Diversity Management, Equal Employment Opportunity and the Compartmentalisation of Identity: Some Australian Case Study Evidence

Santina Bertone and Mary Leahy

Abstract

Recent years have seen a trend towards the use of ‘diversity management’ in favour of longer-used terms such as equal employment opportunity. Some feminists have criticised this move as a retreat from equity and social justice principles in the workplace. The change of terminology has brought with it a broader, more individualistic notion of human difference, in which the business case for employee diversity is more prominent. This may be necessary to deal with backlash from dominant groups, shore up employer support and recognise the complex nature of social identity amongst workers. But it may also conceal systemic discrimination against members of disadvantaged groups. This paper reports on case study research in two Australian based companies which have very different policies in this area. It concludes that diversity management does fail to adequately address systemic discrimination, however, there is value in broader definitions of human difference which transcend single categories such as gender and race.

Introduction

Diversity is a key characteristic of the Australian workforce, but largely unmatched in the ranks of management, particularly at senior levels. As Karpin noted in 1995, Australia enjoys a wealth of human diversity but has yet to harness that diversity effectively in the management realm (Karpin, 1995: 232). Today, the Australian population comprises 2 per cent Aboriginal and Torres Strait Islander people, 23 per cent who were either born in a non English speaking country or have at least one parent from such a country and 75 per cent from Anglo-Celtic backgrounds (including first generation English speaking background immigrants) (Race Discrimination Commissioner, 1998: 9; ABS, 1996). About 14 per cent of the Australian labour force comprises people who were born in a non-English speaking country, and altogether 15 per cent of Australians speak a language other than English at home (ABS, 1996). About 21 per cent of Australia’s 800,000 small businesses are owned or operated by people of non-English speaking backgrounds (NESBs) and international visitors whose first language is not English exceed 3 million per year (Race Discrimination Commissioner, 1998: 9). Women now make up nearly half of the workforce (ABS, 2000).

The lived reality of these figures has posed a major challenge to Australia’s historical self-image as a largely British-based and male-dominated society. It has also impacted on the labour utilisation and human resource management strategies of a number of industries where NESB immigrants and women have congregated. Yet we still find that most Australian institutions, such as the parliaments, trade unions, corporations, the judiciary, arts and cultural bodies and the public services continue to be dominated by Anglo-Celtic males (Bertone & Griffin, 1992; Bertone et al., 1998; Bertone et al., 2000 forthcoming). Women continue to be segmented into lower-paid, female-dominated occupations in a handful of industries, such as retail, community services and property and finance (ABS, 2000). Non-English speaking background immigrants generally receive lower average incomes, suffer higher unemployment rates and find it more difficult to gain promotion than Anglo-Australians (ABS, 2000; O’Loughlin & Watson, 1997; Watson, 1997). This is the context in which we need to view the shifts from equal employment opportunity and affirmative action in government policy to the increasing use of terms such as ‘productive diversity’, ‘managing diversity’ and ‘valuing diversity’. This paper argues that while there is some merit in the philosophy behind managing diversity policies, particularly as it addresses some of the complexities of group identification and individual experiences of social isolation and discrimination, in practice our case studies suggest that the managing diversity paradigm can overlook systemic discrimination in the workplace.

Diversity management in Australia

Terms such as ‘productive diversity’ and ‘managing diversity’ have been variously defined. However framed, they usually call for the development of conscious strategies to deal with differences in society, whether these lie in organisations, markets or other institutions. Such differences may be innate (such as age or gender), structural (such as social class) or acquired (such as lifestyle or dress). ‘Productive diversity’ is an Australian government policy that has focussed more particularly on race and ethnicity and the way
these issues are addressed in employment. It advocates the more productive use of diversity in this sense, such as the systemic use of second languages in the workplace and the tapping of cultural knowledge and networks held by immigrant workers to assist business interactions within a globalised marketplace. Sometimes this concept is referred to as ‘managing diversity’. This is particularly the case in Northern America.

‘Managing diversity’ is also used increasingly to refer to programs in the workplace for women, the disabled, older people, homosexual and transsexual people and others who differ from the dominant group of white Anglo-Celtic males (Cox, 1993; Overell, 1996; Woods & Sciarini, 1995).

In the literature, we find roughly five definitions: 1. the traditional equal opportunity definition, which deals with differences in gender, racioethnicity and age (Overell, 1996). Equal opportunity is generally concerned with eradicating discrimination and raising the profile and outcomes of disadvantaged groups, such as women and the disabled. 2. Broader definitions which recognise a range of human differences, such as physical ability, personal attributes and habits and sexual orientation, not all of which are associated with disadvantage (Woods & Sciarini, 1995; Wallace et al., 1996). 3. Definitions based on the broadest possible concept of diversity, incorporating hierarchical levels, functions and backgrounds (Cox, 1993). This definition does not particularly address issues of disadvantage. 4. The notion that a culture of valuing diversity has the capacity to create a pluralistic social order, resulting in organisational cohesion and international harmony (Cope & Kalantzis, 1997), and at the other extreme 5. Business oriented definitions, which view managing diversity as driven by business needs with less emphasis placed on such aspects on organisational cohesion (Overell, 1996; Hay, 1996; Dawkins et al., 1995) (extracted from Bertone, S. Esposto, A. & Turner, R., 1998 Diversity and Dollars: Productive Diversity in Australian Business and Industry, CEDA, (Information Paper No. 58, CEDA, Melbourne), 1998: 22-23).

In Australia, legislation to prevent and outlaw gender discrimination has been present in some or all jurisdictions since 1962, with the most recent federal legislation Equal Employment Opportunity for Women enacted last year. Racial discrimination legislation has also existed at federal level since 1975 (Racial Discrimination Act). There is a federal Disability Discrimination Act 1992 and various state and territory anti-discrimination legislation which prohibits discrimination on a range of grounds, such as gender, pregnancy, marital status, sexual orientation and so on (Race Discrimination Commissioner, 1998: 7).

The history and application of these various pieces of legislation has had a profound effect on different groups. For women, programs to promote equal employment opportunity have been mandated by legislation for larger employers (having 100+ employees) for over a decade. However, in the immigrant area, such programs have been voluntary. The nearest equivalent government policy, ‘productive diversity’ has stressed the economic utilisation of skilled migrant labour far more than the abolition of discriminatory barriers. While the efficacy of gender legislation in achieving non-discriminatory outcomes may be questioned, research shows that employers have a long way to go in even acknowledging that racial and ethnic discrimination is an issue (Bertone et al., 1998; Da Gama Pinto, 2000).

Past research based on surveys and focus groups of managers across six industries has shown that a minority of companies have a policy commitment to productive diversity relevant to immigrants, and in most cases this was part of EEO policy, which, as we have noted, is mandatory for large companies (Bertone et al., 1998). Recent survey-based research has confirmed these findings (Nicholas, 2000). Focus group research shows that productive diversity, as promulgated by the federal government, is not well understood by all managers and does not receive a high priority in organisations (Bertone et al., 1998: 2). Whilst a significant minority of managers worked in organisations where productive diversity programs were underway, these were relatively recent (introduced over the past five years) and not spread uniformly across the organization (ibid).

Debates about diversity management

As previously indicated, the term ‘productive diversity’ is strongly suggestive of the business case and refers to the use of cultural capital (languages, cultural knowledge) in the workplace. As such, it is considered by many in the field as too limited. Through our research we also found the term does not have wide currency (Bertone, 1998: Smith, 1998; Bertone & Leahy, 2000: 1). Terms such as ‘managing diversity’, ‘valuing diversity’ and ‘workplace diversity’ seem to be preferred by Australian managers, many of whom have drawn their inspiration from American literature presented in university management courses here.

If such a term is to be used, the consensus seems to be that it be broadly defined, the advantage of a broad definition being that it allows space for the acknowledgement of multiple group membership and complex identities e.g. migrant woman, homosexual man. A broad definition accommodates intersections of race, ethnicity, gender, class, ability, location etc. and helps ensure that identity does not assume a uniformity of interests and issues e.g. as if all women had the same experiences, or all men faced similar issues in the workplace.

Such complex constructions of identity are common themes of cultural studies and postcolonial theory. Bhabha describes the political necessity of moving away from the ‘singularities of ‘class’ or ‘gender’ as primary conceptual and organisational categories’. He considers how identity, both singular and plural, is formed ‘in-between’ or in excess of, the sums of parts of difference such as race, class, gender etc. (Bhabha, 1994: 1-2). However, others warn that ‘developing ..(a) broader view (of diversity) may simply serve to take the focus and action orientation off some issues that are specifically of concern to a particular type of
diversity' (Moore, 1999: 210). Indeed, the adoption of
generalised language can be seen as a deliberate
managerial tactic to avoid action or deflection attention
from difficult management issues (ibid).

This is the crux of the debate between feminists and
others regarding the use of diversity terminology to
replace terms like equal employment opportunity and
equity and social justice. Literature from both the United
States and Australia has begun to question the efficacy
of managing diversity and similar policies to deal with
‘the more serious dimension of difference in
organisations’ (Prasad et al., 1997: 3). Prasad et al. argue
the need to focus on what they describe as the common
dilemmas of diversity, in particular:

The backlash against any commitment to multiculturalism, the
continuing anger and disappointment of women and minorities,
and the systematic resistance within organisations against
difference (ibid).

They note that, despite the media popularity of the
concept of workplace diversity, and the often
unproblematic way it is portrayed in human resource
and organisational behaviour textbooks, the reality can
be very different:

There are persistent signs that the management of diversity is a
Herculean task requiring much more than managerial enthusiasm,
optimism and good intentions. Managing diversity at the
workplace presents as many dilemmas as triumphs, and is
constantly fraught with innumerable tensions, conflicts and
contradictions (ibid: 5).

Literature on the processes required to successfully
manage diversity is limited and is characterised as
‘distant cheerleading …. that averts its eyes from the
rampant conflicts and ruptures that are endemic to a
changing and diverse workforce’ (ibid: 8). Fine’s book
Building Multicultural Organisations (1995) concurs
with this view; according to this work there is no quick
fix, creating multicultural organisations ‘requires
patience, hard work and an organisational commitment
to change’ (ibid).

Another strong criticism of managing diversity is that it
fails to reflect differences in power and has a tendency
to equate fundamental differences such as race and
ethnicity with less significant differences such as
sporting interests (Burton, 1992 in Hall, 1995). The term
can hide structural inequality by focusing on individual
and broadly diffused differences (ibid: 24). Hall, also
points out that managing diversity focuses on ‘managing
individuals rather than members of groups’ (1995: 22).
She argues that where discrimination based on group
membership is pervasive it would be more efficient to
develop a program-based response rather than deal with
individual cases (ibid). Burton adds that, to be effective,
managing diversity programs need to be implemented
in conjunction with or as extensions of equal opportunity
programs (Burton, 1992 in Hall, 1995: 223). If not, it is
likely the only beneficiaries will be professional women
and migrants from non ‘alien’, English speaking
backgrounds.

In her monograph exploring the relationship
between managing diversity and affirmative
action, Hall argues that some diversity programs
have been introduced to protect equity programs from
backlash. She notes that in talking about diversity the
differences between people based on their membership
of disadvantaged groups is obscured and there is a real
danger of losing sight of the main goal of equal
opportunity at work (Hall, 1995: 16):

A key distinction for some is that EEO emphasises individual
rights to equal opportunities whereas a managing diversity
approach emphasises the more productive utilisation of the
workforce (ibid).

Some aspects of diversity make more contribution
to the ‘bottom line’ (business profitability) than others (ibid: 19). Groups that are not seen as contributing to
improved productivity, either as customers or employees,
may therefore not benefit from initiatives that are
founded on business dividends alone. Hall argues further
that ‘perpetuating inequality may be productive
sometimes’ and that differences between employees have
been used as the basis of differing pay and conditions
(ibid: 20). She also makes the point that the benefits of
diversity are often only realised in the long term, so it
may seem less costly to accept inequality (ibid).

Conversely, Greenslade (1991) argues that, as
diversity management is not a deficit model it goes one
step further than equal employment opportunity. It is
argued that the focus of diversity management is on
changing organisational culture, so that difference is
accepted, rather than merely attempting to increase the
representation of diverse groups in what is essentially
an assimilationist model.

One very powerful demographic factor in favour of
diversity management is the likelihood that women,
people from diverse ethnic backgrounds and older
workers will soon constitute a large, if not the major
part, of the workforce. This factor will affect the
competitiveness of enterprises, which need to ensure
they recruit the best people (Loden & Rosener, 1991;
Thomas, 1991; Krama, 1997). Unless it is expected that
people adapt to the prevailing mono-culture, a more
diverse workforce will require a different type of
management that is prepared to widen its recruitment
pool significantly and ensure that diverse employees
receive the conditions necessary to perform to their best.
Business case perspectives recognise that managing
diversity may make employees feel valued and included
and therefore more productive; improve customer
service if the employees and management of the
organization reflect the general population, and result
in better understanding of local and global markets. In
contrast, the key ideological case for managing diversity
is that of fairness and equity. However, this case also
offers important benefits for business. If employees
perceive the organization to treat employees fairly and
equitably, they are likely to be more motivated and
committed. Second, organisations obtain leverage from
perceptions that they are good corporate citizens and
may improve their market share.

Burton (1992) argues that workplace heterogeneity
helps avoid the problems of ‘group think’ and
cloning, which in turn increases productivity and
reduces costs. Likewise, Moore finds there is
ample evidence that ‘diverse groups with the skills and support systems to integrate effectively, are likely to be significantly more effective than non diverse or homogenous groups in the same activities’ (McLeod & Lobe, 1992; Maznevski, 1994 in Moore, 1999).

In Australia, as we have noted, white Anglo-Celtic people dominate most institutions, and white Anglo-Celtic males in particular manage the Australian workforce (Karpin, 1995; Watson, 1997; Smith, 1998; Sinclair, 1998). Recently, we have seen a withdrawal of support for multiculturalism by the federal government, ‘demonstrated by a subtle change of rhetoric, some fear, with an accompanying change of policy’ (Kalowski, 1999: 36). The policy remains but is undermined by an emphasis on the ‘mainstream’ or the majority culture. In a powerful critique on multiculturalism in Australia, Hage argues that those who support and those who oppose multicultural migration are linked by a shared assumption that they have ownership and control of the nation and as such are in a position to welcome or reject newcomers. He describes this as the White Nation fantasy, the fantasy of a nation for and governed by White people (Hage, 1998: 19). Hage uses the concept of ‘White’ rather than Anglo or Anglo-Celt, arguing that Whiteness is an aspiration, which up to a point can be accumulated or acquired. He notes there are many non-Anglos who also embrace the ‘White Nation fantasy’.

Some of the most recent empirical research in Australia appears to support Hage’s proposition. In a study of the labour market barriers affecting immigrant engineers, it was revealed that there exists ‘a decided employer preference for known NESB groups over comparatively ‘alien’ or (less White?) groups (such as those from Africa and the Middle East)’ (Hawthorne, 1994). Research into racial discrimination in Victoria found clear evidence of the difference in acceptability of persons from Vietnamese, Greek and Anglo-Celtic backgrounds. Using a case control technique based on a large number of virtually identical job applications from fictitious applicants with Greek, Anglo-Celtic and Vietnamese names, the Greek applicants were two and a half times more likely to be discriminated against (not offered a job interview) than the Anglo-Celts. Vietnamese applicants were discriminated against at approximately six times the rate of Anglo-Celts (Riach & Rich, 1991). This research replicated techniques and findings of research into immigrants groups in the United Kingdom.

The national media attention given to the One Nation party, a right-wing party opposed to immigration, multiculturalism and indigenous programs is further evidence of the recent decline in left-liberal values and the notion that national values of fairness and equality are out of style (Rothwell, 1999: 29). Such ‘debates’ may have contributed to the situation observed by researchers that the issue of race has become an ‘undiscussable’ in corporate circles (Da Gama Pinto et al., 2000: 29).

The next section discusses the findings of case study research conducted by the authors in 2000, and the light it sheds on these debates in the literature.

Delving into the organisational reality

Our case study research was funded by a group of agencies, principally the Department of Immigration and Multicultural Affairs, in partnership with Victoria University, the Australian Multicultural Foundation, Mobil Oil and a major financial services provider. It followed on earlier survey-based research conducted for the department and CEDA (Committee for Economic Development Australia) by the chief author and other collaborators into the incidence of productive diversity policies in Australia (Bertone et al., 1998). The earlier research project showed there was a dearth of detailed information about the process of diversity management within Australian organisations. The focus group discussions with managers (predominantly human resource and marketing managers, together with some chief executives), which were part of that research, emphasised two points. Diversity management is not regarded as straightforward, it is difficult and managers need detailed guidance on how to do it; and if it is to be done, senior managers need to be convinced that it will bring major business benefits to the organization.

As a result, the department part-funded a second phase of research which included case studies in organisations deemed to have advanced productive diversity policies, with two aims: 1. to establish clearly the factors which promote and inhibit effective diversity management in an organization, with particular reference to the management of ethnic differences, and paying attention to processes, attitudes, values and perceptions at the organisational level; and 2. to measure more specifically, where relevant, the business benefits of productive diversity. We began the empirical research in January 2000, completing two case studies by August 2000. The two case studies were Mobil Oil Australia, a multinational American-owned petrochemical company which had recently merged with Exxon; and a major Australian multinational financial services provider (FSP), which preferred to remain anonymous.

Empirical data collected at the FSP came from fifteen face to face interviews, one employee focus group, discussion, participant observation and analysis of a range of corporate documents, including policy papers, employee statistics, the annual report, website information and enterprise bargaining agreement, customer needs analyses, corporate research reports, publicity materials, internal newsletters and so on. At Mobil, the authors conducted nine face to face interviews and two employee focus groups, and analysed a similar range of corporate documents. Interviews and focus groups in both cases included diversity managers, human resource and marketing managers, ethnospecific personnel associated with diversity programs, employees outside the diversity programs, members of diversity committees and senior managers.

Both case study organisations are large successful companies with operations extending throughout Europe and Asia. Mobil also has extensive operations in America. Both are major employers in Australia, with approximately 17,000 employees at the FSG and 2000 in Mobil. Each company has a long-
standing and well-articulated diversity policy. In the FSP’s case, moves in this direction began thirteen years ago, with considerable expansion of the policy program about three years ago. At Mobil, the diversity issue has been actively considered since the early 1990s, with most formal policy activity occurring since 1995.

However, the two companies could not be more different in the way they manage diversity. At the FSP, ethnic diversity is targeted through a national multicultural marketing strategy aimed at local niche markets, such as Australians of Asian or Middle Eastern descent. It uses the bilingual and bicultural skills of staff to sell financial products in Australia to businesspeople from these ethnic communities. The program is separate from other diversity policies of the FSP, such as equal employment opportunity, work/life programs and employment for disabled people. At Mobil, a national program called Diversity and Inclusion is directed specifically towards employees rather than customers. It promotes diverse work teams, encourages open communication and aims to raise commitment and productivity by making all employees feel included. All human differences are encompassed in the program, which is highly integrated with Human Resource and operational policies.

Both organisations’ policy development had been greatly influenced by competitive pressures arising from internationalisation of the domestic and overseas markets. In the FSP’s case, the deregulation of the financial sector in the early 1980s had intensified competition in the product market as overseas organisations set up operations in Australia and domestic companies competed more fiercely for customer patronage. According to the history provided by senior managers, the FSP began to address the issue of ethnic niche marketing in 1987, after the General Manager became convinced there were niche markets here which the organisation was missing. Niche marketing was seen as an important strategy for shoring up and/or expanding the organisation’s market share. The policy was clearly about bottom line issues rather than addressing ethnic disadvantage or equity issues. As one informant noted:

It’s just money and business sense and not able to neglect what is probably a fairly considerable segment of business for particular ethnic groups.. I think it is heavily motivated towards bottom line. But at the same time I mean they were very strong in saying that they want to be perceived in the community to be a good corporate citizen.

Another commented revealingly:

... part of the business case for diversity is that if we can leverage off differences that our employees bring then we’re going to be better able to service our customer base. Our customer base aren’t all white Caucasians and males so why should our employees be the same? Obviously (we are) in a global market, our customer base and our customer needs are changing and so we need to keep pace with that.

At Mobil, interviewees spoke of the recognition from the late 1980s in the United States parent company that diversity was to become a global business imperative. To some extent this was driven by equal opportunity legislation in the US, but it was also recognised that the traditional pool of white male recruits had shrunk markedly. As one interviewee commented:

In the US … if Mobil was to hire white males, it would only have recruited from 20% of college graduates. This doesn’t reflect the community, and brains aren’t handed out on the basis of colour or gender.

Mobil also came to recognise the importance of retaining staff in which the company had invested considerable training and investment. Another key factor motivating the company was the poor business performance of the Australian affiliate in the late 1980s and demands from the US parent company that the Australian operations improve their performance, including a refusal to commit funds to capital upgrades until that occurred. Diversity and Inclusion was one plank in the parent company’s demands for change. One Mobil interviewee summed up the company’s motivation in this area succinctly:

We are not out to win awards. It’s all about business drivers for doing it (Diversity and Inclusion). If there is no business focus senior management won’t do it. The business imperatives are about the pool of talent, labour turnover, training costs, retention and about extracting that discretionary effort that makes your business get ahead of the competition.

Our research suggests that the diversity programs in these two companies had common strengths: a belief that diversity management would lead to major business benefits; the commitment of senior management; appointment of high level champions to coordinate policy; the investment of significant resources in the diversity policy; a long term perspective on the gains to be made; the provision of targeted research by the company; and the dissemination of success stories which helped spread the diversity (and in Mobil’s case, Inclusion) message through the organization. In both cases, diversity management is built into key results areas (that is management performance indicators), but it is also recognised that diversity alone is not sufficient to achieve results – it must be linked to key competencies such as financial management and communication with customers.

It is particularly worth highlighting the long-term horizons of these policies and indications in both cases that major cultural change was far from complete. Also noteworthy was the importance of change leaders or champions who were authorised to drive the change program over a number of years. In both organizations, the change leaders were members of senior management and had a personal commitment to the diversity policy. In Mobil Australia, the change leaders were supported by a national Diversity Inclusion Council made up of staff representatives across the organization. At the FSP, change leaders had been appointed in most states to lead and coordinate the multicultural marketing program.

Their role was far from easy, but appears to have been pivotal to the success of the policy. At the FSP, one of the change leaders had been criticised in the past as ‘just killing time’ in his role, and as a consequence, (had) ‘had
to work hard to justify his position’. The role ‘always has to be backed up by results’ if it was to be accepted. An interviewee commented:

They (the multicultural marketing managers) have been pushing diversity management for a number of years, but getting it across to HR is another issue. General managers may agree, but they have to get it across to HR.

These observations support claims in the literature (cf. Prasad et al., 1997) that diversity management, by challenging existing practices, values and power relations within an organization, can engender conflict and require many years of sustained policy work before it can be said to be truly entrenched. At Mobil, a seven point scale, developed by an external diversity consultant, had been widely used to gauge the organisation’s standing on Diversity and Inclusion. It was generally believed that after five years of policy work the organization had attained a ranking of 3 or 4 (middle of the scale). This represented a state defined as ‘Awareness – We have some diversity and inclusion issues and it means we’re not getting the best from our people (3)’ and ‘Intuition – Maybe effective diversity and inclusion management can help us get better business results (4)’. Managing diversity was regarded as harder than many other management policies to implement. As one FSP interviewee put it:

At the end of the day, we’re asking a group of senior men, if you set a target of 30 per cent then you’re saying that 30 per cent ... need to make room for some others and I think it’s also the system has served them very well, why would they want to give it up?

Another commented:

It’s more difficult to implement ... less tangible, less clear cut than other changes. Changing culture is less measurable, it’s less easy to appreciate how effective you’ve been and see the fruits of your labour. Some people can talk the talk but not believe what they say.

While both policies had led to successful programs in the case study organisations, there were gaps and problems within each of them. At the FSP, concern was expressed that Asian managers risked being typecast or trapped in niche marketing roles. Issues of racism and heavier workloads were reported, with Asian women managers being vulnerable to both ethnic and gender stereotyping. Some of the comments here were evocative:

When they hear my accent, they assume I am a teller, not a manager.

(For a woman)...there are a lot of obstacles, you need to be so tough and focused.. the organisation expects you to work very long hours..females need to have much better results, 25-30% more than males, and for an Asian it’s even harder.

There’s a high expectation of people of ethnic backgrounds..that they should bring in a lot of business. Whereas if they are from an Anglo-Saxon background and don’t bring business no-one seems to question it.

At the FSP, the multicultural marketing policy is selective in targeting business people from certain ethnic communities and therefore tends to benefit relatively affluent immigrant Australians. This supports the contentions of (those such as Burton, 1992 and Hall, 1995) that diversity management will not benefit disadvantaged people unless it is clearly linked to equity and justice policies. The diversity policy has a relatively low profile in the FSP and is not well integrated with so called ‘mainstream’ (dominant) operations and policies. So, for example, there is little mention in equal opportunity policies and manuals of the particular issues faced by NESB Australians, such as direct and indirect discrimination on the basis of accent, appearance, dress and behaviour. This is ironic, given the organisation’s determination to differentiate its service to key customers according to language and ethnicity.

In contrast, at Mobil, the high profile Diversity and Inclusion policy has permeated most parts of the organisation, but issues such as race and ethnicity have been relegated to the same level as dress styles and leisure interests. The focus on differences amongst individuals tends to obscure the often systematic ways in which society discriminates against some groups, such as women and ethnic minorities. This is in line with the views of such writers as Moore, 1999 and Prasad et al., 1997 who have cautioned against the ‘blancmange’ effect of dealing with all human differences together as if they all had the same issues and problems. Diversity at Mobil also appears to be a lesser focus than Inclusion, which is primarily about participative management, and the policy is currently under review as a result of the merger with Exxon.

Notwithstanding these problems, both cases demonstrate major business benefits for the companies involved. The FSP has experienced significant lending growth in its target niche markets, as Asian Australian managers have grown their portfolios and won a disproportionate share of internal awards. We estimated that approximately 1.6 per cent of managers in Victoria were specifically recruited to service the Asian Australian market, yet this group picked up a quarter to half the internal awards from 1997 to 1999. How had they been so successful? As one award winner put it:

I have been told to identify Asian needs, they like to see an Asian speaking manager, they will tell me more perhaps because I am an Asian, and that helps me to understand their business better.

Mobil reported major gains in a number of business units, such as the drivers and lubes areas, and through its work/life policies. Ailing businesses, such as the Altona refinery in Victoria, had been ‘turned around’, and the company has saved hundreds of thousands of dollars by retaining highly skilled female staff. However, it is not clear how much of this can be credited to the Diversity or Inclusion aspect of the policy.

Conclusions

This paper has explored the literature and discussed the findings of Australian research on diversity management, with particular reference to ethnic differences within a workforce. Our research found that a significant minority of companies in Australia are adopting a managing diversity approach (although the mode
of application can vary) and many report profiting in various ways, such as by securing greater employee commitment, market share and customer satisfaction. However, diversity management is in its infancy in Australia, and even long-standing diversity issues such as gender discrimination remain to be tackled satisfactorily, despite decades of proactive legislation. Policies to address racial and ethnic discrimination and make the most effective use of ethnic diversity, such as by offering wider employment opportunities to minorities, appear even less well developed. This is in spite of the fact that more than a quarter of the Australian population derives from non-British stock, the efforts of federal and state governments for more than a decade to promote diversity management policies and the adoption of multicultural policy in Australia since the 1970s.

The case study research in particular supports the contentions of those writers (such as Prasad et al., 1997; Hall, 1995 and Burton, 1992) that diversity management is not an easy path for managers to tread. Entrenched interest groups, such as managers and other groups within the workplace, will resist challenges to their privileged position, often in subtle ways, even where the evidence demonstrates that diversity management will help the organization survive and prosper in a globalised economy. This was particularly evident in the FSG study, where in spite of the superlative performance of ethnospecific (Chinese and Vietnamese Australian) managers, there were widespread indications of ‘pigeonholing’ or typecasting of such people, leading to blocked career paths. Indeed, the multicultural marketing policy in this case had the potentially negative consequence of inverting equal opportunity, so that the possession of second language skills (Mandarin, Cantonese, Vietnamese) had become a liability when recruitment to non-multicultural marketing jobs was considered. This was partly because of the difficulty of replacing multicultural marketing managers, but also, it appears, because their suitability for ‘mainstream’ (non-ethnospecific) jobs was questioned. The same principle might well apply to other niche marketing programs where they were applied, for example, financial services geared to women or the disabled and demonstrates that diversity management will not always lead to equitable outcomes.

These findings suggest that social factors at work, such as ethnic and racial stereotyping and various forms of indirect discrimination, are particularly difficult to shift. Rational arguments based on market imperatives alone are probably insufficient to tackle such issues successfully, and as several writers contend, there are limits to the diversity management model, which emphasises efficiency issues to the exclusion of social justice and equity principles. Their advocacy of the need to combine diversity management with equal opportunity in the workplace programs seems therefore to be supported by our case studies.

The Mobil study seems to illustrate the criticism of several writers (Moore, 1999; Burton, 1992) that treating all human differences under the umbrella of diversity management also has its limitations. The most important is the tendency to focus on individual rather than group differences and overlook the significant power imbalances facing certain groups. We found that, where all differences are included, such as dress style, leisure pursuits, schools attended as well as gender, age and so on, some major and confronting differences such as race, tend to be overlooked.

The case studies also show that basing diversity management primarily on the business case tends to exclude less privileged and powerful groups in the market and the workforce, whose contribution may not be seen to improve the ‘bottom line’. In the FSP, more recently arrived immigrant groups such as Somalis and Ethiopians, and indigenous Australians, were not targeted by the multicultural marketing policy as they were not regarded as affluent or having developed sufficient business acumen. As such, the ongoing under-representation of such groups was likely to be perpetuated.

Although the limitations of managing diversity are evident from these examples, a more targeted approach towards specific groups e.g. women, the disabled, also has its problems. At the FSP, it took considerable time for the researchers to gain recognition from management that multicultural marketing was a form of diversity management, and as such, may have a link with equal employment opportunity programs. We even had to explain that women can be Asian managers and vice versa. To date, there has been no integration between the two programs, as if the issues of ethnicity, language ability and race could be somehow compartmentalised from issues of gender and disability.

The pitfalls of this compartmentalisation of thinking were evident in the concerns expressed by some of the interviewees regarding ‘pigeonholing’ or ethnic typecasting. Had there been a capacity to recognise the multiplicity and complexity of social identification by employees and customers, equal employment opportunity programs may have been better able to deal with equity issues facing certain groups in the organization. This is not a plea for the atomisation of policy into individualised solutions, but rather an argument for more sophisticated and embracing forms of policy that go beyond singular, legislation-based categories such as gender and race.

Notes

1 While age and gender may be seen as biological attributes, their treatment in the labour market are based more on social constructions. To that extent, the differences between ‘innate’ and ‘structural’ characteristics may be blurred. Characteristics which are clearly innate may include height, eye colour and body type. Acknowledgements are due to our anonymous referee for this and a number of other refinements to the paper.

2 Our insertion.

3 While it may seem strange that organisations might appoint diversity managers who are separate from the human resource function, this was in fact the case in our two case studies. At the FSG, diversity managers came under a general title of multicultural marketing, and at Mobil they were known as Diversity and Inclusion managers.
References

Cope, B. & Kalantzis, M. 1997 Productive Diversity: A new Australian model for work and management, Pluto Press, Annandale, NSW.
Da Gama Pinto, C., D’Netto, B., Smith, D. 2000 Theoretical and Practical Issues in Diversity Management: From Tolerance to Inclusion, report to Department of Immigration and Multicultural Affairs, Australia, July.
Hawthorne, L. 1994 Labour Market Barriers for Immigrant Engineers in Australia, AGPS, Canberra.
Nicholas, S. 2000 Corporate Awareness of Diversity in the Australian Workplace: the Mind of the CEO, report to Department of Immigration and Multicultural Affairs, Canberra.
O’Loughlin, T. & Watons, I. 1997 Loyalty is a One Way Street: NESB Immigrants and Long-Term Unemployment, ACIRRT, University of Sydney.
Watson, I. 1997 Opening the Glass Door: Overseas-Born Managers in Australia, AGPS, Canberra.