

A Study on Impact of Managing Workforce Diversity on Employee Performance in Selected Organizations of India

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Abstract

Managing Workforce Diversity is one of the most emerging issues of today's Human Resources Management strategies. In the past, workforce diversity was considered as both exclusion and inclusion but in 21st century where most of the organizations are following win-win approach; inclusion strategy is most appropriate for increasing employee performance and organizational effectiveness. There is much wider diversity in culture, gender, modes of employment, working generations than ever before.

Because of visible and invisible factors diversity is not uni dimensional (age, race, education, sexual orientation, political belief, prejudice, perception, ethnocentrism etc.) the overlapping of these dimensions must be recognized. It is seen that even political belief is also creating diversity not only to among the employees but among the students also. LGBT (Lesbian, Gay, Bisexual, and Transgender) is one of the emerging dimensions of Workforce Diversity. So it is quite challenging to manage such heterogeneous workforce at workplace. The purpose of this paper is to understand the impact of a well managed diverse organization on its effectiveness and employee performance. The study is explanatory and causal as it is leading a cause – effect relationship between diversity and employee performance.

Key words: Workforce Diversity, Human Resources Management, Inclusion, Competitive Advantage, Perceptions, Prejudice, Ethnocentrism, Heterogeneous, Employee Performance.

Introduction

Workforce is defined as a group of people who work for a particular organization or business and today diversity has been identified as one of the key factor for sustaining competitive advantage. Organizations are experiencing success through diversified work culture by identifying innovated ways of problem solving and facing challenges.

The main purpose of this study is to understand managerial practices as part of human resources practices for managing workforce diversity. The study is done with various aspects of diversity and human resources management.

In general, workforce diversity includes gender, age, religion, race, education or it is heterogeneity with mix of people, where every person is different from another. In this era of globalization, the organizations are far more varied in its composition than ever before. So dimensions like gender, age, religion, race, are not enough to study workforce diversity management. Several other dimensions are added like sexual orientation, disability (mental or physical), beliefs, attitudes, values, emotions, personality, lifestyle, family background, caste, economic class, work style and many more in different researches. It is also observed that a well managed diverse organization can easily sustain, on the other hand an unmanaged and chaotic organization is not able to sustain in competitive environment. The organizations must involve the best practices to manage workforce diversity, e.g. top leadership commitment, diversity linked to performance, measurement (qualitative and quantitative), accountability, succession planning, diversity training etc.

The three types of organizations that focus on the development of cultural diversity, are: the monolithic organization, the plural organization, and the multicultural organization. In the monolithic organization, the amount of structural integration (cultural diversity) is minimal. This type of organization may have minority members but not in positions of leadership and power. The plural organization has a more heterogeneous membership than the monolithic organization and takes steps to be more inclusive of persons from cultural backgrounds that differ from the dominant group. This type of organization seeks to empower those from a marginalized standpoint to encourage opportunities for promotion and positions of leadership. The multicultural organization not only contains many different cultural groups or different

genders, but it values this diversity. It encourages healthy conflict as a source of avoiding groupthink.(CoxT., 1991)

Business houses in India turned their attention towards diversity management initiatives only during the last decade. Various organizations have now started linking ‘diversity’ with their strategic objectives. Especially, the issue of gender diversity, which is narrowly defined as more women participating in the workforce, has been a new trend with organizations going overseas and looking for global reach.(Buddhapriya, 2013)A diverse workforce has been recognized as one of the most important factor for improving the performance of organization as it has both tangible and intangible values.

Review of Literature

As there are different types of employees working in various organizations with different age group, educational background, gender, physical disabilities, regional differences, language difference, social background etc. Hence, when diversity is present in the environment it creates a healthy and professional image. But if diversity is not appreciated in any organization then it has a huge impact on the productivity and efficiency.

Studies Based On Workforce Diversity Management

According to Beechler & Woodward, 2009 Because of rapid global demographic forces, the mobility of people and organizations has been increased immensely and hence, organizations are becoming more complex, diverse and demanding. There is much wider diversity in culture, gender, modes of employment, working generations than ever before.

In the view of Mathis & Jackson, 2009 Diversity Management is proactive and aimed at promoting diverse and heterogeneous workforce because more and more business is realizing that there could be a business benefit for having diversity management programs. The current business focus on diversity is quite different from equal rights legislation and from affirmative/positive action programs. Diversity efforts focus on managing and handling the diverse workforce to give the company a competitive advantage.

Studies based on relationship between workforce Diversity Management & Employee Performance

The exploratory study conducted by Hudson, 2014 shows various ways in which a diverse workforce may contribute to innovation in an organization. He presents theoretical foundation which is based on the definitions of innovation and diversity and the results of existing research on whether a diverse workforce contributes to the innovation of an organization. The testable

propositions were developed and the evidence indicates there is a causal connection between diversity in the workforce and innovation. Diversity in the workforce is in its infancy but has been embraced by many companies who deem it necessary for innovation.

According to (Oditia & Egbule, 2015), Workplace diversity is a multidimensional and multi-faceted concept because of globalization. They conducted a study on effects of workforce diversity on organizational effectiveness in Brewery industry in Nigeria. They used Survey research design, stratified sampling method as well as simple random sampling. It was concluded that there is a positive relationship between the variables of workforce diversity and organizational effectiveness.

Research Methodology

1. **Research design:** This research has included review of literature, well defined objectives and hypotheses & hence it is exploratory and descriptive in nature. To find out the relationship between workforce diversity management practices and employee performance; a questionnaire was developed and categorized into three parts: demographic data, workforce diversity practices and employee performance.
2. **Sampling population:** Random sampling was conducted and a size of 100 employees was selected. 70 employees gave responses to the questionnaire. After filtering process 9 respondents were eliminated. The final sample size was 61 in which 23 respondents were from Infosys, Pune (private sector) and 38 were from Bank of Baroda, Udaipur(public sector).
3. **Data collection:** Data was collected through primary sources (questionnaire) and secondary sources (articles, books, websites, google scholar etc.)
4. **Working Hypotheses :**
Ho: There is no significant relationship between workforce diversity and employee performance.
Ha: There is a significant relationship between workforce diversity and employee performance.
5. **Descriptive statistics:** As in this research Likert Scale containing ordinal data has been used; descriptive statistics like mean, standard deviation can't be applied. Frequency distribution of responses will likely be more helpful.
6. **Data analysis:** Reliability analysis was done applying cronbach's Alpha test to determine if the questions are yielding the kind of information that is needed. Data analysis has been with the help of frequency distribution table.

Findings and results

Among 61 respondents from different geographic places (e.g. Udaipur and Pune) following table is a quick glance about demographic characteristics.

Demographic Variables		Frequency	Percentage
1. Gender	Female	35	57.4%
	Male	26	42.6%
	LGBT	0	0
2. Marital Status	Unmarried	20	32.8%
	Married	41	67.2%
	Others	0	0
3. Age	21-30 Years	30	49.2%
	31-40 Years	27	44.3%
	41-50 Years	2	3.2%
	More than 50	1	1.3%
4. Religion	Hindu	59	96.7%
	Muslim	0	0
	Christian	0	0
	Others	2	3.3%
5. Category	General	42	68.3%
	OBC	13	21.7%
	SC	6	10%
	ST	0	0
6. Education	Graduation	21	34.4%
	Post Graduation	36	59%
	Others	4	6.6%
7. Mother Tongue	Hindi	40	65.6%
	Marathi	10	16.4%
	Gujarati	3	4.9%
	Others	8	13.1%
8. Physical Disability	Yes	0	0
	No	100	100%
9. Type of Organization	Private	23	37.7%
	Public	38	62.3%
10. Tenure	1-10 Years	52	85.2%
	11-20 Years	6	9.8%
	21-30 Years	2	4%
	More than 30 Years	1	1%

Table 1.1 Demographic characteristics of respondents

To study the demographic characteristics of the respondents; ten variables were included. Among the respondents 57.4% are female and 42.6% are male. Maximum respondents 49.2% are

from age group between 21-30 Years. 59 % respondents are postgraduate and 34.4% are graduate.

Independent variable

Diversity Management Practices: When it was asked to respondents that if they feel any kind of discrimination during recruitment process; 47.5% respondents were strongly disagree. 33.3% respondents strongly agree about with the equal opportunities of learning during induction, orientation, training and development program.

A mixed reaction of respondents was observed when it comes about discrimination during promotion and transfer. The following graph depicts the frequency distribution:

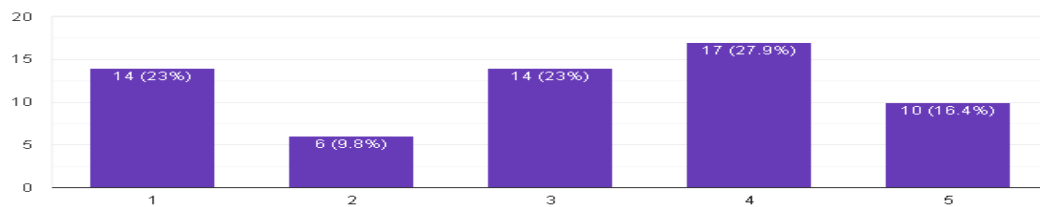


Figure1.1 Frequency distribution of respondents for discrimination during promotion and transfer

41% of respondents have the access to information irrespective of caste, religion, category, sexual orientation, physical disability, cultural background, experience etc. 36.7% respondents feel neutral about special activities to motivate diverse workforce. 23.3% respondents feel that they are equally treated by top management. 28.3% respondents are agree and satisfied with open door policy for reporting discrimination. 32.2% respondents feel strongly agree with the commitment of organization for creating an inclusive and harmonious environment. Again about the chaotic environment within the organization a mixed response was observed:

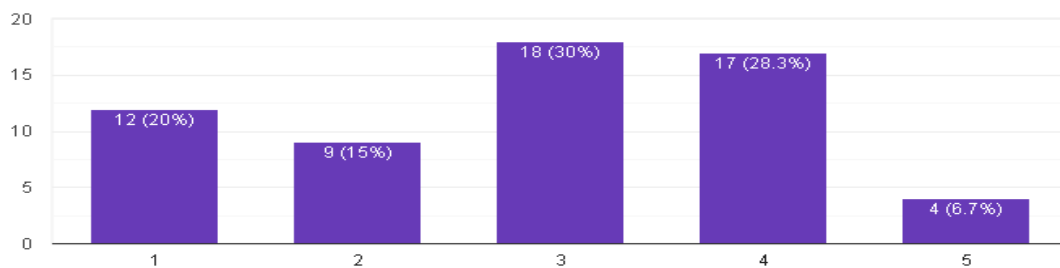


Figure 1.2 Frequency distribution of respondents for chaotic environment within the organization

25% respondents are strongly agree that they are benefitted by workforce diversity management practices running by the respective organization:

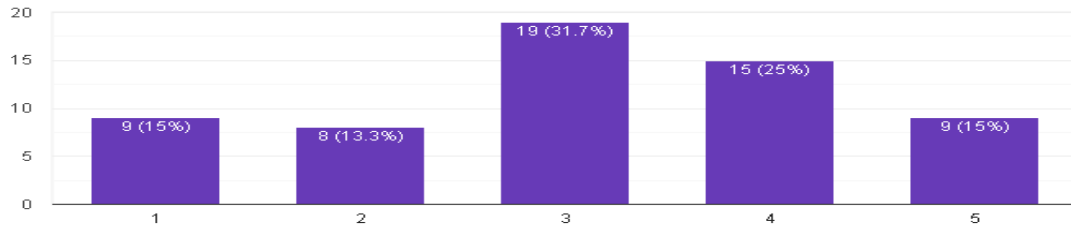


Figure 1.3 Frequency distribution of respondents for if they are benefitted from WFD management practices

Dependent variable

Employee performance: 63.3% respondents complete their assigned duties and projects on time and 49.2% respondents always feel self motivated to complete their work on time. 50.8% employees help other employees to complete their work. Respondent gave mixed reaction about readiness of working in a flexible schedule:

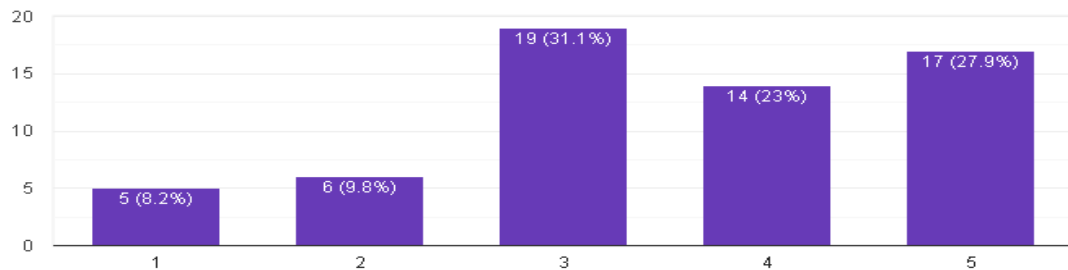


Figure 1.4 Frequency distribution of respondents about readiness of working in a flexible schedule

60.7 % respondents understand their job requirements and responsibilities fully. 44.3 % respondents feel that they are multi tasker and enthusiastic employee of the organization. 60% respondents rate their absenteeism rate lower and 50.8 % rate their loyalty high towards their organization.

Conclusion

There is a significant relationship between employee performance and workforce diversity management practices in selected organizations (e.g. Infosys and Bank of Baroda) of India. Generally dimensions of diversity depend on the location of industry or organization. If diversity

is well managed it can improve organizational effectiveness but if it is not very well managed, it can go against productivity and effectiveness.

India is the most diversified country in the world. So it is quite challenging to manage diversity because of its diverse culture, geographical factors, religions, legislations etc. The other reason why India is facing diversity issue, because of more and more global companies are showing their interest in locating their operations and business in India. Some leading Indian companies like Infosys, TATA, Wipro, HCL Technologies are focusing on dimension physical disability, gender diversity, Gender, disability, nationality, cultural sensitivity, under privileged employees and Gender diversity respectively. Initiatives like 'ASCEND', 'Stepping Stones', 'iBelieve HCL Women Connect', 'Feminspiration', 'BlogHer, WoW(for gender diversity), CREATE(For disabled employees),NGOs/Foundations LEAD and MOSAIC etc are taken by these companies. But it is observed that in India, people are still stick to the old beliefs and still not focusing on diversity management as a critical factor in success of businesses. Managing diversity in multinational companies is becoming a strategic issue but diversity at international level has not been studied effectively. It is observed that some of the MNC's are using cloud based web meeting platform to diminish any kind of discrimination regarding to the diversity issue.

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