

# DIVERSITY IN



# ORGANIZATIONS

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**Organizations are finding that to be successful in a competitive global environment, the traditional model of mass production oriented and “command & control” management no longer suffices. Organizations need to be more responsive to the rapidly changing environment..**

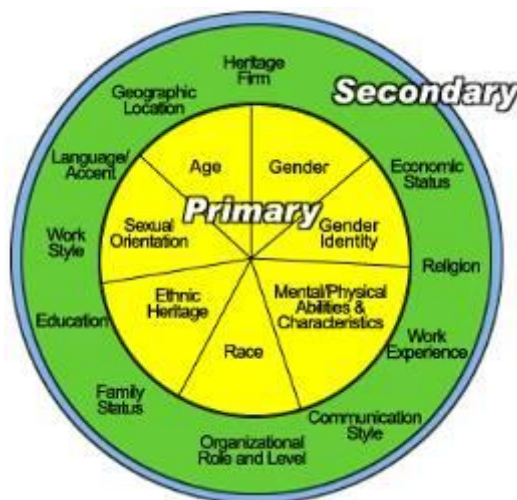
To do this organizations are increasingly relying on teams composed of members from several departments, even other organizations and from any part of the world. At the same time changing **workforce demographics** (e.g., Johnston & Packer, 1987) are forcing organizations to review and revise long held policies and beliefs encompassing the people who are part of and work in these organizations. The new organizational teams combined with the composition of the changing workforce are bringing more and more people from diverse backgrounds together. The backgrounds are diverse based on gender, race, ethnicity, religion, national origin, age, area of expertise, and many other personal characteristics).

Many organizations today, are utilizing inter-department teams to pursue new business strategies, which emphasize quality, innovation, and speed. Work teams often bring together employees from previously segregated areas of the company; creating occupational and knowledge based diversity. For example, Research and Design teams bring together experts with a variety of knowledge backgrounds with the expectation that once combined they will produce more creative thinking and innovation.

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Teams also bring together employees from two or more organizations together. For example, to improve quality of their finished products, manufacturers may include their suppliers as a part of their product design teams. And to ensure that the product is user friendly or appealing to the customers, the end users may be included in the team. Such teams must develop a mode of operating that fits with the differing organizational cultures in which the sub-units are embedded (Kanter, 1989). Finally as trade barriers are removed and competition intensifies, many companies are beginning to expand their operations to take advantage of foreign labour and consumer markets. The presence of international affiliations is likely to lead eventually to the formation of teams of people with diverse cultural backgrounds, including management teams, design teams, operations teams and marketing teams

**Women** are entering the workforce in growing numbers and the workforce is becoming more and more gender balanced. According to U.S Government statistics, as of 1991, **46 percent of the workforce was female.**



Furthermore gender -based segregation in the workforce is slowly declining. Women currently represent 41 percent of the executive, administrative, and managerial workforce, although only **2.6 percent of the Fortune 500 companies' corporate officers are women** and only a handful of women have managed to reach the top. Consequently, all but the highest-level teams in organizations are likely to be characterized by gender diversity.

A poll of 241 Fortune 1000 CEO's found that nearly 80 percent said that there were internal barriers that kept capable women from reaching the top. Until companies remove these barriers, they will not be able to fully utilize the talents of nearly half the employees in their workforce.

In 1987, the U.S department of Labour projected rapid increase in the cultural diversity of the U.S labor supply (Johnston & Packer, 1987). Only 58 percent of the new entrants into the workforce were expected to come from the "majority" white American-born population. The remaining 42 percent were expected to be mostly **immigrants (22 percent)**, followed by approximately African Americans and Hispanic Americans. Despite the fact this is causing a more evolutionary than revolutionary change, the workforce is becoming more diverse.

Around the world, many other countries are facing parallel changes, although the particular ethnicities and nationalities involved differ from one country to the next.

When people with different habits and ways of viewing the world come together in the workplace, misunderstandings inevitably occur as a result of dissimilar expectations and norms.

**Age** is affecting the workplace in two ways. Descriptions of workforce demographics usually emphasize the fact that the average age of the worker is increasing. Additionally the distribution of ages is changing. The shrinking rate of growth in the labour pool in most developed countries is pushing the employers to hire at both extremes of the age distribution, with the result that both student **interns and retirees** are being hired to fill vacant positions (Bolick and Nestleroth, 1988).



Also, many companies many companies now allow the higher education of many younger employees to substitute for the job experiences and previous cohorts of employees had to accrue to be promoted. As a result, relatively young employees are found in higher level jobs. Consequently, within each level of the organizational hierarchy, age diversity is replacing homogeneity associated with traditional age based stratification. Employees of greatly different ages and generations are now finding themselves working side by side. These different generations differ in their values and attitudes about work, their physical and mental functioning, and the every day concerns that reflect stages in the life cycle.

Diversity influences the organization both in the short term and in the long term. Presently, diversity is simply a fact of life that influences the recruitment, retention, motivation and performance of today's employees. In the longer term, effectively working through diversity is an imperative for success in a highly competitive and global environment. Short term and long term responses to diversity must address a few challenges.

Some of the "top the mind" challenges that are surfacing are those related to availability of skills, fairness in employment & equity, and cultural/ organizational synergy.

Predictions about the future work force indicate that the **skill levels** needed in jobs will surpass the skill levels of the average worker. In effect, the supply of skills will no longer be abundant relative to demand. In the past, organizations had the choice of not hiring employees who would not meet the norms or could not comply with standard operating procedures. There were excuses available in terms of punishing or firing those who were lazy or were regular absentees.

These practices controlled the diversity of the work force; selective recruitment and selection practices were used and those who could not make it were readily replaced with those who would conform. But as qualified employees become scarce, employers can no longer dictate the terms of employment. Now they must adapt themselves to employees who say “This is when and where the work must be available for me to do it, and this is the way I must be treated if you want me to stay”.



Flexible Human Resource policies and practices help employers solve the availability issue and inevitably bring them face to face with a second challenge: ensuring that all employees are treated fairly. What is meant by fairness is no longer a simple issue. These practices are now led by legal concerns. The employer’s fairness in treating or hiring of employees is judged by judicial machinery, which uses technical standards to do so. In the present context fairness has come to mean more than just equal treatment. Now managers are required to treat individuals in a way best suited to those individuals (i.e. differently), so that employees perceive that they are treated fairly.

The third challenge is unleashing the potential of diverse teams. Work teams can be both productive and more creative than the individuals working alone. But the same social forces that drive people to achieve their fullest potential can push people into unproductive and even destructive behaviour patterns. But there are hardly any theories that suggest why diversity can be both an asset and a liability. Theory and research suggests that the work force may have positive impact on the performance of individuals, teams, and organizations. Two different mechanisms may be used to explain why diversity leads to better performance. The first is based on differences in perspectives and attitudes and the second is based on differences in skills and ability.

Differences in demographic characteristics are associated with differences in experiences, attitudes, and perspectives of team members. These differences allow team members to approach each situation or problem through different information, from different angles, and with different attitudes. Therefore, teams composed of diverse team members should be expected to produce a variety of ideas, alternatives and solutions than teams composed of similar demographic characteristics.

According to the second mechanism, the presence of high-skill and high-ability members within the team raises the performance of the whole team for the team may be able to find the right solution, or select the best alternative and do so at speeds that are required by the organization. The other reason could be that because of a few highly skilled members, the others might be peer pressurized and motivated to do better and develop divergent cognitive processes that they may have not otherwise tried.

In terms of work force demographic diversity, there is evidence that people who are bicultural and bilingual are more able to use divergent thinking and are more flexible in their thinking (Mcleod & Lobel, 1992). Thus performance can be improved because diverse teams add different skills and abilities; and performance may also be improved because diversity stimulates team members to consider more information and more ways of thinking about the information than otherwise.

While differences among organizational and team members may prove useful in the performance of individuals, teams, and organizations, theory and research suggest that diversity has the opposite effect on job attitudes and satisfaction, communication networks, and turnover. Theory and research are based on the assumption that interpersonal similarity is one of the most important determinants of interpersonal attraction (Byrne, 1971), which in turn creates a social and cultural context for relationships among organizational members.

Two theoretical perspectives – **Schneider’s ASA model** and **Pfeffer’s Organizational Demography model** – illustrate the way in which interpersonal context affects organizational behaviour.

The **ASA (Attraction, Selection, and Attrition)** model suggests that organizations evolve toward a state of interpersonal homogeneity in terms of personality, interests, and values. A **similarity - attraction** effect results in people being attracted or seeking membership in organizations with like minded or which they believe to be similar to them.

When current team members select a new member they are more likely to admit who they believe are similar to them. After the selection, during the socialization process, the similarity attraction effect can influence the behaviour of both the parties. More problems arise when and if the perception is shattered when they discover that the match has been unsatisfactory.

It is then that pressures form to encourage dissimilar members to leave the organization. Over a period of time the homogenizing process becomes legitimized in the human resources system which allows only more homogeneity because selection, promotion, and outflow systems ensure the status quo. This homogeneity is manifested by and manifests itself in such areas as the organization's culture and goals.


**Organizational demography**, according to Pfeffer refers to the demographic composition of organizations. This composition influences many behavioural patterns including communications, transfers, promotions, and turnover. Amongst the important factors are those of age, tenure, sex, race, socio-economic background and religion. Sociological and market research studies have reliably established people's attitudes and values are closely related to their demographic characteristics as mentioned earlier.

Although there is similarity in the phenomena and processes implicated in the ASA and Organizational demography models, they come from two different perspectives. Schneider draws from the psychological perspective whereas Pfeffer from a sociological one. Drawing from both these models and research conducted in this area, it has been found that individuals who differ from their teammates in sex and race are more likely to report a lower commitment to their organization (Tsui, Egan, & O'Reilly, 1992).

**Diversity** has long term consequences for **communication networks** within the organization as well. Employees with minority status in terms of ethnicity or gender often feel they face special barriers to informal communication networks (Morrison & Von Gilnow, 1990). Their reports are consistent with studies of communication patterns in organizations, which indicate their demographic diversity is related to lower amount of communication amongst co-workers.

Several studies have also shown that age and tenure diversity decreases organizational commitment and increase turnover. In addition, in top management teams, diversity in terms of college alma mater, curriculum studied, and industry experience is associated with higher rates of turnover. (Jackson, 1991)

It appears from the theory and research cited above, that organizations, as they deal with and change the organization to accommodate diversity, would have a difficult balancing act to perform. On the one hand organizations might be encouraged to take the full advantage of the potential benefits of the growing diversity of the workforce by ensuring that teams are composed of dissimilar employees. However, organizations that make these changes without regard to the potential detrimental effects of diversity may soon notice lower satisfaction, communication problems, and turnover, unless they undertake remedial actions to solve these problems.

Where do we go from here? Although social and behavioural scientists continue to research the influence of diversity on teams, and companies continue to develop and implement interventions, there has been little systematic evaluation to determine if the diversity interventions taken in companies are having the desired effect of improving productivity while maintaining desired level of job attitudes and satisfaction, communication, and turnover. Nevertheless, management of diversity will continue to effect organizations in both positive and detrimental ways, and will have to be handled with responsibility and gravity of thought it deserves. 

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