WORK FORCE DIVERSITY MANAGEMENT-CHALLENGES AND OPPORTUNITIES

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ABSTRACT: Diversity is a recognizable source of creativity and innovation that can provide a basis for competitive advantage. On the other hand, diversity is also a cause of misunderstanding, suspicion and conflict in the workplace that can result in absenteeism, poor quality, low morale and loss of competitiveness. Firms seeking competitive advantage therefore face a paradoxical situation. If they embrace diversity, they risk workplace conflict, and if they avoid diversity, they risk loss of competitiveness. The advantages and disadvantages associated with workforce diversity put organizations in a position of managing a paradoxical situation. Diversity is a set of conscious practices that involve understanding and appreciating interdependence of humanity, cultures, and the natural environment; practicing mutual respect for qualities and experiences that are different from our own; understanding that diversity includes not only ways of being but also ways of knowing; recognizing that personal, cultural, and institutionalized discrimination creates and sustains privileges for some while creating and sustaining disadvantages for others and building alliances across differences so that we can work together to eradicate all forms of discrimination.

KEYWORDS: Work force Diversity, Managing diversity.

INTRODUCTION: The concept of diversity includes acceptance and respect. It means understanding that each individual is unique, and recognizing our individual differences. These can be along the dimensions of race, ethnicity, gender, sexual orientation, socioeconomic status, age, physical abilities, religious beliefs, political beliefs, or other ideologies. It is the exploration of these differences in a safe, positive, and fostering environment. It is about understanding each other and moving beyond simple tolerance to embracing and celebrating the rich dimensions of diversity contained within each individual.

Workplace diversity refers to the variety of differences between people in an organization. That sounds simple, but diversity encompasses race, gender, ethnic group, age, personality, cognitive style,
tenure, organizational function, education, background, and more. Diversity involves not only how people perceive themselves but also how they perceive others. Those perceptions affect their interactions. For a wide assortment of employees to function effectively as an organization, human resource professionals need to deal effectively with issues such as communication, adaptability and change.

Diversity management is a process intended to create and maintain a positive work environment where the similarities and differences of individuals are valued, so that all can reach their potential and maximize their contributions to an organization's strategic goals and objectives. (Harold Andrew Patrick, Vincent Raj Kumar, 2012)

**Literature Review:** The term ‘diversity management’ refers to the systematic and planned commitment on the part of organizations to recruit and retain employees with diverse backgrounds and abilities. It is an activity that is mainly to be found within the HRM training and development domains of organizations (Betters-Reed & Moore, 1992; Thomas, 1992)

The term 'diversity' encompasses a range of differences in ethnicity/nationality, gender, Function, ability, language, religion, lifestyle or tenure (Kossek & Lobel, 1996).

'Diversity' in the workplace includes more than employees’ diverse demographic backgrounds, and takes in differences in culture and intellectual capability. It takes more than demographic or ethnic diversity to result in creativity that leads companies to perform better (Leonard & Swapp, 1999).

Diversity is generally defined as acknowledging, understanding, accepting, valuing, and celebrating differences among people with respect to age, class, ethnicity, gender, physical and mental ability, race, sexual orientation, spiritual practice, and public assistance status (Esty, et al, 1995).

Diversity can generally be defined as recognizing, understanding and accepting individual differences irrespective of their race, gender, age, class, ethnicity, physical ability, race. Sexual orientation, spiritual practice and so on. Grobler (2002)

Stephen G. Butler, co-chair of the Business-Higher Education Forum, believes that diversity is an invaluable competitive asset that America cannot afford to ignore (Robinson, 2002). Managing and valuing diversity is a key component of effective people management, which can improve workplace productivity (Black Enterprise, 2001).

Diversity issues are now considered important and are projected to become even more important in the future due to increasing differences in the population. Companies need to focus on diversity and look for ways to become totally inclusive organizations because diversity has the potential of yielding greater productivity and competitive advantages (SHRM, 1995).

**The why and what of Diversity in the Workplace:** McEnrue (1992) observed that managing diversity can serve as a source of competitive advantage for a firm in six ways: (a) by reducing costs associated with excessive turnover and absenteeism, (b) by making it easier to recruit scarce labor, (c) by increasing sales to members of minority culture groups, (d) by promoting team creativity and innovation, (e) by improving problem solving, and (f) by enhancing organizational flexibility.

As the workforce changes, there is an increasing demand for companies and managers to be more sensitive to cultural diversity. Technology is available to everyone today, so what really makes a difference to an organization is people and how effective they are in maximizing their potential (Bell, 1999).
Facilitating diversity does not mean focusing only on the needs of minority employees. Rather, managing diversity is getting all employees to perform to their potential by tapping the potential of all workforce members. Facilitating diversity does not mean simply being anti-White male, for example. It means accepting the range of variations among persons by virtue of their age, education, social class background, job function, and personality style. The goal of diversity is not to assimilate women and minorities into a dominant White male culture, but to create a heterogeneous organizational milieu (Thomas, 1990).

Thomas (1990) explained that managing diversity is creating an environment that allows access to the talent of people who are increasingly diverse. In this type of environment, people would feel free to behave differently as a result of their ethnic differences (Comeau-Kirschner, 1999). Effective management of a diverse workforce translates into bottom-line results. Diverse groups tend to be more creative problem solvers when their differences in background and perspective are all brought to bear. Diverse companies, therefore, have the potential to be more innovative (Kuczynski, 1999).

**Benefits of Diversity in the Workplace:** Diversity is beneficial to both associates and employers. Although associates are interdependent in the workplace, respecting individual differences can increase productivity. Diversity in the workplace can reduce lawsuits and increase marketing opportunities, recruitment, creativity, and business image (Esty, et al., 1995). In an era when flexibility and creativity are keys to competitiveness, diversity is critical for an organization’s success. Also, the consequences (loss of time and money) should not be overlooked.

**How does Diversity Drive Profitability?** The European Union Commission studied 200 companies in 2003. It found three areas where diversity mattered:

- **Marketing:** Having a diverse workforce builds trust in your brand with a diverse target market.
- **Operations:** Valuing diversity cuts costs by reducing turnover and absenteeism, and by avoiding legal costs. How? It enhances employee engagement by showing the company understands and respects different cultures. Valuing diversity also gives the company freedom to go after the most highly talented people throughout the world.
- **Innovation:** When the diversity within a product development team is in sync with diverse target markets, the team can more successfully create new products that satisfy the markets’ needs. That’s because a diverse workforce better understands, because they share, the values of diverse markets. For example, Daimler/Chrysler found the best mix for a product development team was heterogeneous: 50:50 male/female; a gradual age distribution rather than peaks, and no more than half of any team be any one ethnic group or nationality.
- **For the individual, it literally pays to be on a diverse team. Wharton Business School Research found that members of successful diverse teams earn more.**
- **Embracing diversity also cuts down on legal costs. That’s because it’s illegal for employers to discriminate against employees based on their cultural diversity. The Equal Employment Opportunity Commission (EEOC) promotes equal opportunity and handles complaints about workplace discrimination. Federal laws prohibit discrimination in the workplace for: age, disability, national origin, race, religion, and gender. However, sexual orientation and gender identity are not protected by Federal law.**
CONCEPTUAL ARTICLE

Challenges of Diversity in the Workplace: There are challenges to managing a diverse work population. Managing diversity is more than simply acknowledging differences in people. It involves recognizing the value of differences, combating discrimination, and promoting inclusiveness. Managers may also be challenged with losses in personnel and work productivity due to prejudice and discrimination and complaints and legal actions against the organization (Devoe, 1999).

Negative attitudes and behaviors can be barriers to organizational diversity because they can harm working relationships and damage morale and work productivity (Esty, et al., 1995). Negative attitudes and behaviors in the workplace include prejudice, stereotyping, and discrimination, which should never be used by management for hiring, retention, and termination practices (Could lead to costly litigation).

Managing Diversity: The literature on diversity highlights a range of responses to the challenge of diversity management. Dass and Parker (1999) identified no fewer than twelve strategic responses to the challenge of managing diversity. Moore (1999) reduced the number of behavioral stereotypes to four—the diversity hostile, the diversity blind, the diversity naïve and the diversity integrationist. Whilst the first three behavioral stereotypes fail to recognize that different management skill sets are required to respond effectively to different diversity challenges, the fourth stereotype is proactive in its approach. Moore’s stereotypes recognize that either functional nor cultural diversity automatically leads to positive or negative outcomes. However, different patterns of diversity present different managerial challenges, to which some organizations respond, whilst others do not. Thomas and Ely (1996) showed that cognitive and experiential diversity adds to the perspectives available to the organization and encourages clarification, organization and combination of new approaches for the accomplishing of goals. Similarly, Dunnellon (1993) and Tushman (1997) found that work units characterized by diversity have the capability to access broader networks of contacts. This enables them to acquire new information that informs decisions, increases commitment to choices and enhances responsiveness to environmental turbulence.

Latimer (1998) argued that diversity in terms of ethnicity, age, gender, personality and educational background promotes creativity and problem-solving capability. He suggests that groups have been found to be less risk averse than an individual’s ‘risky shift’. Increased diversity leads to lower levels of risk aversion and better decision-making and problem-solving capability. This arises because diversity promotes a more robust critical evaluation of the first solution to receive substantial support.

One of the objections to diversity is that it damages cohesiveness. Cohesiveness, however, makes groups vulnerable to ‘group think’. Diversity acts as an impediment to this phenomenon. Conflict is perceived to damage cohesiveness; however, when it is effectively channeled, it can lead to improved creative problem-solving and decision-making, because the diversity of perspective generates more alternatives and greater critical evaluation. Results pointing to ‘value in diversity’ have been countered by theorists who have shown that heterogeneous groups experience more conflict, higher turnover, less social integration and more problems with communication than their homogeneous counterparts (Knight et al., 1999; O’Reilly et al, 1989; Williams and O’Reilly, 1998). Other studies have suggested lower levels of attachment to employing organizations on the part of individuals who perceive themselves to be different from their co-workers (Mighty, 1997; Tsui et al., 1992). These studies give a clear indication of the nature of the challenge confronting those seeking to promote commitment amongst diverse work groups.
Appropriate HRM for Diversity Management: High-commitment organizations will tend to prefer an outcome-driven approach to managing people. The required levels of quality and output are seen to result from employee skills and knowledge, rather than high levels of supervision. Suitable conditions to promote creativity and innovation in diverse contexts are associated with the management of work routines, and the creation of appropriate teams. Indeed currently, an increasing amount of work within an organization is accomplished through groups or teams, rather than by individual action. When selecting individuals to join a team, it helps if managers not only consider functional competence, but also the preferences that people have for different types of work and different types of work context.

The ways in which individuals like to work, and the activities within their job roles that give them greatest satisfaction, will shape the way in which they choose to discharge their responsibilities, working individually or in teams. These manifestations of personal style are important in a team context. Individuals with similar styles may well establish trust early their homogeneity of approach, however, may become a significant blind spot. In building a high performance team, there is not only a need to match functional competence and personality against the requirements of the job, there is also a need to produce a balance of work preferences, attitude to risk and an inclusive orientation to social identity. In high commitment team contexts, a strong case can be made for blind selection to the shortlist stage, based on a minimum threshold of functional competence and the results of a range of personality and work preference measures that are blind to age, ethnicity and gender, and that are designed to ensure balance and diversity within the team. Garvin (1998) has shown how functional diversity gives rise to a potential conflict.

He observed that those versed in a particular discipline or function, perceive and define quality in different ways. To those tasked with procurement of resources, quality is perceived to be value for money. Those involved in design see it as intangible and transcendent. Those working in production define it as conforming to requirements. Marketers suggest that it is relative perceived value, whilst sales people argue that quality is for the customer to define. Historically, these tensions produced compartmentalized management practices, because of an absence of tools to reconcile differences of perspective. Teams with diverse membership and a collectivist orientation are likely to have a deeper well of resource upon which to draw when generating ideas, combining them and subjecting them to critical evaluation.

The likelihood of adopting a sub-optimal trajectory therefore is reduced, especially if the team's approach to systematizing creativity and problem solving is highly developed. Whilst early success and recognition help to cement a sense of identity and belonging, people and processes need to be supported by a set of HRM sub-systems that focus on constantly reinforcing these processes. The literature suggests that the greater the diversity, the greater the collectivist orientation needs to be. Systems like the Kaplan and Norton’s balanced scorecard (1996) and 360-degree feedback, when combined with reward systems that empower managers to implement employee ideas on their own initiative, help create the supportive infrastructure necessary to deliver results.

Required Tools for Managing Diversity: Effective managers are aware that certain skills are necessary for creating a successful, diverse workforce. First, managers must understand discrimination and its consequences. Second, managers must recognize their own cultural biases and prejudices (Koonce, 2001). Diversity is not about differences among groups, but rather about differences among individuals. Each individual is unique and does not represent or speak for a particular group. Finally, managers must be willing to change the organization if necessary (Koonce,
2001). Organizations need to learn how to manage diversity in the workplace to be successful in the future (Flagg, 2002).

Unfortunately, there is no single recipe for success. It mainly depends on the manager's ability to understand what is best for the organization based on teamwork and the dynamics of the workplace. According to Roosevelt (2001), managing diversity is a comprehensive process for creating a work environment that includes everyone. When creating a successful diverse workforce, an effective manager should focus on personal awareness. Both managers and associates need to be aware of their personal biases. Therefore, organizations need to develop, implement, and maintain ongoing training because a one-day session of training will not change people’s behaviors (Koonce, 2001). Managers must also understand that fairness is not necessarily equality. There are always exceptions to the rule. Managing diversity is about more than equal employment opportunity and affirmative action (Losyk, 1996). Managers should expect change to be slow, while at the same time encouraging change (Koonce, 2001).

Another vital requirement when dealing with diversity is promoting a “safe” place for associates to communicate (Koonce, 2001). Social gatherings and business meetings, where every member must listen and have the chance to speak, are good ways to create dialogues. Managers should implement policies such as mentoring programs to provide associates access to information and opportunities. Also, associates should never be denied necessary, constructive, critical feedback for learning about mistakes and successes (Flagg, 2002).

**Achieving and Managing Diversity:** CEOs of high profile firms such as Avon, Xerox, Corning, and Proctor and Gamble have said that managing diversity is "not simply something to do because it’s nice." Rather, it is a "competitive necessity, "a" business imperative, "a" strategic priority" (McEnrue, 1992). In a survey of 27 companies, Work newsletter found that most of the companies have employee diversity groups, often instituted as part of recruitment and retention strategies ("Survey Looks at Workplace," 1999).

Diversity groups are sometimes called affinity groups, networks, or identity groups and are formed on the employee level. Study findings include that 74% of the respondents had diversity groups, while the other 26% either did not have groups or were considering them. Respondents with diversity groups included Microsoft, Intel, and Procter and Gamble. Seventy-five percent of respondents said that their employee groups contributed to diversity initiatives with their companies ("Survey Looks at Workplace," 1999).

To manage diversity, some companies encourage small group discussion. The small group process is frequently used in interracial discussion sessions that can enhance cross-cultural communication and acceptance. A belief in sharing responsibility for change is also promoted so that, for example, English-speaking employees should be as willing to acquire facility in speaking Spanish as Hispanic employees should be responsible to learn English. Included also is awareness training to encourage individuals to acknowledge how their stereotypes can impact decision-making actions toward others (Nelton, 1998). In order for those in positions of authority to "walk the talk," and to avoid unintentional discrimination, they must ask themselves the following questions: Am I considering all of our talent in hiring, promotions, and project assignments? Whom do we consider high-potential? Who is being promoted? Do we tell employees not on our high-potential list how to improve? (DeVoe, 1999).
Managing diversity also means creating a corporate environment where women, Blacks, and other non-traditional employees can flourish. And diversity itself can be a source of strength (Konrad, 1990). According to Business Week's "Best Companies for Women" (Konrad, 1990), the following companies are pacesetters in the race to employ a "woman-friendly culture" within their companies: Avon, CBS, Dayton-Hudson, Gannett, Kelly Services, and U.S. West.

Following are some of the Actions that Companies have taken to Manage Diversity: Avon initiated awareness training at all levels. "The key to recruiting, retaining, and promoting minorities is not the human resource department, its getting line management to buy into the idea. We had to do more than change behavior. We had to change attitudes" (Thomas, 1990, p. 108). Avon formed a Multicultural Participation Council that meets regularly to oversee the process of managing diversity, and in conjunction with American Institute for Managing Diversity, Avon developed a diversity training program.

Finally, Avon helped three minority groups—Blacks, Hispanics, and Asians—form networks that crisscrossed the corporation in all 50 states. Each network elects its own leaders and has an adviser from senior management. In addition, the networks have representatives on the Multicultural Participation Council, where they serve as a conduit for employee views on diversity issues facing management.

Managing Diversity for Success is a Four-Step Process:

1. Recognizing the economic consequences to the business.
2. Developing an effective strategy for managing diversity.
3. Implementing an action plan for organizational change.
4. Evaluating the diversity strategy.

Step 1 - Recognizing the Economic Consequences to the Business: Businesses that do not have an effective strategy for managing diversity will likely experience all or some of the following consequences: loss of productivity, employee turnover, lost opportunities, and potential employment law mistakes. To avoid these consequences, decision makers need to recognize this deficiency as a business problem and acknowledge the need to develop an effective strategy for Managing Diversity for Success.

Step 2 - Developing an Effective Strategy for Managing Diversity for Success:

i) Communicating with Employees: Communicating with employees begins when management commits to the four-step process for Managing Diversity for Success. The method used to communicate will vary depending on the number of employees and locations. Informing employees of the diversity efforts the business will undertake will position the MDS process as an opportunity to enhance productivity and growth. As well, communicating with employees at this step of the process will prevent or lessen opportunities for the circulation of misinformation and rumors that could undermine the MDS process.

ii) Assigning Responsibility: It is the responsibility of management to develop, implement, monitor, and review the organization’s diversity efforts. Significant consideration is required in the selection of the individual who will lead the strategy for Managing Diversity for Success. When selecting the
individual to lead this process, be sure that the person is a respected employee who consistently demonstrates a commitment to the principles of inclusion, and that the person is a decision maker with the authority to lead and act on recommendations.

iii) Allocating Financial Resources: There are costs to implementing the four-step process for Managing Diversity for Success. Demonstrating a commitment to this process requires management to allocate a budget in order to ensure that the diversity action plans are not subject to shifting priorities and efforts. Allocating a diversity budget sends a clear message to employees, suppliers, and customers that management is serious about bringing about changes to enhance productivity and opportunities for growth. Costs can include the diversity council, communication, diversity assessment, and employee training.

iv) Establishing a Diversity Council/Task Force: Does the organization require a diversity council or task force? Generally, a task force is time and task specific, ending with a report of the findings prepared for management. The diversity council is an integral business partner in the development, implementation, monitoring, and review of the action plan. Establishing a diversity council is an opportunity to directly involve employees who often are the company's "diversity champions." Many factors need to be considered when selecting committee members and determining the committee's goals.

v) Building Accountability: Building accountability into the organization's diversity efforts begins with a clear statement from the CEO stating his/her expectations and outcomes for the diversity strategy. A business leader that sets standards and leads by example in organizational and personal actions demonstrates commitment to employees, suppliers, and customers about the importance of diverse ideas, opinions, knowledge, and skills. Although achieving diversity business success is the responsibility of all employees, long-term sustainability is achieved by holding management accountable for integrating diversity within all business functions, and by evaluating managers based on their ability to achieve diversity goals.

Step 3 - Implementing an Action Plan for Organizational Change:
 i. Communicating the Action Plan: The components of an organization's diversity action plan will vary depending on corporate strategic goals, size of the organization, time for committee work, and human and financial resources. One of the key components for success is communicating with employees throughout the Managing Diversity for Success process to deliver a clear message: MDS is an ongoing process, not a quick fix program. The goal is to bring about real organizational change to benefit the business, employees, suppliers, and customers.

As the business moves to the implementation of the diversity action plan, responsibility for MDS is shifting from a top-down to circular approach that involves all business functions and organizational levels. The process utilizes the diverse knowledge, thinking, and talent of employees and community alliances to meet business diversity goals. Be aware that the organization is now potentially exposed for its shortcomings; it is time to walk the walk. If senior management, advisory boards, and directors do not reflect the diversity of society, change is required, or very quickly employees and the public will know that there is no commitment or action for real organizational change.
ii. Conducting the Initial Diversity Assessment: Now that employees are informed about the MDS process, it is time to conduct an organizational diversity assessment. The diversity assessment results will give insight into the perceptions of employees relating to the workplace environment, management’s contribution to creating a harmonious and productive workplace, and employee working relationships.

Including all employees in the diversity assessment provides information about the organization as a whole as well as its employee groups, i.e., position, age, gender, years of service, race, sexual orientation, etc. The diversity assessment results provide a baseline of information to measure future progress. Utilizing the diversity assessment results to plan future initiatives ensures the organization’s diversity efforts are developed based on a solid foundation of information.

iii. Setting Diversity Business Goals: Achieving diversity means a shift from a non-diverse business (workforce, suppliers, products, customers) to one that reflects the demographic characteristics of the population within all functions and organizational levels. Achieving diversity requires management to set specific, measurable, achievable, and realistic goals based on business needs and by selecting key areas where diversity can help move the business forward.

iv. Providing Employee Training and Development: Memos and team discussions clearly state that achieving diversity is the responsibility of all employees. Opportunities for diversity training must be provided for employees to further develop their understanding of diversity and to learn the necessary skills to achieve diversity business goals. Good diversity training gives employees the skills that they can use to deal with workplace diversity, its implications and effects. Begin with awareness building to ensure that all employees understand the business and ethical reasons for implementing a diversity strategy. A second-stage diversity program should further develop employees’ skills and knowledge to contribute to business success in a meaningful way.

Step 4- Evaluating the Diversity Strategy: To restate, Managing Diversity for Success is an ongoing process, not a program. The goal for MDS is to establish diversity as an organizational and business value. To achieve MDS, it is imperative that management evaluates each component of the diversity strategy to determine successes, setbacks, and new opportunities in order to revise the diversity strategy.

Communicating the outcomes and future goals of the diversity strategy should be expanded beyond employee groups to include additional stakeholders and the public. The purpose of your communication strategy at this point is to talk about business goals and achievements relating to the diversity strategy for Managing Diversity for Success. The goal is to be recognized by employees, suppliers, customers, and the public as an inclusive organization that places a high value on diversity that is reflected in the business products and services.

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