

## Impact of Workforce Diversity on Productivity

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### Abstract

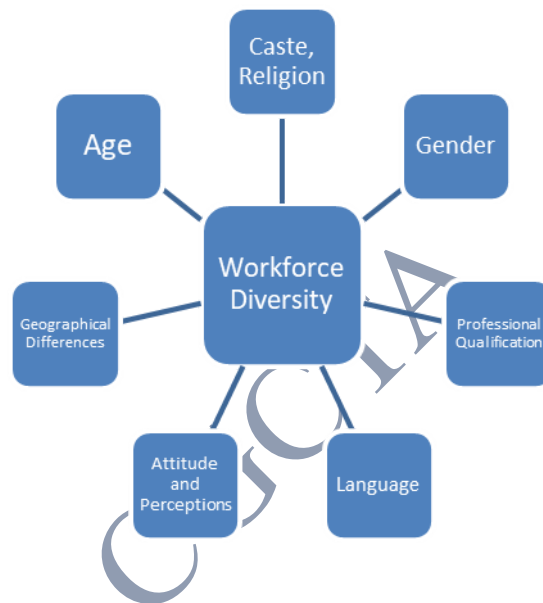
*Workforce diversity is a major concern of today. Before entering into the digital world, there were cross border barriers due to various issues in general, but particularly due to diverse workforce. Over a period of time, a shift has occurred in the world economy and these hindrances have been overcome. Now organisations are employing skilled, experienced, knowledgeable workforce who have different perspectives and backgrounds. Workforce diversity means similarities and differences among employees in terms of age, cultural background, physical abilities and disabilities, race, religion, gender, and sexual orientation. It's a big challenge for the management. In this paper, the main objective is to study workforce diversity and its impact on productivity. Critical analysis is done after thorough examination of literature and different research papers. It is found out that diversity in workforce is a boon and not a problem. Employees are having some problems like communication issues, different perceptions, religion and attitudinal clashes etc. But if workforce diversity handled properly, it can not only maximise profits but also increase productivity of an organisation.*

**Keywords:** Diversity, Productivity, Profits, Workforce

## **Introduction**

Workforce diversity is considered one of the main challenges for human resource management in modern organizations. Before entering into the digital world, there were cross border trade and investment barriers due to various issues in general, but particularly due to diverse workforce. But over a period of time, a shift has occurred in the world economy and these hindrances have been overcome. With advancement in transportation and technology, the overall scenario has been changed towards globalisation. The position of India is also changed in this competitive world. India as one of the main economic driver is recognised by the other countries from where companies are coming to explore the opportunities. In such a situation, there is a need to hire skilled, efficient and knowledgeable workforce to face the challenges posed by the competitive environment. Hence every organisation should have diversified workforce which is the need of an hour. And all other resources depends on these resources. Organizations that employ quality and competitive workforce regardless of their age, attitude, language, gender, religion, caste can only compete at the marketplace. Human resource is an important asset for any organization. However, today, the definition of workforce diversity has expanded to include a wide range of dimensions, including but not limited to age, gender, caste, religion, professional qualifications, different attitude, ability, and skills. It is also about including employees with different abilities and disabilities. In simple terms, it refers to a diverse organization with a heterogeneous workforce.

## Workforce Diversity



The organizations employ human resource having different age, gender, perception, attitude, caste, religion, region then it will be very difficult for the management as well as for the employees to manage and adjust in that environment. To manage diversified workforce is a big challenge for any organization and its impact on productivity of an organization. In this paper, the main objective is to study the impact of diversified workforce on productivity for which secondary data is used.

It is a well-known fact that each individual is different from another in terms of age, religion, education and perceptions. And when people from different backgrounds work together at the same place then all of these persons may disagree at same point. Which will affect their relationships, contribution and further productivity and then it becomes

difficult to achieve organisational goals in time. The following diagram shows how workforce diversity affects the working style and then productivity.

**Fig: Impact of Workforce on Productivity**



In the globalised world, many changes have taken place now. Now gender equity is emphasised as females are also working in equal ratio at almost every post. Earlier, people of same age, same religion, same professional background, same experience come together to work in organisation but it's not seen now. That's why the workforce diversity affects employees working and even with different languages, climatic changes have also been seen. Employees from different geographical regions with varied skills, thinking, create sometimes clashes. In fact, these are the critical issues of diversified workforce which affects not only their relationships but also the productivity.

Human resources are the most important assets of any organisation and it is only these resources who work together in order to achieve the long term objectives. But it is impossible to achieve these goals effectively without better understanding, strong relationship and having congenial atmosphere. They should have coordination amongst themselves as required also not only for the smooth functioning of an organisation but also developed interpersonal relationships. As a result of these, there will be an increase in productivity. Productivity, which is the ratio of input and output, wherein input means resources like labour, raw material etc., used in a process and output means given product, service etc. Productivity requires both efficiency and effectiveness, and can be measured. For example, in a factory productivity might be measured based on the number of hours it takes to produce a good. As mentioned, the focus is on to study the impact of

workforce diversity on productivity. Various research contributions have been given in this regard and are studied at different levels. The findings of these studies in past helped a lot in order to sort out the points used in this paper which helped the researcher alongwith the review, in finding out the differences between those studies and what is required now. Let's have a look at the earlier researches:

### **Literature Review**

(Sharbari Saha, Dewpha Mukherjee Patra, 2008) in this the authors have focused over the requirements due to globalized market and benefits of workforce diversity further they said that if the organization is not employing the diversified workforce then that organization is not competitive enough and the sales managers can make their diversified workforce effective and competent by providing them training. . (Asmita Jha, 2009) in this article the author said that the most important asset of any organization is diversified workforce because the diversified workforce is good at problem solving as they provide different and creative ideas and gives competitive advantage to the organization. Further the author focused over making the workforce happier by proper understanding of the expectations and needs of each individual. (Saumya Goyal, Aug 2009) In this article the author has depicted four models to understand the dimension of diversity they are diversity wheel in this model the author has classified the model into two dimensions first is primary which includes age, gender, mental/ physical abilities, race, ethnic heritage, sexual orientation and the secondary dimension includes geographic location, work experience, income, religion, first language, organizational role and level, communication style, family status, work style, education, military experience. Next model is four layers of diversity in this the author adds on two more layers with the diversity wheel they are personality at the core and external dimension includes work field, division, seniority, work location, union affiliation, management status, organizational dimensions. Third model is diversity iceberg in this the author adds one more dimension in diversity wheel which is tertiary dimensions like beliefs, assumptions, perceptions, attitude, values, group norms. And the last model is kaleidoscope perspective of the individual in this the author has described various attributes like age, region, gender, qualification, caste, family

status. (Ashok Chanda, Dec 2006). In this article the author says that workforce diversity is a hot and burning issue in every organization of current scenario. Every human resource manager has to take care in managing this diversity and finally he concluded that there is a lack of awareness towards diversity management approach, the manager don't have sufficient knowledge and competency to manage diversified workforce. (Arpita Saha, 2007) in this article the author says that due to the increased globalization the world is shrinking day by day. Hence the organizations have to recruit cross cultural employees but it is very difficult for the employees to adapt and adjust with a new environment and culture. At this point of time a manager can play a very important role like a leader by providing the employees with training, interactive sessions so that they come to know about the rituals, dressings, mannerisms, food habits of different people. (Jakob Luring, 2009). In this paper the author says that in today's scenario workforce diversity is a necessity for the development, both in terms of economic growth and satisfactory intellectual, emotional and moral existence. Further he explained that in business firms the workforce diversity among employees not merely means differences in languages, perception, and attitude but also the managed differences of skills and knowledge, because knowledge sharing is an important aspect to improve productivity among the organization which is guided by social interaction. (Marie-Élène Roberge, Rolf van Dick, 2010). In this paper the authors says that on one hand diversity among workforce results in positive affects like creativity, problem solving, innovation but on other hand diversity may results in some negative aspects like increasing conflicts, decreasing group performance and decreasing group cohesiveness. Further the authors have depicted a multi-level model to improve the group performance by considering individual- (i.e., empathy and self-disclosure), and group-level (i.e. communication, group involvement and group trust) mechanisms which underlie the process of learning from one another's identity within a group. (Patricia A. Kreitz, 29 January 2008). In this paper the author says that in today's scenario the organizations are facing diversity challenges from many areas like demographic changes in the workforce and customer populations, combined with globalized markets and international competition. The researcher focuses over the ways to manage diversity strategically. Further the researcher

added that successful diversity management requires HR managers to possess skills in leadership, organizational development, change management, psychology, communication, measurement, and assessment.

### **How Workforce Diversity helps Organisations**

Diversity in the workplace is not just a necessity, but also a major competitive advantage. Organizations with a diverse workplace outperform their competitors and achieve great success. They have various benefits with proper handling of all the issues related to workforce diversity, proper planning and implementation of diversity plans and alike.

People in an organisation with higher workplace diversity will have access to different perspectives which helps organisations to achieve its goals at minimum cost with proper planning.

People from different perspectives with different backgrounds share their exposure that leads to increased productivity.

Diversity encourages innovation and leads to productivity and that creates a better culture which can help organisations to perform better than their competitors.

A multicultural organization is better suited to serve a diverse external clientele in a more increasingly global market. Such organizations have a better understanding of the requirements of the legal, political, social, economic and cultural environments of foreign nations (Adler, 1991).

Employees in a diverse workplace have innovative ideas and when these combines, they are able to work together in a different coordinated way and hence new doors will be opened.

Organisations with high workplace diversity solve problems faster than earlier. Employees from different backgrounds have different experiences, ideas, due to which they are able to bring new and diverse solutions and the best one can be chosen.

In research-oriented and hi-tech industries, the broad base of talents generated by a gender-and ethnic diverse organization becomes a priceless advantage. “Creativity thrives on diversity” (Morgan, 1989).

A diverse workforce with different skills and experiences (e.g. languages, cultural understanding) helps an organisation to provide better services to its global customers.

Organisations employing diverse workforce have a pool of new and innovative ideas, skills, knowledge and experiences in giving ideas that are helpful in fluctuating market conditions.

Workplace diversity is beneficial for **employee retention**. Diversity at the workplace cause all employees to feel **accepted and valued**. When employees feel accepted and valued, they are **happier** in their workplace and **stay longer** in the organisation. As a result, organisations have **lower turnover** rates.

### **Statement of the Problem**

Today all the organisations are having diverse workforce because of the need of an hour. They are concerned with improving their productivity. In this competitive world, survival is not an easy task. Organisations can survive only if they are earning profits. But people are facing many problems at their workplace due to diversity in workforce as less cooperation or even no cooperation of their peer group members is seen sometimes. Employees are not ready to listen to each other due to their different perspectives and backgrounds. But firing is not the way out. The focus of this study is to see the impact of workforce diversity on the productivity of an organisation from earlier researches. Another aspect is to give suggestions in order to manage workforce diversity in such a way that employees can contribute their best even with such a diverse workforce so that not only profits of the organisations but also productivity can be increased. As it is clearly stated by Adler that multicultural organization is better suited to serve a diverse external clientele in a more increasingly global market. They have a better understanding of the requirements of the legal, political, social, economic and cultural environments of foreign nations.



### Findings and Suggestions

It has been found out after thoroughly examining the literature and contributions of different authors with regard to workforce diversity and its impact on productivity that the ultimate objective of organisations is to earn maximum profits as well as enhance their productivity. In most of the research papers, it is seen that employees with different characteristics and backgrounds alongwith skills, knowledge and experiences are actually valuable assets of an organisation. When they combine their innovative ideas with different perspectives, they come together in novel way that proves helpful in increasing their productivity. But to manage diverse workforce is a big challenge for the management. Employing diverse workforce is a boon for an organisation but if they are not managed properly then they may not only affect the profits, productivity but also the reputation of an organisation. But employees are having few problems like language, different perceptions, religion and attitudinal clashes which affects productivity. If someone should happen to disagree, then some people will take that as a personal attack against their character, integrity. Hence, after considering all the contributions in the research papers, there is a need to suggest the ways for handling these aspects found during the study. There is no doubt in saying that workforce diversity is an important aspect of today's research. It's not a problem rather it helps the organisations in achieving their targets. But the need is to handle it properly with a meaning of commitment from every level. Diversity can provide unique perspectives, but it may take time for revenue and productivity increases to arrive. HR professionals should also include current trends in their policies and workforce diversity should not be seen like a problem. For this purpose, there is a need to adopt certain principles such as to encourage the use of common language; motivate employees to participate in decision making; respect everyone and his/her feelings, have more patience and listen to others with open heart; show compassion for others; conduct motivational programs; and make sure their employees know that it's healthy and beneficial to learn from one another. With this being done, diversity in the workplace will surely bring organisations benefits and a great environment or place to work in which ultimately increases the productivity.

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