Chapter 2: Literature Review: Workforce Diversity and Management Strategies

A literature review is an account of what has been published on a topic by accredited scholars and researchers. Usually it is a part of the introduction to an essay, research report, or thesis. It is not just a descriptive list of the material available, or a set of summaries. Arlene Fink (2009): Conducting Research Literature Reviews” defined that “the process of reading, analyzing, evaluating, and summarizing scholarly materials about a specific topic”. The results of a literature review may be compiled in a report or they may serve as part of a research article, thesis, or grant proposal. The research topic is “Workforce Diversity Management Strategies under Present Global Scenario in Leading Car Manufacturing Companies in Indian Automobile Sector“. The literature on workforce diversity contains two main bodies of work. One area focuses on the development of conceptual frameworks for understanding diversity, opportunities and challenges, its impact on organisational behaviour and performance (Jackson, Joshi, & Eisenhardt, 2003; Webber & Donahue, 2001). The other area focuses on workforce diversity management strategies and organisation overall effectiveness (Mor-Barak, 2005).

Keywords:

The keywords related to the main topics are:

Workforce diversity, challenges and opportunities of diversity, strategies for managing diversity, diversity management and its impacts on organisation effectiveness.

The literatures of experts relating to these topics have been reviewed and discussed below:

Workforce Diversity at the Workplace

2. 1. Introduction

Due to globalisation the multinational corporations are doing their business across the world in one or other way. They acquire the human resource from home country, host, and third countries also. The composition of the workforce is highly diverse due to their cultural backgrounds. The literature review showed that although there are numerous ways in which diversity has been defined, there is no definition that fully includes all the characteristics that a diverse population may bring to the workplace. It also showed that there are many forces that are driving diversity issues in organisations.
With the increased globalisation and competition the work force in all industrialized countries has become increasingly heterogeneous. Advances in technology and the advent of a global economy have brought the people of the world at the same place closer to each other. Businesses, educational systems and other entities are investigating ways to better serve their constituents and to attract and retain the best and most qualified workers. It has become a challenge for modern organisations to efficiently manage such a diverse work force.

The world’s increasing globalisation 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 organisations need diversity to become more creative and open to change. Maximizing and capitalizing on workplace diversity has become an important issue for management today. According to a study facilitated by the Society for Human Resource Management (SHRM) more than 75% of surveyed organisations have engaged in some type of diversity activity or initiative.

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 organisations 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 organisational goals. Therefore diversity can be perceived as a “double-edged sword”.

Over the last few years, it is getting clearer that organisations commence to pursue workforce diversity as a competitive necessity. It is not only to avoid the heavy costs of litigation (often time involve Equal Employment Opportunity (EEO) legislation), but to value and pursue workforce diversity well so that organisations could attract, retain and encourage the contribution from a diverse population of employees to serve diverse range of customers, work effectively with business partners and suppliers, and satisfy shareholders. This is in light with growing multiculturalism of workforce and market places. The new concept of diversity goes well beyond the traditional EEO.
2. 2. Diversity Concept and Theory

Workforce diversity is a complex, controversial, and political phenomena (Janssens and 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 (Nkomo, 1995). Scholars favourably disposed to a narrow definition argue that the concept of diversity should be restricted to specific cultural categories such as race and gender (Cross, Katz, Miller & Seashore, 1994). Some opine that diversity based on race, ethnicity and gender cannot be understood in the same way as diversity based on organisational 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 organisations (Cross et al., 1994).

The concept of diversity defines differences among people and also their similarities. Diversity can be described as having four layers (Kreitner, Robert; Kinick Angelo 2001).

- Personality: This describes the stable set of characteristics that establishes a person’s identity.
- Internal dimensions: These include factors such as gender, sexual orientation, ethnicity, age, physical ability and race
- External dimensions: They are factors such as income, personal and recreational habits, religion, education, work experience, appearance, marital status, and geographic location.
- Organisational dimensions: These dimensions are relevant or significant to the organisation itself. They include factors such as management status, unit or division, work field, seniority, union affiliation and management status.

Jackson May and Whitney, 1995, argued 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, organisational function, tenure and personality. They contend that an individual has multiple identities and that the manifold dimensions cannot be isolated in an organisational setting. Apart from 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 programmes, as
it will be more acceptable if it is all inclusive i.e. not only oriented towards specific demographic groups of employees (Thomas, 1991).

McGath, Berdahl and 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 organisation such as one’s hierarchical position, professional domain, departmental affiliation and seniority.

Diversity is generally defined as acknowledging, understanding, accepting, valuing and celebrating differences among people with respect to age, class, and ethnicity, and gender, physical & mental ability. Over the past decade the work force in industrialized countries has become increasingly heterogeneous. Workforce diversity think to the ways that people vary that can affect a task or relationship within an firm such as age, gender, race, education, religion, and culture. It is the exploration of these differences in a safe, positive, and nurturing environment.


Graen (2003) cites sources of varied as political favouritism, family connections, educational advantage, friendships, and Leader Member Exchange partnering skills including performance on team skills. Morrison, (1992): “The New Leaders: Guideline on Leadership Diversity in America” categorize diversity in four levels (1) diversity as racial/ethnic/sexual balance;(2) diversity as understanding the cultures;(3) diversity as culturally divergent values and (4) varied as broadly inclusive (cultural, sub cultural, and individual). Greenberg (2004)
also explains workplace diversity think to the variation of different between organisation’s people involving gender, race, ethics, age, personality, cognitive style, tenure, function of organisation, education, background and more.

These minorities are considered include any person who is not a white-male. Women today, who currently make up less than half the work force, are expected to fill 65 percent of the jobs created during this decade according to Jackson, Joshi, and Erhardt (2003): “Research on team and organisational diversity: SWOT analysis and implications”. The definition of diversity is defined by Jackson et al. (1995) as the presence of differences between members of a social unit at present, the diversity of workforce can be more classified in term of race, gender, ethics, and work behaviours as noted by Rosen and Lovelace (1991).

Ram Kumar B. (2012) stated that “diversity is a very wide term and bit difficult to define it. It includes main elements are like sex, age, race, religion, region, work style, experience, education, values, physical and technical competencies, trust, beliefs, traditions and customs, mental caliber, personality, experiences, affiliation, economic development, per capita income, marital status, knowledge, preference and tastes for products, area of specialization etc. In Workforce America Managing Employee Diversity as a Vital Resource, diversity is defined as “otherness or those human qualities that are different from our own and outside the groups, to which we belong, yet present in other individuals and groups”.

2. 3. Opportunities and Challenges of Diversity

Due to globalisation the socio-cultural diversity takes place. The companies are moving from one country to another for business. To perform the function in different markets they have to hire manpower from different countries. So the workforce employed is with the diversified background. It cannot be avoided. This provides certain opportunities and challenges for the management. These are explained below:

(a) Opportunities of Diversity

- Higher Creativity in Decision Making
McLeod, P, Lobel, S, and Cox, T. H. (1996) “Ethnic diversity and creativity in small group” advocated that workforce provides an important potential benefit of having a diverse workforce is the ability to make higher quality decisions. In a diverse work team, people will have different opinions and perspectives. In these teams, individuals are more likely to
consider more alternatives and think outside the box when making decisions. When thinking about a problem, team members may identify novel solutions. Research shows that diverse teams tend to make higher quality decisions. Therefore, having a diverse workforce may have a direct impact on a company’s bottom line by increasing creativity in decision making.

- **Better Understanding and Service of Customers**

Hymowitz, C (2005 “The new diversity: In a global economy” remarked that it’s no longer about how many employees you have in this group and that group; It’s a lot more complicated and if you do it right, a lot more effective. A company with a diverse workforce may create products or services that appeal to a broader customer base. Many MNCs are pursuing diversification of employees at all levels because the company realizes that they need to reach beyond their traditional customer group to stay competitive. Company with a diverse workforce may understand the needs of groups of customers better, and customers may feel more at ease when they are dealing with a company that understands their needs.

- **More Satisfied Workforce**

Sanchez JI and Brock, P (1996) “Outcomes of perceived discrimination among Hispanic employees: Is diversity management a luxury or necessity” discussed that when employees feel that they are fairly treated, they tend to be more satisfied. On the other hand, when employees perceive that they are being discriminated against, they tend to be less attached to the company, less satisfied with their jobs, and experience more stress at work. Organisations where employees are satisfied often have lower turnover.

- **Lower Litigation Expenses**

Lovel J (2003) “Race Discrimination Suit Targets Coke Bottler” explained that when companies doing a particularly bad job in diversity management face costly litigations. When an employee or a group of employees feel that the company is violating EEOC laws, they may file a complaint. The EEOC acts as a mediator between the company and the person, and the company may choose to settle the case outside the court. If no settlement is reached, the EEOC may sue the company on behalf of the complainant or may provide the injured party with a right-to-sue letter. Regardless of the outcome, these lawsuits are expensive and include attorney fees as well as the cost of the settlement or judgment, which may reach millions of dollars. To avoid this companies settle the issue out side of the courts.
• Higher Company Performance

Richard OC (2000). “Racial diversity, business strategy, and firm performance” in his research paper expressed his views that as a result of all these potential benefits, companies that manage diversity more effectively tend to outperform others. Research shows that in companies pursuing a growth strategy, there was a positive relationship between racial diversity of the company and firm performance.

(b) Challenges of Diversity

The focus on differences in individual characteristics leading to inequality has posed the challenge of achieving unity in diversity and harnessing that diversity to improve employee performance. Failure to manage diversity in terms of race, gender, level of education, profession, ethnic affiliation, religious affiliation often leads to differences in promotions, pay, training, turnover, mutual acceptance, job satisfaction and other forms of inequality (Tilly, 1998). However, the challenges that organisations face in promoting teamwork with employees from diverse cultural background, age, gender, race, education religion and harmoniously directing their efforts towards the achievement of organisational goals and objectives, still shows that there is much to be done in terms of the improvement of workforce diversity management strategies.

Generally, there is empirical support for the assumption that all dimensions of diversity can lead to positive as well as negative effects (Jackson et al., 2003). Social categorization theory, emphasize that similarities and dissimilarities can lead to categorizations which, in turn, lead to favouring one’s in-group to the detriment of one or more out-groups social (Tajfel and Turner, 1986). On an intra-group level, this approach is typically referred to as relational demography. Thus, categorizations within a work group (based on an attribute such as gender, race, or age) can lead to the problematic formation of sub-groups (“us” versus “them”). Further to this, research findings shows that, relative to homogeneous groups, members of diverse work-groups display less attachment to each other, show less commitment to their respective organisations (Harrison, Price, and Bell, 1998), communicate less with one another (Watson et al., 1993), miss work more often (Tsui, Egan, and O’Reilly, 1992), experience more conflict (Pelled, Eisenhardt, & Xin, 1999), and take more time to reach decisions (Hambrick, Cho, and Chen, 1996).
As per Greenberg (2004) the major challenges are communication, resistance to change, and implementation of diversity in the workplace. D’Netto and Sohal (1999) cited challenges from workforce diversity as meeting varied challenges requires a strategic manpower plan that includes a number of different strategies to raise diversity and promote the productivity and effectiveness. It also compels Human resource managers to solicit a trainable population, check required skills and competencies reborn the job, market jobs sufficiently ahead of needs, and extend the workforce boundaries to include the nationals of other countries. Prejudice and hostile work environments also pose internal stumbling blocks to managing workforce diversity effectively. The burning barrier that affects full integration of ethnic employees is the issue of poor communication or lack of it by failure to overcome the various barriers to communication (Loden and Rosener, 1991).

- **Similarity-Attraction Phenomenon**

Chatman JA, Polzer JT, Barsade S G, and Neale MA (1998) “Being different yet feeling similar: The influence of demographic composition and organisational culture on work processes and outcomes” their research shows that individuals communicate less frequently with those who are perceived as different from themselves. It was further supported by Jehn KA, Northcraft GB, and Neale MA (1999) “Why differences make a difference: A field study of diversity, conflict, and performance in workgroups” research work stated that they are also more likely to experience emotional conflict with people who differ with respect to race, age, and gender.

- **Misunderstanding and Conflicts**

Research findings suggest that several factors could be responsible for the conflicts provoked by diversity in work-team composition. Some researchers (Pelled, Cummings, and Kizilos, 1999; Tsui, Egan, and O’ Reilly, 1992) have proposed that identifying individual group members with distinct groups (i.e., "out-groups") may disrupt group dynamics. Consistent with this, research on self-categorization theory has shown that out-group members evoke more disliking, distrust, and competition than in- group members (Hogg, Cooper-Shaw, and Holzworth, 1993). In addition, if out-group members come from cultures or sub cultures with which in-group members are unfamiliar, linguistic or paralinguistic differences may foster miscommunication and misunderstanding (Hambrick, Davison, Snell, and Snow, 1998; Palich, Gomez and Mejia, 1999).
Specific Diversity Issues

Different demographic groups face unique work environments and varying challenges in the workplace. In this section, we shall review the particular challenges associated with managing gender, race, religion, physical ability, and sexual orientation diversity in the workplace.

(i) Gender Diversity in the Workplace

In the United States, two important pieces of legislation prohibit gender discrimination at work. The Equal Pay Act (1963) prohibits discrimination in pay based on gender. Title VII of the Civil Rights Act (1964) prohibits discrimination in all employment-related decisions based on gender. Despite the existence of strong legislation, women and men often face different treatment at work. The earnings gap and the glass ceiling are two of the key problems women may experience in the workplace. Regarding sex, many researchers conclude that men are favored, does not matter that they are from minority or majority, in other hand women are disliked specially those who belong to minority, and those who belong to majority also sometime disliked (Williams, 1992)

(ii) Religious Diversity at Workplace

In the United States” directed that employers are prohibited from using religion in employment decisions based on Title VII of the Civil Rights Act of 1964. Even in India also India Constitution (1950) directs for secular approach for employment. Moreover, employees are required to make reasonable accommodations to ensure that employees can practice their beliefs unless doing so provides an unreasonable hardship on the employer. Despite of all legal supports the religious discrimination often occurs because the religion necessitates modifying the employee’s schedule. Accommodating someone’s religious preferences may also require companies to relax their dress code to take into account religious practices such as wearing a turban for Sikhs or covering one’s hair with a scarf for Muslim women.

2.4. Management of Diverse Workforce in Organisation

As per Ellis and Sonnenfield (1994) argues that the challenge of meeting the needs of a culturally diverse manpower and sensitizing workers and managers to varied related with gender, race, age and nationality in an attempt to maximize the potential productivity of all workers, has made effective management of difference to become a prerequisite in Human Resource Management.
According to D’Netto and Sohal (1999), organisations which plan for the anticipated workforce and accept cultural diversity management as a progressive technique will benefit from better employee retention, increased productivity, less absenteeism, better morale, an expanded marketplace and improved customer service. A company that discriminates either directly or indirectly curtails the potential of available talent, underutilizes the employees or loses the financial benefits of retaining them (Ellis and Sonnenfield, 1994). They argued that there is a relationship among a positive diversity climate, job satisfaction, and commitment to the organisation. Perfect diversity management can raise an employee’s self esteem and feeling of non-belongingness to the organisation especially.

Training and development programmes will improve the skills in dealing with the day to day diversity dilemmas. This will help managers to be aware on how power relations impact on stereotypes of groups and on perceptions of individuals and the expectations. The rationale for diversity training programmes is often misunderstood at all levels. So it is important to first communicate what diversity is and what the organisation hopes to achieve by managing it more effectively (Bagshaw, 2004).

Skaggs and DiTomaso (2004) in their research study on the effect of workforce diversity on employment outcomes states at the yearly meeting of the American Sociological Association highlighted the requirement for the remedies of the challenges comes from the diversity of workforce.

(a) Workforce Diversity and Individual Outcomes
Webber and Donahue (2001) suspect the relationship between amount of group diversity and performance may be curvilinear: too little or too much diversity may be detrimental to group functioning. Leck, Onge and LaLancette (1995) found that Canadian organisations with higher representation of managerial women also have the most rapidly decreasing wage gap; however, the wage gap was widening for visible minority, Aboriginal and disabled women. Overall, increasing workforce diversity seems to be associated with more favourable attitudes toward diversity and better performance ratings and wages. The effects of diversity on individuals are often intertwined with effects on groups.

(b) Workforce Diversity and Group Outcomes
Results from studies examining effects of diverse group composition on group attitudes and performance are mixed. McLeod, Lobel and Cox (1996) found that more diverse groups had better-quality solutions on a brainstorming task, relative to homogeneous groups, and
displayed more cooperative behaviour. Finally, Webber and Donahue’s (2001) meta-analysis found no relationship between diversity or type of team on work group cohesion and performance. Researchers recognize the importance of measuring the tenure of members on the team; as individuals get to know each other better, the negative effects of diversity often subside (Watson, Kumar and Michaelsen, 1993). Besides demographic diversity, other variables such as congruence in values (Harrison, Price and Bell, 1998) are relevant.

(c) Workforce Diversity and Organisational Outcomes

Resource-based strategic theory predicts that firms with greater cultural diversity will be better able to mirror increasingly diverse product markets and have more complex inimitable social resources (Richard, 2000). Richard’s survey of over 500 banks found that those with more racial diversity and a growth strategy experienced higher return on equity and net income per employee, relative to organisations with a diverse workforce and a no-growth or downsizing strategy.

2.5. Strategies for Managing Workforce Diversity

Human resource diversity management strategies have broadened beyond affirmative action and equal employment opportunity staffing efforts. Kreitner, Robert; Kinick Angelo (2001) are of the view that “affirmative action is an artificial intervention aimed at giving management a chance to correct an imbalance, an injustice, a mistake or outright discrimination” and that it does not foster a need to change leadership’s thinking about diversity management. The third research stream investigates how HR practices lead to individual, group or organisational performance outcomes. Cox and Blake (1991) argued that heterogeneous organisations that valued diversity would have higher-quality group decision making, greater creativity and innovation, more organisational flexibility due to the possession of divergent thinking, greater ability to attract and retain the best talent, and greater marketing capability. These objectives can be realized via organisational change strategies and interventions. Ross and Schneider (1992) contend that the strategic process for managing workforce diversity include the following steps:

(a) Remedies of the present situation in terms of statistics, policy and culture, and looking at both issues and causes;
(b) Setting goals which involve the business case for equal opportunities, identifying the critical role of commitment from the top of the firm, and a vision of what the organisation would look like if it successfully managed diversity;

(c) Spreading the ownership. This is a critical stage in which awareness requires be raised, via a process of encouraging people to question their attitudes and conceptions.

(a) Strategies to Manage Individuals

Diversity training is the most prevalent individual-level intervention (SHRM diversity surveys, 1998, 2000, 2002). Using a survey of SHRM members, Rynes and Rosen (1995) published one of the few refereed studies on the effectiveness of diversity training. While 75% of respondents’ state trainees leave diversity training with positive diversity attitudes, only 9% believed trainees enter with favourable attitudes. In order for the programme to run successfully, it is wise to provide practical training for these managers or seek help from consultants and Experts in this field. Usually, such a programme will encourage organisation's members to air their opinions and learn how to resolve conflicts due to their diversity.

Ellis and Sonnenfield (1994) also mark out that diversity training must be more extensive. They prefer the workforce series to provide enough time to think for an individual, Test their prediction and reassess among sessions. This must be a combination of carefully considered participant mix and competent trainer. Changing culture has a significant role in the process for managing diversity as a negative organisational culture can be very retrogressive. The rationale for diversity training programmes is often misunderstood at all levels. So it is important to first communicate what diversity is and what organisation hopes to achieve by managing it more effectively (Bagshaw, 2004).

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(b) Strategies to Manage Groups

Given evidence showing that work group diversity can lead to short-term, increased conflict among members (Pelled, Eisenhardt and Xin, 1999), focused training with an external facilitator may help the group to achieve higher levels of productivity in a shorter time. Training can target methods for raising, discussing and resolving difficult interpersonal, business and/or team-related process issues. Jayne and Dipboye (2004) in their research also found out that some diversity management strategies such as emphasis on teamwork fosters better relationships within a department and can promote identity within the department or organisation that moves beyond surface level differences.

Focused and successful diversity strategy must address organisational culture change to create a work environment that nurtures teamwork, participation and cohesiveness which positively impact performance. Team building, group training enhances mutual cooperation, reduces role conflicts & increases sharing among the diverse work force. Moreover efficient communication enhances information sharing among employees which increases organisational effectiveness. Further evaluation programmes are important in the organisational system to serve as a base line for current climate for diversity.

(c) Strategies to Manage Organisations

A successful diversity strategy must address organisational culture change to create a work environment that nurtures teamwork, participation and cohesiveness – characteristics of a ‘collective’ (versus individualistic) organisational culture (Dwyer, Richard and Chadwick, 2001). Cox (2001) suggests starting with a visioning exercise for change that specifically identifies what success in a multicultural organisation might look like. A diversity council with credible people from a cross-section of functions should be charged with creating a business diversity strategy and serving as a resource. Diversity should be strategically integrated with the business objectives (Richard, 2000). Richard and Johnson (1999) conducted one of the few studies that investigate organisational advantages of formal diversity practices. They found that the adoption of formal diversity practices reduced turnover. While there was not a main effect of these practices on return on earnings, a strategic contingency relationship was supported: diversity practices correlated with improved productivity and market performance for firms following innovation strategies. Multicultural workers must have common benefits and adequate preparation to take on demanding assignments in the future (Loden and Rosener, 1991);
2.6. Strategic Management of Workforce Diversity and Organisational Effectiveness

Generally, there is empirical support for the assumption that all dimensions of diversity can lead to positive as well as negative effects (Jackson et al., 2003). Social categorization theory, emphasize that similarities and dissimilarities can lead to categorizations which, in turn, lead to favouring one’s in-group to the detriment of one or more out-groups social (Tajfel and Turner, 1986). Further to this, research findings shows that, relative to homogeneous groups, members of diverse work-groups display less attachment to each other, show less commitment to their respective organisations (Harrison, Price, and Bell, 1998), communicate less with one another (Watson et al., 1993), miss work more often (Tsui, Egan, and O’Reilly, 1992), experience more conflict (Pelled, Eisenhardt, and Xin, 1999), and take more time to reach decisions (Hambrick, Cho, and Chen, 1996).

Literature espouses three different theoretical frameworks for the examination of the possible effects of workplace diversity (Williams and O’Reilly 1998). The first is social categorization, which, according to Turner (1987) describes the categorization of people based on salient attributes like gender, ethnicity or age, resulting in stereotyping on the basis of these differences. The second is similarity/attraction theory, which asserts that similarity on salient and non-salient attributes like race or values increases interpersonal attraction and attachment (Berscheid and Walster, 1978). The third is information and decision-making theory, which examines the impact of distribution of information and expertise on workteams (Wittenbaum and Stasser, 1996). These theories lead to different and sometimes contradictory hypotheses regarding the effects of diversity on group process and performance (Michaëla, Deanne, Paul, and Janique 2003). Social categorization and similarity-attraction theory predict negative effects, such as reduction in within-group communication, decreased satisfaction and commitment, and increased labour turnover.

The challenge of workplace diversity can be turned into a strategic organisational asset if an organisation is able to capitalize diverse talents. With the mixture of talents of diverse cultural backgrounds, genders, ages and lifestyles, an organisation can respond to business opportunities more rapidly and creatively (Cox, 1993). Companies can succeed at diversity if the initiative that create, manage and value the diverse workforce has the full support of the top management (Hayes et al. 1999). Many of these business organisations have identified
the significance of maintaining a workforce that truly reflects the diverse nature of the contemporary society of the twenty-first century. A key element of any successful organisational intervention is senior management commitment to the intervention. Diversity is not a different thing.

While the Richard (2000) study offers support that diversity has a positive impact on firm performance, it is important to keep in mind that this benefit appears to emerge only in certain contexts. Therefore, when framing the business case for diversity, it is important to clearly articulate how diversity supports the business strategy of the organisation. Workplace diversity generally impacts organisational-level outcomes indirectly through effects that begin at the individual level (Rynes and Rosen 1995).

As the Strategic International Human Resource Management’s (SIHRM) and International Human Resource Management (IHRM) model suggests, MNCs tend to adopt approaches that could reflect their overall international orientation, strategy and structure when dealing with global diversity management. This is supported by research of Egan and Bendick (2003): “Workforce diversity initiatives of U.S. multinational corporations in Europe” where they find that both global and multi-domestic strategies have been effectively applied, despite acknowledging that most of the surveyed MNCs in fact adopted a strongly multi-domestic approach to diversity management. Egan and Bendick (2003) attest to the similarities of domestic and international diversity agendas with four common features i.e. (1) a broad definition of diversity which incorporates the notion of “inclusion”, (2) motives for diversity management centering on the “business case”, (3) administrative structures used to facilitate diversity, and (4) the integration of diversity initiatives into wider organisational change programmes.

Hayles and Mendez (1997) add that even current studies have shown a strong correlation between good diversity practices and profits. Ram Kumar B. (2012) advocated that “the change is a very paramount factor in present time. The organisational changes create imbalance between existing and new required skill, knowledge, technology and process. Improvements are required in jobs, working conditions, procedures, technology, competencies, structure etc. Out of these areas, human resource improvement is our concerned area. Due to globalisation of business environment, the organisational culture is strongly affected. The present workforce with the multinational corporations is highly diversified. The human resource that is highly heterogeneous in nature is needed to be
managed strategically. It should be taken as an opportunity and not as threat. This situation can be handled by strategic human resource management with innovative strategies. This would contribute definitely in improving the effectiveness of individual performance and overall effectiveness of the organisation in the global markets”.

Potential benefits of diversity include better decision-making, higher creativity and innovation, greater success in marketing to foreign and domestic ethnic minority communities, and a better distribution of economic opportunities (Cox, 1991; Cox and Blake, 1991). Based on the study by Watson et. al. (1993), culturally diverse groups relative to homogeneous groups are more effective both in interaction process and job performance; these benefits occur after a diverse group has been together for a period of time.

As the economies are shifting from manufacturing to service economies, diversity issues will gain importance because in a service economy effective reactions and communications between people are essential to business success. As the globalisation is increasing, diversity will help organisations to enter the international arena (Cascio, 1998). The business benefits of workplace diversity have been widely contested ever since the idea was conceived. And, even now, there is an ongoing debate as to whether there is indeed any discernible business benefit (Mulholland, Ozbilgin, and Worman, 2005).

2. 7. Present Situation of Workforce Diversity Management & Its Criticisms

Different studies such as the 12-year comparison of diversity policies and programmes by Carrell (2006) in her longitudinal study on ‘Telling Workforce Diversity Programmes And Practices In Organisations: A Longitudinal Study’ (Spring, 2006) showed that 53 percent of respondents did not have a written policy or programme that includes the concept of worker diversity in their firm while only 7% of the respondents in the study indicated that their firms were discussing adding such a policy or programme. Regarding the organisational activities that were included in the diversity programme or policy for those companies which had the diversity programme, the most frequently reported activities were recruitment (73%) and selection (59%). This shows that there is still a long way to go in the development of workforce diversity programmes. The Longitudinal Study’ registered more positive effects of workforce diversity than the negative effects. The positive effects of workforce diversity included organisational culture, creativity; customer relations; decision making, and goal achievement while the negative effects include training costs, factionalism, productivity and turnover.
Colgan F., Creegan C., Charlesworth R. and Robinson G. (2003) ‘New Public Management and Equal Opportunities at Work, find the application of a equality of race action plan and got a stark difference between paper and practice. Any successful management of diversity of workforce should include alter in the culture of organisation. Thomas (1990) and Carrel (2006) noted that the causes behind the moving beyond affirmative action for diversity management cause affirmative action fails to deal with the root because of prejudices and inequality suppress the most employees potential.

Kossek and Pichler (2006) argued that the best practices for diversity focus on selecting for diversity, reducing workplace discrimination, and generating financial effectiveness. Thus diversity management practices are any formalized practices intended to enhance stakeholder diversity, create a positive working relationship among diverse sets of stakeholders, and create value from diversity.

2.8. Conclusion

The extent to which managers recognize diversity and its potential advantages and disadvantages defines an organisation’s approach to managing the diversity (Adler, 1997). No organisation in this world of globalisation would survive without workforce diversity. It is the duty of the management to critically evaluate the benefits of workforce diversity in their organisation. On the other hand the management should put in place conditions which would enhance the workforce diversity in their organisations, more especially in their strategies formulation on the diversity of the workforce. It is the approach to diversity, not the diversity itself which determines the actual positive and negative outcomes (Adler, 1997). In today's fast-paced work environment a successful organisation is one where diversity is the norm and not the exception (Lawrence, 2001). Today, there is a wide spectrum of organisational response to managing diversity. There are some organisations responding to legal mandates; others are focused on discrete programmes and policies; still others are implementing broad HR diversity strategies to foster change in culture and work processes.

The literature review also showed that there is a wide range of approaches, strategies, or initiatives for managing diversity in the workplace. No single initiative is comprehensive enough to solve all diversity issues or to successfully manage diversity in organisations. The execution of the workforce diversity concept could be vastly different from country to country, from company to company. The very success of its implementation is depending on
business needs and workforce issues as well as situational factors, such as the organisational culture and workplace environment. While a broad range of issues is covered, it should be noted that "one size does not fit all" as organisations are in different stages of development regarding workplace diversity. Ultimately, the strength of commitment by the CEO, senior management and HR leadership will determine whether the organisation successfully leverages workforce diversity, in achieving competitive advantage. As diversity is becoming more and more complex, a variety of strategies would be used by HRM to deal with the diversified workforce.