CHAPTER-I

INTRODUCTION

The changing work force is one of the most extraordinary and significant challenges facing organisations today. The demographic changes in the workforce have the potential to affect many aspects of organizational management.

The organizations world over are finding themselves being enveloped in a maze of transformations. One such transformation is taking place in the area of workforce demographics. It is brand new workplace out there. Diversity is the name of this game. Workforce diversity is increasingly being acknowledged as a key factor in organizational life as organizations worldwide have become more diverse in terms of the gender, race, ethnicity, age, national origin and other personal characteristics of their members (Shaw and Barrett Power, 1998). Today, the workforce comprises people who are different and share different attitudes, needs, desires, values and work behaviours (Deluca and McDowell, 1992; Morrison, 1992; Rosen and Lovelace, 1991).

The changing composition of workforce are forcing organizations to review and revise long held beliefs and policies about people. The denial of people management problems creates an atmosphere that leads to inefficient utilisation of large numbers of employees, especially those who are different in terms of race, gender, age, religion, lifestyle and appearance and leads to the inefficient functioning of the corporation
with a resulting negative impact on the corporate bottom line (Fernandez, 1991). To harness the potential of their workforce, better management and optimum utilization of diversity among workforce is a crucial task for organizations. Managing diversity means establishing a heterogeneous workforce to perform to its potential in an equitable work environment where no member or group of members has an advantage or a disadvantage (Torres and Bruxelles, 1992). Managing diversity includes a process of creating and maintaining an environment that naturally allows all individuals to reach their full potential in pursuit of organizational objectives (Jenner, 1994; Thomas, 1994). Diversity management emphasises building specific skills, creating policies and drafting practices that get the best from every employee. It assumes a coherent environment in organizations and aims for effectiveness, productivity and ultimately competitive advantage.

1.1 THE CHANGING SOCIETY AND WORKFORCE

The demographic composition of society and the work force has changed considerably and is expected to continue undergoing dramatic changes in the near future (Bolick and Nestleroth 1988; Johnston and Packer 1987; Judy and D’Amico 1998). These demographic changes are more toward an increasingly diverse and segmented population, including women and men of all races, ethnic backgrounds, ages, and lifestyles. It includes people of diverse sexual/affectional orientations, religious beliefs, and different physical abilities, which need to work together effectively.
Women employees may have a different set of problems as compared to male employees. Young employees may have different style of working as compared to veteran employees, more educated and professionally trained employees may have approach to work different from that held by less educated employees, socially backward employees may have different sets of problems as compared to rest of the employees, knowledge employees would have a different set of expectations from the management and so on.

People with disabilities from another group that is growing in number in the workforce. By law workers with disabilities have to be integrated in the labour force. They have been historically stereotyped and discriminated against because of their disabilities.

Organisations need to develop a policy, which satisfy all these diverged individuals and collectives in an organisation so as to harbour amicable inter-personal relationship and smooth day-to-day functioning at the workplace.

According to Hamilton (1990), “The great challenge facing the nation is to prepare a changing population to do new kinds of work. Failure imperils economic health, social progress, and democracy itself”. It is expected that the extent to which these demographic workforce shifts are effectively and efficiently managed will have important impact on the competitive and economic outcomes of organizations (Caudron 1990; Hayes 1999; Johnston and Packer 1987). Organizations that they need to fully develop all members of their workforce to remain competitive are responding by implementing a variety of different
approaches to manage diversity (Jamieson and O’Mara 1991; Mayo 1999; Wentling and Palma-Rivas 1998).

When considering the changes in society and the workplace, it is easy to understand the significant role that diversity issues will play in future competitive and organizational success. Regardless of whether one looks at diversity as a societal, a workplace, or a consumer marketing issue, these demographic changes cannot be disregarded (Jackson and Associates 1992). The character of society and the workforce is changing and is expected to change significantly in the future. All these changes have directed many organizations to explore the business implications and have provided a strong rationale for managing diversity in the workplace.

1.2 DIVERSITY DEFINED

Diversity has been defined in numerous ways. Definitions of the term range from narrow to very broad. Narrow definitions tend to reflect Equal Employment Opportunity (EEO) law; they define diversity in terms of race, gender, ethnicity, age, national origin, religion, and disability (Carnevale and Stone 1995; Wheller 1995). Broad definitions may also include sexual/affectional orientation, values, personality characteristics, education, language, physical appearance, marital status, lifestyle, beliefs, and background characteristics such as geographic origin, tenure with the organization, and economic status (Carr 1993; Caudron 1992; Thomas 1992; Triandis 1994). Hayles (1996), for instance, defines diversity as “all the ways in which we differ”
1.3 BENEFITS OF MANAGING WORKFORCE DIVERSITY

Good diversity practices in the area of human resources are believed to enhance employee and organizational performance (Adler, 19; Deluca and McDowell, 1992; Fernandez, 1993, Grace, 1994; Hall and Parker, 1993; Grace, 1994; Hall and Parker, 1993; Morrison, 1992; Schreiber et al. 1993). Managing diversity involves leveraging and using the cultural differences in people's skills, ideas and creativity to contribute to a common goal, and doing it in a way that gives the organization a competitive edge (Deresky, 1994; Fernandez, 1993; Morrison, 1992). Recent studies have shown a strong correlation between good diversity practices and profits (Hayles and Mendez, 1997). Diversity allows increased creativity, a wider range of perspectives, better problem definition, more alternatives and better solutions (Adler, 1986). To reap these benefits, diversity must be managed effectively.

The state-of-the-art organizations have already realized the powerful impact that diversity management initiatives has on employees as well as business success. The following are a few key factors that make diversity initiatives important to businesses for reasons beyond social or moral responsibility;

1.3.1 Workforce Diversity – A catalyst for a better return on investment in human capital

One of the biggest budget items in an organization is the amount it spends on human resources in the form of salaries, benefits, training, development and recruitment. In order to get a healthy return on
investment (ROI) in human capital and maximize the competitive advantage, it is important to recognize that the workforce will grow in the number of women, disabled and people of socially disadvantaged groups each year. Also, employees of all groups now expect more from organizations – from non-discriminatory, hostile-free workplaces to flexible schedules and benefits, childcare and family-friendly policies. The ROI of an organization is reduced when commitment and productivity are lost because employees feel disregarded, time is wasted with conflicts and misunderstandings, and money is spent on legal fees and settlements. An environment where all employees feel included and valued yields greater commitment and motivation. It also means fewer resources spent on training, turnover and grievances.

1.3.2 Customer bases are becoming even more diverse than the workforce

Just as the workforce is becoming more diverse, so is the market. Without a doubt, those employees who mirror the customers and literally and figuratively speak their language can serve the customers better. Diverse employees can understand the customers, identify their needs and suggest potential new markets. Diversity allows an organization to think of new products and services on to enter new unusual markets. Purchasing agents and other decision makers in client organizations are becoming increasingly more diverse and they will be more apt to strongly consider varied sales teams rather than homogenous ones. Also, potential client companies often ask about an organization’s diversity record before making a commitment to do business. As product markets continue to grow both domestically and internationally,
few companies can expect to gain access to this kaleidoscope of customers without recruiting and retaining a staff that reflects the diversity of the marketplace.

1.3.3 The diversity results attract the best talents to an organization

As the value of diversity continues to grow in the business community and elsewhere, recruiting and retaining talented potential employees who are diverse is becoming even more important to organizational success. An organization’s future depends on the quality of its employees today. Diversity management can make recruitment process of an organization effective. Because it is often a precursor to what kind of career opportunities and situations await them, recruits now commonly ask about an organization’s diversity initiative and factor that leads into their employment decision. Qualified and interested candidates are usually attracted to employers who are able to show that they are committed to developing and promoting a wider array of people.

Also, successful diversity initiatives help companies protect themselves against employment-related lawsuits.

1.3.4 Increased Creativity

One by-product of capitalizing on diversity is creativity. Heterogeneity in work teams enhances creativity. Innovation Guru Garreth Morgan says, “Creativity thrives on diversity”. In an organization, employees from varied backgrounds can bring different perspectives, ideas and solutions, as well as devise new products and
services, challenge accepted views and generate a dynamic synergy that may yield new niches for business opportunity.

1.3.5 Flexibility ensures survival

Diversity is a training ground that requires hard work, commitment to business ideals, and an ability to learn how to handle change by adapting in new situations and learn from people who are different from ourselves. Because change is the only certainty ahead, making adaptations required by diversity keeps an organization flexible and well developed. Strengthening the ability to respond to changing environments and demands is a strategic business imperative that is critical to ensuring organizational viability.

"Managing diversity means changing the culture – that is, the standard operating procedures. It requires, data, experimentation, and the discovery of the procedures that work best for each group. It is more complex than conventional management but can result in more effective organizations" (Triandis, Kurowski and Gelfand 1994. Thomas (1992) explains that managing diversity means to empower or enable employees. Managing diversity prescribes approaches that are philosophically broad enough to encompass all dimensions of diversity. Henderson (1995) relates managing diversity to the accomplishment of the organization’s goals. For him managing diversity also emphasizes managerial skills and policies needed to optimise and emphasize every employee’s contribution to organizational goals.
1.4 WORKFORCE DIVERSITY IN INDIAN CONTEXT

Diversity in the composition of the workforce in India is the result of both constitutional provisions, and political circumstances based on social anthropological compulsions of the country (Monappa, 1997).

Diversity is an inevitable thing in India. The composition of the workforce is changing in India as elsewhere in the world. Young skilled and knowledgeable employees are occupying positions of importance. At the same time thanks to the opening up of private sector, employees are no more fascinated by secure, less paying, routine and standardized jobs offered by the public sector and other government owned and controlled organizations. Old employees have grown in number now, thanks to the improved medical and health care. Big private sector firms have been exploiting their talents to conceive, operate and develop new ventures in emerging areas such as oil, telecom, insurance, banking, health care etc. organizations now cannot discriminate on the basis of age. They must listen to their experienced employees, to draw from their expertise and initiate programmes that meet these needs. At the same time companies have to understand and appreciate the changing values of the young workers who join the company with lot of expectations. The days of lifetime employment, total loyalty to the company and commitment to work seen to be a thing of the past. To attract and retain young brains organizations have to institute appropriate HR Policies supported by attractive compensation offers (Rao, 2000).

Now the focus has been primarily on women, downtrodden, and disadvantaged employees in the workforce. Today’s workforce
incorporates many more differences and requires a broader view. Many early approaches tended to isolate those who were “different” and provide them with training designed to help them assimilate into other employees.

The issue of workforce diversity has become increasingly important in the last few years as employees, managers, consultants and the government finally have realized that the composition of the workforce affects organizational productivity. Human resource managers in Indian organizations have had to respond to a wide range of diversity issues due to diverse workforce of varying socio-economic, ethnic and linguistic composition. In India the focus has largely been towards coping with the affirmative action programme in the government and public sector enterprise level and now increasingly towards the ‘Sons of Soil’ concept in several states. Issues of managing very diversely composed workforce in addition to the affirmative action programmes need to be dealt more exhaustively. The fabled Indian psyche of tolerance forbearance and letting issues ride and sort themselves out has been the usual stance.

Diversity issues in Indian companies are somewhat peculiar owing to differences in social ethos, religious origins, cultural differences and regional origins.

1.5 RATIONALE OF STUDYING WORKFORCE DIVERSITY

Workforce diversity is an absolute truth. If it is ignored, it causes disadvantage for the organizations. As management unlearn the practices rooted in an old mind set, change the way organizations
operate, shift organizational culture, revamp policies create new structures, and redesign human resources system, they will assist in gaining the diversity advantage. Although solving these problems will be difficult, there are great opportunities at hand. In short, management can turn the tide of employee's dissatisfaction and put the work ethic back to work. A more diverse workforce will increase organizational effectiveness; it will lift morale, bring greater access to new segments of the market place and enhance productivity. Organizations might consider establishing a multi-cultural committee to promote positive attitudes towards diversity. One of the most important benefits of diversity is the richness of ideas and perspectives that it makes available to organizations. Rather than relying on one homogenous dominant group for new ideas and alternative solutions to increasingly complex problems, companies that value diversity have assist to more perspectives of a problem.

Workforce diversity is being acknowledged as a vital issue in contemporary management but little research work is available in India related to workforce diversity. A majority of the published literature related to workforce diversity in the American and European context. Although most issue have a broad applicability across nations, it is important to examine and emphasize aspects that are unique in India. In India the work which is done is mainly on cultural diversity, minority etc. In India, we only talk of affirmative action. No study in India is available which can guide corporate leaders as how to utilize diverse groups talent in order to get best of workforce. It is important to understand differences and their impact on workplace. The Indian
population is divided under various categories or groups. Of these, groups like scheduled castes and tribes and other backward classes are eligible for statutory quotas. The country also has a highly pronounced ethnic or linguistic heterogeneity. Moreover, differences between the North and the South and communal sentiments (often politically ignited) are part of the present system. The basic principles of diversity management apply in the Indian context especially in light of its recent efforts to globalize its approach to business. India needs a fundamental attitudinal change that will make it progressive, competitive and focused on achieving a national mission of integration. This will involve doing away with the Indian narrow mindedness that has long fostered discrimination against our own brethren, fragmentation the country on the basis of geography, religion, language and economic disparity, which has led to lack of national pride, and, more significantly, lack of self-esteem and self-confidence at the individual level. Thus many of the old Indian traditions and values such as tolerance, patience and acceptance of diversity need to be preserved and reinforced. In this context, at the organizational level, employees will have to learn to work in teams, closely networked and interlinked. The human resource manager’s role too cannot be overemphasized. A successful outcome will depend on this ability to carry the entire team consisting of people from diverse backgrounds. This collective energy will enable India Inc. to keep changing and reinventing itself in the rapidly changing global scenario. The opportunity exists to utilize the richness that inherent in variety and to top unused potential. Diverse workforce help to find great hope and optimism, as well as unexpected benefits, in transforming the
workplace to one in which people are valued as individuals, their diverse viewpoints, potential is fully used, quality of life and life styles are high and performance at its competitive best. A worker whom the organization values is more creative and productive. Valued workers in diverse organizations experience less interpersonal conflict because the employees understand each other. When employees of different cultural groups, backgrounds, and values understand each other, they have a greater sense of teamwork, stronger identification with a team and deeper commitment to the organizations and its goals.

Industries in India are currently at the crossroads. In accordance with the macro-economic adjustment processes, the government in recent past has been actively engaged in bringing about reforms in different sectors of the economy through industrial restructuring and liberalization efforts. This has led to a gradual opening-up of the hitherto protected industries in the country to the market forces in the international setting. As the liberalization and deregulation exercises are gathering momentum, the country has been witnessing the entry of foreign capital and technology in an unprecedented manner. It has become imperative for the domestic industries to take on the emerging challenges posed by global competition. And for this a relook at the organizational preparedness from the angle of human resource diversity is very vital. HR diversity management calls for reorientations in approaches to human resource management. Intensive examination of current HR practices and environmental changes is imperative before embarking on HR diversity management processes.
The profiles of organizations world over are undergoing transformation as a result of the demographic, technological and other changes taking place at work. These profiles change bring diversity in human resources. On the other hand, volatility in organizational environment has been increasing at a considerable momentum. The globalization process and the associated competition are enhancing the turbulence in the environment. Matching the changing profile of human resources to the emerging demands of the environment, therefore, becomes a complex task. This state of affairs has compelled many organizations to seriously examine their approaches in managing human resource diversity with a view to improving performance effectiveness (Cox and Blake: 1991). The straightjacketed HR systems, which view employees as homogeneous entities, are failing to help organizations to achieve effective levels of performance. Those organizations that can attract, retain, motivate and engage the most talented with diverse groups of people will be the ones most likely to succeed while those that do not may not even survive (Hall and Parket, 1990).

In India a little research work is done on workforce diversity, whereas plenty of research studies have been conducted in western world. Workforce diversity, thus has not received the attention of management researchers in India resultantly organizations have little clue how to manage the workforce diversity. As workforce in India is becoming more diverse every day, the workforce diversity is considered a major challenge and opportunity for human resource management. Despite of this fact, an attempt has been made here to study the workforce diversity in Indian corporate sector and how it has been and is
being managed by the Indian Inc. As banking industry represents the whole nation and employ workforce through every nook or corner of the country and regarded as the vital organ of the Indian economy, we have attempted to study the workforce diversity in Indian public sector banks, which still hold the majority the banking business.

1.6 **FOCUS OF THE STUDY**

Banks are considered to be the lifeline of Indian trade and commerce as they are not only provide financial resource for corporate sector, also facilitate business transactions and ensure their culmination. Banks in India represent the whole India as they employ people from all walks of life i.e. from schedule castes and scheduled tribes, other backward classes, ex-servicemen, physically handicapped and female employees, either because of constitutional provisions or socio-anthropological compulsions.

The proposed study has been carried out in public sector banks. The respondents for the proposed study have been selected from the five diverse work groups employed in public sector banks, namely female employees, ex-serviceman, physically handicapped persons, employee belonging to SC/ST category and those belonging to other backward classes.

Most of the Indian banks, prior to nationalization, functioned primarily as regional banks employing people essentially from the same geographical regions. This led to the existence to the degree of homogeneity in manpower. The heterogeneity in banks got introduced mainly due to the new recruitment and selection procedures adopted
immediately after nationalization. The procedures included national level advertisements new eligibility norms, adherence to rational objectives and scientific recruitment processes. This process attracted qualified and talented individuals from all our country with diverse academic background. The first instance of diversity crept in when banks gave up their regional/community identity and went ahead recruiting from all over the country, as they were to expand beyond geographical regions. The second instance was where banks had to be in line with the national policy and had to enforce jobs reservations for socially disadvantaged groups like Scheduled castes and scheduled tribes, other backward classes, physically handicapped. In the eighties, a new diversity gat accentuated in the form of women employees. The latter was neither enforced nor consciously brought in like the earlier area but was a reflection of the social change-staking place in metro and urban centers. All these diverse groups today exist in considerable proportion and call for specific actions in response to their specific needs.

1.7 OBJECTIVES OF THE STUDY

This study focuses on the following objectives:

1) Analyzing the work environment prevailing in public sector banks with respect to retention, recruitment and advancement of diverse group of employees.
2) Assessing the competence level of different categories of employees in diversely composed workforce in public sector banks.

3) Understanding the organizational responses towards different social groups in the workforce of public sector banks and identifying the coping strategies devised by the employees belonging to different social groups toward off biases, if any against them.

4) Tracing out the degree of empowerment experienced by the different categories of employees while carrying out their jobs.

5) Ascertaining the level of job involvement of the diversity compared workforce.

6) Examining the career orientation of the diverse groups of employees and career development programmes initiated by the banks for each category of the employees.

7) Determining the response of the trade unions towards workforce diversity and the level of participation of different categories of employees in trade union activities.

8) Making recommendation as to how effectively public sector banks can manage workforce diversity for the better utilization of their workforce.