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DIVERSITY AND STRATEGIC HUMAN RESOURCE MANAGEMENT: LITERATURE REVIEW

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Abstract

This age of globalisation has made the world seem smaller. Which has made companies claim their foothold in other cultural diversities. Making the workforce more diverse than ever, and it is still becoming diverse day by day. The interest in the term diversity began in the United States of America in the 1980s. Workforce diversity has been and is one of the main problem for a manager of human resource management in modern companies. And despite noticing this grave problem, various models in this field of human resource management consider workforce as homogenous and generic. Leaders need to understand the need for managing diverse organization to their own strengths than neglecting or looking at it from just one viewpoint. This will increase efficiency and productivity of the organization as diverse teams will produce better results and the organization will gain a market advantage. The main aim of this paper is to view the literature of diversity among employees in strategic human resource management. Nevertheless, the efforts to develop and understand cross-culturality and diversity-oriented models still remain underdeveloped. The objective being, identifying limitations in previous research to drive positive future research in this field with newer models to determine a solution to this problem. There is a need to create strategies that create cultural environments incorporating values of humanity. And what this paper suggests is that we need is a completely new set of strategies of the human resource management to manage a heterogeneous workforce.

Keywords

Workforce Diversity, Human Resources Management, Strategic Human Resource Management, Heterogeneous Workforce

1. Introduction

There have been a lot of social changes in the world lately. With the increasing globalisation, the movement of free labour has increased substantially. This has led to increase in workforce diversity and cross culturality (Cook, 2009) (Seyman, 2006) (Martin Alcazar R. F., 2013). So, what is strategic human resource management? It is a connection between the human resource management of an organization with the organization's strategies, policies and goals. (Erikson, 2018). Strategic human resource management combines the organization's goals and policies with the factors that affect human resources to develop strategies to help resolve the problem. Benschop (2001) argued that strategic human resource management models have always thought that the workforce is "generic and homogenous" meaning same all over, neglecting the cultural differences the employees have (Benschop, 2001). So, the importance of including diversity in strategic human resource management is a main problem that needs to be engaged in future research (Curtis, 2008) (Shen, 2009) (Martin Alcazar R. F., 2013).

This theoretical study has been conducted to understand how diversity has been brought up in strategic human resource management literature. Strategic human resource management models will be classified according to distinctions between universalistic, contingent and configurational approaches (Delery, 1996) (Martin Alcazar F. R., 2005). References of diversity from all approaches will be explained, discussing the limitations of strategic human resource management literature on incorporating diversity (Martin Alcazar R. F., 2013). Thus concluding by calling for future research and consideration of eliminating these limitations in this field.

2. Diversity in Strategic Human Resource Management Models

Diversity management means empowering a diverse workforce that performs to its full potential in a fair and objective work environment (Kundu, 2004) where their individual distinctions are strongly appreciated to construct a more efficient and a more advantageous organization (Bateman, 2009). Thus, to manage diversity efficiently and advantageously, we should not just accept and accommodate individual distinctions, but also encourage, nurture and use these distinctions for the organization's benefit (Bateman, 2009) (Kundu, 2004). A

mutual understanding between top management of the organization and human resource managers is very important to learn and acknowledge these distinctions (Kreitz, 2008). Respecting diversity and helping to develop a culture that supports diversity initiatives are the main reasons for an efficient diversity management (Shen, 2009).

2.1. Diversity in Universalistic Model

Universalistic means applicable universally. Some practices are applicable worldwide. This is the simplest approach. Its main objective is to identify the best Human resource management practices that fulfil these two conditions:

1. Shows capability to improve organizational performance (Martin Alcazar R. F., 2013).
2. Generalizability (Becker, 1996)

These studies try to identify certain human resource management practices that could be used by an organization under any circumstance as diversity and cross-cultural management tools (Martin Alcazar R. F., 2013) (Emerald Insight, n.d.). Following this approach, universalistic research has demonstrated the effects of certain policies on the performance of heterogeneous teams, but has failed to explain how the connections among these practices build a human resource management strategy oriented to diversity (Martin Alcazar R. F., 2013) (Emerald Insight, n.d.).

2.2. Diversity in Contingent Model

Contingent means depending on something else like this model which depends on dependent and independent variables. This model is opposite to the universalistic model. In this model, dependent and independent variables (human resource policies and performance) are not considered stable, they vary according to third variables called contingency variables (Martin Alcazar R. F., 2013) (Emerald Insight, n.d.). Contingency variables vary according to the particular circumstances and the strategies change accordingly. Because of this variability, best practices that could lead to superior performance under any circumstance are denied (Delery, 1996) (Emerald Insight, n.d.). Some four strategic human resource management models can be used as examples of contingent approach to diversity:

- a) Kossek and Lobel (1996) showed through a complex model on how strategic human resource management can benefit from diversity. They said that diversity management should not be used as a means itself but a tool for getting competitive advantage which can directly link and benefit the company's strategy (Kossek, 1996) (Emerald Insight, n.d.).
- b) Benschop (2001) proposed a model under this contingent approach to "rethink human resource management" assuming that employees are heterogeneous (Emerald Insight, n.d.).

- c) Richard and Johnson (1999) (2001) and Richard (2006) in the contingent model of strategic human resource management said that to manage diversity, the organization must define what they think is diversity according to them which must align to the organization's strategies, the organizational structure and the environmental uncertainty (Emerald Insight, n.d.).
- d) In some recent years, Herdman and Mcmillan-Capeheart (2010) said that the organizations need to consider some organizational characteristics that will moderate diversity and the performance (Emerald Insight, n.d.).

2.3. Diversity in Configurational Model

The configurational model assumes that the human resource management should not only consider the local environment and the organizational conditions but should also be internally coherent (Delery, 1996) (Martin Alcazar R. F., 2013). The configurational approach is based on the idea that "a multiplicative relationship exists so that configured training and development, work design, staffing and compensation interventions will have a meaningful diversity orientation" (Richard O. a., 2001) (Emerald Insight, n.d.). Armstrong (2010) defined the concept of diversity and equality management system (DEMS), as a multifaceted bundle that includes written policies for managing diversity and equality, as well as a reconsideration of training, recruitment, promotion and pay practice (Armstrong, 2010). All in all, configurational approach is the holistic transformation of traditional human resource strategies to manage a heterogeneous workforce (Martin Alcazar R. F., 2013) (Martin Alcazar F. R., 2005).

3. Examples of Companies Embracing Diversity

Nowadays, many companies have developed policies and objectives keeping in mind the diverse work-culture and the workforce. Even passive and active job seekers find it better to work in a company that have a diverse workforce. Many companies in the world have already transformed their strategies to fulfil this need of diversity management. Some of which are: Sodexo: generations and sexual orientation are part of diversity hiring at Sodexo. This has increased their gross profit by 23% and brand image by 5% (McSweeney, 2016).

Coca-Cola: they see diversity not only as policies and practices, but as their future. They have these diversity education programs which include trainings in diversity and diversity discussions. They started a policy that gave six weeks of paid leave to all those new mothers

and even fathers which has increased their millennial employee retention (McSweeney, 2016) (Bolden-Barrett, 2017).

Accenture: they say diversity makes them smarter, competitive and more innovative so they strive to achieve it. Their recent hires have been diverse and were 43% of women. They publish a diversity report to set an example for other companies to become more open in diversity hiring (Bolden-Barrett, 2017).

There are many more companies like Marriot International, Johnson and Johnson, MasterCard, Disney, etc. who have transformed their human resource strategies to cope with diversity. Diversity management has not only improved their profits but they also gained fame and have been examples to other companies to think in this angle to move forward and not be stuck on old perceptions.

4. Conclusion

Diversity management still needs a complete transformation of human resource strategies (Shen, 2009) (Martin Alcazar R. F., 2013). There are only weak and general diversity oriented strategic human resource management models (Kossek, 1996). As shown above in all the three models we see there are very less models to support diversity in a workforce. There are both positive and negative effects of a heterogeneous workforce and so Kochan (2003) and others have argued that the limit to which diversity will affect group performance depend on how the organization manages the heterogeneous groups (Emerald Insight, n.d.). There are so many different and diverse people in an organisation and it all depends on it manages diversity to its advantages. They also specified that the strategic human resource management system can play a moderating role in the effects of diversity (Kochan, 2003) (Emerald Insight, n.d.). Moderating as in it will moderate the effect of diversity in the organization be it negative or positive.

Everyone is different and not just demographically but also in cognitive processes and values and mindsets which are generally overlooked and these traits are less visible also and difficult to measure and manage (Harrison, 2007). And so, to develop a bundle (set of strategies) of human resource strategies to manage diversity, we first need to know and understand the different attributes (different nature and mindset of people) that the organization has to manage.

Diversity management research has still not specified the effects of heterogeneity so an integrative approach is needed to complete the models (Stockdale, 2004) (Emerald Insight,

n.d.). There are studies which say that there would be negative consequences if there is perception of differences which creates negative dynamics in the group (Martin Alcazar R. F., 2013). Negative consequences will arise if the employees give in to the differences present among them which creates different perceptions. If this is not properly managed, subgroups (groups inside groups) and conflicts will arise (Martin Alcazar R. F., 2013). But on the positive side, studies confirm that diverse demographic groups reach a broader set of external agents easily (Martin Alcazar R. F., 2013). Diverse groups can solve problems with a wider approach due to their different and diverse nature which is a good thing.

We need to rethink performance variables to measure the effects of diversity as the universalistic models relies on financial indicators because they are easy to use and easily visible and easily measurable (Martin Alcazar R. F., 2013) (Emerald Insight, n.d.). So to understand diversity, there is a need to define new performance variables that take into account the interest of diverse internal and external stakeholders (Gerhart, 1999). More variables will give more perspective in the measurement of diversity and solve the negative circumstances that arise due to diversity.

Diversity management has become crucial as organizations cannot overlook globalisation that has made us come in contact with diverse people. Due to globalisation there is a diverse workforce in almost every organisation but there are no models to support it. Everyone has their own set of demographic and cognitive characteristics and all these characteristics sit right next to each other in an organization. Many companies have started adopting diversity ideals to become top companies in their field. This contributes into making an individual a better person which in turn makes them a better employee and a profit for the company. But managing this kind of diversity is not an easy task for any manager. Some organizations do not consider diversity an important part of the strategic human resource management and neglect it which gives way to more problems. What this research paper shows is that there is a need to transform these traditional human resource strategies to work in this era and give way to future research in diversity, seeing the pace the world is going, we will definitely need some strategies to manage it.

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