

Diverse region, inclusive workforces

Asia Pacific diversity and inclusion survey 2019

Corporate leaders in the region increasingly see the value of diverse leadership teams that reflect the markets their companies serve.



Diversity and inclusion (D&I) is still a relatively new concern for some businesses, and there's little consensus on exactly what it means on a global basis, given the myriad of cultural and organizational values across the world. The variety of meanings is particularly noticeable in Asia Pacific (APAC), which is home to 60% of the world's population and more than 2,300 languages and dialects.



Demographics have been shifting rapidly in the region, albeit at different paces, resulting in radically different footprints for different geographies. The region includes countries that are home to some of youngest working-age populations in the world, such as Bangladesh and the Philippines, alongside some of the oldest, such as Japan and South Korea.¹

As our survey results show, leaders in Asia Pacific are receptive to the mounting body of evidence that diversity and inclusion improves financial performance. This is welcome progress, as an increasingly well-educated generation of younger workers is demanding modern, forward-thinking workplaces. Indeed, leaders increasingly recognize that they can no longer afford to overlook untapped leadership talent, particularly women, even if this means overcoming long-established cultural norms. Norms are also shifting when it comes to other aspects of D&I, such as ethnicity, socioeconomic background, or LGBTQ identity, although at a slower pace. Each organization develops its own approach to D&I, but to a large extent, leaders in Asia Pacific are asking similar questions and can learn from one another.

About the survey

The survey gathered responses from 141 senior executives based in Australia, Hong Kong, India, Japan, mainland China, Singapore, and South Korea.

Snapshot of 2019 findings

Uptake

100% of companies surveyed have D&I programs.

Importance

53% think D&I programs are very important. **31%** think D&I programs are important.

Program ownership

45% Human resources
26% CEO
15% D&I task forces

Focus

The most common focus areas of D&I programs are:

89% Women in leadership
56% Race and ethnicity
42% Sexual orientation

Satisfaction

Percentage of respondents who are satisfied with the ownership of their D&I initiatives.

43%

¹ Asian Development Bank, *Tapping Technology to Maximize the Longevity Dividend in Asia*, May 2018, adb.org.

How APAC companies are making D&I work

To understand how the regional conversation around D&I is changing, Heidrick & Struggles surveyed executives at 141 companies.

All the respondents said their organization had a D&I program.

More than 80% describe their D&I program as important or very important, and 87% believe that D&I initiatives have had an impact on their own career (Figures 1 and 2).

Figure 1.

The vast majority of executives think D&I programs are important for their organization (84%) . . .

In your opinion, how important is it to drive diversity and inclusion in an organization?

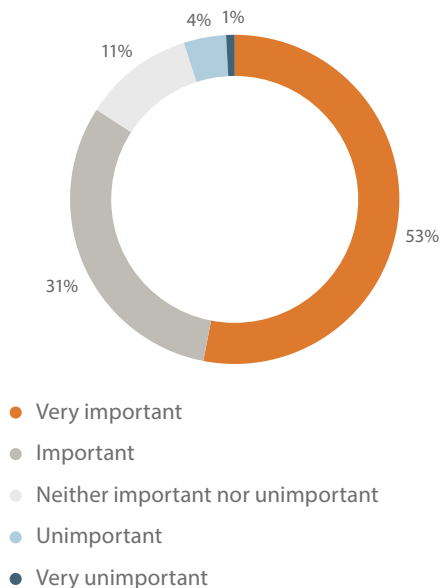
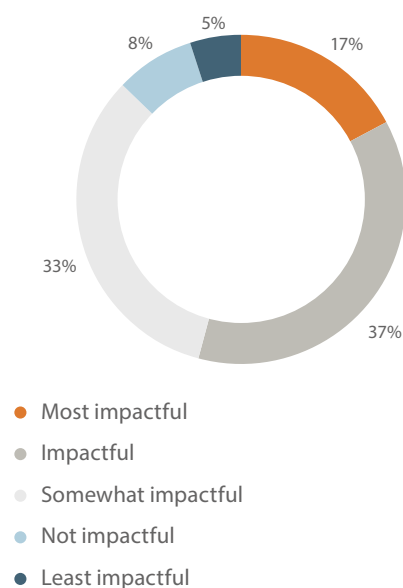


Figure 2.

. . . and will have an impact on their careers (87%).

To what degree do you feel that the emphasis of D&I programs in the business community (outside your company) is going to impact your career in the long run?



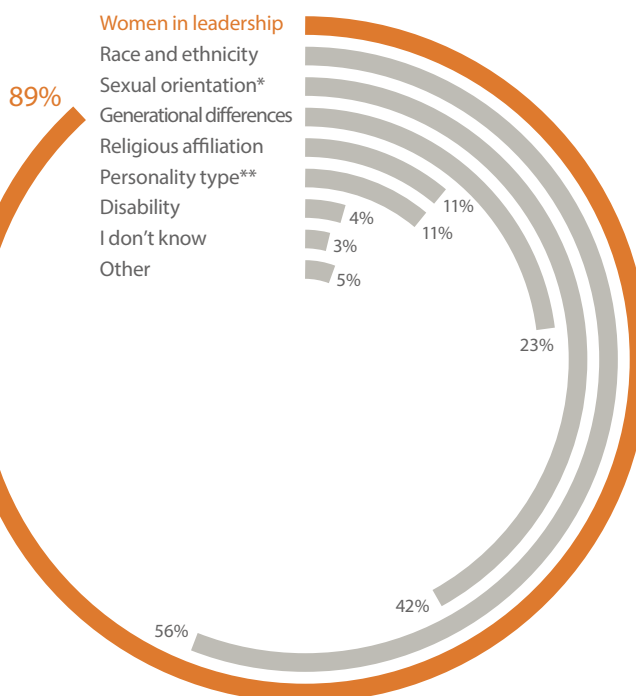
Source: Heidrick & Struggles' Diversity & Inclusion in Asia Pacific survey 2018, n=141 executives

D&I initiatives in the region overwhelmingly focus on gender parity, especially women in leadership positions (Figure 3).

Figure 3.

The focus on programs for women in leadership stands out.

What is the focus of your company's D&I program? (Please choose up to four options.)



Source: Heidrick & Struggles' Diversity & Inclusion in Asia Pacific survey 2018, n=141 executives

* i.e., LGBTQ

** e.g., introvert vs. extrovert

How happy are leaders with the performance of their organization's D&I programs?

Less than half of executives we surveyed are content with their company's D&I journey.

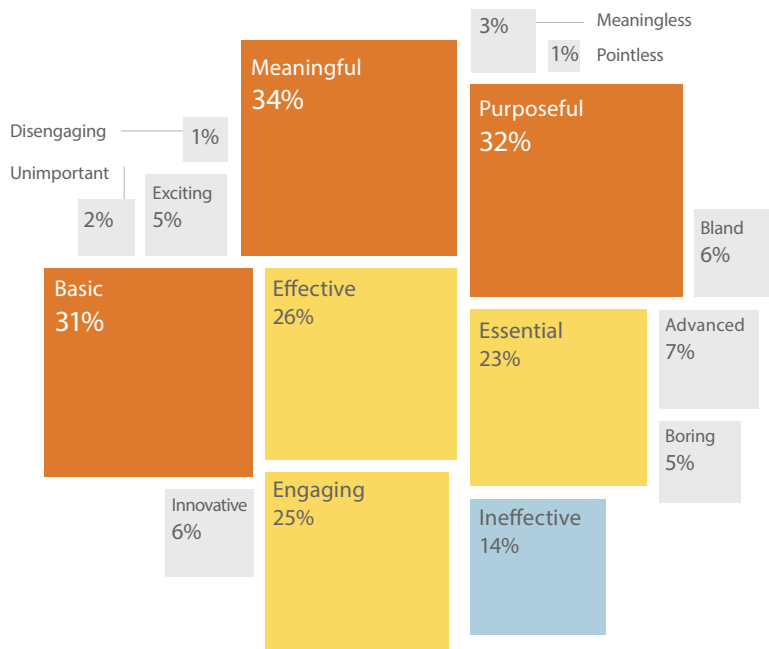
As shown in Figure 4, the most frequent words executives chose to describe their company's D&I policies include the following:

- **meaningful (34%)**
- **purposeful (32%)**
- **basic (31%)**

Figure 4.

There are very mixed perceptions about D&I programs.

Which of the following words would you choose to describe your company's D&I program?



Source: Heidrick & Struggles' Diversity & Inclusion in Asia Pacific survey 2018, n=141 executives

When it comes to the impact on their own professional lives, there is a clear generational divergence: respondents under 50 years old are more appreciative of D&I efforts than are older respondents.

It's also notable that, compared to leaders in other roles, C-suite executives are significantly more satisfied with both the effectiveness of D&I programs and the impact on their careers (Figure 5).

Figure 5.

C-suite executives see greater value in their D&I programs than do leaders in other roles.

How content are you with your company's D&I journey?

Describe themselves as happy or very happy with their D&I programs

55% C-suite

38% Leaders in other roles

To what degree do you feel that your company's D&I program is beneficial for the overall development of your career?

Consider D&I programs beneficial to their career development

53% C-suite

38% Leaders in other roles

Source: Heidrick & Struggles' Diversity & Inclusion in Asia Pacific survey 2018, n=141 executives

What diversity means for APAC companies

Although gender-focused initiatives clearly predominate D&I programs in the region, there are indications that companies are looking at a broader scope of D&I dimensions, from race and ethnicity to LGBTQ visibility and engagement, disability, and multigenerational integration.

Gender initiatives take center stage

In Asia Pacific, more D&I programs focus on women leaders than on any other aspect of diversity, highlighting companies' need for qualified executives and the limited size of the female workforce. But what's needed to create gender inclusion varies tremendously across the region.

APAC is home to some of the world's most gender-equal societies (such as New Zealand and the Philippines) but also some that are below the global average (such as Japan and South Korea).² Given this disparity, gender inclusion initiatives across the region tackle a vast number of issues, from leadership progression, parity, traditional cultural norms for the role of women and girls in society, and access to education to more symbolic issues such as workplace dress codes. And every country in the region has a different approach to ensure that women both enter and stay in the workforce (see sidebar on page 8, "The regional context for gender equality").

Inclusion of cultural minorities varies by country

Looking beyond gender, each country in Asia Pacific has different societal conditions that influence D&I priorities with regard to race, ethnicity, religion, and socioeconomic background. How different countries set those priorities varies for several reasons, including the history and size of those populations.

Because of the smaller size of minority cultural groups, the benefits to companies of addressing their inclusion are not always recognized as much as the benefits for including women, which may be why our survey data show less D&I focus in this area. There are also profound differences in state attitudes toward minority cultural groups across the region, which may complicate any attempt by businesses to design pan-regional diversity metrics.

LGBTQ inclusion is slowly gaining ground

When it comes to the inclusion of the LGBTQ community, there is a clear difference between Australia and New Zealand and the rest of the region, where cultural attitudes toward sexual orientation and identity vary significantly. This uneven landscape for gay rights has implications for the regional mobility of executives and their families and, therefore, for the talent pool available to Asian organizations.

But there are also clear signs of progress. Our survey data show that more than 40% of companies have an LGBTQ inclusion program. And a number of leading companies in the region are supporting the Hong Kong LGBT+ Inclusion Index, the first benchmark of its kind in Asia, led by the financial services sector.³ This comes at a time when the cultural norms seem to be shifting, with Taiwan legalizing same-sex marriage in May 2019 and the landmark legal recognition of the rights of same-sex couples in Hong Kong.

Support for employees with disabilities is increasing

Overall, governments in the region are supportive of mainstreaming workers with disabilities, and they, too, are a large population of potential workers—one that corporate D&I efforts are not yet addressing sufficiently, our survey data suggest.⁴ In 2008, China introduced a quota system that requires public and private companies to reserve at least 1.5% of their positions for persons with disabilities, to address their very high levels of unemployment.⁵ Japan and Thailand have also set disability quotas.



² World Economic Forum, *The Global Gender Gap Report 2018*, 2018, weforum.org.

³ Community Business, "2019 Hong Kong LGBT+ Inclusion Index & Awards," 2019, communitybusiness.org.

⁴ For more on what companies can do to support employees with disabilities, see Lisa Baird and Victoria Reese, "Disability and leadership: Engendering visibility, acceptance, and support," Heidrick & Struggles, December 2, 2018, heidrick.com.

⁵ Emily Feng, "Chinese employers choose fines over meeting disability quotas," *Financial Times*, May 9, 2018, ft.com.

The regional context for gender equality

Australia is, in our view, Asia Pacific's most advanced market for developing D&I programs. The approach to D&I has been bottom up: avoiding quotas in favor of benchmarking, adoption of best practices, and peer-group standardization from organizations such as the Australian Institute of Corporate Directors (AICD) and the Australian Securities Exchange (ASX). Four years ago, AICD called for 30% of Australian directors of ASX 200 companies to be female by 2018; it is considering extending the request to ASX 300 companies. As of January 2019, the country had very nearly succeeded, with the figure standing at 29.7%.¹ Even more encouraging, our *Board Monitor Asia Pacific* report found that women represented 39% of new board appointments in Australia in 2017.²

In **Japan**, to offset the impact of the country's rapidly aging population, Prime Minister Shinzo Abe advocates what he calls "womenomics" to increase representation of women at all levels of the workforce and particularly in senior roles. Some of the obstacles to gender inclusion addressed by womenomics are beyond a single company's control, such as tax incentive structures that penalize working mothers or prohibitive childcare costs, which are underpinned by strict immigration laws. At a corporate level, more initiatives are being introduced—both awareness and training programs, but also broader efforts to support women's career progression—suggesting things are changing to some extent. For instance, in 2017, Shiseido became the first Japanese company to partner with UN Women on a gender equality initiative; it includes an educational component and promotion of the #HeForShe campaign both within the company and externally.³

In **Singapore and Hong Kong**, where migrant labor has long provided a pool of affordable domestic help, more professional women have had the opportunity to work. And Singapore is achieving more rapid progress than the rest of the region in terms of women's participation in the workforce.⁴ But persistent wage gaps and lack of progress in tapping women for leadership roles are still major barriers for achieving gender equality.

In **Hong Kong**, there are pockets of excellence. For instance, Swire Properties, a long-established Hong Kong-based property company, prides itself on the fact that half of its board members are women—results it attributes to its D&I policy.⁵ But, as in

Singapore, women are struggling to break the glass ceiling, despite above-average workforce participation. Of 56 companies identified in Hong Kong by Equileap as showing the most progress toward gender equality, only 2 have a gender-balanced board, 8 have a gender-balanced executive team, 2 have a fair remuneration policy, and 8 offer flexible working hours.⁶ These are all areas companies could assess and address in their efforts to attract and retain women.

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In **China**, major mainland corporations are embracing D&I efforts. The Bank of China, one of the four largest state-owned banks, has for years published a D&I policy, which it applies to director selection and engagement.⁷ It views its policy as fundamental to sound corporate governance. Currently, 3 of the bank's 12-strong board of directors are women.⁸

India has an inconsistent history of women's advancement, shaped by cultural norms that strongly favor males from birth. The country's gender inequality is difficult to tackle, as women in India have a low 27% rate of workforce participation.⁹ But there have been some positive trends, such as the higher-than-average share of women with artificial intelligence skill sets (22%), compared with other countries.¹⁰ On the political front, the government has taken a number of initiatives in this area, such as furthering girls' education, improved healthcare, and maternity benefits, which tackle some of the basic challenges faced by women in the workplace. The Securities and Exchange Board of India has formulated guidelines for the inclusion of women on the boards of listed companies by early 2020. And companies are also implementing their own programs. For instance, tech company ThoughtWorks created a computer programming boot camp specifically for women developers who have left the field but are interested in reskilling and rejoining the technical workforce.¹¹

¹ Nassim Khadem, "Corporate Australia 'within a whisker' of 30 per cent women on ASX200 boards—now for 40 per cent?," ABC News, January 29, 2019, abc.net.au.

² Heidrick & Struggles, *Board Monitor Asia Pacific*, December 2018, heidrick.com.

³ Shiseido and UN Women, "Shiseido becomes the first Japanese company to partner with UN Women to promote gender equality in Japan," April 26, 2017, unwomen.org.

⁴ World Bank, "Labor force participation rate, female (% of female population ages 15+)," 2018, https://tdata360.worldbank.org/indicators/344319cd?country=AUS&indicator=28116&countries=HKG,IND,THA,SGP,JPN,CHN,IDN,KOR,NZL,PHL,PAK,VNM&viz=line_chart&years=1990,2018.

⁵ Swire Properties, "Diversity and inclusion," swireproperties.com.

⁶ Equileap and Sasakawa Peace Foundation, *Gender Equality in Japan, Hong Kong & Singapore: Assessing 100 Leaders Companies on Workplace Equity*, March 2019, spf.org.

⁷ Bank of China, "Overview of corporate governance," boc.cn/en.

⁸ Bank of China, "Directors and board of directors," boc.cn/en.

⁹ World Bank, "Labor force participation rate, female (% of female population ages 15+)," https://tdata360.worldbank.org/indicators/344319cd?country=AUS&indicator=28116&countries=HKG,IND,THA,SGP,JPN,CHN,IDN,KOR,NZL,PHL,PAK,VNM&viz=line_chart&years=1990,2018.

¹⁰ World Economic Forum, *Global Gender Gap Report 2018*, December 18, 2018, reports.weforum.org.

¹¹ Community Business, "2018 D&I in India Award Finalists," 2018, communitybusiness.org.

Designing the D&I journey

Companies deploy a vast range of initiatives to improve their D&I policies and become more attractive to a wider pool of people, particularly given the complexities of the APAC region.

Our survey highlights which D&I initiatives employees find useful and suggests where companies can shift their attention and resources to achieve a greater impact in critical areas such as recruitment, maintaining a healthy talent pipeline, and leadership development (Figure 6).

Figure 6.

Employees find some D&I initiatives more useful than others to their career development.

- Percentage of employees that consider initiative helpful
- Percentage of companies with these initiatives in place

Recruitment

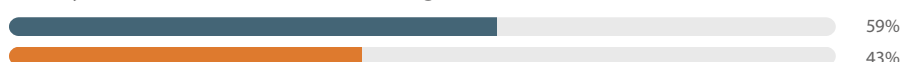
A commitment to promoting diversity as part of your company's employer brand (e.g., pro-diversity video)



Measures to attract and retain talent with diverse backgrounds (e.g., internships, graduate programs, a balanced slate of candidates)



Partnerships with external recruitment companies to help identify more candidates with diverse backgrounds



Pipeline

A strategy for developing a pipeline of diverse leaders (e.g., succession plan, talent review, identifying high-potential employees)



Coaching, mentoring, and/or sponsoring to help employees from a diverse background



Talent management policies designed to neutralize bias (e.g., equal pay opportunity, neutral performance reviews)



Inclusive leadership

Teaching for leaders on how to manage diverse populations



Training to recognize unconscious bias



Training on how inclusive behaviors/thinking can be embedded in everyday job activities and responsibilities



Source: Heidrick & Struggles' Diversity & Inclusion in Asia Pacific survey 2018, n=141 executives

The survey and our experience suggest five best practices every company can tailor to its needs.



01

Frame D&I around business goals

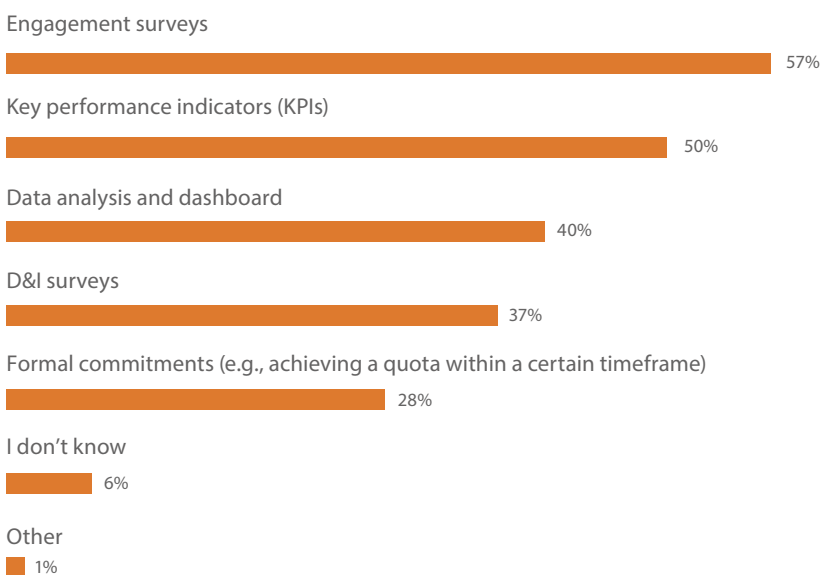
D&I initiatives have the strongest impact when they are grounded in the overall business strategy. Therefore, a good starting point is to understand how the D&I goals align with and support the overall business strategy, including how the company will implement D&I efforts across its APAC geographies through tailored policies and procedures.

The D&I approach should be fact based and data driven and underpinned by a solid measurement process. There are a number of ways to measure impact, from more traditional engagement surveys and KPIs, preferred by the majority of the organizations we interviewed, to more modern data analytics tools that monitor key metrics or support better performance and career management (Figure 7).

Figure 7.

Engagement surveys are by far the most common method for measuring D&I.

How does your company assess the status of D&I in your organization?



Source: Heidrick & Struggles' Diversity & Inclusion in Asia Pacific survey 2018, n=141 executives

02

Fine-tune the culture

Building an inclusive environment often starts with training and development, with some of the most common courses focusing on general awareness and unconscious bias. These development programs include setting up coaching and mentoring networks, diversity-week road shows, and issue-focused campaigns, which can have varying degrees of success.

The real change comes when the D&I strategy is being consistently and constantly embedded in the way the organization functions—supported by the right tools, training, and recognition at each level—until inclusiveness becomes less of a conscious effort and more a new way of working.



03

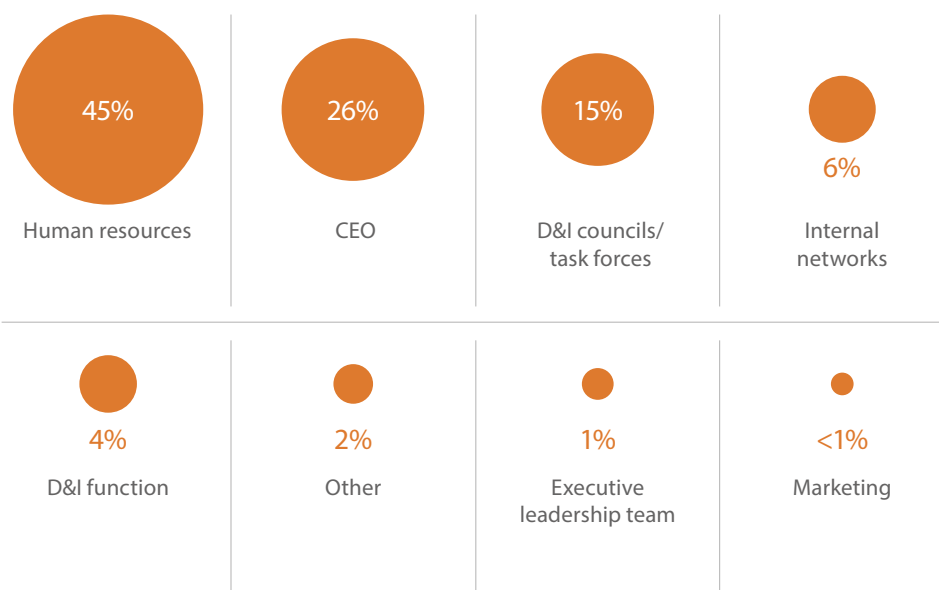
Carry out a leader-led strategy

Our survey results show that in the Asia Pacific region, as in much of the rest of the world, D&I is more often than not the responsibility of the HR department (Figure 8). However, our work shows that initiatives are more successful when CEOs and other C-suite leaders take ownership of the program, and the HR functions or specially appointed D&I bodies implement a leader-led, business-driven strategy.

Figure 8.

Roughly half of the companies surveyed have the HR department oversee their D&I programs.

Who owns the D&I program?



Source: Heidrick & Struggles' Diversity & Inclusion in Asia Pacific survey 2018, n=141 executives

04

Future-proof the pipeline

An increasing number of companies are starting from diverse recruitment slates: most APAC countries are emphasizing gender diversity in particular. Companies can build on these efforts to meet additional D&I needs within the context of each country they operate in.

But recruitment is not the only critical pain point to address, and it's important for organizations to identify at which point in the course of their career women and minorities are more likely to leave the workforce—and then develop a risk strategy to preempt their reasons for doing so. Retention strategies range from career planning and development, generous parental leave policies, and flexible working arrangements to planning for reintegration after longer breaks. Monitoring the churn rate of women and minorities is a crucial metric for most companies that succeed with D&I.



05

Communicate success

Share success stories and related business-specific results within the company to help build an inclusive culture and create a virtuous cycle. For younger workers in particular, seeing people in leadership positions whom they can identify with is an important means of assuring them that they have an equal chance of advancement. Events and campaigns that celebrate diversity, such as Sony's annual Diversity Week in Japan, go a long way toward creating awareness around these issues and highlighting role models.



Conclusion



Corporate leaders in the APAC region increasingly see the value of diverse leadership teams that reflect the markets their companies serve.

Today, many D&I efforts are focused on attracting, retaining, and developing women—with some success. We expect to see companies' D&I initiatives expand to cover other areas as pressure from employees, strategic needs, and regulatory demands increase.

Companies have much to learn from one another about D&I outreach as they undertake the journey toward more representative workforces and leadership teams in the years and decades to come.

About the authors

Karen Fifer
is a partner in Heidrick & Struggles' Sydney office and a member of the Consumer Markets Practice.
kfifer@heidrick.com

Stephen McAlinden
is the regional managing partner for Asia Pacific and the Middle East; he is based in the Hong Kong office.
smcalinden@heidrick.com

Harry O'Neill
is the human resources and talent management director for Asia Pacific and the Middle East; he is based in the Hong Kong office.
honeill@heidrick.com

Gauri Padmanabhan
is a partner in the New Delhi office; she leads the CEO & Board and Consumer Markets practices in India.
gpadmanabhan@heidrick.com

Heidrick & Struggles' Leaders in Asia Pacific and the Middle East

Stephen McAlinden

Regional Leader, Asia Pacific and Middle East
Partner-in-Charge, Hong Kong, China
smcalinden@heidrick.com

Dan Cullen

Partner-in-Charge, Singapore
dcullen@heidrick.com

Guy Farrow

Partner-in-Charge, Australia
gfarrow@heidrick.com

Aya Iinuma

Partner-in-Charge, Japan
aiinuma@heidrick.com

Mark Sungrae Kim

Partner-in-Charge, South Korea
mkim@heidrick.com

Arun Das Mahapatra

Chairman and Partner-in-Charge, India
adasmahapatra@heidrick.com

Michael Morcos

Partner-in-Charge, Middle East and North Africa
mimorcos@heidrick.com

Puneet Pratap Singh

Partner-in-Charge, New Delhi, India
ppsingh@heidrick.com

Linda Zhang

Partner-in-Charge, Shanghai, China
lzhang@heidrick.com

Jonathan Zhu

Partner-in-Charge, Beijing, China
jzhu@heidrick.com

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