CHAPTER III

CONCEPTUAL FRAMEWORK OF WORKFORCE DIVERSITY, JOB INVOLVEMENT AND ORGANIZATIONAL EFFECTIVENESS
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3.1 INTRODUCTION

Globalization, rapid technological advance, demographic changes, government regulations have brought drastic changes in the work environment. Increasing competition, lengthy work hours, temporaries in job, multiculturalism and increase in stress level of the employees have an impact on work attitudes and behavior of employees. In this changing context organization always look for employees and their jobs and engage them in organizational behavior.

Employees have become increasingly heterogeneous. Technological advancement and the advent of a global economy have brought the employee of the world at the same place. Now days, it has become a challenge for organizations to efficiently manage such a diverse workforce. Increasing globalization requires more interaction among employee different diverse cultures, beliefs, and backgrounds than ever before. The employee no longer live and work in an insular society; they are now part of a worldwide economy with competition coming from nearly every continent. Therefore, the organizations need diversity to become more creative and open to change. Maximizing and capitalizing on workforce diversity has become an important issue for management today (Richa Gupta, 2013).

3.1.1 Organizational Behaviour

Organizational behaviour is the systematic study and careful application of knowledge about how people as individuals and as groups act within organizations. It is apparent that the term ‘organizational behaviour’ elucidate the organizations system functions both internally and externally. Organizational behavior is a field of study devoted to recognizing, explaining, and eventually developing the attitudes and behaviors of people (individual and group) within organizations. Organizational behavior is based on scientific knowledge and applied practice.
3.1.2 Diversity

Diversity refers to human characteristics that make people different. Diversity is the difference among employee such as age, functional expertise, profession, sexual orientation, life style, and position. The sources of individual variations are complex, but they can generally be grouped into two categories: those over which individuals have little or no control and those over which individuals have more control. Diversity among employees may have a negative impact on productive teamwork if not managed effectively. Diversity is more than equal employment and affirmative action.

The term workforce denotes the number of employees who work together for a particular organizations or industry (Ongori, H, 2007). Diversity refers to range of difference and similarity in demographics such as age, gender, religion, education, income, language and background (Wentling & Palma-Rivas, 2000). Workforce is heterogeneous in nature. It occurs due to increase the dynamic change in business environment and technological environment and its impact in the organizations. Therefore, workforce diversity becomes essential in the organizations. McGrath, Berdahl and Arrow (1995) Diversity refers to “a set of characteristics of groups of two or more people and typically refers to demographic differences of one sort or another among group members and employees working in the organizations belonging to different socio cultures. The most important strategy for the organizations is to manage the diversity in both internally (management and employee) and externally.
(employees and contractors). Moreover, managing diversity is very difficult for the organizations because diversity management creates impact on the performance of the employees. It helps to create benefits to the organizations through problem solving, making good decisions, enhancing worker efficiency, reducing cost of low turnover and increasing organizational effectiveness. Workforce diversity is there to give everyone an equal opportunity in an organizations. The organizations should have the ability to make the most out of the differences from a diverse workforce to be more effective and innovative in the market.

3.1.3 Managing Diversity

The diversity management initially originated in North America, which embedded the anti-discrimination movement of the 1960s. Later, other divers such as demographics emerged, the word “Diversity” has become a powerful practice throughout the world. It is observed that the cultural diversity is accepted and celebrated and it has become a homogeneity in the organizations (Parul Dixit, 2013).

Figure 3.2 Organizational factors influence diversity in the workplace

![Diagram of organizational factors influence diversity](image)

Source: Arslan Ayub, Muhammad Salman Aslam et al., 2013.

This functional approach assumes that there is a positive and negative dimension in workforce diversity and such dimensions can be identified, monitored and controlled to achieve benefits to the organizations. The importance of functional perceptive is to identify how workforce diversity can enhance the overall organizational productivity, responsiveness and effectiveness. The critical perceptive mainly deals with analysis of inner working of organizations in particular to systemic inequalities which exists in multiple levels of the organizations. Critical perceptive should foster
the meaningful reorganization of such programs and provide opportunities (Arslan Ayub et al., 2013).

**Figure 3.3 Dimension of Diversity**

![Dimension of Diversity Diagram](image)

**Source:** Loden & Rosoner, Workforce, America, 1991.

There are many predominant factors which contribute for the difference in diversity among workforce. The first describes the two levels of diversity namely religion and attitude. The second defines diversity in three dimensions such as primary, secondary and tertiary dimensions. Primary dimension or internal dimension focuses on race, gender, age, ethnicity, sexual orientation and physical ability. Secondary dimension or external dimension which was indirectly added to the primary dimensions of diversity such as religion, education, status, geographic location, income and group membership. Tertiary dimension or organizational dimension deals with work location, union status, professional affiliation, and work field and management status.

### 3.1.4 Paradigm of Diversity

The organizations has different reasons for accepting diversity. A paradigm is the one which shape the organization’s diversity philosophy. Paradigm of diversity was divided into three types namely moral, social need and competitive advantage paradigm. The moral paradigm is the most communal paradigm of diversity. According to moral paradigm, discrimination is wrong, illegal and immoral. The social need paradigm mainly focuses on fulfilment of the social needs of different diverse groups and individuals. Competitive advantage paradigm is unique and deals with the
organizational needs and people from diverse groups to design, develop and market the solutions.

3.1.5 Workforce Diversity from the Top level

Embracing diversity is a decision that has to start at the top. The culture of diversity cannot be encouraged without the wholehearted support and commitment from the executive leadership. The management and leaders in teams should be sensitized about the business value of a diverse workplace and have to be committed to the goal of building and retaining a diverse team.

3.1.6 Diversity and Human Resource

The first executors of the leadership vision of diversity are the human resource personnel’s. Human resource practices form the bedrock on which a diverse work culture can be built. Diversity takes many forms, and they can be encouraged by HR practices that span the range of activities from the hiring stages to senior levels of the organizations. Actively hiring for diversity is also an important step in making an organizations diverse and multicultural. At the hiring stage, one of the ways to make teams diverse is to have internship programmes where fresh graduates are allotted to teams working on live projects across the organizations. Diversity begets diversity. Having diverse hiring panels will ensure that there are no implicit biases during hiring.

3.1.7 Benefits of Workforce Diversity

Workforce diversity helps to understand and meet the needs of diverse employees. It improves decision making, reduce employee turnover; increase productivity, employee retention, recruitment and retention of the best talent by enhancing the attractiveness of the workplace and creativity and innovation in an organizations. Further, it also helps to realize and serve the different markets. It also provide a richer pool of workers from which the organizations can recruit.

A diverse workplace helps to bring together people of different backgrounds, faiths, experiences and thought processes. Interactions between employees will leave all those involved and enriched by experience. Dimensions such as race and gender is associated with innovation, creativity and performance of organizations. If the employees are from diverse background, then it is more beneficial to the organization’s
effective management, productivity, job satisfaction, increase trustworthiness between employer and worker. Innovative work and connecting business can be increased with diverse communities of employees.

Workforce diversity also improves the performance and profitability of an organizations. It also helps to notice the efforts and hard work of workers. It will create a feel to challenge the workers to perform better in an organizations. Further, it has characterized as highly dependable, effective, cooperative and loyal. Therefore, the organizations feel that workers will improve the staff retention and decrease the absenteeism in an organizations and help to enhance the performance of organizations (Matthew Brown, 2013).

3.1.8 Managing Workforce Diversity in Competitive Environment

In today’s scenario, managing workforce diversity plays a major role in every organizations across the globe. Managing workforce diversity increase the number of organizations in various religion, different culture, geographical area, education, language, work experience. Disabled persons seek employment and opportunities to show their talent. Thus, workforce diversity management helps the organizations to enhance its performance by way of increasing its productivity due to diversity workforce (Matthew Brown, 2013).

There is always a potential for misunderstandings and issues when people from diverse cultures, backgrounds and belief systems have to interact closely. The challenges of a multicultural and diverse workplace is to ensure that employees are sensitized to cultural nuances. It is also important to keep in mind that changing mindset or culture is a journey, rather than a change. The leaders have to identify change agent as multicultural ambassadors.

An ideal diverse workforce is one where all employees feel ‘at home’, a place where they feel that they can bring their ‘whole’ selves to work. A good managed team of diversity performance brings homogeneity in teams and thus brings more creativity and problem solving in organizations. Therefore, if organizations have managed workforce diversity means, that it automatically boost the productivity. Managing workforce diversity is a difficult task for every organization. If, it is not managed properly due to lack of communication and trust among employees, will result in poor
performance. Managing workforce diversity in competitive environment, there will be an upside and downside diversity, but the organizations have to overcome all the barriers and create an inclusive environment (Matthew Brown, 2013). The organizations that makes employees feel a sense of belonging is for them to be part of communities of likeminded individuals – the setting up of a ‘green’ community, a developer community, or even one based on personal beliefs (Ascent, 2014).

3.2 JOB INVOLVEMENT

Job involvement is one of the most important mechanism in the organizations. The organization’s effectiveness is based on the job involvement of the employee. The job involvement creates job satisfaction and thus it automatically increases the performance and growth of the organizations. Job involvement is defined in terms of individual and organizational goal integration. Higher the goal of integration, the better would be the commitment. Further, job involvement is a degree to which an employee identifies with his job, actively participate in it, and considers his job performance important his self-worth. It may be influenced by the level of one’s satisfaction of one’s need, be they intrinsic or extrinsic. Job involvement is generally described an attachment of one’s job which exceeds the normal levels of commitment. The degree to which an employee is engaged in and enthusiastic about performing their work is called job involvement (Ajay Bhatia, 2012).

3.2.1 Definition of Job Involvement

According to Higgins, Duxbury and Irving, “Job involvement is defined as the degree to which a person identifies psychologically with the job and the importance of the job to the person’s self-image and self-concept”. The employee job involvement is playing a significant role in an organizations. The high level involvement of job creates positive influence in organizational effectiveness. The job involvement of employee creates effectiveness in workforce motivation, enhancement of employee’s knowledge, skills and abilities on organizational issues. Further, the management feels that employee’s job involvement have greater impact in organizations. The employee’s job involvement is not a significant managerial tool in organizations. It changes the culture of the organizations (Ricardo J. Vera C, 2001).
Figure 3.4 Relationship between Job Characteristics and Personality Predispositions and Quality of Work Life


Organizations face enormous difficulty in trying to achieve effective productivity in an organizations. The job satisfaction increases productivity through bringing high quality motivation and through increasing working capabilities at the time of implementation (Miller K.I & Monge P. R., 1986). In recent years, there have been spirited efforts throughout the world by top echelons of management to redesign jobs in order to increase job involvement and sense of competence through job characteristics and personality. This is apparently based on the belief that job involvement is conducive to both productivity and job satisfaction.

3.2.2 Employees’ Job Involvement and Organizations Performance relationship

The employee engagement in the job is very predominant factor for attractiveness in the modern day’s organizations environment. The employee commitment have three components namely, cognitive, emotional and behavioral aspects. The first component is cognitive aspect which deals with employee beliefs, leaders and working conditions of the organizations. The second is emotional commitment of employees’. It is concerned with employees feeling which deals with positive and negative attitudes and leaders of organizations. The behavioral components of employees commitment is based on the value added components to the organizations. In this aspect, the employees bring extra time to the work, brain power and energy devoted to the task and the organizations.
3.2.3 Employee’s Job involvement Programme

Employee involvement programme plays a vital role in participation of employee in management functions because the employee and management are performing the activities mutually. The main aim of job involvement is that the employee has to involve in the decision making process, control and encourage the performance of employees which helps to utilize the entire capacity of employees. Participative management, representative participation, quality circle and employee stock ownership plans are the factors which are highly related to job involvement.

3.2.4 Participative management

Participative management is to bring the employees in decision making process of organizations. The main theme of participative management is employees’ participation in decision making in an organization. In addition, the participative management will differ according to the various organizations or industries. Participative management helps the management to understand the various problems of employees in the organizations. Further, participative management also provides an opportunity of development of job involvement. Therefore, participative management helps the employees to develop their interest on job and also motivates them to work enthusiastically in an organization.

3.2.5 Representative participation

In representative participation, all the employees in the organizations are not able to participate in the decision making process. In this aspect, a small group of employees is chosen as a power of participating in the management decision making processes, such group of employees are aware of all the problems of employees in the organizations. This small group is also called as work council or work committee. The work council participates in the various meetings conducted by the board of directors of the organizations. Further, the participative representative are not able to do the motivational activities. If participative representative employees are recognized in the organization, then the other employees are not able to get recognition in the management.
3.2.6 Quality Circle

Quality circle is the group of employees who discuss about the various problems in organizations which includes both employees and supervisor. Problems are fully analyzed and a solution is arrived at to that particular problem. The technique of research such as identifying the problem, understanding the problem, diagnosing the problem, collecting the data and information, analyzing the data and interpreting, finally, finding the solutions and the reviewing the solution before implementing in the organizations are used. This quality circle can be formed only in big organizations. It may not be suitable for all the organizations.

3.2.7 Employee’s Ownership

The employee’s ownership is a beneficial plan for both employees and organizations. Under this plan, the organizations allot shares to their employees. The employees choose to appoint the directors for the organizations to create the job satisfaction and work motivation among employees. The employees feel a sense of ownership of the organizations. It also increases the confidence and credibility of the employees. Finally, the organizational image, employees’ job satisfaction and performance of job will be increased through employees’ ownership in the organizations (Ajay Bhatia, 2012).

3.2.8 Job Involvement Practice

Characterized the use of employee’s job involvement through various practices such as sharing power, sharing information, rewards and knowledge (Lawler, Mohrman and Ledford, 1995)

a. Sharing power

It includes the practice of participative decision making and job enrichment. This practice will control the employees in degree of control in decision which safeguard the job of the employees in the organizations.
b. Sharing information

In this practice the employees know the information about the organizations. It also shares the performance of feedback of employees and group goals in an organizations.

c. Reward

The reward practice for the employees motivates them to increase involvement in their job. The rewards system includes compensation, promotion, individual and group recognition. Thus, reward system indirectly increases the organization’s effectiveness.

d. Knowledge

It is the development and promotion of various skills of employees in job. This is aimed at all the levels of employees in organizational hierarchy through proper training and supervisor coaching. Therefore, these practices will help to increase the involvement of employees in job which improves the performance of organizations.

3.3 ORGANIZATIONAL EFFECTIVENESS

Organizational effectiveness is to assess the overall functions of organizations that is, how effective an organizations is achieving the outcomes. Organizational effectiveness is defined as “the degree to which the goals of the organizations are accomplished” (Quartermen, 2003). Thus the results of organizational effectiveness is organizational performance.

Organizational performance encompasses three specific areas of outcome such as financial performance, market performance and shareholder return. Organizational performance can also be evaluated through characteristics namely relevance, effectiveness, efficiency and financial viability. Organizational effectiveness include employee’s performance and employee’s motivation.

3.3.1 Employee performance

Employee’s performance depends upon the factors like performance appraisal, employee’s motivation, employee’s satisfaction, compensation, training and development, job security and organizational structure. Performance of employee is
highly influenced by employee’s motivation and organizational structure (Muhammad Ehsan Malik, 2011).

### 3.3.2 Employee Motivation

Employee’s motivation is a psychological process which gives behavior purpose and direction. According to Bedeian, “employee’s motivation is an internal driver which satisfy the unsatisfied need and the will to achieve”. Thus, employee motivation plays a vital role in enhancing the organizational performance (Muhammad Ehsan Malik et al., 2011).

### 3.3.3 Indicators of Organizational Effectiveness

In the current scenario, organizations play a key role in arranging the relationship between the employee and management. This helps employee to achieve its goals in work process. Thus, organizations satisfy the needs of the employee in working processes. But, sometimes this results in the organizations in complexity processes. Environmental changes make the organizations to bring more effectiveness. This can be achieved only by increasing the efficiency which play a significant role in development of organizations.

Indicators of effectiveness identify whether the organizations are successful or not. The various indicators of organizational effectiveness are employee satisfaction, organizational commitment and financial and growth performance.

### 3.3.4 Employee satisfaction

Employees are a significant indicator for the effectiveness of organizations. According to Organ and Ryan (1995), employee satisfaction is one of the basics of organizational citizenship behavior. Thus, a well satisfied employee will work enthusiastically and this contributes the effectives of the organizations. Therefore, if employees are satisfied in workplace, it enhances the profitability of the organizations.

### 3.3.5 Organizational Commitment

This mainly focus on psychological strength of the employees in organizations. According to Meyer and Allen (1991) an employee can simultaneously be committed to the organizations in an affective, normative, and continuance sense, at varying levels
of intensity. It is described that affective commitment refers to the employee’s emotional attachment to the organizations; continuance commitment refers to an awareness associated with leaving the organizations and normative commitment reflects a feeling of obligation to continue employment (Meyer, J. P. and Allen, N. J. 1991). Therefore, the employee who feels more sense of organizational commitment puts more efforts for achieving the organizational goals. Organizational commitment plays a vital role in achieving the organizational tasks.

3.3.6 Financial and Growth Performance

Financial and growth performance help to measure the financial health and growth performance of organizations. Financial and growth performance indicate the strength of the organizations and the various indicators of financial and growth performance increase in volume of sales, introduction of number of employees, new product growth in the market share, number of new employees, competitive position and profitability of the organizations (Bulent Aydin and Adnan Ceylan, 2009).

3.3.7 Approaches Organizational Effectiveness

There are several models in organizational effectiveness. Some of the main models are goal approach model, system resource approach model, process approach model and strategic constituency approach.

3.3.8 The goal approach

This approach’s main focus is on achievement of the targets in output which figures out the essential operating objectives of the organizations like profit, innovation and product quality. The employee’s involvement in attainment of goals of the organizations is very important for organizations. The goal model is suitable only for the profit oriented organizations.

3.3.9 The system resource approach

This approach is fully based on the input figure of the organizations. This approach explains the effectiveness from the view point of ability to obtain the necessary resources from the environment output of the organizations. The system resource approach can be effective only when there is a relationship between the resources and the goods it produces.
3.3.10 The process approach

This approach pays attention to the transformation process aims at, to what extent the resources are officially used to provide service or goods produced. The effectiveness of organizations is based on healthy and efficient internal process and procedures of organizations. The effectiveness of organizations expresses that there is no stress and strain for the employees of organizations. The trends of this approach is to fulfil the objectives by providing timely and sufficient information to the employees. The collection of information and communication management are major of importance for organizations (Giti Ashraf & Suhaida bte Abd Kadir, 2012).

3.3.11 The strategic constituency approach

This deals with the effect of the organizations on the main stakeholders and their interests. Based on strategic constituency approach, the effectiveness of organizations refers to the minimal satisfaction of all of the strategic constituencies of the organizations. The strategic constituency approach involves all the employees who are connected to the organizations. This approach assumes importance on effectiveness and evaluates the factors in environment both within and outside the organization (Giti Ashraf, 2012).

<table>
<thead>
<tr>
<th>Approach</th>
<th>Definition</th>
<th>Condition for use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal attainment</td>
<td>It accomplishes its stated goals.</td>
<td>Goals are clear, consensual, time bounded and measurable.</td>
</tr>
<tr>
<td>System resource</td>
<td>It acquires needed resources.</td>
<td>A clear connection exists between inputs and performance.</td>
</tr>
<tr>
<td>Strategic Constituencies</td>
<td>All strategic constituencies are at least minimally satisfied.</td>
<td>Constituencies have powerful influence on the organizations, and it has to respond to demand.</td>
</tr>
<tr>
<td>Competing Values</td>
<td>The emphasis is on criteria in the four different quadrants meets constituent preferences.</td>
<td>The organizations is unclear of criteria, or change in criteria over time are of interest.</td>
</tr>
<tr>
<td>Process</td>
<td>It has an absence of internal strain with smooth internal functioning.</td>
<td>A clear connection exists between organizational processes and performance.</td>
</tr>
<tr>
<td>High performing systems</td>
<td>It is judged as an excellent relative to other organizations.</td>
<td>Comparison among similar organizations are desired.</td>
</tr>
<tr>
<td>-------------------------</td>
<td>---------------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>It survives as a result of engaging in legitimacy of activity.</td>
<td>The survival or decline and demise among organizations is of interest.</td>
</tr>
<tr>
<td>Fault Driven</td>
<td>It has been an excellent relative to other similar organizations.</td>
<td>Comparisons among similar organizations are desired.</td>
</tr>
<tr>
<td>Ineffectiveness</td>
<td>There is an absence of characteristics of ineffectiveness.</td>
<td>Criteria of effectiveness are unclear, or strategies for organizational improvement are needed</td>
</tr>
</tbody>
</table>

**Source:** Cameron (1984).

### 3.3.12 Organizations Culture and Organizations Effectiveness

In current modern competitive environment the organizations culture plays a vital role in organizational effectiveness. Organizational culture is described as a pattern of organizational behaviour by employees, body of common understandings with groups and organizational norms. Organizations way of thinking, feeling and acting related to ideology and philosophy. Organizations culture is a cognitive framework consisting of attitudes, values, behavioral norms and expectations shared by organizational employees.

### 3.3.13 Factors Affecting/ Influencing Organizational Effectiveness

There are many ways to measure the success and the growth of organizations. A number of factors consistently show up in effectiveness metrics. There are some factors which influence the organizational effectiveness.

### 3.3.14 Supportive Environment

The employees, the middle level managers, the first line supervisors and the workers all have to feel the need for participation and at the same time, a participative management scheme has to have an active management. The management must create an environment which supports and encourage participation. Supportive environment seeks, nurtures, rewards and celebrates the contribution of each employee. Active participation implies innovative thinking and creativity from all levels of employees.
Workplace environment reflects from the culture composition, rules and regulations, freedom of work etc. the workplace environment is that force that makes an impact on organizational effectiveness. Workplace environment determines the manner and extent to which roles, power, and responsibilities are delegated, controlled, and coordinated, and how information flows between levels of management.

3.3.15 Organizational characteristics

Organizational characteristics in terms of functional, specialization, size, and centralization of decision making and formalization are likely to increase productivity and efficiency of the organizations. Employee’s job satisfaction is related to the structural dynamics and has the influence to increase the organizational effectiveness. Delegations of authority and responsibility, equal division of work, and proper direction are likely to generate the feeling of the satisfaction among the employee at work.

3.3.16 Casual Factors

Casual factors are those factors that influence development within the organizations. These factors are independent variables that determine the course of development within the organizations. The casual variable like organizational structure, managerial policies, leadership style and skills can be changed by the organizations and its management.

3.3.17 Intervening Factors

Intervening factors include the factors like attitude, motivation, performance goals and communication in the organizations. According to Kamery. R.H. (2004). Employees may be motivated on the job with a sense of achievement, recognition, enjoyment of the job, promotion opportunities, responsibility, and personal growth. Employee motivation and performance are tied directly to the style of management that is applied to the principles of positive or negative support.

3.3.18 Organizational attachment

Organizational attachment is defined as an individual’s psychological and behavioral involvement in a social group or unit of which the employee is a member.
Lowered organizational attachment is one of many possible outcomes of demographic heterogeneity.

3.3.19 Job involvement

Job involvement measures the degree to which a person identifies psychologically with the job and considers perceived performance level important to self-worth and self-esteem. Employees with a high level of job involvement strongly identify themselves with and care about the nature of work they perform.

3.3.20 Self-control

Self-control is the ability to control one's emotions, behavior and desires in order to obtain some reward and is the capacity of efficient management to the future. In psychology, it is called self-regulation. Exerting self-control through the executive functions in decision making is held that deplete one's ability to do so in the future.

3.3.21 Organizational commitment

Organizational commitment is defined as a state in which an employee identifies with a particular organizations and its goals and wishes to maintain membership in the organizations. Organizational commitment has been defined as “a psychological state that characterizes an employee’s relationship with an organizations and has implications for the decision to continue membership of the organizations” (Meyer, J. P. and Allen, N. J.1991).

3.3.22 Job satisfaction

Job satisfaction refers to an employee’s general happiness with the job. Job satisfaction defines as a pleasurable or positive emotional state resulting from the appraisal of one’s job experience. Organizational effectiveness is the extent to which an organizations has met its stated goals and objective and how well it is performed in the process. In the present study, these variables used to measure the organizational effectiveness of selected organizations.
3.3.23 Managerial Policies and Practices

Managerial style, policies and practices are also related to the effectiveness of the organizations. Strategic goal setting, resource acquisition and utilization, performance environment, leadership, decision-making, organization’s adaptation and innovation are included in the managerial policies and practices. Leadership, or how leaders behave, has a direct relationship to overall perception of organizational effectiveness, or how the organizations will perform.

3.4 INDIAN MANUFACTURING COMPANIES- AN OVERVIEW

India’s manufacturing sector is on a high growth trajectory. As targeted by the National Manufacturing Competitiveness Council (NMCC), it is set to contribute 25 percent to the GDP by 2025 compared to the current share of nearly 16 percent. Manufacturing sector contributed 66 percent of the nation's exports in FY11 and has been strengthening at a CAGR of 20 percent in the last five years.

The competitiveness that the sector commands in the global arena is driving its growth. India ranks second in the world as per the 2010 Global Manufacturing Competitiveness Index (GMCI) prepared by the US Council on Competitiveness, and Deloitte. As per the same source, India would maintain its second rank and continue to dominate the global manufacturing sector even after five years. India has set benchmarks in the international market with respect to quality in manufacturing. The country is currently second only to Japan in hosting companies awarded for quality excellence.

India’s advantage is favouring growth in the sector as international players such as Hyundai, Nokia, Samsung and Airbus are focussing on setting up manufacturing facilities in the country. Interestingly, India's growth in the manufacturing sector overshadows other BRIC members. This can be associated to the strength in the Indian domestic market.

India considers growth in the manufacturing sector important for the overall development of the economy. The government is extending support through training programmes in order to ensure availability of skilled workforce. Also, measures have
been introduced to encourage FDI in the sector. As a result, India was ranked second in the world as per the 2012 FDI Confidence Index prepared by A.T. Kearney.

The government has also set up NMCC to increase the sector's global competitiveness through various measures such as setting up of National Manufacturing and Investment Zones (NMIZs). Furthermore, the government is offering various subsidies and incentives for technological upgradation in each sub-sector of the manufacturing activity along with special schemes focussed on micro, small and medium enterprises (MSMEs) for ensuring an overall development of the sector. Thus, growth in the domestic market as well as traction from the export-driven demand has enabled India to evolve on the global map as a key manufacturing hub. (www.IBEF.org, 2012).

Tamil Nadu is one of the well-developed states in terms of industrial development. It has enjoyed a significant position in India's geopolitical space and economic progress. Logistical advantages due to the presence of three major seaports, an international airport and several domestic airports, the quality of human resources, a peaceful industrial climate and a positive work culture have added value to Tamil Nadu's standing in the industrial world. The State has a diversified industrial profile in the manufacturing sector. Even before the liberalization wave hit Indian shores, Tamil Nadu had established itself on the industrial map of India as a hub for Automobile and Auto components, Textile, Leather, Cement, Sugar and Engineering industries which contribute significantly to the State’s output. In the post-liberalization era, the State has witnessed a significant growth not only in the automobile sector but also in new knowledge-based industries such as Information Technology (IT), Information Technology Enabled Services (ITES) and Biotechnology. The State has emerged as one of the frontrunners in attracting a large amount of domestic and foreign investments in all these areas.

**Table 3.2 Index of Industrial Production for Tamil Nadu and All India**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tamil Nadu</th>
<th>All India</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-2007</td>
<td>123.6</td>
<td>122.6</td>
</tr>
<tr>
<td>2007-2008</td>
<td>126.7</td>
<td>141.7</td>
</tr>
</tbody>
</table>
The Index of Industrial Production (IIP) compiled by the Department of Economics and Statistics (DOES) provides vital information on the pace of increase in industrial production in the State on an annual basis.

There was a pickup in overall industrial production in Tamil Nadu during the year 2013-2014 which registered an index number of 161.6 as compared to the previous year. On the other hand, at all India, the index number of industrial production has been high during the year 2013-2014 as compared to the previous year.

Table 3.3 Industrial Production
(Base Year: 2004-05 Growth rate in percentage)

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tamil Nadu</td>
</tr>
<tr>
<td>2009-10</td>
<td>7.7</td>
</tr>
<tr>
<td>2010-11</td>
<td>8.6</td>
</tr>
<tr>
<td>2011-12</td>
<td>4.0</td>
</tr>
<tr>
<td>2012-13</td>
<td>1.3</td>
</tr>
<tr>
<td>2013-14</td>
<td>5.14</td>
</tr>
</tbody>
</table>

Source: Department of Economics and Statistics, Tamil Nadu Government, Chennai - 600 006

There was a pickup in overall industrial production in the State during 2013-14 which registered a growth of 5.14 percent, as compared to the previous year (1.3%). On the other hand, at all India, the growth rate of industrial production has plummeted to (-) 0.20 in 2013-14 as compared to the previous year (1.1%). The positive development led to the overall growth of 5.14 percent. In the national economy, the manufacturing sector recorded a negative growth rate during the year 2013-14. Industrial output for this fiscal 2013-14 at all India contracted by 0.8 percent, compared to a growth of 1.3 percent in the same period during 2012-13 due to sluggishness in the manufacturing sector.
sector. The industrial growth in the State during 2012-13 was 1.3 percent against 4.00 percent achieved during 2011-12. It may be noted that manufacturing sector puts up 1.3 percent growth rate and the mining sector 6.2 percent, whereas electricity group exhibited a negative growth rate of 1.3 percent. These sub-groups were not able to provide the necessary buffer against deceleration in General Index.

Further, it may be noted that 13.6 percent growth achieved during 2005-06 could not be sustained during the successive years, since the general growth rate is principally mediated by the manufacturing sub-groups with the highest weight of 827.89 in the computation of IIP. However, in comparison to All India, the manufacturing sector has shown a buoyancy in Tamil Nadu, with 2013-14 showing a 4.3 percent growth, unlike a negative growth of 0.80 percent at All India level.

In the present scenario, it is noted that the manufacturing industries have emerged as one of the high growth sectors in India. Due to the launch of the “Make in India” program it places India on the world map as a manufacturing hub and gives a global recognition to the Indian economy. As, the business condition of the Indian manufacturing sector is positive in nature, the Government of India has set a target for increasing the contribution of manufacturing output to 25 to 30 percent of GDP by 2025, from 16 percent currently.

Figure 3.5 PROPOSED RESEARCH MODEL

The following is the proposed research model prepared by the researcher in order to find out the relationship among workforce diversity, job involvement and organizational effectiveness.

**Workforce Diversity**

1. Demographic related diversity
2. Job related diversity

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**Source: Primary data**
In the above model workforce diversity and job involvement is taken as independent variable and organizational effectiveness is taken as dependent variable. The researcher has found, that workforce diversity can be broadly classified into demographic related diversity and job related diversity. In the earlier research work, both intrinsic and extrinsic relationship have not established the amount different factors of workforce diversity, job involvement and organizational effectiveness. The present research work has classified the variables on the basis of their accuracy in terms of time and on the basis of time variance. The demographic related diversity existed among the employees before they entered into the organizations. It is followed by job related diversity which is acquired on the basis of the present organizational condition of the employee. Therefore, these two factors under workforce diversity are considered as absolute independent variables.

The employees after the recruitment with different workforce diversity are subject to involvement in their job. It is found that a great momentum in obtained after the experience of the employee within the organizations. Therefore, the researcher considered job involvement as a mediating factor between workforce diversity and organizational effectiveness.

The employees with different workforce diversity background and their involvement in their job to complete their assignment creates certain effects on individual employee as well as the organization. The total output of organizational effectiveness is calculated with respect to individual employee as well as organizational effectiveness. Hence, it is stated that organizational effectiveness is conscious of workforce diversity and job involvement. These enable the researcher to conclude that the organizational effectiveness is ultimate dependent variable. The relationship among workforce diversity, job involvement and organizational effectiveness is the main aim of their research.