

“HR strategies for Managing Workforce Diversity”

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Introduction

The world's increasing globalization requires more interaction among people from diverse cultures, beliefs, and backgrounds than ever before. People no longer live and work in an insular marketplace; they are now part of a worldwide economy with competition coming from nearly every continent. For this reason, profit and non-profit organizations need diversity to become more creative and open to change. Maximizing and capitalizing on workplace diversity has become an important issue for management today.

Managing for diversity is a management strategy that intends to make productive use of (ethnic and other) differences between individuals. It is based on the premise that – at least if they are well managed – diverse teams will produce better results and diverse companies will gain market advantage.

Workforce Diversity

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).

The concept of diversity in the workplace goes beyond including employees of various racial and ethnic backgrounds. According to the Society for Human Resource Management, diversity means valuing the characteristics that make a person unique, such as age, ethnicity, education level and family background. Inclusion of diverse individuals fosters a rich exchange of new ideas among employees and helps an organization leverage the unique character of its workforce.

A diverse workforce has a business advantage as it can bring a variety of experiences, innovative solutions and creative point of views that generate a better understanding of the marketplace, customer needs, and shareholders making organizations stronger and better prepared for the future. Nevertheless, when people from different backgrounds meet and start to interact, conflicts can arise.

At the workplace, diversity is an environment where differences are valued and integrated into every part of every day to day organizational operation. Diversity is about asset building and not finding problems, it is about finding our similarities and working with our differences. Diversity and inclusion mean respecting and valuing all nationalities, cultures, religions, sexual orientation, ages, abilities and disabilities, gender economic and social backgrounds and diversity of thoughts.

When examining the meaning of diversity, a number of definitions surface. On one hand, diversity can refer to outwardly visible differences, and it may be used to describe unseen differences as well. Diversity can refer to the given categories into which individuals fit at birth such as race, ethnicity, class, nationality and gender, or it may refer to the voluntary categories that individuals adopt over time (Albelda, Drago & Shulman, 2010). [1]

Further, diversity may be grouped more specifically in terms of different varieties of diversity, such as social category diversity, informational diversity, cultural diversity, and value diversity. First, “social category diversity refers to explicit differences among group members in social category membership, such as race, gender, and ethnicity” (Jehn, Northcraft & Neale, 1999: 745). The second variety, informational diversity, will likely exist in a group of members with varied educational backgrounds, work experience, training, and expertise, leading to “differences in knowledge bases and perspectives” for the group (Jehn et al., 1999: 743). Cultural diversity refers to the diversity that results from the presence of a variety of cultures, given individuals from the same culture will “share basic values and beliefs” and form an identity

based on their culture While diversity is often viewed in terms of surface-level social categorizations such as race, age, ethnicity, sexual orientation, and gender (Gardenswartz & Rowe, 1994; Carr-Ruffino, 2005), a more encompassing view of diversity will include the intangible aspects of diversity brought on by informational, cultural, and value diversity. These intangible aspects include education, values, beliefs, norms, mental models, and dispositional variables. For the purpose of this research, diversity will be seen more comprehensively, taking into account the four varieties of diversity addressed here: social category, informational, cultural, and value diversity.

Objectives:

- 1) To understand meaning of Workforce diversity.
- 2) To study the benefits of workforce diversity in an organization.
- 3) To study HR strategies for workforce diversity.

Research Methodology

This research paper depends on secondary data.

Literature review

1. DIVERSITY INTEGRATION VANESSA ARMSTRONG University of Rhode Island. The research was about to examine the reasons for a diverse workforce, the ways in which organizations create a diverse workforce, and how organizations manage a diverse workforce once it is in place and found that organizations will be motivated by one of three motives in increasing its diversity: legal compliance, branding, or value-in-diversity. Depending on their motives in increasing diversity, organizations will respond in different ways to diversity by ignoring, assimilating, accommodating, or integrating the differences
2. According to the 2010 Society for Human Resource Management (SHRM) *Research Spotlight: Workplace Diversity Practices Poll*, of the random sample of 402 SHRM members and human resources (HR) professionals responding, 68 percent of respondents said their organizations have diversity practices in place and 71 percent of those with diversity practices provide training on diversity issues for employees in their organizations.
3. Bucharest Conference 7-9 Sept. 2011 "Managing Diversity" indicates that Scientific management approaches based mainly on standardization have been replaced by new management theories inspired by a systemic epistemology (Von Bartalanffi, 1965) and by living systems (Miller, 1970). These new approaches hold that public (and private) organizations have to foster a diverse workforce in terms of competencies, personality traits and motivations, in order to enhance their capability to evolve and to learn.
4. Best Practices for Managing Organizational Diversity Patricia A. Kreitz, SLAC-PUB-12499 May, 2007, and twenty-first century organizations are challenged by diversity in many arenas. Demographic changes in workforce composition and customer populations, combined with globalized markets and international competition are increasing the amount of diversity organizations must manage, both internally and externally.
5. Fernando Martín Alcázar, Pedro Miguel Romero Fernández, Gonzalo Sánchez Gardey, (2013) "Workforce diversity in strategic human resource management models: A critical review of the literature and implications for future research", *Cross Cultural Management: An International Journal*, Vol. 20 Iss: 1, pp.39 – 49. The paper concludes that managing a heterogeneous workforce requires a holistic transformation of human resource strategies. Nevertheless, efforts to define cross-cultural and diversity-oriented models still remain undeveloped.
6. Workforce diversity status: a study of employees' reactions, Subhash C. Kundu, *Industrial Management & Data Systems* Volume: 103 Issue: 4 2003, Primary data based on 1,083 observations were analyzed to examine the reactions and perceptions of male and female employees across

categories about workforce diversity status in Indian organizations. Results indicated the prevalence of gender and category (racial) discrimination in Indian organizations. Male employees rated female employees less qualified, less competent, and less productive than females rated themselves. General category employees perceived that minority and socially disadvantaged employees were less competent and productive. Almost all employees believed that minority, socially disadvantaged, and disabled employees were provided with comparatively less organizational support in terms of working facilities, promotions, and salary increases. Even females of the general category believed that they had less chance of receiving working facilities, promotions, and salary increases than males from the general category.

The reasons behind the rise of diversity

- **Globalization:** Globalization has resulted in the removal of barriers between markets allowing a free flow of products/services/skills/ideas/... Organizations found an opportunity to expand their operations worldwide. Many Organizations came under the pressure of new competitors and they had to work with new types of consumers and different human resources; they were unprepared to face the diversity both within their branches and in their markets.
- **Migration:** On the one hand, developed regions of the world, such as North America and Western Europe, are experiencing low birth rates, decreasing cohorts of young people, and declining ratios of workers to retirees (fewer workers supporting increasing numbers of retirees). In order to sustain their current levels of economic activities, these countries need to import immigrants to work. On the other hand, developing regions of the world are experiencing a completely opposite trend, with unprecedented growth in the number of young people due to high birth rates, improved medical conditions, and decreased infant mortality. This creates very large cohorts of young people who are looking for jobs. These countries cannot support such large numbers of young job seekers, so they need to emigrate in order to find jobs for themselves and to support their families.
So, the push from the developing countries and the pull from the developed countries—we can see that the workforce is becoming increasingly diverse all over the world. In addition, advances in equal rights legislation around the world now force work organizations to be more accommodating of workers who have traditionally been excluded from the workforce.
- **Women's work:** The family structure (tasks of members, size, education and consumption patterns) has changed with an increase in the number of active women. Some professions that used to be males dominated have seen female joining in, and new rules and processes modifications were introduced.
- **Aging population:** The aging population and the development of health care are increasing the number of seniors staying active, increasing thus the median workers' age... This explains why the work environment is being adapted to the old aged workers and why many processes have been modified to include the senior profiles. Even productivity targets and career plans are being reviewed.
Moreover, beyond the burdens to the economy of underutilizing older workers and supporting older non-workers, many economists are already predicting a shortage of skilled workers resulting in a need to recruit and retain older workers who possess valuable skills. From a practical point of view, Organizations are already becoming increasingly dependent on older workers. Gordon F. Shea, author of *Managing Older Employees*, predicted that for every six new entrants into the job market in 1990, there will be only five at the beginning of the 21st century, representing a shortage of millions of workers in the United States and in many European countries.
- **Political diversity:** In most Organizations Employees have different political ideas, and eventually affiliations. This is a source of conflict among them, especially when they are compelled to make decisions regarding crucial national actions, such as petitions, strikes, and public demonstrations.

- **Corporate structure change (SCM, outsourcing, global operations):** Under the pressure of competition, many Organizations are moving their production facilities to third world countries to enjoy cheaper labor or to get closer to raw material sources, increasing the diversity among its workforce.
- **Status diversity (expatriates v/s locals):** The expansion of the businesses at the international level and the mobility of human resources resulted in the presence of expatriate and local employees working side by side with all the different working conditions (salary, fringe benefits and work period) and promotion prospects that might lead to frustration and confrontation.
- **Caste diversity:** In many countries, the caste system and the presence in the same department of persons belonging to different castes might be lived. [2]

The benefits of diversity management: With increasing organizational efficiency as the major goal, there are a number of ways in which diversity management is said to be achieved. The reasons for which particular organizations implement diversity management might differ there are several advantages of diversity management that are regularly pointed out as given below.

1. **Making use of talents:** With talents being short – and maybe becoming shorter due to demographic developments – it would be unreasonable for organizations not to make use of existing talents due to a focus upon homogeneity. A policy of diversity simply increases the pool of potential employees to choose from. And it might make companies more attractive for potential employees from minority backgrounds.
2. **Access to markets and legitimacy with partners and customers** With markets globalizing, and also with the fact that societies are becoming more diverse, organizations are dealing with a variety of different partners and customers nationally and internationally. By reflecting this diversity in a diverse staff, companies might *firstly* strive to gain a better image with their customers as well as their partners. *Secondly*, minority communities are recognized as Markets of growing importance, markets that might better be entered if knowledge about the customers' preferences is available within the company. *Thirdly*, and ironically, the diversity of the staff can be a way to account for the customers' (actual or presumed) taste for homogeneity: If e.g. ethnic groups preferred to deal with staff of their own ethnicity, it will be useful for a company to have that staff available.
3. **Advantages through synergy** A central idea of diversity management is the assumption that diverse teams produce better results due to internal dynamics. What we could call the *synergy hypothesis* assumes that heterogeneity will enhance group performance via changing group processes: diverse teams, the idea goes, will profit from a greater variety of perspectives resulting in better problem solutions, increased creativity and more innovation. Ideally, processes of intercultural exposure and mutual learning should lead to effects of (cultural or other) synergy that benefit the organization as well as everybody involved.
4. **Productive advantages of an inclusive environment** Diversity management strives to create an environment in which differences are valued, in which special needs are taken into account, and in which every individual feels respected and acknowledged. This inclusive setting is hoped to create a situation in which people can work more productively and achieve their full potential. Job satisfaction should be enhanced, turnover reduced, and the development of synergy effects should be facilitated in an inclusive environment.
5. **Avoiding (the costs of) discrimination** While the absence of discrimination is an end in itself, there are moreover business arguments for equality. On the one hand, discrimination will impede the utilization of all available talents and create a working environment in which people feel uncomfortable and dissatisfied. On the other hand, discrimination might cost money directly due to legal penalties. In the

US, as Wrench (2007: 19) points out, the pressure of equal employment opportunity and affirmative action programmes may have been one of the reasons fostering the continuation of diversity management. Effective diversity initiatives may ‘assist in the reduction and prevention of costly lawsuits relating to race discrimination, sexual harassment, and gender discrimination lawsuits’ (Wentling and Palma-Rivas 1997: 21; quoted in Wrench 2007: 21). [3]

Objectives and indicators of HR strategies

Objectives of HR Strategies	HR initiatives in organizations
1 <i>Enhanced organizational effectiveness</i>	
Meet a moral imperative; do the ‘right thing’	<ul style="list-style-type: none"> Recruiting efforts that highlight the organization’s commitment to, and efforts to support, diversity in the workplace and external community Developmental assignments that expose employees to multiple cultures Implement formal and informal mentoring programs Incorporate diversity issue items into employee attitude surveys Encourage network and support group areas and potential skill-building/advancement opportunities
Reduce labor costs	<ul style="list-style-type: none"> Maintain database of workforce demographics to identify potential areas in need of intervention Reward managers who effectively manage diversity
Reduce legal costs associated with lawsuits and grievances	<ul style="list-style-type: none"> Monitor recruiting, hiring, promotion and compensation systems for compliance and equity Implement ‘open door’ policies and other processes to facilitate employee communication of grievances Articulate ‘zero tolerance’ of harassment and discrimination and diligently observe this commitment
Enhance the organization’s reputation	<ul style="list-style-type: none"> Market the organization’s commitment to diversity through various channels, such as the organization’s website, targeted trade and other group-affiliated periodicals, local newspapers and sponsorship of community events
Have policies and programs that are responsive to the changing demographic profile of employees	<ul style="list-style-type: none"> Flexible benefits that address a broad range of employee work and family needs Employee feedback incorporated into management performance evaluation Linking organizational awards, such as promotions and compensation, to the achievement of diversity goals
Attract a wider pool of talent	<ul style="list-style-type: none"> Expand recruiting efforts to specifically targeted audiences through periodicals, job fairs, selected colleges and professional affiliation groups Offer recruitment incentives; tap into the network groups of current employees
2 <i>Enhanced individual and work group effectiveness</i>	
Improved job satisfaction and performance of individuals	<ul style="list-style-type: none"> Conduct regular employee attitude surveys Implement effective means to solicit and respond to employee concerns Provide appropriate training to all employees

Increased awareness and understanding of issues	Provide awareness training for all staff Provide cross-cultural skill-building opportunities and resources Maintain reference library and promote its use
Improved quality of team problem solving	Provide resources and time to facilitate team socialization Communicate team's accomplishments throughout the organization Provide formal team feedback
Improved abilities to work with and manage people of diverse backgrounds	Provide conflict-management training Provide managerial training Include hiring and climate measures in performance appraisal criteria for managers

Source: *Human Resource Strategies to Manage Workforce Diversity Examining 'The Business Case'* [4]

HR Approach	Goal	Strategy	Assumptions
Diversity Enlargement	Change Organizational culture through changing the composition of the workforce	Recruit employees from diverse backgrounds	New hires will change the culture by their mere presence—no need for additional intervention
Diversity Sensitivity	Overcome adversity and promote productive communication and collaboration	Train to increase sensitivity and improve communication	Increased sensitivity to differences will affect performance
Cultural Audit	Identify obstacles faced by employees of diverse backgrounds and modify company practices accordingly	Audit current practices through surveys and focus groups and generate changes to address these deficiencies	Problems are caused by the dominant cultural group in the organization and need to be addressed by that group
Strategy for Achieving Organizational Outcomes	Achieve organizational goals through diversity management	Integrate diversity management with HR policy areas and other company strategic choices	Diversity management practices have to be linked to desired individual and organizational outcomes

Source: *Diversity Management Paradigms, Rationale, and Key Elements* [5]

References

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3. <http://diversityintheworkplace.ca/wordpress/2012/09/11/top-5-reasons-why-diversity-is-good-for-business/>
4. *Human Resource Strategies to Manage Workforce Diversity Examining 'The Business Case'*
5. http://www.sagepub.in/upm-data/35190_Chapter10.pdf
