



Can Australian Tech Organisations Afford to Support Diversity?

Calculating the ROI for Organisations adopting EDI Standards

Part B - Calculation Methodology

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About Project F

Project F is a for-profit, social impact business with a laser focus on solving the problem of poor gender diversity in technology.

We meet companies where they are and we're committed to supporting every size, from [startup](#) to [enterprise](#).

Our services have been developed with a deep understanding of the key drivers of culture, performance, innovation and commercial impact that are directly affected by gender diversity in the unique [subculture of technology](#).

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This work illustrates the possible impact of Diversity Equity and Inclusion policies using the secondary impacts of these policies with Employee engagement, Attrition & Recruitment costs, and the secondary impact on productivity.

Whilst the best efforts have been made to accurately capture the impacts of DEI policies, the magnitude of these impacts will differ across organisations and their decisions on how to implement these policies. Organisations should therefore consider their individual circumstances and how they may impact the calculated return on investment.

1. Introduction

Australian tech organisations know that to succeed, they need to build a team that can deliver value to their customers at velocity and with a high standard. The tech sector is however constrained by a relatively small talent pool within Australia (Tech Council of Australia 2024), and so recruiting and marshalling this team is a hurdle for every organisation. To succeed, therefore, many organisations would benefit from maximising their chances of recruiting an effective team by ensuring they are appealing to the best talent irrespective of background or gender.

The recently introduced [T-EDI Standards](#) seek to help Australian tech organisations achieve greater representation across their workforce. The standards cover the spectrum of organisational policies, structure and behaviours that are known to increase the recruitment, retention and growth of talent from diverse backgrounds (See Part A). An organisation pursuing these standards will have predictable costs, most likely additional parental leave and greater administrative burden, yet also benefits including enhanced recruitment and retention, employee engagement, and productivity. To assist organisations who wish to evaluate the trade-offs of adopting these diversity standards, this document describes an approach to calculating the possible Return on Investment.

The calculations presented here use a ‘model organisation’ with fixed values for organisational parameters including number of employees and attrition rate. Reference data from the ABS and other sources are used for salary and other parameter estimates. An interactive calculator is provided on the T-EDI Standards website for public use, where many of these inputs can be customised to those of individual organisations.

The remainder of the document is structured as follows:

- Organisational context & model inputs – assumptions of the model
- Benefits – covering impact on lower attrition, and increased productivity
- Costs of Provision – including cost of additional parental leave, and cost of administration
- Impact Summary – the calculated impact after combining costs and benefits listed above

For further explanation of the research literature on how DEI impacts organisational performance and how the standards align with these, please see Part A.

2. Organisational Context & Model Inputs

The value each organisation will derive from implementation of T-EDI Standards will differ in ways that reflect initial state of the organisation (e.g. size, profitability, efficiency) and how the organisation chooses to implement these standards. These ‘initial state’/ input values that drive the ROI calculations are listed below.

The initial values are taken from published figures and industry standards listed in ‘Source’, and references therein. Organisation-specific input values of the initial state are i) Total Employees, ii) salary, and iii) base rate of attrition. These input values are adjustable on the current implementation of the interactive calculator (see T-EDISStandards.com).

Input	Label	Source	Reference Value	Adjustable?
Total Employees	Empl_N	User Input	3000	✓
Fully Burdened average annual salary of an employee	Salary	User Input (Default Seek Software Engineer + 15%)	136000	✓
Attrition Rate before DEI	Attrition1		20%	✓
Cost to replace employee as portion of their salary	Replace	[1]	20%	
Attrition reduction attributable to DEI	Attrition2	[1]	5%	
Productivity improvement	Productivity	50% of Productivity improvements from [1]	10%	
Productivity Recapture	Prod_recapture	[1]	50%	
Percent of employees taking DEI leave annually	DE_leave_perc	Section 4	3%	
Average DEI weeks of leave per electing employee per year	DE_leave_weeks	-	12	
Return on Labour	Labour_return		1	?
Risk adjustment	Risk_adj		20%	

3. Benefits

i) Reduced Attrition

DEI policies reduce attrition via greater accommodation and flexibility to the lives of their workforce. For example, progressive parental leave policies increase retention of workers with new children. This model assumes a reduction in the rate of attrition of 5% over the baseline rate of 20% attrition.

The cost of employee turnover has been estimated to lie within the range anywhere from 33% to 300% of the employee’s salary [ref1]. This model uses the more conservative value

of 20% adopted in Forrester (Forrester 2021). The nominal savings from lower attrition were reduced using the 20% risk adjustment.

Metric	Label	Source	Per Annum
Subtotal: Total Employee Attrition	Attrition_total	Empl_N x Attrition1	600
Subtotal: Avoided Employee Attrition	Attrition_avoided	Attrition2 x Attrition_total	30
Reduction in costs from attrition	Attrition_saving	Attrition_avoided x Salary x Replace	\$816,000
Reduction in costs from attrition (Risk-adjusted)	Attrition_sav_RA	Attrition_saving x (1 - Risk_adj)	\$652,800

Within the Australian Technology Industry, high costs of searching for talent in a competitive market are likely to push the replacement costs higher, and potentially into the range provided by [ref1]. In considering organisational impact, each organisation should therefore consider the real cost of replacing employees for their specific context and market, as this may fall above the 20% value used by default in this model.

ii) Increased Productivity

There are many pathways for the T-EDI Standards to increase productivity of an organisation (See Part A). Increases in organisational productivity may derive from increased volume and/or quality of production, creation of additional markets or products through innovation (scope), and implementing efficiencies that reduce the cost of production.

For an organisation adopting the standards, there are additional pathways for the standards may indirectly increase productivity. The effective implementation of policies that support a diverse, equitable and inclusive workforce within a well-functioning organisation should return multiple benefits, including:

- Attracting the best talent
- Increased engagement from employees
- Greater diversity of ideas shared from within the team
- Constructive task-based conflict
- Increased alignment of the workforce with the company goals
- More effective performance management

These listed benefits are frequently the target of organisational initiatives designed to enhance organisational performance, and all such initiatives are known to sometimes fall short of their objectives. DEI initiatives are no different from other projects in this regard,

and may fall short of their desired impacts, both in representation and performance (See Part A of this report, also Guillaume et al. 2017, Leslie et al. 2025). As with *any* change initiative, careful and considerate implementation is necessary to achieve the desired outcomes with regard to both diversity and performance.

The T-EDI Standards help organisations circumvent the potential impediments to the success of achieving EDI outcomes by targeting both i) improving representation, and ii) the environment of the organisation that stands to benefit from greater representation. By addressing critical organisational functions including hiring, performance management and leadership, the standards address the social and cultural factors that may impede organisations in achieving their diversity and performance goals (see Part A of this report). The T-EDI Standards therefore provide a roadmap for organisations that wish to de-risk their diversity initiatives, and maximise the returns from the benefits listed above, including enhanced employee engagement and performance management.

Given the relative newness of these standards, there is no study that yet quantifies the impact of adoption over time, and instead we may use proxy figures from aligned measures such as Employee Engagement. An engaged employee is characterised by “*a high level of energy and strong identification with one's work*” (Bakker et al. 2023), and is predictive of elevated performance. Job resources, i.e. those aspects of the job that help an individual achieve their goals, regulate their demands, and facilitate their personal growth are strongly aligned with engagement (Bakker et al. 2023). Given how adoption of the standards is also aligned with enhanced job resources for employees, using the relationship between engagement and performance as a proxy for the impact of adopting the T-EDI Standards appears to be a defensible first approximation.

Employee engagement is consistently estimated to have a large impact on productivity. For example, Gallup estimated that teams with a high level of employee engagement had 22% higher productivity than teams with low engagement (Baldoni 2013).

The performance impact of pursuing EDI via the T-EDI Standards will obviously depend on the existing level of productivity and approach to diversity already present within the organisation. The current model uses a more conservative value of 10% improvement in performance, delivered progressively over four years. This value of 10% made more conservative by:

- being ‘risk-adjusted’ downwards by 20%, meaning only 8% productivity improvement would be returned even after the four-year period
- assuming only 50% of the increase in productivity is captured by the business

The net result is that only 1% annual increase in productivity is reflected in the ROI calculations within in the calculator, which are relatively modest relative to the impact estimates.

Given that gains in productivity from increasing employee engagement, team effectiveness and innovation can only arise where sources of revenue are contingent upon input of labour. For this reason, revenue is calculated as a multiple of cost of labour, which conservatively is set to a value of 1.

Metric	Label	Source	Per Annum
Company Revenue	Revenue	Empl_N x Salary x labour_return	\$408,000,000
Increased Productivity	Prod_value	Revenue x Productivity x Prod_recapture	\$20,400,000
Increased Productivity (Risk-adjusted)	Productivity_RA	Prod_value x (1 - Risk_adj)	\$16,320,000

4. Costs of Provision

This model accounts for Cost of Provision of DEI policies via Parental Leave, Implementation and Administration of these policies.

i) Parental Leave

The average number of children per female is 1.6 (ABS 2023). With equal parental leave provisions for all staff, this translates to 1.6 children per employee. Adjustments are not made for stillbirth or other circumstances which are infrequent but for which compassionate leave is often granted.

The proportion of staff who are eligible for parental leave is estimated using the approximate child-rearing years extending over a 20-year period (25 – 45, noting that staff members may take parental leave at any life stage). Technology companies are usually young, with some staff outside of this window of child-rearing. This is estimated to be 10% for this study.

These inputs lead to the following calculation of proportion of workweeks taken as parental leave in any given year:

- Assume all staff are in the primary years of child-rearing, (e.g. 25-45)
- Years of work: 20 (1020 weeks)
- Average number of children: 1.6
- Number of work weeks taken (assuming 12 weeks taken per employee, per child):
- $(1.6 * 12) / 1020 = 19.2$
- Proportion of work weeks = $19.2 / 1020 = 1.9\%$

ii) Implementation & Administration

Implementation and administration of these standards requires multiple strands of activity including policy development, coaching and training, and development of metrics and reporting.

To account for these initial and ongoing costs, administration of this scheme is allocated as follows:

- For companies with more than 100 staff, 1 FTE is devoted to supporting implementation
- For companies with less than 100 staff, costs equivalent to 1% of their FTE is devoted to implementation of the Standards.

The T-EDI Standards also provide organisations a suite of tools and templates to streamline implementation and adoption of the standards, further reducing cost of implementation.

Given there is no single correct way to implement the T-EDI Standards, organisations should consider their own cost of implementation. For example, costs may vary according to the organisations decision to licensing supporting software and services, hiring external consultants, and other engagements. These additional costs are not reflected here, and each organisation should consider the trade-offs relevant to their situation to gauge likely expected costs and ROI.

Metric	Label	Source	Per Annum
Number of employees taking DEI leave (e.g. parental)	Employees_Leave	Empl_N x DE_leave_perc x DEI_perc	51
Workers in Child-rearing years	DEI_percent		90%
Weeks of Parental Leave	Leave_weeks		12
Cost of leave	Leave_cost	Employees_leave x leave_weeks / 52 * Salary	\$1,600,615
Cost of Administration	Admin_cost	1 FTE x Salary	\$136,000
Cost of Admin (Small Org)	Admin_cost	Empl_N x admin_per_FTE	
Total Cost	Provision_cost	Admin_cost + Leave_cost	\$1,736,615

Impact Summary

i) Summation of Impacts

Metric	Label	Source	Per Annum
Savings from reduced attrition (Risk-adjusted)	Attrition_sav_RA	Section 3.3	\$652,800
Increased Productivity (Risk-adjusted)	Productivity_RA	Section 3.3	\$16,320,000
Costs	Provision_cost	Section 3.4	-\$1,736,615
Net Annual Return	Return	Provision_cost – (Productivity_RA + Attrition_sav_RA)	\$15,226,769

ii) Growth of Impact Over Time

Organisational change is never achieved instantaneously and the benefits of implementing the Standards are expected to be fully realised over the medium to long term. To reflect this growth in impact over time, only 20% of the calculated *Savings from reduced attrition* and *Increased Productivity* are captured in the first year, increasing in 20% increments through to the fifth year.

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