CHAPTER – I

INTRODUCTION AND EXECUTION OF THE STUDY

“There were never in the world two opinions alike; any more than two hairs or two grains. The most universal quality is diversity.”¹ - Michel de Montaigne

1.1. INTRODUCTION

Workforce Diversity (WFD) has been a serious matter for discussion in India on account of the gap between the perceptions of the employees and the employers. The count of service sectors in India is largely growing as an effect of the economic liberalization which is on spree almost since 1991.

The following graph² shows the popularity (usage statistics of the word in the literature) of the word “Workforce Diversity”.

It can be easily understood that the Word “Workforce Diversity” came into existence in the literature on a quantifiable scale around 1990 and went to peaks around 2005, after that only most of the literature about “Workforce Diversity” has got published.

¹A famous Quotation by - Michel de Montaigne, French Essayist
² Courtesy: Google Ngram Viewer
ITES is one of the largest, most promising and fastest growing economic sectors in India. In global world, expanding their business of their enterprise into foreign nations, as it reduces the cost from global volume and locating different business activities, where they can perform and achieve most efficiently and effectively to enhance competitiveness by transferring skills and knowledge to reach the goals and firm’s performance. It is believed generally and proved by many research studies across USA, UK and all over Europe that the workforce diversity actually enhances the overall performance of organizations on almost all of the specified growth parameters for assessing the performance of the organizations. For a sustainable growth, organizations should focus on the diverse work culture to enhance its productivity.

WFD also has the other viewpoint which says - WFD impacts negatively on the performance and affects development of the organization as it creates unnecessary confusions over the recruitment of talented workforce or on Talent Acquisition & Talent management. It is always common to have diversified opinions on holistic matters such as growth and performance. WFD being a complex matter which involves many holistic parameters of society and organizations, it is not surprising but common to have so many diversified views.

But, most of the contemporary research done in countries like USA; UK and Europe suggest that WFD has a relatively positive effect on the overall performance of the organizations.

Workforce Diversity is a legitimate mandatory concern in many of the States of the USA, the UK and many countries across Europe where workforce diversity auditing too, is a mandatory compliance of the rules of the corporate governance.

Unfortunately, in India, such practices of assessment of Workforce Diversity are not found in the form of auditing which actually forms the preamble of this entire research.
If we observe the implementations of Workforce Diversity across USA, UK or Europe, in most of the cases, the emphasis is mostly on the inclusion of all the races that are existent in the societies there.

The situations in India are different. India is very well known for its large varieties of diversities viz. region, caste, sub-caste, sector, tribe etc. One must agree that, it is not so easy to implement Workforce Diversity strictly, in a country like India where, large cross-sectional and societal diversities exist due to the existence of so many cultural, religious, social, regional and bio diversities. If a firm concentrates more on the diversity issue, it may have to lose some quality talent and if the same concentrates more on the quality talent alone, it may not be possible for it to implement Workforce Diversity. It’s a difficult or rather a painful job to achieve the trick of attaining an optimum level where both these ends meet.

Unlike many American or European countries where, the onus of implementation of Workforce Diversity is on the shoulders of private sector, in India, according to the constitution of India, the onus of implementation of Workforce Diversity in order to achieve an all-inclusive society largely rests on the heads of the government and its public sector units largely. In order to achieve this tricky feet, our governments (both Union & State) have provided major provisions in the form of acts through the successive constitutional amendments in order to have an all-inclusive societal growth without leaving any section / sub-section / cross-section of society in the growth of the Country.

In India, when compared to the private sector, the government sector (Consisting of both Government’s own recruitments and recruitments for all its Public Sector Units (PSUs)) is much ahead in implementing the Workforce Diversity as it is a mandatory constitutional obligation to them. The Government and its public Sector units (PSUs) are doing it by the way of providing horizontal reservations to all the desired sections / cross-sections / sub-sections of the society in order to strike a balance and in order to have an all-inclusive societal growth.

The formation of business conglomerates all across globe originating from India is relatively a new phenomenon in Indian private sector scenario. Formation of
larger corporate and the concepts of Corporate Governance are relatively very recent concepts in India which started gaining emergence from the past 10 to 12 years. Due to the increasing mandatory compliances of the corporate with the Corporate Governance issues, Indian private sector too started increasingly emphasizing on the workforce diversity and related issues off lately.

The world’s increasing globalization requires more interaction among people from various cultures, views and experiences than ever before. People no longer live and work in an insular marketplace; they are now part of a worldwide economy with competition coming from nearly each continent. The world is turning into smaller each and every day because of the emerging in the technologies like mass media, internet, telecommunications and mass transportation have all added advantageous to the shrinking of global market. Thanks to these technologies, there’s a seamless necessity for organizations to deal with the requirements of a various markets functioning different segmentations so that they will be competent in business in nature. Organizations should currently rise themselves according to the businesses and the expectations of the consumers that they can serve whereas the determinative of the requirements for those customers. This business process makes diversity a crucial part of a company’s growth and operation.

As the organizations are turning into more and more diverse and it’s becoming more important for the organizations to apprehend and achieve the diverse workforce. Moreover, having a diverse workforce leads to higher performance and the perspectives of managing the diverse workforce needs the firm leaders and managers of being accountable for achieving diverse workforce. Nowadays, either profit or non-profit organizations want diversity to develop more creativity and warm adaptation on various factors and has become a key subject for the management.

Acknowledging and administering the differences in the workplace in which the supervisors and managers are the beleaguered viewers that they need to recognize the ways in the workplace and is dynamical in varying, progressing and diversifying. Subsequently, managing diversity remains a major challenge for the top personnel to acquire the managerial skills that are obligatory for a multicultural work environment.
and must be primed to impart themselves and others within their organizations to value multicultural variations in each associates and customers so everyone seems treated with dignity. Primarily, diversity was thought to be a matter of employment equity - an idea now as outmoded as buggy whips and Betamax. In today’s global marketplace, a diverse workforce together with an inclusive culture that values the differences and maximizes the potential of all employees - is widely regarded as a key approach for the organizations and taking appropriate decision making, extending business markets, merchandising products and services, satisfying customers’ needs and wants, enlarging productivity and a far better bottom line.

Frequently, diversity is viewed in a restricted fashion and primarily addressing hitches with gender variations, ethnic or race and coupled to the laws providing deteriorating status to bound teams. Viewing of this, an in-depth research is aimed to study on workforce diversity in select service sectors in south India but is limited to city, religious beliefs, region, gender, age, religion, mother tongue, income, social category, caste, physical abilities/ qualities, marital status, work experience, organization classification, educational background and so on.

1.2. **NEED FOR THE STUDY**

Diversity in the workforce has become a top priority in corporate sector. Beyond HR challenges, managing employees with diverse workforce has become a prominent topic in the society over the past decade. In today’s fiercely competitive world with a diverse workforce, competence counts more. Diversity is an issue of paramount significance to organizations, governments, individuals and society. Economic changes in globally have increased the pressures on organizations and managers need to recognize that employees from different backgrounds are similar in some respects and different in others. Diversity in the workforce has the greater potential to develop the team as well as the organizational performance. In India, business and the workforce in organizations are becoming increasingly global and diverse. These developments affect our lives as workers and managers and pose numerous challenges in order to develop more productivity and to sustain the growth of the firms’ performance.
Businesses have started to recognize diversity in the workplace as a business strategy that maximizes productivity, creativity and loyalty of employees while meeting the needs of their clients or customers. If an organization is barely pretty much as good as their employees, then it stand to reason that a great compact of vitality is keen to hire the most artistic individuals. By modifying a workforce diversely, employers have access to larger pool of candidates from various backgrounds, thereby increasing the odds of hiring the most potential person for the precise work. In a fierce marketplace, an organization that puts individuals first - heedless of their community, sex, race, age, gender or physically disable has a lead over the other players.

Just as the workforce is becoming more diverse; in the competitive world market, the employees who mirror the clienteles will be able to assist and favor for the organization since, they will feel as if they hold a common ground. Furthermore, the employees with different perspectives can help and provide the companies with a holistic view of the market; to identify unmet needs and identify new opportunities. As the value of diversity continues to grow in the business community and elsewhere, retaining and recruiting the diverse employees is fetching even more important to continued organizational success.

Recruitment and retention of valuable employees is now recognized as one of the most important issues facing by the companies in India, whereby forming an environment that makes employees aura encompassed, characterized and valued helps to produce greater employee encouragement and engagement. Knowing the employee's oneness and appreciating their varied perspectives helps to ensure an inclusive work environment wherever awareness of and respect for, totally different cultures is promoted.

In the light of these reasons, a study on workforce diversity will be a worthy addition to the existing knowledgebase and this research aims to assess the state of workforce diversity in select service sectors in South India and hence it is essentially needed.
1.3. STATEMENT OF THE PROBLEM

Our Nation is made up of people hailing from various backgrounds, beliefs, customs and cultures. It’s of those variations that contribute to the richness and strength of our society. The workforces is diverse as our Nation and resulting to this, people from various community and backgrounds and in addition to recruit and retain the most effective and efficient people from each background and community, we suppose to foster diversity in our workforce. By managing it effectually for achieving a higher growth in the business, diverse workforce is essential and besides, it’s critical for any organization that strive for to progress and sustain a competitive advantage. Aiming on diversity and searching for tactics to attain an inclusive environ isn’t fair to have an objective that builds a virtuous corporate intelligence.

Diversity in the workplace affords larger productivity and in a competitive corporate world, has verge for the growth and the feature of our workforce plans for the higher return on our asset including the human capital, where the human capital is the greatest assets of the management. Our organizations’ prospect depends upon the standards of employees, we tend to recruit nowadays and the new employee usually takes into the account of deciding whether or not to simply accept or reject an employment offer. Potential candidates are sometimes more interested along with the employers that are committed to support a diverse workforce. Besides, perspectives on diversity upsurge in inventiveness as they offer different views, concepts and solutions.

Today, at the beginning of the 21st century, the world is submerged in a wide range of demographic trends which have the potential to radically change the demographic, cultural and ethical mixture of the population in many countries within just a few decades.

Top managers often say that their company's people are its most important asset. In a tight job market and a global economy a company that puts people first - regardless of their race, religion, gender, age, sexual preference, or physical disability - wins.
Companies, particularly huge multinational players which have to deal with these changes, are growingly forced to react. In most of the countries, employees where once dependable to homogenous groups and in general they are increasingly diverse and wish to be combined within, and into working environments. Indeed, diversity is considered as an immense source of opportunities, however, it may also mean the other, a massive threat. In this text, diverse workforce is considered as a tool for improving the productivity, in regards to, promoting sales and reaches the targeted market growth which induces customers to shop for bound merchandise or services.

To flourish in making a creative or innovative workforce diversity program involves retaining and attracting the highest quality individuals in the talent pool. Beyond this, HR professional should look into frame the recruitment methods and venues for hiring virtuous people and then need to learn a way to manage human potential sensitively. HR needs to implement a diverse workforce as an ever-increasing awareness of, however individuals from totally different backgrounds modify authority, business prescript and communication and relate to their communities of affiliation. Several stages are there to promote workforce diversity that takes place at many levels. Preliminarily, HR personnel need to recruit a competent and an eligible staff for a relevant work and to accommodate those individual needs in the milieu of the work team and the organization.

In today's world of cultural diversity, our business can't thrive unless we implement a workforce diversity initiative. Besides, the fact, that these distinctive skills and the talents of people from various backgrounds will able to increase the identity in the community by opening a space in the service sectors to anyone irrespective of. In view of this, the research aims to assess the ground reality of the state of workforce diversity (belief, attitudes and perceptions) in select service sectors as (IT, ITEs, BPO, Supply chain management, Engineering and R&D and Custom application services) in South India operating in Thiruvananthapuram, Bengaluru, Chennai and Hyderabad.
Based on these issues the following research questions are probed:

1. How does the Indian organization have given emphasis on workforce diversity in service sectors?

2. What are the workforce diversity factors that impact on the performance of the work in service sectors?

1.4. OBJECTIVES OF THE STUDY

- To examine the demographic characteristics, job profile characteristics and organizational profile characteristics of workforce diversity in selected service sectors.

- To find out the employee’s beliefs and attitudes contributing to the workforce diversity.

- To analyze the employee’s perception about the workforce diversity implementation in their respective organizations.

- To examine the relationship between demographic, job profile and organization profile characteristics with belief, attitudes and perception of employees towards workforce diversity.

- To determine the inter-relationship among beliefs, attitudes and perceptions of employees in the workplace.

1.5. RESEARCH HYPOTHESES

The following are the hypotheses chosen for the study:

- (H1): There is no significant difference between the demographic variables and their beliefs contributing towards workforce diversity.

- (H2): There is no significant difference between the job profile variables and their beliefs contributing towards workforce diversity.
• (H3): There is no significant difference between the organization profile variables and their beliefs contributing towards workforce diversity.

• (H4): There is no significant difference between the demographic variables and their attitudes contributing towards workforce diversity.

• (H5): There is no significant difference between the job profile variables and their attitudes contributing towards workforce diversity.

• (H6): There is no significant difference between the organization profile variables and their attitudes contributing towards workforce diversity.

• (H7): There is no significant difference between the demographic variables and their perceptions towards workforce diversity implementation in their workplace.

• (H8): There is no significant difference between the job profile variables and their perceptions towards workforce diversity implementation in their workplace.

• (H9): There is no significant difference between the organization profile variables and their perceptions towards workforce diversity implementation in their workplace.

The following framework table (1.1) summarizes the objectives and hypotheses of the study and the appropriate statistical analysis used to test these hypotheses.
Table: 1.1. Shows the Objective and its related statistical techniques framework:

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<th>Objectives</th>
<th>Statistical Techniques</th>
<th>Hypotheses</th>
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<td>To examine the demographic characteristics, job profile characteristics</td>
<td>DESCRIPTIVE STATISTICS</td>
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<td>and organizational profile characteristics of WFD in selected service</td>
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<td>sectors.</td>
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<td>To find out the employee’s beliefs and attitudes contributing to the</td>
<td>ANOVA, CORRELATION &amp; RANK ANALYSIS</td>
<td>H1 to H6</td>
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<td>WFD.</td>
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<td>To analyze the employee’s perception about the WFD implementation in their</td>
<td>ANOVA, CORRELATION &amp; RANK ANALYSIS</td>
<td>H7 to H9</td>
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<td>respective organizations.</td>
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<td>To examine the relationship between demographic, job profile &amp; organization</td>
<td>REGRESSION ANALYSIS</td>
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<td>profile characteristics with belief, attitudes &amp; perception of employees</td>
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<td>towards WFD.</td>
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<td>To determine the inter-relationship among beliefs, attitudes and</td>
<td>STRUCTURAL EQUATION MODELING (SEM)</td>
<td>A path analysis using AMOS was used to assess the</td>
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<td>perceptions of employees in the workplace.</td>
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<td>assess the model fitness of the data. This</td>
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<td>employees in service sectors.</td>
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1.6. RESEARCH PROCESS

The following is the research process used to conduct the study on workforce diversity in select service sectors in South India.

* **Step 1:** Research Problem has been identified.
* **Step 2:** Preliminary data relating to the topic was collected.
* **Step 3:** A working definition is prepared for the workforce diversity.
* **Step 4:** Hypotheses were formed.
* **Step 5:** Secondary data was collected.
* **Step 6:** A structured questionnaire to collect primary data was made.
* **Step 7:** Questionnaire was tested and problems were identified.
* **Step 8:** Questionnaire was corrected accordingly with the problems found, in order to get the required results in line with the framed objectives.
* **Step 9:** Questionnaire was tested for redundancy.
* **Step 10:** Pilot study was conducted in order to collect a small amount of sample data.
* **Step 11:** Collected sample data was analyzed using statistical tools to check the trend of the results and for the data fitness.
* **Step 12:** Validity and reliability of the sample data collected from pilot study were tested.
* **Step 13:** Final changes were made in the questionnaire used for the survey according to the results of the pilot study analysis.
* **Step 14:** Code book was made according to the final questionnaire which contains the treatment of all variables.
* **Step 15:** Survey was conducted in order to collect primary data using questionnaire as the tool and interview as the technique.
* **Step 16:** According to the code book, collected data was edited, coded and fed into IBM SPSS statistics version 20.0 statistical application for the purpose of data analysis.
* **Step 17:** Data was analyzed and various statistical tests and tools were applied in order to get the required results.

* **Step 18:** Data was re-fed into IBM SPSS AMOS for Structural Equation Modeling (SEM).

* **Step 19:** In order to explain the relationship between the testing variables required path diagrams were made using the fed data.

* **Step 20:** Necessary interpretations were made based on the data using all possible tools.

* **Step 21:** Detailed project report was made representing all the research observations, findings and suggestions etc.

### 1.7. SCOPE OF THE STUDY

The success of any program in India largely depends upon the level of the utilization by the beneficiaries. Workforce diversity is perceived as an effective tool for an organization and social upliftment. Workforce diversity aims to measure the beliefs, attitudes and perceptions of employees working in six selected service sectors (i.e. IT, ITEs, BPO, Supply chain management, Engineering and R&D and Custom application services) in South India operating in Thiruvananthapuram, Bengaluru, Chennai and Hyderabad. Further, workforce diversity helps for the betterment of their employees in different dimensions. The present study has analyzed in this angle and the results will help to identify the strengths and weaknesses of the service sectors in promoting the employees as well as the organization of the workforce diversity.

### 1.8. LIMITATIONS OF THE STUDY

The study is not devoid of limitations. Though designed and executed well with adequate precautions, the present study is confined to only South India with six select service sectors as IT, ITEs, BPO, Supply chain management, Engineering and R&D and Custom application services and excludes the others due to time and cost constraints. A wide difference may exist among the employees under workforce diversity in various forms, like their relationship level among peer groups, their
performance and so on. Hence, the results cannot be claimed for all service sectors. At the stage of the interview, some of the respondents hesitated to finish the information to the researcher due to fear. This difficulty was overcome by explaining the purpose of the study and creating a good rapport with them to collect primary data.

1.9. SIGNIFICANCE OF THE STUDY

This research work intends to explore a gamut of workforce diversity in the service sectors and this study represents the ground reality situations in the workplace, organization-oriented research with deliberate implications for the destination. At the abstract level, this research will be useful in developing the diverse workforce strategies for the select service sector. The research attempts to study the workforce diversity for the successful performance of the firm. Further, this research work has made an effort to build up a valid and reliable tool to determine the extent of influence that workforce diversity components shall exert on organizational performance. This would extremely helpful for the HR professionals, executives, team leaders, employees to take strategic, tactical and operational decisions regarding to the service sectors, policy makers, practitioners, researchers and academicians.

1.10. CHAPTER SCHEME

The thesis is organized in six chapters.

Chapter I present an introduction of the topic workforce diversity and explanation of the research design used in the research. Statement of the problem and need for the study are highlighted and further represents the objectives of the research and the research hypotheses framed for the research was presented. Following this, the scope of the study, limitations and significance of the study has been presented.

Chapter II presents a logical analysis of the review of literature available in the field of workforce diversity. This gives an account of the earlier literature that examined the influence of workforce diversity on corporate performance in nationally and internationally. Following this, the research gap has been identified and was presented in this chapter.
Chapter III address the research methodology followed in the research work with respect to research design, data collection, development of the scales, the survey and the study area, reliability and validity tests, sampling mechanism, sampling methodology followed and statistical tools employed for this research work.

Chapter IV presents an overview of the workforce diversity with its definitions and dimensions given by different experts in the field. Based on the viewpoint of many practitioners and scholars in the field, different components of workforce diversity have been explained. Importance of workforce diversity for employees and for the organizations has been explained along with the HR practices for managing diversity, tools for managing diversity and association of workforce diversity with individuals, groups and organizational outcomes. Following this, an overview of select service sectors is presented in this chapter. An attempt was made to highlight the significance of workforce diversity for effective organizational performance and growth of the firms belonging to select service sectors.

Chapter V gives an account of the analysis and interpretations of the research results and was presented in the context of technology classification.

Chapter VI summarizes the overall findings of the research and presents the significant conclusions drawn from the results of the research. This paper concludes with the presentation of the relevant suggestions for practitioners, academicians and employees and researchers to highlight the importance of workforce diversity for the better organizational performance.