

Cultural Diversity in the Workplace

Discussion Paper by Déirdre Crowe

Case Studies by Dr Mary Hogan



Foreword

This IMI publication is the first output from the IMI Bizlab on Cultural Diversity. This is a joint initiative of the IMI, the National Action Plan Against Racism and the Equality Authority. The Bizlab seeks to stimulate and support a practice and learning environment of creativity and innovation in the management of cultural diversity in the workplace. The Bizlab will make use of research, training, business networking and enterprise level innovation in establishing this practice and learning environment.

This publication provides an informed and expert foundation for the work of the Bizlab. We are grateful to Déirdre Crowe, Mary Hogan and the IMI Knowledge Centre for their work in researching and preparing this publication. It provides a range of starting points for developing a new practice in the management of cultural diversity in the workplace and establishes a strong business case for enterprise to invest and innovate in the management of cultural diversity. It valuably emphasises the need for a particular approach to cultural diversity if the benefits of this cultural diversity are to be realised for employers and employees.

The Bizlab reflects a shared understanding between the IMI, the National Action Plan Against Racism and the Equality Authority of:

- the contribution of workplace cultural diversity to business success,
- the challenge to manage cultural diversity effectively for the mutual benefit of employers and employees,
- the positive impact intercultural workplaces have on a wider society characterised by growing cultural diversity.

The National Action Plan Against Racism brings valuable resources to the Bizlab through its commitment to promote the development of workplaces in which diversity is valued. The Equality Authority brings its experience and expertise to the Bizlab from implementing a mandate to promote equality of opportunity and to combat discrimination in the areas covered by the equality legislation. The IMI provides the ideal location for a Bizlab on cultural diversity with its capacity for training, research and business networking. We look forward to the success of this Bizlab on cultural diversity based on a pooling of this experience, expertise, resources and capacity.



Tom Mc Carthy, Chief Executive Officer, Irish Management Institute



Lucy Gaffney, Chairperson, National Action Plan Against Racism



Niall Crowley, Chief Executive Officer, Equality Authority

Executive Summary

The need for labour and skills to support Ireland's rapid economic growth since the mid-1990s has resulted in an unprecedented influx of immigrant workers. The proportion of the population born outside of the Republic of Ireland has more than doubled in ten years. The rapid shift from a predominantly indigenous and homogeneous workforce to a culturally diverse one brings challenges and opportunities for Irish organisations. In order to fully reap the potential benefits of this new cultural diversity, its effective management is of long-term strategic interest to businesses and organisations in Ireland.

The IMI, in partnership with the National Action Plan Against Racism and the Equality Authority, has established a forum for researchers and organisations to co-create and test solutions for effective cultural diversity management – the *Cultural Diversity BizLab*. To launch the *BizLab* this discussion paper presents a background on the recent changes that have taken place in the Irish population and workforce and discusses cultural diversity and some of the influences on its progressive management.

Culture

Culture may be defined as the *values, beliefs and behaviours shared by a group of people*. A group may be identified by many criteria such as nationality, religion geography or language. Although nationality may encompass several cultures it is the most commonly used notion of culture. Culture plays a significant role in workplace assumptions, behaviour and organisational cultures.

Cultural Diversity Management – Reaching a Strategic Approach

Five main influences on contemporary approaches to cultural diversity management are discussed.

- 1 **General diversity management** – a strategic approach to diversity management in general provides an enabling framework to deal with cultural diversity in particular. Organisations which proactively learn from diversity and which integrate the varied perspectives and ways of working in a holistic manner can fully unleash the benefits of a diverse workforce. Key organisational features contributing to the success of diversity management are openness, communication and flexibility.
- 2 **International business** – research on managing across cultures has had a major impact on our understanding of culture and how it affects individual and organisational behaviours. National cultures have significant influence on the management assumptions and on the way business is conducted. Business negotiations, marketing, sales and purchasing among other activities are all facilitated through knowledge and understanding of cultural differences.

- 3 **Multicultural marketplace** – in the context of cultural diversity, these market segments may reflect ethnic and language minorities etc. In large diverse markets the critical mass of minority purchasing power has also been the driving force behind this approach in the past. While there are clear benefits of employing immigrant workers to address the needs of the multicultural marketplace, the danger of pigeon-holing individuals exists whether the target market is within Ireland or abroad. Strategic diversity management stresses the importance of looking holistically at the individual's entire skills bundle and potential.
- 4 **Human resource management (HRM)** – HRM has become of strategic importance as organisations recognise the value of their employees as a source of core competence and competitive advantage. As HRM has risen to a strategic level, it brings cultural diversity management along with it as part of its bundle of practices. Cultural diversity management interacts with other strategies and, for example, can play a key role in achieving improved productivity and innovation through effective talent management as a HRM strategy.
- 5 **Globalisation** – globalisation reflects the increased ease of mobility and communications for organisations and individuals. A positive consequence of globalisation is a radically changed workforce as new skills have been imported. The resulting diversity gives Ireland the potential to be among the most innovative and dynamic places to work in the world.

Tools for Cultural Diversity Management

Management models are means of creating a vision for organisations and of developing a strategy which is comprehensive, coordinated, purposeful, pragmatic and integrated with other strategies. Many models start with awareness training of one's own culture as a necessary and enabling step to understanding others. Five examples of models for the implementation of cultural diversity management in organisations are outlined.

Interwoven Imperatives: Productivity, Innovation & Talent Management

Improving productivity, innovation and talent management are economic imperatives which are intrinsically interwoven. Effective cultural diversity management contributes to the achievement of these imperatives through improved employee satisfaction resulting in greater commitment and productivity and higher retention rates. Work/life balance, training and development and proper matching of immigrants' occupation to their skills and talent all contribute to productivity. Multicultural workplaces are more creative and innovative. Effective management of existing talent will not only increase productivity and innovation but will enable Irish organisations to continue to attract more talent.

As a nation we have an opportunity to get it right from the very start by learning from the experiences of other societies and become a leader in cultural diversity management. This will not only enhance our position in an increasingly multicultural global marketplace but will make Ireland a better and more interesting place to live and work.

The discussion paper is accompanied by two case studies on organisations managing multicultural workforce in Ireland today: Children's University Hospital, Temple St. and Piers Group.