

## Managing the Diverse Work Force

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In many organizations today, the hot new topic is human resources. Although concerns regarding quality, customer satisfaction, and global competition remain pressing, the question uppermost in every CEO's mind is—or should be—“How can we manage, preserve, and enhance our human capital?”

Two factors are influencing the intense focus on human resources. First, the work force itself is undergoing a change so radical that most organizations are rethinking their entire approach to human resources management. Second, an increasingly competitive business environment is forcing even the most autocratic organizations to view workers as an invaluable resource—one that can make significant contributions toward gaining competitive advantage.

That demographic and environmental patterns are changing is nothing new, but how many organizations sense what these changing patterns portend? In this article, I will outline a few of the trends behind these changes, and offer some forecasts of how the trends might affect the workplace of tomorrow. Finally, I will close with some thoughts on how organizations will manage the diverse work force of the future.

### Key Trends and Their Implications

In my mind, the most critical trends to watch concern the changing face of the work force. Not too long ago, the typical employee was a white male in his early thirties. The entire organization—from its physical facilities to its organizational structure—had evolved from his needs. By the year 2000, there will not be any “typical” employees. Even those organizations that boast a diverse work force today have yet to become truly diverse, because the prevailing attitudes and norms within these organizations con-



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tinue to reflect a top management that remains predominantly comprising white males. By the year 2000, in contrast, diversity will have reached top management and, therefore, truly will have made its mark on overall organizational behaviors.

The face of the typical organization's work force is becoming strik-

ingly diverse. Here are some trends:

□ The population is aging. Many countries today are facing a double aging problem. On one side of the spectrum are the elderly, the fastest-growing segment of which is the centenarians. In 1986, there were about 25,000 centenarians; by the year 2000, the census estimates that the United States will have 168,000 centenarians—and I believe that this number is conservative. On the other side of the spectrum are the “baby boomers,” people who are now in their mid-30s to mid-40s. For example, by the year 2010, the median age in the United States will be 40 versus 34 in 1990.

Although the aging of the population will affect organizations in many ways, three responses stand out. First, organizations will encourage early retirement as one way to reduce pension and other benefit costs. In addition to allowing the early withdrawal of pension plan money, organizations will also offer significant outplacement services and career-shift counseling. Early retirement will result in many people having had two distinct careers before they reach age 70. While learning new early-retirement practices, human resources professionals will also have to develop new ways to attract younger people into the organization. I believe that many organizations will provide organized mentoring relationships—much like the old guilds—as a way for young people to learn a new trade and be brought on board quickly.

A second implication of the aging population regards health care. As the work force ages, health care will become a major concern. Employees will demand comprehensive health care benefits and, as today's young parents age, concern for child-related, health-care costs will be replaced by a demand for catastrophic and dis-

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The aging of the population has several implications. First, it encourages early retirement. Second, it encourages organizations to reduce pension costs. In addition, the early withdrawal of pension money, organizations are shifting outplacement career-shift counseling will result in having had two distinct generations when they reach age 70. Third, the new early-retirement resources professionals have to develop new ways to get younger people into the workforce. I believe that many organizations provide organized career-shift counseling—much like the military—much like is a way for young people to get into a new trade and be successful quickly.

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ability insurance. Employees will also seek on-site physical fitness centers and time off to exercise during the work day.

Finally, the aging of the population will force some industries, particularly those that require tremendous manual dexterity or hard physical labor, to relocate to geographical areas boasting a younger work force. Many organizations in Japan, Singapore, and Taiwan are moving their manufacturing facilities to neighboring countries such as Malaysia—which is fast becoming the second-largest electronics manufacturer in the world—and Indonesia. In the United States, those states that have both a strong work ethic and young people—states such as Utah, California, and Texas—will probably attract record numbers of new industries. In Europe, countries such as Sweden and Denmark, which have an older population, are shifting their manufacturing facilities to Spain, Portugal, southern France, and Italy. The European Community, beginning in 1992, was primarily designed to create more equal access to a younger work force for countries overburdened with an aging population.

More women are working. In the United States today, 56 percent of all women work outside of the home, with the vast majority of them working full time. Seventy percent of all young women with children under the age of 6 are working outside of the home, and, again, most of these are working full time. By the year 2000, 65 percent of all adult women will work full time.

The implications of this trend are enormous. First, organizations will have to redesign the workplace to meet the needs of their women workers—most facilities were designed for the white male worker. The physical environment will become more aesthetically pleasing, reflecting a more social, family-like atmosphere. Security measures will also have to be put in place to safeguard women workers from sexual harassment and physical violence.

Another, and perhaps more challenging, implication is that the workplace will have to become significantly more flexible. Employees will demand flexible hours; working separate shifts or on a part-time basis may be the only way working parents can manage both their families and their jobs. Just like today's factory, the office of tomorrow will offer two or three shifts and be open 6 or 7 days each week. Organizations will welcome the shift idea if only because of economics: they will no longer have the luxury of

leaving their cost-heavy facilities empty and unused for hours or days on end. The increased demand for part-time hours will put pressure on organizations to make job sharing work for all functions of the organization. Clerical workers, salespeople, and some specialized technicians already are job sharing successfully. In the future, more and more middle- and upper-level managers will want to job share, too.

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Also, I see an increasing demand for the temporary worker. As employees demand more time off, whether it be to go back to school or spend time with their families, organizations will have to choose between losing good workers or hiring temporaries to cover for them in their absence. Just as fac-

ilities today rely heavily on temporaries to cope with fluctuating workloads, so too will the office of tomorrow. Organizations already are using temporary clerical workers; many are beginning to also use temporary white-collar professionals. Universities, for example, which are organizing around tasks as opposed to working hours, make heavy use of visiting professors, interim department heads, and interim deans.

Finally, as more and more women enter the work force, organizations will have to become more physically distributed. With both parents working, a long commute to the city's major industrial area can become a logistical nightmare. To accommodate the needs and demands of their working parents, organizations will split up, enabling work to be performed at several locations including the headquarters, various satellite offices, and even in the workers' homes.

The ethnic population is increasing. By the year 2000, 35 percent of the U.S. population will be non-white up from 20 percent in 1980. In some states, such as California and Texas, non-whites will be in the majority. Overall, Hispanics will be the largest minority group, followed by Black and then Asians. Until recently, most immigrants to the United States came from Europe. Today, most immigrants originate from countries such as India, China, Africa, and from Latin America. Whereas the increase in immigrants is more evident in the United States, other countries, notably Canada, France, Australia, the United Kingdom, Germany, and, to some extent, Scandinavia, are seeing similar changes.

The significant increases in ethnic workers will force organizations to address a variety of issues rising from basic cultural differences. Linguistic problems will increase. For example

should organizations have an official language? Should workers of a single ethnic group talk in their own language at the place of work, or should they always use English? Organizations will also have to decide how to deal with religious and national holidays. Where organizations used to honor just Christmas and Easter, today many take into account various Jewish holidays. In the future, the Muslim and Hindu populations will be significant enough to warrant official time off for religious observances. Organizations may choose to offer a fixed number of holidays that employees can take based on their religious beliefs or country of origin.

The increase in the ethnic population will pressure organizations to sharply increase their training budgets—training may be the only way to bring a sense of commonality to the work force. By offering training that focuses on various business issues and practices, organizations will help their workers focus less on their individual differences and more on the organization's goals. The increase in training budgets reflects other trends as well. Many organizations will have to fund continuous technological education to compensate for the shorter life cycles of technologies. Others will find that many of their entry-level people are functionally illiterate and must be taught everything from basic writing skills to how organizations and teams work.

With training needs and costs on the rise, organizations will take a hard look at *who* they are training. Traditionally, organizations have paid more attention to training their people than they have on selecting them, believing that once they hired a worker it was just a matter of training to bring him or her up to par. Rising training costs will lead organizations to toughen their selection process.

#### **Managing Diversity: Tomorrow's Mandate**

By the year 2000, one of the most pressing questions will be: "How should we manage the diverse work force?" The biggest challenge will be to get people from such varied backgrounds to understand and respect each other, and to ultimately share the same mind set. In my mind, there will be several dimensions involved in managing this complex work force.

First, organizations will have to focus sharply on breaking the various ethnic, gender, and age stereotypes that workers will bring with them to the job. Cultural training will help, but organizations will have to put other processes in place to avoid the internal conflicts that can develop from stereotypes. Cultural tolerance will emerge the fastest in those organizations suffering from a scarcity of workers. In U.S. universities, for ex-

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ample, it is now common to have department heads and deans from different cultures, directly reflecting the difficulty universities have had in attracting qualified American professionals to those positions.

Second, many organizations will have to develop a new value system that *all* employees can share. The corporate cultures of most organizations today have been shaped primarily by European values that many of tomorrow's workers may find incom-

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prehensible. For example, many Asians are baffled by the western concept of "conflict of interest." What we would label as nepotism, many Asians would view as a positive way to increase loyalty. To instill a common belief or set of values among their employees, organizations will have to teach their people what is acceptable—from the corporate viewpoint. If a new value system is not put in place, the legal system could end up running the workplace as employees and employers go to court to figure out who is right.

In designing a new value system, organizations should re-evaluate their

front-line workers. In most organizations today, the reward system moves competent people up through the hierarchy, away from the customer. As front-line workers become more important to organizational survival, organizations will have to design systems that reward competent people for staying on the front line.

A third dimension will revolve around the development of a common purpose that everybody can rally behind. A common purpose will bind workers together and, as organizations become more decentralized, will also help workers develop a sense of identity with the company.

A fourth element of managing diversity concerns the whole issue of equity. The more diverse an organization, the more it needs a common denominator by which to judge people. The challenge lies in designing a merit system that everybody agrees is fair. In the future, organizations will have to reward people strictly on merit, which means that *every* job will be part of a measurable performance system.

Finally, tomorrow's leaders will have to both lead *and* manage. In many organizations today, the leaders shape expectations and the managers work to deliver those expectations. In the future, leaders will have to be both thinkers and doers. Why? Because in the future we cannot have one person shape expectations for others to follow. Everyone, from hourly employees to managers, will want some say in the creation of the goals for which they work so hard.

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#### **Final Thoughts**

Asset management used to be so simple. When our greatest asset was land, as in the agricultural age, or money, as in the industrial age, the challenge was relatively straightforward. In the "services age," which is what I call our current economic condition, our greatest asset is people. Unlike land, which is a relatively stable and undemanding asset, people have diverse and ever-changing needs. And money, which is homogeneous, is vastly more simple to manage than this extraordinarily complex asset we call "human resources." In the decades to come, only those organizations that learn how to acquire, enhance, and manage their human resources, will survive. ○