

## Diversity At Workplace: A Key To Organizational Performance

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### ABSTRACT

In the present perspective, it is imperative for every firm to have a diverse workforce. Nonetheless, a major challenge for management is to successfully oversee such a diversified workforce. Workforce diversity can either be a detriment or a benefit for an organization. A diverse workforce can yield significant advantages for both the organization and its employees, provided that they are treated equitably and embraced. When treated equally, varied employees work with enthusiasm, and their performance immediately impacts the organization in a good manner. This study conducts a thorough analysis of workforce diversity and its influence on organizational performance. After conducting a thorough review of the literature and analysing multiple research papers, the researcher intends to investigate the impact of workforce diversity on organizational performance. The study concludes that when properly managed, workforce diversity can be a significant strength for any organization, leading to improved worker performance and increased productivity.

**Keywords:** Diversity, inclusion, productivity, organisational performance

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### Introduction:

Human resources, are a valuable asset for individuals, groups, political parties, and media organizations seeking to fulfil their objectives (Nzuve and Bakari ,2012) and (Dobre ,2013). (Ahmad Sh.& Rahman F. U., 2019) stated an examination of several facets of diversity reveals that different factors, such as age, gender, and ethnicity, have varying effects on performance. Specifically, ethnicity diversity has a detrimental impact, whereas experience has a beneficial influence on employees' performance. (Childs, 2005) workforce diversity is a widespread occurrence in both the workplace and marketplace on a worldwide scale. Therefore, it is critical that all successful businesses embrace a global mind-set and exhibit unwavering commitment to integrating worker diversity into their daily operations. (Christian et al., 2006) predict that the proportion of minority workers in the United States will increase from 16.5% in 2000 to around 25% by 2050. Diversity management is becoming more and more popular from an academic and practical standpoint as the workforce diversifies. Programs for diversity management are likewise being used more and more frequently. (Armstrong, 2015) Performance is affected by four different elements: personal characteristics, work system factors, and internal and external factors. Moreover, an individual's subpar performance can be attributed to issues such as insufficient knowledge and skills, inadequate incentives, unsupportive work environments characterized by leadership styles, and internal variables including lack of motivation. (Armstrong, 2015) Organizational performance is a component of overall organizational effectiveness that is influenced by factors such as commitment and loyalty. (Luthans et al., 2007) also argue that structural performance is crucial for sustaining long-term working relationships. Multiple studies indicate that the impact of diversity, whether beneficial or negative, is contingent upon various factors such as an organization's strategies, culture, and HRM practices. This suggests that diversity can be advantageous in specific circumstances and may not have any effect in different situations. In other words, Diversity in the workplace can have both beneficial and negative impacts on employee performance within a business, if it's not controlled properly. But with the practices of equity and inclusion the practices of diversity at workplace can be handled properly. In the same context, the purpose of (Poonam and Sholke, 2021) provides a

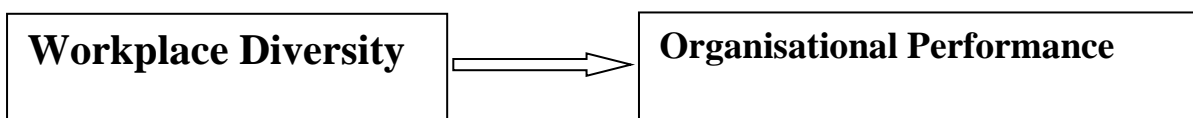
comprehensive and in-depth understanding of diversity and inclusion, surpassing other review studies by conducting a meticulous analysis of a substantial number of articles. Notably, throughout the last two centuries, there has been a substantial growth in study focused on organizational diversity and inclusion.

Many authors had done a lot of work regarding diversity at workplace with using different variables but this study is an attempt to show a relationship between diversity at workplace and organisational/ employees performance since diversity at workplace can have both negative and positive impact on organisational productivity and employees' performance but if difference among individuals managed properly it can be more fruitful to the organisation. Thus this study provides in depth knowledge regarding workforce diversity and organisational performance with using appropriate research method.

### Literature Review:

Workplace diversity refers to the distinct characteristics and variations among employees. Age, ethnicity, work environment, gender, perceptions, marital status, location, job experience, sexual orientation, income, and nationality are some of the variables that influence organizational essential values. **(Bassett, 2005)**. Various studies exclusively focused on social diversity attributes, such as age, gender, ethnicity, and education. **(Stergaard et al, 2011)** found a favourable correlation between education and gender with creativity. They found age showed a negative correlation, whereas ethnicity had no significant impact. Cultural diversity is expected to have an impact on six straight aspects of organizational effectiveness, according to **(Cox and Blake, 1991)**. These factors include the capacity to draw in human resources, expenses, issues with creativity, innovation, and problem-solving; additionally, they include organizational flexibility and the advantages of having a varied workforce in terms of marketing. The problem-solving argument posits that heterogeneous problem-solving groups, which consist of individuals with diverse perspectives, are more likely to provide superior decisions **(Cox and Blake, 1991)**. **(Gonzales and Denisi, 2009)** that presence of a diverse atmosphere is crucial for fostering a strong sense of organizational affiliation. **(Simons S.M and Rowland K.N, 2011)** These elements include the capacity to draw in human resources, expenses, issues with creativity, innovation, and problem-solving; additionally, they include organizational flexibility and the advantages of having a varied staff in terms of marketing. This will enhance both the anticipated outcomes and effectiveness of diversity management programs. Theoretically, diversity in workgroups can have both advantageous and disadvantageous impacts, **(Christian et al, 2006)**. **(Jehn et al, 1999)** asserted the presence of diverse individuals inside the workgroup resulted in favourable effects, such as improved efficiency and morale. However, the appreciation for diversity had an adverse impact on the intention to stay within the group. **(Bunderson and Sutcliffe, 2002)** Stated that the misunderstanding concerning functional diversity and non-functional diversity kinds is exclusive of the obstacles to integrating diversity in the organization. Functional diversity, or diversity that promotes innovation or more effective function, is frequently the type of diversity meant by popular workplace declarations like "we need to focus on diversity" or "diversity is something we strive for". The association must establish and preserve a conducive operational environment to enhance employee performance and bridge the gaps within Aceh government organizations, both in terms of service improvement and career competitiveness. **(Gneezy and Uri, 2003)** **(Maslow, 1998)** that motivation has a positive impact on performance. **(Cornelius, 1999)** states that effective performance plays a crucial role in achieving organizational objectives and optimizing employee contributions. **(Cascio, 2000)** provided a definition of performance as the effective execution of a task, evaluated based on its level of effectiveness. Employee performance refers to the extent to which an individual is meeting the job requirements **(Rue & Byars, 1993)**. In **Smith's (2010)** argument, it is posited that effective workforce diversity policies within the realm of human resources are seen to improve both employee and corporate performance. In a study conducted by **(Gordon & Fitzgibbons ,1982)** a favourable correlation was discovered between employment experience and job performance among 162 machine operators. In a study conducted by **(Giniger, Dispenzieri, and Eisenberg ,1983)**, It was found that job performance and work involvement are directly correlated. The study also looked into the possibility that recognizing and rewarding employees' achievements, as well as valuing their uniqueness, could improve their performance. On another aspect it can be examined that the HRM practices are applied with performance appraisal because they have complementary effects and together impact the organization's performance. This is supported by research conducted by **(Huselid, 1995)**, **(Becker and Gerhart, 1996)**, and **(Ichniowski et al.,1997)**. Worker performance can be assessed using many criteria **(Wall et al., 2004)**. In the same series **(Prendergast, 1999)**. Posited performance can be assessed based on objective criteria, such as the quantity of items manufactured, the sales value, or the quality of the output. These measures are viewed first-hand by both the evaluator and the person being examined. **(As to Graves et al., 2013)**, employee performance pertains to the recorded achievements and tasks fulfilled during a defined period. Researchers apply a collection of eight variables to evaluate the efficacy of employees. The dimensions and indicators have the following functions: assessing the quality and quantity of production, determining time efficiency, evaluating effectiveness, identifying needs, monitoring supervision, and measuring interpersonal impact. **(Kreitz, 2008)**. By acknowledging and appreciating employees' varied contributions to goal achievement, the business continuously seeks to increase worker productivity. The act of accepting, valuing, understanding, appreciating, and embracing individual differences among coworkers is known as

diversity. (O'Donovan, 2017) the firms should adopt modern diversity policies that encompass a wide range of inclusive strategies. According to this research, no two employees can be compared to each other. Age, gender, experience, aptitude, and ethnicity may all vary between the two people. The researchers recommended that in order to handle the different problems that could occur from having a diverse team, firms need diversity policies. Giving managers the training they need to handle diversity-related issues might be one of the biggest obstacles. The lack of adequate assistance from higher-level executives presents a significant obstacle in effectively managing diversity. Therefore, it is crucial for organizations at every level to embrace a diverse workforce that brings a range of talents, expertise, and abilities. (Giffords, 2009) and other experts have found that businesses with greater diversity tend to exhibit superior organizational performance. (Singh & Vinnicombe, 2004) claimed that there is reason for concern because women's skills, abilities, and talents are not fully utilized because they are not appropriately acknowledged. Usually, companies tend to favour men over women based on the belief that men are more capable of performing well in managerial roles. (Leonard et al., 2003) assert that preconceptions and stereotypes that give men better qualities and higher position are the cause of and justification for gender-based inequities that exist in organizations. They noticed that firms show a preference for hiring male employees over women due to the perception that men have superior performance and job management abilities. (Gelner, 2009) claimed that because different age groups have varied ideas, values, and interests, the existence of multiple age groups can have a negative effect on worker efficiency. Generational differences usually lead to lower productivity, arguments, and confrontations. Every generation thought that because of its superior abilities, there was no need to worry about differences resulting from generational gaps. (Rowe, 2010). In the same vein, Kochan, Bezukova, and Thomas (2002) argued that in order to improve the overall effectiveness of the organization, it is imperative to include women at every hierarchical level. (Jha, 2009) Staff with diverse backgrounds and skills is the most significant resource for any firm. A diversified workforce excels in problem-solving by delivering a variety of distinct and inventive ideas, so giving the firm a competitive advantage. It is believed that implementing effective workforce diversity strategies can improve both employee and organizational performance (Smith, 2010).



### Objectives of the Study:

The two goals that motivated the current study's undertaking are as follows:

- 1) To explore the intricacies of workplace diversity.
- 2) To comprehend the connection between diversity and organizational performance.

**Research Methodology:** The study employs a cross-sectional approach, utilizing a quantitative research design. The study is based on primary data. The study sample comprises 153 participants from the IT sector, and data is collected by questionnaires utilizing a five-point Likert scale. Workplace diversity was measured using gender and age diversity using eight and six items respectively from questionnaire developed by Darekar Priyanka (2022) and disability diversity five items from questionnaire developed by Sona K (2011) and organisational performance measured using five items from questionnaire framed by Barathi Dasan N (2010). This present research is centred in the tri-city region comprising Chandigarh, Panchkula, and Mohali.

### Analysis and Interpretation:

The numerical data was analysed using descriptive and inferential figures, utilizing the SPSS program. Correlation analysis and regression were employed as inferential statistics techniques. In the table we can see that workforce diversity has a positive correlation with organizational performance. The Pearson product correlation between workforce diversity and organizational performance showed a moderate positive relationship for gender and disability diversity ( $r = .423$  &  $.302$  respectively), and a moderate negative relationship for age diversity ( $r = -.348$ ) which was statistically significant. Thus diversity construct regards to gender and disability are positivity related to organisational performance and age construct of workforce diversity has negative impact in organisational performance.

**Correlations**

		OP_NEW	DDW_NEW	GDW_NEW	ADW_NEW
OP_NEW	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	153			
DDW_NEW	Pearson Correlation	.302**	1		
	Sig. (2-tailed)	.000			
	N	153	153		
GDW_NEW	Pearson Correlation	.423**	.718**	1	
	Sig. (2-tailed)	.000	.000		
	N	153	153	153	
ADW_NEW	Pearson Correlation	-.348**	-.033	-.211**	1
	Sig. (2-tailed)	.000	.683	.009	
	N	153	153	153	153

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

**Discussion and Findings:** Upon thorough analysis of the literature and research papers on workers’ diversity and its effect on productivity, it is evident that the primary goal of an organization is to generate revenue and improve productivity. While many authors emphasize the importance of employing a diverse workforce in today’s context, managing such a workforce poses a significant challenge for management. Employing a diverse workforce can enhance productivity, but mismanagement can result in negative outcomes. Both organization and personnel may face hurdles such as language obstacles, clashes in attitudes, and differences in perceptions. These issues are directly linked to human behaviour and can ultimately impact an organization’s productivity.

However, the study aims to explore diversity through a literature review and analyse the correlation between workforce diversity (gender, age, disability) and organizational performance using primary data. For objective one, diversity has been extensively examined in different dimensions like age, gender, ethnicity, religion, and disability concerning organizational aspects such as culture, performance, and productivity. In regards to objective two, the data suggest that gender and disability diversity have a moderately beneficial effect on organizational performance. As per the findings of **(Kaur & Arora,2020)**, the current state of gender diversity in Indian administrations is seeing positive growth. Organizations have started recognizing the benefits of gender diversity and inclusion, whereas this study shows that the age diversity has a significantly negative effect. likewise, **(Gelner, 2009)** found that the presence of different age groups may be detrimental to the productivity of employees. On another hand some author found its beneficial to have age divert in organisation for better productivity in the same context, **(Stephan and Dwertmann ,2014)** proposed that age-inclusive human resources practices might encompass recruitment strategies that take into account age diversity, ensuring that all age groups have equivalent prospects for training, and implementing career and promotion systems that are free from age-related biases. Implementing these HR practices would cultivate a company culture that embraces individuals of all ages. Organizations need to educate their executives about the need of addressing age diversity in the workplace in order to support such practices and according to **(Boehm and Dwertmann, 2015)**, firms who choose to have a diverse workforce in terms of age and handicap have experienced notable benefits such as enhanced innovation, greater employee loyalty, and higher overall effectiveness.

**Future Scope of Study:** The researcher conducted the study to gain a deeper understanding of workforce diversity and its impact on organizational performance. The researchers are forced to make recommendations on how to address the deficiencies discovered during the survey after taking into account all of the research findings. on workforce diversity, for example, there is a conflicting view among HR professionals on the inclusion of new trends in HR policies and the treatment of this emerging trend. But by implementing different policies, this issue can be resolved. Additionally, the researcher encountered limitations in terms of financial support and the consideration of numerous other aspects of workforce diversity. Hence, it is imperative for future studies to investigate supplementary variables such as religion, ethnicity, and orientation in context to workforce diversity and organizational enactment in order to attain a more profound comprehension of their interconnection.

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