

## WORKFORCE DIVERSITY: IMPACT ON ORGANISATION ENVIRONMENT

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### ABSTRACT

*Change is the law of nature. This is a universal fact that if a person does not change according to time, his survival will be quite difficult. The same is the case in respect of the corporate world in the present era of globalisation, because this affords new avenues and also enables to keep pace with the international competition and the technological advancements. However, in the present scenario of globalisation, this can only be possible with the Workforce Diversity so as to acquire and utilize the variety of talents in a proper value system beyond the boundaries of race, religion, gender, income, geography and other. Workforce diversity consisting individuals with demographical and psychological profiles is certainly a very useful asset for the organisation. Diversity represents the multitude of individual differences that exist among people. At the same time, the diversity also affords multiple talents among the people of diverse backgrounds. It directly affects the culture and traditions of the organization. However, it is quite difficult for the organisation to manage the diversified people at a single platform for achieving their desired targets with least possible complications and problems. Managing diversity entails enabling people to perform with their utmost potential and zeal. The concept of workforce diversity is based on the assumption that everyone in the organisation, including the individuals who are not members of the dominant group of the workers must assimilate and interact with each other towards the common objectives of the organisation in such a manner that their diversity may prove to be an asset rather than an obstacle for the organisation. Managing workforce diversity is, therefore, the most challenging task for the managers.*

**KEYWORDS:** Diversity, Workforce Diversity, Diversity and Economic Facts

### INTRODUCTION

*'A lot of different flowers make a bouquet.'* This statement reflects if an organization wants to achieve success in actual manner in the competitive world so it is necessary to focus on diversity in right manner yet it can grow in every field with using of synergy power of their all employees. The key issue of firms' economic success is efficient management of human resources. The totality of employees having different values, customs, knowledge & in the other senses every individual is unique, so it is very difficult for an organisation to collect them and performing effectively. But for beating the competitors and enjoying high market share, it is compulsory to acquire talent from market and retain them.

Diversity not only reflects the culture differences, but it's having different dimensions. Basically the diversity dimensions categories into two parts: primary dimensions of diversity & secondary dimension of diversity. In the

primary dimensions age, gender, sexual orientation and others, are included. These primary dimensions are used to differentiate individuals to others. But in the secondary dimensions religion, education, geographical location, income etc, are covered which are not easily encountered within first time.

Diversity is source to increase core competence of organisation, because many mind & hearts having more creativity rather than one mind & heart. But like a coin diversity also creates some problems and challenges at front of organization. The main challenge is to manage the different people in single place with same environment. But where it having danger for organization in other it is very beneficial; it can create problems and other side create a better solutions.

### **Background**

First time United States realised the need to promote workplace diversity by President John F. Kennedy and putting forward the thought that employment should be given on fair basis not on discrimination of any sort. Workforce diversity promotes equal employment chances for everybody irrespective of age, gender, nationality or any other form of discrimination. It is now need of the hour to became aware about the importance of managing diversity in the organizations. Organizations will grow with the efficient management of diversity because it enhances the level of productivity which gives an competitive edge above the competitors.

### **DIVERSITY**

Diversity basically includes acceptance and respect (Managing Workplace Diversity: Issues and Challenges, Harold Andrew Patrick<sup>1</sup> and Vincent Raj Kumar). It means to understand the uniqueness of each individual, and recognizing our individual differences. Diversity is defined as “those qualities of individuals that are different from our own and outside the other group to which we belong, yet present in other individuals and groups.” Diversity is a set of conscious human practices that involve integration of the cultural and environment factors and with the understanding of mutual respect for differences among the employees of the organizations. The meaning of diversity within the workplace is not limited to those attributes which are observed but also include invisible characteristics such as differences in educational background, creativity, comprehension, learning style, and problem-solving ability (Nafukho et al., 2011). Multiple categories of diversity within the workplace may influence individual, group and organizational performance and processes (van Knippenberg and Schippers, 2007).

### **Diversity Management**

Diversity management is a process through which we can manage the similarities and dissimilarities among the employees of an organization under one roof and it leads to high performance work environment where each and every employees strive for excellence. If diversity management is effective in organization then all individuals can reach their potential and maximize their contributions to an organization’s strategic goals and objectives. It is seen universally that management of diversity can have a positive spill over effect in the workplace.

For the high level diversity strategy the biggest driver is creativity, cultural, and communicative skills of an individual and use of those skills to improve company policies, customer experiences and increase productivity and satisfaction level of customers. Executives who are looking after the diversity issues should have a open mind as the job requires them to come out of their comfort zone and experience things that they may not be familiar with or drawn

to (Rodriguez,2006). Diversity is defined as “any dimension that can be used to differentiate groups and people from one another” (Giovannini, 2004, p. 22)

### Dimensions of Diversity

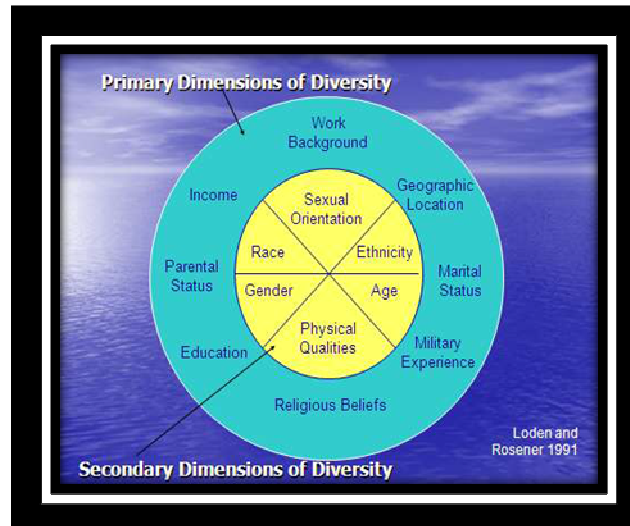


Figure 1: (Various Diversity According to Loden and Rosener 1991)

## WORKFORCE DIVERSITY

Workforce means totality of all individuals (employees and labour) which works in an organization and Diversity means the differentiation between all individual in any parameter.

In the organizations, everyone comes from a different background with different experiences that led to different results. One of the benefits of diversity is uniqueness of human beings in various fields which provides perfection and effectiveness in tasks assigned to them as various talent comes under one roof. Every individual bring a different set of skills, knowledge, and experience that makes up the diversity of us all. It's in this diversity that we can flourish as a company.

Diversity provides a different and unique working culture with different values. People having different skills and varied experiences are profitable for the organization's growth. From the diversity company has more variety to increase productivity through right utilisation of the employee's skills, knowledge and talent to getting competitive advantage from outside. Any company can flourish when it has more resources. The more it has, the better.

For finding optimum solutions with in less time limits, diversity is the better option for a company because total workforce having different attributes or traits to others. Diversity improves the quality in work because it's emphasis on creativity not only variety. The creativity is sparked by those taking part in the setting of diversity itself, not only supplying their own unique slice of diversity but discovering inspiration from others around them. This creates a brand new diversity in itself and adds to that which is already diverse.

### Workforce Diversity and Firm Productivity

Some of the economic forces show relationship between workforce diversity and productivity. As highlighted by these forces may derive from: (Alesina and La Ferrara (2005))

- Individual preferences (either people may attribute positive (negative) utility to the well-being of members of their own group (of other groups) or they may value diversity as a social good),
- Individual strategies (even when people have no taste for or against diversity, it may be more efficient, notably in the presence of market imperfections, to interact preferably with members of one's own group), or the characteristics of the
- Production function (i.e. the complementarity in people's skills).

The production function approach follows by Lazear in 1999 and a theoretical model is developed in which a multinational global firm presented in a form of multi-cultural diverse team. According to Lazear, the labour diversity is directly related to benefits of firm performance; because if skills of labour and all relative information sets are group-specific (culture-specific) then it is more beneficial for firm.

### Some Dimensions of Workforce Diversity

**Personality:** Personality defines the stable set of inner and outer characteristics of an individual's identity. The personality traits are different and it varies from person to person. An individual has different personality traits according to situation. Basically, the personality traits are e-classified into two types, positive personality trait and Negative trait. Some of these traits could be classified in the below table as follows:

**Table 1: Some Personality Traits of a Diverse Workforce (Yourdictionary.Com)**

Positive Traits	Negative Traits
Patience	Laziness
Honesty	Unfriendly
Reliable	Self-centered
Intelligent	Rude
Trusting	Obnoxious

### PERSONALITY TRAITS

- **Internal Dimensions:** These features are strongly influenced by people's perceptions, expectations and attitudes towards other people. It includes such as gender, sexual orientation, ethnicity, age, physical ability and race.
- **External Dimensions:** These traits are controllable; but it can be controlled up to a limit. Its controllable level is certain. It includes income, personal and recreational habits, religion, education, work experience, appearance, marital status, and geographic location.
- **Organizational Dimensions:** These dimensions are very beneficial for the growth of organisation itself. These play vital role for organization success and failure. They include management status, Unit or division, work field, seniority, union affiliation and management status.

### Advantages and Disadvantages of Diversity Management

To manage workforce diversity, there are some advantages and disadvantages. Organisations try to do their SWOT analysis . Below are some of them: (David Ingram 2013)

### Advantages

- High level of Productivity.
- Exchange of varieties of ideas and Team work.
- Learning and growth.
- Effective Communication.
- Improve Customer service and increase satisfaction level.
- Diverse Experience.

### Disadvantages

- High Cost of Diversity Management.
- Discrimination in part of manager & employees both.
- Negative impact of communication
- Incorporation issues.

## ECONOMY & DIVERSITY

*“A Diverse Workforce Is Integral to a Strong Economy”*

### Economic Facts of Diversity in the Workplace

- **A Diverse Workforce Generates Economic Growth;** Not only a single nation, but all nations in whole world are wanting to grow human capital substantially as more women, racial and ethnic minorities, and individuals enter the workforce. A McKinsey & Company study, for example, found that the increase in women’s overall share of labor in the United States—women went from holding 37 percent of all jobs to 47 percent over the past 40 years—has accounted for about a quarter of current GDP.
- **A Diverse Workforce Can Attract A Greater Share of the Consumer Market:** If individuals those having different background and experiences work together, then businesses can more effectively understand the requirement of market to consumers from different aspects like racial and ethnic backgrounds, women, and others. It is no surprise, that diversifying the workplace helps businesses increase their market share.
- **Recruiting from a Diverse Pool of Candidates Means a More Qualified Workforce:** When companies recruit more diversified individuals from market than a talented set of employees, automatically their work force’s quality gets increased. They hire the best in the labour market. In the competitive scenario, every company wants to lead and take competitive advantage to increase competitive economy; where talent is crucial to improving the bottom line, pooling from the largest and most diverse set of candidates is increasingly necessary to succeed in the market.
- **A Diverse Workforce Helps Avoid Employee Turnover Costs:** The main reason of a business failure is its higher turnover rates. Having a diverse and discrimination-free work environment helps businesses avoid

these costs.

- **Diverse Workforce - More Creative and Innovative:** Employees from different qualifications, backgrounds, race, nation and experiences are master key to open the lock of problem in effective way on the job
- **Businesses Need to Adapt to Changes to be Competitive in the Economic Market:** Census data tell that;” there will be no racial or ethnic majority in our country in 2050. Further, between 2000 and 2050, new immigrants and their children will account for 83 % of the growth in the working-age population. Our economy will grow and benefit from these changing demographics if businesses commit to meeting the needs of diverse communities as workers and consumers” (USA).
- **Diversity is a Key of Entrepreneurialism:** Entrepreneurs who handle the concept of diversity well are successful in their business. Today is the era of cut-throat competition and it is essential for an entrepreneur to manage the various drivers of diversity as it leads to productivity and growth.
- **Diversity in Business Ownership, is Key to Moving Economy Forward:** With the advancement of MNCs in the country, it is necessary to work with people of diverse origin as it helps in boosting employment which leads to growth of the economy. Latina-owned businesses have total receipts of \$55.7 billion since 2002.
- **Diversity Create a Competitive Economy in a Globalized World:** In the globalised competitive world, everyone hire talent not from limited criteria, but from diversified force to continue the growth of the labour force. The great opportunity for United State is increasing diversity which helps to become more competitive in the global economy by capitalizing on the unique talents and contributions that diverse communities.
- **Diversity in the Boardroom is Needed to Leverage a Company’s Full Potential:** By 2050, diversity in the boardroom will be an inseperable concept. Board directors with wide expertise and varied experiences will surely make companies more profitable.

## CONCLUSIONS

Today everyone has a different understanding of meaning of the word “diversity”, because it is not only about differences, but about the similarities between things as well. Life of an organisation totally depends on its workforce. A diverse organization comes with many opportunities and challenges, but if diverse organizations are not organised or coordinated properly, then the unhealthy environment is created in organisation which effects the functioning and performance of organization (Jauhari & Singh, 2013). The key of economic success is to adopt change. The diversified workforce enhances firm performance, because every individual is having different and unique feature which promotes more productivity in performance for facing keen competition. In the era of globalisation, diversity is the reality of an organization which is closely linked to the competitive strategies. It is the way for manager to attract best talent and make more money not for business concern, but for social concern also. Workforce diversity is not a heavy issue; it is a game of black and white; means to attract best talent and utilise it properly.

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