# Managing a Diverse Workforce: Impacts and Rewards

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*Abstract - It is generally observed that there is diversity in the workforce of every organization may be it is business, government, or civil society. 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. Since managing diversity remains a significant organizational challenge, managers must learn the managerial skills needed in a multicultural work environment. This paper is designed for managers to effectively manage diverse workforce populations. It provides a general definition for "diversity", discusses the benefits of diversity in the workplace, the challenges of managing a diverse workplace, and presents effective strategies for managing diverse workforces. This study therefore seeks to find out the impact and rewards of workforce diversity on organizational effectiveness. The success of a diverse workforce leads to an innovative culture where ideas flourish and creativity has no boundaries. Today, it is imperative for any business to learn how it can tap into the rich and varied skills of his workforce by simply embracing the idea of it. A diverse workforce in any office could lead to a host of profit-making ideas, innovation, creativity through and an exchange of knowledge. In fact, the very success of a business these days could depend on an organization's ability to reap the benefits of diversity. It is recommended that company executives use good strategies to effectively manage workforce diversity and collaborative research efforts should be done to ascertain the contextual variables that moderate workforce diversity to produce positive performance outcomes.*

*KEY WORDS:* Diversity, Workforce, Innovative Culture.

## I. INTRODUCTION

Milliken and Martins (1996), opines that 'diversity appears to be a double-edged sword, increasing the opportunity for creativity as well as the likelihood that group members will be dissatisfied and fail to identify with the group'. 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.

Diversity includes the entire spectrum of primary dimensions of an individual, including Race, Ethnicity, Gender, Age, Religion, Disability, and Sexual orientation (referred to by the Diversity Task Force as "REGARDS"). Secondary dimensions commonly include: communication style, work style, organizational role/level, economic status, and geographic origin (e.g., East, Midwest, South)

For our purposes, we use the following definition of diversity: "Diversity includes all characteristics and experiences that define each of us as individuals." A common misconception about diversity is that only certain persons or groups are included under its umbrella, when in fact, exactly the opposite is true. It is a simple fact that each of us possesses unique qualities along each of these dimensions. Experience and recent research indicate that when recognized and valued, diversity enhances individual productivity, organizational effectiveness, and sustained competitiveness. In order "to maximize the utilization of its human capital, organizations must go beyond merely creating a more diverse workplace.

Now is the time to move beyond viewing diversity as merely the numerical representation of certain groups. It is time for a systematic application of diversity concepts to the business of the organization. As one benchmarking partner stated, "We view diversity as something more than a moral imperative or a business necessity—we see it as a business opportunity." Aligning diversity with the mission and business of the organization increases employee satisfaction and retention; improves competitiveness and productivity; increases responsiveness; and adds value to the customer. Diversity issues are now considered important and are projected to become even more important in the future due to increasing differences in the U.S. population. Managing and valuing diversity is a key component of effective people management, which can improve workplace productivity (Black Enterprise, 2001).

Workplace diversity is a complex, controversial, and political phenomena *(Janssens & Steyaert, 2003)*. It has been conceptualized by researchers from several viewpoints. Several have looked at it from a narrow perspective, while some others from a broad view. Scholars favourably disposed to a narrow definition argue that the concept of diversity should be restricted to specific cultural categories. Some opine that diversity based on race, ethnicity and gender cannot be understood in the same way as diversity based on organizational functions, abilities or cognitive orientations (Nkomo*, 1995*). Moreover, the key issues of diversity are those that arise because of discrimination and exclusion of cultural groups from traditional organizations *(*Cross et al., 1994).Therefore, if diversity is a concept that is inclusive to

all individuals, it will become very difficult to identify discrimination practices. The main concern of this standpoint is that a broad definition may imply that all differences among people are the same. The danger in narrowly defining diversity, however, is that only one dimension of cultural diversity (race, age, ethnicity, or gender) is by and large the subject of research at a time. Since a cultural diversity dimension interacts with other dimensions of diversity, a narrow concept of diversity would be deficient by failing to recognize these interactions (Michaéla, Deanne, Paul, & Janique, *2003*).

Scholars, who advocate a broad definition (e.g. Jackson, May & Whitney,1995) argue that diversity encompasses all the possible ways people can differ. Individuals, according to this school of thought, do not only differ because of their race, gender, age and other demographic categories, but also because of their values, abilities, organizational function, tenure and personality. They contend that an individual has multiple identities and that the manifold dimensions cannot be isolated in an organizational setting. Apart from bringing their race, age, ethnicity, and gender, individuals also come with their particular knowledge, personality, and cognitive style to the work place. Therefore, in order to understand the dynamics of a heterogeneous workforce, the interactive effects of multi-dimensional diversity have to be addressed. In addition, it is argued that a broadening of the concept of diversity has a potential positive effect on diversity management programs, as it will be more acceptable if it is all inclusive i.e. not only oriented towards specific demographic groups of employees.

McGath, Berdahl & Arrow (1995) conceptualized workplace diversity by developing a five cluster classification. This often cited categorization is as follows: demographic characteristics such as age, ethnicity, gender, sexual orientation, physical status, religion and education; task-related knowledge, skills and capacities; values, views and attitudes; personal, cognitive and attitudinal styles; Status in the organization such as one's hierarchical position, professional domain, departmental affiliation and seniority.

## II.  CHALLENGES OF DIVERSITY IN THE WORKPLACE

There are challenges to managing a diverse work population. Managing diversity is more than simply acknowledging differences in people. It involves recognizing the value of differences, combating discrimination, and promoting inclusiveness. Managers may also be challenged with losses in personnel and work productivity due to prejudice and discrimination and complaints and legal actions against the organization (Devoe, 1999).

Negative attitudes and behaviors can be barriers to organizational diversity because they can harm working relationships and damage morale and work productivity (Esty, etal., 1995). Negative attitudes and behaviors in the workplace include prejudice, stereotyping, and discrimination, which should never be used by management for hiring, retention, and termination practices (could lead to costly litigation).

Once workplace diversity is implemented, companies must effectively manage the changes in policies. This presents a challenge for many organizations. Challenges in managing workplace diversity can stem from several reasons, such as taking the wrong approach to solving diversity issues. For example, a company may adopt affirmative action policies in an attempt to solve diversity problems. Affirmative action is about giving opportunity to previously disadvantaged workers. Hiring based solely on race may not solve diversity issues. According to Lawrence, managers face challenges when new employees from diverse backgrounds interact with long-standing employees. Many companies offer training programs to managers to help them effectively manage their newly diverse departments.

## III.  BARRIERS TO ACCEPTING DIVERSITY

Despite a general awareness in organizations that diversity is a positive factor, individuals still experience numerous personal barriers to accepting diversity. There are several barriers that sometimes prevent us from accepting diversity. These include prejudice, ethnocentrism, stereotypes, discrimination, and harassment.

- Prejudice- unjustified negative attitude towards a person based on his or her membership of a particular group.
- Ethnocentrism- a tendency to regard one's own group, culture or nation as superior to others. People who are ethnocentric see their group related customs or beliefs as right and evaluate other, beliefs or practices against this yardstick.
- Stereotypes- set of beliefs about a group that is applied universally to all members of that group, such as all poor people are uneducated or all Asians are good at maths. Stereotyping, whether positive or negative, is not good because seldom does one statement hold true for all members of a group.
- Discrimination- barring an individual from an membership of an organization or from a job because of his or her membership of a particular group. An example of unfair discrimination is the company that only interviews men for a position that requires a lot of travel.
- Harassment- consciously shunning or verbally or physically abusing an individual because of membership of a particular group.

## IV.  BENEFITS (REWARDS) OF DIVERSITY IN THE WORKPLACE

One of our greatest strengths is the diversity of our workforce, with men and women of many nationalities and backgrounds working together and sharing common objectives. Diversity is beneficial to both associates and employers. Although associates are interdependent in the workplace, respecting individual differences can increase productivity. Diversity in the workplace can reduce lawsuits and increase marketing opportunities, recruitment, creativity,

and business image. In an era when flexibility and creativity are keys to competitiveness, diversity is critical for an organization's success. Also, the consequences (loss of time and money) should not be overlooked.

When organizations manage workplace diversity by implementing diversity strategies, the advantages are plenty. The companies are poised to compete in a global economy by attracting the best available talent from around the world, along with forming strategic partnerships among the best companies operating. Workplace diversity comprises race, gender, ethnicity, disability, sexual orientation, age, educational levels and socio-economic status. It also includes religious beliefs, life stages, education, career responsibilities, sexual orientation, personality and marital status.

Chances are that many in the workplace may not even be aware of how many benefits are derived from a diversity of styles, fashion, music and opinion. Many successful businesses have taken an active part in embracing diversity, yet there are still many businesses unaware of the numerous benefits that workplace diversity brings. When an organization acknowledges differences among its workforce, it can manage its employees in such a way as to create harmony in work practices and higher standards of cooperation. First, it is about understanding differences in these characteristics within an organization, and second it is about acknowledging these differences. And last, it is about developing work practices to create an inclusive environment. The success of a diverse workforce leads to an innovative culture where ideas flourish and creativity has no boundaries. Today, it is imperative for any business to learn how it can tap into the rich and varied skills of his workforce by simply embracing the idea of it. In fact, the very success of a business these days could depend on an organization's ability to reap the benefits of diversity.

## V. ATTRACT THE BEST TALENT TO CONTRIBUTE TO YOUR BUSINESS

If an organization has built a reputation for its workplace diversity, it stands to attract the best available talent and skill in the market both domestically and abroad. The company will be able to recruit the best available talent from around the globe to work on projects located in the far corners of the world as part of virtual teams. Companies will be able to develop synergies with strategic partners located in far away markets. A company can market its products more easily, taking advantages of the different languages of its staff to develop and maintain distribution partners once thought impossible to reach. Why? Workforce diversity means the ability to conduct business worldwide through the varied experience of its employees.

**Build A Globally Competitive Workforce:** Building a microcosm of the world in the workplace, equips managers with the kinds of skills to compete effectively, with efficient services and a wide reach of resources. A diverse workforce not only brings professional skills into the office, but also brings people of different cultures fluent in various languages and who are capable of understanding international customers' everyday needs.

**Enhance Problem-Solving Efficiency:** Imagine having a diverse workforce comprising different age groups, education, experience and genders, and being able to brainstorm a business problem located on another continent. This was once thought unachievable. Today, it is standard business practice for an organization facing fluctuating trends and demands. What is most effective then is to have a workforce capable of generating a pool of multiple solutions and ideas. Workplace diversity is now recognized for this crucial role in effective-problem solving.

**Avoid Conflicts, Increase Individual Performance and Retain Your Workforce:** An unhealthy work atmosphere is often the root cause of high attrition levels in a company. People, however, require a feeling of belongingness and security. When they feel supported in their ideas and beliefs they become more productive. At core, all among today's skilled workers expect be treated fairly and with respect. If not, they will soon find plenty of work elsewhere. Turnover is expensive and unproductive. Moreover, stakeholders are now demanding that any organization they invest in must conform to practices that encourage low employee turnover, provide a healthy work environment that rewards team performance and empowers workers to express themselves with an open mind.

## VI. BASIC TIPS AND STRATEGIES FOR DIVERSITY MANAGEMENT

- Organize diversity training to employees at all levels.
- Allow affinity networking amongst employees with similar backgrounds.
- Conduct learning sessions among groups, during which employees share with each other how their varying beliefs, cultures and traditions shape their professional and personal lives.
- Set-long term goals and develop diversity practices during recruitment, appraisal and lay off.
- Encourage employees to confide in their superiors about problems of discrimination.
- Carefully analyze the diversity at each employment rank and level.
- Reward the attainment of diversity goals from time to time
- Develop training for diversity leadership.
- Actively promote successes of diversity.

## VII. TOOLS FOR MANAGING DIVERSITY

Effective managers are aware that certain skills are necessary for creating a successful, diverse workforce. First, managers must understand discrimination and its consequences. Second, managers must recognize their own cultural biases and prejudices (Koonce, 2001). Diversity is not about differences among groups, but rather about differences among individuals. Each individual is unique and does not represent or speak for a particular group. Finally, managers must be willing to change the organization if necessary (Koonce, 2001). Organizations need to learn how to manage

diversity in the workplace to be successful in the future (Flagg, 2002).

Unfortunately, there is no single recipe for success. It mainly depends on the manager's ability to understand what is best for the organization based on teamwork and the dynamics of the workplace. According to Roosevelt (2001), managing diversity is a comprehensive process for creating a work environment that includes everyone. When creating a successful diverse workforce, an effective manager should focus on personal awareness. Both managers and associates need to be aware of their personal biases. Therefore, organizations need to develop, implement, and maintain ongoing training because a one-day session of training will not change people's behaviors (Koonce, 2001). Managers must also understand that fairness is not necessarily equality. There are always exceptions to the rule. Managing diversity is about more than equal employment opportunity and affirmative action (Losyk, 1996). Managers should expect change to be slow, while at the same time encouraging change (Koonce, 2001).

Another vital requirement when dealing with diversity is promoting a "safe" place for associates to communicate (Koonce, 2001). Social gatherings and business meetings, where every member must listen and have the chance to speak, are good ways to create dialogues. Managers should implement policies such as mentoring programs to provide associates access to information and opportunities. Also, associates should never be denied necessary, constructive, critical feedback for learning about mistakes and successes (Flagg, 2002).

Diversity management can create a competitive advantage in areas such as marketing, problem solving, and resource acquisition (Cox, 2001). Therefore, diversity management is not the sole domain of the human resource function in the organization primarily aimed at compliance with legal requirements. However, it is important to note that careful research in a global context suggests that diversity management can have both positive and negative consequences as well as no change at all. In recent decades, human resource managers have recognized the need to adopt effective diversity management practices in order to overcome barriers for diversity and reap the rewards of a diverse workforce. Kossek and Lobel (1996) summarize the three prevailing HR approaches to diversity management and offer an original approach of their own.

VIII.    EFFECTIVE DIVERSITY MANAGEMENT:

Effectively managing diversity needs to be a top priority for managers in all organizations – large and small, public and private, for profit or not for profit. Managing diversity involves promoting its awareness, increasing diversity skills, encouraging cultural and gender diversity, and committing top management to diversity

- Committing to top Management: - where there is an organizational commitment to diversity at the top, managers down the line accept diversity through their actions and spread the message that diversity can be a source of competitive advantage, deal effectively with diverse employees, and are willing to commit organizational resources to manage effectively.

- Increasing awareness: - Awareness demands appreciation of diversity as a fact of organizational life. Many diversity awareness programmes in organizations strive to increase managers' and workers' awareness of their own attitudes, biases, and stereotypes, and the differing perspectives of diverse managers, subordinates, co-workers, and customers.

- Increasing Diversity Skills: - Efforts to increase diversity skills focus on improving the way managers and their subordinates interact with each other and on improving their ability to work with different kinds of people. Educating managers and their subordinates about why and how people differ in the ways they think, communicate, and approach, issues and situations can help all employees develop a healthy respect for diversity and at the same time facilitate mutual understanding.

- Encouraging cultural diversity: - By offering language training to employees, encouraging non-home-country work assignments, providing training to employees to know about cross cultural differences and transitional counseling to employees can help to manage cultural diversity.

- Encouraging Gender Diversity: - The feminization of the workforce has increased substantially. Though women's participation in the workforce is increasing, their share of the rewards of participation is not increasing commensurately. There are ways of managing gender diversity. One way is to recognize that there are strengths in both the sexes. Men can learn from women's managerial style by using appropriate relationship building in the workplace, while women can learn from men's style to be less subtle and more assertive and direct, especially while giving instructions. It is equally important to learn more about perceived differences between male and female both socially and in the workplace.

IX.    CHARACTERISTICS AND LIMITATIONS OF DIVERSITY MANAGEMENT

The goal of diversity management is to transform the organizational culture from a majority-oriented to a heterogeneous-pluralistic culture in which different value systems are heard and thus equally affect the work environment.

Accordingly, diversity management has three key components:

1. Diversity management is voluntary. Equal rights legislation is enforced through sanctions (monetary fines or incarceration), and affirmative/positive action policies are enforced through incentives (government contracts); but diversity management is self-initiated by the companies

themselves. It is not enforced or coerced but is entirely voluntary.

2. Diversity management uses a broad definition of diversity. Whereas both equal rights legislation and affirmative or positive action policies specify the groups that are to benefit from the laws or public policies (e.g., specific castes in India or Blacks in South Africa), companies that implement diversity management often use broad and open definitions of diversity. One of the reasons for this broad and often vague definition is that they make diversity programs inclusive and reduce potential objections from members of the majority group.

3. Diversity management aims at providing tangible benefits to the company. Diversity management is seen as a business strategy aimed at tapping into the full potential of all employees in the company in order to give the company a competitive advantage, whereas in the past, employees of different backgrounds (e.g., race/ethnicity or gender) were labeled as unqualified by managers if they did not conform to values and norms of the majority. The logic of diversity management is that it allows every member of the organization to bring to the workplace his or her unique perspective, benefiting the organization as a whole. Expected benefits of diversity management include such outcomes as broad appeal to diverse clients—because diverse employees communicate better with diverse clients; better products—because diversity of opinions leads to creativity; and improved sales—because diverse employees better understand the needs of diverse clients (Cox, 2001; Ozbilgin & Tatli, 2008; Thomas et al., 2002).

## X. SUMMARY AND CONCLUSION

The globalizing economy and the increase in the number of multinational corporations make diversity management a necessity for companies that want, not only to survive but thrive during this time of economic, social, and cultural changes.

In recent decades, human resource managers have recognized the need to adopt effective diversity management practices in order to overcome barriers for diversity and reap the rewards of a diverse workforce. Diversity management, compared with its predecessors (equal opportunity legislation and affirmative action programs), is proactive and aimed at creating an organization in which all members can contribute and achieve to their full potential. The reasons for implementing diversity management include having to adapt to the new reality of a workforce that is increasingly diverse, doing the right and moral thing, and gaining a competitive advantage. Diversity management has three main characteristics: it is voluntary; it uses a broad definition of diversity; and it aims at providing tangible benefits to the company. Managing diversity is a comprehensive process for creating a work environment that includes everyone. When creating a successful diverse workforce, an effective manager should focus on personal awareness. Both managers and associates need to be aware of their personal biases.

Finally, implementing diversity management can give companies a competitive advantage in areas such as problem solving, corporate image, and marketing. The challenge of diversity management is to break the harmful cycle that equates cultural difference with social/economic disadvantages. Therefore, although the emphasis on the business advantage of diversity management is probably a good motivator for companies to enact diversity programs, it does not mean that moral and ethical missions should be neglected or overlooked. To overcome these potential limitations, diversity management has to focus on both enhancing profitability and fostering social justice. Managing diversity is not just a social, moral or conscience issue as it affects directly the performance and results of the organizations. Managing diversity means acknowledging people's differences and recognizing these differences as valuable; it enhances good management practices by preventing discrimination and promoting inclusiveness.

A diverse workforce is a reflection of a changing world and marketplace. Diverse work teams bring high value to organizations. Respecting individual differences will benefit the workplace by creating a competitive edge and increasing work productivity. Diversity management benefits associates by creating a fair and safe environment where everyone has access to opportunities and challenges. Management tools in a diverse workforce should be used to educate everyone about diversity and its issues, including laws and regulations.

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