



## SYNOPSIS REPORT

# LEADING IN THE ASIAN CENTURY:

A National Scorecard of Australia's Workforce Asia Capability

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Assisted by



Written by Dr Jane O'Leary

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This is a synopsis of the Report. An electronic copy of the full report can be found on the DCA website at <http://www.dca.org.au/dca-research.html>

#### **About Diversity Council Australia**

Diversity Council Australia (DCA) is the only independent, not-for-profit workplace diversity advisor to business in Australia. We offer a unique knowledge bank of research, practice and expertise across diversity dimensions developed over 30 years of operation. In partnership with our members, our mission is to: lead debate on diversity in the public arena; develop and promote the latest diversity research, thinking and practice; and deliver innovative diversity practice resources and services to enable our members to drive business improvement. DCA works in partnership with members to generate ground breaking high impact diversity research that drives business improvement through providing evidence-based guidance on how to fully leverage the benefits of a diverse talent pool.

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“ There is little doubt that Asia presents enormous business and investment opportunities for Australian organisations. But what’s been less clear is how well equipped our organisations and workforce are to grasp these opportunities.

Through DCA’s Leading in the Asian Century research, we can now see for the first time how Asia capable our workforce really is and what it takes for an individual to be Asia capable. Australian organisations now have the tools to measure and improve their workforce A-Cap to better support the markets and clients they serve now and into the future.

I’m delighted to be partnering with Norton Rose Fulbright, Telstra, and the CIMIC Group on this ground-breaking research. ”

**LISA ANNESE**  
CHIEF EXECUTIVE OFFICER, DCA

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## **NORTON ROSE FULBRIGHT**

“ One of the most important discussions for individuals, businesses and governments in Australia is how we can best realise the opportunities coming out of the Asian Century.

That is why Norton Rose Fulbright has been pleased to partner with Diversity Council Australia in producing this report, looking at not only where Australia’s workforce capacity with Asia currently sits but what more needs to be done to increase it.

At Norton Rose Fulbright, as a global legal practice with offices throughout the Asian region, having a linguistically and culturally diverse workforce in Australia is incredibly important to us.

This report provides the blueprint for what more Australian organisations can do to maximise our geographical proximity to Asia and the unique relationships we have as a result of it. It is a crucial part of our national conversation about Asia capabilities, a conversation that is only set to continue as the links between Australia and the region continue to grow. ”

**WAYNE SPANNER**  
MANAGING PARTNER, NORTON ROSE FULBRIGHT AUSTRALIA



“ There is no doubt there are remarkable opportunities in the Asia Pacific region for Australian companies willing, and able, to do business there. Opportunities yes. But also risks. For many Australian companies the key issue is no longer the risk of doing business in Asia, it is the risk of not doing business there.

In that context it is critically important Australian companies develop the capabilities to succeed in the region. Among many others, those capabilities include the adoption of a global orientation, embracing new technological capabilities and improving the Asia-literacy of their people.

Diversity Council Australia’s research makes a great contribution to the conversation around these issues. The report identifies many of the key issues and insights that will be increasingly important for Australian businesses as the Asian Century continues to unfold.

Telstra has operated across Asia for more than 60 years and we continue to invest in and build our capabilities across the region. We continue to learn through our operations in Asia and are pleased to be able to support this important work to inform the views of the business community. ”

**ANDREW PENN**  
CHIEF EXECUTIVE OFFICER, TELSTRA

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“ With globalisation, our world is becoming smaller, and competitive pressures are increasing. Australia is fortunate to be positioned in the strongest growing region in the world. But to truly prosper across the Asia Pacific region, Australian companies need to better understand the capabilities which lead to success in Asia and cultivate those skills within their workforce.

With Diversity Council Australia’s report into the Asia capability of Australia’s workforce, we now have a roadmap on how we can develop individuals’ ability to interact effectively in Asian countries and cultures, particularly through improving cultural intelligence.

CIMIC has a broad footprint across Asia, having commenced operations there in 1975, and we continue to invest in our skills, people and business in the region. We are pleased to support this research as we look to further develop the markets and clients we support now and in future. ”

**MARCELINO FERNÁNDEZ VERDES**  
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER, CIMIC GROUP



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— *what is* —

# ASIA CAPABILITY (A-CAP)?



Individuals' ability to interact effectively in Asian countries and cultures, and with people from Asian cultural backgrounds, to achieve work goals.

BANGLADESH • BHUTAN • BRUNEI • DARUSSALAM • BURMA (REPUBLIC OF THE UNION OF MYANMAR) • CAMBODIA • CHINA (EXCLUDES HONG KONG AND TAIWAN) • HONG KONG (SAR OF CHINA) • INDIA • INDONESIA • JAPAN • KOREA, DEMOCRATIC PEOPLE'S REPUBLIC OF (NORTH) • KOREA, REPUBLIC OF (SOUTH) • LAOS • MACAU (SAR OF CHINA) • MALAYSIA • MALDIVES • MONGOLIA • NEPAL • PAKISTAN • PHILIPPINES • SINGAPORE • SRI LANKA • TAIWAN • THAILAND • TIMOR-LESTE • VIETNAM

## OVERVIEW

For Australian businesses, one of the biggest impediments to realising the Asian opportunity is a lack of understanding about Asia Capabilities – in particular which capabilities are critical to business success and how prevalent they are in the workforce.<sup>1</sup>

*Leading in the Asian Century: A National Scorecard of Australia's Workforce Asia Capability* is a partnership research initiative between Diversity Council Australia ('DCA'), Norton Rose Fulbright, Telstra, and the CIMIC Group, assisted by Asialink Business.

### OUR GOAL: DEFINING AND MEASURING INDIVIDUAL A-CAP

This first-of-its-kind report assists Australian organisations by:

- Clearly defining individual Asia Capability.
- Providing a survey tool for Australian organisations to measure the Asia Capability of their workforce.
- Generating national benchmarks of individual Asia Capability. This enables organisations to assess their workforce Asia Capability and understand how well this supports the markets and clients they serve now and into the future.

### OUR APPROACH: NATIONAL WORKFORCE SURVEY

DCA surveyed a nationally representative sample of over 2000 Australian workers about their overall Asia Capability, as well as their experience, knowledge, and abilities in seven key Asia Capability Domains (summarised on the next page). Survey findings were used to generate a *National Scorecard of Australia's Workforce Asia Capability* which maps the nature and extent of Asia Capabilities among Australia's workforce.

### OUR FINDINGS

If Australian organisations wish to make the most of the Asian opportunity and respond to Australia's multicultural society, there is clearly scope to better cultivate their workforce Asia Capabilities. As the following report outlines:

- 1 in 3 Australian workers have no or very little overall Asia Capability.
- 2 out of 3 have no or very little working knowledge of how to manage in Asian business contexts.
- Only 5.1% are fluent in one or more Asian languages (i.e. can comfortably discuss and write about complex issues with colleagues/clients in an Asian language).
- Moreover, it appears there may be more talk than action when it comes to Australian organisations leveraging their workforce Asia Capabilities. Surveyed Australian workers indicated their organisations were more likely to value the Asia Capabilities of their workforce than know about, invest in, or effectively use these Capabilities.

DCA's National Scorecard of Australia's Workforce Asia Capability: A-Cap Domains and Indicators







## THE CASE FOR WORKFORCE ASIA CAPABILITY

For Australian organisations operating in today's Asian Century, focusing on Asia Capability is now a strategic business issue. Building an Asia capable leadership team and workforce can assist your organisation broaden its strategic perspective, identify and enter new local and global markets, innovate, and achieve business goals in culturally diverse business settings.



**Overseas Markets** Asia accounts for over 50% of the world's population and its consumer demand is worth US\$10 trillion annually, making it a similar-sized market as the United States.<sup>2</sup>

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**Domestic Markets** A sizeable 17% of working Australians identify as Asian,<sup>3</sup> and Australia's 'multicultural market' has an estimated purchasing power of over \$75 billion per year, with a higher than average disposable income.<sup>4</sup>

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**Profit & Performance** The higher the proportion of senior leaders who have cultural training, speak an Asian language or have lived and worked in Asia, the more likely business performance will exceed expectations.<sup>5</sup>

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**Innovation** People with global experience and those with multicultural identities are more creative, better problem solvers and more likely to create new businesses and products.<sup>6</sup>

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**Market Cut-Through** Workforce multilingual skills are critical in a domestic market in which 49% of longer-standing migrants, 67% of recent arrivals and 19% of Australians overall speak a language other than English at home.<sup>7</sup> Mandarin and Cantonese are in the top four most common languages spoken at home (other than English).

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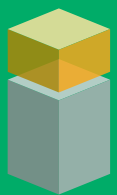


**Talent Pool** The fastest growing immigrant groups in Australia are Asian-born<sup>8</sup> and while 84% of Asian identifying emerging leaders surveyed by DCA plan to advance to a very senior role, only one in five is very satisfied with their career opportunities or strongly agrees that they work in organisations that value cultural diversity. Indeed, one in three is likely to intend to leave their current employer in the next year.<sup>9</sup>

# PROSPERING IN THE ASIAN CENTURY: DOES AUSTRALIA HAVE THE WORKFORCE ASIA CAPABILITIES NEEDED?

If Australian organisations wish to make the most of the Asian opportunity and respond to Australia’s multicultural society, there is clearly scope to better cultivate their workforce Asia Capabilities:

## AUSTRALIAN WORKERS



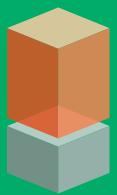
**1 IN 3**

have **no or very little** Asia Capability



**ONLY 5.1%**

are **fluent in one or more Asian languages** (i.e. can comfortably discuss and write about highly complex issues with colleagues / clients in an Asian language)

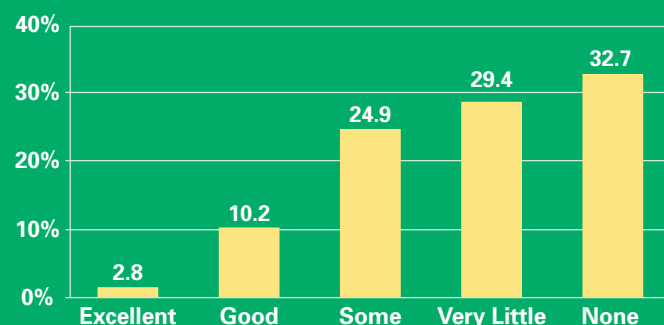


**2 OUT OF 3**

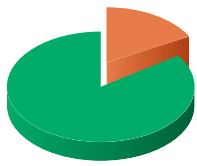
have **no or very little working knowledge** of how to manage in Asian business contexts (see Figure 1), including in relation to undertaking the following in any Asian business environment:

- Persuasively presenting their viewpoint
- Being an effective leader
- Building trust
- Effective decision making
- Giving constructive performance feedback
- Expressing disagreement
- Effectively managing conflict
- Approaches to scheduling & timing.

**Figure 1: Working Knowledge of Managing in Asian Business Contexts – Australia’s Workforce<sup>10</sup>**



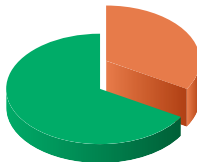
## AUSTRALIAN LEADERS



**13.9%**

Australian managers have **excellent Asia Capability**

vs



**33.0%**

Asia Capable leaders target **set by former Federal Government**<sup>11</sup>



**66%**

Australian managers have **less than 2 years' experience** managing culturally diverse teams which include team members from Asian cultural backgrounds



**ONLY 12.9%**

have a **good or excellent working knowledge** of how to give constructive performance feedback in Asian business contexts



**ONLY 1 IN 3**

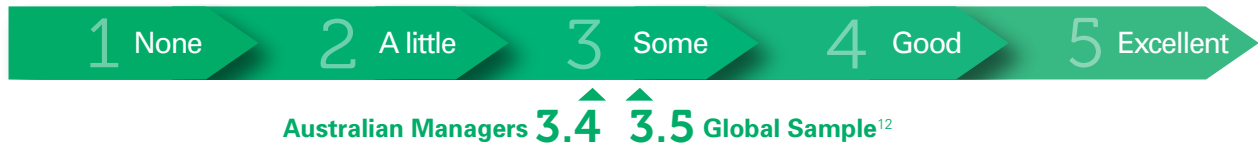
strongly agree that the employees they mentor or sponsor **come from a broad range of backgrounds**, including ones which are different to their own



**ONLY 1 IN 5**

strongly agree that **they value Asian work experience** when hiring new staff

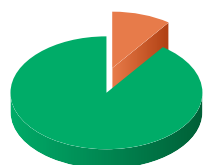
Australian managers score **somewhat lower than the world average** on Cultural Intelligence (i.e. individuals' ability to adapt effectively to new cultural contexts).



## ORGANISATIONS WITH ASIAN BUSINESS INTERESTS

We expected that a very high proportion of Australian workers in organisations with Asian business interests would have excellent Asia Capability. However, we found that Asia Capability was more closely linked with other factors such as having an Asian identity<sup>1</sup> or working in an organisation with an Asian head office location.

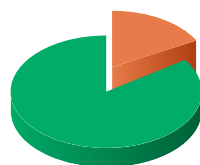
### Australian workers with excellent A-Cap...



**10.8%**

Australian workers overall

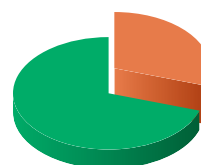
vs



**16.4%**

Australian workers in organisations with **Asian business interests**

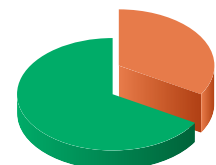
vs



**29.8%**

Australian workers in organisations with **Asian head office**

vs



**32.5%**

Australian workers with **Asian identity**

<sup>1</sup> Respondents with an Asian identity were those who identified as having one or more Asian-related cultural background(s) – their Asian cultural background(s) could make up part of their cultural identity (e.g. Malaysian-Australian) or their whole cultural identity (e.g. Malaysian, Indian-Malaysian).

# FINDING ASIA CAPABLE TALENT

## Only 1 in 10 Australian workers have excellent Asia Capability

Respondents were asked to rate their overall Asia Capability, using a scale of 1 to 5, where 1 meant 'No Capability' and 5 meant 'Excellent Capability.' The mean Asia Capability rating for Australian workers was 3.0 out of 5.0 (see Figure 2 below).

Figure 3: Overall Asia Capability – Australia's Workforce

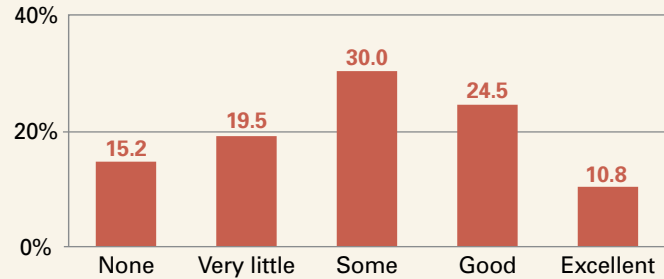
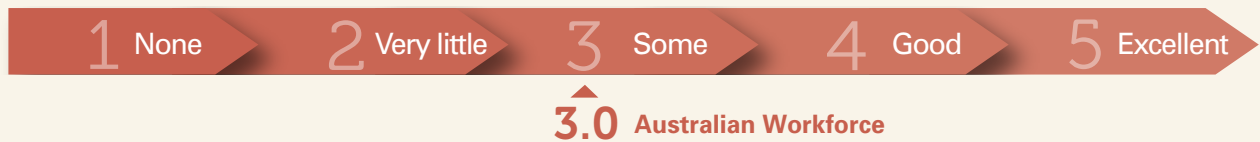


Figure 2: Mean Asia Capability of Australia's Workforce

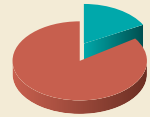


## IN THE SHORT-TERM, AUSTRALIAN ORGANISATIONS SEEKING ASIA CAPABLE TALENT WILL NEED TO TURN TO WORKERS WHO:

### 1: Have Lived and Worked in Asia

Australian workers who have lived and worked in Asia for a period of more than six months are *much* more likely to have excellent Asia Capability than those who have not:

15.9% Australian workers have lived and worked in Asia > 6 months



“For me, working in Asia has proved critical for securing large commercial engagements across multiple Asian markets – recently through my networks I was able to work on a large-scale multi-award winning marketing campaign in Hong Kong.”<sup>13</sup>



34.7%

Australian workers who have **lived & worked in Asia** have excellent A-Cap

VS

6.4%

Australian workers who have **not lived & worked in Asia**



### 2: Have an Asian Identity

Australian workers with an Asian identity are *much* more likely to have excellent Asia Capability than those who have a non-Asian identity:

16.7% Australian workers have an Asian cultural identity



“As an Asian-Australian leader, I devised and led the roll-out of our firm's Asia strategy. I have also helped my firm build a roadmap to increase its Asia Capable workforce.”



32.5%

**Asian-identifying** Australian workers have excellent A-Cap

VS

6.5%

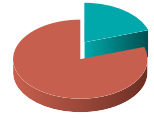
**Other (non-Asian)** Australian workers



### 3: Can Read/Speak/Write an Asian Language

Australian workers who can read, speak and/or write an Asian language are *much* more likely to have excellent Asia Capabilities than those who cannot:

20.9% Australian workers read/speak/write Asian language (basic proficiency or more)

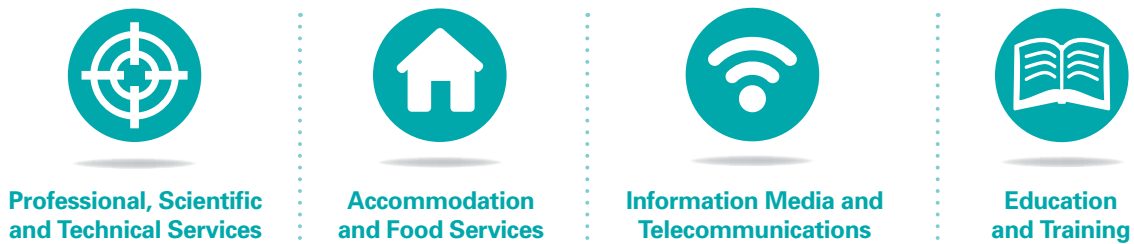


“ I manage offshore and vendor teams based out of India. I speak Tamil, which is the language needed to communicate, set expectations, negotiate requirements and get the desired results. My fluency means I can understand not just what is being said but also what is really going on. ”

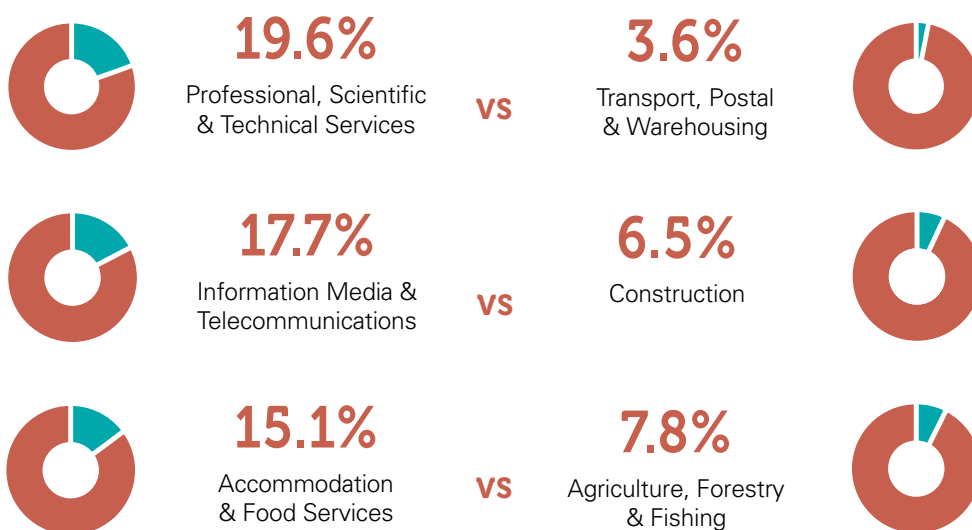


### 4: Work in the Services Sector

The **top four ranking industries** for workforce Asia Capabilities were all in the services sector. This is positive news given the services sector is predicted to become Australia’s number one export to Asia by 2030, worth \$163 billion (135% increase from 2013), and supporting more than one million jobs.<sup>14</sup>



Australian workers in these four industries are *much* more likely to have excellent Asia Capability than those in other industries:



# LEVERAGING WORKFORCE ASIA CAPABILITIES

## MORE TALK THAN ACTION?

It appears there may be more talk than action when it comes to Australian organisations leveraging their workforce Asia Capabilities. Overall, surveyed Australian workers indicated their organisations were more likely to *value* the Asia Capabilities of their workforce than *know* about, *invest* in, or effectively *use* these Capabilities (see Figure 4).



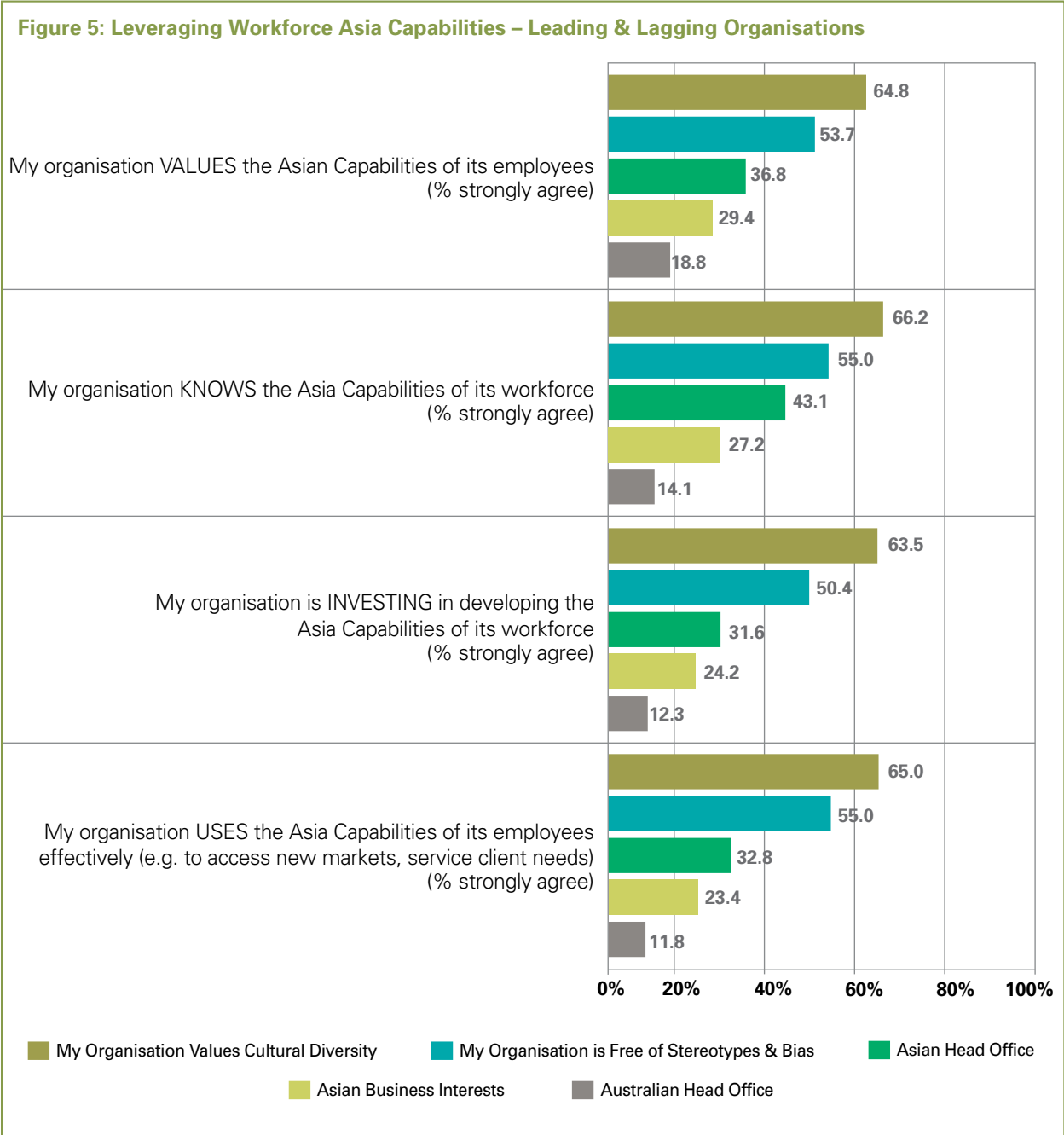
## LEADING ON LEVERAGING A-CAP

Australian workers were most likely to report that their organisation was leveraging its workforce Asia Capabilities if they indicated that their organisation:

- Valued and respected workforce cultural diversity.
- Was free from diversity-related stereotypes and bias.
- Had an Asian head office.

### LAGGING ON LEVERAGING A-CAP

We expected that organisations with Asian business interests would be particularly good at leveraging their workforce Asia Capabilities. However, organisations with an Asian head office and those which valued cultural diversity and were free of stereotypes and bias were much more likely to be effectively leveraging their workforce A-Cap (see Figure 5).



# INDUSTRY SECTORS LEADING AND LAGGING ON A-CAP

## LEADING ON A-CAP

The highest ranking industries for workforce Asia Capabilities were all in the services sector. This is positive news given the services sector is predicted to become Australia's number one export to Asia by 2030, worth \$163 billion (135% increase from 2013), and supporting more than one million jobs.<sup>15</sup>

When examining 13 different Asia Capability Indicators,<sup>16</sup> the following three industry sectors **consistently ranked well** (in order from highest):



**1. Professional, Scientific and Technical Services**



**2. Accommodation and Food Services**



**3. Information Media and Telecommunications**

When examining how well organisations are *leveraging* their workforce Asia Capabilities, one sector ranked higher more consistently, this being Information Media & Telecommunications (*see Figure 6*).

## LAGGING ON A-CAP

When examining different Asia Capability Indicators, the following industry sectors **consistently ranked lower** (in order from lowest):



**1. Agriculture, Forestry & Fishing**



**2. Rental, Hiring & Real Estate Services**

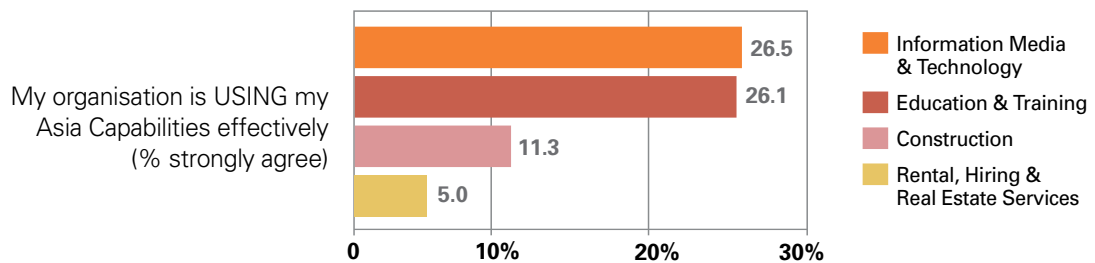
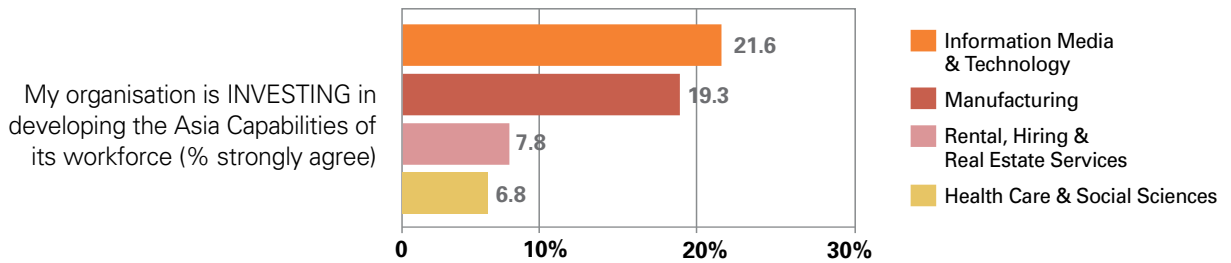
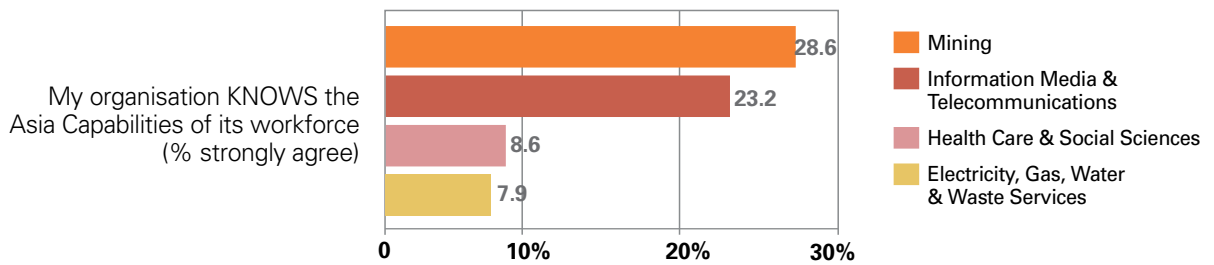
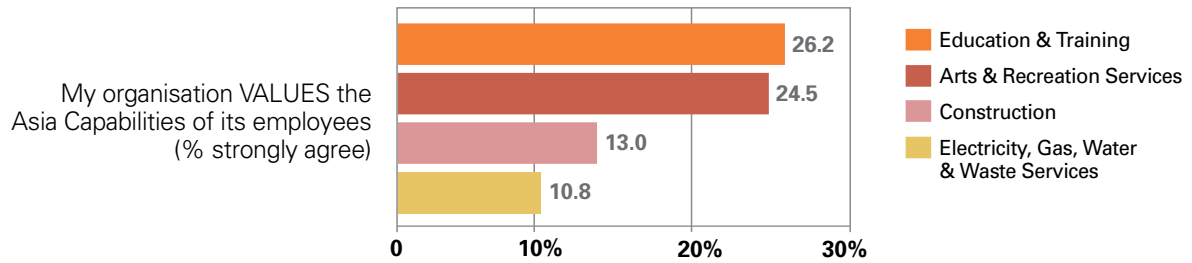
When examining how well organisations are *leveraging* their workforce Asia Capabilities, the following sectors **ranked lower** more consistently:

- Construction
- Electricity, Gas, Water & Waste Services
- Health & Social Services
- Rental, Hiring & Real Estate Services.

Figure 6 shows the two highest and lowest ranking industry sectors for each 'leveraging Asia Capabilities' survey question.



**Figure 6: Attitudes towards Workforce Asia Capabilities – Industry Sectors**





## IS YOUR ORGANISATION LEADING OR LAGGING ON A-CAP?

DCA's *National Scorecard of Australia's Workforce Asia Capability* enables your organisation to benchmark the Asia Capability of your workforce.

### HOW TO USE THE SCORECARD

- 1. Survey Your Workforce to Measure its Asia Capabilities.** Use DCA's Asia Capability Survey or selected survey questions that focus on your business context.
- 2. Benchmark Your Organisation.** For each A-Cap Indicator in the Scorecard below (*see Figure 7*), you can compare your workforce results against the National Scorecard. Your organisation is 'leading' on any Indicator where your result is higher than the Scorecard result. Conversely, your organisation is 'lagging' on any Indicator where your result is lower than the Scorecard result.
- 3. Customise Indicators for Your Organisational Context.** For example, if your organisation has an Asian head office or Asian business interests then Asian Business Interest Indicators (*see Figure 9*) rather than General Workforce Indicators may be a more appropriate benchmark. Additionally, if your organisation's main operations include China rather than other countries, then the focus could be on monitoring Indicators of Asian Cultural Experience, Asian Cultural Knowledge, and Asian Language Proficiency which relate specifically to China. For more specific Scorecards, including those relating to China, India, Indonesia, Malaysia, Singapore and ASEAN<sup>2</sup> please see the full report.
- 4. Rely on Collective Indicators rather than just one.** For example, if your workforce rates highly on one Indicator such as Asian Language Proficiency or Asian Cultural Knowledge this would not necessarily indicate your workforce has a high degree of Asia Capability more generally.
- 5. Emphasise Evidence-Based Indicators** that research shows are associated with intercultural effectiveness – specifically, Cultural Intelligence, Multicultural Experience, and Multicultural Identity.

<sup>2</sup> ASEAN includes ten member states, these being: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

# THE ASIA CAPABLE LEADER



**HOW DO YOU RATE AGAINST EACH OF THE SEVEN DOMAINS OF ASIA CAPABILITY?**











Learn more about Asia Capability by visiting [www.dca.org.au/whatsyourasiacapability](http://www.dca.org.au/whatsyourasiacapability)



## HOW YOUR ORGANISATION CAN CAPITALISE ON WORKFORCE ASIA CAPABILITY

- 1. Create A Compelling Case.** Review your organisation's business strategies to ensure these are making the most of the Asian opportunity and Australia's multicultural society.
- 2. Craft an Asia Capabilities Framework.** Develop a Workforce Asia Capabilities framework which: defines and describes individual and organisational Asia Capability; identifies which particular Asia Capabilities are critical to meet your organisation's operational needs now and into the future; and specifies how Asia Capabilities will be monitored and reported on over time.
- 3. Analyse Your Workforce Asia Capability.** Use DCA's survey tool to measure and benchmark the Asia Capability profile of your workforce.
- 4. Recognise & Reward Asia Capable Talent.** When recruiting, promoting and remunerating, place high value on candidates having Asian experience, Asian cultural identity, multiple cultural identities and experience working in or managing culturally diverse teams. Research shows people with these experiences and characteristics have higher Cultural Intelligence<sup>17</sup> and can generate positive outcomes for the business.<sup>18</sup>
- 5. Develop Your Workforce Asia Capabilities.** Invest in building the Asia Capabilities of your workforce and your leadership team through providing Asian cultural capability and intercultural awareness training, immersion experiences for staff (e.g. overseas placements in Asian offices, study tours), and access to written information and resources on Asian markets and cultural/political environments. To assist with this, consider accessing Asialink Business' comprehensive range of relevant and practical programs, research and information resources – [http://asialink.unimelb.edu.au/asialink\\_business/capability\\_development](http://asialink.unimelb.edu.au/asialink_business/capability_development)

Figure 7: DCA's National Scorecard of Australia's Workforce Asia Capability<sup>3</sup>

 <b>A-Cap<sup>4</sup></b>	Excellent Capability (% reports having) Asia Capability score (out of 5)	<b>10.8%</b> <b>3.0</b>
 <b>CQ<sup>5</sup> (Cultural Intelligence)</b>	Cultural Intelligence score (out of 5)	<b>3.3</b>
 <b>Asian Cultural Knowledge<sup>6</sup></b>	Managing in Asian Business Contexts score (out of 5)	<b>2.2</b>
	Australia-Asia economic relationships <sup>7</sup>	<b>28.2%</b>
	Asian regulatory/legal systems <sup>7</sup>	<b>17.9%</b>
	Australia-Asia political/diplomatic relationships <sup>7</sup>	<b>21.9%</b>
 <b>Asian Cultural Experience</b>	Lived and worked in Asia > 6 months	<b>15.9%</b>
	Travelled/studied in Asia > 6 months	<b>16.7%</b>
 <b>Asian Language Proficiency</b>	Speak Asian language at home	<b>16.5%</b>
	Read/speak/write Asian language (any proficiency level)	<b>20.9%</b>
	Read/speak/write Asian language (fluent level only) <sup>8</sup>	<b>5.1%</b>
 <b>Asian Social Capital</b>	In regular contact with Asian networks which could assist your work	<b>24.0%</b>
 <b>Asian People Management Lens</b>	Excellent working knowledge of Asian employment practices	<b>20.1%</b>
	Value Asian work experience when hiring staff (% strongly agree)	<b>22.8%</b>
 <b>(Asian) Multicultural Identity<sup>9</sup></b>	Asian multicultural identity	<b>6.9%</b>
	Multicultural identity	<b>25.0%</b>

3 All measures are self-reported (see *Methodology* section for information on how potential response bias was addressed).

4 A-Cap = Individuals' ability to interact effectively in Asian countries and cultures, and with people from Asian cultural backgrounds, to achieve work goals. A-Cap score = mean score calculated from possible response options of (1) None, (2) Very Little, (3) Some, (4) Good, (5) Excellent.

5 CQ = Individuals' ability to effectively adapt to new cultural contexts. CQ score = mean score calculated from possible response options of (1) None, (2) A Little, (3) Some, (4) Good, (5) Excellent.

6 Managing in Asian Business Contexts score = mean score calculated from possible response options of (1) None, (2) Very Little, (3) Some, (4) Good, (5) Excellent. Working Knowledge = 'practical knowledge' – having knowledge of most of the significant aspects of a particular field, sufficient to understand and undertake work in common situations.'









7 % respondents who report having excellent working knowledge of this topic.

8 Fluent = can comfortably discuss and write about highly complex issues with colleagues/clients.

9 Multicultural identity = identify with more than one cultural background (e.g. English-Australian, English-Scottish). Asian multicultural identity = identify with more than one cultural background, at least one of which is an Asian culture (e.g. Asian-Australian, Japanese-Dutch, Chinese-Malaysian).

Workforce Asia Capability varies between the general Australian workforce, managers, workers with an Asian identity and those with a non-Asian identity.

**Figure 8: DCA's National Scorecard of Australia's Workforce Asia Capability – Australian Workforce & Key Workforce Segments<sup>10</sup>**

		Australian Workforce	Managers	Asian Identity <sup>11</sup>	Non-Asian Identity
	Excellent Asia Capability (% who report having)	10.8%	13.9%	32.5%	6.5%
	Asia Capability score (out of 5)	3.0	3.2	3.9	2.8
	Cultural Intelligence <sup>13</sup>	3.3	3.4	3.7	3.2
	Managing in Asian Business Contexts score (out of 5)	2.2	2.6	3.0	2.0
	Australia-Asia economic relationships <sup>14</sup>	28.2%	40.7%	51.3%	23.5%
	Asian regulatory/legal systems <sup>14</sup>	17.9%	23.9%	47.5%	12.0%
	Australia-Asia political/diplomatic relationships <sup>14</sup>	21.9%	34.8%	38.6%	18.5%
	Asian cultural beliefs <sup>14</sup>	39.2%	41.6%	68.4%	33.4%
	Lived and worked in Asia > 6 months	15.9%	20.6%	51.6%	8.7%
	Travelled/studied in Asia > 6 months	16.7%	20.4%	48.4%	10.3%
	Speak Asian language at home	16.5%	18.3%	70.9%	5.6%
	Read/speak/write Asian language (any proficiency level)	20.9%	22.1%	74.6%	10.1%
	Read/Speak/Write Asian language (fluent) <sup>15</sup>	5.1%	6.5%	24.8%	1.2%
	In regular contact with Asian networks which could assist your work	24.0%	34.2%	54.0%	18.1%
	Excellent working knowledge of Asian employment practices	20.1%	32.4%	50.4%	13.9%
	Value Asian work experience when hiring staff (% strongly agree)	22.8%	23.2%	31.5%	20.6%
	Asian multicultural identity	6.9%	7.1%	41.2%	–
	Multicultural identity	25.0%	23.3%	41.2%	21.7%

10 All measures are self-reported (see *Methodology* section for information on how potential response bias was addressed).

11 Asian identity = any respondent who identifies as being Asian, whether in whole or part e.g. Asian, Asian-Australian, Chinese, Chinese-Australian, Malaysian-Chinese-Australian etc.

12 A-Cap = Individuals' ability to interact effectively in Asian countries and cultures, and with people from Asian cultural backgrounds, to achieve work goals. A-Cap score = mean score calculated from possible response options of (1) None, (2) Very Little, (3) Some, (4) Good, (5) Excellent.

13 CQ = Individuals' ability to effectively adapt to new cultural contexts. CQ score = mean score calculated from possible response options of (1) None, (2) A Little, (3) Some, (4) Good, (5) Excellent.









14 % respondents who report having excellent working knowledge of this topic.

15 Fluent = can comfortably discuss and write about highly complex issues with colleagues/clients.

16 Multicultural identity = identify with more than one cultural background (e.g. English-Australian, English-Scottish). Asian multicultural identity = identify with more than one cultural background, at least one of which is an Asian culture (e.g. Asian-Australian, Japanese-Dutch, Chinese-Malaysian).

Workforce Asia Capability varies between the general Australian workforce, a workforce with an Asian head office or with Asian business interests.

**Figure 9: DCA's National Scorecard of Australia's Workforce Asia Capability – Asian/Australian Head Office and Asian/No Asian Business Interests<sup>17</sup>**

		Australian Workforce	Workforce with Asian Head Office	Workforce with Asian Business Interests	
	Excellent Asia Capability (% who report having)	10.8%	29.8%	16.4%	
	Asia Capability score (out of 5)	3.0	3.8	3.4	
	Cultural Intelligence <sup>19</sup>	3.3	3.6	3.5	
	Managing in Asian Business Contexts score (out of 5)	2.2	2.9	2.6	
	Australia-Asia economic relationships <sup>20</sup>	28.2%	53.4%	45.9%	
	Asian regulatory/legal systems <sup>20</sup>	17.9%	64.9%	32.5%	
	Australia-Asia political/diplomatic relationships <sup>20</sup>	21.9%	50.0%	35.5%	
	Asian cultural beliefs <sup>20</sup>	39.2%	63.8%	56.0%	
	Lived and worked in Asia > 6 months	15.9%	55.2%	28.2%	
	Travelled/studied in Asia > 6 months	16.7%	49.1%	29.3%	
	Speak Asian language at home	16.5%	56.9%	27.4%	
	Read/speak/write Asian language (any proficiency level)	20.9%	58.6%	32.4%	
	Read/Speak/Write Asian language (fluent) <sup>21</sup>	5.1%	24.3%	9.2%	
	Asian Social Capital	In regular contact with Asian networks which could assist your work	24.0%	63.8%	43.2%
	Asian People Management Lens	Excellent working knowledge of Asian employment practices	20.1%	65.5%	36.1%
		Value Asian work experience when hiring staff (% strongly agree)	22.8%	33.3%	28.8%
	(Asian) Multicultural Identity <sup>22</sup>	Asian multicultural identity	6.9%	8.6%	7.8%
		Multicultural identity	25.0%	15.5%	25.3%

17 All measures are self-reported (see *Methodology* section for information on how potential response bias was addressed).

18 A-Cap = Individuals' ability to interact effectively in Asian countries and cultures, and with people from Asian cultural backgrounds, to achieve work goals. A-Cap score = mean score calculated from possible response options of (1) None, (2) Very Little, (3) Some, (4) Good, (5) Excellent.

19 CQ = Individuals' ability to effectively adapt to new cultural contexts. CQ score = mean score calculated from possible response options of (1) None, (2) A Little, (3) Some, (4) Good, (5) Excellent.

20 % respondents who report having excellent working knowledge of this topic.

21 Fluent = can comfortably discuss and write about highly complex issues with colleagues/clients.

22 Multicultural identity = identify with more than one cultural background (e.g. English-Australian, English-Scottish). Asian multicultural identity = identify with more than one cultural background, at least one of which is an Asian culture (e.g. Asian-Australian, Japanese-Dutch, Chinese-Malaysian).

# METHODOLOGY

## SURVEY SAMPLE

DCA commissioned Colmar Brunton to conduct a nationally representative on-line survey of 2000 Australian workers, administered through its *Your Source* research-only survey panel.

As with all internet-surveying in Australia, the sample was drawn from nonprobability opt-in panels of survey volunteers maintained by the commercial provider. The survey data were weighted to ensure the achieved respondent profile aligned with Australian Bureau of Statistics demographic indicators.

## ANALYSIS

SPSS software was used to conduct the statistical analysis. We have presented survey findings for Asian participants as a group, rather than particular workforce segments within this (e.g. Asian men or Asian women, South East Asian or South Asian etc.), as we found few notable and consistent significant differences between various workforce segments in responses.

We explored responses by: region of birth (i.e. North East Asian, South East Asian, South Asian regions); place of birth (i.e. Australian, overseas); country of birth where sample size allowed (i.e. Australia, China, India); cultural identity (i.e. North East Asian, South East Asian, South Asian cultural identities); and gender.

## HOW CONFIDENT CAN WE BE IN SELF-REPORTS OF CAPABILITY?

A range of tools can be used to assess cultural capabilities including performance appraisals, behavioural observation, 360 degree feedback initiatives, and self-assessment survey tools (such as that used in this study). A survey tool is a resource efficient and effective way to assess the current state of a very large sample – such as Australia's workforce.

Like all surveys which rely on self-reporting there is the potential for response bias, as this approach relies on participants being able and willing to accurately and impartially report on their own knowledge, skills, and experience. We adopted a range of measures to investigate and minimize response bias (*see Full Report for details*).



## HOW MUCH A-CAP IS ENOUGH?

DCA suggests each Australian organisation determines its own target for workforce Asia Capability, based on its particular business context and circumstances (e.g. current and future business directions, areas of market growth, industry, workforce profile etc.)

This target may vary across organisational levels (e.g. leadership team, management, operations) and in different organisational areas (e.g. your organisation may have a team with a dedicated focus on the Asian market and clearly Asia Capabilities would be highly relevant here). When determining a target, the following background information may be of assistance:

- 23% of Australia's large companies (200+ employees) are currently doing business in Asia and this figure is likely to grow given ongoing calls for Australian organisations to better embrace the Asian opportunity.<sup>19</sup>
- 36% of surveyed Australian workers are employed in organisations with Asian business interests – according to findings from this nationally representative survey.
- These two percentages only consider Australian organisations trading, operating, and/or having interests in Asia. They do not capture the larger pool of Australian organisations which are also seeking to tap into Australia's domestic (Asian) multicultural market.
- Workforce Asia Capabilities, particularly those relating to working in and managing culturally diverse teams, remain highly relevant even for Australian organisations with no intention of entering new overseas or domestic Asian markets. Australian workplaces are increasingly culturally diverse – currently 16.7% of Australian workers identify as Asian, and this figure is likely to increase given 60% of overseas born university students are Asian-born,<sup>20</sup> as are the fastest growing immigrant groups in Australia.<sup>21</sup>

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- Dr Lisa Interligi, the CIMIC Group, Chief Human Resources & Corporate Services Officer
- Jane Kerr, Asialink Business, Research Manager
- Martine Letts, Australia China Business Council, CEO
- Sheba Nandykeolyar, Australia-India Business Council, National Vice Chair (and CEO, MultiConnexions)
- Ruchir Punjabi, Australia India Youth Dialogue (AIYD), Chair, AIYD Board of Advisors (and Founder & Chair, Langoor)
- Dr Kathleen Turner, Australia-Indonesia Business Council QLD, Chair (QLD)
- Prof Ying Zhu, Australian Centre for Asian Business, University of South Australia, Director
- Prof David C Thomas, Australian Graduate School of Business, University of NSW, Professor of International Business
- Suzanne Ardagh, Australian Institute of Company Directors, International Division Manager
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- 9 DCA, *Cracking the Cultural Ceiling: Future Proofing Your Business in the Asian Century*. Sydney, DCA, 2014.
- 10 There was a consistent pattern of responding for each of the eight Working Knowledge Indicators. This Figure represents the pattern of responses, based on a midway point between the lowest and highest responses. For example, for 'Excellent Working Knowledge', the lowest response was 2.4% for Working Knowledge of Persuasively Presenting Viewpoint, while the highest was 3.1% for Working Knowledge of Effectively Managing Conflict. A midway point of 2.8% was therefore used to represent 'Excellent Working Knowledge'.
- 11 The Department of Prime Minister & Cabinet's *Australia in the Asian Century White Paper, October 2012*, specified that by 2025 one third of board members of Australia's top 200 publicly listed companies and Commonwealth bodies will have deep experience in and knowledge of Asia.
- 12 D.C. Thomas, Y. Liao, Z. Ayçan, J-L. Cerdin, A.A. Pekerti, E.C. Ravlin, G.K. Stahl, M.B. Lazarova, H. Fock, D. Arli, M. Moeller, T.B. Okimoto, and F. van de Vijver, F. 'Cultural Intelligence: A Theory-Based, Short Form Measure', *Journal of International Business Studies*, 2015 doi:10.1057/jibs.2014.67.
- 13 Quotes sourced from DCA's 2014 *Cracking the Cultural Ceiling* on-line survey.
- 14 PwC Asialink Business ANZ. *Australia's Job Future: The Rise of Asia and the Services Opportunity*. The report follows the OECD classifications of services enterprises: construction; wholesale and retail trade; hotels and restaurants; transport and storage, post and telecommunication; financial intermediation; business services; and other services.
- 15 PwC Asialink Business ANZ. *Australia's Job Future: The Rise of Asia and the Services Opportunity*.
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