LITERATURE REVIEW ON WORKFORCE DIVERSITY, EMPLOYEE PERFORMANCE AND ORGANIZATIONAL GOALS: A CONCEPT PAPER

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ABSTRACT

This study is undertaken to examine the underlining concept of workforce diversity and how it relates to organizational performance. This is important to establish the underpinning variables that give rise to underachieving or overachieving of employee performance. An examination of literature shows little known fact about the relationship of workforce diversity, their needs, motivation and reservations concerning organizational performance. This study contributes to organizational culture’s literature by showing workforce diversity and organizational goals are an important facet that binds the employees’ involvement thus increasing commitment.

Keywords: Diversity; social diversity; functional diversity; innovation, performance; diversity management.
INTRODUCTION:

The concept of workforce diversity and organizational performance has much been debated in the last five decades. Workforce diversity and organizational culture has been frequently said to be responsible for all manner of positive and negative ills. (Shani and Lau, 2005). A better understanding of the concept would allow employees in organizations to solve problems and improve performance. Diversity issues are now considered important and are projected to become even more important in the future due to increasing differences in the population of many countries. Companies need to focus on diversity and look for ways to become totally inclusive organizations because diversity has the potential of yielding greater productivity and competitive advantages. Managing and valuing diversity is a key component of effective people management, which can improve workplace productivity. Unmanaged diversity in the workplace might become an obstacle for achieving organizational goals. Therefore diversity can be perceived as a “double-edged sword”.

In an academic context, diversity encompasses different dimensions including origin, race, gender, ethnic group, language, color, attitude, values, belief, and religion (Rau and Hyland, 2003). A similar list provided by Kearney et al., (2009) relates diversity tonormities including; women, people with disability and aged people etc.

LITERATURE REVIEW:

EMPLOYEE PERFORMANCE:

According to Hasan, Muhammad, Imran (2009) study, conflict is a state in which two or more parties have incompatible objectives and in which their perception and behavior is appropriate with that incompatibility (Mack, 1965). Conflict is a foreseeable authenticity. It may not fade away nor ignored (Michael and Wayne, 2001; Medina, Munduate, Dorado, Martinez and Guerra, 2005). It is found in personal, group or organizational interaction. Conflict is either “good or bad” and “sinful or immoral”. It assumes significance, once it is handled intelligently. When conflict is handled unskillfully and badly, it becomes detrimental and when it is handled morally and creatively, it ceases to be frightening and incapacitated, and results in growth, maturity, and empowerment for individual, group and organization.

Conflict occurs due to difference of perception, ideas, behaviors, interest, attitudes, religious differences, political differences and unjustified distribution of national resources. Conflict is not always negative. It depends how the conflict is handled. If handled properly, it can becomesource of development; otherwise it creates hostilities (Kigali, 2006). So it affects quality, performance and profit of organization. Conflict is essential for life and dynamic for team performance (Medina et al., 2005). When managers ignore the clash between the co-workers, those clashes will be converted into personal and emotional conflict in the long run and therefore damages the organizational culture, worker morale and overall reduction of organizational performance.

A perception of interpersonal incompatibility is labeled as relationship conflict and it typically includes tension, annoyance and animosity among group members (Hasan, Muhammad and Imran, 2009; Jehn, 1995; Simons, Peterson, 2000). It is a related to difference of relationship between team members. It is infertile, difficult to manage and likely to leave people with more pressures and less ability to manage them. Normally, it occurs between frontline workers and their supervisors. It can reduce creativity, innovation, quality, and performance of employees and organizations (Jehn, 1994, 1995; Amason, 1996; De Dreu and Van de, 1997; Friedman, Curral and Tsai, 2000; Michael et al., 2001; Passos and Caetano, 2005). Relationship conflict also relates to conflicts about personal taste, political preferences, values, and interpersonal style (DeDreu and Weingart, 2003). Relationship conflict negatively affects on the team performance and it breaks personal and professional relations.

Besides, it also produces tension between team members (Hackman and Morris, 1975; Wall and Callister, 1995). Once relationship conflict erupts, each individual’s displays varying difference. In case conflict continues, it results in nervousness, rivalry, stress and discontent, which results in reduction in performance of employees in organization (Hasan, Muhammad and Imran, 2009; Pondy, 1967). Divergence of thoughts, action and opinion results in sorting out flimsy occurrences. It depletes energy of people to resolve conflict or to counter its effect rather than spending time in achievement of organizational objectives (Simons and Peterson, 2000). However, according to Jonathan, David and Aparna (2004), the past research on workplace diversity suggests that diversity can be either detrimental or beneficial for workgroup performance (Williams and O’Reilly, 1998). For instance, workgroup diversity is positively associated with creativity and problem-solving skills (Bantel and Jackson, 1989; Jehn, Northcraft, and Neale, 1999) and negatively related with cohesiveness and cooperation (Pelled, Eisenhardt, & Xin, 1999).

Goodworkforce diversity practices in the area of human resources are believed to enhance employee and organizational performance (Adler, 1986). Managing diversity involves leveraging and using the cultural differences in people's skills, ideas and creativity to contribute to a common goal, and doing it in a way that gives the organization a competitive edge (Morrison, 1992). There is a strong correlation between good diversity practices and profitability based on recent studies. (Hayles and Mendez, 1997). Diversity allows increased creativity, a wider range of perspectives, better problem definition, more alternatives and better solutions (Adler, 1986). It is also argued that, with decreasing homogeneity in the workforce, it has become crucial for organizations to develop equal opportunities and diversity management policies to maintain the skills of employees with diverse backgrounds in order to protect their competitive position in the marketplace (Gilbert and Ivancevich, 2000; Shaw 1993).
GENDER:

Gender-based inequities in organizations are reinforced and justified by stereotypes and biases that describe positive characteristics and therefore higher status to the males (Leonard and Levine, 2003; Nkomo, 1992; Heilman et al., 1989). In other words, organizations prefer to hire male workers compared with women because they are perceived to have better performance and ability to manage their jobs. Besides, according to Brown, 2008; Carr-Ruffino, 2003, significant amount of workforce diversity remains ineffective if gender issues are not first recognized and managed. The research and study also state that the most constitutional challenge is overcoming the thought that woman are not equal to man. Kossek, Lobel, and Brown (2005) state only 54% of working-age women are in the workforce worldwide compared to 80% of men. Furthermore, women continue to have the upper hand on the “invisible care economy”, which relates to care giving and domestic work.

However, according to Kochan, Bezrukova, Ely, Jackson, Joshi, Jehn, Leonard, Levine, and Thomas (2002), providing an equal job opportunity to women is vital to improve performance of employees in an organization. These societal mandates eliminated formal policies that discriminated against certain classes of workers and raised the costs to organizations that failed to implement fair employment practices. Discrimination on hiring workers based on gender has resulted in a firm’s hiring workers who are paid higher wages than alternative workers, but are no more productive (Barrington and Troke, 2001; Becker, 1971). Moreover, Wentling and Palma Rivas (2000) study states that organizations with diverse workforce will provide superior services because they can understand customers better (Kundu, 2003). The research from Kundu, 2003; Mueller, 1998, states that hiring women, minorities, and others will help organization to tap niche markets.

Based on the research from Joshi and Jackson (2003), a positive relationship was found between team gender diversity and intra-team cooperation, but only within regions that were relatively diverse in terms of gender. Furthermore, team gender diversity was positively related to team performance, but again this was true only within regions characterized by relatively high gender diversity. Overall, regions with greater gender diversity at managerial as well as non-management levels were more cooperative. In comparison, Jayne and Dipboye (2004) argued that gender diversity does not necessarily bring positive outcome such as increased motivation, improved talents, build commitment, and decline conflict. The results from the studies conclude that benefits from diversity are contingent on situation such as the organization strategy, culture, environment as well as as people and the organization. Other than that, giving more adequate training to build commitment among employees is necessary in the surface level.

Consequently, high cost of time and money are spent. Last but not least, the argument that greater diversity is associated with lower quality because it places lower performing people in positions for which they are not suited (Herring, 2005; Rothman, Lispet, and Nevitte, 2003). Finally, Williams and O’Reilly (1998) suggest that the most empirical evidence suggests that diversity is most likely to slow down group functioning (Herring, 2005). In short, critics of the diversity model suggest that group differences result in conflict and its attendant costs. For these reasons, skeptics of the business case for diversity model have questioned the real impact of diversity programs on the bottom line of business organization (Herring, 2005).

AGE:

Growing age diversity has become part of many organizations (Florian Kunze, Stephen Boehm and Heike Bruch, 2009). There are two major theories which explain this relationship; the social identity and self-categorization. Individuals are suggested to classify themselves into certain groups on the basis of dimensions that are personally relevant for them according to social identity and self-categorization theory (Kunze, Boehm and Bruch, 2009; Tajfel and Turner, 1986). As a result, individuals tend to favor members of their own group at the expenses of the other groups, against which they may discriminate. Consequently, if the employees’ age or generational belonging is regarded as a relevant criterion for distinction, a differentiation between age groups within an organization may emerge, fostering emotional conflicts and age-based discrimination between the age groups (Kunze et al., 2009). Gelner and Stephen (2009) summarized that age heterogeneity negatively affects productivity concerns differences in the values in and preferences of distinct age groups. It has been shown that productivity diminishing conflicts are particularly frequent in the presence of “generation gaps” (Gelner and Stephen, 2009; Lau, Murnighan, 2005; Pitcher, Smith 2001). However, Gelner and Stephen (2009) also include that age heterogeneity may be placed in proximity with its potential benefits. Complimentary effects emerge when collaboration in a group enables individuals to become more productive than when working on their own. Hence, the benefits of age heterogeneity are based on additional productivity effects that arise due to interaction among individuals of different ages with differing skill profiles, differing perspectives and perhaps also different personality traits. Last but not least, according to Brown (2008), increased diversity may also provide many challenges for HR management, as the workforce ages, for instance, employers will have to struggle with higher healthcare costs and pension contributions. Employees will need to accept that benefits are in sync with the vision of the organization; thus, their commitment will increase substantially.

ETHNICITY:

The growth of a multicultural workforce was the focus of the 90’s and is gaining more momentum into the new era (Zgourides, Johnson and Watson (2002); Milliken and Martins, 1996; Nemetz and Christensen, 1996). Along with the increase in diversity has been an increase in the use of work teams in general, with intention of utilizing greater
participation and synergy to improve and increase both employee satisfaction and business performance. Even though the nature of workforce composition is rapidly becoming more mixed in terms of gender, age, ethnicity, parallel interest has been increasing about the impact of such diversity in our educational institutions (Zgourides et al., 2002). The multicultural increase in businesses is due to multicultural increase of our society and, thus, also pervades familial, educational, and religious circles.

According to Zgourides et al. (2002), the differences in cultural characteristics were predictive of team scores, which can be interpreted as the advantage of having ethnically different views for team problem-solving resulted in increased team performance after the teams learned how to utilize these differences to their benefit. Timmermans, Ostergaard, and Kristinsson (2011) found that innovation is an interactive process that often involves communication and interaction among employees in a firm and draws on their different qualities from all levels of the organization. Diversity in ascribed characteristics, such as ethnic background, nationality, gender, and age can have negative affective consequences for the firm. Members of the minority group can experience less job satisfaction, lack of commitment, problems with identity, perceived discrimination, etc. (Timmermans et al., 2011; Milikenand Martins, 1996; Harrison and Klein, 2007). However, when minority group grows, some of the problems disappear. According to Timmermans et al., (2011) study, ethnicity can be used as a proxy for cultural background and diversity in ethnicity can be expected to be positive for innovative performance, since it broadens the viewpoints and perspectives in the firm (Richard, 2000). Moreover, based on Timmermans et al. (2011) study, some levels of diversity in ethnicity might be positive associated with innovation, high degree of diversity in ethnicity might be negative since it can create conflict and cliques due to social categorization (Dahlin, 2005).

EDUCATION BACKGROUND:

Tracy and David (2011) found that employers commonly reject employing employees whose training, experience, or education is judged to be inadequate. On the other hand, this meant that education background is important to employees. Employees cannot find a job and perform well without adequate education background. Besides that, Daniel (2009) also found that various levels and types of education might result in different mobility rates. For example, the occupations are available to those with working experience but does not possess a certified tertiary paper may differ from those who possess such education level. Mobility may differ across these occupations, causing the mobility of individuals with working experience to differ from those with non-working experience but possess a degree certificate. According to Daniel (2009) study, an individual will be more productive depending on the level of their education. The more education the individual worker received, the more productive the worker will be. Moretti (2004) explored this idea and found that cities with higher percentage of tertiary education level workers will enable individuals of educational level to have higher wages. Other researchers have found an increase in civic participation (Dee, 2004) or a decrease in crime rates (Lochner and Moretti, 2004) resulting from more education. Glaeser, Scheinkman and Shleifer (1995) also found that a greater proportion of educated workers in a city translate to higher economic growth. However, Zeng, Zhou, and Han (2009) found that those high-level managers with higher education and the staff whose length of service is 11 to 15 years shows the unusual decline in work performance because they have not found the suitable development space, so temporary disengagement happens.

CONCLUSION:

A diverse workforce is a reflection of a changing world and marketplace. In the laboratory research diverse work teams bring high value to organizations and 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 the same opportunities and challenges. Management tools in a diverse workforce should be used to educate everyone about diversity and its issues, including laws and regulations. Most workplaces are made up of diverse cultures, so organizations need to learn how to adapt to be successful.

REFERENCES:


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