

WORKFORCE DIVERSITY AND ORGANIZATIONAL PERFORMANCE

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Abstract

The topic of research is workforce diversity and organizational performance, view the impacts of diversity on organization, how organization manages their diversified employees in order to control the conflicts among employees, diversity at workforce is very important for the effectiveness of organization's performance. Diversity is the reason due to which conflict occurs in the organization and downfall of its performance, Diversity is a widely practiced concept all over the world and also in Pakistan it has been practiced, Manager should have knowledge to manage the conflicts among the employees because firing the employees will put negative impact on organization. To see the impacts of diversity on organizational performance, we do comparison between Public and private firms to verify the result and impacts. Direct and indirect variables are discussed in it, their relations as well, in it the indirect variables are Gender and category, Equality among employees and development opportunities, retain employees by giving satisfaction, Promotion on gender base, and direct variables are organizational performance, Receptivity to diversity and diversity management. To see the people's perception about diversity by conducting survey questioners from the respondents about diversity in an organization, sample size is 400 and as we are the student so we targeted the students of management sciences because their perception is very worthy as they are the future of the Pakistan. Diversity is very important to sustain in the market as well as effectiveness of organization performance, figure out the perception of employees in order to find out their needs and desires.

Keywords: Diversity, Gender and Category, Perception of employees & Diversity management

Introduction

Background and Overview:

According to (Kleiner S. , workforce diversity and organizational performance, 2007) to sustain in the market the organization should be diverse. As (Ng and Burke, 2005) says, being the diversified manager you will be admired by employees. In the opinion of (Farrer, 2004) being only diversified does not give the guarantee to be Successful, organizations should have to manage the diversity effectively at workplace by motivating their employees. According to (Mar barak et al, 1993,2011,1998) the workforce diversity is totally depends upon the employee sincerity towards the organization, employee should perform their job effectively and efficiently.

Soni, 2000) asserted that to manage the diversity at workforce is very important for the effectiveness of organization's performance towards the success. (schippers, 2007) Published that study of diversity is important for the reason to read out the mind of employees, what their point of view about diversification. First diversification was made based on demographic dimensions to see the perception of employees. According (Wikina, workforce diversity and organizational performance, 2008,2011) it is also necessary to figure out the perception of employees to find out their need and desires, on which organization must focus for motivating employees in a way to improving its own performance level.

According to (Iles, 2000) an employee behavior towards diversity is depends upon their perception, their sincerity towards organization and job satisfaction. (Budhwar, 2005) Asserted that, we select India for the diversification perspective initially India has the different mindset of being diversified but when they realized that for getting success the one of the important element is to being diverse. According to (Varma B. , 2010) in starting, India was not diverse at all that's why its economic condition was very cheap so after facing economic crisis, the organization of India decided to being diverse is beneficial for their economic development and the organizations can achieve success and sustainability in the market (Kundu, 2003,2004) Asserted that being unbiased in gender, religion, race, caste and disability is diversification. (Mercer, workforce diversity and organizational performance, 2012) Published that in India companies choose employees on gender and disability basis prefer males instead of females.

(Thite, 2011) India is richest and oldest country and diverse in culture. (Commissioner, 2011) Indian population is belonging to many religions, majority in it is Hindu and minority belongs to six different religions such as Muslims, Christians, Sikhs, Jains, Buddhists and Paris.

Problem statement:

Workforce diversity is a group of people from diverse backgrounds. Diverse workforce is mostly preferred in the organization because it helps to gather various skills for the betterment of the organization. Diverse workforce has benefits towards organization but it also occurs conflicts among the employees in the organization because employees belong to the different backgrounds such as different religions, different gender, different race, different age, different ethnicity etc. it is organizations responsibility to manage employees from diverse background and manage conflicts among them.

Workforce diversity is a widely practiced concept all over the world and it is being practiced in Pakistan. The basic aim of the study is to explain the relationship of workforce diversity and organizational commitment in the context of Pakistan. The organizations major goal is to maximize the profit but as organization is an economic activity and could only survive by competition in this world. The managers of the organization must know how to manage conflicts among the employees because firing is not the solution of any problem. Employees are assets of the organization it is hard to replace employees because it is costly for the organization to publish add and then give trainings to the selected employees; therefore, it is better for the company to manage effectively the conflicts among the employees and provide benefits for the organization from the diverse workforce.

The main purpose of this research is to examine critically the effects of diverse work force on the productivity of the organization weather it is positive or negative. Secondly, the purpose of this research is to provide suggested ways to manage diverse workforce effectively and make it beneficial towards the organization.

Objectives:

Objective of this report is to see the impacts of diversity on organizational performance by doing comparison between public and private organizations. we see the responses of diversity by focusing these five factors (gender category, perception of employees towards diversity, promoting employees by ignoring their gender, doing equality among employees and retain diverse employees by giving them facilities) and manages the diverse employees and avoid the conflicts among employees. Because everyone belongs to different religion, culture, norms as well as well. Male and female both have different point of view about diversity both think differently and having different perception, perception changes based on geographic and demographic factors as well.

Literature Review

Organizational performances:

Term workforce diversity means existing of employees in an organization from various social, cultural and ethnic backgrounds (kundu, 2011),research has showed that more the diverse organization more the progressive firm is (Andrews, 2011)organization's performance totally depends upon diversity due to it can perform better than other multiple organizations benefit od diverse organization are quality,productivity,profitability,customer service,market share and return on equity (Kreitner, 2004)managing diversity in an organization can lead it to towards stairs of success ,and put the positive impacts on both an organization as well as its employees (Kreitner R. a., 2004) wisely managing diverse employees in an organization will lowers the cost and improves attitudes of employees, cost might be reduced in these three ways reduces health care expenses, reduces absenteeism, as well as employee recruiting and training expenses (Karr, 1999)effectively managing the diversity at workforce will put positive impact on sales,market share and corporate profits,these culminates higher sales bigger market share and higher corporate profits(Kreitner, R., and Kinichi, .A.) (schippers, 2007) diversity at workforce promotes creativity,innovative problem solving method and productivity it is due to sharing of diverse ideas and perspectives (Kanter, 2006)

Relationship between receptivity to diversity and organizational performance:

The relationship between gender diversity and organizational performance is positive more the diverse organization more the chances of progress, receptivity to diversity and performance of organization show the positive relation. Diversity at workforce is a main source to sustain in the market and get success in the industry (Richard, 2000) Firms that do not implement diversity in their organization would faces losses and turnovers, diversity is believe to create better corporate image among all firms improving individuals and organization's performance as well as attract and retain valuable employees (Bleijenbergh, 2010) being only diversified does not give the guarantee to be Successful, organizations should have to manage the diversity effectively at workplace by motivating their employees. The managers of the organization must know how to manage conflicts among the employees because firing is not the solution of any problem. Employees are assets of the organization it is hard to replace employees because it is costly for the organization to publish add and then give trainings to the selected employees; therefore, it is better for the company to manage effectively the conflicts among the employees and provide benefits for the organization from the diverse workforce. Diversity and its management both need positively handled by valued employees in order to get the benefits from diversity (Choi, 2010).

Relationship between promoting diverse employees and organizational performance:

The promotion of diverse employees is directly related to organization performance. How the organization manages the diversity in an organization and avoids conflicts in order to sustain in the market. Through promotion employees get motivated and satisfied that organization supports and values its employees (Kossek, 1993), promotion is the way to appreciate employees and respect their belongings from diverse backgrounds (Hicks-Clarke, 2000), when employees once understand that their organization promote and support diversity, they feel psychologically safe to express their identities which influence their performance (Singh, 2013).

Relationship between equity among employees and organization performance:

Equality among diverse employees is directly related to organization performance. Diversity in an organization avoids conflicts in order to sustain in the market. Employee perceptions towards diversity and organizational appreciation are positively related to key performance indicators when measured objectively, organizational performance is positively related to manage the diversity at workforce effectively which is important for the effectiveness of organization's performance towards the success. Awarding and supporting their employees equally in an organization is the key to success for diverse organization and make their employees relax and comfortable. Information regarding efficacy about diversity to employees by giving them direct insight of actual experience of employees in an organization (Herdman, 2010).

Relationship between hire and retain diversity and organizational performance:

Hire and retain diverse employees are positively related to an organizational performance because it lowers the turnover lowers the cost and expenses as well as higher the productivity and success at workforce. Researchers also has noticed that employee's perception action

towards diversity put positive effect and impact on its organization's performance (Avery, 2007) organization's support diversity at workforce may lead to higher customer satisfaction and in a result higher the level of sales (Chen, 2012) Published that study of diversity is important for the reason to read out the mind of employees, what their point of view about diversification. First diversification was made on the basis of demographic dimension, it is also necessary to figure out the perception of employees to find out their need and desires, on which organization must focus for motivating employees in a way to improving its own performance level (Jauhari, 2013).

H1: Male and female both are different in their perception

H2: Females are more focused to their work as compare to males but in Pakistan, females are paid less than males.

H3: If females get the promotion, the perception of other employees is that there is a favoritism that is why she has been promoted due to the perception conflicts occur and retaining employees become tougher.

H4: Employees belonging to different categories have different perceptions regarding equality among employees and developmental opportunities.

H5: Employees belonging from different categories are differing in their perception regarding promoting diversity at workforce.

Methodology

Method of the data collection:

For the purpose of questionnaires, we approach teachers of high school belonging to both public as well as private sectors we take their time, which is convenient to them to think about the scenario and give their truthful opinions about it. They have free time during break, and this was the best time to get the best of their perceptions, as our respondents are the respective teachers we conducted their opinions and comments about diversity at workforce. The study designed to evaluate and analyze the questions and hypotheses of the variables to find the relationships among the variables. We visited many public and private schools of different areas in Karachi to communicate with their staff to request them to fill the questionnaires; this helps us in getting answers that are more accurate.

Sampling method:

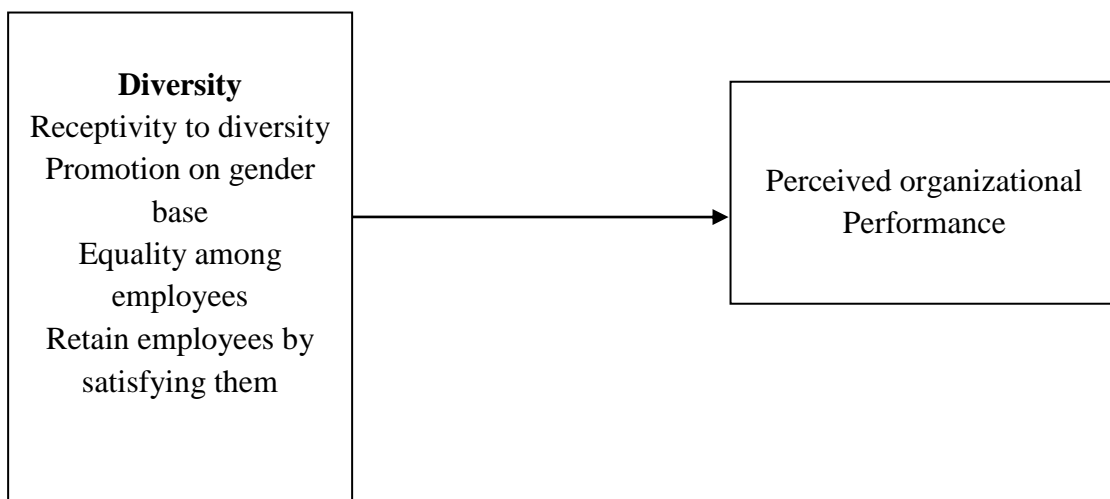
Collected the data at our convenience through searching for online questionnaires and considering the ones, which are related to size of the research work. Sample size of respondents were four hundred and they all were students doing their master degree in management sciences and they have enough knowledge and idea about diversification at workforce, by filling the questioners the respondents have share their perception about diversity at workforce. The four hundred questioners were distributed to students and from them three hundred were returned with valid information and remaining were with incomplete information so they were not considered.

Validity and Reliability Test:

The validity and the reliability test of each of the constructs, that include receptivity to diversity, promoting diversity at workforce, equality among diversity and hire and retain diverse employees, and its impacts on organization's performance would be established to check the accuracy, reliability and validity of the measurements and results of this research and to identify the impacts of independent variables on the dependent variables. As the receptivity to diversity, promotion of diversity, equality among diverse employees and hire and retain diverse employees are as an Independent variable which have different impact on organizational performance which is dependent variable, it shows changes with the change in independent variables. The reliability of the constructs was determined based on Cronbach's α and the discriminant validity of the measurement models, as well as the fit of their multi-indicator scales, were subjected to latent variable SEM analysis.

Research and theoretical framework:

Research model:



We compare public and private sector in order to analyses the result of diversification at both workforces.

Statistical tools:

Statistical tools like factor analysis, correlations, ANOVA, excel, AMOS and SPSS are used to analyses the and find out valid result. We have established and illustrated high reliable result by using traditional and structural equation modelling (SEM) techniques, and confirmatory factor analysis (CFA) for six single-construct models. This calculation may include descriptive statistic to summarize the complete data.

Result and analysis

Demography:

	Frequency	%age	Total
Gender	68	45.6	149
	81	54.4	
Age	42	28.2	149
	81	54.4	
	26	17.4	
Income	1	7	149
	14	9.4	
	56	37.6	
	78	52.3	
Qualification	1	7	149
	54	36.2	
	57	38.3	
	37	24.8	
Experience	80	53.7	
	44	29.5	
	25	16.8	

Table:1 shows that out of 149 68 are male and 81 are female respondents,42 respondents belong to the age below 20 years,81 respondents belong to the age group 21-30 years and 26 out of the 149 were from the age group 31-to 40 years.1 respondents responded our questionnaire with house hold income from 5,000 to 10 thousands , 56 from the income level 21,000 – 30,000, and 78 students selected others income option.one responses the qualification matric and 54 with qualification of intermediate 57 respondents belonged to bachelor and 37 respondents selected the masters option.80 respondents selected the option of work experience less than one year ,44 respondents belongs to work experience of 1-3 years and 25 respondents selected work experience of 4-6 years.

CFA table 2

Construct/Indicators	Standardized Factor Loading (CFA-AMOS)	Construct Reliability		Construct Validity		
		Cronbach's alpha	Composite Reliability (CR)	Convergent Validity Average Variance Extracted (AVE)	Discriminant Validity Maximum Shared Variance (MSV)	Average Shared Variance (ASV)
RECEPTIVITY DIVERSITY		.847	0.852	0.538	0.2601	0.1238
RD1	.64					
RD2	.89					
RD3	.76					
RD4	.67					
RD5	.68					
EQUILITY DIVERSITY		.769	0.775	0.539	0.2116	0.0724
ED1	.72					
ED2	.86					
ED3	.60					
HIRE DIVERSITY		.888	0.888		0.0225	0.0103
HD1	.85			0.572		
HD2	.75					
HD3	.63					
HD4	.76					
HD5	.74					
HD6	.79					
PROMOTION DIVERSITY		.796	0.807	0.586	0.0169	0.0049
PD1	.65					
PD2	.75					
PD3	.88					
PERCEIVED ORGANIZATIONAL						
PO1	.81	.781	0.785	0.550	0.2601	0.3074
PO2	.73					
PO3	.68					
Reliability and Construct Validity Thresholds:		$\alpha > 0.70$ (Nunnally,1967)	CR > 0.70	i) AVE > 0.50 ii) CR > AVE	MSV < AVE	ASV < AVE
[Suggested by Fornell and Larcker (1981)]						

Hence the reliability results of each variable is above 0.7 which indicates the test performed is reliable and the validity results of table 2 are accepted because value of MSV and ASV are less than AVE and there is no any issue in the research.

Table: 3 model fitness

Model fitness indexes						
Chi-square/df	P-value	GFI	AGFI	CFI	TLI	RMSEA
1.653	.000	.869	.828	.923	.909	.064

Table 3 shows all the values are under threshold and model fitness is accepted as P value in model is 0.00 where GFI AGFI CFI TLI values are accepted as they are greater than 0.8 and 0.9 and value of RMSEA is less than 0.8 and chi-square value is less than 3.

Table.4

Hypothesis testing

Independent variables	B-value	P-value	Accepted/rejected
Receptivity to diversity	-.04	0.00	Accepted
Equality among diversity	.44	0.00	Accepted
Hire and retain diversity	.13	0.00	Accepted
Promotion of diversity	.36	0.00	Accepted

Hypothesis results shows that the relationship between receptivity to diversity and organization performance having negative relationship because its B value is found to be in negative and equality among diversity, hire and retain diversity and promotion of diverse employees having positive relationship with organization performance because its B value is in positive figures and all values are accepted because p value of all independent variables is less than 0.05 so it indicates that the test performed is valid.

Conclusion

In the research we have focused on the workforce diversity and its impact on organization performance, we have conduct the data from schoolteachers, as they were my respondents to make comparison between private and government schools and see the results of diversity on its perceived performance. The study shows that the more the diverse organization more its performance is progressive. The purpose of the study is to communicate the message of diversity to schools and other organizations to bring diversity in every organization in order to enhance their performance and it is only the way to solve the performance issues. All the hypothesis we have made in this research were accepted.

Limitations & recommendations

As we were given three months to make the detail study on the organization’s performance due to diversity in school sector as we had very short span of time and as we were in our student level so our financial condition was also average therefore we only conducted our study in school sector and our respondents were school teachers, we have made comparison

between public and private schools to see the result of diversity on school's performance in Karachi Pakistan. In the study we recommend to future researchers that explore this topic more as we have conducted the study in education sector future studies will be conduct from banking sectors, multinational companies as to see the results of diversity.

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