# CONTENTS

THE WESTFARMERS/WOOLWORTHS DUOPOLY WAR .................. 3
  Australia: A concentrated marketplace .......................... 3
  What is a duopoly? .............................................. 4
  The growth of Westfarmers and Woolworths .................. 5
  The hardware wars .............................................. 6
  Why did Masters fail? .......................................... 6
  Into the future: .................................................. 7
  References ......................................................... 8

The Importance of a diverse and culturally competent workforce .... 9
  The Importance of a Diverse and Culturally Competent Workforce ... 9
  Introduction ...................................................... 9
  The cost of being complacent regarding diversity .................. 9
  Unconscious bias ................................................ 10
  The benefits of a proactive approach to diversity and cultural competence ........................................ 10
  Qantas, Diversity and Cultural Competency ...................... 12
  How global businesses can actively promote ...................... 12

Media Watch ......................................................... 14
**Australia: A concentrated marketplace:**

Australia has just one third of one percent of the world’s population and accounts for only two percent of world economic output yet both Woolworths and Coles (Westfarmers) rank in the top twenty of world retailers. In many retail market situations in Australia a few retailers play dominant roles.

<table>
<thead>
<tr>
<th>Market</th>
<th>USA</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquor</td>
<td>10</td>
<td>70</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>31</td>
<td>91</td>
</tr>
<tr>
<td>Petrol</td>
<td>14</td>
<td>70</td>
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When compared to the USA, Australia has concentrated market situations. Both Coles and Woolworths feature predominantly in a great many of these concentrated markets. In the grocery market the concentration is particularly high. Together these two retailers account for approximately 75% of market share whilst the top two grocery chains in the UK only account for 48%, in France 44% and only 24% in the USA. In Australia another 20% of the market is shared almost equally by Aldi and the co-operative chain, IGA (Metcash).

Other areas of retailing are not so concentrated although Myers and David Jones are dominant department stores, and in the hardware market the smaller independents are accounting for a decreasing share of the market.

A clear observation is that both Woolworths and Westfarmers (the group that owns Coles) are dominant and quite large. Together they employ over 400,000 Australians and respectively have 3756 and 3385 retail outlets.

**Is the level of concentration increasing?**

In 1970 the two major supermarket chains had 40% of the market, in 1980 it was just over 50% and now it is about 75%. In the broader marketplace market concentration is indeed on the increase. The number of retail businesses fell by 8% from 2012 to 2014 despite a volume increase of 13%. The number of mergers has risen from 394 in 1992 to 1460 in 2015. The hardware industry is expected to lose 6000 independents in the period between 2016 and 2024.

**Why is there so much market concentration in Australia?**

The small population and large distance from larger markets has been given as a reason for this concentration. However the population is increasing but so is the level of market concentration. Other factors such as the particular laws and regulations affecting competition, the growth of shopping centres and the tactics of the dominant players are also cited as reasons.

**Is this level of concentration important?**

Perhaps small retailers and many dairy farmers may say yes and former ANU economist and now federal politician Andrew Leigh recently wrote:

> Like a large tree that overshadows the saplings around it, firms that abuse their market share prevent newer competition from growing. They hurt entrepreneurs and often reduce the scope for innovation; consumers will suffer from ultimately higher prices, lower quality and less choice.

Economists such as Milton Friedman however say that large businesses have a prime responsibility to their shareholders to maximise returns. To do this they must be competitive and offer competitive prices and a more efficient service. Ultimately consumers must benefit.
**Student activities**

1. Describe the level of concentration in the Australian retail market
2. How dominant are Coles and Woolworths in the supermarket section?
3. Outline the trend in this market concentration.
4. Is Andrew Leigh justified in his fears?

**What is a duopoly?**

There are a variety of market situations. Retailing markets consist of:

- **A considerable number of producers**
- **A relatively small number of retailers**
- **Vast numbers of consumers**

The two extremes would be a retail monopoly dominated by one retailer and a monopolistic situation with vast numbers of retailers, none dominating with very low barriers to entry. In-between are various degrees of oligopoly, one of which is a duopoly.

Coles and Woolworths are certainly a Bertrand duopoly where they attempt to attract more customers through price cutting. In the hardware market competition is more open, although Bunnings, (Westfarmers) and Masters (Woolworths) were aiming for a duopoly situation.

**A duopoly is a market situation where two companies control and dominate the market. A Cournot duopoly is one based on the quantity of goods supplied and a Bertrand duopoly is where two companies compete largely on price.**

Competing on price:

In a duopoly seller decisions are not independent of each other. A change in price by one will cause the other to react. Until 2007 when Westfarmers took control of Coles, Woolworths was largely unchallenged. After this Coles management adopted the “Tesco” (a major U.K. grocery chain) model of aggressive price leadership. This involved strategies such as:

- Revised consumer marketing and customer targeting
- Celebrity endorsements
- Fierce price discounting
- Private labels and reduced product range
- Actions to reduce supplier profit margins
- Enriching the customer experience and improving staff involvement and motivation.

A major result of these strategies has been a “profit migration” from suppliers to the seller. Supplier margins were reduced, conditions and costs were placed on shelf spacing, there were increases in home brands at the expense of supplier variety, suppliers were forced to pay for wastage in the store and there were fines for late delivery. As Both Coles and Woolworths are so dominant, they have been able to reduce prices to customers without reducing their own profits by forcing suppliers to accept lower margins.

Although lower prices have contributed to the duopoly situation other factors are involved. Aldi has lower prices (on average 10%-20% lower). The two major chains do not see them as a threat; they believe that most of Aldi’s growth will be at the expense of IGA (Metcash). The two dominants believe that they provide a superior customer shopping experience and that their strategies will continue to provide competitive prices.

With 75% of market share the two major chains dominate suppliers and through lease arrangements they place huge barriers to entry to small retailers such as butchers and greengrocers, as well as small independents. Corner shops and small retailers including hardware stores, have failed because customers have taken advantage of the lower prices offered by the “big box” retailers.
The growth of Westfarmers and Woolworths

Most people associate the rival retail giants with supermarkets, however both organisations started as general merchants about 100 years ago and today both carry out a wide range of retailing, financial and other activities.

<table>
<thead>
<tr>
<th></th>
<th>Woolworths</th>
<th>Westfarmers (Coles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure</td>
<td>Public Company</td>
<td>Public company</td>
</tr>
<tr>
<td>Founded</td>
<td>1924</td>
<td>1924</td>
</tr>
<tr>
<td>Revenue</td>
<td>$60.68b</td>
<td>$62.45b</td>
</tr>
<tr>
<td>Profit</td>
<td>$2.7b</td>
<td>$2.5b</td>
</tr>
<tr>
<td>Employees</td>
<td>202 000</td>
<td>205 000</td>
</tr>
<tr>
<td>Outlets</td>
<td>3385</td>
<td>3756</td>
</tr>
<tr>
<td>Divisions</td>
<td>Supermarkets; Woolworths, Countdown, Flemings, Metro Petrol; Woolworths, Caltex Liquor; BWS, Dan Murphy, General merchants; Big W Home improvements, Masters Hotels and gambling; ALH</td>
<td>Supermarkets, Coles, Bilo, Coles Express Petrol; Coles, Shell Liquor; Liquor Land, Vintage Cellars Home Improvements; Bunnings Office Works, General merchants; K Mart, Target, PB Work cloths Various mining and agricultural enterprises</td>
</tr>
<tr>
<td>Areas</td>
<td>Australia, N.Z., India</td>
<td>Australia, N.Z., U.K., Bangladesh</td>
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In addition to the above both organisations are involved in financial services.

In the mid 1950s both Coles and Woolworths became involved in food and groceries through expansion and acquisition of competitors such as Safeways. These organisations became involved in liquor sales from the early 1980s and now dominate this market as well. Woolworths through its hotel ownerships is the largest owner of poker machines in Australia.

In 1996 the ACCC allowed Coles and Woolworths to co-ordinate with Shell and Caltex respectively to be players in fuel retailing. Together these companies now sell 50% of all fuel in Australia.

Westfarmers made a successful takeover of Coles in 2007. As a result divisions such as Bunnings were brought into the group. Woolworths through joint partnership agreements was involved in hardware through Homebase. However in 2009 in partnership with the US company, Lowes, Woolworths established Masters. Woolworths has invested nearly $2.5 b in this venture but has only captured 2% of the market. Bunnings has so far captured 20% of this rapidly expanding market and this is predicted to rise.

Although Woolworths is a slightly bigger supermarket chain, Coles has been increasing its market share and has had higher growth figures for the last 25 quarters.
The hardware wars:

In 2009 when Woolworths announced their intention to establish a chain of box type hardware stores to rival Bunnings, many analysts predicted that the two retail giants would replicate the supermarket duopoly situation. This has not happened.

Hardware store market share:

- Specialist trade stores such as Reece Plumbing ........................................46%
- Big box stores, Bunnings and Masters .........................................................23%
- Buying co-operatives, Mitre10 and Home T&H ..............................................9%
- Independent and niche stores .....................................................................3%
- On-line retailing .........................................................................................1%
- Other stores that sell some hardware products .......................................18%

The market is dynamic and in the next ten years it is predicted that the specialist stores will increase sales from $21b to only $28b whilst the big box stores (Bunnings) will have an increase from $10b to $22b. At least 6000 smaller stores will close. Woolworths have announced that they will wind up their Masters chain of over 60 stores. They had planned to have at least 150 stores within five years.

The hardware market is made up of two major sections; the trade section selling to builders and the home improvement market. Due to factors such as the high level of home ownership, and has an annual growth rate of 4%. It is mainly this section that Bunnings and Masters targeted. Bunnings has been successful in becoming market leaders whilst Masters, despite an investment of more than $2b with over 60 stores and 10 000 staff has continued to lose money and has only gained a 2% market shares. As a consequence Woolworths will off load this unproductive division.

Why did Masters fail?

<table>
<thead>
<tr>
<th>Broad reason</th>
<th>Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poorly thought-out strategy</td>
<td>The aim was to attack Westfarmers and distract them in their strategies that were increasing their supermarket share. The opposite occurred and Masters was a distraction and financial burden to Woolworths.</td>
</tr>
<tr>
<td>Unsuitable and costly locations</td>
<td>Coming late to the market, Woolworths had to pay dearly for often poor sites that had originally been rejected by Bunnings</td>
</tr>
<tr>
<td>Poor product range</td>
<td>There was inadequate depth in hardware and gardening products. The move into the competitive white good market was unsuccessful. There was an inappropriate seasonal variation in products.</td>
</tr>
<tr>
<td>A flawed workplace culture</td>
<td>Bunnings successfully developed a strong organisational culture where workers were empowered and motivated. Woolworths at Masters was too top heavy. Staff turnover was high and customer interaction more limited.</td>
</tr>
<tr>
<td>A poorer shopper experience</td>
<td>Bunnings hired many ex-tradespeople and created trust with customers. A trip to Bunnings was like a day out. There are free activities, workshops and community participation Masters was unable to replicate this experience. Customer feedback indicated a dislike with the store layout.</td>
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</table>

Image 1: Small local nursery forced to close due to competition from Bunnings.
The hardware market is very different to the supermarkets situation. There are far fewer local suppliers and this means that the chains less bargaining power over them. The customers have a range of particular needs, especially the builders, and therefore they want a more informed staff interaction. As well as this the industry has a long history of strong independents who have co-ordinated into successful buying groups and so there is stronger competition. Woolworths with their Masters endeavour failed to repeat their supermarket domination and will probably have to outlay $1.6b to exit from the market.

Into the future:

A wide range of factors will impact upon the future direction of the Australian market situation. These will include the type and level of competition, including foreign competition, the changing social and cultural demographics, economic conditions, new technologies and innovation, political actions affecting competition and as well the culture and strategies of management of the market players.

The supermarket duopoly is being threatened by overseas players such as Aldi. This German business entered the market in 2001 and now has 350 stores and has plans for more. Aldi prices tend to be lower by about 10-20%. Other overseas competition such as Costco may also enter the market. In the U.K. tough price competition from firms such as Aldi took much of the market from Tesco and Sainsbury. In Australia Coles and Woolworths do not view Aldi as serious competition and have developed counter strategies to avoid the U.K. situation. They believe that IGA with their higher prices will be Aldi’s main victim.

Both Coles and Woolworths continue to adapt to changing demographics. They have opened smaller stores, in inner city areas. Stores such as Metro and Coles Express have been designed to compete with businesses such as 7-Eleven. Both chains have also increased their range of ready-to-heat meals to cater for time poor households.

The exit of Masters presents a new environment in the hardware market. Bunnings does plan to take over some of the sites, but the main change is that the rival two buying groups are combining to become the main competition to Bunnings.

Image 2: Small hardware store joining together in a buying group to compete against Bunnings.

Mitre 10 with 366 stores and Home Timber and Hardware with 300 stores are merging and they do plan more big box stores. It is likely that the specialty trade stores and niche hardware stores will continue to be significant. Bunnings also has developed some smaller type stores to suit inner city locations. Total Bunnings market share is expected to continue to grow.

Student activities
9. Outline the current breakdown in the hardware market.
10. What mistakes did the managers at Masters make?
11. Bunnings has been described as the “new church”. Do you agree?
12. In what ways is the hardware market different to the supermarket situation?
13. Is this important in affecting company strategies?
Westfarmers has expanded into the U.K. The
Bunning model with its depth of buyer contacts
will be used with the recently purchased (for $705m) 265 Homebase stores.

Australian consumers are quite mobile and respond increasingly to price. Therefore the trend towards large chains with low prices will continue.

New technologies have actually increased the barriers to entry. For example, the expensive customer data collecting technologies provide the major chains with clear marketing advantages.

Despite considerable criticism of such things as the poor treatment of suppliers, the high level of imports, and the loss of product variety not much action has resulted. There has been some action by the ACCC such as the fining of Coles for unconscionable conduct towards suppliers, the some limits on restrictive lease arrangements and a ruling to prevent Coles and Woolworths from subsidising grocery prices with profits from fuel sales. However political action has been limited.

Joel Bokan in 2005 stated that “The Corporation pursues relentlessly its own self interest regardless of the harmful consequences to others. However both Westfarmers (Coles) and Woolworths are neither good nor evil. They have a responsibility to shareholders to be competitive and they do this with strategies to minimise prices. There is indeed criticism of some of these strategies, but these views have not translated into changes at the checkout. Price is still the dominant customer motivator. It would require strong political will and actions to change the existing market situations and there seems no immediate likelihood of this.

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Student activities
14. Why are market situations so dynamic?
15. Do you think that Aldi will eventually be a significant threat to both Coles and Woolworths?
16. What do you think may eventually happen to the existing Masters stores?
17. Are Coles and Woolworths either “good” or “evil” or are they just doing what businesses are expected to do?
18. Do you think that there is a place in Australia for more and stronger laws and regulations in regards to retail competition?
The Importance of a Diverse and Culturally Competent Workforce

By Rachel O’Neill.
Head Teacher HSIE, Newtown High School of the Performing Arts, NSW.

Introduction

To ensure a competitive edge in today’s globalised world, global businesses need to be aware of the importance of having a diverse and culturally competent workforce, and to implement strategies that will fully exploit the advantages it can bring.

Diversity is all about difference. Diversity means that there is a wide range of people who are different in terms of a range of variables such as ethnicity, gender, religion, socioeconomic background, race, political beliefs, ideologies, sexual orientation, and disabilities.

Diversity is nowhere more evident or important than in a global business. These days, customers are diverse, markets are diverse, and so the workforce also needs to be diverse.

Cultural competency means that a person or organisation has the knowledge, understanding and skills to embrace diversity and to work with people from diverse backgrounds. It implies that discrimination is not tolerated and that people are accepted and valued because of their differences, instead of being seen as inferior or superior.

It suggests an inclusive and dynamic business culture.

The cost of being complacent regarding diversity

A complacent business owner or management team might at first glance think: “it’s all too hard - too expensive and time consuming to develop policies and procedures regarding cultural competency and diversity; too risky to employ people from a range of backgrounds; too difficult to negotiate flexible working arrangements for parents with young children or carers of people with a disability”.

However, in adopting such a complacent and negative attitude, employers are missing out - there is an opportunity cost involved when making recruitment or promotion decisions that exclude certain people. For example by discriminating, deliberately or even unintentionally, against women who are pregnant, a business is not only acting unethically and illegally, they are missing out on a potentially valuable employee. They are missing out on the skills, knowledge, talents and perspectives that an employment candidate could contribute. Further, this means that there is a financial cost - the potential contribution to sales and profits that this person could make. Therefore there is a compelling argument for businesses in the global environment to embrace and promote the concept of a diverse workforce.

According to the Australian Sex Discrimination Commission, around 20% of complaints about work discrimination are from women whose complaints centre around pregnancy and return to work. The ABC reported in 2013 on a mother, Penny Webb, who claimed she had to leave a 10 year career at a big Sydney Events company because the employer was inflexible about providing alternative work arrangements such as part-time work. According to Ms Webb there were other women who suffered in a similar way in this organisation. This example hi-lights two important issues - the obvious one being the unfairness and discrimination suffered by women such as Ms Webb; the other issue being the loss to the business in terms of the skills and corporate knowledge that occurs when they lose a long term employee.
Unconscious bias

Unconscious bias occurs when people have prejudices that they are actually unaware of. Everyone has at least some unconscious bias. It comes from the way we perceive the world, which is created by a range of factors including the culture, community and family we are raised in and the experiences we have lived through. In the workplace it can affect the whole HR process, from the design of job advertisements, the conduct of interviews and the selection of candidates in the recruitment and selection processes of acquisition through to the retention rates of employees and the whole business culture. Unconscious bias can be in relation to a wide range of factors, including gender, race and disability, as well as height, age, personality or even hair colour, just to name a few. Unconscious bias can lead to unintended discrimination and the creation of a workforce that is not particularly diverse. Businesses need to be mindful of unconscious bias and implement strategies to reduce subsequent negative impacts on employment practices and business culture.

The opportunity cost of only employing people from a particular background based on, say, gender, socioeconomic background or cultural background, is the loss of potential skills, ideas and outcomes that could be provided by employing people from a range of diverse backgrounds who could work together to enhance creativity, productivity and ultimately generate higher profits.

The benefits of a proactive approach to diversity and cultural competence

Taking a proactive approach to diversity and cultural competence has a range of advantages for a global business. Some of these include:

• Enhanced customer focus and customer satisfaction: If a business’ workforce is as diverse as its customer base, it is more likely that employees will understand and be able to meet customer needs. For example having employees that can speak different languages and can interpret for customers improves communication and understanding. Someone who can speak the same language as their customers can find out exactly what they want, what they are trying to say. Further they are likely to have a deeper understanding of their needs, of “where they are coming from” in a broader cultural sense. When customers enter a store and see evidence of diversity and cultural competence, they develop a sense of the business’ values – seeing employees with disabilities, women and men, young and old, different cultural backgrounds, as well as art displays from around the country or the world, flying the Aboriginal and Torres Strait Islander flag..... all of this creates a perception of a business that is genuine about their social roles.

• Wider pool of talent to draw from: Direct or indirect discrimination actually leads to a reduction in the talent pool from which to choose employees. On the other hand, if a business opens its doors to all comers, they broaden the pool of talent from which to draw, and open up a world of possibilities. A business can do this by implementing policies regarding the Human Resource management processes of acquisition, development and maintenance, that actively promote diversity and embed cultural competence.

• A broadening of the skill base: Employing people from a wider pool of talent means you will have a workforce that comes from a diverse range of backgrounds. This provides a greater skill base, whereby the business will be hiring people who come with a wider range of skills, talents, experiences, and approaches to solving problems.

In May 2016, FIFA appointed Senegalese woman Fatma Samba Diouf Samoura to the position of Secretary General. FIFA President Gianni Infantini explained that the decision was based on the skills and fresh perspective that Ms Samoura, who comes from a career with the United Nations, would bring to the organisation. For example, she is entering the organisation with no involvement in Football politics, will bring new perspectives.

Student Activities

1. What is meant by a diverse workforce?
2. What is meant by a culturally competent workforce?
3. If you walked into an office space of a company with a diverse, culturally competent workforce, what do you think you would see around you? Discuss this with your classmates and create a mindmap.
4. What is meant by opportunity cost? (ask an Economics student!)
5. Outline the negative impacts on businesses that discriminate against women in the workforce.
6. Make a list of the costs involved in a global business not addressing diversity and bias in their Human Resource Management strategies.
in relation to human rights and enable stronger links with African football. Mr Infantini believes she “has a proven ability to build and lead teams, and improve the way organisations perform”.

- **Enhanced creativity:** Having a diverse and culturally competent workforce encourages people to “think outside the square” of their own cultural practices and attitudes. If people from different cultures are working together, they can exchange ideas, engage in productive debate, learn from each other, and discover different approaches to tasks or problem solving. Employees working in teams are then able to approach problems or projects from varied perspectives, share ideas and experiences and find better solutions. This can create a unique synergy that gives the business a competitive edge.

- **Increased understanding of the marketplace:** A workforce made up from a diverse range of employees means that the business entity will have a better understanding of the way the world and the global marketplace operates, for example, understanding that not everyone does things the same way in different countries, or in different cultures or even subcultures. Further, understanding how things are done differently in different countries and therefore responding to needs and challenges more effectively.

- **Increased productivity:** Think about it. If a business continues to simply employ the same type of people, people who look, act and talk like them, they are not taking advantage of the range of skills, ideas and opportunities available to them from a huge range of people who are different to them. Increased productivity is the result of all the advantages that come from creating a diverse workforce and means that the workforce is producing in greater quantities or providing superior service.

- **Enhanced Reputation:** A business that is known for its policies regarding diversity and cultural competency in the workplace, will build a reputation based on its Corporate Social Responsibility. This will benefit the business in a number of ways. Enhanced reputation will attract customers who want to buy from an ethical, socially responsible business. Likewise, it can attract shareholder interest, as more people want to purchase shares in a business that is creating a competitive edge in the global marketplace. Finally, a business with a reputation for having and promoting a dynamic and diverse culture in the workplace is likely to attract the very best employees. The result will be an increase in productivity, increased production, increased sales, increased share value and increased profitability — ticking all the rights boxes for a business’ financial as well as social goals.

**Student Activities**

7. Create a mindmap, poster or infographic that illustrates the benefits of a diverse workforce to a global business.

8. Why do you think FIFA decided to employ Fatma Samba Diouf Samoura as Secretary General?

9. Make a list of the various ways identified in the article, that Qantas promotes diversity and cultural competency in its organisation.

10. Outline the benefits of Qantas’ commitment to reconciliation between Aboriginal and Torres Strait Islander and non-Aboriginal and Torres Strait Islander Australians.

11. Explain why Alan Joyce believes so strongly in Qantas’ commitment to workforce diversity.

12. Think of a business that you think does not seem to have enough commitment to diversity and cultural competence. Individually or in groups, devise actions that you would recommend to the business to increase diversity.
**Qantas, Diversity and Cultural Competency**

Australian global business Qantas invests significant resources and efforts to create, promote and deliver on diversity in their workforce. This is a key component of their strategic planning designed to create and sustain a competitive advantage across human resources, operations, marketing and finance to achieve the business’ goals of having the world’s best premium and low cost airline.

The company celebrates and promotes its diversity from the top down. This is demonstrated in the composition of Board of Directors, according to CEO Alan Joyce, who points out that he is gay and from Ireland, the Board of Directors includes three women, and the company is a major sponsor of Sydney’s Gay and Lesbian Mardi Gras and an outspoken supporter of marriage equality in Australia. Further, Qantas employs people from more than 90 nationalities, has specific employment strategies in relation to gender equality and employment of Aboriginal and Torres Strait Islander people, offers flexible work arrangements and is openly committed to and outspoken about the importance of diversity. They have a publically stated commitment to equal employment opportunities for people regardless of gender, race or disability. Diversity is at the core of the business’ success according to Alan Joyce.

Qantas’ commitment to diversity is particularly evident in relation to Aboriginal and Torres Strait Islander peoples. Qantas established an Indigenous Employment Program in 1988, designed to increase the employment of Aboriginal people throughout the business; they have been producing Reconciliation Action Plans since 2007 and are at the forefront of providing online training in Cultural Competency for all of their employees. The airline uses Indigenous designs on some aircrafts, for example the 2013 Boeing aircraft named ‘Mendoowoorrji, with an Aboriginal design by the late Aboriginal artist Paddy Bedford. Qantas has been publically recognised by the CEO of Reconciliation Australia, Justin Mohammed, who wrote a Message in the introduction of Qantas’ current Reconciliation Action Plan 2015-2018. Qantas’ comprehensive approach demonstrates a genuine commitment to workplace diversity, which enhances their ability to take advantage of the benefits of a culturally competent workforce and to create unique travel experience for customers by providing Aboriginal and Torres Strait Islander perspectives. For example, in recruiting Indigenous employees Qantas uses the slogan “Join the world’s most experienced Airline and bring your culture on board!”

**How global businesses can actively promote diversity and cultural competence**

A business can use the HR processes in relation to acquisition, development and retention to develop and promote a diverse workforce that is culturally competent.

A business can create a recruitment process that actively tries to eliminate discrimination. For example, the use of a structured format whereby all candidates are subject to exactly the same treatment – specific criteria for selection of interview candidates, using the same questions at interviews and the same questions of referees. This creates a truly competitive recruitment process that is designed to select the best candidate for the job and minimise the potential for unconscious (or conscious) bias that may actually lead to the best candidate not being selected. It means that the pool of potential employees is increased to include a broader range of people. It ultimately leads to the development of a more diverse workplace which is more likely to reflect and meet the diverse needs of business’ customer base.

Businesses can introduce a training program or range of programs that specifically address issues relating to cultural competence, diversity and unconscious bias. For example, teach people about unconscious bias – what it is, examples, how to detect it in ourselves and in the workplace, how it can reduce business performance and profitability, and how to address it. Businesses can train employees in cultural competence, as Qantas does. This can result in better workplace relationships and more effective teams. It can make people feel culturally ‘safe’, whereby they feel comfortable, understood and supported. By implementing this kind of training and establishing an inclusive workplace culture, morale is enhanced, teams work more efficiently and with synergy, and productivity is increased. All this leads to increased profitability in the long run - the ultimate goal of all business organisations. Qantas CEO Alan Joyce certainly believes that this Australian company’s commitment to diversity in the workplace played a significant role in the success of the Qantas transformation strategy which has turned the loss making enterprise into one of the most profitable international airlines in the world.
Student Activities

13. Look around your classroom. Devise a room makeover that will communicate diversity and cultural competence in this workplace!


15. Discuss with classmates, examples of other businesses that employ diverse workforces. These could include businesses you come into contact with on a daily basis, businesses your family members or friends work in, or businesses you have researched. Create a mindmap of examples of these businesses and their approach to diversity.

16. a) Research information about Google and workplace diversity. Start with this article from Time: http://time.com/3904408/google-workplace-diversity/
b) Create a report for the management at Google that outlines the current state of diversity in their workplace, explains the potential benefits of increasing diversity and cultural competence, and makes recommendations for the global company regarding its human resources management processes and strategies.

References and further reading


Britain’s shock referendum decision to quit the European Union (Britain’s exit) has unleashed a wave of global jitters. Markets of all sorts — stocks, futures, oil — want certainty, and the Brits (England, Scotland, Northern Ireland and Wales) have removed that by a tiny majority of votes. (52% - 48%)

The immediate impact of the vote was a drop in confidence. The English pound dropped 30% to a 31 year low. Uncertainty resulted in a selling binge on stock markets wiping off billions of dollars. British banks were very adversely affected. Britain is politically divided and there is a leadership crisis. Credit ratings agency Standard and Poors downgraded Britain’s AAA credit rating and merchant bank, Goldman Sachs predicts that Britain could experience a mild recession. London is Europe’s financial capital but this could shift to Paris or Frankfurt. It is estimated that Britain’s economy could shrink by 6% by 2020. EU leaders are concerned that it could trigger other member country exits.

The origin of the EU.

The EU began in 1957. It grew out of a post -World War II desire to heal century’s old animosities and create a single common market with free movement of goods and people and less border controls. It was at the forefront of a new era of globalisation and it led to the formation of similar regional trade blocs around the world. It eventually comprised 28 countries. Joining in 1973, Britain had to forsake existing preferential trade agreements with its Commonwealth country members including Australia. Fortunately for Australia, the economic rise of Asian countries including Japan provided new trade connections.

As calamitous as it was, the vote to leave has its roots in globalisation itself. Brexit is partly about anger. Great swathes of the population feel alienated, left behind and neglected by globalisation. Many blue collar workers have lost their jobs and feel left out as old ‘rust belt’ industries close. Incomes and purchasing power are dropping and governments are cutting services. There is apathy and disillusionment with the political process. No longer are voters ‘rusted on’ to existing political parties. There are winners and losers and a growing divide between the rich and the poor. Britons felt a loss of sovereignty as laws that affect them are made by the European parliament. There has been resentment about the movement of people from the poorer to richer countries. The free movement of people across member country’s borders and refugees have become emotive triggers for this backlash against the institutions that have evolved through globalisation. The on-going Eurozone crisis is another factor. Several member countries including Greece and Spain have required large financial bailouts. The flood of Syrian and North African refugees into Europe has also strained resources and dulled the enthusiasm for unchecked cross border movement. Donald Trump in the USA and others have tapped into this anger that some feel about structural changes to their economies, job losses from free trade and racial and religious tensions from legal and illegal movements of people.

The traditional two party political system has devolved into numerous splinter groups tapping into specific voter concerns. The referendum result demonstrated the divisions within Britain.
Scotland and Northern Ireland voted strongly to remain. Whether they could seek to remain in the EU leading to a break-up of the United Kingdom is a further destabilising factor that will take time to resolve and fuel further market instability. Older England voters tended to favour the Leave vote whilst younger voters favoured the Remain option. There are considerable recriminations and divisions that have resulted from the narrow decision to Leave. The actual mechanism for the complicated exit remains a source of uncertainty as this has never happened in the EU’S 59 year existence.

Effect on Australia
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Though our trade with the Eu is significant, Britain is only a minor player in our trade as we concentrate on the Asia-Pacific region and giants such as China, Japan, South Korea and India. But the flow-on effect of its withdrawal from the EU, and the delay while it renegotiates its trade agreements with Europe, will be felt everywhere. Many countries are still reeling from the effects of the Global Financial Crisis of 2008-9.

Australia could get caught in the wider fallout, especially if the EU were to implode. The initial shock had an immediate impact on our stock market. Our dollar could fall in value and investment could slow. Interest rates are likely to remain low and there will be a period of volatility as markets adjust. Businesses often delay investment decisions when there is instability and uncertainty. Tourism may suffer as fewer Britons visit Australia. Time will tell whether it proves to be a minor hiccup or a major global destabiliser.

Student activities.
1. Which countries comprise Great Britain?
2. Could the financial market’s reaction to the Brexit referendum be seen as positive or negative? Explain.
3. State four outcomes of the decision to leave the EU.
4. What is the aim of the European Union?
5. Potentially, Britain’s decision to join the EU in 1973 could have been disastrous for Australia. Comment.
6. Assess the statement that Brexit is ‘about anger’.
7. To what extent do you agree with the general statement that ‘there is apathy and disillusionment with the political process’.
8. Globalisation produces winners and losers. In this instance what are the losers complaining about?
9. Was the vote to leave uniform across Britain?
10. What could disgruntled voters do and what may be the impact?
11. To what extent is Australia insulated from the Brexit fallout? Give your views on the possible consequences for business and the Australian economy.
12. Define these terms : referendum, credit rating, recession, globalisation, trade bloc, blue collar worker, rust belt industries, sovereignty, two party political system, Asia Pacific region, Global Financial Crisis.