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Impact of workforce diversity on employee's productivity

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Abstract

The purpose of this study is to review the effect of the recruitment process, corporate culture and Sense of belongingness on employee performance. The study also reveals the direct, that is, moderation effect of the recruitment process on the relationship between corporate culture and employee performance. The present study also attempts to explore the indirect effect, that is, the mediation effect of a Sense of belongingness on the relationship between corporate culture and employee performance. The study finds that the recruitment process and corporate culture influence employee performance positively and significantly. The study further depict that the recruitment process does not moderate the relationship between corporate culture and employee performance. Moreover, it was also found that a Sense of belongingness does not mediate the relationship between corporate culture and employee performance. Remarkably, an insignificant impact of Sense of belongingness was also found on employee performance.

Keywords: Recruitment process, corporate culture, sense of belongingness and employee performance

1. Introduction

Every other individual is different. Perceptions amongst people differ, besides gender, culture, race, and social and psychological characteristics. Likewise, the workforce too is diverse and hence heterogeneous. The concept of workforce diversity is introduced in this context. Workforce diversity is the difference in employees' ages, genders, educational attainments, and social and cultural backgrounds. Moorhead and Griffin (2001) [11] explained that workforce diversity is concerned with the similarities and differences in such characteristics as age, gender, ethnic heritage, physical abilities and disabilities, race, and sexual orientation among employees of organizations.

The primary resource for any firm is its workforce. Employing a diverse staff is a requirement for every organization, but managing such a diverse workforce also presents significant management challenges. Management addresses the diversity issue within the workforce in a manner that workers adapt to their surroundings with maximum productivity. Workplace diversity, thus, is a multi-faceted concept that will continue to grow as more industries move towards a global marketplace.

Workforce diversity is increasingly recognized as an essential organizational tool when an employer intends to provide excellent customer service and maintain a competitive edge in the industry. It has been noted that workforce diversity leads to employee productivity. A wider variety of skills and ideas contribute to corporate success vastly. Nevertheless, because personnel can better communicate with local clients, it helps to service a wider clientele. Naturally, businesses will benefit from a competitive advantage and a more substantial reputation. This forces managers to embrace the concept of workforce diversity.

The trend of diversity in the workplace has increased in India over the past two decades, with more women joining the workforce. A new pattern in hiring has emerged in recent years, emphasizing the need to select candidates from diverse backgrounds. In this background, the present study investigates workforce diversity's effect on employee performance in an organization. The study considers various aspects of workforce diversity, including ethnicity, age, gender, and educational background, which is the most critical variable among all the others. The target respondents for the study are people employed in various corporates in the Delhi-NCR region. We organize this study into six sections, theorizing the concept in subsequent Section 2. Section 3 outlines some relevant studies on the subject. The hypothesis testing, along with the methodology of the study, is introduced in Section 4.

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The subsequent Section 5 presents the survey results. Section 6 employs statistical tests to verify the impact of various diversity measures on employee performance. The last Section concludes the study along with proposed recommendations.

2. Major parameters of workforce diversity
Numerous parameters mentioned below explain the basis of workforce diversity.

2.1 Age
Age is a primary source of discrimination. People sixty years of age and above are the most adversely affected in finding employment opportunities. It is not only difficult for older people to find or keep jobs but also, they are less preferred when offering employment.

2.2 Gender
An advantage for a business might come from gender diversity at the organizational level. However, there is the inequity between the genders due to our male-dominated society. The concerns of men are prioritized in our culture, and they have better access to resources like money, status, and legal rights, among many other things. For instance, men typically earn more money than women in India, even when they perform the same or equivalent jobs.

2.3 Religion
Religious diversity has long been a source of contention. Every aspect of a person's life is influenced by religious ideals, including their diet, marriage partner, and final disposition. People are divided, and barriers are formed based on religion.

2.4 Social Class
Caste is a social class indicator. There are three primary classes that make up most of society: lower, medium, and upper. Because of this disparity, discrimination and salary inequalities are widespread. It influences how we treat individuals around us, that is, how we relate to and interact with them.

2.5 Disability
Disability includes impairments (a problem in body function or structure), activity limitations (a difficulty encountered by an individual in executing a task or action), and participation restrictions (a problem experienced by an individual in involvement in life situations) the potential of disability discrimination in the workplace.

3. Review of Literature
Many studies have investigated different aspects of workforce diversity. According to Cox and Thomas (1991) [3] and R. Ostergaard *et al*. (2011) [14], diversity is a collection of unique individual characteristics that include sociocultural, demographic and professional elements found at various levels of an organization. It refers to the variations in a group of individuals according to their culture, gender, race, ethnicity, age, religion, level of education, and physical limitations. Exploring these differences in a vibrant, safe, nurturing environment is crucial. Diversity is about getting to know each other and embracing differences in each employee working in the organization.

Workforce diversity enables one to accept that there are disparities between people and groups (Loden and Rosener, 1991) [10]. They contend that one needs to consider how one's values, beliefs, and group dynamics would affect the situation to manage cultural differences. An organization will typically succeed better at luring and keeping talent from all origins if it supports fair employment opportunities for diverse groups. Such companies have a competitive advantage and a better reputation.

Erasmus (2007) [7] discussed the benefits and drawbacks of a diverse workforce on worker performance. Their study pointed out employee performance will increase if management successfully addresses diversity. Therefore, training programmes like value clarification, perceptual differences, and problem-solving case studies that discover potential prejudices among different groups must be implemented to deal with diversity.

Tanoff *et al*. (2002) [19] found diversity and inclusion to bring out the best in workers. According to the findings, diversity is a strategy that boosts staff performance and production.

Saxena (2014) [17] also pointed out the impact of workforce diversity on worker productivity. His study found that with effective management, workforce diversity can result in higher productivity

Nakagawa (2015) [12] concentrated on gender diversity. Comparing gender diversity in the workplace to other types of diversity, he discovered that gender diversity fosters more creative and superior solutions. He contends that gender diversity improves the standard and effectiveness of strategic and leadership decisions.

Rao (2014) [16] studied employees from Information Technology firms, including I.T. services companies and ITES-BPO companies in Bangalore. He looked at the relationship between acceptance and diversity management practises and found a substantial correlation between the two, suggesting that diversity management activities positively impacted the acceptance of diversity. The study's noted that diversity significantly affected management strategies and practices in the I.T. sector.

Coral (2015) [2] researched to understand the effects of workforce diversity on the employees of Mangalore's retail industry. He found that Mangalore retail companies primarily employ diverse staff members for two reasons: boosting productivity and getting a competitive edge. To improve the morale of its varied workforce, a company develops various anti-discrimination programmes based on these differences. The study concludes that diversity management is the key to growth in today's competitive global marketplace.

Dixit and Bajpai (2015) [6] examined the diversity management strategies employed by multinational corporations in India. Their study pointed out that India's highly diverse workforce makes it difficult for corporations to address diversity. Any corporation can increase its competitive advantage over rivals by fostering a more diverse workplace culture. So, suppose the organization maintains a good and fair diversity climate in the form of fair and objective criteria for remuneration, performance appraisal and promotion. In that case, employees feel motivated to work hard and show more trust and faith in their managers and organization. Therefore, organizations must encourage different methods to spread awareness about diversity, its importance, and how to manage diversity

for advancement.

4. Hypotheses tested in the study

H_1: The recruitment process positively and significantly affects employee performance.

H_2: Corporate culture is positively and significantly related to employee performance.

H_3: The recruitment process moderates the relationship between corporate culture and employee performance.

H_4: Sense of belongingness mediates the relationship between corporate culture and employee performance.

4.1 Methodology used

The present quantitative study uses a convenient sampling method to collect the data. The data was collected from private corporates working in Delhi. We have been able to collect information in Delhi as a large number of people from different regions come here in pursuit of employment. The companies were selected based on convenience. The companies which were near to reach easily and accepted the survey proposal were approached. A total of 600 questionnaires were distributed among employees of different private companies. However, only 537 questionnaires were returned from the respondents. When further checked, only 432 questionnaires were completely and properly filled. Among the respondents, 72% were males. Additionally, the majority of the participants were aged between 35-45 years, and approximately 56% had gained their post-graduation or above qualification. The study was conducted on both middle and upper levels of management.

All the measures of the present study used a five-point Likert scale, where 1 indicates strongly disagree and 5 indicates strongly agree. The reliability of the scale was explored and found to be acquired at .802, as Nunnally *et al*. (1967) [13] suggested that a reliability value exceeding 0.70 is acceptable. All the measures were taken from the scales that were previously developed in the literature.

Recruitment Process: The process was measured using the scale given by Kashyap (2016) [8]. A sample statement is the rate of growth of the organization influences the recruitment process of this organization.

Corporate Culture: This was measured using the scale developed by Deshpande and Farley (1999) [5]. An example of the component includes my organization is a very dynamic and entrepreneurial place.

Sense of Belongingness: A scale developed by Levett-Jones *et al*. (2009a) was used to measure the Sense of belongingness. An exemplary statement used in this study is, It is important to feel accepted by my colleagues.

Employee Performance: Pradhan and Jena (2016) [15] posited a scale to measure employee performance used in this study. An element of the item is I use to maintain high standard of work.

5. Data analysis and finding

Multiple regression was used to test H_1 and H_2 with employee performance as the dependent variable and the recruitment process and corporate culture as predictors. The model explains 40.8% (R^2) (table 1) of the total variance and that the model was a significant predictor of employee performance, $F_{(2,430)} = 34.143$, p=.000 for $p<0.05$ (table 2).

6. Model Summary (Table 1)

a. Predictors: (Constant), Recruit, Culture

b. Dependent Variable: Employee Performance

The model of the study suggests that H_1 and H_2 are accepted. This depicts that the recruitment process and corporate culture are significant predictors of employee performance. Furthermore, the study found that corporate culture is the strongest predictor of employee performance.

Accordingly, the hypotheses tested; namely, H_1 and H_2, conclude that recruitment process and corporate culture influence employee performance in a positive and significant manner. The present study's results further depict that the recruitment process does not moderate the relationship between corporate culture and employee performance. Moreover, it was also found that a Sense of belongingness does not mediate the relationship between corporate culture and employee performance. Remarkably, an insignificant impact of Sense of belongingness was also found on employee performance.

In order to test H_3 and H_4, HAYES PROCESS MACRO was used. The findings are presented in the following table 3.

Table 1: Summary Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.555a	.408	.397	2.126	.408	34.143	2	430	.000

Table 2: ANOVA Results

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	786.442	2	314.976		
	Residual	1356.4422	430	9.775	34.143	.000b
	Total	2143.225	432			

Table 3: Summary of Findings

Direct effect	Estimates	S.E.	T	LLCI	ULCI
R.P.→E.P	0.4218	0.1237	2.3476	0.0825	0.5623
C.C.→E.P	0.3251	0.1312	3.2241	0.3332	0.8570
C.C.→S.O.B.	0.2655	0.0556	3.2885	0.1326	0.3576
S.O.B.→E.P.	0.1835	0.1503	1.1556	-0.1207	0.4223

The findings presented in table 3 show that
- Recruitment process have significant and positive effect on employee performance (b= 0.4218, t=2.3476, p=0.0000).
- Corporate culture significantly and positively affects employee performance (b=0.3251, t=3.2241, p=0.0084).
- The recruitment process has an insignificant effect on the relationship between corporate culture and employee performance (b=0.0208 t=0.5687, p=0.4355).
- Corporate culture has positive and significant effect on sense if belongingness (b=0.2655, t=3.2885, p=0.0000) i.e., corporate culture influences sense of belongingness but, sense of belongingness does not influence employee performance (b=0.1835, t=1.1556, p=0.2537).

The results conclude that the recruitment process does not moderate the relationship between corporate culture and employee performance (0 belong to the confidence interval). Additionally, Sense of belongingness has an insignificant effect on the relationship between corporate culture and employee performance, that is, Sense of belongingness does not mediate the relationship between corporate culture and employee performance (as 0 belongs to the confidence interval). Therefore, we can conclude that corporate culture had a significant effect on the Sense of belongingness, but there is no indirect effect of corporate culture on employee performance through a Sense of belongingness. So H_3 and H_4 are not supported by the given results.

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