

## Chapter 22

# Leveraging Workforce Diversity through Human Resource Management Initiatives

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### ABSTRACT

*Workforce diversity and the benefits resulting from its appropriate management is a topic that must be addressed from a strategic and not an emotional perspective; and more specifically, from the Human Resources Strategic Management perspective. This chapter intends to explore the Human Resources initiatives and practices in use, analyze which of them can be employed, and which are more appropriate for an optimal management of workforce diversity, creating a competitive advantage for companies.*

### INTRODUCTION

A diverse workforce includes multiple beliefs, values, forms of understanding the world and specific information. Internationalization and globalization have favored an increase and reinforcement of the significance of workforce diversity. A multicultural workforce is a common element not only to organizations of western societies but also to corporations at global scale. As a result,

diversity is increasingly becoming a hot button at political, legal, corporate, and educational levels (Shen, Chanda, & Monga, 2009).

Diversity must be understood as a competition issue. It must be approached from a strategic perspective and not from an emotional one. However, diversity by itself does not necessarily have an impact, either negative or positive, on business results. The key lies in management, and more specifically in Human Resources Management.

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Researchers widely recognize that effective diversity management can only be achieved by means of the use of appropriate human resources strategies (Richard & Johnson, 2001; Litvin, 1997). This chapter intends to explore such practices, analyze which of them can be employed and which are more appropriate for an optimal management of workforce diversity and to obtain a competitive advantage for companies.

The chapter is structured into the following main sections: Diversity as a Strategic Value will focus on the analysis of the benefits resulting from workforce diversity and on how diversity is a strategic rather than emotional issue; Approaches to Diversity will include a review of the main diversity perspectives, attitudes, and paradigms focusing on the most appropriate models to achieve benefits from it; The role of Human Resources Management in Diversity Management will focus on the widely shared position that diversity by itself does not mean any valued-added for the company if it does not go together with management processes of such diversity, processes related to the management of diverse Human Resources; and Human Resources Policies that Leverage Diversity Management will analyze the different existing human resources management practices leading to an appropriate management of diversity, which are the possible options available to companies, and how to improve existing practices.

## **DIVERSITY AS A STRATEGIC VALUE**

There is a widespread recognition of the value provided by a diverse workforce. It is related, among others, to an improved quality in management decision making (Beeth, 1997), more innovative problem solving thanks to the contribution of new ideas (Cox, 1994; Elsass & Graves, 1997), the possibility of gaining access to new markets since it reflects the diversity of clients and suppliers (Ford, 1996; Cox, 1994; Cox & Blake, 1991), an improved corporate image (Kandola,

1995), and, as suggested by the resource-based view, the development of a sustainable competitive advantage due to the use of valuable, rare, inimitable and irreplaceable (human) resources (Barney, 1991).

Valuable because firms must have jobs requiring employees with different skills and employees that differ in the skills they have. Organizations that exclude certain people as potential employees based on irrelevant factors limit their ability to hire employees who may master some skills others in the company do not have (McMahan, Bell, & Virick, 1998). Moreover, the availability of different skills is something valuable inasmuch as it has been proven that diverse groups are more effective in identifying problems and finding solutions than homogeneous groups (Watson, Kuman, & Michaelsen, 1993).

Rare because candidates with a high potential are rare, and organizations that exclude potential employees based on irrelevant factors limit their ability to attract and hire candidates with a high potential; and also rare because it is relatively common that in organizations of all sizes the workforce is quite homogeneous, which determines that employees tend to be segregated within organizations (on grounds of gender, hierarchical levels, occupations,...). Having a workforce in which diverse individuals are present at different levels and occupations is something rare.

Inimitable because the policies supporting diversity in an organization may have been the outcome of changes in certain policies and measurement practices developed as a response to litigation on discrimination, or result from a type of leadership associated to the recruitment of diverse employees, or be the result of interconnecting different human resources functions to each other, or of interconnecting to other functional areas; all of which makes them inimitable.

Irreplaceable because a workforce is made up by individuals who are inherently different and who contribute different experiences, knowledge, skills, and capacities to the organization. An

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