

International Mine Management 2016

Paper Number: 46

Rethinking Merit for a Sustainable Mining Industry

K. Hobbs¹

1.

Senior Consultant, First Principles Consulting, P.O. Box 1568, Buddina, QLD 4575. Email:

Kate.Hobbs@firstprinciplesconsulting.com

ABSTRACT

Mining is experiencing a difficult period of low profitability and declining productivity. To achieve sustainability, mining companies are challenged with improving output, quality and safety while decreasing costs. At the same time, organisations are having to manage a workforce in which individuals no longer accept a traditional style of management, employees prefer more flexible employment, and diversity within teams is becoming the expected norm.

Increasing organisational diversity has been shown to have a positive impact on performance and therefore sustainability. Gender diversity and equality between working men and women is the area most studied in this regard. Executives are becoming more aware of the correlation between gender diversity and performance with some larger organisations having dedicated resources to increase the number and status of women in their organisations. Despite this, limited improvement in gender equality is apparent globally over the last decade with some industries, including mining, going backwards. So why is this the case and what other strategies are available?

In 2015, the United Nations Women National Committee Australia (UN Women NCA) in conjunction with Autopia released a white paper discussing the lack of visible change in gender equality despite the widespread implementation of merit-based personnel management strategies. Using research from around the world and thoughts from influential government, education and business leaders, the paper 'Rethinking Merit' debunks the myth of the meritocracy. It provides a number of recommendations for organisations committed to improving their performance and sustainability through diversity, including a variety of real-life company examples, instead of relying solely on merit-based decision-making.

This paper takes the recommendations of 'Rethinking Merit' and applies them to the mining industry. It shows the relevance that rethinking merit has for the industry and why applying the recommendations can result in an increase in diversity, therefore enabling greater performance and sustainability of mining companies. This paper provides case studies from Aurizon, Iluka Resources and BHP Billiton and, as a guide for managers, a generic diversity strategy designed to be implemented alongside traditional merit-based personnel management techniques.

INTRODUCTION

The need to improve diversity and inclusion in business has been on the agenda for Australian businesses for many decades. There have been plenty of widely published discussions on the topic, including a number within the mining and resources industry such as the Mineral Council of Australia's (MCA) diversity white paper (MCA, 2014) and Women in Mining (WIM) UK's 'Mining for Talent' (WIM, 2015). It is not a new issue and initiatives designed to increase diversity within the workforce aren't either. Modern business leaders are becoming more aware of the benefits that come with increasing diversity within their workforce, for both their own organisation and the broader industry, and some have started to act accordingly.

Diversity has been spoken about in the public space so many times that people regularly ask the question 'Why do we still hear so much about gender equality?' and 'Is gender equality still even an issue?'. It is difficult to comprehend that it still is an issue, but it is. Although change has occurred in areas such as overall participation, any real improvement has been extremely slow to surface and in many cases, equality for women in the workforce has actually gone backwards. So why is this the case and what can we do about it?

There are a number of theories on why there has been so little improvement. One of the theories that has only recently been spoken about in any real detail stems from the idea of merit, or rather the lack of true merit.

RETHINKING MERIT

In 2015, the United Nations Women National Committee Australia (UN Women NCA) in conjunction with Autopia released a white paper titled 'Rethinking Merit' discussing the lack of visible change in gender equality despite employers promoting 'merit-based' hiring principles here in Australia. The paper is an important step in the diversity discussion as merit continues to be the driving factor in how individuals are hired, promoted and rewarded in this country. 'Rethinking Merit' dissects merit, its role in maintaining the lack of diversity within the workforce and provides recommendations for change. The following is a summary of the white paper.

The meritocracy myth

Across Australia there is a widespread belief that individuals are hired and given opportunities because they are the most experienced and suitable candidate. Australia is said to value 'a fair go' and the country has a strong legal foundation of anti-discrimination. It is not surprising then that those who live here think there is a level playing field with equality and justice throughout society. Despite this, there is little to suggest that merit is applied effectively within a gender context, particularly with regard to the workforce.

Studies continue to show how humans apply a significant amount of bias in their everyday decision-making. This tendency to be influenced by internal biases results in people believing that they are making decisions based on merit when they are clearly not. The meritocracy myth can be seen in many ways including the following examples:

- A study undertaken at the Columbia Business School in 2003, the Heidi versus Howard study, showed that when given a story of a successful entrepreneur, people thought more highly of the person when the name on the story was Howard. Even though the information they were given was identical except for the name, those asked to rank the individuals would prefer to work with or for Howard as Heidi was seen as 'selfish and not the type of person you would want to hire or work for' (Sandberg, 2013). This study has been replicated in a variety of different situations and all show that successful women are seen in a negative light by both men and women while the more successful men are, the more probable it is they are to be considered likeable by both sexes.

- In 2015, 6.5 per cent of CEO and Chair roles of the Australian Securities Exchange (ASX) 200 were held by men with the name Peter, while only 5.75 per cent were held by women. If your name is Peter, you have a better chance of having an executive role than over 50 per cent of the population (Dent, 2015).
- A study of the ASX 50 showed that 96 per cent of them had a male leader with their average height 7 cm above the national average. Of these 20 per cent were above 190 cm which, with only 3.2 per cent of the male Australian population being so tall, shows a strong bias towards very tall men being considered better as leaders (Tadros, 2012).
- In Australian male-dominated businesses, there is an 'unstated promotion criterion that favours Anglo-Australian men' with 90 per cent of male managers hiring or promoting other men. While women select equal numbers of males and females when making a similar decision (Piterman, 2008), men consider other men to have more merit.
- A study undertaken by Castilla and Benard (2010) showed that female employees are at a greater disadvantage in businesses that consider themselves a meritocracy than in those who do not.

The results of the study indicate that in meritocratic organisations, male employees are favoured by management over their female colleagues with significantly larger monetary rewards for the same outcome. This situation where a focus on merit actually results in more biased outcomes is referred to as the 'merit paradox'.

Subjectivity and level playing fields

In addition to the above examples, two critical elements undermine the idea that an objective meritocracy exists in Australia. These are that any determination made on merit is subjective and the fact that at work, women and men are not on a level playing field to begin with. These two elements need to be considered when discussing merit. The white paper from the UN Women NCA and Autopia (2015) explains both in detail but a summary follows:

1. Although regularly thought of as objective, merit is subjective in both a theoretical and practical sense. When a decision about an individual is made on merit, both their past and potential performance is considered. Measures of potential are entirely subjective as they are quantified using the judgement of the person making the decision. Examples include 'fit' for the team, 'suitability' for a position, and likelihood to commit long-term. When deciding about a candidate's potential, decision-makers often judge people against their own experiences, usually settling on a concept of suitability that reflects the qualities that they have themselves. This goes some way to explaining why Australian leaders (predominantly Anglo-Saxon males) favour men with a similar background to their own.
2. It is widely recognised that women are not starting from a level foundation at work. The majority of unpaid caring responsibilities fall to women, mentoring or sponsoring by senior males is usually given to other men, and women are 'less likely to be offered formal training and development' (UN Women

NCA and Autopia, 2015). The majority of business language and culture tends to be masculine and, with females behaving in a masculine way thought of negatively, highly capable women often find themselves deterred from participating to their full potential. Relying on merit for people management does not take this into account when women are overlooked for a promotion because of a career break or working part-time, because they are not as well known to management, or because they may not have partaken in as much professional development. There is also the issue of devaluing women's contributions, where when a woman is promoted it is now considered to be 'because she is a woman' rather than because she is highly skilled to undertake the role.

Why organisations persist with the meritocracy concept

Most organisations in Australia, including those operating within the mining and resources industry, continue to persist with relying solely on merit. There are only a small number that recognise the existence of bias by implementing initiatives that are designed to overcome it, yet they still place a large focus on hiring, promoting and rewarding on merit.

So why do companies persist with merit-based language in their hiring and promotion decisions? They do because of a number of factors, including those at a systemic, social and individual level.

Systemic level

From a systemic perspective, the 'deeply entrenched gender norms and expectations' (UN Women NCA and Autopia, 2015) that have been in play for so long see elements of bias constantly affecting decision-makers. With a persisting lack of diversity in leadership roles, the decisions leaders make and the people they encourage into senior roles are often people who fit their mold of who makes a leader and in many cases the candidate has a resemblance to the leader. Discussions of

'organisational fit' continue to allow for traditional candidates to be seen as having more merit than diverse candidates. This then results in a continuation of this barrier to entry for other, non- traditional groups.

Social level

It must be recognised that our current leaders have all been promoted and appointed under the current flawed system of merit and while some are aware of the fact that they have been boosted through their careers through positive discrimination of decision-makers, most are not. This means that when challenging merit, it can quickly become a deeply personal discussion, with current leaders feeling that we are questioning their skills and 'merit'. From a social perspective, Australia has always been thought of as a country where everyone is given 'a fair go'. Our legal, educational and industrial structures have a foundation in this belief, with the mining

and resources industry no exception. There is likely to be some resistance in accepting that equality is not as entrenched as believed.

Individual level

As explained in 'Rethinking Merit' (UN Women NCA and Autopia, 2015), individuals all have a desire to hold on to the concept of merit. The majority of people are brought up believing that they have control over their lives and that if they work hard, their efforts will be recognised. We hear many women commenting that they do not want to be promoted because they are women, they want to be promoted on merit. While this is understandable, the reality is that the current process of merit is neither delivering fair outcomes nor the best talent. Although such a belief is important due to its strong link to accountability and people taking responsibility for their actions, by denying the existence of the advantage given to certain groups, it results in compounding of the erroneous belief that the reason for women not succeeding is their own making and not due to bias.

DO WE HAVE DIVERSITY WITHIN THE MINING AND RESOURCES INDUSTRY?

The 'Rethinking Merit' white paper is applicable for all industries wanting to increase their levels of diversity. Two things used to determine if a greater focus on gender diversity is required are workforce participation and remuneration equity. As shown in Figure 1, using data from AWRA (2016), these measures both indicate that the mining and resources industry is seriously lacking in terms of diversity.

Participation

In addition to being the poorest performing industry in terms of gender diversity, AWRA (2016) provides evidence replicated in Figure 2 that shows that there is little representation of women with the exception of clerical/administrative roles and community/personal service in the mining and resources industry. Female participation is particularly low in the areas of company leadership and operational roles. With low female participation, the industry is selling itself short. If you are only



FIG 1 – Female workforce participation and gender pay gap by industry (2015).

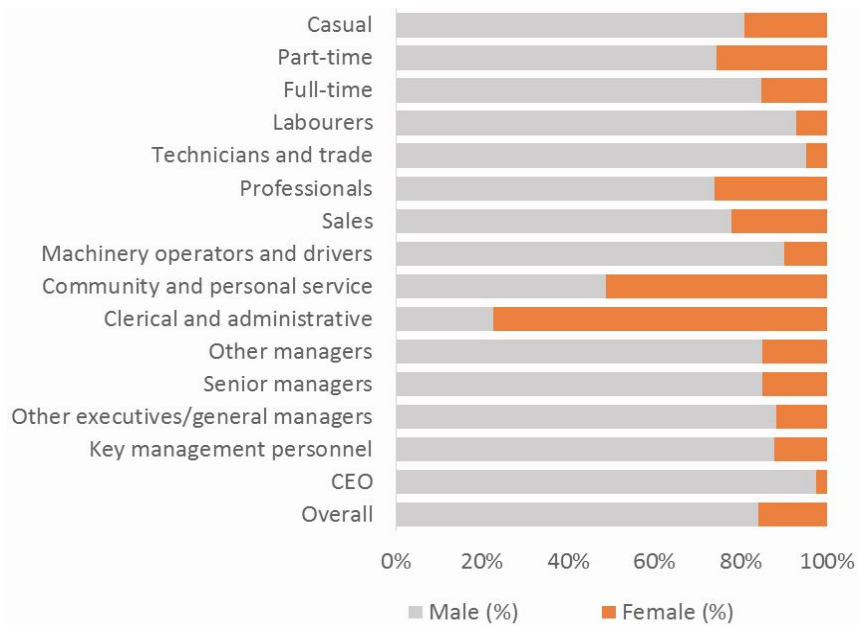


FIG 2 – Mining and resources industry workforce composition by gender and role type (2015).

recruiting and retaining men, then by definition, you are not recruiting the best talent as you are only considering half the talent pool. Evidence also suggests that diverse teams are better able to assess risk and

with female operators and technicians generally involved in less incidents, lower female participation can result in lower safety performance.

Remuneration

The gender pay gap for full-time salaries is 17.6 per cent (WGEA, 2016) in the mining and resources industry, highlighting a lack of equality among the genders. Women are on average receiving one-sixth less than their male colleagues. As shown in Figure 3, the amount varies significantly depending on the type of work.

Although in comparison to some other industries a gap of 17.6 per cent can be considered low, other industry-specific studies undertaken show that the figure for mining could be much higher. An example of this is the Australasian Institute of Mining and Metallurgy’s (AusIMM) 2014 Professional Employment and Remuneration survey, which shows that the gender pay gap for professional levels is 27.1 per cent (AusIMM, 2014), well above the 17.5 per cent gap quoted for the same group in the Workplace Gender Equity Agency (WGEA) data.



FIG 3 – Mining and resources industry gender pay gap by role type (2015).

SHOULD WE HAVE DIVERSITY WITHIN THE MINING AND RESOURCES INDUSTRY?

The mining and resources industry is experiencing a difficult period of low profitability and decreasing productivity. This is felt across Australia and internationally where news of redundancies and lower profits is a regular occurrence. To ensure short-term survival and long-term sustainability, companies are challenged with improving output, quality and safety while decreasing costs. Although it cannot be said that it has ever been easy, managing in the modern mining world has become a difficult task.

With these challenges, the question being asked is whether diversity is worth the effort it will take to make a real change. Evidence suggests that greater diversity leads to better outcomes for organisations, industries,

economies and communities, particularly in challenging times of higher operational pressure. Although Adams (2015) claims that concrete scientific evidence is not strong enough to confirm or deny the positive link between diversity and organisational performance, the majority of studies undertaken to date support the claim that diversity leads to improved organisational performance, including in areas such as decision-making and risk management, innovation and relevance, environmental and social performance, customer and employee engagement, as well as financial metrics.

Decision-making and risk management

In a study undertaken by a collective of British universities, it was shown that a group's 'general collective intelligence is correlated with the social sensitivity of the group members and the proportion of female members' (WIM, 2015). As the number of women in a group increased, so did the group's ability to solve complex problems and handle risk effectively. This is supported with strong evidence from the global financial crisis in 2007–08, which shows that those companies with greater board diversity weathered the crisis better, most likely due to their enhanced risk management capability (Corkery and Taylor, 2012).

Innovation and relevance

Those workgroups with greater diversity have been shown to lead to 'improved, more creative decision-making and higher levels of innovation' (MCA, 2014). When you have people who think differently, they will generally come up with a solution that considers more points of view and therefore is more effective. Greater workforce diversity is also more likely to result in a product that is more relevant to a broader cross-section of society.

Customer and employee engagement

By widening the group from which employees are drawn both in terms of number and diverse attributes, organisations create a more robust pool of talent. Increasing the diversity among workers not only improves team performance, it also helps employees to feel like they belong. This results in greater engagement, a more positive organisational culture and loyalty. It is not difficult to see how when junior staff look up into their organisations and see no one who reflects their leadership style and preferences, they are less likely to consider themselves as having a future in the company. More diversity in leadership improves employee engagement and reduces turnover. Having diversity among customer-facing staff also increases the likelihood of wider customer engagement due to an individual's desire to connect with people like themselves.

Environmental and social performance

The WIM UK study reviewing the effect of women on mining boards showed clearly that there is a strong correlation between the number of women on a board and that organisation's environmental, social and governance (ESG) performance. Among a number of other measures, the study reviews the 'ESG disclosure score', an internationally recognised figure for a company's performance on ESG matters. As a company's female board representation increased, so did their ESG score with the score of all-male boards almost half of that of boards with two or more females (WIM, 2015).

Financial performance

A number of studies undertaken over the last decade, including the Diversity Matters report from McKinsey and Co, show that diversity in decision-making roles is correlated with significantly higher return on equity, operating result (earnings before interest and taxes, or EBIT) and stock price growth. A summary of the report states 'companies in the top quartile for gender or racial and ethnic diversity are more likely to have financial returns above their national industry medians' (Hunt, Layton and Prince, 2015).

This is also reflected in a three-year study of the top 500 global mining companies where it was shown that the financial performance of mining organisations improved with more female board representation. The measures that they reviewed and found a noticeable improvement in were dividend yield, earnings per share, enterprise value to reserves and return on capital employed (WIM, 2015), as shown in Table 1.

Although these studies do not claim that an increase in diversity directly causes the improvement, they show there is enough correlation to give confidence that diversity is a strong influence. It is also generally accepted that homogeneous groups will have similar areas of strengths and similar areas of weakness. In terms of team-based work these common areas of strength multiply to generate strong capability and the common areas of weakness multiply to form areas of potentially critically low capability. If we are seeking to reduce risk and increase productivity in teams we need to increase diversity to cover the areas of common weakness. Organisations that have achieved greater diversity have reaped the rewards that come from increased productivity and reduced risk. This offers a real opportunity for mining and resources companies to improve their sustainability by increasing workforce diversity.

CAN WE IMPROVE DIVERSITY WITHIN THE MINING AND RESOURCES INDUSTRY?

Many argue that the culture of mining is different to other industries and seek to use this as justification as to whether improvement in diversity can be achieved or even if should be attempted. The key question should be whether an organisation's success is linked to the performance of their team members either individually or collectively. If performance of the team members is a critical component of success, and it is hard to believe

there is any organisation who would not believe it is, then it follows you want to be able to source from the deepest talent pool possible and be able to put together the most effective team as possible.

It is clear that the mining and resources industry is behind where it needs to be in terms of diversity and that companies are missing opportunities to improve their performance and sustainability. It is also clear that in the current economic climate the organisations that form the mining and resources industry should be looking for every competitive advantage they can achieve.

UN Women NCA and Autopia's 'Rethinking Merit' (2015) provides four recommendations for organisations who wish to improve their diversity. Although not industry-specific, the actions recommended can already be seen as implemented initiatives within a select group of companies who operate within the sector.

The work that three well-known companies are already doing to increase diversity is now outlined to provide examples of how the recommendations can be translated into action. Poor performance and inaction by mining and resources companies in the area of diversity can no longer be excused by claiming solutions are irrelevant or unsuccessful in the sector.

AURIZON CASE STUDY

Aurizon is Australia's largest rail freight operator and plays an essential role in connecting miners, primary producers, and industry with international and domestic markets (Aurizon, 2016). In 2010, Aurizon made a decision to utilise diversity as a long-term strategy for improving performance and sustainability. It was felt that diversity among the workforce would be a key lever in enabling the business to transform itself into a flexible, modern and high-performing organisation. Aurizon recognised that a diverse workforce disrupts 'group-think', manages risk more effectively, enhances innovation and enables companies to capitalise on opportunities.

TABLE 1

Summary of key financial indicators comparison by gender of boards undertaken for top 500 global mining companies by Women in Mining UK and PwC (WIM, 2015).

Financial measure	All-male boards	Mixed boards
Earnings per share	- 0.91	- 0.07
Dividend yield	0.75	1.5
Enterprise value to reserves	0.7	1
Return on capital employed	12.2	12.6

Company business case for diversity

In order to translate the mandate made by the company's executive that gender diversity is important into a value held by all employees, the business case for Aurizon's diversity strategy clearly links outcomes to key

commercial objectives. Aurizon wanted to make it clear why diversity is important and how having more female employees can directly contribute to the success of the company. To do this, their business case refers to five 'gender dividends' (Aurizon, 2016):

1. operating margin
2. asset efficiency
3. revenue, growth and sustainability
4. brand, reputation and expectations
5. community engagement.

Overall diversity strategy

With a significant lack of diversity among its employees and an organisational culture unlikely to drive the transformation required to reach long-term goals, the company put in place a wide-reaching diversity strategy. This strategy has begun to increase the level of organisational diversity via four key strategic objectives (Aurizon, 2016):

1. become the employer/company of choice that women want to join
2. develop and grow our women to ensure we retain and progress them through the leadership pipeline
3. hold leaders responsible and accountable for their commitment and actions to drive a diverse, capable and engaged workforce
4. drive an understanding and acceptance of the need and value of a diverse workforce.

Each functional leadership team within Aurizon has been encouraged to develop a diversity action plans are in place for each functional leadership team within Aurizon, specifying actions that address unconscious bias, promote flexible work options, set equitable recruitment targets and drive professional development. Keeping the accountability for actions at the departmental level works to ensure sustainable and effective shifts in organisational culture.

Specific initiatives

In addition to regular initiatives such as mentoring, networking programs and Male Champions of Change, the company has in place a number of innovative schemes contributing to their success in driving cultural change. A small selection of these are listed below:

Aurizon Women's Conference

The Aurizon Women's Conference is an annual event that brings together more than 300 women from across the company. Aurizon believes it is the largest enterprise-based internal women's conference in Australia and has taken place each year since 2013.

Employee referral program

The referral program is in place to financially reward employees who nominate external female or indigenous applicants who are successful in filling a role in the male-dominated operational units. In less than a year, 93 external women have been successfully referred to Aurizon. Since the implementation of the referral program Aurizon has seen a sizable increase in external female applications, as shown in Table 2.

CEO office rotation program

To develop among female employees the executive-level skills often available to men via informal networks, the CEO Office Rotation Program was developed. Over the past three and a half years seven high-performing women have worked alongside the CEO as an Associate Executive Officer for four months. During this time they watch, listen, learn and participate at an enterprise-wide level about how the company is run, as well as undertake special project work.

TABLE 2

Number and percentage of external applicants for vacant jobs within Aurizon shown by gender.

Gender	Financial year 2014		Financial year 2015		Financial year 2016 (as at 31/03/16)	
	Count	%	Count	%	Count	%
Female	3673	22.0	6148	24.1	3045	25.5
Male	12 947	77.4	19 262	75.5	8833	74.1
Unknown	113	0.6	119	0.4	49	0.4
Total	16 733	100	25 529	100	11 927	100

Shared care

This initiative provides a financial incentive for a partner to take leave to stay at home and care for their child in their first year, allowing the mother to return to work full-time. Aurizon provides an extra 50 per cent income to a mother returning to work full-time if her partner stays home on leave without pay as the primary carer in the first year. Or Aurizon will pay Aurizon men 50 per cent of their income to allow their partner to return to full-time work elsewhere. The initiative is the first of its kind in Australia and is expected to have a substantial influence on changing the way society thinks about childcare and workplace flexibility.

Performance to date

Since publicly announcing their target of having a workforce comprised of at least 30 per cent female employees by the end of 2019 two years ago, Aurizon has achieved an increase in the percentage of women each month. The percentage of female employees is currently 17.1 per cent, up from less than 12 per cent when Aurizon first established their Diversity Council in 2011.

As shown in Figure 4, there has been a concerted effort to ensure the number of women working for the company remains steady, even with a significant fall in the total number of roles. This has resulted in an increase in the percentage of females employed, even if the overall number hasn't increased by a significant amount. Over the same time, the mining and resources industry experienced a similar drop with a fall of 27.3 per cent in the number of people employed. Unfortunately, the industry also saw a fall in the overall participation of women from 14.9 per cent in 2014 to 14.3 per cent in 2015, down from 15.6 per cent in 2010 (WGEA, 2016). This shows the ability of Aurizon to attract and retain female workers during a difficult time for the industry.

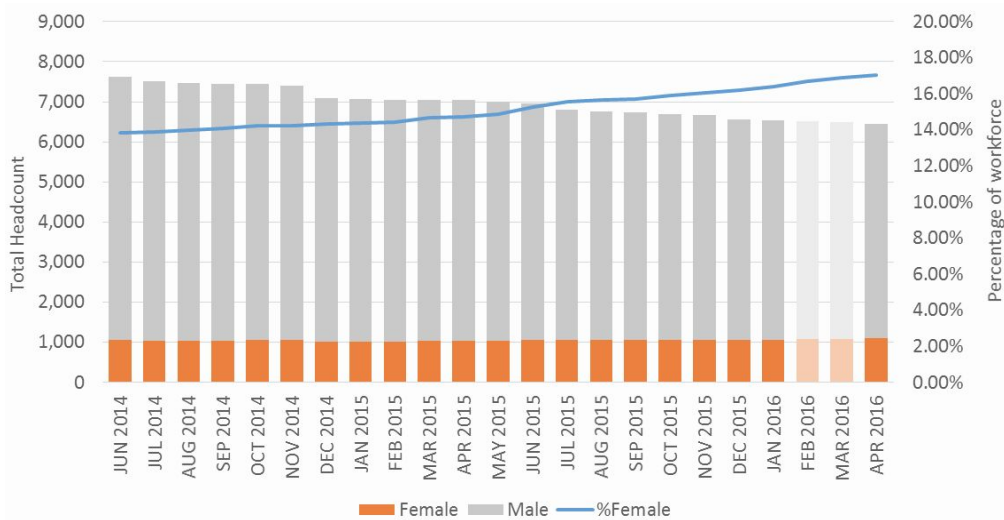


FIG 4 – Composition of Aurizon total workforce by gender and overall percentage of workforce who are female.

Aurizon is the first to admit that they have a long way to go to achieve their target of a workforce comprised of 30 per cent female employees by the end of 2019. Although this may be the case, they are not only attempting

to change an internal culture and history of low female participation, but they are working against the ingrained culture of Australia and their industry where women still are regularly discriminated against. To have maintained an increasing trend of the percentage of women working for them while undertaking an organisation-wide operational transformation and experiencing a significant downturn in the market with a 15 per cent fall in headcount is an achievement that other industry players should take note of.

ILUKA RESOURCES CASE STUDY

Iluka Resources Ltd is a company within the minerals sector long known for their commitment to improving diversity. They are one of the few who have not only formalised diversity targets at the organisational level, but have also set targets at all levels of the business to ensure merit-based strategies result in results with merit.

Iluka has a structured approach to ensuring sustainable and effective measures are taken, including having a formal diversity standard, diversity plan, and corporate support for initiatives undertaken at the location and department level. Not only are they focused on ensuring these are in place, but the organisation is conscious of the need to share and promote their diversity initiatives publicly. This results in a strong sense of accountability among management and employees as well as an appreciation by the industry of the work that is being done.

Diversity targets including performance to date

In 2015, Iluka adopted a target of achieving 30 per cent female and eight per cent indigenous employee participation across the Australian business by 2018. In addition to the group diversity target, gender diversity targets were set for management levels, consistent with the WGEA reporting levels. The key steps in setting these targets were:

- scenario planning against corporate plan
- running the same scenario through the WGEA diversity target setting calculator
- reviewing objectives at location and organisational levels based on historic recruitment, turnover data and demographic information.

To meet the overall group diversity target, separate targets were set for each geographic location which also factored in baseline diversity, turnover and demographic information. Since the inception of specific level targets, there has been an increase in overall female employment in Iluka's Australian business from 27 per

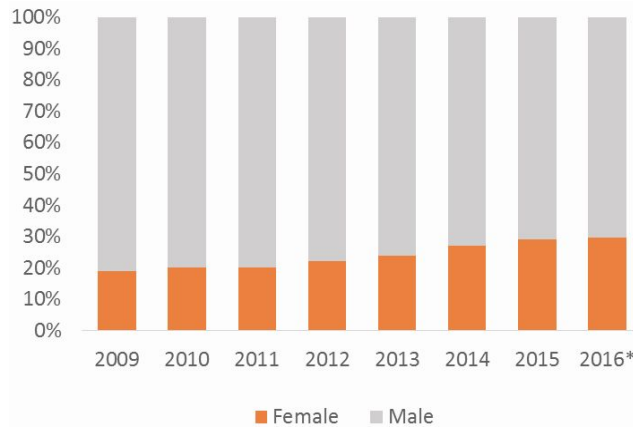


FIG 5 – Gender diversity in Iluka's Australian business (*as at 30 May 2016).

TABLE 3

cent to 29 per cent. This continues Iluka's longer-term trend of increasing female employment, seen in Figure 5. Iluka believes that targets are an important part of the company's diversity strategy.

Not content with just the static targets, in 2015 Iluka raised the bar again, aiming for 30 per cent women not just at the overall group level, but in all Director and management level roles from 2016 onwards. This is shown in Table 3.

TABLE 3

Percentage of female incumbents at the various managerial levels within Iluka Resources for 2014–2016 and targets for each level.

Level	2014 actual %	Target (2015) %	2015 actual %	Target (2016) %	2016 actual % (as at 31/03/16)
Director	17	17	17	30	33
Key management personnel, other executives and general managers	8	25	10	30	10
Senior managers	5	25	12	30	14
Other managers	20	30	22	30	23

Diversity standard and diversity plan

Iluka's program of work is based on five principles of workplace diversity which provides an over-arching vision of diversity within the business. Stemming from their diversity standard, Iluka's Diversity Plan is in place to achieve substantive progress towards the company's aspiration to develop a diverse, sustainable workforce. It does this by developing and implementing programs to:

1. promote awareness of diversity within Iluka
2. integrate workplace diversity principles into company activities
3. support skills development in communities in which Iluka operates
4. attract, develop and retain more employees across various age ranges, people with a disability, women and indigenous people
5. develop a supportive workplace culture which assists employees to balance their responsibilities.

Successful initiative example

One of the most prominent initiatives carried out to date is the implementation of a values-based recruitment program at Iluka's Narngulu operations as detailed by Seatter (2015). The success of the initiative resulted in the Narngulu operations manager, Mr Stuart Forrester, winning both the Chamber of Minerals and Energy Western Australia Women in Resources Champion and Gender Diversity Champion in Australian Resources at the National Awards in 2014.

When he began at the operation in 2009, Mr Forrester felt that the lack of diversity among employees was having a significant and negative effect on Narngulu. Finding that their existing recruitment process did not have much scope for employing people based on anything other than their previous experience in the industry, Mr Forrester implemented a process that focused more on an individual's values and behaviours instead of work history. In essence, hire for attitude, train for skill.

With such an alteration in employment strategy, a number of recruitment and on-boarding processes needed to change to ensure any negative impacts on the business were minimised and the overall change achieved the positive outcome that was expected. The key changes included:

- increasing the number of individuals interviewed, especially those who came from non-traditional backgrounds without industry experience
- modification of the interview process to include a number of questions designed to identify how well individuals align with Iluka's organisational values of commitment, integrity and responsibility
- extension of the training system to cater for more entry-level technical skill development for those new employees without industry experience
- development of operating manuals that catered for less-experienced personnel with instructions for how to get the best performance of plant and equipment using actual performance data.

This change in recruitment strategy has seen the number of women working at Iluka's Narngulu operation increase from 16.5 per cent in 2012 to 24 per cent in 2016 with much of the increase seen in operations crews. The business has also seen an improvement in many other areas including record production at Narngulu within 12 months of implementing the altered recruitment strategy.

BHP BILLITON CASE STUDY

As one of the world's largest organisations and the industry leader in terms of market capitalisation and workforce size, BHP Billiton is a key component in improving diversity outcomes within mining and resources. Although this is well understood by their executive leadership team and the miner is on the path to building greater diversity within their business, with size and global reach comes an extensive and difficult culture change process.

Performance to date

Each financial year the BHP Billiton Board considers, approves and monitors progress on their performance objectives. Monitoring and tracking of performance is undertaken as part of the group's internal compliance requirements with performance against diversity priorities a factor in determining remuneration outcomes for businesses and functions. From their baseline in 2010, BHP Billiton has seen some improvement with female representation increasing by:

- 13 per cent to 21 per cent in manager and senior leadership roles
- 2.5 per cent to 17.5 per cent in their overall workforce
- 7.6 per cent to 42 per cent in their global graduate intake in FY15 alone
- 10 per cent to 46 per cent in their Australian graduate intake in FY15.

Despite their efforts, neither BHP Billiton nor the sector as a whole is making significant headway in achieving greater gender balance. Along with a number of other organisations, BHP Billiton has begun to ramp up their focus on improving diversity to combat this.

Inclusion and diversity initiatives

Since 2010, BHP Billiton has undertaken initiatives to improve workplace Inclusion and Diversity with a specific focus on achieving greater gender balance. In 2013 their Group Management Committee endorsed a more comprehensive approach which focused specifically on the creation of more inclusive work environments and increasing female representation overall as well as in leadership roles across our company.

To accelerate its progress in FY2015:

- BHP Billiton's CEO and the executive team participated in an inclusive leadership and unconscious bias development experience

- key diversity content is now included in its global leadership development program, seeking to strengthen ability of all people leaders to engage, lead change and develop their teams
- the senior executive sponsorship program for female talent was launched with individual businesses continuing to run their female mentoring programs
- flexible work arrangements were implemented across different businesses with implementation supported by information and engagement sessions lead by line managers
- initiatives to keep engaged employees in parental leave were successfully implemented, including
- ‘keep in touch’ meetings with parental leavers and parental coaching sessions for managers
- actions to increase representation of indigenous people continue to be executed by BHP Billiton, including targeted resourcing strategies, training and integration initiatives to broaden employment opportunities.

BHP Billiton’s Inclusion and Diversity Council

Reflecting on their journey to date, BHP Billiton recognised that they had reached a critical junction in their Inclusion and Diversity journey where implementing more of the same types of programs and initiatives would not deliver the outcome they were seeking. It was recognised that a fundamental shift in approach was necessary to further accelerate progress and deliver meaningful, sustainable change.

Following broad internal and external consultation and research, BHP Billiton created an Inclusion and Diversity Council. This council is sponsored by the CEO, comprises a group of senior leaders including asset presidents and heads of group functions, and is supported by human resources (HR). The role of the council is to help define the challenge in terms of business goals, shape a company- wide Inclusion and diversity strategy and own the execution at the local level.

Since first forming in November 2015, the council is now working to:

- develop a company-wide narrative and value case on inclusion and diversity covering a broad range of aspects (safety, business and financial results, citizenship, employee engagement and morals)
- create a deliberate platform to enable greater dialogue about inclusion and diversity across our businesses
- add a specific call-out on the importance of inclusion and diversity to the BHP Billiton charter
- define a specific approach to accelerate progress on achieving gender equality at BHP Billiton.

Commitment for the future

BHP Billiton has committed to continue to focus on achieving gender balance at the broader company level until they achieve sustained progress. More specifically, this includes:

- considering requirements to define specific targets to increase gender representation, as a way to drive greater alignment and focus across the organisation; further work is underway to determine the right targets and way of embedding these across all areas
- maintaining current diversity metrics and employee perception survey to track progress with high-performing areas encouraged to share with each other
- retaining the link between inclusion and diversity progress with reward outcomes via business scorecards
- recognising that unconscious biases are innate and the antithesis of inclusion and safe productivity with a focus on identifying and minimising the effect of them
- encouraging leaders and the workforce alike to be deliberate about their decisions, to reject stereotypes and to provide others with a safe space to call out biases.

RECOMMENDATIONS TO OVERCOME THE BARRIERS TO ENHANCED DIVERSITY IN THE MINING AND RESOURCES INDUSTRY

Making ‘people’ decisions within a business assuming that merit is an objective process that does not need to be interrogated for bias has been shown to be ineffective at combating a lack of diversity. Highlighting that there is an issue with relying on merit alone is one thing, however what can organisations do to ensure merit still plays a role without excluding individuals who don’t fit the status quo.

Not dissimilar to recommendations made by industry organisations, including the MCA (2014), UN Women NCA and Autopia (2015) propose four key areas of action:

1. leaders to recognise that enhancing diversity is critical for business and that the current merit process is being used as ‘an excuse for lack of diversity’ (UN Women NCA and Autopia, 2015)
2. set diversity targets and hold leaders accountable for achieving them, including developing strategies for achieving the targets and publicly reporting on progress
3. use bias interrupters (such as unconscious bias training and anonymous resumes) with intent to combat unconscious influences on decision-making, particularly within organisations who believe they are making decisions based on merit
4. charge managers with responsibility for engaging staff in why greater diversity and inclusion benefits everyone: educate them, support leaders to communicate the diversity business case, to implement initiatives and to manage more diverse teams.

Building on the recommendations made by ‘Rethinking Merit’ and strategies implemented by Iluka Resources, Aurizon and BHP Billiton, Table 4 gives an example of a holistic diversity strategy developed by the AusIMM’s Women in Mining Network that can work alongside a merit-based decision-making process to maintain strong performance among employees, produce better diversity outcomes and enhance organisational sustainability.

CONCLUSION

The mining and resources industry, particularly in Australia where there is a low level of female participation, is missing out on the opportunity to improve performance through greater diversity.

With the industry currently experiencing an extended period of low profitability and economic instability, this is something that needs to change in order to help ensure the sustainability of large and small companies alike. This paper provided a number of recommendations relevant for the mining and resources industry, building on 'Rethinking Merit' and industry-specific examples from market leaders like Aurizon, BHP Billiton and Iluka Resources. These recommendations can be applied by companies looking to improve their own performance via a diverse workforce while maintaining the use of merit-based decision-making for personnel management.

TABLE 4

Example of a holistic diversity strategy designed to work alongside traditional merit-based decision-making.

Element	Outcome	Specific initiatives
Management system	Build a foundation for the strategy – ensuring the road map is formalised and then measured against	<ul style="list-style-type: none"> • Vision, strategy and detailed plan with defined business case • Formal governance processes (ie diversity councils) • Stretch targets across organisation levels, locations and stages • Ongoing data review designed to identify gender issues • (ie pay audits, focus groups, pulse surveys)
Accountability	Leaders held accountable for the achievement of a diversity strategy	<ul style="list-style-type: none"> • Key performance indicators to include individual performance on implementing the diversity strategy, and bonuses are in place • Diversity reporting is a standard item on senior leadership agendas
Visibility in public space	Ensure company recognition and clear association with diversity	<ul style="list-style-type: none"> • Diverse executive leadership team and Board • Public visibility of internal targets/quotas and diversity initiatives • Sponsorship of industry not-for-profit organisations and initiatives • Leadership teams take the 'Panel Pledge' committing not to participate in public events that lack diverse speakers
Industry development	Help to drive the industry forward, not just the company	<ul style="list-style-type: none"> • Requirement of suppliers to meet contractual diversity targets • Representation on industry not for profit (NFP) boards • Involvement in industry initiatives (ie mentoring programs) • Advocacy of diversity within key industry bodies and government

Education support	Influence education to create interest and take-up of relevant subjects by diverse groups	<ul style="list-style-type: none"> • Sponsorship and/or involvement in student career days and student initiatives (Dirt TV, mentoring, Engineers Australia etc) • Participation in teacher professional development and curriculum • Senior females attending university days
Applications	Ensure an adequate number of suitable candidates apply	<ul style="list-style-type: none"> • Incentivised diverse employee referral scheme • Targeted recruitment for certain groups for non-traditional roles • Review of language and content of ads to be gender neutral
Interviews	Reduce the effect of unconscious bias and past formulas on selection for interview	<ul style="list-style-type: none"> • Initial 'blind' review of candidate (no names on applications) • Candidate quotas for interview stage • Hiring on values / potential with selection criteria (not 'gut feel') • Bias interrupters to ensure bias is recognised during interview
Selection	Expand pool of candidates – look outside the square	<ul style="list-style-type: none"> • Values-based selection (ie hire for attitude, train for skill) • Candidate hire targets/quotas • 'If not, why not' policies introduced for hiring where if a diverse candidate is not hired, there is a process for review
On-boarding	Ensure training reflects different types of new hire to set up for success	<ul style="list-style-type: none"> • Redesign of training system to cater for less-experienced hires (industry basics, equipment operation, standard operating procedures (SOPs etc) • Buddy/coaching program
Company culture	Drive a diversity-sensitive culture into all areas of the business. Ensure change is lead from the front but owned by all	<ul style="list-style-type: none"> • Champions of change (across levels, disciplines and locations) • Organisational cultural analysis or employee engagement survey • Unconscious bias training • Department diversity action plans • Support for combating domestic and family violence included in company policies • Challenge assumptions related to married women and/ • or those of an age associated with starting a family
Professional development	Give minority groups opportunities that they often miss out on	<ul style="list-style-type: none"> • Targeted professional development opportunities such as conferences, workshops, leadership programs • Internal mentoring and/or sponsorship program • All senior leaders required to sponsor female talent
Career breaks	Minimise the effect of breaks on employees and their career opportunities. Minimise number of employees not returning after a break	<ul style="list-style-type: none"> • Parental leave program for all employees • Enticements and support to enable mothers to return to work earlier and at the level they wish (ie Help@Home) • Superannuation support during parental leave • Formal process for engaging those on leave (scheduled catch-ups and annual contract reviews)

Flexible work	Recognition of personal life but help to minimise its effect on the company	<ul style="list-style-type: none"> • Flexible work options available for all employees for all roles (job share, remote work, staggered work hours etc) • Senior leaders rewarded for working flexibly to be role models • Promotion of flexible options to engage employees
Remuneration	Reduce effect of unconscious bias	<ul style="list-style-type: none"> • Annual gender pay gap analysis • Setting target dates for pay equality • Open salary information
Talent identification	Ensure adequate pipeline of talent for development	<ul style="list-style-type: none"> • Identification process formalised and communicated for high potentials with targets/quotas for non-traditional groups
Executive development	Development program in place to prepare high potentials for non-traditional and executive-level roles	<ul style="list-style-type: none"> • Formal sponsorship program of diverse employees identified as having high potential with executive sponsors • Formal program to fast-track individuals to leadership roles in non-traditional areas (ie Corporate to Operations) • Exposure to executive processes for high potentials

ACKNOWLEDGEMENTS

The author would like to acknowledge J McKay (former Executive Director, UN Women NCA) and D Wakeley (CEO, Autopia) as the original authors of the 'Rethinking Merit' paper on which this work stems from. Both have provided significant support and insight during the compilation of this paper.

Thanks go to M Barter (Aurizon), D Hooper (Aurizon), P Avalos (BHP Billiton), A Carbery (BHP Billiton), A Williams (BHP Billiton), M Stanborough (Iluka Resources), R Ward-Pryce (Iluka Resources), K Bunce (Iluka Resources), R Harrison and N Anderson (Edge Effect) for their input and support in the compilation of this paper. The author would also like to thank the management of Aurizon, BHP Billiton and Iluka Resources for their permission to include their company's diversity journey as examples.

REFERENCES

- Adams**, R B, 2015. Women on boards: the superheroes of tomorrow? [online], University of New South Wales. Available from: <<http://ssrn.com/abstract=2696804>> [Accessed: 11 March 2016].
- Aurizon**, 2016. Company overview [online]. Available from: <<http://www.aurizon.com.au/company/overview>> [Accessed: 18 February 2016].
- Australasian Institute of Mining and Metallurgy (AusIMM)**, 2014. AusIMM 2014 professional employment and remuneration survey [online]. Available from: <<http://www.ausimm.com.au/content/default.aspx?ID=593>> [Accessed: 20 January 2016].
- Australian Women in Resources Alliance (AWRA)**, 2016. Women in the workforce comparison [online]. Available from: <<http://awra.org.au/programs/awra-statistical-collection/>> [Accessed: 20 January 2016].
- Castilla**, E J and Benard, S, 2010. The paradox of meritocracy in organizations, *Administrative Science Quarterly*, 55:543–576.
- Corkery**, J F and Taylor, M, 2012. The gender gap: a quota for women on the board, *Bond University Corporate Governance eJournal* [online]. Available from: <<http://epublications.bond.edu.au/cgej/27/>> [Accessed: 29 May 2016].
- Dent**, G, 2015. There are more men called Peter leading ASX 200 companies than women [online], *Women's Agenda*. Available from: <<http://www.womensagenda.com.au/talking-about/item/5406-there-are-more-men-called-peter-leading-asx-200-companies-than-women>> [Accessed: 16 January 2016].
- Hunt**, V, Layton, D and Prince, S, 2015. Why diversity matters [online], McKinsey and Co. Available from: <<http://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>> [Accessed: 10 March 2016].
- Minerals Council of Australia (MCA)**, 2014. MCA gender diversity white paper [online]. Available from: <http://www.minerals.org.au/file_upload/files/resources/education_training/MCA_Gender_Diversity_White_Paper_Summary_FINAL.PDF> [Accessed: 10 March 2016].
- Piterman**, H, 2008. The leadership challenge: women in management [online], p 20. Available from: <https://www.dss.gov.au/sites/default/files/documents/05_2012/report_march08.pdf> [Accessed: 18 January 2016].
- Sandberg**, S, 2013. *Lean In: Women, Work and the Will to Lead*, p 40 (Random House Group: UK).
- Seatter**, L, 2015. Iluka Resources path to greater diversity [online], *The AusIMM Bulletin*, February 2015. Available from:

<<https://www.ausimmbulletin.com/feature/mineral-sands-major-on-the-path-to-greater-diversity/>> [Accessed: 2 March 2016].

Tadros, E, 2012. Top 50 CEOs head and shoulders above the rest [online], Australian Financial Review.

Available from: <[http://](http://www.edmundtadros.com/top-50-ceos-head-and-shoulders-above-the-rest/1005)

www.edmundtadros.com/top-50-ceos-head-and-shoulders-above-the-rest/1005> [Accessed: 18 January 2016].

United Nations Women National Committee Australia (UN Women NCA) and Autopia, 2015. Rethinking merit: why the meritocracy is failing Australian businesses [online]. Available from:

<[https://unwomen.org.au/wp-content/uploads/2015/11/Re-thinking-Merit-White paper.pdf](https://unwomen.org.au/wp-content/uploads/2015/11/Re-thinking-Merit-White-paper.pdf)> [Accessed: 16 January 2016].

Women in Mining UK (WIM), 2015. Mining for talent 2015: a review of women on boards in the mining industry 2012–

2014 [online]. Available from: <<http://www.womeninmining.org.uk/wp-content/uploads/2015/10/WIM-REPORT-2015-FINAL.pdf>> [Accessed: 18 January 2016].

Workplace Gender Equality Agency (WGEA), 2016. WGEA data explorer – workforce composition – mining within all industries [online]. Available from: <<http://data.wgea.gov.au/industries/87>> [Accessed: 10 March 2016].