

MANAGING WORKFORCE DIVERSITY: A KEY TO ORGANIZATIONAL SUCCESS

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Abstract:

In the present century, Workforce Diversity has become an essential business concern. In the so-called Information Age, the greatest assets of most companies are now on two feet (or a set of wheels). Undeniably, there is a talent war raging. No company can afford to restrict its ability to attract and retain the very best employees available. Generally speaking, the term "Workforce Diversity" refers to policies and practices that seek to include people within a workforce who are considered to be, in some way, different from those in the prevailing constituency. Globalization, diversification, better customer interface, changing organizational structure and government regulations are all an integral part of the contemporary scenario – each of these also compels companies to recreate themselves – this manifests itself in one major change that is seen – an increasing diversity at the workplace.

This article proposes to explore not only the conceptual approach to people diversity at the workplace but also attempts to create a model for understanding and managing diversity. For this we will analyze why diversity occurs in organizations and then go on to explore the key drivers of workforce diversity and try to know how it is key to organizational success. The phenomenon of diversity is on the increase; so we will try to identify the reasons for this increase. Diversity has a deep impact upon the processes of the organizations. If we manage diversity well, it will result in positive outcomes for the organization, but if we are unable to tackle the diverse workforce, we will not only lose the opportunity to use the advantages of workforce diversity, but it will actually result in a negative impact upon the efficiency and effectiveness indicators of the organization.

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This compelling fact leads us to make a study of the challenges that a diverse workforce presents before us. Finally, we will construct a model that will help us in identifying all the situational variables that can contribute towards better management of diversity in the workforce that is increasingly being seen in organizations.

Keywords: Workforce Diversity, HR, Globalization.

Introduction

“The presence of members of different ages, genders, ethnic groups, and/or educational backgrounds in an organization.” (FRED LUTHANS)

India is a land of contrast and diversity,”land of fabulous wealth and object poverty of palaces and hovels of sadhus (saints) and scientists, where the smell of science mingles with cow dung and sewage”. (DUNUNG, 1996)

Which theory one adopts to explain the genesis of the Indian culture, it is clear that its national diversity stems from the interplay of innumerable invasions, conquests, cultural assimilation and fragmentation seasoned by multiple religious beliefs and very diverse physical environment that generated the ethnic, linguistic, and religious diversity we witness today. Generally speaking, the term “Workforce Diversity” refers to policies and practices that seek to include people within a workforce who are considered to be, in some way, different from those in the prevailing constituency. In other words, it means increasing heterogeneity of organizations with the inclusions of different groups is known as “Workforce Diversity”. In other words, Workforce Diversity is the term used for describing the challenges faced by many organizations to adapt people who different.

Meaning of Diversity

We live in a society that is known for its differences. Diversity in terms of multiculturalism, gender politics, affirmative action, preferences, and mandates are words we regularly hear and use.

Diversity exists in a group or organization when its members differ from one another along one or more important dimensions. These are two formats of diversity: one is covert (and includes age, gender etc.) And the other is overt (they are the ones that are underlying & subtle). Take the example of cultural diversity which is overt. Then there is diversity among people belonging to different geographical regions, and diversity among people from urban, semi-urban and rural areas. One the other hand overt diversity arises from lets say, specialization. So you have diversity among people because they have difference areas of specialization, of technical skills, knowledge and abilities.

In essence, people diversity represents the unique traits and differences that each individual possesses. It refers to employee behaviors or attitudes that do not conform to established standards. Thus, diversity encompasses personalities and perspectives possessed by employees that break traditional norms and also includes cultural or religious backgrounds, age, ethnicity, gender, and people with special needs to mention a few examples.

Levels of Diversity

➤ Surface-level diversity-

Easily perceived differences that may trigger certain stereotypes, but do not necessarily reflect the ways people think or feel.

➤ 2. Deep-level diversity -

Differences in values, personality, and work preferences

Why Does Diversity Occur?

There are several key drivers of diversity.

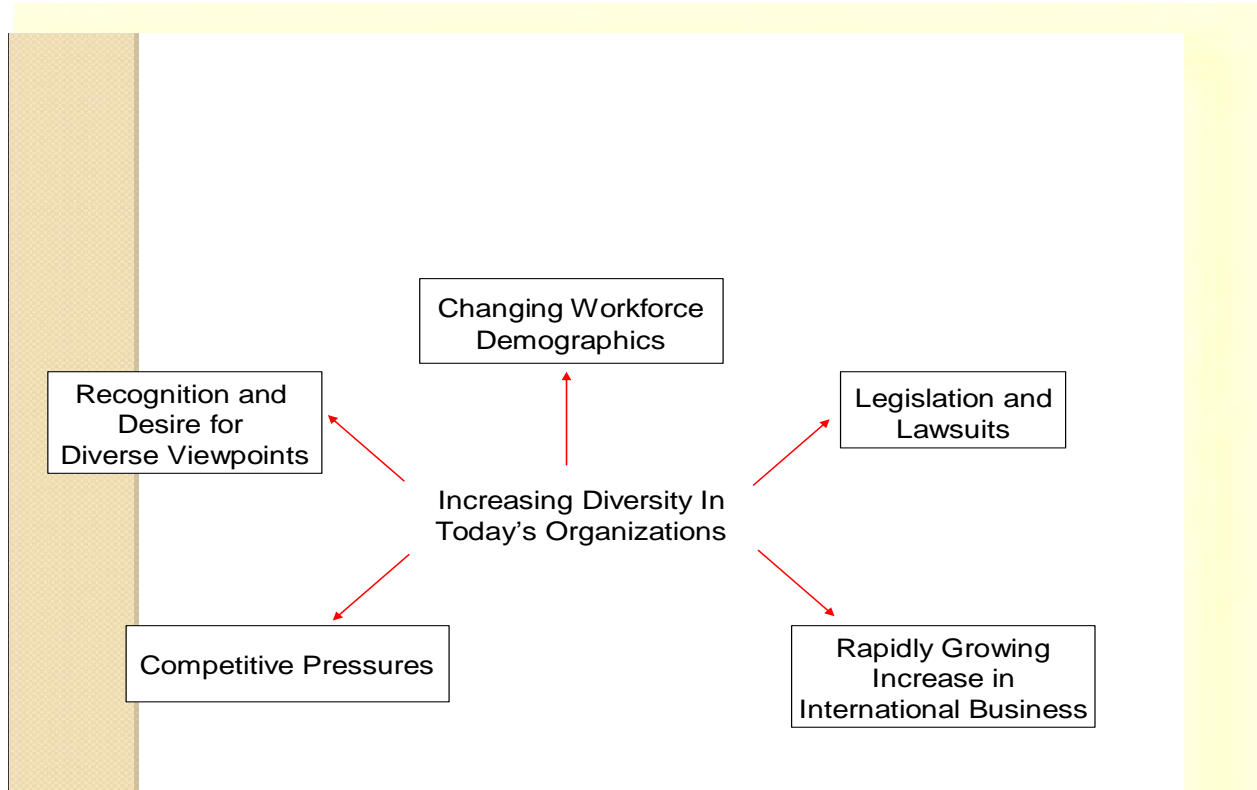
- Globalization is one important reason why the workplace is becoming increasingly diverse. Companies that enter foreign markets take some key personnel to foreign shores. They also hire local talent. Once these people are a part of the organization they move across the globe to any of its various offices.
- Indian companies are trying hard to create diversity. Larger organizations try and bring people from overseas since they bring a certain set of capabilities and a certain professional attitude. E.g. Jet airways, has senior expatriate managers.
- When companies get people with a different set of skills there is by default a diversity in age e.g. If a company wants an animation technologist obviously it will have a younger set of human resource simply because graphic design and animation are contemporary concepts and were unheard of a couple of decades ago.

Thus we have seen that several diverse reasons result in an increase in the diversity of the workforce. These reasons can be grouped together into four basic reasons. These four main reasons given in the diagram below promise to make diversity even greater in the future.

Reasons for Diversity

Many keys drive diversity but at the outset it must be clear that companies should not be observed with diversity (per se), instead they should focus their attention upon leveraging benefits that arise out of diversity. The understanding should be clear that diversity itself is not a ‘best practice’ but it is when it is leveraged to impact business in a positive manner that it becomes a best practice. Companies should thus concentrate upon defining their human resource requirements, diversity will be the natural outcome. The company should then focus upon managing that diverse team to advantage

Figure 1: Key drivers for diversity



The key drivers of workforce diversity are –

1. **Globalization:** As companies forge into global markets, leaving their imprints across the Globe, the need for a global workforce assumes greater significance. Today’s scenario demands the leverage of the power of globalization in order to survive in the long term. This naturally results in companies employing people from the area wherever they set up base as part of their globalization programme. Another aspect of this is that in order to hire people with diverse skills, companies aiming to recruit the best in their field after creates a multi cultural, diverse team in their organization. Thus this growth in global markets is one of the main reasons why there is an increased focus on diversity. Along with the advantage of well managed diversity it can propel the long term growth and sustainability of the organization. Companies like converges have

launched company sponsored affinity groups that create a personal network for employees and connect them to colleagues who have similar diverse backgrounds and interest, Converges has an entire team which deals with this called the Diversity steering committee.

2. **Changing Needs of the Consumer:** The more complex and demanding the customer profile is becoming the greater is the need for a diverse workforce. A diverse workforce will help in making the diverse customer base develop a feeling of being connected to the organization, and increases their confidence. Another aspect of a diverse workforce is that the ideas and experiences that emerge from a diverse workforce result in innovation and growth. This will obviously help the organization to tap the diversity that exists in the customer base and the markets. A good example is that of Keane IT and Business Transformation Services (BTS), together answer customer needs, and cater to a diverse customer base. They are able to do this effectively because they themselves have professionals from diverse background, implementation, and maintenance to testing and architecture services.
3. **Changing Organization Structure:** Workforce Diversity has a direct impact on the organization structure of a company. In the example of Café Coffee Day, the organization dealt with the challenge of designation related diversity (which was a result of lack of abilities of senior managers leading to an inability to rise in the organization) by creating teams for different areas in HR like recruitment, training etc. and put people who were experts in those areas into those teams. Another example is that of Godrej. The Godrej group has been making acquisitions overseas in the last couple of years. The increasing cultural diversity has resulted in the top-down, hierarchical and functional structure being replaced by a flatter more seamless structure which attempts to build an organization that unites its employees. Another factor that drives workforce diversity is that of changing Demographics – The IT industry was a young and nascent industry in the 90's and it had a much younger workforce twenty years back. Today many of these corporations have middle aged managers at senior levels, but because of the nature of this industry you still have instances of very youthful CEOs and promotions of such companies too! Take a look at the public sector corporations, in the 80's when the winds of privatization hit Indian Markets, there PSUs had an aging population today, post – voluntary retirement schemes, disinvestment, globalization and gear up to the changing economic scenario, their employee age diversity is also changing.
4. **Recognizing the Individual Talents of People:** When company's need to compete and need to recruit the best people to help them gain a competitive advantage is of paramount importance the natural result is workforce diversity. Companies like Cummins in India focus on recognizing the unique aspects of every employee and value the contribution that each can make.

Challenges of Workforce Diversity

Taking full advantage of the benefits of diversity in the Workplace is not without its challenges. Some of those challenges are:

- Communication
- Resistance to change
- Implementation of diversity in the workplace policies

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. Managing a global and diverse work place creates challenges at two levels.

Thus the main challenges that companies face in managing a diverse workforce are –

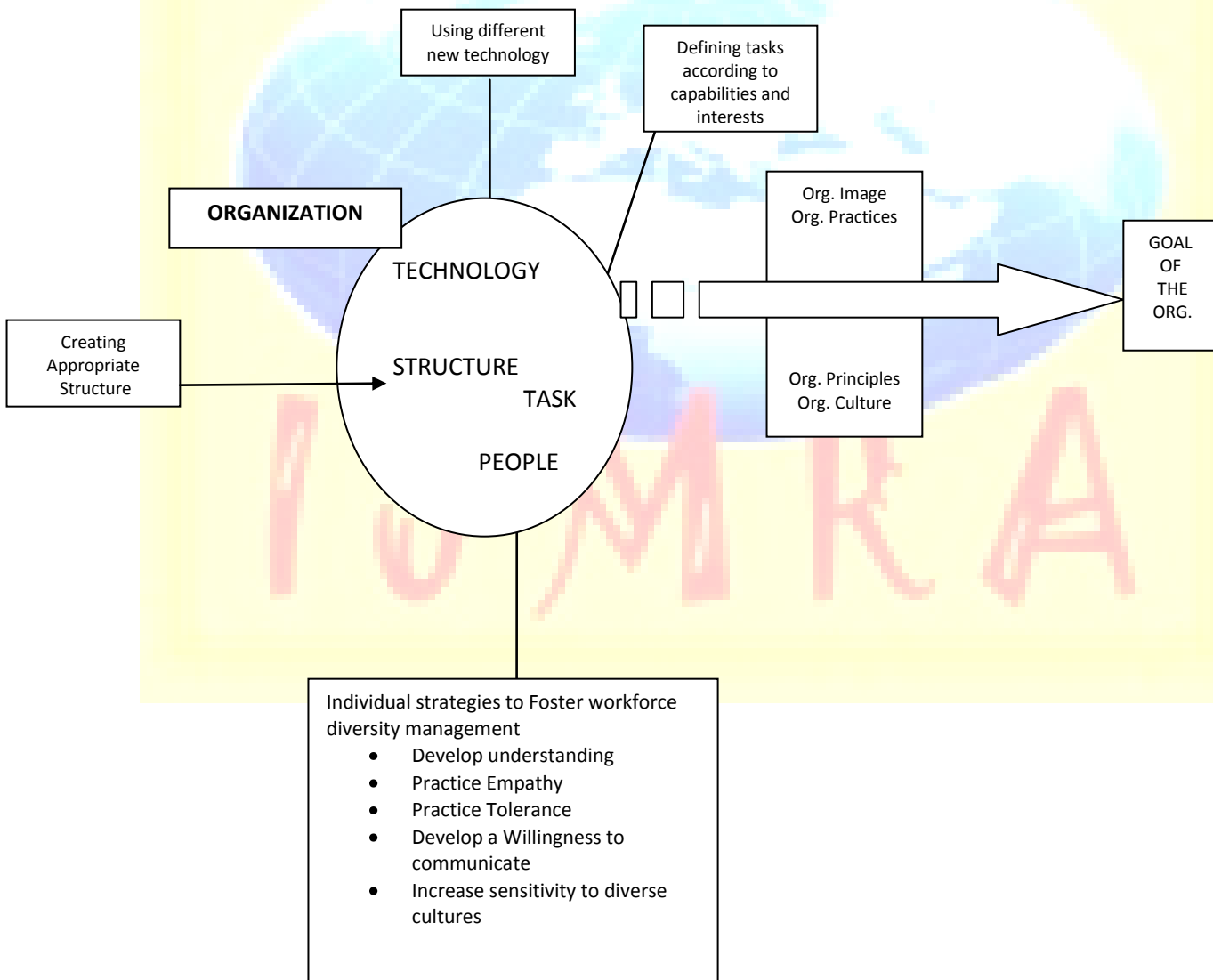
- 1) Changing the mindset of people who have traditional stereotypes set in their minds e.g. Pepsi (India) has begun to employ women as truck loaders in their factories – This was against the traditional stereotype that this was a man's job.
- 2) Managing cross – cultural dynamics take the example of integrating MBAs and non-MBA within the organizational set up in a company like Café Coffee Day. Non- MBAs may be viewing the MBAs as a career threat and this may create an adverse environment of distrust.
- 3) Retaining good people who may be diverse but have high competencies. It is a challenge for companies to utilize the special skills and abilities of their diverse workforce and keep them motivated enough to stay and grow with the group.
- 4) Companies must have a contingency perspective which will assess how much change is present in the environment, predict the changes that may take place in the future and build diverse competences to meet the challenges that may come up. In fact the more diverse the portfolio companies are able to build up the better it will team of people possessing diverse capabilities.
- 5) Ensuring that the diverse group of people is integrated and work for common goals.

Managing Diversity in Organizations

The tremendous potential that diversity holds for competitive advantage, and the challenges that not managing diversity will throw up, both compel an organization to work towards a programme to manage diversity. The organization is a set of interdependent, interrelationships between tasks, technology, structure and people. These interactions will work in congruence towards achieving the goals of an organization which will be survival, growth and service along with the satisfaction of the people who work in that organization. In order to manage workforce diversity each of these elements must be involved in the effort to do so_

- The organization should develop appropriate structures which foster and support workforce diversity. In the example of Café Coffee Day, as we saw earlier, the managers who were facing the problem of not being able to rise in the organization were put into teams where their competencies were well utilized.

Figure 2: Managing Workforce Diversity in Organizations



- Task – The Tasks involved in the achievement of organizational goals should be defined and divided in such a manner as to support workforce diversity. The organizational policies regarding hiring etc, should favor workforce diversity practices like –
 - ★ concern for equality
 - ★ equal opportunity for career development
 - ★ Management practices. All these should be focused at supporting workforce diversity.
- Technology that is used in the organization should take into account the varied skills and abilities of the people and use their varying talents to the best of advantage
- The People are perhaps the most important input for any organization. Even for developing better work force diversity management the attention must focus open the strategies to develop individual competencies in people. People must be encouraged to :-
 - ★ Develop an understanding of individual and cultural differences.
 - ★ Practice empathy towards others
 - ★ Show tolerance towards different communities, races etc.,
 - ★ Develop a willingness and ability to communicate with different people.
 - ★ Increase sensitivity towards diverse cultures and communities.

Organizations can impart ‘Diversity Training’ to enable the members of an organization to function in a diverse workplace, in a better manner. Combined with the above the organization must also try to create an organizational culture – both overt and covert where diversity is valued and is an integral part of the organization. All this will support in creating the ‘image’ of the organization, as supportive of workforce diversity, which will further leverage it towards a more effective and efficient achievement of its goals. Managing Workforce diversity is a key to organizational success with these following strategies:-

- ✓ **Creation of family-friendly workplaces**
- ✓ **Providing diversity training to employees**
- ✓ **Developing mentoring programs for employees**

Objectives of the study

There are following objectives of this study:-

1. To understand the workforce diversity and its concepts.

2. To know the reasons for work force diversity.
3. To know the major challenges of work force diversity.
4. To learn how to manage work force diversity in an organization
5. To know how it is key to organizational success.

Literature Review

Work force diversity is inevitable aspect of any organized endeavor. Mobilization human resource has resulted in heterogeneous workforce available or different organization. People from different class, creed, religion, and etc. are found working in an organization. This situation has made the study of the nature and causes of workforce diversity and its impact on industrial productivity.

A hypothesis formulated by Dr. Richard Jenner in his study “Cultural evolution in India-based self-organizing global alliance networks”, suggests that alliance networks in India should be managed as self organizing networks to take advantage of Indian unique talent for the operation of alliances, while promoting cultural changes necessary to reposition India in the global company. The diversity which is to be found can be due to gender, age, style of working, cultural background, education, length of time in an organization, the nature of work that is to be performed by various individuals, religious affiliations of workers, geographic origin, sexual orientation and a variety of other differences amongst the members of the workforce that may be human resource of the organization.

A study on “Current status and future trends of diversity initiatives” by R.M. Wentline and N. Palma Rivas has concluded on the topic. The findings are worth noting in understanding the problem of workforce diversity in the organizations.

Conclusions

The future trends related to diversity include: society will become more diverse and therefore, the workforce and the market place will become more diverse, there will be more globalization of corporations, which will lead to a more global workforce, marketplace, and economy, diverse work teams will be reality in organizations, diversity will become more closely linked with competitive strategies, diverse populations will make more money and spend money and this increase in wealth will empower diversity, senior managers will become more involved in diversity issues because they will realize that the diverse workforce should be better utilized in order to remain competitive, more managers shall face the

challenge of dealing with backlash, and diversity training will be integrated with more other types of training. If organization manages workforce diversity well then it leads to organizational success for any organization.

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