

## **DIVERSITY INTERVENTIONS FOR A SOCIALLY SUSTAINABLE CONSTRUCTION INDUSTRY**

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### **Abstract**

*Major construction sites in Australia have an above average presence of ethnic minorities. These groups and the interfaces between them require effective management in order to meet the social imperatives of sustainable design and construction. A survey of 1155 workers and 204 managers on Sydney construction sites respectively, found a significant level of normalisation of negative forms of cross cultural interaction. Yet it was also found that anti-racism programs are not currently a management priority and that they generally lack sophisticated community relations aspects. This paper presents the results of a desk-top study of leading global companies within and outside the construction sector which have won international awards and recognition for their cultural diversity strategies. A key insight is that the companies profiled see diversity as a key resource and as an opportunity rather than a risk which is best harnessed through long-term and on-going commitment of senior management. These leading companies also recognise that cultural diversity strategies operate at three levels - in terms of its relationship with its own workforce; its relationship with its clients and; its relationships with the communities in which it operates - and if properly managed it can be a source of competitive advantage.*

**Keywords:** Cultural diversity, strategy, best practice, racism, discrimination.

### **INTRODUCTION**

Loosemore and Phua's (2010) review and analysis of corporate social responsibility practices in the construction and engineering sectors found that while the industry had made significant strides in advancing its ecological sustainability performance, its social sustainability performance remained a challenge. There are many dimensions to this issue including occupational health, welfare and safety, policies relating to ageism, gender and disability, community consultation in design and development, philanthropic donations etc. One major aspect of social sustainability in the industry, which has received growing attention in recent years, is the issue of managing its cultural diversity. Major construction sites in many

countries are settings of significant cultural diversity since they have a workforce which has a disproportionately high presence of ethnic minorities. This diversity largely stems from the nature of the work undertaken on these sites, and the structure of the labour force. For example, in Australia, 16 per cent of the Australian labour force is from non-English speaking background (DIAC, 2009) and the Australian construction industry is one of Australia's largest and most culturally diverse, directly employing about 9.2 per cent of the working population (ABS, 2009). It has also been found in previous research that there is some occupational ethnic segmentation on major construction sites with different trades associated with certain ethnic groups (Loosemore and Lee, 2002). For example, steel workers and scaffolders are usually of Maori and Southern Islander decent, concreters are generally of Italian decent, carpenters of Croatian decent, tilers of Korean decent and managers, designers and engineers of Anglo-Saxon decent. As different trades enter and leave sites during the construction phases, there is a rotation of specific ethnic groups. This means that over the life cycle of a project, many of these ethnic groups may have limited interaction with one another. The aims of this paper are to explore how these groups and the interfaces between them are managed and to explore the relevance of recognised best practice strategies used in other industries to the construction context.

## **BACKGROUND**

Construction sites are not popularly perceived as sites of sophisticated cosmopolitanism. In many countries such as Australia, they are commonly seen as places of cultural insensitivity from where for example, gender incivilities emerge (such as wolf whistles to women who pass by etc). Furthermore, these settings would generally be perceived as lacking community relations programs. Indeed, there are emerging empirical evidence that demonstrates the existence of racism and ethnic discrimination on construction sites. For example, Loosemore and Chau (2002) found that 40 per cent of Asian workers had experienced workplace discrimination on Australian construction sites. Despite the high ethnic minority presence, and the labour intensive nature of the work, construction sites are often regarded as places of below average levels of education. Research on attitudes in Australia has demonstrated that those with lower levels of education are more likely to have more intolerant attitudes towards ethnic diversity and to minority groups (Dunn et al., 2004; Forrest and Dunn, 2006, 2010). So for these reasons, we could anticipate that construction sites may be places of heightened cross-cultural wariness and tension (Jupp and Nieuwenhuysen, 2007, Noble, 2009). This makes construction sites very fitting environments for testing the feasibility of anti-racism management interventions (Pedersen et al, 2005).

In response to this broad hypothesis, Loosemore et al (2010) reported a major survey of attitudes towards cultural diversity in the Australian construction industry administered between May and December 2008. The survey aimed to identify the nature and extent of cultural diversity and the boundaries of cultural groupings on construction sites. It also sought to investigate feelings about cultural diversity and other ethnic groups and experiences of intolerance and equality of treatment on construction sites. The survey was administered on twenty-eight construction sites in the Sydney metropolitan area and in the Construction, Forestry, Mining, and Energy Union (CFMEU) office. It resulted in 1155 completed and useable questionnaires and the key findings were that there is a good deal of cross-cultural interaction on construction sites (85 per cent interact with other ethnic groups during social situations and work-based activities). However, there are many perceived barriers to interaction on sites for some workers (31 per cent of respondents reported that they did not

make an effort to talk with workers of different ethnic backgrounds). The majority of respondents (76 per cent) believe their own ethnic group understands them better and 45 per cent of respondents reported that members of their own ethnic group need to stick together to 'survive' on construction sites. This suggests that ethnic groupings have some positive functions such as maintaining positive bonds among group members, group support and providing safe-havens. The vast majority of workers are comfortable with cultural diversity and think that it works well. However, they simultaneously perceive homogeneity to work well. Most respondents (64 per cent) indicated that they would like to see more opportunities to mix with people from other ethnic groups while at work. Communication problems caused by language barriers are one of the major challenges affecting work and social relations between different ethnic groups on sites. A considerable percentage of respondents (32 per cent) think that different ethnic groups should stay away from each other, thus implying that support for cultural diversity is not consistent and depends on the nature of the relationship between workers.

A second follow-up study published in Loosemore et al (in press) presented the findings of a survey of construction site supervisors and managers administered between May and August 2009. The survey aimed to identify managers' perceptions of ethnic diversity on construction sites and to map management strategies for workplace diversity. The survey also sought to compare managers' perceptions with operatives' experiences on sites from stage one of the study. The questionnaires were distributed on 16 construction sites which were mostly large commercial and residential projects in the Sydney metropolitan area. This resulted in 183 usable questionnaires and the key findings were that the majority of respondents indicated that responsibility for managing ethnic diversity belonged to site managers, supervisors and project managers. OHS and EEO policies were perceived to have more importance and be more widely implemented within the industry than affirmative action and managing ethnic diversity policies. There is also a low level of awareness about ethnic diversity policies. Most managers saw ethnic diversity strategies and affirmative action plans as discriminatory and unfair since such strategies may favour some groups over others. Seventy-five per cent of the managers reported that they did not receive any training that aimed to reduce stereotyping and ways of managing ethnic diversity effectively.

Fifty four per cent of the managers reported that they embraced a personal ethnic diversity management strategy to compensate for the lack of centralised policy. The other forty six per cent ignore the issue and rely on others to manage it for them. Thirteen per cent of the managers who did not have a personal strategy reported that having a strategy to manage ethnic diversity was not a priority. More than half of the managers did not identify any problems with ethnic diversity and did not see any need to manage it proactively. The cultural diversity of the industry is taken for granted and it appears as if the problems associated with it are accepted as an inevitable part of daily life on sites.

This paper reports the results of the third and final part of this research. The aim of this research was to explore management strategies which could be used in the construction sector to address the challenges we discovered in stages one and two.

## **METHOD**

Data were collected via a desk-top study of global best practices in managing cultural diversity within the workplace. The desk-top study consisted of a review of a large number of

online and published sources including specialised diversity reports, journal papers, books, company annual reports, company websites and press releases. In total, 156 companies were investigated across 15 industry sectors including hospitality, apparel, pharmaceuticals, entertainment media, information technology, internet services and retailing, megabanks, construction and engineering, health care, aviation, petroleum refining, and fast moving consumer goods.

These companies were sourced from lists of the largest and most successful companies in the U.S. and overseas such as:

- ENR's Top 400 Contractor List 2009;
- Fortune Magazine's World's Most Admired Company List for 2010 (People Management; and Management Quality) ;
- Fortune Magazine's 100 Best Companies to Work For 2009; and
- Human Rights Campaign Foundation's Corporate Equality Index 2009.

A number of companies profiled were also acknowledged in the field as leaders in diversity management and some have won awards and accolades for their commitment and innovative solutions to managing cultural diversity and have been featured on award winning lists such as:

- Diversity Inc.'s Top 50 Companies List 2010;
- Diversity Inc.'s Top 10 Companies for Supplier Diversity List 2010; and
- Reader's Choice Best Diversity Companies 2009

The methodology used to assess the diversity rankings above were also studied, where available, as a guide to determine the effectiveness of diversity actions, assess their applicability for the construction industry and the practicalities of implementation on construction sites. Essentially, we only chose to report strategies that we thought were transferable to the construction sector and which could address the challenges we have discussed above.

It is worth noting that engineering and construction, or the property and developer companies rarely, if any, feature on award lists in terms of their management of cultural diversity.

## **FINDINGS**

The following sections discuss the main findings from our research.

### **Senior management leadership**

Strong leadership and senior management commitment to growing a culturally diverse workforce is central to ensuring the effectiveness and longevity of any cultural diversity initiatives. For example, the appointment of a senior executive to champion and lead diversity initiatives can make a critical difference to how the issue of diversity is perceived in the workplace. Senior management positions such as 'Chief Diversity Officer' or 'Global Chief of Diversity' are often found in leading companies with direct reporting responsibilities to the CEO to ensure diversity remains a strategic priority. For example, Johnson and Johnson's Chief Diversity Officer, has been appointed to champion, communicate, implement and

monitor its diversity policies across all business units, and works in parallel with its CEO to keep diversity and inclusion strategies as a key strategic priority, by for example linking top executive remuneration to their achievement of diversity goals etc (Diversity Inc., 2010). These findings align with the social science on cross cultural contact, and the conditions under which it has a productive effect on community relations.

### **Offices of diversity**

A number of recognised leaders in diversity, such as Johnson and Johnson, and PriceWaterHouseCoopers, have established an office of diversity and inclusion as a separate business unit from human resources to reflect senior management's belief in the strategic importance of diversity initiatives in the workplace (Diversity Inc., 2010; Johnson and Johnson, 2010). Although diversity and inclusion strategies are closely related to traditional human resource management functions of hiring and promotions, they are considered to have wider strategic value that extends beyond a company's internal management to impact on its wider supply chain, the community it serves and external stakeholders. This is a key mechanism for driving institutional-level change, and for engaging with the systemic nature of racism (confronting deeply embedded stereotypes and re-thinking organisational practices that disadvantage minorities).

### **Measuring diversity management performance**

Companies that are committed to diversity initiatives establish measurable KPIs that enables them to monitor the return on investment and effectiveness of diversity initiatives implemented (KPIs may include: number of clients from different minority groups; number of senior managers from minority groups; levels of acceptance and satisfaction among employees; grievances and complaints; workplace conflict and disputes; retention; recruitment; community and public image etc). These companies view diversity initiatives as a valuable investment in the creation of a harmonious, inclusive and productive workplace. They actively seek out, or participate in, specialist rankings as a way to gain recognition or build brand recognition in the marketplace among clients and external stakeholders, and increase their ability to attract and retain new talent. For example, British Airways measures and reports employees' perceptions of the effectiveness of its diversity initiatives through internal employee surveys, the feedback from which influences its diversity strategies (Singh, 2008).

### **Cultural integration opportunities**

Companies are increasingly employing creative ways to promote awareness of the need for cultural diversity in the workplace. For example, Pearson publishing group organises a diversity week where members of different cultural and minority grouping are invited to share their cultural food, drinks, cooking lessons and cultural knowledge. This extends beyond immediate employees to the company's customers, business partners and supply chain, so that fellow employees, their customer base and the wider community can better understand and appreciate the unique features of their cultural background. While one often finds similar initiatives (site BBQs etc) in the construction sector, they are of much smaller scale, voluntary and typically ad-hoc. In contrast, Pearson's diversity week is a highly structured and planned event which is centrally organised and advertised by the company. It is significant in highlighting diversity as the right thing to do, and is also useful in

showcasing how diversity has commercial value and benefits beyond its employees to benefit their wider supplier chain and the communities they serve (Singh, 2008).

### **Diversity training**

A number of best practice diversity companies, such as Colgate-Palmolive go beyond basic compliance and have made diversity training a standard and mandatory feature of their overall training process. These courses are delivered through online tools to facilitate easy access to the training resource that covers a wide range of topics such as the rights and obligations of employees, anti-discrimination legislation and strategies for dealing with workplace discrimination (Diversity at work, 2003). Other companies such as British Airways emphasise more practical day-to-day managerial approaches for dealing with diversity, such as how to overcome negative behaviours, attitudes and stereotypes. On-line diversity training programs, and those equal opportunity principles, are common within large organisations, including Universities.

### **Community languages**

The ability to communicate in a language other than English is a quality that companies increasingly value as a resource to help bridge cultural divides and to allow them to better understand their employees, and service their clients and stakeholders. For example, companies such as Sydney Water, Australia Post and Medibank Private proactively encourage native speakers from culturally and linguistically diverse backgrounds (CALD) to undertake a language competency test so that they can become qualified translators and interpreters. The cost of the test is normally covered by the company who also provide certified CALD speakers who list themselves on a staff translator list with a linguistic allowance to reward them for assisting in communications with internal and external customers.

### **Cultural holidays**

Different cultural and ethnic groups celebrate events and holidays that have specific cultural value and significance to them. In acknowledging this, eBay and IBM Australia for example, has implemented a 'Floating Cultural Holiday Policy' that gives employees the option of 'trading' official public holidays for a day that is of cultural significance to them (IBM Australia, 2010). For example, employees may wish to 'trade' a gazetted public holiday such as the Queen's Birthday for a day of particular cultural significance, such as Chinese New Year. A key advantage of the policy is that it effectively allows employees to strike a balance between their cultural and work commitments, while according due recognition to an employee's cultural heritage.

### **Role modelling**

The positive role modelling of successful and inspirational employees from minority groups can have a significant motivational impact in minority groups (Thomas, 2006). These role models are particularly important in breaking down traditional stereotypes and perceived barriers and misconceptions for entry and promotion in certain industries, such as building, engineering and technology, where visible role models are not common. For example, to retain young women employees, Shell has started role modelling successful women in senior positions, particularly those technology business units where female representation has

historically been low. From their stories, young women employees can learn important lessons about the challenges that many women experience in achieving and maintaining senior positions.

## **Networking**

In a culturally diverse workplace, networks play a key role in strengthening diversity by providing important forums through which individuals and groups can meet and exchange ideas, experiences and embrace similarities and differences among people from different cultures and backgrounds. These networks can serve a range of functions, in providing a supportive or facilitative environment, reducing isolation increasing levels of intra- and inter-cultural interaction and providing access to promotional opportunities through mentoring programs and other initiatives (Laroche and Rutherford, 2007).

## **Mentoring**

Mentoring programs are increasingly utilised as a tool to harness cultural diversity within the workplace and provide a valuable vehicle for promising employees from minority backgrounds to access the managerial support and identify pathways and knowledge they need to reach their full potential at work. For example, Johnson and Johnson match new employees with experienced managers through formal or informal mentoring arrangements (Johnson and Johnson, 2010). Similarly, Sodexo's 'Spirit of inclusion' mentoring program matches people from different backgrounds and provides training to mentors to help them manage this process, regularly monitoring mentor and mentee performance in achieving pre-determined diversity and inclusion goals (Sodexo, 2009).

## **Supplier or subcontractor diversity**

Supplier and subcontractor diversity initiatives are an important way in which companies can give back to the communities they serve by reaching out to minority and women-owned businesses and are aimed at helping these businesses develop the capacity to compete on an equal basis in the market place. A number of recognised advantages of increased supplier and subcontractor diversity include improved reputation and marketing opportunities, the promotion of inclusiveness at all levels of business, better access to innovative ideas and vendors who reflect and understand the culturally diverse communities that companies operate in, and increased customer satisfaction, market share and profitability (Diversity Inc., 2010). Commonly used strategies to promote supplier and subcontractor diversity include: Supplier or subcontractor guidelines & codes of practice; Strategic allocation of a portion of contracts; Certification; Supplier Diversity Mentoring Programs; Diversity sponsorship or scholarships and; Evaluation tools.

## **CONCLUSION**

This paper has presented a number of best practice strategies for promoting diversity in the workplace. All are derived from outside the construction sector since this is where the best practice companies appear to reside (at least from publically available information). No construction or engineering companies globally reside in the best diversity companies lists. Future research might usefully focus on why this is the case and to identify the imperatives needed in the industry to integrate such initiatives more comprehensively into firms' business

strategies. However, in a small desktop study like this, it is not possible to identify and classify every type of cultural diversity initiative being implemented. Nevertheless, we can reasonably conclude, given the construction and engineer industry's relatively high level of cultural diversity, compared to other sectors, and the evidence (provided in stages 1 and 2 of this research) that it impacts on workplace relations, productivity and safety, that firms can and should do more to harness the potential benefits of this diversity within the industry in terms of the firms and people who work in it. This will make a significant contribution to a more socially sustainable industry. More research is needed to explore, classify and test the extent of effectiveness of the full variety of diversity strategies that could be employed in the industry to achieve this end.

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