The strategic management of diversity

Introduction

This report is a discussion of the proposition that the strategic management of diversity leads to a wider range of ideas and abilities, offering greater scope for innovation and future competitive performance. The B&Q Company is critically analysed in order to test the validity of this proposition, and examples are drawn from the literature on diversity and performance to place the subject in context. Following the analysis, a diversity strategy outline is proposed for the B&Q Company.

Organisational profile

Currently B&Q is the largest do-it-yourself retail chain in the UK, selling materials and equipment for both the home and domestic garden market. The founders, Richard Block and David Quayle, started the business in 1969. Subsequent to a 20 years growth cycle, the company is now part of the Kingfisher Group, which also owns similar European companies providing market presence in France, Spain, Italy, Poland and Russia. B&Q presently has stores throughout the UK and Ireland, is headquartered at Chandlers Ford in Hampshire, and has expanded into the Far East with stores in Taiwan and China. In 2006 the company employed over 38, 000 people in more than 300 stores across the UK. In terms of diversity, during 1989 B&Q noted the demographic changes taking place in the UK, particularly the ageing population, coupled with the fact that it had at the time a young workforce with a high staff turnover. In the DIY business product knowledge is critical and the younger workforce was seen as lacking in the relevant experience. The company embarked on a policy of employing older workers, having first carried out a very successful pilot in a new store, staffed entirely by workers

over 50. The evidence of success persuaded the bard of B&Q to adopt a positive approach to recruitment of an age-diverse workforce. The company viewed the move as making good business sense. The B&Q website displays its commitment and belief in diversity and a mix of talents, and their policies in this respect promote equal opportunity of employment regardless of gender, ethnic origin, nationality, culture, religion, age, disability, marital status, sexual orientation or political views. They have appointed a Diversity Manager, reporting to the Board, and their philosophy on diversity is reflected in its HR policies (Mullins 2008: 86). B&Q remains the UK's largest retailer in its sector and noted profitability of the business in its most recent annual report (B&Q website).

Definition

Price (2007: 385) quotes Cox et al (2001: 31) as defining diversity as the variation of social and cultural identities among people in an employment situation. The reality is that people are different, varying in gender, culture, race, social, physical and psychological characteristics. These differences may cause either negative or positive reactions, depending on individual perspectives and prejudices. In the workplace this can cause positive influences as some believe diversity is a source of creativity and innovation. In other cases, diversity can be the source of misunderstanding, suspicion and workplace conflict affecting performance.

Dimensions

The dimensions of diversity may be broken down into primary and secondary characteristics, according to Daft (2006: 469). The primary dimensions are age, gender, ethnicity, sexual orientation, race, and physical ability.

Secondary dimensions can either be acquired or changed in life, impacting less on the primary dimensions but affect an individual's view of the world and how others view them. Examples are differences in housing status, with some individuals coming from affluent suburbs and others in run-down inner city environments. Likewise married people with children have a different set of attitudes and values than those who are single and childless. A person's religion, native language, socio-economic status, educational and work background add dimensions of differentiation not only to the person but also to how others view them. These secondary dimensions are very relevant in a workplace setting, and for those managers who believe in the concept of value through diversity, the challenge is to recognise the individual's values and strengths, as opposed to their diversity aspects. Bratton and Gold (2001: 94) echo this by stating that diversity in the workplace, changes in demographics and social values all make the management of people more complex and challenging.

Business case
The business case for diversity is articulated by Boddy (2008: 370) who quotes Anderson and Metcalfe (2003; 26) as arguing that business will benefit from promoting diversity as it will facilitate access to a broader range of individuals, their strengths, experiences and perspectives. It will offer a greater understanding of the diverse groups of both potential and existing customers represented within the workforce. Additionally, it will experience better communication with these diverse groups of potential and existing customers.

The increasing pace of competition requires companies to focus on companies internal assets in the shape of employees to drive performance improvement. However, according to Torrington et al (2004: 110) changing social trends and legislation have made the task of attracting and retaining the best employees more complex, leading organisations to become more minded of the strategic value of a more diverse workforce, in an effort remain competitive. The composition of the workforce is changing, with an increased number of women and members of ethnic minority groups entering, and the age profile of the working population is changing with an increase in the average age of employees (Redman and Wilkinson 2006: 307).

Daft (2006: 466) outlines the case for diversity, noting that some top management believe that it offers a broader range or opinions and viewpoints, reflects an increasingly diverse customer base, demonstrates the company's commitment to the " right thing" and helps attract the best talent.

Advocates
The Chartered Institute of Personnel and Development (CIPD) offer a positive view, stating that diversity is an inclusive term based on recognising all kinds of difference. It is about valuing everyone as an individual. It recognises that people, from different backgrounds can bring fresh ideas and perceptions, which can make the work done more efficient and the products and services better. Diversity is an inclusive concept that covers all kinds of difference that go beyond the traditional understanding of what equal opportunity is about (Armstrong (2006: 868).

Critics

Some question the long-term business case for diversity. As described by Kirton and Greene (2010: 201) some commentators believe that if the organisational benefits to be gained from diversity are too narrow or short term, the result might be partial rather than a comprehensive policy, i. e. in addressing only the most obvious and immediate business problems. For example skills and labour shortages vary over time and space. Women and older workers might become important sources of employees when the economy is booming and young people are in short supply. Employees might be compelled to develop policies to attract these groups, including flexible work arrangements. These policies might then be abandoned once the problem was overcome or during an economic downturn.

Cost

According to Anderson and Metcalf (2003: 26) a neglected area of research is the impact of diversity on costs. The need to manage diverse workforces is emphasised in the management literature to reduce the chances of negative conflict within the workplace and facilitate an environment that values different perspectives. This may involve training staff to make them aware of their prejudices and to encourage them to consider the perspectives of others. Internal communications may need to be tailored to suit different audiences. Decision-making processes may require more time to ensure that different perspectives are considered. All these factors have cost implications.

Policies

Price (2007: 396) relates that many organisations have adopted equal opportunities polices outlining commitment to equitable human resource management. However, they are extremely ineffective, and are often in response to political pressures or to sooth consciences, rarely disturbing vested interests. Organisational culture, particularly at top-level is an obstacle to the creation of a diversified workforce. According to Molander and Winterton (1994: 102) serious equal opportunity policy requires allocation of overall responsibility to a specific senior executive. There also needs to be agreement of the policy with employee representatives, and effective communication of the policy to all employees.

Examples

Boddy (2008: 370) relates that within the UK Civil Service there were diversity targets set in 2000 for the period 2004-5 that 35 percent of senior civil service jobs should be held by women, a rise from a level of 26 percent. The number of senior posts held by individuals for ethnic minorities should be increased from 2. 8 percent to 3. 2 percent and similar measure taken for disabled employees. The public sector has expended time, money and energy on training, in communication, leadership and effective networking, in pursuit of culture change. The aim of culture change is to make people feel valued and where talents are fully utilised.

BMW has formed a project to help reduce the demographic changes which have resulted in an ageing workforce. The changes within the project are the design of the working environment involving ergonomically designed workstations in office and manufacturing to help avoid physical strain. The

introduction of health management and preventative health care with the provision of gyms and fitness courses at all plant locations. Flexible retirement packages that allow individuals to retire early of continue after 65 have been introduced, and there is stress on the importance of lifelong learning activities. In contrast, Torrington et al (2008: 574) relate a story from People Management regarding a case of disability. They reports that a skiing accident left a woman paralysed from the chest down, and was seeking employment. After being dismissed by her employer six months after the accident, and after rehabilitation, she began to look for work. She found little support to enable her to compete fairly, and found no help from HR professionals, feeling that on the many occasions she was interviewed it was a matter of procedure and a way of complying with a government initiative called the two tick symbol. The two ticks symbol can be used by employers to demonstrate their commitment to employing disabled people. Employers who use the symbol make commitments to action such as a guaranteed job interview for disabled applicants.

Price (2007: 394) relates that a survey of over 100 UK female directors indicated that many believe women may be their own worst enemies regarding success in the boardroom. The survey showed that, while 66 percent believed women enjoyed equal opportunities across the whole workplace, only 32 percent believed that their possibilities of attaining board level roles was identical to men. Women remain very much a minority in UK boardrooms.

Legislative Issues

The Commission for Racial Equality's (CRE) guide on ethnic monitoring recommends that analyses of the workforce should be conducted in sufficient detail to show whether there is an under-representation in more skilled jobs and grades, as well as whether there are general concentrations of ethnic minority employees in certain job levels or departments in the organisation. The CIPD Equal Opportunities Code states that the most important processes to monitor are recruitment and selection since these are easily influenced by prejudice or indirect discrimination (Armstrong 2006: 867). It should be noted that the CRE recommends that if necessary, positive affirmative action should be taken with job adverts designed to each members of under-represented groups, the use of employment agencies and careers offices in areas where these groups area concentrated and other encouragements designed to reduce under representation for ethnic groups in the workplace.

Price (2007: 390) notes that the Equal Pay Act (1970) provides for equal pay for comparable workers. The Sex Discrimination Act (1975) makes illegal discrimination against women or men (including discrimination on the ground of marital status) in the work situation. The Race Relations Act (1976) with subsequent amendments is applicable, and the Disability Discrimination Act (1995) addresses people with physical disability impairments. Subsequent UK and European Union (EU) legislation has improved women's rights in the area of pregnancy. The Health and Safety at Work Act 1974 also has implications for employees with physical limitations (Hughes and Ferret 2009: 9).

Analysis of B&Q

There can be confusion between equal opportunities, the legislation concerning these issues, and the concept of competitive success through the strategic management of diversity (Armstrong 2006: 868). One is the deliberate maximising of employee resources from whatever source, without regard to gender, race, age or any other characteristic, in pursuit of business success. The other is concerned with ensuring that diversity of the human condition in all its manifestations is given equal opportunities for employment, a career and advancement to the limit of their capabilities. The two are distinct and a diversity strategy should recognise that. B&Q took the decision to embrace a policy of diversity for business reasons, backed by a pilot proving the concept could be successfully applied (Mullins 2008: 86). This indicates that B&Q understood the difference between equal opportunities legislation and a diversity strategy. Also taken into consideration was the perception that older workers were seen as more knowledgeable in DIY (Rollinson 2008: 61). Earlier research also had shown that older customers viewed sales staff of the same age more positively than younger employees (Leopold and Harris 2009: 132). Beardwell et al (2004: 56) argued that competitive leverage was gained as B&Q's human resources added value to the level of customer service provided.

Senior management must have a belief in the benefits accruing from a diversity strategy otherwise there is a risk that tick-box, token response to government initiatives and the image of doing the right thing, will be the only driving forces. B&Q was a well-known example of making a point of

recruiting older employees before age discrimination regulations were in force (Foot and Hook 2008: 50).

To be successful, the diversity strategy process must be driven and supported internally, and not felt by the workforce or management to be externally imposed. Senior management support is necessary, and the strategy should not be identified as yet another HR initiative or it may be greeted with some cynicism as another management fad. B&Q's management did believe that benefits would accrue from the policy of diversity, partly driven by a difficult trading environment.

B&Q's approach was to appoint a senior individual with responsibility to the board for the diversity policy implementation, regarded as an essential prerequisite by Molander and Winterton (1994: 102), and Rankin (2003: 506). However, the action was top-level driven, without any demonstrable workforce involvement, although initially it was confined primarily to age diversity. B&Q have expanded their initial age diversity approach and have become more culturally sensitive across a broader range of issues. This is illustrated by Burke and Cooper (2008: 268) noting the respect of religious diversity which is evident as B&Q stores in the UK have a calendar of significant religious dates and festivals, developed in association with the Interfaith Network, so that managers are aware of the need for special consideration on those dates for customers and employees. In terms of competitive performance, B&Q made a profit of £195 million on the year ending January 2010 and remain the largest home improvement and garden centre retailer in the UK (B&Q website), although it is not obvious as to whether the strategy of diversity management had a direct impact on this

result. However, Harrison (2005: 183) notes that being known as an inclusive place to work can lead to becoming an employer of choice, thus bringing reputational benefits also, as B&Q has shown.

Recommended strategy
The recommended strategy should be firmly based on B&Q's existing approach, but to obtain the maximum benefit and gain greater competitive advantage from the management of diversity, some adjustments should be made.

The business case has been proven as far as the company is concerned, but this requires monitoring on an ongoing basis as there is a cost to a policy of diversity (Anderson and Metcalf 2003: 26).

The policy is already driven by a direct board level report, which is a fundamental requirement for success. There is however, no demonstrable employee feedback with regard to the management of diversity within the company, so it would be wise to engage employee voice in the monitoring and feedback process, to avoid any feelings of discrimination or suspicions of tokenism regarding the employment of minorities.

The policies applied should meet or exceed all relevant legislation in place, and this should be part of a monitoring process carried out by the HR function on behalf of the B&Q board.

There should be no attempt to enforce quotas as this could potentially lead to a situation where recruitment was based on numbers as opposed to talent

and potential contribution to the business, thus negating the entire concept of the value of diversity management.

Awareness training should be part of all management and supervisor level development, allied with the reasoning behind the value of promoting diversity in a business sense.

A degree of practicality should be employed in some circumstances. For example a disabled employee should be protected from the obvious dangers associated with a large warehouse workplace such as is the case in many B&Q facilities, with its attendant health and safety issues, and their employment confined to a position which avoids hazards. Exposure of disabled employees to such an environment may risk a conflict between diversity policy and the requirements Health and Safety legislation (Hughes and Ferrett 2009: 9).

The diversity strategy requires being all-embracing, and not confined to for example ethnic minority statistics, age, or disability. It is essential that the strategy embraced issues such as gender. This approach is partly successful at B&Q on the shop floor level, but boardroom representation while being strengthened by the appointment of a female HR appointee (DIYWeek. net 2009) remains heavily dominated by males, with a previous female director stepping down in 2008 (RetailWeek 2008). In addition to diversity management, here are business reasons for such a move as the Times (2010) reported increasing numbers of women adopting DIY with reasons such as the increase in female home ownership and the demographic changes of single women now accounting for more than one in five UK households. B&Q should therefore seek to develop potential female senior

management, not only for the talents they may bring, but also for a better insight to the current rising trend of female DIY enthusiasts which has the potential for business growth if properly approached.

Communication is important and the strategy and accompanying policies should be continuously explained and communicated to all employees and managers (Rankin 2003: 505).

Monitoring of recruitment practices should take place to ensure that the strategic intent is being implemented by hiring procedures (Rankin 29003: 505). There is a cost to the management of diversity (Anderson and Metcalf 2003: 26), and the cost of diversity practices, with their attendant training, awareness and other expenses should also be taken into account, and balanced against any possible benefits where possible, ensuring the interests of return on investment in addition to legal and moral issues. There should be an open-door culture to respond to potential cases of unfair discrimination, and this should be subject to review at board level.

The B&Q website should continue to advertise the fact that the organisation is committed to a diversity policy, in an effort to reinforce the message that this demonstrates itself as good business sense, and to assist in the continued recruitment of a diverse workforce.

Conclusion

The analysis supports the view that the management of diversity can result in increased competitive advantage, and the B&Q Company have provided an example of that contention. However, despite significant levels of diversity strategy implementation there are a number of caveats which

should be considered and a number of changes to the existing strategy are recommended.

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