

An Empirical Study on Work Force Diversity and Employee Performance

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Abstract – Globalization and technological advancement has brought the people of the world closer together than ever before. Now, a day's organizations are having diverse group of employees in terms of gender, ethnicity, and education background. Managing work force diversity is becoming one of the most important strategic issues for the multinational companies throughout the world. Diversity Management is a process to maintain a positive work environment where the similarities and differences of individuals are valued. The present study identifies to investigate the effect of workforce diversity on employee performance. The data were collected with the help of a questionnaire from 50 respondents working in MNCs in Faridabad city. Hypotheses and conceptual structure have been built depending on the previous studies and the results of the present study that there is statistically significant effect of the workforce diversity toward employee performance.

Keywords: Employee Performance, Workforce Diversity.

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INTRODUCTION

Diversity can be defined as a differentiate groups and people from one another, in which the dimensions can be visible or invisible. The workforce diversity at workplace, indicates that the workplace is heterogeneous in terms of gender, race, and ethnicity, in which employees possess distinct elements and qualities, differing from one another (Buckingham, 2012). In addition to this it is the co-existence of people from various socio-cultural backgrounds within the company. (Kundu and Turan, 1999). Workforce diversity has been becoming an important issue in globalized world, as the organizations are becoming increasingly diverse in terms of their workforce. Diversity in an organization exist when its members differ from one another along one or more important dimensions ((Dora and Keith, 1998). Moreover, there are two dimensions of workforce diversity. Age, ethnicity and culture, gender, race, religion, sexual orientation, and capabilities are a part of core dimension and secondary dimensions include education, status, language, income levels, etc. (Choi and Rainey, 2010). Demographics, competition for talent, marketplace demands and the changing environment call for a diverse workforce. This workforce includes men and women, employees with different backgrounds, younger and older workers, physically challenged workers and other employees who differ from one another. By bringing a greater pool of talent to the workforce, diversity often results with better decision making, better task performance work motivation and knowledge sharing among employees

(Rao and Bagali, 2014). Workforce diversity does not necessarily lead to innovation or competitive advantage. Generally, the serious issues of workforce diversity are discrimination issues in terms of ethnicity and gender, inefficient diversity management, high employee turnover rate, communication difficulties and interpersonal conflicts, negative effect on the organization's profitability, reputation and performance (Weiliang, 2011). The main goal of workplace diversity management is the prohibition of discrimination against individuals, which would cause them to be unfairly differentiated from coworkers. In addition to globalization, diversity has also increased as a result of an increase in women and people with disabilities entering the work force. One of the tasks of managing workplace diversity is to recognize the differences among individuals and provide opportunities and means for individuals to contribute their talents to the organization (Foma, E 2014).

REVIEW OF LITERATURE

The past research on workplace diversity suggests that diversity can be either detrimental or beneficial for workgroup performance (Williams and O'Reilly, 1998). For instance, workgroup diversity is positively associated with creativity and problem-solving skills and negatively related with cohesiveness and cooperation. Good workforce diversity practices in the area of human resources are believed to enhance employee and organizational performance (Bantel, K. A., &

Jackson, S. E.1989). Managing diversity involves integrating and using the cultural differences in people's skills, ideas and creativity to contribute to achieve a common goal, and doing it in a way that gives the organization a competitive edge. Further, there is a strong association between good diversity practices and employee performance (Jayne and Dipboye 2004). Moreover, Wentling and Palma Rivas (2000) study gave that organization having diverse workforce will provide better and superior services because they can understand customers in a better way. It is important for any organization to attain diversified workforce because workforce diversity if managed properly can increase the productivity. Saxena (2014) prepared a model, considering that human resources are an essence for organizations, regardless of its business type. As per the model, workforces can be diverse in terms of age, gender, religion, language, professional qualification, perception, attitude, and geographic region.

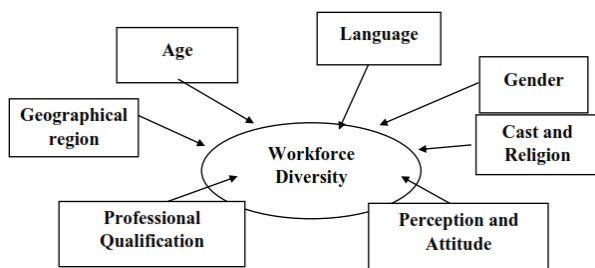


Figure: 1 Model showing Workforce Diversity, Source: Saxena, 2014

Although managing diversified workforce is a persistent need and it is a challenge for any organization. It will be difficult for the organization to employ or manage workforces having different age, gender, language, qualification, religion, perception and region (Saxena, 2014).

Jackson and Joshi (2004) explored that heterogeneity in education level was strongly linked with turnover intention. Wide differences in educational background led to an increase in task-related debates among work teams. In the same way, Knight et al. (2009) found that educational diversity was negatively related to decision-making. It seems that heterogeneous educational backgrounds tend to increase the level of discomfort and conflict that may lead to decreased social integration in teams. In other words, education background diversity can have both advantages and disadvantages for employee performances toward organization. Similarly other variables of workforce diversity like gender, age, language etc. have significant impact on the employee performance.

OBJECTIVE OF THE STUDY

The main objective of the study is to investigate the relationship between various aspects of workforce diversity and employee performance.

RESEARCH DESIGN

For the purpose of present study descriptive cum diagnostic type of research design was adopted. It was descriptive in nature because it is based on the literature already existing in that particular area and it was diagnostic in nature because it is intended to measure the relationship between various aspects of workforce diversity and employee performance.

SAMPLING

The data were collected from a sample size of 50. The respondents were selected randomly from the list provided by the HR department of the organization.

DATA

The data regarding various aspects of diversity and employee performance were collected with the help of a questionnaire. The data related to demographics were nominal in nature and the employee performance was measured on five point scale with the help of ten seven statements.

ANALYSIS AND INTERPRETATIONS

The data collected from the sample is presented in the patterns of results and the analyses of the results done with respect to hypothesis established.

Hypothesis 1

H0 : There is no significant relationship between gender and employee performance

H1 : There is significant relationship between gender and employee performance

Table: 1 Statistics of correlation between gender and employee performance

		Gender	Employee performance
Gender	Pearson correlation	1	.571
	Sig. (2- tailed)		.000
	N	50	50
Employee performance	Pearson correlation	.571	1
	Sig. (2- tailed)	.000	
	N	50	50

From the table above, it can be inferred that there is positive relationship between gender and employee performance because the value of coefficient of correlation appeared to be positive. The gender is showing a value of .571 with the employee performance variable. The value of coefficient of correlation (r) falls under the range of ±0.50 to ±0.75. Therefore, the strength of relationship between gender and employee performance is moderate one. Moreover, the

relationship between these two is significant. It is because the p-value 0.000 is less than alpha value 0.01. Therefore, null hypothesis (H0) is rejected and alternative hypothesis (H1) is accepted.

Hypothesis 2

H0 : There is no significant relationship between age and employee performance.

H1 : There is significant relationship between age and employee performance.

Table: 2 Statistics showing the results of correlation between age and employee performance

		Age	Employee performance
Age	Pearson correlation	1	.018
	Sig. (2- tailed)		.318
	N	50	50
Employee performance	Pearson correlation	.018	1
	Sig. (2- tailed)	.318	
	N	50	50

As it can be seen from the above table the correlation coefficient has a positive value of .018. The relationship is positive but the strength of relationship is weak because it lies in the range of from ± 0.01 to ± 0.25 . Therefore, the relationship between age group and employee performance is slight, almost negligible. The relationship between age and employee performance is not significant. Because the p-value 0.318, which is more than alpha value 0.01. Therefore, null hypothesis (H0) is accepted showing that the relationship between age group and employee performance is not significant

CONCLUSION

Workplace diversity is very crucial in today's globalized world. In this world of globalization no organisation would survive without workforce diversity. It is the responsibility of the management to critically evaluate the pros and cons of workforce diversity in their organization and utilize the benefit of it for the betterment of organisation. Management in any business should focus and prioritize diverse hiring due to the many benefits that diversity provides. As it can be seen from the above results, workforce diversity and employee performance in an organization have a positive relationship. The objective of the study is achieved with the results. As, the workforce diversity becomes one of most significant ways to evaluate employee performance in an organization. Therefore, to examine the relationship between the two is very significant and crucial.

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