

**PEOPLE, CULTURE & EMPLOYMENT GOVERNANCE**

Diversity and Inclusion: The Nuance Most Governance Advice Skips

Diverse composition without inclusion rarely produces the benefits the research actually documents

The evidence linking board diversity to better governance and performance is strong, but it carries an honest condition many organisations skip past: the benefit shows up reliably where diversity is paired with inclusive practice, and shows up rarely where an organisation has diverse board composition sitting alongside a workplace that has not changed underneath it.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

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The Honest Nuance Most Diversity Advice Skips

Guidance from Australia's Workplace Gender Equality Agency (WGEA) is direct on this point: board gender diversity is rarely associated with financial benefits when the workplace itself is not inclusive (WGEA, Composition of governing bodies guidance). WGEA's evidence base is largely drawn from businesses, so treat it as a guide for associations rather than proof. A board that has successfully diversified its own composition, while the organisation underneath it has not changed how it includes and values different perspectives, should not expect the performance benefits diversity research generally documents. The composition change and the cultural change are two different achievements, and only the combination reliably produces the result.

Why Reporting Diversity Statistics Is Not The Same As Achieving Inclusion

Reporting diversity figures is useful for accountability, but the figures are not the achievement in themselves. A board that can point to an improved composition statistic has made real progress on one dimension. Whether that translates into better governance depends on whether board inclusion behaviours, drawing on different perspectives in actual discussion and decision-making, have developed alongside it. A US study of nonprofit boards by Buse, Bernstein and Bilimoria (Journal of Business Ethics, 2016) supports this: board diversity's influence on governance practice worked largely through inclusive board behaviours and supporting policies, not as an automatic effect of composition alone. A board photograph that looks diverse and a board discussion that draws on that diversity are two different things, and only the second one is what the research actually credits with better governance outcomes.

The Recruitment Problem Sitting Beneath Most Diversity Efforts

Board appointments often rely on existing networks, even where tools like skills matrices are used to broaden the search. This naturally reproduces existing homogeneity regardless of good intentions, since a network built around an existing, less diverse board will tend to surface candidates who look similar to the people already on it. Progress on diversity, connecting directly to the board composition and recruitment discipline discussed earlier in this series, requires deliberately expanding the actual sourcing pool, not simply applying more careful judgment to the same existing network.

- Treat board composition diversity and inclusive practice as two separate achievements requiring separate, deliberate attention, rather than assuming improved composition alone will produce the documented performance benefits.
- Build board inclusion behaviours, actively drawing on different perspectives in real discussion, rather than treating diversity as satisfied once composition targets are met.
- Recognise that reporting or disclosing diversity statistics is not itself the achievement, and resist treating the metric as the goal rather than the practices it is meant to reflect.
- Deliberately expand board recruitment sourcing beyond existing networks, connecting directly to the board renewal discipline discussed earlier in this series, since informal, network-based recruitment reliably reproduces existing composition.
- Aim for a critical mass rather than token representation where diversity targets are set, since WGEA guidance suggests that having at least two women directors, or 20% or more of board seats, is associated with stronger gender equality outcomes.
- If you plan to reserve or appoint board seats to improve diversity, check your constitution and anti-discrimination law first, since reserved seats may need to fit within the special measures provisions of that law.

Diversity governance done well is not a composition statistic to report once a year. It is an ongoing discipline of inclusion, deliberate recruitment beyond convenient networks, and honest recognition that the numbers alone, however improved, are not the achievement the research actually credits with better governance.

This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

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BOARDROOM ACTION WORKSHEET

Diversity and Inclusion: The Nuance Most Governance Advice Skips

Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

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