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Workforce Diversity and its Impact on Employee Performance

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ABSTRACT

Workforce Diversity implies differences and similarities among people working in an organisation. This diversity may be in terms of age, religion, cognitive styles, tenure, personality, education, ethnic groups, family background, social status, culture and more. Thus, people with different demographic differences working in the organization makes a diverse workforce. The concept of workforce diversity gained much attention with globalisation and the need for the organisations to spread their business globally to reach customers across the world. Hence, diversity has been identified as one of the key drivers for sustaining competitive advantage. At the same time, it is also a big challenge for the organizations; so, they should train and educate their managers and supervisors on valuing and managing diversity. Thus, the diversified workforce will bring both opportunities as well as challenges to the organization, if not properly managed. The object of the study is to focus on the factors of workforce diversity which affects the employee performance in an organisation. Also to develop a conceptual model to discover the relationship between workforce diversity and employee performance.

Keywords: Workforce diversity, Employee Performance, Gender, Age, Education, Cultural diversity.

INTRODUCTION:

As an inescapable characteristic of contemporary organizations. Workforce diversity is increasingly identified and applied as one of the most important organizational tools in regards to achieve the goals of an organization and to provide excellent customer service, in the dynamic and competitive business environment.
Recently, workforce diversity has received more attention from both academics and managers, as a result of the internationalization of people from different cultures and minorities' insertion in the workforce. Indeed, in the last three decades, legislation in different countries of the world has also been stimulating a growing number of organizations to promote equality and diversity at work (Dickens, 2005; Ferdman, 1992; Jackson; May; Whitney, 1995; Thomas, 1999; Knippenberg; Schippers, 2007). The globalization of the economy and the interdepartmental and inter-organizational strategic coalitions has made the organization's environment very complex, dynamic and complicated. Further, in today's dynamic business world, workforce diversity has become one of the most important managerial issues, as the organisations have increasingly become diverse in terms of their workforce. Diversity occurs in an organisation when its members differ from one another. Every human being is different along with every imaginable dimension.

REVIEW OF LITERATURE:

Diversity:

Department of Commerce of US (2007) defined diversity as including all the characteristics and experiences that define each of us as individuals. According to Wentling and Palma- Rivas, (2000) the definition of diversity may include national origin, religion, disability, sexual orientation, values, education, language, lifestyle,

beliefs, physical appearance, and economic status. It also includes cultural aspects such as race, colour, physical ability, ethnicity, gender, age, etc.

Workforce Diversity:
Workforce diversity refers to the employees from various socio-cultural backgrounds working within the organisation. In the words of Cox and Thomas (1991), workforce diversity is a set of differences among individual characters including socio-cultural demographic variables and professional variables, which can be found in an organization's various levels. It means differences among people in an organisation based on culture, gender, race, ethnicity, age, religion, educational background, physical and mental disability, and other socio-economic class and also includes perceptions that uphold organizational core values (Sikalieh, 2012). Typically, diversity refers to the demographic description of the people working for an organization. Greenberg (2004) also defines workforce diversity as the variety of differences between people in an organization including race, gender, ethnic group, age, personality, cognitive style, tenure, organizational function, education, background and more. Therefore, workforce diversity means the co-existence of employees from several socio-cultural backgrounds within the organisation.
Workforce diversity has become inevitable and fundamental for sustainable organizational performance. Today it has become an important issue for successful management. Thus the success of any organisation depends on the capacity to manage a pool of diverse employees having different talents that can bring in innovative ideas, views, and perspectives to their work environment. By creating a greater pool of talent in the workforce, diversity can result in better decision making, better task performance work motivation and knowledge sharing among employees. With the mixture of diverse talents from different cultural backgrounds, genders, ages, and lifestyles, an organization can respond to business opportunities more rapidly and creatively, especially in the global area.

Cultural Diversity:
According to Opstal (2009) cultural differences among employees' can have both advantages and disadvantages for the organization. Zgourides, Johnson, and Watson (2002) advocate that cultural diversity is an advantage to the organisation as it can bring different views for team problem solving which in return will increase the team performance when the team learns to leverage these differences to their benefit. Further, Knippenberg, De Dreu& Homan (2004) observed that differences in culture can provide a large pool of resources to the organization such as creative knowledge and innovative abilities among the workforce. Jackson et al (2004) identified that better problem-solving ability is an advantage of cultural diversity. According to Timmermans, Ostergaard, and Kristinsson (2011), cultural diversity can be positive toward employee performance, since it broadens the creativity, innovative and better problem-solving capacity.
Jackson et al. (2004) cited that cultural diversity is disadvantages to the organisation as it creates communication problems and conflict. Kiglai (2006) accepts that conflict resulting from cultural differences does affect the quality of work, employees' performance and profitability of an organization. Dahlin, Weingart& Hinds (2005) asserted that a high degree of cultural differences has the negative impact as it creates conflict and clashes in the workplace due to social categorization.

Gender Diversity:
Connell (2002), describes gender as a description of masculinity or femininity. Many research studies support the argument that gender diversity has a positive influence on the organisation and employee`s performance. McMillan-Capehart (2003), observed through the resource-based view that gender diversity provides a competitive advantage to an organisation. But according to Brown, 2008; CarrRuffino, 2003, gender diversity remains ineffective if it is not first recognized and managed. Furthermore, according to Kochan, Bezrukova, Ely, Jackson, Joshi, Jehn, Leonard, Levine, and Thomas (2002), providing an equal job opportunity to women is vital to improve the performance of employees in an organization.
The study from Kundu2003; Mueller, 1998, states that hiring more women will enable the organization to tap niche markets. But, as per the studies of Herring, 2005; Rothman, Lipset, and Nevitte, 2003 the greater gender diversity is associated with lower quality because it places lower performing people in positions for which they are not suited. In other words, organizations prefer to hire male workers compared with women because they are perceived to have better performance and the ability to manage their jobs.

Age Diversity:
According to Florian Kunze, Stephen Boehm and Heike Bruch, 2009, growing age diversity has become one of the major characteristics of a modern organization. Gelner and Stephen (2009) summarized that due to the difference in the value system and the preferences of distinct age groups age heterogeneity can negatively affect the productivity of the workers and the organisation as a whole. It is also shown, because of conflicts and clashes among different age group due to generation gap productivity of the workers diminishes frequently (Gelner and Stephen, 2009; Lau, Murnighan, 2005; Pitcher, Smith 2001). According to Brown (2008), increased age heterogeneity provides many challenges for management, as the workforce ages, organisations will have to struggle with higher health care costs and pension contributions.

Education Diversity:
Tracy and David (2011) found that employers commonly hire those employees whose education, training, the experience is adequate for the jobs. Besides Daniel (2009) found, that increased level of education might increase the mobility rates of the employees. Further, it is found that an employee will be more productive depending on the level of education he/she has. In other words, more education qualification more will be the productivity of the individual worker.
As per the studies of Glaeser, Scheinkman and Shleifer (1995) a greater proportion of education among the workers will lead to higher economic growth. However, Zeng, Zhou, and Han (2009) found that employees with higher education and with maximum length service show the unusual decline in work performance because they have not found the suitable development space, so temporary disengagement happens.

Religion Diversity:
According to Meena K (2015), religious diversity is a source of various forms of discrimination due to the rooted stereotypes about people from different religions. Further, it can be a source of direct discrimination or it can lead to indirect discrimination i.e. when the policies of the organization though applicable equally to all employees can be a disadvantage too few of them. In a study by Vijayalakshmi et al. they found that religion was not found to be a significant discriminatory factor in organizations and their decision process, but they gave the reason for the discrimination was likely underreported as their sample was predominantly of Hindus. Another study by Gebert et al. observes that religious affiliation in an organization is unrelated to intergroup conflicts, however, differences in member's belief to follow religious rules at an organization lead to intergroup conflict.

Language Diversity:
Language is the greatest medium that allows employees to relate and understand each other. According to Kachru multilingualism is the linguistic behavior of the members of a speech community which alternately uses two, three or more languages depending on the situation and function. Meena K (2015) asserts that mother tongue is an expression of primary identity and of group solidarity; therefore, people speaking a similar language may develop group representation. Further language diversity may create in in-group versus out-group categorization. However, the understanding of the link between language and social identity patterns is of great importance to the international business community.

Employee Performance:
Performance means the action of doing; recognizable and measurable activities, achievement or accomplishment, in performing of duty. Employee performance refers to the active discharge of one's duty for the achievement of results. It is nothing but how well an employee is fulfilling the requirements of the job (Rue and Byars, 1993). Cascio (2006) defines performance as working effectiveness, that is, the way in which an employee does a job, judged by its efficiency. Performance is very essential for any employee. According to Anitha (2014), employee performance is the employee's monetary or non-monetary outcome which is absolutely connected with outcome and success. According to McConnell (2003), employee performance is nothing but the achievement and contribution of an individual in a practical and quantifiable term. Moreover, employee performance is a complex concept that can be affected by many variables (Popovich, 1998). These variables may consist of age, gender, employee recognition to job satisfaction, performance appraisal techniques, and task types (Rahman, & Shah, 2012). Sarmiento et al. (2007) observed that job performance is often the result of two aspects: the abilities and skills (natural or acquired) that an employee has, and his/her motivation to use them in order to perform a job better.

Further, Sabine Sonnentag & Michael Frese defined performance in terms of behaviors or actions of employees, rather than the results of these actions. In addition, Performance consists of behaviors that are under the control of the individual, thus excluding behaviors that are constrained by the environment.

However, Campbell et al., and others argue that when describing performance one has to differentiate between behaviour (i.e., action) aspect and an outcome aspect of performance. So, only actions and behaviours which can be measured are considered as performance. The behavioral aspect refers to what an employee performs in the work situation. Not each and every behavior is considered under the concept of performance, but only that behavior which is relevant for the accomplishment of organizational goals.

The outcome of performance also depends on factors other than the individual's behavior. Generally, it might be difficult to describe the action aspect of performance without considering the outcome aspect. Because only those actions which contribute to the accomplishment of organizational goals constitute performance. Hence, it is very essential to measure the degree to which an individual's performance meets the organizational goals. It is difficult to conceptualise such criteria without simultaneously considering the outcome aspect of performance. Therefore, the emphasis only on performance being an action does not really solve all the problems. Thus, performance is not defined by the behaviour itself but also by the outcome of that behaviour (Ilgen& Schneider, 1991; Motowidlo, Borman, &Schmit, 1997).

Figure 1: Conceptual Framework

RELATIONSHIP BETWEEN PERFORMANCE AND WORKFORCE DIVERSITY:

According to Hamilton, Nickerson et al. (2004), diversity can be either disadvantageous or useful for employees' performance (Williams and O'Reilly III 1998). According to Milliken and Martins (1996), Jehn, Northcraft et al. (1999) workforce diversity is positively related with creativity, development, innovation and critical thinking aptitudes and negatively correlated with cohesiveness, collaboration, cooperation, and support (Pelled, Eisenhardt et al. 1999). Good workforce diversity practices are expected to improve and enhance employee and organizational performance (Adler 1986). As organizational performance is categorically affected by the performance of an individual employee, so the positive influences of workforce diversity at the employee level would help to develop employee cooperation.

Fernandez (1993) argues that good workforce diversity management will enhance employee's performance. This is because managing diversity involves leveraging and using the differences among the employee's skills, ideas, and creativity to contribute for the achievement of the common goal, and doing it in a way that gives the organization a competitive edge. Hayles and Mendez (1997) found that even recent studies have shown a strong correlation between good diversity practices and profits.

Therefore, today organisations have to consider managing diversity in an effective manner. Managing diversity includes utilizing the dissimilarities as a part of aptitudes of individuals, thoughts, and inventiveness to add to a typical goal and undertaking it, in a manner that gives the organization a competitive edge over other organizations (Morrison 1992). As per the studies of D'Netto and Sohal (1999), there is a high positive relationship between worthy diversity practices and profitability of the organisations. Diversity contributes to creative innovations, broad viewpoints, and better problem description and problem-solving, there are more alternatives and better solution to the problems (Adler 1986). On the other hand, workforce diversity also creates conflicts and clashes among employees due to differences in perceptions, ideas, religion, culture, different attitude towards and many more. Conflicts always do not mean to be negative and create bitterness. However, conflicts can also result in the reduction in creativity, innovation and work quality which ultimately leads to a decrease in the performance of the employee

SUMMARY AND CONCLUDING REMARKS:

Workforce diversity has increasingly become a "hot-button" issue in corporate, political, and legal circles. A diverse workforce is a reflection of a changing world and dynamic marketplace. No organisation in this world of globalisation would survive without identifying and managing workforce diversity. The extent to which managers identify diversity and its potential advantages and disadvantages define an organization's approach to managing the diversity. Because it is the organisation's approach to diversity, not the diversity itself which determines the actual positive and negative outcomes. Hence, managing workforce diversity is one of the most difficult and pressing challenges of modern organisations. Diverse work teams bring high value to organizations. Respecting individual differences will benefit the workforce by creating a competitive edge and increasing work productivity. Diversity management benefits associates by creating a fair and safe environment where everyone has access to the resources and opportunities and challenges. Management tools in a diverse workforce should be used to educate everyone about diversity and its issues, including laws and regulations.

Many diversity scholars have argued that diversity facilitates employee performance when it is managed in constructive and integrative ways. Developing effective processes of diversity management requires a universal or holistic approach incorporating critical evaluations of organisational structures and processes. It is important to understand the extent to which diversity is a multidimensional concept, and how it impacts on all members of a particular organisational setting. The relationship between diversity and enhanced performance is not automatic. Diversity, even where it does exist, may not be recognised, encouraged or seen as potentially positive. And even those organisations which do promote and support diversity cannot be guaranteed to reap automatic benefits. However, if properly integrated, effective diversity management initiatives have the potential to improve productivity and opportunity within their organisations.

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