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Diversity Perceptions in the UK Retail Industry: A Case of Tesco

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ABSTRACT
It can be argued that exponential technological changes like the emergence of artificial intelligence, machine learning, internet of things (IoT) etc. retailers around the world are facing continuous challenges in keeping their business model updated and relevant for sustainable business growth and profitability. This study investigates whether diversity in the workforce plays a significant role in sustaining an organization. A survey was conducted to gauge the perceptions of employees in one of UK's leading retailers - Tesco, and what they thought of a heterogenous workforce on its impact on creativity, innovation, team cohesiveness, and branding of an organization's image. While majority agree that diversity in the workforce significantly improves the work culture and customer service, a reasonable minority feel otherwise. The findings of this research can be beneficial to students trying to understand the impact of Inclusion, Diversity, and Equity on organizations, employees in the retail industries, government and other private industry stakeholders.

1. INTRODUCTION

The business environment is constantly changing and facing huge challenges from disruptive technological innovation like artificial intelligence and machine learning techniques (such as the popular ChatGPT and GPT-4). What is looking like a sound business proposition today is becoming irrelevant and out of date the next day. Hence, staying relevant is inevitable and one of the major concerns for all businesses across the world. Arguably without an agile workforce, organizations would not be able to cope with the pace of change due to technological and social dynamics. Productivity enhances when people from a diverse social, cultural, and ethnic background are combined to perceive things differently, think out-side the box, and develops unimaginable problem-solving capabilities. Diversity of the workforce can contribute enormously to achieving business strategy aspirations (Syed & Ozbilgin, 2015). It has been argued that dramatic increase of workforce diversity in practice among different organization across the globe is influenced by wider believe that diversity has overall positive impact (Goode, 2014; Abidi et al., 2017). In an empirical study Craddock et al (2018) found that diversity leads to positive results for a company. Hughes (2015) mentioned that key to attainting sustainable competitive advantage is diversity which boosts innovation and creativity. Empirical study on workforce diversity showed that not only diversity enhances companies' human resources by attracting qualified personnel from different background it also increases creativity, better problem-solving ability, innovation, create harmony and boosts effectiveness and efficiency (Foma, 2014). It is argued that diversity ensures long-term benefit for an organization and competitive advantage by attracting a wider talent-base for any opening position within that organization since applicants believe that their uniqueness, cultural, ethnic, or even personal differences would be respected and valued there. From employee management perspective lesser cost to racial discrimination management, enhanced problem-solving abilities, more access to global workforce base, higher problem-solving capabilities etc. are distinctive features of diversified workforce (Hughes, 2015). Ely & Roberts (2008) pointed out that diversity management drives organizations to shift its priority of maintaining a homogenous staff base to taking consideration of inter-group and interpersonal dynamics so that workforce delivers efficiency, innovation, and excellence in their performance. Hence, diversity should be taken as a source of innovation, resilience, and competitive advantage by organizations. Thus, it is paramount to maintaining a supportive organizational environment to have diversity flourish.

Klein & Harrison (2007) claimed that having a diverse employee base compared to a homogenous one induces conflicts and reduces group cohesiveness. Other researchers have also argued that diversity increases negative professional behavior like ostracism,

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discrimination, and derogation (Byrd & Scott, 2014). It is worth evaluating how diversity relates to attainment of competitive advantage among other business performance metrics (Cletus et al, 2018).

The rest of the paper is structured as follows: Section 2 briefly mentions the background and literature review followed by the research methodology in Section 3. We provide analysis and discuss our findings in Section 4 followed by the conclusions.

2. Literature Review

According to Gardenswartz & Rowe (2003), diversity comprises of four layers i.e., personality, internal, external, and organizational layers. The personality layer forms with individual beliefs, choices, values etc. and shapes at an early stage of an individual's life. People generally do not have control over the internal layer such as the person's physical identity and skin color. However, one might have some control over the external aspects of diversity like religion, personal habit, educational background, and appearances. With regards to the organizational layer, this can be shaped by organizational politics, policies, environment, work culture and setting. This model suggests that there are both visible and invisible aspects of diversity which should be acknowledged and appreciated by an organization in their policy formation and implementation (Point & Singh, 2007).

Macdonald (2004) suggested that workforce diversity means forming a team of people who are coming from different cultural orientation, belonging to ethnic or minority groups, and most importantly not from one group of people with similar cultural identity. Moreover, others claimed that along with culture, language should be considered as a major diversifying factor i.e., a workforce would be regarded as diverse if employees can speak a range of languages. But Rice (2010) broadened the scope of diversity by arguing that diversity should not be limited to one aspect or area but rather be accommodative of all characteristics of human beings: from demographic position to racial and cultural backgrounds. So, from organizational point of view, diversity is realizing the presence of individual differences, creating an inclusive culture, having required policy in place and exercising those policies in operational level (Barak, 2011).

Loden & Rosener (1991) introduced in their study the concept that diversity can be evaluated from primary and secondary dimension. They explained that obvious individual differences like race, age, sex, ethnicity, distinctive mental and physical capabilities etc. are part of primary dimension which are mostly regarded as only aspects of diversity. However, secondary dimension of diversity which comprises of geographic location, difference in educational background, work experience, social statuses etc. are similarly significant. In other words, primary dimension of employee diversity is visible whilst secondary dimensions are invisible (Rice, 2010).

Allard (2002) expanded Loden & Rosener's diversity dimension concept and suggested that there are six characteristics of primary diversity dimension and eleven of secondary diversity dimension. As for the primary ones, the author gives examples of race, ethnic heritage, gender, age, sexual orientation, mental as well as physical abilities and characteristics. Primary dimensions are inherently related to human beings' intrinsic characteristics and individual has limited or no ability to change those. On the other hand, secondary dimensions could be changed over time. The eleven characteristics of secondary diversity dimension listed by the author include religion, language, income level, education, work style, experience, style of communication, geographic location, family status, and level/position in the organizational hierarchy among others.

Rijamampinina & Carmichael (2005) added one more dimension to the existing primary and secondary dimension and named it as 'tertiary dimension'. Tertiary dimension covers invisible aspects like individual values, perceptions, feelings, assumptions etc. which are largely ignored by organizations. Maier (2002) identified 38 probable dimensions of diversity and argued that the list is not exhaustive.

In the remaining sections, we take one of the leading retailers in the UK as our case study. Tesco's leading position in UK retail industry and highest market share for a prolonged period is reflective of its greater customer satisfaction, connection, and loyalty (Harries et al, 2019).

Tesco states in its strategic report that the "differences in our staffs are our strength because diversity and talent are two sides of the same coin" (Tesco, 2018). This indicates that the company values individual differences and invests in them to reach their full potential to attain company's strategic priorities.

3. Research Methodology

For this research, mixed method would be adopted i.e., both qualitative and quantitative method will be deployed. A simple random sampling is adopted for selecting Tesco employees who would be representative of the whole organization. This technique is beneficial for this study in terms of flexibility, convenience, and cost implications. For upholding ethical principles, identity of the primary data providers is kept anonymous and collected information is confidentially used for only research purposes. The participants were not influenced in any means to share internal and restricted information that cannot easily be available to the public.

Primary data collection for this research was conducted through a survey among Tesco employees. A questionnaire set with 15 closed-ended questions were set and distributed among the target participants. The questionnaire (both in hard copy and soft copy over email) were distributed among 50 Tesco staffs and employees of different levels.

A total of 35 responses were received which were carefully compiled and analyzed.

The impact of workforce diversity is a common and widely studied concept and there are numerous theories and concepts regarding the impact of diversity in organizational performance, profitability, and business growth. Hence, based on existing theories evaluation, analysis of gathered primary and secondary data, the study will derive reasonable conclusions.

4. Analysis and Discussions

The following table outlines the age categories of the participants.

Table 1: Respondent's Age distribution

Age Category	Number of Participants	Percentage (%)
Below 18	0	0%
18-25	13	38%
26-35	12	33%
36-45	7	19%
45 or above	3	10%

It can be noted that none of the participants were less than 18 years old. The survey had 17 male participants against 18 female ones. None identified as belonging to the LGBTQ+. From the sample obtained, a diverse group of Tesco's employees were surveyed. Of the 35 participants, 8 identified as White, 7 as Black, 7 as Asian, 5 were from mixed races, and 8 identified as others or chose not to disclose their ethnic background. Figure 1 below highlights the cultural diversity of the participants.

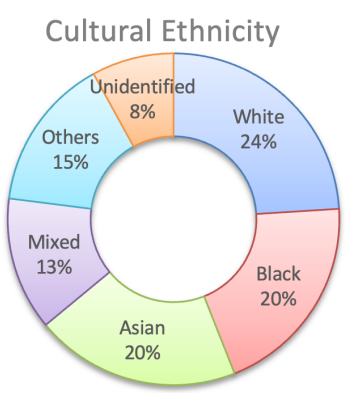

Fig. 1 Cultural Background of Participants

The participants opinion on interconnectedness of innovation and workforce diversity was sought. Over one third of the respondents believe that there is a strong connection between organizational innovative initiatives and diversified workforce. 51% of the participants ranked this question as between good and excellent, and about 41% felt that there was only a fair connection between the two. 8% felt there was poor to no connection between innovation and diversity in the workforce.

When it came to the impact of diversity in organizational culture, environment, and inter-organizational relationships, 37% of the participants strongly agree that diversity has a direct impact. Another 41% of the respondents also agree that there is direct a relationship between the two components. This makes an overwhelming majority of 78% that feel that their diversity is important to sustain any organization. The other 22% of the respondents are mostly not sure whether there was any connection or not.

The participants were asked whether they feel a diversified workforce enhanced organizational creativity. After reflecting on their daily work experiences and finding creative solutions for work related challenges, 80% of the participants believe there is a good to excellent connection between the two.

When asked to share their view on work-related conflicts between a group of heterogeneous, over half of the respondents thought that having a diversified workforce from different ethnicity and cultural identities raises more chance of conflict, disagreement, and dissatisfaction. Around one fourth of the participants mentioned that they do not have any observation in this regard, whilst the remaining one fourth of the respondents disagreed with the fact that diversity increases work-place conflicts.

On whether a diversified workforce is promotes coherence and integration in the organization, about half of the responses (i.e., 48%) supported this view while near one third of the respondents argued that diversity reduces team coherence and ignites conflict and disintegration. This is in line with the responses received regarding work-related conflicts.

73% of the Tesco participants also believe that due to their ethnicity, different cultural orientation, and dexterity in wide range of languages, they can easily and conveniently get connected with their customers and can ultimately provide better customer service. The following table shows the distribution.

Table 2: Diversity linked to Enhanced Customer Service

Options	Percentage (%)
Strongly agree	25%
Agree	48%
Neutral	24%
Disagree	3%
Strongly disagree	0%

Tesco participants also believe that a diversified workforce has a competitive advantage over their rivals without one. An astonishing 89% of responses supported that a heterogeneous workforce could offer significant competitive advantage over a rival with homogenous employee base. Only 3% disagrees see no connection between diversity and competitive advantage. The results are shown in figure 2 below.

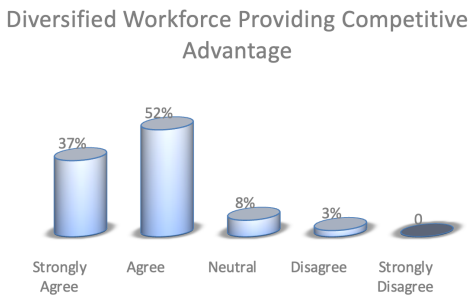

Fig. 2 Competitive Advantage in a Diversified Workforce

On whether a heterogeneous workforce improves the brand image of a company and other stakeholder's perception of the organization, 72% of the participants agree. 18% disagree while 10% are not sure if there was any connection between the two.

5. Conclusion

This study argues that organizations may enjoy significant competitive advantage because of its multi-cultural and diversified workforce. This study finds that due to its heterogeneous employee base, an overwhelming majority of Tesco employees who participated in the survey believe a diversified workforce enhances creativity, innovation, excellent customer service, and strong customer loyalty. A small percentage of the respondents feel there was no connection between a diversified workforce and the brand image of an organization or provide any stronger coherence and integration in the workforce. Rather, this group of respondents feel that a multi-ethnic workforce could be a source of work-related conflicts and team disintegration.

One of the major limitations of this study is the number of participants in the sample. This number could be increased to improve the quality of responses and analysis derived from the same. Also, another limitation is that the research only focused on one retail giant in the UK. A larger sample from multiple competing retailers will serve well in a future research.

In future, we intend to investigate the correlation between well performing retailers in the UK and their inclusion and diversity measures in their top-level management.

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