Impact of Workplace Diversity

Elizabeth Foma
University of Guam
School of Business and Public Administration
P. O. Box 5169 UOG Station
Mangilao, Guam 96923
efoma@uguam.uog.edu; drmayuk@yahoo.com

ABSTRACT

Diversity is an important part that all employees have to deal with at one point during their careers. There are many positive aspects to diversity in the workplace, such as exchange of ideas because of the diverse cultures of employees, the development of friendship without discrimination, workers learn to cope up with the diverse environment, stereotyping is eliminated, retention of employees are more likely due to healthy competition. On the other side, there is are negative parts which includes communication gaps due to language barrier and resistance to change. Diversity is any dimension that can be used to differentiate groups and people from one another, in which these dimensions can be visible or invisible. The existence of workplace diversity, within an organization, indicates that the workplace is heterogeneous in terms of gender, race, and ethnicity, in which employees possess distinct elements and qualities, differing from one another (Robbins, 2003).

Key words: Race, gender, inequality, ethnicity, organizations, discrimination, lifestyle.

1. Introduction

Diversity is any dimension that can be used to differentiate groups and people from one another, in which the dimensions can be visible or invisible. The existence of workplace diversity, within a workplace, indicates that the workplace is heterogeneous in terms of gender, race, and ethnicity, in which employees possess distinct elements and qualities, differing from one another (Robbins, 2003, Buckingham, 2012). Also Hazard (2004) defines workplace diversity as a broad range of differences that influence how people interact and achieve business results. Workplace (also called workforce) diversity can be characterized as an organization, in which employees possess distinct elements and qualities, differing from one another. These different elements include employees' beliefs, values, and actions that vary by gender, ethnicity, age, lifestyle and physical abilities. Managing these elements can create an old way of staffing related problems that are the main focus for human resource departments. There are several important components associated with workplace diversity, problems concerning workplace diversity, and the management of workplace diversity. The intent of this study was to precisely define workplace diversity, examine the policies and procedures associated with workplace diversity management, and explore how managing workplace

diversity can effect diversity awareness and employees job satisfaction. . In the past, companies were driven towards creating a homogenous workplace in which employees acted and thought in identical way. "Nowadays managers and supervisors are looking at a workplace that is somehow different from those managed by their ancestors" (Wigglesworth, 1997, p. 18).

Managing diversity is focused on the assumption that diverse segments will create new methods of working together and that morale, profit, and productivity will increase (Schoenfeldt, and Shaw, 1999).   Sadri and Tran, 2002, p. 228). These authors stated that managing diversity includes building specific skills and creating policies that increases the best work behaviors and attitudes from each employee. Implementing workplace diversity has become a major focus in many Human Resource departments. In order to meet the demands of modern technologically advanced society, corporations must rethink what diversity means and how the concepts of developing, valuing, and managing a truly diverse corporation must go beyond traditional strategies (Easley, 2001, p. 38). Human resource management allows Human Resource departments to strategically utilize personnel, in a fashion that will meet the demands of society, through improvements in the corporation's productivity and performance. Human resources in their role of managing diversity must be aware of problems and elements that may impact this role. Several elements are included in managing workplace diversity. One of the main elements is equal employment opportunity. Equal employment opportunity warrants the treatment of employees in a fair and impartial way, in all aspects of employment. Equal Employment Opportunity (EEO) regulation includes legislation and policies that enforce fair and impartial treatment of employees. The Equal Employment Opportunity Commission and Office of Federal Contract Compliance Programs are agencies that are responsible for enforcing legislation and policies. In addition to Equal Employment Opportunity, affirmative action, and discrimination law are also elements that corporations use to manage and regulate workplace diversity.

Almost everyone is now able to communicate and work with other people from different parts of the world due to the advancements in technology. One great proof of the technology advancement is the outsourcing of many administrative jobs. U.S companies can now hire their Human Resource personnel from India or Philippines and have them do the HR work in less than half the price they will pay workers in US. Because of this, many question the importance of diversity in the workforce, but studies have shown that having a diverse workforce proves to be a beneficial asset in a company. Workplace diversity despite having numerous benefits does have its flaws. Workplace diversity should be one of the top things businesses today should address. Businesses should prioritize hiring diverse employees because of the many great things associated with it. The main goal of workplace diversity management is the prohibition of discrimination against individuals, which would cause them to be unfairly differentiated from coworkers. In addition to globalization, diversity has also increased as a result of an increase in women and people with disabilities entering the work force. One of the tasks of managing workplace diversity is to recognize the differences among individuals and provide opportunities and means for individuals to contribute their talents to the organization.

2.Three Theories about workplace diversity

The fundamental to social justice within business is to make certain that the workplace remains a place of diversity. Not only does this ensure recognition of basic rights and liberties, but it also creates an atmosphere of trust that is often lacking between corporation and consumer.

2.1 The meaning of diversity has changed from what it used to be in the past. One theory states that, before businesses can implement a strategy to get diversity, they should gain a clear understanding of what it means. According to this theory, many people are still focused on old models of diversity, which focus on social justice issues such as concerning gender or race. Conversely, diversity now should focus on creating an atmosphere that fosters connection.

2.2 A second theory requires leveraging diversity in order to attract new clients. By building a diverse team of employees, a business will be better able to reach specific audiences. Staffing a company with one demographic would make it very hard to connect with anyone outside of that demographic.

2.3 A third theory requires that businesses focus more on understanding the client, rather than focusing on workplace diversity. Making a product marketable is more about clear advertising, rather than anything that goes on behind closed doors.

When it comes down to it, there are many different definitions of diversity and many different ways to achieve it. It has now been a long time since anti-discrimination laws were entered into the books, but that does not mean that we should stop focusing on them. Implementing a diverse working class is fundamental to maintaining social justice on multiple levels. Its importance should never be forgotten and should always be a tool for positive change whenever possible.

2. Literature Review

The author of this paper chose to analyze PepsiCo and their company's diverse environment. PepsiCo's motto for their employees states that: "If a company supports you, it gives you the extra push you need." This means that they support their employees all the way to ensure that they are productive to the company. The author felt that PepsiCo would be the best company to look at as far as diversity is concerned, because on top of being a company with a strong presence in the United States, it is also the biggest food manufacturing company in U.S and Canada for three straight years. This literature review was based on the information PepsiCo provided in their website. PepsiCo shows really great support for diversity. According to their website, their workforce in 2012 was composed of 31% women. PepsiCo recently implemented the Strategies for Success Women's Program. The program is designed to accelerate female managers within PepsiCo to ensure they have the same chance of promotion as men in a vacant position. Also in 2012, PepsiCo was awarded a perfect 100 on its Corporate Equality Index by the Human Rights Campaign. PepsiCo defines diversity as all the unique characteristics that make up each of us: personality, lifestyle, thought processes, work experience, ethnicity, race, color, religion, gender, gender identity, sexual orientation, marital status, age, national origin, disability, veteran status or other differences.

PepsiCo has a slogan which states: "Performance with Purpose". This simply means that, Pepsico remain steadfastly dedicated to building a profitable and sustainable 21st century corporation—one that is a good investment for their shareholders, a good environment for their employees, a good citizen in their communities and a good steward of their planet's resources. PepsiCo has proven their practice of diversity in that, Indra K. Nooyi who is their Chairman and Chief Executive Officer is a woman.

3. Theoretical Framework and Hypothesis

There are two questions which need to be answered: How is workplace diversity characterized? What effect does managing workplace diversity have on diversity awareness and employees job satisfaction?

H1: There is a relationship between diversity awareness, as measured by the Workplace Diversity comparison, and employee job satisfaction, as measured by the Job Satisfaction observation.

H01: There is no relationship between diversity awareness, as measured by the Workplace Diversity comparison, and employee job satisfaction, as measured by the Job Satisfaction observation.

H2: There is a difference in diversity awareness by varying demographic characteristics, including years of service, gender, ethnicity, and age.

H02: There is no difference in diversity awareness by varying demographic characteristics, including years of service, gender, ethnicity, and age.

The results showed that a moderate relationship exists between diversity awareness as measured by comparison and employee job satisfaction as measured by observation and that diversity demographics can potentially impact diversity awareness.

4. Research Method

The research relied heavily on studies and articles concerning workplace diversity. The author used articles that answered the question of impact of diversity to workplace and personal experiences over the years of working in different organizations and government, which enabled those findings to formulate and guide her opinion of diversity in the workplace, hence Qualitative Research/Analysis. This paper will cover the impacts of workplace diversity. The paper will discuss the benefits of workplace diversity, followed by the challenges that employers face with diversity, and ultimately the solutions that were developed through analyzing the benefits and challenges.

5. Data Analysis and Discussion

The following is the data analysis and discussion in relation to research findings and PepsiCo's article from their online website. The paper will discuss and analyze the impacts of a diverse workplace and the benefits, challenges, and solutions to a better work environment.

6. Benefits of a Diverse Workplace

There are several benefits of a diverse workplace. Some economic benefits include increase in the pool of qualified personnel from different backgrounds, and it widens the scope of eligible candidates for hire. Another benefit of a diverse workplace is it improves communication with an organization's clients. Additionally, a sense of harmony is recreated when a company recognizes and accommodates the differences within its diverse workforce. A diverse workplace increases productivity, increases creativity, and improves problem solving.

A diverse workplace helps build work practices that create harmony. If a company is able to recognize the differences between its employees, it will be able to formulate work practices that will not exclude a certain culture. Also, if a company is able to develop desirable work practices that strives to unite all the employees together despite their differences, no one individual will feel left out or unsure about their position within the company. This in turn increases productivity among the employees (McLauren, 2012).

A diverse workplace also allows an organization to effectively execute its plans (Kapoor, C. 2011). As previously stated, if a company recognizes the differences among its diverse employees, it will be able to create a work plan that optimizes productivity. The increase in productivity allows employees and managers to reach their goals within the organization.

The impact of diversity in the workplace is surprisingly greater than one would think. Studies show that putting together a team composed of people with the same ethnic background and personality may cause conflicts and decrease productivity. As opposed to a team that is composed of people with different ethnic backgrounds and personalities which allows for a higher rate of productivity and a lower rate of conflict. A study that was conducted, people with the same backgrounds tend to have many internal issues dealing with pride and competitiveness amongst one another that may reduce productivity process due to unmade decisions by the group. Teams assembled together that consist of different ethnicities and backgrounds tend to have less conflict because people have more understanding for one another, tend to be more creative and have skills that accent each other. These teams also seem to have a higher rate of productivity simply because each brings a set of different tools to the table, from different kinds of experiences and trainings (Le, 2008).

Because people all have a unique way of learning, thinking and processing, it is more likely to be that a group composed of different minds may have several solutions to a problem. Teams like this have a tendency to see things in different angles and are able to catch any errors that may be presented. Businesses that have these types of groups, have a lower turnover rate, have less chances of having flaws in their product(s) and tend to be able to come up with many creative techniques as opposed to their competitors. An unhealthy work atmosphere is often the cause of high conflict levels in a company. People require a feeling of belongingness and security. When they feel supported in their ideas and beliefs they become more productive. At the foundation, all of today's skilled workers expect to be treated fairly and with respect. If not, they will soon find other jobs elsewhere, where they will receive their reward. Turnover is

expensive and unproductive yet some employers ignore it. Moreover, stakeholders are now demanding that any organization they invest in must conform to practices that encourages low employee turnover, provides a healthy workplace, rewarding team performance, and empowers workers to express themselves with an open mind (Mclauren, 2012).

7. Workplace Diversity Challenges

As with any positive aspects to diversity in a work place environment, there are also negative ones that can cause problems for a division and more importantly, a company. There can be numerous issues that can be identified that can undoubtedly affect the performance of a company. The first challenge is communication problems in a work environment and how it hinders performance of workers when left unresolved. Employers should ensure that communication barriers are fixed at once due to the huge effect that it will have when workers are left unable to communicate with each other due to differences in languages. It will greatly affect not only the workplace environment, but also the whole business as well. Another type of challenge that a business may face is when they have workers that show resistance to change. Some workers sometimes are stubborn and do not adhere to new rules that are being set up by the company. These type of workers rebel and retaliate to the company by sabotaging their employers in different ways just to show their discontent. The final challenge is ethnocentrism and discrimination in the workplace. It is unfortunate, sometimes, that some business establishments show favoritism among their employees. Some managers or bosses favor one person or group of people over another. This is unhealthy for a business because fairness and equality is what makes up a great team. Without a great team and teamwork among the workers, no business will thrive long enough. Bosses who climb the ladder through favoritism will put employees who know the job down because they feel threatened and cause most of those employees to leave for other employers who are looking for better performance. Also bosses who for some reason will hate or envy a particular employee tend to gang up with other subordinates against that individual, making the environment unhealthy to work in for that individual. Diversity in some corporations is fake because it is almost always because the company is influenced by fear of lawsuits rather than by a genuine desire for greater diversity. They are just using a process of putting on a public relations show that has very little or no true commitment to the underlying principles entailed in diversity training or implementation.

8. Workplace Diversity Solutions

Addressing the main problem is the first step in finding a solution. Workplace diversity will be a permanent fixture in the workforce, and companies will need to create better diversity management action plans in order to better accommodate the changing business environment. In addition to effectively managing a diverse workforce, companies will need to create and or learn how to create a diverse workplace. In the following paragraphs below author will address both issues and provide useful tips for companies to use in order to manage diversity in the workplace and solutions to common issues that arise in a diverse workplace.

Workplace diversity is much more prominent nowadays than ever before. This growing change calls for immediate action from organizations in order to better accommodate the

changing business environment. Organizations will need to rethink and remove any preconceived notions about previously thought knowledge of diversity management, because it has since evolved into a greater force in today's business environment. Overall, management will need to invest wisely and spend a considerable amount of resources in diversity management in order to better equip their companies to handle the issues that accompany a diverse workplace. "A strategy must be created and implemented to create a culture of diversity that permeates every department and function of the organization" (Greenberg, 2012).

Greenberg lists two recommended steps that an organization must address in order for a company to successfully manage diversity in the workplace, as Assessment and implementation of diversity in the workplace.

8.1. Assessment of diversity in the workplace.

a. Assessing and evaluating the diversity process should be an integral part of your organizations management system. This can help your management team determine challenges and obstacles to diversity which are present in your workplace and which policies need to be added or eliminated.

b. Pass out flash cards to employees to write down their most valued co-workers on a quarterly basis. The employee's name that does not show up in most cards should be monitored. A conversation should be held with this worker to find out what is going on. This way, you will know whether there is discrimination or conflict going on.

8.2. Implementation of diversity in the workplace plan

a. Personal commitment of executive and managerial teams is a must. It is imperative that leaders and managers within organizations must incorporate diversity policies into every aspect of the organization's functions and purpose. Overall, the diversity workplace plan must flow through all levels of the organization in order for the diversity management and workplace plan to be successful.

b. Some of the tools as suggested by Mclauren, (2012) are as follows:

- Organize diversity training for employees at all levels

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

It is also essential that businesses incorporate training in cultural diversity in the workplace, not only to top management but to every member of the workforce. Education and training in cultural diversity can better prepare employees to better understand and respect

cultural differences amongst each other. Training and education in cultural diversity also helps employees learn to collaborate and work together to achieve the company's goals. It is also important to include employment laws regarding discrimination in the workplace as part of the education and awareness training in cultural diversity.

The key to create a successful diverse work place lies within your organization. When a business addresses the issues and problems that are unique to their organization, diversity is sure to have a positive impact on their business. In addition, when an organization understands the importance of investing in diversity management and how it will benefit the company overall, they sure will reap the sweet fruits of their investment. Diversity should be a voluntary and strong exercise instead of a mandatory training just because you fear lawsuits. It should not be a safety measure to keep corporations from getting into trouble.

9. Conclusion

Workplace diversity is very important in every business. It is essential that management in any business focus and prioritize diverse hiring due to the many benefits that diversity brings. Although there are some minor setbacks, the impact of diversity in every organization is more beneficial. Diversity will soon be a fixture in the future work environment, the globalization of business is fast approaching and the need to create a work environment that will foster a diverse workforce is pressing on the heels of businesses everywhere. It will be futile to fight it and remain stuck in the traditional form of management, because there is no such thing as a one size fits all management plan for all businesses. Each of the different companies will have to create a diversity management plan that will fit them and their unique needs. The advantages of having a diverse workplace are great and are very beneficial to any company. Although it will be more of a challenge at first, businesses will soon learn that they have done the right thing in choosing a diverse work force. Creating a strong diversity plan should be the first thing any business should do prior to embarking on anything related with a diverse workforce and workplace. A diversity management plan need not sound tedious to make and enforce, there are many studies that show what usually works for companies and also includes common problems that often occur from diverse workplaces. Diversity training or management should not be created for the lone purpose of legal requirements. Workplace diversity is not a trend, businesses need to take note of its importance and do something now because, in the future, they will surely reap the benefits of having a diverse workplace and you will see that it is a good idea and if it is done correctly and with an open mind to it.

References

[1] Buckingham, D. E., (2009) A case study exploring the impact of managing workplace diversity on diversity awareness and employee job satisfaction.

[2] Devah P., & Hana S., (2008) The Sociology of Discrimination: Racial Discrimination in Employment, Housing, Credit, and Consumer Markets. Retrieved from http://www.princeton.edu/~pager/annualreview_discrimination.pdf [3/8, 2014].

[3] GREENBERG, J. (2012). Diversity in the Workplace: Benefits, Challenges and Solutions. Retrieved on February 27, 2014 from http://diversity.sdce.edu/content/diversity-workplace-benefits-challenges-and-solutions

[4] KAPOOR, C. (2011, July 11). Benefits Of Diversity in the workplace. Retrieved March 5, 2014, from http://benefitof.net/benefits-of-diversity-in-the-workplace/

[5] Le, C.N. (2008). How effective is Diversity Training? Everyday Sociology Blog. Retrieved from everydaysociology.com on March 03, 2014.

[6] MCLAUREN, D. (2012) Benefits of Workplace Diversity. http://www.davidmclauren.com/Connector_Nov_2012.pdf. Retrieved March 5, 2014, from http://www.davidmclauren.com/Connector_April_2009.pdf

[7] PepsiCo (2012) PepsiCo Performance with Purpose website: http://www.pepsico.com/Purpose/Talent-Sustainability/Diversity-and-Inclusion>