Multicultural Management:

International Intra- and Entrepreneurship

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Lecturer: Martin Hilb and Tomas Casas

Team Assignment
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Carine Toutet	06609655	Erasmus
Gabriel De L'Escaille	06612543	CEMS MIM
Martin Eisenring	06612568	CEMS MIM
Ramon Tomàs i Ranz	06613095	CEMS MIM

Cultural Diversity

Seeing Cultural Diversity as a Resource

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Introduction

The history of world cultures is, and always will be, interesting. Today's globalisation with its global migration as well as modern technology have brought many different cultures closer together and we can find a clash of those diverse cultures at the modern workplace. However, Cultural Diversity at the workplace encompasses much more than just working side by side with people from other nations. Cultural Diversity is a fascinating topic. It is interesting to analyse a phenomenon that steadily increases in importance and that, only recently, has been recognised as an asset and opportunity for creating competitive advantage rather than a burden that has to be managed, wasting valuable resources.

Our paper tries to shed some light into this crucial aspect of multicultural management. We commence this paper by explaining and defining Cultural Diversity. Further, we inform the reader why Cultural Diversity evolved into a cornerstone of tomorrow's competitive advantage. We will then evaluate and describe our findings about the management of Cultural Diversity in the different corners of the world. Some private, as well as public organisations have made important contributions towards the acceptance, but most importantly, towards the utilisation of Cultural Diversity as a tool for competitive advantage. They all have one thing in common though: while having certain strengths in one particular area of Cultural Diversity Management, they lack of knowledge and competence in other areas; hence we tried to combine the individual strengths. These individual strengths enabled us to draw up a set of recommendations on best practice which will conclude our paper.

From small local companies producing products for their immediate surroundings with the help of local employees decades ago, to multi million Euro organisations with products marketed throughout the world, Cultural Diversity cannot be ignored and is an issue which we found particularly interesting and worthy of further analysis.

Explaining Cultural Diversity

When doing research on Cultural Diversity, one soon realises that there are many definitions available. Sometimes it almost seems that there are as many ways of defining Cultural Diversity as there are persons who attempted to define it. "Culture, in a word, is community. Communities are built on shared interests and mutual obligations and thrive on cooperation and friendship. It is therefore an outcome of how people relate to one another" (Goffee and Jones, 1996). According to Triandis (1972), culture is the "subjective perception of the human-made-part of the society". This regroups various beliefs, values, norms and attitudes that are shared by a group of individuals such as the way people eat, talk and dress. Geert Hofstede (1980) defines culture as the "collective programming of the mind". According to him, the mind has three elements that make up the human mental programme (also see Table 1 in the Appendix):

- Biological: All humans have a universal reaction to biological stimuli, such as fatigue, hunger, sexuality.

- Culture: Culture is not universally applicable, but specific to groups. This includes education, language, norms, values, rituals, religion, work style…

- Personality: Personality is what makes each human an individual. This one is both inherited and altered with the experiences of the individuals.

If we talk about Cultural Diversity at the workplace, we think about the variety of nationalities and ethnicities. This way of thinking has its origins from the Cold War, a time during which nationality and ethnicity were the main focus point of discussions on Cultural Diversity. This was mainly stemming from the distinction between East and West, a rationale which has served as a textbook answer for many conflicts throughout decades, peaking at the height of the Cold War tensions. However, human kind came to realise that tensions, in general, and at the workplace, are not simply a matter of East versus West. The very same tensions can also arise between people from purely Western or purely Eastern countries or even within one single nation as they all consist of different ethnic groups. And even among these ethnic groups we can still identify substantial differences.

Cultural Diversity is a complex issue and the word 'community' used by Goffee and Jones (1996) is only one of several acknowledgements that the expression encompasses much more than nationality and ethnicity. Cultural Diversity includes, but can under no circumstances be limited to:

- Nationality
- Ethnicity
- Race
- Traditions
- Customs
- Values

- Religious beliefs
- Political views
- Language
- Sexual orientation
- Ancestry
- Parental status

- Marital status
- Educational background
- Income
- Dress
- Gender
- Age

Being aware of the complexity of the expression, we made our very own attempt to define Cultural Diversity, trying to incorporate every aspect from recent discussion on the issue:

> *Cultural Diversity is the difference of human traits, qualities, values and beliefs which an individual adapts by nature and nurture, depending on the group to which the individual belongs and relates to*

Cultural Diversity can be found everywhere. Claude Levi-Strauss (1971) said that "we can see the diversity of human cultures behind us, around us, and before us". As a direct result, tensions between people from different cultures will always arise. Levi-Strauss continued to say that "the only demand that we can justly make … is that all the forms this diversity may take … contributes to the fullness of all the others". We can expand his point and safely make the assumption that diversity not only contributes to the fullness of others but also to the fullness of public and private organisations – hence the competitive advantage. The important question is not only how to cope with Cultural Diversity, but how to manage it in order to gain a comparative competitive advantage in any organisation's respective industry. The next chapter will elaborate more on this point and explain why Cultural Diversity can become a competitive advantage.

Cultural Diversity Management as a competitive advantage

The ability to successfully acquire and manage a culturally diverse workforce will allow organisations to be more creative and innovative and therefore gain a comparative competitive advantage. To quote John Pepper, CEO of Procter & Gamble, "Our success as a company is a direct result of our diverse and talented workforce. Our ability to develop new consumer insights and ideas and to execute in a superior way across the world is the best possible testimony to the power of diversity any organisation could ever have".

In many cases, Cultural Diversity is an issue because it is increasingly enforced by law, but it has also been linked to actively contribute improving individual and hence organisational performance. We will thus analyse the arguments given supporting an implementation of Cultural Diversity at the workplace and the impact of such a workforce on organisations.

1. Employment Structure

Over the years, the employment structure has been changing significantly. According to the study of Johnson and Packer in 1987 called 'Workforce 2000', the percentage of white men in the active population has been decreasing while there is an increase of women, age differences and people from various origins due to migration reasons. These demographical changes clearly speak against a human resource policy oriented towards a norm which treats minorities as a special or even as a problematic group.

2. Cost Saving

There will always be the presence of minorities among any workforce and it would be costly not to integrate them. We are not only thinking about the costs of possible lawsuits, but also on the productivity of such employees. Additionally, the stress arising from the need to align with others will have an impact on the quality of the goods and services produced by the specific individual. Furthermore, the workforce will be unmotivated due to the constant discrimination. Thus, fostering a diverse workplace will help organisations to avoid lawsuits, to decrease costs by reducing employee turnover, to increasing employee retention and to increase productivity.

3. Creativity and Problem Solving

A homogeneous group will be able to solve problems quickly; yet, a culturally diverse workforce will enhance the creativity of the group, by opening new perspectives and find

more solutions to problems. For most individuals, to be able to work in such an environment, training is often needed.

4. Workforce Marketing

An organisation that is known for giving equal chances to minorities will have a more motivated workforce and a higher employee retention rate. This will also give the company an advantage on the labour market as applicants will favour employers showing such qualities.

5. Company Marketing

Promoting Cultural Diversity can help an organisation to expand its services, thus enabling the organisation to meet the needs and desires of a more diverse customer base. As a direct result, an organisation can reach more customers with comparably little effort. A culturally diverse sales force will not only be able to adjust its business manners to other groups of buyers but will also be able to integrate an ethnic aspect to it, making them performing higher than a monocultural sales force.

6. Financing Possibilities

Some customers have a tendency to value a company according to the quality of the implemented and executed diversity program. In the US in particular, some investments funds, for example, will only invest in companies who are managing diversity programs. Current trends show increased customer awareness in relation to social issues such as fair trade and the acceptance of Cultural Diversity.

7. Flexibility

A monocultural organisation is not as flexible and thus not as apt to react to the changes in the environment. A culturally diverse workforce on the other hand, is well accustomed to internal and external changes and will not be as reluctant to change as a monocultural workforce.

8. Internationalisation

In an increasingly internationalised world, the employees will be able to adapt better, since they will already be used to work with people who have different backgrounds. Therefore, they will be able to work with people in various countries without prejudice or conflicts.

In 2003, a study in Europe has been made to analyse the impact that diversity programs have had on companies[1]:

- For 69%, the image of the company has improved
- For 62%, the quality of the personnel has increased
- For 60%, the performance and motivation has risen
- For 57%, innovation has been possible
- For 57% the rendering of services and the clients satisfaction has grown

If Cultural Diversity Management is not put in place, not only will the workplace be subject to internal tensions, but minority employees will suffer in various ways. They will become more reluctant to talk about their culture, background or heritage, fearing that they will be confronted to stereotypes that might hinder their career prospects, especially when they are reaching at higher positions. They homogenise in order to fit in at work, thus suppressing their cultural identity and failing to use their culture, heritage or background to build personal relationships and share values within the company.

If Cultural Diversity is ignored and not actively managed by the organisation, there will be a domino effect of negative outcomes and consequences. The individual employee will be the first to be subject to those negative outcomes which will then have the result of negatively affecting the organisation in terms of productivity, quality and costs occurred. Table 2 (see Appendix) is outlining the above mentioned negative outcomes and consequences.

So far, we have defined Culture and Cultural Diversity and we have seen why Cultural Diversity can be a cornerstone of tomorrow's competitive advantage. The following chapter is concerned with private and public initiatives on the issue of Cultural Diversity.

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[1] Johnson and Packer. 1987, Workforce 2000

Organisational examples from around the globe

We are now progressing to analyse how and to what extent Cultural Diversity is implemented and managed in private and public organisations throughout the world. Besides the latest trends, the analysis will also show how successful the different initiatives are.

The approach on the issue differs extensively on each continent. In order to gain a bigger picture and a diverse knowledge, we have split the world into the continents. However, we have excluded Africa due to a distinct lack of reliable and relevant sources. We are aware of the implications of this approach since it is dangerous to generalise as situations vary to a great extent from country to country, each with its unique history and culture. Additionally, the gap between public and private initiatives is sometimes rather big whereas it can be inexistent in places like the US. Hence we decided to approach each continent from a different perspective in order to emphasise the various initiatives in managing Cultural Diversity.

We will commence by analysing South America by demonstrating the latest positive initiatives. Companies usually implement Diversity Programs only because they are enforced by law. In many cases, multinational companies went there to avoid the rigorous US regulations. We will demonstrate that several South American Governments started to react and commenced an enduring battle against inequality. When looking towards the Asian economy, we can observe a high level of mass production due to the cheap labour available. Asian governments, in desperate need for more Foreign Direct Investments, have not yet taken legal steps similar to the ones in South America to ensure the equality of their citizens. Australia on the other hand will serve as a prime example of a government rigorously promoting Cultural Diversity, a circumstance which is stemming from Australia's unique diversity.

We will then concentrate on Europe and North America. Both can be seen as leaders in the issue with their multitude of private and public initiatives as well as advanced diversity laws. While analysing Cultural Diversity programs in European companies, we will also describe how successful they are plus we will mention the latest trends. What North America is concerned, most private initiatives are pretty similar to each other and to the ones in Europe. Also, the government is strong on legislative initiatives and some government agencies are even actively involved in implementing voluntary diversity programs themselves.

I. SOUTH AMERICA

Practices on Cultural Diversity among South American countries vary to a great extent depending on their cultural, social, economical and political situation. This is especially noticeable in government initiatives which in turn have a direct impact on the private sector. It is also worth mentioning that all Latin American countries share some degree of segregation or exclusion of social or ethnic groups. However, the issue is starting to be recognised and we will try to illustrate this.

Private Sector initiatives

- **Employment policies**

Manpower, one of the biggest recruitment agencies, has set an exemplary equal opportunity employment policy. The company decided to promote diversity amongst its own workforce in order to prove that diversity is not something that has to be accepted, but something that can contribute to improve the organisational performance. They went on to communicate their efforts to all their stakeholders, with the intention to set an example for their clients on how to promote diversity far beyond legal obligations. This initiative has its origins in the fact that Manpower's clients have to gradually respect more laws and regulations about the inclusiveness of social minorities within the workforce. Manpower observed that their clients demanded employees from other ethnicities only due to legal obligations.

- **Ignorance of responsibilities**

Unfortunately, multinational companies do not always use the same policies for the different areas they operate in. For different reasons, mostly economical though, the exclusion of social or ethnic groups is still legal in some Latin American countries. This situation frequently occurs in Mexico, where US multinationals (e.g. Lear Corporation, Coca-Cola, Backer&Mckenzie) can escape the strict US regulations, and implement looser diversity policies. The socially irresponsible behaviour of some companies, which are taking advantage of the particularities of some countries, forced a reaction which resulted in the creation of an official watchdog such as the 'National Council for the Prevention of Discrimination'.

Public sector initiatives

- **Education as a tool to manage diversity**

As mentioned before, Latin America comprises of countries that, even within their own borders, contain major differences. To this respect, some cross-country regions such as the

Highlands of Peru and Bolivia have more in common than with the rest of the respective country. The language plays an important role in the inclusion of social or ethnic groups. Not speaking the most important language of a country or not being able to be taught in one's mother tongue can lead to a 'labour apartheid'. Realising this, the Bolivian government of Evo Morales has taken measures to ensure that every child in the country will learn both Spanish and an Indigenous language, which is the mother tongue of most pupils outside the cities.[2] This will have the following outcomes on the next workforce generation of the country:

1. Higher level of education, and hence a quality workforce since everybody can learn in their mother tongue which will diminish illiteracy and school abandonment rates.

2. Learning the country's official plus a local language will increase the respect and understanding for cultures, which is especially important in Latin American countries where people still suffer social and ethnic prejudices. As a result, both the public and private sectors will enjoy a broader base of multicultural teams in the years to come.

- **Creating diversity**

Last year, Argentina gave work permits to 350.000 immigrants with the clear intention to continue giving work permits to every foreigner in the future. This is a clear sign that Argentina is amongst the leaders in Latin America in terms of administering diversity. The reason for this policy is not that the country has a distinct need for foreign workers, but the intention to create a common labour market similar to the one of the European Union. The Argentinean government of Nestor Kirchner wants to be an example for a South American integration which intends to create a free flow of workers among all countries through bilateral agreements. According to the government, it is believed that a common and diverse South American labour market could strengthen the availability of resources for companies, which is seen as the first step towards the creation of a highly integrated economical region. This would contribute to the performance and wellbeing of both, companies and governments.

II. ASIA

In Asia, the diversity issue has not yet reached the same level as we have in South America. On November 22 and 23, 2005, 'Community Business' held the 'Diversity & Inclusion in

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[2] 60 % of the Bolivian population lives in rural areas

Asia 2005' conference in Hong Kong. The participants were asked to rank the top three priorities regarding diversity.[3] The results of this survey are outlined in Table 3 (see Appendix) which clearly shows that the top three issues about diversity at the workplace are discrimination on the ground of gender, race and age. All other types of diversity were only considered as minor and not relevant. This shows the difference between Asia and Europe as well as North America, where several other issues are considered as equally critical. This is the reason that diversity programs in Asia have not reached the same attention and level than elsewhere. However, when asked to rank the top three barriers in addressing diversity issues and hence the implementation of Cultural Diversity programs, the results, which can be seen in Table 4 (see Appendix), are very similar to the ones anywhere else in the world. To nobody's surprise, *lack of leadership commitment* by the management was seen as the biggest hindrance in addressing the issue. This was followed by *lack of diversity strategy* and *lack of awareness and understanding* in second and third place respectively. This outcome, with lack of leadership commitment at the top, can be explained with the rather small diversity budgets and the lack of other resources committed to tackle the problem. Many Asian companies, as well as big international companies operating in Asia, are guilty of contributing to the poor standard of understanding and managing diversity in Asia. It is sad to see that many international companies do not see it as necessary to apply the standards implemented in their home countries elsewhere in the world. In many cases, Asia is still (ab)used for its cheap labour only. To make matters worse, CSR Asia Weekly has identified that there is a distinct lack of workplace diversity research in Asia.

However, the issue is beginning to be recognised. Samsung, for example, introduced a project in which they send their junior managers abroad for a year with the intention to broaden their scope regarding Cultural Diversity. We argue that it is healthier and cheaper to build global teams rather than educate managers to be global. Acer, the Taiwanese computer manufacturer, has also recognised the importance of the issue and sees the development of international business managerial teams as one of their biggest challenges to be tackled in the future. Leader, in coping with and benefiting from diversity, in the Asian region is Credit Suisse with their 'Asia-Pacific Diversity and Inclusion Initiatives'. Credit Suisse committed itself to build an inclusive workplace by bringing together individuals from all diversities. They are setting the direction of their diversity policies with the help of 'The Global Diversity Advisory Board'. Credit Suisse also gives the employees the opportunity to meet each other through

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[3] In total there were 242 delegates who attended the Conference. 89% of all delegates were from the corporate sector and 91% were from Asia.

employee networks where they get the chance to discuss current issues and improve the integration of all individuals. The employees also get the opportunity to meet each other at organised events where they can learn the essence about other cultures. Credit Suisse's contribution on Cultural Diversity at the workplace is excellent and some of their work will be reflected in our suggestions for best practice.

Sadly, we had to come to the conclusion that, with the exception of a few companies, Asia is not the ideal region to look for companies that apply any strategy or program worthy to be called best practice. This can be explained with the type of industry that currently dominates the Asian economy. Asia is very often used, or even abused, for their cheap labour for the production of mass goods.

III. AUSTRALIA

When focussing on Australia, the shier amount of educational information on Cultural Diversity is impressive. The Australians have long recognised the importance of diversity in relation to competitive advantage. When reading about Australia's diversity in a business perspective, one can often hear that their cultural and language diversity is one of their greatest resources. This can be easily explained though; in 2001, 43% of all Australians were either born overseas or had at least one parent born overseas. This makes Australia such a diverse environment that companies can achieve a real competitive advantage by employing individuals belonging to different cultures. It is mostly small businesses that do so in order to reach and acquire new customers through a foreign language. This way of thinking has spread and has lead to the acceptance and inclusion of other types of diversities. Additionally, the Australian government has introduced a policy called 'Diversity Works' (see Article 1 in the Appendix). This policy promotes the benefit for organisations, and the economy as a whole, of utilising the cultural and linguistic skills of their workforce by giving useful recommendations. Some of these recommendations are reflected in our suggestions for best practice.

IV. EUROPE

Europe is a step further than Asia and South America. Europe's diverse workforce has been well integrated in the labour market. This diversity is the result of two factors. (1) The demographics constantly shift due to migration which is enabled through the allowed mobility between EU member states. (2) The problems that marginalised groups in the labour force

have been recognised. The EU, obviously concerned with Cultural Diversity, is undertaking many legislative initiatives, but also encourages proactive and effective private initiatives. There are extremely many examples of Cultural Diversity practices in Europe. To identify these practices, we will give examples of organisational strengths, both public and private, recognised as part of the '100 Best Workplaces in Europe'.[4]

- **Commitment from Leadership**

One of Morgan Stanley's charters states that Cultural Diversity has to be at the heart of the firm's strategy and core values. Morgan Stanley has a clearly defined plan containing goals for the leadership. Many companies have put in place a Diversity Committee, which facilitates the implementation and assesses whether minorities have access to equal opportunities. In the Children's University Hospital of Temple Street, Ireland, managers make sure that everyone receives a fair treatment. A Diversity Committee has been put in place, made up of people from diverse backgrounds and cultures. They organise focus groups with minorities and listen to their opinions.[5]

- **Involvement of Leadership in Day-to-Day Diversity Work**

Firm leaders have to make Cultural Diversity more than just "talk the talk" but "walk the talk". For example, SCA hygiene products, located in Denmark, has a unique general manager who uses storytelling as a tool. "The storytelling is a part of our every day life, creates attention, establishes the foundation for the next step, and binds us together."[6]

- **Representation of Diverse Cultures at All Leadership Levels**

Diversity within a company can be increased by integrating minorities into all positions, even leadership positions. The winner of the 100 Best Workplaces in Europe for Diversity Management, the British Gas Business in the UK, has succeeded in achieving high levels of ethnic diversity, and has exceeded the percentage of minorities in the local communities: for example 33% in Leicester County and 40% at BGB Leicester.

- **Leadership Training**

Companies have recognised the importance of providing additional training opportunities for leaders charged with implementing diversity initiatives. Crédit Suisse for example, offers a

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[4] Announced by Great Place to Work® Institute Europe on May 17, 2006
[5+6] 100 Best Workplaces in Europe, by Great Place to Work® Institute Europe, 17 May 2006

mandatory training program for all Managing Directors. Trough exercises and case studies, the program aims to help leaders to manage teams with people from diverse backgrounds and foster an environment in which innovation and opportunity can thrive.

- **Celebrate Culture and Inclusion**

Employees who are part of a cultural minority should be retained and included within the workforce. To integrate the various ethnic groups, the company should celebrate the diverse cultures through firm-wide or office-wide events. At British Gas and Google Germany, cultural diversity is celebrated though the celebration of various cultural events. British Gas does not only celebrate Christmas but also Diwali (a Hindu holiday) and Eid (a Muslim holiday), using decorations, traditional music and dancers, quizzes and raffles.[7] Another way to celebrate diversity and to open the company to Cultural Diversity is to host firm celebrations for diversity milestones such as the 50th anniversary of *Brown vs. Board of Education*, anniversary of the end of Apartheid, Martin Luther King, Jr. Day. An Annual Diversity Day within the company could be a further step.

- **Diversity Training**

Colgate employees are asked to evaluate the company's performance on its diversity policies during their exit interviews. The content of the training is then drawn directly from the results of these assessments. Numerous companies have already put diversity trainings in place: at Colgate, the 'Value Colgate People' and 'Managing with Respect'. A similar program was put in place at Novazymes in Denmark, called 'Managing with Respect' and at Clontarf Castle Hotel in Ireland, where the diversity program is supported by an active Diversity Committee.[8]

- **Networks**

Networks help employees to promote their career development through networking, informal mentoring, education and access to senior management. This is achieved through panel discussions, seminars, presentations and study groups. More specifically, Crédit Suisse has organised the Multicultural Resources Network (MRN hereafter) in the UK and the US, which is a forum where employees with various ethnic backgrounds and experiences can work together to develop professionally. MRN special events include guest speakers,

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[7+8] 100 Best Workplaces in Europe, by Great Place to Work® Institute Europe, 17 May 2006

receptions, art exhibitions, fundraisers and even cooking and dancing demonstrations that showcase the rich cultural heritage of our global community.

- **Recruitment**

MRN members are also active in the company's recruitment efforts and volunteer with a number of community organisations. To develop Cultural Diversity, relationships should be fostered with universities to identify promising minority students. Companies can make themselves recognised by advertising in the minority student associations, or by organising events such as the 'GTI Capital Chances – Europe' which offers undergraduate students of ethnic minorities, gay and lesbian, disabled and female students an opportunity to gain insight into the world of investment banking. Taking part in minority career fairs such as the African-Caribbean Diversity (ACD hereafter), provides an opportunity for human resources departments to meet highly qualified and diverse graduates.[9]

V. NORTH AMERICA

Throughout the US and Canada, a series of measures supporting Cultural Diversity have been put in place. The recognition of Cultural Diversity has its deep roots in the history which is influenced by immigration and racial problems. The Civil Rights Movement in the 1960s, for example, aimed at abolishing racial discrimination of African Americans. Out of these historic events and milestones, many effective measures, both private and public, appeared. Nowadays, Cultural Diversity is highly valued.

Private Sector initiatives

The US department of Commerce has recently conducted a large scale study about best practices in achieving workforce diversity.[10] They started to identify best practices used by the leading organisations to achieve Cultural Diversity among the workforce. Table 5 (see Appendix) consists of the nine leading companies which took the following initiatives:

- **Leadership Commitment**

The leading companies recognised diversity as a goal which lies within the responsibility of the senior executives rather than the human resources department or the diversity office. They

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9 ACD, founded in 1990, is a leading organisation of African and Caribbean professionals in Europe which has the goal of "promoting and facilitating the recruitment, development and advancement of black people in all sectors"

10 The United States Department of Commerce is a Cabinet department of the United States government concerned with promoting economic growth

all commit time and resources to make diversity a fact. In short, diversity is both a top priority and a personal responsibility for each individual in a leading position. A key element in ensuring the success of diversity initiatives is accountability. Accountability is achieved by making the appropriate leaders responsible by linking performance evaluation elements and compensation to the successful implementation and progress of diversity initiatives. Accountability helps to ensure that everyone is on board and actively engages in the diversity process. Being competitive in a fierce global competition requires the full utilisation of the skills and talents of all employees. Success will only be achieved through inspired people operating in an environment based on mutual trust, respect, openness, empowerment, teamwork, innovation, risk taking and integrity.

- **Strategic Planning**

The nine private organisations came to realise that in order to be effective and successful, diversity planning must be aligned with strategic business objectives. The long-range planning for diversity, seen in some organisations, is a more recent development.

- **Assessment and evaluation**

A Cultural Diversity strategy must contain well-defined measures to evaluate whether organisational objectives and targets are met. Organisations must be prepared to reward individuals or groups that meet the stated goals and objectives, as well as to penalise those who fail to do so.

- **Employee Involvement**

When it comes to employees, the nine companies have several things in common. Namely, they have three core organisational goals:

1) Maximising workplace satisfaction for all employees
2) Retaining a world class workforce
3) Maintaining an environment of lifetime learning

Employee involvement and feedback are necessary components in achieving these goals. Thus, the companies actively seek employee input through formal as well as through informal channels.

Employee involvement can be achieved by establishing employee groups. These groups provide a forum to both articulate and understand the needs and interest of employees. Often, employee group input is sought to determine the perception of the progress achieved with regards to Cultural Diversity. Another way of employee involvement can be achieved by establishing mentoring programs. Mentors are used to help assimilate new employees into the organisational culture.

Public Sector initiatives

The 'International Personnel Management Association'[11] (IPM hereafter) has recently undertaken a human resource benchmarking project about diversity management. For this they surveyed 550 public organisations. The states of Oklahoma, Washington, Wisconsin and the City of St. Petersburg, Florida, were chosen as best practice organisations in the area of Cultural Diversity. These public organisations value people and cultivate an environment where cultural awareness, sensitivity, fairness and integrity prosper. Employees from all diversities and minorities believe that they can progress if they are qualified, motivated and work hard. The benchmarking committee found that these organisations share some common practices that made them best practice organisations. These practices included:

- **The development of a formal process**

The above mentioned public organisations devoted human and financial resources towards the diversity programs. Their diversity programs are processes that are integrated, ongoing and measurable.

- **Diversity efforts are decentralised**

All diversity efforts are decentralised and are the responsibility of each individual within the organisation. All that is left centralised is the governing body. This reinforces a sense of ownership and ensures that managing diversity has both top level support and employee contribution throughout the organisation.

- **Diversity training is provided to the workforce**

The training is not limited to managers only. Best practice agencies have found that requiring affirmative actions through law, executive order, or other mandates compels agencies to

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[11] The IPM represents over 1700 organisations and 2500 individuals involved in public sector human resource management. Its mission is to optimise organisational and individual performance in the public service

establish serious goals and to make earnest efforts towards meeting those goals. Many organisations have established a review committee that is responsible for establishing policies, providing technical assistance, reviewing/approving plans, and monitoring progress towards the achievement of the cultural diversity goals. Effective diversity programs also link recruitment, development and retention strategies to organisational performance. They integrate employee development processes and map career paths to see what critical skills are necessary to advance. Then they communicate these skills to employees and provide training.
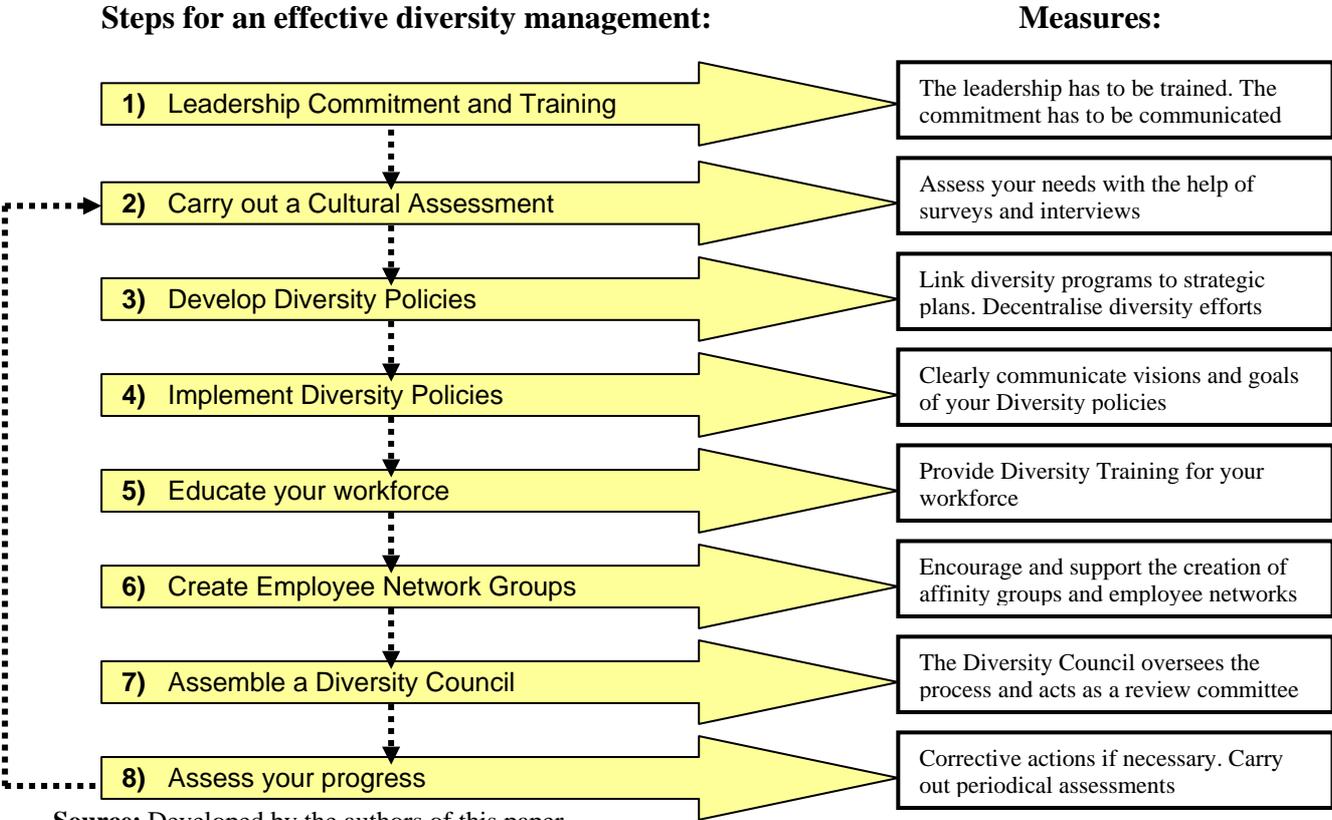
- **Accountability**

Accountability is another attribute of the above mentioned public organisations. Accountability is determined through the use of metrics, surveys, focus groups, customer surveys, management and employee evaluations and training. In this way organisations can determine how employees deal with people of different cultures and styles, support workplace diversity, include diverse people in work teams and understand the impact of diversity of business relationships.

Best practice

The preceding analysis demonstrates that there are significant benefits from having a culturally diverse workforce. For national organisations, a diverse workforce is sometimes necessary in order to reach a broader customer base as it is the case in Australia. On the other hand, a diverse workforce is inevitable and essential for international organisations. For those organisations, Cultural Diversity has the potential to become both, a key asset or a liability. It will certainly be a liability unless this diverse workforce can be brought together by organisational initiatives and by giving them the chance to understand, accept and respect each other. The organisation also has to provide the right environment to enable employees the input of individual initiatives. Only then will the employees be able to contribute towards the achievement of common goals in the interest of the organisation.

As already mentioned, every single organisation outlined throughout the paper has its unique strengths in some area of Cultural Diversity. We have brought those various models of

organisational strengths together and developed a step-by-step framework on best practice for the creation, the implementation and the management of Cultural Diversity programs:

Steps for an effective diversity management: **Measures:**

1) Leadership Commitment and Training	The leadership has to be trained. The commitment has to be communicated
2) Carry out a Cultural Assessment	Assess your needs with the help of surveys and interviews
3) Develop Diversity Policies	Link diversity programs to strategic plans. Decentralise diversity efforts
4) Implement Diversity Policies	Clearly communicate visions and goals of your Diversity policies
5) Educate your workforce	Provide Diversity Training for your workforce
6) Create Employee Network Groups	Encourage and support the creation of affinity groups and employee networks
7) Assemble a Diversity Council	The Diversity Council oversees the process and acts as a review committee
8) Assess your progress	Corrective actions if necessary. Carry out periodical assessments

Source: Developed by the authors of this paper

1. Leadership Commitment and Training

Before taking any action, it is of up most importance that any Cultural Diversity initiative or program has the full commitment of (1) the top management and (2) of everybody else occupying a leading position from the very beginning. This commitment has to be clearly communicated to the employees so that they can see the efforts and build trust towards the initiatives. Otherwise the whole undertaking will not be taken serious by the employees, which will perceive it as an add-on rather than an essential part of the organisational strategy. Therefore leadership commitment is invaluable for the success of any initiative concerning Cultural Diversity. They are contributors in ensuring that diversity is integrated into the core values of the organisation. However, the leadership may need training on the issue and should be provided with any tools they need to be successful. We suggest that a mandatory training program for all Managing Directors. At the end it is the leadership that carries the ultimate responsibility. The firm leaders have to be held accountable for the progress in Cultural Diversity and their results should be reviewed periodically. The progress of the leaders in the

promotion of Cultural Diversity should be monitored and feed back should be given to them concerning the progress (actual vs. planned) and the remaining goals.

2. Carry out a Cultural Assessment

No Cultural Diversity initiative can be implemented if the current state and needs are unknown. The strategic goals, a competitive advantage of some sort, are clear and can be defined by the leadership. However, the actions and plans needed to reach the specified goals have to be assessed by measuring the actual state and needs of the workforce. The assessment of the current state can be achieved through interviewing employees and carrying out surveys.

3. Develop Diversity Policies

Diversity Policies should be developed and put in place where they are treated as serious as any other organisational policy. It is essential to closely link the ambitions in the field of diversity with company's strategy. Diversity strategic planning focuses on creating measurable ways for diversity to support the strategic direction, goals and objectives of the organisation. The company has to understand which advantages can be obtained through Cultural Diversity. These advantages should be reflected in the strategy where they can reach their full potential and increase performance and hence contribute to gain a competitive advantage. Diversity Policies should also contain the goal of including minorities into the leadership. This ensures the employees that they have equal rights and chances.

4. Implement Diversity Policies

During the process of implementing new Diversity Policies, communication is the key for success. Employees have to be informed otherwise they loose interest in the issue and refuse to make contributions. Diversity Policies can be far reaching. It starts with the recruitment of new employees. Efforts concerning cultural diversity recruiting should be both internal and external. Within companies, interviewers should be aware of cultural differences. While interviewing they should make things clear about the firm's commitment to diversity, its achievements and projects. If the employees feel included and fairly treated, they will be more prone to stay with the company. The company can help this by supporting the issue of effective recruiting and employee retention by including them into their policies.

5. Educate your workforce

While running measures where humans are expected to change their way of thinking, it is important to provide training. The employees have to be supported in understanding and accepting other cultures and have to be trained how to deal with situation concerning diversity. These Diversity Trainings are the foundation of a healthy working environment.

6. Create Employee Network Groups

We strongly recommend the creation of Employee Network Groups where employees from a specific minorities or ethnicities can meet each other and discuss matters they are concerned with. These networks contribute a more spontaneous and natural approach to Cultural Diversity. This can be achieved by celebrating culture and cultural events with the help of films, exhibitions, lecture series, even by holding cooking lessons. These networks will be in close contact with the Diversity Council and communicate current issues.

7. Assemble a Diversity Council

We see it as necessary to create and implement a 'Diversity Council' or 'Diversity Committee'. The positions within the council are occupied with selected employees and managers. We are the opinion that this approach is more successful than a 'Diversity Office' with professionals. Diversity should not be a profession, it should be a passion! The Diversity Council or Committee acts as a mediator between those who decide what to implement and those who are affected by the implementation. Furthermore, the council or committee is also responsible to oversee progress and critically assess all aspects of the Diversity Program. Additionally it provides a platform where employees can communicate their needs, interests and opinions with their subordinates.

8. Assess your progress

Finally, the progress has to be assessed periodically. Policies and strategies should be adjusted according to the performance. This can be done by setting higher goals or by taking corrective action should objectives not be met. The continuous assessment is also important in order to be pro-active. Lagging behind could have serious negative result such as loosing the competitiveness or even prosecution by the state as well as lawsuits. A continuous assessment can be done through surveys but also by interviewing the employees that decided to leave the organisation. Our step-by-step guide can be seen as a constant circle. After an assessment it might be necessary to update or add policies, provide new training and so on.

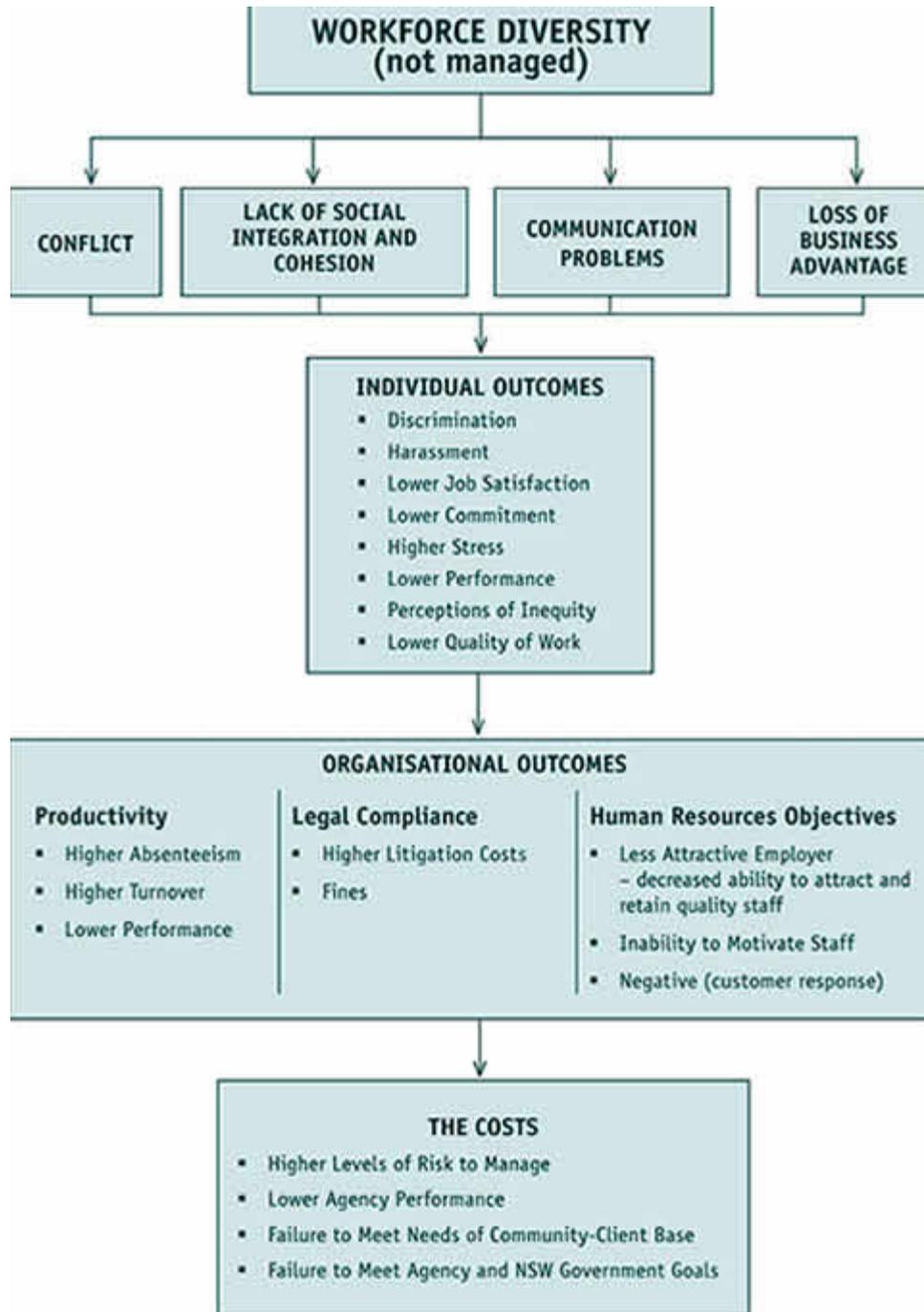Appendix

A. Tables and Exhibits

Table 1

Three levels of mental programming
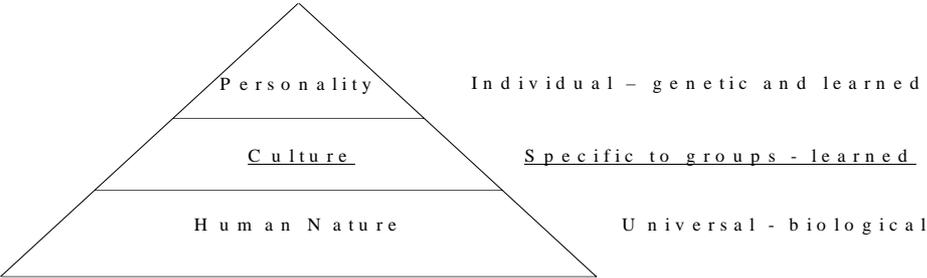
Source: Adapted from Hofstede (1980). *Three levels of mental programming*
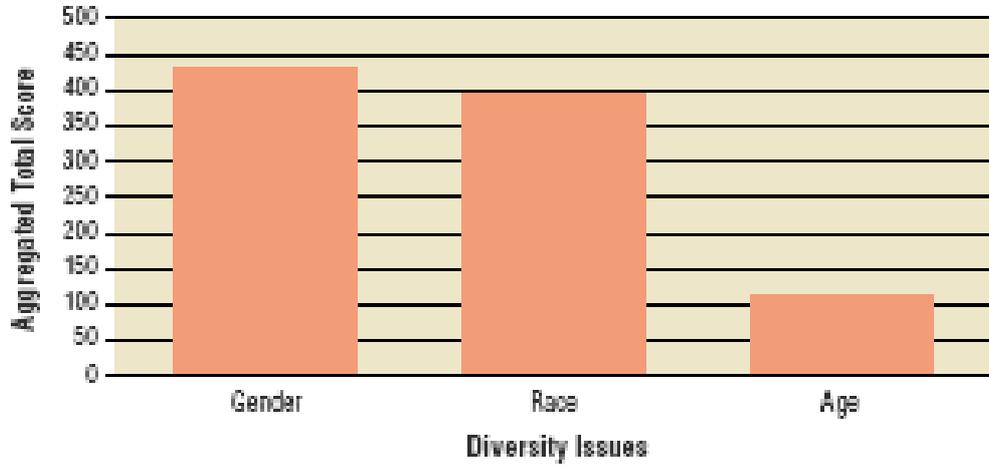
Table 2

Possible negative outcomes and consequences if workforce diversity is not managed

WORKFORCE DIVERSITY (not managed)

- **CONFLICT**
- **LACK OF SOCIAL INTEGRATION AND COHESION**
- **COMMUNICATION PROBLEMS**
- **LOSS OF BUSINESS ADVANTAGE**

INDIVIDUAL OUTCOMES
- Discrimination
- Harassment
- Lower Job Satisfaction
- Lower Commitment
- Higher Stress
- Lower Performance
- Perceptions of Inequity
- Lower Quality of Work

ORGANISATIONAL OUTCOMES

Productivity
- Higher Absenteeism
- Higher Turnover
- Lower Performance

Legal Compliance
- Higher Litigation Costs
- Fines

Human Resources Objectives
- Less Attractive Employer – decreased ability to attract and retain quality staff
- Inability to Motivate Staff
- Negative (customer response)

THE COSTS
- Higher Levels of Risk to Manage
- Lower Agency Performance
- Failure to Meet Needs of Community-Client Base
- Failure to Meet Agency and NSW Government Goals

Source: Adapted from O'Flyn et al (2001), *Managing Diversity Human Resources Effectively — A Business Model for Diversity Management*.
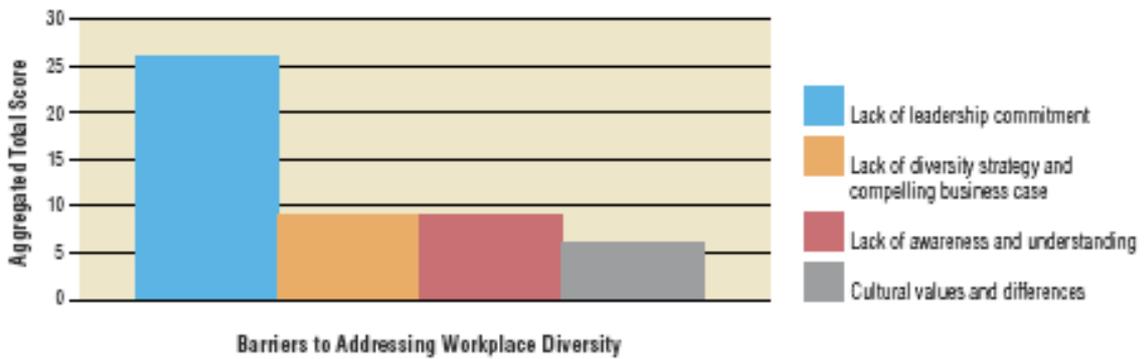
Table 3

The top three workplace diversity issues in Asia

Source: CSR Asia Weekly, Vol.2 Week 11, 15/03/06

Table 4

The greatest barriers in addressing workplace diversity issues

**Source:** CSR Asia Weekly, Vol.2 Week 11, 15/03/06

Table 5

US private companies benchmarked

- **Coors brewing company**
- Daimler Chrysler
- Eastman Kodak
- Fannie Mae
- The Prudential Insurance Company of America
- The Seattle Times
- Sempra Energy
- United States Coast Guard
- Xerox

Source: US department of Commerce

Table 6

Current situation around the world according to our 360˚ approach
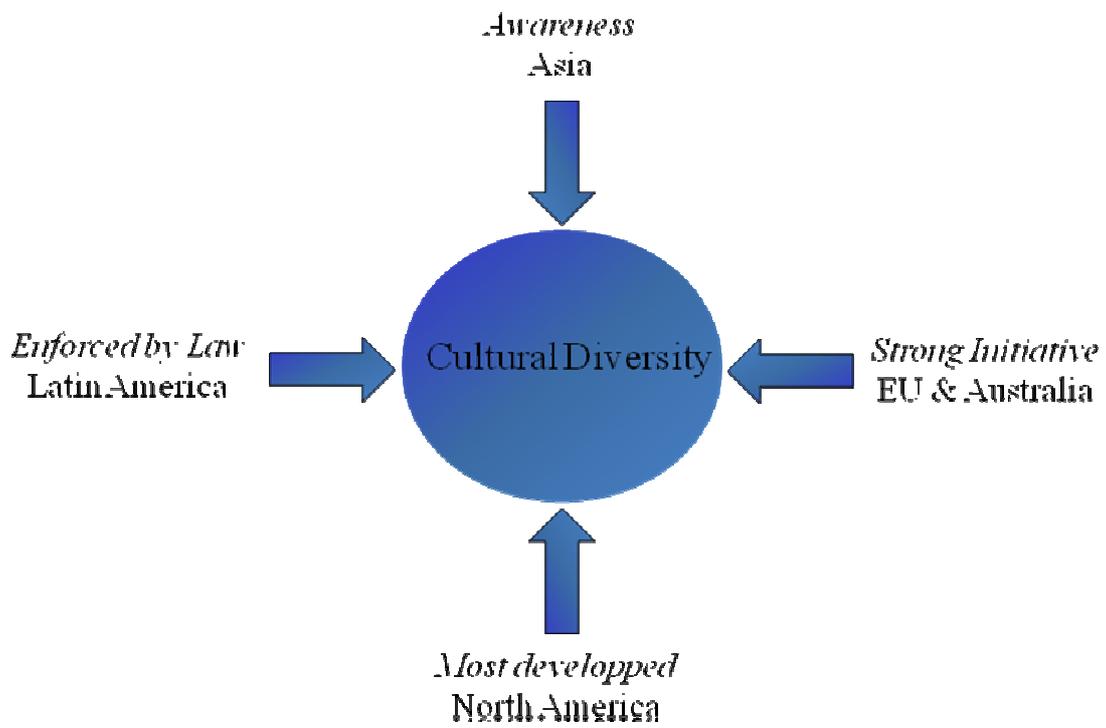
Source: Developed by the authors of this paper

B. Articles

Article 1

Diversity Works!"

"Diversity Works!" is a policy of the Australian Government to promote the benefits for business and the economy of utilising the cultural and linguistic skills of the Australian workforce. It was formerly known as Productive Diversity.

Bring the world into your workplace and grow!!!

According to the 2001 census 43 per cent of the Australian population was born overseas or had one parent born overseas. Some 16 per cent of consumers do not speak English at home. Is your business doing what it takes to reach this potential market? Do you want to improve your export capacity?

Cultural and linguistic diversity can significantly enhance your business innovation and ability to compete.

Many culturally and linguistically diverse Australians have professional and trade qualifications. 15 per cent of the Australian workplace is migrants from non-English speaking countries. Their language and cultural skills add extra value to the contributions they can make as employees in your business. You can use their skills to:

- Expand domestic niche markets and form new markets how? case studies more
- Tap into international markets how? case studies more
- Hit the target with market research how? case studies more
- Focus your product development how? case studies more
- Enhance customer service how? case studies more
- Become an employer of choice and a smart operator how? case studies more

Expand domestic niche markets and form new markets

- Advertise in community languages in all media channels, noting that radio advertisements are cost effective and also reach those with limited literacy in their first language
- Use bilingual staff for sales campaigns, marketing advice on cultural nuances and to train other staff on cross-cultural communication
- Include images of customers from a range of backgrounds in advertising material
- Use cultural festivals as marketing opportunities
- Use culturally auspicious symbols and colours as marketing tools
- Market products popular in ethnic niche markets to mainstream Australia which has become increasingly cosmopolitan and open to new experiences and styles.

Tap into international markets

- Employ professional bilingual staff for international business trips in roles such as negotiators, and market researchers
- Use bilingual staff as interpreters and seek their advice on business and cultural protocols for business trips or hosting meetings with business partners from overseas
- Train company staff in cross-cultural communication through bilingual staff who can explain the 'dos' and 'don'ts' of communicating in a business context
- Utilise the overseas business networks of bilingual staff who have recently migrated from a particular target market
- Advertise and train using the cultural and language skills of bilingual staff.

Hit the target with market research

- Collect information on the cultural composition and preferred language of the target markets
- Align market researchers from a particular culture background with consumers from corresponding ethnic niche and overseas markets for all market research, both qualitative and quantitative
- Send bilingual marketing and sales staff on exploratory business trips to reconnect with business contacts and update their market knowledge.

Focus your product development

- Use the knowledge of staff from target market countries or ethnic niche markets for information on cultural preferences
- Understand religious restrictions on the use of particular products and develop alternatives
- Produce products in demand for various cultural events.

Enhance customer service

- Target the use of bilingual staff to provide client service in the first language of customers
- Develop translated information for user manuals and instructions for use
- Provide translated information on complaints handling processes and procedures in culturally sensitive formats for people from the target range of cultural and linguistic backgrounds.

Become an employer of choice and a smart operator

- Conduct a cultural audit of existing staff to identify and utilise cultural and linguistic skills and recruit bilingual staff from target migrant and overseas consumer communities
- Provide training in cross-cultural communication and understanding to staff, including managers, to build on team work and cohesion in the workplace
- Build an understanding of how different communication styles are used in other cultures so that recruitment processes and performance assessments value these styles
- Avoid cultural stereotyping
- Offer exchange programs for staff with other staff in the company's overseas offices
- Offer flexible working arrangements to accommodate cultural or religious events
- Encourage culturally diverse staff to participate in workplace training, committees and special taskforces etc to maximise the generation of ideas including systems and concepts utilised in other cultures
- Reflect staff, customer and shareholder diversity on management boards and committees
- Utilise the awareness of other ways of doing business that staff from other cultures bring to the workplace, for more creative and innovative approaches to problem solving and improved productivity
- Enhance your business' reputation as a socially responsive organisation.

This is a website of the Department of Immigration and Multicultural Affairs.

Source: An Australian Government Initiative. Diversity Australia (Homepage). [Online]. Available from: http://www.diversityaustralia.gov.au/#x1

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