"DIVERSITY IN WORKPLACE: BENEFITS, CHALLENGES AND SOLUTIONS"

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Abstract

Purpose – This paper seeks to explain about the diversity that exists in the India that is the diversity with both advantages and challenges. The paper also demonstrates the strategies that are to be considered by the organization in order to face challenges that posed by diversified work force through Universalisation model.

Design – The paper uses descriptive method and applies these to the case of Indian Inc. This method provides a clear view of degree of diversity in the Organizations and cause & relevance of diversity.

Findings – Based on the suggested strategies in the proposed "Universalisation Model", organizations can effectively face the challenges of diversity.

"Diversity in companies is no longer about being melting pots, but being salad bowls"

\- Grady Searcy

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INTRODUCTION

Globalization of the world economy has brought in its wake many socio-political issues, which were hitherto considered either unimportant or irrelevant. One such major issue is workforce diversity. Workforce diversity refers to the existence, in an organization, of people from different backgrounds, race or ethnicity, and of different genders and with different beliefs and values. Diversity has emerged as an issue because of imbalanced representation of diverse groups in the workplace. India has not only been a diverse society, it has valued and celebrated diversity. India has referred as the 'Synergic Pluralism' to describe Indian culture, citing examples and legends concerning the way diverse religious and ethnic groups coming from outside, such as Parsees, Jews and Christian were made welcome and encouraged to maintain their identities, even while integrating with the social mainstream. India is the only country in the world to have enacted legislation on reservation quotas for underprivileged sections of the society (termed schedule castes, schedule tribe, or background classes).

The Indian civilization is one of the oldest and richest with a great deal of diversity in thoughts, beliefs, creeds and deep appreciation of values. The diversity of the population is an important feature of India. The Indian population differs on account of religions, regional backgrounds, ethnic, academic, gender, education, cast, color, language, socially disadvantage (schedule caste, schedule tribes and others), disability, etc. A large section of society has been deprived and suppressed for a long time. The plural society with differences of religions and cultures has created a pattern that is often under strain from different forces. Inter-group hostility is increasing. Religions clearly have become a major source of political mobilization and seem likely to play a big role.

Diversity has become an issue because of several reasons. There is increasing realization in India that we need to include in the workforce, in a planned way, people from those sections of the society that are underrepresented. Legislation and various commissions monitoring implementation of the laws are pressurizing organizations to examine the composition of their workplace. The World Bank and WTO are also putting pressure on paying attention to diversity. Even consumers in western countries are bringing

about such pressures. For examples, they may boycott some products if they find discriminatory practices within the industry in another country, or find under-employment of some sections in it. With globalization and the entry of Indian companies into the global market, attention to diversity has increased. Moreover, there is increasing evidence that diversity is a competitive advantage for a firm, enhancing productivity and profitability. Organizations paying attention to diversity are also more likely to attract and retain talented people.

Managing diversity can be defined as, " a planned, systematic and comprehensive managerial process for developing an organizational environment in which all employees, with their similarities and differences, can contribute to their strategic and competitive advantage of the organization, and where no-one is excluded on the basis of factors unrelated to production",

Organizations today adopt various measures to efficiently manage this diversity. This study aims to analyze how organizations can maintain and manage workforce diversity. The first step in managing diversity is identification of the degree of diversity that exists in an organization. Findings are arrived at through the identification process which makes it easy for the organization to formulate the strategy to manage the diversity.
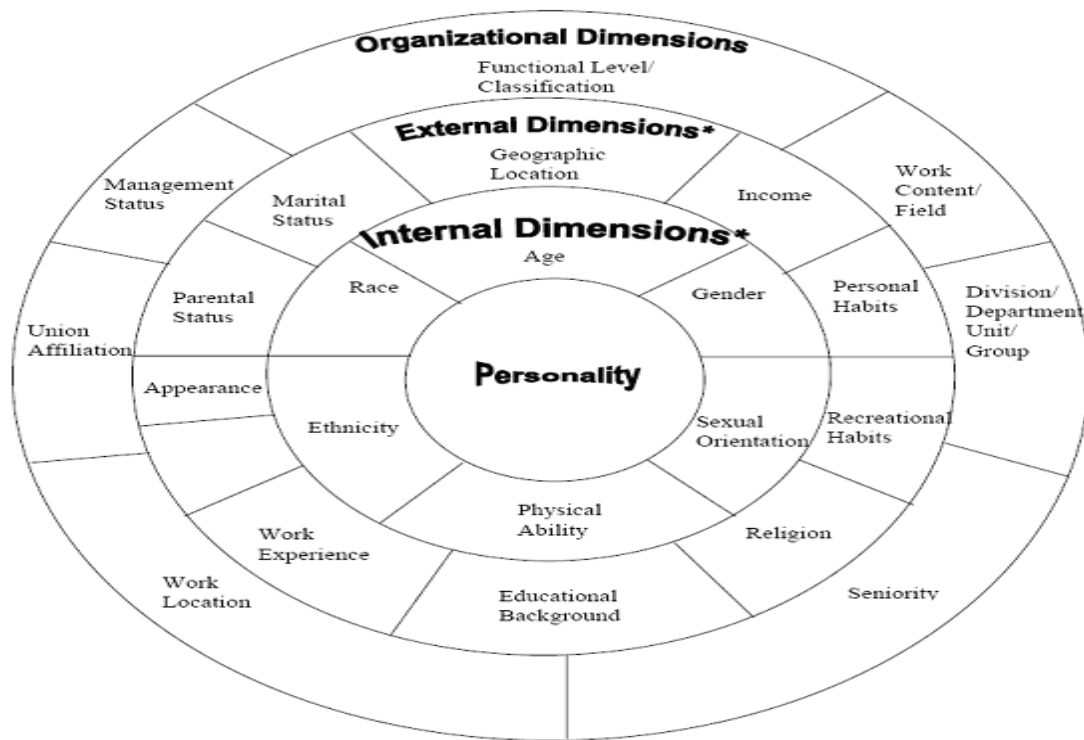
Layers of Diversity

The HR department identifies the degree of diversity that exists in the organization with help of the diversity chart. The four layers of diversity help in pinpointing the areas that need to be worked at for effective management of employee diversity. The outermost layer explains the diversity that could exist in the organization level in matters of functions, work content, seniority, departments, work location, union affiliation and management status. The third layer explains that diversity that could exist in the external dimensions in matters of geographical location, recreational and personal habits, income, religion, educational background, work experience, marital and parental status and appearance. The second layer explains different categories that could exist in the Internal dimensions with regard to race, age, gender, physical ability, ethnicity etc; The Innermost layer is the most important layer that forms the

personality of the other layers above it. The HR department needs to understand and become aware of the different layers of diversity to effectively manage the employees.

The world has always been composed of different nations and people with differences in all aspects since the beginning of time. With increasing globalization- societies, nations and companies are becoming more and more cross cultural. Since such cultural differences can wreck the harmonious functioning of communities and render labor practices in firms sub optimal, attention is being focused on how to deal with this diversity. This increasing diversity has been brought about many forces, including globalization, economic liberalization, demographic changes and population displacement and movements. It is to these factors that we now turn.

FOUR LAYERS OF DIVERSITY

SOURCE: Internal Dimentions and Ecternal Dimentions are adopted from Marlyia Loden and Judy Rosener, work force America

Diversity - Causes and Relevance

When we are trying to understand the challenges and advantages of diversity, we need to know the causes and relevance of it. The following are identified as major causes

1. Changing Patterns of Workforce Demographics

Shift in workforce demographics having notable effect on the organizations across a variety of industries.

Changing population structure, changing social patterns, concern for social economic upliftment, organizational concerns, and the women's movements are some reasons that create pressure on organization for creating a diverse workforce. The women's movement and the subsequent focus by government on the development have resulted in the increase in women employees in the workforce. Other dimensions on which workforce differs are the academic, ethnic, regional backgrounds and disability. As the economies of Europe and America grow older, India is laterally growing younger. According to Goldman Sachs, the percentage of India Population in the productive cohort is expected to rise to 64% by 2028 to become largest in the world. Socially disadvantaged people enter organization as a result of a policy of reservations and concessions.

2. Changing Patterns of Work Organization, Production and Competition

In the highly competition global market of the twenty-first century, organizations increasingly need to adopt principles of, to use the Piore and Sabal(1984) term, 'flexible specialization', which allows wider space for cost reduction, diversification and innovation simultaneously.

Business environment is becoming increasingly dynamic and accompanied by greater uncertainty and more intense competition. This demands the reduction of organizational rigidities and the development of higher levels of adaptiveness and responsiveness to change, more flexibility and fostering teamwork through flatter organizational network.

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Companies are shifting from a 'parochial outlook' and 'procedure-bound' approach to 'company commitment' and 'innovation, open-minded' thinking, which are considered to be positive outcomes of flexible forms of work organization.

As competition continues to increasingly focus on diversifying consumer demands, the need for more innovative work teams composed of people from diverse background also rises.

3. The Increasing Globalization of Business

The 1980's ushered in a global economic integration. This integration, commonly referred to as globalization, has been spurred by increased economic liberalization in many countries, rapid innovations in financial instruments and mammoth advances in information and communication technologies.

There will be massive global operations which mean that the capital exporting companies have to increasingly operate in culturally-diverse nations and societies. By implication, they have to engage constantly and increasingly in managing diverse workforce to varying extents. Also, there will be inter affiliate transfers which means that some employees have to work in cultures very different from their own, and in most cases in multi cultural environment. As competitiveness derives to large extent from the efficiency of labor use, such diverse work force poses serious challenges to effective human resource management in companies.

To improve the working of their economies and achieve higher growth, and to integrate more with the global economy, many countries have deregulated their industries and liberalized their economy. Policies toward trade are among the important factors promoting economic growth. With open trade, domestic prices reflect world prices, thereby promoting the efficient allocation of resources. Many studies (for example, IMF, 1997) have shown that economic growth tends to be higher in countries with more external oriented policies. It also leads to inward FDI and the transference of best labor practices into many a host country.

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Many countries either on their volition or as result of a push by the World Bank and IMF are liberalizing their economies and making them more open to trade and foreign participation. These opening up policies have led to increased foreign operations and in consequence to labor migration in, and out of these countries.

Advantages of Diversity

Non-inclusive development, that is of certain sections of society only, is like a thin layer of ice on a lake, with water beneath. You see the layer of ice, and think the lake has solidified. You take your skates out to skate on the ice, and only when you reach the middle of the lake do you realize that the ice is too thin to support your weight. The ice cracks and you fall. The symbolism is left for you to envisage.

In the current business scenario most of the organizations prefer diversified workforce in order to achieve competitive edge over others. Some of the advantages of diversified workforce are:

- **Marketing**: Increases the ability to respond to cultural preferences of local markets. The personnel or employee from a particular culture can understand the consuming behavior of that culture. This makes the marketing task easier.

- **Resource acquisition**: Increases the ability to recruit employees of different national backgrounds. Information related to availability of various resources to carry out the business can be received from the diversified, since they are from diversified backgrounds.

- **Cost:** Reduces the cost incurred by turn over of non-home country managers. Non home country manager may not meet with the needs and requirements of the organization. Also he might not be aware of certain external factors which results in increased cost levels.

- **Problem solving:** Improves decision making through wider range of perspectives and a thorough critical analysis

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- **Creativity:** Enhances the creativity through diversity of perspectives and reduced emphasis on conformity.

- **Systems flexibility**: Enhancing the organizational flexibility and responsiveness to multiple demands and changing environment

- **New Processes and New Attitude:** When people come together and collaborate it results in new processes and people from different cultural backgrounds will have different attitudes which intern results in new attitude.

Diversity – Challenges

The fallowing are the challenges faced by the organization due to diversity in the workforce:

Diversity Creates Lack of Cohesion

Multicultural teams often have different views of the problem. Team members often go on debating about the problem statement. In the process, a diverse team will gain a rich insight – but fail to agree on the problem definition. This problem can be root caused to three basic factors:

1. Mistrust
2. Miscommunication
3. Work Stress
4. Incivility

1. Mistrust

Diverse team members often tend to have lower levels of trust when compared to homogeneous teams. A natural human tendency is to work closely with members of their own culture and not to trust people who are from different cultures. This mistrust is often reinforced by inaccurate stereotyping.

Another factor which adds to this mistrust is the tendency of team members to communicate more with members of their own cultures and avoid communicating with members of different culture.

For example – During an informal meeting of an organization if few members of a team from one culture start speaking in their own language where the other team members could not understand the language, there is every chance for suspicion and destroys the trust between the team members.

2. Miscommunication

Diverse teams are forced to communicate in a common language – its usually the language of the dominant group. It can be either in English or Hindi or Tamil or Telugu or Kannada or Bengali etc. This implies that there are members in the team for whom the communicating language is not their mother tongue. This often results in miscommunication between team members – where one member meant one thing, but said something else or it was understood differently. The problem can occur in translation errors.

In addition people tend not to describe all things explicitly - assuming that the other person can understand the implicit meanings. The net result is a lower accuracy in communication, which forces the team to reconfirm all communication between members that results in greater time lost during communication process.

3. Work Stress

Miscommunication and mistrust can create significant work stress on team members, once team members are aware that there is possibility of error in inter-team communication, then all decision making, problem analysis and deductions are at risk. This creates an enormous stress on employees.

In mono-culture teams, members can openly discuss problem and issues, whereas in multicultural teams, members are afraid of offending other members, thus forcing a "polite diplomatic" approach to sensitive issues. This creates an artificial or a superficial behavior which increases stress on the organization. This forced politeness leaves team members frustrated and disengaged which effectively lowers work productivity.

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4. Incivility

Incivility also referred to as bullying emotional abuse and mobbing matters in the work place. It is costly, widespread and may be a precursor to work place aggression and violence. Incivility has been reported to impact both individual and organizational performance

Diversity can Lower Productivity

Diversity can have both positive and negative impact on team productivity. While diversity can vastly improve productivity via increased creativity, better understanding of the problem, better solutions, better decisions, and increased effectiveness. However, the challenge of managing a diverse team leads to faulty management process – which reduces team productivity. Thus, the actual productivity can be expresses as

Actual Productivity of Diverse Team = Homogeneous team productivity + Gains due to diversity – losses due to faculty management process

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 with in 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.

(PROPOSED)
UNIVERSALISATION MODEL
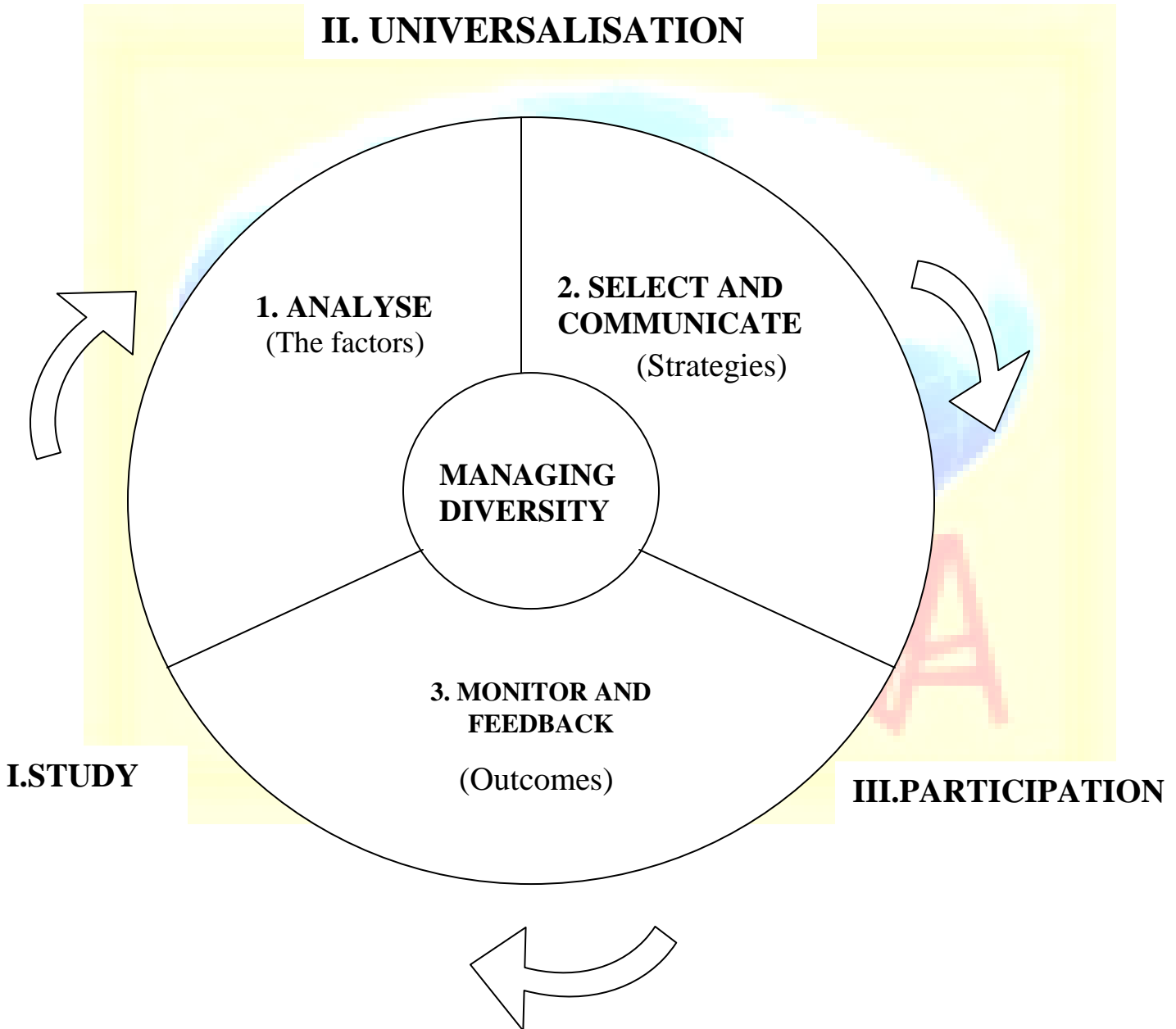
UNIVERSALISATION MODEL

The main aim of the model is to integrate the organisations framework and also to involve every stake holder of the organization in the effective functioning of that integrative frame work. This model is a continuous process which an organization should implement in order to leverage the diversity existing with in it. It also helps the organization to retain unskilled and highly qualified and productive employees which gives a competitive edge for the organization. The model includes three main processes viz., Study, Universalisation and Participation.

I. STUDY

Identify and acknowledge the kind of diversity that is important. When organizations want to start its operation in a new place away from its home state or country it is important to study the factors that cause diversity and degree of diversity in the organization. The Study tools are:

Managing Diversity Questionnaire

This questionnaire helps to access how effectively the organization is able to manage and capitalize on diversity in three different areas.

1. Individual attitude and beliefs i.e. how open employees are towards different cultural groups and how comfortable the staff is with cultural change.

2. Organizational values and norms that encourage or discourage diversity.

3. Management practices and policies that help or hinder the systems such as accountability, reward and decision-making.

Checklist

This includes a list of questions with a yes or no option to pinpoint the company's problem areas related to diversity. If the problems are uncovered more investigation and assessment is carried out to manage diversity.

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Diversity Opinionaire

This opiononaire is more personal giving a measure of the opinions that employees hold about the pro's and con's of becoming a diversity driven company. This type of an opinionaire is highly valuable as it helps in identifying the factors that promote or hinder diversity.

Organizational Report Card

This report card helps to measure the stages of diversity in the organization. This index explains whether the company is mono-culture, non-discriminatory or multi-cultural.

Focus Group Discussions

Once the opinions of the employees are collected the information is given to focus groups to do an audit of the issues and uncover the reasons behind an issue. Then diversity manager will have a clear understanding about the cause of diversity in the organization.

II. UNIVERSALISATION

Universalisation means integrating and generalizing the functional areas of the Organization. Following are the Universalisation Strategies

STRATEGY# 1

Integrative framework is necessary in all functional areas to face the negative impacts of diversity. This Integrative framework will be functioning under a Chief Diversity Manager. Diversity management function should be considered as one of the strategic functions of the Organization.

STRATEGY#2

Identify desirable and undesirable behavior in the organization in order to control the incivility.

STRATEGY#3

To promote a friendly workplace environment free from discrimination by frequently organizing informal gatherings.

STRATEGY#4

Conduct training programmes, seminars, MDP's etc., to gain a full knowledge of anti-discrimination policies, procedures and access to relevant assistance.

STRATEGY#5

There should be transparency in the performance appraisal. Organization has to disclose the parameters under which the person was appraised.

STRATEGY#6

Recommend the Ministry of Education to include diversity management as the part of their study curriculum. Also conduct seminars on diversity management in universities and colleges.

STRATEGY#7

Implement Balanced Organizational Department (BOD). Here, members of BOD should involve in developing all the subsidiaries of the organization situated in various places.

STRATEGY#8

Inculcate the merit and equity principle in the organizational practices.

STRATEGY#9

Eliminate the elements that are against the policies of the organization.

Based on the above Universalisation strategies we can develop policies and practices that reflect and implement your commitment to manage diversity in the organization.

III. PARTICIPATION

- Work with different stakeholders to understand your own "Business Case".

- Communicate what you are doing to employee, customers, clients, investors, funders etc.

- Make sure that people know what diversity means to them and their work. Also involve them in implementing the Universalisation strategies.

- Build the support and trust from people inside and outside the organization. When people in the organization work in teams it can create a synergy effect in the workplace.

- After implementing the strategies we have to continuously monitor and get feedback from the outcomes.

CONCLUSION

Our world seems to be made up of differences, but deep down each and every object and subject is made up of the same particles. It is a scientific fact that we all are connected. The differences and discriminations which we face on this world is all man made. Therefore when we are able to create some thing then surely we should be able to manage it. Thus diversity can be managed in any organization with a participative and generalized approach. For this one should understand the basic factors which cause diversity in the organization and formulate an integrative framework which involves all the stake holders of the organization.

Employee Diversity is common feature in today's organisations. Changing demographics are not only demanding a change in 'who is employed' but also serving differentiating markets. The bottom-line for all the players is the fact that - *"Unity Lies in Diversity"* and their success mantra lies in *"Managing Diversity"*

"Diversity is the art of thinking independently together"

- Malcolm Forbes

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