

**FACTORS OF WORKFORCE DIVERSITY THAT
INFLUENCE INDIVIDUAL AND ORGANIZATIONAL
PERFORMANCE**

by

JOSEPH ALLAN FELDMAN

**Submitted in fulfillment of the
requirements for the degree**

**DOCTOR OF BUSINESS ADMINISTRATION
(ORGANIZATIONAL BEHAVIOUR)**

in the

FACULTY OF ECONOMIC AND MANAGEMENT SCIENCES

at the

UNIVERSITY OF PRETORIA

PRETORIA

MAY 2001

ACKNOWLEDGEMENTS

I would like to express my appreciation to the following people:

Loretta, Tracey and Lauren for their unconditional love and support.

My parents, Sydney and Sarah Feldman for the life values they instilled in me that served as a source of strength during the time I worked on this research project.

My promotor Prof. J. J. De Beer for his assistance with a complex and difficult research project.

Prof. Ronel Rensburg for her leadership role in this project.

Mrs Rina Owen for the assistance with the statistical analysis.

Prof. Ronel Erwee for the opportunity to do this unique research.

Prof. Petra Van den Berg and Prof. Patrick Palmer for their encouragement.

ALL HONOUR BE TO GOD

CHAPTER 2 DIVERSITY IN THE WORKPLACE

2.1	INTRODUCTION	18
2.1.1	Definitions of workforce diversity	18
2.1.2	Relevance of the influence of diversity on tasks and relationships in organizations	20
2.1.3	Workforce-related trends in diversity	25
2.2	ORGANIZATIONAL BEHAVIOUR AND WORKFORCE DIVERSITY	26
2.2.1	Introduction	26
2.2.2	Workforce diversity and Applied Organizational Behaviour	27
2.2.2.1	The contribution of Behavioural Science to diversity-related organizational behaviour	27
2.2.2.2	The influence of effective diversity management	31
2.2.3	The nature of the impact of workforce diversity in Organizations	33
2.2.4	The impact of workforce diversity in South African Organizations	36
2.2.4.1	Limitations of the Interactional Model of Cultural Diversity (IMCD)	37
2.2.4.2	A Study-framework for developing an alternative to the Interactional Model of Cultural Diversity	39
2.2.4.3	A Frame for developing a new paradigm of workforce diversity	47

2.3	CONTEMPORARY RESEARCH PERSPECTIVES ON WORKFORCE DIVERSITY	48
2.3.1	Introduction	48
2.3.2	Research perspectives on the antecedents leading to the diversity climate in the IMCD	51
2.3.3	Research perspectives on the antecedents leading to diversity-related outcomes	56
2.3.4	A Contemporary multi-dimensional perspective on the dynamics of workforce diversity	57
	(i). A Trait-model of workforce diversity	58
	(ii). An Expectations-model of workforce diversity	59
	(iii). A Differential Power-model of workforce diversity	60
2.3.5	Summary on contemporary research perspectives	62
2.4	WORKFORCE DIVERSITY AND CHANGE IN ORGANIZATIONS	63
2.4.1	Introduction	63
2.4.1.1	The role of change in the dynamics of workforce diversity	63
2.4.1.2	The concept of Organization Development	64
2.5	WORKFORCE DIVERSITY-RELATED PROCESSES	66
2.5.1	Introduction	66
2.5.2	The relationship between the Team-working Model and the revised IMCD paradigm	68

2.6	THE SECOND-ORDER PROCESS OF WORKFORCE DIVERSITY	70
2.6.1	Introduction	70
2.6.1.1	Ingroup – outgroup processes	71
2.6.1.2	The origin and role of dimensions of culture in diversity-related group processes	72
2.6.2	The Social Identity of employees	77
2.6.3	The effects of the second-order process of workforce diversity	78
2.6.4	Conclusion	81
2.7	THE FIRST-ORDER PROCESS OF WORKFORCE DIVERSITY	81
2.7.1	Introduction	81
2.7.2	The dynamics of the First-Order process Of workforce diversity	85
2.7.3	The role of organizational culture in the First-Order process of workforce diversity	88
2.7.3.1	Dimensions of organizational culture	89
(i)	The impact of specific cultural content	92
(ii)	Cultural fit	92
(iii)	Informal integration	93
(iv)	Structural integration	95
(v)	Institutional bias	96

2.7.3.2	Constructs of organizational culture that are relevant to the First-Order process	97
2.7.3.3	The Status quo regarding the management of diversity	99
2.7.3.4	The role of adaptive structuration in the organization	100
(i)	Cross-cutting and nested differentiation	101
(ii)	Crossing of categories and functions	104
(iii)	In-group formation	104
2.7.4	Diversity-related problems as outcomes of adaptive structuration	106
2.7.4.1	The consequences in the organization of diversity-related problems	107
2.7.4.2	The significance of the processes of workforce diversity in South Africa	108
2.7.4.3	The identification of contextual factors of workforce diversity	118
2.8	CONCLUSIONS	120

CHAPTER 3	MANAGING WORKFORCE DIVERSITY	120
3.1	INTRODUCTION	121
3.2	MANAGING THE PARADIGM SHIFT FROM AFFIRMATIVE ACTION TO THE VALUING OF WORKFORCE DIVERSITY	122
3.2.1	The role of affirmative action in the processes of Workforce diversity	122
3.2.2	The influence of the valuing of diversity in the processes of workforce diversity	126
3.2.3	Variables of a management process of workforce diversity	127
3.2.3.1	The diversity-related types of organization form	128
	(i). Dimensions of workforce diversity	128
	(ii). The relationship between dimensions of workforce diversity and organization form	129
3.2.3.2	Dimensions of diversity in the processes of workforce diversity	131
	(i). Dimensions in the second order process	131
	(ii). Dimensions in the first order process	132
3.2.3.3	The multidimensionality of workforce diversity	134
3.2.4	Operationalizing the new management of diversity paradigm	136
3.2.4.1	Research perspectives of workforce diversity in South Africa	137
	Conclusions on the South African research perspectives on workforce diversity	138
3.2.4.2	Conclusions on the extent to which the findings of the South	

African research can be integrated with the revised IMCD-Paradigm	146
3.2.5 Conclusion: A change model of workforce diversity	148
4.1 INTRODUCTION	153
4.2 PURPOSE OF THE EMPIRICAL STUDY	154
4.3 THE RESEARCH STRATEGY	157
4.3.1 The measurement instrument	158
4.3.2 The survey population	161
4.3.3 The sample	162
4.3.4 Data collection	163
4.3.5 Data analysis	164
4.3.6 Statistical methods for data analysis	165
4.3.6.1 Descriptive statistics: Descriptive statistics	165
4.3.6.2 Descriptive statistics: Inferential statistics	166
4.3.6.3 Descriptive statistics: Regression analysis	167
4.3.6.4 Descriptive statistics: Correlation analysis	168
4.3.6.5 Descriptive statistics: Path analysis	169
4.3.6.6 Descriptive statistics: Structural equation modeling	170

CHAPTER 4 THE RESEARCH DESIGN

4.1	INTRODUCTION	155
4.2	PURPOSE OF THE EMPIRICAL STUDY	156
4.3	THE RESEARCH STRATEGY	157
4.3.1	The Measurement Instrument	158
4.3.2	The target population	163
4.3.2.1	The sample	163
4.3.2.2	The sample size	164
4.3.3	Data collection	164
4.3.4	Statistical methods for data analysis	167
4.3.4.1	Determination of the diversity-related organization form of organizations in South Africa	167
4.3.4.2	Determination of the factors of workforce Diversity in South Africa	170
4.3.5	Appropriateness of the research strategy	182
4.3.6	Strengths and weaknesses of the research design	183

CHAPTER 5 RESULTS

5.1	INTRODUCTION	184
5.2	THE DIMENSIONS OF WORKFORCE DIVERSITY IN SOUTH AFRICA	186
5.2.1	The status quo regarding the management of diversity	186
5.2.2	Extent of openness to change	187
5.2.3	How much is diversity valued in your organization	189
5.2.4	How is diversity managed in your organization	191
5.2.5	Extent of diversity related problems	192
5.3	RESULTS OF THE DETERMINATION OF THE FACTORS OF WORKFORCE DIVERSITY IN SOUTH AFRICA	193
5.3.1	Results of the determination of associations between Sections of the diversity opinion questionnaire	193
5.3.2	Results of the structural equations analysis	196

CHAPTER 6 CONCLUSIONS

6.1	INTRODUCTION	204
6.2	RESEARCH QUESTION 1	205
6.2.1	The Status quo of the management of diversity In South Africa	205
6.2.2	The extent of openness to change in organizations in South Africa	206
6.2.3	The valuing of workforce diversity in South Africa	208
6.2.4	How diversity is managed in organizations in South Africa	209
6.2.5	The extent of diversity-related problems in organizations in South Africa	210
6.3	RESEARCH QUESTION 2	211
6.4	RESEARCH QUESTION 3	216
6.5	FINAL CONCLUSIONS	219
6.6	RECOMMENDATIONS	221

BIBLIOGRAPHY		230
APPENDIX 1:	The Diversity Opinion Questionnaire	240
APPENDIX 2	Results of the frequency analysis	251
APPENDIX 3(a)	Preliminary statistical procedures for the determination of the diversity- related organization form of organizations in South Africa	303
APPENDIX 3(b)	Preliminary statistical procedures For the determination of factors of Workforce diversity in South Africa	307
APPENDIX 4	Sample statistics for answering research Question 1	310
APPENDIX 5	Sample statistics of items of Sections B, C, D, F, G	321
APPENDIX 6	Sample statistics of Factors of Sections B, C, D, F, G	328
APPENDIX 7	Sample statistics of measures of association Between sections B, C, D, F and G	334
APPENDIX 8	Statistics of Structural Equations Analysis	343

LIST OF FIGURES AND TABLES

Figure 1.1	The impact of consultation between management and workers of productivity.	8
Figure 1.2	Union activity and trust in Management.	10
Figure 2.1	A manager’s guide to Applied Organizational Behaviour	28
Figure 2.2	An Interactional Model of Cultural Diversity	32
Figure 2.3(a)	The Transformational Factors involved in Second-Order Change	45
Figure 2.3(b)	The Transactional Factors involved in First-Order Change	46
Figure 2.4	A revised paradigm of the Interactional Model of Cultural Diversity	47
Figure 2.5	A Trait model of workforce diversity	58
Figure 2.6	An Expectations model of workforce diversity	59
Figure 2.7	A Differential Power model of workforce diversity	61
Figure 2.8	The team-working model of workforce diversity	67
Figure 2.9	A Revised Integrated Model of Cultural diversity based on diverse team processes	69
Figure 2.10	The Processes or workforce diversity	70

Figure 2.11	Influences of diversity on team-processes and outcomes	71
Figure 2.12	The First-Order process of workforce diversity	81
Figure 2.13	The dynamics of the First-Order process of workforce diversity	85
Figure 2.14	Crosscutting of categories of diversity	103
Figure 2.15	Hierarchical diversity	103
Figure 3.1	The diversity-complexity relationship	123
Figure 3.2	Dimensions in the processes of workforce diversity in South Africa	147
Figure 3.3	A Change model of workforce diversity	150
Figure 4.1	A Predicted Path diagramme of workforce diversity in South Africa	172
Figure 5.3.1	The interdependence between sections B, C, D, F and G	194
Figure 5.3.2	Structural Equations Model of workforce diversity in South Africa	197
Figure 6.1	A cultural specific change model of workforce Diversity in South Africa	218
Table 4.1	Goodness of fit indices of an initial Structural Equations model	176
Table 4.2	Goodness of fit indices of the first modified initial Structural Equations model	179
Table 4.3	Goodness of fit indices of the second modified initial Structural Equations model	181
Table 6.1	Status quo regarding the management of diversity	211

)

Table 6.2	Extent of openness to change	212
Table 6.3	How much is diversity valued in your organization	213
Table 6.4	How is diversity managed in your organization	214
Table 6.5	Extent of diversity related problems	215
Table 6.6	Frequencies of transformational and transactional change factors in South Africa	217

SUMMARY

**FACTORS OF WORKFORCE DIVERSITY THAT INFLUENCE
INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE**

by

JOSEPH ALLAN FELDMAN

PROMOTOR : Prof. J. J. De Beer
DEPARTMENT : Human Resources Management
DEGREE : DBA (Organizational Behaviour)

Affirmative action to redress past discriminatory practices is being implemented on a growing scale in the world, and is creating more diversity in the workforce of organizations. With the implementation of affirmative action in organizations, dramatic changes in the composition of the workforce takes place, especially at management level.

Many leaders and managers have a poor awareness of the impact of changes in workforce composition on individual and organizational performance and its management. The central issue in dealing with workforce diversity is power-sharing. A heightened awareness in managers with regard to workforce diversity means becoming open to differences between employees. It also presuppose the creation of an inclusive environment that new groups will need to be let into positions of decisionmaking and influence.

Beyond opening the system, organizations will need to create strategies to help staff at all levels to overcome their resistance to this demographic transformation, and deal with one

another in harmonious, co-operative ways. Racial fears and tensions have historically shaped the management style of dominant groups to the point where thoughtless prejudice and stereotypical reactions have become the norm. Reactions of workers to such a management style reflects distrust.

Diversity-related performance problems can be encountered in organizations, due to the role that diversity plays in individual and organizational behaviour. Dominant groups may project prejudice and stereotyping that result in relationship and task performance problems. Negative effects like absenteeism, lack of training and so forth, give rise to inefficiency and low productivity. Thus, diversity-related problems can increase with increases in diversity (due to affirmative action and employment equity programmes), resulting in an increase in its negative effects on organizational efficiency, if diversity is not managed. The South African economy cannot afford the disregard for the management of diversity. Such disregard poses three dilemmas.

The first dilemma is the reality of the consequences of Affirmative action. in the context of the management of diversity. Whilst any increase in the level of task non-competitiveness cannot be afforded and accommodated (which in itself is the result of increasing diversity that is not managed), affirmative action has to be implemented. Against this background, it is obvious that South African organizations do not have the option of not understanding the dynamics of affirmative action and its role in the dynamics of workforce diversity.

The second dilemma is that there exists a research-need to understand workforce diversity and its issues (diversity-related problems) in South Africa as a prerequisite for developing strategies that are more effective than legislation in dealing with employee-perceptions of equity in the workplace.

The third dilemma, is the issue of knowing how to manage diversity. Most research in the world to date on was done on “unmanaged diversity”. The status quo of diversity in South Africa is such that diversity related problems are intrinsic to the types of diversity discussed in this study.

Diversity will increase in South Africa, which may facilitate the deterioration of the status quo. To reduce the possible negative impacts of this development, the need exists for research to address the three dilemmas discussed.

The research method included firstly a literature study on the most recent appropriate perspectives on the dynamics of workforce diversity, and secondly a research design that was used to determine the diversity-related organization form factors of workforce diversity in South Africa.

In chapter 2 workforce diversity was studied in the context of Behavioural science, specifically in its contribution to organizational behaviour, with emphasis on group behaviour. Shortcomings of the established Interactional Model of Cultural of Diversity (IMCD) in explaining diversity-related group behaviour is remedied to satisfy research requirements of this study. A new paradigm of workforce diversity is created by integrating research perspectives on diverse-team processes, change-models and the IMCD. The outcome of this study is tested within the context of the results of a pilot-study done in 1997 on the progress made in managing diversity in South Africa.

In chapter 3 the management of workforce diversity is studied. The transformation of homogeneity through affirmative action to increased diversity, is investigated. Dimensions of workforce diversity and its role and nature in diversity processes is studied. Most relevant empirical South African research perspectives on the dimensions of diversity in South Africa are integrated with conclusions of chapters 2 and 3 in the construction of a Cultural-specific change model of workforce diversity.

In chapter 4 the research design was outlined. The diversity-related *organization form* (mono-cultural, non-discriminatory or multicultural), *dimensions* and *factors* of workforce diversity is empirically determined at two levels: Firstly, organization form, dimensions, and factors of workforce diversity are identified in a descriptive study. Secondly, the factors of workforce diversity is then determined in a causal study.

In chapter 5 the results were reported in terms of the dimensions and organization form that was determined, and the identified factors. The results of the determination of the factors, are presented in the context of a theoretical model of workforce diversity in South Africa, that was established in the causal study.

In chapter 6 conclusions and recommendations were reported strictly on the basis of the data of the empirical study and the results. The factors that were determined, are presented as transformational (long-term leadership), and transactional (short-term management) factors. Recommendations are made on appropriate strategies and interventions to manage workforce diversity.

This study has limitations that impose constraints on the scope of the study. The population sample is an unrestricted non-probability convenience sample, with size $n = 614$. Thus, it is very difficult to estimate precision, and interpretations of variance of the mean statistic has to be done very conservatively. The results of the analysis of covariance to be used in inferential methods is affected by the sample's status as a convenience sample, as variances affect.