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Electronic-Business Strategy, Human Resource Diversity Management and Organizational Outcomes

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Abstract:
The study is aimed at developing an approach for examining the relationship between e-business as a management's emerging operational strategy and the management of organization's human resource diversity to produce desirable organizational outcomes. The physical dispersal of human resource under e-business operational strategy may continue to pose specific challenges for managing human resource diversity and may therefore not yield the expected benefits for organizations, except human resource management approach is conscious of certain emerging challenges and create an organizational culture that impact positively on diverse groups. Ten questions which constitute challenges are posed in the study. A conceptual model of e-business strategy and human resource diversity management were constructed to suggest how e-business can connect with human resource diversity management (positively or negatively) to bring about positive or negative organizational outcomes. The study concluded that a performance enhancing organizational culture would synergize with e-business operational strategy to produce positive organizational outcomes of high performance, low turnover intention and greater employees' satisfaction. On the other hand, a performance inhibiting organizational culture would limit extensively the potential of e-business operational strategy in producing the same outcomes.

Keywords: e-business, human resource diversity management, organizational culture, operational strategy.

1. Introduction

According to Andam (2003), e-commerce and e-business are becoming necessary components of business strategy and catalyst for economic development. As a positioning strategy, organizations are increasingly adopting e-business as means of identifying emerging opportunities and utilizing the necessary human capital skills like human talent to make the most use of these opportunities. Electronic has been used to drive business and commerce since 1960. The proliferation of electronic technologies like internet and intranet had led to a paradigm shift from a hierarchical command and control organization to an information based organization. Commerce (that is, buying and selling) and ways of doing business, management process, accomplishment of task are all carried out in contemporary times mediated by electronic technology.

Since early 1990s also, diversity and management of human resources had been a concern to management scholars and practitioners because of the demonstrated effects it has on cooperation, cohesion, conflict among employees and ultimately the optimal utilisation of employees, and the effects of all these on organizational performance, including the bottom line.

The rate of adoption of different digital media all over the world is alarming both for internal business and commerce. At another level, and responding to organization's adoption of e-business, there had emerged peculiar diversity different from the traditional, demographic factors of race, ethnic, sex, education or status. Information held, educational attainment (polytechnic vs university graduates in Nigeria), are emerging diversity issues. Even at the secondary-organizational layers of the diversity levels, the issues within them are widening. For instance, knowledge or lack of knowledge of electronic technology could be a factor for status/position diversity which could have positive or negative effects in organizational outcomes of performance, satisfaction, profit and turnover intention (TI) depending on how it is managed.

However e-business has been extensively used in business process. In the finance sector for instance, there could be competition for customer through adoption of on-line banking (money transfer, use of point of sales (**POS**) balance check and on-line payment).

In marketing, on-line advertisement, telemarketing, data mining and customer relationship management can be carried out by electronics.

Human resource management functions like recruitment, compensation management, annual leave date and performance measure can be done electronically. Also, virtual workplace or teleworking is made possible mediated through electronic media. E-business has increased the speed by which business is contracted in contemporary time (Bartels, 2004)

In spite of the factor of electronic technology in speeding up business and commerce and also beneficial in re-thinking the organizational business processes, diversity management is of importance to reap the maximal benefits of e-business.

1.1. Statement of the Problem

Many organizations are increasingly adopting e-business at the corporate level as an operational strategy to: identify opportunities in the business environment; optimally utilize employees; speed up business and bring about improvement in the operational efficiency of the organizations. These are often times wished away or taken for granted by proponents of e-business strategy. These maximal benefits may however, be limited by the manner in which the human resource diversity of the adopting organizations is managed.

The adoption of e-business strategy in management process, in way of doing business and the accomplishment of tasks would engender a new type of diversity that is information knowledge based. Differential values may be placed on diverse employees based on knowledge or lack of knowledge of electronic technology. Promotion, job assignments and compensation (which may not be equitable based on individual contributions) may predicate upon this (knowledge based) type of diversity. Categorization into diverse groups may become evident. These may have negative consequences for team process of team work, supportiveness, cooperation and cohesion and on organization outcomes of satisfaction, performance and turnover intention.

The management therefore needs to consciously create an enabling environment where e-business operational strategy synergises with human resource diversity management that would impact positively on organizational outcomes. Many theories have not looked into the contextual factor of organizational culture to establish a relationship between organization operational strategy and human resource diversity in bringing about the desired organizational outcomes. This gap is what the study wants to fill.

1.2. Objective of Study

The main objective of this study is to develop a framework for examining the relationship between e-business as a management emerging operational strategy and the management of organization's human resource diversity on organizational outcomes. This is further broken down into these specifics.

i. To develop a framework under which e-business relates with human resource diversity management to positively impact organizational outcomes of satisfaction, performance and turnover intention.

ii. To develop a framework under which e-business relates with human resource diversity management to negatively impact organizational outcomes of satisfaction performance, and turnover intention.

2. Literature Review

2.1. Conceptualizing E-Business Strategy, Human Resource Diversity and Diversity Management

Interestingly, both e-business (Wirtz, 2000) and human resource diversity (Kreitner, Kinicki & Buelens, 2002) are very difficult to conceptualise. This is because scholars and management practitioners have not agreed on what constitutes e-business or human resource diversity. So, there is no canonical definition of both concepts.

2.1.1. Electronic business (e-business) Strategy

E-business is often interchangeably used as electronic commerce. While some authors conceive of e-commerce to have some degree of overlap with e-business, some take e-commerce to be equivalent with e-business while some others take e-commerce to be a subset of e-business (Bartels, 2004). A distinction is necessary to differentiate one from the other.

E-commerce consists of all electronically mediated transactions made by an organization with the third party which could be with the suppliers, customers, government or other business. It is broadly defined as the exchange of merchandise (whether tangible or intangible).

E-business is taken in this study to be a process of using electronic technologies to conduct the business of a business. In other sense, it is using electronic technologies in running the operations of an organization. The operations that may include, sales and marketing, human resource management, research, supply chain management, research and development and business strategic management. E-business is carrying out the tasks, activities or operations of the business electronically and exchanging the products or services of such tasks or operations to customers who could be another business outfit or direct customers, and which could involve procurement of resources or selling directly to customer or customer's customer.

The essential elements of e-business include: the use of electronic technologies/ digital technologies in the operations of the business like e-banking, outsourcing, e-recruitment, e-procurement, e-taxation and so many others; exchange of the service or products of such operations also electronically (e.g balance check) on both electronically and physical contact.

As an operational strategy e-business is used by the organization management to improve its operational efficiency and integrate its business activities and processes. E-business strategy is therefore, both an organization management corporate strategy for planning business and carrying out its operations for competitive advantage and offer qualitative services to the customers.

2.1.2. Human Resource Diversity (HRD)

It is the differences and similarities in the people of a given organization based on particular attributes that could be demographic (age, sex, ethnic, race, education, family background, position held); information or knowledge held (like technical) and the value held by diverse groups in an organization (Kreitner, Kinicki & Buelens, 2002; Harrison and Klein, 2007).

Human resource diversity is rarely defined in the literature. This is because the meaning is assumed to be clear to everyone and due also to the interchangeability of the concept with such terms like "heterogeneity", "differences", or "dissimilarity". Harrison and Klein (2007) definition is adapted here. They define diversity as the distribution of differences among members of a unit (organization, department, or any collectivity) with respect to common attribute '**X**' such as ethnicity, tenure, task or attitude.

2.1.3. Diversity Management
Diversity management is a process put in place by organizational management (Idowu, 2009) to create an enabling environment and opportunities to elicit or evoke organizational members potential directed towards organizational success (Kreitner, Kinicki & Buelens, 2002). It involves fostering employees' commitment that drive them toward high performance necessary for organization success and creating opportunities for organizational members to meet their full potentials (Abdullah, 2005; Matanmi, 2005; Kreitner et al, 2002).
Diversity management just like e-business is a corporate level strategy for establishing high performing work systems: a strategy for retention of talented diverse workforce, and competing fairly well in the globalized market.

2.1.4. The Benefits of E-business Strategy and Diversity Management
Organization that adopts e-business as operational strategy may do so for many or all of the reasons listed below:
Positioning strategy. Organization position itself so as to have competitive advantage vis-a-vis its competitors.
Market penetration. To penetrate the global market and expand its global market shares.
Survival strategy in the face of the global competition so as not to face extinction.
The need to offer qualitative products and services to customer so as to retain them and attract new ones, are also factors for adopting e-business strategy.
The need to establish closer relationships with both the existing customer and suppliers so as not to lose them to competitors
The need to reduce the burden of personal/physical contact with customers such that there is reduction in time of service and the attendant cost of time, energy and other resources.
Digital Darwinism is also a factor; organization that does not tend towards information technology revolution demand may not be able to compete fairly well in the contemporary information era and may likely be consigned to extinction.
 The opportunities attending on the adoption of e-business strategy (Andam, 2003)can be summarised as follows:
  i. It enhances productivity.
  ii. It encourages customers' participation and thereby improves service delivery and customers' satisfaction.
  iii. It enhances mass customization and thereby increases the reach of organization services or products.
  iv. It involves the company identification of opportunities and devolve the organization intellectual resources/talents to seize most of these opportunities through e-business strategy.
Andam (2003) also identified three primary processes enhanced by e-business
Production process: production control like in mass production or assembly plant; ordering or replenishment of stock; processing of payment like e-banking (payment through mobile phone for instance)
Customer focussed process: this includes promotional and marketing efforts, processing customer sales through internet and e-taxation
Internal management processes: this includes employee services, recruiting, video conferencing, and e-training.

2.1.5. Diversity Management
 When the workforce diversity (WFD) of an organization is effectively managed, the accrued benefits to the organization include:
Sales growth (Thompson 1999), sharing of unique ideas Improved productivity and satisfaction (Thompson, 1999; Iverson 2008); Creativity and innovativeness is promoted (Kreitner et al 2002); supportiveness, cordiality, low turnover intention, high self-esteem, high psychological commitment performance, and high employee engagement may also follow diversity management.(Kreitner, et al., 2002).
On the other hand, ineffective management may result in hostility, less teamwork, conflict, open confrontation between employees, employees and supervisors or management clique would develop, performance and productivity are also negatively affected (Kreitner,et al, 2002). Satisfaction, performance and productivity are high and turnover intention (T.I) is low with effective diversity management (DM), while the opposite holds with ineffective management (Idowu, 2009).

2.2. Why E-Business and Diversity Management?
E-business and diversity management are both management strategies for organization competitiveness. The essence on the part of the management is basically economic gains. That is, to utilise and optimise human skills and capabilities with electronic tools to get the best from employees so as to have competitive advantage vis-à-vis the competitors. IBM first used the electronic technology the way it is known today in 1997 to promote and transform its key business processes.(Andam, 2003; Fitcher, 2004;).
A successful organization must continually adjust to emerging technology and strategies. This would enable it to satisfy a wide range of customers otherwise, they (the customers) shift their loyalty to other competitors.
Globalization, change in workforce, demography, privatisation of erstwhile public owned organization, new ways of doing work are factors demanding for managing workforce diversity. As well, revolution in information and communication technology (digital

revolution) and the emergence of both internet and intranet have compelled organization to continually adopt the new electronically driven technology to be competitive and viable.

To engage in e-business strategy is to innovate and therefore satisfy the entrepreneurial behaviour of qualitative and timely delivery of goods and services to existing and potential customers. It is therefore a strategy to widen the customer base. Effective diversity management on the other hand, is to put all hands on deck. It is an operational strategy that elicits or evokes every organizational member's efforts in a committed and dependable manner towards organizational goals. Where e-business and diversity management are well blended in an organization, the resultant effect is an entrepreneurial organization that is well positioned to effectively compete in the industry both in the domestic and international markets.

3. Methodology
A review of the theories and models that explain the relationship between diversity and organizational outcomes was undertaken. The concepts from them were adapted to construct a model that would explain how e-business strategy can connect with human resource diversity management to produce positive or negative organizational outcomes.

3.1. A Review of Existing Theories and Models
No theory has fully explained the dynamics of diversity on organizational outcomes. Building of theories that would explain the influence of human resource diversity on organizational outcomes is on-going. The social- psychological theories and models explain demographic differences and the categorization that attend on these differences. Examples are identity theory attraction theory, similar-to-me effects that explain the primordial differences and association with similar attributes. They explain why people of the same attributes are likely to bond together against others of different attributes. The theories focus on the visible aspect of diversity and not including the complex aspects of secondary and organizational diversity like educational background, the position held, the value held, and knowledge/information held. It does not also take into consideration the diversity type emerging as a result of technology or emerging forms of work like virtual work place or strategic alliance/networking.

Kochan and associate (2002) model is on the relationship between race and gender diversity and business performance. The model focuses on organization context of business strategy, organization culture and human resource policies and practices that work through team/group process (communication, conflict and cohesion) to produce outcomes (performance, satisfaction and turnover). The definition of these situations (policies and process) has consequences for team process and outcomes. The model does not capture all kinds of diversity that may occur in the work place.

Zanoni and Janssens (2003) model approaches diversity as an identity constructing discourse. It focuses on the notion of diversity and not diversity management and organization outcomes. Diversity is seen as management imposed, but the diverse groups, especially the minority groups, resist management construction and construct their own identity.

Fink, Pastore and Reimer (2003) framework of managing diversity distinguishes between compliant and proactive extremes. Organizations that are proactive and manage diversity move from liability to assets. Non-compliant organization faces the threat non-management of diversity imposed. The manner of managing in turning diversity into assets was not extensively exposed. Research conducted using these frameworks posted positive outcomes in some and negative outcomes in others. Klein and Harrison (2007) commented that the conflicting results from diversity research are as a result of in ability to conceptualize and operationalize diversity. It could be added that isolating certain diversity for investigation may proffer answer for non-development of theories and models that can explain the influence of diversity and diversity management on organizational outcomes.

Idowu (2012), reported that individual differences may be too difficult to manage, rather, organizational culture should be the point of departure to explain the differences in the outcomes different organizations are experiencing. He proposed two broad organizational cultures: performance enhancing and performance inhibiting that would produce opposing (positive or negative) organizational outcomes. This can be adapted to the conditions under which diversity in context would produce any of the outcomes with the adoption of e-business strategy. The model is therefore adapted in this study to build a framework that can explain the relationship that e-business can have with diversity management to produce any kind of organizational outcomes.

3.2. The New Model: The Relationship between E-Business and Diversity Management on Organizational Outcomes:
As alluded to earlier both information technology revolution and the paradigm shift from equal employment opportunities (EEO) and affirmative action (AA) to diversity management (DM) all occurred in 1990s. Both are strategies for organization positioning and competitiveness. Adopting e-business would necessarily lead to structural change (Fichter 2003). The structural change would mean job redesign, structural redesign, reengineering, rightsizing or downsizing. This can engender differences in the value placed on people informed by the possession or not of information and communication technology (ICT) knowledge, or on the degree of this knowledge possessed, or based on what each diverse individuals do for the organization.

Information diversity and value diversity may become predominant than the traditional social diversity of age, sex, ethnicity, race or social and educational backgrounds.

If e-business is rethinking the business process to bring about operational efficiency and render qualitative services or produce quality goods for the satisfaction of the consumers, the human resource of the organization is the one to bring this about. Except they are well managed in a cultural setting that promote performance rather than inhibiting it, the likelihood of e-business rendering the benefits attached to it may not be realized.

Adopting e-business requires that certain issues be borne in mind to release the potentials of diverse groups. Some of such challenges are examined in the next section.

3.3. Likely challenges to be faced in managing human resource diversity with the adoption of e–business strategy. The challenges are embedded in the questions posed below.

    i.   Does e-business widen difference among workers and allow for deeper categorization into different groups?
    ii.   Does it allow for employee engagement such that most employees can go extra miles beyond the official hours?
    iii.   Does it allow for supportiveness, collaboration and cohesiveness?
    iv.   Does it facilitate retention especially among the various work groups?
    v.   Does it improve relationship among diverse workforce (demographic, technical, informational and value)?
    vi.   Does it allow for achievement – upward mobility of diverse group (technical, demographic, informational and value)?
    vii.   Does it allow for cohesion; harnessing unique ideas of the diverse groups of the organization?
    viii.   With the work arrangement engendering by e-business, does it allow for fairness, justice and equity in the job assignment, promotion and reward among diverse groups?
    ix.   Does it allow for employees involvement, participation in decision making especially how business is conducted?
    x.   Does it reengineer the inner process of the organization such that organization is still seen as a social entity that need to be combined with the technical aspects for efficiency and effectiveness?

Resolving these challenges depends on the organizational culture enacted by the organization in managing human resource diversity. When the culture is performance enhancing, the likelihood of e-business operational strategy in bringing about positive organizational outcomes (high performance, satisfaction, return on investment and low turnover intention) could be evident. When the culture is performance inhibiting, e-business may engender in the diverse groups less satisfaction, performance that is lower than or not beyond expectation, low return on investment and high turnover intention. The Figures below illustrate these.
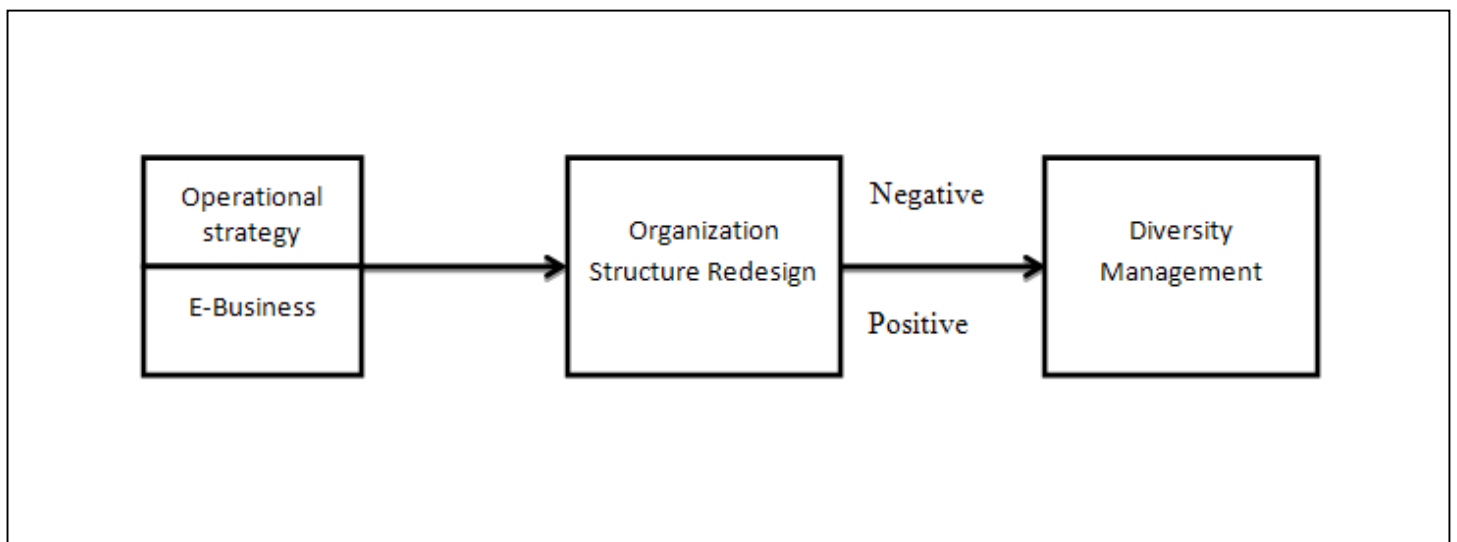

Figure 1: E-Business & Diversity Management
Source: Author (2014)

The Figure is showing the relationships that exist between e-business and diversity management. A change in operational strategy through e-business would lead to structural redesign of the organization; the way of doing business would change. That is, flexi-time and virtual work arrangement can emerge. People may be working from different locations and different values may be placed on them by the management. This demands for greater independence on the part of the workers and greater coordination from the point of view the management. This may have positive or negative effects on treatment of different groups of people and the management of their diversity. This is further illustrated in Figure 2.
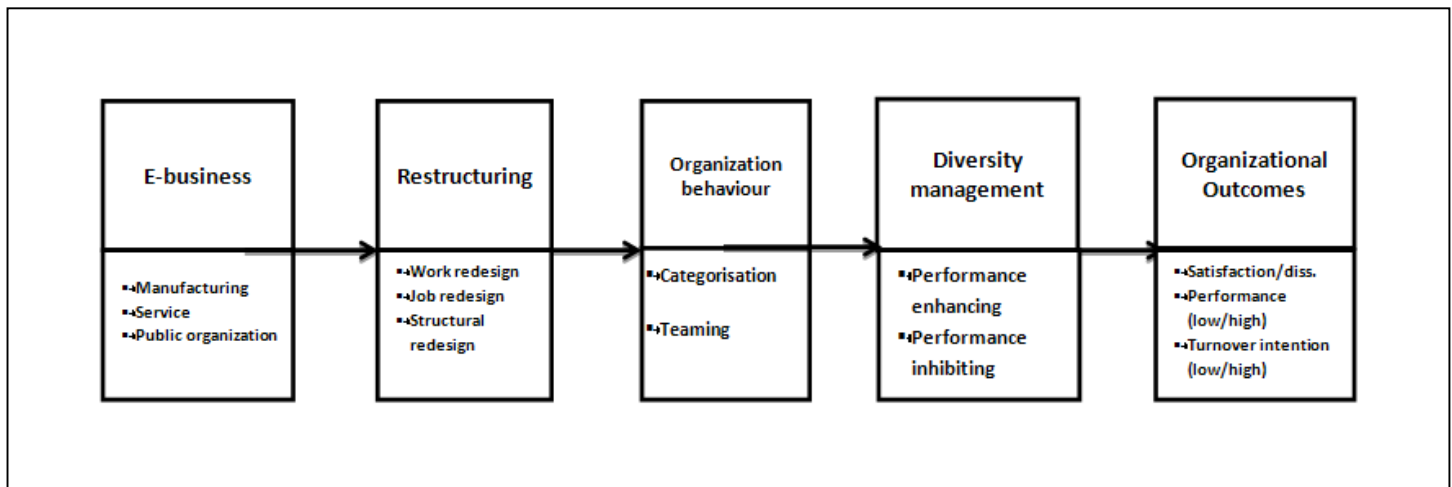
Figure 2: E-Business, Human Resource Diversity and Organization Outcomes
Source: Author (2014)

Adoption of e-business in any sector: manufacturing, service or public sector will demand for business process reengineering; redesigning of work, job, and the structure of the organization would follow the strategy. The workers would demonstrate certain behaviours based on the change in the business processes. The diverse groups either see themselves as different depending on the evaluation they give to the treatment they experience as they carry out their work activities (categorization) or work together (teaming) if they perceive their treatment as fair and equitable. The response of the management would be performance enhancing if it creates an environment where the diverse groups can be what they want to be in so far as they are qualified. That is diverse groups can achieve (get to the peak of their career), get involved in decision making, and are compensated according to their contributions toward organizational efforts and get valued.

On the other hand, human resource diversity management (HRDM) becomes inhibiting if it limits achievement, diverse groups involvement, equity and fairness across diverse groups.

Both performance enhancing and performance inhibiting diversity management strategies have implications for organizational outcomes of satisfaction or dissatisfaction, performance which could be high or low, and turnover intention which could be high or low.

The utility of the framework include:
- For reserchers: The organization context under which e-business will produce any of positive or negative outcomes with the type of human resource diversity management engaged by the organization under investigation has been proposed. With the adoption of e- business strategy, whatever organization outcomes experienced can be explained away from the dominant or prevailing organizational culture by which the diverse human resource of the organization is managed.
- Business Managers: A checklist of ten challenges an organization that adopts e-business strategy can face is given in the study. Managers can check if these challenges are attendant on their adoption of e-business strategy and take corrective measure if it is on the negative and maintain or improve on the status quo if it is on the positive side.

4. Conclusion
The relationship between e-business and human resource diversity management could be two pronged; positive or negative. Adoption of e-business strategy engenders re thinking the business process, repositioning the organization to identify opportunities in the business environment, restructuring and utilizing the human capabilities of the organization to translate these opportunities to organizational fortunes. In most cases, employees may not have physical contacts and the tendency to have differential treatments could be evident. Managerial response especially the organization culture entrenched and the degree of justice and equity experienced by diverse groups would influence their behaviour of supportiveness, teaming, conflict and prevalence of categorization.

E-business strategy maximal benefits can be realised in contemporary workforce diverse organizations if human resource diversity is managed in such a way that the organizational culture is performance enhancing and not performance inhibiting. A performance enhancing organizational culture would synergize with e-business operational strategy to produce positive organizational outcomes of high performance, low turnover intention and high diverse employees' satisfaction. On the other hand, a performance inhibiting culture would limit extensively the potential of e-business operational strategy in producing the same outcomes.

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