

Effect of workforce diversity on the performance of employees in IT sector

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Abstract

Workforce diversity is the emerging issue in today's corporate world as it's not only a challenge for the organizations but also an opportunity, which if not properly managed can affect the performance of employees and the organization. The purpose of this study is to examine the relationship between the four diversity parameters viz. - age, gender, education and ethnicity of workforce diversity and employees performance in an organisation. The target respondents were 300 employees of five IT companies, namely- TCS, Infosys, Polaris, Tech-Mahindra and Wipro from Delhi and NCR. A structured questionnaire was applied and its reliability was tested by applying cronhbach's alpha. The data was statistically analysed using SPSS version 20. The analysis revealed the positive effect of age diversity, gender diversity, ethnicity diversity and education diversity on the performance of the employees.

Keywords: *Workforce Diversity, Employees Performance, Age Diversity, Gender Diversity, Education Background Diversity, Ethnicity Diversity.*

Introduction

Due to globalization and liberalization today no individual work in narrow surroundings, though they interact with people from varied backgrounds. The organizations worldwide have become more diverse in terms of race, age, gender, ethnicity and various other personal characteristics of their employees (Shaw and Barrett1998). Globalization has brought the people of the world closer, giving opportunities to the organizations to attract and retain the best employees.

Human resource is undeniably the biggest asset a company can possess. Machines and equipment might give a fixed amount of return when maintained efficiently but the return that comes from the workforce cannot be put with in a bracket. Caring for one's employees can have

a magnifying effect on a organizations performance. Every employee, no matter what his/her position, has the ability to significantly impact productivity, retention, customer satisfaction and growth of the organization. The changing compositions of the workforce are forcing organizations to review and revise the beliefs and values about the people. The failure in proper workforce management can create an environment leading to inefficient utilization of the employees especially that are different in terms of race, gender, age lifestyle, religion and culture. For organizations to reach its goals, the skills, knowledge, attitude and efforts of its workforce have to sharpen occasionally to improve the effectiveness of its workforce and to enable them to meet greater challenges. Organizations are made up of persons and without them; organizations cannot achieve its goals (Mullins, 2010). To be successful, it is imperative that organizational leaders understand just how the social work environment have an effect on the employees' beliefs about work and they must have effective communication skills to be able to develop the self-esteem and confidence in all its members (Griffin & Moorhead, 2014).

Objectives of the study

- To find the relationship between age diversity and employees performance.
- To find the relationship between gender diversity and employee performance.
- To find the relationship between ethnic diversity and employees performance.
- To find the relationship between education diversity and employees performance.

Literature review

Employee performance

For any organization whether big or small, there biggest asset is employees only and its success depends upon their performance. Therefore managing workforce diversity is of utmost important for the organization to achieve its goal. Janell (1998) in his study observed the effect of organizational change on employees in a large government office and found that noteworthy change greatly impacted both the performance and psyche of the employees. Mangalam (2001) in his research studied the performance of employees at Ashok Leyland organization. He observed that HRM department of the organization plays an important role to motivate its workers for executing the organizational change. Strategic planning implemented by the HR department not only decreases the migration of employees but it also increases the efficiency and productivity of work force. Pless & Maak (2004) in their work remarked that organizations in order to achieve its objectives should allow employees from different backgrounds, mindsets and different ways of thinking to work efficiently together and to perform to their highest potential.

Ethnicity diversity

Loeters (2011) in their thesis studied the relationship between the ethnic diversity and the team performance by taking into account team tenure as moderator role and work value diversity as mediator. A total of 167 team member were taken as sample from the R&D team members from six different organizations. The analysis showed that there is no significant relation between ethnic diversity and the work value diversity. Also, there is no significant relationship found between work value diversity and team performance.

Erez and Drori (2010) in their study gave justification that how cultural and ethnic processes of professionalization, rationalization and actor hood support the occurrence and expression of work values globally and their impressing on activities and behaviors in the work situations.

Education diversity

Kotur and Anbazhagan (2014) in their study investigated that the employees who have higher secondary qualification perform better than those employees who have completed only secondary education.

Daniel (2009) in his study states that various levels of education might expect different mobility rates. His study resulted that that individual will be more productive depending on his education level, more his education qualification, more productive he will be as compared to lesser qualified individual.

Age diversity

Kunze et.al (2013) studied the effect of age diversity on the organizational performance. A sample of 147 organizations was taken to study the empirical relationship between these variables. The analysis revealed that a higher level of perceived negative age discrimination climate is positively related to higher levels of age diversity.

Gellner and Veen (2013) investigated the company's productivity is affected by the age diversity within company's workforce. Data set of linked employer-employee panel from German Institute for Employment Research in Nuremberg is taken. This data is sets the duration of 10 years with around 20 million individual observations, hence providing us to research in detail. The analysis reveals that increasing age diversity will be have a positive effect on company's productivity only if it involves in creative tasks rather than routine jobs.

Gender diversity

Rai (2012) in her study tried to understand the women stand in the male dominated world's organization and to know whether 'Legislative representation' i.e. legislations for women representation had any effect on boards of the organization across few developed countries like-European countries, US, Canada and some developing countries. The study analysed that different method , policies and norms are adopted by different countries to address the women

representation at leadership positions, their board level and equal employment opportunity. European nation have strong presence of women in their organization as workforce. Other nations, part of European Union also adapted their corporate governance standards by encouraging women representation on boards. USA, Canada and Australia briefly have moved towards increasing women representation on corporate board. Developing nations- Asia is lagging behind then these developed countries.

Ali et al (2011) in their study explore the workforce discrimination on gender basis and its effect on employees satisfaction, commitment, motivation and stress level. The data was collected from the education and health departments of Jamshoro and Hyderabad districts, in the questionnaire form from 526 respondents. The analysis revealed that in private organizations females are more discriminated as compared to males. And due to this discrimination employee's motivation and satisfaction level decreases and stress level increases.

Research Methodology

The objective of the present study is to analyse the effect of workforce diversity parameters viz.- age, gender, education and ethnicity on the employee's performance of the randomly selected five organizations. A structured standard questionnaire has been used to collect the data which is based on 5 point likert scale. To fulfill the study requirement randomly 5 companies are selected from Delhi and NCR viz. Wipro, TCS, Tech Mahindra, Polaris and Infosys .300 questionnaires were circulated in these organizations to be filled by the respective employees. A pilot study was carried out to determine reliability of the questionnaire. The pilot study involved the sample of 50 respondents, 10 from each company. The reliability analysis was done applying Cronbach's Alpha test to determine if the questions yield the kind of information that is needed. Data was analysed using SPSS 20 statistical software. The data from the pilot study are presented below:-

Table 1:- Reliability Testing- Cronbach's Alpha

No.	Dimensions	Variables (no.).	Cronbach's Alpha
1.	Gender Diversity	8	0.0814
2.	Age Diversity	7	0.816
3.	Ethnicity Diversity	8	0.820
4.	Educationbackground Diversity	7	0.810
5.	Employee performance	10	0.832

Table 1 shows cronhbach’s alpha for gender diversity, age diversity, ethnicity diversity, education background diversity and employee performance which came out to be higher than 0.70, i.e. the internal consistency of the survey is good.

Result and Discussion

Pearson correlation coefficient is used here; it indicates the direction, strength and the significance of the bivariate relationship among all variables. It helps in testing hypothesis and drawing conclusions.

Hypothesis 1:-

Ho: There is no significant relationship between age diversity and employee performance

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

Table 2:- Pearson coefficient of age diversity

		Employee Performance	Age of the Employee
Age of the Employee	Pearson Correlation	1	.159**
	Sig. (2-tailed)		.006
	N	300	300
Employee Performance	Pearson Correlation	.159**	1
	Sig. (2-tailed)	.006	
	N	300	300

** . Correlation is significant at the 0.01 level (2-tailed)

Table 5 shows that there is slight positive relation between age and employees performance, correlation coefficient is between 0.01 and .20 i.e. slight or almost negligible relationship between two variables. The significance of the relationship is 0.006 which is less than the 0.01. Therefore the relationship between education and employees performance is significant.

Hypothesis 2:-

Ho: There is no significant relationship between ethnicity diversity and employee performance

H1: There is significant relationship between ethnicity diversity and employee performance

Table 3:- Pearson coefficient of Ethnicity diversity

		Employee Performance	Ethnicity of the Employee
Ethnicity of the Employee	Pearson Correlation	1	.286**
	Sig. (2-tailed)		.000
	N	300	300
Employee Performance	Pearson Correlation	.286**	1
	Sig. (2-tailed)	.000	
	N	300	300

** . Correlation is significant at the 0.01 level (2-tailed).

Table 3 shows that there is positive relation between ethnicity and employees performance, as the values of correlation coefficient are between 0.21 and .40 i.e. small but a definite a relationship between two variables. The significance of the relationship is 0.000 which is less than the 0.01. Therefore the relationship between ethnicity and employees performance is significant.

Hypothesis 3:-

Ho: There is no significant relationship between education diversity and employee performance.

H1: There is significant relationship between education diversity and employee performance.

Table 4:- Pearson coefficient of Education diversity on employee performance

		Employee Performance	Education of the Employee
Education of the Employee	Pearson Correlation	1	.315**
	Sig. (2-tailed)		.000
	N	300	300
Employee Performance	Pearson Correlation	.315**	1
	Sig. (2-tailed)	.000	
	N	300	300

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4 shows that there is a positive relation between education and employees’ performance, as the values of correlation coefficient are between 0.21 and .40 i.e. small but definite relationship between the two variables. The significance of the relationship is 0.000 which is less

than the 0.01. Therefore the relationship between education and employee performance is significant.

Hypothesis 4:-

Ho: There is no significant relationship between gender diversity and employee performance.

H1: There is significant relationship between gender diversity and employee performance.

Table 5 Pearson coefficient of Gender diversity

		Employee Performance	Gender of the Employee
Gender of the Employee	Pearson Correlation	1	.296**
	Sig. (2-tailed)		.000
	N	300	300
Employee Performance	Pearson Correlation	.296**	1
	Sig. (2-tailed)	.000	
	N	300	300

***. Correlation is significant at the 0.01 level (2-tailed).*

Table 5 shows the result that there is positive relation between gender and employee performance, as there value of correlation coefficient is between 0.21 and 0.40 i.e. slight relationship is there between two variables. The significance of the relationship is 0.000 which is less than the 0.01. Therefore the relationship between education and employee performance is significant.

Conclusion

The present study focused on the employee's perception gained through their personal experience on the relationship between workforce diversity and their performance in Indian IT organizations. The findings revealed that all the four parameters of workforce diversity- age diversity, gender diversity, ethnicity diversity and education background diversity had an effect on employee performance. In Indian context all this dimensions of workforce diversity plays an important role in the performance of employees which should be considered precisely by the management for managing and utilizing these diverse attributes efficiently.

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