Managing the human resource diversity as a competitive advantage: a new issue for contemporary human resource management officers.

Author: Morgane TANGUY
Director of Research: Dr. Philippe Daudi
Programme: Master's Programme in Leadership and Management in International Context
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Thank you to all of you...
Abstract

In organisation, diversity in term of human resource is a new phenomenon which evolves and takes everyday more place in the global strategy of the company. For different reasons, human resource diversity could make the organization competitive in the market where the competition is all the time stronger. But the difficulties for human resource management officers is to elaborate human resource policies based on reaching the organization’s objectives and in the same time managing the workforce diversity in order to satisfy the all protagonists and in order to manage the diversity to make it a competitive advantage. They have to use appropriate tools in order to establish the employees’ loyalty and efficiency.

Key concepts: Human resource, Intellectual capital, Diversity, Competitive advantage.
List of table:

Table 1.1: Summary of the components of the human resource diversity and some consequences 4
Table 4.1: Summary of the way of managing people from the ending 19th c. to now .................... 27
Table 5.1: Motives and objectives of diversity management ..............................................................37

List of figures:

Fig. 1.1: Human capital structure........................................................................................................9
Fig. 2.2: Cox’s model for work diversity ............................................................................................17
Fig. 2.3: Allen and Montgomery’s model for creating diversity ......................................................19
Fig. 3.1: Different steps followed in the written paper.......................................................................22
Fig. 4.1: Representation of the authoritarian way of management ..................................................26
Fig. 4.2: Representation of the centralised way of management......................................................26
Fig. 4.3: From a vertical to a horizontal way of managing people....................................................31
Fig. 4.4: The human resource management and its “clients” ..........................................................32
Fig. 4.5: Employees as a principal resource......................................................................................33
Plus se joignent de voix diverses et contraires,
Plus merveilleux aussi résonne le concert.

Angelus Silesius
1 The management of the diversity: a new concept in the business language

“Human resource as a strategy”, “managing diversity” or “intellectual capital” are some concepts which are more common in organization. These terms are more frequently used in the business vocabulary. Moreover, a substantial research seems to be based on these concepts. These concepts and related ones are highlighted and their importance for firms is discussed.

First of all, the concept of Human Resource management is not older than 20-30 years. Indeed, even if the “personal function” exits since the end of the 18th century, the role and the name of human resources are new. The perception of this function had evolved, (Naschberger 2004). As a matter of fact, the personnel were considered only as labour, without any responsibility, no autonomy... On the contrary, human resources are really important: this department have more independence, autonomy and responsibility in the global strategy. Naschberger’s thoughts are supported by other researches who insist on the fast evolution of the human resource management role since the 80’s. Wright and Boswell (2002) insist on the move of the personal administration function to a human resource management. Then they argued that the function had change from a “simple” plannification of the tasks to a real strategy of the HRM. They clearly argued that the management of the human resources could be devised into two subfields: “strategic and functional”. Chadwick and Cappelli (1999) explained that authors used the term of “strategy” for human resources in order to demonstrate the impact and the consequences of the HRM on some strategical aspects of the organization like effectiveness, profitability, goals achievement... In another point, Mc Mahan, Bell and Virick (1998) argued that the actual evolution of the HRM into a strategy come from the employees and managers involvement. Furthermore, the evolution is due to social, economical and political changes on the business scene (Bhadury, Mighty, Damar, 2000), with the globalization, the development of the joint-ventures, the multinational firms, the opening of the boundaries... These changes contributed to the gradual instauration of the notion of the diversity in the human resource field and the practices depicting it. Other factor of the emergence of the diversity could be the women emancipation and the people migrations.

Through different researches and a wide range of articles, we can clearly see that the concept of diversity in the human resource field is quiet new. Moreover, as we are going to see later on this paper, lots of authors wrote about this topic. Due to these numerous articles and research, we
notice diversity is a really important and current issue in the human resource field. This concept of diversity appeared during the last decade and still evolves. In the human resource context, diversity is related to a range of individual differences in term of visible differences like race, ethnicity, gender; but also in term of non visible differences like personal skills, experiences, education, geographical origin, religion and sexual orientations, motivation, expectations...(Singh and Point 2004; Bhadury, Mighty, Damar, 2000). An overall conclusion that can be derived from these articles is that they all argue for the importance of diversity and its pertinence for firms.

But, if it is really important to take it into account, is the human resource diversity a real resource? How it could be a competitive advantage, how could it take place in the organizations' strategy, as authors noticed? Through different studies, we can notice the importance of managing human resource diversity as a strategic asset. Singh and Point (2004) defined the competitive advantage of the diversity in the human resource by explaining the positive consequences in term of better performances, adding values, understanding stakeholder's needs, corporate reputation, creativity, innovation. Bogaert and Vloeberghs (2005) added that the diversity of the employees could reflect the range of the customers: understanding employees’ needs means understanding customers’ needs. All customers have different needs depending on his origin, sex, experiences ... and the employees refer to them. Here, we can see the importance of dealing with the diversity and protecting it. Additionally, we can consider diversity in term of part-time or full-time work, flexibility... Indeed, using this tool could attract people who have different personal expectations and permit the company to have more people with different ideas. There are two main reasons to keep this tool in mind. The first one is that it is more expensive for a company to lose good experienced employees or to struggle absenteeism or the turnover of the workforce than creating the environment they need for developing and improving their skills. Furthermore, Bhadury and al., (2000) and Mc Mahan and al., (1998), sustain that heterogeneous group are more effective than homogeneous group in understanding and solving problems or in communication because they are complementary and not similar.

Seen from another angle, the diversity could be strength and a competitive advantage for organization because this resource is “valuable, rare, inimitable and non-sustainable” (Mc Mahan, Bell and Virick, 1998). Because each individual is different, he is rare and inimitable. The rarity of the resource make it strong and precious: this is an asset for the firm and the organization could compete with other firms.

But if the human resource diversity could be a real competitive advantage for an organization it not only has positive consequences. According to D’Souza (1995, in Stockdale and Crosby, 2004),
too much diversity could create communication problems, misunderstanding and, as a consequence, some conflict between employees which are source of counter-productivity for the organization. In that case, diversity is the contrary of a competitive advantage. Moreover, struggle against discrimination introduce a bias during the recruitment phase during somebody from a minority could be recruited because it is different and not because of his capacity. This is considered as discrimination against people from the dominant group. That is why, giving nuances concerning the management of the human resource diversity could be interesting.

<table>
<thead>
<tr>
<th>Visible component:</th>
<th>Some consequences of the diversity</th>
</tr>
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<tbody>
<tr>
<td>✓ Origin</td>
<td>✓ Better performances</td>
</tr>
<tr>
<td>✓ Sex</td>
<td>✓ Adding value</td>
</tr>
<tr>
<td>✓ Age</td>
<td>✓ Understanding of the stakeholders’ needs</td>
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<td>✓ Skin colour</td>
<td>✓ Reputation</td>
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<td>✓ Religion</td>
<td>✓ Creativity</td>
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<td>✓ Sexual orientation</td>
<td>✓ Efficiency</td>
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<td>✓ Expectations, needs, desires</td>
<td>✓ Communication</td>
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<td>✓ Personal and professional skills</td>
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<td>✓ Knowledge</td>
<td>✓ Discrimination</td>
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<td>✓ Experience</td>
<td>✓ Less involvement</td>
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Table N° 1.1. Summary of the components of the human resource diversity and some consequences

### 1.1 Presentation of the structure of this paper

The first part of the paper will present the literature I will use to explain the different concepts I will use in order to develop my thoughts around the diversity phenomenon. This part gives an overview of the authors’ arguments about the human resource concepts and its evolution, about the intellectual capital and of course about the diversity with its role in the global strategy of the organization.

The second part will present the methodology I will follow in order to elaborate this paper, in order to answer the research problem. I will describe it and the case study I will use.

The third part of this paper is constituted by a quick overview of the principal steps and changes of the human resource management function during the last century and, because the human
resource management is always moving, always evolving, I will focus more on the current and exact situation and role of the human resource management. I will also carry out some reasons of the emergence of diversity phenomenon in this field of human resource.

In the fourth part of the thesis, after describing the empirical data I am using, I will argue about the human resource diversity as a strategic asset. I will explain why the diversity should be taking into account in the human resource policies and strategy; why is it so important. I will give some concrete examples of the human resource diversity as a competitive advantage.

The fifth and last part of the paper is related to the pure management of the human resource diversity in order to make it a competitive advantage for the organization. Clearly, that means I will carry out some pertinent tools a human resource management officer should use in order to manage the diversity in term of intellectual capital or knowledge and in term of environment.

1.2 The research questions

Elaborating good and relevant research questions is essential for the researcher in order to answer the problem research. As a matter of fact, the research question will help her in narrowing the subject of the research and will give her some references to check all the data she is going to collect.

In the present case, the research issue and research question at hand are related to the study of the notion and the practice of the diversity. The overall issue here is to reach a fair understanding of the phenomenon of diversity and related issues. In an extension of the primary focus, attempts will be made to explain and even interpret major aspects of diversity. Thus the research questions can be formulated as follow:

- How can we understanding “diversity” as a related issue to HRM?
- “Diversity” can and should be looked at as a competitive advantage for firms?
- How can we understand and partly explain how “diversity” can be managed as one of the firm’s strategic assets in order to gain strategic competitive advantages?

The aim of this paper is intriguing link between the diversity in term of human resource and the global strategy of the organization. How to integrate this diversity into the global strategy in order
to be more competitive? The overall aim is to try to understand and explain the extend to which on can conceive of the human resource diversity as a fundamental strategic asset for the firms?

2 Theoretical Framework

This theoretical framework consists on giving some relevant sources from which I will collect the data I need for my research. In that part, I am going to present the most relevant concepts I will use in this thesis and I will summarize some authors’ ideas concerning these themes. There are three main concepts I will use. First of all, the evolution of the thinking around the ideas of Human Resource will introduce the idea of managing human resource in today’s company and will also introduce the second part concerning the concept of the intellectual capital in organization. Indeed, instead of using the term of human resource the new expression of managing the intellectual capital became more common in the companies’ language. The third part will be about the diversity. This part is going to give a summary of the phenomenon in organization in term of human resource or we can say in term of intellectual capital. We will also see that many authors are interested by this diversity subject and that lots of articles were written about it. This subject, managing human resource diversity, is an important one for researchers in economic and business domain particularly as we are going to see. On the fourth part, I am going to explain the tools I will use in order to analyze all the data I collected.

2.1 The evolution of the thinking around the idea of Human Resource

In this part, I am going to summarize some important ideas and theories from different authors concerning the evolution of the way of thinking the idea of the human resources. These theories and observations help in better understanding the actual situation of the human resource concept and can be discussed and compared because there are somehow similar and somehow complementary.

First of all, Christine Nascherger in her lecture gave us an over view of the Human Resource function during the last century. She gave us some political and environmental reasons of the changes and explained how the changes were put into action. She went through different models
of managing people and we can see the evolution from the authoritarian function of the beginning of the century to a management more based on communication, autonomy and confidence during the 80's - 90's. Through this overview of the Human Resource Management History, we can travel from an administrative personal function to a real human resource management function. The author depicts how employees became real resources for the organization and how to manage this new uncertain resource.

In the same perspective, in 1999, Baron and Kreps said that “human resources are a key to an organizational success or failure”. With this argument, we can see the importance of building a good human resource policy which should be integrated in the global strategy of the organization. Indeed, they also demonstrated that Human Resource Management policies have an impact on the organizational performances. The question we can ask now is how to take in account this resource? How to integrate it into the global strategy and how to manage it? The two authors insisted on motivating people by paying them but we also note that is not the only way of motivating people. The ways workers are treated influences their motivation as well.

In 2003, Gratton and Ghosal gave us a new approach of the human resource management. More precisely they explained why the human resource management had changed. As a matter of fact, their main argument is that the needs and expectations of employees had changed. Thus, they argue that children of baby boomers don’t want to sacrifice their own personal needs like their parents did. They are more determined and would be recognized as more as a simple workforce in the organization. This “revolution” of the way of thinking of the employees had changed the relationships between individual and organizations. These relations became more democratized and modern. As Held, 1986 (Gratton and Ghosal, 2003), argued, the democratization of these relationships could be explained by more autonomy for the employees, the development of the capacity to improve their self-reflexion and their determination. These new points of view imply that now employees are able to control their own career. The human resource management should deal with this new perspective and needs to manage people. New tools are also built like part-time or full-time... in order to manage this diversity in term of needs and expectations. Human resource management role is now developing the organization’s profitability by managing people’s needs. Organizations should support their employees in building, that authors called, their own human capital. Indeed, the human capital of each individual is composed of three parts: intellectual capital, social capital and emotional capital. The intellectual capital is related principally to knowledge. Thus, if individual could develop their own knowledge they will be
more innovative, more creative. This is strength for a company. Moreover, knowledge is related to competences and if individual improve their knowledge, they will also improve their skills and competences; and, then, will be more productive. These interactions knowledge\(^1\)/competences\(^2\) are essential in managing human resources. These arguments could be discussed in different part of the paper. First of all, because it gives us lots of information concerning the evolution of the human resource’s role and needs; and then because due to these changes we can clearly see that a new way of managing the human resource is essential. In another point, Gratton and Ghoshal insisted on the importance and components of the human capital which is the human resources. We know that human capital is composed of three parts I am going to discuss later on.

However, in 1997, Tony Grundy has argued for the fact that the Human Resource development is a “key ingredient” for the strategic human resource management. He also argued that HR is issue within competitive advantage and organizational strategy as well. That means human capital should be taking into account as a competitive advantage in the global strategy of the organization. In this article, Grundy demonstrated the relationship between strategic Human Resource and competitive advantage; and showed that HR is a central strategic issue in today’s organization. He insisted on the narrow link between the business strategy of the company and the development of the human resource management. As a matter of fact, if the strategy is to penetrate new market for example, it will be necessary to develop HR competences which need to be required in order to success in this goal.

2.2 The human capital

In the History and evolution of HRM, it is also necessary to underline the fact that even the words, notions and expression traditionally used to talk about the phenomenon have also evolved and changed. As a matter of fact, now we talk about human capital. According to Gratton and Ghoshal, 2003, the human capital is composed of three different parts as I already explained. Indeed, human capital consists on the intellectual capital, the social capital and the emotional capital. Emotional capital is based on self-confidence, self-esteem, courage to convert knowledge and relationship into action. The social capital is related to relationship and network; provide access to the resources of the network and have access to it. The intellectual capital is about knowledge principally. It corresponds to learning capacities, through skills and experience that

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\(^1\) Knowledge is related here to the intellectual capital

\(^2\) Competences are related here to the social capital
the individual already has. These three components are interdependent as we can see in the figure 2.1. As a matter of fact, these links between the three parts are more developed in today’s human resource management policies because managing the human capital means managing these three components of it in order to make the human capital as efficient and successful as possible.

Furthermore, in this article, authors insisted more on managing intellectual capital. As a matter of fact, they said that knowledge rather than money increase the key competitive differentiator. Hence, competitive differentiator is another word to say competitive advantage. Thus, the intellectual capital is the key of competitive advantage. Therefore, improving knowledge is so important. Authors gave us lots of tools to improve it by reading, sabbatical leaves, creating and participating to networks... Moreover, we can see again that the environment plays a major role in influencing knowledge. Creating an environment where people can think and talk together stimulate knowledge improvement.

Furthermore, they argued that “combinations of existing knowledge create new knowledge”. They gave the example: two different departments in company could help each other in developing new ideas; technical and marketing knowledge create new product.
We can clearly see the importance of sharing different ideas in order to be more innovative. Thus, we can introduce the term of “difference” which is related to diversity, the main subject of this thesis.

In another point, intellectual capital is a crucial resource for the organization in order to create value for clients because knowledge is the key component of the organization said Lowendhal, 2000 (Chang and Birkett, 2004). He added the human capital is maintained by knowledge and expertise of employees through their involvement with the firm.

Furthermore, Lengnick-Hall and al., (2004), also exposed the link between intellectual capital, social capital thanks to an emotional connection. We find again the three concepts already mentioned but they are not link by the same way. Moreover, authors figured out the influence and the relation between intellectual capital and strategic performances. The aim of organization is to use the social capital (human capital), in order to build and improve the intellectual capital (knowledge) to have better knowledge to be more competitive.

In a last point, for Lengnick-Hall and al., (2004), intellectual capital has two dimensions. The first is related to innovation and creativity whereas the second is related to efficiency. I also have to precise that these authors used the term of intellectual capital as they used the term of human capital while Gratton and Ghoshal, 2003, noticed that intellectual capital is a component of the human capital. I think it should be interesting to discuss rapidly these two points of view.

To conclude, this interest for the intellectual capital is quite new but more and more important for organization and for human resource management because managing intellectual capital means managing intangible resource. But as authors said, intellectual capital may be recognized as a vital value, as a vital potential for organizations. Indeed, Pfeiffer, 1995, (Lengnick-Hall and al., 2004) argued that Intellectual capital is a powerful tool for achieving a sustainable competitive advantage.

2.3 The diversity

Singh and Point (2005) explained clearly that managing people with diverse characteristics is a new challenge for employers in Europe and thus, since 80’s. As we saw before, needs and expectations are totally different from an employee to another one. In this paper, authors explained diversity in term of visible and non visible characteristics like skin colour, culture, sex, age, skills, knowledge... They also argued that this diversity in human resource is an opportunity.
As a matter of fact, this internal diversity improves access to new markets and to legitimize the organization reputation. These points will be discussing because of the fact that the diversity enhance firms reputation could mean that the company protect ethnical minority and is against discrimination. Singh and Point demonstrated that due to diversity, everybody could learn from someone else: communication and knowledge within the organization are thus improved.

This article is based on a survey and figure out the advantages of diversity and how companies perceived it in their own organization. First of all, through this article, we can see that diversity influence organization’s performances which will be better. In the same time, diversity is a competitive advantage for organization. But why diversity could improve performance and could be a competitive advantage? Authors argued that diversity, by sharing knowledge and skills, increase creativity and innovation because of the wide workforce experience and perspectives.

In a second point, they discussed that diversity add value to the organization. Diversity improves customers services because the all range of customers could be represented inside the company. By listening employees’ needs, organizations could carry out customers’ needs.

Diversity influences also the corporate reputation and environment. According to the authors, the environment improves employees’ satisfaction; consequently, if employees are satisfied, they will be more motivated and more efficient in their job. Then, as the company Azko Nobel said (Singh and Point, 2005), “diversity creates rich and unique work atmosphere”. That means, managing environment in which evolved the diversity is an important challenge for companies and permits to create a unique atmosphere in which each individual have his place and could develop his competences and skills in order to serve the organization and in order to achieve the firm’s objectives. Moreover, dealing with diversity shows the citizenship of the organization; and its motivation to be not only local but international.

All these arguments developed by Singh and Point will be discussed, compared and analyzed in the part 4 and 5 of this paper regarding some other theories that authors had developed about the importance of managing diversity in organization in the best way as possible.

As a matter of fact, Mc Mahon and al. (1998) had also write article about managing the diversity. They included diversity in the Strategic Human Resource Management. Indeed, with the evolution of the human resource and the opening of the boundaries, the different kind of Human Resource necessitates finding a new way of management in order to satisfy the needs of these different workers. Here, we can see that Mc Mahon and al. (1998), depict the idea of satisfaction as Singh and Point (2005) did.
Furthermore, they argue that diversity in term of Human Resource is a competitive advantage because is valuable, rare, inimitable and non-substitutable. As a matter of fact, human resource is non-substitutable because we can’t replace an employee by another one identical in term of skills, knowledge and competence because they are all different. These notions have not been developed by the previous authors and I think it is very interesting to talk about human resource in these terms because all these adjectives are used for competitive advantage. Because human resource is rare, inimitable... it is a competitive advantage for the organization.

Additionally, Watson and al., 1993, (Mc Mahon and al., 1998), argued that heterogeneous groups are more efficient in identifying and solving problems. This idea is also develop by Bhadury and al. (2000). This argument makes diversity a component of the organization’s competitive advantage as well. This part will be really interesting to discuss later on the thesis because I would like to carry out why and how human resource diversity could be a strategic asset for organization. They also argued that diversity reduces discrimination and creates opportunities for employees. The previous authors, Singh and Point (2005), were arguing that diversity creates opportunities for organization. Therefore, we can discuss and compare these two complementary points of view.

The diversity is also a factor for reducing workforce turnover and all the cost related to this turnover (Bhadury and al., 2002). As a matter of fact, the diversity in team work improves understanding and communication. Well, improving understanding and communication permit to create good atmosphere for workers and create a good work environment which will improve efficiency. These arguments could be related, discussed and confronted with the one of Azko Nobel (Singh and Point, 2005), I already mentioned before.

Bogaert and Vloeberghs, 2005, supported Singh and Point’s argument when they said that diversity is a new challenge for organization and thus because of socio-demographic characteristics and because of the changes in terms of needs and expectation. This idea joints Gratton and Ghosal’s argument also. The authors gave some reasons of this diversity emergence. First of all, the socio-demographic characteristics factors are due to the birth rate and mortality rate which are less important. But there is also the fact that women study more since 80’s, and are more represented on the labour market. In another point, the opening of the boundaries and the migrations make society more multinational and we find it in the workforce too.

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3 As a matter of fact we will never find twice the same person with exactly the same skills and knowledge. That is why human resource is “rare”.
Bogaert and Vloeberghs, developed two principal arguments in order to answer the questions WHY and HOW paying attention to the diversity in term of human resource management. First of all, taking into account the diversity help and is necessary for building stimulating human resource policies, and second, knowing diversity help to use appropriate tools and practices in order to manage it. For example, women have not the same needs as men in general. Most part of the time there is women who work in part-time in order to look after children rather than men. Furthermore, authors figured out different elements which make diversity non negligible component of the global strategy. In their argumentation we find one more time that employees’ diversity reflects the wide range of the organization’s customers as Singh and Point (2005) already explained. Moreover, like all authors, Bogaert and Vloeberghs developed diversity as a competitive advantage when they explained that “employees with different backgrounds bring in new ideas and point of view” (Benshop, 1999). That means new ideas influence and increase innovation and creativity within the organization; and makes it more competitive on the global market.

In another point, authors present some tools and theories in order to manage this diversity. They develop four approaches: “deficit approach”, “discriminatory approach”, “culturalization approach” and “individualization approach”. The discriminatory approach had already been developed by Mc Mahon and al. (1998). This perspective is based on reducing discrimination within the firms in basing recruitment on skills and competences and not on the social origin for example. But we have to nuance this argument. As authors said, Human Resource manager had to be careful when they apply this theory in protecting minority. Indeed, the majority group could feel discriminated at its turn. In the same time, people from minority group could think they were recruited because they were different and not because of their skills and knowledge.

Then, the “culturalization” theory is about how to turn cultural conflicts into fruitful interactions in the team. Glastra 1999, (Bogaert and Vloeberghs, 2005), propose some intercultural communication training for example. In another point, we can see the importance of the “individualization” perspective. The aim is to “create a situation in which each individual employee can fulfil his or her personal needs”. This perspective takes in account personal needs, expectations; and creates an environment in which employees could be satisfied and, therefore, develop creativity and innovation which make the organization more competitive. Then, adapting the environment at the employees’ needs reduce workforce turnover because employees are satisfied as Bhadury and al., 2002 and Azko Nobel (Singh and Point, 2005) said.
Through these articles, we can clearly see the importance of the diversity in the human resource management as a strategic asset for the organization. Nevertheless, in Bogaert’s case study about the thoughts of managers of Belgian companies, concerning this subject, are contradictory. As a matter of fact, they recognized that the diversity will be more and more important in the future but in the same time they don’t think it essential for organization’s survival. We can discuss here the contradiction: the article and the main part of the argument prove that managing diversity is part of the global competitive advantage of the companies. So, why this component of the competitive advantage will not be essential in the future of the firms?

But, when they compared their results with the study of Benshop with Dutch companies, the results are different.

Then in another point, we know some tools exist in order to manage diversity, but, according to Belgian manager in the case, organizations believed training people about diversity is not their responsibility. Moreover, managers recognized they don’t think the tools useful. For example, we should nuance the “deficit approach” named earlier because we can see that managers in organization don’t use any tools in order to improve employees’ capacities and competences. In the same way, Belgian firms don’t use tools in order to reduce discrimination.

However, D’Souza, 1995 (Stockdale and Crosby, 2004) argued that “managing diversity” is an ideology and that, diversity (in term of origin and culture) in term of workforce creates conflict and counter performances, because of misunderstanding, cultural differences... Moreover, Thomas and al., 2004, also argued that diversity in term of sex is not possible. As a matter of fact, it is proved that women are less committed to their job than men. Then, they are not considered as efficient as men by employers. Furthermore, taking into account diversity means also that we have to take into account disable employees. Hence, according to the authors, diversity in term of disable people increase care cost and more general, the employment costs.

Furthermore, diversity means as well mixing old and young people. But organizations are not open in employing or forming “old” worker because they are perceived as less efficient than the youngest and not able to adapt themselves rapidly to changes. Moreover, they will not stay longer enough to be a good investment for firms.

To conclude this part, we can clearly see numerous arguments for managing the diversity in term of human resources exist and we had explained the reasons why it is important. Now, I am going
to explain how I will analyse all these data in order to build my own theory concerning the importance of the diversity in the Human capital and Intellectual capital of an organization. Then, I will give a summary of the important tools organization could use in order to manage as best as possible this diversity. Of course I will keep in mind nuances.

2.4 Theoretical tools for analysis

The all data will be interpreted following the structure described in the next paragraph, in three main parts.

The first part will be general overview on the evolution of the human resource management function. This part is going to explain how the management of the human resource is as it is nowadays. I will make clear the main steps of the evolution and the factors of influences. We will see also the vocabulary we traditionally used had changed. The human resource term could be replaced by human capital for example. Moreover, I will develop the new role of the human resource. As a matter of fact, we will see that the human resource manager not only has to deal with the intellectual capital but also with the environment and the behaviour of employees. This first part will help the reader in understanding the current human resource situation in firms and will give him (her) some reasons why and how the diversity appeared in the human resource field. Furthermore, the second part will carry out the reasons why the diversity could be a competitive advantage and why it is important to take it into account in the human resource strategy. We will develop some points concerning the better performances of the organization due to this diversity but also the uniqueness of the diversity or the consequences of this workforce differences in term of corporate reputation. This part will help the reader in understanding the importance of the role of the diversity in term of competitive advantage or in term of differentiator in the global market.

In the third part, after figured out the different advantages linked to the human resource diversity I will give an overview of the tools an organization could use in order to make this diversity a real competitive advantage in the market. For example, in managing the work environment or in managing the intellectual capital by flexibility or trainings help in developing the performances of the diversity and then, the performances of the whole organization. The role of this part is to
carry out that managing diversity is difficult because there is lots of parameter the human resource manager should take into account all the time.

First of all, Powell’s model (1993) of the management of the diversity based his theory on proaction and reaction of the organization front of existing law against diversity discrimination. His theory is principally based on diversity in term of ethnical group like minority or women at work. He described the importance of respecting laws or being proactive front of it, concerning diversity in order to not be discriminatory. All organization have to respect these law against discrimination to not assume some negative consequences like boycotts of their products of lost of reputation and public image. This model will be use in the part concerning why diversity in term of human resource could be a competitive advantage. Indeed, in that part I am going to develop the relation between the diversity and the corporate reputation. Discrimination or combat against it have lot of influence on the organization reputation and image which could be a veritable competitive advantage in some how.

The second model I can based my analysis on is Cox’s model. He elaborated this first theory in 1991, and is based on different type of integrating minority and women in organization. Monolistic organizations accept diversity in term of minority and women integration only if they can adapt themselves to the major culture. Then, pluralistic organizations think minorities and women could add some unique value but they will not change the organization. Last, multicultural organization will try to adapt them to this diversity in order to take full advantage of it.

Later on, in 2001, Cox’s had reviewed his theory and give some advices for managing diversity in the most efficient way as possible. This new model could be summarized in figure 2.2. The five components with example for each describe the all process in managing diversity according to Cox.
Concerning this second model of Cox, I will use only some part in order to adapt it to my paper. As a matter of fact, I will carry out the importance of the physical environment in managing human resource diversity and its consequences in term of employees’ performances and then in term of general performances of the organization in the part 4 the thesis. I will also broach the subject of the recruitment in different part and principally when I will develop the importance of
recruiting various people with different origin, and knowledge in order to make the teams stronger and the all organization more competitive. Furthermore, from this model, I would carry out the importance of the performance appraisal in managing the diversity. In the fifth part of the thesis, I will use some other part of the model like managing diversity in using tools like compensation and benefit (collective, and individual), training period and skill development or promotion...

I also would like to use Allen’s and Montgomery’s model from 2001 (Agars and Kottke, Stockdale and Crosby, 2004), in order to analyze my collected data. As a matter of fact, they explain in their theory the different step of managing diversity. Indeed, managing diversity involve the all company as top managers... this model is well explain and describe in the figure 2.3. Moreover, this figure gives us some component of “how” to manage the diversity. Thanks to Allen and Montgomery’s model I have new element for analysing my information.
From that model, I will principally use the last part, that mean the part related to the competitive advantage. Indeed, in my fourth part I will explain why diversity could be a competitive advantage and in the fifth part I am going to present some tools for managing human resource diversity in order to make it a competitive advantage. Thus, this model gives me some component of the competitive advantage I use later on. For example the improvement of the creativity could be a
consequence of the diversity. Then, the huge diversity and workforce could make the company more adaptable to different market in different country. All these concepts will be explained deeply in the paper.

3 The methodology

Before presenting the results of my research, I will present and discuss the method that has been used in this research. As a matter of fact, defining a subject and a research question is not an easy task. The role of the methodology is to give guidelines and tools to the researcher in order to structure the study and to orient it. Methodology also permits to narrow a subject and explains step by step how to success in this kind of work. But there are lots of different methods explaining how to gather and to analyse information and data.

First of all, in social sciences, we can use qualitative or quantitative researches. Both have to be considered in a study but in the thesis I will more based my research on a qualitative aspect because this approach give the opportunity to discover what is really behind the studied phenomenon rather than quantitative researches which are more used in order to prove some theory already applied (Strauss and Corbin, 1990).

Because human resources are part of social science, qualitative researches are widely used in this domain then; this is why I want to use qualitative research in order to answer my research question. Concerning this qualitative research, I used a theory called “the grounded theory” developed for the first time in 1967 by Glaser and Strauss. In the next part of this paper, I am going to explain what this theory consists on, and then how I applied it to my present research.

3.1 The grounded theory

As I already explained, the grounded theory was exposed the first time by Glaser and Strauss in their book published in 1967. The aim of the grounded theory is to give all the tools to a researcher in order to build a theory from a research problem already defined. It is based on collecting data related to the subject, analyzing them and then, building a theory.
The analysis is also based on the own interpretation of the researcher. In the process, the importance of the definition of the research problem is figured out. Moreover, Strauss and Corbin insist on different point like building some relevant concepts and categories to answer the research question. They also explain the necessity of coding all the information collected. Due to their advices, make a qualitative research is easier.

Of course, a research problem is essential in elaborating a theory. That is why the authors insist on narrowing the subject. Indeed, without research problem, it is difficult to select relevant data and to analyse them; no theory could be build because there is no real problem.

The grounded theory also insists on the theoretical sensitivity of the researcher. Theoretical sensitivity concerns the personal feeling of the author and involves her in the research project and analysis. That means the researcher interprets the data with her own feelings. For example in each articles and books I read for collecting data, authors gave their own point of view, described their own way of interpreting information, they also showed they own ideas and the theory they build concerning the problem they had. These theories are their own. In my paper, I will give you my own point of view and theory concerning the management of the human resource diversity in order to integrate it in the global strategy of the organization. I will explain why it is important to manage this diversity and how to do it.

3.2 The grounded theory applied to the present paper

I think it is important for the reader to understand the methodology that I applied in order to write this paper. That is why I am going to present it through the following figure which represents my process, step by step, and which give the design of my thesis work.
Through the figure one, I depict the step of my work and of my research.

First of all, considering my previous education and professional experience, I wanted to make a research about the domain I was interested on: Human Resources. But, human resources are a huge subject and I had to narrow it. Reading helped me in better understanding the subject and the problem that I wanted to focus on: I could elaborate my research questions. I used some appropriate tools like theoretical books, journals, articles... These reading gave me some specific data in relation with my research questions.

In the next step, after collecting all data, I used my theoretical sensitivity and capabilities in order to interpret and analyze the information. Furthermore, I wanted to improve my analysis by giving some concrete examples, real examples. That is why I decided to analyse some case study. I expose these cases in the next part and I will explain why they are so important and how they are related to the present research.

But, before going on it, I would like to conclude this part by saying that follow a clear methodology in a qualitative research makes the work of the researcher easier and more credible.
3.3 Case study

In a second stage, I will use some case study in order to flesh out the theoretical models. These cases are concrete examples of managing the diversity and its consequences in term of competitive advantage.

The first case I would like to mention is the case from Bogaert and Vloeberght (2005) concerning the “diversity management in Belgium”. In this case, authors presented a synthesis about the management of the diversity. The study shows which kind of company takes care and pay attention to the human resource diversity. Indeed, this case gives us some statistics about organizations which take into account the differences of their human resource in the global strategy. Afterward, the companies explain the tools they use in order to manage the diversity. This case also gives some reasons why organizations pay attention to this phenomenon. The case is full of information and data I need for my research and to elaborate my theory concerning the management of the diversity as a competitive advantage. That is why I decided to use it. Moreover the study is really recent and could be compared to another one made in Netherlands by Benshop and al. in 1999.

Another important case, the case studied by Singh and Point in 2004. I think this case relevant to be analysed in this paper because it gives us organizations’ point of view concerning the human resource diversity. After exposing their first thought concerning the role of the diversity in the human resource field, authors analysed the consequences in mentioning the management of the diversity on the organizations’ websites. What does it mean more precisely? On their website, some companies explain their way of managing diversity or just mention their do it in their global strategy. The two authors analysed the consequences of it in the organizations’ reputation and performances through the own point of view of the firms. 241 organizations composed the studied sample. These are from different nationalities and we can generalize the all results because the same ideas are carried out from the different respondents.

The first main idea is that diversity improves performances, creativity and innovation due to some reason I will develop later on. The second important reason figured out by the study is that mentioning diversity management on the websites adds value to the products and services as testified some firms like Heineken (Netherlands) or Barclay (UK). The good corporate reputation and the management of the work environment are also some consequences carried out by organizations like Azko Nobel (Netherlands) and Boots (UK).
All these information make this case study relevant and necessary to understand the diversity phenomenon and its consequences through concrete testimonies. It will give some information principally on the reasons why the human resource diversity is a strategic asset and then will give some part of explanation in how organization should manage these differences in their workforce.

To conclude, I will use three other cases studied by Dilnutt, 2002, concerning the importance of the intellectual capital in human resource management. These three cases are more based on the intellectual capital but I can enlarged it by explaining that if the intellectual capital itself is non negligible and play a large role in human resource management and if another hand the diversity is also non negligible, both together could be a real competitive advantage and source of sustainability.
4 Short overview of the Human Resource function

The early organizational expectations from the employee were not as there are now. A long evolution in the role of the employee and at the same time of the personal management function had taken place. At the beginning of the 20th century, companies were not really demanding\(^4\). They were just expected for physical presence and productivity, for output.

In the middle of this century, demands had changed. The organizations were more focused on huger competences, skills like technical skills, social relation and managerial capabilities. They were not only looking on the productivity.

Nowadays, the competences of employees should be more developed. Organizations expect to their managers to have technical skills, relational and managerial competences and to be innovative. Moreover, all technicians should also have technical skills and to be innovative. They have to be self-governing and autonomous as well.

Then, at the end of the century, we can notice there are different categories of employees; for example today’s organizations have technicians, managers, employees, low-managers, top-managers... whereas at the beginning of the century, we discerned only two categories: employees and top-managers.

4.1 Historical overview

In the following section I will explain and develop with more details the evolution of the way of managing in a first point, then, in a second point I am going to pointed out the changes concerning the human resource management function. Afterward, I will give you a summary of this evolution before explaining the new approach of the human resource.

4.1.1 Evolution of the way of managing

1900. The way of managing was paternalistic and authoritarian. The main role of manager was to control the work and the behaviour of the employees. Authority was the common way of managing at this time. Managers would keep the control on everything. Employees just had to

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\(^4\) Demanding: in this sentence, “demanding” means companies don't expect a lot from employees excepted be on time and do execute orders. They can’t take any initiatives and organizations didn’t expect that from the workforce.
obey and to execute orders. The representation of this way of managing could be representing by the figure 4.1:

![Diagram of Authoritarian Way of Management]

**Figure No: 4.1**: Representation of the authoritarian way of management.

Later during this century, the way of managing people become more centralised and followed a certain hierarchy (fig. 4.2). But what does it mean exactly? This kind of management permits to develop and share knowledge, help the work accomplishment and in the last point continue to control the employees work and behaviour. “Centralised” means that all decisions come from the same place.

![Diagram of Centralised Management]

**Figure No: 4.2**: Representation of the centralised management.

Nowadays, the management of people is more active and decentralised. Theory calls it active because the aim of the manager is to develop collective and individual competences. We are not anymore in the perceptive of controlling only. In another point, the new management favour the cooperation between invidious and groups of employees. Another goal is developing innovation. I mentioned the term decentralisation: that means decisions are not taking by only one person. As a matter of fact, general objectives are defined by a group of managers (chairman and top managers) and then, each manager chose his own strategy, the strategy he (she) wants to apply with his (her) team in order to achieve the goals.
The table 4.1 is going to summarise what the organization expected from their employees and summarise the evolution of the way of management. We can figure out three important steps in the evolution.

<table>
<thead>
<tr>
<th>Kind of organization</th>
<th>What the organization expect from employees</th>
<th>Management of personal model</th>
</tr>
</thead>
<tbody>
<tr>
<td>19\textsuperscript{th} century until 1920’s</td>
<td>Regulated organization</td>
<td>✓ The employee have to obey and to follow the rules ✓ Employees give their workforce to the organizations’ needs</td>
</tr>
<tr>
<td>1930’s until 1970’s</td>
<td>Taylor’s model applied in organization</td>
<td>✓ The employee followed the production plan decided by the general management ✓ Employees give to the organization their capacities, and their personal and professional aptitudes.</td>
</tr>
<tr>
<td>1970’s until now</td>
<td>Decentralized organization</td>
<td>✓ The employee is cooperative, innovative, and learn from his tasks. ✓ Employees are autonomous, responsible and they are considered as a real partner by the organization. They are one of the stakeholders. ✓ Employees give their competences to the organization</td>
</tr>
</tbody>
</table>

Table No: 4.1: Summary of way of managing people from the ending 19\textsuperscript{th} to now.
4.1.2 Development of the Human Resource function: from the personal management to the human resources management

The evolution of the human resource management function evolved following two main paths. From 1830's to 1916, the personal function was realised without personal managers. The general manager and directors were in charged of managing the personal.

The second step started in 1916 when people with professional skills in management appeared. For example, there use to be a manager in the army and changed job to become manager in a firm. But they have real skills and competences to manage people. This second main step could also be devised in smaller steps in order to better understand the factors of the changes. That is why I am going to go deeper in these steps in order to give more explanations concerning the development of the human resources management. As a matter of fact we can carry out different reasons in these changes. For example, the influence of the technical evolution, the economical uncertainty, the demographical evolution, the globalization or the firms’ reputation are some components of the environment which influence the management trends.

1850 - 1916
At this time, there was the “industrial revolution”. The business world was influenced by it. The companies employed lot people to satisfy the customers’ demand. There was the “mass production” era. Employees were not qualified and the personal function was executed by chairmen. As we already know, the way of managing people at this time was paternalistic. The social policies in term of human resources or personal management were based on working hours respect, poor wages, mass recruitment...

1917 - 1946
The management of the personal started changing because of the influence of the economical and social environment. The crisis in 1929 and earlier 30’s created lots of unemployment. At the same time, the organization in companies became more structured and followed some rhythm, the working speed was regulated: this was the Taylorism era. Then, the union-trades appeared and influenced also the management of the employees in organizations. The development of the social policies in companies focused more on the development of the recruitment tests in order to help them to make the best recruitment. Indeed, with the high level of unemployment, lots of people were looking for a job and the companies should make a selection for recruiting the best
people with the best performances and knowledge regarding the job specificities. Furthermore, a new kind of education and formation appeared: this is a professional school which we can call apprenticeship. That means people learn theory and practice in companies at the same time. There knowledge, competences and skills are more figured out. Because of all these reasons, organizations needed to create the “personal” function.

1949 - 1960
Between 1949 and 1960, the environment’s influence came from the development of the labours laws and policies. Labour market became more regulated. Moreover, some work and studies concerning the human relations started. Human relations in organization became not negligible. The improvement of the labour’s laws influenced social policies in the personal function. Indeed, organizations took in account the work conditions of the employees and tried to change them. As a matter of fact, improving work conditions could have positive effects on employees: they feel better and their own productivity is improved.

The 70’s
This period is a cross road for human resource. As a matter of fact, the unemployment rate was really high. Indeed, the industrial sector was less and less important and people lost their job. At the same time, the service sector knew a good evolution and development. People from the industrial sector had to find another way to have a new job and mutation appeared. Mutations are related to change job by developing new skills or by moving to another geographical sector. Moreover, at this time, lots of questions appeared concerning the social inequality in firms in term of work conditions and employees treatment or in term of personal and professional capacities. Human resources had to manage these inequalities. Furthermore, we have to notice that in term of management, the organization of the hierarchy became stronger and better organized and human resource management had to deal with huger tasks at each hierarchical level. Additionally, during the 70’s, there were a development of the labour laws and policies concerning the professional formation and education. Then, we can see that the human resource management function became more global and that the role of each manager at each level is clearly defined. For all of them the task and the missions are fixed. The human resource management problems are integrated in the strategic decisions of the organization.
Since 1980:
During that period, the influence is more going back on an individualistic perspective instead of a collectivist perspective in term of managing human resources. Moreover, organization, if they had already economical goals, they also start developing social objectives. This is a completely new approach. In the 80’s, the Taylorism organization became less and less important and the computerization appeared: this is a big revolution within the organizations. That is why we can notice a really deep restructuring in some domains. Then, the labour laws and policies continue to be improved.
Furthermore, the social policies were more based on individual policies. For example, organization introduced individual wage flexibility depending on the individual performances. The management of people is also more based on communication and on respecting employees’ needs and desires. Another change is concerning internal\(^5\) and external\(^6\) mobility: this tool is more used.
With the development of the computerization, the human resource management became more integrated in the global strategy of the firms.

4.1.3 Summary of the evolution
Now, because I described the all process of the evolution of the human resource from a “personal function” to a real management function, I think it is important to summarize it in order to have a clearer view of it. I am going to summarize the different steps of this transformation. First of all, companies started to take in account the problem of the employees and workers in different domains (ex: work conditions...): human aspect become more and more complex. Then, we can see that this complexity affects as well the “personal function” organization. As a matter of fact, the “personal function” became huger and covered different missions. Afterward, as we said, the function changed in a more professional way with people who have skills in management. Moreover, the function turned from a vertical function to a more horizontal. This difference is explained in the figure 4.3. That means the evolution had changed the rules of managing the human resource. To conclude, we can say that the human resource management became a strategic dimension in organizations.

\(^5\) Internal mobility is related to changing job within the same structure
\(^6\) External mobility is related to a geographical mobility
4.2 New approach of the function from a contemporary outlook perspective

In few years, the “personal function” moved to become the Human Resource Management function. We have to think on the function with a new perspective and new practices of human resources management. The new approach could be compare as a client-supplier relation (figure 4.4). The HRM plays the “supplier’ role” that has to satisfy the clients. We can notice two kinds of “clients” in an organization: in one hand, the chairman and top managers and on the other hand the employees. The chairman and top manager are looking for profit and employees for good work conditions and opportunities within the firm. The role of the HRM is to satisfy these two parts in the same time; that means managing people in order to improve their productivity to get more profit for the company.

Figure No: 4.3: From a vertical to a horizontal way of managing people.

With this evolution of the human resource management, a new approach of it has been developed by organization. This new approach is the subject of the following part.
That is why, the role of the human resource department is important. It has to find the best strategy to make the employees an efficient resource in order to make profit to satisfy the chairman desires. In order to success with this task, the HRM has to take into account the employees needs by managing their intellectual capital and the environment which are component of the success in managing people.

4.2.1 Management of the intellectual capital

As we know, the intellectual capital is not only related to knowledge principally but also to competences. As a matter of fact, knowledge comes from education and experience and creates competences and efficiency. But we don’t have to forget that competences and experiences also create knowledge. There is an important interdependence between these two phenomena: knowledge and competences. Moreover, knowledge creates new concepts, new ideas, new processes... that is why it is really important for a company to take into account this intellectual capital: improving knowledge make people expert in their domain and make them a competitive advantage for the organization. Consequently, in order to improve the intellectual capital, human resource management department should propose for example, some seminars, trainings, working groups in order to share knowledge... and should adapt the human resource management policies to employees’ needs. Indeed, if people don’t feel opportunities to improve their skills and if there is no personal blossoming possible in the job, people will try to leave the company for a better one which understand their desires, and which propose them what they except from a company. Nevertheless, as Bogaert and Vloeberghs (2005) argued, it is more expensive to lose an experienced employee than answer his (her) needs.
In another point, we can notice that knowledge creates new processes, develop new products... and is the heart of the organization’s development. This is a reason why the intellectual capital is a valuable resource for the companies. We can clearly see it on the humoristic comic figure 4.5. It carries out that the last resource a company can “sell” is the human resource and its intellectual capital: the firms have to keep and protect it as long as possible...

In this cartoon, we can see that the company is loosing lots of money and its only chance to survive is to sell its principal and best resource: the intellectual capital. That means employees or intellectual capital is really a competitive advantage because they are “the greatest asset” of the company.

Then, because of the development of the diversity in organization, managing intellectual capital becomes a true challenge for organizations. Indeed, protecting and developing knowledge and competences of all employees who all have different expectations and different way and capacities in learning and in adapting themselves to a new situation become one of the principal objectives of the HRM.

As a conclusion, if managing the intellectual capital is non negligible in developing human resource policies it is not the only aspect that the organization should take care about. Managing the working environment is also a key component of the new approach of the human resource management.

4.2.2 Management of the environment

It is true that in the new approach of the HRM, managing the environment take a major place. In that part I am going to explain why environment is important in HR policies. Later, on the last part of the paper, I will describe how HRM can influence the environment in order to manage the diversity in term of employees’ needs.
As a matter of fact, with the development of the diversity, employees have different expectations concerning their working environment but they all have a common point: they all need a stimulating environment in which they can develop their individual skills and develop communication with others in order to give the best of themselves (Roosevelt and Thomas, 1996; in Bogaert and Vloeberghs, 2005). Indeed, a good working environment helps to develop professional and personal blossoming. If people feel good in their personal life, their will be more efficient at work. That is why the environment is a non-negligible point in building HR policies.

As managing intellectual capital, managing environment is also a big challenge for organizations. For the same reasons already figured out, if the working environment doesn’t satisfy employees, they will leave the company for another one and the organization will lose a good resource and money.

Managing environment also means dealing with flexibility in terms of working hours (full-time, part-time, special contract...) and with working conditions as well, in terms of light or noise for example. Indeed, for instance, women, more often than men, prefer working in part-time in order to look after children. We can observe the same phenomenon with older people rather than young people: at the end of their career, some people prefer to work in part-time instead of full-time. As a consequence, because of the diversity in organizations in terms of sex, age, culture or individual expectations, the management of the environment became a strategic issue in the global human resource strategy.

4.2.3 Introducing of the diversity and consequences

This new approach of the HRM is also due to the introduction of the diversity within employees. Organizations take care more and more of this valuable and rare resource: the diversity. This phenomenon appeared principally because of the globalization but also because people attitudes had changed in general.

First of all, the globalization influenced people in moving. Then, companies develop the mutation of employees from a firm in a country to a subsidiary in another one; it is also the case for joint-venture for example. In that situation, the employees’ origin and culture are mixed. In the same way, the opening of boundaries from country to country develops also people migration and at last is a factor of cultural diversity in organization in terms of skin colour, origin, tradition or religion for example.
In another point, the development of women education helps them in acquiring skills and knowledge to find a good job. Moreover, this increase of the female workers number is also due to the rise in divorce rate: often, the mother custody the children and have to work in order to provide for the family meet.

Furthermore, the changes in people attitudes also make individual more free to express their difference for example in term of sexual orientation. But, the most important evolution is concerning the general needs and expectations of the employees. Nowadays, they don’t want to sacrifice their personal life for their career and they have all different desires concerning their career evolution: some people are more ambitious than some others.

To summarize, the diversity became one of the most important part of the human resource management function. As a matter of fact, dealing with people from different origin, different culture, sex, age, needs, religions... is not easy and is the challenge of the human resource. Indeed, it could be easy to not deal with it but, as we already noticed in the introduction, dealing with diversity could be a strong advantage for the companies.

Because the subject of this thesis is managing the human resource diversity as a competitive advantage, we can clearly ask the question: why and in which measure the diversity in term of human resource could be a competitive advantage? In order to answer it, I will compare some relevant case study the Bogaert and Vloberghs’ case study in Belgian organizations or the Benshop and al.’s case (1999) in Dutch’s organization.

I will also use the case studied by Singh and point (2004) concerning an online comparison of the management of the diversity.

5 Why the diversity could be an asset for the organization

First of all, the case study by Bogaert and Vloberghs in 2005 concerning the diversity management in Belgian organization carries out that the principal motives for managing diversity, according to organizations, are ideological reason principally and more concretely economical reasons, demographic and moreover juridical. Furthermore, some objectives are also defined by companies like managing diversity in order to improve creativity or to develop a higher quality of services. As a matter of fact, through the research, it is clearly demonstrated that creativity is one of the most important goal to achieve for 60.7% of the respondent managers. In a second
position we find the high quality of services important for and mentioned by 42.9% of the managers in Belgian organization.

We can find some of these components in another case study from Singh and Point in 2004. Indeed in their research, the creativity and the higher quality of service are mentioned and develop as strong advantages for the management of the diversity but not only these elements are important also the improvement of the performances, the corporate reputation, the adding value through the diversity.

In the next part, I will develop my interpretation of the phenomenon based on the case study previously presented. As a matter of fact, I will use the research already done by the authors and I will make my own analyse of the data in order to prove that diversity in the management of the human resources could be a strategic asset for the company. In this part, different aspect and consequences of the management of the diversity are going to be explained and developed. The part is divided in five parts: the fourth first part are about some important aspect of the diversity as a competitive advantage like diversity improve performances, add value to products and services, improve corporate reputation and work environment, is unique... The fifth part is a summary of the whole part in order to give a clear view of the human resource management diversity as a competitive advantage.

5.1 Improvement of the performances

First of all, according to the case studied by Singh and Point in 2004, organization think that diversity improve work performances. As a matter of fact, they argued that diversity create communication. As a consequence, this improvement of the communication because of the wide range of experiences from the workforce, develop new perspectives. These new perspectives are factors of creativity and innovation in term of work organization, of strategy and moreover, in term of production invention, or marketing strategy. What does it mean exactly? That means new objectives are created by people’s ideas and the motivation is improved. Actually, when people create their own goals, it is always more exiting to achieve them than an objective imposed by somebody else. That is why the motivation and the productivity, and more generally the all performances would be improved in order to react to these new objectives created by the diversity of the human resource. Thanks to the diversity, the all potential is enlarged and make the all organization stronger in the market and, as a consequence more competitive by these better performances.
Moreover, according to the case study by Bogaert and Vloeberghs in 2005, it is clearly demonstrated that diversity is a factor of creativity but furthermore factor of higher quality of services which satisfy customers. As a matter of fact these two ideas are in the “top five objectives of diversity management” carried out by organizations (Table 5.1)

<table>
<thead>
<tr>
<th>Top five motives of diversity management</th>
<th>Top five objectives of diversity management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ideological</td>
<td>Creativity</td>
</tr>
<tr>
<td>Economic</td>
<td>Higher quality of services</td>
</tr>
<tr>
<td>Demographic</td>
<td>Equal representation</td>
</tr>
<tr>
<td>Juridical</td>
<td>Higher involvement</td>
</tr>
<tr>
<td>Other</td>
<td>Increased productivity</td>
</tr>
</tbody>
</table>

*Table N° 5.1: Motives and Objectives of Diversity Management (Bogaert and Vloeberghs, 2005)*

5.2 Adding value

In which measure human resource diversity could be a factor of adding value in the global strategy? First of all, we have to clarify that if some value is adding in the organization at each level, the company will be more competitive in the market. So, how the diversity can add value in order to be more competitive?

The diversity in term of human resource means that a huge range of customers is represented. As a matter of fact, employees are not only employees but could also be customers of their own company. For example in the car industry, the main part of people who works at Citroën has a Citroën car. It is the same for Peugeot or for Toyota. But this phenomenon can be observed in the telecommunication industry or in the beauty industry as well. In each domain this phenomenon is present. But, within the same company, all “employees/customers” have different needs and expectation concerning the products (or services). That is why, listening to this wide range of workforce's needs and desires permit to better understand the market expectation and help to adapt products, services and all strategies (marketing strategy especially) to the customers' needs. As an example, I can quote the company Heineken from Netherlands which said “Heineken's employees and associates are as culturally divers as our customers, working to deliver the perfect beer in every part of the world. Whatever the local circumstances, they win customers and partners by sharing a passion for enterprise, quality and enjoyment”. With this quotations the importance if listening employees’ desires is proved because it is clearly said that the workforce is as divers as the customers and that is why organization could add value to their products and answers clients’ expectations.
5.3 Corporate reputation and environment

In Singh and Point case concerning the “Online comparison”, we can notice that organization insist on the improvement of the corporate reputation due to diversity. Indeed, employing people from diverse origin, culture, sex, religion, show that there is no discrimination during the recruitment step. Moreover, this diversity carries out the citizenship of the organization and gives more confidence for customers. The reputation is improved because customers (like employees), can talk about this good initiative all around them. As there are a communication channel, by talking about the company in a positive or in a negative way, it will influence the perception people can have about the firm. If employees and customers express that the company combats against discrimination and kind of racism\(^7\) by recruiting people from various origin (cultural, sexual...), the reputation of the firm will be good and future potential customers would become real customers because they trust the firms initiatives and because they share the same ideas. The organization Nestlé, based in Switzerland, said “to deliver products that meet the needs of individual consumers, we need people who respect other cultures, embrace diversity, never discriminate on any basis”, if I enlarge this idea that means Nestlé works against racism and do it within its own organization in order to better understand and answer consumers’ needs.

In another point, recruiting people from diverse origin also show that the firm not only wants to evolve on the local market but also on the international market. That proves the ambition of the organization to adapt itself to different market by employing people who can explain the culture, needs and expectation in foreign country. This ambition of developing the firm is usually a good argument to satisfy customers. That shows the company always want to improve their product and strategy to each local market. The quality is improved for customers and they know the firm listen and understand their needs perfectly. As a consequence, the reputation is also better and this good reputation makes the organization very competitive in the market...

Furthermore, how the diversity could have influence on the environment? Still on the case of Sing and Point (2004), organization like Asko Nobel in Netherlands explains that diversity improves the work environment by creating “rich culture and unique atmosphere”. As a matter of fact, because each individual is different, has different point of view, origin, religion, sex, needs,

\(^7\) Racism is used in this sentence not only in term of skin colour but in term of differences we can notice between human beings like sex, age, religion, sexual orientation, tradition, origin....
expectations or career desires or ambitions, the work atmosphere will be rich and improved by communication and by ideas from every one. According to that organization, and if I enlarge the idea, the most diversity there is in the company, the richer the work atmosphere is and the best the work environment is. As a consequence, if the work environment satisfies people, they will diffuse a good image of the company and develop the reputation positively one more time.

To summarize that part, I show that diversity has a real influence on the corporate reputation through the feelings of employees within the firms and through their talk outside the firm. Moreover, the external view people have concerning the organization also influence the reputation. Furthermore, we know that a very good reputation is a real competitive advantage for an organization in the market and as a result, if the diversity helps in improving reputation, the diversity is a factor of the company’s competitive advantage.

5.4 Uniqueness

According to Mc Mahan and al. (1998), a resource could be a source of a sustainable competitive advantage if it is rare: this condition can’t be ignored. That is why, to become a relevant and sustainable competitive advantage, human resource might be unique. Then, the diversity makes it rare. Actually, the diversity make the human resource rare and inimitable because of the wide range of experiences, knowledge, culture, ideas, ambitions... that diversity make the human resource impossible to imitate or to duplicate (Becker and Gerhard, 1996, and Wright and McMahan in McMahan and al. 1998). The variety of the human resource makes it inimitable and as a consequence rare. With all these links, we can clearly see that the diversity in human resource make it unique and that is why it is a competitive advantage.

5.5 Summary

First of all, as we have seen through the different case study, diversity in companies could be a real competitive advantage, a real asset for organizations. This mixed⁸ in employees’ needs, expectations, ideas, cultures... in a first point improve firm’s performances but also add value to the products and services for customers because of a better understanding of the clients demands

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⁸ Understanding « mixed » not only in term of sex like men and women but also in term of culture, origin and diversity in general. In that case the meaning of “mixed” is related to diversity in a huge sense.
and desires. This better understanding permits to better answers their needs, to be more reactive to customers’ expectation changes; that means for a company, to be more efficient and outstanding.

Moreover, the diversity could be a factor of good reputation, good image from the customer point of view. As a consequence, having a good image in the market will also be a competitive advantage. Customers are always more confident in buying product from an organization which has good reputation.

Diversity also proves the companies’ awareness to customers needs and proves they really want to evolve in a huger market than in a local one as well. Furthermore, this awareness concerning the customers’ needs show the organizations want to evolve in the same perceptive as the customers’. Diversity shows the firms’ ambitions.

As a conclusion, diversity, in many aspects is a real competitive advantage as we can see all through this part. But now a new question appears. As a matter fact, this diversity could be a competitive advantage if it is included in the human resource management policies; but how to manage this diversity in order to make it a competitive advantage? Indeed, if the human resource department doesn’t manage this diversity, it will not become an asset for the company and will not add value or make it different in the market. That is why it is now interesting to see which tools an organization could use in order to mange it.

6 Managing diversity: a hot issue for contemporary HRM officers

The management of the diversity is nowadays a hot issue for human resource management officers. As a matter of fact, this issue is necessary for organization in order to be competitive in the market as we already said in the previous part. But the problem the manager could have is to manage this diversity in order to satisfy every employee, each member of the organization in spite of their differences at all level: competences, skills, knowledge, culture, religion, personal needs and expectation...

In Bogaert and Vloeberghs case study in 2005, managers give us some tools organizations use or should use in order to manage the diversity efficiently. For example, one of the Belgian organizations’ favourite HRM tools is the flexibility in term of working hours which include part-
time, full-time, or other kinds of initiatives in order to find the best balance between family and career management. These tools are essential in managing the company environment as I am going to explain in the following part. Furthermore, the Belgian organizations also use some tools in order to improve its workforce’s competences, skills and knowledge, like training for example. These companies insist as well on the importance of the improvement of the communication. For example, in a company with people from different origin, culture and language, it is important to give them some language course or some training in intercultural communication. Additionally, the case study by Singh and Point in 2004 carries out clearly that the management of the environment as some consequences on the performances of the employees. That means, as I am going to develop, that using some tools, the appropriate tools for managing environment has some consequences in the workforce performance; but the difficulty is to choose the best tools in order to satisfy everyone at the same time in order to create a good ambiance, which improve performances.

6.1 Managing the intellectual capital and managing the competences

There are different kinds of tools an organization could use in order to manage the diversity in term of intellectual capital and in term of competences of its workforce. As a matter of fact if the intellectual capital which is the knowledge of the company is not managed in a good way, employee will be less creative and less productive. However, the creativity and the innovation due to the management are some competitive advantage as we have discovered in the previous part. The question is now, how to manage it in order to keep all advantage of this diversity?

- **Mixing skills**
First of all, as Bogaert and Vloeberghs (2005) argued, some Belgian organizations use trainings in order to improve the knowledge, skills and competences of the workforce. What is the aim of the trainings? The aim of the trainings could be to give a new formation to employees in order to help them in developing new competence or improving the skills and knowledge they already had in order to make them more creative, more innovative and more efficient. For example they could work faster in one domain if they had developed the necessary skills. Training employees means doing a real investment because the training always cost money for organization. That is why give adapted training to each employee is necessary. As a matter of fact, employees will not
need or not be interesting in developing all the same skills. The company has to take into account the diversity in term of needs and desires of each in order to give them the more appropriate training adapted to their expectation and to the firm’s needs at the same time.

- **Mixing gender, culture and ethno-origins**

In a second point, another useful tool in order to manage the diversity is to organize group works with people from different department, different functions, different age, sex, culture origin... Indeed, these kinds of group develop a new way to communicate with each other because they are from a same group and usually they have special tasks to archive or problem to solve. By sharing their all point of views, their all experiences, they will be more productive and more creative. They can develop new strategy or new product for organization which will make it competitive. On the contrary, if the working group is composed of people from the same origin (function, culture, sex...) the group will not be as efficient as the group composed by diversity as McMahan and al., (1998) argued. In this paragraph we can clearly see the importance of working in group with people from different origin in order to create better communication and in order to develop creativity and innovations, which means the whole performances of the company, will also be enhanced.

In the same perspective, creating some projects on which people from different origin could work, means they will share their own personal and professional point of view, knowledge and competences and if at the beginning of the project they had completely different skills, maybe at the end they will all have learnt from the other and they personal and professional competences would be improved. These kinds of project are also factors in improving creativity, innovation and communication.

- **Mixing generations**

Another tool which can be easily use in organization is to manage diversity between “young” or “new” employees and “old” or “experienced” ones by giving the responsibility to the older one to train the new one in order to share his (her) competences and knowledge with him(her). This phenomenon could be call “mentoring” because the more experienced employee could be the mentor of the new one, which means the somebody the younger employee could refer to if he (she) has questions or problems. This kind of training is different from the first one already mentioned. As a matter of fact the first point I talked about was concerning a new formation for employees who are in the firm for a long time. The kind of training I am describing now is for
helping new employee in their integration in the organization and to help people in sharing their own knowledge. The older employee can learn from the young one who arrived with his (her) own competences different from the older one. They also can develop communication. This tool is also well used in companies in order to manage the diversity and in order to develop their capacity in adaptation and they flexibility from a function to another one.

As a conclusion, managing the intellectual capital and the knowledge is really important for an organization success. The difficulty is to adapt the tools to each individual who will all have different expectations from one to another one. But if managing knowledge and skill diversity is essential, it is not enough to succeed in managing diversity in general. As a matter of fact another important aspect of the management of the diversity is the management of the environment. Each employee has different needs concerning his (her) working hours for example or concerning the work conditions in term of ergonomics or human engineering. That is why it is necessary now to have a clear vision of the tools an organization can use in order to manage the environment depending on each individual request.

### 6.2 Managing the environment

Managing the environment is nowadays one of the principal priorities for managing the human resource diversity, but it is also complicated task for the human resource manager. As a matte of fact when we say “managing the environment”, it is easy to understand managing the environment in general. But in the case of the management of the diversity, the environment will be managed depending on each employee's needs. We can develop different ideas concerning the management of the environment in order to manage the diversity. Indeed, organization can perfectly use flexible hours, full-time and part-time, changes the general work condition in term of ergonomic in order to create an environment favourable in developing good ambiance in spite of the huge diversity in term of skills, functions, sex, culture... As Bogaert and Vloeberghs (2005) argued, “the costs of losing good and experienced employees are often, higher than the creation of a family-friendly environment”.
First of all, in order to adapt the working environment to the employees’ expectation, the organization could resort to full-time and part-time. As an illustration, lots of women are working in part-time in order to find a balance between their family and their career. As a matter of fact, in today society, women want to have children but don’t want to sacrifice their career. That is why working in part-time is a good opportunity for them. Concerning the advantage for the organization, using part-time permits to have a huger range of employees and to have different point of view and experience within the organization. But the women are not the only one who like working in part-time. Another example could be given with the students: lots of students work in part-time in order to pay their studies. In the same way, people who are almost retired often prefer the part-time at the end of their career to stop their activity “slowly”. Thus, a company could have a huger diversity in its employees and the staff will not be more important numerous. Thanks to this flexibility, organization could satisfy all the employees’ expectation. Moreover, if employees are satisfied with their working environment they will be more motivated and then, more creative, talkative, innovative, efficient and productive. The quality of their work will be enhanced. As a contrary, if they are not satisfied with the environment, they will try to change company and it will cost money for the firm because it will have to find somebody else with equivalent knowledge, skills and abilities in order to replace the gone employee.

In the same perspective, the flexibility concerning starting work hours and finishing work hours is also a tool often used in organization, principally in big companies. As a matter of fact, creating a starting and finishing range of hour could help some employees in their today organization. As an example, some people prefers starting work very early in the morning to finish earlier in the afternoon whereas some other prefer starting little bit later for some personal reason. Furthermore, if these hours are flexible, people will never be late because they know they have leeway. With this tool, the different needs of employees are satisfied in term of working hour.

But flexibility is not the only tool to manage the work environment. Indeed the environment could be managed in an ergonomic way. The difficulty for human resource manager is to find the best work conditions in order to satisfy the diverse workforce and in the same time in order to be as highly-efficient as possible. As a matter of fact ergonomic perceptions vary from an individual to another one. That is why, taking into account the opinion of the workforce is essential in order to adapt the environment as much as possible to their expectations and needs.

But, managing environment also means creating good ambiance within the whole organization, at each level. As a matter of fact, if the working ambiance is good and friendly, employees will be
more motivated to come to work. In order to create a good ambiance with the diversity, companies could organize some trips or dinner where everybody can share ideas and communicate in an informal way which will help in developing firms’ performances.

6.3 Summary

In that part, we have seen some important tools an organization can use for managing human resource diversity. As a matter of fact, in order to manage the intellectual capital, human resource managers can, first of all, mix and improve employees’ skills and knowledge by organizing some training sessions. In a second point management officers can mix gender and culture by creating some projects and working groups in which everyone can shares his knowledge and competences. The last tool I mentioned in order to improve competences and intellectual capital is to mix generation by organizing tutorial.

In a second part I depicted some tools in order to create a satisfying work environment respecting employees’ needs and desires. Using part-time and full-time, flexibility in term of working hours or be aware concerning the working condition in term of human engineering, ergonomics are the principal and most useful tools in organizations.

But, managing competences and environment are not the only domains in which the management of the diversity is present.

As a matter of fact, the management of the diversity starts during the recruitment stage. Indeed, during this phase, organizations have to use some tools in order to avoid discrimination and increase diversity rate in term of minority for example. But companies are more or less obliged to develop diversity in term of recruitment in order to respect some laws about minorities’ rates (like handicapped people for example). Moreover as I already explained, using tools in order to protect diversity improve the positive corporate reputation which is a competitive advantage.

This part also carries out how difficult it is to manage diversity in the best way as possible for human resource management officers. Indeed satisfy everyone is an idealistic dream impossible to reach regarding the needs of the organization. If it is possible to do the best to satisfy a maximum of employees it will still stay some unhappy people about their situation in the
company. But the principal aim of the organization is to make profit with the best team as possible. The human resource management officers’ role is to develop human resource policies and organization in which a maximum of protagonists are satisfied. The real role is to find a balance between the company’s objectives and the employees’ needs and expectations.

7 Conclusion

The Human resource is nowadays considered as a real resource for organization and takes an important place in the global strategy. As a matter of fact, the intellectual capital is a source of competitive advantage because it is unique and that only because of the human resource evolution. This resource is not anymore use like a “simple” workforce but like a resource which can improve company’s performances in general. This evolution concerning the treatment of the human capital has changed fast during the last century. Moreover, a new factor emerged in the human resource around 20 years ago: the diversity. Diversity in term of human resource combine visible and non visible differences between employees like skills, education, knowledge, culture, sex, age, skin colour... The phenomenon is due demographic, economics, social or juridical factors like the opening of the boundaries, the globalization, the development of the geographical mobility, the women emancipation... These differences could also come from more diversity in terms of personal expectations like finding the balance between family and career: nobody has the same needs, and this is a component of the diversity.

These differences are often taken into account in elaborating human resources policies because managing diversity in a right way could make it a real competitive advantage for organizations. Indeed, diversity could improve performances because people who work in a team could share knowledge, competences and could make the team more efficient, creative and innovative. Moreover, employee’s diversity also represents the range of customers of the company with different needs in term of products and services. Listening to employee’s desires permits to firms to answers perfectly their customers’ needs. As a consequence, the quality of the service is higher. The diversity is a factor for adding value to products and services. The diversity in term of human resource also plays in important role in the corporate reputation. This phenomenon proves that organizations combats against discrimination and make it more
credible for clients. This fairness is really appreciated in today’s societies in which racism is more and more present.

The last reason mentioned in the paper to prove that diversity is a real competitive advantage is that the high level of difference makes this resource rare, inimitable and unique which are some definitions for competitive advantage concept.

Furthermore, if it is true that diversity could be a competitive advantage, the difficulty is for managing is. How can human resource officers organize and manage it in order to satisfy as much as possible the desires of each employees in order to involve them more in the company? As a matter of fact, the involvement is source of efficiency. Moreover, managing diversity also means managing the intellectual capital and the work environment. The objective in managing the intellectual capital is to improve and share knowledge, skills, competences and communication by training, working groups, project, and tutorial. Mixing culture, mixing gender, mixing generation, are some key components of the diversity management. But managing diversity is also related to the management of the work environment which means adapting work conditions to employees’ expectations. In that sense, work conditions are related to flexibility in working hours, full-time and part-time or ergonomics and human engineer. The aim of the environment management is to create a good work atmosphere, a work place with a good ambiance in order to motivate people. The difficulty for human resource managers is to organize the employee’s diversity in order to make them as satisfied as possible and in the same time reach for company’s objectives.

Diversity is a real issue for human resource manager because they have to combine different human resource strategies and tools in order to find the best employees’ organization which will develop the capacities of every one and make the whole company stronger and more competitive in the market. Moreover, organizations had understood this importance of developing a good human resource strategy in order to get out the best potential from the diversity. Then, because, more and more companies evolve in the international context and because the young generation also move to the international and have more various education from one to another one, the diversity is still and will stay an important strategic issue for organizations.

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