



# The Impact of Cultural Diversity Deficits in Leadership on Business Growth and Career Development in the Built Environment Industry

MULTICULTURAL ASSOCIATION OF PROPERTY PROFESSIONALS

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## **Editorial: The Impact of Cultural Diversity Deficits in Leadership on Business Growth and Career Development in the Built Environment Industry**

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### **Summary**

Australia is a multicultural nation, with nearly half the population being first or second-generation migrants. This rich diversity is not reflected in the leadership of Australian organisations, particularly within the built environment industry. Senior leadership and boardrooms remain dominated by Anglo-Celtic<sup>1</sup>, with minimal representation of Culturally and Racially Marginalised (CARM)<sup>2</sup> professionals.

This editorial paper examines the current state of cultural diversity in leadership, identifies barriers to progression for multicultural professionals, and discusses the broader implications for business innovation, growth, and talent development.

### **Background**

A respected industry CEO once told me something that has remained with me: “I don’t know why, but it seems my multicultural staff who came to Australia as professionals aren’t ambitious, they got to mid-senior level, and are not inspired to do more!”

At first, I was taken aback. So, I asked them, “What does ambitious mean to you? How do you expect it to be demonstrated?”

Their answer revealed a set of behaviours tied to a particular view of ambition shaped by an Australian lens. Ambition looks different depending on where you come from. What one culture celebrates as ambition might be misunderstood or even invisible in another.

This anecdote reflects a deeper issue in Australia’s corporate system specifically in the built environment industry. Despite Australia’s rich and evolving multicultural makeup, leadership within this sector remains strikingly homogenous. During last 20 years, there has been significant progress in increasing the number of women in leadership across the industry, and the shift is encouraging. However, it can be perceived that this change has simply replaced Anglo Celtic men with Anglo-Celtic women. While this brings a valuable gender perspective, it still falls short of achieving “true diversity”.

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<sup>1</sup> Australians whose ancestry is primarily from England, Scotland, Wales, or Ireland.

<sup>2</sup> Diversity Council of Australia recommends a shift from using the term 'Culturally and Linguistically Diverse' (CALD) to 'Culturally and Racially Marginalised' (CARM) to more accurately reflect the significance of race and racism in the experiences of these individuals. This change aims to address the reluctance in Australia to focus on race and to provide a more meaningful and specific understanding of the challenges faced by these communities.

“True diversity” goes beyond looking at a single metric or criterion. It acknowledges intersectionality, the way race, culture, gender, and other identities overlap to create different experiences of advantage or disadvantage. “True diversity” means leadership that reflects Australia’s multicultural society while also addressing the compounded barriers faced by CARM women, First Nations people, and others navigating multiple layers of bias. It is not about meeting quotas or replacing one dominant group with another but about building inclusive leadership cultures that value different expressions of ambition and ensure equity across all identities.

Put simply, “True diversity” is leadership that recognises and supports people in the fullness of who they are, so organisations can better reflect and serve the diverse communities they impact.

This editorial paper will delve into why this diversity gap exists and exploring the systemic and perceptual barriers at play. It also considers the real consequences for business outcomes and the career progression of multicultural professionals within the built environment sector.

## **What is the Current Landscape of Cultural Diversity in Leadership?**

Understanding the present state of cultural diversity in leadership is essential to identifying both the scale of the challenge and the opportunities for change. As Australia's highly multicultural population is not reflected in senior leadership of the built environment sector, representation diminishes sharply at executive and board level. As a result, a systemic disconnect that limits inclusive decision-making and talent recognition.

### **Underrepresentation at Senior Levels**

Australia's multicultural population where almost half of Australians have at least one parent born overseas is not mirrored in leadership. For example:

- Over 90% of ASX300 board members come from Anglo-Celtic or European backgrounds (Board Diversity Index, 2024).
- First Nations Australians are virtually absent from senior leadership roles of all industries.(Board Diversity Index, 2024).
- CALD Women make up only around 5.7% of board directors nationally (Diversity Council Australia, 2023).
- The persistent 'old boys' network' culture and reliance on 'safe hires' perpetuate leadership homogeneity (Groutsis et al., 2018).

### **Barriers to Advancement**

Culturally diverse professionals encounter multiple intersecting barriers, including:

- Perceptual Bias: Leadership prototypes favour those who 'fit' traditional Anglo-centric norms, disadvantaging CALD candidates (Diversity Council Australia, 2023).
- Structural Exclusion: Recruitment often relies on informal social networks and referrals, limiting access for those outside established circles (Board Diversity Index, 2024).
- Intersectionality: Women from CALD backgrounds face compounded challenges of racial and gender bias, requiring them to outperform peers to receive equal recognition (Diversity Council Australia, 2023).
- Limited Role Models: The scarcity of visible diverse leaders reduces mentorship and sponsorship opportunities, reinforcing career stagnation (Groutsis et al., 2018).

## **What are the Career Development Challenges for Multicultural Professionals?**

While limited cultural diversity in leadership affects business outcomes, it also has profound consequences for individual professionals navigating their careers. Multicultural employees often face barriers that extend beyond technical competence or performance, including restricted access to networks, unconscious bias, and a lack of sponsorship from senior leaders. These challenges create uneven career pathways, where culturally diverse professionals must work harder to gain recognition, yet still encounter stalled progression or exclusion from leadership pipelines. Addressing these career development barriers is critical; not only to unlock individual potential, but also to

ensure the built environment industry retains and empowers the talent it needs to thrive in an increasingly diverse society. Below are four key challenges multicultural employees often face:

### **1. Social Capital Deficit<sup>5</sup>**

Within workplaces and industries, social capital typically involves having mentors, sponsors, or a robust professional network that can create opportunities for promotions, projects, and collaborations. Many culturally diverse professionals face challenges accessing the informal networks and social capital that are vital for leadership development. In Australia especially, numerous roles are not publicly advertised and are often filled through personal connections such as sports clubs, friendships, or university networks. The common saying, “It’s not what you know, it’s who you know,” rightly highlights the crucial role of social capital. This issue is particularly acute for professionals who have migrated to Australia as adults from vastly different cultures. However, it also affects CARM individuals born, educated, and raised here who may still lack access to strong social networks.

### **2. Impact of Intersectionality**

Professionals from culturally diverse backgrounds frequently experience compounded barriers due to the intersection of race, gender, and sometimes other identities like class or disability. For example, CARM women often face higher performance expectations and are underrepresented in leadership despite equal or superior qualifications (Diversity Council Australia, 2023). Studies show that Black and Brown women report nearly 40% negative mental health impacts linked to stalled career progression, compared to 28% of white women (Diversity Council Australia, 2023).

### **3. Bias and Stereotyping**

Implicit and explicit bias affects multicultural professionals throughout their careers. Accent bias, assumptions about cultural fit, and stereotypical perceptions about competence can lead to exclusion from key projects and leadership roles. For instance, communication styles rooted in Anglo norms often marginalise diverse voices, reinforcing systemic barriers (Diversity Council Australia, 2023). This results in many CARM professionals feeling overlooked or undervalued despite their skills and contributions.

### **4. Sponsorship and Mentorship Gaps:**

While multicultural professionals may receive mentoring, they are often under-sponsored, meaning they lack influential advocates who can open doors to senior roles. This “sponsorship gap” limits opportunities for advancement. Research highlights that culturally diverse women, in particular, experience fewer sponsorship opportunities than their white counterparts, constraining career growth (Groutsis et al., 2018; Diversity Council Australia, 2023).

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<sup>5</sup> A social capital deficit occurs when individuals or groups lack access to the networks, relationships, and trust-based connections that provide opportunities, information, and support.



### **What are the business Implications of Limited Cultural Diversity in Leadership?**

Cultural diversity in leadership is more than a matter of fairness; it is a strategic driver of business performance. When leadership teams lack representation from multicultural backgrounds, organisations miss out on critical perspectives that fuel innovation, strengthen decision-making, and enhance stakeholder engagement. In the built environment industry, where projects directly shape diverse communities, this gap is especially limiting. The absence of inclusive leadership not only risks reinforcing outdated practices but also undermines an organisation's ability to compete, grow, and maintain credibility in a rapidly evolving, globalised marketplace.

- **Innovation and Problem Solving:** Companies with ethnically diverse leadership teams are significantly more innovative and financially resilient, 36% more likely to outperform peers.(McKinsey, 2020). Homogenous boards risk groupthink, limiting organisational agility in a rapidly evolving market.
- **Client and Community Engagement:** Culturally diverse leaders help the built environment sector better understand communities and deliver more inclusive projects (APSC, 2024).
- **Talent Attraction and Retention:** Organisations with inclusive leadership attract and retain a broader talent pool.(Watermark Search International, 2024).
- **Risk and Reputation:** In a global marketplace, failure to demonstrate inclusive leadership can damage reputation and stakeholder trust. (McKinsey, 2020).

### **What Comes Next?**

The evidence is clear – while Australia is proudly multicultural, this richness is not yet reflected in the leadership of the built environment industry. The persistence of systemic barriers, unconscious bias, and limited access to social capital means that culturally and racially marginalised professionals remain underrepresented in senior roles, at a cost to both business performance and individual careers. Closing this gap is not simply a matter of fairness, but a strategic necessity for innovation, growth, and credibility. In the next editorial, we will turn from challenges to solutions, outlining practical recommendations to help the sector build leadership that truly reflects and serves the diverse communities it shapes.

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