

**Impact of Workforce Diversity on Employee Performance with Special Reference to
IT, FMCG & Telecom industry in Gujarat**

Abstract

With an easy access to technology and an easier availability of most of the resources, the only thing that can distinguish one organisation from another is its manpower. Organizations with Human capital advantage can always succeed in achieving their objectives as they consider employees as their ultimate strength and believe that investment on employees is definitely going to give high returns and help them achieve the ultimate objective. Organizations constantly strive to find and understand various ways and means of increasing employee productivity and performance and one such technique which is being practiced now a days is recruiting and managing a diverse workforce. Workforce diversity refers to employees with different Age , Gender , Ethnicity , Caste , Colour , Race , Religion , Culture , disability , personality traits , Work Experience, Region and similar related things. Acknowledging, understanding, accepting, valuing, and celebrating these differences refer to managing workforce diversity. After investing on and managing workforce diversity there has always been a debate whether there has been a significant impact of workforce diversity on employee performance .When employees with diverse background work together does it really impact their performance or that there is no significant impact of the same. To find out the same a research has been carried out to study the impact of workforce diversity on employee performance. Seven factors were identified for study .Age diversity , Gender diversity, Organizational tenure diversity , Educational diversity ,work experience diversity ,Religion diversity & Region diversity . The study has been conducted on a sample of 595 employees in Ahmedabad, Baroda, Surat & Rajkot in IT, Telecom & FMCG industry. Exploratory as well as Descriptive research has been used for the study. Industry practitioners and academicians were contacted under exploratory research and employee survey was carried out under descriptive research. Data Analysis has been done using SPSS and AMOS. Hypothesis testing, Exploratory Factor Analysis & Confirmatory Factor Analysis has been used to achieve the objectives of the study. The findings of the study reveal that Age diversity ,Organizational Tenure diversity , Educational background diversity ,work experience diversity has an impact on employee performance where as Gender diversity, Religion diversity and Regional Diversity does not have an impact on employee performance. Industry specific study

reveals that In Telecom Industry Educational diversity and Work experience diversity has an impact on employee performance where as Age diversity , Gender Diversity , Organizational tenure diversity ,Religion and Regional diversity do not have any impact on employee performance. In IT Industry Age Diversity , Educational diversity , Tenure diversity and work experience diversity has an impact on employee performance where as Gender diversity ,Religion diversity and Region diversity do not have any impact on employee performance. In FMCG industry Age Diversity ,Educational diversity , Tenure diversity and work experience diversity has an impact on employee performance where as Gender diversity , Religion diversity and Region diversity do not have any impact on employee performance.

State of the Art of the Research Topic

- Weling et al (2011) revealed the fact that Workforce diversity in terms of Gender, ethnicity, education positively affects the organizational performance, whereas there is no significant relationship between age and organizational performance
- Otiike et al (n.d.) discusses that Diversity is based on health background, Gender, academic qualifications, colour, race, religion affects the organizational performance. Over all, diversity affects the cohesion at KCB bank. Diversity based on demographics and socio cultural differences if not managed well, may affect the organizational performance in a negative manner
- Isabell et al (2006) conducted a survey and found out that Companies with higher level of gender diversity, does not out perform companies with lower levels of the same. So Gender diversity may not impact organizational performance
- Ali et al (n. d) revealed the fact that Firms in service industry may benefit more because of gender diversity as compared to firms in manufacturing industry
- Koshi (2010) summarizes that Diversity in the form of multiculturalism will enhance the performance level of MSMEs
- Henry (2007) presents that no organization in this world of globalization would survive without workforce diversity. It is the duty of the management to critically evaluate the benefits of workforce diversity in their organization. Management should put in place

conditions which would enhance the workforce diversity in their organizations, more especially in their strategies formulation on the diversity of the workforce.

- Deshwal and Chaudhary (2012) discusses that Establishments that employ a more diverse workforce are no less productive than establishments that employ a more homogeneous workforce. Approach to diversity, and not diversity will define the positive or negative outcome of workforce diversity on organizational performance
- Rajkumar et al (2012) mentions that Organizations with diverse employees are better suited to serve diverse external customers in an increasingly global market. Such organizations have a better understanding of the requirements of the legal, political, social, economic, and cultural environments.
- Rice (n. d.) mentions that diversity should be considered as a business strategy to increase the productivity and profit of an organization. Diversity will help to enhance the creativity of an organization and help to gather a variety of thoughts.
- Lindenberger, Judith (2014) says that A diverse body of talent with fresh ideas and perspectives is one of the essential ingredients to a company's long-term success.
- Moreno (2012) conducted a survey of 321 executives and concluded that a diverse workforce is a key driver to innovation. The respondents felt that they had made progress in Gender Diversity but there was not much difference the areas like disability and age. There was a conclusion that hiring process .
- Dike (2013) conducted a survey and the results shows that workplace diversity plays an effective role in some companies. If there is no proper guidance then diversity may lead to low productivity and frustration among the employees. Diversity has to be managed properly for the organizations to attain maximum benefits from the same. She concluded that workplace diversity leads to productivity but if there is lot of discrimination treatment than it may be a backfire.
- Garnero, Rycx (2013) discusses the impact of workforce diversity on wages and productivity of an organization. Three factors were considered as diversity i.e Age, Gender & Education. The conclusion made was that educational (age) diversity is beneficial (harmful) for firm productivity and wages. The consequences of gender diversity are found to depend on the technological/knowledge environment of firms.

While gender diversity generates significant gains in high-tech/knowledge intensive sectors, the opposite result is obtained in more traditional industries. Overall, findings do not point to sizeable productivity-wage gaps except for age diversity.

- Barrington , Troske (2001) portrays that establishments that employees more diverse workforce are equally productive as establishments that have homogenous workforce. In manufacturing firms diversity and productivity are more positively associated. Overall there is no inverse or negative association between diversity and productivity. In general scenario diversity is enhancing the performance of an organization. If an organization wants to or experiments hiring a diverse workforce , its productivity or efficiency is not at risk.
- Mkoji, Sikalieh(2012) revealed the fact that conscientiousness personality traits is the most predictive of job performance as compared to openness to experience, extraversion, agreeableness & emotional stability. Personality traits can be considered as a major criteria to find out the level of job satisfaction and job performance and there by organizational performance. He further recommended to the organization that personality tests should be mandatorily used as a part of recruitment & selection process.
- Cox, Taylor (n d) updates the thinking on a linkage between workforce diversity and organizational performance. He further mentions that failure to manage diversity may lead to high turnover ratio and increasing cost. A diverse workforce is able to cater to a culturally diverse market place .It also increases creativity and innovation He concluded that the relationship between workforce diversity and organizational performance is complex
- Ayub et al (2013) discusses that to address the issues of diversity the most important thing is “ Treat others as you want to be treated”. The organization where the survey was conducted did not fully utilize the benefits of diverse workforce. The heterogeneous population led to varying level of discomfort among the students.
- Ozgen ,Graff (2013)Workforce diversity helps in building creativity & innovation in an organization or sector which is capital intensive. In labour and land intensive sectors, the impact of cultural diversity is not so apparent. Large firms benefit from a culturally diverse groups.

- Encyclopædia Britannica () It states that now a days there is a constant push in organizations to hire a variety of races gender religions & ethnicities. Diversity can help the organization to earn profits and embark on the path of progress and prosperity. Some laws regarding diversity in workplace are Age Discrimination in employment Act, American with disabilities Act ,Equal Pay Act. Those who ignore diversity can be sued in the court of law as well as they can be left behind by their competitors on the basis of creativity innovation and other related areas
- Ehimare ,Oghene (2011) mentions that gender and ethnicity diversity does not affect the over all performance of an individual or an organization where as gender, age and ethnicity are actually correlated to each other.
- Gadget () discusses about the fact that companies who actually want to meet the needs of a diverse customer base has to now think on recruiting a diverse workforce. For adhering those needs Success of an individual depends on how well he can function in or handle a diverse work force. USA , Canada & Europe are putting in serious efforts to increase diversity in workplace
- Dept of business and innovation skills (2013) has revealed certain facts like diversity if managed properly reaps benefits in some of the industries. if a firm really wants to succeed, diversity has to be considered to be an important aspect to be included while framing the strategy of a business. It has to gain importance in the board room.
- Economist (2013) The articles states that gone are the days when loyalty was rewarded performance is gaining a lot of importance today. How so ever old an employees with a long tenure in the organization the guarantee in job advancement is no longer a compulsion. The biggest victims are the generation X who are frustrated with a fact that the baby boomers are retiring late and that the milleniers ie generation y now has gained a lot of importance because of the technology revolution .A survey at earnst and young has found that the baby boomers always prefer hard work rather than smart work. Generation X gel well with their colleagues and their group dynamics are very strong where as generation Y are extremely good at using technology and there by working in a speedy manner

Definition of the problem

There has been a number of valuable studies on impact of workforce diversity factors like Age , Gender , Ethnicity , Caste , Colour , Race , Religion , Culture , disability , personality traits on organizational performance. Where as there has been a minimal research on impact of the above factors on employee performance. Also none of this research have included Organizational Tenure diversity , Work Experience diversity , Educational background diversity & Regional diversity along with Age diversity , Gender diversity & Religion diversity .Apart from that hardly any research talks about measuring the impact of all these factors on employee performance in the state of Gujarat

Objectives

Primary

- To study the impact of workforce diversity on employee performance

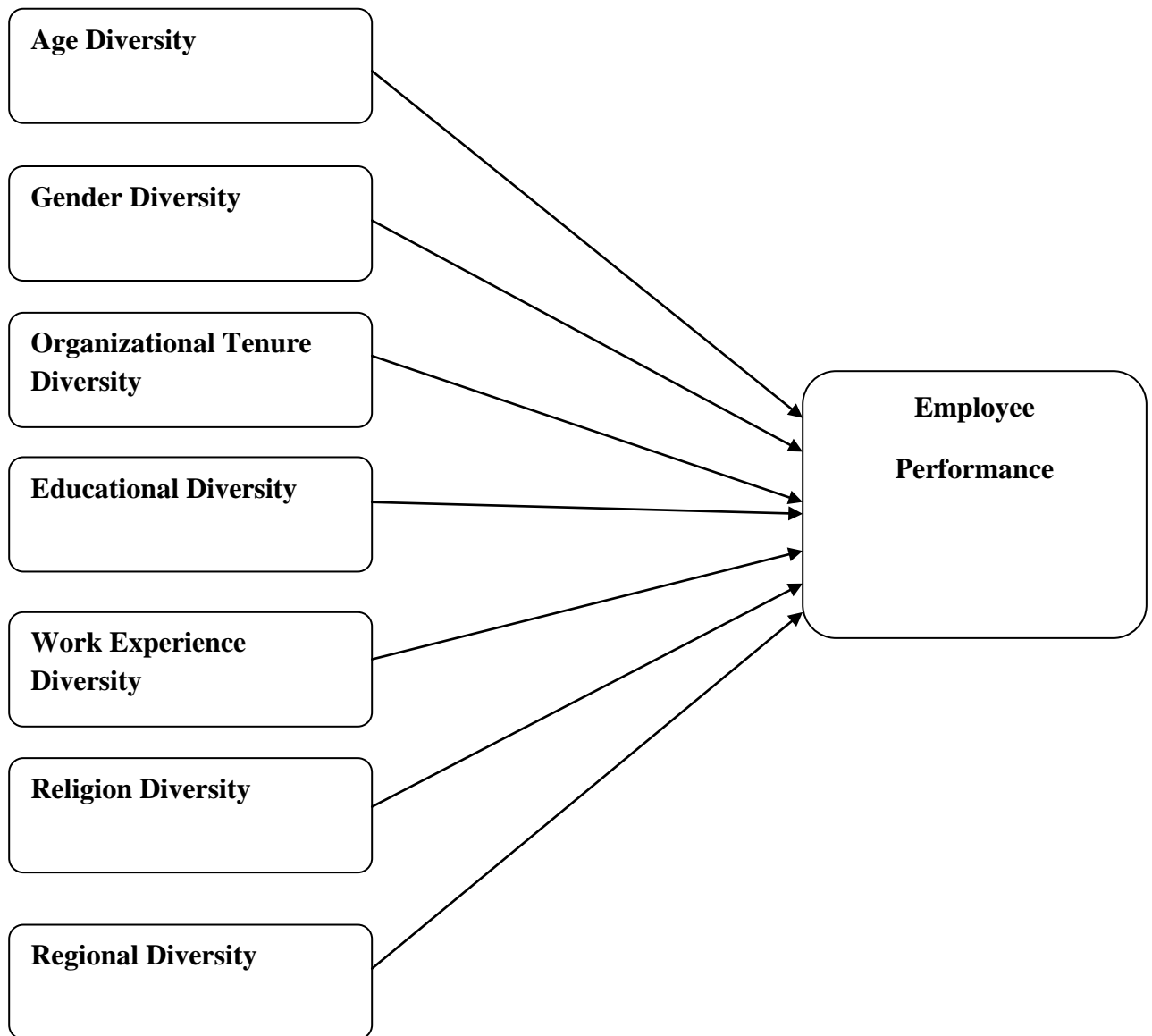
Secondary

- To identify the factors of workforce diversity that may affect employee performance
- To study the diversity issues of each factor
- To investigate the impact of each diversity factor on employee performance
- To study the perception of employees towards impact of workforce diversity on their performance
- To carry out an inter industry comparison & there by study the impact of each factor on employee performance in that particular industry

Scope of the study

- ❖ The study will be covering companies in IT, Telecom and FMCG industry in Ahmedabad, Baroda, Surat & Rajkot

Original Contribution by the Thesis



The research has contributed to the existing body of knowledge pertaining to the factors of workforce diversity and its impact on employee performance by incorporating new information & related results by both qualitative and quantitative research. With this study, the organizations will be able to identify which workforce diversity factors will have an impact on employee performance in IT, Telecom and FMCG Industry in the state of Gujarat because a comparative study for the mentioned 3 industries has also been done

Research Methodology

Exploratory research – Industry practitioners and academicians were contacted for expert interview

Descriptive research.- Employee Survey was conducted to collect the primary data

Sampling Frame - Sampling technique: Quota Sampling & Convenience Sampling

Sample size: 600 employees in 3 industries

Tools for data collection

Primary Data Collection: Expert panel interview and Employee survey

Secondary data analysis: Company data, Internet, Journals, magazines and newspapers

Modes of data collection

Primary Data– Using questionnaires for personal interview

Methods of data analysis

SPSS: Frequency distribution & EFA

AMOS – SEM & CFA

Achievement with respect to objectives

Objective 1 : To identify the factors of workforce diversity that may affect employee performance in the organization

Achievement with respect to objective

7 factors were identified through Literature Review and expert opinion . These 7 factors are Age Diversity, Gender Diversity, Organizational Tenure diversity, Educational Background diversity, Work Experience diversity, Religion diversity, Regional diversity

Objective 2 :To study the diversity issues of each factors within the organization

Achievement with respect to objective

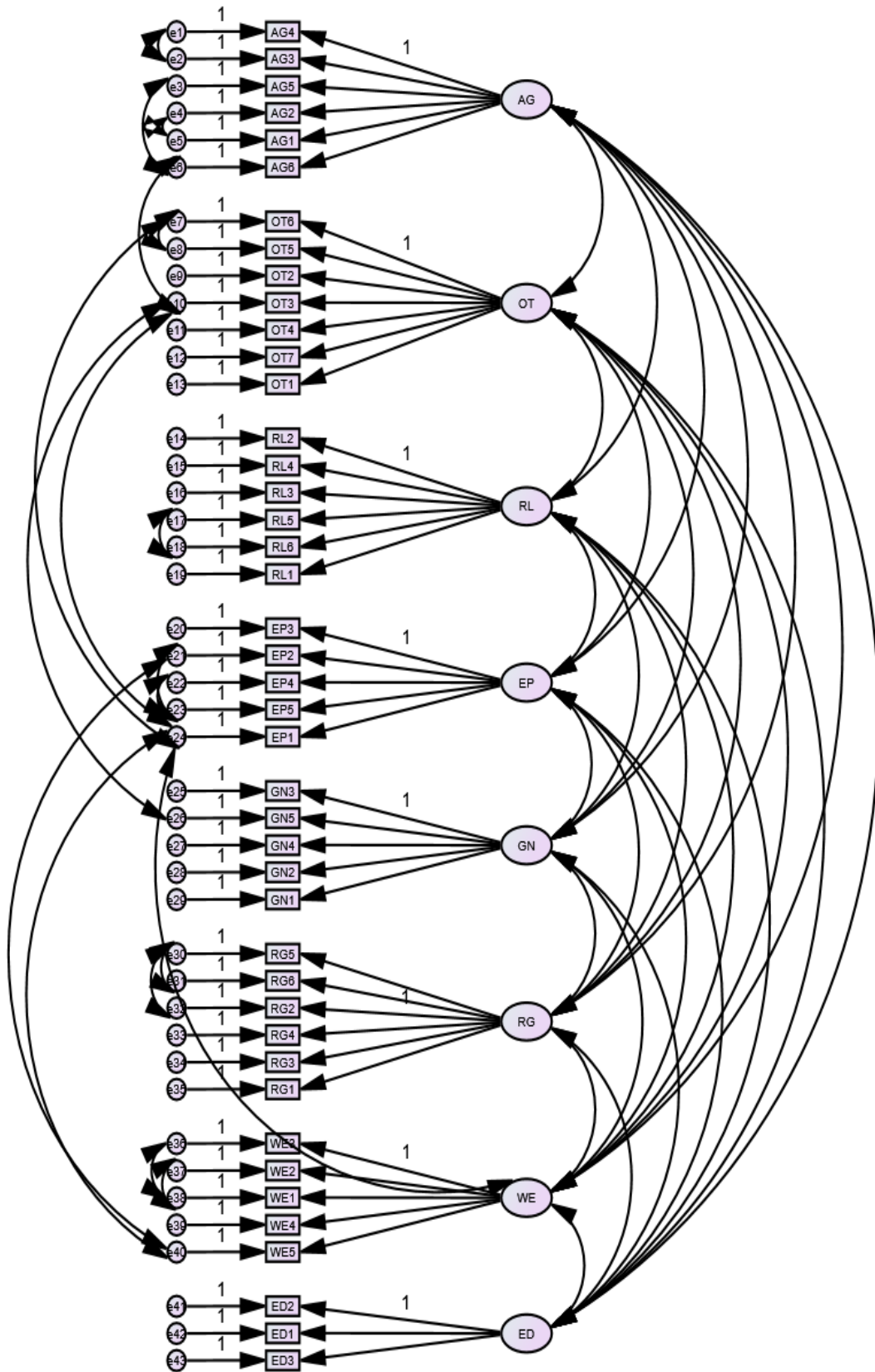
On studying the diversity issues the following results came out. There is gender biasness at the time of performance appraisal, Seniority and ego issues lead to conflicts between senior employees and junior employees, Senior employees holds a special importance in the organization, Freshers are not involved in decision making process. The result has been obtained by calculating mean using SPSS software

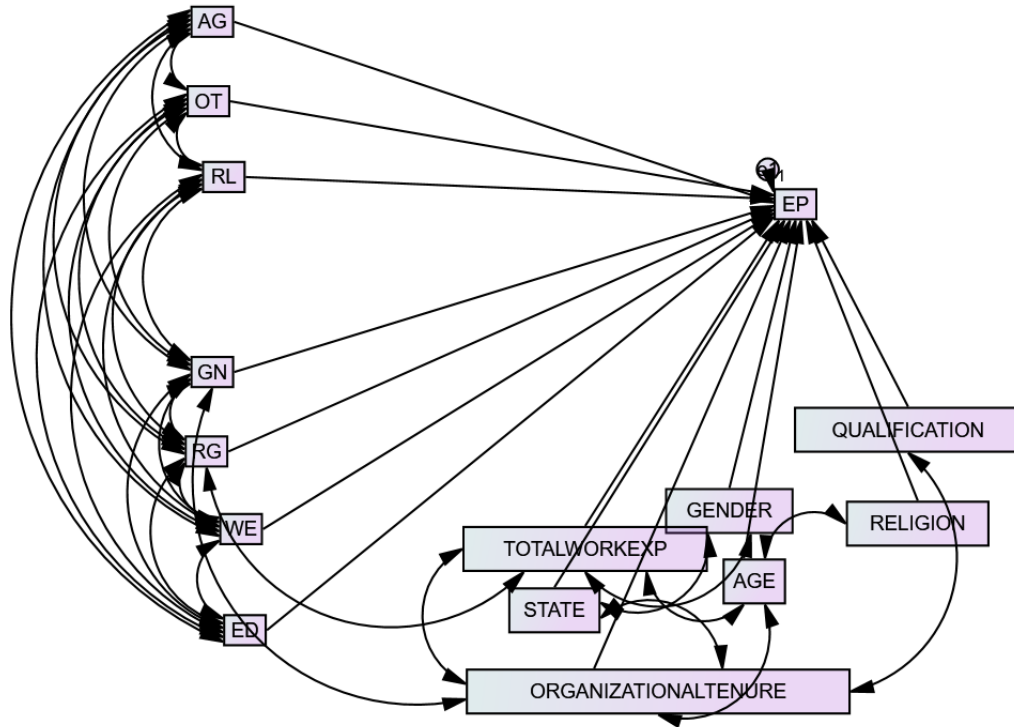
Objective 3 : To investigate the impact of each diversity factor on employee performance

H1o : There is no impact of diversity factors on employee performance

Hypothesis	P-Value	Result	Findings
H1ao: There is no impact of Age Diversity on Employee Performance	***	Rejected	Results depict P Value which is less than 0.05 which proves that null hypothesis is rejected and alternate hypothesis is accepted , So here there is an impact of Age diversity on employee performance
H1bo: There is no impact of Gender Diversity on Employee Performance	0.08	Accepted	Results depict P Value which is more than 0.05 which proves that null hypothesis is accepted and alternate hypothesis is rejected , So here there is no impact of Gender diversity on employee performance

H1co: There is no impact of Organizational Tenure Diversity on Employee Performance	***	Rejected	Results depict P Value which is less than 0.05 which proves that null hypothesis is rejected and alternate hypothesis is accepted , So here there is an impact of Organizational Tenure diversity on employee performance
H1do: There is no impact of Educational Diversity on Employee Performance	***	Rejected	Results depict P Value which is less than 0.05 which proves that null hypothesis is rejected and alternate hypothesis is accepted , So here there is an impact of Educational diversity on employee performance
H1eo: There is no impact of Work Experience Diversity on Employee Performance	***	Rejected	Results depict P Value which is less than 0.05 which proves that null hypothesis is rejected and alternate hypothesis is accepted , So here there is an impact of work experience diversity on employee performance
H1fo: There is no impact of Religion Diversity on Employee Performance	0.976	Accepted	Results depict P Value which is more than 0.05 which proves that null hypothesis is accepted and alternate hypothesis is rejected , So here there is no impact of Religion diversity on employee performance
H1go: There is no impact of Regional Diversity on Employee Performance	0.172	Accepted	Results depict P Value which is more than 0.05 which proves that null hypothesis is accepted and alternate hypothesis is rejected , So here there is no impact of Region diversity on employee performance





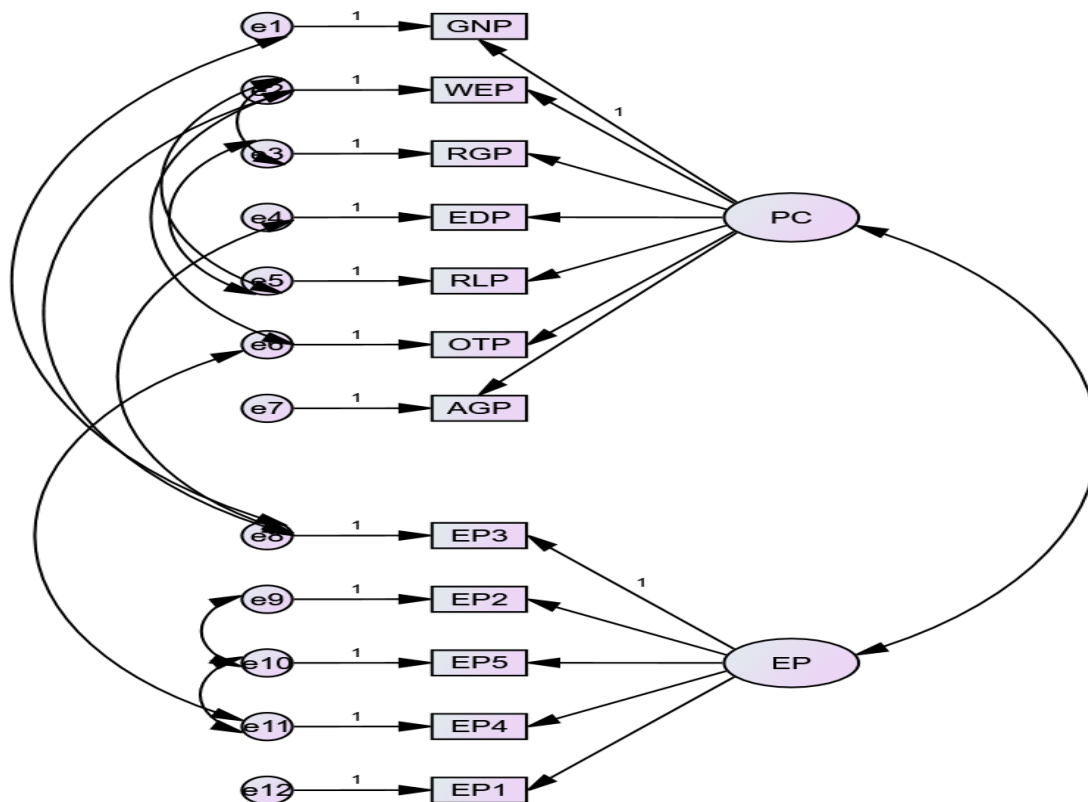
Achievement with respect to objective

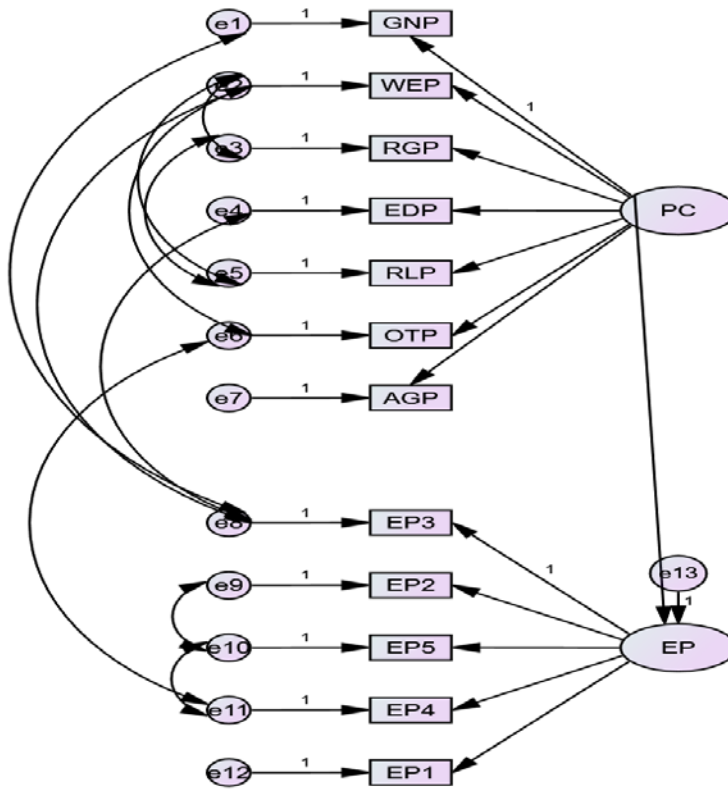
From the above analysis it is concluded that Age diversity, Organizational Tenure diversity, Educational background diversity, work experience diversity has an impact on employee performance where as Gender diversity ,Religion diversity and Regional Diversity does not have an impact on employee performance. Result has been obtained by using SEM, EFA & CFA through AMOS Software.

Objective4 : To study the perception of employees towards impact of workforce diversity on their performance

H 2o : Employees perceive that working with a diverse group does not help them increase their performance

Hypothesis	P-Value	Result	Findings
H2o :Employees perceive that working with a diverse group does not help them increase their performance	***	Rejected	Results depict P Value which is less than 0.05 which proves that null hypothesis is rejected and alternate hypothesis is accepted , So here the employees perceive that working with a diverse work group helps them increase their performance





Achievement with respect to objective

From the above analysis, it can be concluded that employees perceive that working with a diverse work group helps them increase their performance. The result has been obtained by using SEM, EFA & CFA through AMOS Software

Objective 5 : To carry out an inter industry comparison & there by study the impact of each factor on employee performance in that particular industry

Industry wise impact of Diversity Factors on Employee performance			
Factors	Telecom	IT	FMCG
Age Diversity	has no impact	has an impact	has an impact
Gender Diversity	has no impact	has no impact	has no impact
Organizational Tenure Diversity	has no impact	has an impact	has an impact
Educational Diversity	has an impact	has an impact	has an impact
Work experience diversity	has an impact	has an impact	has an impact
Religion diversity	has no impact	has no impact	has no impact
Regional Diversity	has no impact	has no impact	has no impact

Achievement with respect to objective

The Analysis of Inter Industry Comparison states that the diversity factors that impact employee performance are same in IT & Fmcg industry where as in Telecom Industry Age diversity factor and organizational tenure diversity factor has a different impact on employee performance. The result has been obtained by using SEM, EFA & CFA through AMOS Software

Conclusion

After conducting extensive literature review and studying a number of diversity factors it was concluded to take 7 factors for studying the impact of workforce diversity on employee performance. The factors identified were Age diversity , Gender diversity , Organizational tenure diversity , Educational diversity , work experience diversity , Regional diversity and Religion diversity .Diversity issues were studied across Telecom , IT & FMCG industry and the results stated that there is a differentiation between males and females during increments / performance appraisal. Seniority and ego issues often leads to conflict between senior and junior employees. Loyalty along with performance is always rewarded & freshers are not involved in problem

solving & decision making process. By using various statistical techniques through SPSS & AMOS softwares the results for various objectives have been achieved. The analysis states that Age diversity, Organizational Tenure diversity, Educational background diversity, work experience diversity has an impact of employee performance where as Gender diversity, Religion diversity and Regional Diversity does not have an impact on employee performance. In Telecom Industry :Educational diversity and Work experience diversity has an impact on employee performance where as Age diversity ,Gender Diversity, Organizational tenure diversity , Religion and Regional diversity does not have any impact on employee performance. In IT Industry : Age Diversity, Educational diversity ,Organizational Tenure diversity and work experience diversity has an impact on employee performance where as Gender diversity ,Religion diversity and Region diversity does not have an impact on employee performance. In FMCG industry :Age Diversity, Educational diversity ,Organizational Tenure diversity and work experience diversity has an impact on employee performance where as Gender diversity, Religion diversity and Region diversity does not have any impact on employee performance. The employees perceive that working with a diverse work group helps them increase their performance and the perception is same in all the three industries.

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