

**GLOBAL WORKFORCE DIVERSITY MANAGEMENT AND THE CHALLENGE OF MANAGING DIVERSITY: SITUATION ON WORLD AND IN TURKEY****Özgür Önday**

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**ABSTRACT:** *Workforce diversity is a primary concern for most of the businesses. Today's organizations need to understand and direct workforce diversity effectively. Although many articles have been written on this topic, but there is no detailed research of workforce diversity on global basis. 21th century's world rapidly increasing globalization requires more attention and interaction among people from diverse cultures, beliefs, and backgrounds than ever before. People no longer live and work in an alone marketplace; they are now part of a worldwide economy with competition coming from nearly every continent. For this reason, profit and non-profit organizations need diversity for being more creative and open to change. The main purpose of this article is to review the recent literature of workforce diversity on global basis and specifically Turkey. Supervisors, academicians and front-line managers could benefit from reading this paper. Supervisors, academicians and managers are the targeted audience because they need to recognize the ways in which the workplace is changing, evolving, and diversifying. It is first presented a brief introduction and definitions of global workforce diversity management. This paper attempts to shed light on what we know and don't know about global workforce diversity management. Paper mainly includes 4 sections. It starts with the introduction and in that part global workforce diversity management is broadly defined. In section 2, theoretical roots in other words literature review on the subject will be presented. Causal effects of challenges related to global workforce diversity management will be explained and related problems et cetera will be discussed in detail. In section 3, after explaining the regional differences among workforce diversity, insight will be brought up for discussion and comparison with these 4 different regional groups. After that special focus will be given to Turkey and the situation in Turkey will be explained in terms of workforce diversity management. Section 4 will include further research, discussion and conclusion. Besides giving insight about global workforce diversity management for comparison purposes between different continents, the purpose of this paper is to provide information for the potential researchers about basic aspects of global workforce diversity management.*

**KEYWORDS:** Global Workforce, Diversity Management, HRM, Inclusion, Turkey.

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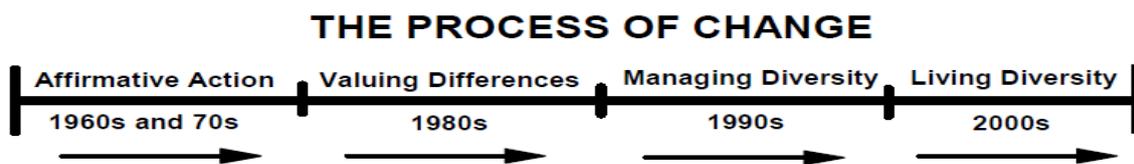
**INTRODUCTION**

The diverse workforce has become a reality today. Workforce diversity acknowledges the reality that people differ in many ways, visible or invisible, mainly age, gender, marital status, social status, disability, sexual orientation, religion, personality, ethnicity and culture (Kossek, Lobel and Brown 2005). The impact of cultural diversity shows alterations with the type of environment and firm's overall strategy. As lots of number of firms move from domestic, multidomestic, multinational strategies to operating as a truly global firm, the significance and impact of cultural diversity rapidly increase (Adler, 1997). Management of cultural differences has become more crucial for creating advantages and getting competitive edge.

Diverse workforce (diversity) means co-existence of people from various socio-cultural backgrounds that takes place in the company. Diversity incorporates cultural factors like race,

gender, age, color, physical ability, ethnicity, et cetera. (Kundu and Turan, 1999). Diversity includes all groups of people at all levels in the company. Diversity requires a type of organizational culture in which each employee can make real his or her career aspirations without being prohibited by gender, race, nationality, religion, or other factors that are irrelevant to performance (Bryan, 1999). Managing diversity refers to enabling diverse workforce to perform its full potential in an equitable work environment where no one has an advantage or disadvantage (Torres and Bruxelles, 1992).

Managing diversity has been challenging employers for decades, but especially in the last 20 years, companies have started to realize differences in gender, race, ethnicity, sexual orientation, religion, age and other factors more.



This was the main accomplishment of the 1960s and 70s, giving people access to the system. In the 1980s the focus was with “valuing differences.” In the 1990s the concern was for “managing diversity.” But in the 21st century the concern of schools and corporations needs to be on “living diversity” (see graphic, The Process of Change). The phenomenon of globalization has added another layer of complexity to workforce management, and has moved diversity to the forefront of issues faced by global as well as American and European companies. Rapid internationalization and globalization has enhanced the significance of workforce diversity. A cross-cultural and multicultural workforce is a common thread not only in organizations in western economies but also in corporations globally. As a result, diversity has increasingly become a “hot-button” issue in political, legal, corporate and educational arenas.

There are certain arguments for creating a diverse workforce, those are as follows:

- (i) As the number of women, minorities etc. in the workforce increase, so will their influence as consumers. Hiring women, minorities, disabled, etc. will support the organizations to tap these niche markets (Mueller, 1998).
- (ii) As all the segments of society have stake in the development and prosperity of the society as a whole, the establishment of diverse workforce should be seen as a social and moral imperative.
- (iii) Diversity supports creativity and innovation and produces advantages.
- (iv) Diversity helps organizations for taking place in the international arena.
- (v) Diverse teams make it possible to enhance flexibility and rapid response to change.

In addition, empirical evidence underlines that firms that have working effective diversity management look for benefit through bottom line returns. Information sharing and constructive task-based conflict management are the keys to the ‘value in diversity’ argument. Managing diversity is premised on recognition of diversity and differences as positive attributes of an organization, rather than as problems to be solved (Thompson 1997). McLeod, Lobel and Cox

(1996) and Wilson and Iles (1999) found that a diverse workforce has a better-quality solution to brainstorming tasks, shows more incorporated behavior, in relation with to homogenous groups, and can increase organizational efficiency, effectiveness and profitability. Moreover, the full utilization of the skills and potential of all employees, managing diversity effectively may make contribution to organizational success by enabling access to a changing marketplace by mirroring increasing diverse markets (Cox and Blake, 1991; Iles 1995; Gardenswartz and Rowe, 1998) and improving corporate image (Kandola, 1995). That's why, valuing diversity can be a source of competitive advantage, increase the quality of organizational life and ultimately be good for business (Cassell, 1996). The popularity of the diversity approach born from these positive arguments.

However, scholars says that the potential benefits will not become real simply because of greater workplace diversity. Thomas (1990) underlines that corporate competence counts more than ever, and today's nonhierarchical, flexible, collaborative management necessities an increase in tolerance for individuality. The question is not, therefore, one of accepting that individuals are not the same but creating an atmosphere of inclusion and making a commitment to valuing diversity. Past research has pointed out that managers should actively manage and value diversity. If designed and implemented properly, effective diversity management can give support for key organizational development initiatives (Agocs and Burr 1996; Liff and Wajcman, 1996; Storey 1999). Managing diversity has its origins in the USA (Kandola and Fullerton 1994), but has now become a strategic business issue for nearly all organizations worldwide (Wilson and Iles, 1999).

For companies want to take role in global diversity, there are two possible approaches to take, which will depend on the organization's structure and culture. One approach/role is a multi-country approach, where programs and initiatives are developed and implemented by people in various locales. This model is typically exercised by much decentralized companies, and can be beneficial because local leaders take ownership of the initiatives. And these leaders and councils look for detailed local knowledge of customs, laws and cultural issues that require to be addressed. Local commitment tends to be higher in experiencing this approach. On the contrary, however, the lack of overarching corporate guidance may mean unsuitable levels of work across regions. And typically, companies using this model do not have dedicated global diversity staff, but rather personnel that are working on diversity in their spare time. A second approach to global diversity that is more suitable for more centralized organizations is a top-down approach where diversity is hard-wired into all business units from the corporate level. Companies experiencing this approach maybe sure about consistency in message and offer assistance with development and implementation of programs. However, care must be taken to ensure that local commitment is implemented. (MacGillivray and Golden, 2007)

Currently many companies with multinational operations have started to consider diversity as a global initiative, have developed a global business case, and have implemented some programs outside the US. They usually have a dedicated global diversity staff that provides assistance worldwide. But while there is clearly increased focus on diversity outside the US, for many companies it is less apparent how to approach the challenge, and many organizations struggle with how to expand their ongoing domestic efforts outside the US.

More advanced companies have taken the further steps of translating their diversity definition so that it works out locally, and have diversity staff outside the US. These companies have a global diversity council, and host global diversity conferences and events in which staff from

different countries regions come together. Often diversity and inclusion issues are integrated into external reports on social responsibility issues and not different from each other.

Best practice companies take global diversity to the local level and adapt programs and policies for each region or country. In addition to this, the business case is tailored to and translated for each region, and there is a dedicated diversity officer and council for each region. Senior leaders for each country or region are also outwardly supportive of the initiatives, as global diversity competencies are defined for managers. These companies can also be sponsor affinity groups outside the US, as well as regional or country-specific conferences. Finally, best practice companies in global diversity understand that they can improve their US policies and practices by benchmarking with and learning from global start-ups.

GLOBAL DIVERSITY PRACTICES		
GOOD	BETTER	BEST
<ul style="list-style-type: none"> <li>■ Diversity initiatives and programs in effect outside the U.S.</li> <li>■ Diversity resources accessible to non-U.S. businesses</li> <li>■ Dedicated global diversity staff</li> <li>■ Global business case</li> </ul>	<ul style="list-style-type: none"> <li>■ Diversity definition translated for use locally</li> <li>■ Diversity staff outside the U.S.</li> <li>■ Global diversity council</li> <li>■ Business case tailored for each region</li> <li>■ Company-hosted global conferences and events</li> <li>■ Diversity and inclusion issues integrated into external reporting on Corporate Social Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>■ Diversity programs adapted for each region</li> <li>■ Diversity officer in each country or region</li> <li>■ Diversity council in each country or region</li> <li>■ Top leadership support in each country or region</li> <li>■ Affinity groups outside the U.S.</li> <li>■ Global diversity competencies defined</li> <li>■ Web sites accessible to employees around the world</li> <li>■ Company-hosted regional conferences and events</li> <li>■ U.S. policy is improved by learning from global initiatives</li> </ul>

As a result, companies should completely restructure the working culture that make possible the integration of a wide range of viewpoints that leads to a redefinition of how work gets done and how diverse markets are implemented and capitalized upon. All employees should be held accountable for their behaviors and human resources results. Companies must create a ``post bureaucratic`` organization based upon trust and respect that diverse employees are valued and integrated into all matters of the work. Companies should take into account and redefine missions, strategies, management practices, cultures, markets, and products to meet the needs of a diverse body of employees, customers and stakeholders (Fernandez, 1998).

## LITERATURE REVIEW

The term *diversity management* originated in North America but has slowly begun to be used at other regions and countries of the world Below is a brief introduction of the term:

“Diversity management refers to the voluntary organizational actions that are designed to create greater inclusion of employees from various backgrounds into the formal and informal organizational structures through deliberate policies and programs.”

Empirical evidence concerning how MNCs have approached global diversity management is questionable, this research has nevertheless supported with insights from which both heterogeneities and homogeneities in (i) strategic approaches; (ii) designs (‘what’); and (iii) delivery (‘how’) of global diversity management can be observed. In terms of strategic organizational approaches to diversity management, and as models of SIHRM would suggest, MNCs have on the one hand been seen to adopt an approach that shows their overall international orientation, strategy and structure. The notable preference for a more multi-domestic approach was defined to be due to first, a reluctance to define global diversity management with American management practices, and second, the perceived complexity took place in developing and imposing globally uniform diversity programmes. It has been empirically shown that whilst individual components of diversity start-ups' design in MNCs can and do vary, there is often a close relationship between domestic and international agendas. For instance, Egan and Bendick (2003) shows similarities of domestic and international diversity agendas in listing four common features. These include, a broad definition of diversity, which bring together the notion of ‘inclusion’, motives for diversity management centring on the ‘business case’, administrative structures used to facilitate diversity, and the integration of diversity initiatives into wider organizational change programmes. The growing scale and complexity of diversity management programmes within MNCs would also seem to be reflected in the increasing organizational mechanisms start to be applied to implement them. What is less understood, however, is how these integration mechanisms are applied, often in combination, in foreign subsidiary settings and their perceived levels of effectiveness. (Sippola and Smale, 2007)

For domestic and MNC's, at the strategic level, what is required is a management philosophy that understands diversity is crucial for organizational success. Top management commitment to diversity should be reflected in the organizational vision, mission and business strategy in order to remove psychological and operational barriers to managing diversity. If such commitment is unsuitable with the current organizational culture, then a more crucial culture change may be necessary in order to existence of an atmosphere includes mutual respect of all employees. At the tactical level, a range of HRM diversity policies can be formulated in order to bring support for this management philosophy. Measuring the employees’ perception of the existing HRM diversity practices and their expectations can be conducted to ease policy development. At all levels, line managers should play a more crucial role in diversity management. Hence, line management should be involved more in the decision-making process in order to fully recognize and effectively take action into diversity management. Following figure summarizes the definition and implementation of all levels:

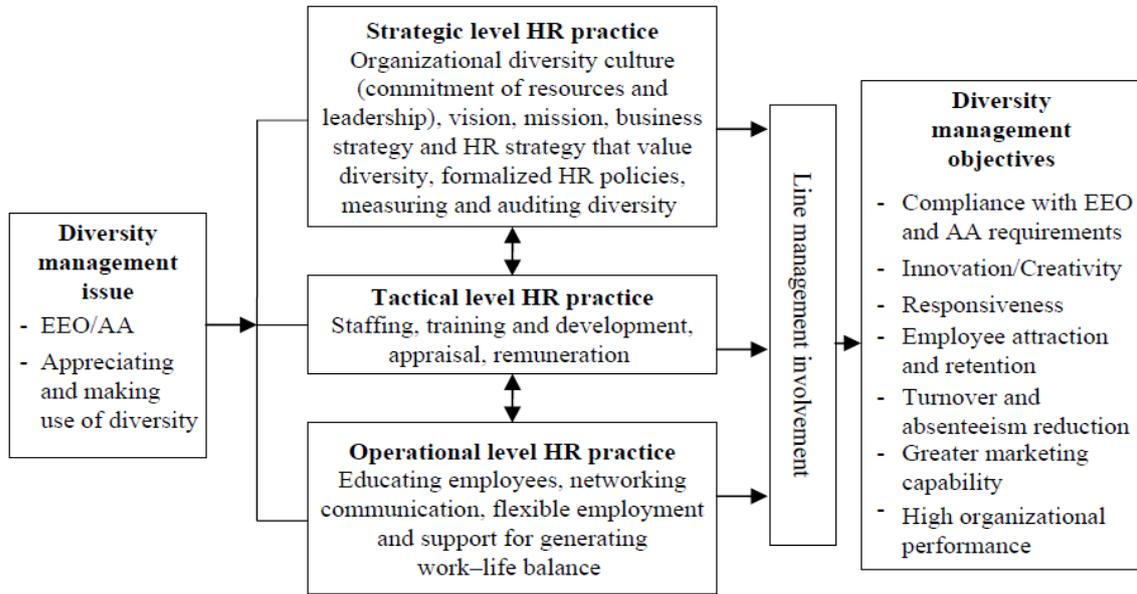


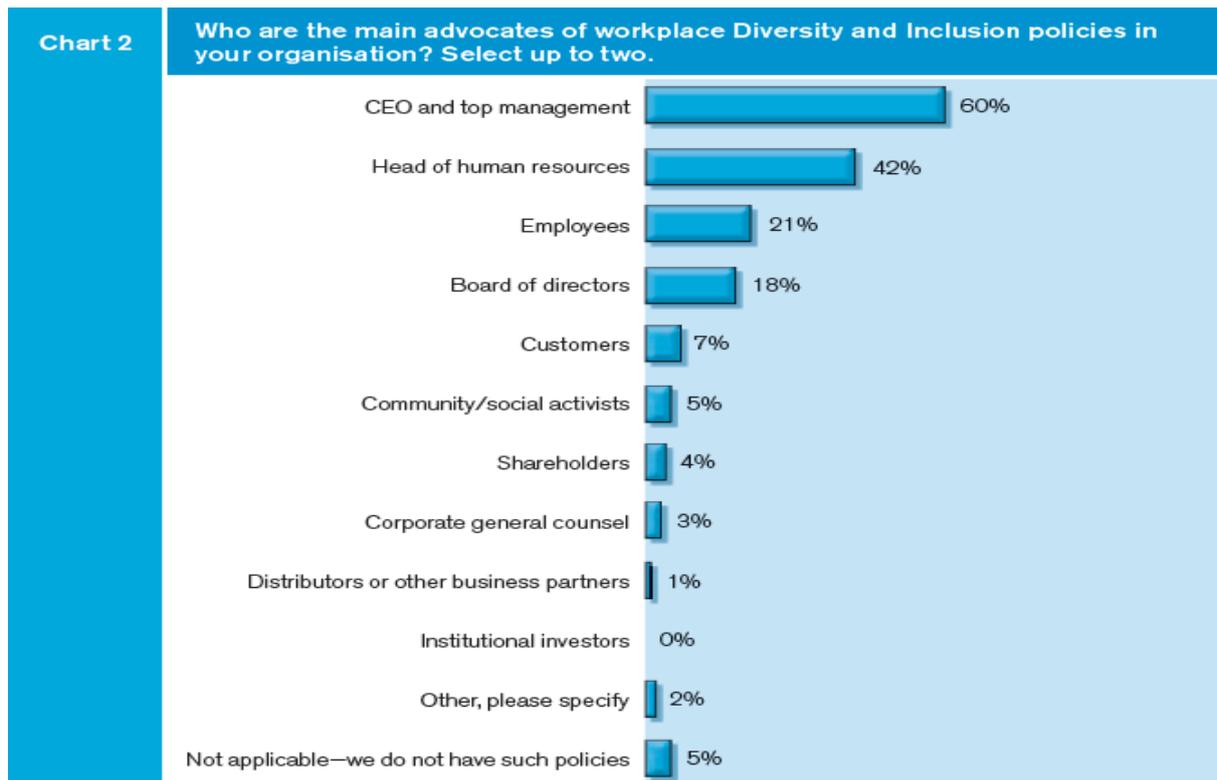
Figure 1. A framework of HR diversity management.

Furthermore, one study (Society for Human Resource Management and The Economist - Economist Intelligence Unit) summarize the detailed results and facts & trends for MNCs as follow:



Source: Global Diversity and Inclusion, the Society for Human Resource Management

While companies may disagree about the best ways to achieve, manage and value Diversity, one thing is clear: Companies worldwide now recognize that Diversity and Inclusion are beneficial. In the quantitative survey, more than half (55%) of respondents say they have policies that promote Diversity and Inclusion either “strongly” or “very strongly,” and another 31% promote Diversity and Inclusion “moderately.” Only 3% do not promote Diversity and Inclusion at all.

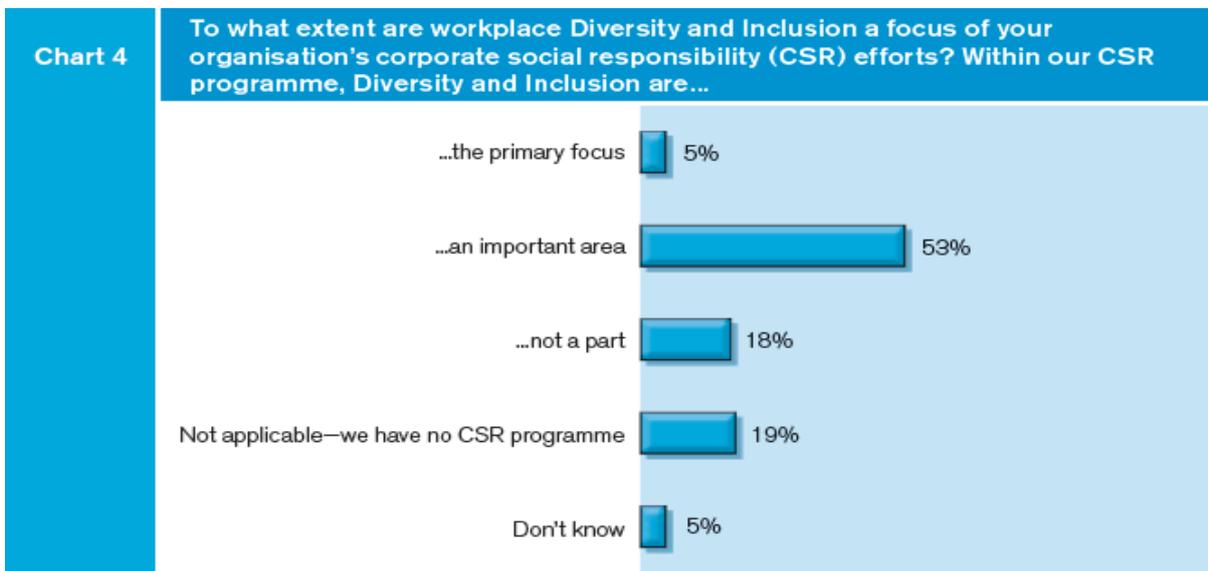


Moreover, the survey reveals that increasing workforce Diversity is a top-level initiative. At 60% of companies surveyed, the main advocates of workplace Diversity and Inclusion are the CEO and top management or the board of directors. A large minority of respondents (42%) also cite the head of human resources (HR) as a main champion of Diversity.



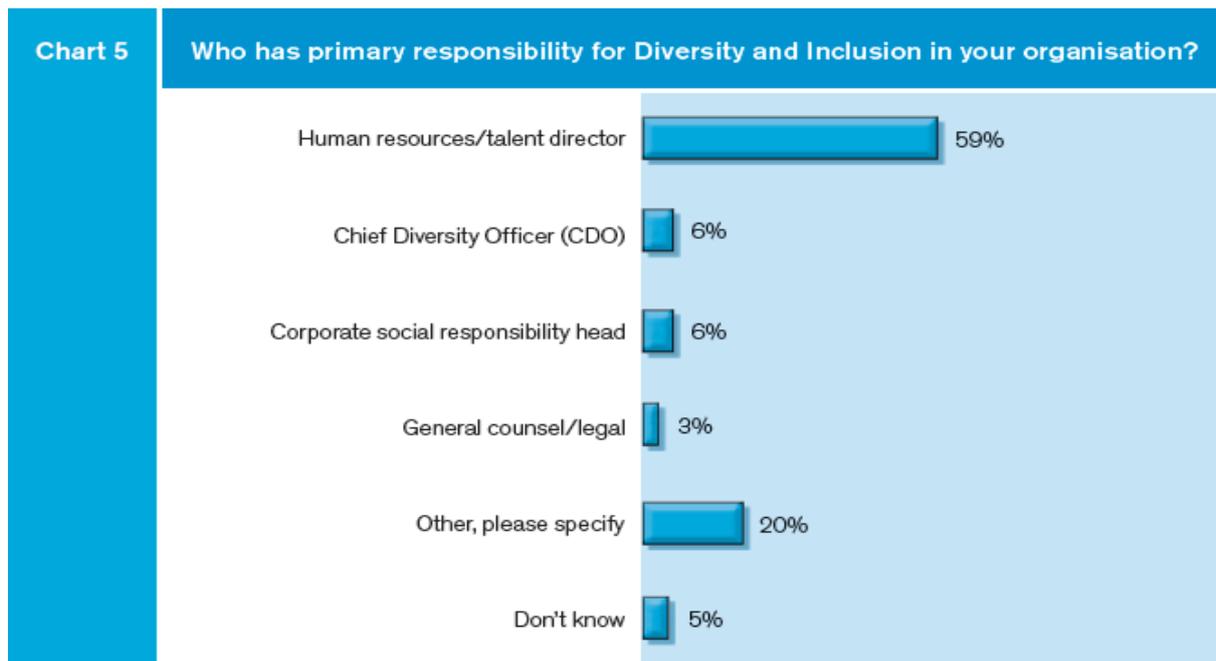
Source: Global Diversity and Inclusion, the Society for Human Resource Management

Diversity either closely or occasionally, while only 21% fail to follow such developments actively.



Source: Global Diversity and Inclusion, the Society for Human Resource Management

Similarly, 58% of respondents say that Corporate Social Responsibility (CSR) considerations drive Diversity and Inclusion efforts.



Source: Global Diversity and Inclusion, the Society for Human Resource Management

The point person for Diversity efforts is usually the head of HR or one of his or her direct reports. This was the case in 59% of companies surveyed; a further 6% of companies named the Chief Diversity Officer. In a significant minority (26%) of companies surveyed, the point person for Diversity and Inclusion is a direct report of the CEO.

More importantly, diversity management has been extensively studied in domestic & MNC settings. However, domestic and MNCs' diversity management research is not on required level for understanding diversity management concerns of global firms at the level of their strategic decision making and cross-national coordination activities. All aspects of diversity management at the domestic level have been widely studied. However, the same cannot be said of global diversity management, although it is a truism to underline that growing number of international, multinational and global firms have now offices and departments which specialize on global diversity management. These offices have a various functions when compared to their domestic diversity management offices. Whilst the former look for to argue global diversity management policies and coordinate international and global operations with a view to foster organizational cultures and structures that are conducive to effective operation of diverse groups, the domestic diversity management function has a more traditional role of constructing a national policy and supporting the effective implementation of the policy in a specific country. Differentiation of global and domestic diversity management activities is particularly observable in the case of North American and Western European global firms, where the practice of global diversity management has started its theoretical development. (Ozbilgin, 2005)

So, what is global diversity management and how can it be distinguished from its domestic version? Global diversity management can be explained as planning, coordination and implementation of a set of management strategies, policies, initiatives, and training and

development activities that seek to accommodate diverse sets of social and individual backgrounds, interests, beliefs, values and ways of work in organizations with international, multinational, global, transnational workforces and operations. Some scholars attempt at defining the differences between global diversity management and its domestic counterpart. Stumpf et al. (1994) argue that management of diversity in global firms is not totally about doing effective use of individual differences but about creating an organizational culture which transcends these differences. (Ozbilgin, 2005)

Because of that a gap between the practice and theorization of global diversity management has occurred. This sometimes meant that global diversity managers have taken on their job roles with little or no training on specific global diversity management issues. The skills gap that can be defined in the global diversity management market serves as a point of reflection for academic research and dissemination activities. Doktor, Tung and von Glinow (1991, 363) define why globalisation requires new ways of thinking and new approaches to management:

As multicultural organizations become more global in their operations, difficulties arising out of the cultural diversity of the organization's members and clients become more apparent to the managers of these diverse organizations. Management behaviors are based upon cultural things. As organizations operate across multiple cultures, those things change. Managerial behaviors that are suitable under certain cultural assumptions can become dysfunctional under other cultural assumptions. In order to address these considerations, Doktor, Tung and von Glinow (1991, 363) propose that management theorists should develop methods that capture these realities. In terms of global diversity management, there is need for new and systematic conceptual frameworks, methods for research as well as new programs for training and educating the new cohort of global diversity managers. (Ozbilgin, 2005)

Next section of the paper will be concentrated diversity management on global basis and will make the required regional comparisons. After that more specifically country and sectoral/occupational based realities will be presented in terms of diversity. Consequently, information about Turkey's diversity management will be given specifically.

## **GLOBAL WORKFORCE & DIVERSITY MANAGEMENT**

**(Following section is based on the results of Society for Human Resource Management for regional basis and Forbes Insights 2012 for country & sectoral/occupational basis:)**

### **Regional Basis**

#### **A. US and North America Region: Embracing change**

North American companies are more practice than the norm to organizational changes that support diversity. Forty-two percent of North American survey respondents say changing organizational practices is either "somewhat" or "very difficult," compared with 49% of Western European companies and 50% of Asian firms.

Similarly, North American companies are more acceptable to the idea that strong diversity measures are needed. A "general attitude of indifference" creates barriers in 32% of North American companies, compared with 41% of Western European and 35% of Asian companies.

Also, “middle management resistance” creates barriers in only 16% of North American companies, compared with 21% of Western European and 19% of Asian companies.

North American companies’ managements are also more positive to the need to increase diversity in the very senior ranks. Twenty-eight percent of North American companies report a “general attitude of indifference” toward diversity at the top ranks, compared with 36% in Asia/Pacific and 32% in Western Europe. Moreover, North American companies have a wide reach to their diversity efforts, rather than a single-minded focus on hiring and promoting women. Only 29% of North American respondents say their diversity efforts are directed most strongly to women, compared with 52% in Asia, 53% in Eastern Europe, 51% in Western Europe, 52% in Latin America and 46% in Middle East/Africa. Instead, North American companies give more attention to the presence of racial minorities (in the US) and ethnic minorities.

In general, having a workforce that mirrors the customer base is comparatively more crucial in North America than elsewhere. Twelve percent of North American respondents say they strive for a workforce that accept the customer base, compared with 8% in Western Europe and 9% in Asia.

### **B. Western Europe Region: Ladies first**

Western Europeans are highly engaged in promoting diversity and inclusion. Thirty-seven percent of Western European respondents “strongly” promote diversity, compared with 30% in Asia and 34% in North America. (The global average for strongly supporting diversity is 32%).

In keeping with their high level of interest, Western European CEOs are more likely to take a hands-on approach to diversity than CEOs in other regions. When asked who has responsibility for diversity and inclusion, 30% of respondents in Western Europe named a CEO direct report, compared with 21% of respondents in North America and 25% in Asia.

In addition to this, arguing with equal-opportunity laws is a more powerful business rationale for diversity initiatives in Western Europe than elsewhere. Half (50%) of Western European respondents say legal compliance is the major business rationale, compared with 33% of Asian respondents and 37% of North American respondents.

There is a strong European perception that there are inadequate level of women in the workforce. Forty-seven percent of Western European survey respondents say that women are under-represented, compared with 28% in North America and 33% in Asia-Pacific.

In keeping with their emphasis on gender diversity, Western European companies focus their diversity programs on worklife balance issues. Fifty-four percent of Western European respondents say that they focus on such measures, compared with 42% of North American and 48% of Asian respondents.

In contrast to their heavy emphasis on gender, Western European companies have only a weak interest in other non- traditional groups. Yet Western European companies are aware that they lack diversity in dimensions besides gender. Workers over the age of 50, for example, have a more difficult time gaining in Western European companies than elsewhere. The survey underlines that 56% of Western Europeans believe that older workers are under-represented, compared with 41% of North American respondents.

Similarly, Western European companies fall short when it comes to including ethnic minorities in their ranks. In the survey, 49% of Western Europeans say ethnic minorities are under-represented in the work-force, compared with 34% of Asians and 36% of North Americans.

### **C. Asia/Pacific Region: Diversity the natural way**

Asian companies are already diverse, with a broad representation of ethnic, religious and caste minorities. A hallmark of the Asian approach is to use the heterogeneity of the larger population to allow diversity to increase within the organization organically, rather than forcing diversity measures through management programs, incentives, measurement and the like.

Asian companies are nonetheless systematically increasing their recruitment pools—not necessarily because they feel they are insufficiently diverse, but because they expect to need more workers in the future. More than half (51%) of Asian survey respondents say they use widening recruitment pools to promote diversity, compared with 43% in North America and 46% in Western Europe.

Perhaps for the same reason—that is, the need to counter staff shortages—Asian diversity managers are comparatively giving more attention on pay. Among other techniques, Asian companies are more likely to measure wages against similar organizations: 42% of Asian companies benchmark salaries, compared with 36% in North America and 38% in Western Europe. Similarly, Asian companies are more likely to review job titles and responsibilities to ensure comparable pay for comparable work. More than one-third (34%) of Asian companies implement such reviews, compared with 28% of Western European companies. The comparatively stronger Asian focus on recruitment and equal pay may come from the rapid growth in the diversity of the Asian customer base. Seventy percent of Asian respondents say that the customer base has become more diverse in the past ten years, compared with 58% in North America and 64% in Western Europe.

That said, being “different” inside the company is not necessarily rewarded in Asia. Persons with disabilities, for example, fare worse in Asia than elsewhere. Nearly two-thirds (64%) of Asian respondents say disabled people are under-represented at their organization, compared with 52% in North America and 56% in Western Europe. There has been some progress, however. Similarly, individuals having unpopular social/political views face stiffer resistance in Asia than elsewhere. According to the survey, 37% of Asians say such people are under-represented, compared with 25% of North Americans and 28% of Western Europeans.

### **D. Middle East Region: Local talent**

In the Middle East, diversity by nationality is at the top of the agenda, but not for the same reasons as elsewhere. Particularly in oil-rich Arab nations, the focus is on hiring more local nationals to replace expatriate workers, with the aim of avoiding a type of cultural colonization by guest workers. In other regions, in contrast, the focus is on hiring more immigrants and foreigners.

Through this take more of the economy back into local hands, 19% of survey respondents in the Middle East say they strive for a workforce that mirrors the customer base, compared with a global average of 10%.

Similarly, companies in the Middle East are more likely than the average to follow the composition of their workforce demographics and compare those to the local population’s

demographics. Nearly one-fifth (19%) of companies in the region say they perform such comparisons, compared with the global average of 7%.

Nonetheless, in view of the difficulties inherent in looking sufficient numbers of qualified nationals for many jobs, companies in the Middle East are reluctant to set firm goals for diversity. More than one-third (36%) of Middle Eastern companies say sadly they do not have medium-term diversity goals, compared with 23% in North America, 31% in Western Europe and 28% worldwide.

## **Country Basis**

### **A. Gender Diversity**

One of the most striking economic events in recent times has been the entry of large numbers of women into the workforce. In advanced countries, this growth has been faster. Today the three countries with the highest percentage of female workers are Iceland (78%), Denmark (75%) and Norway (71%). Although the gender gap is narrowing in other G8 countries, the U.S. and the U.K. lag behind the top five countries, with 59% and 56%, respectively. Four of the five lowest rates of female economic activity are in emerging economies: Pakistan (22%), Turkey (25%), Chile (39%) and UAE (42%). Italy is the lowest ranking member of the G7, with just 39% of women active in the market economy.

For a nation to be competitive on the global stage, it requires to know how to make use of its female talent pool. While more women have entered the workforce, there are still more of inroads to be made, specially in the upper echelons. The proportion of women who have climbed the corporate ladder and made it to board-of-director status varies greatly among countries. The nations with the highest percentage of female board members are Norway (36%), the Philippines (23%), Sweden (23%), Latvia (22%) and Slovakia (22%). It's not surprising that Norway is at the top of the list, since it was the first country to mandate a quota system for board participation in publicly listed companies. The countries with the lowest proportion of women on boards are Portugal (0.4%), Japan (0.9%), the UAE (0.9%), Korea (1%) and Chile (2.4%). It is unusual for such a large, advanced economy as Japan to appear so far down on the rankings, but the culture has an strict approach to boardroom diversity; the majority of boards are filled by Japanese men, with few women or non-Japanese.

The Nordic region has the highest percentage of women in elected positions. Sweden is number one with 47%, followed by Iceland (43%) and Finland (42%). Conversely, Japan, Turkey and Brazil are in the bottom five, with 11%, 9% and 9%, respectively. It is interesting to underline that, however, that Argentina, which has low numbers of women on corporate boards, has the third-greatest female representation in the national parliament. This is due to a quota system the government introduced in 1991 that needs for political parties to put one woman for every three men on their party lists. In an overall composite gender diversity index, Norway is ranked as the most gender diverse economy, followed by Sweden, Iceland, Finland and Denmark. The lowest-ranked countries for gender diversity are Pakistan, the UAE and Turkey. This isn't surprising, given those countries' religious and cultural beliefs.

### **B. Age Diversity**

People are living longer and, in some countries, healthier lives. For the first time in history, people age 65 and older will outnumber children under five. Aging populations are a crucial

challenge to governments, as they affect economic growth, trade, migration, and put strains on pension systems and for other social programs.

To adapt this, countries such as the U.S., U.K. and Germany have announced plans to raise the threshold for age-related entitlement programs. Having employees work longer has two obvious economic benefits: It boosts output and decreases the length of time over which pensions need to be paid.

Participation rates for older workers change considerably among countries. Emerging economies in Asia and Latin America show very increased rates; Indonesia (52%) and the Philippines (38%) have the highest rates of economic activity for workers 65 and older. However, this is likely due to the number of older workers employed in the agricultural sector, one of the major sectors for emerging economies.

The lowest rates of participation among older workers are all in Europe. Of the 50 nations in the index, the bottom 20 are in Europe. (The only exception is Iceland, which ranks third (35%) in economic activity for those over 65.) The five lowest-ranking countries are Hungary, Belgium, Slovakia, France and Luxembourg. These rates could change, however, if more European countries adopt policies need older workers to stay in the workforce longer.

### **C.Income Diversity**

On global basis, income equality is anything but equal. Today, the richest 1% of adults control 43% of the world's assets, and this inequality is expected to continue. To illustrate the gap, consider the fact that in the early 1970s, the income of the top 10% of wage earners in the U.S. was 3.5 times greater than that of the bottom 10%. Today it is five times greater. And this isn't an American-centric phenomenon; other advanced economies such as the U.K. and Australia have experienced a similar phenomenon of the gap between the rich and the poor.

In other parts of the world, the countries with the most unequal income distribution (Brazil, Chile, Mexico and Argentina) tend to have low income per capita.

### **D.Sectoral Diversity**

Since early 2008, the world economy has suffered its longest recession since the Great Depression of the 1930s. The recession has given big harms to governments around the globe, saddling them with enormous deficits and slow economic growth. In today's tough economic times, it is seen as important for countries to have a healthy balance of sectoral employment to ensure sustainable growth and limit exposure to risk. This is an intriguing shift in conventional wisdom, since it diverges from the theory of comparative advantage, with its drive to specialize. Germany, for example, is one of the major economies to have continued a strong industrial base, and because of this the German economy got better from the recession faster than its European counterparts.

The top five countries in terms of sectoral diversity are Australia, Canada, Ireland, New Zealand and Russia. The bottom five performers, all of which are heavily reliant on agriculture as a source of employment, are the Philippines, Indonesia, China, Thailand and Pakistan.

### **E.Educational Diversity**

A government's approach to education is arguably the most crucial policy for economic growth. However, it is worth to note that for a country's population to have a wide range of

skills in order to meet the needs of companies. If there are too many college graduates and not enough lower-educated citizens, jobs in manufacturing or other labor-intensive jobs go unfilled. Contrary, an uneducated populace can't push the economy forward if they can't function in jobs like technology or financial services. New Zealand, the U.S. and Japan have the most educationally diverse populations, while Argentina, China and the Czech Republic have the least diverse.

## **Sectoral Basis**

### **A.Gender Distribution**

The fastest-growing sector for both men and women is the services sector. This shows the global movement away from the agricultural and industrial sectors to a more service-oriented economy. On the whole, however, the labor force is much divided by gender. Based on an analysis of the labor markets of 58 countries, health and education top the rankings for women, with more than two-thirds of teachers and nurses being female. Hotels and catering rank next, followed by financial services and other services. At the bottom of this rank, construction and mining, predominantly male industries took place.

### **B.Age Distribution**

Agriculture is the sector with the most age-diverse workforce—not surprising, as farming tends to be a family affair. The hotel and catering sector ranks second and has the largest share of employees under age 25 (20%). The least diverse sectors are utilities and mining, with the bulk of their workforce in the 40-49 age bracket.

### **C.Geographic Distribution**

In order to escape unnecessary risks and to ensure future growth prospects, sectors should be dispersed around the globe. The most evenly distributed sectors are business services, health, financial services, and transport and communications. Agriculture is the least geographically dispersed sector, with global employment largely being concentrated in a small number of countries including China and other emerging Asian economies.

## **Occupational Basis**

### **A.Gender Diversity**

The most “female-friendly” broad occupational category is administrative and secretarial, where nearly three-quarters of workers are women. The second-ranking occupation is personal service, and the lowest ranked are process, plant and machinery occupations, the military and skilled trades.

### **B.Disabled Diversity**

The top occupations for employees with disabilities are process, plant and machine workers, personal services, and administrative and secretarial positions. With the exception of the military, however, the differences among occupations in this regard are small, ranging roughly from 3% to 5%.

## Turkey

The issue of diversity management is quite new for Turkey. There are some studies on equal employment opportunity, diversity management and discrimination in the context of Turkey. There is a common belief that none of the minority groups has become a target for discrimination. Turkey is agreed to a philosophy of being a nation-state; tolerance is a major belief system and this helps to escape from most types of discrimination.

Diversity management has earned legitimacy worldwide as an crucial subject for academicians and practitioners. However, the same cannot be said for the Turkish context. In other words, practitioners and academicians have only begun to give importance to the subject during the last few years. There is a belief that there are no major differences between the people (Kamasak and Yucelen, 2007, p. 41) and Turkey's discrimination position is in line with this belief.

The International Management Development Institute's 2006 World Competition Power research ranks discrimination as a criterion. Estonia (1.89 points) and Finland (1.91 points) score the lowest points in discrimination. The countries with the highest points are Romania (5.54), Korea (5.23) and France (5.23). Turkey, with 2.98 points, holds a very good position among European countries, and likewise compared with the USA (3.71), Japan (4.74), China (3.73), India (4.00) and Russia (4.92) (TISK, 2007, pp. 161–2)

Turkey is part of a globalized world and cannot underestimate the issues of diversity management. Although the country having a good position on discrimination and positive standing due to its nation-state philosophy, it is still crucial to give attention to diversity management issues. Turkish companies should work towards employing workers with different talents, knowledge and expertise, thereby gaining a competitive advantage in the global arena. As the service sector expands, the number of contingent workers, foreign investments and multinational companies will increase. Furthermore, companies must start to address social responsibility issues and start to subject to the SA 8000 Standard (Social Accountability Standard).

Turkey has a strategic advantage because of the conjunction of the European and Asian continents. As a secular country that is open to cross-cultural interactions, Turkey has a unique position in the global world, attracting an increasing number of multinational corporations and considerable foreign investment.

Diversity management is a concept that is rapidly being deployed worldwide. However, as some scholars argue, 'there is a need for context specific frames to understand how diversity management may work across different cultural and economic settings' (Özbilgin and Tatli, 2008, pp. xii, 3). Thus, diversity management approaches of one national context may not be suitable for others (Nishii and Özbilgin, 2007, p. 1885).

Turkish companies' concern about diversity management is quite new, and diversity issues have only recently been considered important. Workers are far from equally distributed on demographic dimensions such as race/ethnicity, age and disability.

The Turkish population has grown quickly and, according to some projections, will go on growing. The median age of the population is increasing and the population is becoming older. The fertility rate is decreasing, which means that the young population will diminish. Because of the high marriage rate, companies have to take into account the marital status during policy

making with regard to employees. The population growth rate in cities is higher than in villages, which means that the number of people with different backgrounds is getting higher. Thus, the population and demographic structure of Turkey is constantly changing.

Age, gender and disability are thought to be the basic dimensions of diversity in Turkey. Not surprisingly, they feature in laws. The working population is estimated to show a high growth rate for the coming 30 years but there is a huge gap between males and females in terms of participation in the workforce. The problem of unemployment is common for both men and women, but the number of unemployed women is crucially more than that for men. The low education rate and the lack of skills are seen as the main reasons for unemployment among women, but other reasons exist, such as nonexistent flexible working conditions, the role of women in society and cultural dimensions, social and family pressure, marriage, low confidence level, unjust wages and difficulties in the workplace. Moreover, the proportion of disability in Turkey is very high. Although there are some regulations in the law, there continue to be problems with implementation.

Workforce diversity is an international phenomenon in developed and developing countries. . . . Many countries such as Turkey, China, Mexico, Brazil, India and Russia have diverse ethnic, linguistic and religious groups (Jain and Verma, 1996; Leme and Fleury, 1999)'. This is also emphasized by the studies of April and Smit (ch. 5, this volume), Calveley and Hollinshead (ch. 7, this volume) and indeed in almost every chapter in this book. In their study which is conducted in the context of China, April and Smit state: 'China can be seen as a cluster of cultures from different regions. Calveley and Hollinshead comment: 'the Russian case offers unique insights into the field of diversity.'

As well as having diverse groups, internationalization and globalization of the economy means that businesses have to work in multinational and multicultural markets, and gives importance to diversity issues. For these reasons, diversity management is becoming an important area of consideration for businesses and managers in Turkey as well as in other countries worldwide.

## **FURTHER RESEARCH**

Diversity is must in order to sustain economic growth, for a country, a sector or even a company. Keeping up with a changing global workforce needs companies, in particular, to examine their needs and adjust their business strategies accordingly. This section indicates that a number of key trends will drive diversity and inclusion agendas over the next decade:

**Government Legislation:** Over the next decade, countries will adopt regulations, as voluntary efforts have failed. In regards to women holding more positions in public office, some countries, such as Argentina and Poland, have laws in place to ensure that more women serve in their governments. There may be other countries that adapt to similar actions, but this probably won't be as widespread as the movement to put women on company boards.

**Female Economic Activity:** The proportion of women entering and staying in the workforce is typically lower in developing economies, and even in some more developed countries, due to cultural and religious beliefs. Economically inactive women shows a financial burden on public finances, and as global demographics shift, more women will be forced to participate in the labor market.

**An Aging Workforce:** One of the main concerns for governments around the globe is their aging demographic as well as increasing pension and healthcare costs. In addition, an aging population has the potential to slow economic growth, particularly if older workers retire and there are fewer younger workers available to take their place. More governments—specially the ones in advanced economies—will increase the retirement age.

**More Flex Time:** In order to keep older people and women in the workforce, more companies will offer flexible work schedules. And given the global shift toward service industries, it is easier for employees to work from home, thus give allowance to parents of young children to continue to participate in the labor market.

**Rebalancing Economies:** Since the global recession, “rebalancing economies” is the new catchphrase. This can mean anything from the balance between spending and debt to the balance between domestic and foreign demands. For instance, there’s been talk in the U.S. and the U.K. about shifting toward such sectors as high-tech manufacturing and away from financial and business services to decrease the economic risk. It is likely that more countries will take stock of their sector balances and rebalance them to be more economically sound.

**Changing Migration Patterns:** Today migrants are more crucial for many countries’ labor forces. For many instances, migrants are employed in low-level jobs such as construction and personal services. But many countries have reached a saturation point in regard to their immigrant population; combined with higher levels of unemployment, this should cause migration to subside over the coming years. However, the trend will be toward migrants with high-level skills, as companies are keen to capture the most talented individuals from the global pool.

**Diversity Will Continue to Drive Business Strategy:** Corporations will maintain to evolve their diversity and inclusion efforts as part of their business plans. A diverse workforce is important to reflecting a global society and companies’ customer base. It allows executives to understand their clients’ needs better and communicate more effectively.

## DISCUSSION

Managing diversity is about more than equal employment opportunity and affirmative action (Losyk, 1996). Managers should expect change to be slow, while at the same time encouraging differentiation (Koonce, 2001). A diverse workforce is a reflection of a changing world and marketplace. Diverse work teams bring high value to organizations. Respecting individual differences will benefit the workplace by creating a competitive edge and increasing work productivity. Diversity management benefits associates by creating a fair and safe environment where everyone has access to opportunities and challenges. Management tools in a diverse workforce should be used to educate everyone about diversity and its issues, including laws and regulations. Most workplaces are made up of diverse cultures, so organizations need to learn how to adapt to be successful.

In line with this, the existing literature does not indicate how diversity has actually been managed through HRM. Therefore, further research is necessary on the state of HRM diversity management beyond EEO and AA. Moreover, past studies are generally prescriptive in exploring the relationship between HR diversity practices and organizational performance. As a result, there is, so far, no study statistically examining the contribution of diversity

management in HR to organizational performance from financial and non-financial perspectives. Further empirical research on this aspect would advance our understanding of the contributions of HR diversity management.

Future studies should systematically underline the country-of-origin effects of global companies in their efforts to adopt strategic HRM and DM initiatives in less developed countries. Focus should also be placed on exploring the key factors that influence global companies to adopt DM programs, the extent to which organizations evaluate the outcomes or benefits of investing in DM initiatives, and the most effective DM programs in aligning the interests of different employee groups with the organization. Further, management attitude and competence in DM should be studied in greater depth and on a wider scale with a view of informing leadership development programs. Finally, researchers should undertake cross-country comparative studies more to compare and contrast the societal context of and approaches to DM and to begin the extent to which DM is understood as an crucial people management issue in less developed countries. This can help to inform regional and international social policy decisions and corporate global HR strategy.

## CONCLUSION

Diversity and Inclusion have come to be accepted worldwide as a collective business topic. The major drivers are looming talent shortages and a diverse marketplace. The reasons vary from moral considerations to profitability. A leading business reason worldwide is that expanded talent pools will be required to meet the needs of corporate growth. In most companies worldwide, HR leads the effort to increase diversity and to promote inclusion. The target groups for diversity efforts vary in different geographies, but most regions—particularly in Western Europe and North America—have a main emphasis on attracting, retaining and promoting women.

There are various regional patterns to diversity and inclusion efforts. North American companies are likelier to take a hands-on approach, set quantitative goals for diversity and use management incentives to reach their goals. European firms are more likely to base on internal persuasion and lobbying, and Asian companies take an even more laissez-faire approach, with many believing that diversity is a process that changes naturally.

The set of best practices that have changed in the diversity field are therefore culturally determined. However, several approaches seem common to all regions. These include setting the tone at the top of the organization, conducting ongoing training to promote better understanding between employees with various backgrounds and creating opportunities for employees in minority groups to network with each other.

The primary feature of North American companies is to embrace change that involves bigger diversity. The modus operandi of Western European corporations tends to be less centrally prescriptive than that of North American companies. In Western Europe, too, there is a stronger focus on creating better conditions for attracting and retaining female employees, with less emphasis on other minority groups. In Asia, companies believe they are already sufficiently diverse, at least along the lines of nationality, but that some Diversity measures would be useful to ensure sufficient numbers of employees for future growth. The emphasis of Asian companies seems be on improving conditions for female employees to increase their numbers and retention rates. In the Arab Middle East, however, diversity is often incorporated to mean

ensuring that local nationals, who usually are under-represented in the management ranks in their own countries, have sufficient access to employment and promotion opportunities.

Finally in line with this, the concept of diversity management in Turkey should be investigated with field studies. Diversity management implications in Turkish companies, the process of these practices and effects of these approaches on the outcomes of the companies can be a starting point for future research studies. It is believed that these kinds of empirical studies will make huge contributions to the Turkish diversity management literature.

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