Using the Diversity Management Competencies Model to Manage Diversity Effectively

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Past research has not provided a comprehensive model to manage diversity. This research paper seeks to build a comprehensive Diversity Management Competencies Model (DMCM) which identifies the competencies required to manage cultural diversity effectively in the workforce in Australia. Given the increasing levels of multiculturalism in Australian society, managers within any industry now need significantly more competencies to manage diversity effectively. The DMCM will help organizations and managers to identify and build these competencies.

JEL Codes: M12 and M54

1. Introduction

Organizations once operated in stable environments, where the most important task was the maintenance of day to day operations. Management roles were seen to revolve around the traditional management functions of planning, organizing, co-ordinating and controlling, with organizations typically structured as traditional establishments. These management roles were typically long term and stable (Dunphy & Stace, 1990:147). This is clearly no longer the case. Today, the environment has become fast paced. Managers are now required to deal with an ethnically diverse workforce and effective management of this diversity requires additional competencies. This paper commences with a discussion on the need for a competencies model to manage diversity and the importance of competencies. We then review the research on diversity competencies. Based on past research, we build a comprehensive model. The model includes diversity competencies required at the individual and operational levels. We also present research propositions for the four quadrants in the model.

The objective of this paper is to develop a new Diversity Management Competencies Model (DMCM). This model is based on a comprehensive review of the empirical and theoretical literature which addresses the competencies managers need to effectively manage a culturally diverse workforce. The literature indicates that scholars have tended to concentrate on expatriates and global managers and other forms of diversity in the workplace, such as gender diversity. Further, past research tends to have been conducted off shore, particularly in the United States of America. This research paper focuses on managing cross-cultural diversity in Australia.

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One of the most important aspects of diversity in the Australian workforce is multiculturalism. Australia has one of the most culturally diverse populations in the world (D’Netto & Sohal, 1999; Dunn, Thompson, Hanna, Murphy & Burnley, 2001; Lewis, French & Phetmany, 2000). In 2012-2013, net immigration made a positive contribution to the population size of all Australian states and territories, with New South Wales and Victoria showing the highest gains. In 2012, 27.7% of the Australian population were born outside of Australia (ABS, 2013). Not only is the proportion of people from other cultures increasing as a percentage of the total population, the level of diversity is also increasing with successive waves of immigration. This paper focuses on the unique competencies managers need to effectively manage culturally diverse work groups. The DMCM has four components; self awareness, cross-cultural awareness, diversity management awareness and diversity management implementation. We believe that the development of the DMCM will help organizations to assess the extent to which managers possess competencies needed for effective management of diversity. This DMCM will then provide additional criteria for the recruitment process and assist in the development of diversity management competencies among managers.

2. Need for a Diversity Management Competencies Model

Over the past two decades there has been significant growth in immigration from a broad range of countries, with record highs in net immigration having been achieved in the past ten years. Of the 6.02 million people born overseas, about one-third were from countries where English is not the first language. Indeed the Australian Bureau of Statistics now describes Australia as “culturally and linguistically diverse” (ABS, 2013). This compares with the United States of America with only 12 per cent born overseas and the United Kingdom with 8.3 per cent born overseas (Turner & Crisp, 2010).

The recent white paper “Australia in the Asian Century” wants to shift the emphasis of Australia’s trade with Asia from predominately raw resources to services like research, innovation and education. Correspondingly, the competencies needed to develop and deliver these services will increase significantly. This has also changed recruitment practices. Lau and Murnighan (2005) say “by attracting a culturally diverse pool of applicants, organizations have the benefit of recruiting employees with many cross cultural capabilities”. They suggest that international business decisions require knowledge of complex international environments and institutions. Such knowledge also translates into stronger capabilities for identifying business opportunities and risks in the global business environment. People who can grow the business will be a great asset to an organization.

A key component of the white paper is the need for skills which “will allow businesses and individuals to work across regional borders, sharing skills and experience”. Of particular importance is the acquisition of what is referred to as Asia-literacy including language skills by students in Australian schools in one of four identified Asian languages. The principal driver for this is the recognition that despite Australian citizens still being mainly of Western European ethnicity and English being the majority first language and the national language, Australia is geographically located at the bottom of South East Asia. Hence, it makes good sense that South-East Asian countries become the focus of future trade in both goods and
services. Like the Karpin Report before it, the paper falls short of specific implementation plans, assignment of accountabilities for implementation and costing.

Many businesses are now “Globalizing”. Globalization in a business context can be defined as the move of industries, companies, and business to make practices more international and expanding to other countries and cultures. Globalization is all about making and keeping connections (Barnum & Gaster, 1991). Many companies are now moving towards expanding business overseas to keep up with moving economic times. Globalization has created a pressure on companies to develop a multicultural approach. These old values are not part of the new multicultural companies. This can be seen from the fast growing global market, making it necessary for companies to become globally and domestically competitive. This in turn calls for the need for managers who are competent to manage global business operations (Karpin et al, 1995).

3. Importance of Competencies

Since the late 1970’s there have been several definitions of the term “competency”. In the field of Human Resource Management, the popularity of the term “competency” increased after the seminal work on managerial competencies published in the book “The Competent Manager” (Boyatzis, 1982). He defined competency broadly as “an underlying characteristic of a person”. This narrow definition of competency has been expanded over the last few decades. Hornby and Thomas (1989) define competencies as “the knowledge, skills and qualities of effective managers/leaders”. Competencies were also defined as a “dimension of overt manifest behaviour that allows a person to perform competently” (Woodruffe, 1993). Competencies are an underlying characteristic of an individual that is causally related to criterion referenced effective and/or superior performance in a job or situation (Spencer & Spencer, 1993).

Cowling, Newman and Leigh (1999) argued that competencies are more than a set of skills; it is a mix of aptitudes, attitudes, and personal attributes possessed by effective managers. They identified a cluster of competencies which include personal attributes, interpersonal skills, self-management skills, information management skills and technical knowledge and skills. Coursey, Curtis, Marsh and Campbell (2000:2) define competency as attitudes, values, knowledge and skills needed to deliver quality service to people. Conger and Ready (2004) suggest that the competency model has three critical benefits clarity, consistency and connectivity. Competencies help organizations to set up clear expectations about the types of behaviours, capabilities, mind sets, and values that are important to leadership roles. By establishing a single model for an organization’s management ranks, competencies provide a common framework and language for communicating and implementing the firm’s leadership development plan. Competencies become a driving force in performance management and feedback processes, high-potential identification, succession and reward schemes.

The Oxford Dictionary defines “competence” or “competency” as “the ability to do something successfully or efficiently”. According to the dictionary, a competent person has the ability, knowledge or skill to do something successfully. In this paper, we have adopted a contemporary and broader definition of competencies. We define Diversity Management
Competencies as “attitudes, knowledge, skills and behaviours that are required to manage diversity effectively at the individual and operational level”. We believe that developing a Diversity Competency Model based on the literature will enable managers to identify and develop competencies to manage diversity effectively in the workplace. Since most managers work mainly at the operational level when managing a diverse workforce, we have not included the strategic level in our model.

4. Research on Competencies for Managing in a Culturally Diverse Environment

Research on cross-cultural competencies has mainly focused on expatriate managers. However, managing a culturally diverse workforce within a country requires additional competencies. Bassett-Jones (2005) argued that “diversity is a recognisable source of creativity and innovation that can provide a basis for competitive advantage”. Diversity is also a “cause of misunderstanding, suspicion and conflict in the workplace that can result in absenteeism, poor quality, low morale and loss of competitiveness”. He suggests that managers need to “have a commitment to build a relationship with each individual, or group/team member”.

Chang and Tharenou (2004) undertook semi-structured interviews of CEOs with culturally diverse workforces and concluded that the competencies needed were cultural empathy, learning on the job, communication competence, general managerial skills and personal style. They do not really explain how their list may or may not differ from that of a manager not working with such diversity, other than acknowledging that the world has changed and these are the competencies needed in the current environment. Campinha-Bacote (2002) investigated the challenges of providing healthcare in a multiethnic environment and concluded that the integration of cultural awareness, cultural knowledge, cultural skill, cultural encounters and cultural desire is what is needed.

According to Turnbull, Greenwood, Tworoger and Golden (2010) managing a diverse workforce is a “business imperative”. These researchers set out to identify diversity competencies and developed a draft of an instrument they call the Inclusion Skills Measurement Profile (ISM). The instrument is still undergoing development, but at this stage has included: diversity sensitivity, integrity with difference, interacting with difference, valuing difference, team inclusion, conflict over difference and embedding inclusion. If we separate out those “dimensions of inclusion” listed as applying at the “individual level” then we may assume that this could infer competencies of diversity sensitivity, integrity with difference (called intra personal) and interacting with difference and valuing difference (called inter-personal). They acknowledge that one’s own social/cultural identity could potentially influence how participants complete the ISM. Perhaps this is a missing competency? Ability to assess one’s own cultural impact on management is a competency in its own right. Hannigan (1990) reviewed the literature into intercultural effectiveness and argued that the key competencies were ability to establish and maintain relationships, interaction management, orientation view, cultural empathy, linguistic ability, flexibility and a realistic view of the target culture. Many of these competencies are required even for the management of a culturally homogeneous environment.
Van Dyne, Ang and Koh (2008) have built on the concept of Cultural Intelligence (CQ) which has now been discussed in the literature since the early 2000s (Earley, 2002; Earley & Ang, 2003). CQ is defined as an individual’s capability to function and manage in culturally diverse settings. CQ is a multidimensional construct targeted at situations involving cross cultural interactions arising from differences in race, ethnicity and nationality. These researchers have developed a measure called the Cultural Intelligence Scale (CQS). This includes measures of “an individual’s cultural consciousness and awareness during interactions with those from different cultural backgrounds”, “an individual’s cultural knowledge of norms, practices and conventions in different cultural settings”, “an individual’s capability to direct attention and energy toward cultural differences” and “an individual’s capability to exhibit appropriate verbal and non-verbal actions when interacting with people from different cultural backgrounds”. They go on to state that this “has exciting implications for global leadership and effectiveness of individuals in work and non-work international and domestic settings that are culturally diverse”. The CQS could also be seen as a competency framework for managers working in culturally diverse environments.

Shen, Chanda, D’Netto & Monga (2009) developed a framework containing strategies for human resource diversity management at the strategic, tactical and operational levels. At the strategic level the framework focused on the importance of an organizational diversity culture, a business and HR strategy that values diversity and formalised HR policies measuring and auditing diversity. At the tactical level, these authors provided a detailed discussion of HR diversity management practices in staffing, training and development, appraisal and remuneration. At the operational level, they highlighted the need of educating employees, networking, communication, flexible employment practices and support for generating a work-life balance.

5. Building the Diversity Management Competencies Model (DMCM)

While several researchers have identified some of the diversity management competencies, past research has failed to develop a comprehensive model. For example, the Inclusion Skills Management Profile focuses mainly on self-awareness and self-management (Turnbull et al, 2010). The concept of Cultural Intelligence (Earley & Ang, 2003) and the Cultural Intelligence Scale (Ang et al, 2007) make a significant contribution to the identification of cross-cultural awareness competencies. This scale identifies both individual and cross cultural skills and behaviours required to manage diversity effectively. Chang and Tharenou (2004) highlight competencies related to self-awareness and cross-cultural awareness. They also highlight communication and general managerial skills related to diversity management implementation. However, these models do not include the practical human resource diversity management strategies discussed by Shen et al. (2009). In this paper, we present a more comprehensive Diversity Management Competencies Model (DMCM) which includes competencies required by managers at the individual and operational levels (see Table 1).

5.1 Individual Level

Research indicates that at the individual level, managers require both intra-personal and cross-cultural interpersonal competencies to manage diversity effectively. We believe that
managers need to be aware of their own diversity management related strengths and weaknesses. Managers also require cross-cultural competencies to understand and behave appropriately with people who are different from them. We classify these competencies under two categories: self awareness and cross-cultural awareness.

5.1.1 Self Awareness

Self awareness is considered the basis of all other competencies. It includes the ability to recognize and understand one's own beliefs and how they affect one's life and work. This includes some aspects of the intra-personal level in the Inclusion Skills Measurement Profile (Turnbull et al., 2010). These authors argue that the intra-personal level refers to one's own personal growth. The competencies include the ability to monitor one's own diversity sensitivity and impact on others, making a conscious effort to learn about those who are different, being pro-active in exposing one's self to a range of experiences with those who are different, taking steps to improve one's own diversity awareness and being aware of personal attitudes and beliefs about members of their own social identity group.

When examining the model of Cultural Intelligence (Ang et al, 2007) we find that the Motivational Intelligence dimension can be classified as an intra-personal dimension. Motivational intelligence is the desire to learn about and function in situations involving cultural differences, based on intrinsic interest and confidence in one's ability to deal with them.

Chang and Tharenou (2004) identified personal level competencies for managing cross-cultural diversity. Learning on the job was one category of competencies. The sub-themes under this category were flexibility/adaptability, being curious, willingness to learn and tolerance for ambiguity. The ability to be flexible and open is a recurrent theme in the literature. In relation to expatriates, Peppas (2004) says that “flexibility and openness are critical to working with individuals who are different from oneself and who may have ideas different from one's own”. Tolerance is a key characteristic of flexible and open individuals (p.43). The second competency was termed “Personal Style” This competence reflects the styles used by managers in managing their workgroup.
Table 1

Diversity Management Competencies Model (DMCM)

<table>
<thead>
<tr>
<th>Individual Level</th>
<th>Self Awareness</th>
<th>Cross-cultural Awareness</th>
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<tbody>
<tr>
<td></td>
<td>Ability to understand one’s own beliefs and how they affect one’s life and work</td>
<td>Ability to acquire cultural knowledge</td>
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<tr>
<td></td>
<td>Ability to monitor one’s own diversity sensitivity and its impact on others</td>
<td>Recognise cultural assumptions</td>
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<td></td>
<td>Making a conscious effort to learn about those who are different</td>
<td>Understand cultural norms</td>
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<tr>
<td></td>
<td>Being pro-active in exposing one’s self to a range of experiences</td>
<td>Perceive others’ cultural preferences before and during interactions</td>
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<tr>
<td></td>
<td>Taking steps to improve one’s own diversity awareness</td>
<td>Exhibit situationally appropriate verbal and non-verbal actions when interacting with people from different cultures</td>
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<tr>
<td></td>
<td>Being flexible and open</td>
<td>Have cultural empathy</td>
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<tr>
<td></td>
<td>Possess a learning orientation, review and revise one’s strategies</td>
<td>Interact with and value difference</td>
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<tr>
<td></td>
<td></td>
<td>Knowledge of economic, legal, values and social systems in different subcultures</td>
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<tr>
<td></td>
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<td>Proficiency in languages other than only English.</td>
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<table>
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<tr>
<th>Operational Level</th>
<th>Diversity Management Awareness</th>
<th>Diversity Management Implementation</th>
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<tbody>
<tr>
<td></td>
<td>Know the difference between EEO compliance and managing diversity</td>
<td>Communicate with multicultural workers by listening actively, having an open-door policy, using clear expressions and avoiding non-verbal nuances</td>
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<tr>
<td></td>
<td>Ability to value and harness differences in the workforce</td>
<td>Managing conflict over difference: Identifying sources of cross cultural conflict and using culturally appropriate methods of managing conflict in the workplace.</td>
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<td></td>
<td>Be able to address inequalities based on individual differences</td>
<td>Implementing diversity strategies in recruitment to actively hire minorities</td>
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<tr>
<td></td>
<td>Aware of the positive and negative aspects of diversity in the workplace</td>
<td>Provide diversity training for the workforce to build diversity awareness</td>
</tr>
<tr>
<td></td>
<td>Ability to conduct a critical analysis of HR practices of recruitment and selection, training and development, performance management and remuneration in order to overcome unfairness and capitalize on diversity</td>
<td>Use effective performance appraisal practices to remove bias in assessing diverse workers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Apply principles of equal pay and use performance based pay systems</td>
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</table>
The sub-themes included emotional stability, focus on commonalities, being frank and having a sense of humour. Learning on the job may also be an important competency of the manager in culturally diverse situations. Porter and Tansky (1999) state that “a learning orientation will enhance expatriates success because adaptability is so important for success (p.97)”. People who have a learning orientation review their behaviour, ask what change in strategy may lead to success next time and try again with a revised strategy. This leads to our first research proposition:

*Research Proposition 1: Self-awareness is positively associated with effective diversity management.*

### 5.1.2 Cross-cultural Awareness

This group of competencies are those that relate to understanding other cultures and knowing how to behave with people from different ethnic backgrounds. Ang et al (2007) identified three aspects of cultural intelligence which basically reflect cross-cultural competencies. According to these authors “metacognitive intelligence” refers to the ability to acquire cultural knowledge, recognise cultural assumptions, understand cultural norms and perceive others’ cultural preferences before and during interactions. Similarly, “cognitive intelligence” refers to knowledge of economic, legal, values and social systems in different cultures and subcultures. Finally, “behavioural intelligence” refers to the ability to exhibit situationally appropriate verbal and non-verbal actions including words, tone, gestures and facial expressions, when interacting with people from different cultures.

Chang and Tharenou (2004) identified a theme called “Cultural Empathy” (including several sub-themes) which can be classified as competencies related to cross-cultural awareness. Cultural empathy reflects a manager’s ability to “step into the shoes of the subordinate who is from a different ethnic background”. The sub-themes under this competency were cultural awareness, cultural understanding, respecting others values, treating people as individuals, using different perspectives in dealing with people and experience in another culture.

Similarly, Turnbull et al (2010) identified certain inter-personal competencies which they termed “interacting with difference and valuing difference” competencies. These include the ability to listen to others frames of reference, ability to understand and adapt to different styles when working with those who are different, treating others well and a readiness to change to meet the needs of those from diverse backgrounds. Past research has found that international experience enhances understanding of different cultures. Jokinen (2004) says more understanding is needed about this issue; i.e. how international experiences can predict global leadership competencies, and therefore, we may assume, diversity management competencies as well.

The issue of whether or not language proficiency is needed by managers who work cross culturally is a recurrent theme in the literature. Downes, Musinski and Varner (1999) considered language proficiency to be an “added advantage” rather than a necessity. Peppas (2004) argues that “even a few simple phrases in the local language is almost always appreciated and shows that the business traveller took the time and effort to attempt to communicate in the host
language (p.44)”. This may well apply to managers working in culturally diverse environments where there are larger or more significant clusters of a particular ethnic group. Cox and Blake (1991) even went so far as to say that bilingual people have more cognitive flexibility than those who speak only one language and that these people should be sought out by organizations to add to the creativity of business performance. It is clear from past research that the ability to speak languages other than just English is an important competency. Hence our second research proposition is as follows:

*Research Proposition 2: Cross-cultural awareness is positively associated with effective diversity management.*

### 5.2 Operational Level

As discussed earlier, the competency models in the past have not included practical HR diversity management competencies that are required at the operational level to manage diversity effectively in the workplace. We classify these competencies into two categories: diversity management awareness and diversity management implementation.

#### 5.2.1 Diversity Management Awareness

Effective diversity management has historically been used to provide a legally defensible position against charges of discrimination. In contrast to the negative perspective of discrimination against staff in EEO, the emphasis of diversity management is on a positive perspective of differences among all individuals (Maxwell et al., 2001). Diversity management not only recognizes but also values and harnesses workforce differences, such as individual characteristics, backgrounds, orientations and religious beliefs, so that individual talents are being fully utilized and organizational goals are met. Diversity management takes advantage of the growing cultural pluralism that results from the internationalization of business, development of world markets, growing workforce mobility, and the increasing awareness of individual differences (Lawler, 1996). First, diversity management seeks to overcome labor market segregation through addressing inequalities based on individual differences, such as race, gender, class, etc. (Horwitz, Bowmaker-Falconer & Searll, 1996). Second, diversity management emphasizes valuing and taking advantage of individual differences, mainly cultural pluralism, in order for all people to maximize their potential, which is beyond legal compliance-oriented equal employment opportunity. Managers need to be aware of issues involved in diversity (Shen et al., 2009).

Workforce diversity is a double-edged sword as it has both advantages and disadvantages (Kossek, Lobel, & Brown, 2005; McLeod, Lobel & Cox, 1996). Effective diversity management is the key to reducing the negative effects and increasing the positive impact of workforce diversity on employees as well as the organization (Kochan et al., 2003; Kossek et al., 2005). HRM plays an important role in diversity management. Dagher, D’Netto and Sohal (1998) are among the first to use and more specifically define the “HR diversity management” construct. Several studies subsequently (e.g. Shen et al., 2009) further developed this concept. The traditional view on diversity management emphasizes equality in employment, such as compliance with equal employment opportunity (EEO) and affirmative action (AA)
legislation in the United States to achieve bias-free recruitment (Cox & Blake, 1991). More recently, diversity management researchers (see Kossek et al., 2005; Pitts & Jarry, 2009) suggested that diversity management should go beyond equality and fairness and include valuing personal differences. Building on these arguments in the literature, Shen et al. (2009) conceptualized HR diversity management along two dimensions: (i) to achieve equality through complying with equal opportunity-related laws; and (ii) to value and make use of diversity through increasing diversity and representativeness of traditionally underrepresented employees, such as racial minorities and women, and empowering them. Managers need to be aware that effective diversity management includes both complying with legislation and valuing diversity so that the organization can capitalize on diversity.

Managers should know that the objectives of diversity management include mainly creativity, flexibility, employee attraction, employee retention and better marketing capabilities. Through effective diversity management, diverse teams aim at achieving greater innovation and creativity, enabling them to outperform homogenous teams (Cox & Blake, 1991; Richard, 2000). Cox and Blake (1991) argued that the benefits of effective diversity management include reducing absenteeism, turnover and attracting the best candidates in a competitive labor market. Furthermore, by making use of workforce diversity, many organizations seek to improve marketing capabilities to reflect and to be more responsive as customers' demographics change.

A critical analysis of the current HR diversity practices, such as recruitment and selection procedures, criteria for entry into jobs, selection tools, diversity training programs, performance appraisal and compensation is also important. Such an analysis helps to overcome unfairness, remove the glass ceilings and eradicate tokenism and resistance (Human, 1993). Periodic audit of diversity practices is necessary to identify the areas that require improvement to effectively manage diversity. Organizations can compare this data with benchmarking in an industry or a region in order to rate and increase the representation of women and minorities in the workforce or management. This leads to our third research proposition.

Research Proposition 3: Diversity management awareness is positively associated with effective diversity management.

5.2.2 Diversity Management Implementation

While managers may have knowledge about diversity management practices, they should also have the competencies needed to implement effective diversity management strategies. One of these competencies is the ability to manage conflict over difference. There is an assumption that a clash of cultures can be responsible for organizational failure (Shen, D’Netto & Tang, 2010; Selmer, 1999).

Chang and Tharenou (2004) identified the themes of Communication Competence and General Managerial Skills which are related to Diversity Management Implementation. Communication competence reflects the manner in which managers communicate with their multicultural workgroup members. The sub-themes include listening, having an open-door
policy, using clear expressions, avoiding non-verbal nuances and being able to speak other languages. The General Managerial Skills included motivating, consulting and resolving conflicts.

Turnbull et al, (2010) identified several sets of competencies which are directly related to Diversity Management Implementation. Competencies for valuing difference include encouraging innovation and creativity at work, treating diversity as an asset and leveraging the benefits of diversity. Team level competencies include taking steps to ensure that project teams and work groups are diverse, encouraging and capitalizing on the diverse contributions and strengths of team members, practicing inclusive behaviours in groups and intervening when exclusionary behaviours occur. Competencies related to resolving conflict over difference include taking a conscious effort to learn about different styles of conflict resolution, being proactive in managing conflict and actively creating space for people to use different forms of conflict. Embedding inclusion competencies include being actively involved with organizational issues that promote diversity awareness, constantly seeking opportunities to lobby influential individuals and groups on issues of diversity and inclusion, challenging prejudice and injustice, when confronted with evidence of it in the workplace directly or indirectly and actively advocating and treating people fairly and accommodating difference in all spheres of life, i.e. personal, social, professional and the wider community.

Implementing diversity in the key HRM areas of recruitment and selection, training and development, performance management and compensation can help the organization benefit from diversity (Shen & Edwards, 2006). In the area of recruitment and selection, many world class organizations have been effective in hiring women and minorities to mirror the increasingly diverse markets and win over new customers (Perlman, 1992). Managing growth in workforce diversity and increasing the representation of women and minorities is a critical HRM strategy of recruitment and selection for most organizations (Thomas & Ely, 1996). High quality diversity awareness training is one HR function that enhances the effective integration of diverse group members. Awareness training builds a common understanding of the value of diversity, assisting in building social cohesion so that it improves individual and organizational outcomes. Rynes and Rosen (1995) found in their study that seventy five percent of trainees who took diversity training, left the training with positive diversity attitudes, while only nine percent of the trainees actually entered with favorable attitudes. Professional development and career planning is another area where discrimination is visible and needs careful attention while designing and implementing diversity management policies. If the HR practices concerning career progression do not effectively reflect diversity issues, diverse employees would have negative perceptions of the whole process (Richard & Kirby, 1999). Effective performance appraisal practices in the area of diversity management should be objective not subjective, relevant to the job and the company, fair to all employees and offer no special treatment (Schuler et al., 1993). Including non-traditional managers on appraisal panels can help to create objective criteria and fair performance appraisal practices. When conducting appraisals, the language of appraisal should focus on the individual's performance and not on personality or race. Hence, the aim should be to make the appraisal as culturally neutral as possible (Fulkerson & Schuler, 1992). Compensation equality contributes to effective diversity management and organizational performance. Diversity management in remuneration requires complete application of the principles of equal pay and performance-based pay
systems. Empirical evidence suggests that the compensation structure, the wage determinants and the benefit schemes should be designed not only on common principles but also considering each individual in terms of their ability, knowledge and skill. Managers should have the ability to implement these human resource practices in the organization. This leads to our fourth research proposition.

Research Proposition 4: Diversity management implementation is positively associated with effective diversity management.

6. Conclusion

Past research has indicated that there is little agreement about what diversity management competencies are required for working abroad and working at home with a diverse workforce. There is at least some degree of consensus on the competencies needed for working abroad. This is not the case in cultural diversity management, especially in Australia, where little research exists on this topic. This may have something to do with earlier patterns of immigration where the "White Australia" policy may have meant cultural assimilation was easier for people who entered under this policy as they were considered to be more culturally similar. In the 1970s all this changed, particularly with the outbreak of the Vietnam War. Following this, immigrants have come from all corners of the globe; culturally similar or not. As cultural diversity in the workforce increases, managers need additional competencies to manage this diversity. We believe that the model we developed in this research paper is important, as the identification of diversity management competencies provides managers with a list of attitudes, knowledge, skills, and behaviours which they must acquire. It also provides organizations with criteria that can be used in recruitment and selection. Competency deficiencies can be identified through the appraisal process and adequate training and development programs can be provided to address these deficiencies. At the operational level, our model highlights practical diversity management awareness and implementation competencies. Managers can develop and implement these competencies to ensure effective diversity management. This will enable organizations to capitalize on the substantial benefits diversity offers. We have contributed to past research by building a comprehensive model call the DMCM. This model includes four sets of competencies i.e., Self-awareness, Cross-cultural awareness, Diversity-Management Awareness and Diversity Management Implementation.

This study has a few limitations. First, we focused only on "cultural diversity" as management of cultural diversity requires a unique set of competencies. Our paper does not focus on other aspects of diversity such as age, gender and marital status. Second, our paper focuses on cultural diversity in the Australia workplace. Hence, implementation of the model overseas will have to be done with caution. Third, we did not include ethical issues as we were focusing on managerial competencies in the Australian workplace. Fourth, our paper does not include evaluation of these competencies. Instead, we have four research propositions in our paper. Future research can test these propositions and use the DMCM to evaluate the extent to which managers actually possess the competencies required to manage diversity effectively in the workplace.
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