

Looking Beyond Workforce Diversity: Towards a Theory of Workplace Complexity

* Piyush Sharma, PhD
Professor, School of Marketing
Curtin Business School, Curtin University
Kent Street, Bentley, WA 6102, Australia
piyush.sharma@curtin.edu.au

Tony Cotton
Department of Management
University of New South Wales (ADFA)
Northcott Drive, Campbell, ACT 2600, Australia
tony.cotton@au.ey.com

Alastair Warren
Employment Planning Group
Australian Public Service Commission
Level 6, Aviation House, 16 Furzer Street
Phillip, ACT 2606, Australia
Alastair.Warren@apsc.gov.au

Peter Hosie, PhD
Associate Professor, Curtin Graduate School of Business
78 Murray Street, Perth, WA 6000, Australia
Peter.Hosie@cbs.curtin.edu.au

Russel Kingshott, PhD
Senior Lecturer, School of Marketing
Curtin Business School, Curtin University
Kent Street, Bentley, WA 6102, Australia
R.Kingshott@curtin.edu.au

* Corresponding author

Looking Beyond Workforce Diversity: Towards a Theory of Workplace Complexity

Abstract

Decades of inbound immigration and affirmative government policies have led to a rise in cultural and demographic diversity in both public and private organisations, however there is still no consensus about how these affect organisational performance. Moreover, with rapid advancements in technology and changes in human resource management practices, modern workplaces have become more complex and dynamic than ever before, making it even more difficult to identify and manage factors that influence individual, group and organisation-level performance. In this paper, we respond to these developments by arguing that we need to look beyond workforce diversity and acknowledge workplace complexity as the new frontier in organisation behaviour and human resources management research. Specifically, we introduce a multi-dimensional workplace complexity construct based on a preliminary review of diversity and workplace literatures, and we propose to validate this construct with Australian Public Service Commission's (APSC) State of the Service Census data, as briefly described in this paper. This research would help both academic researchers and managers understand the importance of workplace complexity and gain useful insights into its underlying dimensions as well as its antecedents and outcomes.

Keywords: workforce diversity, workplace complexity, work experience, work knowledge

No. of words: 1611

INTRODUCTION

‘Workforce diversity’ covers a wide range of differences in the characteristics of the employees in any organization; in terms of their culture, ethnicity, nationality, gender, functional role, general ability, language, religion, lifestyle, service tenure and even intellectual capability (Kossek and Lobel, 1996). In the last few decades, with more women, ethnic minorities and people with disabilities entering the workforce and with rapidly aging societies, modern workplaces have become increasingly diverse (Lau and Murnighan, 1998). This increase in diversity seems to have provided opportunities for creativity and competitive advantage on the one hand (Milliken and Martins, 1996) but also led to communication difficulties and misunderstandings on the other (Jehn et al., 1999).

More recently, globalization and migration are leading to even greater workforce diversity in most developed countries (Pitts and Wise, 2010); hence there is a growing need to understand the advantages and disadvantages of diversity in organizations and identify ways to deal with it in an effective manner (Podsiadlowski et al., 2013). However, despite a long history of research, there is still no consensus on the impact of workforce diversity on organization performance (Williams and O’Reilly III, 1998), possibly because past research on diversity mostly focuses on surface-level traits such as gender, ethnicity or nationality rather than the underlying mechanism by which demographic diversity affects organization performance via diversity in information, values and perspectives (Jehn et al., 1999).

In this research, we look beyond the traditional workforce diversity perspective and introduce a multidimensional ‘Workplace Complexity’ construct, which incorporates not only the usual demographics (e.g., age, gender, and ethnicity) but also introduces new variables that should be considered relevant for workgroup performance. We propose to validate this construct with Australian Public Service Commission’s Census data.

CONCEPTUAL FRAMEWORK

Workforce Diversity

Prior research on workforce diversity shows mixed findings about its impact on organisational performance. For example, over the course of a five-year research project Kochan et al. (2003) found that diversity had very few positive or negative effects on organisational performance. Similarly, Horwitz and Horwitz (2007) found that task-related diversity affects workgroup performance but demographic diversity does not. A recent comprehensive meta-analysis also shows non-significant findings on the link between performance and a range of diversity attributes including gender, race, age, and tenure (Joshi and Roh, 2009; p.599). Interestingly, others show that the relationship between workgroup diversity and performance may be rather complex, such as a curvilinear relationship between organisational tenure diversity and team innovation (Chi et al., 2009).

In contrast, Wegge et al. (2008) found that both age and sex diversity positively correlate with performance of teams working on complex problems. Similarly, Jehn et al. (1999) found that different types of workgroup diversity (e.g., social category, values, and informational diversity) relate with many key organisational outcomes, such as group performance, morale, commitment and intention to leave. We argue that these mixed findings could be the result of workforce diversity being often considered only in terms of those characteristics that are immediately apparent (sex or ethnicity for example), whereas identifying the diversity

attributes that are directly related to organisational performance is far more complex than simple demographic characteristics and requires further investigation.

Bassett-Jones (2005) describes it well when he says that it "...takes more than demographic or ethnic diversity to result in the creativity that leads companies to perform better." (p. 170). In this context, Jackson et al. (2003) identify a continuum of diversity attributes from those that are obvious immediately to those that become evident only after "getting to know the person well" (p 802), and those attributes that fall in between. More importantly, they identify diversity attributes that are directly related to work performance (e.g., experience or relevant tertiary qualifications) and those that only indirectly related (e.g., gender or ethnicity). While that latter may be important in an organisational context (e.g., in the public sector where representation is important as mentioned above), they are less directly relevant to immediate work performance.

Bunderson and Sutcliffe (2002) distinguish between dominant functional diversity (how diverse is the functional knowledge in the workgroup) and intrapersonal functional diversity (how much functional diversity exists within team members). They argue that any consideration of workforce diversity when considering workgroup performance needs to take a holistic view of diversity and include those aspects of diversity that are relevant to the workplace. We address this gap by introducing 'Workplace Complexity', a multidimensional construct that encompasses different types of employee diversity and workplace complexity characteristics into a single conceptual framework, as described next.

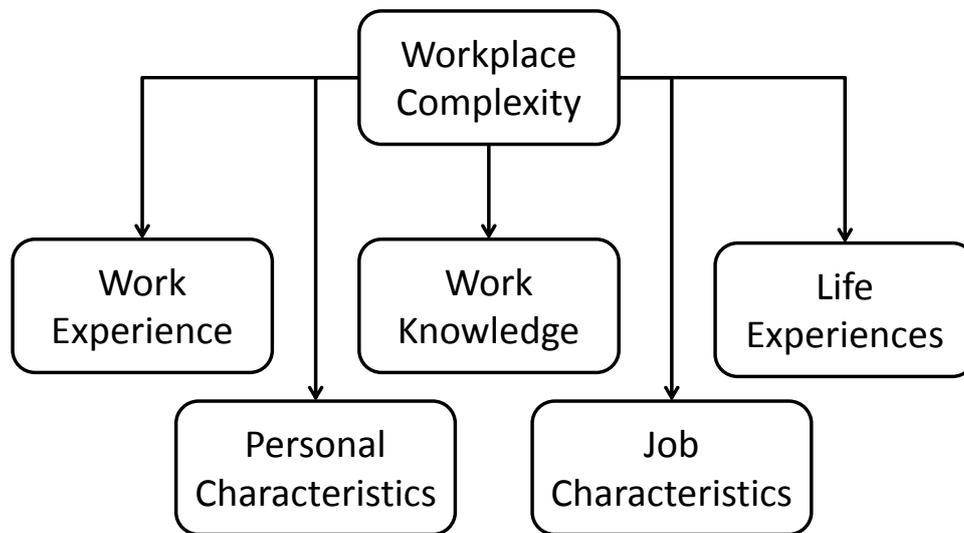
Workplace Complexity

"Today's workplace has become more complex than ever before. The influx of millennials and the influence of ever-changing technology have altered how people work... Welcome to the new age of the workplace where complexity is the norm..." (Youst, 2015). In fact, there is a growing body of research documenting differences in work-based variables, such as personality, work values, work-life balance, leadership styles and preferences, and career experiences, from one generation of employees to the next (Lyons et al., 2015). In this context, we propose a multidimensional 'Workplace Complexity Model' consisting of the following dimensions based on our preliminary literature review:

- Diversity of *personal characteristics* of employees in the work group such as gender, ethnicity, and disability (Gonzalez and Denisi, 2009, Guillaume et al., 2015, Horwitz and Horwitz, 2007, Lau and Murnighan, 1998, Williams and O'Reilly III, 1998)
- Diversity of *task characteristics* in the work group such as job families and task complexity (Chi et al., 2009), general ability and intellectual capability (Kossek and Lobel, 1996, Milliken and Martins, 1996)
- Diversity of *work experience* in the workgroup, including job tenure, classification levels, number of agencies worked in, management experience etc. (Chi et al., 2009)
- Diversity of *work knowledge* in the workgroup, such as job families and tertiary qualifications (Kossek and Lobel, 1996, Milliken and Martins, 1996)
- Diversity of *life experiences* in the workgroup, such as employee's age and carer status in the family (Lyons et al., 2015), and cultural background (Cox Jr., 2001, Cox and Blake, 1991, Podsiadlowski et al., 2013, Stevens et al., 2008).

Figure 1 shows our proposed multidimensional model for workplace complexity. Next, we describe our proposed methodology to test this model using Australian Public Service data.

Figure 1 – Workplace Complexity - Multidimensional Model



METHODOLOGY

Empirical Setting

We propose to operationalise our multidimensional ‘Workplace Complexity Model’ using data from the Australian public sector, which is characterised by a number of common diversity dimensions, notably: sex (or gender), Indigenous status, and whether the employee has a disability. These tend to be looked at in a compliance sense, that is to satisfy a legislated requirement to meet some established representation rate, as well as with a view to how this affects organisational performance. As a result, managing diversity in the public sector is particularly complex yet the research literature on this is limited. For example, Pitts and Wise (2010) found that while diversity remained important for the public sector, “useable knowledge is in short supply” (p. 44) and most prior research in this area focuses on the bureaucratic support for representation levels in the public sector workforce rather than on how diversity may actually affect organisational performance outcomes. Hence, this context provides an appropriate setting to validate our proposed ‘Workplace Complexity’ construct.

Research Design

We plan to use descriptive research design with secondary data analysis to develop a scale to operationalise and validate our multidimensional workplace complexity construct. Specifically, we will map all the components of workplace complexity (personal and job characteristics, work experience, work knowledge and life experiences) onto the questions included in the APS State of the Service Census 2015 that tap into these variables (<http://data.gov.au/organization/australianpublicservicecommission>), as shown in Table 1. The full APS State of the Service Census questionnaire with all the details is available at <http://www.apsc.gov.au/about-the-apsc/parliamentary/state-of-the-service>.

Table 1: Workplace Complexity and Sample Measures

Dimensions	Sample Measures from APS State of Service Census 2015
Personal Characteristics (PC)	#1 Gender, #2 Age, #10 Education, #12 Indigenous, #13 Disability #14 Non-English speaking background
Job Characteristics (JC)	#3 Location (State) #4 Location (Capital) #5 Classification Level (Substantive), #7 Classification Level (Current) #11 Employment Category (Ongoing, Part-time, Casual, Others) #16 Type of work, #19 Number of employees in work-group #31 Hours worked per week
Work Experience (WE)	#6 Tenure (Substantive), #8 Tenure (Total), #9 Tenure (Current)
Work Knowledge (WK)	#38, 39 Organisation Citizenship Behaviours (OCB) #51 Performance Expectations, #52 Performance Evaluation #56 Training Effectiveness, #57 Training Days (last 12 months)
Life Experiences (LE)	#15 Carer Responsibility, #17 Job Satisfaction #18 Attitude towards workplace & colleagues, #22 Work Environment #24 Work-group culture, #33 Work-Life Balance, #35 Job Stress

DISCUSSION AND IMPLICATIONS

This research would help identify and validate the dimensions underlying workplace complexity, the next frontier in organisational behaviour and management strategy research, brought into focus due to the rapid technological developments and changes in organisation structures and work processes in modern organisations. Our findings will have particular implications for public sector organisations because of their conventional focus on promoting diversity rather than its impact on organisational performance. A natural extension of this study would be a look at the antecedents and outcomes of workplace complexity, in order to provide a proper nomological network for this construct that would help assess its predictive validity. We hope that future research would include our workplace complexity scale to help generalize our findings and pave the way for a general theory of workplace complexity.

REFERENCES

- Bassett-Jones, N. (2005) The paradox of diversity management, creativity and innovation. *Creativity and innovation management*, 14(2): 169-175.
- Bunderson, J. S. & Sutcliffe, K. M. (2002) Comparing alternative conceptualizations of functional diversity in management teams: Process and performance effects. *Academy of management journal*, 45(5): 875-893.
- Chi, N.-W., Huang, Y.-M. & Lin, S.-C. (2009) A double-edged sword? Exploring the curvilinear relationship between organizational tenure diversity and team innovation: The moderating role of team-oriented HR practices. *Group & Organization Management*, 34(6): 698-726.
- Cox Jr., T. (2001) *Creating the multicultural organization: a strategy for capturing the power of diversity*, Jossey-Bass.
- Cox, T. H. & Blake, S. (1991) Managing cultural diversity: Implications for organizational competitiveness. *The Executive*: 45-56.
- Gonzalez, J. A. & Denisi, A. S. (2009) Cross-level effects of demography and diversity climate on organizational attachment and firm effectiveness. *Journal of Organizational Behavior*, 30(1): 21-40.
- Guillaume, Y. R. F., Dawson, J. F., Otaye-Ebede, L., Woods, S. A. & West, M. A. (2015) Harnessing demographic differences in organizations: What moderates the effects of workplace diversity? *Journal of Organizational Behavior*, DOI: 10.1002/job.2040.
- Horwitz, S. K. & Horwitz, I. B. (2007) The effects of team diversity on team outcomes: A meta-analytic review of team demography. *Journal of management*, 33(6): 987-1015.
- Jackson, S. E., Joshi, A. & Erhardt, N. L. (2003) Recent research on team and organizational diversity: SWOT analysis and implications. *Journal of Management*, 29(6): 801-830.
- Jehn, K. A., Northcraft, G. B. & Neale, M. A. (1999) Why differences make a difference: A field study of diversity, conflict and performance in workgroups. *Administrative science quarterly*, 44(4): 741-763.
- Joshi, A. & Roh, H. (2009) The role of context in work team diversity research: A meta-analytic review. *Academy of Management Journal*, 52(3): 599-627.
- Kochan, T., Bezrukova, K., Ely, R., Jackson, S., Joshi, A., Jehn, K., Leonard, J., Levine, D. & Thomas, D. (2003) The effects of diversity on business performance: Report of the diversity research network. *Human resource management*, 42(1): 3-21.
- Kossek, E. E. & Lobel, S. A. (1996) *Managing diversity: Human resource strategies for transforming the workplace*, Blackwell Business Cambridge, MA.
- Lau, D. C. & Murnighan, J. K. (1998) Demographic diversity and faultlines: The compositional dynamics of organizational groups. *Academy of Management Review*, 23(2): 325-340.

- Lyons, S., Urick, M., Kuron, L. & Schweitzer, L. (2015) Generational Differences in the Workplace: There Is Complexity Beyond the Stereotypes. *Industrial and Organizational Psychology*, 8(3): 346-356.
- Milliken, F. J. & Martins, L. L. (1996) Searching for common threads: Understanding the multiple effects of diversity in organizational groups. *Academy of management review*, 21(2): 402-433.
- Pitts, D. W. & Wise, L. R. (2010) Workforce diversity in the new millennium: Prospects for research. *Review of Public Personnel Administration*, 30(1): 44-69.
- Podsiadlowski, A., Gröschke, D., Kogler, M., Springer, C. & van der Zee, K. (2013) Managing a culturally diverse workforce: Diversity perspectives in organizations. *International Journal of Intercultural Relations*, 37(2): 159-175.
- Stevens, F. G., Plaut, V. C. & Sanchez-Burks, J. (2008) Unlocking the benefits of diversity all-inclusive multiculturalism and positive organizational change. *The Journal of Applied Behavioral Science*, 44(1): 116-133.
- Wegge, J., Roth, C., Neubach, B., Schmidt, K.-H. & Kanfer, R. (2008) Age and gender diversity as determinants of performance and health in a public organization: the role of task complexity and group size. *Journal of Applied Psychology*, 93(6): 1301.
- Williams, K. Y. & O'Reilly III, C. A. (1998) Demography and Diversity in Organizations: A Review of 40 Years of Research. *Research in organizational behavior*, 20: 77-140.
- Youst, C. (2015) Managing today's workplace complexity: A necessity for competing in the talent war. *Corporate Real Estate Journal*, 4(2): 147-155.