Productive Diversity:

Which Companies are Active and Why?

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Declaration

I, Joanne Pyke, hereby declare that, except where acknowledged, this work is my own and has not been submitted for a higher degree at any other university or institution.

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Abstract

Productive Diversity is a government policy that aims to increase Australian business access to, and success in, trading with increasingly diverse domestic and export markets through the productive capacity of Australia's diverse labour market. Since 1992 when the policy was formally launched, however, the adoption of productive diversity has been patchy. The purpose of this research is to identify why some businesses have adopted productive diversity as a business strategy while others have not.

Specifically, this research tests the validity of the business factor model developed by Bertone (2000a) that suggests that there are certain business characteristics that are related to productive diversity adoption. The model is based on research observations and the assumption that those businesses that are more impacted upon by globalisation will be more likely to adopt productive diversity (Bertone et al., 1998, p. 62).

Through telephone interviews and documentary analysis, the characteristics of 156 of Australian's top 500 companies were each classified as one of four productive diversity 'types' called 'integrated', 'progressive', 'minimalist' and 'uninterested'. The business characteristics of the companies were then classified and correlated with the productive diversity types to identify whether or not relationships of significance could be found. No relationships were found, and the business factor model as proposed is rejected as an explanatory tool for productive diversity adoption. To explain this finding, the data was further interrogated to identify potential reasons for the failure of the model.

The research concludes that while the factors contained within the business factor model are important sometimes, in some circumstances, there are other influential factors that shape productive diversity adoption. These include the interacting factors of locality, community, history and leadership. The lack of government policy compliance requirements is also a significant factor in the low level of productive diversity adoption. These factors combine variously and inconsistently to create the conditions for productive diversity adoption or non-adoption.

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Chapter 1
Background and Overview

We now must take advantage of the potentially huge national economic asset which multiculturalism represents. This is what productive diversity is about. It is the harvest on the crop sown and nurtured by our immigration and multicultural policies. (Keating, P., 1992, p. 2)

Introduction

Productive Diversity is a government policy that was officially launched in 1992 by Prime Minister Paul Keating. The main aim was to increase Australian business access to, and success in trading with increasingly diverse domestic and export markets. The parallel and enmeshed aim was also to address social and economic issues. Australia's multicultural workforce was identified as disadvantaged and undervalued and the skills and talents of this workforce were being wasted; skills that represented critical resources in a global economic environment. Since 1992 when Paul Keating launched productive diversity policy, however, the adoption by Australian business has been patchy. This research is concerned with explaining why it is that some Australian businesses have actively embraced the ideas and processes promoted through a productive diversity approach while others have been indifferent. Specifically, the research aim is to test a model that proposes that there is a relationship between specific business characteristics and the adoption or non-adoption of productive diversity. Originally developed by Bertone (2000a), the model is called the 'business factor model'. This chapter provides the background and overview of how the business factor model was devised, tested and analysed.

Background

This research was funded by an Australian Research Council (ARC) grant as an Australian Postgraduate Award (Industry) originally through the School of Management, Faculty of Business and Law at Victoria University. Since commencement, the project has been integrated into the Department of Applied Economics via the Work and

Economic Policy Research Unit.   The project was supervised by Ms. Santina Bertone and Dr. James Doughney.   As required by the project funding arrangements, there are three industry partners for the project.   These include the Australian National Training Authority (ANTA), the Australian Multicultural Foundation (AMF) and the Victorian Department of Education, Employment and Training (DEET).   In addition, a project reference group has met four times over the course of the project to advise and facilitate the research design and progress.   This reference group has ten members including representatives from the industry partners and specialists in management theory and productive diversity. A list of reference group members is provided in attachment 1.

A body of research produced by the Workplace Studies Centre over recent years informs the research design. In particular, it is informed by the findings of case study and survey research that found that the take-up of productive diversity policies by Australian businesses has been limited and uneven (Bertone et al., 1998).   This study further identified that only one-tenth of companies interviewed had an explicit diversity management policy, and more than half had no policy at all (ibid., p. 3).   The authors argue that this represents a significant opportunity cost, particularly when most companies face intense market competition on a global scale for their products and services (ibid., p. 95).   This research aims to build on these findings and to contribute to a growing body of academic research that seeks to understand and improve industry and government responses to productive diversity.

Research rationale
Productive diversity was originally devised in the context of a government commitment to multiculturalism, a cultural policy that had been in place since the early 1970s (Ang, 2001, p. 95). In practical terms, multiculturalism involved a redefinition of national identity as a 'multicultural nation' and to develop policies based on four principles considered essential for a successful multicultural society; social cohesion, cultural identity; equality of opportunity and access; and equal responsibility for, commitment to and participation in society (Australian Council of Population and Ethnic Affairs, 1982, p. 12).   The development and implementation of productive diversity policy was strongly

informed by multiculturalism but reflected a shifting policy emphasis in the late 1980s from a cultural policy focus to one that was more explicitly aligned with economic reform. This shift was aligned to a government economic reform agenda aimed at improving the ability of Australian business to trade internationally. In Australia, Prime Minister Bob Hawke, has been identified as the first to use the term in 1988, when he acknowledged that 'diversity is one of our biggest endowments' (Hawke, 1988). In 1992 productive diversity was announced as a federal government initiative by the Keating government (Keating, 1992).

The arguments for the implementation of productive diversity policy include the need for Australian business to trade more effectively in international markets, harness the capacity of diverse workforces and to respond to structural inequities that characterise the Australian labour market. The Commonwealth commissioned Karpin Report (1995) was important in further linking diversity to issues of business management in a global economy. This report emphasised the importance of 'capitalising on the talents of diversity' (ibid., p. xxxiii) and the need to utilise the skills and attributes of Australia's diverse workforce. Specific emphasis was given to women and people from ethnically diverse backgrounds (ibid. p. 175). These arguments have contributed to the progressive implementation of productive diversity policy across Commonwealth and State Government portfolios since the early 1990s (DIMA, 1999) and the development of resources and strategy materials to support diversity management adoption (DIMA, 2000).

Parallel to this policy implementation process, there is a growing body of research that seeks to understand how productive diversity has been implemented (Bertone et al., 1998; Da Gama Pinto et al., 2000) the relative importance of productive diversity to Australian companies (Nicholas, 2000), the degree to which productive diversity has been taken up (DeCieri & Olekalns, 2001), understanding productive diversity leadership (Sinclair, 2000c) and the development of tools and resources by which to improve the effective implementation of productive diversity (DIMA, 2000). There has been little research, however, that has exclusively focused on explaining why a company might adopt

productive diversity, particularly in the context that overall adoption levels have been low.

The literature is somewhat contradictory in relation to the degree to which productive diversity has been received by Australian business and these contradictions are discussed in chapter 2. There is also a growing body of critical literature that questions the theoretical assumptions of productive diversity, the politics of productive diversity as a policy and management framework and the outcomes of productive diversity policy in terms of social justice and workplace relations. This literature is also discussed in chapter 2. My approach is informed by these critiques and, while productive diversity is clearly problematic, the need to grapple with and understand diversity per sé is understood as being of continued and increasing importance. Global trade, the migration of workers and social inequality continue to be dynamic trends that shape the business environment in which Australian companies operate. Hence, recognition of the need to understand and manage ethnic and cultural diversity will only increase. Moreover, productive diversity policies continue to be relatively recent, and there has been little time, in policy terms, for benefits to be achieved. This research aims to build on previous research and to respond to some of the problems that have been identified in the literature. It is hoped that an improved understanding of these characteristics will help to inform more targeted and effective policy and planning.

Research aims

This research is designed to test the central hypothesis that there are some business characteristics that are related to the adoption of productive diversity practice while others are not. This hypothesis has been inferred from or identified in previous research yet has not been explored or tested. Primarily it arises from the findings of Bertone et al. (1998) who found that some companies were more responsive to, and had a better understanding of, productive diversity than did others. As the authors comment:

> 'It [productive diversity] seemed to be most recognised by participants in
> the tourism, recreation and leisure industries, health care, energy,

communications and IT, and the banking sector of finance, but less well understood in manufacturing, accounting and stockbroking. Their views can be partly explained by reference to structural factors in those industries.' (1998, p. 62)

The authors recognise that these findings could not be generalised beyond the case study participants and so the 'business factor model' was constructed as a research hypothesis. Based on the observations made in that study, a number of potential relationships are identified that broadly include four sets of factors. The first is the role of competition in the product market, the product or service type and the cultural characteristics of the company's markets. The second set includes work force factors including employee skill level, the degree of labour scarcity and the cultural diversity of the workforce. The third set relates to company characteristics such as company size, the degree of globalisation in terms of international trade and degree of overseas ownership. The final set of factors relate to managerial style and organisational structure.

The rationale for the selection of each of the characteristics is discussed in chapter 4. However, I will signal now that their specification depends to a large extent on what factors can be identified through available data sources. The sources include data that can be gathered through telephone interviews as well as publicly available annual reports. These characteristics are summarised as follows in table 1.1.

Table 1.1 Business factors within the business factor model

External factors increasing the likelihood of productive diversity	External factors reducing the likelihood of productive diversity policies
Product Market	**Product market**
• Diverse	• Standardised
• High value added	• Low value added
• High levels of competition	• Low levels of competition
• Significant service component	• Mostly product based
Workforce	**Workforce**
• Multicultural	• Homogenous or understood as such
• High level of skill/education	• Low level of skill
• Mobile	• Easily replaceable
Business	**Business**
• Large workforce (>100 employees)	• Small to medium workforce (<100 employees)
• Overseas owned or Australian multinational	• Locally owned
• Strong export orientation	• Low export orientation
• Stand alone	• Controlled by head office
• Innovative	• Lacking in innovation
Managerial	**Managerial**
Post-Fordist	*Fordist*
• Team based	• Hierarchical
• Participative	• Authoritarian
• Decentralised control	• Centralised control

The related and equally important research task was the construction of criteria by which to classify companies consistently according to their approach to productive diversity. As discussed in chapter 2, much of the literature portrays productive diversity as relatively unproblematic. There is, however, considerable variation across the literature as to what productive diversity actually means, conceptually and in practice. This definitional problem is exacerbated by the fact productive diversity is actually a change process that should be shaped by the context in which a given company operates. Considerations such as employee skill requirements, labour market demographics, market characteristics, industry type and so on should, by definition, govern the type of practices undertaken in a productive diversity approach. The strategy that has been applied to resolve these difficulties is the development of a series of productive diversity 'types'. This process is informed broadly by analogy with the Weberian method of 'ideal types' and how these types have been devised is discussed in chapter 3. I refer to this aspect of the business factor model as a 'productive diversity typology'. Table 1.2 illustrates how business factors and the productive diversity typology combine as the business factor model.

Table 1.2 The business factor model

Productive Diversity (PD) adoption		Factors increasing the likelihood of productive diversity adoption	Factors decreasing the likelihood of productive diversity adoption		Productive Diversity (PD) non-adoption
PD policy – communicated through organisation	⬌	*Product market* Diverse High value added High competition Service component	*Product market* Standardised Low value added Low competition Product based	⬌	No PD policy beyond legal compliance
Diversity understood broadly and related to market and workforce characteristics		*Workforce* Multicultural High skill/education Mobile	*Workforce* Homogenous Low skill/education Easily replaceable		Diversity considered irrelevant/not recognised and/or not understood
PD approach builds on equal employment opportunity strategies		*Business* Large workforce (>100) Overseas owned or Australian mulinational Export orientation Stand alone Innovative	*Business* Small to medium workforce (<100) Locally owned Low export orientation Head office control Low innovation		Absence of equal employment opportunity strategies beyond reaction to issues
PD linked to business and strategic planning					No links between PD and business and strategic planning
Resources allocated for PD		*Managerial* **Post-Fordist** Team-based Participative Decentralised control	*Managerial* **Fordist** Hierarchical Authoritarian Centralised control		No resources allocated for PD
Dedicated personnel for implementation					No personnel responsible for implementation
Demonstration of innovation and customisation					No plans or intention to implement PD strategies

Method

Two methods were used to gather data on companies and their approach to productive diversity. These were structured telephone interviews and documentary analysis of company annual reports. The research population was the top 511 companies as listed by the Australian Stock Exchange. The structured interview format was informed by the productive diversity typology and by the details required to classify companies according to the business factor model. Additional company details were identified through a review of company annual reports, which were accessed by an electronic data base, Connect 4 (1999/2000). One hundred and sixty-nine companies out of the survey population were excluded from the population because the company had either closed down or merged with another company since the compulsory lodgment of the annual report to the Australian Securities and Investment Commission (ASIC) in the 1999-2000 financial year or because they employed fewer than 20 people in Australia. These details could not be ascertained until telephone contact had been made. One hundred and fifty-six interviews were successfully conducted representing 41 per cent of the effective research population. Chapter 5 discusses these methods and their implementation.

Analysis

Companies were classified according to the productive diversity typologies and the results of the telephone interviews were recorded in an SPSS data file for statistical analysis. The business factors thus comprise the independent variables and the productive diversity typologies the dependent variables of the business factor model. The results were very clear that no relationships of significance could be identified and so the interview results were further interrogated to assist in explaining why the model so clearly failed to explain patterns of productive diversity adoption. Chapter 7 presents the results of this analysis and chapter 8 further reviews the data to identify potential reasons for the failure of the model.

Conclusions

The concluding chapter discusses why the model was not a useful explanatory tool. Three major points are argued. First, the business factor model fails to include the interacting

factors of locality, community, history and leadership, which appear to have a major bearing on company responses to productive diversity. Evidence is drawn from the interview results to support this argument. Second, while it was possible to measure tangible aspects of business characteristics such as methods of work organisation, size, numbers of employees and so on, it was not possible through the chosen methods to understand the qualitative meanings of these factors and how they impact on workplace diversity. As such, the classification process did not effectively represent actual business practices. Third, I argue that the low numbers of productive diversity adopters is largely explained by the fact that there are no legal compliance requirements associated with productive diversity and that other events and business developments have not provided the necessary impetus for business to respond. The policy rationale for productive diversity has been made on the basis that productive diversity adoption would occur through the 'rational self-interest' of employers (Keating, 1992). The assumption was that there would be no other sensible course of action because of the implied benefits that would ensue from effective productive diversity practice. I argue that this assumption under-estimates the complexity of employer motivations and the current conditions that have impacted on Australian business. Thus, productive diversity adoption is low, uneven and driven by a broader and more complex range of factors than those that are included within the business factor model.

Chapter 2

Productive diversity background, context and the literature

Introduction

Productive diversity is a concept informed by a very broad body of literature. It is applied variously depending upon who is using the concept, in which context it is applied and for what purposes it is intended. Understanding of what productive diversity means have also changed and broadened since the implementation of the policy in 1992. In this chapter, I explain some of these points of contention by identifying three main approaches in the literature. The approaches are called 'diversity as tool for organisational and social change', 'the equal opportunity approach to productive diversity' and 'the business opportunity approach'. I also summarise a growing body of literature that is critical of productive diversity and its implementation as a policy and management framework. From the outset, it is important to emphasise that the approaches I describe are by no means mutually exclusive. Indeed, the literature can be described as something of a 'movable feast' with ideas overlapping, interacting and changing. The three approaches here are devised primarily to illustrate the theoretical and practical differences in the literature, particularly in terms of the objectives brought to the topic by various contributors.

Specifically, this chapter has a number of aims. The first aim is to identify the various meanings of productive diversity and locate the term in the Australian political and economic context. The second is to explain the basic theoretical arguments that are applied to productive diversity. The third aim of the chapter is to describe productive diversity in terms of the three approaches and to discuss how these have been criticised. Finally, recent Australian research on productive diversity is identified in order to locate this research in relation to other literature.

The Australian context of productive diversity

The concept of productive diversity is still relatively new, with the idea emerging in the 1980s. Productive diversity was raised as an industry planning issue in response to

increasing international competition and pressures of globalisation. Much of the literature has stemmed from management theorists in the United States, although there are growing contributions from across the social sciences and internationally. Paul Keating who was then Prime Minister, formally launched the Australian Productive Diversity Policy in 1992 (Keating, 1992). Currently, productive diversity is one of four key principles that underpin the existing multicultural policy, *A New Agenda for Multicultural Australia* (1999) in place under the current conservative government led by Prime Minister, John Howard. Productive diversity or diversity management policies are now in place across a range of State and Commonwealth governments, departments and instrumentalities.[1] Specialist organisations have been established to promote productive diversity to business and various government sectors and the study and promotion of productive diversity is part of the organisational goals and objectives of many industry associations.[2]

Productive diversity, diversity management and managing diversity
At its simplest, productive diversity refers to the systematic and planned commitment on the part of organisations to use diversity as a resource. It also refers to an active recognition and appreciation of the increasing multicultural nature of contemporary organisations and that organisational cohesion is created through managing diversity (Cope and Kalantzis, 1997a, p. 289). Before discussing the various definitions of the term, however, it is necessary to acknowledge that productive diversity is not a term that has gained great currency within the literature (Smith, 1998a; Bertone and Leahy, 2000). Arguably, it is a term that has been applied primarily within Australia within a government policy context (DIMA, 2000) and in some Australian academic works (Cope and Kalantzis, 1997a; Bertone et al., 1998). More commonly, both internationally and within Australia, a range of terms such as managing diversity, diversity management, valuing diversity and cultural diversity are applied to describe the key ideas of productive diversity.

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[1] Most government departments, educational institutions and instrumentalities include diversity management as a specific policy or as a guiding principle of other policy agendas. Examples of these can be found on www.immigration.gov.au, www.apsc.gov.au, and www.oma.vic.gov.au.
[2] For example, see www.diversityaustralia.gov.au for research and resources produced by various organisations and centres for research.

While having similar characteristics and intent as other terms, productive diversity can be seen as having a specific meaning that arose in a context shaped by a particular set of political, economic and social conditions. Importantly, its implementation was shaped and driven by federal government economic and social reform agendas, by the conditions generated by globalisation, the demographic mix of the Australian population and the influence of social change that was reflected in the introduction of anti-discrimination and affirmative action legislation.   These influences are discussed in the following section.

Economic and social context

Productive diversity arose as part of the Australian version of world wide economic reform, ostensibly driven by the need to competitively place Australia within the global economy.   As Wiseman comments, political and industrial decision-making during the late 1980s and 1990s was heavily influenced by the 'globalisation is unstoppable' thesis, and major structural economic reform was implemented in response to global economic change (1998, p. 42).   The reforms were designed to make Australia attractive to global capital and to increase productivity and efficiency in order to compete for export markets. The steps towards this included a staged program of macro and microeconomic reform that included financial deregulation, trade liberalisation, the privatisation of public services and the deregulation of the labour market (ibid., p. 40-55). This process started in the early 1980s under the Hawke Government but by the early 1990s, the social costs of increasing unemployment were recognised and addressed by the launch of the government's 'One Nation' economic policy statement (1992). The means suggested in this policy included increased public expenditure on infrastructure development, education and training and community services (Wiseman, 1998, p. 45).

The productive diversity policy was also launched in 1992 and can be seen as part of the attempt to marry social and economic interests in an environment of radical economic change. Importantly, a Labor government launched the policy, whose close ties with the Australian Council of Trade Unions were codified in the formal Accords framework (Wilson et al., 2000). Consequently, the agenda for economic reform was pursued with a

'softer' approach than might have occurred under a Liberal government. As Wiseman (1988, p. 45) says, 'the problem for Labor was that it was trying to strike a delicate balance between rapid economic restructuring and the needs and concerns of its traditional electoral constituency'. This was expressed in terms of building a complementary relationship between competition and social justice (ibid., p. 45). Productive diversity, with its enmeshed social and economic objectives, can be seen to be clearly compatible with the reform agendas of the day as a means to resolve the anticipated economic and social issues arising from globalisation. Productive diversity emerged as part of a larger paradigm shift by Australian businesses and governments, both individually and collectively, with a view to surviving and growing in a global economic environment. As Cope and Kalantzis describe it:

> We might be so bold as to call productive diversity the 'Australian model'
> of work and management… It is a new approach to work and
> management in the context of global economic integration. (1997a, p. xi)

More cynically, it can be seen as a means of making Australia look more attractive as a place for global capital investment. As Ang comments,

> …this process of restructuring is not only an economic project but also a
> cultural one, designed to rework and redefine the nation's representation
> of itself, its national identity – all with the ultimate economic motive of
> improving the national marketing image. (2001, p. 153)

Demographic and social change

As much as productive diversity was an economic project, it was similarly driven by social concerns. Productive diversity policy emerged in recognition of the changing nature of the labour market, increasing consciousness of issues of access and equity and growing influence of social change during the 1970s and 1980s that was articulated through feminist and anti-racism social movements. Events surrounding the advancement of the status of Aboriginal and Torres Strait Islander people were also

prominent, particularly around the issue of land rights, and these resulted in the passing of the *Native Title Act 1993* (ABS, 2002c). The central focus to the original construction of the productive diversity policy and concept was the diverse ethnic composition of the labour market. Australia is identified as having a highly culturally heterogeneous society, due to continued waves of migration from a broad range of cultural and geographic backgrounds. In 2002, 24 per cent of the Australia labour market was born overseas (ABS, 2002a).

Women's rapidly increasing participation in the labour market was also a major change being recognised at this time. While much of this employment growth has been in part-time and casual employment, the proportion of women in the labour market has significantly increased. In the period from 1982 to 2002, women in the labour force grew from 35.4 per cent to 44 per cent (ABS, 2002b). Changing and increasing levels of education, training and literacy has also represented a significant change in labour market demographics. For example, in 1971 only 28 per cent of the employed workforce held post-school qualifications. Currently, around half of the workforce holds post-school qualifications (Wooden, 2002, p. 56). The ageing of the workforce is also an issue capturing considerable policy and planning attention with the average age of the working age population increasing from 35.9 in 1982 to 37.8 in 2002 (Doughney, 2003, p. 6). A planning concern relates to an increase in the 'dependency' ratios between older age groups and the working population caused by a continued decline in birth rates alongside increases in life expectancy, which the ABS predicts will increase by 5-7 years over the next 50 years (ibid., p. 8). With structural economic change and a shift in skill requirements from the traditionally resource dependent industries towards the growing knowledge and service-based industries, coupled with an ageing workforce, the challenge for some industries to meet skill requirements continues to be a problem. Such a mix of demographic and industry characteristics and trends have triggered specific responses from government and industry, and the focus on productive diversity was part of this response.

At the time productive diversity was originally being promoted, employment related anti-discrimination legislation had been gradually implemented with the introduction of the *Racial Discrimination Act 1975,* the *Sex Discrimination Act 1984,* the *Equal Employment Anti-Discrimination Opportunity (Commonwealth Authorities) Act 1987* and the *Disability Discrimination Act 1992* (Pendleton and Vickery, 2000, p. 724-7). Much of the productive diversity literature argues that such legislation is limited in its ability to facilitate organisational cultural change and that productive diversity is the most effective framework for aligning the issue of overcoming discrimination with the interests of the organisation (Kramer, 1997, p. 88).

In summary, globalisation, economic reform, demographic change and legislative changes have shaped the implementation of productive diversity policy. The ideas embodied by productive diversity have been born in similar conditions internationally. However, productive diversity is not the name that has been used.   With this in mind, this research draws broadly on the related literature that talks about diversity management, managing diversity, cultural diversity and valuing diversity.   The terms are used interchangeably with productive diversity on the basis that the difference in meaning is largely derived from context and emphasis.

Given that the aim of this research is to examine how and why Australian companies apply productive diversity, the following section goes on to identify the key characteristics of productive diversity theory as well as the models of practice that are discussed in the literature. As will be explained, the body of theory contains significantly different approaches towards the subject called variously diversity management, managing diversity, cultural diversity, valuing diversity and productive diversity.

Defining diversity and productive diversity

Meanings of diversity

This section discusses the various conceptions of diversity and how these are defined in relation to the context and goals of the process. Generally, there is agreement that the term diversity refers to the range of both visible and invisible individual differences that

define individual identity such as gender, age, race, ethnicity, personality and physical ability (Wong, 2001, p. 182). Because productive diversity is concerned with enhancing organisational effectiveness, diversity is also often understood in terms of organisationally specific characteristics including level of seniority, fields of expertise, union affiliation, work content and so on (Gardenswartz and Rowe, 1995; Smith, 1998b). Which diversity characteristics are included as part of the diversity 'mix' varies considerably according to context. For example, literature from the USA has largely had a focus on race and gender due to the black rights movements and feminism (Thomas, 1991; Cox, 1993) while the Australian literature has had a much greater concern with multiculturalism due to the large proportion of employees who are migrants (Cope and Kalantzis, 1997a).

More recent definitions attempt to convey the complexity and intersectionality of diversity by stressing the broad range of group and identity affiliations that each individual embodies and brings with them into the organisational context (Thomas, 1996, p. 6). At the same time, however, the term should not be so broad as to be meaningless. Cox, for example, recognises that diversity is complex and unique to every individual, but pragmatically brings the notion back into an organisational context and defines diversity as, 'the variation of social and cultural identities among people existing together in a defined employment or market setting' (2001, p. 3). Thomas also emphasises the idea that diversity needs to be understood as not simply the individual differences arising from diversity but what that means as the sum of the parts. This is discussed as the diversity 'mix', which needs to be understood within a given setting (1996, p. 8).

Productive diversity
Productive diversity is essentially a system or process of both minimising the potential costs that can arise from not managing diversity effectively and capitalising on the benefits that can be gained if the productive potential of diversity is harnessed. There is general agreement on the central features, which Bertone et al. (1998, p. 6) describe as, first, an emphasis on economic output resulting from the successful management of a diverse work force. The second feature is the removal of barriers and the development of

strategies to ensure that all employees can contribute the full range of their skills and knowledge, whether formal or informal.

In line with the rationale and principles of productive diversity, a series of practices are involved in implementing the goals of the process. This involves some kind of policy development, assessment, planning, strategic implementation, evaluation and revision. Cox (1993, p. 229), for example, proposes a model for planning organisational change based on the interactive and interdependent steps of leadership, research/measurement, education, change in culture and management systems and follow-up. Again, which practices receive emphasis varies according to context.

The rationale for productive diversity is consistently identified as stemming from three major conditions (Thomas, 1991; Cox, 1993; Cope and Kalantzis, 1997a; Bertone et al., 1998). First is the need for businesses to compete in the international marketplace as well as within an increasingly diverse domestic marketplace. Second is the need for effective human resource management practices as the demographic characteristics of the labour market change. This is also coupled with changing skills requirements, arising from a decline in the traditional agricultural and manufacturing industrial base and growth in knowledge and service based industries in line with economic structural change. Third, is the need to respond to anti-discrimination legislative requirements, the increasing unwillingness of minority groups to 'assimilate', and the recognition that traditional organisational structures and values dominated by white Anglo-Celtic men do not enable the effective and productive participation of minority groups.

Productive diversity theory is therefore based on the idea that traditional methods of work and organisation are likely to be ineffective and counter-productive to organisational sustainability and profitability into the future. In essence, the current and emerging environment presents a range of problems to be solved and prevented as well as opportunities to be pursued. The clear line of argument supporting productive diversity theory is one of costs and benefits. The effective management of diversity is directly related to reduced costs through lower staff turnover, reduced absenteeism, reduced risk

of litigation from anti-discrimination actions and lower levels of work team productivity due to cross-cultural and inter-group conflict (O'Flynne et al. 2001, p. 1).

Likewise, considerable benefits can be gained if organisations can understand, value and liberate the many skills, attributes and preferences attributable to diversity, both among employees as well as within domestic and international markets. Such benefits are consistently identified as attracting and retaining the best available human talent, enhanced marketing efforts, higher creativity and innovation, better problem solving and more organisational flexibility (Cox, 1993, p. 27). This argument is supported by research evidence from a broad range of fields of enquiry, but how this argument is constructed varies considerably across the literature and is explained within the following framework.

Three approaches to productive diversity
The growing literature on productive diversity explores the topic in various ways, and there is no clean division between the topic areas. This arises from the diverse theoretical perspectives that are applied in making the case for productive diversity. Kirton and Green (2000, p. 99-122) identify these as ranging from the neo-liberal ideas that are underpinned by libertarian views of 'human rights' and informed by the economics of the free market, to institutional and labour market segmentation perspectives that are Marxist in orientation and understand the labour market in terms of structures of control and exploitation that are reproduced through social institutions. A further important theoretical grouping Kirton and Green (ibid., p. 101) identify includes theories of identity, social movements and feminism. These identify the individual's experience within the labour market as being mediated by the characteristics of race and gender impacting on their ability to progress and to participate fully.

This theoretical divergence is expressed in the varying emphases authors give on how and why it is possible to bring together the interests of employers, organisations and industry with the interests of employees, communities and nations. How, and if, it is thought that these different interests can be reconciled depends greatly on the theoretical perspective brought to the issue. Many proponents of productive diversity can be

identified as being informed by the ideas of social pluralism and theorise that there is much common ground to be created and negotiated within the organisation context between diverse individuals and organisational structural levels. For example, Cope and Kalantzis (1997a) use this tension as central to their theory that productive diversity is built on paradox. They describe a paradox as 'the surprise that apparent opposites should work together. It is the discovery that what appears to be a contradiction is in fact a synergistic relationship (ibid., p. 3)'. Ang (2001, p.194) in a related theoretical discussion uses the term 'complicated entanglement' to describe the ways in which differences in identity can be negotiated.

While acknowledging that productive diversity is a contested and problematic term, it is possible, however, to identify themes or approaches that assist in describing the literature. Bertone et al. (1998, p. 22) starts with the identification of five definitional types:

1. the traditional EEO definition which deals with differences in gender, racioethnicity and age;

2. broader definitions which recognise a range of human differences such as physical ability, personal qualtities and sexual orientation;

3. definitions based on the broadest possible concept of diversity, incorporating hierarchical levels, functions and backgrounds;

4. the notion that a culture of valuing diversity has the potential to create a pluralist social order, resulting in organsiational cohesion and international harmony; and,

5. business oriented definitions, which view managing diversity as driven by business needs.

The three categories I will use to classify the various approaches to productive diversity draw on Bertone's work but are refined in line with recent literature. They are:

1. Productive diversity as a tool for organisational change;

2. Equal employment opportunity – or the 'bottom-up' approach; and,

3. The business opportunity approach or the 'top-down' approach.

Productive diversity as a tool for organisational and social change

A relatively small but central body of literature seeks to describe productive diversity as an essential tool embedded within company operations for organisational and social change. It is argued that the adoption of productive diversity will bring about benefits for individual company interests, traditionally marginalised groups and society as a whole. In particular, the work of the Australian authors Cope and Kalantzis (1997a) and Shaw (1995) and two American theorists, Cox (1993) and Thomas (1991) are discussed. This section seeks to describe the major ideas presented by these theories and to identify the defining commonalities of this literature as a particular approach to productive diversity.

The work of Cope and Kalantzis (1997a) represents a significant theoretical contribution to the literature. They argue that the development of productive diversity is a new and uniquely Australian model of work and management. Their conception of diversity is extremely broad, even though it is premised on the need to draw upon the productive capacity of a multicultural workforce. This is informed by literature from the fields of industrial democracy, work organisation theory, human resource management and managing diversity.

Productive diversity is developed as a model that is a progression on dominant models of work organisation. The dominant models are identified as 'Fordism' and 'Post-Fordism', which, are critiqued as flawed and inadequate in current conditions. They describe Fordism as being a system that operates through authoritarian hierarchy and post-Fordism through a type of 'cultural cloning' involving the creation of shared vision and corporate identity to which all organisational members must aspire despite differences between employees. The 'have a nice day' image of the MacDonalds fast food chain is perhaps most representative of this management model. In contrast, productive diversity is seen as an expression of civic pluralism and as representing a paradigm shift underpinned by the notion of difference. This involves, 'Changing the mainstream management game, and reversing its core metaphor of culture-as-sameness' (ibid., p. 129). Productive diversity conceptualises organisations as systems of governance and consent with organisational members as citizens. The model is characterised by democratic

management styles in which management gains consent of its members through negotiation. The productive diversity model provides for flexibility in the use of technology, multiplicity within the division of labour, devolution of management, negotiation of organisational culture and a pluralist social order.

The significance of the work undertaken by Cope and Kalantzis is that it articulates productive diversity within the Australian context and provides a useful holistic characterisation of productive diversity against other forms of work organisation. Conceptualising the idea that human difference is embedded in and central to work organisation has also represented a significant contribution to productive diversity theory.

Shaw's earlier work (1995) on cultural diversity has much in common with that of Cope and Kalantzis. She critiques traditional and mechanistic work practices as being characterised by bureaucratic and authoritarian decision making structures and fixed thinking. Such practices include an assimilation approach that expects that ethnic groups should 'fit in' with the dominant organisational structure and that each individual is responsible for their own development. She argues that such approaches fail to liberate the productive skills and capacities of the ethnic diversity that is a feature of the Australian workforce. She develops the 'utilisation model' which is characterised by fluid response systems, flexible thinking and the recognition that all individuals have something unique to offer and that these should be actively identified and utilized for the benefit of both ethnically diverse employees as well as to increase business productivity.

From the United States, Thomas 1996, defines diversity management in extremely broad terms to encompass differences between people, teams and contexts. Thomas emphasises that diversity needs to be understood as the collective of similarities and differences, between individuals and groups, within a given context (ibid., p. 5-8). Diversity is described as a central strategic planning consideration in the management of teams, company mergers, work and family policy, cross-functional co-ordination and change management. Productive diversity is defined as a paradigm, or way of thinking that facilitates diagnosis, understanding and action planning. To this end, he describes eight

action options that are available and can be applied in response to negative managerial perspectives on diversity. Productive diversity is identified as something that is undertaken by all organisations, whether consciously or not, and organisational practices can be located within the eight 'action options' (ibid., p. 20). He argues that the commonly applied practices of excluding, denying, assimilating, suppressing or isolating diversity are not only flawed, but impossible in emerging social and economic conditions in which the increased diversity and complexity of individuals, organisations and contexts is a daily reality.

In a similar vein, Cox (1993) provides a model of the multicultural organisation as an important response to changing economic and social conditions. Using the term cultural diversity, he defines culture as 'the system of values, beliefs, shared meanings, norms and traditions that distinguish one group of people from another' (ibid., p. 161). Cultural diversity is defined as the representation, in one social system, of people with distinctly different group affiliations of cultural significance. This diversity, he argues, needs to be understood in terms of the individual, within groups, inter-group dynamics and within the organisational context. Cox provides an argument why diversity is central to leadership in the future, and he draws extensively from a broad and eclectic theoretical base with a focus on transformational change (ibid., p. 23). Cox describes a model of the multicultural organisation that is necessary for meeting the challenges of the 21st century. This model is set against two other traditional organisational models, which he describes as monolithic and plural organisations. The multicultural model is characterised by, 'a culture that values diversity, pluralism acculturation, full integration of non-majority members both formally and informally, an absence of bias in management systems and a minimum of inter-group conflict.' (Cox, 2000, p. 241) This is in contrast to the 'monolithic model' that ignores or actively discourages diversity, and the 'plural model' that tolerates diversity and expects assimilation by its members (Cox, 1996, p. 226)

While others (Kandola and Fullerton, 1994; Carnvale and Carol, 1995; Johnson and Redmond, 2000) contribute similar approaches, the four writers discussed above assist in identifying some common themes that are important in terms of productive diversity

theory. First, the idea of diversity is conceptualised in very broad and contextually defined terms. This is a development on previous work that tended to define difference in terms of clearly defined characteristics informed by equal opportunity or affirmative action practice or by very instrumental business approaches. Importantly, the theory moves the focus on diversity from one of disadvantage or deficit to one that views diversity as an asset or resource. In line with this, productive diversity theory identifies equal opportunity as either a separate but related concept (Bertone et al. 1998) or as a development or improvement on equal opportunity practice (Thomas, 1991).

The literature also draws widely from across the social sciences. Cox (1993) in particular, provides extensive research evidence to support productive diversity theory through the operations and interactions between individual, group and inter-group, and organisational behaviour. Further, the literature is characterised by urgent claims for productive diversity to inform a 'paradigm shift' in management thinking. For example Cope and Kalantzis assert that:

> Diversity is the central issue of our time...there must be a shift away from
> the homogeneous corporate cultures of post-Fordism at the best of its
> word and pushing post-Fordism towards a Productive Diversity model of
> organisational culture. This is the first great epochal shift...(1997a, p. 260)

The argument is that diversity must be a central consideration of any effective response to social and economic change in order to achieve harmony in a pluralistic society. Social pluralism is put as the ideal, with the faith that 'good management' can harness complexity and conflict towards productive outcomes. Cope and Kalantzis define pluralism as 'internal diversity used as an organisational resource and a resource for negotiating diverse local and global external relationships (ibid., p. 290).' While there is increasing recognition that the creation of such resources is not as easy as it sounds due to the conflict generated by diversity, the faith in being able to bring about such outcomes is the central belief in later work by both Cox (2001) and Thomas (1996), who focus on refining managerial methods to achieve creative outcomes through diversity. The

political and social dimensions of cross-cultural conflict is also an emerging theme (Kersten, 2000).

In summary, the approach that I have called 'diversity as a tool for social and organisational change' builds a case for the necessity for, and benefits of, understanding difference in the interests of the corporate 'bottom line', workplace harmony and greater productivity. The theory casts widely across social sciences for supporting evidence and is used variously depending on context and theoretical orientation. Productive diversity theorists argue that such thinking is essential in the context of globalisation, and various arguments are presented to support the need for a managerial 'paradigm shift'. This is necessary in order to maintain sustainable business enterprises and to promote equity and a state of 'civic pluralism' (Cope and Kalantzis, 1997a). However, there are divergent approaches to these ideas. One significant approach that is explained in the following section is 'equal opportunity' or 'bottom up' approaches to productive diversity.

Equal employment opportunity – or 'bottom-up' approaches to productive diversity
One important theme in the literature is the approach to productive diversity that is informed primarily by equal opportunity theory. Kirton and Green (2000, p. 100) describe equal employment opportunity as a problematic term to which a wide variety of meanings are ascribed. However, in the context of the labour market, equal opportunity is seen as being essentially concerned with understanding and addressing differences among and between social groups and individuals in relation to labour market opportunities and outcomes. This is tackled through an understanding of why differences occur, how discrimination is manifested and how these might be addressed and monitored. In the organisational context, this implies the implementation of human resource management practices based on explicit policies and strategies to address disadvantage and to promote equality of opportunity irrespective of diversity characteristics such as race, gender, age, physical ability, sexual orientation and so on. In this manner, the ideas of equal opportunity have much in common with productive diversity.

Kirton and Green (ibid., p. 101) identify the variance across approaches to equal opportunity in terms of three models: the liberal tradition, the radical tradition and the diversity model.   Within the model of 'the liberal tradition' equal opportunity is underpinned by the ideals of classic liberalism and liberal democracy.   The belief in a human right to universally applied standards of justice and citizenship is central. Equal opportunity exists when 'all individuals are enabled freely and equally to compete for social rewards' (ibid., p. 101). This model is predicated on a philosophy of 'sameness' and that individuals should be able to compete within the market place on the basis of individual merit.   Differences are denied or minimised by a superficially neutral assessment of merit.

In contrast, the radical tradition is informed by theories of structural disadvantage and locates the causes of inequity within a broader social framework. Inequality is reproduced through social systems and processes.   The focus is not on individuals but on groups, recognising that it is on this level that discrimination can be identified.   Additionally, talent or individual 'merit' is not seen as neutral but as containing value judgements and stereotypes (Jewson and Mason, 1986).   Positive or affirmative action is required to support groups to achieve improved employment outcomes on the basis that individuals are part of complex social structures.   Thus, strategies such as preferential selection are required to achieve the goals of equality in terms of outcomes within the labour market (Kirton and Green, 2000, p. 102).   The radical tradition maintains that it is insufficient to have equal 'opportunities' because structural inequalities reproduce systematically unequal outcomes.

Kirton and Green call 'diversity management' the third, and recent, progression on equal opportunity.   This model, they argue, addresses some identified weaknesses in both equal opportunity and affirmative action approaches. These, they say, can oversimplify both the complex dynamics of organisations as well as the nature of group membership.   Through equal opportunity or affirmative action, individual identity can be reduced to one essential characteristic or label that provides the basis for policy development. There is little recognition that individual identity is complex or that identity is, at least in part,

defined by context. Additionally, models of equal opportunity tend to start from the negative premise of viewing individuals in terms of disadvantage as opposed to the more positive perspective of unfulfilled potential. Diversity management, in contrast, is based on the idea that organisations should recognise differences in order to liberate diverse skills and talents towards productive outcomes.

While equal opportunity or 'bottom-up' approaches to diversity management might recommend similar practices as those proposed by others, a distinctive characteristic is that some form of emancipatory objective drives the approach. The priority is to ensure organisational equity as an essential pre-condition of effective diversity management practice. Similarly, equal opportunity approaches are linked to a broader social change agenda with a focus on sustainable business practice. For example, Kirton and Green suggest,

> …we suggest that a more fruitful way forward is to have a broader definition of business-case interests. Business cases for equality should be linked to wider issues of social justice and social responsibility… (2000, p. 269)

Others, such as Wong (2001, p. 192) call for the need for a new epistemology, different processes and a recognition that management is a co-productive relationship. Importantly, indigenous critics also argue for new models of management that incorporate an understanding of rights, participation and partnership as firmly embedded in an organisation's structure and processes (Henare, 1995; Tahi, 1995; Moreton-Robinson, 2000a).

While equal opportunity approaches do not necessarily offer uniquely alternative diversity management policies, the emphasis is clearly from the 'bottom-up', with the central focus being to improve outcomes for individuals and groups who have traditionally been disadvantaged within the labour market. This starting point has the most marked contrast to the significant body of work that starts from the angle of

diversity as a means to improve the business financial bottom-line. This is explored as the business-opportunity or 'top-down' approach to productive diversity.

Business opportunity approaches or 'top-down' productive diversity

The 'business-opportunity approach' to productive diversity is the name used to describe a large body of literature that clearly focuses on the relationship of productive diversity to profit and productivity. The approach can be distinguished from those approaches discussed above. The difference lays in theoretical perspective, the context in which the theory is applied, the topics of emphasis that are explored in order to achieve outcomes through productive diversity and the perceived relationship of productive diversity theory and practice to equal opportunity or affirmative action.

First, I should note that there is considerable theoretical divergence within this approach. Yet, due to a principal emphasis on the 'bottom-line', the business-opportunity approach can be largely identified with neo-liberal or economic rationalist perspectives. These in turn start with a different view on issues of discrimination and social justice. The neo-liberal argument presupposes a perspective of scientific neutrality that reveals incontestable truth. Within this framework, notions of justice are associated with the logic of market forces and a faith that market efficiency will create wealth for the greatest number of people (Edwards, 2002, p. 77). With such implicit methodological assumptions, and with assumptions that market efficiency is unquestionable, the business opportunity literature commonly fails to make its theoretical grounding explicit. Therefore it proceeds with the clear goals of providing guidance for managers either to, fix the diversity 'problem', or to provide guidelines for how to turn diversity into an asset in the interests of business efficiency. For example, Harris and Moran explain from the outset of their work that,

> …in the past, many assumed that cultural differences were barriers and impeded communication and interaction. Today effective global leaders believe that cultural differences, if well managed, are resources and not handicaps. (1996, p. 27)

Contributors to the business approach, implicitly or explicitly, separate themselves from the equal opportunity approach. Smith (1998b) for example, argues that the perception of productive diversity as being linked to equal opportunity agendas will serve to marginalise such efforts by creating the impression that diversity is secondary to core business concerns. Sonnenshcein (1997, p. 17) argues more strongly that 'one of the biggest organisational issues concerning diversity is the confusion between Affirmative Action and diversity'. Further, the two concepts are completely different and managers should act to eliminate confusion between the two (ibid., p. 18).

This approach can also be distinguished by the contexts in which the concept of productive diversity is applied and the problems or opportunities that it seeks to address. Key themes include the effective management of a cross-cultural workforce, capitalising on ethnically diverse domestic markets, undertaking international trade and in establishing off-shore operations.

Dealing with a cross-cultural workforce is a theme of management literature with the mission of minimising conflict and increasing productivity. Such themes emphasise the potential power of diversity, both positive and negative. As Sonnenschein notes,

> …these differences can unleash forces that can tear an organisation apart
> or, by drawing from the potential strengths inherent in these differences,
> make a powerful, dynamic organisation. (1997, p. 2)

While diversity might be defined in broad or narrow terms, it is common in this literature to describe diversity in terms of groups with stereotyped characteristics for the purpose of providing 'tips' for the manager about how to communicate. Carr-Ruffino (1999, p. 210) as one example, provides a template for the manager to learn about gays and lesbians with such details as 'what it's like to grow up gay', and the 'assets gay persons may bring to your organisation and how to use those assets to create win-win successes'. All of this is done within a few pages and with the clear assumption that the reader is heterosexual.

This approach generally offers a focus on awareness raising, leadership styles and communication strategies. Through these foci, there is a tendency to identify 'diversity tips' or 'tool-boxes' to assist the manager in harnessing the productive capacities of diversity. Sonnenschein (1997), for example, suggests a series of practical tips to minimise conflict. The suggestions include strategies such as talking to people 'as you would talk to your peers' and goes on to describe several keys to speaking with a sense of equality. Later, 'ropes courses' are recommended as an excellent way to build a team spirit within diverse teams (ibid., p. 96). Implicit in such work is the notion that managers are not diverse and that employees are. If this were not the case, it would be reasonable to expect that chapters would be written on 'how to communicate effectively with white, middle-aged men'. The literature thus tends to have a top-down tone to match its top-down policy strategy.

A body of this literature also focuses the management of cross-cultural issues in the conduct of international business, including guidance on how to avoid 'cross-cultural bloopers' that could lead to failed negotiations and the loss of new market opportunities (Maddox, 1993; Harris and Moran, 1996). Work on cross-cultural adjustment, particularly of expatriate managers in multinational corporations is a related theme. Such studies focus on failure rates of international assignments (Tung, 1981; Copeland and Griggs, 1985; Mendenhall and Odou, 1985, Black, 1988) as well as on cross-cultural training as a measure to decrease the rate of international assignment failure (Goldman, 1992; Hammer and Martin, 1992).

Managing the process of cross-border mergers and acquisitions where companies are focused on 'capturing the strengths of the best talent and technology in each nation in which they operate' is also a theme (Apfelthaler et al., 2002, p. 1). Such literature addresses the process of how knowledge can be transferred and translated into critical competencies in intra-corporate and cross-cultural environments (Hoecklin, 1997; Luo, 2000). Hofstede's (1997) approach informs this literature significantly. In it, theories of organisational cultures are described as 'collective programming of the mind'. Hofstede

provides the theoretical framework to identify key elements of cross-cultural difference that shapes managerial organisation characteristics. Within the management literature, Hofstede's theory is sometimes interpreted as a framework for selecting the best aspects of management styles from across cultures.

Apfelthaler et al. (2002), provide an applied example of this in the development of a managerial cultural 'hybrid' model, which involved the planned construction of heterogeneity at a new car manufacturing plant based in Alabama, USA. The 'best' features of German, American and Japanese management cultures were combined in the construction of a new workforce for the plant. These cultural characteristics were labelled 'German expert culture', 'Japanese lean production culture' and 'American culture of pragmatism'. Managers exhibiting such cultural characteristics on the basis of nationality were selected and combined to manage the operations of the Alabama plant. The experiment was deemed an outstanding success on such performance indicators as high profit levels, low levels of absenteeism, low employee turn-over and zero union membership. However, when the experiment was tested in an existing plant in Austria, it was regarded as a failure. This experiment was an example of using cultural diversity to create a global corporate culture that has a competitive advantage (Koot, 1997).

In summary, the 'business-opportunity' approach to productive diversity can be distinguished within the literature by a number of characteristics. These include a theoretical base primarily informed by and premised on neo-liberal economics and a concern with managerial solutions to the issues presented by the pressures of globalisation. There is little focus on the need for a 'paradigm shift', as is argued in the organisational change model, and the literature either ignores, brushes over or distinguishes itself from 'equal opportunity' approaches to productive diversity. There is a tendency to include essentialised notions of difference, with 'others' conceptualised as having to be managed. Overall, the focus is on managerial practice, and employee participation is primarily discussed in terms of increased productivity. An important characteristic in this approach is that employees, as opposed to management, are a problem to be managed.

Critical literature

This section seeks to identify the key arguments of a growing and dynamic body of literature that is critical of productive diversity as a framework. Contributors to this approach seek to examine the theoretical assumptions of diversity, the political context of productive diversity policy and the implications and outcomes of diversity. They do so in terms of social justice and workplace relations.

One important theme a number of critical writers identify in the literature is an idealised view of the ease by which diversity strategies can be successfully implemented and the benefits that will ensue (Prasad, 1997, Wong, 2001). Such perspectives argue that productive diversity theory commonly gives little consideration to issues of power, the manner in which groups operate to exclude 'others' and the level of resistance that exists to really understanding issues of language and culture (Connelley, 1997). Related to this is that there is an absence of real grappling with many 'undiscussables' such as race or sexual orientation (Da Gama Pinto et al. 2000, p. 36). In a related theme, Sinclair (2000a) identifies the very real challenges of teaching about 'masculinities' within a management education context due to the apparent incomprehensibility and invisibility of the construction of masculinity to male managers. Given that an implication of productive diversity is to 'capitalise on the talents' by those traditionally disadvantaged or 'under-utilised' (Karpin, 1995, p. xix) it is clear that the hard realities of this are ignored or seen as simply requiring 'better management'.

Others say that the literature also fails to observe current economic and social trends that present barriers to the implementation of productive diversity 'take-up'. Elmes and Connelly (1997) and Hage (1998) suggest that there is increasing ethnocentricism and aggression in an era of declining resources. Others observe that economic trends are creating new and more deeply entrenched social divisions that have serious implications for gender inequality (Probert, 2001).

A related issue is that the diversity literature broadly tends to treat diversity in a manner that is ahistorical and apolitical (Prasad 1997), as if productive diversity were just a recent creation. Palmer (2001) attempts to address this gap by applying Weberian theory to locate productive diversity within an international history of industrial relations over the course of industrialisation and globalisation. The argument is that organisations have always been in the business of managing diversity. Palmer says that:

> …some of the most significant structural and organisational changes affecting management behaviour have come from the need to adapt and adjust modern organisational forms to meet challenges arising from human diversity. Significant structural changes have obviously come from political conflicts over the ownership of the means of production, over state as opposed to public control, but the challenge of human diversity may prove more enduring (2000, p. 2).

Overall, however, productive diversity tends to be viewed as a very recent event that ignores centuries of migration patterns and industrial change.

The political conditions in which the concept has grown is a further point of critique that is often ignored. In the USA, (Kelly and Dobbin, 1998) regard the growth in productive diversity theory as a strategic political response to the conservative Reagan administration in the 1980s under which equal opportunity programs were subject to cutbacks. In response, anti-discrimination measures were re-theorised in terms of business efficiency using the rhetoric of diversity management. Furthermore, the international discourse in relation to diversity is clearly dominated by the USA followed by the UK, Canada and then countries such as Australia, New Zealand and some European countries. Most of the non-English speaking countries are poorly represented in this discourse. Where they are, they are forced into an extreme position where their voice is taken to represent an entire nation (Wong-Mingji and Mir, 1997). Such evidence is supported by Yeatman's (1994) theory that the dominant discourse in relation to

difference is basically authoritarian in character, in discussions of citizenship and social inclusion.

Wong (2001, p. 183) expands this point and argues that the concept of productive diversity is purely another tool for management control. The power lies in the capacity to be inoffensive to everyone because of its discourse of inclusion. Kersten (2000), using Habermas' model of dialogue and the public sphere to examine diversity management critically, argues that the basic framework and methods actually serve to limit and repress productive dialogue on race rather than produce effective organisational change. Kersten (ibid., 2000) regards diversity management as central to a movement with an ideological strategy that seeks to re-assert the privacy of the corporate sphere and its employment decisions in an attempt to manage and contain racial conflict and social contradiction. Informed by Foucault (1972), Sinclair adds to this argument by identifying that the language of diversity serves to 'de-politicise' diversity issues by implying that any problems can be 'managed' and that:

> Substituting the comparatively neutral and technical term, diversity, for what is rarely technical or neutral, but intensely political and economic, personal and emotional is also a discursive strategy. Foucault (1972) argues that words emerge in usage to serve particular purposes. Coupling management and diversity, in one discursive flourish, reconstitutes difference within a political regime and imposes a solution (2000b, p. 240).

Following from such ideas, proponents of equal employment opportunity and affirmative action argue that there is a lack of definitional clarity. Productive diversity is so broadly defined that there is a danger that it mean both all and nothing. An important implication of this is that the focus on the need to address structural disadvantage is lost (Hall, 1995). While diversity might be encouraged, this does not necessarily equate to 'fairness'. Humphries and Grice (1995, p. 2) elaborate on this in the context of globalisation, regarding diversity management as a developing discourse that may defuse the

emancipatory imperative implicit in the 'discourse of equity'. The authors argue for an examination of the extent to which traditional equity concerns have been co-opted to divert attention from new forms of systemic employment segregation occurring in the global context.

Such theoretical problems are also reflected in management practice issues. The first of these is clearly the low levels of adoption of the productive diversity and the low priority given to both understanding and acting on the benefits of productive diversity (Bertone et al. 1998, p. 94). Limited levels of adoption have been a finding of a number of recent studies. Nicholas (2000, p. 5), for example identifies that few Australian CEOs (14 per cent) rank diversity management as being of high importance in the recruitment and retention of staff. Similarly, in a study of the adoption of diversity management by health care institutions, it was found that even though most executives agreed that they had a diverse workforce (68 per cent), less than one-third (30 per cent) had specifically developed diversity management programs in their hospitals. Such findings suggest a significant gap between the rhetoric about the importance of diversity management and the degree to which this is followed by organisational change initiatives (Wallace et al., 1996).

Cultural theorists identify the problem with the fact that diversity management is largely a discourse that emerges from the USA management literature and is informed by deeply embedded 'US-centric assumptions about organisational culture and the politics of difference' that do not recognise local cultures and ways of dealing with difference (Jones et al., 2000, p. 2). A similar theme is taken up by Folke et al. (2000, p. 720) who argue that such unquestioned assumptions lead to attempts to impose 'standardised, peripheral and quick fix' solutions without reference to context and local conditions. These responses are unlikely to be relevant or successful.

Other research identifies a lack of diversity leadership within companies. Executive officer profiles are still predominately male and white, with a narrow perspective on leadership and management processes (Sinclair, 1998, p. 7). There is also evidence that

few companies allocate resources to the appointment of diversity management personnel in order to drive change and policy implementation. Nicholas (2000, p. 12) for example, found that very few companies allocate resources to the implementation of diversity initiatives or could demonstrate capabilities in diversity management.

Furthermore, one significant problem with the 'idealisation' of diversity strategies is the role of conflict and disjuncture experienced by recipients of diversity strategies. Where those who have been marginalised are placed within or along-side dominant groups, it is common to experience difficulties. Such implications need serious consideration in devising and implementing diversity strategies (Connelley, 1997, Bertone and Leahy, 2002).

In summary, there is an emerging literature that seeks to criticise the theory and practice of diversity management. A range of perspectives, reflecting the cross-disciplinary nature of the field itself, informs such critiques. Some call for the field to be better informed by the historical political context (Collins, 1991; Kelly and Dobbin, 1998; Palmer, 2001). Particularly, in order to avoid the political 'naivety' that is seen to characterise the field, observance to current global trends in relation to ethnocentric conflict, social movements and labour market segregation is necessary (Connelley, 1997; Prasad and Elmes, 1997; Hage, 1998; Kersten, 2000; Lorbiecki, 2001; Probert, 2001). Others focus on the need for a stronger analysis of culture and the need to incorporate a broader and more complex understanding of the dynamics of culture and identity (Humphries and Grice, 1995; Hage, 1998; Jones et al., 2000; Moreton-Robinson, 2000a; Ang, 2001). 'Doing diversity better', explaining why strategies have failed and refining the practices that arise from diversity management theory is also a strong theme (Connelly, 1997; Folke et al., 2000; Cox, 2001). Drawing from Callus and Smircich (1993), Sinclair usefully summarises the key points of critique. She notes that:

> …managing diversity neglects power, trivialising systemic sources of disadvantage and recasting diversity as an individual issue solved by individuals exercising choice; that diversity universalises and implies all

differences can be managed according to equivalent processes; and that the managing diversity model locates itself inside managerial privilege, converting diversity into a matter of managerial discretion and failing to question the very values and assumptions of the managerial ideology itself (2000, p. 3).

Central to the critical discussion is whether diversity management should be used as a means to achieve the neo-liberal priority of increasing corporate wealth for the greater good of all (Maddox, 1993; Harris and Moran, 1996; Sonnenschein, 1997; Apfelthaler et al., 2002). Alternatively, it could be used foremost as a framework that will assist in addressing labour market inequities and discrimination in a manner that is compatible with corporate goals (Hall, 1995; Kirton and Greene, 2000; Bertone and Leahy, 2002). Much of the diversity management theory is an attempt to draw the goals of these two extremes together (Thomas, 1991; Cox, 1993; Cope and Kaltantzis, 1997a). Overall, the diversity management literature is extremely broad in terms of theoretical perspectives. Moreover, it is highly contested in terms of what diversity management actually means, what social and economic purposes it should serve and what it constitutes in practice.

Australian industry research

Few empirical studies examine the application of productive diversity within Australian companies. Those that have been undertaken primarily focus on understanding the practices employed through productive diversity strategies, the benefits gained from managing diversity or a specific aspect of productive diversity practice such as leadership. Dagher and D'Netto (1997) are recognised as conducting the first major empirical study in Australia, in which they looked at the practices of 500 manufacturing companies. The focus was entirely on ethnic diversity, and they concluded that there was little or no active attention given to the management of diversity.

One recent study examined the diversity practices of 40 companies across Australia to identify theoretical and practical issues of diversity in the Australian context. Da Gama Pinto et al. (2000, p. 16), concluded that while a range of innovations are being made, a

considerable number of organisations had no diversity programs in place. Nicholas (2000) gathered data from 227 of Australia's largest companies via a mail survey that focused on understanding the 'mind of the CEO' in relation to their understanding and response to managing diversity. He concluded that most CEOs do not rank productive diversity as being of high importance and that there is an urgent need for Australian companies to realise the benefits of productive diversity through effective diversity management programs. In a smaller survey of seven organisations identified as having leading practices in diversity management, De Cieri and Olekalns concluded that diversity management is an area of increasing commitment and development. They conclude that, 'the trend is towards broadening the scope of, and increasing investment in, diversity management strategies' (2001, p. 11).

Bertone et al. (1998), undertook a study with the aims of understanding the extent to which Australian businesses in six target industries had applied productive diversity principles and with what kinds of effects. It was also an attempt to gauge the attitudes and perceptions of a large number of managers about the concept of productive diversity. Three hundred and twenty surveys were analysed, and the study concluded that most companies reported benefits from the implementation of diversity management strategies. Bertone et al. argue (ibid., p. 90), however, that there is insufficient awareness of the potential gains of diversity management. A clearer link needs to be made between productive outcomes and diversity management if the concept is to be accorded a greater priority in business operations.

A recent study by the Australian Human Resource Institute (2001) surveyed 1497 human resource management practitioners in regard to the status of diversity policy in Australian business. They report that there had been a dramatic growth (168 per cent) in the level of awareness and practice of diversity management in Australian workplaces. This growth is reported as a positive. However, they point to the need for deeper skills training in relation to diversity management practice.

Overall, recent Australian research on productive diversity practices presents broad and somewhat conflicting results. Some (Cope and Kalantzis, 1997a; AHRI, 2001; DeCieri and Olekalns, 2001) suggest that the adoption and expansion of productive diversity is increasing and being recognised as a necessity and priority for Australian business. Others are far more pessimistic in regard to the priority given to diversity management practice (Bertone et al.1998, Nicholas, 2000). This research provides a profile of what Australian businesses think about diversity management, what are the potential benefits, what strategies are implemented and the types of policy approaches are taken. However, there is nothing to date that seeks to explain the reasons for productive diversity adoption in the context that adoption has been so patchy.

Conclusions

This chapter has explained that the term productive diversity is particularly Australian, having evolved within a particular political, economic and social context. There have been similar responses internationally to similar conditions. However, other terms are used to describe the process. These include diversity management, managing diversity, cultural diversity and others. These names are used interchangeably to describe a management system that aims to maximise the productive capacity of diverse workforces and markets. This would occur by minimising potential costs and maximising benefits through the synergies and complementarity that diversity can conceivably bring about. The concept is applied variously, and numerous theoretical perspectives are used as a starting point. Three main approaches to productive diversity are identified. Each is explained as being similar to the others in terms of the application of productive diversity as a theory and practice, but each is very different in terms of its theoretical goals and intended outcomes. The three approaches are not discrete categories but have been used to explain some important distinctions in productive diversity literature. They have been called 'diversity as a tool for social and organisational change', 'equal opportunity or "bottom-up" approaches' and 'business opportunity or "top-down" approaches'. This chapter also explained the key features of the critical literature on the subject. It also explained that there has been relatively little Australian diversity research has been

undertaken to date to provide an explanatory framework for productive diversity adoption.

With this as background, the tasks of the next chapter are to outline the theoretical approach brought to my research, to offer a definition of productive diversity that will be used in subsequent chapters and to identify how my theoretical approach and definition will be used to classify companies according to the diversity management typology outlined in chapter 1.

Chapter 3

Productive Diversity Theory

Introduction

The previous chapter provided an overview of the productive diversity literature and a framework for thinking about some of the key differences and definitional problems with productive diversity theory. This chapter draws selectively from this body of literature to explain the theoretical approach of my research and how productive diversity theory has informed the research design, method and analysis. In doing so, I summarise my position on productive diversity in relation to the models of productive diversity theory discussed in chapter 2. This position is supported by an argument for race, ethnicity and gender to be central but not exclusive to a meaningful understanding of productive diversity. In making this argument, the concepts of diversity, race, ethnicity and gender are discussed and defined, and employment data is used to demonstrate the pervasive influence of these characteristics upon employment opportunities across industry types, occupational categories and income levels. This evidence supports my position that productive diversity, to be effective and meaningful, must start from the understanding that organisations are social constructions that are shaped according to gender, ethnic and racial relations. This understanding needs to inform productive diversity practice as the means to achieve the economic and social benefits intended by the initial implementation of productive diversity policy. Without such an approach, only narrow outcomes can be achieved, with limited benefits flowing to 'employers, a limited number of elite migrants, a limited segment of customers, and the government' (Bertone and Leahy, 2003, p. 106). The following section discusses and explains this.

Productive diversity

In terms of the models of diversity theory presented in chapter 2, this work can be broadly located within the approach of 'diversity as a means for social and economic change'. This is best articulated by Cox (1993) and Cope and Kalantzis (1997a) whose central ideas I generally accept. Specifically, these are that the under-utilisation of women and people from diverse ethnic and racial backgrounds seriously minimises the

potential for business success for Australian corporations as well as for the life opportunities of significant sections of the Australian community. Furthermore, the approach maintains that a productive diversity model of management provides an orientation and method that can improve the financial bottom line for business through increased creativity, innovation and flexibility in a rapidly changing business environment. The case made by productive diversity theorists is based on labour market projections that predict continued change in labour market composition in terms of ethnicity, gender, age and the skills available in relation to changing requirements (Cox, 1993, p. 4; Cope and Kalantzis, 1997a, p. 24). Such trends are recognised as being accompanied by an increasing unwillingness by 'minority' groups to 'assimilate' according to traditional organisational cultural norms (Thomas, 1996, p. 23). The implication of this change is that business must recruit from an increasingly diverse labour market and, to do this successfully, it will be essential to create environments where people of difference can function effectively. Coupled with globalisation, wherein business will need to operate internationally and within increasingly diverse markets, this means that the ability to understand and embrace diversity becomes imperative. Productive diversity theory offers an approach to management that can achieve benefits by understanding and valuing diversity. This means developing organisational practices and cultures that are inclusive of difference and are informed by an understanding of the complex ways in which culture and identity are constructed and sustained.

However, the perspective I propose here is also informed by critical literature. The concept of productive diversity is highly contested and, as a theoretical and practical project, there are serious limitations in the way in which the central ideas have been theorised and operationalised. Sinclair for example, goes so far as to say that productive diversity goes 'untheorised' and 'remains untainted by the extensive sociological research on prejudice or feminist and philosophical work on difference' (2000b, p. 239). Importantly, these problems include the criticism that productive diversity is treated uncritically as an overwhelming 'good'. It oversimplifies and/or ignores the deep and sustained patterns of occupational segregation within organisations, with leadership remaining very much in the hands of a very homogenous group of white, male and

middle-aged managers and owners. If we ignore the complex processes that go to form identity and the relations of difference, issues of equity and social justice are disguised and productive diversity practice is misinformed.

In the following section therefore, I have been careful to consider organisations as social constructions which are clearly organised according to gender, race and ethnicity. In this light, I go on to explore the meanings of these terms critically below. At the same time, I have attempted not to oversimplify the case, and I recognise that individuals 'manage' their identities within organisations. Moreover, organisations themselves have 'characters' that are not separate and rigid in their construction but are the outcome of individual, group and social interactions in which the sum of these interactions is greater than its parts. Organisations also form a dynamic part of the broader social and economic landscape. As such, organisations need to be understood in relative terms according to the varied contexts of historical, geographical, political and industrial circumstances within which a given company operates.

Running across these dynamics, however, are patterns of employment participation that reflect structures of power and difference. These are clearly organised around gender, ethnicity and race.   Perhaps the starkest example of this is the dominance of white males in positions of senior management and company ownership. One illustration of this is that, in February 2003, men represent 78.5 per cent of Australian managers and administrators which is only marginally less than the 81 per cent of male representation in this group in 1996 (ABS, 2003a).

Feminist researchers, in particular, have investigated the ways in which these patterns of organisational stratification have been remarkably stable over time and are continuously reconstructed through inequitable power relations.   There are competing explanations that Sinclair (1998, p. 132) summarises into four categories. The first is the 'individual-deficit model' that suggests that women need to change and improve their skills in order to advance within organisations and the labour market. The second is the 'structural model' that attributes women's lack of progress in organisations to the structures of

power and opportunity. The third draws from sex-role theory, in which society ascribes appropriate behaviours and attitudes according to gender. The fourth model draws strongly from Derrida, who explains that the attribution of difference is never a benign act, but one where 'difference' is attributed by those with power to those who have characteristics that connect them with less powerful groups. Theories of race and ethnicity overlap and draw from a range of similar theories to explain difference and inequality. Kerston (2000, p. 238), for example, applies Habermas's (1989) concept of the public sphere to her analysis of productive diversity and argues that 'race dialogue is not only a struggle over competing interests; it is also, and perhaps more fundamentally, a struggle over competing realities.'

There is no consensus across these theories yet each is helpful in illuminating questions about how power, privilege and position are distributed and reproduced. What is clear, however, is that there are significant power differentials that run across the lines of gender, ethnicity and race and that these power relations are complex, embedded and combine social, psychological and cultural factors. These differences are also maintained in terms of occupational seniority as well as across occupational groups. As Burton (1991, p. 50) observes, 'a related problem is that strong traditions are built into the knowledge base and membership of occupational groups that dictate that some interests are more important than others.' In the same argument, Burton (ibid., p. 51) goes on to say that, while diversity initiatives have the potential to highlight the power accumulation processes that drive workplace segregation, only limited benefits for a narrow range of people will be achieved if these initiatives do not have a strong basis in, and commitment to, equal opportunity. If increased participation of diverse groups in the interests of organisational productivity is the goal of productive diversity, then the strong traditions built into this organisational politics needs to be explored and understood in order to create effective organisational change strategies. The following discussion supports this position by looking first at meanings of diversity and the need to focus on ethnicity, race and gender as central to productive diversity.

Diversity and its discontents

At its most simple, diversity is all the ways in which people differ (Nicholas, 2000, p. 2). Gender, race, ethnicity, religion, age, physical ability, parental status and sexual orientation are all important individual characteristics by which identity is formed and understood. In an organisational context, characteristics that create further differentiation include educational background, tenure within the organisation, functional role, level of seniority, type of specialisation and contractual status. In looking at how diversity can be managed, however, the simple listing of these characteristics is not so important as what they mean within organisations. What is important is to understand which characteristics shape identity in a manner that impact on workplace and employment participation, how organisations are structured according to these characteristics, which characteristics are associated with privilege and disadvantage and how patterns of diversity representation impact on Australian business operations.

Much of the productive diversity literature discussed in chapter 2 theorised diversity as building on perceived weaknesses of equal opportunity and affirmative action approaches. These weaknesses are seen to start from a negative or 'deficit model' of disadvantage that fails to recognise the diversity within groups. This can lead to a formularised and ineffective 'one size fits all' approach to addressing barriers to participation and opportunity (Kirton and Green, 2000, p. 107; Cox, 2001, p. 60). Affirmative action approaches have also been identified as generating backlash and resistance from non-minority group members (Thomas, 1996, p. 101; Faludi, 1992). One of the most common expressions of 'backlash' is denial of the issues and the articulation of the view that affirmative action works against the principle of 'merit'. The claim is made that through affirmative action, people are promoted on the basis of minority group status rather than on the basis of skill leading to disadvantage for non-minority group members (Burton, 1991, p. 45). Faludi (1992), describes expressions of backlash as ranging from very direct attacks to the subtle undermining of the intent and the outcomes of affirmative action through psychological tactics that are perpetrated by media. Cope and Kalantzis identify backlash as leading to the portrayal of multiculturalism as, 'at best, the ephemeral fluff of identity-anxiety, or, at worst, the minority interest group tail

wagging the dog' (1997b, p. 1). Such views, they argue, are a protectionist response against change from the political mainstream, which serves to discredit the claims of multiculturalism and repress public support. A local example of this received some media attention at the time of writing, with the Victoria Police Force introducing affirmative action measures to increase the proportion of women police officers. The introduction of this plan has generated considerable public debate and reaction with claims that the measures are discriminatory (Epstein, 2003). Because of such resistance, Thomas (1996, p. 101) argues that affirmative action can often lead to polarisation between people, the reduction in collaborative efforts and as a result, the generation of business costs rather than business benefits. Part of the argument for productive diversity, is that it claims to '...encapsulate traditional equity issues in a more managerial compelling format' (Humphries and Grice, 1995, p. 17). Thus, equity issues become less controversial and more palatable to business by encompassing a broader definition of diversity.

Essentialist and post-modern understandings of diversity

This broader, more inclusive understanding of difference, follows from post-modern versions of identity, which propose that individual identity is unique and needs to be understood in dynamic terms. From this perspective, organisations are seen to comprise a unique mix of individuals with diverse characteristics, and what is important is how these individuals 'mix' within a given organisational context (Thomas, 1996, p. 7). Such approaches regard an overemphasis on group identity as misrepresentative of the complexity that creates the identity of any one individual. Edward Said captures this with his comment that,

> No one today is purely one thing. Labels like Indian, or woman, or Muslim, or American are no more than starting points, which if followed into actual experience for only a moment are quickly left behind. (1993, p. 407)

Others, however, continue to disagree with this position and argue that race, ethnicity and gender are primary in defining identity. These are the characteristics that shape employment opportunities, can describe organisational structures and shape the experience of work by virtue of group membership (Kirton and Greene, 2000, p. 5). Those that examine the gendered nature of workplace opportunity and mobility very clearly identify the pervasive and sustained rigidity of gendered workplace relations (Still, 1997; Sinclair, 1998; Doughney, 2003). Similarly, people from non-English speaking backgrounds (NESB) generally face more barriers to gaining employment than those who are Anglo-Celtic. They find 'glass doors' which block entrance to the managerial labour force (Watson, 1996) and are generally marginalised within the labour market. In addition, Aboriginal and Torres Strait Islander people face disproportionately poor outcomes in employment (Collins, 1991, p. 201).

With these features of the labour market so firmly entrenched, the danger in ignoring the primacy of race, ethnicity and gender is that social justice issues of inequality are obscured (Hall, 1995). Equally, unless fundamental structural inequalities are addressed, the essential pre-conditions for achieving business benefits such as employee job satisfaction and value congruence between employee and organisational goals will not be achieved. In addition, as Cox (1993, p. 23) so carefully demonstrates, workplace inequality is directly related to discrimination, absenteeism and high employee turnover with costly outcomes for the corporate bottom-line. Cox (2000, p. 12) later argues that one of the main reasons that diversity initiatives fail is lack of attention to organisational cultural change to achieve an environment that understands and adjusts to suit the representation of diversity within the organisation. The implication is that, as Cox argues:

> Due to the pressure to conform, those members who have a high cultural distance from prevailing norms of the work culture tend to either leave the organisation or modify their thinking, and their behaviour, to achieve acceptance. (2000, p. 12)

As Cox (ibid., 2000) goes on to explain, the inability to change the organisational culture means that organisations risk costs such as high employee turnover and absenteeism and fail to benefit from diversity. This arises through cultural resistance and inflexibility caused by misunderstanding and/or ignoring the complex ways in which power difference is constructed.

Reconciling the problems of essentialised notions of identity, which locate individuals within rigid and misrepresentative characterisations, while maintaining a focus on an agenda for social justice and equal employment opportunities for women and disadvantaged racial and ethnic groups is also a central tension within broader social and cultural theory as it is within the productive diversity literature (Calhoun, 1994; Yeatman, 1994). Conceptualising identity is problematic with each approach. On the one hand, post-modern conceptions of identity, with individuals having a multiplicity of potential identities and being able to make a range of identity choices or experiments, ignores the politics of identity construction. As Calhoun (1994, p. 27) explains, such conceptions can lead to a 'rhetoric implying that everyone is equally endowed with identity, equally entitled to their own identity, and equally entitled to respect for it'. Such rhetoric has the effect, as Sinclair identifies:

> … of converting diversity into an individual condition with an individual solution. In diverting attention from systemic and entrenched causation it implies that the solution lies in the enlightened choices of individuals and that, with a little bit of managerial intervention, we might all be free to exercise our individual talents and choices. (2000, p. 240)

On the other hand, at the essentialist extreme, the perspective that identity is determined exclusively by social and political structures ignores the role of individual agency and the extent to which any individual and group is a mix of characteristics. These characteristics can change over time in response to changing circumstances and conditions, and individuals can make choices regarding cultural affiliations and

expression. Each of these conceptions can lead down a different methodological and practical path in relation to how diversity can be 'managed'.

My approach tries to overcome this apparent dualism. First, differences of gender, race and ethnicity do matter. Women, Aborigines and Torres Strait Islanders and those from non-English speaking backgrounds are disadvantaged and under-valued. Their potential contributions to organisations are therefore systematically diminished, and organisations suffer a loss to this extent. Second, however, individual characteristics are articulated within the organisational, political and environmental context. As Thomas (1996, p. 7) says, many individual characteristics comprise organisational diversity and all impact on workplace relations. How this diversity intersects or 'mixes' specifically governs how diversity should managed. Characteristics including physical ability, age, job function, sexual orientation, parental status and religion are extremely important in terms of how people function within organisations. Yet it is also clear these characteristics are mediated through the broad systemic characteristics of race, ethnicity and gender. The following section of this chapter goes on to explain what is meant by the terms race, ethnicity and gender, why they require a sharp focus within the research and what this means in terms of understanding productive diversity.

Race, ethnicity and gender in the Australian labour market

Race and ethnicity

The concepts of 'race' and 'ethnicity' are contested in their meanings and the application and the terms are often used inconsistently and interchangeably (Schulman et al., 1995; Barot et al., 1999). 'Ethnicity' is broadly used to describe 'the process of group formation and the use of cultural symbolism as a source of identity for groups and individuals' (Barot et al., 1999, p, 2). 'Race' has been used to refer to the genetic and ancestral inheritance of a group of people and how such characteristics are associated with a culture (Giddens, 1989, p. 246). Historically, 'race' has been used as a 'scientific' and anthropological concept to describe people and cultures 'other' than the culture doing the describing. 'Race' has been largely discredited as a valid term within much of the literature. This is on the basis that, as a biologically based concept, race disguises the

extent to which situation, economics, history and politics influence social ties and identities. Genetic research has also destroyed the belief that there are distinct genetic lines that define racial identity and that there is greater genetic diversity within racial groups than between them (ibid., p. 246). In line with these understandings, Barot et al. (1999, p. 2) identify a shift towards the use of ethnicity as a term that is both more neutral as well as more effective in describing processes of group formation and symbolism.

However, race, race relations and racism remain as terms applied within the social sciences. They are particularly central for many cultural theorists who argue that, by leaving out the word 'race', the horrors and realities of genocide, colonisation and discrimination are obscured, and this reinforces 'stubbornly colour-coded liberal traditions of understanding politics' (Gilroy, 2000, p. 288). Others, from within particular racial groups, claim that race provides a core foundation for identity that is inescapable even where an individual does not identify with the racial group (Kramer, et al., 2001). The claim on the term 'black', by the African-American social movement has been particularly clear in the United States, where history has produced a distinct and relatively stable division between black and white relations (Barot et al., p. 6). A parallel development, applied by cultural theorists and historians is the exploration of the concept of 'whiteness' as an 'organising principle that surreptitiously shapes social relations and economic development' (Moreton-Robinson, 2002, p. 163). 'Whiteness', is the 'location of cultural dominance' and the term is used to explore the ways in which difference is defined with 'white' being the norm, and all other racial forms being 'varieties of the human species' (Montag, 1997, p. 285). Moreton-Robinson (2000b, p. 347) argues that, due to the invisibility of whiteness, and the centrality of whites in the processes of colonialism, property ownership, domination and control, the exploration of 'whiteness' is necessary to understand broader power relations and difference.

Within the productive diversity literature, both race and ethnicity are similarly applied inconsistently and interchangeably. Cox (1993, p. 6), for example, talks about 'racioethnicity'. In using this term, he is recognising the importance of racially determined physical appearance within organisations and groups, yet he also recognises

that identity is dependent on the extent to which the individual identifies with the group. It is difficult to separate the two terms given that they both refer to an affiliation with a group of people that is shaped variously by customs, religion, ancestry, language, a system of obligations, social ties and collective and individual memories (Barot et al., 1999, pp. 2-7). Just as importantly, the terms need to be understood as a process that is changing in relation to the social, historical and economic context (ibid., p. 8). As such, I have applied both race and ethnicity as having separate yet overlapping meanings.

Aboriginal and Torres Strait Islander people

Both race and ethnicity are important in order to name and describe the very broad diversity that characterises the Australian population. This stems from continuous waves of migration and the cultural diversity that arises from them. Given the colonial history of Australia, however, it is important to highlight the particular position of Aboriginal and Torres Strait Islander (ATSI) people. While not numerically large, with a total population of 410,003 (ABS, 2003a), they are significant because they occupy a uniquely disadvantaged and marginalised position. Only 40.3 per cent of ATSI people aged 15 and over were identified as employed in the 2001 Census, and a large proportion of this group (17.7 per cent) were employed through the Community Development Employment Program (CDEP), a Commonwealth funded labour market program.

The current status of ATSI people is a direct outcome of a history of exclusion and killing by white colonial authorities (Collins, 1991, p. 201). For this reason also, the position of Aboriginal and Torres Strait Islanders is significant. At the same time, it is necessary to recognise that there is clear diversity within people of ATSI background including differences between contemporary versus traditional cultures, clan groups, and between urban Aboriginal people and those who live in rural and remote regions. Clearly a difeerence also exists between Aborigines and Torres Strait Islanders; a difference depicted in separate national flags. My research seeks to identify company responses to ATSI people within a broader productive diversity approach, given that business operations are identified as enmeshed with the broader community landscape.

Ethnicity in the Australian labour market

A very high level of immigration is one of the major characteristics of the Australian population and workforce. In August 2001, 24 per cent of participants in the Australian labour market were born outside of Australia (ABS, 2003b). The fact that the skills and talents of this workforce are under-utilised in employment generally, and in management and leadership positions in particular, was central to the formal adoption of productive diversity in the first instance. People who are born overseas have a significantly different employment experience than those who are Australian born. This experience is diverse, however, but a major distinction can be made between those from mainly English speaking backgrounds (ESB) and those from non-English speaking backgrounds (NESB). This is particularly reflected through the relatively favourable conditions and circumstances of employment for those from ESB compared with those who are Australian born, while those from NESB can be identified as being poorly represented in leadership and management, with a greater likelihood of earning low incomes and with greater vulnerability to retrenchment and unemployment.

To treat immigrants within two divisions, however, is also a misrepresentation of the great diversity between immigrants and fails to recognise the enormous ethnic and cultural differences that exist between and within nationality groupings. There has also been the emergence of the 'global worker' who, in line with the opportunities created through global corporate operations, locates employment in an international market and lives 'in between' local cultures and those of the country of birth. Such people often form what Bhabha (1998, p. 34) calls a 'hybrid' culture where 'outsiders' negotiate space within the sphere of dominant cultures. While the concept of 'hybridity' is problematic, those who occupy such territory are often highly skilled and can negotiate their livelihoods in the international arena.

Recent changes to immigration policy lead some to report that employment outcomes for migrants is significantly improving and that, on a range of measures, employment outcomes are substantially better than in previous years (Richardson et al., 2001, p. 8). This is due to changes in migrant intakes by visa category, with increases in intake

through the business skills and employer nominated visa categories coupled with relative decreases in migrant intakes under humanitarian and family reunion categories. Recent trends are also affected by historically high and sustained rates of economic growth.

Others, however, argue that while this is true, such claims serve to disguise the specific experiences of migrants in the labour market. These experiences identify many migrants as disadvantaged. While employment rates and incomes of immigrants compare favourably on average with those who are Australian born, their status is revealed through looking at the variables of age and gender, where and how migrants are employed and the differences between people from ESB and those from NESB. For example, in 2002, the unemployment rate for people from NESB was 8.1 per cent compared to 5.5 per cent for people from ESB (ABS, 2003a). In terms of employment by occupation, NESB migrants are more likely to be employed as professionals, intermediate production and transport workers, and labourers and related workers (ABS, 2003a). Further, labour force participation, as a proportion of all migrants, has been trending downwards from 65 per cent in 1978 to 57 per cent in 2002 (Kryger, 2003). Kryger (2003) argues that this can be explained by a dramatic decrease in employment participation by men from NESB, whose rates has decreased from 83 per cent to 63 per cent. This decline is attributed to an ageing migrant population, industry restructuring and a steady stream of NESB migrants entering on humanitarian grounds. The latter suffer the dual disadvantage of poor English speaking skills and a lack of local knowledge to facilitate entry into the labour market. Collins (2000, p. 34) also points to the various aspects of economic restructuring that have impacted on the quality and nature of employment of people from NESB particularly brought about through the decline in the industries that have traditionally employed migrant labour such as manufacturing and the textiles, clothing and footwear industries. This decline in employment opportunity is not compensated for in other areas of the economy, with most economic growth occurring in the service industries where a focus on credentials and English language ability serves to exclude those from NESB from many of the new employment options (ABS, 2001). In research on NESB managers, Watson (1996) uses Bourdieu's (1977) notion of 'cultural capital' to explain the barriers for those from NESB

backgrounds. Cultural capital describes the informal norms, language, skills and habits that open doors and facilitate movement into the managerial job market. Those without such capital are excluded from the managerial pathways and employment opportunities that are open to those with it.

For those from distinctively different linguistic and cultural backgrounds, the situation is far more precarious and the skills and qualifications of migrant workers from NESB are often overlooked or undervalued within the employment market. This arises from stereotyped images of NESB migrant labour (Bertone, 2000b, p. 57). Hawthorne (1994) demonstrates, in her study of migrant engineers, that ethnicity was the critical factor in relation to overall employment outcomes. Hawthorne's findings show significant differences between migrant groupings with the best employment outcomes achieved by those from European backgrounds. Asian born engineers were less well received, and those from Middle Eastern backgrounds achieved the worst outcomes, even when English language skills and professional qualifications were the same (ibid., p. xviii).

Much research describes and identifies cross-cultural conflict and direct and indirect discrimination that are embedded in workplace arrangements. These facts provide the foundation for explaining different employment outcomes for diverse ethnic groups. Bertone (2000b, p. 57), for example, argues that employers discriminate against job applicants and existing employees on the basis of accent, dress, social behaviour and so on, and that discrimination can take the form of non-employment or impediments to career advancement. Further, systemic discrimination is exacerbated by workplace changes that emphasise team work, flexibility and communication. These heighten discrimination because such factors may be viewed as barriers to NESB people's capacities to communicate and adapt. These observations are supported by research findings such as that of Hawthorn (1994) and Watson (1996). Furthermore, recent consultations conducted by the Human Rights and Equal Opportunity Commission (HREOC) found that racism was an everyday experience for many and that:

...there were constant references [by focus group participants] to racial discrimination in the workplace perpetrated by employers, supervisors and work colleagues. These ranged from comments made about a person's appearance, to ascribing negative cultural stereotypes to individuals, through to being denied advancement opportunities. This issue was a recurrent theme in the focus groups with women from culturally and linguistically diverse backgrounds. (HREOC, 2001)

HREOC's findings go on to demonstrate that the incidence of racism and discrimination impact variously on individuals, groups and communities and do so according to other characteristics such as gender, age and religion. Such findings strongly contribute to the understanding of the structural patterns of employment according to race and ethnicity.

While different approaches explain the ethnic division of labour, there is no doubt that ethnicity contributes to the shape of the labour market and the functioning of organisations. Clearly, the Australian ethnic mix is changing, and it is too simplistic to think of overseas born and ethnically diverse groups as a single 'disadvantaged group'. There are, however, barriers and issues that apply to those who are from outside the dominant white managerial classes. Cultural and ethnic difference is a major factor in how and where employment is found and negotiated.

Gender

One of the major recent changes in the labour market is the increased participation of women. This has fuelled a common perception that issues of sex discrimination and gender inequity are primarily resolved. The current Federal Sex Discrimination Commissioner, Prue Goward for example, recently claimed that:

'The times have never been better for women. Technology has enabled brains to triumph over brawn, demographic shifts has meant labour market shortages are not contributing to the development of market based work

and family, increased contraception has given women a real choice...'
(2003)

However, while there is strong evidence to say that some women have benefited from economic and social change in recent decades, the picture is mixed, and women have been affected variously by global economic trends. Doughney (2003) says that the main change in the labour market is women's increasing participation, from 44.6 per cent in 1982 to 56.3 cent in 2002. At the same time, however, women's employment continues not to be as well rewarded as does male employment, with continuing differences in pay, occupational status and industry participation. Doughney concludes that, 'women will be waiting more than another 100 years for equal pay if the past 20 years' trends continue' (ibid., p. 1).

The trends shown in Doughney's (2003) data analysis demonstrate that it is women's structural position within the labour market that explains these inequities. The main features of this position, is a concentration in part-time, casual and temporary work and over-representation in lower level positions within organisations. For example, in 2001, 33.6 per cent of all employed women were employed in casual work compared to 22.6 per cent of all employed men. Further, Doughney estimates that the ratio of adult women's to men's total earnings was 65.4 per cent. This gap reflects the extent of female and temporary part-time, casual and temporary employment. Perhaps more significant, however, is the persistent gap that prevails between women's and men's full-time adult earnings. Doughney says that:

> …the 15.3 per cent gap in November 2002 between the Australia-wide average for non-managerial women's and men's average weekly total ordinary full time earnings is due entirely to the fact that women are segmented into lower job levels than are men and thus are simply paid less. Women comprise an even lower proportion of holders of managerial jobs (23.5 as against 76.5 per cent)… (2003, p. 33)

Doughney's (2003) work is cited here because he makes use of the most recent ABS data, but a large body of literature supports his conclusions. This literature demonstrates that gender is a major determinant of the way in which work is undertaken and rewarded and that women occupy a comparatively disadvantaged position on a long list of indicators. In addition, related issues for women include the difficulties in managing work and family responsibilities (Charlesworth, 1996; OSW, 2002), under-representation in leadership and management roles (Sinclair, 1998) and women's continued primary responsibilities for unpaid domestic work, including child, community and elder care even when in employment (Hochschild and Machung, 1989).

Globalisation and industrial change has also had significant impacts on women's industries, such as the service industries and health and community services. Employment here has become increasingly short term and casualised (Charlesworth, 1996). Women face additional barriers within employment and continue to represent the vast majority of complainants to the Human Rights and Equal Opportunity Commission in relation to workplace discrimination and harassment (Still, 1997). All of this evidence combines to tell us that very real and structural patterns determine that women occupy a relatively disadvantaged and under-utilised position with Australian industry. This is exactly what the Karpin Report identified as a major waste of opportunity in gaining an internationally competitive position by Australian corporations (Karpin, 1995).

Clearly, women are highly diverse as a category. Analysis of women in organisations must consider the intersecting characteristics of race, ethnicity, age, sexual orientation, physical ability and so on to gain a deeper and more nuánced understanding of the way in which women are positioned within organisations. It is also obvious that not all women are disadvantaged. The profound economic changes that have occurred in recent decades have, however, impacted differently on various groups, of women, and there are winners and losers in such change. Crittendon (2001), for example examines the crises faced by mothers in sustaining employment due to increasingly demanding corporate expectations of time commitment and a lack of flexibility to enable women to manage both work and family responsibilities. Such examples demonstrate that, although there is variation

among women and their backgrounds and circumstances, the impacts of economic change are gendered, and any analysis of diversity within organisations must identify and explain gender relations as a pervasive influence.

Why race, ethnicity and gender are central

The discussion above aimed to clarify terminology and give evidence of why the concepts of race, gender and ethnicity are central to productive diversity. I will add to this explanation below. However, it is also necessary to note first that the terms can be entangled as aspects of social relations. Barot et al. (1999, p. 1) note that, 'the experience of ethnicity is gendered and gender relations are ethnically distinct'. They go on to identify some of the ways in which gender impacts on ethnicity and how ethnicity impacts on gender, but there is little that is simple about this intersection. Women can be identified as important as carriers of ethnicity and culture in their role as mothers as well as their 'embodiment' of culture through clothing and other symbols that represent and signal collective cultural boundaries. One certainty Barot et al. (1999, p. 15) identify is that women and men will be ascribed different economic roles within most ethnic communities. Stemming from such roles, different cultural rules and behaviours will apply to women – rules that are generally heavier and reflect a responsibility to maintain purity, status and honor within the community.

The impact of ethnicity on gender is perhaps even more difficult to identify. However, gender analysis of various ethnic groups has helped to identify some of the relationships. In Australia, Aboriginal women have challenged the claim by some feminists that their status as women is of greater significance than their racial identification (Huggins, 1994). Other studies challenge universal ideas of patriarchy and say that ideas of dominance and oppression of women are too simple to apply across all groups and places. For example, non-western women have argued that western concepts of oppression are not adequate to explain non-western gendered cultural practices such as arranged marriage or the wearing of veils (Barot et al., 1999, p. 17). While, to some, these practices might be experienced as oppressive, other aspects of culture are part of a dynamic cultural context where women are actively involved in shaping, changing and supporting cultural practices.

Overall, while gender and ethnicity are constant as key aspects of social interactions and formations, how they intersect varies according to context and is shaped by both internal and external pressures and influences.

Nonetheless, gender and ethnicity are primary in shaping identity, organisations and social structures. Gender and ethnic relations provide a perspective on what diversity means in an organisational context. The classifications of male/female, white/black, English speaker/non-English speaker, are clearly of great importance in our common-sense understanding of how we define ourselves and others. While we can all develop ways to change to meet changing circumstances and constraints, the influence of these core characteristics remains strong. As Barot et al. clearly say:

> …systems of classification (social constructions of gender and ethnicity) are reproduced within relations of power and social organisation. People do not invent and reinvent themselves at will, plucking ways of construing their individual and collective identities out of thin air. (1999, p. 10)

An understanding of the intersection of gender and ethnicity can also reveal patterns of disadvantage and exclusion and the power relations that cause them. Treating all differences as being of equal significance does not help us to understand why persistent patterns of representation in terms of gender and ethnicity coalesce as they do. For example, if all identities were equal but different, why is it then that the over-whelming majority of Australian managers are white, of Anglo Celtic background, male and middle-aged? The role of gender, ethnicity and race are important in understanding such features of organisational construction. The next chapter goes explains how this shapes my understanding of productive diversity.

Conclusions

This chapter has explained why I broadly accept the central ideas of the model of 'diversity as a means for social and economic change' that was discussed in chapter 2. As a management approach, productive diversity brings into focus the potentially

synergistic and complex relationship between business goals and the goals of employees and customers. It provides a framework through which social and economic benefits can be derived in a climate of continued global change. Previous styles of management seem out of step with these changing realities.

However, the chapter also demonstrated that concepts of diversity are contested and interpreted variously depending on context. The problems, debates and practical issues that arise are also considerable. I have arrived at an understanding of productive diversity that understands productive diversity as inextricably linked with issues of structural disadvantage and that, to succeed in its intentions and to achieve the original productive diversity policy intentions, productive diversity practice requires a focus on race, gender and ethnicity. These, however, are no simple categorisations. Ethnicity, race and gender intersect alongside other forms of individual difference and it is not possible to look at ethnicity or race without considering the intersections with gender. Organisations and labour markets are principally structured around these core characteristics. Organisational and labour market structures also need to be understood as historically based and difficult to shift over time. Understanding and challenging such relations is therefore a necessary part of the productive diversity process. If the goals of inclusion and capitalising on the skills and talents of a diverse workforce are to be realised, it is essential. As a political process this involves, according to Sinclair, 'loss of privilege for some groups. Hence, the resistance and anger of these groups must be confronted as part of the process' (Sinclair, 2000b). This aspect of productive diversity is not often recognised within the literature. The overwhelming approach comes from the uncritical view that, because diversity is 'good', business benefits can be harnessed through a rational managerial framework.

In practical terms, I am interested in understanding to what degree businesses have actually looked at and acted on these patterns of gender and ethnic relations as contributing to a productive diversity approach. I define productive diversity as a change process, albeit not necessarily a tidy one, with the aim of maximising participation, mobility and productivity by all. It is also a process that involves understanding how

race, ethnicity and gender are situated within companies and how company cultures impact on people according to these characteristics. Strategies for change should stem from an understanding that differences between people are structured according to power relations and change processes will produce resistance from some. Change should also be set within a framework of continuous strategic planning with a long-term view. How productive diversity is approached also needs to appreciate context, which includes looking at intersections between gender and ethnicity within companies from different industries, places and circumstances. These will produce work and marketplace dynamics that will require varied organisational responses. The representation of other individual characteristics such as age, disability, sexual orientation, educational background and so on will also have an important bearing on how diversity 'mixes' and this diversity, whether or not it is understood or recognised, will produce problems and opportunities.

The aim of this discussion has been to explain my theoretical approach to diversity and productive diversity. The following chapter aims to be more specific. It will discuss how companies have been defined and classified as 'adopters' or 'non-adopters' of productive diversity.

Chapter 4

Classifying Productive Diversity 'adopters' and 'non-adopters'

Chapter 3 clarified my theoretical approach towards productive diversity and located this within the broader literature. This supports an argument that gender, ethnicity and race are central to a meaningful understanding of productive diversity. To make this argument, the concepts of diversity, aboriginality, ethnicity and gender were discussed and defined. Employment data were used to demonstrate the pervasive influence that these characteristics have upon employment opportunities within industry types, occupational categories and income levels. This evidence supports my position that productive diversity, to be effective and meaningful, must start from the understanding that organisations are social constructions that are shaped according to gender, ethnic and race relations. Productive diversity is a change process that needs to start from this fundamental understanding of employees and customers. Without it, the intended business benefits to be gained can only be limited.

In this chapter, I will identify what productive diversity means in practice and discuss some of the inherent difficulties in applying the concept. Whether or not an organisation can be classified as an 'adopter' or a 'non-adopter' of diversity management practice will be the schematic I will use. I will structure this binary classification approach by developing characterisations or 'types' that may be used to inform the discussion and to locate individual organisations within a framework of adoption or non-adoption.

Productive diversity 'adoption' - what does it look like in practice and how can it be classified?

Identifying the difference between productive diversity 'adoption' and 'non-adoption' is problematic due to the varied meanings that are applied to productive diversity. In order to test the central research hypothesis (see chapter 1), the development of some form of classification process was necessary. This section discusses and clarifies what productive

diversity is taken to mean in terms of managerial practice. I will also explain how problems of method have been addressed.

The central difficulty in classifying companies according to 'adoption' of productive diversity is that productive diversity is a change process. To adopt productive diversity requires a paradigm shift in managerial thought and organisational practices aimed at continuous cultural change. The fact that it is a 'shift' implies that every company will start at a different point. Each will have a different level of understanding regarding diversity. Moreover, each will be at a different stage in the adoption of some key principles and implementing relevant practices. The diversity management process also involves the development of different practices depending on environmental conditions, the existing business culture and organisational capabilities. As Thomas states:

> Unlike more familiar approaches, managing diversity is not a program, not an orchestrated set of actions designed to 'do' something. It calls for more than changing individual behaviours. It requires a fundamental change in the corporation's way of life. Implementing it takes many years. (1991, p. 12)

Both Cox (1993) and Cope and Kalantzis (1997a) describe diversity management as a model of management that is not arrived at through any given formula or set of actions, but through a change process implemented in a manner both achievable and appropriate to the context and circumstances of the company. Therefore, the productive diversity model proposed by Cope and Kalantzis, is characterised by such key terms of 'flexibility, multiplicity, devolution, negotiation and pluralism' (1997a, p. 19). The focus is on cultural change, cultural negotiation and a movement away from uniform standards of appreciating skills as well as changing perceptions of market needs and requirement. Additionally, their model is underpinned by the notion of 'paradox', which they explain as the 'surprise that apparent opposites should work together. It is the discovery that what appears to be a contradiction is in fact a synergistic relationship.' (ibid., p. 3) This

synergy is the essence of their theory and unlike more prescriptive models of management it does not easily lend itself to numerical measurement.

Cox (1993, p. 226), however, provides the model of the 'multicultural organisation', which is a more tangible framework that has greater scope for empirical measurement. This model includes characteristics of valuing diversity, pluralism, structural integration, informal integrations, the elimination of cultural bias in human resource management systems and the minimisation of inter-group conflict. Cox explains that this management process means 'implementing systems and practices to manage people so that the potential advantages of diversity are maximised while its potential disadvantages are minimised' (ibid., p. 11). The first need is to identify and address barriers and limitations that impact on the effective functioning of diverse individuals and groups within a workplace. The second need is to understand, value and capitalise on the skills and talents of a diverse workforce. Cox goes on to describe a series of practices that have been commonly adopted by business. In a similar theme, Da Gama Pinto et al. (2000) identify common strategic models that have assisted the development and implementation of Australian diversity initiatives. They demonstrate that the most widely validated frameworks share some key elements that include:

- the engagement and commitment of organisational leaders;
- a systematic and strategic approach;
- the involvement of a diverse cross-section of the organisation;
- research on workplace demographics;
- interventions in a variety of areas including policies and procedures and people management systems;
- education and training, and
- the development of some kind of process.

These steps or strategies are used as a starting point for measuring diversity management practice. However, because productive diversity requires a 'paradigm shift' and occurs within contextual limitations, it was important not to place too much value on any one action. Because productive diversity involves group and individual relationships, it is

also important to identify how actions connect as part of a strategic whole. Furthermore, contextual and environmental differences between businesses reinforce the need to focus on more general strategic concerns. The reason is that there are a fairly limited number of characteristics of diversity management practice that could be reliably and consistently identified across Australian companies. The challenge then was to clearly identify which aspects of identified business practice could be placed within a framework derived from understanding the meaning of productive diversity. This in turn required the development of a research tool that would provide a means of documenting and evaluating diversity management practice as well as providing a basis for comparison between companies.

Types of productive diversity practice

In light of these issues, the development of a set of diversity management organisational types is the strategy I have used to describe and classify diversity management practice. This strategy has been chosen as a means of arriving at a common-sense understanding of diversity management in practice and to provide a basis for classifying organisations as 'adopters' or 'non-adopters'.

The process of generating organisational types was broadly informed by the Weberian conception of 'ideal types'. I have deployed the idea in a manner designed to achieve the applied aims of this research. Essentially, the Weberian strategy is an interpretive research method of describing everyday concepts and meanings for the purposes of analysing and understanding social phenomena. Theoretically, the construction of ideal types requires the development of a series of abstractions or characteristics of a subject based on the interpretation of the actors involved (Giddens, 1971, p. 142). The purpose of doing this is to enable comparisons between empirical data and a model. The test of whether or not the ideal types are useful or not is the agreement by the actors concerned that the types or models actually provide an accurate representation of what it is that they experience. As a research strategy, ideal types serve as a theory building tool. This is not how it is used here. Further, my intention is to arrive at an agreed and common sense meaning of what productive diversity means in the Australian context for the purposes of

applied classification and not to build a theory of diversity management as an end in itself.

At the same time, the process of constructing organisational types is informed by the methodological literature that describes the process and the potential problems of ideal types. The central problem identified by Weber is the practical difficulty that the people who are asked to describe the phenomena under investigation are not always aware of the meanings they are using and so are, in some situations, unable to describe or represent what it is that they experience. This can lead to the misinterpretation of the event being described and lead to misinformed conclusions (Killian, 1981, p. 239). Others also emphasise that, as a research methodology, it easily provides a crude and convenient label for describing social life and limits researchers to only see what it is that they were expecting to see. This serves to protect a theoretical concept from empirical refutation (Prandy, 2002, p. 583).

With these limitations in mind, this strategy has been applied as the most fruitful means to meet the research objectives. It is feasible to use the approach because there is a reasonably common way in which productive diversity is conceived and carried out in Australian companies. While the process of diversity management does engender disagreement about meanings, productive diversity does occur, it does have some commonly understood manifestations and there is a community of practitioners that can define it in practical terms. This enabled me to bring the various aspects of business practice identified under productive diversity management conceptions, descriptors and categories.

Constructing the types

The process of formulating an ideal type involves delineating the most important respects in which a given phenomena is distinctive (Giddens, 1971, p. 142). The evidence for particular distinctions I have drawn here comes from case study and interview material reported by Bertone et al. (1998), Nicholas (2000) and Da Gama Pinto et al. (2000). These sources broadly describe the trends and practices in diversity management by

Australian companies. Drawing from this material, the key diversity management characteristics were derived and then grouped into four organisational types. These types are described in table 4.1 and range from what I have called 'integrated' at one end, to 'uninterested' at the other. A draft document describing the types was distributed to, and discussed with, the 12 members of the research steering committee. The types were modified in line with their comments, and their final form is explained in the following section.

The types

Integrated and uninterested

The first step in categorising company types was to distinguish between a company that was an adopter of diversity management practice in the fullest sense from one that was a non-adopter in the fullest sense. Da Gama Pinto et al. (2000, p. 16) broadly outline the characteristics of a company that has fully embraced and implemented the principles of productive diversity. This type of company was labeled as 'integrated' meaning that productive diversity policy, practices and strategies are embedded within the company's total operations. Policy would reflect a broad and informed understanding of diversity characteristics, would be actively communicated throughout the organisation via a number of mechanisms and would build upon the requirements of anti-discrimination and equal opportunity legislation. Resources would be allocated to the implementing the policy, and actions would be an outcome of a strategic planning process. Strategies that were relevant to the company's context would be implemented and monitored. The total process would be integrated, progressive and results focused.

In opposition, the categorical type of 'uninterested' was established. The primary characteristics of an 'uninterested' company were essentially the opposite of those demonstrated by the 'integrated' ideal. While an integrated company was conceptualised as actively embracing the principles and ideals of diversity management, the 'uninterested' company was conceptualised as actively rejecting productive diversity in all of the practical characteristics identified. Within this type, the company would regard

diversity management as irrelevant, unnecessary and of only negative value as opposed to the positive benefit that diversity management theory suggests.

Australian research on diversity management practice suggests that the number of companies demonstrating characteristics on either extreme of these characteristics is quite low. In relation to 'integrated' companies Bertone et al. (1998, p. 78), for example, found that only 11 per cent of 320 Australian companies that were surveyed, had a formal policy on the management of cultural diversity. Nicholas similarly found in a survey of 227 Australian company executives, that,

> …few firms had capabilities in diversity management as evidenced by the poorly documented and collected information on the ethnic background, languages and age of the workforce...few resources were allocated to documenting diversity, training workers in diversity management or appointing diversity officers. (2000, p. 11)

Likewise, few companies looked like the 'uninterested' category, which is to say that there are few companies that are completely devoid of practices and strategies that would contribute towards a productive diversity approach. For example, Nicholas found that most of the companies he interviewed (88 per cent) at minimum, had formalized equal opportunity policy in place (2000, p. 89). Similarly, Bertone et al. found that most survey respondents (71.2 per cent) either agreed or strongly agreed that a multicultural workforce is an asset to company operations (1998, p. 74). Such findings suggest that most companies demonstrate some, if limited, aspects of productive diversity within their operations. Despite this, the characteristics are important for classification purposes in identifying what is meant by 'adoption' or 'non-adoption' in the complete sense.

Progressive and minimalist
The types of 'integrated' and 'uninterested' were devised to represent the extremes of productive diversity. It was envisaged, however, that most companies could be characterised as falling somewhere between these extremes and incorporate at least some

aspects diversity management within their practices. The existence of the compliance requirements of anti-discrimination legislation and the more proactive *Affirmative Action (Equal Employment Opportunity for Women) Act 1986* would suggest that most companies would meet these legal compliance obligations. Further, the *Occupational Health and Safety (Commonwealth Employment) Act 1991* also requires companies employing workers from non-English speaking backgrounds to ensure that company signage and process are fully understood by all employees regardless of their English language capabilities. The actions required by these corporate legislative requirements mean that most companies should have at least some strategies in place that might contribute to a broader productive diversity approach.

Recent research conducted by the Australian Human Resources Institute (AHRI, 2001) supports the idea that companies adopt minimalist approaches as a legal compliance measure. This research found, through a survey of 1,480 human resource managers, that 83.6 per cent of respondents reported that the main motivation for having a diversity management policy was to comply with the range of anti-discrimination and equal opportunity legislation that is enforced by federal and state governments[3]. In addition, O'Flynne et al. (2001) say that Australian companies can be characterised as having a 'compliance culture' in relation to productive diversity. It was anticipated then, that a significant proportion of companies would meet such legal compliance requirements without intending to go beyond this by adopting productive diversity. The term 'minimalist' was applied to a company that would meet policy and strategic requirements only to the point that they would avoid the risk of complaint or legally imposed penalties.

'Progressive' was the term coined to describe those companies that may objectively not be very far down the path of diversity management adoption, yet were aware of good reasons to pursue the agenda and were likely to move towards a diversity management approach within the business. Bertone et al. (1998, p. 63), through case studies, identified a number of companies that had recognised the benefits of productive diversity

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[3] For a description of the range of anti-discrimination and equal opportunity laws that apply federally and across states see Pendleton, W. and Vickery, R. 2000, *Australian Business Law: principles and applications, Pearson Education Australia, Sydney, pp. 724-5.*

within various parts of the company's operations and were likely to move further in this direction. It is also logical that there were some companies that were at various stages of implementation that might concern all or part of the company operations. Further, it was anticipated that the research would identify companies that actually demonstrated a productive diversity approach without using the terminology as such. As Bertone et al. identify,

> …some businesses (such as those established by ethnic entrepreneurs) have been practicing it [productive diversity] without official recognition since Australia's early settlement. (1998. p. 21)

For all of these reasons, the term 'progressive' was coined to identify such companies that could not clearly be identified as full adopters of productive diversity as I have defined it but are clearly progressing towards a productive diversity approach.

Summary of ideal types

Overall, the ideal types were not intended to provide a linear representation of diversity management practice from 'best' to 'worst' but to identify likely representations of company practice in relation to diversity management. Such categories provided the guidelines for the development of a structured interview format that could assist in gaining a profile of the degree to which diversity management has been adopted by Australian companies and to provide a means of classifying companies according to 'adopters' or 'non-adopters'. The organisational types are summarised and illustrated table 4.1.

Table 4.1 Productive diversity organisational types

	Integration	Progressive	Minimalist	Uninterested
Policy framework	Diversity policy communicated across the organisation.	Diversity is on the agenda – policy being implemented or policy under development.	Policy – but only communicated if required legally or in a 'pro-forma' manner.	No policy and no intention of development.
Concept of diversity	Organisation strongly states in both external and internal forums that diversity is valued. Diversity is broadly defined and issues relating to relevant diversity characteristics (race, ethnicity etc) are explicitly addressed. Productive diversity is customised for organisational context.	The organisation's mission, charter, website and/or diversity policy states that diversity is valued either explicitly or implicitly.	Diversity defined broadly but policy and any activities focus on meeting legislative requirements.	Diversity is considered irrelevant.
Equal Employment Opportunity	Integrated approach with diversity management built on or related to Equal Employment initiatives.	Diversity policy may include only Equal Employment Opportunity policies but there is evidence of reflection and plans for further development (eg. there is some expressed link between diversity and EEO)	Complies with applicable anti-discrimination legislation.	Absence of Equal Employment Opportunity policy and possibly expressed resistance to legal compliance.
Strategic Planning	Diversity underpins strategic planning both implicitly and explicitly (eg. diversity issues addressed in Key Performance Indicators, marketing plan, training and development program, internal climate interview etc).	Diversity is picked up in one or more aspects of strategic planning (eg. one or more diversity related KPIs, included in professional development program).	Only included in strategic planning where required by legislation.	Diversity is not considered relevant to any aspect of business management.
Productive diversity resources	Resources allocated to diversity related initiatives as part of forward planning.	May or may not have resources allocated but are currently planning to seek or allocate resources	Some resources allocated but there are no plans for expansion or development.	No resources allocated to diversity.
Diversity Personnel	At least one person responsible for the planning and implementation of diversity policy and strategy.	One person has some responsibility/interest in diversity and there are plans or expressed desire to increase this commitment.	Tasks allocated to personnel when seen as necessary to ensure legal compliance.	No staff allocation and expressed resistance to doing this.
Innovation	Have designed and implemented several innovative and customised strategies to address diversity issues.	Have at least one key focus area where innovative responses are planned or in place.	No innovative strategies either planned or in place beyond legal compliance.	No plans and no intention of implementation diversity related initiatives.

Drawing the line between adopters and non-adopters.

The next logical step in this process of classification was to draw a 'line in the sand' in regard to whether a given company could be seen to be an adopter or not. That line was drawn on the distinction that diversity management requires at minimum, some expressed and demonstrated managerial interest in the need for some form of strategic change process. It is possible, as described in the types, for a company to fulfil the legislative requirements of applicable anti-discrimination legislation without actually making any changes in company practice or culture. Most of these requirements can be fulfilled by meeting reporting requirements, implementing 'token' strategies, ensuring that necessary paper work is in place, and by reacting to issues such as sex based harassment should a

complaint be made. Given that diversity management requires actions to maximise and value the diverse skills and abilities of different people, an 'adopter' must demonstrate at least some actions that go beyond compliance. While building on the principles of equal employment opportunity is a necessary pre-condition for productive diversity practice, compliance with the relevant legislation does not, in itself, constitute a productive diversity approach.

At the same time, it is possible for a company with few formal legal compliance measures in place to be active and progressive in their management of diversity. Such companies could be identified by such features as the diversity characteristics of managers and employees, specific strategies that are in place to meet the specific needs of their own workplace and market and the kind of plans and objectives that they might have in store for the future. So a company that can be described as 'progressive' might, in practical terms, be less advanced than a company that is classified as 'minimalist'. The key characteristics of a diversity management approach must include the real and demonstrated intention to engage in a change process and an understanding of the importance of diversity.   Nevertheless, a company that did not comply at all with legislation could not be classified as progressive, given that a pre-condition of diversity management is to address barriers to equal opportunity. Making this distinction was not simple, however, and required applying following assessment criteria as well as making judgments on the basis of a number of contextual considerations.   The criteria that informed this process are discussed in the following section.

Assessment criteria for classification
An assessment of whether or not a company was classified as an adopter or a non-adopter was based on comparing a number of criteria with evidence gathered through the telephone interviews. These criteria largely included the degree to which a company implemented the various practices identified as constituting productive diversity and the extent that these practices combined with the aim of introducing some degree of change. The evidence also had to be looked at in the context of company conditions such as industry type, company location and company history.   These criteria are explained

below in the order in which they appeared in the telephone interview schedule, which was constructed to gather the relevant evidence.

As discussed above, the ideal types provided the basis for the development of telephone interview questions.   This included identifying company actions that would demonstrate the practices described within the organisational types. The actual interview construction is discussed in detail in the chapter 5 and the interview schedule is included as appendix 2. This section explains which practices were identified as being measurable through a telephone interview and how these were defined.

The actual aspects of diversity management practice that could be measured were fairly limited due to the time constraints of a telephone interview process as well as limits to those practices that could be identified consistently across companies. That which could be identified included; the existence of policy and how this was communicated, how diversity management was defined and operationalised in practice, specific strategies that were in place and whether or not personnel were dedicated to the implementation of diversity management. Two further criteria was evidence of keeping records and how these were used to understand employee needs.

Policy

The existence of a relevant policy was regarded as an important, yet not essential, part of productive diversity adoption. While it has some value, and in some cases provide a very clear statement of a company approach and commitment, it can also suggest little more than at some stage, someone within the company had devised a policy and that management endorsed this statement. Given the confusion of terms around productive diversity, the interview also included a question on whether or not the company had a related policy in place, which again, could mean a lot or a little in relation to productive diversity practice. A related policy could be a comprehensive statement relating to anti-discrimination that includes the goals of productive diversity or some other related term such as cultural diversity.   Of importance then, is whether or not this policy was

communicated across the organisation and whether or not the company dealt with diversity in some way despite a lack of policy.

Definitions of diversity

The interview sought to identify the company's understanding of diversity, and a question was framed to identify how diversity was defined and what this meant in practice. The major distinction I was looking for included whether or not the company defined diversity in broad terms that recognised the full range of individual differences as important, whether diversity was defined in broad terms yet, in practice, focused on one or two population groups, whether diversity was narrowly defined and applied to one or two diversity groups or whether or not diversity was considered relevant.

Strategies

Whether or not the company actually implemented strategies was seen as the most important indicator of diversity management adoption. Five core strategies were identified as generic and could be applied appropriately across all companies. These included diversity management addressed through induction programs, workplace training, 'tackling' discrimination, the measurement of managers' performance in relation to diversity management performance indicators and the incorporation of diversity management within broader strategic planning. These were all regarded as relevant and able to be implemented by any organisation.

The interview also sought to identify a broad range of strategies that could be an important part of a diversity management approach, yet depending on circumstances, would not be applicable for all companies. For example, the translation of documents from English into other languages would not be relevant to all companies. It would depend on employee and customer characteristics and industry type. In theory, a diversity management adopter would implement a number of company specific actions that are unique to a particular company. A list of such strategies were compiled based on practices identified by recent research (Bertone et al., 1998; Smith, 1998; D'Netto et al., 2000; Nicholas, 2000), on comments from the research reference group and from

strategies identified through the pilot process that tested the interview schedule. These strategies were divided into those that were aimed at understanding market diversity and those focusing on employee diversity. The strategies identified and included in the interview schedule are as follows:

Marketing Strategies

- multicultural marketing (niche marketing to ethnic communities);
- other niche marketing. For example, specific marketing to women or specific age groups;
- implementing initiatives with indigenous communities;
- offering services to customers in languages other than English;
- using interpreters or translators to communicate within or outside the organisation; and
- translating documents from English into other languages.

Employee Strategies

- active recruitment of employees from diverse backgrounds;
- active recruitment of employees from diverse age groups;
- running cross-cultural training programs for employees/managers;
- recognition of overseas qualifications;
- recognition of overseas employment experience;
- mentoring schemes to support career development of specific groups. For example, women or people from NESB;
- explicitly tackling discrimination across a range of issues. For example, discrimination against Muslim employees or sex discrimination;
- holding cultural events for employees;
- measuring managers performance against productive diversity criteria;
- internal climate survey that includes questions on diversity;
- incorporating diversity into strategic planning, and;
- other related strategies that have been devised and implemented by the company.

Responsibility for productive diversity

The allocation of personnel for diversity management was regarded as an important indicator of diversity management adoption because the allocation of resources, in the form of human resources, is a clear commitment to the achievement of productive diversity objectives. However, responses to this question could have varying meanings depending on factors such as company size. For example, one large multi-national company that employed hundreds of thousands of employees employed one diversity officer at a lower middle management level. The degree to which this position could be effective, in a company of that size, would have to be questioned. This example illustrates why it was important to look at the company within its context and circumstances.

Records on employee diversity

One important practice within a diversity management process is the maintenance of employee records on diversity in order to analyse and understand employee representation according to diversity characteristics. A question about this was included within the interview schedule. However, the reliability of the responses to this was highly questionable. This question commonly received answers that said 'yes, the records were kept', but the degree to which the records were maintained or used for planning was difficult to ascertain. It was also a question that commonly elicited one of two responses. One was a defensive 'yes' as if this were questioning the interviewees' degree of professionalism. The second common response was the belief that keeping records on diversity would be an abuse of privacy requirements and that 'it was none of their business' to keep records on diversity. These findings are discussed in chapter 8. The results, however, meant that the information gathered in relation to this question was variable and unreliable and that it needed to be treated as contextual or additional information rather than a clear measure for classification.

Open ended responses

While the telephone interview was highly structured, there were a number of opportunities for the interviewee to respond to open ended questions and to make other comments. These comments were recorded and regarded as important information to assist in how a company might be classified in terms of the organisational types. For example, one interviewee made the comment that, 'we haven't actually done anything much but I have just been asked to write an urgent report for senior management on diversity. They seem to see this as really important at the moment.' On the other end of the scale, some interviewees were antagonistic to the whole concept and were aggressive in their disdain. These responses were often not made in response to the formal interview questions yet provided an important insight into general company approaches.

Assessing company approaches within context and as a total process

The evidence discussed above was the primary source of data by which companies were assessed as being an adopter or non-adopter of diversity management. In most instances, this was clear simply on the basis of the type of practices in place and the attitude expressed towards the idea of productive diversity as a concept. Those respondent companies that were 'integrated' or 'uninterested' very clearly expressed the company position through the telephone interview. There was a considerable 'grey' area, however, where it was most important to consider the sum of practices of individual companies within and in light of its broader corporate context. This information was gathered through the interviews and annual reports and included industry type, company location, company size, annual turnover and employee profile in relation to primary diversity characteristics in the managerial and non-managerial workforce. This information was used to identify the meanings of practices in relation to the company context.

Beyond these considerations and criteria, evaluation was required using the base line criteria described earlier of, 'does the company address barriers for employees from diverse backgrounds?' and 'does the company take at least some steps to understand, value and maximize the diverse skills, talents and requirements of its employees and marketplace?' These questions needed to be asked in relation to the company context. A

given approach in one context could be inappropriate in another. For example, an independent manufacturing company based in North West Tasmania in a predominantly Anglo-Celtic community is operating in significantly different conditions than a multi-national operation operating in urban Australian locations characterised by high numbers of NESB employees. The actions that might be seen as reflecting a change process, are qualitatively different between the two companies. The assessment criteria used to make the distinction between companies included as appendix 4.

Conclusions

In this chapter, I have discussed the difficulties of 'pinning down' productive diversity as a coherent set of practices. This is because productive diversity calls for a paradigm shift with the aim being organisational cultural change. I have then explained how the strategy of devising organisational types has been used as a means to describe productive diversity in common sense terms as it is operationalised within Australian organisations. I have explained the limitations and difficulties in doing this. However, I have also arrived at a method that I believe provides a reasonable approach and allows the classification of companies according to whether or not they are 'adopters' or 'non-adopters' of diversity management. This requires relying on evidence about specific practices and strategies, looking at how these practices might connect in an overall process of cultural change and how these practices fit with broader company characteristics.

Devising a process for classifying diversity management has been necessary in order to test the validity of the 'business factor model' which has been theorised as a tool to understand why some companies adopt diversity management. The next chapter goes on to explain this model and the rationale for its construction.

Chapter 5

The business factor model: theory and construction

Introduction

Bertone (2000a) has hypothesised that there are a number of business characteristics that contribute to a company's likelihood of adopting productive diversity. These characteristics have been devised as the 'business factor model', as an explanatory tool for understanding why it is that some companies adopt productive diversity practice while others do not. The model is informed by productive diversity theory, which in turn is strongly informed by globalisation theory. It is also constructed out of observations and case study research undertaken by Bertone et al. (1998). In this chapter, I will explain the rationale for the business factor model. Productive diversity theory was discussed extensively in chapter 2, so I will not return to that in general here. However, I will draw on specific aspects of productive diversity theory to explain the selection of each of the characteristics that are included within the business factor model later in the chapter. The discussion starts with globalisation, what it is, how it has impacted on work organisation and how it informs many of the propositions contained within the business factor model. This is followed by a discussion of Bertone's earlier research findings arising from case studies, focus groups and survey research. I will then discuss the purpose of model construction as a theory building tool. Finally, I identify the rationale for the selection of each of the business characteristics and discuss the way in which each of the business characteristics have been classified for individual companies.

Globalisation and Australian industry

The need for productive diversity as a model of management is predicated on the need for companies to respond creatively to and benefit from global economic and social change. This was explicit when Paul Keating, then Prime Minister, launched the Australian Government Productive Diversity policy formally in 1992. It was also clear, later in the Karpin Report (1995), where the aim was to develop a plan to increase the international competitiveness of Australian industry through improved business management. The Karpin report was undertaken in specific response to the prevailing and anticipated

impacts of globalisation on Australian organisations. Improving the ability of Australian companies to engage and use diverse employees and markets was a significant plank of that plan. This section discusses the nature and impact of globalisation on Australian industry and how these have informed the business factor model.

Globalisation theory

As Guillen (2001, p. 2) observes, the topic of globalisation is one of the most contested in the social sciences. There is an enormous and growing literature on the topic that seeks to theorise globalisation, to discuss it's impact on various aspects of the economy, society and culture as well as to forecast conditions into the future. Within this literature, globalisation is defined and treated in varied ways in relation to opportunities, threats, impacts and contradictions.

One approach to the topic is the idea that globalisation holds nothing but promise and opportunity for the world (Ohmae, 1990), while others focus on harmful consequences (Rodrik, 1997; Klein, 2000). Others dispute the real influence of globalisation (Hirst and Thompson, 1996; Sheehan, 2001). Increasingly there is a focus on the contradictory nature of global and economic development (Yaw and Smith, 2002) and on how localities, regions and nations can shape and exert control over the seeming inevitability of global exploitation (Wiseman, 1998; Klein, 2000). Cutting across these approaches are varying foci on economic, cultural, or environmental aspects (Wiseman, 1998, p. 15). Clearly, perspectives vary depending on who is talking about it, and as Wiseman comments,

> Views on the desirability of global trade, investment, conquest and exploitation have always depended very much on the point of view of the observer. …the low-paid women working twelve-hour days in the free-trade zones of Mexico and China experience economic globalisation in very different ways from Bill Gates or Rubert Murdoch. (1998, p. 26)

There are four major defining characteristics of globalisation. These are; the increasing flow of money, goods, services, people, information and culture across borders; the increasing inter-dependence of national economies in trade, finance, and macroeconomic policy; the compression of time and space through the increasing ease and volume of global information flow; and the increasing consciousness of the world as a whole through the diffusion of practices, values and technologies that have an influence on peoples lives worldwide (Guillen, 2001, p. 4). Wiseman offers a broad and practical definition as,

> ...the best word we currently have for describing the many ways in which space and time have been compressed by technology, information flows, trade and power so that distant actions have local effects. (1998, p, 14)

This refers to the fundamental shift that is occurring from a world where nations that were distinct and separated from each other by time zones, language, distance, national government regulations and culture to a world where these distinctions are considerably blurred and transformed.

Four major developments are consistently identified as driving the globalisation process. These are technological advancement, in general, and advances in communications technology in particular; the pervasive adoption of free market ideology worldwide; the economic expansion and the associated world-wide wave of economic liberalisation in developing countries; and the increase in free trade, including the lowering of tariff and other barriers to international trade (Yaw and Smith, 2002, p. 4). These influences combined have a profound influence on the way in which business is organised, who is employed and under what conditions and work arrangements.

The impact of globalisation on organisations
The changes to business, management and work organisation are numerous, overlapping and contradictory. This section briefly discusses some of these impacts in relation to

work management, work organisation, the changing spatial dimensions of work and the impact on the people who work within organisations.

First, a key impact of globalisation is higher levels of competition due to international trade and the liberalisation of economies worldwide within a global marketplace. As Yaw and Smith point out (2001, p. 8), governments world-wide have worked towards internationalising their economies in order to attract foreign investment, and trade liberalisation policies create a competitive environment for local firms. The sourcing of goods, services and people from dispersed global locations contributes to the competitive pressures on business as well creating changing conditions in local, national and global labour markets. In Australia, such developments have been implemented since the early 1980s through the deregulation of financial markets, exchange rates and financial institutions. This was closely followed by the deregulation of trade through tariff cuts and lobbying in support of free trade on both a bilateral and multilateral basis (Wiseman, 1998, p. 44).

In response to such competition, this creates an increased drive for business to achieve improvement in the '3 Ps' – price, productivity and profits. The strategic approach adopted by companies to meet such competitive requirements is to drive for cost reduction and to aim for quality enhancement. As part of this, advanced technology has led to leaner production processes, a shift from manufacturing to service industries and a decline in mass production (Probert, 1996; Cope and Kalantzis, 1997a; Collins, 2000). Such movements have led to new and smaller production systems, a less labour-intensive workforce, increased demand for higher skilled workers and flatter work organisation systems. Economic restructuring and privatisation have also led to significant job losses through company closures and restructuring (Wiseman, 1998). At the same time, job security is reduced to increase employer flexibility in relation to wages, functionality and employee numbers. Increasingly, permanent employment conditions are becoming rare, with short-term contracts and part-time work increasingly taking their place (Wooden, 2002, p. 56).

Changes in the Australian labour market have been steadily reflected in industry and labour market participation data. For example, the proportion of the labour force employed part-time compared to full-time has steadily increased. ABS statistics analysed by Wooden (2002, p. 57) show that in 1971, 76.4 per cent of people in permanent employment were employed on a full-time basis. In 2000, this figure had dropped to 53.4 per cent. Current trend estimates by the ABS show that between January 1993 and January 2003, part-time employment has risen steadily, with an overall increase of 53 per cent (ABS, 2003a). Similarly, a major change in labour market trends has occurred in employment by industry. In 1970, 44.4 per cent of Australian employees were employed in the 'goods producing' industries including agriculture, mining, manufacturing and construction. In 2000, this proportion had dropped to 27 per cent. At the same time, employment had risen in the 'person and knowledge based service' industries from 26.1 per cent to 45 per cent in 2000 (Wooden, 2002, p. 53). Such movements are clearly related to the global growth of the service and knowledge based industries and the flexibility requirements of industry in a deregulated environment.

Direct foreign investment has also brought changes to work and employment practices as companies not only take their production process offshore, but also take their national management style with them. Thus, the foreign investing company bring culturally defined skills, practices and employees into another country and cultural environment. Management theorists such as Hoeklin (1997) and Hofstede (1980) show that corporate practices have distinct cultural characteristics. These are shaped by the national culture and the dominant management style of the country of origin. Apfelthaler et al. (2000) for example, identifies German management style as being characterised by an 'expert culture', that has strong faith in scientific rigour and rigid work organisation structures. The success of the international business venture is greatly affected by how well such culturally defined management practices can be transplanted into another cultural context.

Global migration has also increased with the growth of the knowledge industries and service industries such as health, education and finance. This creates a demand for

specialist workers, perhaps most notably information technology specialists. The ILO spells out that the number of international migrants (people outside their country of birth or citizenship for 12 months or more) increased from 154 million in 1990 to 175 million in 2000, and continued increases are predicted (Martin, 2003, p. 4). Much of this migration is undertaken for economic reasons, with people moving from lower income countries to higher income countries. As Martin (ibid., p. 5) notes, 45 per cent of the world's migrants, migrate to high-income countries. Many of these movements include skilled workers whose emigration creates specific skill shortages and a 'brain drain' in their countries of origin (Hugo et al., 2001, p. 1). Australia's response to increasingly mobile labour has been that migration policy has significantly shifted to control the migrant intake with an increase of migrants within the skilled categories and a decrease in the intake under other categories such as through 'preferential family' streams (Richardson and Robertson, 2001, p. 17). Such international migration also creates increased workplace diversity, which is central to the rationale for productive diversity. This is the very basis of the productive diversity paradigm expounded by Cope and Kalantzis (1997a) and others.

The operations of the global economy mean that companies can choose the physical sites for production from a range of locations, resulting in the establishment of production units in countries, or even regions within countries, that can provide the cheapest labour costs and advantageous conditions. Such international corporate movements are seen to contribute to rising wage inequality within and between nations (Yaw and Smith, 2001, p. 11). The establishment of off-shore operations in developing countries is also believed to contribute to the unemployment of unskilled workers in developed nations while the demand for skilled workers increases. One indicator of these trends in Australia is that there has been a steady growth in wage inequality. Sheehan (2001, p. 8) provides data to demonstrate that between 1999 and 2000, real wage increases for 'knowledge workers', that is managers and professionals increased 41.4 per cent. At the same time, real wage increases for labourers was 6.9 per cent and for clerical, sales and service workers, 4.3 per cent.

Settlement patterns have also been strongly influenced by global trends. Collins (2000) highlights significant shifts in urban settlement patterns with urban density increasing alongside changing settlement patterns within urban boundaries. In Sydney for example, Collins (2000, p. 21) points to the increased location of manufacturing industries in the outer suburbs while inner urban centres are the home to 'time poor' professionals engaged in the growing knowledge industries. Betcherman and Chaykowski (cited in Yaw and Smith, 2001, p. 10) argue that the changing work systems and relationships between employer, employee and the workplace are loosening the traditional spatial and emotional ties that employees once held within employment. Employees are less likely to work from the same space and are geographically divided as well as divided through changing employment contractual relationships. This trend prevents communication between employees, and provides challenges to labour organisations about the way in which workers can be organised. Declining union membership and a shift from traditional industrial systems arrangements are key symptoms of the pressures of globalisation on labour organisation (Yaw and Smith, 2002, p. 10).

The opportunities and the costs of globalisation have fallen unevenly, determining who participates in the workforce and under what conditions. As I argued at length in chapter 3, employment opportunities and distribution can be seen as being organised along the intersecting lines of gender, race and ethnicity. Those not included within the white managerial classes are affected seriously by the increasingly competitive labour market. Wiseman, for example, highlights the 'gendered terrain' of the changing employment market and notes that 'many women have borne the heaviest burdens in the process of global economic restructuring' (1998, p. 61). On a global scale, women have filled most of the positions created in the low-wage, casualised and unregulated industries. Further, Wiseman highlights the impact on other groups:

> Globalisation also has a special and savage meaning for indigenous peoples, refugees and migrant populations. Migration for both political and economic reasons continues to grow... Again, it is permanent and temporary migrants, as

well as indigenous people, who are most likely to be unemployed or to be in low-paid employment. (1998, p. 61)

Such impacts can be observed both within and between countries, with less developed economies being the locations selected for the corporate export of low-skilled labour requirements. The attraction is low wages and unregulated labour markets, and there are many documented instances of multi-national corporations contracting out work requirements that are conducted in sub-standard conditions (Klein, 2000). Ghose (2003, p. 3) identifies many countries that have been excluded from the benefits of globalisation and in which the outcomes for employment and incomes in developing countries have been unfavourable.

Contradictions, globalisation and the business factor model
The above discussion points to those features and impacts of globalisation that have provided the context and conditions for productive diversity adoption and the rationale for the business factor model that is tested by this research. It needs to be noted that the impacts are contested, often paradoxical and experienced in vastly different ways in various contexts. When any theme is focused upon within the literature, the impacts of globalisation alone are unable to explain its social and economic aspects. In a discussion of global migration for example, Marfleet (1998) argues that, while globalisation theory often presents the world as a single space, flows of people are heavily controlled. The role of the state is crucial in determining migration and entry patterns. Overall, the multiplicity of both global and local factors in contributing to migration patterns means that 'globalisation', in itself, is inadequate to explain local conditions. O'Riordan explains that, the local experience is both defined by and defines globalisation processes. He says that 'global outcomes are nothing but the accumulation of countless local actions' (2001, p. 1).

In Australia, global trends have impacted strongly on business, employment and employment conditions in different ways across industry and the community. Government social and economic policy has also been dominated by the actual and

anticipated impacts of the global economy. These conditions and trends provide the context for productive diversity policy and have guided the promotion of productive diversity as a management framework for Australian business. The business factor model is largely constructed upon the proposition that those companies most exposed to, and shaped by, global trends are more likely to adopt productive diversity as a managerial approach.

Observations from previous research

While the globalisation literature largely provides the rationale for productive diversity, the research hypothesis arose specifically from research undertaken by Bertone et al. (1998) on Australian company practices in relation to productive diversity. Through evidence gathered using case studies, focus groups and survey research methods, the authors identified differences in understanding and strategic response across company types. Bertone et al. speculated that structural reasons may explain why some companies are more likely to adopt productive diversity than are others. Specifically, Bertone et al. observed that,

> Productive diversity was a concept which was better understood by participants from some industries than others. It seemed to be most recognised by participants in the tourism, recreation and leisure industries, health care, energy, communications and IT, and the banking sector of finance, but less well understood in the manufacturing, accounting and stock broking industries…their views can be partly explained to structural factors in those industries, as well as more subjective factors relating to personality, social position and demographic characteristics of the participants. (1998, p. 62)

More specifically, Bertone et al. (ibid., p. 63) speculated that factors that may be most relevant to adoption included a high degree of globalisation in some industries. For example, businesses operating in the tourism industry commonly employ overseas managers and are Australian subsidiaries of an overseas owned multinational (ibid., p.

63). Other factors identified include exposure to international competition for customers and exposure to highly diverse local markets and customers. The authors recognised that these factors could not be generalised across industries on the basis of their data alone. However, they could be used as a reasonable hypothesis and the suggested factors inform a model as a tool to explain why some companies are more likely to adopt productive diversity than are others.

The business factor model

Model building

Following from the research observations discussed above, the 'business factor model' was developed by Bertone (2000a). According to Blaikie, this involves the process of articulating a set of theoretically based propositions that state relationships between various concepts (1993, p. 172). This provides the basis for empirical testing and, if successful, can provide the basis for theory building. It is, as Willer describes, 'a conceptualisation of a group of phenomena, constructed by means of a rationale, where the ultimate purpose is to furnish the terms and relations, the proposition, of a formal system which, if validated, becomes a theory' (1967, p. 15).

Whetton (2001) describes a number of strengths of models as a theory building strategy. First, they provide a structured process for making explicit the elements of an argument or perspective. A second and related strength is that model building narrows the focus and 'disciplines the scholar's creative impulse' (ibid., p. 35). This is a useful feature, particularly as productive diversity theory is informed by such broad and cross-disciplinary approaches. As critical writers, such as Prasad (1997), Kersten (2000) and Sinclair (2000c), observe, many of the claims about productive diversity are based on sweeping assumptions and universal assertions of diversity as a 'good'. The development of a model disciplines some of these assumptions and enables critical examination.

A further benefit identified by Whetton (2001, p. 36) is that the graphical representation of a model is highly useful as a communication tool to highlight the core theoretical

propositions. This also can 'democratise' the theory development process by making accessible theory building tools for a larger audience. Each of these benefits is considered as important in this research, particularly given that the business factor model includes a number of propositions that would widely be considered 'commonsense'. For example, large companies might be more likely to implement productive diversity because they have greater availability of resources for human resources management and market research. Through the model, these assumptions are examined.

In line with this rationale, the 'business factor model' is constructed around theoretical and practical considerations. Theories of globalisation and how these shape organisational practice and characteristics are drawn upon to identify organisational characteristics that are likely in a company that is shaped by global economic trends. On a practical level, the model is shaped by those characteristics that are identifiable by analysing annual reports and through telephone interviews. To illustrate, the business factor model contains the characteristics as detailed in table 5.1.

Table 5.1 The business factors

External factors increasing the likelihood of productive diversity	External factors reducing the likelihood of productive diversity policies
Product Market	**Product market**
• Diverse	• Standardised
• High value	• Low value added
• High levels of competition	• Low levels of competition
• Significant service component	• Primarily product based
Workforce	**Workforce**
• Multicultural	• Homogenous or understood as such
• High level of skill/education	• Low level of skill
• Mobile	• Easily replaceable
Business	**Business**
• Large (>100 employees)	• Small to medium (<100 employees)
• Overseas owned or Australian multinational	• Locally owned
• Strong export orientation	• Low export orientation
• Stand alone	• Controlled by head office
• Innovative	• lacking in innovation
Managerial	**Managerial**
• **Post-Fordist**	• **Fordist**
• Team-based	• Hierarchical
• Participative	• Authoritarian
• Decentralised	• Central control

The business factors included within the model fall into four categories: product market, workforce, business and managerial characteristics. The choice of the factors contained

within the model, as well as being influenced by globalisation theory, was also supported by observations and questions raised by previous productive diversity research in which focus group discussions, case studies and survey data suggested certain patterns and differences across industry sectors and organisational types. The business factor model in short, hypothesises that companies most characterised by the impacts of globalisation are more likely to adopt productive diversity as a strategy to harness key resources and to gain a competitive edge. The following section discusses the choice of individual business factors and how these are defined and classified.

Product market factors

Diverse/standardised

Product diversity was one important company characteristic identified as potentially related to productive diversity adoption. The basic rationale for this is that the development and delivery of a range of product types requires a higher degree of managerial complexity, greater numbers and diversity of employees and a greater understanding of diverse customer needs. These requirements would provide the incentive for implementing a productive diversity approach. Increasing product diversity is also identified as an outcome of globalisation. Continuous change and the identification and satisfaction of new and evolving market demands are seen as a key determinant of achieving and maintaining competitive advantage in an international market place (Porter, 1998, p. 46). This involves continuously responding to new or shifting needs of the consumer. The extreme of this development, as Klein (2000) observes, is the growth of 'branding' with one company producing a range of product and service types that are marketed under the one brand name. The brand is heavily marketed as a type of lifestyle image with which the consumer will identify despite the huge variation between the product types. The Disney Corporation is one clear example of this, with corporate products and services ranging from theme parks, films, toys, clothing, accommodation and so on. The production of standardised products represents the other extreme where a company is dedicated to a single and undifferentiated product or a range of products within the one industry area. The mining of raw products or the delivery of a single service type such as accommodation, are examples of standardisation.

Due to a lack of consistently detailed information in company annual reports, there were limits to which diversification could be identified by analysing annual reports. It was possible nevertheless to identify horizontal or conglomerate diversification, as opposed to concentric diversification (diversification within the same industry and product/service type). This distinction was informed by an approach used by Lyns and Servaes (2002). To conduct their research, a simple distinction between sales across industry sectors was applied to international research examining the differences in profit margins between diversified and standardized company operations. I was able to apply the approach used by Lyns and Servaes (2002), as the company information was available. Each annual report included a clear statement describing the products and services that comprise core business.

High value added/low value added

A company engaged in 'high value adding' was hypothesised as being likely to adopt productive diversity. This is again related to the need for complex management processes that consider all business inputs, including people, as contributing to product value. The dictionary definition of value adding is: 'The value added to goods or services by a step in the chain of original purchase, manufacture or other enhancement, and retail' (Pallister and Isaacs, 2002). 'Adding value' is a central competitive imperative for companies operating internationally and as Porter explains, 'competitive advantage is increasingly a function of how well a company can manage this entire (value chain) system' (1998, p. 42).

There are clear difficulties in measuring these processes through interviews and documentary analysis of annual reports. Therefore, the degree of value adding was taken to refer to the degree of product or service complexity and processing that increases the value of a product or service. Three layers of complexity were classified. 'Low value added' referred to an exclusive focus on the production or extraction of a raw material or very basic service. An example of this is a gold mining company in which the raw materials are sold without processing as the only business activity. 'Some value adding'

refs to the production of raw materials plus some additional service, processing or marketing of the business. 'High value added' refers to companies in which the core business comprises the provision of complex products and/or services. Each interview respondent was assessed using these criteria according to the descriptions of product and service types described within the annual reports.

High levels of competition/low levels of competition
An increasingly competitive business environment is considered to be a direct outcome of globalisation. National governments across the world have argued for liberalised economies on the grounds that it attracts global investment, increased competition domestically and enhanced efficiency. Increasing the capacity of Australian business to compete internationally was the reason for productive diversity policy (Keating, 1992) and strategies to improve the competitive advantages of business are the foci of management literature (Porter, 1998). The business factor model includes the characteristic of 'high competition' as being hypothetically related to productive diversity adoption, on the basis that those companies operating in highly competitive environments will be more likely to use diversity as a resource to achieve that edge.

The degree of competition within which a given company operates was assessed through the telephone interviews. Interviewees were asked to rate the degree of competition on a five point Likert scale ranging from 'very high' to 'very low'. The major limitation to this method of classification was the potential differences across respondents as to what conditions would constitute 'high' or 'low' competition. For example, a manager working in the retail sector might regard 'high' competition quite differently than one working in mining. The results of the questions are discussed in the following chapter. Overall, some clear and reliable distinctions were made.

Significant service component/primarily product based
Globalisation is also closely accompanied by a growth in the services industries and a decline in the manufacturing sector. Australian industry has reflected these trends. For example, the retail industry now employs a greater number of people than does the

manufacturing industry, which has historically been the largest employing industry sector. In 1986-87, manufacturing employed 16 per cent of all employed persons. This has declined to 12 per cent in 2001-02. At the same time, employment in retail trade rose from 13 per cent to 15 per cent in the same period. Employment in other traditional commodity based industries such as agriculture, forestry and fishing and mining has also declined while employment in property and business services, health and accommodation, cafes and restaurants has risen (ABS, 2003b). The business factor model includes the hypothesis that companies more engaged in providing services are more likely to adopt productive diversity because they rely more on employee skills and knowledge than do traditional producers of products. This is particularly the case in service-based industries in which communication skills are at a premium. This is in contrast to a company with a product orientation that has a higher reliance on production technology and machinery.

The product and service mix of a given company was classified according to the annual report's statement of what constitutes the primary nature of the business. In most cases this was classified by what the customer is actually buying – a good or a service. Products were classified as something produced, either by a natural process, by agriculture or manufacturing. A service was defined as a system or arrangement that performs work for customers or supplies public needs. A product and service mix was identified where there was a clear blend of both products and services comprising the company's business.

Workforce factors

The employment of a multicultural workforce, high levels of education, and high labour mobility were factors identified as part of the model. The growth in demand for skilled workers, increases in global migration and increased labour market mobility are central characteristics of globalisation (Yaw and Smith, 2002, pp. 8-12). The business factor model hypothesises that there are relationships between each of these factors and productive diversity adoption and this section discusses the rationale for their selection and the ways in which the factors were classified.

Multicultural workforce

Companies with a large proportion of multicultural employees were thought to be more likely to adopt productive diversity. This is due to the need to minimise the heightened potential for problems to arise from cross-cultural conflict as well as to derive potential business benefits from diverse languages, skills and talents. Survey research undertaken by Bertone et al. (1998, p. 93) indicated that the primary reason cited by companies for not having a productive diversity or related policy was that there were too few employees from non-English speaking backgrounds (NESB). The very existence of employees from NESB would also suggest that practical concerns such as multilingual signage or the translation of written information might be necessary for such a company. The business factor model therefore includes 'multicultural employees' as a factor that contributes to productive diversity adoption. The number of multicultural employees employed by respondent companies was identified through the telephone interviews by asking for a percentage of employees who were from NESB. Separate questions were asked in relation to both the non-managerial and managerial workforce. The aim here was to identify broad proportions of NESB employees. How these results were handled is discussed in chapter 6.

Levels of skill and education

Changing skill requirements is an outcome of globalisation, reflected in the growth of service industries and the 'knowledge economy'. Evidence of this change in the Australian labour market is identified by Wooden (2002, p. 55). He shows that most employment growth has occurred in managerial and professional occupations, and that, 'Changes in labour demand have clearly been biased towards skill, particularly knowledge based skills.' (ibid., p. 55) These changes are central to the rationale for productive diversity as a model of management. As Cox (2001, p. 1) argues, one of the conditions that make productive diversity essential is that there are 'more jobs chasing fewer people…with the skills to do the work those jobs require.'

This has also been a feature of recent public commentary in relation to work and family policy debates with the recognition of declining birth rates that are projected to lead to major skill shortages in future. For example, in article appearing in the *Brisbane Courier Mail*, the comment was made:

> Sure, business will do as it does today and will continue to compete like mad for skilled migrants...But the low fertility scenario across the Western world means Australian business is unlikely to succeed in significantly relieving the skilled-labour shortage. (Cannold, 2003)

In this article, Cannold goes on to suggest that this scenario will result in greater bargaining power for skilled employees. Business will have to respond by providing conditions that will make employment with a given company attractive enough for people to stay. Those who do have the skills are increasingly women and people from racially and ethnically diverse backgrounds. Therefore, different approaches are required by organisations to attract and retain the kind of skilled employees that are required. On this basis, the business factor model hypothesises that those companies that have a highly educated workforce are more likely to adopt productive diversity than those that do not. Levels of skill and education were identified through a telephone interview question that asked for the percentages of employees who were university educated, technically trained and unskilled.

Employee mobility
The inclusion of 'employee mobility' as a business factor is based on the same rationale that applies to levels of skill/education discussed above. Changes in organisational skill requirements and world immigration and emigration patterns mean employers need to compete for the skills that they require in the global employment market. The business factor model assumes that those companies that face skill shortages will be more likely to adopt productive diversity that those that have a stable workforce that experiences few

skill shortages. 'Employee mobility' was identified through the telephone interview by asking a question about the difficulty in recruiting staff within the organisation.

Business factors

The largest group of factors included within the business factor model related to company characteristics embracing company size, ownership patterns, export orientation, autonomy, growth and innovation. The following discussion explains the rationale for including each of these factors and how the data was gathered in order to classify individual companies according to each of the characteristics.

Company size

The business factor model includes the assumption that the larger the company in terms of numbers of employees, the more likely it is to have advanced human resource management and strategic planning systems in place. It was also assumed that the larger the company size, the more complex would be work organisation, with the likelihood that the company would operate from a diversity of locations, with diverse skill requirements. As such, company size is identified as one of the factors likely to be related to productive diversity adoption. Company size was obtained through the telephone survey through a question about the numbers of employees.

Overseas owned or Australian multinational

An increase in international investment is central to the globalisation process. As Yaw and Smith (2001) suggest, the growth in foreign direct investment by multinational corporations (MNCs) is rapidly leading to the 'transnational economy'. A significant outcome of this foreign investment is that,

> …MNC corporations exert considerable influence on work and
> employment as they introduce new working practices that often filter
> down to local firms. Technology transfer through MNCs also has the
> ability to transform work practices, social relations in the workplace, and

employment practices. In particular, MNCs develop employment strategies which tend to follow their global strategies. Hence more and more innovations in working practices developed in one part of the world are being implemented in other parts of the world by means of the diffusion of MNCs' policies. (2001, p. 8)

The potential costs of the mismanagement of cross-cultural industrial relations and misunderstanding local markets have been the subject of much of the management literature in relation to productive diversity (Tung, 1981; Maddox, 1993; Apfelthaler et al., 2002). Therefore, it might be expected that those companies that are overseas owned or Australian multinationals would be more likely to adopt productive diversity as a means of minimising risk and of capturing diverse markets. As such, the business factor model includes this hypothesis. Classifying company characteristics according to overseas ownership was assessed by details provided within the annual report, in which it was indicated that there are overseas offices or operations and/or the parent company was based internationally.

Export orientation

A central rationale for productive diversity is the need to understand and capitalise on overseas or ethnically diverse markets to operate successfully in a global economy (Karpin, 1995). Both Cope and Kalantzis (1997a) and Bertone et al. (1998) include case study material that describes companies that have been successful at this by using employees from diverse ethnic backgrounds to facilitate entry into diverse markets and to achieve business benefits with clear financial returns. This is the reason for the inclusion of the 'export orientation' within the business factor model. To classify respondent companies according to this factor, telephone survey interviewees were asked to identify in which international regions they mainly sell their products and services.

Stand alone/controlled by head office

Cope and Kalantzis describe the devolution of managerial control as a central feature of the productive diversity model. They claim that,

…the devolution of social and cultural responsibility to the furthest reaches of the organisation is a prerequisite to high economic performance…When we move away from centralised and standardised performance indicators, and when we emphasise responsibility over power, we are granting enormous significance to the invariably diverse interests, inclinations, motivations and aspirations that constitute the real substance of responsibility. (1997a, p. 161).

On this basis, the business factor model hypothesises that those companies that devolve such responsibilities to branch or regional offices are more likely to exhibit productive diversity practice. Evidence of this characteristic was gathered through the telephone survey. Interviewees were asked to indicate whether or not company policies are determined by head office.

Innovation

Innovation means here, 'making changes in something already existing, as by introducing new methods, ideas, or products.' Porter (1998, p. 45) identifies innovation as essential in the creation of global competitive advantage. The need for innovation is also an important rationale for productive diversity management and as Cox (2001, p. 7) argues, innovation is strongly related to creativity, which is one of the benefits that productive diversity can bring. Cox goes on to cite evidence that suggests that there is a relationship between corporate innovation and a diverse workforce (2001, p. 8). This is the rationale for including 'innovation' as a factor in the business factor model. Innovative practice was identified through the telephone interviews by a question that asked the respondent to agree or disagree with statement as to whether their company was 'innovative in relation to products, services'.

Managerial factors

Post-Fordist/Fordist

As discussed in chapter 2, Cope and Kalantzis (1997a) describe productive diversity as a new model of work and management that is a progression on previously dominant management paradigms. Fordism was the dominant approach to work and management gaining momentum in the early 1900s. Post-Fordism has gained momentum in recent decades. Cope and Kalantzis provide a critique of both forms of management and their limits in emerging global conditions and changes. Productive Diversity is posited as the emerging management paradigm because it can enable the effective response to future organisational conditions. This section briefly explains these approaches to management.

The 'Fordist' managerial approach describes the system of mass production designed by Frederick Taylor (1911) and most famously implemented by Henry Ford in the mass production of Model T Fords. The system was introduced as the method to increase production and reduce the price of production units achieved by applying human labour according to the logic of the machine. This is achieved by deconstructing the production process down to its smallest possible units and organising labour to perform the individual tasks separately. Fordism became the dominant mode of work organisation for much of the last century. Cope and Kalantzis (1997a, pp. 28-52) describe this system by using the 'machine metaphor for work and management'. This involves large scales of production, the reduction of work down to its smallest possible components and hierarchical authority. The logic of production is 'linear' with work organised from a clear beginning to an end. Uniform work cultures and outputs are prescribed. Taylorist production methods accompanied and made possible the rise of mass consumption of relatively undifferentiated products.

Cope and Kalantzis (1997a, pp. 53-88) use the metaphor of 'culture' to describe 'post-Fordism', which has grown in influence as a managerial paradigm. This form of management has grown alongside increased consumer demand for diverse and differentiated products, manufacturing and information technology that can quickly respond to a myriad of niche market demands for products and services and people's unwillingness to work in the dehumanising conditions created by Taylorist work design.

Cope and Kalantzis represent the characteristics of post-Fordism as including differentiation, complexity, dispersal, replication and fragmentation.

'Differentiation' refers to the need for companies to respond quickly to rapidly changing and diversified consumer demands. Teamwork, multiskilling, communication and flexibility have been the forms of work organisation that have grown to meet these requirements. 'Complexity' refers to the need for continuous change and the anticipation of shifts in consumer demand. 'Dispersal' is the process of devolved decision making and responsibility made necessary by the increasingly complex tasks, knowledge and skills required for the organisation to compete successfully. 'Replication' refers to the need to build of a common corporate culture in order to unite diverse employees and operations towards a common purpose. The characteristic of 'fragmentation' stands in contrast, as it is the element of work organisation that is geared towards living with, embracing and thriving on change as a central part of work organisation.

Cope and Kalantzis propose 'Productive Diversity' as the new model of work and management based on the criticism of previous models of management that promote the idea of 'culture as sameness'. They argue that, in an increasingly diverse society, corporate outcomes need to be generated by the 'creative dissonance' of diversity. This requires an emphasis is on flexibility, devolution of control, negotiation and pluralism. As Cope and Kalantzis articulate,

> Effective participation, therefore, does not involve cloning to a one-dimensional image and vision of the organisation; it means bringing different experiences and interests to bear, and then thriving on the diversity, dissonance, dynamism and dialogue that follows. (1997a, p. 129)

Cope and Kalantzis also go on to explain that many companies that exhibit productive diversity practice have been working towards a productive diversity approach as a matter of ,

…good business sense in a new environment where local diversity and global interconnectedness are more critical productive factors than they ever have been in the past. (1997a, p. 129)

Much of the stage has been set through post-Fordist managerial practices, however, and multiskilling and team-based work organisation make productive diversity a possible outcome. The business factor model includes the characteristics of 'post-Fordism' as a factor that is more likely to be associated with productive diversity adoption than those companies that have 'Fordist' managerial styles.

The telephone interviews sought to derive information to classify variables using five point Likert scales that would identify managerial style. These included the degree of centralised decision making, the degree of team work and multiskilling incorporated within work design, degrees of participation by the workforce in business decisions and the degree of workplace decision making in work processes. These questions were adapted from the survey design used by the Australian Workplace and Industrial Relations Survey (Morehead et al., 1997).

Conclusion

The business factor model has been constructed as a theoretical tool to try to explain why some companies are likely to adopt productive diversity while others are not. This model contains a series of hypotheses that are informed by globalisation theory, productive diversity theory and results of recent research on productive diversity by Australian organisations. Product market factors, workforce factors, business factors and managerial factors categorise the content of the model. This chapter has discussed the rationale for the development of the model and how this rationale has informed the research strategies employed to identify company characteristics in relation to productive diversity practices. The following chapter goes on to describe the research methodology in greater detail.

Chapter 6
Method and results

Introduction

Chapter 4 discusses the development of diversity management 'types' and chapter 5 explains the construction of the business factor model that will be used as a tool to assist in explaining why companies adopt productive as a managerial process. The diversity management typology and the business factor model provide the conceptual framework that informs the research methodology. This chapter explains the methods used to gather data on companies in order to identify productive diversity practice and to characterise companies according to the business factor model. Specifically, the process of data collection is discussed, the key results are reported and the ways in which the data are analysed is explained.

Research methods

Two main methods were employed to gather data on both diversity management practice and organisational business characteristics. The first of these was the analysis of company annual reports. The second was the development and administration of telephone interviews of human resource managers employed by the companies. The following section discusses the processes undertaken to implement both of these methods.

The research population

The research population is the top 511 public companies as measured by annual turnover and listed by the Australian Stock Exchange (ASE). The list of these companies was obtained through an electronic database (Connect4, 1999/2000) which explains why the total population was 511 rather than 500 as this is the number of companies included within the database. It provides a broad representation of companies across industry sectors and locations. This method was arrived at as an affordable means to achieve cross industry representation after initial attempts were made to develop a random sample from telephone directory listings. Random telephone directory sampling was rejected. It

became immediately apparent that the time in generating a statistically meaningful random sample would be prohibitive in terms of time and resources. A genuinely random sample would also lead to a high non-response rate because random selection would generate a high proportion of very small businesses with few employees. Research regarding human resource management or market research related issues would be immediately irrelevant for such respondents. Furthermore, the research design relied on the analysis of company annual reports, and random sampling would make the task of gathering annual reports of potential respondents a difficult and costly additional task.

As such, using the electronic data base of annual reports held a number of strengths, not least of which was the ease of accessibility and the relatively low cost of downloading the reports. The reports also provided company contact details that greatly facilitated the conduct of the telephone interview process. Most importantly, the selection of the top 511 ensured a representation of a cross-section of company types by industry and by location across Australia. Other methods would have required the narrowing of the selection process by industry or geography in order to reduce the sample size to a manageable number. Narrowing the population through the chosen method was seen as effective as other alternatives considered and had the added advantage of gaining representation from rurally based companies as well as those based in metropolitan regions. This addresses a need in diversity research identified by Da Gama Pinto et al. (2000, p. 46) in which the comment was made that much of the research on diversity management has focused on companies located in urban locations. In addition, given the resources available and the time-consuming nature of the telephone interview method, the population size of 511 was regarded as the maximum number of companies that could be reasonably managed.

The limitation of this method, however, is that some industries were over-represented in the sample due to the high value of the product or service type. Companies in the mining, manufacturing, property and business services and finance and insurance were over-represented within the sample while other industry sectors such as accommodation, culture and recreation and personal and other services were under-represented due to the

relatively lower volume and profit generated by companies within these sectors. As it stands, the results only reveal productive diversity practices for those companies with very high levels of annual turnover. This is a limitation that clearly needs to be recognised in the analysis of results.

A further limitation was that, at the time of commencing the interview process in March 2002, the most recent reports available were those reporting for the 1999-2000 financial year, meaning that considerable change had occurred for some companies since the lodgement of that report. Given that the sampling method required some kind of limiting criteria in order to make the study feasible, as well as the need to conduct the study within reasonable resource constraints, it was considered the population would generate results with the least bias within a specific cross-section of the Australian corporate community.

Annual report analysis

Under the *Australian Corporations Act 2001*, all companies are required to lodge an annual report to the Australian Securities and Investment Commission (ASIC). Reporting requirements include: the company name, principle place of business, details of holding companies, company officers, the issue of shares and options, a list of members and audited financial reports (ASIC, 2003). It was evident from the Connect4 data base that these are regarded as a minimum requirement by many companies and, increasingly, they are being used as a marketing tool for share-holders and public relations purposes (Connect4, 1999/2000). Many companies include a range of information on company policies, initiatives and company news. Almost all of the annual reports include, at minimum, a report from the chairperson and the general manager in addition to the information required by ASIC.

Prior to the development of the structured interview schedule, the company annual reports were examined to identify what information could be consistently gleaned about business characteristics relevant to the business factor model. While all of the annual reports conform to minimum statutory requirements, there was considerable variation in

content. It was found that there were only five business characteristics relevant to the business factor model that could be consistently classified. These characteristics are defined and explained in chapter 5. They are company diversification, value adding, product-service mix, overseas ownership and company growth or decline. After the telephone interviews had been completed, the annual reports of all interview respondents were coded and analysed according to these characteristics. The coding format is included as Appendix 5.

The telephone interviews

The specific purpose of the telephone interview was to gather data that would allow the classification of companies according to the business factor model discussed in chapter 5 and whether or not the companies were diversity management 'adopters' (see chapter 3). This section details the process of designing the interview schedule, pre-testing, administration of interviews and analysis of the telephone interview results.

Given that an aim of the research was to gain a national profile of corporate productive diversity practices, telephone interviews provided the logical and most resource efficient method of gathering the necessary data. This method provided many of the advantages of face-to-face interviewing such as flexibility and the potential to develop rapport with respondents, as well as the added benefit of being able to reach a wider audience at a lower cost. Telephone interviewing was also potentially the most appropriate and feasible method of gathering information from this audience. The target population comprised senior managers working in corporate settings who had very real and pressing time limitations. Mail surveys commonly return very low response rates and conducting face-to-face interviews nationally was financially and logistically impossible.

Interview design

The interview questions were informed by relevant literature and formulated by brainstorming, discussion and pre-testing. The central questions that the design process revolved around were: 'How can the company be located within the business factor model?' and 'How can the company be characterised against the diversity management

typology?' The questions were largely concerned with company attributes, as the purpose of the interview was to locate companies within a pre-conceived framework. As Gilbert (1993, p. 97) advises, questions were designed and reviewed to ensure clarity and avoid the potential problems of questions being ambiguous or leading. The questions were generated and compiled through a series of drafts that were submitted to the research reference group. These were altered according to the comments received and the process of pre-testing.

Many of the interview questions were relatively simple to construct. These involved very basic information about the company and its characteristics. Others involved the use of a series of questions and techniques to gather the necessary data. As much as possible, interview questions were closed questions.   These were used to gather information such as the company's export orientation, where it was possible for the interviewer to tick the box on a range of possible international export destinations. Where respondents were asked to identify the company's position in relation to variables such as degrees of competition, innovation, and employee participation in decision-making, Likert scales were used. Where numerical data was required, such as employee representation according to diversity characteristics, respondents were asked to estimate this in percentage terms.   Questions that sought to identify companies according to organisational management characteristics, such as 'Fordist' or 'post-Fordist', questions were adapted from the Australian Workplace and Industrial Relations Survey (Morehead et al., 2000) to gather data on related characteristics such as multi-skilling and workplace participation in decision making.

The final interview schedule comprised 34 open and closed questions with potential responses pre-coded for ease of recording, data entry and analysis. The interview schedule also included a cover page for recording interview details such as the respondents' contact details, time of interview and a checklist of processes undertaken in the conduct of the interview. This is included as Appendix 2.

Interview pre-testing

As discussed in the introduction, the research advisory group comprised a number of diversity management practitioners and industry representatives (see appendix 1). The members of this group were a qualified audience for pre-testing and provided authoritative guidance on constructing and reviewing the questionnaire. As such, the interview format was drafted and revised in line with advisory group comments on drafts prior to pre-testing. The interview format was then tested with 12 people who occupied marketing or human resource management positions within companies and organisations similar to those that were represented within the research population. These respondents included advisory group members as well as contacts with private companies relevant to the research population. Detailed notes and revisions were made in relation to the flow of questions, the clarity of the questions and the degree to which there was overlap in respondent answers (de Vaus, 1991, p. 101). A major consideration for pre-testing was the time that the interview took to complete, as it was recognised that gaining a reasonable response rate would be very dependent on this. Questions were reduced to the barest minimum in order to maximise response rates. While not ideal, it was possible for the interview to be completed within 15 minutes.

Telephone interview administration

The telephone interviews were conducted from 18 March 2002 and were completed by 27 July 2002. The aim was to gain responses from those organisational members most likely to be knowledgeable about diversity management practice. These were identified as senior organisational managers and, ideally, the senior manager of human resources or a marketing division was the target respondent.

Background information to the study was compiled to provide an overview of the research objectives and details about the researchers and the institutions involved. This background information included a summary of the research aims and objectives, assurances of confidentiality and the written process of gaining formal consent by the respondent to use the data gathered within the bounds of confidentiality requirements. This information is included as appendix 3. Company annual reports of the sample were

downloaded from the Group 4 electronic data base, and each company was classified according to Australian and New Zealand Standard Industrial Classification (ABS, 1993) industry categories. Companies were then contacted in alphabetical order and according to industry categories.

Making contact

Using the contact details provided by the annual reports, the initial step in the process was to systematically phone each company and request the name and contact details of the most appropriate person within the company to respond to the research. Depending on the characteristics of the company, this could be the company secretary, operational manager, senior human resource manager or marketing manager. At this stage of the process, I was dependent on the willingness of the reception staff to provide such details. In many companies, this information was freely forthcoming. In others, reception staff were unable or unwilling to provide any information due to formal or informal company policy not to respond to requests about research. Where there was an explicit refusal to participate, the company was classified as a non-respondent.

Background information was sent to the identified contact either by mail, or email and a phone call was made five business days after the research information had been sent. Contact was easily made in some cases. More often however, it involved a process of leaving messages by phone or email for a number of weeks, before a conversation could be held to explain the research and to arrange a convenient time to conduct a telephone interview.

Very few respondents were able or willing to conduct the interview 'cold', and appointments were arranged at a time convenient to the respondent. In some instances, telephone appointments were arranged up to 12 weeks in advance. Telephone calls were made at the arranged time to conduct the interview, which took, in most instances, 15 to 30 minutes to complete. Interview responses were then entered into an SPSS data file for analysis. The following section goes on to describe characteristics of the respondents.

Interview results

Response rate

One hundred and fifty-six successful interviews were conducted. While the target sample size was 511, 169 companies were excluded from the population because they had either ceased operations, employed fewer than 20 staff located within Australia or had merged with another company within the target sample since they submitted the 1999-2000 annual reports. The sample size was therefore reduced to 342 companies giving a response rate of 41 per cent. This result compares favourably with other related industry research. Nicholas (2000, p. 72) for example, in a mail survey of Australian Chief Executive Officers (CEOs) on diversity management achieved a survey return rate of 25 per cent or 227 companies from a mail out to 919. Similarly, Bertone et al. (1998, p. 19) achieved an 18 per cent response rate, or 320 out of an effective sample size of 1,814, to a postal survey of companies on the use of productive diversity as a managerial method.

Response by industry

There was considerable variation in response across industry sectors. As illustrated by table 6.1, response rates of greater than 80 per cent were achieved in the industry sectors of mining, government administration, accommodation, cafés and restaurants and transport and storage. Response rates greater than 50 per cent were achieved in agriculture, forestry and fishing, manufacturing and the construction industries. Response rates less than 50 per cent were achieved in electricity, gas and water supply, wholesale trade, retail trade, communication services, finance and insurance, property and business services, health and community services, cultural and recreation services and personal and other services. Interestingly, with the exception of the accommodation sector, there was a clear division between service based industries and product based industries, with product based industries being much more responsive to the telephone interviews. It is not possible to conclude why such good response rates were achieved in these industries compared to others but there were marked differences across industries.

Table 6.1 Response rates by industry

Industry	Res-ponse	% res-ponse	Non-res-ponse	% non-res-ponse	Exc-luded	% exc-luded	Total	Total %
Agriculture, Forestry and Fishing	13	8.3	10	5.5	7	4.1	30	5.8
Mining	34	21.8	9	4.8	31	18.4	74	14.5
Manufacturing	30	19.2	26	14	23	13.6	79	15.5
Electricity, Gas and Water Supply	2	1.3	6	3.2	4	2.4	12	2.3
Construction	9	5.8	4	2.1	5	2.9	18	3.5
Wholesale Trade	1	.6	6	3.2	2	1.2	9	1.8
Retail Trade	7	4.5	13	7	5	2.9	25	4.9
Accommodation, Cafes and Restaurants	5	3.2	1	.6	1	.59	7	1.3
Transport and Storage	4	2.6	2	1	8	4.8	14	2.7
Communication Services	8	5.1	11	5.9	9	5.3	28	5.5
Finance and Insurance	13	8.3	24	12.9	44	26	81	15.9
Property and Business	17	10.9	51	27.4	20	11.9	88	17.3
Health and Community Services	4	2.6	6	3.2	4	2.36	14	2.7
Cultural and Recreation	8	5.1	16	8.6	6	3.55	30	5.9
Personal and Other Services	1	.6	1	.6	0	0	2	.4
TOTAL	**156**	**100**	**186**	**100**	**169**	**100**	**511**	**100**

Company size

Table 6.2 below details the characteristics of respondents in terms of company size. Size here is measured by numbers of employees. The largest group of respondents were companies employing between 100 to 500 employees.

Table 6.2 Company response by number of employees

Total Employees	0-100	100-500	501-1000	1001-2,000	2,001-5,000	5,001-10,000	10,001-20,000	20,001+	Total
Number of Companies	26	46	21	25	17	7	2	5	149
Percent of companies	17.3	30.7	14	16.7	11.3	4.7	2	3.3	100

Company location

Almost one quarter (23.7 per cent) of the operational locations of interview respondents were non-metropolitan. Given that the sample population included the companies with the highest turnover listed on the Australian stock exchange, almost all of the companies operated metropolitan based offices. However, in the main, operations were conducted at a non-metropolitan location where the interviewee was based. This was particularly the

case for the mining industry, with 10 out of the 34 respondents being rurally based, and mining operations meant that the human resource management function was carried out at the mining site. Given that an aim of the research was to achieve representation from across industry sectors and from non-metropolitan companies, the results show that the telephone interview method was successful. Table 6.3 demonstrates this representation by industry.

Table 6.3 Respondents by industry and location

Industry	Metropolitan		Non-metropolitan		Total	
	Count	%	Count	%	Count	%
Agriculture, Forestry and Fishing	11	9.2	2	5.4	13	8.4
Mining	24	20.2	10	27	34	21.8
Manufacturing	25	21	5	13.5	30	19.2
Electricity, Gas and Water Supply	2	1.7	0	0	2	1.3
Construction	8	6.7	1	2.7	9	5.8
Wholesale Trade	1	.8	0	0	1	.6
Retail Trade	5	4.2	2	5.4	7	4.5
Accommodation, Cafes and Restaurants	2	1.7	3	8.1	5	3.2
Transport and Storage	4	3.4	0	0	4	2.5
Communication Services	5	4.2	3	8.1	8	5.2
Finance and Insurance	10	8.4	3	8.1	13	8.3
Property and Business Services	13	11	4	10.9	17	10.9
Health and Community Services	2	1.7	2	5.4	4	2.6
Cultural and Recreational Services	6	5	2	5.4	8	5.1
Personal and Other Services	1	.8	0	0	1	.6
Total	**119**	**100**	**38**	**100**	**156**	**100**

Respondent job role

The interview process was also largely successful in gaining responses by the target audience of senior managerial staff. The following table describes the positions held by the respondents, demonstrating that the majority (55.8 per cent) held senior human resource management positions. Those included within the category of 'human resources

officer' were often specialist staff with responsibility for such matters as recruitment, training and development or other areas of specialist policy development. Almost 13 per cent of respondents held such positions. In 7.7 per cent of cases, the general manager or CEO completed the interview, a further 3.8 per cent included chief financial managers and 3.3 per cent of respondents were company secretaries. Only one marketing manager responded. It was more likely that the interview was referred to occupational health and safety (OHS) managers (3.2 per cent) within the company. The category of 'other' included a mix of position titles, which varied according to industry sector and size. Some of these respondents held executive assistant positions, others were specialist training staff and others held titles such as remuneration officer. Only five respondents were employed as specialist diversity management staff.

An even representation of male and female interviewees was also achieved, with 51 per cent of male respondents and 49 per cent being female. The positions held by respondents varied according to gender, with women occupying generally less senior positions than did men. For example, male general managers outnumbered women for example by a ratio of four to one. Interestingly, of the five respondents who formally occupied positions relating to diversity management, the ratio was almost reversed, with four out of the five respondents being female.

Table 6.4 Position title and gender of respondents

Position Title	Male	Female	Total	Per cent
Human Resources Manager	41	46	87	55.8
Human Resources Officer	6	14	20	12.8
Chief Executive Officer/General Manager	10	2	12	7.7
OHS Manager	4	1	5	3.2
Marketing manager	0	1	1	.6
Chief Financial Officer/Finance Manager	5	1	6	3.8
Company Secretary	4	1	5	3.2
Other	9	6	15	9.6
Diversity manager	1	4	5	3.2
Total	**80**	**76**	**156**	**99.9**

Comments on method

The telephone interview process was a very time consuming and difficult method of gathering data. Establishing a time with senior managerial staff to conduct the interview, on occasions, took months. While systems and processes to conduct the interviews were well in place, a large degree of 'luck' also governed the extent to which an interview could be completed.   For example, on one occasion the general manager of a manufacturing company told me: 'Look, I never do these things but you sound like a nice person so go ahead'. Whether or not I was perceived as a 'nice person' depended on many things that were beyond the bounds of good administration, planning, method and delivery.   Other limiting factors became evident through the interview process including 'research fatigue', time pressures on respondents and formal policies developed by organisations not to participate in research in general.

Many potential respondents were extremely suspicious about the intent of the research. Some had concerns about confidentiality, despite clear assurances and the existence of a signed confidentiality contract. A proportion of non-respondents stated very clearly at initial contact that the company has a formal policy of not responding to any research,

and company employees were officially unable to speak to any individual in relation to research activities. Other potential interviewees said that they already had high commitments to research programs with other academic institutions.

One major issue for respondents was that they carried extremely heavy workloads, and the allocation of time for an interview was time that they could ill afford. In some instances, there was mistrust that the interview could actually be completed within the time frame – an opinion formed by experience of interviews or surveys that generally take longer than the researcher claimed. Given that the research was targeting responses from senior managerial staff, the 'busyness factor' was clearly exacerbated by the seniority of the targeted respondents.

These problems varied considerably across industries. A very low response rate was received from industries including retail trade (4.5 per cent) and property and business services (10.8 per cent). In contrast, relatively high response rates were achieved in the mining (21.8 per cent) and manufacturing industries (19.2 per cent). One possible explanation is the location of the companies. Company managers that are based in rural and remote regions, might not be subjected to the same time pressures as those who are located in major capital cities. Another possible explanation for the difference is the degree of competition that characterises the companies. Many mining companies, for example claim to operate in low competition environments. Twelve out of 34 mining companies said that their business competition was 'moderate' to 'very low'. All seven companies from the retail industry said that competition was 'very high' or 'high'. Again, the less intense competitive pressures might contribute to a greater willingness to respond to research requests.

Despite these difficulties, the anticipated advantages were actually achieved. The telephone interviews did achieve the aim of gathering data nationally, and the discussions that were held with interviewees provided information that would not have been obtained had other methods been used. The responses also included the intended representation of non-urban based companies and senior managerial staff. A further advantage was the

honesty in responses. While it is not possible to measure this, the telephone interview format provided a 'safe' forum for discussion, there was no perceived need by the interviewee to impress in any way and there appeared to be considerable frankness in the answers given.

Data analysis

As noted earlier, data from the telephone interviews were recorded on the interview schedule (see appendix 2). The coding was designed to classify respondent companies in productive diversity types and according to the characteristics of the business factor model. The analysis of annual reports for business characteristics was coded similarly. As explained in chapter 4, the characteristics that were assessed from the annual reports included the business characteristics of company diversification, value adding, the product-service mix, overseas ownership and company growth or decline. The characteristics identified and coded were entered into an SPSS data file along with the interview data.

Classifying productive diversity types

Each respondent's schedule was reviewed and classified according to the productive diversity criteria developed in chapter 3. This included identifying whether or not a series of practices were in place. These practices included the existence of policy, the allocation of resources for productive diversity, definitions of diversity and the implementation of strategies to implement productive diversity. This information was assessed in relation to other company characteristics, such as company size and type and in light of 'other comments' or remarks that were recorded in the process of the interview. The form used to record this classification process is included as appendix 4 and each respondent was classified as one of the four organisational types of 'integrated', 'progressive', 'minimalist' and 'uninterested'. As explained in chapter 4, the development of 'types' was considered the most appropriate way to classify the available data in order to distinguish between 'adopters' and 'non-adopters'. The framework applied is represented in table 6.5.

Table 6.5 Productive diversity types

	Integration	Progressive	Minimalist	Uninterested
Policy framework	Diversity policy communicated across the organisation.	Diversity is on the agenda – policy being implemented or policy under development.	Policy – but only communicated if required legally or in a 'pro-forma' manner.	No policy and no intention of development.
Concept of diversity	Organisation strongly states in both external and internal forums that diversity is valued. Diversity is broadly defined and issues relating to relevant diversity characteristics (race, ethnicity etc) are explicitly addressed. Productive diversity is customised for organisational context.	The organisation's mission, charter, website and/or diversity policy states that diversity is valued either explicity or implicitly.	Diversity defined broadly but policy and any activities focus on meeting legislative requirements.	Diversity is considered irrelevant.
Equal Employment Opportunity	Integrated approach with diversity management built on or related to Equal Employment initiatives.	Diversity policy may include only Equal Employment Opportunity policies but there is evidence of reflection and plans for further development (eg. there is some expressed link between diversity and EEO)	Complies with applicable anti-discrimination legislation.	Absence of Equal Employment Opportunity policy and possibly expressed resistance to legal compliance.
Strategic Planning	Diversity underpins strategic planning both implicitly and explicitly (eg. diversity issues addressed in Key Performance Indicators, marketing plan, training and development program, internal climate interview etc).	Diversity is picked up in one or more aspects of strategic planning (eg. one or more diversity related KPIs, included in professional development program).	Only included in strategic planning where required by legislation.	Diversity is not considered relevant to any aspect of business management.
Productive diversity resources	Resources allocated to diversity related initiatives as part of forward planning.	May or may not have resources allocated but are currently planning to seek or allocate resources	Some resources allocated but there are no plans for expansion or development.	No resources allocated to diversity.
Diversity Personnel	At least one person responsible for the planning and implementation of diversity policy and strategy.	One person has some responsibility/interest in diversity and there are plans or expressed desire to increase this commitment.	Tasks allocated to personnel when seen as necessary to ensure legal compliance.	No staff allocation and expressed resistance to doing this.
Innovation	Have designed and implemented several innovative and customised strategies to address diversity issues.	Have at least one key focus area where innovative responses are planned or in place.	No innovative strategies either planned or in place beyond legal compliance.	No plans and no intention of implementation diversity related initiatives.

Results of survey sample in terms of productive diversity 'adoption'

The following table details the results according to the classification of respondents according to the productive diversity typology.

Table 6.6 Results according to productive diversity classifications

ADOPTERS		NON-ADOPTERS	
55 Companies (35 per cent)		**101 Companies (65 per cent)**	
Integrated	**Progressive**	**Minimalist**	**Uninterested**
9 Companies	47 Companies	68 Companies	32 Companies
5.8 per cent	30.1 per cent	43.6 per cent	20.5 per cent

As anticipated, relatively few companies were identified as full 'adopters' of productive diversity, with only nine (5.8 per cent) classified in this category. The classification process for this category was very clear. 'Integrated' respondents articulated a clear commitment to productive diversity, both in principle and in practice, and had an integrated planning and strategic framework in place supported by resources, innovation and evaluation. A larger group of 32 companies (20.5 per cent) fell into the category of 'uninterested'. Again, this category was relatively simple to classify. Respondents clearly indicated that diversity was 'not relevant', that the company was concerned only with 'getting the job done' and, in some instances, were vehement in the view that productive diversity is discriminatory and represents an attack on the merit principle.

Forty-seven (30.1 per cent) of companies were classified as 'progressive'. For those that fell into this category, it was apparent that there was basic compliance with equal employment opportunity (EEO) principles and equal opportunity for women (EOW) legislation coupled with a clear expression that the company is moving towards further adoption of productive diversity practices. In some instances, a term such as 'multiculturalism' or 'community engagement' was used in preference to the term 'diversity'. The largest group of companies (43.6 per cent) were classified as 'minimalist' non-adopters of productive diversity, with 68 companies falling into this category. Clear examples of such companies were those that implemented only those strategies or processes that placed them in compliance with EEO and EOW legislation. While the combination and emphasis of their practices would vary, these would commonly include some form of related policy about equal employment opportunity, responsibility for related matters placed as part of someone's job, usually within the human resources area, and strategies being in place that were largely reactive nature such as a commitment to 'explicitly tackling discrimination' and 'general workplace training that includes diversity issues'. Commonly, a 'minimalist' respondent would affirm the principle of EEO as guiding recruitment and employment practices with comments such as 'we don't care where people come from, they just have to be able to do the job'.

There was a considerable 'grey' area between those companies that were seen to be 'adopters' and 'non-adopters'. In the final analysis, each case was assessed against the two questions: 'Does the company address barriers to the full participation of diverse people?'; and, 'Does the company seek to understand and utilise the skills and talents of a diverse work and marketplace?' For example, one communications company met the criteria of the 'minimalist' category having a clear equal employment opportunity orientation to human resource management practices. In addition, however, the company was actively recruiting skilled employees from overseas, recognising over-seas work experience and qualifications and actively recruiting employees from diverse backgrounds. On this basis, the company might be seen to be 'progressive' in relation to productive diversity. Their overseas recruitment effort, however, was driven by the need for skilled communications engineers and was not accompanied by strategies to manage cross-cultural communication nor to draw on skills and talents that could be derived from the international experience of their recruits. There was no intention of meeting the two criteria of addressing barriers or promoting and valuing diversity. Therefore, the company was classified as 'minimalist'.

The results of the productive diversity classifications are supported to some degree by the results of other research. While it is difficult to make direct comparisons with others, due to significant differences in research objectives and design, some evidence can be compared. For example, Bertone et al. (1998) found that, from a sample of 303 companies, 50 per cent had no policy on diversity and a further 21 per cent included diversity only within an EEO policy framework. Only one-quarter of the sample indicated that a diversity policy, either informal or formal, was in place. While my results locate roughly one-third of the sample as 'adopters' there are some 'ball-park' similarities within the results. Similarly, Nicholas (2000, p. 6) found that 23 per cent of a sample of 227 company CEO's ranked diversity management as of low importance or of no importance. My results identify 20.5 per cent as non-adopters. These two Australian studies provide some support for the reliability of my results.

Results according to the business factor model

A primary aim of the telephone interviews was to locate individual companies according to the business factor model and the results are described in table 6.7.

Table 6.7 Interview results in relation to the business factor model

Business Factor			Business Factor		
Product market factors	**Count**	**%**	**Product market factors**	**Count**	**%**
Diverse	116	74.4	Standardised	36	23.1
High value added	102	65.4	Mod/low value added	50	32.9
High Competition	124	79.5	Mod/low competition	27	17.3
Product/Service orientation	113	72.4	Product based	39	25
Workforce factors			**Workforce factors**		
Multicultural	42	26.9	Homogenous	74	47.4
High Education levels	43	27.6	Low Education Levels	97	62.2
High employee mobility	68	43.6	Low employee mobility	81	52
Business factors			**Business factors**		
Large (>100 employees)	124	79.5	Small (<100 employees)	26	16.7
Overseas ownership or operation	82	52.5	Local ownership or operation	71	45.5
Export Orientation	108	69.2	No Export	48	30.8
Stand Alone	32	20.5	Controlled by head office	124	79.5
Innovative	110	70.5	Low innovation	45	28.8
Managerial factors			**Managerial factors**		
Team based	115	25.2	Hierarchical	41	26.3
Participative	41	26.3	Authoritarian	113	72.4
Decentralised control	102	65.4	Central control	53	34

The results demonstrate that companies are represented within all of the identified business factors. 'Degrees of competition' is perhaps the one exception, with only 17.3 per cent of companies identifying that competition was moderate, low or very low compared with 79.5 per cent saying that competition was high or very high. Variation also exists across the business factors for the numbers of missing cases. The most missing cases appear for the percentage of non-managerial employees from non-English speaking backgrounds (NESB). This occurred due to respondents' unwillingness or inability to estimate the percentage of NESB employees. Similarly, 10 per cent of cases are missing in relation to 'education levels' for the same reason. Nevertheless, the interview data provides sufficient evidence by which companies can be classified according to the business factor model.

Conclusions

This chapter has explained the rationale and methodology used to gather data on productive diversity practice and business characteristics in relation to the business factor model. I have discussed the rationale for, and process of, conducting telephone interviews with the top 511 Australian companies listed on the Australian Stock Exchange and measured by annual turnover. I have also discussed how and why the companies' annual reports have been analysed to classify companies according to a series of business characteristics. I have discussed the advantages and disadvantages of the chosen methods, which revealed a number of anticipated and unanticipated strengths and weaknesses. I have detailed the results of the telephone survey and discussed the characteristics of the respondents in relation to the aims of the study. Overall, these results were successful in achieving 156 interviews or a response rate of 41 per cent with representation across a range of industries and company types.

I have discussed and classified companies according to the productive diversity typology developed and explained in chapter 3 and according to the business factor model that is explained in chapter 4. The results of both of these classification processes were represented in tables 6.6 and 6.7. These results provide the basis for the data analysis that will be explained and discussed in the next chapter. The results of this evidence will be used further to explore the central problem of explaining why some companies adopt productive diversity as a business practice while others do not.

Chapter 7
Testing the business factor model

Introduction

Developing an explanation of why productive diversity is taken up by some companies, and not by others is the central purpose of this research. Devised by Bertone (2000a) the business factor model is a hypothetical framework for explaining what these reasons might be. It is based on a series of observed and theorised variables comprising fifteen business factors or characteristics that can be grouped under the broader headings of 'product market', 'workforce', 'business' and 'managerial'. To test the hypothesis, the characteristics of 156 Australian ASX 500 companies have been classified using data gathered through telephone interviews and an analysis of company annual reports.

Productive diversity practices have also been identified and classified according to a set of company 'types'. These were developed specifically to provide some benchmarks for what can be regarded legitimately as productive diversity 'adoption' or 'non-adoption'. The rationale for the typology was explained in chapter 4 and the results of the company classification process were reported in chapter 6. This classification process was necessary in order to identify whether or not any significant relationships could be identified between the business factors and the adoption of productive diversity.

In fact, no relationships of significance were found between the business factors and productive diversity adoption. This conclusion was reached after calculating measures of association and difference between each business characteristic and the productive diversity types. Pearson correlation values and Pearson chi-square values were used to test for relationships between the independent variables (the business factors) and the dependent variables of productive diversity types. For the sake of clarity, the productive diversity types have been grouped into the two categories of 'adopters' and 'non-adopters'; as this is the main concern of this research. The model has been further analysed using the four productive diversity types as the dependent variable. However,

this makes little difference to the results. Further detail of the analysis is provided in appendix 6 as detailed additional support for the conclusions.

Testing the business factor model

This section describes how the various components of the business factor model have been analysed according to their relationship to productive diversity types. This analysis was undertaken by looking at Pearson correlation and chi-square statistics between the various business factors and productive diversity types to identify relationships of significance. First, the business factors contained within the business factor model are presented again as table 7.1 to clarify the context of this analysis. I then discuss the analysis in order of the groupings of 'product market', 'workforce', 'business' and 'managerial' factors.

Table 7.1 The business factors

External factors increasing the likelihood of productive diversity	External factors reducing the likelihood of productive diversity policies
Product Market	**Product market**
• Diverse	• Standardised
• High value	• Low value added
• High levels of competition	• Low levels of competition
• Significant service component	• Primarily product based
Workforce	**Workforce**
• Multicultural	• Homogenous or understood as such
• High level of skill/education	• Low level of skill
• Mobile	• Easily replaceable
Business	**Business**
• Large (>100 employees)	• Small to medium (<100 employees)
• Overseas owned or Australian multinational	• Locally owned
• Strong export orientation	• Low export orientation
• Stand alone	• Controlled by head office
• Innovative	• lacking in innovation
Managerial	**Managerial**
Post-Fordist:	Fordist
• Team-based	• Hierarchical
• Participative	• Authoritarian
• Decentralised control	• Centralised control

Product market factors

Four factors were grouped within the category of 'product market'. These factors are: 1) company diversification, 2) value adding, 3) competition, and 4) product or service orientation. The ways in which these factors have been defined was explained in chapter 5. In summary, company diversification refers to the sales of products and/or services in more than one industry type. Value adding refers to the degree of product or service

complexity and processing undertaken to change and increase the price of raw products or services. Degrees of competition were assessed using a five point Likert scale through the telephone interviews, in which interviewees were asked to rate the degree of competition facing their business on scale ranging from 'very high' to 'very low'. Product or service orientation was assessed according to statements made within the company annual report as to what constitutes the primary nature of the business. A service was defined as a system or arrangement that performs work for customers or supplies public needs. A product was defined as something produced either by a natural process, agriculture or manufacturing. A product/service mix was identified where there was a clear blend of both products and services comprising the companies' business. Within the business factor model, companies that are identified as high on each of these items are hypothesised as being more likely to adopt productive diversity as a management strategy.

As a starting point, table 7.2 presents Pearson correlations and chi-square statistics for productive diversity adoption and the 'product market' factors included within the business factor model. These show no relationships of significance. The following section goes on to discuss each of the independent variables in turn and graphically represents their association (or lack of) with productive diversity types.

Table 7.2 Correlations between productive diversity adoption and 'product market' factors

| | Product market factors | | | |
	Product diversity	Value adding	Levels of competition	Service or product orientation
Pearson correlation	-.064	-.015	.019	.089
Sig. (2-tailed)	.437	.853	.818	.274
Pearson chi-square	.614	.188	3.888*	1.311
Asym. Sig. (2-sided)	.433	.910	.421	.519
N	152	152	151	152

* Some cells have lower than expected counts. Treat with caution.
** Pearson correlation is significant at the 0.01 level (2-tailed).

Products: diverse or standardised

Product diversity is the first factor identified within the business factor model. As reported in chapter 6, 116 companies in the population were identified as producing diverse products or services across two or more industries. Thirty-six companies were identified as 'standardised' with company products and/or services confined to one industry type. Chart 7.1 illustrates the distribution of diverse and standardised companies across the productive diversity adoption types.

Chart 7.1 Productive diversity types by product diversity
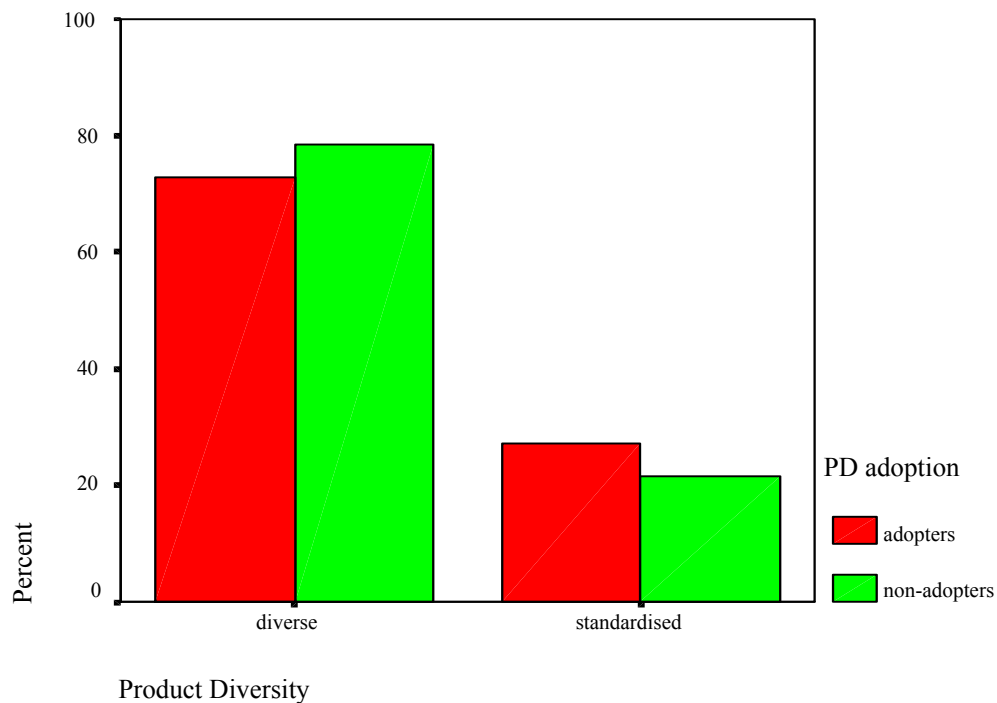
As chart 7.1 shows, companies that produce diverse products and services are almost as equally likely to be 'adopters' as those that produce standardised products and services. As reported above, the Pearson correlation coefficient is -0.064 and the chi-square value is 0.614, meaning that there is virtually no relationship at all between the variables.

Value adding and productive diversity adoption

'Value adding' is the second factor listed within the business factor model. As explained in chapter 5, this factor was defined according to three levels of product or service complexity, namely high value adding, some value adding and low value-adding. Chart 7.2 is presented below to show that companies classified at all three levels of 'value adding' are spread almost evenly across adopters and non-adopters. Table 7.2 also shows that the Pearson correlation co-efficient between the independent variable 'value adding' and the dependent variable 'productive diversity type' is −0.015 and the chi-square value is 0.188, indicating an extremely weak and slightly negative relationship. As such, there appears to be no relationship between the two variables and 'value-adding' is not a business factor that impacts on company practice in relation to productive diversity adoption.

Chart 7.2 Productive diversity types by value adding
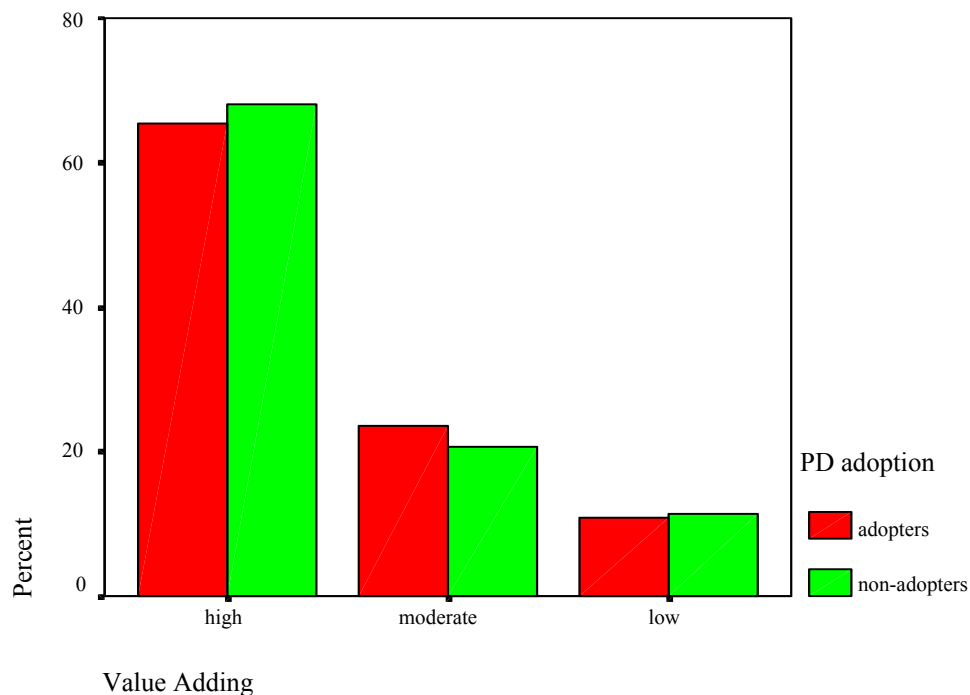
Levels of competition

The third factor listed in the business factor model is 'levels of competition'. It was theorised that a high level of business competition would be positively related to productive diversity adoption due to the greater need to attain the 'competitive edge'. Degrees of competition were measured using a five-point Likert scale. Respondents were asked to assess competition from 'very high' to 'very low'. One-hundred-and-twenty-four respondents reported that competition was 'very high' or 'high'. Twenty-seven respondents said that competition was 'moderate', 'low' or 'very low'. Chart 7.3 shows the distribution of 'levels of competition' in relation to productive diversity types. Again, levels of competition appear not to be associated with productive diversity adoption. Also, the Pearson correlation co-efficient value between the two variables is 0.019, and the chi-squared value is 3.888, indicating almost no relationship at all between the two variables. This means that, according to my data, a company operating in a highly competitive business environment is just as likely as a company operating in a low competition business environment to be an adopter or non-adopter of productive diversity.

Chart 7.3 Productive diversity types and levels of competition
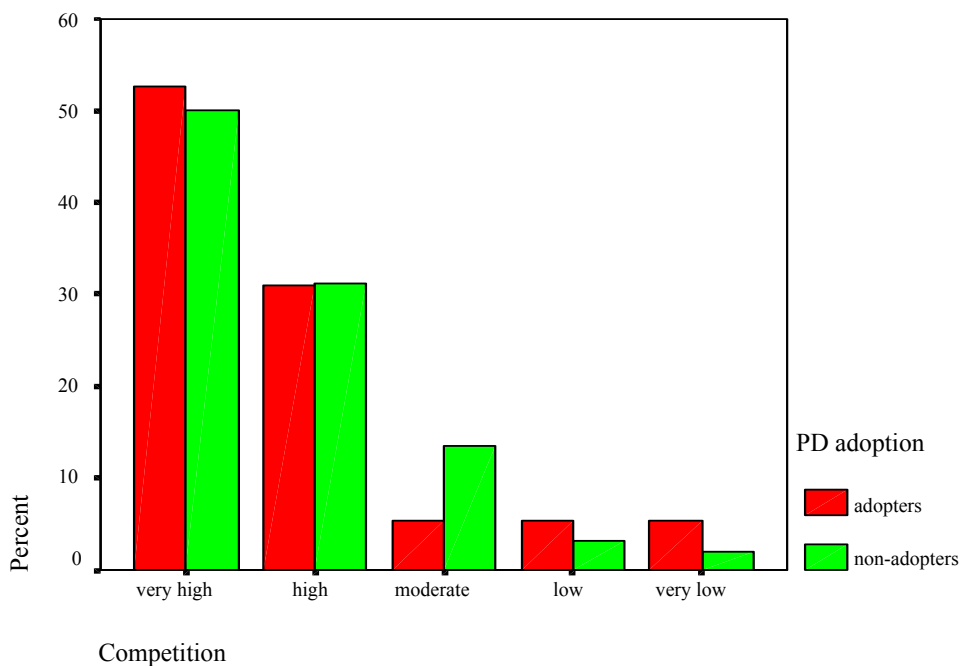
Product based or service based orientation

The fourth factor identified within the business factor model is the product or service orientation of a company. The model hypothesises that those companies engaged in providing services are more likely to adopt productive diversity than those engaged in the sale of products. One hundred and thirteen companies were identified as being engaged in the provision of services or had a significant service component to their business operations. Thirty-nine were identified as primarily product based. Chart 7.4 shows the distribution of companies to the variables of 'product or service orientation' and productive diversity types. Again, it appears to make very little difference whether or not companies are product or service based in their orientation. The Pearson correlation coefficient also is 0.089 and the chi-square value is 1.311 indicating no relationship of significance between the two variables.

Chart 7.4 Productive diversity types by product/service orientation
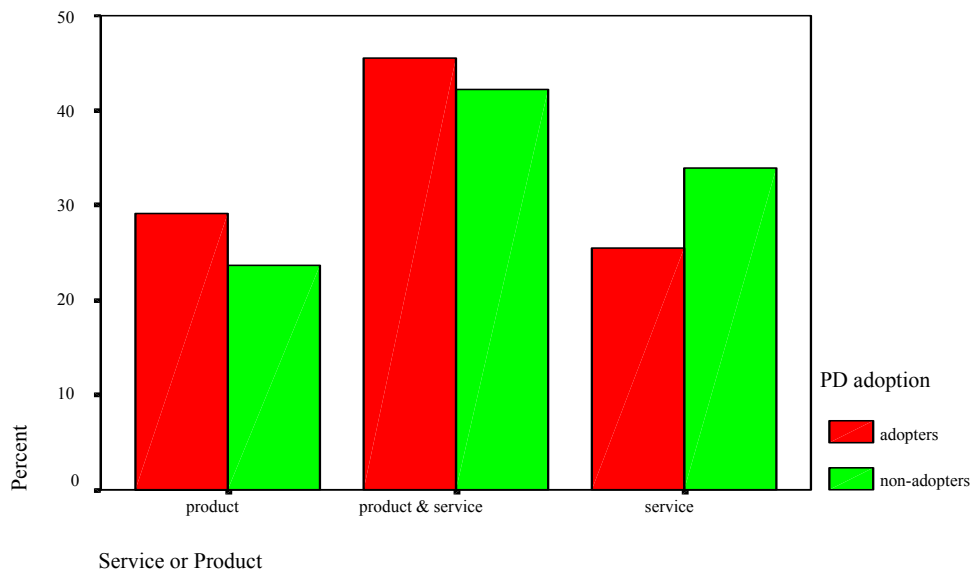
Overall, none of the factors identified within the product factors demonstrate any relationships of significance at all with productive diversity adoption. The next section similarly describes the outcomes of the analysis of the 'workforce' factors contained within the model.

Workforce factors and productive diversity adoption

Three workforce factors are hypothesised as having a relationship with the adoption of productive diversity. These factors are 1) the proportion of employees from multicultural backgrounds, 2) levels of education among employees and 3) employee mobility. The 'multicultural' factor was identified through respondent estimations of the percentage of employees who are from non-English speaking backgrounds (NESB). The interview results showed that the mean percentage of non-managerial NESB employees was 21 per cent for the study population. For the purpose of this analysis, high multicultural levels were identified as workplaces with more than 20 percent NESB employees. Twenty-seven per cent of the population fell within this category. Forty – seven percent were identified as estimating that they had fewer than 20 per cent NESB employees.

Levels of employee education were similarly identified by respondent estimations of the percentage of employees with higher education qualifications (degree, post-graduate degrees), and these were ranked at 20 per cent intervals. Employee mobility was classified on the basis of 'employee retention'. This was based on a question about employee retention that used a five-point Likert scale to record degrees of difficulty in retaining employees.

Correlations between workforce factors and productive diversity adoption

To identify potential correlations of significance between 'workforce factors' and productive diversity adoption, table 7.3 is provided. It demonstrates, again, that there are no identifiable relationships between the three workforce factors and productive diversity adoption. The Pearson correlation co-efficient values are far from close to 1 or –1.

Table 7.3 Productive diversity adoption and workforce factors

		Workforce factors	
	Levels of multicultural employees	University Education	Employee retention
Pearson Correlation	-.066	-.082	-.108
Sig. (2-tailed)	.484	.333	.182
Pearson chi-square	.499	1.188*	6.503*
Aymp sig. (2-sided)	.480	.880	.090
N	116	140	155

* Some cells have lower than expected counts. Treat with caution.
** Pearson correlation is significant at the 0.05 level (2-tailed).

Multicultural workforce

As discussed, the rationale for the inclusion of 'multicultural workforce' was that the presence of a high number of employees from multicultural backgrounds would be likely to drive a strategic response by employers in relation to minimising the risks arising from cross-cultural conflict and to draw upon the various skills and talents of employees creatively. My data suggests that this is not the case and that a company with a high proportion of multicultural employees is as likely to adopt productive diversity as those who do not. Chart 7.5 shows these results, which are further supported by the Pearson correlation co-efficient value of -.066 and the Pearson chi-square value of 0.499.

Chart 7.5 Productive diversity types by multicultural workforce
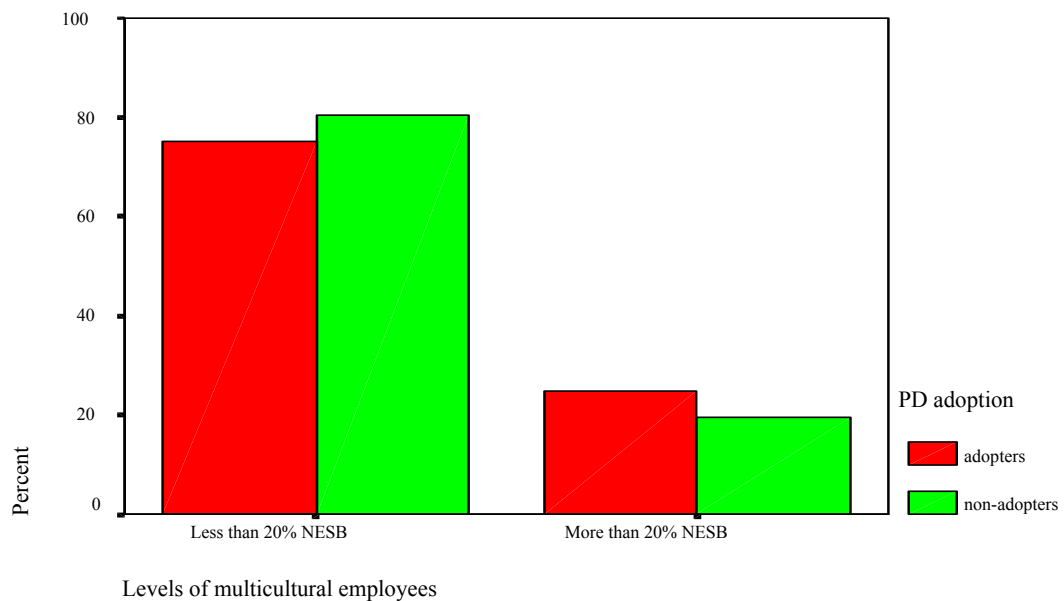
High levels of skill/education

The business factor model includes skill and education levels of employees as a factor that is likely to be related to productive diversity adoption. The rationale is that the higher the levels of skill and education, the more likely it is that companies will adopt productive diversity as a means of enhancing employee retention and creative capacity. Levels of education were identified by respondent estimates of the proportion of employees with higher education. Again, the data shows no relationship. In correlating levels of education with productive diversity types, the Pearson correlation coefficient shows a value of -0.082 and the Pearson chi-square value of .333. While this is a stronger relationship than revealed by other independent variables, it is still a very weak, negative and insignificant result. Chart 7.6 shows the absence of any meaningful relationship between productive diversity type and levels of higher education.

Chart 7.6 Productive diversity type by higher education
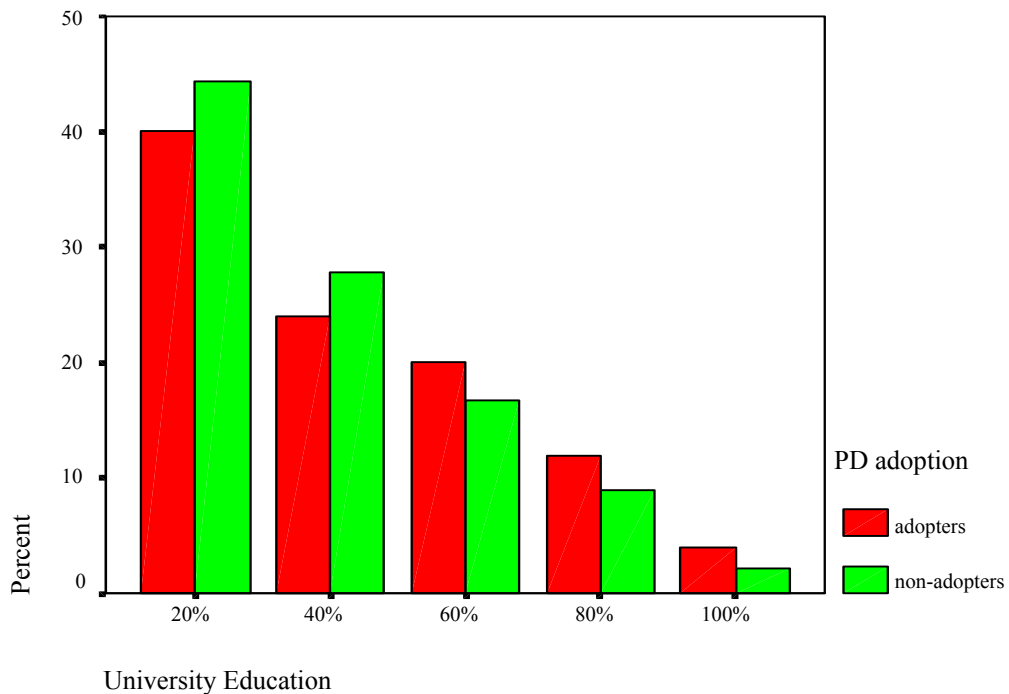
Employee mobility

Employee mobility was classified according to respondent assessments of employee retention. Those companies that identified difficulties with employee retention were classified as having 'high' employee mobility. The business factor model includes this factor as one that is potentially related to productive diversity adoption. If companies are to attract and retain employees, particularly in a climate in which they need to compete for skills internationally, there would likely be a greater incentive to implement productive diversity strategies. Again, my data did not demonstrate any such relationship. The Pearson correlation co-efficient is -0.108 and the Pearson chi-square value is 6.503, which, as chart 7.7 illustrates, suggests a weak relationship in the opposite direction.

Chart 7.7 Productive diversity type by employee retention
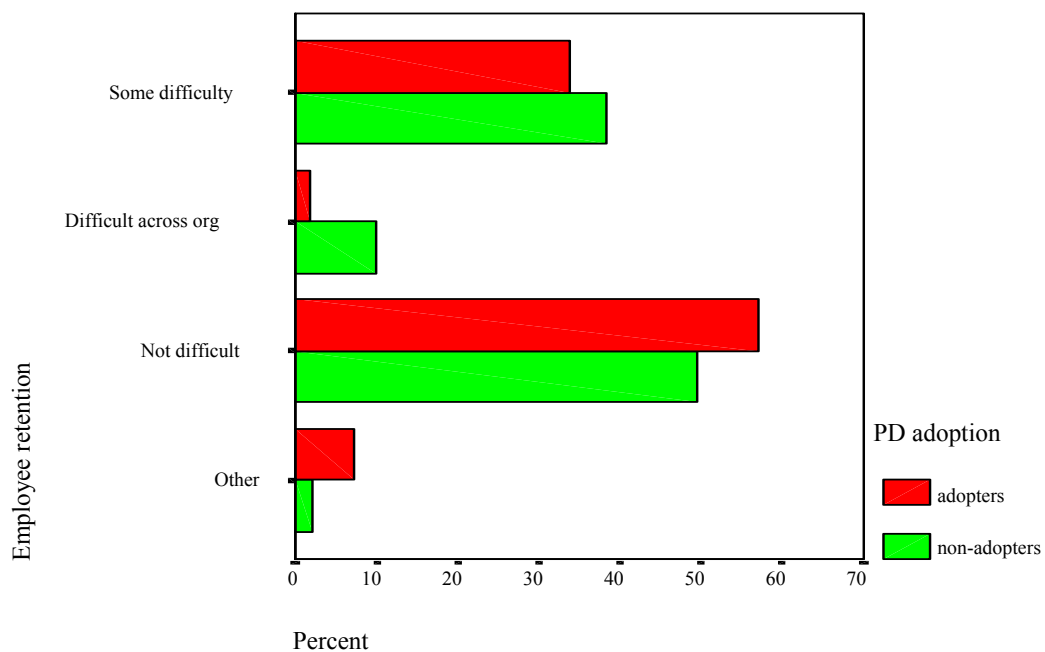
Overall, the analysis of 'workforce factors' revealed no substantive relationships with productive diversity adoption. The following section describes and analyses the next group of variables contained within the business factor model, called 'business' factors.

Business factors and productive diversity adoption

Six business factors were included within the business factor model as potentially having a positive relationship with productive diversity adoption. These factors are 1) company size, 2) overseas operations or ownership, 3) exporting activities, 4) decentralised control, 5) growth and 6) degrees of innovation.

'Company size' was defined by total numbers of employees. 'Overseas operations or ownership' was identified through the analysis of company annual reports and classified according to statements of overseas operations and ownership. Exporting orientation was identified from evidence given in the telephone interviews, in which respondents indicated whether or not products or services were sold internationally. 'Decentralised control' was based on telephone interview responses to questions about the degrees of central control. Innovation was identified on the basis interview questions about company innovation in relation to products, services and processes. Table 7.4 describes the results of the statistical tests between these business factors and productive diversity types.

Table 7.4 Correlations between productive diversity types and 'business factors'

	Total Employees	Overseas ownership	Export Orientation	Central decision making	Innovation
Pearson Correlation	.056	.042	.094	.076	.018
Sig. (2-tailed)	.500	.610	.245	.345	.824
Pearson chi-square	124.465*	.265	1.365	2.190*	8.162*
Aysmp. Sig. (2 sided)	.396	.607	.243	.701	.086
N	150	153	156	156	155

*Some cells have lower than expected counts. Treat with caution.

Business size

The business factor model hypothesises that there is a relationship between business size and productive diversity adoption. The rationale was the assumption that the larger the company, the greater the strategic capacity for human resource management and marketing initiatives. It was also assumed that the larger the company, the greater the

need to maintain competitive edge in global, rather than local, markets. Again, the data suggests that this is not the case. Smaller companies are almost as likely to adopt productive diversity as are larger ones. This Pearson correlation coefficient of 0.056, the Pearson chi-square value of 3.746, and chart 7.8 shows this.

Chart 7.8 Productive diversity types by company size (total employee numbers)
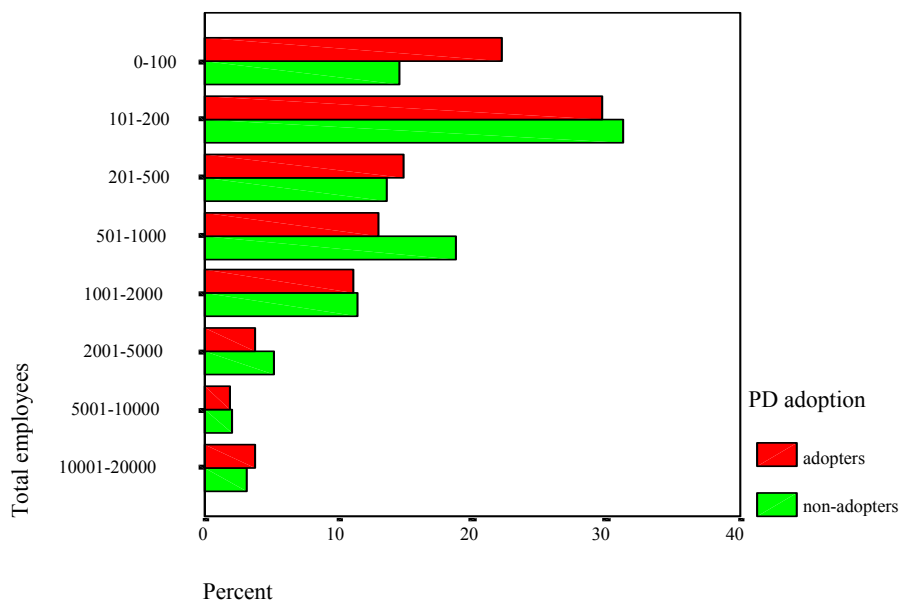
Overseas owned

Overseas ownership or operation was hypothesised within the business factor model as being related to productive diversity adoption. It was assumed that overseas operations would create the need for sensitivity to cross-cultural differences, creating the need to maximise market share and promote harmonious workplace relations, because the potential for conflict and misunderstanding would be high. Again, no relationship could be found as demonstrated by chart 7.9 and by a Pearson correlation co-efficient of 0.042 and a Pearson chi-square value of .265.

Chart 7.9 Productive diversity type by overseas ownership

Overseas ownership
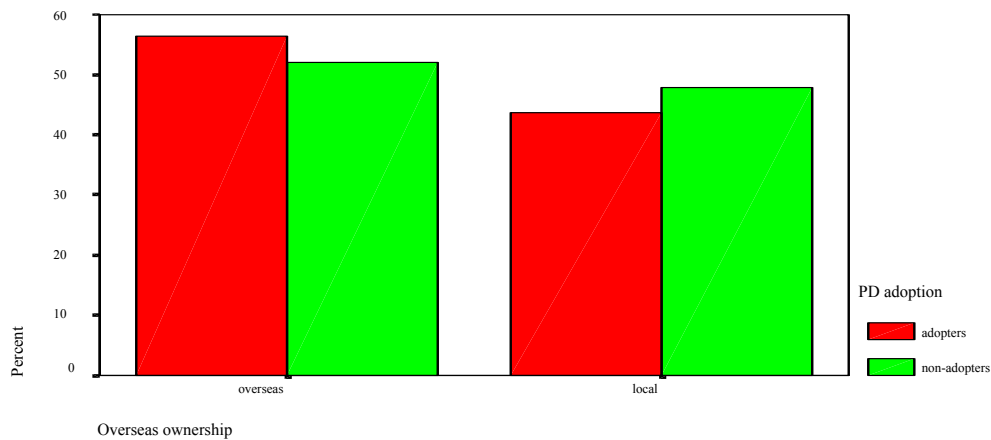
Export Orientation

Export orientation was also proposed as being related to productive diversity adoption. The need to communicate with international customers and to operate in cross-border environments would provide the incentive for a productive diversity approach. This assumption was also a clear component of the original productive diversity policy rationale that sought to increase the success of Australian businesses in export markets. The data does not support this relationship as demonstrated by chart 7.10, the Pearson correlation co-efficient value of 0.029 and the Pearson chi-square value of 1.365.

Chart 7.10 Productive diversity types by export orientation

Export Orientation
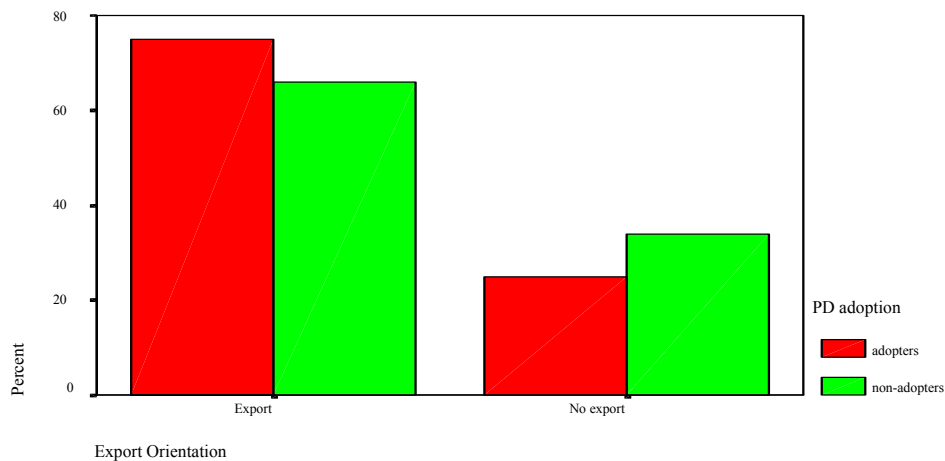
Stand Alone

The need for devolved decision making is an important part of productive diversity theory. In order to liberate the creative capacity of diverse employees, the type of

'cultural cloning' that is dominant in other forms of management fails by imposing cultural constraints on diverse people and groups. Devolution of decision making was one factor that was included within the business factor model. It was identified through the telephone interviews as the obverse of 'central decision making'. Correlations between this factor and productive diversity types show no relationship of significance to each other, as illustrated in Chart 7.11.

Chart 7.11 Productive diversity types by central decision-making
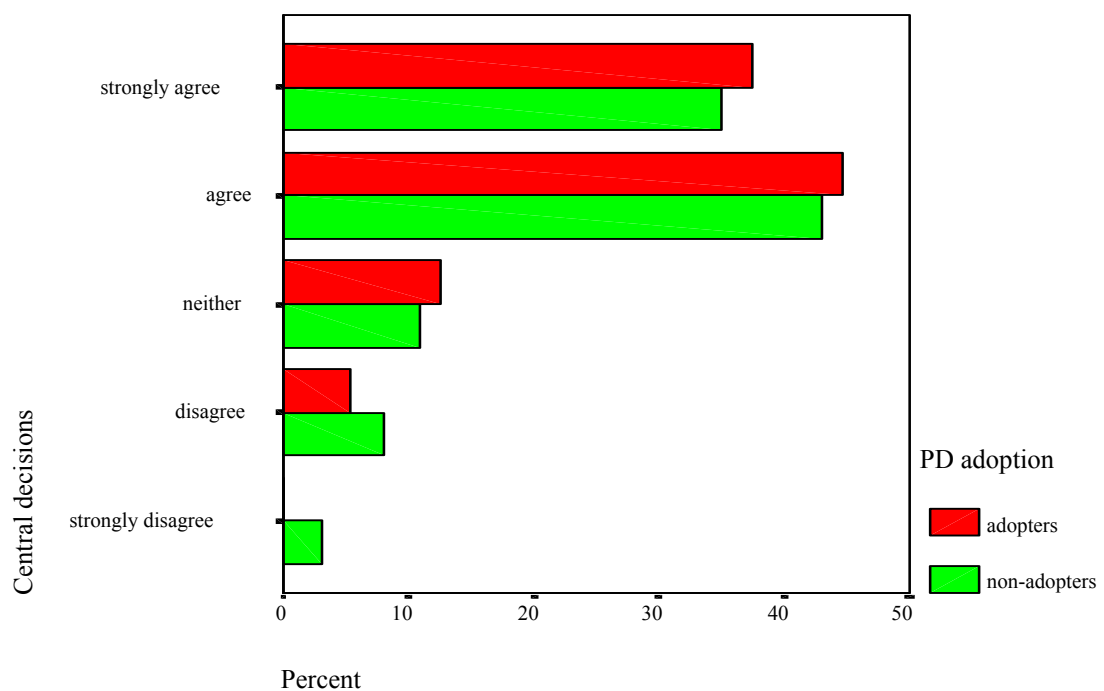
Innovation

Innovation is a factor identified in the business factor model as potentially related to productive diversity adoption. The business factor model assumes that a company that is innovative in other aspects of organisational management will also be more likely to identify and respond to changing patterns of workforce and market composition. Again, this relationship is not borne out by the data. The Pearson correlation co-efficient value is 0.018, the Pearson chi-squared value is 8.162 and chart 7.12 illustrates that companies

that are similar in relation to the 'innovation' variable are not spread in coherent proportions between the productive diversity types.

Chart 7.12 Productive diversity type by innovation
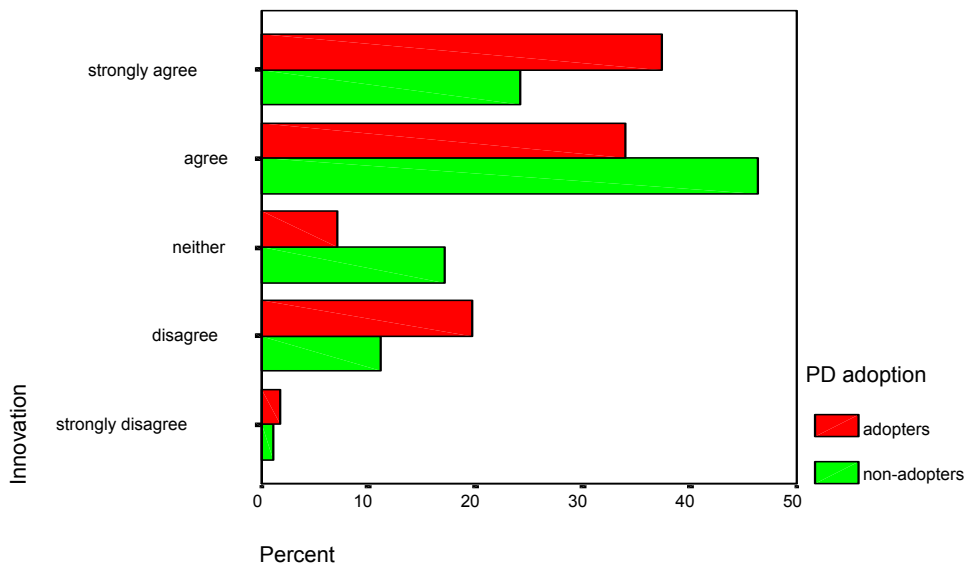
Overall, none of the 'business' factors within the model could be identified as being related to productive diversity adoption.

Managerial factors

The business factor model included three factors that were grouped under the heading of 'managerial' factors. These included the hypotheses that post-Fordist managerial practices are positively related productive diversity adoption. As discussed in chapter 5, three characteristics were identified in order to identify 'post-Fordism'. These are: 1) team-based and multiskilled work organisation, 2) workforce participation in business decision making and 3) workforce participation in work processes. The results are based on indicators that relate to how work is organised and the level of workplace participation in decision making. These three characteristics were recorded via the telephone interviews using five-point Likert scales ranked from 'strongly agree' to 'strongly disagree'. As reported in chapter 6, 115 (25.2 per cent) respondents said that their companies were team-based and multiskilled, 41 (26.3 per cent) said that their workforce

participates in business decisions and 102 (65.4 per cent) said that the workforce participates in work process decisions. Table 7.5 presents the Pearson correlation co-efficient and chi-square values. Charts 7.13, 7.14 and 7.15 are also provided to illustrate the lack of relationships. Again, no coherent relationships of significance can be identified between these three measures of post-Fordist work management approaches and productive diversity adoption.

Table 7.5 Productive diversity types and managerial factors

	Flexibility	Business Decisions	Work Processes
Pearson Correlation	.073	-.073	.081
Sig. (2-tailed)	.367	.367	.315
Pearson chi-square	1.221*	8.868*	3.901*
Asymp. Sig. (2-sided)	.875	.064	.564
N	156	154	156

*Some cells have lower than expected counts. Treat with caution.
** Pearson correlation is significant at the 0.05 level (2-tailed).

Chart 7.13 Productive diversity types and flexibility
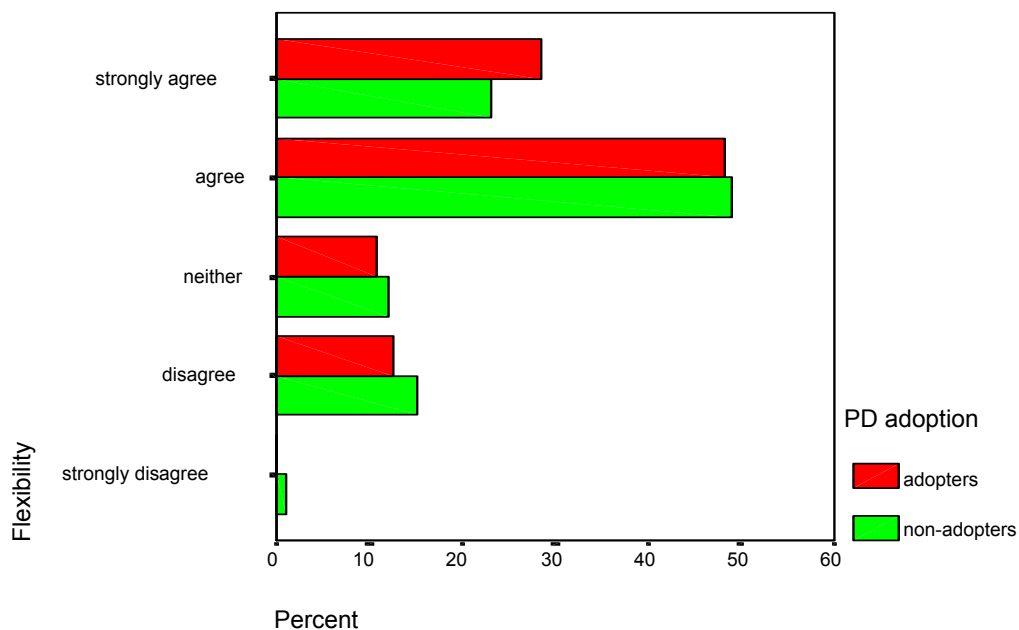
Chart 7.14 Productive diversity types and business decisions
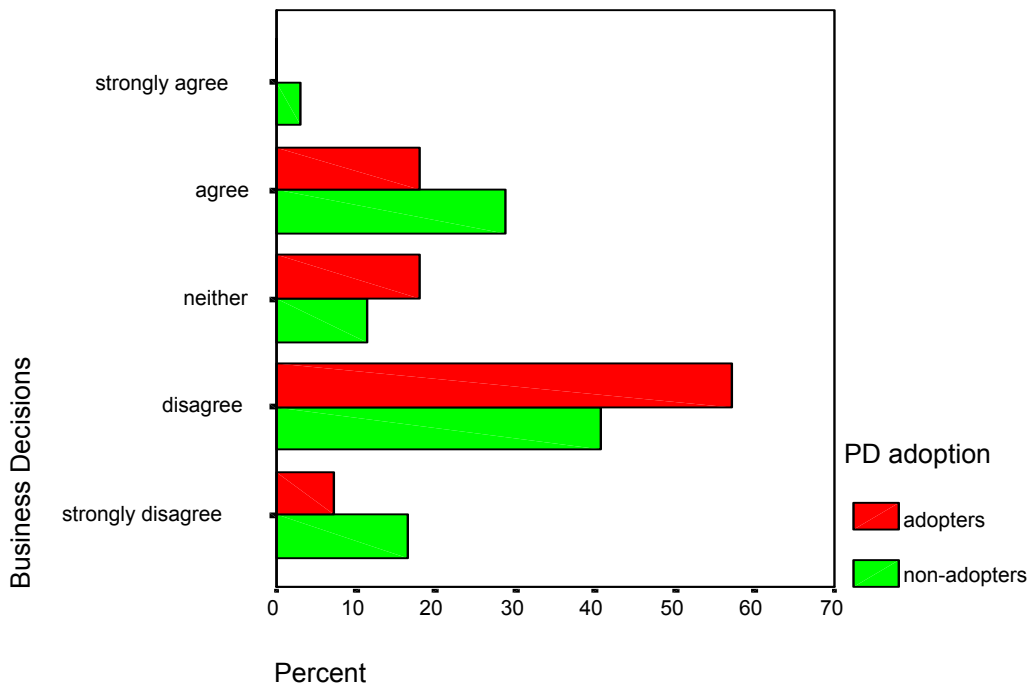
Chart 7.15 Productive diversity types and work processes
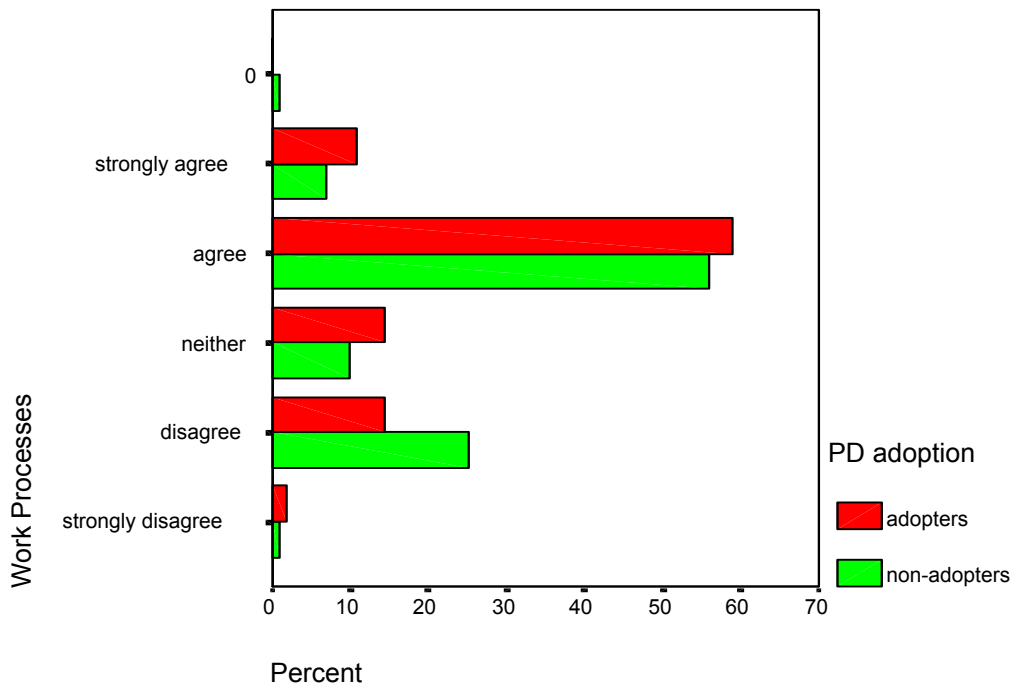
These combined results show that there is overwhelming evidence that the model is not useful and that it is necessary to seek alternative explanations for variations in productive diversity adoption: i.e. why some companies adopt and others do not.

Conclusions

It is very clear that the business factor model cannot be supported using the evidence gathered in this research. The examination of any one of the business factors within the model revealed no serious relationship with productive diversity adoption. It was equally likely that similar proportions of both adopters and non-adopters could be found in relation to the identified factors. This applied even to those factors where classification of the independent variable was unproblematic. For example, the number of employees was very simple to identify, but still there was no relationship with productive diversity adoption.

This evidence suggests that there is little point in further interrogation of the individual factors. Arguably, the population was quite small, and therefore the ability to generalise across all private sector companies is limited. The problems encountered in data collection that were discussed in chapter 6 need to be borne in mind. The results, however, were informed by a significant cross-section of the top 511 Australian companies. Also, interviewees were employed in senior managerial positions, making them well positioned to provide informed responses about company practices. The results are also very clear in suggesting that there are broad differences in the reaction and response to productive diversity between companies even when they might share common business characteristics.

The fact that the business model is not a valid predictor of productive diversity adoption is, however, an important finding in itself. It provides some direction as to what the key factors might be that influence productive diversity adoption. Much of the information gathered through the telephone interviews suggests that the reasons for, and the manner in which, productive diversity is adopted is highly variable across companies and undertaken for a range of reasons. Given that the purpose of this research is to examine

why it is that some companies adopt productive diversity, it is important to return to the interview results to identify potential evidence that could guide future research directions. While the data collection process was very focused on gathering information that would help to classify companies in relation to the business factor model, the open ended responses and general comments made through the interview process provided valuable information. The findings drawn from the open-ended responses are discussed in the following chapter.

Chapter 8

Other explanations for productive diversity adoption

Introduction

The previous chapter analysed data to test the business factor model as an explanatory tool for productive diversity adoption. This analysis clearly showed that the model has no predictive value and the identified business factors had no consistent relationship with productive diversity adoption. In this chapter, I return to the data to further explore potential reasons for productive diversity adoption. In particular, I draw on the open-ended interview questions and general comments that were made through the telephone interviews. These comments were initially analysed to inform the classification of companies within productive diversity 'types', however, this information reveals a great deal about individual company motivations for their approach to productive diversity. This chapter discusses themes in these discussions in order of the company types of 'integrated', 'progressive', 'minimalist' and 'uninterested'. To give context to this discussion, the classification of companies by industry sectors is shown in table 8.1.

Table 8.1 Productive diversity types by industry sector

Industry Sector	Productive diversity Type				
	Integrated	Progressive	Minimalist	Uninterested	Total
Agriculture, forestry and fishing		4	6	3	13
Mining	3	10	12	9	34
Manufacturing	2	10	14	4	30
Electricity, gas & water supply		1		1	2
Construction		2	1	6	9
Wholesale trade		1			1
Retail trade	1	3	2	1	7
Accommodation, cafes and restaurants		1	3	1	5
Transport and storage		3		1	4
Communication services		2	4	2	8
Finance and insurance	1	2	9	1	13
Property and business services	1	4	9	3	17
Health and community services	1	1	2		4
Cultural and recreational services		3	5		8
Personal and other services			1		1
Total	9	47	68	32	156

Integrated companies

As discussed in chapter 5, integrated companies were classified as such by their demonstration of full adoption of productive diversity. Evidence of productive diversity adoption is: having a formal policy, having equal employment opportunity practices in place, the implementation of diversity management strategies responsive to the company's particular circumstances, the allocation of resources to productive diversity, and expressed interest in the value of productive diversity. This section describes and discusses the characteristics of those companies that were classified as 'integrated' with the aim of identifying alternative explanations for productive diversity adoption.

As table 8.1 shows, nine companies were identified as 'integrated' in their approach to productive diversity. The nine companies were from the industries of mining (3), manufacturing (2), and one company each in retail trade, finance and insurance, property and business services and health and community services. This reflects overall results where the greatest numbers of responses by industries were achieved in the mining and manufacturing industries. Three of these companies employed less than 100 employees which is interesting to note given that the business factor model assumed the opposite: that larger companies would be more likely to be productive diversity adopters. As discussed in chapter 7, there were no other significant differences between integrated companies than others in relation to all 15 factors within the business factor model in relation to product markets, workforce characteristics, business type and managerial factors.

While all integrated companies, by definition, met the criteria of productive diversity adoption, there were several instances of specific company circumstances that can be clearly identified as being an important contributing factor as to why that company had become an adopter. These factors include overseas ownership, industrial relations issues, company history, a multicultural workforce and a diverse customer mix. For example, one interviewee said that the reason productive diversity is a priority is because of the company's ownership by an overseas parent company. The CEO is required to report to

the parent company in the USA and his bonus is tied to the achievement of diversity outcomes. In this case, the managerial priority of the parent company is the key factor that influences productive diversity adoption.

Another further example was a manufacturing company that had applied productive diversity as a central guiding principle across the full range of company operations. Productive diversity is used as an important tool in managing industrial and workplace relations particularly in the context of company mergers and downsizing. At the time of interview, an important priority was to examine how mergers were impacting on diverse groups in order to inform future human resource management planning, to assist in negotiations with unions and to develop strategies to maximise workforce morale during the change process. The same company was also active in applying productive diversity principles to customising products and services for overseas and culturally diverse markets. For example, a roofing product had been modified to enable its use and cultural acceptability as a building material for bark huts. This company was one of the few examples where productive diversity had been applied in its full theoretical sense and the perceived benefits had been embraced. The industrial relations context was clearly an important factor in productive diversity adoption. This is reinforced by the fact that this company has also been involved in some highly publicised industrial relations and environmental issues over recent decades leading to the need for an improved public profile, sophisticated approaches to risk management and strategies for enhanced employee morale might be important contextual considerations for this particular company's approach to productive diversity.

A further example of integration came from the culture and recreation industry where the company's productive diversity approach was led by the recognition of customer diversity. This company's main service is the provision of gambling, and people of Asian background and older people make up a significant segment of their customer base. Recognition of the importance of this customer profile has prompted a mix of strategies to improve the company response to diverse customer needs. For example, the company had developed its own employee awareness program that focused on issues of

discrimination and cross-cultural awareness.   A customised language and literacy program is in place for non-English speaking employees and the company actively recruits employees from different age groups and culturally diverse backgrounds. Marketing is directed at specific ethnic communities, and marketing information is produced in a number of community languages.   Employees are selected for language skills and interpreters are available for communication with customers and employees. Overall, the commitment to productive diversity is very clear with the driving reason being to satisfy the customer needs of specific market segments. As the interviewee said,

> *Diversity is a key underpinning principle to the company's approach to marketing and human resources management (General Manager, Human Resources).*

In this instance, it is the customer diversity mix, and the customer service orientation of the business that drives the company's approach to productive diversity. In addition, the interviewee said that the company background was an important influence on their approach. The company was a government instrumentality prior to privatisation. Strong equal employment opportunity policies are still in place as a result of its previous public service organisational structure and these have been maintained as part of the private operations.

Another example of an integrated company was from the manufacturing industry. The defining characteristic of the company approach to productive diversity is a strong focus on employee cultural diversity. The company has a range of sophisticated policies and programs in place informed by an understanding of employee ethnic and cultural diversity. This company employs 5,300 people who have been identified as speaking 60 different languages. The company response has been to put in place a complete process that includes a 'zero tolerance policy' relating to discrimination and harassment and an integrated set of policies and programs including work/family initiatives, training and education, employee communication strategies and affirmative action initiatives to maximise employee progression. These programs are conducted within a framework of

planning, measurement and monitoring. Again, this company provides a very clear example of full adoption and customisation of productive diversity. In this case, it is employee cultural diversity that is the main contributing factor to adoption.

Overall, integrated companies demonstrate the full adoption of the principles, practices and processes that are common to a productive diversity approach. Across the nine companies identified by my research, however, they vary widely in relation to how and why productive diversity principles are adopted and implemented. For this group, there are some clear factors that contribute to productive diversity adoption and these include the industrial relations context, company history, company ownership, employee mix and customer needs. The relative impact of these factors, however, varies between each company. To further look at factors that might be related to productive diversity adoption, the following section describes and discusses the characteristics of those companies that have been classified as 'progressive' in relation to productive diversity.

Progressive companies

As explained in chapter 3, the term 'progressive' was used to describe those respondents that demonstrate an increasing focus on productive diversity as a strategy for responding to company issues and to maximise productivity. The characteristics of 'progressives' are that diversity is 'on the agenda' and that there may, or may not be, policy in place but it is either in development or being planned for. A progressive company expresses the value of diversity through its company communication and practices and there are examples of innovative responses in at least one area of company operations. The company has basic equal employment opportunity strategies in place and at least one person in the company is responsible for driving productive diversity initiatives. Resources may or may not be allocated but there are plans and demonstrated interest in the process. As discussed earlier, this category was problematic in terms of classification because there was considerable variation across companies in the ways in which productive diversity was implemented. It was also the category that was devised in part, to identify those companies that may have productive diversity practices in place, but might not use the word diversity to describe relevant practices. This section describes

those companies that were classified as 'progressive' and discusses these results with a focus on the reasons why the identified companies are heading in this direction.

Forty-seven companies were identified as 'progressive' in their approach to productive diversity. These companies were spread across industry sectors in general proportion to industry representation within the sample as shown in table 8.1. The largest group of 'progressives' occurred in the mining and manufacturing industries with approximately one-third of all respondents in the industry categories being identified as such. Also of interest was that three out of the four companies represented in the transport and storage industry were identified as progressive. A number of themes and issues were raised by the interview results but two major themes was a focus on indigenous issues and/or gender issues.

Indigenous communities
Ten mining companies were identified as 'progressive' and an important contributing reason for their classification within this category was a focus on working with indigenous communities and pro-active efforts to engage indigenous employees. Whether or not such initiatives should be seen as part of a productive diversity approach was problematic given that mining companies are required under the *Native Title Act 1993* to negotiate mining leases with Aboriginal land rights councils where mining or exploration activities impact on Aboriginal communities (ABS, 2002c). Such negotiations and partnerships with aboriginal people could be regarded, in terms of a productive diversity approach, as purely legal compliance measures. Some observers argue that these measures do little to compensate aboriginal communities for the impact that the mining industry has had upon aboriginal people in terms of loss of culture and community well-being relative to the financial gain derived by the exploitation of mineral resources on what is traditionally aboriginal land (Banjeree, 2000). In addition, as Banjeree (2000, p. 11) argues, land councils can be seen to operate as government instrumentalities with little relationship to the needs and aspirations of aboriginal people. These problems in classification are discussed in chapter 4, however, a number of companies implement strategies that go beyond legal compliance and have been

classified as progressive on the basis of their engagement with aboriginal communities as well as their approach to gender and other employment issues.

A range of company practices were identified where the aim was to enhance relationships with aboriginal communities including the employment of aboriginal liaison officers, the engagement of community employment agencies to increase the employment of aboriginal people, the implementation of mentoring programs for aboriginal employees and the conduct of cultural events that celebrate aboriginal culture and partnerships. Two companies had set targets for increasing their number of aboriginal employees, and one was in the process of developing a set of customised workplace training modules that included cross-cultural training materials that specifically looked at local aboriginal community issues.

Nineteen companies identified that 'implementing initiatives with indigenous people' was a strategy that was put into place 'often'. Fourteen of these were from the mining industry, one was in the construction industry, two in accommodation, cafes and restaurants and two were in finance and insurance. Those that were not engaged in mining, and not subject to *Native Title Act 1993* requirements, had operations based in rural and remote regions where aboriginal communities form a significant part of the population.

From these examples of progressive companies, there is a relationship between productive diversity and company location, community demographics, and for some, legal compliance requirements.

Productive diversity and gender
Implementing affirmative action strategies for women was a practice pursued by 18 of the companies identified as 'progressive'. As with indigenous initiatives, this classification was problematic given that all companies that employ more than 100 employees have legal compliance obligations to open up employment and advancement for women in accordance with the *Affirmative Action (Equal Opportunity for Women) Act*

1986 (Pendleton and Vickery, 2000, p. 725). The Act requires tertiary educational authorities and companies with more than 100 employees to report on the number and proportion of women in new appointments, promotions and training. Organisations that refuse to comply are ineligible for government contracts and industry assistance. Again, the classification of 'progressives' was made when companies were identified as going beyond the minimum compliance requirements with a commitment to maximising and improving women's participation or where affirmative action strategies for women were a part of a broader set of strategic actions to implement productive diversity.

The strategies identified by respondents included mentoring schemes to support women into senior management and the setting of targets and strategies to encourage women into non-traditional employment areas such as engineering and information technology. Strategies to assist women to balance work and caring responsibilities were also a focus identified by three companies in relation to supporting women in employment.

Other issues and productive diversity responses

Working with indigenous communities and supporting women's progression and maintenance in employment were clear themes identified in the approach to productive diversity by 'progressives'. Interviewees from progressive companies however, expressed a range of views in regard to company responses, issues and ideas about how and why productive diversity was implemented.

Two interviewees from the 'progressive' group expressed the view that while productive diversity principles and strategies were espoused, the prevailing culture works against successful implementation of these principles. In both cases, the interviewees were referring to women's position within the company and the difficulties in changing the workplace culture to support women's progression. As one interviewee commented,

> *Diversity management is gradually being taken on but 'boys will give jobs*
> *to the boys'. There is a real issue for women in the company due to old*
> *boy's networks.*

Several interviewees made reference to the tactical approach that was required by human resources divisions or managers to persuade senior management to adopt productive diversity initiatives. This was expressed as either a struggle to gain company support for the ideas or in terms of needing to be calculated in their approach to broader human resource management approaches and gain agreement for productive diversity strategies without using the term as such. For example, one interviewee said that she waited until staff recruitment was required and she would then 'slip in' arguments for the need to recruit more broadly and to apply diversity principles to the recruitment and selection process. In these instances, it was the presence of a change agent that led the company towards a productive diversity approach.

Others, while supportive of productive diversity principles, found the term 'diversity' to be confusing. One interviewee said that the term was not useful because it diverted attention from the real company requirements of personality mix and attitude towards work and the company had extensive recruitment and training processes in place to maximise the performance of work team. He said that the terminology was '*a turn-off*'. Another interviewee suggested that his company was very progressive in relation to diversity but had no formal structures or processes in place. Again, he saw the labelling of the term as distracting from the real goals of encouraging and supporting difference.

> *Having worked in a variety of organisations with formal diversity processes and procedures, there is probably more real commitment in this organisation without any of the formality.*

One interviewee was very clear about the company's support of religious diversity and practice due to the minority religious background of the company owners. Two others also mentioned issues in relation to an ageing workforce that was forcing the company to develop strategies to retain workers, recruit from different age groups and to monitor the age profile of employees.

Interestingly, very few companies from this group identified ethnic diversity as being a focus for productive diversity. Only five companies out of the 47 'progressives' expressed an explicit focus on multiculturalism and in three of these cases, this was an outcome of either responding to the legal compliance requirements of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* or due to a high representation customers from non-English speaking backgrounds.

Overall, there was a range of reasons identified by respondents that contributed to the company's adoption of productive diversity. Very clearly, the need for compliance with *Native Title Act 1993*, the *Occupational Health and Safety (Commonwealth Employment) Act 1991* and the *Affirmative Action (Equal Opportunity for Women) Act 1986* prompted some 'progressive' companies to go beyond compliance in response to diversity issues. For other companies, company specific issues and conditions were identified as contributing to productive diversity adoption. These reasons included the company's location and local community, workforce or customer demographics, the under-representation of women in senior management, the presence of a committed 'change agent' within the company, the ethnic diversity of employees and customers, the religious backgrounds of company owners and an ageing workforce. In addition, there were companies that suggested that while the principles of diversity informed company practice, there was resistance by some to the term 'diversity' and the perceived implications of this.

Summary of reasons for productive diversity adoption
Many of the reasons for productive diversity adoption identified through the telephone interviews were actually included within the business factor model. The interview results, however, suggest that while these factors can be important, they may or may not lead to productive diversity adoption. From the examples identified above, there are too many variables that combine within a given company context to identify clear relationships between business factors and outcomes in terms of productive diversity policy and practice. Of equal importance, however, is to look at responses from 'non-adopters' and to identify contributing reasons for non-adoption. The following

discussion provides an overview of the open-ended comments made by those companies classified as 'minimalists' and 'uninterested'.

Minimalist companies

As discussed in chapter 3, minimalist companies were classified as such to identify companies that were 'non-adopters' and had in place the minimum required to comply with relevant anti-discrimination and affirmative action legislation. As identified within the 'productive diversity types' such practices would include the existence of relevant policy but not communicated or attached to a program of action, an absence of strategic planning or innovation, the lack of the allocation of resources and the allocation of personnel to deal with diversity related matters only if necessary. This type of company was regarded as a 'non-adopter' given that they did not seek to understand, value and utilise diversity as it is represented within the work or market place.

As shown in table 8.1, 'minimalist' companies represented the largest group of any of the types with sixty-eight companies being classified as such. Minimalist companies were spread across industry sectors with their representation within industry sectors comparative to the size of the sample from each of the industry groups.

As discussed earlier, the classification of a company as 'minimalist' as compared to 'progressive' was problematic in a number of cases given that there was often a fine line between a company that demonstrated some movement towards productive diversity (progressive) and one that stopped at legal compliance requirements. Similarly, there were companies that only just stopped short of being identified as 'uninterested'. These companies were those that had no policy in place and only bare responses to equal employment opportunity such as they would 'tackle discrimination' and include equal opportunity concepts within induction materials. Many respondents, however, distinguished themselves as minimalist through clear claims of being an 'equal opportunity employer' and that they would not, or could not manage diversity because such an approach is discriminatory, that it isn't a priority, or they 'would if they had to'. The following section goes on to describe themes in the responses from those companies

classified as minimalist and to identify the various reasons why the company did not adopt productive diversity as a managerial process.

'We employ the best person for the job'
The main theme expressed by respondents from 'minimalist' companies was a faith in the merit principle and the conviction that the company employs 'the best person for the job'. Implied in this approach is a belief in the neutrality of the employment and selection process and recruiting and managing employees on the basis of skills, qualifications and personal attributes will ensure that fair and effective appointments will be made. There is a belief that this approach will 'naturally' bring together the 'right' people within an organisation.

> *What happens, happens. There is no discrimination against anyone here*
> *at this organisation. It is a very good culture.*

This view is often accompanied by a belief that affirmative action and productive diversity are the same and it is discriminatory. As one interviewee said,

> *We don't believe that specific groups should be treated differently, we're*
> *all in this together.*

Another related view expressed by minimalist interviewees were those that said that while they support productive diversity in general, the processes were not relevant to their company for a variety of reasons. Two interviewees said that their employees were too well educated for the whole idea to be worth worrying about. For example, a interviewee from the financial services industry said that,

> *We don't keep records on employees. We have international workers from*
> *South Africa, the Netherlands, England and they all speak English. We*
> *don't have any issues because everyone is so well educated. We just try*
> *and get the best person for the job.*

Another reason given for non-adoption was that the company was too small and too busy fighting to maintain the bottom line to worry about such policy and process matters.

> *I've worked for a company that was really big on productive diversity and*
> *I can see the value in it for a larger company. It is very difficult for small*
> *to medium enterprises that are fighting for the bottom line.*

Others said that diversity was irrelevant due to the nature of their customer base or their employment practices. This was particularly the case for those in the mining industry that provide raw minerals to a single manufacturer, those in the finance and property services industries that traded primarily with businesses as opposed to individual customers, those in the manufacturing and construction industries that employed few core staff and conducted business through the employment of contractors, or in the agricultural industries where there was no perceived relationship between their core business and productive diversity.

> *We don't really do much beyond making sure that there is equal opportunity and*
> *that we don't discriminate. Our market is farms and farm management so I don't*
> *really know how it (diversity) is relevant to us.*

Others said that there had once been some interest in productive diversity but this interest had been replaced or had declined in importance. This was due either to a general shift in managerial philosophy or a change in the business structure and operations. For example, a interviewee from the manufacturing industry said that,

> *Diversity or valuing diversity was part of the corporate vision but now it is*
> *gone. This is a very internationally oriented company and 'community*
> *engagement' has become a greater focus currently. The company is*
> *basically very EEO in approach.*

Two interviewees said that due to downsizing in the company, they no longer employed a human resource management division and that there is no longer any consideration of issues such as diversity. Three interviewees expressed frustration with company practices in relation to diversity and said that, while they as individuals had tried to draw company attention to productive diversity policies, they were not successful in this and that the company was resistant to the ideas, did not see productive diversity as relevant and would not respond past minimum legal requirements. Lack of commitment, understanding or awareness by senior management clearly explains why productive diversity is not adopted for these examples.

Finally, another clear and important theme expressed by minimalist companies is that 'they deal with issues if they have to'. Such comments were consistent with a reactive approach to equal employment opportunity and the belief in fairness. The company would only react if pressures were exerted externally or from internal complaints. For example, one interviewee said that the company only responds to diversity issues if they have an industrial agreement with a building contractor that includes clauses relating to anti-discrimination of affirmative action legal requirements. While this company is responsive for legal compliance purposes, the interviewee said that there was a very low consciousness of social agendas within the company.

Summary of reasons 'why not'

As explained in chapter 7, there are no clear and consistent relationships between companies classified as minimalist and the characteristics described in the business factor model. A number of reasons for not adopting productive diversity, however, were expressed by the sixty-eight respondents classified within the 'minimalist' category. A prevailing theme that ran across this company type was a belief in the 'merit principle' and faith that through being 'fair', the best people would be employed. Productive diversity is associated with affirmative action or positive discrimination and regarded as discriminatory or 'unfair'. Diversity was either not considered, or understood as irrelevant to company operations. For others, diversity had disappeared from the company agenda for managerial or structural reasons. Given that there were no clear

patterns across company characteristics in the expression of these views, the results suggest that the reasons for non-adoption lie with a lack of leadership, company philosophy, specific contextual conditions and historical factors.

'Uninterested' companies

The classification of 'uninterested' was devised to identify those companies that were clearly non-adopters of productive diversity. Such companies were characterised by a complete lack of policy, strategy and intention to implement productive diversity. In most cases, the classification of uninterested companies was not problematic. Interviewees were clear about the irrelevance of productive diversity to their company's operations and had no intention of moving in this direction.

Thirty-two (20.5 per cent) of the 156 companies interviewed were identified as 'uninterested'. These companies were spread across industry sectors with the greatest number (9 out of 34 companies) in the mining industry. The greatest proportion of uninterested companies was found in the construction industry with 66 per cent of all construction industry respondents classified as 'uninterested' companies. Industries with an absence of 'uninterested' companies were the health and community services, culture and recreation and personal and other services industries, however, there were very few companies in these industries represented in the results. Interview results from this group of respondents reveal a number of perspectives on productive diversity and reasons for non-adoption. This section discusses this information in relation to the main themes of discussion.

Many of the reasons for non-adoption by 'uninterested' companies were very similar to that expressed by minimalist companies except often with greater vehemence and without the expressed need to meet compliance requirements of equal employment opportunity and affirmative action legislation. The main views expressed by this group included that diversity was irrelevant, the company had no time and resources for this kind of 'stuff', and that the focus was on employing people with the right skills and nothing else. For some, the whole idea of productive diversity provoked angry reactions on the basis that

such policy represents yet another assault on managerial freedom. Several interviewees were clearly annoyed by the suggestion that productive diversity should be proposed. For example,

> *I make no apologies for not using affirmative action strategies. If we don't have as many aborigines as people might like, we make no apologies for that.*

Similarly, there were others who expressed firmly held views about the need for maintaining race and gender occupational segregation based on stereotypical perceptions of capabilities and roles. For example, the General Manager of one company said in a manner that was unrelated to the question that was being asked that,

> *We can't let women work the machinery – they'd break their nails!...and for God's sake, who comes up with this kind of stuff. We don't just talk – we get on with business.*

Clearly, the whole idea of managerial processes that supports equity and diversity were offensive to some interviewees who regard diversity principles as challenging to deeply held worldviews.

More commonly, 'uninterested' respondents simply did not see the relevance of productive diversity to their particular circumstances for a variety of reasons. One of the reasons given by an interviewee from a newly established communications company was that he believed such human resources management strategies were dependent on the life cycle of the company. He said that *'it was only natural'* that a new company such as his would not include people with diverse backgrounds. For example, the interviewee said that,

> *We are a new company and haven't had time to develop sophisticated HR practices. As a start-up, we are very "vanilla" and "WASPish".*

Two other interviewees based in rural locations (the west coast of Tasmania and rural Queensland) believed that there was no diversity within the community and therefore no need for strategies to manage it. As one of these interviewees said,

> *This area has probably the most non-diverse population that you would ever come across. We just work on the basis of employing people who can do the job.*

This view was held despite the fact that between them, the companies recruit skilled people from overseas, have identified an issue with an ageing work-force, had almost no representation of women in senior management and that a significant number of customers came from non-English speaking backgrounds.

The view that productive diversity is discriminatory was also strongly expressed by 'uninterested' interviewees. For example,

> *I have issues with the concept of diversity. We hire the best person for the job. We don't discriminate on the basis of gender or age.*

For a number within this group, there was little understanding of the term 'productive diversity' and no perception of how such a concept might have any relevance to company productivity and operations.   While interviewees were provided with background information and the concept was explained, it was clear that diversity, in some cases, was not a concept that was understood or considered at all. For example, one manager said that,

> *We don't think about that (diversity). If I did I'd think about disabled people. If someone became disabled, we would cope with it.*

Such comments suggest that the broader ideas of productive diversity are new to many interviewees and that there has been no consideration of the need for such managerial practices within the company beyond a very limited concept of reacting to problems should they arise.

Overall, interview results from those classified as 'uninterested' identify a number of clear reasons why some companies don't adopt productive diversity. In very abbreviated terms it is because these companies don't want to, don't have to, don't know about it, don't understand it or don't see a need for productive diversity for their companies.

Summary and conclusions

Given that the purpose of this research is to understand why companies might adopt productive diversity, and that the business factor model could not be supported in light of the evidence gathered, the qualitative data that was gathered through the telephone interview process was reviewed. The data was grouped and discussed according to the productive diversity typology of 'integrated', 'progressive', 'minimalist' and 'uninterested' company types. The comments made by respondents through the telephone interviews were compiled to identify reasons for why productive diversity was or was not adopted. The information gathered suggests that there are very wide differences across companies in regard to how and why productive diversity is adopted. For those identified as 'adopters', the reasons offered included factors such as, overseas managerial directions, industrial relations issues, the recognition of a multicultural workforce, the specific needs of diverse customers, the presence of a 'change agent' within the company, the proactive response to legislative requirements, company location, the characteristics of the owners and company specific issues such as an ageing workforce. The company's history was also identified as a potentially important consideration in productive diversity adoption.

Those companies classified as 'minimalist' and 'uninterested' were similarly diverse in their responses and explanations of how and why productive diversity is not adopted. One important theme from this group was a faith in the 'merit principle' and that by

treating everyone as the same, the best possible business outcomes will be achieved. Implied in this is an understanding of human resource management processes as being 'neutral' and that to treat people as different, represents discrimination. Other reasons identified were that the company was too stretched to worry about human resource management processes, or that the concept of productive diversity was no longer relevant and other principles had taken precedence. Some companies reacted strongly against the concept of diversity as an assault to managerial freedom or demonstrated little understanding of what it means or how it could be usefully applied within their industry and local context.

Overall, some of the factors identified in the business factor model were mentioned by respondents as important in relation to the companies approach to productive diversity approach. Having a multicultural workforce, customer diversity, and overseas ownership for example, were identified by interviewees as reasons for productive diversity adoption. These factors did not however, have the same influence consistently across companies with similar characteristics. In fact, there were instances when company respondents suggested that the reverse was true in relation to business factors and the relationship with productive diversity adoption. For example, one interviewee clearly identified the high levels of education of the company's employees as being the main factor that contributed to the company's non-adoption. The business factor model had assumed that the reverse would be true. From this it appears that the business factors hypothesised within the model have an impact on productive diversity adoption sometimes in some circumstances. How the factors combine is highly variable and shaped by place, corporate history and management characteristics and ideology.

The following chapter goes on discuss possible reasons why the model doesn't fit with the data and what this might mean in relation to productive diversity adoption.

Chapter 9

Conclusions and discussion of results

Introduction

Chapter 7 draws the conclusion that the business factor model does not explain productive diversity adoption. Chapter 8 reviews the data to identify alternative explanations. This review suggests that many of the factors identified by the business factor model do in fact, have an important bearing on the adoption of productive diversity, but their influence is not consistent, is often contradictory, and combine variously according to organisational location, history and management philosophies. These findings are important in that they assist in understanding how and why productive diversity is either accepted or rejected as a management tool and provides guidance in formulating alternative propositions.

As discussed at length in previous chapters, the rationale for the business factor model was based on findings from previous research and informed by theories of globalisation. Specifically, Bertone et al. (1998) observed through focus group discussions with Australian company representatives, that those engaged in service industries and 'new economy' industries such as communication services and tourism, understood and embraced the concept of productive diversity to a greater extent those from industries including manufacturing, accounting and stockbroking. Bertone et al. speculate that this can be partly explained by reference to structural factors (ibid., p. 62). The authors observe that those industries receptive to productive diversity were more directly shaped by the impacts of globalisation particularly with pressures to develop export markets, to utilise multicultural employees for competitive market advantage and to respond to increasingly diverse domestic markets. Bertone et al. recognise that their results could not be generalised nationally, across all industries and so the business factor model was developed in order to test these observations (ibid., p. 62).

Chapter 4 explains that the argument for productive diversity is based upon the current and anticipated impacts of globalisation. The business factor model includes factors that

arise as an outcome of globalisation. The assumption is that the changes that have, and will, occur in business structures and management will give rise to the adoption of productive diversity in an expanding global economy. Thus, the conditions will arise that will require business to manage cross-cultural communication, to identify and respond to overseas markets, to understand increasingly diverse local markets and to effectively manage company operations based in diverse locations with a diverse workforce. My results, however, demonstrate that these relationships cannot be statistically verified. I argue that there are three major reasons why this was the result.

First, I discuss the findings that suggest that there are other factors that are seemingly more important than those that are identified in the business factor model. These include the considerations of locality, history and leadership and how these factors combine to influence productive diversity adoption. Second, I discuss some of the difficulties in measuring some of the characteristics contained within the business factor model. Third, I discuss how productive diversity has been operationalised.

Other factors that contribute to productive diversity adoption

Overwhelmingly, the factors included within the business factor model could not be identified as consistently being related to productive diversity adoption. The findings do show, however, that each of the factors are sometimes important depending on specific company circumstances. For example, it was the influence of the overseas ownership that drives one company identified as 'integrated', towards productive diversity adoption. In this case, the Australian based CEO is required to report to the American based parent company on productive diversity outcomes and a bonus is contingent upon performance in this area. Clearly, in this case, the influence of overseas management is over-riding. Overseas ownership in itself, however, did not lead to the same outcomes in other companies and other factors were more influential in relation to productive diversity adoption or non-adoption. This was born out with all of the factors in the model and interview results suggest that there were other influences that were not included within the business factor model that were important. I believe these factors are inter-related and include the factors of 'place' and 'space' and leadership factors.

'Place' and 'space'

By 'place', I refer to the combined influence of locality, community and history in shaping industrial relations and managerial practice and beliefs. This concept is applied in regional development and industrial relations literature as a way to explain the complex local interactions that go to shaping corporate behaviour and outcomes as it is manifested in various locations. As Rainnie and Paulet argue, it is important to highlight that 'place matters' in the global environment where 'companies play off localities against each other as sites for investment', and at the same time, 'regions are competitive in rushing to trade financial and social benefits in order to attract quantities of jobs…'(2002, p. 1). Within the globalisation literature, there is a belief that capital is mobile and labour relatively immobile (Allen et al., 1998). In this way, 'place' interacts with 'space' which is, as Rainee and Paulet describe, 'social relations stretched out (2002, p. 3).' Space describes the macro environment of global influences and developments. Ohmae (2000) describes this as the 'invisible continent' which is governed by international electronic commerce, information technology and global capital flows rendering geographic and national boundaries as still important, but interchangeable settings for global capital. Peck (1995) expands on how this space is also socially constructed and provides the backdrop for, and interacts with local, cultural and geographically bounded interactions and communities. Peck (ibid.) describes all labour markets as being spatially specific and that local labour markets are established at the intersection of 'space' and 'place'. In this context, the characteristics of corporate 'space' and it's interaction with the labour market and the labour market environment within a given location are of great importance in terms of management processes and priorities and for this research, whether or not productive diversity will be adopted.

Respondents to the telephone survey commonly made reference to factors relating to 'place' as being important in relation to questions of productive diversity and why, and if, it was adopted. This was evident for both productive diversity adopters and non-adopters. For example, for one metropolitan based finance company identified as 'integrated', the diverse ethnic composition of metropolitan Melbourne and Sydney has

led to the development of financial products targeted to specific ethnic communities. This company recruits employees for their diverse language and cultural skills, and the staffing of regional offices according to the specific local community client base. For another rurally based bank identified as 'minimalist' in their approach to productive diversity, the interviewee said that,

> *I can't see any need to be bothered – we don't have any people from diverse backgrounds in this area.*

Of course the region to which he referred is diverse on many criteria, if not only in relation to gender, age and physical ability. For these two examples, however, the perception of place and understanding of diversity within their region or locality, provide important reasons for productive diversity adoption or non-adoption. These examples also suggest a rural/urban division between approaches to productive diversity and how and why it is undertaken.

The results also provide many examples of how local community traditions and values shape company responses to productive diversity. For one company, the approach to 'community engagement' and to respond to their local market, was to sponsor five football teams in their region. Such actions reflect the values of the traditional Anglo-Celtic rural community. Similarly, the same interviewee said that diversity was difficult because employment continued to be a 'family affair' and that they demonstrated their corporate commitment to their local community by employing through family networks to support local employment. This was, he said, becoming a problem in that the profile of the existing workforce was ageing, staff turnover was low and with increasing technological sophistication, their labour force requirements were reducing. Another interviewee from the mining industry recognised the importance of being in harmony with the community in order to operate. This company was identified as 'minimalist' and the few diversity related strategies beyond legal compliance measures related to community relations exercises such as the development of relationships with local schools through work experience programs and community group sponsorships.

While 'place' was clearly important to many companies in relation to their adoption of productive diversity for others, depending upon industry type and corporate history, the idea of geographic or community boundaries was seemingly irrelevant for companies that perceive their business as operating in a 'global world'. For one communications company based in Sydney, for example, the concept of productive diversity was regarded as irrelevant and a *'waste of time'*. This company had been in operation for only a few years and while skilled communications engineers and information technology experts were recruited from overseas, the company focus was entirely on meeting skill requirements. This company trades with companies internationally, yet the need for specific cross-cultural management strategies or customising products to a diverse market was not a consideration. For this company, the 'invisible continent' that Ohmae (2000) describes, is their perceived business environment and this world places local dynamics as a very minor determinant of business operations.

Another example of the complex interactions of 'space' and 'place' came from a 'progressive' company in the accommodation and hospitality industry. This was an international hotel, located in Northern Queensland, providing five star holiday accommodation. Productive diversity strategies are highly important to this company due to the need to provide high quality personal services to an international market. Strategies to recruit diverse employees and respond to ethnically diverse customers are well entrenched and, while not formally packaged as such, the concept of productive diversity is core to the management philosophy. In this case, the geographic location is clearly essential to the approach to management yet local community is not. The company is defined by the global market and, while their attractive location or 'place', is the primary business asset, their connection and interaction with the local area is very limited.

The point of the above discussion is to highlight the complex local and global interactions that companies work within and that 'place' and 'space' are important determinants of productive diversity adoption. My results provide some evidence of the complexity of

these factors and how they interact to influence management approaches to productive diversity. These factors of locality, history and community were not included in the business factor model and suggesting why the business factor model could not be verified. They are also dimensions that could be usefully explored in future research and policy development.

Leadership factors

The need for leadership commitment to productive diversity is emphasised consistently in the literature. This factor was not included within the business factor model, which may further explain why the business factor model could not be verified.

As discussed in chapter 1, maximising the participation of people from diverse ethnic backgrounds within Australian business was very much a part of the productive diversity agenda in order to meet the challenges of a global business environment. Much of the policy effort to promote productive diversity has been concerned at influencing organisational management and leadership to change and recognise the importance and potential benefits of productive diversity. As discussed in chapter 3, however, research findings continue to show that organisations continue to be characterised by embedded patterns of gender and cultural representation. Wider adoption of productive diversity should have influenced such patterns and there is substantial evidence to say that leadership factors provide a significant reason for the low and uneven adoption of productive diversity.

O'Flynne et al. (2001) report research results that show that many Australian CEO's attribute little or no importance to productive diversity, fail to see the benefits of productive diversity strategies and that the 'compliance culture' of meeting minimum legislative requirements in relation to diversity related agendas is prevalent. Sinclair supports these findings and concludes that 'diversity leadership is rare' (2000b, p. 48) and that few organisations are proactively designing and implementing strategies that respond to, and build on, that diversity. Sinclair (1998) argues that this stems from the prevalence of traditional notions of leadership that are embodied by the white heroic male

that render women's role as leaders invisible. In this context, women and people from multicultural backgrounds and particularly those from non-English speaking countries, face intractable cultural barriers to entry into positions of leadership. As Sinclair describes, 'subtle but powerful processes of selecting and reproducing leadership' maintain a narrow and masculine leadership mould that is dominant in Australia (Sinclair, 1998, p. 177). To add to this point, Siemensma (2003) argues that management education in Australia continues to be a gendered experience that actively promotes content and cultures that are both competitive and 'macho'. As such, traditional models of management are promoted and the patterns of participation are reinforced.

My findings similarly demonstrate a dominant managerial leadership profile of Australian born, middle age men. The profile of senior management from the companies that I interviewed was 85 per cent male, only 6.5 per cent from non-English speaking backgrounds, and almost half (46 per cent) were more than 45 years old. Several interviewees (female) also reported the difficulty in convincing management of the need for productive diversity strategies and that the culture of male domination prevents change in management processes. Further, most companies (64 per cent) included in my results were either identified as 'minimalist' or 'uninterested' in relation to their approach to productive diversity. My findings support Sinclair's argument that the characteristics, backgrounds and beliefs of management in Australia make a clear contribution to the uneven and low adoption of productive diversity by Australian companies. If the dominant Australian managerial culture is one which is compliance oriented, and relatively homogenous in it's profile, those leaders that fully embrace productive diversity as a core business process are scattered and few in number. Consequently, those structural factors that in theory, provide the impetus for productive diversity, are likely to be over-ridden, at least in part, by the lack of support by managerial leaders.

The measurement of managerial style
Chapter 5 discusses many of the problems in identifying benchmarks for classifying companies according to the factors contained within the business factor model. Some of the business factors were relatively simple to identify. For example, business size,

numbers of employees who are overseas born and export orientation for example. Even those characteristics that were more difficult to define, such as degrees of competition and innovation, could be identified in a manner that was reasonably consistent across the research population. The real difficulty in terms of the reliability of the findings was identifying the various meanings attributed to management style. In particular, the factors of team-work, multiskilling and participatory decision making have various meanings depending on who you talk to.

As discussed in chapter 4, post-Fordism is identified as a method of work organisation characterised by flexibility in production processes, complexity in work organisation, the dispersal of authority and decision making, the replication of processes across diverse corporate operations while at the same time, enabling individual employees to anticipate and function within a climate of constant change (Cope and Kalantzis, 1997a, pp. 53-88). Post-Fordism has emerged as the response to changing workplace demands of a knowledge-based economy replacing the previously dominant model of Tayloristic work design and management known as 'Fordism'. Post-Fordism relies on multi-skilling, team-work, devolved and participatory decision making, skills enhancement, flexibility and the removal of restrictive work and management practices (ibid., p. 79). It is on this understanding that questions about post-Fordist management styles were framed.

There is considerable evidence to suggest that the forms in which post-Fordist organisation has been implemented has resulted in very uneven benefits for employees across sectors and industries and that many of the potential advantages of post-Fordist work organisation have been effectively 'cancelled out' by trends in precarious and short-term employment, work intensification and the increasing pressures of global competition. As such, both the extent to which post-Fordism has been implemented, as well as the degree to which the intended meanings and outcomes of post-Fordist management approaches have been realised, is questionable. For example, post-Fordism relies on multi-skilling and employee empowerment in decision-making yet Callus and Lansbury (2000, p. 235) argue that workplace decision making, in practice, primarily involves management driven initiatives aimed at increasing productivity with very little

employee participation actually taking place. They argue that team-based work practices are introduced to compensate for understaffing and a declining workforce. Callus and Lansbury also site evidence that suggests that in the majority of workplaces undergoing change, employees effectively had no role in the decision making process beyond being informed about the changes to take place if they were informed at all (ibid., p. 235). Further, post-Fordism was expected to deliver greater levels of work satisfaction through increased employee control, skill and authority yet what this increasingly means is work intensification with employees given additional work and responsibilities with few receiving promotions or recognition of increasing responsibilities (ibid., p. 235). Additionally, employee stress, as measured by increasing claims of work related stress disorders to the Workcover authority were shown to have increased substantially between 1992 and 1998 (Wooden, p. 64).

Callus and Lansbury (2000, p. 235) question the degree to which post-Fordist management principles are actually in place. They suggest that closer examination of management practices in newly emerging industries reveal some degree of reversion to Taylorist work practices. Work for highly skilled information technology workers is growing but much of this employment is undertaken through short-term contractual arrangements. Similarly, employment in call centres is an area of high growth yet studies have indicated that the employment arrangements are mixed. While some studies indicate work environments that provide substantial training and wide discretion in meeting customer needs (Macdonald and Sirianni, 1996) others criticise work practices as repetitive, monotonous, highly controlled and excessively monitored (Taylor and Bain, 1999). Callus and Lansbury (2000, p. 235) also site evidence to suggest that within the manufacturing sector in Germany, there appears to be a reversion to classic assembly line technologies due to increasing competition and high unemployment.

In theory, post-Fordist work organisation is based on the principles of workplace democracy, shared decision-making, consultation and employee empowerment. The business factor model assumes that such a management approach creates the conditions for productive diversity due to the need for improved cross-cultural communication,

creativity and collaborative decision making by teams throughout all levels of the organisation. My research has attempted to measure some of the tangible characteristics of post-Fordism to identify whether such a relationship exists. It is possible that the findings do not, however, capture the real meanings of managerial practice and so the relationships between post-Fordist management and productive diversity cannot be identified. For example, if team-based organisation actually means work intensification and high work-place stress levels, it is unlikely that the climate is conducive to effective productive diversity practice. Overall, the problems in classifying companies in a manner that would capture the real meaning of company characteristics according to the business factor model meant that relationships could not be identified.

Productive diversity as policy

Productive diversity adoption and 'rational self interest'

Another obvious factor to consider is that companies don't have to manage diversity if they don't want to. As discussed in chapter 1, Australian governments, have promoted the concept, developed policy frameworks and have made resources available to support various programs, research and implementation tools. However, there are no legal compliance requirements. Research by O'Flynne et al., (2001) calls Australian business as being characterised by a 'compliance culture' and identifies that Australian business clearly responds to related agendas that are backed up by legislation. My findings support this. Australian companies are required to comply with a range of legislation that is related to productive diversity. These include the *Racial Discrimination Act 1975*, the *Sex Discrimination Act 1984*, the *Disability Discrimination Act 1992*, the *Equal Employment Anti-discrimination Opportunity (Commonwealth Authorities) Act 1987*, the *Affirmative Action (Equal Employment Opportunity for Women) Act 1986* and the *Native Title Act 1993*. My results show that 94 per cent of the research population said that their companies 'talk about equal employment opportunity' and 90 per cent said that they 'tackle discrimination'. There is at least, expressed compliance by companies.

In contrast, productive diversity has been promoted to business on the basis of the benefits that can be derived. As Kramer comments,

> ...unlike affirmative action programs, the stimulus for productive diversity
> will primarily be the continuing search for organisational effectiveness.
> (1999, p. 88)

The intention was that productive diversity would go beyond earlier models of equal opportunity and affirmative action with business 'bottom line' interests at the centre of the policy strategy. When Paul Keating, launched the productive diversity policy in October 1992, the policy was advocated on the basis that Australia's diverse community is a prime business asset. This was a significant move from previous deficit models of access and equity that had focussed on disadvantage and the need for legislative and program interventions to eliminate barriers to workforce participation. In his speech at the time, Keating celebrated the qualities and attributes of migrants and said that employers had not taken advantage of Australia's large population of ethnically and culturally diverse people in accessing new overseas market opportunities. The main objective he said was to,

> *...stem this waste of talent.... There is a significant issue of social justice
> involved here as well. But* **rational self-interest** *[my emphasis] alone
> dictates that we try to liberate the resources locked away.* (Keating, 1992)

It is this 'rationale self-interest' that was intended to drive the increasing adoption of productive diversity by employers. This has been the continuing rationale under the succeeding conservative federal government since 1996 led by John Howard, which is reflected in the current productive diversity policy being implemented primarily through the provision of information, resources and other persuasive devices to encourage business to adopt productive diversity (APS, 2003).

My research results and others (Bertone et al., 1998; Nicholas, 2000) demonstrate that employers in the private sector have not taken up this policy message to any great degree.

The idea that productive diversity adoption will increase due to 'rational self-interest' needs to be questioned.

Proponents of equal employment opportunity and affirmative action have long explored and demonstrated the deep resistance to change demonstrated by employers in implementing measures for organisational change in relation to equity and social justice issues (Burton, 1991; Poiner and Wills, 1992; Pyke, 1992; Hawthorn, 1994; Sinclair, 1998). This research identifies a range of reasons for such resistance, many of which are unconscious and stem from the fear of change to the status quo that currently serves the interests of Australian (predominately white and male) managers very well. Poiner and Wills (1992, p. 68) explore why such resistance exists which they say stems from a combination of factors including apathy, conservative values and fear of disruption. In relation to gender segregation, Burton (1991, p. 4) makes the homosociability argument which suggests that a masculine style of work makes employment more attractive, comfortable and satisfying. Disruption to the masculine social order is averted through homosocial reproduction. Hughes (1944) also applies this argument in relation to how racial and ethnic divisions are maintained. This resistance to change is expressed through many commonly identified responses including, disbelief that there is a problem, ignorance, misrepresentation, 'whipping up fear', obstructionism, circumvention and institutional inertia (Poiner and Wills, 1992, p. 68), responses that were all expressed in my research and are discussed in chapter 8. Sinclair (1998a) similarly makes an argument about the absence of women and culturally diverse groups in leadership positions as being rendered 'invisible' within organisations by the ways in which concepts of leadership has been defined and recognised as a largely masculine construction. Hawthorn (1994) further demonstrates, in relation to a group of overseas born engineers, the ways in which significantly poorer employment outcomes were achieved by those from non-English speaking backgrounds compared to those from English speaking backgrounds, even when skills, qualifications and language ability was similar. Hawthorn concludes that the problems lay with deeply entrenched attitudes of employers in relation to assumptions of merit on the basis of different ethnic characteristics (1994, p. xix). All of this evidence supports the idea that 'rational'

choices and 'self interest' of employers are shaped and informed by a range of psychological, social and cultural influences that go beyond an interest in increased productivity.

The productive diversity argument is based on the idea that globalisation will bring change whether employers like it or not, that homogenous organisations are unsustainable and less productive than those that are not, and that the better management of diversity will yield bottom line benefits. Through a well-organised management strategy, issues of discrimination can be solved and the productive capacity of those from diverse backgrounds can be liberated. In effect, the productive diversity policy approach optimistically assumes that employers will recognise the sense of this and, with a little encouragement, will see that this is the only sensible path to pursue. The low and uneven adoption of productive diversity suggests that the assumption that employers will be persuaded to implement productive diversity on the basis of 'rational self-interest' is clearly over optimistic. A range of psychological, social and cultural influences render the 'bottom-line' as only part of the equation that shapes employer 'rationality' and 'self-interest' and, as Prasad (1997) argues, the productive diversity argument commonly ignores the historically based and the deeply embedded psycho-social processes that shape the construction of 'otherness' in the workplace.

Changed political climate

A further important consideration is changes in the policy context since the launch of the policy in 1992. As discussed in chapter 2, a Labor government originally implemented productive diversity parallel to the implementation of an economic reform and trade liberalisation agenda. The policy emerged as part of a broad commitment to multiculturalism and was part of an integrated social and economic policy agenda to aimed to address some of the harsher social and economic impacts of globalisation (Wiseman, 1998, p. 47). In a discussion of Australian ethnic relations over the past decade, Bertone and Leahy argue that the current conservative Federal government led by Prime Minister John Howard since 1996 has shifted the policy context from one which was grounded on 'a comparatively tolerant, bipartisan consensus' to one which is actively

hostile to minority cultures and groups (2003, p. 102). Certainly, the Australian government's response to, and participation in, recent world events such as the September 11 New York bombings, the American led war against Iraq, and Australia's policy of mandatory detention of refugees and asylum seekers has led to a 'hostile environment within the community towards multiculturalism (ibid., p. 102).' This context leads them to question the possibility of achieving effective productive diversity in a climate characterised by such intolerance.

These points are made to further explain why the business factor model did not assist in explaining reasons for productive diversity adoption. Given that only five per cent of respondents could be clearly identified as full adopters of productive diversity and that only thirty-one per cent could be identified as 'progressive' or moving towards adoption, the numbers of adopters are too low to identify clear patterns. The low rate of adoption can be explained by the lack of incentives for doing so and the dubious assumptions about business motivation that are embedded within the policy rationale. Further, the political climate is such that efforts to promote productive diversity are dissuaded in an increasingly conservative political climate that discourages notions of multiculturalism in which the ideas and principles of productive diversity were originally conceived.

Conclusions

I have argued that there are three major reasons why no relationships could be found between business factors and productive diversity adoption. These include first, that there are other influential factors that shape business responses to productive diversity that were not included in the business factor model. These are the interacting factors of locality, community, history and leadership. Furthermore, these factors combine inconsistently across companies. Second, it was very difficult to identify some of the business factors included within the model in any meaningful way. In some cases the tangible characteristics, such as methods of work organisation, could be identified but the reality of how such processes were actually carried and how that impacted on diverse employees, are varied across companies and impossible to ascertain through the chosen research methods. Third, I have argued that the theoretical and policy assumptions upon

which productive diversity is based, underestimate the complex social, psychological and cultural influences that shape the distribution of power within organisations according to gender and ethnicity. This leads to the dubious policy assumption that employers will be motivated to adopt diversity on the basis of potential productivity gains. I argue that the low and uneven adoption of productive diversity can be partly explained by the complexity of employer motivation, the lack of compliance incentives for productive diversity adoption and the prevailing conservative political climate in relation to issues of multiculturalism.

Overall, the business factor model does not explain productive diversity even though each of the factors combine with others sometimes to create the conditions and impetus for companies to adopt the process. The model was largely based upon the anticipated impacts of globalisation on organisations, which it was hypothesised, would create the conditions for productive diversity adoption. Debates on globalisation have demonstrated that while globalisation has progressed according to broad trends, the impacts are contradictory, are defined by local and regional conditions and economic, social and political are largely unpredictable. As Ohmae (2000) observes, the trajectory of globalisation occurs along many dimensions which, are unpredictable. He suggests that predictive economic models are not useful in the current climate and that what is necessary, is to observe and see what happens. To support this he says that,

> Instead of trying to model the economy, I propose to observe the behaviour of the economy. If we agree on what we are witnessing, then that is a good enough basis for us to proceed to discuss the implications for our lives in the new continent. No model will give us any more authoritative foundation. (Ohmae, 2000, p. 8)

I believe that this is what the problem is with the business factor model. That is, that the assumption that globalisation would lead to consistent business trends and operational processes that would create the conditions and impetus for productive diversity was false. Globalisation trends are actually unpredictable, contradictory and shaped by local

conditions. Additionally, the results demonstrate that productive diversity has not been widely understood, received or acted upon by companies. The numbers identified who have adopted the process are low and disparate in their approach. Identifying a common understanding of productive diversity is difficult and there is considerable contention within the literature. Identifying companies according to productive diversity criteria that can be usefully and consistently applied across companies is highly problematic.

Essentially, this research has attempted to identify relationships between two sets of corporate behaviours and characteristics, both of which are contentious, are shaped within complex social and cultural interactions and are contradictory in their outcomes and impacts. No clear relationships could be found. At the same time, considerable insight in relation to productive diversity has been gained through this research. The central question, 'why do companies adopt productive diversity?' is an important one to be asked. This research provides further information in relation to the question despite the fact that the model could not be supported.

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Appendix 1:

Research Reference Group

Productive diversity steering committee membership

Name	Position
Irene Tkalcevic	Employment Division Department of Education, Employment and Training
Roland Nicholson	Program Manager, Multicultural Marketing National Australia Bank
Jenny McMahon	General Manager, Advocacy City of Maribyrnong
Fiona Mc Donald	General Manager Access Training and Employment Centre (ATEC)
Katy O'Callaghan	Senior Project Officer Australian National Training Authority (ANTA)
Hass Dellal	Executive Director Australian Multicultural Foundation
Elsa Underhill	Senior Lecturer, School of Management Faculty of Business and Law
Bev Lloyd-Walker	Senior Lecturer, School of Management Faculty of Business and Law
Fran Siemensma	Lecturer, School of Management Faculty of Business and Law
Elleni Bereded	Community Partnerships Officer Centre for Commencing Students
Judith Cooke	Acting Manager, Equity and Social Justice
Danny Ben-Moshe	Director of the Social Diversity and Community Wellbeing Key Research Area
Santina Bertone	Executive Director Workplace Studies Centre
Mary Leahy	Research Fellow Workplace Studies Centre
Jo Pyke	Masters Student Workplace Studies Centre

Appendix 2:

Interview Schedule

ID Number: _____   **Data entered** ☐

Organisation (company/business etc)

Name
Division (if only part of the organisation is targeted)
Location of main office or site targeted
Industry (ANZSIC category)

Contact
Name
Position
Phone
Fax
Email

Participation in interview?
        ☐ Yes
        ☐ No
        ☐ Referred on to another member of staff
        ☐ Requested further information to be mailed, faxed or emailed

Details for conducting interview
        Time
        Date
        Interview respondent (if different to contact listed above)
            Name
            Position
        Gender of respondent: ☐ Male   ☐ Female
        Contact details (if different to those listed above)
        Phone number (mob. _____) Bus (_____   ) _____
        Fax number
        Email

        MODE: Phone ☐ Fax ☐ email ☐

Checklist
        ☐ Verbal consent received
        ☐ Consent form faxed or emailed
        ☐   Further information sent (if requested)
        ☐   Consent form returned
        ☐   Questions 1 & 30 allocated a category?

ID Number: _____

The questions

Characteristics of the organisation

Can you confirm the main industry your organisation operates in?

Record specific answer and then allocate to a category at the end of the interview. Please note multiple categories.

1. ❐ Agriculture, Forestry and Fishing
2. ❐ Mining
3. ❐ Manufacturing
4. ❐ Electricity, gas and water supply
5. ❐ Construction
6. ❐ Wholesale Trade
7. ❐ Retail Trade
8. ❐ Accommodation, Cafes and Restaurants
9. ❐ Transport and storage
10. ❐ Communication Services
11. ❐ Finance and Insurance
12. ❐ Property and Business Services
13. ❐ Government Administration and Defence
14. ❐ Education
15. ❐ Health and Community Services
16. ❐ Cultural and Recreational Services
17. ❐ Personal and Other Services

Where is your organisation's main office?

What is your current position?

How long have you been with the organisation?

What is the organisation's annual turnover?

In your organisation, how many are directly employed as:?

Permanent employees	
Fixed term contract employees	
Casual employees	
Total	

In relation to education and training levels, what percentage of your organisation's employees are:

%	
	1. University educated (degree, post-graduate degree)
	2. Technical or vocationally trained (certificate, diploma, advanced diploma)
	3. Semi-skilled or unskilled

This question is about staff recruitment. Is the recruitment of staff:
1. ☐ Difficult in some areas
2. ☐ Difficult across the organisation
3. ☐ Not difficult across the organisation
4. ☐ Other

Is STAFF RETENTION?:
1. ☐ Difficult in some areas
2. ☐ Difficult across the organisation
3. ☐ Not difficult across the organisation
4. ☐ Other

Where do you mainly sell your products or services? Within the:

1. ☐ Local region

2. ☐ State

3. ☐ Australia

International

4. ☐ Asia Pacific

5. ☐ United Kingdom

6. ☐ USA and Canada

7. ☐ Continental Europe

8. ☐ Middle East

9. ☐ South America

10. ☐ Africa

How would you describe the degree of competition for your main market?

1. ❐ Very high

2. ❐ High

3. ❐ Moderate

4. ❐ Low

5. ❐ Very low

This next question is about innovation. Do you strongly agree, agree, disagree or strongly disagree with the following statement?
'Your organisation is highly innovative in relation to products, services and processes'

1. ❐ Strongly agree

2. ❐ Agree

3. ❐ Neither agree or disagree

4. ❐ Disagree

5. ❐ Strongly disagree

I would now like to ask about market segmentation. Do you strongly agree, agree, disagree or strongly disagree with the following statement?

'Our products or services are targeted to market segments based on characteristics such as gender, age, country of birth, religion and education. *(Give an example such as energy drinks being marketed to young men)*
1. ❐ Strongly agree
2. ❐ Agree
3. ❐ Neither agree or disagree
4. ❐ Disagree
5. ❐ Strongly disagree

How important is it to communicate in different languages with your market (ie your customers, clients or constituents)?

1. ❐ Strongly agree
2. ❐ Agree
3. ❐ Neither agree or disagree
4. ❐ Disagree
5. ❐ Strongly disagree

How important is it to understand the customs of your various markets (ie your customers, suppliers, clients or constituents)?

1. ❐ Strongly agree
2. ❐ Agree
3. ❐ Neither agree or disagree
4. ❐ Disagree
5. ❐ Strongly disagree

Work Organisation:

The next four questions are about your organisation's structure and decision making processes. Could you please indicate whether you strongly agree, agree, neither agree or disagree, disagree or strongly disagree to the following statements:

"The policies of branch and regional offices are determined by head office."

1. ☐ Strongly agree
2. ☐ Agree
3. ☐ Neither agree or disagree
4. ☐ Disagree
5. ☐ Strongly disagree

"The organisation's structure is flexible. Such as, the organisation is team based and has high levels of multi-skilling'

1. ☐ Strongly agree
2. ☐ Agree
3. ☐ Neither agree or disagree
4. ☐ Disagree
5. ☐ Strongly disagree

"Major business decisions are made with participation by the whole workforce."

1. ☐ Strongly agree
2. ☐ Agree
3. ☐ Neither agree or disagree
4. ☐ Disagree
5. ☐ Strongly disagree

"**In relation to workplace issues such as work processes, the workplace decides on issues in collaboration with higher levels of management'**

1. ☐ Strongly agree
2. ☐ Agree
3. ☐ Neither agree or disagree
4. ☐ Disagree
5. ☐ Strongly disagree

Diversity and diversity management

I would now like to ask you some questions about diversity and diversity management. But first I'd like to offer a non-technical definition:

Diversity is about the differences between people, such as sex, race, religion, age, disability and so on. A good diversity management strategy recognises these differences and uses various strategies to give all kinds of people a fair go, both at work and in society. This may involve designing work systems and the organisation's products and services in ways which help people participate and contribute their special talents.

Diversity of organisation

Does your organisation keep records about employee diversity? Please respond yes, no or don't know for each of the following characteristics.

No 0	Yes 1	Don't know 2	Characteristic
			Gender/sex
			Country of birth
			Aboriginality
			Languages other than English
			Religion
			Disability
			Age
			Education levels

32 diverse1
33 diverse2
34 diverse3
35diverse4
36 diverse5
37 diverse6
38diverse7
39diverse8

Are these records reliable and up to date?

1. ☐ Yes, IF YES GO TO QUESTION 23
0. ☐ No
2. ☐ Yes, but only in some areas
3. ☐ Not sure

40records

22. Why doesn't your organisation record information about the diversity of its employees?

1. ☐   A) Not regarded as important
2. ☐   Don't have the resources
3. ☐   Concerns about confidentiality
4. ☐   Only collected at a local or divisional level
5. ☐   Other, please specify

41norecs

23. What broad percentage of the following characteristics are represented in the _non-managerial_ workforce*?

	%
Men	
Women	
People from non-English speaking backgrounds	
Aborigines and Torres Strait Islanders	
People from diverse religious backgrounds	
People with disabilities	
Young people (under 30)	
Older people (over 45's)	
People with little formal education	
People with formal qualifications	

24. **What broad percentage of the following characteristics are represented in _senior management_?**

	%
Men	
Women	
People from non-English speaking backgrounds	
Aborigines and Torres Strait Islanders	
People from diverse religious backgrounds	
People with disabilities	
Young people (under 30)	
Older people (over 45's)	
People with little formal education	
People with formal qualifications	

25. Do you agree or disagree with the following statement?
'Your organisation has a significant number of customers who come from non-

English speaking countries'

1. ❐   Agree
2. ❐   Neither agree or disagree
3. ❐   Disagree
4. ❐   Other

Diversity Management

26. Does your organisation have a diversity management policy
- 1. ❐ Yes
- 0. ❐ No
- 2. ❐ Only in some parts of the organisation
- 3. ❐ Not sure
- 4. ❐ Other

27. Does your organisation deal with diversity issues in some way?
- 0. ❐ No **(SKIP QUESTION 29)**
- 1. ❐ Yes
- 2. ❐ Yes, but we don't use the word diversity.

28. **Does your organisation talk about any of the following terms and concepts?**
(Please record multiples)

❐ Equal Employment Opportunity

❐ Affirmative Action

❐ Corporate social responsibility

❐ Triple bottom line

❐ Being a good corporate citizen

❐ Community engagement

❐ Worker participation

❐ Good management practices

❐ Meeting clients needs

29. How is diversity defined in your organisation?

- 1. ❐ 1. Broadly defined, including gender, race, ethnicity, disability and sexuality
- 2. ❐ 2. Broadly defined but in practice focuses on gender
- 3. ❐ 3. Broadly defined but in practice focuses on one or two population groups such as aboriginal people or people with a disability
- 4. ❐ 4. *Narrowly defined* and focuses on one or two population groups
- 5. ❐ 5. Diversity is not relevant
- 6. ❐ 6. Other

30. Are any of the following strategies currently being implemented in response to your _customers_? Please indicate whether each strategy is:

1) often implemented 2) sometimes implemented or 3) never implemented.

Often 2	Some Times 1	Never 0	Strategy
			Multicultural marketing (niche marketing to ethnic communities)
			Other niche marketing e.g. to men, women or specific age groups
			Implementing initiatives with indigenous communities
			Offering services to customers in languages other than English
			Encouraging employees to use their various languages at work
			Using interpreters or translators to communicate within or outside the organisation
			Translating documents from English into other languages

75impcus1
76impcus2
77impcus3
78impcus4
79impcus5
80impcus6
81impcus7

31. The following are strategies currently being implemented for _employees_?

Often 2	Some Times 1	Never 0	Strategy
			Active recruitment of employees from diverse backgrounds
			Active recruitment of employees from diverse age groups
			Running cross-cultural training programs for:
			❑ Employees
			❑ Senior managers
			Recognition of overseas qualifications
			Recognition of overseas employment experience
			Induction programs that include diversity issues
			General workplace training that includes diversity issues
			Mentoring schemes to support career development of
			❑ Women
			❑ People from NESB
			Explicitly tackling discrimination across a range of issues e.g. gender, ethnicity
			Holding cultural events for employees
			Measuring managers' performance against diversity criteria
			Internal climate survey that includes questions on diversity
			Incorporating diversity into strategic planning

82impemp1
83impemp2
84impemp3
85impemp4
86impemp5
87impemp6
88impemp7
89impemp8
90impemp9
91impemp10
92impemp11
93impemp12
94impemp13
95impemp14
96impemp15

32. Who is currently responsible for diversity management policies and strategies?

For this question – note the answer and fit to categories after completing the questionnaire.

1. ❏ Senior management position dedicated to diversity
2. ❏ Middle level position dedicated to diversity

A special branch or unit dedicated to diversity
    3.   ❏ EEO branch/unit
    4.   ❏ HR branch/unit
    5.   ❏ Marketing branch/unit
    6.   ❏ Other
    7.   ❏ Diversity Committee
    8.   ❏ EEO Committee

Diversity is part of a senior manager's responsibilities
    9.   ❏ EEO senior manager
    10.   ❏ HR senior manager
    11.   ❏ Marketing senior manager
    12.   ❏ Other

Diversity is part of a middle level manager's responsibilities
    13. ❏ EEO middle manager
    14. ❏ HR middle manager
    15. ❏ A marketing middle manager
    16. ❏Other

17. ❏All managers and staff have responsibility for diversity management
18. ❏No one is responsible for diversity
19. ❏ Other, please specify

33. Do you have anything else you'd like to say about diversity and diversity management at your organisation?

Thank you for your time to complete this questionnaire.

Appendix 3:

Research Background for Interview Respondents

Victoria University of Technology

PO Box 14428
MELBOURNE CITY MC VIC 8001
Australia

Workplace Studies Centre

Footscray Park campus
12 Geelong Road   Telephone: (03) 9688 4144
Footscray   Facsimile: (03) 9688 4199
                         Email: joanne.pyke@research.vu.edu.au

Research on diversity management in Australian businesses

Thank you for your response and interest in the research being undertaken by the Workplace Studies Centre at Victoria University. The following provides information about our research projects.

- *'Productive Diversity: What businesses are active and why'* aims to increase understanding of the business factors that lead to some companies committing themselves to diversity management policies and strategies. The main research method is a telephone interview of senior managers in Australia's top 500 companies as well as an analysis of annual reports. The study will focus on the reasons why some businesses actively adopt productive diversity while others do not.

- '*How important are change agents? Studying the take-up of productive diversity policies in business and industry'* will investigate the importance of leadership and organisational culture in the adoption of diversity management policies in business. This project will involve a interview and case study research. Based on the interview of businesses and other organisations, ten 'matched pairs' will be identified and approached to participate in the case studies. Each pair will include an advanced adopter and an early adopter from the same industry and similar in terms of size, complexity of markets etc. Interviews with managers and employees and corporate documents will inform the case study component of the research.

The outcome of both projects will be a model of diversity management adoption incorporating market-based, organisational and leadership factors. This model will provide a more holistic understanding of diversity management practices in Australia. The research outcomes will assist business managers and planners to better respond to an increasingly globalised business environment.

The interview

The interview takes about 15 – 30 minutes over telephone. Participants are asked about the characteristics of the organisation (turnover, approx number of employees, type of market), diversity of staff and customers and any diversity management initiatives. They are not asked to speak as representatives of the organisation. We are keen to speak to people from companies with developed diversity programs as well as those without any specific diversity initiatives. The interview is completely **confidential**. Participants (individuals and organisations) will not be identified with researchers reporting on aggregate data.

The Workplace Studies Centre

The Workplace Studies Centre, Victoria University is a Faculty of Business and Law research centre specialising in independent workplace research, conferences, training and consulting. Workplace studies is a broad field covering all aspects of the relationship between employers, employees, the economy and society. The Workplace Studies Centre tackles contemporary issues and questions with teams of multidisciplinary research teams.

Further information

If you have any questions or require further information, please contact Joanne Pyke on phone 9688 4144 or by email: Joanne.Pyke@research.vu.edu.au.

Appendix 4:

Classification Format for Productive Diversity Types

PD CLASSIFICATION FORM

Practice	Yes	In part	No	Comments
Policy				
Other relevant policy				
Is this communicated?				
Is diversity dealt with?				
Diversity Defined				
Broad				
Broad but gender				
Broad but other group				
Narrow and other group				
Other				
Diversity not relevant				
Strategies				
Core strategies				
Other strategies				
Personnel				
A specific person/unit				
Part of someone's role				
If an issue someone				
All managers have responsibility				
No one has responsibility				
CONTEXT				
Employee profile				
Record keeping				
Strategies appropriate				

OTHER COMMENTS

Indicate change?	
Indicate resistance?	
Do they address barriers?	
Do the promote diversity?	

Classification

Integrated	Progressive	Minimalist	Uninterested

Appendix 5:

Classification Format for Annual Report Analysis

Annual Report Analysis Scoring Framework

Factor			
Product Market	Stand.	Diverse	
Diverse/standardised	1	2	
	High	Moderate	Low
High Value-added/low value-added	1	2	3
	Product	Prod/service mix	Service
Product/service mix	1	2	3
	OS	Local	
Overseas owned or Australian multinational/locally owned.	1	2	
	Growth	Decline	
Growth/decline	1	2	

Notes & definitions:

Diverse/standardised

Diverse – where the company has sales in 2 or more industries
Standardised – where the company has sales in one industry

Given the limits of consistent information available from annual reports, we can only really identify horizontal or conglomerate diversification as opposed to concentric diversification (diversification within the same industry and product/service type). The distinction made above is taken from Lyns & Servaes (2002) where the simple distinction between sales across industry sectors was applied to international research examining the differences in profit margins between diversified and standardised company operations. Evidence from the annual reports can be taken from statements of what constitutes core business of the organisation.

High Value-added/some value-adding/low value-added

Value added refers here to the degree of complexity and processing implemented to change and increase the price value of a raw product. Three layers of complexity will be measured.
Low value added – refers to an exclusive focus on the production or extraction of a raw material or very basic service eg. gold mining.
Some value-adding – production of raw materials plus some service, processing or marketing components of the business.
High value added – where the core business comprises the provision of complex products and/or services.

Product/service mix

Product – something produced, either by a natural process or by agriculture or manufacture
Service – a system or arrangement that performs work for customers or supplies public needs (The Australian Oxford Paperback Dictionary)
Product/service – where there is a clear blend of both products and services comprising the company's business.
To be classified according to the annual reports statement of what constitutes the primary nature of the business. In most cases this can be simply determined by what the customer is buying – a good or a service.

Overseas owned/Australian multinational or locally owned

This category is limited by the consistent information available through annual reports. The best we can do is to classify as:
Overseas owned/Australian multinational – can be assessed in the annual report where there are overseas offices or operations and/or the parent company is based internationally.
Locally owned – can be assessed where there is no evidence of overseas operations or ownership.

Appendix 6

Data analysis output for productive diversity types

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Industry * Productive Diversity Type	156	100.0%	0	.0%	156	100.0%
Product Diversity * Productive Diversity Type	152	97.4%	4	2.6%	156	100.0%
Value Adding * Productive Diversity Type	152	97.4%	4	2.6%	156	100.0%
Competition * Productive Diversity Type	151	96.8%	5	3.2%	156	100.0%
Service or Product * Productive Diversity Type	152	97.4%	4	2.6%	156	100.0%
Levels of multicultural employees * Productive Diversity Type	116	74.4%	40	25.6%	156	100.0%
University Education * Productive Diversity Type	140	89.7%	16	10.3%	156	100.0%
Employee retention * Productive Diversity Type	155	99.4%	1	.6%	156	100.0%
Total Employees * Productive Diversity Type	150	96.2%	6	3.8%	156	100.0%
Overseas ownership * Productive Diversity Type	153	98.1%	3	1.9%	156	100.0%
Export Orientation * Productive Diversity Type	156	100.0%	0	.0%	156	100.0%
Central decisions * Productive Diversity Type	156	100.0%	0	.0%	156	100.0%
Innovation * Productive Diversity Type	155	99.4%	1	.6%	156	100.0%
Flexibility * Productive Diversity Type	156	100.0%	0	.0%	156	100.0%
Business Decisions * Productive Diversity Type	154	98.7%	2	1.3%	156	100.0%
Work Processes * Productive Diversity Type	156	100.0%	0	.0%	156	100.0%
NESB * Productive Diversity Type	116	74.4%	40	25.6%	156	100.0%
Total employees * Productive Diversity Type	150	96.2%	6	3.8%	156	100.0%

Industry * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Industry	Agriculture, Forestry and Fishing		4	6	3	13
	mining	3	10	12	9	34
	manufacturing	2	10	14	4	30
	electricity, gas & water supply		1		1	2
	construction		2	1	6	9
	wholesale trade		1			1
	retail trade	1	3	2	1	7
	accommodation, cafes and restaurants		1	3	1	5
	transport and storage		3		1	4
	communication services		2	4	2	8
	finance and insurance	1	2	9	1	13
	property and business services	1	4	9	3	17
	health and community services	1	1	2		4
	cultural and recreational services		3	5		8
	personal and other services			1		1
Total		9	47	68	32	156

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	40.328[a]	42	.545
Likelihood Ratio	43.770	42	.396
Linear-by-Linear Association	.373	1	.541
N of Valid Cases	156		

a. 50 cells (83.3%) have expected count less than 5. The minimum expected count is .06.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.049	.073	-.609	.543[c]
Ordinal by Ordinal	Spearman Correlation	-.038	.076	-.477	.634[c]
N of Valid Cases		156			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
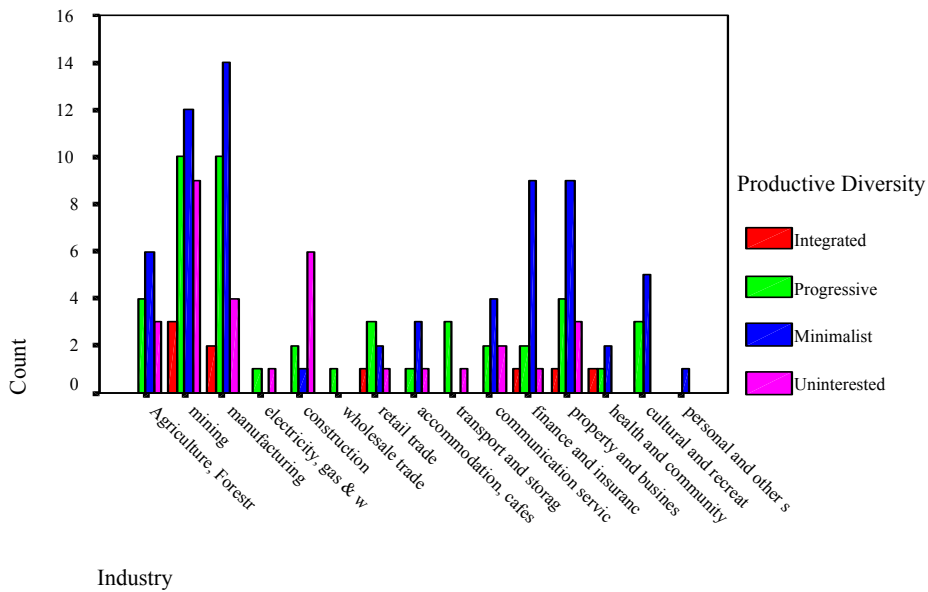
Product Diversity * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				
		Integrated	Progressive	Minimalist	Uninterested	Total
Product Diversity	diverse	9	31	52	24	116
	standardised		15	14	7	36
Total		9	46	66	31	152

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.064[a]	3	.167
Likelihood Ratio	6.998	3	.072
Linear-by-Linear Association	.002	1	.967
N of Valid Cases	152		

a. 1 cells (12.5%) have expected count less than 5. The minimum expected count is 2.13.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.003	.076	-.042	.967[c]
Ordinal by Ordinal	Spearman Correlation	-.026	.079	-.315	.753[c]
N of Valid Cases		152			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
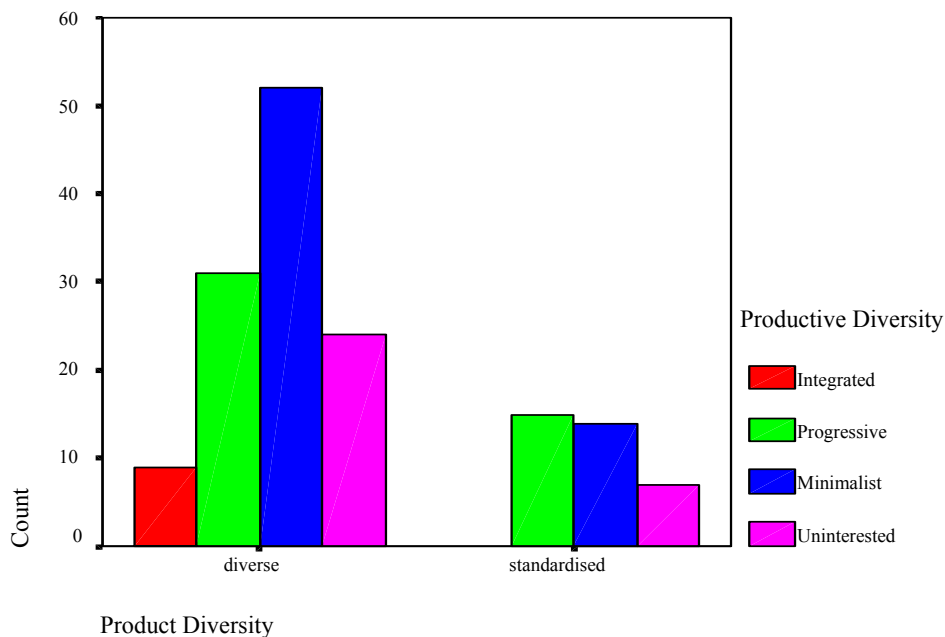
Value Adding * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Value Adding	high	7	29	45	21	102
	moderate		13	13	7	33
	low	2	4	8	3	17
Total		9	46	66	31	152

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.626[a]	6	.593
Likelihood Ratio	6.301	6	.390
Linear-by-Linear Association	.042	1	.837
N of Valid Cases	152		

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is 1.01.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.017	.084	-.205	.838[c]
Ordinal by Ordinal	Spearman Correlation	-.015	.081	-.179	.858[c]
N of Valid Cases		152			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
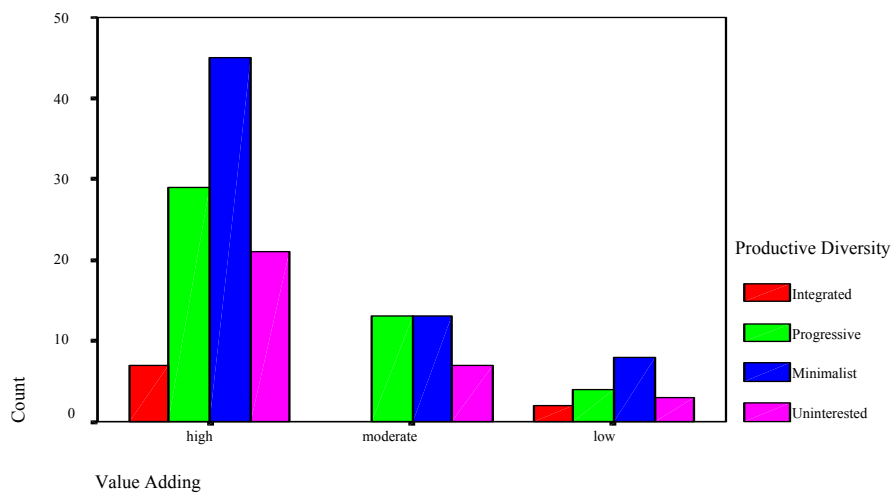
Competition * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Competition	very high	5	24	34	14	77
	high	3	14	19	11	47
	moderate		3	9	4	16
	low		3	2	1	6
	very low	1	2	1	1	5
Total		9	46	65	31	151

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.746[a]	12	.874
Likelihood Ratio	7.501	12	.823
Linear-by-Linear Association	.003	1	.956
N of Valid Cases	151		

a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is .30.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.004	.087	.054	.957[c]
Ordinal by Ordinal	Spearman Correlation	.041	.081	.501	.617[c]
N of Valid Cases		151			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
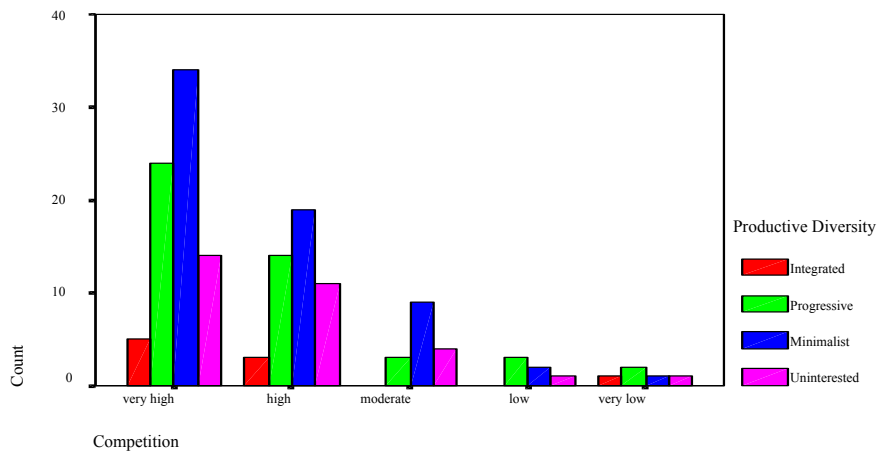
Service or Product * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Service or Product	product	3	13	17	6	39
	product & service	4	21	25	16	66
	service	2	12	24	9	47
Total		9	46	66	31	152

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.045[a]	6	.803
Likelihood Ratio	3.072	6	.800
Linear-by-Linear Association	.998	1	.318
N of Valid Cases	152		

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is 2.31.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.081	.078	.999	.319[c]
Ordinal by Ordinal	Spearman Correlation	.080	.078	.989	.324[c]
N of Valid Cases		152			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
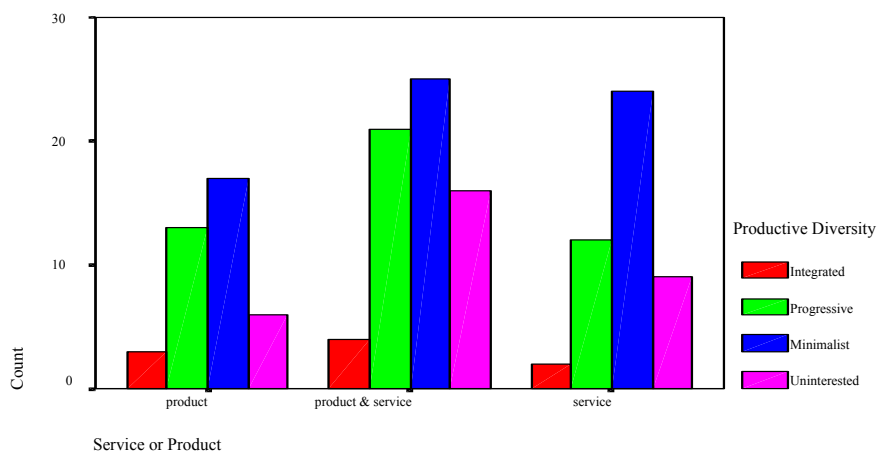
Levels of multicultural employees * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Levels of multicultural employees	Less than 20% NESB	8	25	37	21	91
	More than 20% NESB		11	13	1	25
Total		8	36	50	22	116

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.273[a]	3	.041
Likelihood Ratio	11.155	3	.011
Linear-by-Linear Association	.891	1	.345
N of Valid Cases	116		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is 1.72.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.088	.073	-.943	.348[c]
Ordinal by Ordinal	Spearman Correlation	-.108	.078	-1.159	.249[c]
N of Valid Cases		116			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Levels of multicultural employees
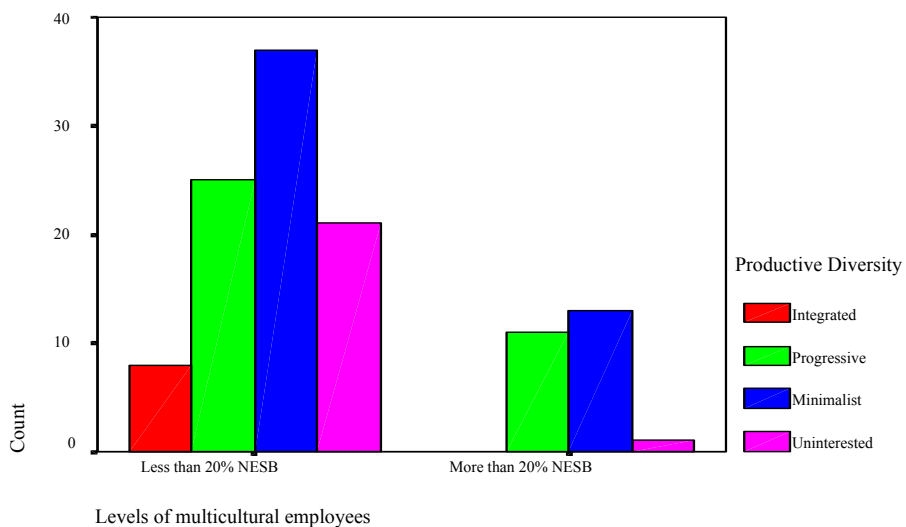
University Education * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
University Education	20%	4	16	25	15	60
	40%	1	11	17	8	37
	60%	3	7	10	5	25
	80%		6	7	1	14
	100%	1	1	2		4
Total		9	41	61	29	140

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.088[a]	12	.695
Likelihood Ratio	10.160	12	.602
Linear-by-Linear Association	2.262	1	.133
N of Valid Cases	140		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .26.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.128	.081	-1.511	.133[c]
Ordinal by Ordinal	Spearman Correlation	-.112	.083	-1.326	.187[c]
N of Valid Cases		140			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
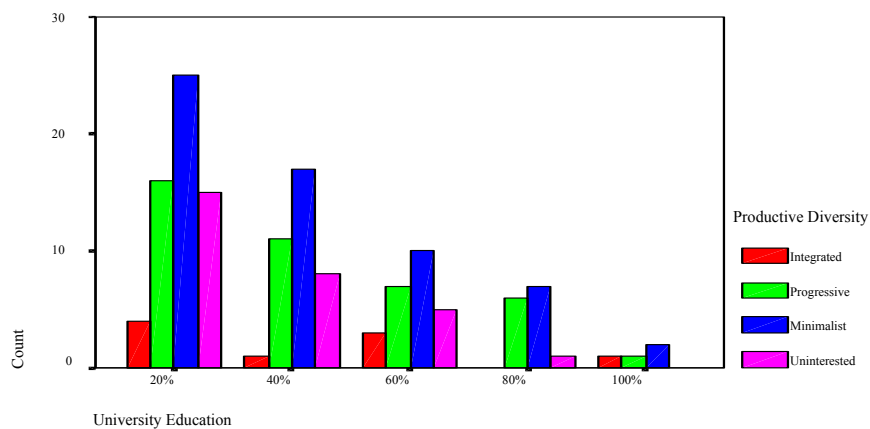
Employee retention * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Employee retention	Some difficulty	3	16	24	14	57
	Difficult across org		1	8	2	11
	Not difficult	4	28	35	14	81
	Other	2	2		2	6
Total		9	47	67	32	155

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.025[a]	9	.048
Likelihood Ratio	16.276	9	.061
Linear-by-Linear Association	1.908	1	.167
N of Valid Cases	155		

a. 10 cells (62.5%) have expected count less than 5. The minimum expected count is .35.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.111	.086	-1.385	.168[c]
Ordinal by Ordinal	Spearman Correlation	-.113	.085	-1.413	.160[c]
N of Valid Cases		155			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
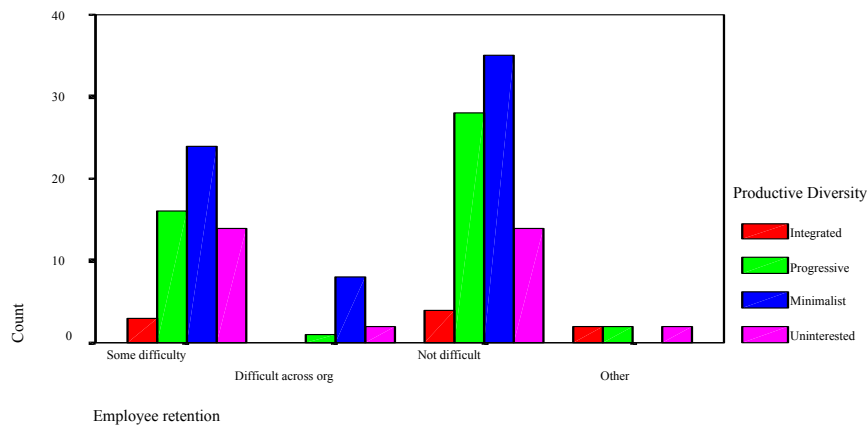
Total Employees * Productive Diversity Type

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	385.541[a]	363	.199
Likelihood Ratio	312.279	363	.975
Linear-by-Linear Association	.045	1	.832
N of Valid Cases	150		

a. 488 cells (100.0%) have expected count less than 5. The minimum expected count is .06.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.017	.027	.212	.832[c]
Ordinal by Ordinal	Spearman Correlation	.063	.084	.765	.445[c]
N of Valid Cases		150			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Overseas ownership * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Overseas ownership	overseas	5	26	34	17	82
	local	4	20	32	15	71
Total		9	46	66	32	153

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.290[a]	3	.962
Likelihood Ratio	.290	3	.962
Linear-by-Linear Association	.127	1	.721
N of Valid Cases	153		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is 4.18.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.029	.081	.356	.722[c]
Ordinal by Ordinal	Spearman Correlation	.031	.081	.378	.706[c]
N of Valid Cases		153			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Overseas ownership
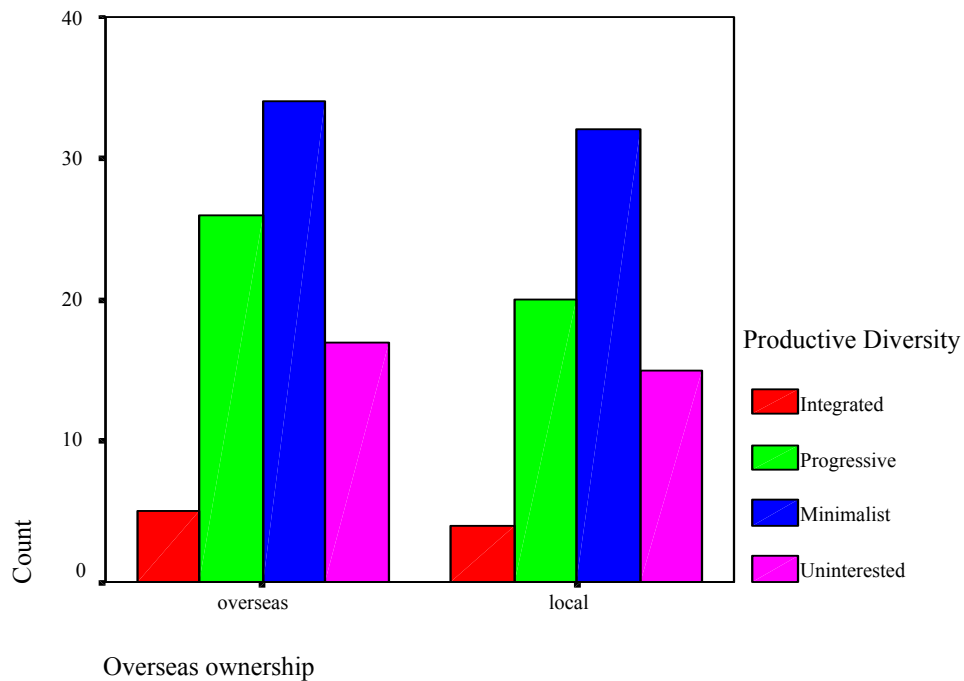
Export Orientation * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Export Orientation	Export	6	36	42	24	108
	No export	3	11	26	8	48
Total		9	47	68	32	156

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.504[a]	3	.320
Likelihood Ratio	3.518	3	.318
Linear-by-Linear Association	.057	1	.811
N of Valid Cases	156		

a. 1 cells (12.5%) have expected count less than 5. The minimum expected count is 2.77.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.019	.077	.239	.811[c]
Ordinal by Ordinal	Spearman Correlation	.029	.077	.355	.723[c]
N of Valid Cases		156			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
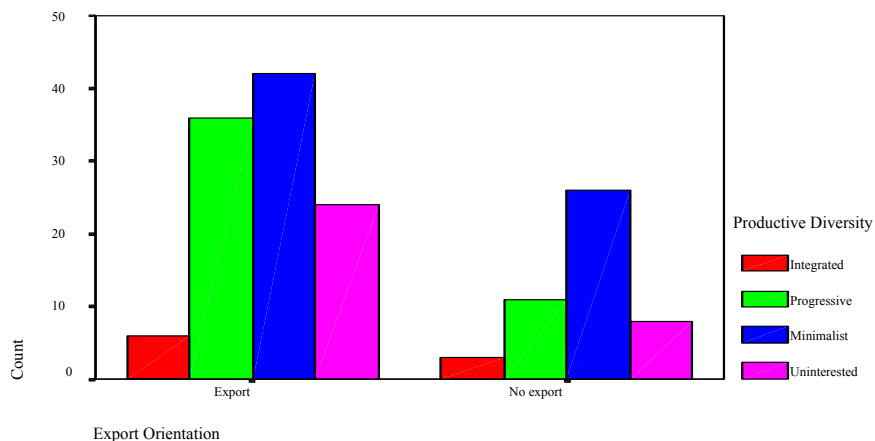
Central decisions * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Central decisions	strongly agree	3	18	21	14	56
	agree	5	20	30	13	68
	neither agree nor disagree	1	6	11		18
	disagree		3	4	4	11
	strongly disagree			2	1	3
Total		9	47	68	32	156

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.344[a]	12	.586
Likelihood Ratio	15.232	12	.229
Linear-by-Linear Association	.302	1	.583
N of Valid Cases	156		

a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is .17.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.044	.077	.548	.584[c]
Ordinal by Ordinal	Spearman Correlation	.002	.080	.023	.982[c]
N of Valid Cases		156			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
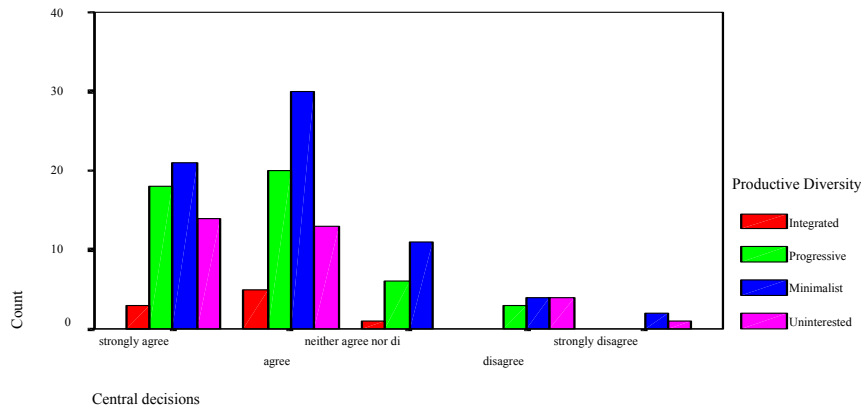
Innovation * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Innovation	strongly agree	2	19	16	8	45
	agree	4	15	33	13	65
	neither agree nor disagree	1	3	10	7	21
	disagree	2	9	8	3	22
	strongly disagree		1		1	2
Total		9	47	67	32	155

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.652[a]	12	.395
Likelihood Ratio	13.360	12	.343
Linear-by-Linear Association	.055	1	.815
N of Valid Cases	155		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .12.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.019	.084	.233	.816[c]
Ordinal by Ordinal	Spearman Correlation	.058	.084	.717	.474[c]
N of Valid Cases		155			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
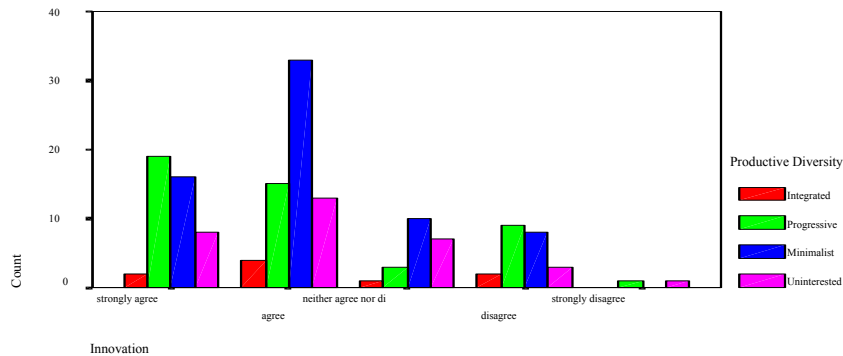
Flexibility * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Flexibility	strongly agree	3	13	17	6	39
	agree	5	22	28	21	76
	neither agree nor disagree	1	5	9	3	18
	disagree		7	13	2	22
	strongly disagree			1		1
Total		9	47	68	32	156

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.206[a]	12	.685
Likelihood Ratio	10.967	12	.532
Linear-by-Linear Association	.194	1	.659
N of Valid Cases	156		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .06.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.035	.067	.439	.661[c]
Ordinal by Ordinal	Spearman Correlation	.042	.073	.522	.602[c]
N of Valid Cases		156			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
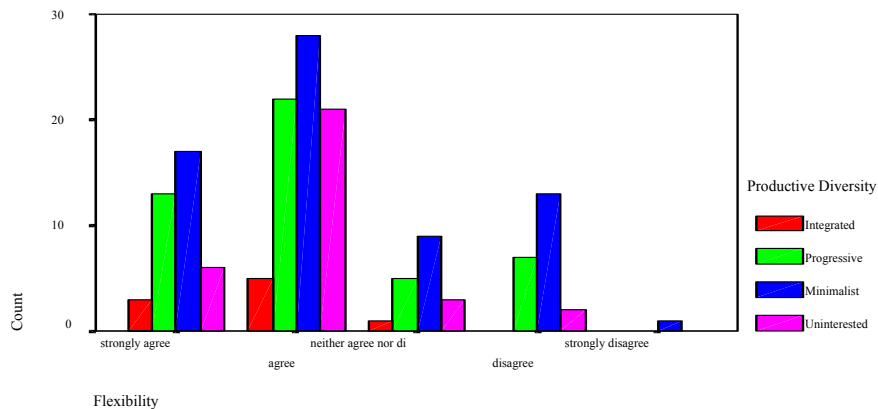
Business Decisions * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Business Decisions	strongly agree			2	1	3
	agree	2	8	19	9	38
	neither agree nor disagree	3	7	7	4	21
	disagree	4	28	30	10	72
	strongly disagree		4	10	6	20
Total		9	47	68	30	154

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.786[a]	12	.385
Likelihood Ratio	14.288	12	.283
Linear-by-Linear Association	.260	1	.610
N of Valid Cases	154		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .18.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.041	.078	-.509	.611[c]
Ordinal by Ordinal	Spearman Correlation	-.029	.081	-.363	.717[c]
N of Valid Cases		154			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
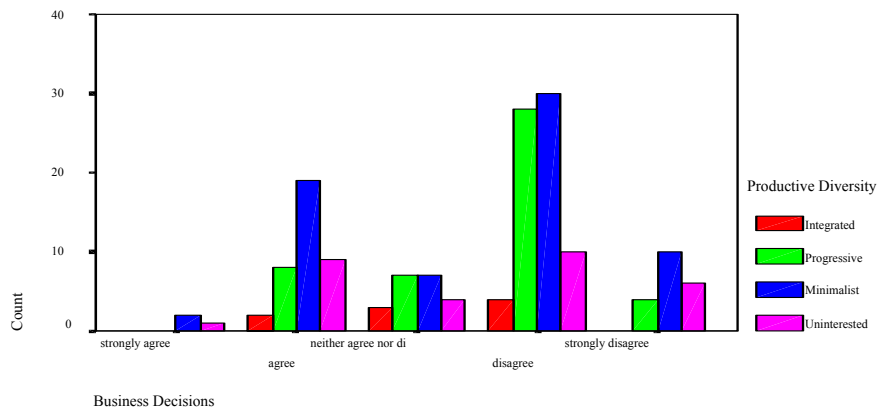
Work Processes * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Work Processes	0			1		1
	strongly agree	1	5	6	1	13
	agree	5	28	36	20	89
	neither agree nor disagree	1	7	5	5	18
	disagree	2	6	19	6	33
	strongly disagree		1	1		2
Total		9	47	68	32	156

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.061[a]	15	.874
Likelihood Ratio	10.401	15	.794
Linear-by-Linear Association	.454	1	.500
N of Valid Cases	156		

a. 14 cells (58.3%) have expected count less than 5. The minimum expected count is .06.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.054	.073	.673	.502[c]
Ordinal by Ordinal	Spearman Correlation	.066	.075	.824	.411[c]
N of Valid Cases		156			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
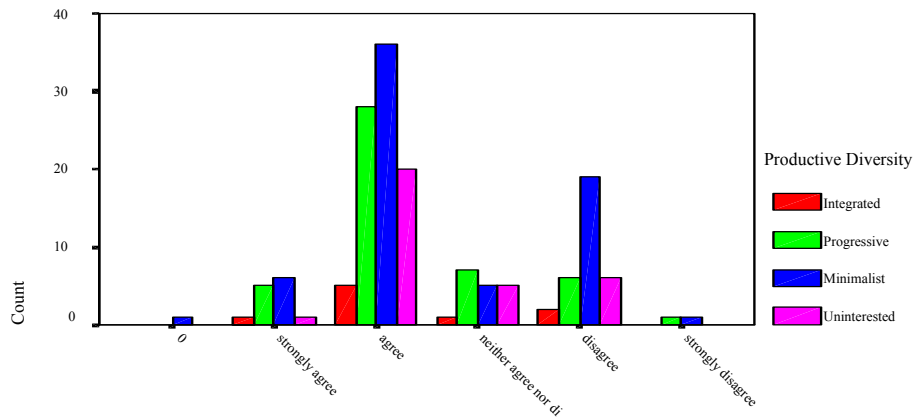
Work Processes

NESB * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
NESB	0	1	2	5	5	13
	1		2	2	1	5
	2		1	1		2
	3		1			1
	4	1	1			2
	5	2	3	5	4	14
	8	1				1
	10		5	9	3	17
	15		2	3	3	8
	18		1	2		3
	20	1	2	3	2	8
	25	2	1	4	1	8
	30		4	3	2	9
	34			1		1
	37			1		1
	40		4	2		6
	45			1		1
	50		1	4		5
	60		1	2		3
	65		1	1		2
	70		1		1	2
	75		1	1		2
	80		2			2
Total		8	36	50	22	116

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	62.422[a]	66	.602
Likelihood Ratio	59.530	66	.700
Linear-by-Linear Association	1.257	1	.262
N of Valid Cases	116		

a. 88 cells (95.7%) have expected count less than 5. The minimum expected count is .07.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.105	.082	-1.122	.264[c]
Ordinal by Ordinal	Spearman Correlation	-.111	.092	-1.198	.234[c]
N of Valid Cases		116			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Total employees * Productive Diversity Type

Crosstab

Count

		Productive Diversity Type				Total
		Integrated	Progressive	Minimalist	Uninterested	
Total employees	0-100	3	9	8	6	26
	101-200	2	14	18	12	46
	201-500	2	6	12	1	21
	501-1000	1	6	14	4	25
	1001-2000	1	5	5	6	17
	2001-5000		2	4	1	7
	5001-10000		1	1	1	3
	10001-20000		2	3		5
Total		9	45	65	31	150

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.894[a]	21	.828
Likelihood Ratio	17.320	21	.692
Linear-by-Linear Association	.244	1	.622
N of Valid Cases	150		

a. 19 cells (59.4%) have expected count less than 5. The minimum expected count is .18.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.040	.078	.492	.623[c]
Ordinal by Ordinal	Spearman Correlation	.044	.084	.537	.592[c]
N of Valid Cases		150			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
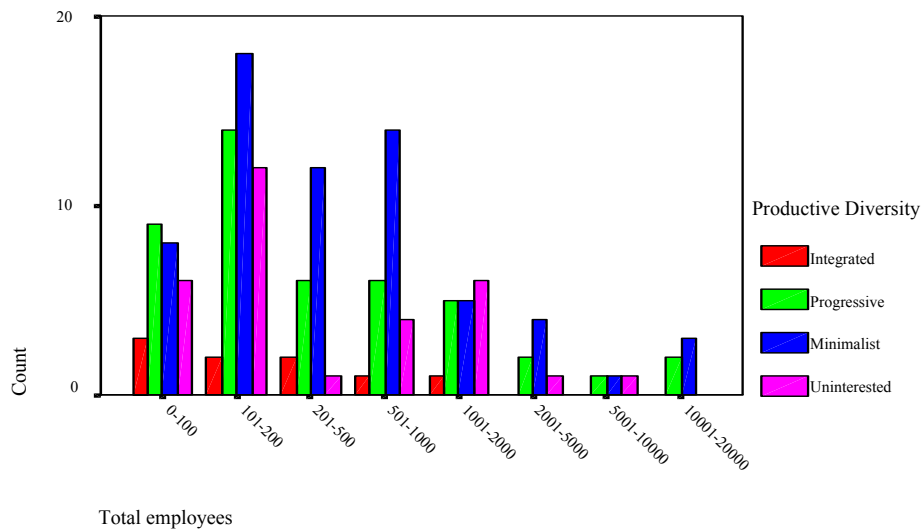
Appendix 7

Data analysis output for productive diversity adopters and non-adopters

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Industry * PD adoption	156	100.0%	0	.0%	156	100.0%
Product Diversity * PD adoption	152	97.4%	4	2.6%	156	100.0%
Value Adding * PD adoption	152	97.4%	4	2.6%	156	100.0%
Competition * PD adoption	151	96.8%	5	3.2%	156	100.0%
Service or Product * PD adoption	152	97.4%	4	2.6%	156	100.0%
Levels of multicultural employees * PD adoption	116	74.4%	40	25.6%	156	100.0%
University Education * PD adoption	140	89.7%	16	10.3%	156	100.0%
Employee retention * PD adoption	155	99.4%	1	.6%	156	100.0%
Total Employees * PD adoption	150	96.2%	6	3.8%	156	100.0%
Overseas ownership * PD adoption	153	98.1%	3	1.9%	156	100.0%
Export Orientation * PD adoption	156	100.0%	0	.0%	156	100.0%
Central decisions * PD adoption	156	100.0%	0	.0%	156	100.0%
Innovation * PD adoption	155	99.4%	1	.6%	156	100.0%
Flexibility * PD adoption	156	100.0%	0	.0%	156	100.0%
Business Decisions * PD adoption	154	98.7%	2	1.3%	156	100.0%
Work Processes * PD adoption	156	100.0%	0	.0%	156	100.0%
NESB * PD adoption	116	74.4%	40	25.6%	156	100.0%
Total employees * PD adoption	150	96.2%	6	3.8%	156	100.0%

Industry * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Industry	Agriculture, Forestry and Fishing	4	9	13
	mining	13	21	34
	manufacturing	12	18	30
	electricity, gas & water supply	1	1	2
	construction	2	7	9
	wholesale trade	1		1
	retail trade	4	3	7
	accommodation, cafes and restaurants	1	4	5
	transport and storage	3	1	4
	communication services	2	6	8
	finance and insurance	3	10	13
	property and business services	5	12	17
	health and community services	2	2	4
	cultural and recreational services	3	5	8
	personal and other services		1	1
Total		56	100	156

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.286[a]	14	.741
Likelihood Ratio	10.878	14	.696
Linear-by-Linear Association	.252	1	.616
N of Valid Cases	156		

a. 19 cells (63.3%) have expected count less than 5. The minimum expected count is .36.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.040	.079	.500	.617[c]
Ordinal by Ordinal	Spearman Correlation	.031	.079	.391	.696[c]
N of Valid Cases		156			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Industry
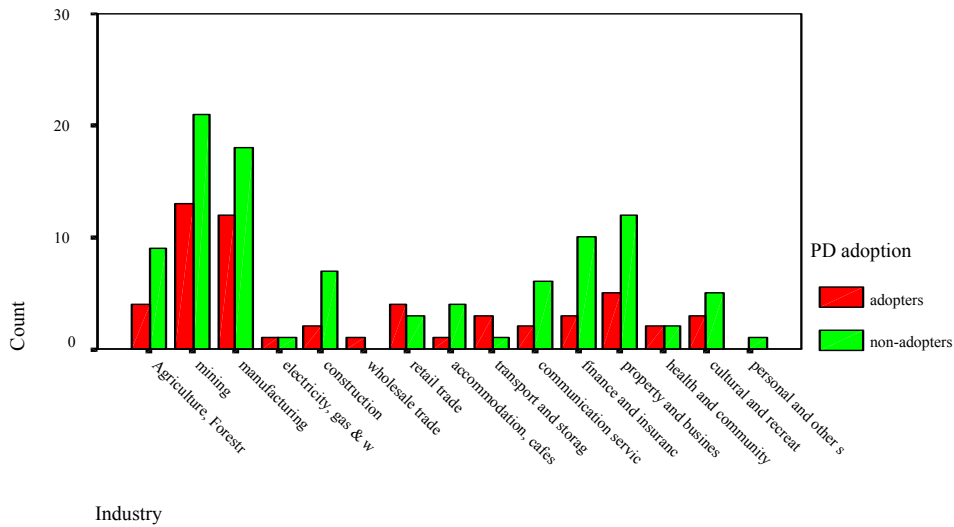
Product Diversity * PD adoption

Crosstab

Count

		PD adoption		
		adopters	non-adopters	Total
Product Diversity	diverse	40	76	116
	standardised	15	21	36
Total		55	97	152

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.614[b]	1	.433		
Continuity Correction[a]	.342	1	.558		
Likelihood Ratio	.606	1	.436		
Fisher's Exact Test				.435	.277
Linear-by-Linear Association	.610	1	.435		
N of Valid Cases	152				

a. Computed only for a 2x2 table

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 13.03.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.064	.083	-.780	.437[c]
Ordinal by Ordinal	Spearman Correlation	-.064	.083	-.780	.437[c]
N of Valid Cases		152			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
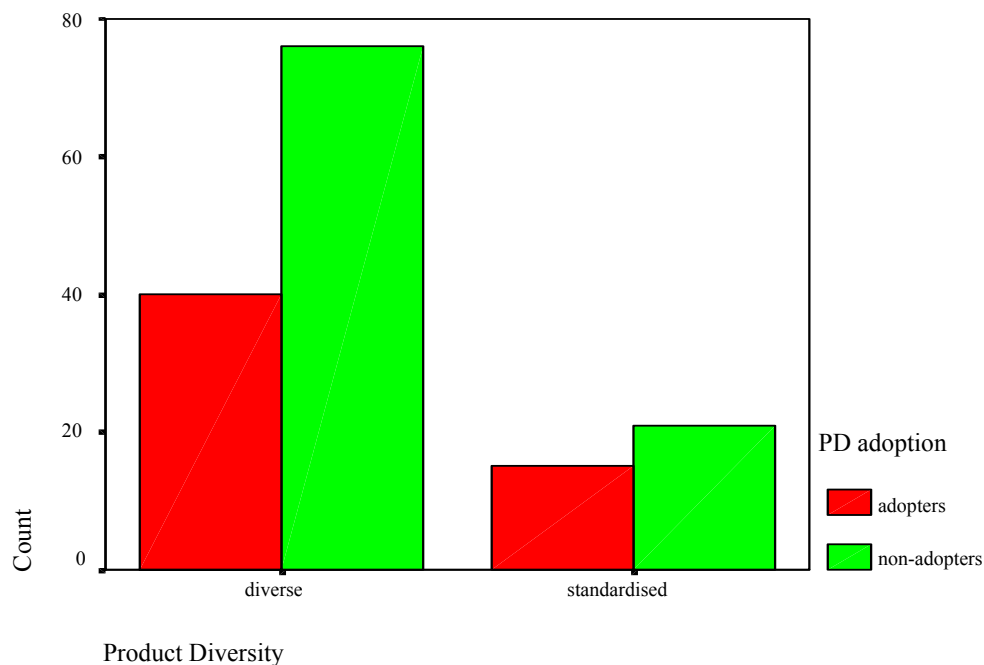
Value Adding * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Value Adding	high	36	66	102
	moderate	13	20	33
	low	6	11	17
Total		55	97	152

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.188[a]	2	.910
Likelihood Ratio	.186	2	.911
Linear-by-Linear Association	.034	1	.853
N of Valid Cases	152		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.15.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.015	.081	-.185	.853[c]
Ordinal by Ordinal	Spearman Correlation	-.022	.081	-.265	.791[c]
N of Valid Cases		152			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
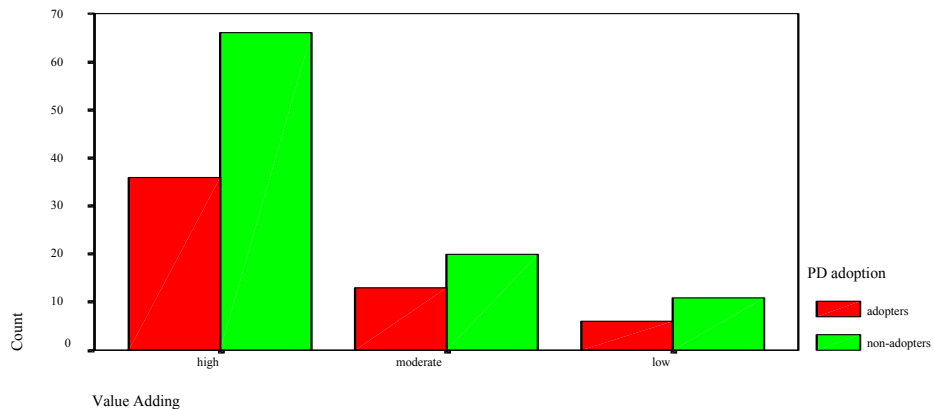
Competition * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Competition	very high	29	48	77
	high	17	30	47
	moderate	3	13	16
	low	3	3	6
	very low	3	2	5
Total		55	96	151

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.888[a]	4	.421
Likelihood Ratio	4.046	4	.400
Linear-by-Linear Association	.053	1	.818
N of Valid Cases	151		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is 1.82.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.019	.085	-.230	.818[c]
Ordinal by Ordinal	Spearman Correlation	.020	.082	.240	.810[c]
N of Valid Cases		151			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
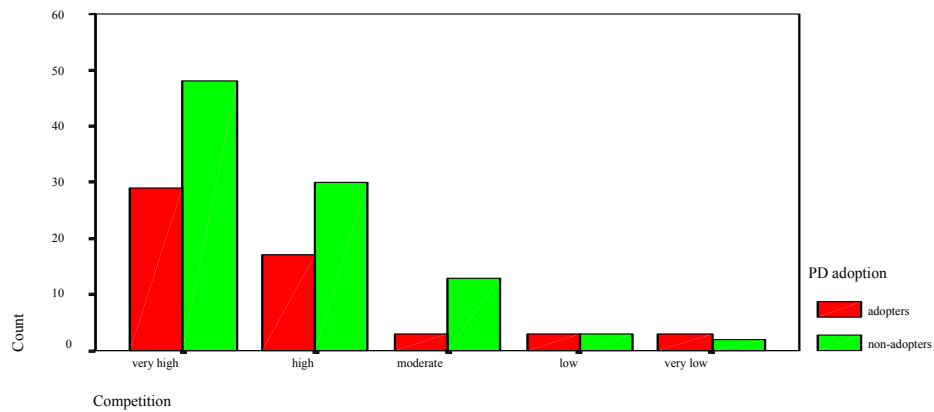
Service or Product * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Service or Product	product	16	23	39
	product & service	25	41	66
	service	14	33	47
Total		55	97	152

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.311[a]	2	.519
Likelihood Ratio	1.328	2	.515
Linear-by-Linear Association	1.204	1	.272
N of Valid Cases	152		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 14.11.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.089	.080	1.098	.274[c]
Ordinal by Ordinal	Spearman Correlation	.090	.080	1.106	.271[c]
N of Valid Cases		152			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
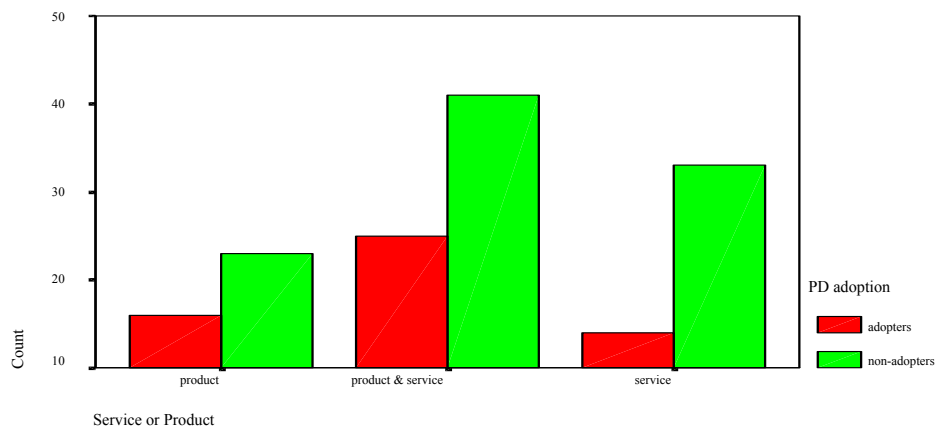
Levels of multicultural employees * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Levels of multicultural employees	Less than 20% NESB	33	58	91
	More than 20% NESB	11	14	25
Total		44	72	116

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.499^b	1	.480		
Continuity Correction^a	.224	1	.636		
Likelihood Ratio	.492	1	.483		
Fisher's Exact Test				.494	.315
Linear-by-Linear Association	.494	1	.482		
N of Valid Cases	116				

a. Computed only for a 2x2 table

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.48.

Symmetric Measures

		Value	Asymp. Std. Error^a	Approx. T^b	Approx. Sig.
Interval by Interval	Pearson's R	-.066	.094	-.701	.484^c
Ordinal by Ordinal	Spearman Correlation	-.066	.094	-.701	.484^c
N of Valid Cases		116			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
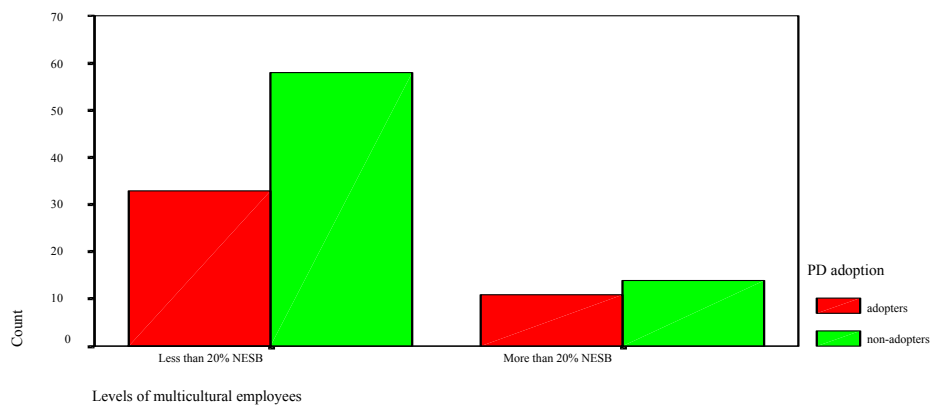
University Education * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
University Education	20%	20	40	60
	40%	12	25	37
	60%	10	15	25
	80%	6	8	14
	100%	2	2	4
Total		50	90	140

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.188[a]	4	.880
Likelihood Ratio	1.167	4	.884
Linear-by-Linear Association	.944	1	.331
N of Valid Cases	140		

a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 1.43.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.082	.086	-.972	.333[c]
Ordinal by Ordinal	Spearman Correlation	-.073	.086	-.858	.392[c]
N of Valid Cases		140			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
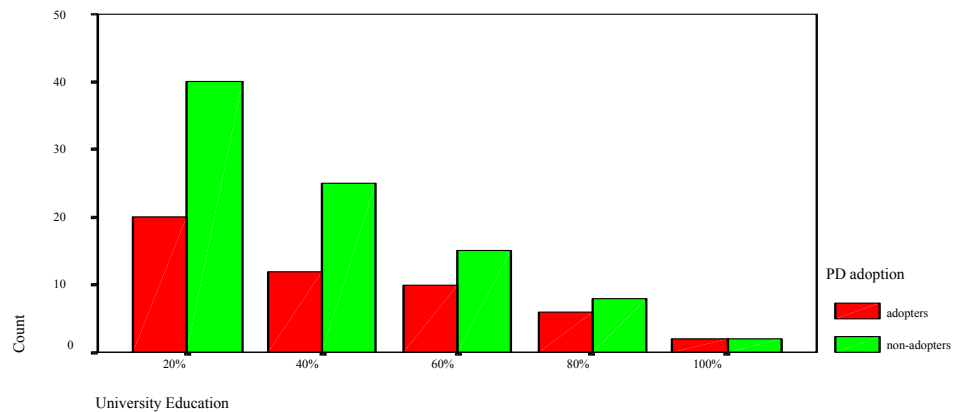
Employee retention * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Employee retention	Some difficulty	19	38	57
	Difficult across org	1	10	11
	Not difficult	32	49	81
	Other	4	2	6
Total		56	99	155

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.503[a]	3	.090
Likelihood Ratio	7.191	3	.066
Linear-by-Linear Association	1.791	1	.181
N of Valid Cases	155		

a. 3 cells (37.5%) have expected count less than 5. The minimum expected count is 2.17.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.108	.081	-1.342	.182[c]
Ordinal by Ordinal	Spearman Correlation	-.115	.081	-1.431	.154[c]
N of Valid Cases		155			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
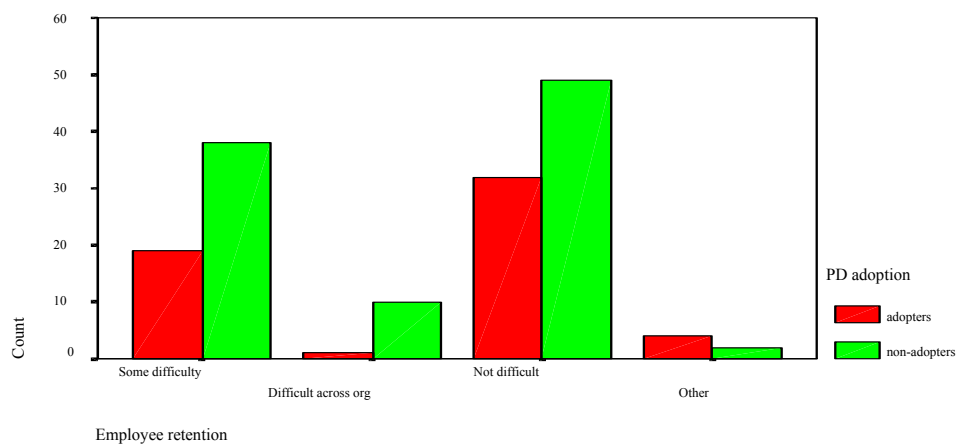
Total Employees * PD adoption

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	124.465[a]	121	.396
Likelihood Ratio	162.249	121	.007
Linear-by-Linear Association	.459	1	.498
N of Valid Cases	150		

a. 244 cells (100.0%) have expected count less than 5. The minimum expected count is .36.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.056	.045	.676	.500[c]
Ordinal by Ordinal	Spearman Correlation	.098	.083	1.202	.231[c]
N of Valid Cases		150			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Overseas ownership * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Overseas ownership	overseas	31	51	82
	local	24	47	71
Total		55	98	153

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.265[b]	1	.607		
Continuity Correction[a]	.119	1	.730		
Likelihood Ratio	.265	1	.607		
Fisher's Exact Test				.617	.365
Linear-by-Linear Association	.263	1	.608		
N of Valid Cases	153				

a. Computed only for a 2x2 table

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 25.52.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.042	.081	.512	.610[c]
Ordinal by Ordinal	Spearman Correlation	.042	.081	.512	.610[c]
N of Valid Cases		153			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
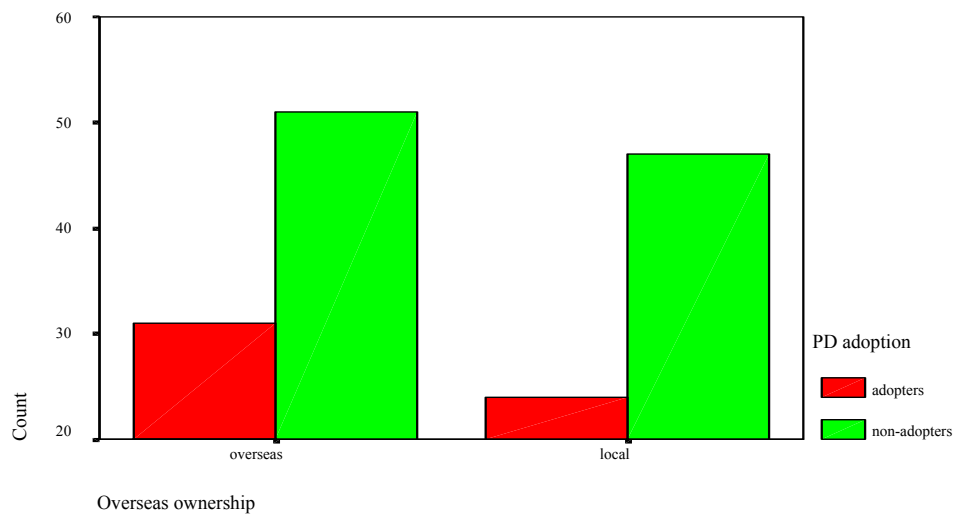
Export Orientation * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Export Orientation	Export	42	66	108
	No export	14	34	48
Total		56	100	156

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.365[b]	1	.243		
Continuity Correction[a]	.975	1	.323		
Likelihood Ratio	1.391	1	.238		
Fisher's Exact Test				.281	.162
Linear-by-Linear Association	1.356	1	.244		
N of Valid Cases	156				

a. Computed only for a 2x2 table

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 17.23.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.094	.078	1.166	.245[c]
Ordinal by Ordinal	Spearman Correlation	.094	.078	1.166	.245[c]
N of Valid Cases		156			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
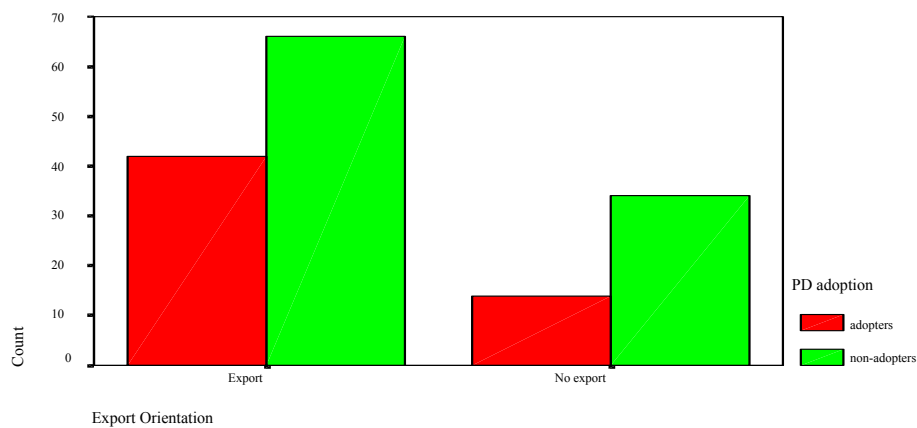
Central decisions * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Central decisions	strongly agree	21	35	56
	agree	25	43	68
	neither agree nor disagree	7	11	18
	disagree	3	8	11
	strongly disagree		3	3
Total		56	100	156

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.190[a]	4	.701
Likelihood Ratio	3.193	4	.526
Linear-by-Linear Association	.899	1	.343
N of Valid Cases	156		

a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is 1.08.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.076	.074	.948	.345[c]
Ordinal by Ordinal	Spearman Correlation	.050	.079	.619	.537[c]
N of Valid Cases		156			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
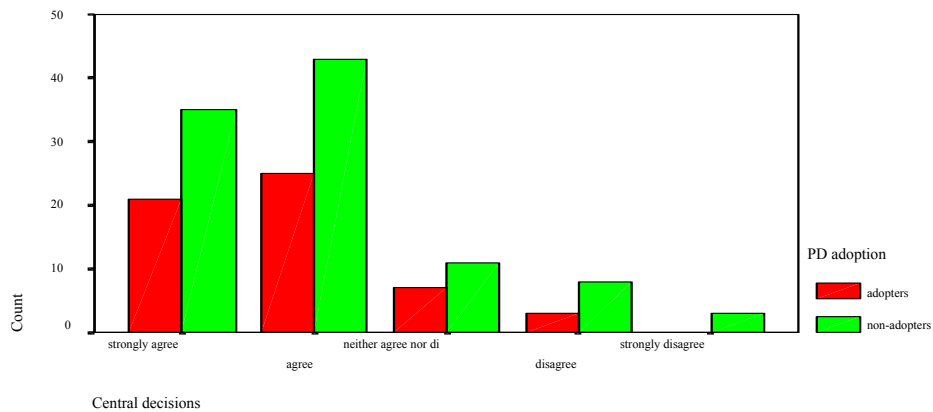
Innovation * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Innovation	strongly agree	21	24	45
	agree	19	46	65
	neither agree nor disagree	4	17	21
	disagree	11	11	22
	strongly disagree	1	1	2
Total		56	99	155

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.162[a]	4	.086
Likelihood Ratio	8.338	4	.080
Linear-by-Linear Association	.050	1	.823
N of Valid Cases	155		

a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is .72.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.018	.085	.223	.824[c]
Ordinal by Ordinal	Spearman Correlation	.062	.085	.774	.440[c]
N of Valid Cases		155			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
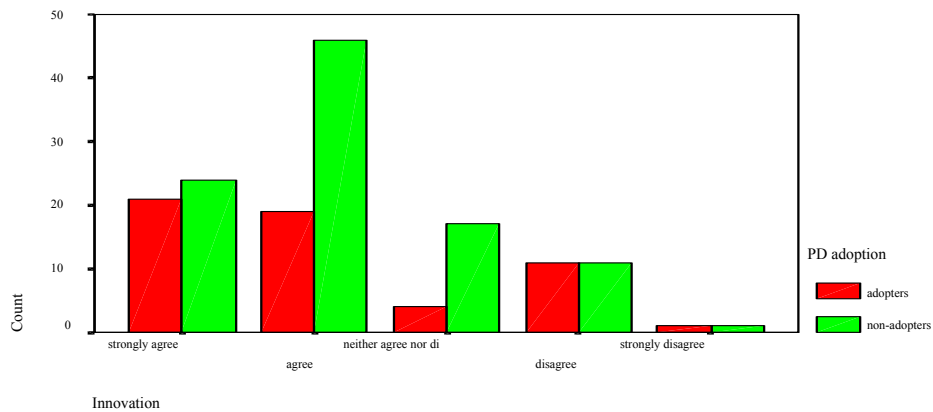
Flexibility * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Flexibility	strongly agree	16	23	39
	agree	27	49	76
	neither agree nor disagree	6	12	18
	disagree	7	15	22
	strongly disagree		1	1
Total		56	100	156

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.221[a]	4	.875
Likelihood Ratio	1.545	4	.819
Linear-by-Linear Association	.821	1	.365
N of Valid Cases	156		

[a] 2 cells (20.0%) have expected count less than 5. The minimum expected count is .36.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.073	.078	.905	.367[c]
Ordinal by Ordinal	Spearman Correlation	.072	.080	.893	.373[c]
N of Valid Cases		156			

[a] Not assuming the null hypothesis.

[b] Using the asymptotic standard error assuming the null hypothesis.

[c] Based on normal approximation.
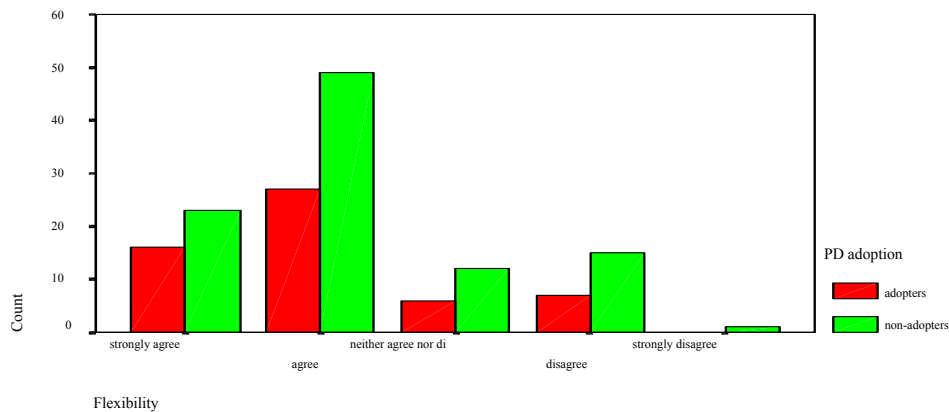
Business Decisions * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Business Decisions	strongly agree		3	3
	agree	10	28	38
	neither agree nor disagree	10	11	21
	disagree	32	40	72
	strongly disagree	4	16	20
Total		56	98	154

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.868[a]	4	.064
Likelihood Ratio	10.084	4	.039
Linear-by-Linear Association	.694	1	.405
N of Valid Cases	154		

a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 1.09.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.067	.074	-.832	.407[c]
Ordinal by Ordinal	Spearman Correlation	-.044	.077	-.540	.590[c]
N of Valid Cases		154			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
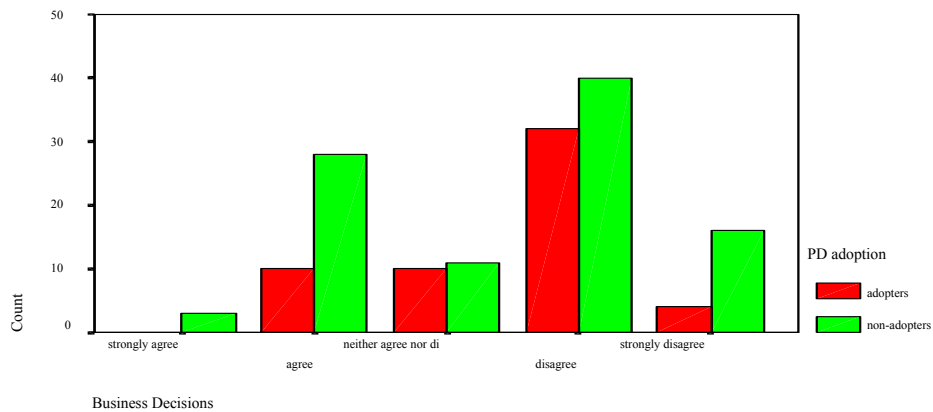
Work Processes * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Work Processes	0		1	1
	strongly agree	6	7	13
	agree	33	56	89
	neither agree nor disagree	8	10	18
	disagree	8	25	33
	strongly disagree	1	1	2
Total		56	100	156

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.901[a]	5	.564
Likelihood Ratio	4.311	5	.506
Linear-by-Linear Association	1.017	1	.313
N of Valid Cases	156		

a. 5 cells (41.7%) have expected count less than 5. The minimum expected count is .36.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.081	.078	1.009	.315[c]
Ordinal by Ordinal	Spearman Correlation	.080	.079	.996	.321[c]
N of Valid Cases		156			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Work Processes
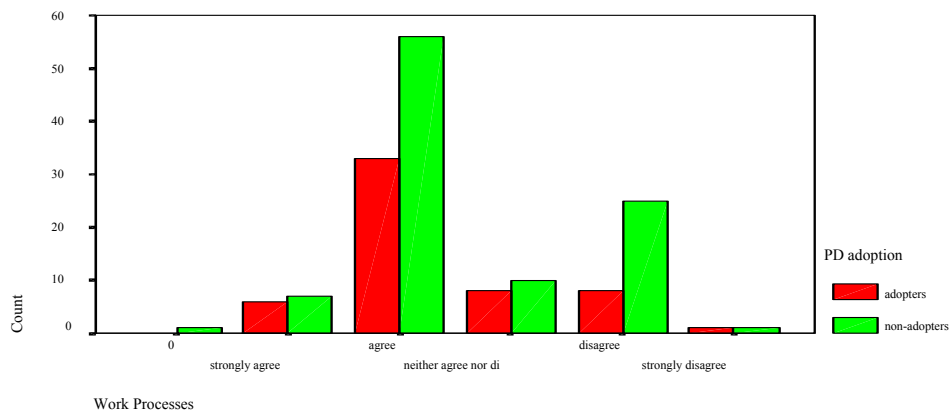
NESB * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
NESB	0	3	10	13
	1	2	3	5
	2	1	1	2
	3	1		1
	4	2		2
	5	5	9	14
	8	1		1
	10	5	12	17
	15	2	6	8
	18	1	2	3
	20	3	5	8
	25	3	5	8
	30	4	5	9
	34		1	1
	37		1	1
	40	4	2	6
	45		1	1
	50	1	4	5
	60	1	2	3
	65	1	1	2
	70	1	1	2
	75	1	1	2
	80	2		2
Total		44	72	116

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.500[a]	22	.735
Likelihood Ratio	20.459	22	.554
Linear-by-Linear Association	1.144	1	.285
N of Valid Cases	116		

a. 40 cells (87.0%) have expected count less than 5. The minimum expected count is .38.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	-.100	.095	-1.070	.287[c]
Ordinal by Ordinal	Spearman Correlation	-.070	.094	-.744	.458[c]
N of Valid Cases		116			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.
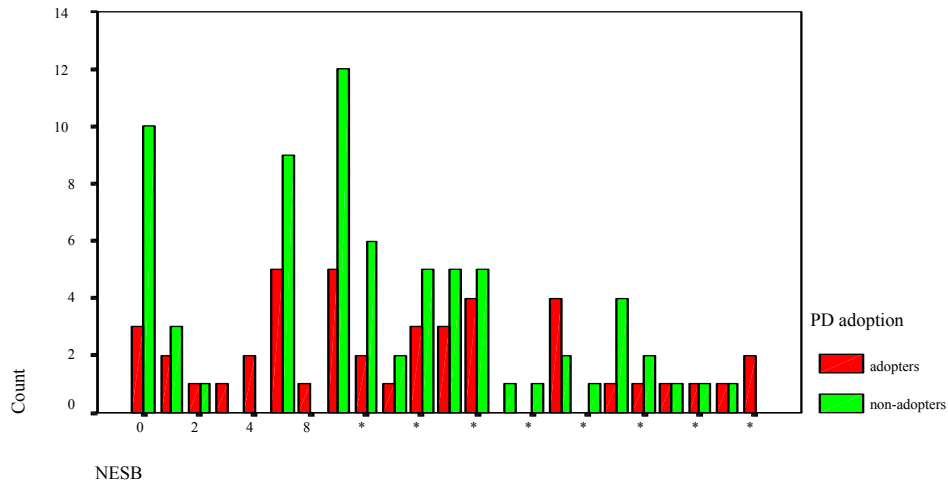
Total employees * PD adoption

Crosstab

Count

		PD adoption		Total
		adopters	non-adopters	
Total employees	0-100	12	14	26
	101-200	16	30	46
	201-500	8	13	21
	501-1000	7	18	25
	1001-2000	6	11	17
	2001-5000	2	5	7
	5001-10000	1	2	3
	10001-20000	2	3	5
Total		54	96	150

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.143[a]	7	.952
Likelihood Ratio	2.138	7	.952
Linear-by-Linear Association	.556	1	.456
N of Valid Cases	150		

a. 6 cells (37.5%) have expected count less than 5. The minimum expected count is 1.08.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.061	.082	.745	.458[c]
Ordinal by Ordinal	Spearman Correlation	.078	.082	.948	.345[c]
N of Valid Cases		150			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Count

Total employees

PD adoption

adopters

non-adopters