

WORKFORCE 2000: DIVERSITY ISSUES AND THEIR IMPACT ON MANAGERIAL PRACTICES AND THE ARBITRATION PROCESS

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ABSTRACT

The year 2000 is rapidly approaching and American businesses and organizations are waking up to the fact that the workforce is changing dramatically. New demographic trends, a shortage of human resources, and a demand for highly skilled, technically competent employees will bring about major changes in the U.S. workplace. It is estimated that between now and the year 2000, 75 to 80 percent of all employees entering the workforce will be from one of the following groups: people of color, women, or immigrants. To be successful and competitive in the 1990s and beyond, organizations will need to effectively manage this diverse workforce. This article examines these changes and the possible impact they will have on managerial practices and the arbitration process.

INTRODUCTION AND BACKGROUND

Changing workforce demographics, outlined in two 1987 landmark studies, one by the U.S. Bureau of Labor Statistics [1], and the other by the Hudson Institute entitled, "Workforce 2000: Work and Workers for the 21st Century," are already a reality. These groundbreaking reports forecast major changes in the U.S. workforce and widespread shortages in skilled labor in the 1990s [2]. Some of the key predictions outlined in these studies include:

- Labor force growth, which averaged 2.9 percent in the 1970s, is expected to average only 1 percent during the 1990s and will flatten out in the next century and decline slightly.
- The slow growth of the working-age population will cause labor markets to tighten, thereby putting a premium on utilizing the potential of everyone.

- More women are working for pay, and 81.4 percent of women between the ages of twenty-five and fifty-four will be participating in the workforce in 2000.
- A significant proportion of expected net growth in the labor force between 1988 and 2000 will be accounted for by Blacks and Hispanics, and when combined with Asians, these three groups will account for more than half of net labor force growth between 1988 and 2000 [3].

In addition, it is predicted that liberalized immigration laws will attract still more workers [4]. It is estimated that by 2000, U.S.-born white males are expected to comprise only 15 percent of the new entrants into the workforce. They will make up only 39 percent of the workforce in 2000, down from 46 percent today. United States-born white males are losing their traditional position as the dominant component of the workforce [2].

Groups outside the traditional economic mainstream will make up the remaining 85 percent of new entrants into the workforce from now to 2000: people of color, women, and immigrants. Racial and ethnic groups already make up one-fourth of the population. If current trends in immigration and growth continue, these groups will outnumber whites by 2030. Much of the increased growth among racial and ethnic groups will come from immigration. About 600,000 legal and illegal immigrants are expected to enter the U.S. each year from now to 2000 [5].

The surge in the population of racial and ethnic groups will eventually translate into workers seeking jobs. Blacks now comprise 11 percent of the labor force, but they are projected to constitute 12 percent by 2000. Hispanics, who are expected to displace Blacks as the largest ethnic minority group by 2015, will account for about 23 percent of new workforce entrants and will increase their share of the labor force from 7 percent today to 10 percent by 2000. That segment of the labor force represented by other races—Asians, Pacific Islanders, and Native Americans—will increase their share by 70 percent and increase their share of the labor force from about 3 percent now to 4 percent by 2000 [2]. Obviously, racial and ethnic groups will be an important and growing source of labor in the future. The face of the nation's workforce will progressively become browner [6]. This trend gives rise to a number of major issues for human resources managers.

In addition, women are expected to enter the workforce in large numbers between now and 2000. Almost two-thirds of the fifteen million new entrants into the workforce during this period will be women. Women are expected to account for about one-half of the workforce by 2000 [7]. In light of the relative shortage of younger workers between now and the year 2000, organizations will have to invite full, innovative participation from all employees. They will have to rely more heavily on women and other minority groups and recognize the necessity to employ them effectively [6].

The workplace will therefore house a wide variety of employees with differences in race, ethnic backgrounds, cultural heritage, ages, religions, lifestyles, physical, emotional, and mental abilities, class backgrounds, and personality types. The managerial implications of these changes are profound. In addition, it is predicted that these workforce changes will trickle down and have a significant impact on the arbitration process, especially the types and number of cases involving diversity issues, as the new labor force and management attempt to resolve problems these workplace changes will bring about, which is the focus of this article.

REALITIES AND SOLUTIONS

The realities of the future are clear. There will be increasing economic competition, a shrinking labor pool, and an increasing need for a more highly educated and skilled workforce. Another reality, projected by the Bureau of Labor Statistics [2], is an aging workforce that has fewer young people entering the job market to replace retirees, and of those new entrants, most will be women, minorities, and immigrants. The solutions are equally clear. To be competitive in the 1990s and beyond, organizations will have to successively manage an increasingly diverse workforce.

Managing Diversity, Valuing Diversity, Project Diversity, and Thriving on Diversity are all titles for new programs and strategies currently under way in U.S. corporations and organizations. These new terms are used by human resources and affirmative action professionals who are leading their organizations' efforts to adopt positions where cultural diversity in the workforce is valued and used as a competitive advantage [8]. R. Roosevelt Thomas defines managing diversity as "a comprehensive managerial process for developing an environment that works for all employees" [9].

Despite these realities and programs, a recent survey of 645 organizations entitled, "Workforce 2000: Competing in a Seller's Market: Is Corporate America Prepared?" conducted by the management consulting firm, Towers Perrin, and the Hudson Institute [3], a policy research firm, found that although 57 percent of the respondents claims that diversity issues affect management decisions and corporate strategy, only 29 percent actually train managers to value and effectively manage workforce diversity. The report suggests that American organizations and American managers should realize that diversity is an issue that affects an organization's ability to manage and compete effectively.

American organizations attempting to meet their goals and the challenges of the future will have to successfully manage workforce diversity. Organizations that accomplish this goal will experience a wide variety of benefits:

- Enhanced ability to develop and realize the full potential of a diverse workforce.

- Increased success in attracting, retaining, and promoting talented employees from the entire labor pool who reflect the demographics of the area in which the company is located.
- Increased employee communication that can promote team development and productivity.
- Enhanced ability to anticipate and meet changing needs of increasingly diverse workforce.
- Decreased impersonal tension and conflict.
- Increased creativity and innovation.
- Decreased costs in turnover, absenteeism, poor performance and litigation.
- Increased ability by managers and employees to work with individuals who are different from themselves.

Organizations that fail to manage workforce diversity effectively will experience negative consequences:

- Unnecessary and very costly interpersonal conflict.
- Lack of team development and cohesiveness.
- Low productivity and damaged morale.
- An increase in grievances and possibly arbitration cases.
- Very time-consuming and expensive litigation as the result of more serious incidents of racial, sexual, or power harassment [10].

Herein lie the implication and impact of diversity issues on managerial practices and the arbitration process, as discussed below.

IMPACT ON MANAGERIAL PRACTICES AND THE ARBITRATION PROCESS

The task of human resources managers of the 1990s and beyond is to find constructive and economically feasible ways of dealing with the problems and challenges brought on by the new workforce. This task is complicated because the workforce will possess differences in race, age, gender, and cultural backgrounds, and many employees will be unfamiliar with traditional American work rules. Many new workforce entrants will not have the communication and technological skills necessary to be effective in their jobs. In addition, U.S. managers will need to be color-blind, gender-blind, and free of ethnic and cultural biases. Therefore, there is little doubt that the arbitration process will probably play a major role in solving some of the problems that these dynamics will create. Since unions can represent employees in Equal Employment Opportunity (EEO) complaints, the number and types of complaints involving diversity issues that reach arbitration will probably increase. Here are some of the possible

implications of diversity issues on managerial practices and their potential impact on the arbitration process.

Women and Minorities

The very large and growing female labor force represents a major challenge to current management practices in the working world. Traditionally, business conduct and rules in many organizations have been male-oriented and have reflected white male attitudes and values. For example many men have perceived women as indecisive, moody, manipulative, and “lone rangers” who do not become good team players. Unfortunately, many women’s responses were to adopt some masculine traits in the office (such as aggressive behavior) in the hope they would be accepted by their male peers, only to create increased tension and conflict [6]. If these attitudes and behaviors continue, the resultant complaints and grievances may continue to grow and increasingly wind up in the arbitration process.

Research suggests that women are generally more concerned with peoples’ feelings and tend to be less arbitrary than men. While males tend to be hard-nosed and to think critically in business matters. Women are more likely to gain knowledge subjectively through intuition. The white male culture tends to discount and belittle this information [11]. This gives rise to complaints by women that their ideas and organizational contributions are ignored even if they are better than those offered by men, thus limiting their opportunities for promotions and advancement. These complaints can end up in arbitration, rather than in the courtroom.

The influx of women and ethnic minorities into the labor market dictates a need for significant managerial change and adaptation. For example, the rigid authoritarian, drill-sergeant style of management does not foster a good working climate for women and minorities. This environment can lead to conflict and complaints that end up in the arbitration process.

In addition, managers who hire minority workers will need to deal with special problems. They may find that many minority workers have narrowly developed skills and are ill-equipped to cope with the working world, problems that may also wind up in the arbitration process.

Immigrants

Immigrants will represent a major factor in the nation’s future labor supply. Every wave of new immigrants has been resented by “native” Americans, yet every group has wound up refreshing our strength and revitalizing our spirit [12]. Other than antifoignner impulses based on prejudice and discrimination that previous immigrant groups encounter, today’s immigrants appear to face additional barriers in the workplace. Some managers resent immigrant workers for refusing to learn English adequately and for insisting on speaking their native language in the workplace. Managers sometime feel that immigrants show

reluctance to take independent initiative in work assignments. Others managers feel that immigrants too frequently and too vociferously voice dissatisfaction with working conditions. On the other hand, many immigrants feel their language is inseparable from their cultural identity. They wish to remain bilingual and see any English-only movement as a political backlash against their growing numbers and influence [5]. Insensitivity to cultural differences in the workplace can create anxiety, frustration, and conflict for managers and workers alike. These are examples of clashes that may occur in cross-cultural, employer–employee relationships that may end up in the arbitration process.

Older and Differently Abled Workers

To the delight of many older workers, mandatory retirement was eliminated by the 1986 amendments to the Age Discrimination in Employment Act. Differently abled employees were given additional EEO protection under the Americans with Disabilities Act of 1992. However, negative attitudes continue to exist about older and differently abled workers.

Managers sometime fall prey to the flawed stereotype that older and differently abled employees are less employable than other workers, particularly for challenging positions. Some managers think that older and differently abled workers are less physically and mentally capable and more troublesome than other workers, thus creating a barrier to their employment. In addition, they are commonly perceived by managers as having reduced potential for acquiring new skills or implementing new methods and ideas. Supervisors and managers who accept such beliefs do themselves and older and differently abled workers an injustice [13].

Numerous research findings fail to support the accuracy of these stereotypes, and in fact, contradict them. They show older and differently abled workers can be trained as readily as younger and able-bodied workers, they have an equal level of productivity and miss work less often than other workers. They are also more loyal and committed and take more pride in their work. The degree to which their talent will be used or underutilized is an important factor affecting managerial practices and whether issues surrounding them find their way to arbitration.

RECOMMENDATIONS

Dealing with a two-gender, multicultural, and diverse workforce involves both challenges and opportunities. To be successful and to reduce the number of complaints by employees and unions that find themselves in the arbitration process, managers should consider these recommendations:

- Recognize and acknowledge that all sorts of people from various backgrounds and ethnic groups and with different values and unorthodox attitudes make up the workplace; diversity exists and will continue to do so.
- Focus on the recruitment and retention of women and minorities by devising successful approaches to enhancing job satisfaction and motivation. Such a focus will ensure an adequate, flexible, and productive workforce than can react quickly to changing work content.
- Create organization-specific remedial education and training programs to help bring women and minorities into full participation in the American workforce.
- Communicate and show respect for the cultures and values of others, by your deed as well as your work; listen to the views of minority workers and make sure they are included in your formal and informal networks.
- Avoid stereotyping anyone from any culture; not everyone from any immigrant, minority, or ethnic group can be called shiftless, a dole taker, or a job stealer; for example, studies show that after five years immigrants pay more taxes than natives and that their contributions exceed the value of the services they receive.
- Provide workers with a sense of psychological safety; assist them when needed in the acculturation process.
- To attract and retain older and differently abled workers, managers have to make the work environment as well as the job, appealing and attractive. This includes implementing personnel policies designed to encourage the recruitment of seniors and the differently abled and to discourage them from leaving, as well as employee benefits and incentive programs tailored to meet their needs [6].

CONCLUSION

The expected diversity of the workplace will force organizations to recognize the unique needs and differences of their employees. Managers of the 90s and 21st century will need to learn to be tolerant of language and cultural differences. They will need to accommodate the needs of all workers—men and women, white and minority, American born and foreign born, and the young, the old, and the differently abled—if they are to have a stable workforce, retain their competitiveness, and meet the requirements of their role in the community.

In short, organizations will have to take a different approach to running things. Failure to do this may lead to grievances that may end up in the arbitration process rather than the courtroom. Changes in organizational cultures will inevitably need to occur as a result of the various backgrounds, sets of work ethics, and the values

workplace participants bring with them. A more open and participative system, less constraining to the individual, in which different workers can survive, develop, flourish, and advance will be necessary.

These changes will radically affect the nature of work and redefine the role of human resources management. Organizations that can adapt to different workers and have reputations for being evenhanded with all workers will have the opportunity to attract and retain the most qualified employees and to elicit the best performance from them. And when problems do arise, the arbitration process will be a viable alternative to solving disputes and complaints resulting from issues of diversity.

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