Critical Review of Impact of Workforce Diversity on Indian Organizations

Dr. Puja Singh*
Dr. Sandhya Rai**
Preeti Srivastava***

Abstract

Workforce diversity is to further the accessibility of equal opportunities in the workplace in context to organizations in India. This equal opportunity philosophy is to ensure that organizations make the most out of the difference from a diverse workforce rather than losing talent which might assist the organization to be more efficient and effective. Diversity brings with it, the heterogeneity that needs to be nurtured, cultivated and appreciated.

As the demographics of people in every continent are changing at a rapid pace, workplace diversity is going to increase. Organizations which are managing diversity know the value of diversity so for reaping benefits they have started on valuing and managing diversity. Organizations which acknowledge the value of diversity on time will have a competitive advantage on others. Diversity is transformed to higher performance in the workplace through those who are enthusiastic and committed to work. The focus of this paper is on impacts of workforce diversity on Indian organizations, what they are doing to mix up in Indian culture; behavior of Indian organizations towards diversity and some studies has been presented conducted in India on workforce aspects.

***Keywords:** Globalization, Diversity, Workforce, Inclusion, High Performing organizations.*

Introduction

The concept of diversity which originated in U.S in the late 1980's has seeped into countries across the world. In the last two decades; it has been embraced by the organizations by realizing the strong linkages between the inclusion of diversity and business competitive advantage.

Organizations differ in their ability to capitalize on the diverse characteristics of their workforce, the result in part of well-established, long-held attitudes and practices. Diversity encompasses any characteristic used to differentiate one person from others. The conception of diversity includes differences across gender, race, age, physical ability, sexual orientation, religion, skills, and tenure in the organization. This listing reflects major sources of contention over diverse characteristics in organizations today.

Organizations comply with legal requirements regarding the composition of the workforce. Diversity may be addressed at a surface level, but the organization is not committed to the idea that diversity has advantages. The organization's routines and practices continue much as they always have. In a tolerance stage, diverse members of the organization are actively sought and included in the daily practices and routines of the organization, but the skills and talents of these members may not be fully utilized. Diversity means heterogeneity that should be appreciated by all to increase effectiveness of organization as competition is pouring in from all around. The workforce diversity can also help in providing equal opportunities at workplace. Equal opportunity at work means making most out of differences of individuals at workplace rather than losing talented employees that can be proved more efficient and effective to organization. Workplace diversity is now considered an important issue and in the near future will become more

Associate Professor, NIU, Greater Noida
Associate professor, AIMT, Greater Noida
Research Scholar, NIU, Greater Noida

important because of increasing differences in workforce in different countries.

India has ever been a land of paradigm and fascination. People from the West had previously envisioned the country as a land of spiritual gurus and snake Charmers - a concept that has taken a long time to erode even with globalization and economic liberalization. In India even people from neighboring states are as different as trying to compare Karnataka to Italy when considering language, dressing style, folkdances etc. In India language changes every 100 kilometers. It is a country representing every major religion, almost two thousand ethnic groups, four major language families containing a total of 1065 languages and dialects and a strong social hierarchical structure unparalleled by any country other than the continent of Africa in terms of linguistic, social and cultural diversity. It is a nation with the largest English speaking population and the world's largest base of middle class that has led the spur of grow.

Literature Review

Workforce diversity is the name given to those organizations that has more heterogeneous mixture of people in the form of age, gender, race, ethnicity and educational background. In fact all organizations are heterogeneous, none is a homogenous organization. If we talk about narrow definition of workforce diversity, they reflect about affirmative action and equal employment opportunity laws that make compulsory to implement rules that give equal opportunities to all working under one roof. And if we talk about broad definition of diversity, it covers most characteristics that individuals posses that affect the way they think and do things. **Hayles (1996)**, for instance, defines diversity as, "All the ways in which we differ." In the context of organizations, **Henry and Evan (2007)** point that diversity refers to, "co-existence of employees from various socio-cultural backgrounds within the company. Diversity includes cultural factors such as race, gender, age, color, physical ability, ethnicity, etc."

Organizations with a diverse workforce can provide superior services because they can better understand customers needs (**Wentling and Palma-Rivas, 2000**). Hiring women, minorities, disabled, etc. will help organizations to tap these niche markets (**Mueller, 1998**) and diversified market segments (**Fleury, 1999**). As all the segments of society have a stake in the development and prosperity of society as a whole, creating and managing a diverse workforce should be seen as a social and moral imperative (**Mueller, 1998**). As the economies are shifting from manufacturing to service economies, diversity issues will gain importance because in a service economy effective interactions and communications between people are essential to business success (**Wentling and Palma-Rivas, 2000**).

Workforce Diversity at world level

Henry Ford is known as the man who put the world on wheels. This visionary inventor also saw the wisdom in creating a diverse workforce long before such concepts were embraced by other business leaders. Since its founding in 1903, Ford has established itself as a premier American employer by supporting equitable and inclusive employment practices years before the law required it. Today, Ford continues to attract a highly skilled committed workforce that reflects a broad spectrum of culture, ethnicity, race, perspective, age, religion, physical ability and sexual orientation.

South Africa is a nation of diversity, with over 50-million people and a wide variety of cultures, languages and religious beliefs. Diversity is a challenge everyone in the country faces. However, diversity is not exclusively South African challenge segregation and discrimination in South Africa was based on race. Malaysia has changed to accommodate the increasingly diverse work force. The diversity of the workforce in this country is very commendable and one can see a number of people fluent in English, Mandarin and Tamil. Because many foreign organizations have already made a home in this nation, the executives have honed their management skills to lead diverse international employees. Malaysia has a sizable Indian population and they can use this asset to build business ties with India and tap the opportunities presented by its emerging economy.

Singapore is another nation that has kept pace with the changing times. A report by Singapore Management Review shows the increasing diversity of workers in the multinational corporations based in Singapore. This has brought many changes in how organizations in this nation manage their human resources. More global companies now recruit local and foreign staff to expand in this nation and have employees from different socio-cultural backgrounds.

Austrian labor market is increasingly concerned by diversity not only because of demographic developments or globalization, but especially because of opening boarders or the Schengen Agreement, which allows free movement of goods. Employees with minority status are often found in lower level jobs at the end of the corporate hierarchy (**Linehan/Hanappi-Egger 2006**) and their knowledge and skills are not sufficiently used by the organization. The percentage of immigrants working and living in Austria is on 10.4% of the total population and will keep increasing constantly. Most of the time diversity initiatives are linked to gender and age in Austria.

For extracting the benefits of diversity, every country has to manage it internationally and cross nationally as well.

Internationally managing diversity example would be a German company instituting policies and training programs for its employees to improve sensitivity and provide employment opportunities to members of minority groups and recent immigrants in its workforce. Cross-national diversity management refers to managing a workforce composed of citizens and immigrants in different countries (e.g., a Korean company with branches in Japan, China, and Malaysia establishing diversity policies and trainings that will be applicable in its headquarters and also in its subsidiaries in these countries). In addition to practicing within the laws and social norms of its home country, cross-national diversity management requires employers to take into consideration the legislative and cultural context in other countries, depending on where their workforce resides. For example, company based in South Africa has to abide by the South African equal rights legislation which compels it to treat men and women equally. If the same company has a branch in Saudi Arabia, however, it will have to treat its employees according to the laws of that country, which are inspired by the shariah and follow the Islamic tradition of prescribed gender roles. In South Korea, as another example, the cultural norms dictate that married women with young children leave their careers and devote their time to their families. Therefore, while a U.S. company is likely to provide training and promotion opportunities to young women (in compliance with anti-discrimination legislation), its Korean subsidiary may view such policies as a waste of time, considering the Korean cultural norms (**Lee, 1997; Park, 2008**).

Workforce Diversity in Indian context

Indian work organizations respect and exhibit this vast diversity through its employees where in every organization in itself represents a mini India with its cultural flavors as people from varied religion, ethnic group, caste and language working together for a common organizational goal. Today India stands tall with its diverse culture, considerably huge population, and economic disparity as one of the fastest growing developing nations. To keep pace with these rapid shifting needs of the world and to succeed India incorporation's should keep in mind not only the demographics but also the management of these differences in employees.

A number of studies have been conducted in India that site the importance of understanding employees in the near future to cope up with diversity issues that may arise in due course of action. A study by **Kundu** about employees' perceptions in Indian organizations examined the perceptions of male and female employees across various categories (i.e. general, minority, disabled, and socially disadvantaged employees) about HR diversity and employers efforts for promoting and valuing diversity in Indian organizations. The study found that

women in general attached more importance to value diversity than men. Women were of the strong view that organizations must work towards hiring and retaining more women and ensuring development opportunities to women. Further the perceptions of various categories of employees also differ significantly on the issue in context. Each group of employees thinks about themselves as more important than other groups of employees.

The study by **Kaifi and Mujtaba** of Management Skills with Indian Respondents: Comparing their Technical, Human and Conceptual Scores Based on Gender focuses on the technical, human and conceptual skills of professional men and women Indian respondents. The results show that Indians sampled in this study have higher scores on technical skills. Indian women in this sample scored significantly higher on the human and technical skills compared to their male colleagues. Therefore, women professionals from India can be recruited, promoted, and retained in technically challenging management positions. A study on role of diversity climate on employee satisfaction and intent to live in India by **Goyal and Srivastava** has revealed that a healthy organizational diversity mostly has a positive effect on individual and organizational variables. A study on "Impact of Work Force Diversity on Work Culture of Indian Organizations" by **Jindal, Bagade, Sharma** concentrates on influence of diversity on the organizational work culture, and the behavior of Indian organizations towards work culture and diversity had been discussed in this paper.

According to a study by CSIS centre for strategic and international research, India's Economy: The Other Half by **Inderfurth and Khambatta**, the good news is that the women who do make it to middle and senior levels seem to feel relatively welcome and encouraged to be there. According to a female executive at one of India's largest multinational firms, "Certain sectors are very women friendly and women are armed with advanced degrees. They are extremely confident, self-assured and willing to make a difference... In recent years there is a growing consciousness in companies to have a diverse workforce."

A comparative study of workforce diversity in service and manufacturing sectors in India by **Deshpande** shows that the average observations for equal opportunities, skill recognition, treatment of employees, age and gender employability is low in both the sectors. Organizations need to implement diversity programs in workplace. The difference in the workforce diversity in service and manufacturing organizations is mainly due to experience, age and qualifications of employees. The employees feel responsible and committed working in these sectors as they gain experience. Report of seminar held in Mumbai in March 2010, that how companies in India are

leveraging the business benefits of Diversity and inclusion by **Nathwani** states there is a greater focus on gender diversity. All organizations continue to focus on ensuring that female talent is represented across all tiers of the organization. It is interesting to note that women in senior positions are increasing.

A study done by **Schomer** about professional women in India provide an overview of the challenges and opportunities faced by professional women and their employers in India, changing social expectations both at work and at home, and best practices of companies already in India or considering business in India. Four case studies show the solutions that select best-in-class companies operating in India have developed to further their corporate journey to gender inclusion and the advancement of women in their organizations.

Impact of Workforce Diversity

Workplace diversity has contributed to more productivity but some factors such as differential treatment could hinder its successful implementation and hence company's success. Big companies are more passionate about diversifying their workforce and see its implementation as a norm and continuously strive to improve diversity management, whereas small companies see it as a choice and evitable when they feel it a burden or cannot effectively manage it.

The foreign organizations are striving hard for understanding the socio-cultural aspects of the Indian work culture and management practices for improving their effectiveness. The entry of the foreign organizations affected the work culture / environment of the Indian organizations in many ways, especially in Indian private sector. Some of the major areas affected are like - working hours (people working more in night shifts and in flexible timings), five working days in a week, increase of women and aged people employment, organizational structures, pay structures, composition of workforce, work from home, and so on. Slowly, both the Indian as well as foreign companies were started adopting the work culture of each other. It is making a balance between Indian and foreign work cultures. Even, it is forcing the government to make changes in the labor legislations accordingly for inclusion of more diversified workforce and culture. As the change is essence of life, the organizational work culture is also changing, but importantly it is sending good signals for those organizations which are valuing diversity.

Conclusion

Of late, Indian corporate houses have started thinking of making their workforces more representatives of India's vast diversity and demographic profile. Accordingly, terms such as

positive discrimination, affirmative action program by the private sector are slowly being recognized. Though the private sector has a sluggish approach to this at the moment, the push and shove by the State's diversity enhancing policies are fast propelling it forward. The diversity is an important feature of India. The Indian civilization is one of the oldest and richest with a great deal of diversity in thoughts, beliefs, creeds and values. The Indian organizations are quick to realize and value diversity and are keen to focus on having an inclusive workforce by hiring employees from every background. Human Resource practitioners are managing and valuing diversity through soft and hard approaches of HR programmes, policies and strategies with main focus on women at higher positions.

In spite of diversified workforce in Indian organizations, some organizations could not tap the advantages out of it because of some discrimination shown to age, gender, disabilities etc .and hence talented candidates are neglected. Well globalization and liberalization has paved the way for foreign industries bringing in more diversity in India and hence foreign organizations are trying their level best to understand socio-cultural aspects of the Indian organizations to improve their effectiveness. Now it is a challenging task for both Indian and foreign companies to take advantages of diversity.

References

1. Deshwal and Choudhary,2012, Workforce diversity management: Biggest challenge for 21st century managers, (ZENITH international journal of multidisciplinary research). Volume 2 issue 4, ISSN 2231-5780.

2. Deshpande, 2014, A comparative study of workforce diversity in service and manufacturing sectors in India, (IMPACT: International Journal of Research in Business Management), Vol. 2, Issue 3, 1-8 , ISSN(P): 2347-4572.

3. Fleury, MTL 1999, 'The Management of Culture Diversity: Lessons from Brazilian Companies', Industrial Management & Data Systems, vol. 99, issue.3, pp.109-114.

4. Goyal and Shrivastava, 2013, Role of Diversity Climate on Employee Satisfaction intent to leave in Indian IT Personnel, (International Journal of Management and social science research), volume 2, ISSN:2319-4421.

5. Hayles, V.R. (1996). Diversity training and development, The ASTD training and development handbook, New York: McGraw Hill ,Page 102.

6. *Henry, O, and Evan, A.J. (2007). Critical review of literature on workforce diversity, (African Journal of Management), page-072-076, ISSN 1993-8233.*

7. *Inderfurth and Khambatta, 2012, India's Economy: The Other Half, (Centre for strategic and international research) (CSIR) february 2012, vol 2, issue 2.*

8. *Jindal. Bagade, and Sharma, 2013, Impact of workforce diversity on work culture of Indian Organizations, (journal of business management and social science research), volume 2, ISSN, 2319-5614.*

9. *Kaifi and Mujtaba, A Study of Management Skills with Indian Respondents: Comparing their Technical, Human and Conceptual Scores Based on Gender, (Journal of Applied Business and Economics), vol. 11(2), ISSN: 1499-691X.*

10. *Lee, 1997: Park, 2008, Book-managing a diverse workforce in global context (chapter 10 Diversity Management-paradigms, rationale and key element). Cambridge university press, pp.219-246.*

11. *Linehan, & Hanappi-Egger, (2006). Diversity and Diversity Management: A comparative advantage. Managing Human Resources in Europe. A Thematic Approach (pp. 217–233). London: Routledge.*

12. *Meena and Vanka, 2013, Diversity management and human resource development-a study of Indian organization (Pacific business review international) volume5 ISSN :0974-438x .*

13. *Mueller, K. P. 1998. Diversity and the bottom line. (Executive Excellence), December 7. ISSN: 8756-2308.*

14. *Nathwani, 2010, How Companies in India are Leveraging the Business Benefits of Diversity & inclusion, (Emerging Markets), Report on Seminar held in Mumbai - March 2010.*

15. *Schomer Karine, Professional women in India-changing social expectations and best practices for global corporations, retrieved on 10 May 2014 from http://www.indiapractice.com/content/ professional-women-india-changing-social-expectations-and-best-practices-global-corporations.*

16. *Kundu S (2004), HR diversity: A study of employees perceptions in Indian organizations, (Asia Pacific Management Review), 39-59 ,ISSN:1029-3132*

17. *Wentling & Palma-Rivas (2000), Current status of diversity initiatives in selected multinational corporations,(Human Resource Development Quarterly,) 11 (1). pp.35-60, ISSN: 1532-1096 .*