

# **CULTURAL DIVERSITY COMPETENCIES OF MANAGERS IN THE AUSTRALIAN ENERGY INDUSTRY**

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## **ABSTRACT**

Over the past two decades, the Australian Energy Industry has become very diverse. Managers within this industry need a much greater level of capability in managing cross culturally. This study developed an original model called the Diversity Management Competency Model (DMCM) based on a comprehensive review of the literature. The model was used to investigate the extent to which managers in this industry believe they have developed diversity management competencies. The sample consisted of thirty managers from the electricity industry in Victoria (Australia). The managers participated in individual semi structured interviews of approximately thirty minutes. Qualitative analysis of the data indicated that participants' examples were more appropriate to a rating of "Moderate" for "Understanding Self", and "Low" for "Understanding Others", "Workplace Analysis" and "Workplace Application". The implications of these findings are discussed.

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## **INTRODUCTION**

In the current dynamic environment, the role of managers has changed considerably. Managers are now required to deal with multiple challenges including an ethnically diverse workforce. Effective management of this diversity requires additional competencies. One of the most important aspects of diversity in the Australian workforce is multiculturalism. Australia has one of the most culturally diverse populations in the world (D'Netto & Sohal, 1999; Dunn, Thompson, Hanna, Murphy & Burnley, 2001; Lewis, French & Phetmany, 2000). In 2012-2013, net immigration made a positive contribution to the population size of all Australian states and territories, with New South Wales and Victoria showing the highest gains. In 2012, 27.7% of the Australian population were born overseas (ABS, 2013). Not only is the proportion of people from other cultures increasing as a percentage of the total population, the level of diversity is also increasing with successive waves of immigration. The objective of this study is to develop a new Diversity Management Competency Model (DMCM). This model is based on a comprehensive review of the empirical and theoretical literature which addresses the competencies managers need to effectively manage a culturally diverse workforce. The literature indicates that scholars have tended to concentrate on expatriates and global managers and other forms of diversity in the workplace, such as gender diversity. Further, past research tends to have been conducted off shore, particularly in the United States of America. This study focuses on managing cross-cultural diversity in Australia. The study aims to provide tangible benefit to organizations, as the diversity management competencies in the model can be used for selection and development of managers. In addition, this study assesses the extent to which managers believe they possess these diversity management competencies. This study also seeks to identify competency gaps and provides strategies to enhance diversity management in Australia.

## **LITERATURE REVIEW**

Competencies have been part of the language of management for at least three decades. Brownell and Goldsmith (2006: 309) says "preparing the next generation of leaders is a key goal of both human resource professionals and graduate business educators, and competence-based approaches have been recognized as one method of achieving this outcome". The earliest work by McClelland (1973) defined competencies as standards of performance. Boyatzis (1982) only included skills and knowledge at a behavioral level and the remaining were considered to be "underlying characteristics". Hornby and Thomas (1989) defined competencies as being "knowledge, skills and qualities". Spencer and Spencer (1993) stated that behaviours had scaling properties and managers' stories of achievement could be differentiated on the basis of a number of action oriented steps. The

Oxford Dictionary defines “competence” or “competency” as “the ability to do something successfully or efficiently”.

The starting point for all of the competencies contained in the model has been two significant works i.e., Turnbull et al., (2010) and from the large body of work on cultural intelligence by Ang et al., (2007) which was placed into a competency type framework in the Cultural Intelligence Scale (CQS) by a group of researchers, including Ang (Van Dyne, Ang & Koh, 2008). The model put forward by Turnbull et al., (2010) is inclusive of competencies at the organizational, team and individual levels. The organizational and team competencies are outside of the scope of the current model, but some competencies have been considered relevant at the individual manager level. The CQS was designed as a global leadership tool. As such, some of its components are based on concepts that are also not specific to the management of culturally diverse workgroups. Therefore, only the components of both models deemed directly relevant have been incorporated into the DMCM. The proposed diversity management competency model (DMCM) is principally predicated on the basis that the competencies included are those unique to the challenge of managing in a culturally diverse environment. The model has four components as there were four key competency themes or groupings apparent in the literature. These components have been categorized into four “Quadrants”. The first two are at the “Individual Level” and the second two are at a “Workplace Level”. Quadrant 1 is “Understanding Self”, Quadrant 2 is “Understanding Others”, Quadrant 3 is “Workplace Analysis” and finally, Quadrant 4 is “Workplace Application”.

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The entire model is based on the idea of forming alliances across cultural difference (Kivel, 1995) which is an integral feature of the Australian workforce. Hence, our main research question is:

*RQ 1: To what extent do managers in the Victorian Energy Industry believe they have developed the competencies identified in the Diversity Management Competency Model (DMCM) to effectively manage diversity in the workplace?*

### **Components of the DMCM**

The DMCM can help individual managers to assess their own competency development throughout their career especially when working in culturally diverse environments. An explanation for each Quadrant of the DMCM and the relevant competencies contained in a quadrant is presented in the following paragraphs.

#### *Quadrant 1: Understanding Self*

This first Quadrant was called “Understanding Self” as it contains those competencies identified in past research, which appear to collectively refer to “internal perceptual processes” – like how a particular personality attribute, attitude, cognition, preference or motivation likely plays out in the workplace. Managers “must gain an awareness of their own cultural drivers before they can understand what drives individuals from other cultural backgrounds (Peppas, 2004: 42)”. This is similar to a condition Turnbull et al., (2011: 6) describe as one element of the “interpersonal: interacting with difference and valuing difference” competency of “showing a readiness to change the way he/she does things to meet the needs of those from diverse backgrounds”. If you do not know how/why you do things, how can you change them? Turnbull et al., (2010) identify “monitors own diversity sensitivity” and “takes steps to improve own diversity awareness”, along with “aware of personal attitudes and beliefs about members of own social identity group”. All three of these competencies are considered to fit with this category of competencies. The competency “is proactive in exposing one’s self to a range of cultural experiences” was also derived from the statement made by Van Dyne et al. (2008) that “successful intercultural interaction requires a basic sense of confidence and interest in novel settings”. Van Dyne et al. (2008) called it a “Motivational” component. The competency from the model by Turnbull et al., (2010) “Shows a readiness to change the way he/she does things to meet the needs of those from diverse backgrounds” is considered to be a good match with the intent of the literature, but for the purpose of simplicity “flexibility and openness” has been used in our model. This leads to our related research question:

*RQ 2: To what extent do managers in the Victorian Energy Industry believe they have developed the competencies identified in the Diversity Management Competency Model to “understand self”?*

### *Quadrant 2: Understanding Others*

This quadrant was called “Understanding Others” and was motivated initially by the work of Covey (1989) in his work “The 7 Habits of Highly Effective People” when he espoused the “habit” of “first seek to understand and then to be understood”. Quadrant 2 contains those competencies that provide for successful comprehension and sympathetic awareness. There are abundant warnings in the literature that biggest threat to cultural diversity is racism, oppression and discrimination and that this comes about because individuals are both shaped and viewed in relationship to their environment and the larger social forces (Sue, Arrendondo & McDavis, 1992). Chang and Tharenou (2004) included “respecting other values” and “treating people as individuals” in their “theme” of cultural empathy. In a culturally diverse environment each individual may come from a different cultural background, therefore getting to know each individual takes on a new significance. In the paper by Turnbull et al., (2010), two “Intrapersonal” categories are discussed: “Diversity Sensitivity and “Integrity with Difference”. Townsend and Cairns (2003), recommended “experiential engagement beyond sojourner or tourist activity”. Three of the competencies in this Second Quadrant have been derived by the work of Van Dyne et al., (2008) in their Cultural Intelligence Scale’s (CQS) “Behavioural CQ” component – “I change my verbal behavior when a cross-cultural interaction requires it” and “I use pause and silence differently to suit different cross-cultural situations”, “I vary the rate of my speaking when a cross cultural situation requires it”, “I change my nonverbal behavior when a cross-cultural situation requires it” and “I alter my facial expressions when a cross cultural interaction requires it”. These five questions on the CQS have been summarized in the DMCM into just three components. Similarly, the proposed model borrows from Turnbull et al’s., (2010) model. All four competencies included in “Interpersonal: Interacting with Difference and Valuing Difference” and are included in the DMCM. Turnbull et al., (2010: 6) argue that these competencies allow for the “authentic expression of difference”. Foreign language proficiency may play a role in realizing the advantages of diversity as well as helping to combat racism. While English is the main language of communication in the Australian workplace, when managers are sent on overseas assignments, the benefits of learning another language are significant. Hence, our next research question is:

*RQ 3: To what extent do managers in the Victorian Energy Industry believe they have developed the competencies identified in the Diversity Management Competency Model to “understand others”?*

### *Quadrant 3: Workplace Analysis*

The third Quadrant includes those competencies which are necessary to analyse the functioning of the workplace in terms of how it performs against the goal of creating an inclusive and effective workplace where the benefits of diversity may be realized. This quadrant was named “Workplace Analysis”. More importantly, it contains those competencies with the objectives of “integration and learning” and “fairness and equal opportunity”. Ely and Thomas (2001: 38) made a number of recommendations for successful workplace diversity management, although stopping short of structuring these recommendations as competencies. Differences were valued as opportunities for learning. All employees were valued, respected and encouraged to express their racial identity. These aspects of the way they functioned afforded opportunities for cross cultural learning and enhanced the group’s performance. These recommendations have been interpreted as competencies in the third Quadrant of the DMCM. For example, “Understand the diversity composition of the workplace and value differences as opportunities for learning” and “Find opportunities for cross-cultural learning through workplace functioning” were both incorporated in the third Quadrant. Since integration is a key objective of both EEO and Diversity Management, the DMCM includes competencies of “Identify workplace management practices and HRM systems which prevent discrimination and disadvantage” and “Monitor and comply with legislation in relation to EEO”. This leads to our next research question.

*RQ 4: To what extent do managers in the Victorian Energy Industry believe they have developed the competencies identified in the Diversity Management Competency Model to conduct “workplace analysis”?*

### *Quadrant 4: Workplace Application*

Competencies in the fourth Quadrant relate to implementation of the workplace actions which set the context for positive cultural diversity outcomes. This is achieved through taking specific action against those disadvantages of cultural diversity provide barriers to achievement of realizing the opportunities of diversity. Therefore, this Quadrant has been named “Workplace Application”. There is a huge body of psychological and sociological literature which points out that humans are “social animals” and that they tend to gather in cohorts of similarity – culture is one aspect of similarity, as is gender, religious affiliation, etc. The problem with this is that in situations where acceptance of cultural diversity is not driven by management at every level, some

employees may end up being left out. Putnam (2007) states that people living in ethnically diverse settings appear to “hunker down” i.e., to “pull in like a turtle”. Rather than getting hostile, they withdraw from collective life. Diversity managers need to deal with this, not by bleaching out ethnic communities, but by creating overarching identities – or creating inclusive workplace culture. Therefore the competencies selected for inclusion in this fourth Quadrant are those that both create inclusion and remedy exclusion. Chang and Tharenou (2004) included “respecting other values” and “treating people as individuals” in their “theme” of cultural empathy. This idea has been embraced in the “Open communication with workgroup members”, competency. Managing conflict over difference appears to be another quite distinctive competency in the literature, particularly to overcome issues like prejudice and racism. In fact, it is identified at the group level in Turnbull *et al.*'s (2010) model. There is an assumption that a clash of cultures can be responsible for organizational failure (Shen, D'Netto & Tang, 2010; Selmer, 1999). After conducting a study into racism in the American workplace (Brief *et al.*, 1997: 69), the researchers concluded that racism was alive and well in workplaces, however now it is more subtle than in the past. This was supported by Australian researchers in investigating black nurses in Australian hospitals (Mapedzahama, Rudge, West & Peron, 2012: 153) who exposed a “subtle, mundane nature of Australian racism”. There are a number of competencies in this Quadrant which have been derived from the work of Turnbull *et al.*, (2010), in particular from the Team Level competencies – like practicing inclusive behaviours and intervening when exclusionary behaviours occur. While Turnbull and others focus on “Embedding Inclusion” in their model at a “Team level”, being involved in organizational issues which promote diversity awareness, challenging prejudice and injustice and actively advocating and treating people fairly are all included in this fourth Quadrant as they are required for diversity management implementation. Brief *et al.*, (1997: 69) suggested that organizations create a norm of openness among subordinate managers, critically discuss instructions from above, articulate misgivings, reinforce doubts and analyse how to respond. Wrench (2003: 6) recommended the following: training the immigrants, making cultural allowances, challenging racist attitudes, combating discrimination, equal opportunities policies with positive action and diversity management. To address “diversity management” Wrench (2003) recommended valuing diversity and managing diversity. These issues have been interpreted as competencies in the fourth Quadrant as “Value and be an advocate for positive cultural interaction and encourage workplace debate and encourage workplace debate on cultural diversity issues” and “Educate on the effects of prejudice and racism and take remedial action in the incidence of racism, hatred or violence”. Hence, our final research question is:

*RQ 5: To what extent do managers in the Victorian Energy Industry believe they have developed the competencies identified in the Diversity Competency Model for “Workplace Application” of cultural diversity management competencies?*

## **METHODOLOGY**

### ***The Sample***

This study included participants from organizations who had membership in the Energy Supply Association of Australia (ESAA). Victoria is the State where the greatest degree of privatization had occurred and presumably most exposed to the global business environment. A sample of managers from organizations in the Victorian component of the Australian electricity industry was obtained through the use of an extensive network of personal contacts and the snowballing process. Every attempt was made to gain participants from across the industry – from generators through to retail distributors of electricity. The criteria for selection of participants was that they were “managers” who were accountable for the performance of one or more others who directly reported to them. The participants included functional managers; principally in operations and maintenance and in support functions like procurement, finance and human resources. Some participants were contracted through their employing organization while other participants were contacted directly. A total of thirty managers were interviewed for the research. Each interview was conducted privately on an individual basis – either face to face or via the telephone.

### ***Data Collection***

Data was collected via semi structured interviews with voluntary participants from across the industry. Each interview was completed in about thirty minutes. The questions were based on the researchers' proposed Diversity Management Competency Model (DMCM). The interviews were conducted using a semi-structured questionnaire. The interview commenced with several demographic and work experience questions. The second section of the interview was based on the Diversity Management Competency Model (DMCM). In this section the participants were asked to provide behavioural examples to demonstrate that they understood behaviors which would be consistent with the performance of each component of the DMCM. Participants were all asked

to discuss each competency – talking about their personal attainment in the development of each of these, and where possible to give a demonstrative behavioral example from their own experience (as opposed to a theoretical example).

### ***Procedure for Data Analysis***

Thematic analysis was the method used to examine the data in this study. Thematic analysis is defined as ‘a method for identifying, analyzing and reporting patterns (themes) within the data (Braun & Clarke 2006, p. 79). The first step in the process involved typing up the raw data of hand-written notes to enable the researchers to review the interview transcripts more easily. Next, the raw data had to be meaningfully distilled. This is referred to as data reduction and can be defined as the process of selecting, focusing, simplifying, abstracting, and transforming data from written-up field note transcriptions (Miles & Huberman, 1994). A preliminary analysis of the data generated a list of interesting ideas from the raw data. Codes were then assigned to different features of the data that appeared interesting. This effectively organized the data into meaningful groups and then categories to reveal themes through the production of matrices. This study adopted a deductive approach. In this approach, the researcher looks for themes with the research questions in mind, rather than for themes emerging from the data. Wherever possible, the themes were named from the actual words of the respondents to ensure that any categorization was based on the original statements in the recorded data (Brophy, 2002). In addition, an independent reviewer who was familiar with cross cultural diversity and qualitative research processes, reviewed the transcripts and the themes identified. The independent reviewer checked the identified themes to ensure that they were balanced, non-repeatable and unambiguous. Initial inter-rater agreement defined as the proportion of agreement on codes and themes was eighty five percent. The independent reviewer and the researchers discussed and refined the themes and then reached an agreement on the categories.

## **RESULTS**

The sample for this study consisted of thirty managers from the various sectors of the energy industry (generation, distribution and retail). Twelve participants identified themselves as belonging to “senior management” while twelve considered themselves to be “middle management”. Four participants were “team managers” and two were “supervisors”. There were seven functional areas participants said they belonged to: human resources, engineering, operations management, maintenance management, research and development, strategic planning and procurement. It is interesting to note that only five of the participants (17 percent) were female and none were indigenous. All female participants advised that they belonged to HRM departments. Ninety percent of the participants had a minimum qualification of a bachelor degree and thirty six percent of the sample population had completed a post graduate degree. Eight percent of participants had over twenty years’ experience in the industry. Only six people had been in the industry for under ten years, sixteen had been in the industry for between 21-30 years and the remaining eight for over 31 years. Only two participants said they were not born in Australia and both were in fact expatriates (one was Dutch and the other Austrian).

Over half of the participants (53%) believed that their workplace had become more culturally diverse, despite there not being much evidence for it in the managerial ranks of those who participated. Ninety percent believed that they work with one or more people who they believe had been born overseas (clearly referring to their direct reports or the people who work for them). When it came to management, a fairly large thirty percent said that they reported to someone that they believed to have been born overseas (mainly in European countries). Seventy three percent of the participants had worked and/or travelled in non-Anglo-Celtic countries

The main research question investigated the extent to which managers in the Victorian Energy Industry believe they have developed the competencies identified in the Diversity Management Competency Model (DMCM) to effectively manage diversity in the workplace. Analysis of the data indicated that while Quadrant 1 was “Moderate”, the remaining three Quadrants were more appropriate to a rating of “Low”.

Research question two sought to find the extent to which participants believe they have developed competencies to “Understand Self”. There are seven individual competencies in this first Quadrant which has been called “Understanding Self”. Respondents overwhelmingly reinforced their belief that they had the ability to understand their own beliefs and how they affect one’s life and work. Responses included comments like “Yes. I am competent in this” or just “Yes” after restating the competency. Examples of longer answers were “I am very aware of my own attitudes and beliefs and how they affect employees” and “I have an open approach to people and culture”. A couple of respondents wanted to prove their understanding of the competency through providing examples of how they saw the competency in action by giving general examples, like: “Such as a belief of hard work may affect certain cultures who take a more relaxed style”. Not one person felt that they had not demonstrated this competency. In support of the ability to monitor one’s own diversity sensitivity and its impact on others, participants provided examples of how they go about learning about people from other cultures. These include: “I watch what is said and how it is said”, “I am aware of how they (people from

different cultures) act and behave”, “I watch what is said and who they are communicating with” and “I have to watch what is said and body language to learn about people from different cultures” – this was interpreted as the participant paying attention on the dynamics of the interaction when involved with people from different cultures. All of this was categorized as the participants saying that they were learning through critical observation which is a very legitimate development strategy. The majority of participants believed that they make a conscious effort to learn about people who are different. Examples included, “I approach employees from different cultures to learn about their cultures”, “I feel that I communicate well with employees from different cultures” and “I put time into speaking to employees from different cultures to establish their needs in the workplace”. Respondents said that they were proactive in exposing themselves to a range of cultural experiences. This competency category was synonymous with travel (and eating other foods in the process of travelling). Exposing one’s self to cultural experiences through travel was the answer of most of the participants. One person said that should he be exposed to other cultures in the workplace he will actively research them. One participant got no further than the lunch table, he said, “Yes. I will talk to people at the lunch table. Unfortunately, participants did not take adequate steps to improve their own diversity awareness. Examples provided by the two thirds who believed that they could were: “by approaching employees from other cultures to learn about their culture”, and “through travel”. One person said it needs to be a requirement of their job role or they would not bother. When assessing the competency of being flexible and open, most people just assertively restated the competency – “I’m always flexible and open”. Two participants thought that being able to travel to foreign countries demonstrated this competency as they considered it essential to being successful as a traveller. Responses included statements such as “Yes. It is important that if something doesn’t work to revise and seek alternative strategies”, “Yes. Can revise own strategies if something does not have a positive outcome”, and “Yes. Has to try new strategies if one does not work”. Based on the data analysis, the overall assessment of competencies of managers for Quadrant 1 is “Moderate”.

Research question three sought to find the extent to which participants believe they have developed competencies to “Understand Others”. This Quadrant contained six individual competencies. Most participants said that they do actually take the time to learn about the different cultures in the workplace – thereby demonstrating their ability to acquire cultural knowledge. Five participants boldly stated that they do not bother as it is not an interest of theirs. All the participants stated that they understand and have empathy for cultural norms. All of the examples were along the lines of being considerate in interactions – through things like observation of body language/eye contact, providing time off for significant cultural events like Ramadan and recognizing cultural norms when interacting. When asked about the competency to exhibit situationally appropriate verbal and non-verbal actions when interacting with people from different cultures, it was evident that the participants did not truly understand the difference in the two competencies. Some examples include, “Yes. I am aware of appropriate ways of communicating that will not offend other cultures”, “Yes. I am open to all people from different cultures”, “Yes. I am mindful of body language and the way things are said when communicating with employees from different cultures”, and “Yes. People need to be aware of the way they speak and body language which is appropriate to certain cultures, such as waiting for the other person to initiate a handshake”. The researchers concluded that perhaps the participants had not heard the “situational” component of the competency, however, three of the participants simply stated “No”, whereas no one had said “No” for the earlier competency. One participant said, “No. Not sure how to”. The researchers thought it best to leave the questioning there so as not to prompt the participant too much. There was overwhelming support for the competency dealing with cultural empathy. Participants were keen to demonstrate the competency through comments like “Yes. I value differences of people”, and “I try to understand the needs of different cultures”. Unfortunately, none of the participants could give a comprehensive behavioural example. Nine people simply said they do know the economic, legal, value and social systems of different cultures/subcultures without any further elaboration. An astonishing twelve participants said “No”, they do not have this knowledge. One said he doesn’t put in the effort to learn. When it comes to foreign language proficiency, there was not a lot of capability amongst the managers interviewed. This single competency had by far the highest “No. Not competent” rate across the entire DMCM and really reduced the overall assessment rating for this Quadrant. The researchers were very surprised at the lack of any real effort demonstrated across this Quadrant. Five participants (17 per cent) said they do not take the time to “Acquire cultural knowledge”, three said “No – not competent” for the third competency (“Exhibit situationally appropriate verbal and non-verbal actions when interacting with people from different cultures”), twelve (40 per cent) said they did not have competency in knowing the economic, legal, value and social systems of different cultures/subcultures and only eight (27 per cent) believed they had foreign language proficiency – meaning twenty two (73 per cent) being in the “No – not competent” category. Therefore, the “below competent” component was between 10 and 73 per cent. Hence, the overall assessment managers for competencies in Quadrant Two was “low”.

Research question four sought to examine the extent to which participants believe they have developed competencies to conduct “Workplace Analysis”. This Quadrant has five competencies. The first competency dealt with knowing how the advantages and disadvantages of diversity manifest themselves in the workplace.

There were four people who said that they felt that they had not developed this competency. The remaining participants all said supportive things like "Each employee in a diverse workplace possesses unique strengths and weaknesses derived from their culture in addition to their individuality". The next competency focused on the ability to understand the diversity composition of the workplace and value differences as opportunities for business and learning. Six people said they could not demonstrate this competency. The remainder espoused benefits like intellectual development, understanding of current surroundings and the world. There were humanistic views as well, like promotion of dignity and respect as well as the avoidance of tension in the workplace. Just one person responded by pointing out that these differences could have benefits to the business, but did not say what kind of benefits. With respect to the competency of identifying workplace management practices and HRM systems which prevent discrimination and disadvantage, many of the participants pointed out that it is a requirement of their position to implement this competency, simply saying "We have to". Another stated the same thing, essentially, by saying "Yes. Companies that employ a diverse workforce must create a culture that promotes dignity and respect to avoid tension between employees". He did not point out if he was talking about his company, however. There were six participants who said they could not demonstrate this competency at all. Just one of the six said that this is because he is not exposed to diversity in his current workplace. While participants stated that they have to monitor and comply with legislation in relation to EEO, they were not able to provide examples of how this occurred in the workplace. The final competency dealt with the ability to find opportunities for cross cultural learning through workplace functioning. A significant number of participants (twelve) said that they have not developed the competency of finding opportunities for cross cultural learning through workplace functioning and their reasons were unanimous - that their current workplace is not multicultural and therefore does not afford such opportunities, and that being the case, the competency has no relevance any way. Those that did believe themselves competent said that they did so as businesses need this competency or "It is very important that these opportunities be found". Not one person actually appeared able to provide a behavioral example - even when slightly prompted through the researchers asking "can you think of an example of an opportunity you have found in your workplace?" Since forty percent of the participants could not demonstrate one or more competencies, the overall rating was this Quadrant is "Low".

Research question five assessed the extent to which managers possess the competencies identified in Quadrant Four, called "Workplace Application". This Quadrant contained five competencies. With respect to the competency of open communication with workgroup members, there was unanimous agreement by participants that this was their standard mode of operation in their capacity as manager. They all gave confirmatory comments like "Yes. I utilize an open door policy for all employees", "Yes. I am always approachable", and "Yes. I like to believe I am approachable to everyone if they have issues". Not one person gave an example of the last time someone walked through the door with an issue. When asked about the competency to manage conflict over difference, all but one participant believed that they had this competency. Despite this no one provided an example, even of "generic" conflict management to support this assurance. Given the apparent low number of people from non-Anglo Celtic cultures in the workplace, it is considered that these managers may have incorrectly assumed that the management of intercultural conflict is in fact covered in their existing competency set. All but two people believed that they had the ability to demonstrate the competency to value and be an advocate for positive cultural interaction. Again, the researchers got the impression that they considered this competency to be very much a part of a general managerial competency of interaction management and that many of the participants had not really put this into practice when it came to cross cultural interaction. Most participants could not provide examples for the competency dealing with the ability to educate on the effects of prejudice and racism and take remedial action in the incidence of racism, hatred or violence. Seven of the participants felt that they had not been exposed to opportunities for cross-cultural learning. Many of the participants argued that their current workplace did not need people to have cross cultural learning. One even said it was too expensive. The remaining twenty three believed that their organization provided some opportunities for cross cultural learning. Examples related to attending conferences overseas, company sponsorship of cultural events and secondments to overseas operations. Only one participant (3 percent) believed they did not possess "Managing conflict over difference" competency, two people (6 percent) said they did not "Value and be an advocate for positive cultural interaction – encourage workplace debate on cultural diversity issues". However, the final competency in this Quadrant attracted seven people to declare themselves "No – not competent". Therefore, the overall assessment for this quadrant is "Low".

## **DISCUSSION**

The first research question asked the extent to which managers in the Victorian electricity industry felt they had developed the competencies contained in the DMCM. Based on the data collected in the interview, the researchers concluded that the participants' examples were more appropriate to a rating of "Moderate" for "Understanding Self", and "Low" for "Understanding Others", "Workplace Analysis" and "Workplace

Application". It was frequently pointed out by the participants that they felt their workplace was not yet multicultural as the reason for not being able to generate behavioural examples and the demographic data supported this. The participant's enthusiasm for the topic suggests that they have already benefitted through increasing their awareness of the competencies needed for cultural diversity management and not one participant expressed that any of the competencies contained in the model were irrelevant. It is hoped that this exposure to the DMCM may ultimately assist in their development of the competencies either now or in the future. Participants appear to have realized that cultural diversity management has come with multiculturalism, and their industry will not be exempt forever.

The second research question asked to what extent managers in the Victorian Energy Industry believe they have developed the competencies to "Understand Self". The findings showed that the major issues with making a conscious effort to learn about those who are different, taking steps toward improving one's own diversity awareness, and possessing a learning orientation. However, due to the strength of demonstration of the other competencies compared to this one, it was determined to leave the overall rating at "Moderate". There appeared to be a real shortage of motivation for cultural diversity management learning in general, or more specifically what could be an opportunity for transferrable learning experiences. The participants did not seem to be able to view non-work experiences as learning opportunities and their definition seemed confined to very formal learning methods; like the completion of a course or a degree, and not that of participation in local cultural events, actively watching the TV news and teaching yourself where cultural news comes from. It may also be that it is only the formal learning that is recognized and rewarded by the organizations to which they belong and/or that cultural diversity knowledge is low or not spoken of in their workplace. With a lack of cultural diversity in the workplace, there are also few opportunities being presented in the workplace, either formally or informally. For example, being asked by a colleague to join in festivities for Chinese New Year, or attending celebrations for Eid ul-Fitr would be beneficial.

Of course this goes both ways, and it is just as important that the majority of Australians who come from the still dominant English – Irish heritage reciprocate and invite new and/or those Australians of other racial backgrounds to traditional Australian cultural events in their own homes and elsewhere – like family summer BBQs, Christmas parties, ANZAC Day and Australia Day Picnics. This cultural exchange can be beneficial for all. There are also many common cultural activities, for example Indian Australians have a great admiration for cricket and so do a great many Australians, Chinese New Year is increasingly celebrated by all and so too is St Patrick's Day (Ireland) and Halloween (United States of America). Australia also has a strong food culture with cuisines from all over the world enjoyed, but most particularly some form of Asian, such as Thai and Chinese, and Italian (Elliott, 2012).

In terms of the definition of the competencies in this Quadrant, participants appeared to have least developed what Van Dyne et al (2008) identified when they stated "successful cultural interaction requires a basic sense of confidence and interest in novel settings". They called it a "Motivational" component. It is therefore recommended that strategic HRM in this industry consider increasing this motivation through initiatives such as recognizing those who make a contribution to cultural knowledge in the workplace – like a manager speaking about culture in their travel or work experiences abroad and that this be recognized with praise by the organization. Researchers Tsai et al (2007: 167) believe increasing motivation for learning is not difficult and simple initiatives like this can have a significant impact on both personnel and the organization at large.

The third research question asked to what extent managers in the Victorian Energy believe they have developed the competencies to "Understand Others". The researchers believe that the demonstration of the competencies of this Quadrant was significantly underdeveloped, coming in as less developed, and that the more realistic assessment would be "Low". When asked about their ability to acquire cultural knowledge a significant number said they just could not be bothered as it is not an interest of theirs. It is probably fortunate that they do not appear to really be managing within a culturally diverse environment. Chang and Tharenou (2004) and Turnbull et al., (2010) have highlighted the need to respect the values of others and be sensitive. The knowledge competency in this Quadrant was a real stand out as being born from poor motivation with most people saying they did not know the economic, legal, value and social systems of different cultures/subcultures. It would seem that there has never been a time in history that knowledge was so easy to acquire; with search engines, social media, 24 hour news media and Australians travelling at an "unprecedented rate" of 31 trips abroad per 100 Australians, especially in South East Asia and Oceania (Australian Bureau of Statistics, 2011).

The competency of foreign language proficiency was also one which participants showed very low level of development. Whilst this competency is contentious as the focus here is on Australian managers for whom foreign language proficiency has not been an expected competency, the White Paper "Australia in the Asian Century" certainly calls for it and its association with racism are still important incentives. This situation is unlikely to change until organizations themselves begin to positively call upon their managers for this. In terms of the electricity industry, there are many simple initiatives which could improve this – like basic expressions from foreign languages being placed into company newsletters, sponsorship of personnel to

undertake language training relevant to their business and the provision of in house language training (again where relevant to the business). Cultural knowledge could also be improved through initiatives like knowledge quizzes on current cultural affairs in company newsletters or on-line.

The fourth research question asked to what extent managers in the Victorian Energy Industry had developed the competencies required to conduct “Workplace Analysis”. The researchers found that the competency level in this Quadrant was “Low”. Participants had difficulty identifying how the advantages and disadvantages of diversity manifest themselves in the workplace. Given this is a principal motivator for the development of the DMCM, this is particularly alarming. Participants seemed to be aware, from the question itself, that they should be saying something with more substance but could not grasp what it should be. With a lack of cultural diversity in the workplace they had not been exposed to opportunities to acquire this knowledge. Participants did not appear to understand the diversity composition of the workplace and value differences for opportunities for business and learning. Again, participants’ speech patterns – like hesitancy, indicated they knew themselves that they had not satisfactorily demonstrated this competency. There were similar problems in identifying workplace management practices and HRM systems which prevent discrimination and disadvantage. While they understood that some existing practices were supported by legislation, they appeared to be unaware of the existence of the issues the legislation was enacted to address. Lastly, the competency calling for managers to find opportunities for cross cultural learning through workplace functioning attracted very poor answers. It has to be remembered, that almost all of the participants now belonged to firms with overseas ownership. Not one person said that they had even done so much as taken a visiting Japanese manager out to dinner or asked him/her to provide a talk to their personnel, addressing cultural issues. These same organizations also proudly provide sponsorship to cultural events like the Gippsland Indian Association’s “Colours of India”, a popular and growing gala night of Indian food and dance held annually in Latrobe Valley (in the center of the generation component of the Victorian electricity industry). There was no mention of even simple associations like asking a manager to provide a sponsor’s speech at the beginning of the evening. The perception that all learning had to be a formal course seemed to prevail.

The actual “analysis” component of this Quadrant of competencies appeared to call for competencies which were outside of the traditional role of manager. However, this research took the approach that in order to conquer discrimination, decision makers at all levels need to be held accountable for systems and practices which foster it. Again, researchers Gentry and Sparks (2012) pointed out that managers must be aware of the values espoused within their organizations. It appears that until managers can clearly see that values are surreptitiously espoused within practices like reward and recognition systems discriminatory outcomes will continue.

## **LIMITATIONS OF THE STUDY AND SCOPE FOR FUTURE RESEARCH**

This research has its limitations. The study’s participants were all volunteers approached individually by the researchers and largely came from the senior and middle managerial ranks of the electricity industry in Victoria. It is apparent from the findings, that due to low turnover, this industry is somewhat behind other Australian industries in its uptake of employees from diverse cultural backgrounds. It would appear that even awareness of what cultural diversity is and its potential implications for managers was particularly low in the electricity industry as many of the participants appeared to have really struggled with the concepts in the interview questions e.g., different conflict management styles may be needed for the management of inter-cultural conflict. While it is argued that this is beneficial to gauge and develop diversity management competency development across all industries, the findings from this particular industry may not be reflective of those industries in Australia whose workforces are closer to representing the cultural diversity levels of the general population – like perhaps, healthcare. Another limitation was the participant’s focus on the research; they seemed both time pressured and possibly a little embarrassed at their own assessment of the inadequacy of many of their responses and this may have detrimentally impacted on their responses. A limitation of the DMCM is it does presuppose some level of knowledge of the ramifications to managers of the challenges of cultural diversity management as it would appear from this research that the participants were quick to claim competency when their interpretation seemed to be based on a more generic managerial skill – for example, the competency which asks managers to be advocates for positive cultural interaction was interpreted without the “cultural” component and flexibility and openness toward workgroup members – it did not appear that the participants thought that those from diverse backgrounds may need special attention came to mind, but rather they treat everyone the same and that is all that is needed. Therefore, future research can include general information session on diversity first.

There are several areas which future research can address. This research has not been about transnational managers nor has it been about global managers; it has been focused on what individual managers need here and now in Australian businesses to adjust to the ever increasing levels of workplace cultural diversity. Preparedness of managers in other industries found to have been somewhat sheltered from cultural diversity in their

workplace, provides a fertile area of research. Future research could investigate the apparent precursor to cultural diversity competency i.e., how to get managers to be aware of the benefits and challenges of cultural diversity and be motivated toward preparing for these challenges.

Australia has experienced multiculturalism somewhat later than other countries like the United States of America, the United Kingdom and Canada. This has afforded managers, and society at large, a unique opportunity to proactively manage in this environment, to gain the benefits and navigate the disadvantages learned in other parts of the world both for the organizations to which they belong and to Australian society as a whole. This research has shown, that for one major industry at least, preparedness remains disappointingly low, but its managers' enthusiasm for the topic was undeniable. This study has contributed to managers' growing awareness of the demands upon their professional development in the months and years ahead. There is much to be done, practically and theoretically as the challenge of managing diversity in the workplace will continue to grow.

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**TABLE 1: THE DIVERSITY MANAGEMENT COMPETENCY MODEL (DMCM)**

<p><i>Quadrant 1: Understanding Self</i></p> <ul style="list-style-type: none"> <li>• Ability to understand one’s own beliefs and how they affect one’s life and work.</li> <li>• Ability to monitor one’s own diversity sensitivity and its impact on others.</li> <li>• Makes a conscious effort to learn about those who are different</li> <li>• Is proactive in exposing one’s self to a range of cultural experiences.</li> <li>• Takes steps to improve one’s own diversity awareness.</li> <li>• Is flexible and open.</li> <li>• Possesses a learning orientation and reviews and revises own strategies.</li> </ul>	<p><i>Quadrant 2: Understanding Others</i></p> <ul style="list-style-type: none"> <li>• Ability to acquire cultural knowledge.</li> <li>• Understand and have empathy for cultural norms - recognize and perceive others’ cultural norms before and during interactions.</li> <li>• Exhibit situationally appropriate verbal and non-verbal actions when interacting with people from different cultures.</li> <li>• Have cultural empathy: Interact with and value difference.</li> <li>• Know economic, legal, value and social systems of different cultures/subcultures.</li> <li>• Foreign language proficiency.</li> </ul>
<p><i>Quadrant 3: Workplace Analysis</i></p> <ul style="list-style-type: none"> <li>• Know how the advantages and disadvantages of diversity manifest themselves in the workplace.</li> <li>• Understand the diversity composition of the workplace and value differences as opportunities for business and learning.</li> <li>• Identify workplace management practices and HRM systems which prevent discrimination and disadvantage.</li> <li>• Monitor and comply with legislation in relation to EEO.</li> <li>• Find opportunities for cross cultural learning through workplace functioning.</li> </ul>	<p><i>Quadrant 4: Workplace Application</i></p> <ul style="list-style-type: none"> <li>• Open communication with workgroup members, e.g. “Open door policy”.</li> <li>• Manage conflict over difference. Identify sources of conflict and use culturally appropriate and sensitive methods of managing conflict in the workplace.</li> <li>• Value and be an advocate for positive cultural interaction - encourage workplace debate on cultural diversity issues.</li> <li>• Educate on the effects of prejudice and racism and take remedial action in the incidence of racism, hatred or violence.</li> <li>• Afford opportunities for cross-cultural learning.</li> </ul>