

# *Investigation of the Diversity of Organizational Human Resources*

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**Abstract:** Thanks to globalization, the workforce has often been filled with the ranks of people coming from different ethnic, religious, and gender-focused backgrounds. As such, it becomes almost imperative for companies today to make sure that their own ranks are reflective of this demographic change, not simply for the sake of diversity, but because diversity itself has, based on data, yielded greater productivity in firms. This study takes a closer look at academic resources on the topic and argues that workforce performance improves when employees come from different backgrounds due to different HR policies.

**Keywords:** diversity, hiring, productivity, organizational policies

## **1. Introduction**

In an increasingly globalized world, hiring employees from diverse demographic backgrounds is inevitable. One could even argue that it is more difficult to have a completely homogenous workforce. So, diverse hiring confers a few significant benefits to companies that adopt these practices. This paper hypothesizes that there are good reasons for human resource practitioners to adopt diversity policies because they yield benefits that help the company's profits. Thus, it is worth examining the existing body of scholarly resources, to demonstrate that diverse human resource policies lead to improved workforce performance because workers trust each other better, they share knowledge and work resources easily, and the leadership acts in a more flexible manner.

## **2. Analysis of the Diversity in Organizational Human Resources**

One notable side-effect of diverse workplace policies involves greater employee performance. The most important is that many studies have shown that work outcomes improve when diversity is prioritized. For example, Shen, Tang, and D'Netto found that organizational policies that prioritized diversity was highly correlated with improved knowledge sharing among the employees [1]. In their study, which examined 37 firms in China, they found that companies that promoted diversity and rewarded performance had more knowledge sharing going on among its employees. This knowledge-sharing, in turn, leads to better organizational performance as employees are more likely to improve their individual performance, and innovate in the workplace, when they have more access to knowledge. In addition, promoting diversity in the workplace through the use of HR policies can reduce the existence of a discriminatory work climate. It seems really obvious, but more diverse

workplaces are less likely to have hostile environments that exclude or victimize employees due to their identity. For example, Evans and Suklun report that previous studies have shown that more diverse workplaces are inherently less discriminatory than homogenous workplaces, but also that the more diverse workplaces have an easier time recruiting, retaining, and engaging employees [2]. Furthermore, Evans and Suklun also found that more culturally diverse workplaces can better accommodate inter-employee communication and minimize misunderstandings when the employees are more empathetic towards each other [2]. This means that the employees assume that their coworkers have good intentions, and thus are less likely to have conflicts with each other as they navigate cultural and linguistic differences. In conclusion, the promotion of diversity in the workplace leads to more knowledge-sharing among its employees, less likely emergence of a discriminatory work environment, better communication among workers, and overall better work outcomes as a result of this better working environment.

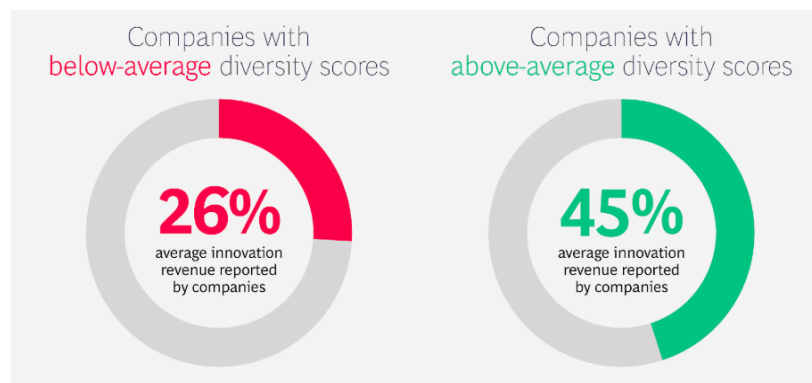


Figure 1: The business case for diversity in the workplace is now overwhelming.

Diversity in an organization is both a challenge and a necessity, which when properly managed and utilized to its great advantages, will improve overall trust. Shen, Tang, and D’Netto explained how organizational-level HR diversity management practices increase employee trust and cooperation [1]. In a study conducted among more than 700 Chinese employees, Shen, Tang, and D’Netto found that fair evaluation practices among employees led to them placing more trust in each other within a work context [1]. If the employees are able to cooperate amongst themselves, then they are likelier to trust the organization. The workers see their peers as representatives of the company, and thus their trust extends appropriately. This is supported by further data from Andrevski, Richard, Shaw and Ferrier who found that when it racially diverse management teams often have significantly competitive performances when working within a firm. This likely arises as a result of greater trust between teammates. The trust in an organization is mediated by “cooperative norms”, which ties with the culture that the firm cultivates [1]. Again, this can be traced to workers being able to communicate better. Psychological studies also prove that workers are able to trust the company more if the positive, diverse climate within the company is sustained. Findings collected by Mason and Aramovich explain that employees will trust an organization and become attached to their workplace if they believe that the former offers equal opportunities for all members of a team[3]. In other words, workers are more motivated to perform their duties if they feel that they will be compensated and evaluated fairly. The research has also shown the direct link between well-managed diversity policies and the frequency with which the employees come and go[3]. While homogenous groups build trust easier and faster than non-homogenous groups, this hiring solution is only temporary and might lead to narrow group thinking and unproductive “sameness”[1]. This sameness is only a short term solution, but differences turned into a competitive advantage is a long term and sustainable practice that human resources is expected to manifest. In diverse workplaces, individuals who cannot predict each other at first

because of differences in backgrounds and values but given same quality evaluation and opportunities develop tighter bonds, commitment to shared growth, and organization success.

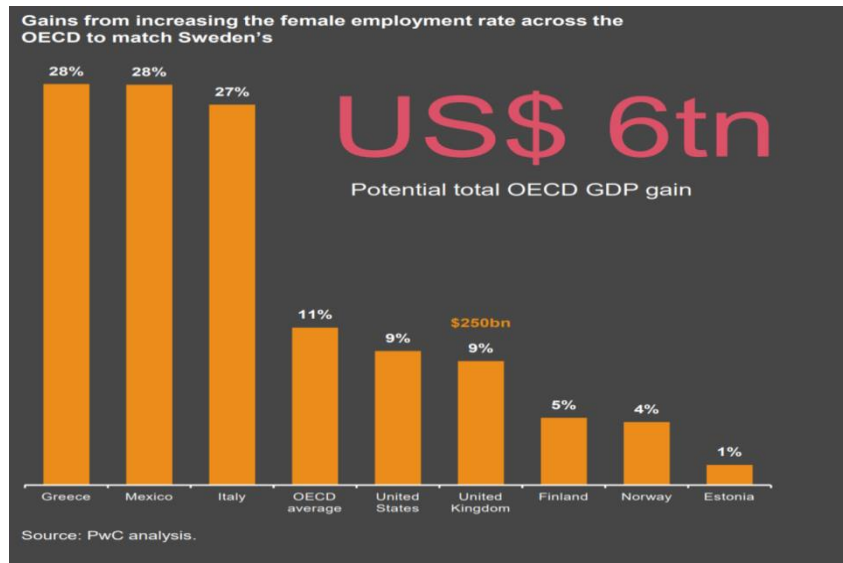


Figure 2: Why workplace diversity and inclusion should not be a numbers game.

These findings, however, do not mean that HR and Management can simply implement pro-diversity policies without any significant roadblocks and challenges. As noted by Holck and Muhr (2015), there are limitations in how diversity is perceived that lead to limitations in diversity policies themselves. For example, Holck and Muhr classified literature about diversity into three categories: Social Identity Theory (SIT) perspectives, critical perspectives on identity, and post-structural perspectives on identity [4]. Social Identity Theory is the predominant theory on diversity, and thus most HR and management policies reflect it, and while Social Identity Theory has many advantages, such as the assumption that a person has a specific and fixed core identity that forms the basis of forming in- and out- groups, and thus diversity management should focus on ensuring that people in the out-groups are not oppressed by the people in the in-groups either deliberately or unintentionally. However, there are many critiques of this approach, as noted by Holck and Muhr (2015). SIT-centered diversity policies may have a tendency to reduce people to categories rather than view them as individuals, and assume that all members of a category will view a decision the same way. As such, diversity-focused measures can actually attract people who have shared identities or backgrounds, rather than the intended diverse field of workers. For example, a misguided policy could assume that all female employees would prefer sushi to be served at employee events, just because the woman that they asked for her opinion about sushi said that she liked them. Therefore, examinations of diversity as a concept become necessary in order to adopt diversity policies that do not alienate the existinroster of employees. If anything, e care must be taken so that diversity policies do not end up promoting the alienation of and prejudice against the very people it was meant to protect.

Although there are still areas of research that need to happen with regards to diversity in HR and the workplace, its benefits are valuable and therefore should be implemented in workplaces. The growing network economy and globalized institutions call for more diverse, inclusive, and cross cultural workplaces. This idea even extends to the highest level of corporate hierarchies. In an analysis of the corporate structures of Fortune 500 companies, Miller and Triana found a positive correlation between boards of directors that had racially diverse members, and positive firm performance [4]. This correlation stems from the idea that diversity, on its own, generates positive reputation. Termed “signaling theory”, a racially-diverse board of directors not only garners notable attention from the

market, but they are also more flexible because of their diversity [4]. In other words, a diverse leadership not only catches the attention of market forces by way of reputation, but they also feature multiple perspectives and ways of thinking that can tackle any problem that comes before them. Of course, the positive impact of diversity in organizations does not end with the top end of the corporate hierarchy. A 2010 study by Shen, D'Netto, and Tang notes that a positive correlation also exists between good “organizational citizenship behavior (OCB)”, the way workers and employees act within the context of the firm, and “human resource diversity management (HRDM)”, a human resource tactic which prioritizes equality and inclusiveness [5]. Thus, an employee who works for a company that specifically hires for diversity, is likelier to cooperate with, and act within the confines of, an organization’s cultural standards.

### 3. Conclusion

Overall, diverse HR policies often generate workforces that not only work together more efficiently but also trust each other more often, and have leaders who exhibit flexible ways of handling issues. As such, the companies that adopt these measures often experience tangible benefits like better efficiency from their employees, and even increased revenues. In a context where the bottom line has always been making a profit, diversity not only makes sense from a moral or ethical perspective, but it also works from a financial one. It is fiscally smart to recognize and practice diversity.

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