Diversity & Inclusion in Asia: Let’s Talk About Ethnicity and Race

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Executive Summary

Diversity & Inclusion (D&I) is receiving increasing attention by business worldwide. Research has shown that D&I correlates with better business results, more innovation, and higher employee engagement and retention.\(^1\) Increasing diversity by itself, however, does not yield full benefits. It is the harder work of building a truly inclusive culture that is the key success factor in harnessing the full potential of D&I.

The business case for D&I in Asia is even stronger because it is a highly diverse region comprising a mosaic of many different sub-cultures. In fact, Southeast Asia is among the most diverse regions in the world representing over 100 ethnic groups and a population of 655 million people who speak more than 1,000 different languages and dialects.

And yet, the value that could potentially be derived from the rich diversity within the region, is still largely untapped by many organizations. A study by the Boston Consulting Group of 6,100 employees across Asia found that only 58 percent of companies in Asia have some form of D&I program in place as compared with the global average of 96 percent, and that 57 percent of respondents from South East Asia – 90 percent of whom were from underrepresented groups – would consider quitting their jobs if they could move to a more inclusive employer.\(^2\)

Concerns about racial justice issues that have recently flared up in the US have raised awareness regarding ethnic tensions in the workplace, and even elevated it to a top D&I priority for many organizations. Many Western multinational companies (MNCs) are working on ways to frame and discuss topics of ethnic inequalities and tensions and committing to actions to enhance awareness and inclusion globally.

Ethnic tension, if not outright racism, is a long-standing civilizational problem that continues to surface in many shapes and forms. In Asia, examples of ethnic tensions include the caste system and the discrimination based on skin color in India, the backlash against ethnic Chinese in many Asian countries due to COVID recriminations, and the high incidence of hate crimes against the South Asian community in Australia. The recent proliferation and exponential rise in the influence of social media across the region have further enabled racism and ethnic prejudices to thrive and flourish.\(^3\)

Resolving ethnic and racial biases should arguably be at the forefront of D&I programs and conversations in Asia. And yet, regional programs reportedly mostly focus on gender, sexual orientation, and age bias issues.

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We recognize that “race” is typically defined as “a category of humankind that shares certain distinctive physical traits” while “ethnicities” is a broader term used to define “large groups of people classed according to common racial, national, tribal, religious, linguistic, or cultural origin or background”. For the purposes of this paper, we have used the term “ethnicity” as the overarching term that also encompasses “race”.

The Conference Board of Asia convened a group of 26 D&I leaders from MNC companies in the region to understand their thinking on issues of race and ethnicity, what steps they have taken to address issues in this area, what challenges they have encountered, and what solutions they have found to overcome these challenges. Most participants were responsible for leading D&I initiatives or were actively involved in shaping their organization’s future thinking and action on D&I. This paper summarizes insights gathered from our own observations and research, as well as those gleaned from our discussions with the forum participants.

Insights for What’s Ahead

Issues of ethnic and racial bias in the workplace are extremely sensitive subjects in Asia that most prefer not to discuss openly. The widely prevailing culture of preserving harmony make these conversations particularly challenging and uncomfortable. As a result, these conversations are often tiptoed around in the work setting and most managers are neither able nor willing to tackle them directly. Underlying problems therefore remain largely unaddressed and often undermine an organization’s efforts at building a truly inclusive work culture. Significant work will need to be done, and on sustained basis, to shift mindsets and deep-rooted beliefs and stereotypes through employee and manager coaching.

More and more Western MNC HQs expect their Asia offices to integrate and elevate ethnicity and race conversations as top priorities within their D&I agendas, especially since the rise of the BLM movement in the United States. Regional D&I teams believe, however, that they need to focus on other more urgent D&I priorities in the region such as gender, age, and sexual orientation biases. Country-level D&I priorities, and the relevance of ethnicity and race as topics across localities in Asia, will play an important role in determining which conversations will resonate, which programs will create impact, and where resources and management attention should be allocated. The mismatch of expectations and priorities between HQs and regional teams is a potential source of tension. Local teams should be empowered to define their own priorities and create relevant solutions. In parallel however, local teams must begin to put plans in place for progressing conversations in a phased manner and in alignment with their other local D&I priorities. Overlooking issues of race and ethnicity in the workplace will result in missed opportunities to improve organizational performance and employee wellbeing.

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Vast differences in the comprehension and interpretation of the terms “ethnicity” and “race” between the West and Asia creates confusion and misunderstanding. Western MNC HQs often do not sufficiently understand the local context, cultural nuances, and other on-the-ground challenges associated with tackling these subjects in Asia. Tools and frameworks created by Western HQs do not translate well at the local level. D&I teams in Asia will need to educate their HQs about the complexities associated with regional ethnic diversity in Asia.

Significant investment of money and people will be needed to create customized solutions for specific markets that align with local needs. The business case will need to be clearly articulated. A lack of understanding by HQs of the complexities and challenges involved could result inadequate resource allocation and suboptimal interventions and impact. Local teams should proceed with initiatives only when they have access to the right level of resourcing. Otherwise, their efforts could prove counterproductive and/or appear inauthentic.
As you determine policy for your organization’s operations in Asia, you face more than Asia’s political and economic volatility. You must attract, engage, and develop the best people in a highly competitive talent market while navigating multiple cultures— at a time when the very nature of work is changing. Our Human Capital Center provides resources across the full spectrum of people issues. We focus on six areas— Diversity & Inclusion, Employee Engagement, Human Capital Analytics, Labor Markets, Strategic Human Resources, and Talent Management—to inform your decision making across all HR functions.

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