

How cultural diversity can be good for business

Information sheet

Reducing race-based discrimination at work



Preventing race-based discrimination and supporting cultural diversity in the workplace can enhance innovation, creativity, productivity and save money. It also promotes staff health and wellbeing.

Introduction

Organisations play a critical role in supporting cultural diversity and preventing race-based discrimination that extends well beyond the management of complaints.¹ Indeed, a proactive approach to preventing race-based discrimination will help your business meet its legal obligations under the *Victorian Equal Opportunity Act 2010* and the *Federal Racial Discrimination Act 1975*. It can also build real business benefits.²

Enhancing business performance and productivity

Research by the Victorian Equal Opportunity and Human Rights Commission and Deloitte demonstrates that actively cultivating diversity and inclusion can improve business performance. When employees felt included and thought diversity was supported at work there was shown to be an increase in their ability to innovate (83 per cent uplift), responsiveness to changing customer needs (31 per cent uplift), and team collaboration (42 per cent uplift).³

Employees were also more likely to be at work [i.e. reducing the cost of absenteeism] and receive a high performance rating. Data from one organisation demonstrated that if just 10 per cent more employees felt included, the company would increase work attendance by almost one day per year [6.5 hours], per employee.³

An American study comparing 506 for-profit organisations found that those with greater gender and race diversity performed better on success indicators such as sales revenues, increased number of customers, market share and profits.⁴

Enhancing innovative and creative thinking

Research shows if diversity is well managed, organisations can benefit from enhanced creativity, flexibility and problem-solving skills. It can also improve the effectiveness of working with culturally distinct clients and colleagues, and provide a better understanding of the dynamics and communication patterns within an organisation.⁷

In another study looking at performance on a brainstorming task, the ideas produced by the ethnically diverse groups were judged to be of higher quality (more effective and feasible) than the ideas produced by the homogenous groups.⁵

An analysis of 50 American cities discovered a clear correlation between diversity, relative prosperity and economic achievement. The researcher found a high rate of foreign-born residents living in cities with advanced technology, which led them to conclude that greater levels of cultural diversity enabled increased innovation.⁶

It is also worth noting that migrants to Australia are heavily featured in the BRW's 100 most wealthy Australians list. In an increasingly globalised world, a diverse workforce can have access to international connections that could be very valuable to Australian organisations.⁷

Preventing discrimination saves time and money and reduces risk

Workplaces can save substantial financial costs when employees are protected from discrimination and harassment. The New South Wales Department of Premier and Cabinet calculated costs to resolve serious discrimination and harassment grievances through formal complaints processes at approximately \$55,000 per case.⁸

An estimated 70 per cent of workers exposed to violence, harassment and discrimination take time off work as a result.⁵

Promoting staff health and wellbeing

Promoting cultural diversity and preventing race-based discrimination will have a range of physical and mental health benefits for employees. There is strong evidence that race-based discrimination leads to higher rates of ill health, especially mental health and wellbeing problems such as anxiety, depression, stress and poor quality of life.² People reporting race-based discrimination are also more likely to be overweight or obese and engage in behaviours that cause poor health [e.g. smoking].²

A recent paper by the Productivity Commission found that among six common conditions, mental health and nervous conditions, such as those linked to the ill effects of race-based discrimination, have the largest impact on increasing workforce participation when addressed.⁹

Supporting cultural diversity means respecting the different ways of living and being within an overarching democratic and human rights framework, and valuing diversity as an asset. Reducing race-based discrimination is an important step in ensuring that cultural diversity is nurtured.²

To maximise your organisation's chances of benefiting from cultural diversity, make sure to:

- explicitly commit to racial equality and anti-discrimination in your organisation's mission, values, strategy, goals, policies and other relevant documents
- ensure job advertisements, application information, recruitment and selection processes are fair and accessible to people from diverse racial, ethnic and cultural backgrounds
- create policies and procedures for responding to race-based discrimination that state discrimination, on the basis of race, is unlawful in Victoria under the *Equal Opportunity Act 2010*, and include clear examples of unacceptable discriminatory practices and behaviours.

Almost one in five Australians has experienced race-based discrimination in the workplace. Systemic race-based discrimination in the workplace occurs through:

- avoidable and unfair differences in recruitment
- selection and interviewing
- job allocation
- seniority
- role ambiguity
- performance evaluation
- training, promotion
- remuneration
- dismissal
- resignations
- retirement among staff of various racial, ethnic, cultural and religious backgrounds.²

For more information on reducing race-based discrimination at work visit www.vichealth.vic.gov.au

You can also find information at:
www.scanlonfoundation.org.au
www.humanrightscommission.vic.gov.au
www.humanrights.gov.au

References

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- ⁵ McLeod, PL, Lobel, SA & Cox, TH 1996, 'Ethnic diversity and creativity in small groups', *Small Group Research*, vol. 27, pp. 248-64.
- ⁶ Florida, R 2002 cited in Community Relations Commission 2011, *The economic advantages of cultural diversity in Australia*, New South Wales Government, Sydney South.
- ⁷ Hugo, G 2009, 'Some demographic implications of the global economic crisis: a challenge for Australia' Marketing Week, 25-28 August.