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 becomeeven more important in the future due to increasing differences in the populationof many countries. Companies need to focus on diversity and look for ways tobecome totally inclusive organizations because diversity has the potential ofyielding greater productivity and competitive advantages. Managing and valuingdiversity is a key component of effective people management, which can improveworkplace productivity. Unmanaged diversity in the workplace might become anobstacle for achieving organizational goals. Therefore diversity can be perceivedas a "double-edged sword".

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

LITERATURE REVIEW:
EMPLOYEE PERFORMANCE:

According to Hasan, Muhammad, Imran (2009) study, conflict is a state inwhich two or more parties have incompatible objectives and in which theirperception and behavior is appropriate with that incompatibility (Mack,1965). Conflict is a foreseeable authenticity. It may not fade away norignored (Michael and Wayne, 2001; Medina, Munduate, Dorado, Martinezand Guerra, 2005). It is found in personal, group or organizational interaction. Conflict is either "good or bad" and "sinful or immoral". Itassumes significance, once it is handled intelligently. When conflict ishandled unskillfully and badly, it becomes detrimental and when it ishandled morally and creatively, it ceases to be frightening andincapacitated, and results in growth, maturity, and empowerment forindividual, group and organization.

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

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

Besides, it also produces tension between team members (Hackman andMorris, 1975; Wall and Callister, 1995). Once relationship conflict erupts,each individual's displays varying difference. In case conflict continues, itresults in nervousness, rivalry, stress and discontents, which results inoreduction 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 depletesenergy of people to resolve conflict or to counter its effect rather thanspending time in achievement of organizational objectives (Simons andPeterson, 2000).However, according to Jonathan, David and Aparna (2004), the pastresearch on workplace diversity suggests that diversity can be eitherdetrimental or beneficial for workgroup performance (Williams andO"Reilly, 1998). For instance, workgroup diversity is positively associatedwith creativity and problem-solving skills (Bantel and Jackson, 1989;

Jehn, Northcraft, and Neale, 1999) and negatively related withcohesiveness and cooperation (Pelled, Eisenhardt, & Xin, 1999). Goodworkforce diversity practices in the area of human resources are believedto enhance employee and organizational performance (Adler, 1986).Managing diversity involves leveraging and using the cultural differencesin people's skills, ideas and creativity to contribute to a common goal, anddoing it in a way that gives the organization a competitive edge (Morrison,1992). There is a strong correlation between good diversity practices andprofits based on recent studies. (Hayles and Mendez, 1997). Diversityallows increased creativity, a wider range of perspectives, better problemdefinition, more alternatives and better solutions (Adler, 1986). It is alsoargued that, with decreasing homogeneity in the workforce, it has becomecrucial for organizations to develop equal opportunities and diversitymanagement policies to maintain the skills of employees with diversebackgrounds in order to protect their competitive position in themarketplace (Gilbert and Ivancevich 2000; Shaw 1993).

GENDER:

Gender-based inequities in organizations are reinforced and justified bystereotypes and biases that describe positive characteristics and therefore ahigher status to the males (Leonard and Levine, 2003; Nkomo, 1992;Heilman et al., 1989). In other words, organizations prefer to hire maleworkers compared with women because they are perceived to have betterperformance and ability to manage their jobs.Besides, according to Brown, 2008; Carr-Ruffino, 2003, significantamount of workforce diversity remains ineffective if gender issues are notfirst recognized and managed. The research and study also state that themost constitutional challenge is overcoming the thought that woman arenot equal to man. Kossek, Lobel, and Brown (2005) states only 54% ofworking-age women are in the workforce worldwide compared to 80% ofmen. 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 opportunityto women is vital to improve performance of employees in anorganization. These societal mandates eliminated formal policies thatdiscriminated against certain classes of workers and raised the costs toorganizations that failed to implement fair employment practices.Discrimination on hiring workers based on gender has resulted in a firm'shiring workers who are paid higher wages than alternative workers, but areno more productive (Barrington and Troke, 2001; Becker, 1971).Moreover, Wentling and Palma Rivas (2000) study states that organizationwith diverse workforce will provide superior services because they canunderstand customers better (Kundu, 2003). The research from Kundu,2003; Mueller, 1998, states that hiring woman, minorities and others willhelp organization to tap niche markets.

Based on the research from Joshi and Jackson (2003), a positiverelationship was found between team gender diversity and intra-teamcooperation, but only within regions that were relatively diverse in termsof gender. Furthermore, team gender diversity was positively related toteam performance, but again this was true only within regionscharacterized by relatively high gender diversity. Overall, regions withgreater gender diversity at managerial as well as non managerial levelswere more cooperative.In comparison, Jayne and Dipboye (2004) argued that gender diversitydoes not necessarily bring positive outcome such as increases motivation,improving talents, build commitment, and decline conflict. The resultsfrom the studies conclude that benefits from diversity are contingent onsituation such as the organization strategy, culture, environment as well aspeople and the organization. Other than that, giving more adequate trainingto 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 withlower quality because it places lower performing people in positions forwhich they are not suited (Herring, 2005; Rothman, Lipset, and Nevitte,2003). Finally, Williams and O'Reilly (1998) suggest that the mostempirical evidence suggests that diversity is most likely to slow downgroup functioning (Herring, 2005). In short, critics of the diversity modelsuggest that group differences result in conflict and its attendant costs. For these reasons, skeptics of the business case for diversity model havequestioned the real impact of diversity programs on the bottom line ofbusiness organization (Herring, 2005).

AGE:

Growing age diversity has become part of many organizations (FlorianKunze, Stephen Boehm and Heike Bruch, 2009). There are two majortheories which explain this relationship; the social identity and selfcategorization. Individuals are suggested to classify themselves intocertain groups on the basis of dimensions that are personally relevant forthem 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 theexpenses of the other groups, against which they may discriminate.Consequently, if the employees' age or generational belonging is regardedas a relevant criterion for distinction, a differentiation between age groupswithin an organization may emerge, fostering emotional conflicts and agebaseddiscrimination between the age groups (Kunze et al., 2009).Gelner and Stephen (2009) summarized that age heterogeneity cannegatively affect productivity concerns differences in the values in andpreferences of distinct age groups. It has been shown that productivitydiminishingconflicts 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 heterogeneitymay be placed in proximity with its potential benefits. Complimentarilyeffects emerge when collaboration in a group enables individuals to bemore productive than when working on their own. Hence, the benefits ofage heterogeneity are based on additional productivity effects that arise due to interaction among individuals of different ages with differing skillprofiles, differing perspectives and perhaps also different personality traits.Last but not least, according to Brown (2008), increased diversity may alsoprovides many challenges for HR management, as the workforce ages, forinstance, employers will have to struggle with higher healthcare costs andpension contributions. Employees will need to accept that benefits are insync with the vision of the organization; thus, their commitment willincrease substantially.

ETHNICITY:

The growth of a multicultural workforce was the focus of the 90's and isgaining more momentum into the new era (Zgourides, Johnson andWatson (2002); Milliken and Martins, 1996; Nemetz and Christensen,1996). Along with the increase in diversity has been an increase in the useof work teams in general, with intention of utilizing greater

participationand synergy to improve and increase both employee satisfaction andbusiness performance. Even though the nature of workforce composition israpidly becoming more mixed in terms of gender, age, ethnicity, parallelinterest has been increasing about the impact of such diversity in oureducational institutions (Zgourides et al., 2002). The multicultural increasein businesses is due to multicultural increase of our society and, thus, alsopervades familial, educational, and religious circles.

According to Zgourides et al. (2002), the differences in culturalcharacteristics were predictive of team scores, which can be interpreted asthe advantage of having ethnically different views for team problemsolvingresulted in increased team performance after the teams learnedhow to utilize these differences to their benefit.Timmermans, Ostergaard, and Kristinsson (2011) found that innovation isan interactive process that often involves communication and interactionamong employees in a firm and draws on their different qualities from alllevels of the organization. Diversity in ascribed characteristics, such asethnic background, nationality, gender, and age can have negativeaffective consequences for the firm. Members of the minority group canexperience less job satisfaction, lack of commitment, problems withidentity, perceived discrimination, etc. (Timmermans et al., 2011; Millikenand Martins, 1996; Harrison and Klein, 2007). However, when minoritygroup grows, some of the problems disappear. According to Timmermanset al., (2011) study, ethnicity can be used as a proxy for culturalbackground and diversity in ethnicity can be expected to be positive forinnovative performance, since it broadens the viewpoints and perspectivesin the firm (Richard, 2000). Moreover, based on Timmermans et al. (2011)study, some levels of diversity in ethnicity might be positive associatedwith innovation, high degree of diversity in ethnicity might be negativesince it can create conflict and cliques due to social categorization (Dahlin,2005).

EDUCATION BACKGROUND:

Tracy and David (2011) found that employers commonly reject employingemployees whose training, experience, or education is judged to beinadequate. On the other hand, this meant that education background isimportant to employees. Employees cannot find a job and perform wellwithout adequate education background. Besides that, Daniel (2009) alsofound that various levels and types of education might expect differentmobility rates. For example, the occupations available to those withworking experience but does not possess a certified tertiary paper maydiffer from those who possess such education level. Mobility may differacross these occupations, causing the mobility of individuals with working experience to be different from those with non working experience butpossesses a degree certificate.

According to Daniel (2009) study, an individual will be more productivedepending on the level of their education. The more education theindividual worker received, the more productive the worker will be.Moretti (2004) explored this idea and found that cities with higherpercentage of tertiary education level workers will enable individuals of alleducation level have higher wages. Other researchers have found anincrease 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 ofeducated workers in a city translate to higher economic growth. However,Zeng, Zhou, and Han (2009) found that those high-level managers withhigher education and the staff whose length of service is 11 to 15 yearsshows unusual decline in work performance because they have not foundthe suitable development space, so temporary disengagement happens.

CONCLUSION:

A diverse workforce is a reflection of a changing world and marketplace. Inthe laboratory research diverse work teams bring high value to organizationsand respecting individual differences will benefit the workplace by creatinga competitive edge and increasing work productivity. Diversity managementbenefits associates by creating a fair and safe environment where everyonehas access to the same opportunities and challenges. Management tools ina diverse workforce should be used to educate everyone about diversity and itsissues, including laws and regulations. Most workplaces are made up of diversecultures, so organizations need to learn how to adapt to be successful.

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