

IS EMPLOYEE DIVERSITY RELEVANT? ASSESSMENT OF THE IMPACT OF DIVERSITY MANAGEMENT ON SOFT AND HARD ASPECTS OF MANAGEMENT

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Purpose: The dynamics of changes taking place in the environment, globalization, increasing competition entail many changes concerning the management and operation of the organization. One of the conditions ensuring the proper functioning of the enterprise is the implication of diversity management, the objective of which is to promote equality and diversity in the workplace. This approach ought to be treated as a developed concept of talent management in the organization, with particular emphasis on equal opportunities, counteracting discrimination, employee integration and the moral and ethical dimension of management. This manner of conducting a business is based on universal values that help enterprises to achieve their business objectives.

Design/methodology/approach: The research task was carried out on the basis of the subject literature and the results of the survey conducted in the fourth quarter of 2020 among 343 diversified employees. The empirical analysis workshop allowed for the assessment of the impact of actions taken for the benefit of diversity management, as well as the possession of the diversity potential on soft and hard aspects of management.

Findings: The conducted analyses indicated that diversity management has a significant impact on holistic business management. This is confirmed by both positive and negative relationships between the characteristics analyzed.

Originality/value: Little research does relate to the assessment of operations in terms of diversity management or evaluation of the diversity potential and their impact on the holistic (including soft and hard aspects) management of the enterprise. This creates a re-search gap and implies the possibility of acquiring real knowledge of the impact of diversity management on the functioning (soft and hard aspects) of a modern enterprise.

Keywords: diversity, diversity management, soft and hard elements of management.

Category of the paper: Research paper.

1. Introduction

The current, highly competitive, and simultaneously full of uncertainty environment causes that contemporary enterprises must face the inevitability of changes in labor supply which is becoming increasingly diversified. This determines not only the effects of diversity in the organization, but also the level of openness to the characteristics of distinctiveness among the organization members, working groups and culture (Patrick, 2010, pp. 67-72). One of the postulates, ensuring the proper development of the company, has become the implication of the diversity management policy, aimed at human resource diversification (Horváth, Szakács, Szakács, 2018, pp. 1-15). Diversity management is said to be able to counteract the shortage of skilled, talented employees (Van Laak, Weinert, 2016, pp. 1-12). From the perspective of the enterprise market operations, diversity management refers to the research into the heterogeneity of employee groups and its impact on organizational processes (Lauring, Selmer, 2012, pp. 89-105). The key issue in this regard is the ability to identify these differences and subsequently conscious development of the strategy, policy and programs that create the climate for respect and their use for the benefit of the enterprise (Mateescu, 2017, pp. 23-35). This is also aimed at increasing equal opportunities or preventing discrimination in the workplace. The proper use of differences (age, gender, education, origin, competences, experience, etc.) becomes the basis for creating sustainable – responsible, ethical working environment, in which every employee is important and valuable (Homan et al. 2007, pp. 1189). O'Leary and Weathington (2006, pp. 283-292) or Vertovec (2012, pp. 287-312) claim that diversity management has achieved the status of moral imperative relating to the recognition and acceptance of existing differences in the enterprise. According to M.L. Egana and M. Bendick (2008, pp. 387-393), such a manner of management significantly facilitates the achievement of the organization's success by means of the fact that it shapes the individualism of individuals and organizations and the ways of behaving in the working environment

Little research does relate to the assessment of operations in terms of diversity management or evaluation of the diversity potential and their impact on the holistic (including soft and hard aspects) management of the enterprise. This creates a research gap and implies the possibility of acquiring real knowledge of the impact of diversity management on the functioning (soft and hard aspects) of a modern enterprise. Having in mind the above, the objective of the article is an attempt to respond to the question if diversity management is relevant in the contemporary enterprise during the period of changes and constraints.

2. Literature Review and Hypothesis Development

2.1. Diversity Management

An immanent feature of contemporary societies is diversity, which includes, within its scope, the specific mosaic of characteristics that distinguish individuals or communities (De Abreu Dos Reis, 2007, pp. 148-166). As claimed by Jonsen et al. (2011, pp. 35-62) paradoxically, there is no commonly accepted definition of the concept of diversity, since, in many cases, its description is often unclear and questioned. For this reason, diversity is a specific term, which is constantly evolving, while concentrating on both individual and contextual aspects of diversity.

Many contemporary authors define diversity as any significant difference that distinguishes one person from another – the description covering a wide range of overt and hidden features. In general, researchers include the features of diversity in four areas: personality (e.g., characteristics, skills, abilities), internal (e.g., gender, race, ethnicity, IQ, sexual orientation), external (e.g., culture, nationality, religion, marital or parental status) and organizational (e.g., position, department, relationship/no-relationship) (Manoharana, Singal, 2017, pp. 77-91). In the case of organizations, diversity relates to differences between people (employees) in the company. It can be assumed that diversity management is inscribed in the current of contemporary management concepts, which arose in the 1980s in the United States, gradually becoming a strategic business issue for many organizations in other countries (Farndale et al., 2015, pp. 677-687).

It is assumed that diversity management consists in spotting differences between people in enterprises (and outside them) and conscious development of strategies, policies and programs that create the climate to respect and exploit differences for the benefit of the organization (Chatman, 2010, pp. 448). Moreover, this concept has been to lead to – through appropriate personnel management – to the integration of various minority groups in the labor market. The objective of the operations has been to provide diversity among employees and their proper management, ensuring good working atmosphere and, at the same time, their high productivity (Wrench, 2008). In this sense, diversity management relates to the ethical manner of enterprise management, which provides a sense of fairness and equal opportunities for all employees in terms of access to work, opportunities for professional development and promotion, remuneration, reconciliation of professional and family life, protection against discrimination (Klarsfeld, 2007). As noticed by Park and Kim (2017, p. 179), diversity management is positively linked to the perception of organizational integrity in the workplace.

One may state that diversity management primarily concerns building awareness and acceptance of differences in the workplace through the systematic and planned creation of programs. The objective of these activities is to improve the interaction between different

employees in order to make diversity a source of creativity, complementarity and greater efficiency of the organization (Stockdale, Crosby, 2009).

2.2. Soft and hard aspects of management and diversity management

As pinpointed by J. Luring and J. Selmer (2012, pp. 89-105), diversity management is associated with an increasingly popular current of research into the heterogeneity of employee groups and its impact on organizational processes and efficiency of management. This, in turn, requires managers to adopt a new way of thinking, to adhere to new values, to adopt different patterns of behavior – respecting people, appreciating their knowledge, creating the conditions for learning, developing, and improving competences (Walczak, 2011, p. 55). The way in which the organization will practically manage diversity depends on the initiatives related to diversity, including (Jabbour et al., 2011, pp. 58-74):

- appreciating differences stimulating better relationships between employees and encouraging to acceptance and understanding this diversity,
- making diversity management the organized process aimed at achieving competitiveness and benefits due to a diverse group of employees.

It should be remembered that enterprise management is based on the interaction of soft and hard elements of management, by which the company may achieve higher efficiency (Erhard et al., 2009, pp. 102-111) The turning point in thinking about the efficiency of the enterprise becomes a skillful combination of the elements such as the strategy, objectives, maintaining a competitive advantage, the structures, systems, and procedures used by personnel to perform their work (hard elements) with employees and their capabilities, management styles, values and organizational culture, skills, and competences of employees (soft elements). Including diversity in this set of management practices may ensure proper (holistic) management of the enterprise. According to Sammartino et al. (2001), heterogeneous teams and working groups achieve better results than homogeneous ones copying with problem solving or performing complex tasks. Therefore, taking actions for the benefit of diversity in management or possessing the diversity potential ensures compliance between strategies, objectives, systems, human resources, or values. Contemporary enterprises more and more often develop diversity management strategies that combine the elements identified.

Considering the above, the following hypotheses were in the study:

Hypothesis 1

Diversity management has a significant impact on both soft and hard elements of management of the contemporary enterprise

Hypothesis 2

The higher the respondents assess taking actions for the benefit of diversity management the more important soft and hard elements of management in diversity management in this area become than when the assessment is lower.

Hypothesis 3

The higher the respondents assess having the potential in the form of diversity the more important soft and hard elements of management in diversity management in this area become than when the assessment is lower. Section may be divided by subheadings. It should provide a concise and precise description of the experimental results, their interpretation, as well as the experimental conclusions that can be drawn.

3. Research methodology and research sample

In the survey conducted, the structured questionnaire was used, divided into two parts. The first one identified the respondents (diversity in the company), whereas the other one identified the elements of diversity management in relation to the company's operation. The compiled questionnaire was addressed to 500 employees. Initially, the questionnaire was addressed to working students of the Faculty of Management in the courses such as: Management, Finance and Accounting, Logistics, however, due to the Covid-19 pandemic, and difficulties in obtaining questionnaires, the survey was supplemented with people working in the sector. It should be pinpointed that some of the respondents did not reply to all the questions, therefore, a significant number of rejected questionnaires occurred. A five-point Likert scale was used to assess diversity management in various aspects of the company's operation, which measured the average level of assessment of the identified elements in the business and social areas.

Finally, 343 correctly completed questionnaires were obtained for the analysis. Therefore, the sample is made up of 51.3% of women and 48.7% of men. Considering the age, the dominant group of the respondents are people aged 25-45 (92.5%), 52.19% of whom are people aged 25-34, and 25% - people aged 35-44. Considering the level of education, the largest research group is people with secondary education 56.6% followed by those with higher education 43.4 %.

Most of the respondents are people in non-managerial positions, the so-called entry-level ones – 80.7%. In turn, 19.3% amounts to the group in managerial positions. 17.8% of the respondents are foreign workers, mainly from Eastern Europe.

The respondents are people working mainly in the SME sector, most of whom – in small-sized enterprises, i.e., enterprises with 10 to 49 employees (48.1%), followed by micro-enterprises, with up to 9 employees (28.2%), and medium-sized entities (13.1%), with 50-249 employees.

The last category of variables was related to job seniority. The dominant group in this category are people with the length of service of 1-5 years (53.4%), followed by people working for more than 5 years (30.9% of indications). The smallest group is newly hired people, whose seniority does not exceed 12 months – 15.7% of indications.

4. Results and discussions

Diversity management is a comprehensive process covering several management aspects. For this reason, in the questionnaire compiled, the respondents were asked about the impact of diversity management on the selected (soft and hard) elements of enterprise management. Therefore, 10 elements in the field of soft management, and 7 aspects of hard management were identified.

The obtained results confirm the first of the identified hypotheses formulated in this article. It should be remembered that diversity management affects a range of various aspects of the company's operation, beginning with the impact on employee performance, their satisfaction, creativity, or productivity (Aldaibat et al., 2019) and finishing with organizational activities (integration of employees from various backgrounds into formal and informal organizational structures) (O'Donovan, 2017, pp. 1-28) or the company's strategy (Horváth, 2018, pp. 1-15). This study confirmed that diversity management is an important element of the functioning of the contemporary enterprise, covering a range of various aspects.

For the purposes of further assessment of the significance of diversity management in terms of soft and hard aspects of management of the contemporary enterprise, statistical analyses were carried out in relation to two aspects of actions taken for the benefit of diversity management (Table 1) as well as the possession of the diversity potential (Table 2).

Table 1.

Values of Spearman's rank correlation coefficients between the opinion on possessing the diversity potential and other aspects included in the research questions

Aspects		Measures		
		R	t(N-2)	p
Soft management	Counteracting discrimination in the workplace	0,490	10,378	0,000
	Element of creating the company's intellectual capital	0,277	5,318	0,000
	Actions based on the values	-0,097	-1,793	0,074
	Strengthening culture in the organization	-0,042	-0,777	0,437
	Creating a good working atmosphere	0,539	11,805	0,000
	Appreciating and respecting employees	0,089	1,658	0,098
	Motivation and improvement in employee efficiency	-0,085	-1,576	0,116
	Acquisition and retention of talented employees	0,282	5,429	0,000
	Morale of employees of a diversified company	-0,259	-4,945	0,000
	Skills	-0,095	-1,768	0,078

Cont. table 1.

Hard management	New, effective tools for copying with the uncertainty of the environment	-0,231	-4,393	0,000
	Enterprise strategy	-0,013	-0,244	0,808
	Enterprise efficiency	-0,234	-4,448	0,000
	Strategic goals	-0,004	-0,070	0,944
	Access to new market segments	-0,169	-3,163	0,002
	Productivity and efficiency	0,183	3,429	0,001
	Business competitiveness factors	-0,063	-1,167	0,244

Source: Own study.

In the course of the research, the following conclusions were confirmed. The higher the respondents assess taking actions for the benefit of diversity management the more often they indicate counteracting discrimination in the workplace ($r = 0.490$; $p < 0.001$) as the objective of diversity management as well as the possibility of perception of diversity management as an element of creating intellectual, organizational capital ($r = 0.277$; $p < 0.001$) and the impact on good working atmosphere ($r = 0.539$; $p < 0.001$). The positive correlation between the assessment of taking actions for the benefit of diversity management and its role in acquiring and retaining talented employees ($r = 0.282$; $p < 0.001$) and the assessment of the possibility of increasing productivity ($r = 0,183$; $p = 0,001$) was also indicated.

At the same time, it was confirmed that the higher the respondents assess taking actions for the benefit of diversity management the more rarely they indicate the impact of diversity management on better efficiency ($r = -0.234$; $p < 0.001$), the assessment of the possibility of improving the morale of employees ($r = -0.259$; $p < 0.001$), searching for new, more effective tools for copying with the uncertainty of the environment ($r = -0.231$; $p < 0.001$) and increasing access to new market segments ($r = -0.169$; $p = 0.002$).

Table 2.

Values of Spearman's rank correlation coefficients between the opinion on taking actions for the benefit of diversity management and other aspects included in the research questions

Aspects		Measures		
		R	t(N-2)	p
Soft management	Counteracting discrimination in the workplace	-0.039	-0.725	0.469
	Element of creating the company's intellectual capital	0.203	3.820	0.000
	Actions based on the values	0.184	3.460	0.001
	Strengthening culture in the organization	0.095	1.765	0.079
	Creating a good working atmosphere	0.131	2.438	0.015
	Appreciating and respecting employees	0.105	1.956	0.051
	Motivation and improvement in employee efficiency	-0.106	-1.972	0.049
	Acquisition and retention of talented employees	-0.227	-4.298	0.000
	Morale of employees of a diversified company	-0.226	-4.283	0.000
	Skills	0.225	4.264	0.000
Hard management	New, effective tools for copying with the uncertainty of the environment	0.066	1.221	0.223
	Enterprise strategy	0.203	3.822	0.000
	Enterprise efficiency	0.181	3.396	0.001
	Strategic goals	-0.382	-7.621	0.000
	Access to new market segments	-0.004	-0.069	0.945
	Productivity and efficiency	0.338	6.626	0.000
	Business competitiveness factors	-0.045	-0.838	0.403

Source: Own study.

At another stage, the statistically positive relationship between the following was confirmed – the opinion on possessing the potential in the form of diversity and: recognizing the need to include the diversity policy in the company's strategy ($r = 0.203$; $p < 0.001$), the possibility of perception of diversity management as an element of creating intellectual, organizational capital ($r = 0.203$; $p < 0.001$), relating the operations of enterprises oriented to diversity management to appropriate values ($r = 0,184$; $p = 0,001$), the assessment of the impact of diversity management on creating good working atmosphere ($r = 0.131$; $p = 0.015$), the assessment of the role of diversity management in searching for new more effective tools for coping with the uncertainty of the environment ($r = 0.225$; $p < 0.001$), the impact on better efficiency ($r = 0.181$; $p < 0.001$) and the possibility of increasing productivity ($r = 0.338$; $p < 0.001$). In those cases, the directions of indications were consistent, the respondents highly rating the existence of the diversity potential more frequently indicated the significance of the issues discussed within the aspects listed.

There were also negative correlations confirmed as statistically significant. The high assessment of the diversity potential correlates with the low assessment of the impact of diversity management on: an increase in the level of motivation and improvement in the efficiency of employees ($r = -0.106$; $p = 0.049$), acquiring and retaining talented employees ($r = -0.227$; $p < 0.001$), increasing the morale of employees ($r = -0.226$; $p < 0.001$) and helping in achieving strategic goals of the company ($r = -0.382$; $p < 0.001$).

The research results suggest that diversity management affects a range of soft and hard aspects of management, however, the strength of the impact can be both positive and negative.

The obtained research results are consistent with a range of research concerning the issue discussed. The research by, in which diversity management is to promote the perception of organizational fairness and reduction in discrimination, can serve as an example. In turn, the research by Li et al. (2020, pp. 71-91) indicates that the diverse working environment creates value by cultivating knowledge-based organizational resources (i.e., intellectual capital). The research results by Horváth (2018, pp. 1-15) confirm that diversity management is an important element of contemporary enterprises since it provides unique benefits for integrating climate in the workplace, leading to better results of work.

5. Conclusions

The presented theoretical, methodological considerations and the research results confirmed that, under the current changing conditions, diversity management ought to be considered as one of the key aspects of the company's operation. The previous research into diversity has focused firstly on the impact of individual types of diversity of employees, e.g., age, gender on management. Secondly, it has related to individual areas of the company's operation, such as,

organizational culture, climate, equality of opportunities, financial results or operational strategies. The conducted research related not only to the diversified working environment as a whole, but also to holistic management, including soft and hard elements.

Interestingly, the obtained research results (despite the statistical relationships) undervalue the management aspects such as: improving the morale of employees, searching for new, more effective tools to cope with the uncertainty of the environment, increasing access to new market segments, increasing the level of motivation, or improving efficiency of work of employees. The issues of diversity are often identity issues. Therefore, the research into diversity brings about a certain risk of embodiment of reactive attitudes, which are largely rejected. This does not deny the growing role of diversity management in the company's operation but only indicates the need for further research in this area and development of appropriate actions.

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