

## Managing Diversity in India

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**Abstract** - Managing business in the era of globalisation involves handling several strategic issues in human resource management (HRM). Diversity management (DM) has been recognised as one such issue. This paper discusses the criticality of managing diversity in handling HR concerns in the changing global business environment in India. It especially focuses on the ongoing global demographic changes; the shifts in contemporary DM concept from equal opportunities to managing diversity; and content and context of diversity issues in the country.

As Indian companies go towards employing global workforce and operate in competition with other players in the global market, DM issues are likely to assume a greater degree of criticality for them as well. A higher incidence of convergence of management practices across countries will also give rise to a greater need for valuing diversity. The paper further argues that presently the Indian discourse on diversity mainly involves issues connected with legal compliance. These too are not quite comprehensive, and most of such laws apply only to the public and government sectors. But gradually especially in the sunrise sectors like the software industry, companies are moving towards building a global workforce. In the long run, Indian employers are likely to feel a greater demand for valuing diversity and thus move from equal opportunity compliance to respecting diversity and building great places to work.

**Keywords:** Diversity, equal opportunities, valuing diversity, strategic HRM, India

### 1.INTRODUCTION

Diversity management developed as a philosophy in the late 1980s in North America with the publication of Workforce 2000, a report indicating changing labour market demographics. In the 1990s, the concept gained popularity as a new management approach in the UK and has continued to do so because of the prevailing social and economic climate. It's now not a choice but a requisite for any successful workforce strategy because of the competitive pressures on organisations to sustain and improve economic

performance and the changing expectations and aspirations of society.

These pressures are forcing attention on the need to address contextual realities, which have traditionally been ignored. Labour market statistics show that the workforce of the twenty-first century is becoming more and more diverse in terms of factors such as race and ethnic origin, gender, age, sexual orientation and political and religious belief.

### 2.DEFINING DIVERSITY MANAGEMENT

Diversity in many ways is closely connected to another term that we see commonly used today, which is 'Change'. Managing diversity is an essential part of change management. If Indian companies have to thrive in today's changing global marketplace, it has to learn to manage diversity, both within the company and without.

In response to the growing diversity in the workforce around the world, many companies have instituted specific policies and programs to enhance recruitment, inclusion, promotion, and retention of employees who are different from the privileged echelons of society. Just as the privileged groups may vary from one country to the next (e.g., urban men of Han descent in China, White men in the United States, or Protestant men in Northern Ireland), so too do the disadvantaged groups (e.g., the lower castes in India, North African immigrants in France, or women in Korea). Although equal rights legislation and affirmative/positive action policies have helped disadvantaged groups obtain access to a variety of jobs not previously open to them, it is their exclusion from circles of influence in work organizations that has kept them from fully contributing to and benefiting from their involvement in the workplace.

Diversity management policies and programs are designed to create a welcoming organizational environment to those groups that, in the past and through the present, have not had access to employment, in general, and to more lucrative jobs, in particular.

The term *diversity management* originated in North America but has slowly taken hold in other regions and countries of the world (e.g., Hays- Thomas,

2004; Kaiser & Prange, 2004; Nyambegeera, 2002; Ozbilgin & Tatli, 2008; Palmer, 2003; Palmi, 2001). Below is a brief definition of the term:

Diversity management refers to the voluntary organizational actions that are designed to create greater inclusion of employees from various backgrounds into the formal and informal organizational structures through deliberate policies and programs.

With the globalizing economy and the increase in multinational corporations, diversity management no longer refers solely to the heterogeneity of the workforce within one nation but often refers also to the workforce composition across nations. The first type, intranational diversity management, refers to managing a diverse workforce of citizens or immigrants within a single national organizational context. An example would be a German company instituting policies and training programs for its employees to improve sensitivity and provide employment opportunities to members of minority groups and recent immigrants in its workforce. The second type, cross-national diversity management, refers to managing a workforce composed of citizens and immigrants in different countries (e.g., a Korean company with branches in Japan, China, and Malaysia establishing diversity policies and trainings that will be applicable in its headquarters and also in its subsidiaries in these countries). Each of these types of diversity management presents different challenges and dilemmas, and each requires a different set of policies and programs. In addition to practicing within the laws and social norms of its home country, cross-national diversity management requires employers to take into consideration the legislative and cultural context in other countries, depending on where their workforce resides. For example, a company based in South Africa has to abide by the South African equal rights legislation, which compels it to treat men and women equally. If the same company has a branch in Saudi Arabia, however, it will have to treat its employees according to the laws of that country, which are inspired by the shari'ah and follow the Islamic tradition of prescribed gender roles. In South Korea, as another example, the cultural norms dictate that married women with young children leave their careers and devote their time to their families. The Korean cultural norms (Lee, 1997; Park, 2008). Cox (2001) notes, "The challenge of diversity is not simply to have it but to create conditions in which its

potential to be a performance barrier is minimized and its potential to enhance performance is maximized" (p. 16). Diversity management refers not only to those groups that have been discriminated against or that are different from the dominant or privileged groups, but to "the mixture of differences, similarities and tensions that can exist among the elements of a pluralistic mixture" (Thomas, 2005, p. 93). Using a jar of jelly beans (colourful candy) as a metaphor, Thomas (1996) emphasizes that diversity management is dealing with the collective mixture of all workers, not just the recent additions to the organizational workforce: To highlight this notion of mixture, consider a jar of red jelly beans and assume that you will add some green and purple jelly beans. Many would believe that the green and purple jelly beans represent diversity. I suggest that diversity, instead, is represented by the resultant mixture of red, green and purple jelly beans. When faced with a collection of diverse jelly beans, most managers have not been addressing diversity but, instead, have been addressing how to handle the last jelly beans added to the mixture. . . . The true meaning of diversity suggests that if you are concerned about racism, you include all races; if you're concerned about gender, you include both genders; or if you're concerned about age issues, you include all age groups. In other words, the mixture is all inclusive. (pp. 146–147). Further, diversity management can create a competitive advantage in areas such as marketing, problem solving, and resource acquisition (Cox, 2001). Therefore, diversity management is not the sole domain of the human resource function in the organization (as has been the case with affirmative or positive action initiatives) primarily aimed at compliance with legal requirements. However, it is important to note that careful research in a global context suggests that diversity management can have both positive and negative consequences as well as no change at all and that a more nuanced approach to the link between diversity management and organizational outcomes is in order (Kochan, Bezrukova, Ely, Jackson, & Joshi, 2003; Jackson, Joshi, & Erhardt, 2003; Thomas, 2005).

Slogan	Argument
"Diversity is a reality here to stay."	The pool of current and future employees is becoming more diverse, and businesses have no choice but to

	adapt to this new reality.
“Diversity management is the right thing to do.”	Companies have an obligation to promote social justice and implement principles of compensatory justice through their policies and programs.
“Diversity makes good business sense.”	Diversity management can give companies a competitive advantage in the global economy.

### 3.Characteristics and Limitations of Diversity Management

The goal of diversity management is to transform the organizational culture from a majority-oriented to a heterogeneous-pluralistic culture in which different value systems are heard and thus equally affect the work environment.

Diversity management has a dual focus: the first is enhancing social justice by creating an organizational environment in which no one is privileged or disadvantaged due to characteristics such as race or gender; the second is increasing productivity and profitability through organizational transformation (e.g., Cox, 2001; Ozbilgin & Tatli, 2008; Thomas, 2005). Accordingly, diversity management has three key components:

1. Diversity management is voluntary. Equal rights legislation is enforced through sanctions (monetary fines or incarceration), and affirmative/positive action policies are enforced through incentives (government contracts); but diversity management is self-initiated by the companies themselves. It is not enforced or coerced but is entirely voluntary.
2. Diversity management uses a broad definition of diversity. Whereas both equal rights legislation and affirmative or positive action policies specify the groups that are to benefit from the laws or public policies (e.g., specific castes in India or Blacks in South Africa), companies that implement diversity management often use broad and open definitions of diversity. One of the reasons for this broad and often vague definition is that they make diversity programs inclusive and reduce potential objections from members of the majority group.
3. Diversity management aims at providing tangible benefits to the company. Diversity management is seen as a business strategy aimed at tapping into the full potential of all employees in the company in

order to give the company a competitive advantage, whereas in the past, employees of different backgrounds (e.g., race/ethnicity or gender) were labelled as unqualified by managers if they did not conform to values and norms of the majority. The logic of diversity management is that it allows every member of the organization to bring to the workplace his or her unique perspective, benefiting the organization as a whole. Expected benefits of diversity management include such outcomes as broad appeal to diverse clients because diverse employees communicate better with diverse clients; better products because diversity of opinions leads to creativity; and improved sales because diverse employees better understand the needs of diverse clients (Cox, 2001; Ozbilgin & Tatli, 2008; Thomas et al., 2002).

### 4.Necessity of diversity management in India

India is known as “politically one country but socio-culturally many countries in one”. In India even people from neighbouring states are as different as trying to compare Karnataka to Italy when considering language, style of dress, cultural dances, etc. As per studies in India the language and culture changes ever 100 kilometres.

From a media planning perspective, there are 5,600 daily newspapers, 15,000 weekly newspapers, and 20,000 magazines in 21 languages across the country that planners must negotiate through when planning their media buys.

To keep in pace with the changing needs of the world and to succeed India Inc's should keep in mind not only the demographics at their organization level, the challenge is also to have a broad spectrum of thought to manage at the market place. It is like a two edged sword. An optimal environment should be that which seeks to optimize the contributions of diverse workforce, suppliers and the communities where they work. It should reflect both the market place and the customers.

### 5.Consequences of Ignoring Diversity

Ignoring diversity issues costs time, money, and efficiency. Some of the consequences can include unhealthy tensions between people of differing gender, race, ethnicity, age, abilities, etc.; loss of productivity because of increased conflict; inability to attract and retain talented people of all kinds; complaints and legal actions; and inability to retain women and people of color, resulting in lost investments in recruitment and training.

about our personal preferences than about the skills needed to perform the job.

### Issues

- How do you make the job sound appealing to different types of workers, such as people with disabilities?
- How can recruitment be effectively targeted to underutilized groups?
- How do you overcome cultural bias in the interviewing process, questions, and your response?

### 6.Strategies

- Specify the need for skills to work effectively in a diverse environment in the job, for example: "demonstrated ability to work effectively in a diverse work environment."
- Make sure that good faith efforts are made to recruit a diverse applicant pool, particularly underutilized minorities and women.
- Focus on the job requirements in the interview, and assess experience but also consider
- Transferable skills and demonstrated competencies, such as analytical, organizational, communication, coordination. Prior experience has not necessarily mean effectiveness or success on the job.
- Use a panel interview format. Ensure that the committee is diverse, unit affiliation, job classification, length of service, variety of life experiences, etc. to represent different perspectives and to eliminate bias from the selection process. Run questions and process by them to ensure there is no unintentional cultural or institutional bias.
- Ensure that appropriate accommodations are made for disabled applicants.
- Know your own cultural biases. What stereotypes do you have of people from different groups and how well they may perform on the job? What communication styles do you prefer? Sometimes what we consider to be appropriate or desirable qualities in a candidate may reflect more

### 7.What are the benefits of managing diversity effectively?

Recent research with organisations across Europe shows how creating and managing a diverse organisation can provide real benefits, whether they are in the private, public or not-for-profit sectors, whether they are large or small. Diversity management strategies can help to create a link between the internal and external aspects of the work of an organisation. Whilst each organisation needs to work out its own priorities, these benefits can include:

- Attracting, recruiting and retaining people from a wide "talent" base.
- Reducing the costs of labour turnover and absenteeism.
- Contributing to employee flexibility and responsiveness.
- Building employee commitment, morale and "discretionary effort".
- Managing better the impact of globalisation and technological change.
- Enhancing creativity and innovation.
- Improving knowledge of how to operate in different cultures.
- Improving the understanding of the needs of current customers or clients.
- Assisting in the development of new products, services and marketing strategies.
- Enhancing the organisation's reputation and image with external stakeholders.
- Creating opportunities for disadvantaged groups and building social cohesion.

### 8.The positive benefits of managing diversity

The benefits of diversity indicated in the literature that has been reviewed for this report can be summarised in the following three broad statements:

- Diversity enhances customer relations and increases market share.

- Diversity enhances employee relations and reduces the cost of labour.
- Diversity improves workforce quality and performance in terms of diverse skills, creativity, problem-solving and flexibility.

## 9. How to: Manage Diversity Effectively

### 9.1 Recommendations for success

These best practice examples as well as a number of studies, all show that effective diversity management should be an integrated part of an organisation's strategy and daily operations if they are to avoid turning into politically correct statements with little or no action behind them. Five main recommendations for organisations seeking to create an effective diversity management programme are consequently to:

1. Rethink diversity management so it is not limited to the HR function. Successful diversity management engages with all business processes and stakeholders.
2. Create a dedicated diversity function, post or department, depending on the size of the organisation.
3. Make diversity part of the overall strategy, but also consider how to implement it.
4. Split diversity management initiatives into several stages: information gathering, policy-making, practice and assessment.
5. Provide diversity training throughout the workforce, instead of limiting it to the managerial level. Diversity can also be incorporated into mentoring efforts, leadership training and management-by-results programs.

Successful diversity management and implementation can be a time-consuming process, but with the right strategic approach, it will be a rewarding course of action which puts the organisation firmly on track for long-term competitive advantage.

### 9.2 SIX PRINCIPLES OF MILLENNIAL MANAGEMENT

Stated to be 'Six Principles of Millennial Management' are those as follows:

- This generation wants someone else to lead.
- This generation has grown up with structure and supervision, with parents who were role models.
- This generation wants to be challenged.
- This generation wants to work with friends
- This generation wants to have fun at work.
- This generation wants respect.
- This generation wants flexibility in the workplace.

### 9.3 Making it happen

Managing diversity is a journey, not simply a project! But there are some key areas you need to consider:

- Identify and acknowledge the kinds of diversity that are important.
- Work with different stakeholders to understand your own "business case".
- Communicate what you are doing to employees, customers, clients, investors, funders etc.
- Make sure that people know what diversity means to them and their work.
- Review the impact of your diversity management strategy.
- Develop policies and practices that reflect and implement your commitment to managing diversity.
- Build the support and trust from people inside and outside the organisation.
- Learn from others and benchmark what you are doing.

Above all, make diversity management a living part of your organisation!

## 10. Summary and Conclusion

The globalizing economy and the increase in the number of multinational corporations make diversity management a necessity for companies that want not only to survive but thrive during this time of economic, social, and cultural changes. *Diversity management* refers to the voluntary organizational actions that are designed to create through deliberate policies and programs greater inclusion of employees from various backgrounds into the formal and informal organizational structures. Diversity management, compared with its predecessors (equal opportunity legislation and affirmative action programs), is proactive and aimed at creating an organization in which all members can

contribute and achieve to their full potential. The reasons for implementing diversity management include having to adapt to the new reality of a workforce that is increasingly diverse, doing the right and moral thing, and gaining a competitive advantage. Diversity management has three main characteristics: it is voluntary; it uses a broad definition of diversity; and it aims at providing tangible benefits to the company. Finally, implementing diversity management can give companies a competitive advantage in areas such as problem solving, corporate image, and marketing. The challenge of diversity management is to break the harmful cycle that equates cultural difference with social/economic disadvantages. Therefore, although the emphasis on the business advantage of diversity management is probably a good motivator for companies to enact diversity programs, it does not mean that moral and ethical missions should be neglected or overlooked. To overcome these potential limitations, diversity management has to focus on both enhancing profitability and fostering social justice.

Probably, the most important aspect that comes out from the study is that diversity is finally all about human beings, and how they differ from each other. Any company that understands its key stakeholders well – its employees, its shareholders, its partners and most importantly, its customers, can thrive in the most diverse of environments.

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