve accuracy.

Conclusion: lessons for inclusive leaders

The approach of the NSW PSC in promoting D&I features some innovative and ambitious practices that can be used to push forward the agenda: solid governance and accountability, leveraging data to identify inclusion barriers and monitor progress, following an evidence-based approach to close implementation gaps, and looking at D&I through the employee lifecycle lens. There are also some lessons to be learned for public services looking to follow suit:

- **Not underestimating the resources needed for data collection and analysis:** Improving data collection, standardisation and integration across agencies and departments can be very resource and time-intensive. It requires also a strong capacity-building effort around data analysis that should not be underestimated. Central HRM bodies should be prepared to offer support to organisations in the form of technical assistance, IT tools, and/or allow time for them to develop capabilities in data collection and analytics by recruiting or training personnel.

- **Understanding that data can be sensitive:** Data inform and drive discussions, but depending on how presented can also gloss over information which adds much needed context. Organisations lagging behind in meeting D&I targets for example may be sensitive to data which might suggest slow progress, but these organisations may be facing challenges that other agencies are not. While data promote accountability for results, it should also be tempered with critical information that underpins results, and data visualisation tools should be developed in consultation with organisations.

- **A culture of inclusion must be first built on trust with employees.** While strong inclusive leadership is important, senior public managers cannot tackle this challenge alone. Before building a culture of inclusion, leaders must first work on building trust with managers and employees. Indeed, employees may not be inclined to share what they consider as personal data, or adopt policies such as flexible work, without fear of adverse consequences. Clearly communicating why data is being collected and how it will be used it therefore critical. Communicating clearly with employee resource groups on this can help generate that trust.
ANNEX: EXAMPLES OF SPECIFIC D&I POLICIES IN NSW

Jobs for people with disability: A plan for the NSW public sector

The NSW Government is committed to a diverse and inclusive workforce that reflects the community we serve. People with disability are a largely under-engaged workforce and have potential to add skills and perspectives to the NSW public sector.

As the State’s largest employer, with approximately 10.3 per cent of the total NSW workforce, the NSW Government can show leadership in improving employment opportunities for people with disability.

We know that when we get things right for people with disability, we improve the workplace for everybody.

The Plan is underpinned by 4 strategic priorities

The NSW Government will review how we recruit and make changes so we better meet the needs of people with disability.

This may include departments achieving ‘Disability Confident Recruiter’ status from the Australian Network on Disability or having a “Go To” person to support people with disability so reasonable adjustments can be made during the interview process.

We will:

- develop sourcing and attraction strategies to encourage more people with disability to apply for jobs in the NSW public sector
- partner with organisations that work with people with disability to develop targeted attraction and recruitment action
- create a single point of contact for inclusion and accessibility support and advice
- apply accessible recruitment practices through all phases of the recruitment process.

The NSW Government is committed to an inclusive culture in the public sector.

This includes making sure managers and leaders have the skills and confidence to support staff with disability, encouraging people with disability to feel confident to ask for any support they need, and making sure workspaces are accessibly designed and fitted out.

We will:

- create a culture where people with disability feel confident and safe to identify as having a disability
- build the capacity of people with disability to promote their interests
- provide education and training to create ‘disability confident’ and accessible workplaces
- train and support managers so employees with disability can easily access the flexible work arrangements they need
- create a new sector-wide and streamlined adjustment service so employees with disability can quickly get the equipment and adjustments they need
- require providers of goods and services to the NSW Government to meet social inclusion standards.

The NSW Government is committed to increasing the representation of people with disability across all levels of Government.

This includes providing training and development for people with disability and identifying ambassadors with disability in all levels of Government.

We will:
- remove barriers to people with disability accessing the same training and development as their peers
- promote the professional experience of people with disability and senior role models
- adjust work and role design so more for people with disability can work and progress their careers in a wider range of roles
- create more accessible entry points and pathways at various levels for people with disability into the NSW public sector.

The NSW Government will continuously review progress of the Plan and adapt it to meet the needs of people with disability in NSW.

This includes consulting people with disability, leading disability employment organisations and staff across departments.

We will:
- drive innovation and leadership in the recruitment, retention and career development of people with disability
- promote good practice and evidence-based activities in Disability Inclusion Action Planning
- continue regular collection, monitoring and reporting of data to inform decisions and benchmark performance.

An implementation committee will be set up with members from all NSW public sector departments. The committee will identify areas of improvement, drive change and provide advice to public sector and Government leaders.

Aboriginal Career and Leadership Development Program

The Aboriginal Career and Leadership Development Program is a specifically designed development program to facilitate career and leadership development for Aboriginal and Torres Strait Islander NSW Public Sector employees who aspire to leadership roles.

The Program is a short course of six days spread over approximately four months. Three modules, of 2 days each, are delivered by the Australian Graduate School of Management (AGSM) in collaboration with the NSW Public Service Commission and OPRA Consulting.

This unique program was developed collaboratively with Aboriginal people experienced in the NSW Public Sector and is an important way to help achieve the Premier’s Priority to increase the number of Aboriginal and Torres Strait Islander people in senior leadership roles by 2025.

The Program takes place over a four month period and applies a blended learning approach through a combination of modules, personal reflection and assessment and an action learning project which focuses on a real-life policy challenge.

By the end of the program participants will:

- understand how to effectively navigate the intersection of Aboriginality, Community and Public Sector Leadership
- understand individual style and identity and build knowledge about strengths and opportunities for development
- develop self-awareness of strengths and opportunities for development in relation to the PSC Capability Framework
- understand how to bring best self to the fore consistently
- build skills to manage multiple stakeholders in the public sector context
- develop strategic decision making capabilities and apply in the context of a policy challenge
- apply the business tools for complex challenges and problem solving in the Public Sector context and understand how to leverage one’s Aboriginality in solving policy challenges
- use diversity of thinking in the decision making process
- consider and understand emotional regulation and its impact on personal credibility
- confidently and effectively present on a policy challenge
- walk away with a robust and an effective development plan.

The program also provides valuable networking opportunities with colleagues, including current senior executives from across the NSW Public Sector.

The NSW Government committed to making all roles flexible in the NSW government sector (the sector) on the basis of ‘if not, why not’ by 2019. Flexible working is about rethinking the where, when and how work can be done, in a way that maintains or improves service delivery for the people of NSW.

This approach challenges the mindset of ‘it can’t be done’, to ‘how can we make flexibility work for us’. It opens up the conversation between managers and their teams around what is possible with a focus on achieving outcomes. Flexibility becomes the new starting point, with different types of flexibility enabled for different roles, and scope for local innovation within teams. This may mean identifying new opportunities for flexible working within the context of the role, or bringing to life existing flexibility provided for in policy but not widely known or accessed. It does not mean every role, or every individual, can or should work flexibly.

Flexible working, in one form or another, already exists within the sector. While there are pockets of good practice, the current state can be defined as ‘ad hoc’. Although policy is in place, the sector is reactive and focused on compliance. There are some initiatives in place to support flexible working, however they are sporadic, lack accountability and are not embedded within the organisational systems that shape how we work.

The Make Flexibility Count Framework (the Framework) is designed to shift the sector from its current ‘ad hoc’ state to ‘embedded’ flexible working, as set out in Figure 1. The Framework is about evolving the culture of the sector where employees are valued for delivering outcomes and teams are empowered to make flexibility work for them. Achieving a flexible working model requires continual focus post implementation. This new approach is intended to make flexibility count to deliver benefits for employees, employers, customers and the people of NSW.
The PSC has created a **Communications Toolkit** to help Departments implement the policy. The purpose of this toolkit is to communicate the benefits of flexible working. It promotes a shared responsibility and places emphasis on both the individual needs and the customer outcomes.

The toolkit contains a range of communication materials to assist agencies to implement flexible working including key messaging, branding, artwork for suggested collateral and an implementation plan to adapt depending on the needs of the cluster or agency. It contains posters, email signatures, banners and other materials that can be used by Departments to inform employees and promote the policy.

Source: [https://www.psc.nsw.gov.au/communications/works-for-me-works-for-nsw](https://www.psc.nsw.gov.au/communications/works-for-me-works-for-nsw)