

DFAT White Paper Submission, February 2017

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Summary

We commend DFAT for commissioning this white paper. Our input is based on our work with thousands of individuals, teams and leaders who are working across the Asia-Pacific region.

Beasley Intercultural Pty Ltd is Australia's leading provider of intercultural training and advisory services for complex, global and diverse workplaces. We: develop inclusive leaders; enable greater collaboration and more effective communication in global teams; and contribute to more successful global mobility. The business was founded 20 years ago and comprises a team of specialists based around the world. We believe people are what make great businesses and organisations. Supporting people with the awareness, perspective, knowledge and capability to thrive is our mission.

We deliver services to Federal Government and statutory authorities including: the Australian Public Service Commission, ASIC, Austrade, the Department of Immigration & Border Protection, the Department of Defence, and the Department of Foreign Affairs and Trade (DFAT). We work with large privately owned and listed corporate clients both in Australia and across Asia. We also support International NGO's and organisations such as the UN and teach in Australia's leading Universities and business schools.

We see rapid change, the capacity for Australia to better position itself, build productivity and make the most of strategic opportunities.

Our Recommendations:

- Explicitly define Australia as a multicultural, Asian-engaged nation
- Provide a positive global example of a stable, secure, multicultural society
- Drive global engagement for innovation, productivity and prosperity
- Leverage the strengths and capabilities of all Australians through inclusion
- Build global mindset through our people-to-people linkages and education system

We look forward to continuing to contribute to this important nation-building and foreign policy initiative.

I. Increase Onshore International Engagement

Australia is one of the most successful multicultural nations in the world, but it's critical we don't take this success for granted. Excluding Aboriginal and Torres Strait Islander communities, we are a country of migrants. The way we talk about migration in politics in Australia, and in the media, has significant implications for our reputation abroad, and our social cohesion at home.

Diversity without inclusion can be highly dysfunctional. Exclusion creates isolation and risk. As so clearly demonstrated by Brexit, the rise of neo-nationalism and protectionism, exclusion can result in resentment and backlash. For our nation to thrive and prosper, we need to tap into and leverage the skills of all of our population. The strength of our foreign policy is integrally linked to the global mindset and inclusion we model at home.

Accessing and leveraging diversity results in inclusion, engagement and performance. It is critical for social cohesion, greater employment and productivity. As Alan Joyce, CEO, Qantas, said recently:

'Whether it's your customers or your workforce, respecting diversity and treating people inclusively is the right thing to do, plain and simple. It's also the smart thing to do, because if you're appealing to the widest range of people, you're strengthening your ability to grow, attract the best talent and innovate.'

Future focused businesses such as Alibaba, Google and Atlassian highlight the role inclusion and a global mindset has played in the success of their business model. Innovation, creativity and agility are dependent on harnessing diverse perspectives.

In our efforts to engage with the region, and leverage diversity, we need to better engage with the multicultural community at home. Diaspora communities are increasingly connected regardless of geography, and it's important to recognise and maximise the global connections we have in Australia.

For example, Thailand is one of Australia's significant trade partners. The Thai community in Australia is substantive and growing:

- One in every ten residents of Sydney's Central Business District was born in Thailand
- The Thai population in Australia approximately doubled in size between the 2001 census and the 2011 census
- The Thai-born population is one of the fastest growing in Australia
- Australia is home to more than 3000 Thai restaurants, about one-quarter of which are in Sydney.

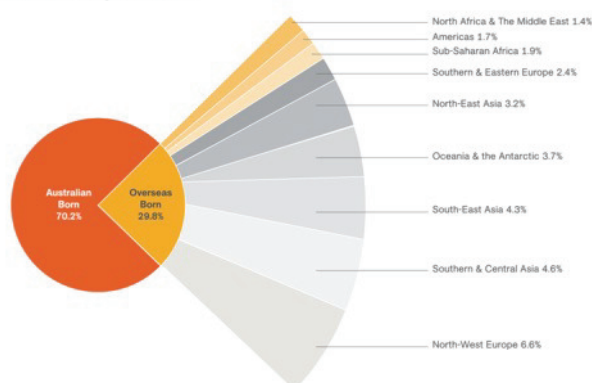
Ref. <http://sydney.edu.au/southeast-asia-centre/documents/pdf/thailand-in-australia.pdf>

For Australian foreign policy to maximise positive relationships and engagement with Thailand, this Thai diaspora in Australia is important. They are constantly connected to friends and family in Thailand through social media, they travel to Thailand regularly, and are important intermediaries in the relationship between the two countries. For example, when the Thai king passed away, a single unfortunate incident in Australian media coverage went viral in Thailand. The Thai community in Australia, including Australians with links to Thailand were important in responding to, and managing the issue.

Australian workplaces are culturally diverse, and the Australian labour force is nearly 30% foreign born. To maximise our trade and investment and expand commercial opportunities for Australian business, we need to make the most of these connections.

Research shows, we are not tapping into inbound migrant workforce talent and capability, nor Asia-capable talent within Australian organisations:

AUSTRALIA'S LABOUR FORCE BY BIRTHPLACE – 2016
Total labour force as at August 2016: 12.6 million



Sources: Australian Bureau of Statistics, Cat. No. 6291.055.001 – Labour Force, Australia, Detailed – Electronic Delivery, August 2016, data cubes LMS (released 22 September 2016), Australia

- 9.6% of Australians have Asian cultural origins, but only 1.9% of ASX 200 senior executives

- Only 17% of Asian talent strongly agree that their organisation uses their Asia capabilities well, 15% that their organisation takes advantage of workforce cultural diversity to better service clients, and 12% that their organisation effectively uses workforce cultural diversity to access new markets. Ref. Diversity Council of Australia <https://www.dca.org.au/dca-research/leading-in-the-asian-century.html>

Recommendations:

To take advantage of opportunities in the global economy, maximise prosperity and productivity, we need to also deepen and diversify international engagement at home. Our population in Australia has significant linkages to the region, and these relationships, networks and sources of influence need to be better tapped into and utilised.

We need to:

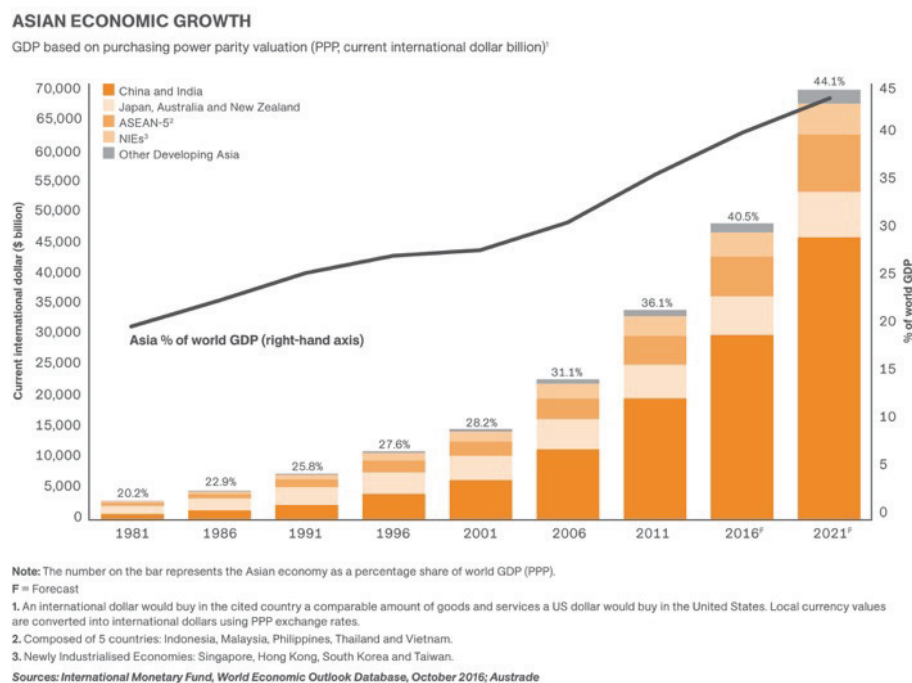
- Increase engagement and information sharing between government agencies, businesses and multicultural communities in Australia
- Work closely across state and federal governments and with multicultural agencies such as Multicultural NSW and the Victorian Multicultural Commission
- Work more closely with Embassies, Consulates and diaspora networks in capital cities
- Recognise that inclusion is not just 'nice to have', it contributes to social cohesion, security and prosperity

2. Develop Global-Mindset in Australia

To effectively respond to a changing global economy, take advantage of the opportunities in our region, and advance the national interest, we need to ensure our population have a global mindset. Our future economic growth and ability to manage an aging population depend on population growth and productivity. Both of these factors are dependent on global engagement. The ability of our business and government leaders to make informed choices, negotiate with powerful Asian interests and continue to adhere to and advocate for Australian values also depends on Asia-capability and global mindset.

2.1 Engage with Asia, build business capability

As highlighted so clearly in the graph below, Asian economic growth is substantive and will continue. While China and India are significant, ASEAN is also very important.



Australia's relative significance in the global economy will diminish in coming years, as Asian economies grow. Our capacity to engage and work with mid-tier economies to counter-balance the relative influence of China will be important. We must engage more effectively in our region. And yet:

- Only 9% of Australian businesses are currently operating in Asia
- 65% of Australian businesses have no intention of changing their stance in the next 2-3 years
- 12% of Australian companies have any experience of doing business in Asia at all
- Just 5% of Australian investment goes to ASEAN Countries (we invest more in New Zealand)

Ref. PWC 'Passing us by', <https://www.pwc.com.au/asia-practice/assets/passing-us-by.pdf>

It is important to recognise that we, as a nation, have a lot to learn from the region. Asian business people often have far more experience of Australia than Australians do of their countries. For example, more than 300,000 Malaysians are Australian educated. They have a

good understanding of the Australian culture and business environment, often own investment properties in Australia and have alumni linkages.

Asian foreign direct investment in Australia is growing. The compound annual growth rate of FDI from China 2010-2015 was 22.2% per annum, and from Malaysia 24% per annum (Ref. <http://www.austrade.gov.au/International/Invest/Resources/Benchmark-Report>, 2017). At Beasley Intercultural, we are increasingly working with the leaders of Australian businesses who need to understand, engage with and successfully service a very different client base to guarantee future growth. For example, Chinese client relationship management can be stressful, costly, and challenge the core fundamentals of the business model and approach for Australian businesses. When Australian business leaders are required to report to Asian Boards, a significant learning curve is embarked upon.

Australian business has a lot to learn in relation to Asian markets. Our capacity to build productivity and maintain growth is dependent on our understanding of, and engagement with the region. At an organisational level, the key capabilities required for successful engagement in the region include:

- The capacity to understand and leverage key stakeholder relationships
- The capacity to negotiate and navigate cultural differences to achieve mutually beneficial outcomes
- The ability to apply understanding of risks and opportunities provided by doing business in the region
- An understanding of how things are done in culturally specific local contexts
- An ability to leverage networks in business and government

There is a lack of Asia-related experience at Board and Senior Executive level. This often results in: a fear of the unknown; a lack of understanding of the risks of doing business in Asia and how to mitigate them; or of assumed universalism of Australian approaches. Decisions are often driven by short-term shareholder expectations, lack of understanding of need to invest in the long term and 'play a long game'. To have a mono-cultural leadership, Executive or Board minimises cognitive diversity, breadth of thinking and can create an 'echo chamber' of ideas.

Our efforts in economic growth, the advancement of women, and capacity development benefit from collaboration, regional partnerships and information sharing. To maximise our influence and deepen and diversify our relationships, we need to demonstrate a willingness to partner, and the humility to recognise that learning is a two-way process. Such an approach minimises the risk of perceptions of colonial-style interference, increases the likelihood of effective people-to-people relationships and maximise results.

Recommendations:

To ensure Australia capitalises on these opportunities, we need to invest in developing the capabilities required. We recommend:

- Closer links, consultation and information sharing between: government and business in relation to foreign policy eg. Australian Institute of Company Directors, Business media, ASX 200 listed companies; and between government departments including the Department of Foreign Affairs and Trade Austrade, the Department of Industry, Innovation & Science
- Increased forums for facilitated dialogue eg. business people from ASEAN and ASEAN diaspora and Australian leaders of business
- Connect Asian alumni and business networks more closely in Australia

2.2 Educate for a global mindset

Increased emphasis on developing a global mindset is required in the Australian curriculum and language learning is a key element of this.

Leaders in Asian companies were more likely than those in Western companies to think that the ability to speak the local language was extremely important

Ref. Telstra Global report Connecting countries, 2014

We often see limited understanding in Australian business of how hard it is to learn and speak a second language fluently. This leads to a lack of empathy for international colleagues who are speaking English as a second language. It also often explains low self-awareness, and ability to modify language usage and behaviour to be understood across cultures.

The capability gap we see is a lack of:

- awareness of the 'Australianness' of our preferred business style and how it might differ to that of our counterparts from the region;
- understanding of differences of process and approach;
- communication skills in cross-cultural contexts.

Issues resulting include poor results in negotiations, ineffective joint ventures, and a lack of ability to achieve results.

The Asian languages policy debate has been extensive, and development is inevitably blocked by resource constraints. However, a national approach can make a difference. Policy consistency, regular funding, and a structured, sequenced learning program is essential.

Asian Language learning in the Australian education system has diminished considerably in recent decades. Unless you grow up speaking an Asian language, it is very difficult to pursue a coherent, well-taught and well-structured language education in Australia. While pockets of excellence certainly exist, there is a lack of national, or even state-level consistency or support for solid Asian language outcomes.

We acknowledge it is unrealistic and unlikely to have multiple Asian languages offered at every school in Australia at every level. It's clearly a political decision, but not every Asian language can be taught, and a national curriculum needs several priority languages. This will enable well-resourced and effective learning outcomes for teachers and students. Bahasa Indonesia needs to be reinstated as a core language. As a language which uses the same alphabet, is the language of our biggest neighbour to the north, it is a logical first choice.

Other languages, such as Thai for example, are unlikely to ever be popular at the primary or secondary level. However to guarantee funding for centres of excellence for these languages at Universities in Australia ensures diplomats, business people and interested students have the option to study the language of one of Australia's key trading partners.

Immersion learning is a way to accelerate language learning capability. We need to think beyond the traditional classroom regarding innovative ways of building global capability and language skills. In NSW for example, we have a community where one in five people speaks a language other than English at home, and our state government has solid and deep sister-city and institutional relationships with other countries. Such linkages can be used to build language exposure. The highly successful 'BRIDGE' project

<http://www.curriculumsupport.education.nsw.gov.au/nalssp/opportunities/bridge.htm>

leverages the power of using technology enabled classrooms to connect students in NSW with peers in Asia for collaborative learning.

Exchange programs perform a vital role, and the New Colombo Plan is a positive step. Many institutions have high level MOU's and relationships which can be used to progress our partnerships in the region through twinning and collaborative learning. A great example of this in NSW today is the 'Expanding Horizons' collaborative choir project between schools in Sydney and China

<http://www.homebushw-p.schools.nsw.edu.au/gallery/t3w6-expanding-horizons>

To advance our foreign policy interests in future years, our people are our most important assets. Investment in education and capability development will advance our economic, security and other interests, and enhance our ability to respond to external events.

Recommendations:

Language capability and opportunities for the development of a global mindset need to be emphasised in the national curriculum. We recommend:

- Key Asian languages are prioritised– Bahasa Indonesia must be included
- Centres of excellence to be funded and maintained for Asian languages at tertiary level
- Greater investment in global teaching and curriculum resources
- More emphasis on immersion learning