

*Full Length Research Paper*

# Critical review of literature on workforce diversity

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**Workforce diversity is a primary concern for most of the businesses. Today's organisations need to recognise and manage workforce diversity effectively. Many articles have been written on this topic but there is no specific definition of workforce diversity. The main purpose of this article is to review the literature of workforce diversity. What is workforce diversity? What are the benefits of workforce diversity in organisations, what management can do to enhance work force diversity in organisations? What are the disadvantages of workforce diversity? .This questions would be main purpose of this article.**

**Key words:** Workforce diversity, disability, old age, human resource management, equal opportunity.

## INTRODUCTION

Workforce diversity is a complex phenomenon to manage in an organisation. The management of workforce diversity as a tool to increase organizational effectiveness cannot be underscored, especially with current changes sweeping across the globe. It is argued that organizations that value diversity will definitely cultivate success and have a future in this dynamic global labour market (Jain and Verma, 1996). Workforce diversity management has become an important issue for both governments and private organizations. Its importance has mainly been brought about by the free movement of labour due to globalization and the fight for human rights by certain minority groups who feel excluded from the employment sector.

The workforce diversity emerged mainly to further the availability equal opportunities in the workplace. This equal opportunity philosophy is aimed at ensuring that organizations make the most out of the difference from a diverse workforce rather than losing talent which might assist the organization to be more efficient and effective. The increased mobility and interaction of people from diverse backgrounds as a result of improved economic and political systems and the recognition of human rights by all nations has put most organizations under pressure to embrace diversity at the work place. Diversity brings with it the heterogeneity that needs to be nurtured, cultivated and appreciated as means of increasing

organizational effectiveness in this competitive world.

## Literature review

The subject of workforce diversity has not been a major problem in Africa before as much as it is today. The concept of diversity management gained attention with globalisation and the need for more organisations to spread globally to reach customers across the world. There is an increasing need to understand more about workforce diversity, which is deeper than what we see at the surface level. This can give managers an understanding as to what can go wrong in a diverse team. The 1990s saw the development of a new trend in the form of workforce diversity mainly because of the liberalization and globalisation of markets (Jain and Verma, 1996). At the same time the liberalization of economies and structural adjustment policies brought about by the Brentwood institutions opened the doors to free market economies especially in Africa. These free market economies brought in the free movement of labour as a commodity which has resulted in the diverse workforce across the continent. The privatisation of most of the state-owned enterprises in sub-Saharan Africa also created an open door for migration of labour from all over the world.

## Work force diversity defined

Broadly, defined diversity management as the systematic and planned commitment by the organisations to recruits,

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retain, reward and promote a heterogeneous mix of employees. Theories and techniques of diversity management have been developed and enthusiastically supported by a growing number of chief executives, training specialists, diversity consultants and academics (Saji, 2004). Diversity can improve organisational effectiveness. Organisations that develop experience in and reputations for managing diversity will likely attract the best personnel (Carrel et al., 2000).

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). Diversity requires a type of organizational culture in which each employee can pursue his or her career aspirations without being inhibited by gender, race, nationality, religion, or other factors that are irrelevant to performance (Bryan, 1999). Managing diversity means enabling the diverse workforce to perform its full potential in an equitable work environment where no one group has an advantage or disadvantage (Torres and Bruxelles, 1992).

Diversity has increasingly become a "hot-button" issue in corporate, political, and legal circles. For example, managing workforce diversity is one of the most difficult and pressing challenges of modern organisations. The demographic differences like sex, age, and were conventionally related to team level outcomes (Williams and O'Reilly, 1998). Managers in public and private organisations will have to understand, predict and manage this intriguing nature of the diverse workforce. An understanding about the history of diversity management gives an idea about the evolution of the interest in a diverse workforce in organisations.

While many organizations have embraced diversity, others still consider it merely an issue of compliance with legal requirements. Effective diversity management has historically been used to provide a legally defensive position; that is, a firm with a diverse workforce could argue that they were not guilty of discrimination because of the prima facie case based on their workforce demographics representing the demographics of the local community. However, in more recent years, the view of diversity has dramatically changed to a more proactive concept. Many business leaders are now beginning to believe that diversity has important bottom-line benefits. 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). For example, in Botswana, the society is becoming multicultural due to the increasing migrant population and their descendants.

For organizations, this means that their market share, efficiency, human capital, international competitiveness, and level of innovation will dependant in part upon their ability to effectively manage a diverse workforce both within and across organizational boundaries (Barker and Hartel, 2004; Dass and Parker, 1996; Kandola et al., 1995, Strauss and Mang, 1999). However, South Africa and Botswana have depended on migrant labour long before this liberalisation phenomenon started in Africa. A word like "Makwerekwere" referring to Africans of other nationalities, "Makola" referring to people of Indian origin and "Makgoa" referring to white people, which to some is considered derogatory and discriminatory is popularly used in South Africa and Botswana to the extent that the new South African government has decided to legislate against its use by its people. The irony is that even Botswana which is not known for discriminatory policies is a society that is highly discriminatory.

Women are a category of people who have faced serious discrimination from time in memorial. For instance, it is no secret that, on average, there is a significant gap between men's and women's pay cheques. According to a 2003 report by the United States Census Bureau, the average male worker with a full-time, year-round job earned \$54,803 per year, about 32 percent more than his average female counterpart, who brought in \$37,123 (encarta.msn.com, 2004). Locally there are still cases of organisations that dismiss women from their jobs once they fall pregnant but the men who impregnate women keep their jobs. Not only women are discriminated against in terms of pay, racist abuses are levelled against them from all quarters if they belong to the minority groups.

Businesses must have a more diverse workforce in order to be more effectively understood and meet the needs of a rapidly growing base of minority consumers. Individuals and groups need to overcome stereotypes or prejudices and recognise that actual dissimilar other have unique and valuable information that can support group processes and performance (Hartel, 2004). Openness to perceived similarity describes the receptivity to perceived dissimilarity of individual, group or organisations.

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

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. In addition, a number of large companies in Canada such as Petro Canada, Warner Lambert,

Bank of Montreal and the Movement des Caisses Desjardins, according to a study by the Conference Board of Canada, have recognized the competitive advantage in diversity (Taylor, 1995). Research indicates that greater diversity can create higher levels of dissatisfaction and turnover (Miliken and Martins, 1996). Maintaining diversity in organizations may be important, however, for creativity, and for improving representation and access to power in view of the demographic changes in the workforce and equal opportunity, employment equity/affirmative action, and human rights legislation.

Organizations with a diverse workforce can provide superior services because they can better understand customers' needs (Wentling and Palma-Rivas, 2000). Hiring women, minorities, disabled, etc. will help organizations to tap these 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).

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).

Address legal concerns; generally legislation is to promote gender equality therefore managing a diverse workforce helps in addressing concerns against discrimination illegal in the working situation so as to improve human rights. For example women rights in the area of pregnancy and maternity. And this in turn helps to promote fair opportunities in the field of employment and vocational training.

Enrich an organizational human capital; managing a diverse workforce entails a minimization of cloning that is preventing the production of an exact copy in selection and promotion. This leads to a wider range of ideas and abilities, offering greater scope for innovation and competitive performance in the future therefore enriching an organizations human capital.

### **How to manage a diverse workforce in organisation**

Companies can succeed at diversity if the initiative to create, manage and value the diverse workforce has the full support of the top management (Hayes, 1999; Jackson et al., 1992). The following are the conditions which

would make workforce diversity a success in any organisation:

The organization should assign this work to a senior manager (Jackson et al., 1992). The organization should link concerns for diversity to human resource management decisions around recruitment, selection, placement, succession planning, performance management, and rewards (Cascio, 1998).

The organization should create such a working environment as will increase the motivation, satisfaction, and commitment of diverse people.

Performance standards must be clearly and objectively established, effectively communicated, and used on objective criteria without any bias. Identify desirable and undesirable behaviors that must be based upon performance feedback discussions involving a diverse workforce.

The strategy (diversity or otherwise) must be based on the will of the human resources, strength, and culture of the organization (Hayes, 1999). Managers must understand their firm's culture first and then implement diversity strategies according to that culture (Hayes, 1999).

Training and development programs will improve the skills in dealing with the day to day diversity dilemmas. This will help managers to be aware on how power relations impact on stereotypes of groups and on perceptions of individuals and the expectations.

Communicating intercultural' it will aid in managing a diverse workforce. An individual will be able to understand how cultural and ethnic differences shape the conflict process and coming up with conflict resolution strategies. There will be able to negotiate outcomes with cultural differences in mind.

Mentoring programs, involvement of experienced advisors and helps others for a period of years. This mentor should be able to advise employees on the whole concept of workforce diversity and the reasons why diversity should be managed in the workplace.

Assessment of ones beliefs about work values, being able to identify work values of others from different cultural backgrounds and examination of the leadership assumptions from a multicultural perspective.

Creation of the support system, to reduce isolation and discrimination. This can be done through the encouragement of a formal system and informal networks.

Language competence, lack of language skills in multicultural environments is a significant barrier to building a multicultural organization.

The rationale for diversity training programmes is often misunderstood at all levels. So it is important to first communicate what diversity is and what the organisation hopes to achieve by managing it more effectively (Bagshaw, 2004).

Present a clear business case for diversity initiatives and link with changing demographics and social changes. This gives diversity a context that enhances understanding (Bagshaw, 2004).

Capitalise on the existing diversity within your organisation by ensuring that you include both senior and line managers on your diversity training courses as well as employees from different functions and departments (Bagshaw, 2004).

Ask participants for examples from their own experience where they have not been treated fairly or with mutual respect. This helps to personalise the programme so people see that diversity is a concept with something in it for them.

And finally the diversity training, this would create the awareness of what the concept of workforce diversity is and the provision of certain information needed to create behaviour changes that are required to effectively manage and work within a diverse workforce.

### **Disadvantages of workforce diversity 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).

A disadvantage of diversity in the workplace is an increase in conflicts. 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). If conflicts can be managed and controlled creativity and performance can be increased. Employers will work harder to gain acceptance by creating a solution or invention first. This can be the case when managers reconcile competing goals, promote in a representative manner, stand behind the minority group member, and act when resources are plentiful and cultural differences are low or well understood (White, 1999). Conflicts always arise wherever they are human beings' but they should be managed properly for the benefit of the organization.

Increases in labour turnover and absenteeism are another disadvantage in having a diverse workplace. Research has shown that the turnover rate for African Ameri-

cans in the US workforce is 40 percent greater than whites. Another study by Corning Glass stated that between the years 1980 - 1987, the turnover rate for women in a professional job was two times higher than males. Women also have a 58 percent higher absentee rate than men. Yet, another 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). Some research contradicts the idea that flextime reduces these rates; however absenteeism and turnover can cost a company up to and over \$3 million annually (White, 1999).. Workforce diversity, increases labour turnover and absenteeism in organisations.

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. Mismanagement of diversity in the form of denied access or unfavorable treatment can have negative consequences, such as inhibiting workers' abilities and motivation. This leads to lower job performance. 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).

### **Conclusion**

The extent to which managers recognize diversity and its potential advantages and disadvantages defines an organization's approach to managing the diversity (Adler, 1997). No organisation in this world of globalisation would survive without workforce diversity. It is the duty of the management to critically evaluate the benefits of workforce diversity in their organisation. On the other hand the management should put in place conditions which would enhance the workforce diversity in their organizations, more especially in their strategies formulation on the diversity of the workforce. Hence, with the diversity of the workforce, the organisation would be internally and externally competitive. Although, the process of diversification of organizations has six stages: denial; recognition; acceptance; appreciation; valuing; and utilization (Porras, 1991). It is believed that organizations should put in place strategies to enhance workforce diversity. In terms of organizational learning, organizations are still stuck on the problem of getting people to value diversity and have not yet determined ways to utilize and exploit it (Porras, 1991). It is the approach to diversity, not the diversity itself which determines the actual positive and negative outcomes (Adler, 1997). Managing diversity in organizations is absolutely dependent upon the acceptance of some primary objectives to which employees are willing to commit, such as the survival of the firm (Gentile,

1994). In today's fast-paced work environment a successful organization is one where diversity is the norm and not the exception (Lawrence, 2001).

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