

## **A Review on Work force Diversity**

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### **Introduction**

During the past decade, the term "diversity" has been widely used to refer to the demographic composition of a team. In empirical studies, team diversity is usually measured using the compositional approach (Tsui & Gutek, 2000), which focuses on the distribution of demographic attributes-e.g. age, ethnicity, gender-within teams.

### **Literature**

Much of the diversity literature to date is expository in nature. Researchers have proposed that businesses need to be more accepting of individual differences in order to be competitive in the future (Edwards, Laporte, and Livingston 1991), and theorists have developed strategies to handle diversity issues (Copeland 1990; Wozniak 1991). Some discuss the need to train employees in diversity concepts (Banach 1990); others emphasize the importance of changing personnel policies, compensation, and benefits to accommodate the growing diversity in the labor force (Williams 1990). Benibo (1997) used Perrow's (1970) technology-based typology of complex organizations to develop a conceptual framework that can explain the relationship between workforce diversity and technology.

Popular press publications and discussions in human resource texts claim that workforce diversity is intrinsically good for organizations (Dessler, 2000; Rice, 1994; Sheridan, 1992).

However, existing research suggests that there may be both benefits and costs (Trandis, Kurowski & Gelfand, 1994; Milliken & Martins, 1996; Shaw & Barrett-Power, 1998; Richard & Johnson, 2001).

The following literature review is divided into four sections. The first part focuses on the definition of workforce diversity. The section discusses the benefits of workforce diversity to an organization. Following that are the disadvantages of workforce diversity. Lastly the literature review will cover how workforce diversity poses a challenge to organizations.

### **Definition of Workforce Diversity**

There is no one definitive definition of diversity (Tomervik 1995). Diversity is a complex, multidimensional concept as a whole. It is a plural term with different perceptions in different organizations, societies and national cultures without any unitary meaning (Cassell 2001).Cox (2001) attempts to define diversity as “the variation of social and cultural identities among people existing together in a defined employment or market setting”.

Diversity refers to the co-existence of employees from various socio-cultural backgrounds within the company. Diversity includes cultural factors such as race, gender, age, colour, physical ability, ethnicity, etc. The broader definition of diversity may include age, national origin, religion, disability, sexual orientation, values, ethnic culture, education, language, lifestyle, beliefs, physical appearance and economic status (Wentling and Palma-Rivas, 2000).

### **Benefits of managing workforce diversity**

Proponents of workforce diversity assert that diversity offers organizations a number of benefits (Benibo 1997). For example, it has been suggested that increasing the diversity of an organization's workforce expands the breadth of perspectives and ideas available to the organization in making decisions. This resource, if properly used, has the potential to improve the quality of decisions made in that organization (Cox 1991).

Managing diversity can create a competitive advantage. Potential benefits of this diversity include better decision making, higher creativity and innovation, greater success in marketing to foreign and domestic ethnic minority communities, and a better distribution of economic opportunity (Cox, 1991; Cox and Blake, 1991).

According to one study (Watson et al., 1993), culturally diverse groups relative to homogeneous groups are more effective both in the interaction process and job performance; these benefits occur after a diverse group has been together for a period of time.

Organizations employing a diverse workforce can supply a greater variety of solutions to problems in service, sourcing, and allocation of resources. A diverse collection of skills and experiences (e.g. languages, cultural understanding) allows a company to provide service to customers on a global basis. Employees from diverse backgrounds bring individual talents and experiences in suggesting ideas that are flexible in adapting to fluctuating markets and customer demands. Organizations with a diverse workforce can provide superior services because they can better understand customers' needs (Wentling and Palma-Rivas, 2000).

Diversity in the workforce can be a competitive advantage because different viewpoints can facilitate unique and creative approaches to problem-solving, thereby increasing creativity and innovation, which in turn leads to better organizational performance (Allen et al., 2004). Research examining diversity in top management teams found that management teams made up of individuals with diverse functional backgrounds experienced more positive financial returns (Korn, Milliken, & Lant, 1992).

Ahmed Abdullah, HR employee, DEWA, believes that a diverse workforce at DEWA helps to improve the work culture and enable multi-tasking. He further commented that in a heterogeneous work environment, each employee can observe and adopt positive ideas and working skills from others.

Hiring women, minorities, disabled, etc. will help organizations to tap the niche markets (Mueller, 1998) and diversified market segments (Fleury, 1999). As all the segments of society have a stake in the development and prosperity of society as a whole, creating and managing a diverse workforce should be seen as a social and moral imperative (Mueller, 1998).

A diverse workforce that feels comfortable communicating varying points of view provides a larger pool of ideas and experiences. The organization can draw from that pool to meet business strategy needs and the needs of customers more effectively.

As the economies are shifting from manufacturing to service economies, diversity issues will gain importance because in a service economy effective interactions and communications between people are essential to business success (Wentling and Palma-Rivas, 2000).

As globalization is increasing, diversity will help organizations to enter the international arena (Cascio, 1998). Diversity enhances creativity and innovation (Adler, 1997; Jackson et al., 1992), and produces competitive advantages (Coleman, 2002; Jackson et al., 1992). Diverse teams make it possible to enhance flexibility (Fleury, 1999) and rapid response and adaptation to change (Adler, 1997; Jackson et al., 1992).

At DEWA, the current percentage of UAE nationals versus expatriates is 30% and 70% respectively. This shows that at present the organization fosters a diverse workforce and aims to hire even more employees from different nationalities to broaden the diversity among its employees.

As multinational corporations (MNCs) operate across transnational borders, business managers have acknowledged that the increasing globalization of the world economy has allowed MNCs greater access to wider consumer markets and distribution networks, as well as coordinate production and business transactions within economic clusters or networks involving cross border internal and external relationships (Dunning, 1981). MNCs are in a better position to capitalize on other new specialized resources such as capital, technological competences, information and tacit knowledge, and production capabilities required to enhance future product and services development (Hennart, 1982, 1991; Chandler, 1986; Cantwell, 1991; Bartlett and Ghoshal, 2000; Hill, 2003).

Furthermore it is pointed out that more and more companies have been expanding their business operations internationally, and that businesses with a diverse workforce will have "...greater success in marketing to foreign and ethnic minority communities" (Cox 1991, p. 34). A diverse workforce may enhance the adaptive capacity of a firm to compete in the global marketplace (Benibo 1997). As globalization is increasing, diversity will help organizations to enter the international arena (Cascio, 1998).

DEWA promotes the concept of diversity by advertising their vacancies on different recruitment websites and also hiring through agencies all over the world. The organization provides new ways of orientation to the new employees.

### **Workforce diversity problems in the workplace**

Diversity of the workforce in organizations has its benefits but below are few disadvantages of workforce diversity. Many people feel threatened by working with people of a different age, sex, or culture.

First, there is an increase in the cost of training. This increase comes from costs associated with seminars, programs and lectures given to promote diversity in the corporation. These types of training are given to all levels of staff within the organization. They teach employees how to accept the personalities and ideas or thoughts of others. These programs also teach one how to deal with conflicts and prejudice in a professional and civil manner (White, 1999).

Conflicts arise when two or more individuals or groups do not see eye to eye on a particular situation. In regard to diversity, conflicts arise largely due to ignorance. Prejudice feelings or derogatory comments cause a lack of acceptance. “This can produce negative dynamics such as ethnocentrism, stereotyping and culture clashes” (White, 1999). The most common conflict comes from one feeling superior. If management ignores such conflicts, the company's performance may suffer (White, 1999).

A diverse workforce could also negatively impact productivity if diversity introduces communication and cooperation challenges not present among homogeneous workers (Lang, 1986).

Increases in labour turnover and absenteeism are another disadvantage in having a diverse workplace. A study shows that a person, who is not a member of the “inner group”, will be one of the first to leave a company (White, 1999).

Mismanaged diversity can have long-reaching effects on employee satisfaction and productivity. Employees who perceive themselves as valued members of their organization are harder working, involved, and innovative. Unfortunately, minority-group members often feel less valued than do majority-group members due to stereotyping, ethnocentrism, and prejudice. Therefore, when an organization ignores the existence and importance of workforce diversity, conflict can emerge and neither the corporation nor its employees will realize their potential (Goetz, 2001).

### **Challenges of Diversity Management**

Organization diversity initiatives and diversity programs pose serious challenges to the HR practitioners (Porter 1995). Many organizations are finding that the goal of creating a multicultural work environment, that both welcomes and leverages diversity, remains elusive.

There are three main reasons why many past efforts have been disappointing: (1) misdiagnosis of the problem, (2) wrong solution (that is, failure to use a systemic approach), and (3) failure to understand the shape of the learning curve for leveraging diversity work.

In addition, Metzler (2003) lists the ten reasons why diversity initiatives fail:

1. Failure to address the deeper issues of discrimination and marginalization.
2. Failure to view diversity as organizational change.
3. Failure to examine how much change an organization can accommodate and in what increments.
4. Failure to address systemic issues such as organization's practices, policies, procedures and unwritten informal rules.
5. Failure to clearly and comprehensively articulate why an organization is devoting time, effort and resources to a diversity initiative.
6. Failure to engage white men in diversity discussion involving blacks or minority group.
7. Poor diversity training and education.
8. Lack of authentic diversity leadership.
9. Selecting incompetent consultants.
10. Lack of accountability.

Bassett-Jones (2005) reveals that the reason why workforce diversity is difficult to implement is mainly due to human beings prefers working in homogeneous groups and human beings and the organizations to which they belong resist change. Diversity's focus on changing human thought and behavior requires and defines HR's role in diversity management. Successful diversity management requires HR managers to possess skills in leadership, organizational development, change management, psychology, communication, measurement, and assessment (Kreitz 2008).

## **Conclusion**

Perceptual, cultural and language barriers need to be overcome for diversity programs to succeed. Ineffective communication of key objectives results in confusion, lack of teamwork, and low morale.

The main challenges observed in maintaining a diverse workforce are to co-ordinate and maintain a healthy relation between employees of different nations with different cultural and ethical backgrounds. Acquiring a well-trained recruitment team is another challenge faced by while hiring a diverse workforce. Moreover, communication and language barriers are also obstacles in the management of a multicultural workforce.

It is seen that employees from different cultures come with different expectations, values and communication styles. These in turn must be understood and integrated into the organizational culture for a successful work atmosphere, which definitely helps the employees also. 'Diversity Training' is an aspect that needs improvement in the organization, i.e., employees must be trained and educated about the concept of diversity so that they are able to adopt and work in a multicultural environment with ease and comfort

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