CHAPTER 1   PROBLEM STATEMENT AND OUTLINE OF THE STUDY

1.1   BACKGROUND

Due to statutory discrimination in the past in South Africa based on the difference of skin-colour, dark-skinned people have been conditioned to perceive their treatment in the workplace as inferior to that of whites in terms of employment equity. In most parts of the world, people are different in a number of social-categories (demographic characteristics), that are understood by managers. For the need for achievement of objectives to be shared, people have to ensure that their differences in social categories, do not "interfere" with a primary requirement of managing differences: equity in the workplace. Perceived equity promotes optimal employee performance, and the reverse is likewise true.

An employment equity approach has been introduced by the government, in response to the fact that differences in social categories in South African history are augmented by significant and unique socially constructed groups. These groups discriminated adversely between people, which resulted in inequalities that still exist.

The South African Government Gazette (1 December 1997), introduced the intention to legislate equal employment opportunity transformation measures as follows:

"Apartheid has left behind a legacy of inequality. In the labour market the disparity in the distribution of jobs, occupations and incomes reveals the effects of discrimination against black people, women and people with disabilities. These disparities are reinforced by social practices, which perpetuate discrimination in employment against these disadvantaged groups, as well as by factors outside the labour market, such as the lack of education,

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housing, medical care and transport. These disparities cannot be remedied simply by eliminating discrimination. Policies, programmes and positive action designed to redress the imbalances of the past are therefore needed."

The vision of the bill is captured in the following statement of President Mandela: "The primary aims of affirmative action, must be to redress the imbalances created by apartheid. We are not asking for hand-outs for anyone nor are we saying that just as a white skin was a passport to privilege in the past, so a black skin should be the basis of privilege in the future. Nor is it our aim to do away with qualifications. What we are against is not the upholding of standards as such but the sustaining of barriers to the attainment of standards; the special measures that we envisage to overcome the legacy of past discrimination are not intended to ensure the advancement of unqualified persons, but to see to it that those who have been denied access to qualifications in the past can become qualified now, and that those who have been qualified all along but overlooked because of past discrimination, are at last. The first point to be made is that affirmative action must be rooted in principles of justice and equality."

A principle stated in the White Paper, is that affirmative action programmes should be integrated with other human resource management and development practices, especially the management of diversity. The term diversity has, until the late eighties, been indicated by the concept of differences in social categories, which has been broadened, and will be defined later.

The Employment Equity Act was followed by the White Paper on Affirmative Action in the public service (23 April, 1998). It governs public as well as private sector.

Affirmative action and equal opportunity programmes were instituted by a small number of South African companies (Human, 1991) in an attempt to counteract the effects of discriminatory legislation. Gradually the failure of such *racially* based programmes, led to the reconceptualisation of people

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development (Human, 1991). Changes were made to the constitution in 1996 to ensure equity in society and the workplace.

Against the background of the inappropriateness of legislation, and the brief reflection on the state of diversity management in South Africa, the question of organizational transformation at micro enterprise level needs to be studied further.

The transformation of a company's frame of reference about the way diversity is accommodated, could be brought about more easily by legislation on a micro enterprise level than on national level (Erwee and Innes, 1997). This conclusion is based on observations of the dynamics of transformation in institutions in Australia, as they are influenced by society, the business community and government.

1.2   THE ROLE OF DIVERSITY IN ORGANIZATIONS

Cox (1993), states that the impact of diversity on organizations depends on the extent to which diversity is valued and managed. Diversity that is not valued and managed, impacts adversely on organizational outcomes at two levels:

(i)   *Organizational effectiveness*

Diversity-related problems can impact negatively on organizational effectiveness by affecting poor outcomes in the following:

Attendance, turnover, productivity, work quality, recruiting success, creativity and innovation, problem-solving, workgroup cohesiveness and communication.

(ii)   *Organizational performance*

Diversity related problems can also impact negatively on organizational performance by affecting poor outcomes in the following:

Market share, profitability and the achievement of formal organizational goals.

The effects that unmanaged diversity may have on organizational outcomes depends on the types of diversity presented.

1.2.1 Types of diversity in South Africa

McGrath and Berdahl (in Ruderman N. and Jackson S. et al., 1996) states that a group's membership composition in an organization can be relatively homogeneous or diverse in more than just demographic characteristics. They identify five clusters of attributes that are of special importance to groups.

The researcher believes that these clusters are very relevant to South Africa, as Fuhr(1994) has identified differences in organizations closely related to these categories. These differences present diversity-related problems. The five categories that group's members may be relatively diverse or homogeneous on are:

(i)   *Demographic attributes (DEM)* that are socially meaningful in the society in which the organization is embedded e.g., age, race, ethnicity, gender, sexual orientation, physical status, religion and education. Group members in organizations in South Africa are diverse on demographic attributes.

Fuhr (1992:29) says that diversity-related problems result from the legally entrenched racial differences that deprived Blacks of their human rights.

(ii)   *Task-related knowledge, skills and abilities (KSA).*

Due to historically differential education of black people in South Africa, their levels of KSA are homogeneous as predominantly low task-competence.

Being the majority group in South Africa (approximately 80% of the population), this state of affairs makes South Africa as a whole reasonably homogeneous in low task-competence.

(iii)   *Values, beliefs and attitudes (VBA).*

In South Africa the values, beliefs and attitudes of the majority of the population (black people), is to an extent still influenced by African humanism. Although many have been urbanised, apartheid limited socialization. Values, beliefs and attitudes are driven by group-behaviour, rather than individualism.

(iv)   *Personality and cognitive and behavioural styles (PCB).*

These aspects have been researched in Africa, but publications are not recognized in the euro-centric parts of the world.

(v)   *Status in the work group's embedding organization* e.g., organizational rank, occupational speciality, departmental affiliation, and tenure. Due to past discrimination, black people enjoy the least recognition and status in organizations.

Attributes in these clusters differ in how easily they can be observed, either by another group member or by a third party, such as a researcher. Many demographic characteristics are immediately

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observable. One can make relatively accurate estimates of others' age, gender, race ethnicity, handicapped status and so forth, from merely seeing people, hearing them speak, and knowing their names. In most organizational contexts, attributes such as rank and department are also relatively easy to determine.

Fuhr (1994:12) also identify language differences and wealth differences as salient types of diversity that present diversity-related problems. Fuhr (1994:12), says that all South Africans are aware of the fact that diversity problems in South Africa are caused by historical factors that were the result of statutory discrimination that accentuated the ways that non-whites differed from whites in various negative ways.

1.2.2 Status Quo of diversity in South Africa

The status quo of diversity in organizational context, is reflected in the organizational outcomes due to diversity-related problems, and can be directly linked to the types and nature of diversity found.
Cox (1993:3-5) states that diversity-related problems impact on organizational processes that lead to different organizational outcomes.

1.2.2.1 Impact of diversity-related problems on organizational effectiveness

A major element of organizational effectiveness in South Africa is appropriate levels of productivity. People in organizations in this country differ in the attributes required to be productive.

This researcher believes that diversity-related problems due to the types of diversity found in South Africa present some of the factors that cause low

levels of productivity and productivity improvement. Most of the required attributes are found mostly in the dominant white group.

It can be postulated that the dominant white group discriminated against black people in terms of opportunities to develop the necessary levels of task-competence to be effective. Discrimination is an outcome of white perceptions of blacks. [due to how ethnic difference were construed on the basis of colour (racial) differences].

Homogeneity in low levels of task-related knowledge, skills and abilities due to inferior education of Blacks that was based on historical ethnic divisions, impact on productivity. Cox (1993:3-5) identifies prejudice and stereotyping as contributors to discrimination.

This researcher believes that discrimination is the cause of a lack of inclusion of non-whites in important and significant organizational processes, which can contribute to share ownership of organizational goals.

ABSA Bank reported the urgent need for productivity improvement in South Africa (1995: 16). The bank concludes that unless productivity improves, prosperity levels will certainly continue to decline and unemployment will increase.

This belief is supported by the National Productivity Institute of South Africa (1997:10), which states that the major cause of poor productivity is the lack of common desire or a value system among South Africans that productivity and productive behaviour are essential for increasing living standards. It is clear that the lack of such a value system is due to the lack of inclusion mentioned earlier. Venter (1997:11) also raises the issue of inclusivity in the context of participation.

He says that the reality of building an economy together will require a higher level of participation between (mainly) white managers and black workers.

Venter identifies levels of inclusion through participation, which he presents as levels of consultation between management and workers. Figure 1.1 outlines the effect of consultation relationships (between management at different organizational levels and workers), on productivity.

Figure 1.1	THE IMPACT OF CONSULTATION BETWEEN MANAGEMENT AND WORKERS ON PRODUCTIVITY			
TYPE	**DOES EXIST**	**TYPE OF CONSULTATION**		**EFFECTS OF PRODUCTIVITY**
Strategic/policy level (Typical senior management and workers)	34%	Information sharing Consultation Joint decision making	47% 38% 20%	Very positive Positive Help maintain No effect Detrimental
Business/plant level (Typically plant-management and workers)	66%	Information sharing Consultation Joint decision making	38% 62% 16%	Very positive Positive Help maintain No effect Detrimental
Operational level (Typically departmental management and workers)	77%	Information sharing Consultation Joint decision making	25% 62% 16%	Very positive Positive Help maintain No effect Detrimental

Source Venter J. (1997:11)

The levels of different forms of consultation (information-sharing, consultation and joint decision-making) are indicated in percentages, e.g., at top-management level (strategic), information-sharing with 47% of the workers has a very positive effect on productivity.

Until now "participation" in organizational improvement meant involving workers in structures such as quality circles or the like. Value differences in South Africa require high levels of participation to bridge the gap. If we assume that the same affirmative action targets would soon be introduced in the private sector, then the productivity mixture changes to 50% task-competent and 50% task non-competent.

1.2.2.2 Diversity trends in the workplace in South Africa

With the implementation of affirmative action, dramatic changes in the composition of the workforce, especially at management level, will take place. Kemp (1997) states that affirmative action to redress past discriminatory practices is being implemented on a growing scale and is creating diversity in the workforce (Havenga, 1993:10).

(i)   *Increasing diversity in South Africa*

Pityana, (1996), proposes that government departments should be 50% black at management level and that 30% of middle and senior management should be women within four years.

(ii)   *The impact of increasing diversity*

Gardenswartz and Rowe (1993: 396) discuss the strategic implications of increasing diversity as follows: "The central issue in dealing with diversity is power-sharing". Becoming open to differences and creating an inclusive environment means 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.

(iii)   *The impact of increasing diversity on trust*

The National Productivity Institute (1997) states that the most significant issue that influences shared values for participation is trust. Figure 1.2 shows the results of research done on trust in one of the largest and most significant industries in South Africa.

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Figure 1.2   **Union activity and trust in management**

Mine	Trust	Union activity
Mine H	4.3	Exposure to two unions No recognition
Mine I	2.0	Union recognised
Mine C	1.8	No union activity
Mine B	0.1	Little union activity
Mine A	- 0.1	Little union activity
Mine F	-1.4	Intense union activity No recognition
Mine E	-2.2	Highly unionised

Source: E. Schuitema, 1995:14

Schuitema (1995), found at a number of mines in South Africa there exists a relationship between the level of worker-trust in management and the extent to which workers involved labour unions in the organization (figure 1.2). As trust increases (measured on a scale of –5.0 - +5.5), so union activity decreases, and the reverse is true.

He also found that the degree to which labour unions was seen to be sympathetic to employees did not account for trust, but the degree to which roles associated with the line of command were seen to be sympathetic had a direct bearing on trust. This suggests that a key factor in accounting for trust in management is associated with the behaviour of management representatives. Management representatives were mainly white males. Bernstein (1994:4) states: "Racial fears and tensions have historically shaped white management style to the point where thoughtless prejudice and stereotypical reactions have become the norm. Reactions of workers to such a management style reflected distrust." There was no literature available during the period that this research was done, that suggests that these reactions have changed.

(iv)   The impact of increasing diversity on the economy

Organizational effectiveness directly influence economic activity and output. Effective countries and organizations are attractive to investors. Diversity-related problems can increase with increases in diversity, resulting in an increase in its negative effects on organizational effectiveness.

In a world where countries are engaged in competitive economic activity, the key requirements for direct foreign investment (World Competitiveness Reports: 1997, 1998, 1999) is that the country and its productive organizations must be 1) attractive, and 2) aggressive.

Attractiveness refers to the production of value added goods at the specified quality levels and cost-effectiveness expectations of customers. Aggressiveness refers to the country and its productive organizations' propensity to create demand and supply of value-added goods and services, and its levels of exports.

The top ranked countries, e.g., the United States of America and Singapore, are highly attractive and aggressive. Mid-ranking countries are high and low in different combinations. The lowest ranking countries are unattractive and non-aggressive; South Africa is ranked as such.

A key factor in this, is South Africa's extremely low human development index. This can be attributed to discrimination. If South Africa had economic growth (excluding impact of agriculture) at an average of 2% during 1997 and 1998, at levels of diversity in organizations lower than the years succeeding 1998, then it must be obvious that the economic growth target of 6% to increase quality of life, reduce unemployment and crime, just cannot realize. In fact, it can only deteriorate.

This author believes that such a situation must lead to further reductions in productivity levels, which the South African economy cannot afford. The first dilemma is the reality of affirmative action. Whilst any decrease in the level of task-competitiveness (which in itself is the result of affirmative action), cannot be afforded and accommodated, affirmative action has to be implemented. This non-negotiable state of affairs is compulsory because of South Africa's inverted standard AA-model status.

Against the above background, it is obvious that South African organizations has only one option for not suffering further reductions in productivity improvement, if possible, for even improving productivity levels. The only option is that of managing diversity.

The second dilemma is that there exists a research-need to understand 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 was done on "un-managed diversity"[(Cox, in Ruderman and Jackson, et al., (1996)].

1.2.3 Conclusions

The status quo of diversity in South Africa is such that diversity related problems are intrinsic to the types of diversity encountered. Diversity will increase in South Africa, which may facilitate the deterioration of the situation. To reduce the possible negative impacts of this development, the need exists to address the three dilemmas discussed.

1.3　THE PROBLEM-STATEMENT

1.3.1　The research problem

The discussion in 1.2 leads to the following conclusions about the nature of the problem that needs to be researched:

(i)　A diversity-related organization form (structure) may exist that has a negative influence on the efficient functioning of a diverse workforce in South Africa. Such a structure needs to be identified.

(ii)　The diversity variables (internal and external environmental factors), that are instrumental in shaping this organization structure needs to be determined.

(iii)　A model (guidelines) need to be developed that managers can use to understand and minimize (manage) the negative influence of the diversity factors.

The research problem must be translated into research questions that can be answered through the use of literature and empirical studies.

(a)　*Research question 1*

What is the diversity-related organizational form that reflects organizational outcomes that are due to diversity-related factors in South Africa?

(b)　*Research question 2*

What are the diversity-related factors that are instrumental in shaping the diversity-related organization form of organizations in South Africa?

(c)　*Research question 3*

What model of diversity can be developed that can be used to formulate guidelines to manage the factors of diversity so as to minimize its negative influence in the organization?

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1.4   THE OBJECTIVES OF THIS RESEARCH

This study has the following objectives:

(i)   To develop a model of workforce diversity that can be used in a cultural specific context in South Africa. Exploration of relevant literature indicated that a valuing diversity paradigm needed to be established for this purpose.

(ii)   To arrive at recommendations on how to manage workforce diversity required in the valuing diversity paradigm. Such recommendations require the paradigm to be operationalized. This requires translation of the theory contained in this behavioural science research into practical research. Translation requires three stages:

(a)   The study of prior research in South Africa to guide the formalisation of the revised Cox-paradigm of workforce diversity as a change-model for managing workforce diversity, as well as empirical research. This is achieved with South African research perspectives to be discussed in section 2.3:48-63.

(b)   Empirical *identification* and *determination* of the following in South Africa:

-       The typical diversity-related organization form.

-       Dimensions of workforce diversity and associations between dimensions.

-       Specific factors of workforce diversity (contextual)

-       A theoretical model of workforce diversity.

(iii)   To determine the effects of workforce diversity and causes of the effects. This requires the determination of the dimensions and contextual factors of workforce diversity in South Africa, based on the theoretical model.

(iv)   To develop an interim scale for the determination of variables of
         workforce diversity in South Africa, based on the assumption that
         organizations are in a period of transition from mono-culturalism to
         multi-culturalism.

1.5   ASSUMPTIONS ON WHICH THE STUDY IS BASED

It is assumed that factors of the diversity climate as presented in the
Interactive Model of Cultural Diversity (Cox, 1993:3), are present in South
Africa, due to the socio-cultural history of the country. It is further assumed
that such factors influence organizational behaviour to become dysfunctional,
impacting on individual and organizational outcomes as espoused by Taylor
Cox in his model. Finally, it is assumed that the inferential statistical methods
of structural equations analysis are adequate for inferring causal relationships
among workforce diversity variables.

1.6   LIMITATIONS OF THE STUDY

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 co-variance to be used in inferential methods is
affected by the sample's status as a convenience sample, as variances affect
the results.

1.7   SCOPE OF THE STUDY

The scope of the study can be described in terms of the following:

(i)   Research on the impact of workforce diversity and increasing diversity on organizational performance at the beginning of the twenty-first century in South Africa. This research identifies and determines the diversity-related organization form, dimensions and factors of workforce diversity for the national geographic area of South Africa. The findings are based on the perceptions of managers in public and private organizations described in demographic and organizational terms in the chapter on the research design.

(ii)   Considerations regarding research methodology and design. The study clarifies the contribution of workforce diversity to organization behaviour. The contribution is limited to the influence of diversity on tasks and relationships in organizations, and the impact that this influence has on individual and group behaviour, and as a consequence, organizational effectiveness.

1.8   CHAPTER OUTLINE

The research objectives are achieved in the following study outline:

CHAPTER 2: DIVERSITY IN THE WORKPLACE

Workforce diversity is 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-

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team processes, change-models and the IMCD. The outcome of this study is an understanding of the dynamics of diverse-team processes and its contextual factors.

CHAPTER 3: MANAGING WORKFORCE DIVERSITY

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

CHAPTER 4: THE RESEARCH DESIGN

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

CHAPTER 5: THE RESULTS

The results are in terms of the dimensions and organization form that was determined. The identified factors, are presented under the headings of the dimensions that are relevant in the study. 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.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

Conclusions and recommendations are made strictly on the basis of the data of the empirical study and the results.