A Study on Impact of Workforce Diversity on Employee Performance with Reference to IT Companies

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Abstract: - Workforce Diversity is one of the most prominent indicators of changing global trends and markets. In order to determine whether a varied workforce has an effect on employee performance, this research was conducted to examine the workforce diversity and its effect on employee performance in IT organisations. India's IT sector is expanding quickly. Workforce diversity is a growing problem in the corporate world today since it presents organisations with a challenge as well as a chance that, if not effectively handled, can have an impact on employee's performance and, ultimately, the organisation. This study focuses on Age diversity, Educational Background diversity, Religious diversity, Work Experience diversity& Attitude diversity, all of which are measured in relation to employee performance. The study's research offers significant insight into the diversity management strategies being used by IT industry organizations. The survey unequivocally highlights the need for organizations to take action to manage diversity in order to maximize employee potential and gain a competitive edge.

Keywords: Age Diversity, Educational Background Diversity, Religious Diversity, Work Experience Diversity, Employee Performance.

I. INTRODUCTION

Managing human resources is becoming an essential responsibility in all firms as organisations become increasingly employee-focused. Companies spend heavily on their staff in order to increase profitability and maximise employee productivity. Working with a diverse group of people is a prevalent practise in virtually all businesses today. Age, gender, culture, ethnicity, and other characteristics are examples of diversity. Recruiting from a diverse workforce results in a better qualified staff.

The term "workforce diversity" is in use today, and businesses are eager to hire and maintain a diverse workforce. According to Dora and Kieth (1998)[1], organizations have realized that diversity is a process rather than an absolute occurrence. Workforce diversity is seen as one of the fundamental requirements in today's changing economy; yet managing the same is difficult, according to Saxena (2014)[2]. Organizations frequently seek to understand how workforce diversity affects employee performance after investing in it. However, having a varied workforce has both advantages and disadvantages.

There are many positive aspects of diversity in the workplace, including the exchange of ideas due to the different cultures of employees, the occurrence of friendship without discrimination, workers learning to adapt to a diverse environment, the elimination of stereotyping, and the increased likelihood of employee retention due to healthy competition. On the negative side, there are portions that have communication gaps due to barriers and unwillingness to change. Diversity is any dimension that may be used to differentiate between groups and individuals, whether these dimensions are visible or not. The presence of workplace diversity in a corporation denotes that the workplace is varied in terms of gender, race, and ethnicity, with individuals possessing unique characteristics and attributes.

India is one of the world's most diversified nations, and IT businesses play a crucial role in societal development. The business of the IT company is growing as a result of the upward trend of internet and mobile technology usage. In addition, our Prime Minister Shri Narendra Modi Ji works tirelessly to create a digital India. After an IT-based firm invests in workforce diversity, there are several disputes as to whether workforce diversity has an effect on employee performance. This research was conducted to determine the same objective. This research focuses on Age diversity, Educational Background diversity, Religious diversity, Work Experience diversity& Attitude diversity and Employee Performance is used to quantify these aspects.

DIMENSIONS OF DIVERSITY
● **Age Diversity:** As mentioned in Kunze, Boehm, and Bruch (2013)[3] study, age diversity is referred to as the variations in employee age distribution and is used to characterize the make-up of an organization or the make-up of workgroups within an organization. Age diversity is becoming increasingly important in many businesses.

● **Educational Background Diversity:** According to Pretty et al. (2009)[4], there are many educational certifications and educational levels. Most firms conduct educational diversity efforts to compel and encourage staff to collaborate well with one another in order to accomplish company goals.

● **Religious Diversity:** The fact that there are a lot of different religious views and practices is known as religious diversity (Watson, Johnson, & Zgourides, 2002)[5]. The advantage of having various religious perspectives for team problem-solving resulted in enhanced team performance once the teams learned how to use these differences to their advantage, according to Hicks (2002), who found that cultural differences were predictive of team scores.

● **Work Experience Diversity:** Carr, Pearson, Vest, and Boyar (2006)[6] defined employee diversity in experience as the variances in knowledge, skills, and abilities earned in a particular job line. Work experience has been described as the duration of experience in a particular occupation, according to Carr et al. (2006).

● **Attitude Diversity on the Job:** Workplace attitude diversity refers to a person's assortment of emotions, convictions, and attachments to their position (Jones, 2016)[7]. Positive job attitudes help to predict constructive behaviours, whereas negative job attitudes aid topredict undesired behaviours, claim Shore et al. (2009)[8]. The study focuses on beliefs about loyalty to the company, job involvement, and job happiness.

II. RELATED LITERATURE

A review of literature in this chapter focuses only on those studies, which are directly or indirectly relevant to the problem being investigated in the present study. The main aim of the present study is to identify the impact of workforce diversity on employee performance with reference to IT companies in India, therefore the various review of literature related to problem are as follows:

Jackson et.al. (1992)[9] and Williams & Reilly (1998)[10] studied the effects of diversity on organization. They revealed that organizations who are fail tomanage diversity faces the problems like conflicts, miscommunications, struggle for power and sometimes political issues. They suggested that workforce diversity should be managed by strategic imperative.

Gilbert et.al. (2000)[11] and Shaw, M. (1993)[12] studied the valuing diversity in any organization. They suggest two key factors for the employees to be part of global competition, firs is necessary to increase competitiveness and second necessarily to provide equal opportunity through managing diversity at work place.

Khandelwal (2002)[13] opine that if any organization is unable to manage diversity and failed to accept the holistic view for removing inequality and discrimination will create dissatisfaction among employees and customer also.

Watson et al (2002)[35] found that ethnic diversity facilitates problem-solving with ethnically different problem-solving viewpoints that contribute to an increase in team effectiveness when teams have discovered how to leverage these disparities to their advantage.

Pless et al (2004)[32] found in their study that in order for businesses to achieve their goals, they must permit individuals from diverse backgrounds, attitudes, and viewpoints to collaborate effectively and perform to their fullest potential.

Woodard et al (2005)[26] compared businesses in India and the USA. One of the things they discovered was that there is a significant gap between legislative promise and real implementation in Indian enterprises. Additionally, they cited evidence of widespread prejudice against women in India. Finally, they came to the conclusion that the advancement of women in India's IT and education sectors was due to the country's rising literacy rate as well as the economic and social advancement of women.

According to the Ashok Chanda (2006)[14] in his article mentioned that workforce diversity is a hot topic in today's organizations. Every human resource manager must exercise caution when managing this variety, and in the end, he came to the conclusion that there is a lack of understanding regarding the diversity management strategy and that the managers lack the necessary skillsand knowledge to handle a diverse workforce.

K. Mallikarjunan, (2007)[15] argues that because every person is unique and has their own perceptions, attitudes, and thoughts, managing such a variety of individuals requires a special talent due to the difficulties associated in the process.

Arpita Saha (2007)[16] claims in her article that the world is getting smaller every day as a result of greater globalization. Therefore, firms must hire cross-cultural workers, yet it can be quite challenging for employees to adapt to a new environment and culture. At this time, a manager can play a crucial leadership role by offering training and interactive sessions to the staff, allowing them to learn about the customs, attire, mannerisms, and eating habits of various culture.

Saumya Goyal (2008)[17] talks about Diversity Iceberg, and how it adds a tertiary dimension—beliefs, assumptions, perceptions, attitudes, values, and group norms—to the diversity wheel. The author describes numerous characteristics like age, area, gender, qualification, caste, and family position in the last model, which is a kaleidoscope perspective of the individual.

According to Robbins et al (2009)[29], our world is already globalised; diverse individuals from various ethnic and cultural backgrounds work and interact with one another in organisations. The modern worker does not labour in a solitary place; rather, they compete in the global market, contributing to the global economy. More specifically, the workforce is eager to work in a more diverse global setting with people of many sexes, cultures, education levels, geographies, and so on.

According to the author Asmita Jha (2009)[18], a diverse staff is any organization's most valuable resource since it helps the company stay competitive by generating new, innovative ideas that are good at solving problems. The author also concentrated on improving workplace morale by properly knowing each person's expectations and wants.

Daniel et al (2009)[37] suggests that differing degrees of education may result in varying rates of potency. His research concludes that an individual's likelihood of being wealthy is proportional to his or her degree of education; the higher the academic qualification, the wealthier the individual will be compared to less qualified individuals.

According to White et al (2009)[31], the benefits of workforce diversity in firms outweigh the negatives of workforce diversity. Working with persons of a different age, culture, or gender causes many people to feel uneasy and frightened. The cost of training is rising, which raises the price of programmes, seminars, and lectures designed to foster diversity in the organisation. These types of trainings are provided to all levels of workers inside the business. They train their staff how to tolerate other people's views, thoughts, personalities, and so on.

Barbara Mazur et al (2010)[33] highlighted that Workforce Diversity is handled by fostering an atmosphere in which everyone has equal access to opportunities and challenges.

Erez et al (2010)[34] demonstrated how cultural and ethnic processes of professionalization, rationalization, and actorhood contribute to the occurrence and expression of labour values internationally, as well as their influence on activities and behaviours in the workplace.

Chandrasekar, K. (2011)[19] reveled that for maximum productivity and output, employees working in organization should be motivated by different ways. He categorized

rewards in two parts first is intrinsic and second is extrinsic. Internal rewards must be accomplishing for completing challenging assignments and external rewards given to them by respectable appreciation or sophisticated monetary compensation.

Joshi & Sarda (2011)[20] opined that there are two purpose for goal setting in organization, first is to improve individual behavior and second is to motivate them for next level achievement that they may perform effectively. They also says that generalized goal is less effective that any specific goal. Furthermore high performance can be achieved through accomplishing challenging goal and on acceptance of practical goals encourage existences and communications.

According to Gupta, R. (2013)[21], there are various links between diversity elements and organizational performance, such as whether or not gender has a good or negative impact. Performance is inversely correlated with age, but sales and productivity are positively correlated with culture.

The aim of the Naharuddin and Sadegi (2013)[24] study was to fount the impact of work environment on employee performance. For the purpose data was collected through 139 employees using questionnaire (survey based) with stratified random sampling technique. The study conclude not only supervisor behavior is enough for improvement of employee performance but, well organized physical work place and additional benefits as rewards are significantly affected the employee performance.

In another study of Naharuddin and Sadegi (2013)[24] was conducted to know the interrelationship between job performance, job aids and physical environment with supervisor support, revealed that there is no significant relationship between employees and supervisors. For this study 200 samples were selected from various departments of an organization like, head quarter, tooling plant and stamping plants. Regression analysis was employed and found that there was a negative relationship between superior support on job aids, employee performance and physical environment.

Sunanda Jindal, S.D. (2013)[25] suggests to design the strategy for managing people from high performing organizations associated or collaborative in organization for joint venture must be from diverse workforce. The advantages of diverse workforce has to be needed to discuss in board room especially in India.

Diversity, according to Ankita Saxena et al (2014)[28], is the coexistence of employees from various socio-cultural origins inside an organization. Diversity refers to several cultural variables, such as gender, race, age, physical ability, ethnicity, and skin tone, among others. The wide concept of diversity includes religion, age, handicap, national origin,

values, sexual orientation, ethnic culture, education, language, physical appearance, beliefs, and way of life.

A literature evaluation on articles concerning training and development reports was done by Shakila P. (2014)[22]. This study outlined the significance, necessity, and relevance of the topical literature review. It has been determined that themost recent developments in human resource development ought to be taken into account when assessing how effective training initiatives are. According to this survey, training and development are crucial for employee's continued professional growth.

Rao et al (2014)[36] investigate the link between diversity management practices, barriers, and the acceptability of gender diversity among IT personnel. This research focuses on many initiatives and practices used in the IT sector and analyses their impact on the industry's embrace of gender diversity. There is a considerable correlation between gender diversity acceptability and barriers to gender diversity. The report also promotes gender diversity initiatives and diversity practices. And whether an increasing number of gender diversity management programmes have a good and substantial impact on the acceptability of gender diversity inside enterprises.

Selvaraj, D.J. (2015)[23] mentioned in his study that now-a-days each and every industry are finding to increase organizational performance, and to sort out for business problems include a diverse workforce is one of the unique solution. He further says that many industries are practiced diverse work force to enhance employees' performance including organizational performance.

Barboza Coral et al (2015)[27] examined the effects of workforce diversity on those employed in the city of Mangalore's retail sector and discovered that improving productivity and maintaining market competitiveness are the key drivers of diversity efforts there. Employees from the city of Mangalore's retail sectors—six of which were chosen—made up the units chosen for the study. 50 respondents from various backgrounds made up the sample size. The author made the point that,intoday's intensely competitive global market place, diversity management is the key to growth.

According to Laura Velten et al. (2017)[38], cultural diversity is associated with employee engagement because cooperation and environment, which includes cultural diversity, are the most influential motivational elements. Increasing age diversity has a beneficial influence on a company's production, so long as it incorporates creative work rather than routine labour, according to the report.

According to Samuel Brucerockson et al(2017)[30], diversity is highly crucial for the survival of any firm in the current world, and management should analyse the benefits that can be received from adopting a varied workforce and should establish the same atmosphere.

III. DISCUSSIONS

As the phenomenon of globalization progresses, the world economy is expanding to every corner of the world. With the advent of multinational corporations, the concept of diversity was introduced and employees began to understand expressions such as cultural diversity, gender diversity and age diversity. IT companies have focused on a variety of diversity factors and inclusions. Working in a multicultural environment paves the way for learning and improving global abilities.

Diversity among employees should be assessed regularly by the organization. A critical review of the literature and research papers by different authors on employee diversity and its impact on employee performance revealed that organizations typically focus on how diversity affects the effectiveness of the organization, the profitability of the organization, and the performance of its employees. The company's workplace management strategy should be implemented in the company.

Based on the research study, several advantages of a diverse workforce have been revealed. It can enhance the performance of workers, teams, and organisations. It can assist a company in attaining economic success. In an effort to remain competitive, a great number of companies are embracing employee diversity. There are several positive aspects of diversity in a company, such as the sharing of ideas as a result of the different cultures of the staff, the cultivation of friendship without prejudice, employee learning to adapt to a heterogeneous environment, and the increased likelihood of employee retention due to healthy competition. There are also negative characteristics, such as communication hurdles and resistance to change. This implies that working in an organisation comprised of individuals from diverse backgrounds might have a substantial impact on how supervisors and managers manage their staff.

The results of the survey show that organizations that want to thrive need to take a holistic approach to diversity and inclusiveness. The initiative must be carried out at all levels of full responsibility and accountability. This study helps management promote diversity management programs and practices to harness the potential benefits of a diverse workforce, prevent its potential disruptive impact, and achieve the simplest results.

IV. CONCLUSION

Workforce diversity provides firms with access to a variety of experiences, skills, and resources, as well as the capacity

to contact international clients, and it may be an organisational strength that boosts productivity. It was discovered that age, educational background, ethnics, experiences, knowledge, and talents had a considerable favourable influence on employee performance. On the other side, it was discovered that workforce diversity, such as in terms of attitude, values and culture, can have a major detrimental impact on employee performance. Negative impacts of workforce diversity include goal-related conflict, difficulties in attaining group cohesion, group disputes, and a decline in productivity, efficiency, and output. However, the variety of the workforce in terms of religion, gender, and age had no meaningful effect on employee performance.

Based on the most of the empirical literatures, workforce diversity was shown to have a substantial influence on performance, implying that a link exists between workforce diversity and employee performance. However, depending on how successfully or poorly the organisation manages workforce diversity, it can have both a good and bad impact on employee performance. Furthermore, if workforce diversity is not adequately managed, it can lead to issues like as interpersonal disputes, personal prejudices, reluctance to change, segment-based communication networks, conflict of interests. In the Indian context, all of these dimensions of workforce diversity have a significant impact in the performance of employees and should be carefully studied by management in order to effectively manage and utilise these unique characteristics.

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