

Importance and Status of Workforce Diversity in Indian Industries

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Abstract

This paper intends to examine the importance and status of workforce diversity in Indian industries. The increasing diversity in workforce is more challenging for human resource (HR) managers in a country like India; where work force of the organization is composed of people from varied caste, faith, region, gender, religion, and mindset. The demographics of employees are continuously changing. The young mothers with kids under the age of five are the fastest growing component of Indian workforce; and their handling carries altogether different approach than men. Different HR policies, programs, and practices are formulated, such as, provision of maternity leave, child care leave, day care facilities, flexible working hours, and work-from home. The HR manager takes utmost care, and also ensures that policies should not hurt the religious sentiments of any particular group. These emerging trends of workforce pose a challenge as well as opportunity. The organizations which take advantage of workforce diversity are expected to be more successful. In the present paper, the descriptive model of research has been followed, and the on-line data has been picked up from secondary sources to enrich the discussion. It has been found that Indian companies have realized the significance of diverse work places, which may prove to be a big strength for any entity to increase efficiency and productivity; if managed strategically. The diversity exists, but still the continuous efforts are being made to further enhance its degree by fixing targets for the same. The findings are useful to HR managers who may focus on diversity-intensive policies; government to mandate more laws to accelerate the pace of diversity; and readers to acquaint with current status of diversified work places to come up with more suggestions through further research, so as to improve the present scenario on the underlying subject.

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I. Introduction

The world has been considered as a global village as the advancement in technology has led to the removal of cross-border trade barriers. The organizations across the world are competing for customers by offering them quality products of their choices in minimum price, and accessing financial markets to raise funds at minimum cost. The Indian business model has also witnessed a drastic change due to the policy initiatives taken by government on various fronts, such as, focus on globalization, privatization, and liberalization of economy. India has emerged as one of the key drivers of global trade, having largest base of consumers; and global businesses are struggling to grab this opportunity. To prosper and survive in such a cut-throat competition, recruitment and selection of diversified workforce is the need of the hour; who may handle dynamic business environment. Therefore, the emphasis of corporates is to employ efficient and effective workforce to accomplish goals, irrespective of their physiological and psychological attributes. It has led to a paradigm shift in the world economy with reference to the recognition, encouragement, and employment of diversified workforce.

The workforce diversity implies the resemblances and dissimilarities available in the employees pertaining to various characteristics, such as, age, religion, race, gender, physical attributes, income levels, marital status, work experience, educational qualifications, skills and knowledge, creative abilities, family and cultural background, and the geographical location they belong to. No two humans or employees are found identical with respect to these features. People are different not only in terms of physical appearances or attributes; but also in their philosophy, perspective, and predispositions. They are being categorized by society on the basis of wide-ranging biological or mental attributes since immemorial times.

The source of deviation in the workforce is a complex phenomenon; but they may be grouped under two broad heads, i.e. controllable and non-controllable features. There are certain genetically determined characteristics over which an individual cannot exercise any control, like sex, color of skin, age, physical appearance, and family in which one takes birth. These factors collectively and individually affect the behavior, and personality of a person. The other cluster of characteristics falls under controllable boundaries which are

accomplished by people through conscious efforts and deliberate decisions, such as, choice of profession or occupation; marital status; level of skill, training, and education attained; political ideology, and income and wealth collected. Therefore, the human manager has to be cautious enough regarding the source of diversity while dealing with employees; and same set of policies and guidelines are not found appropriate to handle all of them.

It has been accepted fact that the qualified human resources are most vital assets of an organization. They are one who manage and execute the process of converting the raw material in to finished goods/services to earn profits. The financial and other physical resources will be lying idle, and cannot contribute anything on their own to achieve organizational objectives; without concrete, combined, and continuous efforts of dedicated staff. But, the employees are to be trained and motivated from time to time by equipping them with latest skill sets, maintaining positive attitude towards work, and empowering to meet greater challenges on all heads of business, and personal life through their enhanced development and satisfaction.

As the efficient and motivated staff is essential to attain organizational aims; their management is equally important. It becomes although more challenging when workforce is comprised of different level of age, perception, values, attitudes, region, education, language, professional qualifications, emotional intelligence, religion, caste, and experience of working in national and international business firms. In other words, the existence of generation gap is bound to be there which needs to be addressed cautiously. The employees differ in terms of perceived information, thought process, and action taken, and the resultant manner of handling situations or challenges. It further impacts the cordial inter-personal relationship among employees, working atmosphere, and the organizational efficiency and effectiveness. However, the diversified workforce is essential for success and prosperity of business running across the globe. The existence of employees with varied degree of mind-set not only leads to easy adaption of any change in the organization, but are found to be more competitive, innovative, and always ready to welcome and embrace the new challenges posed by business environment. It ultimately contributes in improving the efficiency of organization. Empirical research has discovered that workforce diversity in relation to age and gender are the main determinants of innovation, growth, and productivity in the firm. Dai et al. (2019) and Xie et al., (2020) explored that the gender diversity at workplace enhanced the level of research and development activities; and concluded that female employees may lead the firm in touching new heights of growth. Kundu & Mor (2017) examined that the organizational perception to promote gender diversity is a function of perceived performance of firm; and the two are positively associated in Indian IT industry. Some others like Kunze et al. (2013), and Steinfield et al. (2019) highlighted that diversity in terms of age at workplace is a major dimension to augment production, sales and, bottom-line.

Furthermore, the various rules, regulations, or laws enacted by government also impact the diversity and inclusiveness practices and policies of Indian industries, such as, Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; the Rights of Persons with Disabilities (RPwD) Act, 2016; Maternity Benefit (Amendment) Act, 2017; the Transgender Persons (Protection of Rights) Act, 2019; and the different laws for Scheduled caste (SCs) and Scheduled tribes (STs), and other Backward castes (OBCs).

After the present introductory discussion on the subject, the extant literature has been reviewed in section 2. The section 3 is explaining the research methodology from sub-section 3.1 to 3.5. The section 4 is devoted to the discussion and findings of this study. Lastly, the section 5 concludes the paper by pointing out its limitations; and few suggestions for further research.

II. Existing Literature Review

Many studies have been carried out on diverse aspects of workforce diversity in corporates at national and international level.

Netto & Sohal (1999) concluded that the diversity management practices are not adequate in the areas of employee's hiring, training and development, and compensation. They also observed that the migrant staff is relatively compliant and hardworking; and does not pose any problems before managers.

Kundu (2003) investigated the perceptions and reactions in different situations of employees in Indian organizations. They found the presence of gender and racial discrimination among workforce across categories; but, the employers have been making continuous efforts to value diversity.

Sanchez-Burks & Barak (2005) throws light on the existence of different values, behavior, perception, and attitude among employees; which reflect their respective belief about the organizational work and inter-personal relations. He focused that to manage this diversity a deep understanding of the nature of employees is essential that influences the work culture.

Chanda (2006) analyzed that workforce diversity is the most discussed and talked about issue in organizations, and needs to be managed strategically. He pointed out that the human resource managers should

be aware about the necessity of diversified workforce; and should possess adequate knowledge and competency to manage the same because each employee needs different type of handling.

Sharbari & Patra (2008) emphasized on the significance of diversified workforce due to globalization. They underlined that to be competitive; organizations must employ diverse staff who may be further trained to supplement their competency levels, which in turn will result in enhancement of productivity and sales of the enterprise.

Asmita (2009) stated that diversified workforce is an asset because they possess creative ideas, and efficient enough to solve problems; which lead organization to enjoy the competitive edge in the market.

Alcázar et al., (2013) concluded that cross-cultural and diversity-oriented approach is not fully developed, and needs greater efforts. However, it has been highlighted that the management of heterogeneous workforce may be achieved by complete transformation of human resource management policies, and strategies.

Saxena (2014) remarked that workforce diversity is a strength which may work as an instrument to increase productivity, efficiency, and effectiveness of any organization. However, its management is a tedious process which requires a leader having clear-cut organizational vision and work culture.

Goswami & Kishor (2018) analyzed that workforce diversity is positively associated with workplace inclusion. The employees feel more committed which further improves efficiency of organization.

Yadav & Lenka (2020) reported that to reap the advantages of diversity, its optimum management is essential. Interactive sessions with employees may be organized at shorter intervals to be familiar with their customs and rituals, dressing sense, food habits, mannerism, and value system.

Li et al., (2020) enquired that there is a positive relationship between diversity management and job performance. The diversity attributes focused in the study are identified on the basis of interest, skills, knowledge, preferences, and creative abilities. It is realized that knowledge sharing fosters social interaction, and assists in improving productivity. He also found that the presence of political, social and economic factors is accountable for enhanced diversity in workforce.

Chaudhry et al., (2021) confirmed that diversity contributes to relatively higher degree of inclination towards innovation in large-sized firms as compare to smaller ones.

Guerrero (2022) explored the positive contribution of workforce diversity in corporate venturing with special emphasis on women and migrant employees. It was stated that the existence of diversity is the necessity of modern times. But, mainly the role of human resource manager as a leader has been recognized in easing out employees to adjust and adapt in changing business environment by organizing suitable training and interactive sessions.

Chaarani et al., (2022) revealed that gender diversity proved to have a positive impact on sales, and innovation level which is a key factor for maintenance and growth of firm by achieving competitive advantage. It was also observed that the corporates focus on research and development as a strategy to remain successful, which cannot be achieved without the creative and expert workforce.

III. Research Methodology

3.1 Objectives of the Study

The main objective of this paper is to understand the importance of diversified workforce which enables an organization to be more creative, innovative, competitive, and productive; and to discuss the present scenario of workforce diversity in Indian industries.

3.2 Hypothesis of the Study

H₀: Indian Companies do not possess diverse work places, and have not realized the importance of workforce diversity.

H_A: Indian industries possess diverse work places, and have realized the importance of workforce diversity.

3.3 Sources of Data

The secondary sources of on-line data have been identified for the study. It has been gathered from reports of surveys, newspapers, conferences, websites, and blogs.

3.4 Period of study

The data used for the analysis is belonging to a period of four years ranging from 2019 to 2022.

3.5 Research Design

The descriptive research design has been identified to test the hypothesis. This type of design is found beneficial to extract required information, and draw conclusions on the basis of data gathered through reports of survey/research carried out by others.

IV. Discussion and Findings

The workforce diversity is the necessity for economic growth and development of country; and satisfactory moral, intellectual, and emotional well-being of human resources. It is one of the paramount factors to consider for most industries; and the same may be recognized, promoted, and managed with strategic planning and implementation (Agolla & Ongori, 2007). When human resource manager focuses to harness or capitalize the workforce diversity, many situations or challenges come forward to tackle with; like diverse opinion and perception, power and politics dynamics, lack of empathy, and participation of staff on various organizational issues. But, managers must possess required skills and experience in various areas of human resource management, such as, hiring, training and development, motivation, leadership, communication, performance measurement, compensation, and team-building techniques. The leaders may organize follow-up discussion sessions with small groups of employees regarding any issue faced by them with regards to workforce diversity. Furthermore, to facilitate communication and understanding, the employees of different background may be assigned a common project; and create an environment where everyone feel to be heard and respected.

An increasing number of Indian industries are recognizing and realizing the value of diversified workforce; to ensure fullest utilization of available resources to accomplish organizational goals by nurturing creativity and innovation, driving better decision-making, building trusted relationships and employer brand, and delivering the best to clients. However, in spite of increased prominence on this parameter, the situation on the underlying front is far from satisfaction. The research of IMA (2019) has shown that diversified workforce in terms of ethnic groups, gender, age, physical characteristics, and religion constitutes only 20% of workforce of Indian business entities as against the goal of 40%; and only 8% companies have achieved their targeted goal. The diversity is relatively higher and satisfactory at lower level of companies than the leadership levels; like board of directors, chief executive officers, and senior managers. It has been revealed that only 10% leadership positions are occupied by women and minorities. The larger firms are observed as more diversified, and special efforts are made to hire Lesbian, gay, bisexual, transgender (LGBT), and differently-abled individuals.

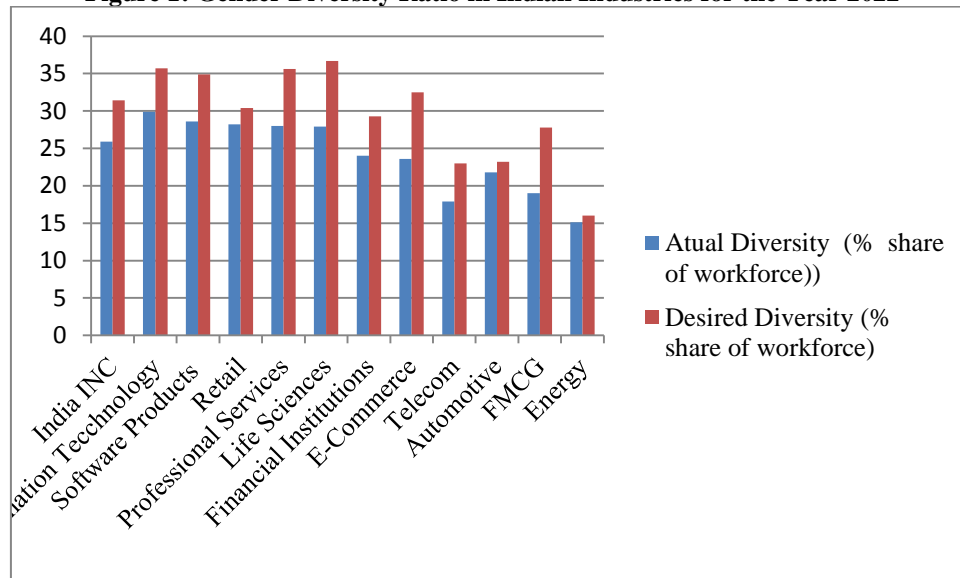
A large number of women are joining the workforce, and have emerged as a major contributory factor of diversity. But, the Indian corporate sector is still facing a significant gap in diversity figures. Zinnov (2019) conducted a gender diversity study in 60 Indian companies, and explored that woman employees are 30% of total workforce. It was also established that the representation of women at higher level of management or in board of directors of companies has increased from 5% in the year 2012 to 13% in 2018. It may be attributed to the amendment in Companies Act, 2013; which mandated at least one woman on boards of specified companies.

Business Today (2020) reported that women employees are leaving the organizations to fulfill family-roles, such as, child birth, and care of kids and elders. But, pandemic has proved that productivity is not hampered by work from home option, and lesser number of females quitted the job. It has led the path for industries to improve on diversity front.

SHRM India Annual Conference (2021) emphasized on importance of diverse work places to increase profitability, and build a culture where workforce receives equal treatment and opportunities. However, their research has revealed that 25% employees feel disrespected with reference to diversity and inclusion; and \$223 billion have been lost by organizations in employee turnover caused by culture-related challenges.

Aon (2022) also carried out a survey of 775 companies across industries on gender diversity. It has been reported that the ambitious targets were set by industries to enhance number of women employees, but could not be achieved by any sector. It has been depicted by figure 1. It is showing that the women staff was 26% of total workforce across industries in the year 2022 as compare to their planned target of 31.4%. The highest percentage of employment opportunities are offered to females in few industries, such as, retail, information technology, software, and professional services.

Figure 1: Gender Diversity Ratio in Indian Industries for the Year 2022



Source: Survey by Aon

However, the investigation revealed the consensus on the relatively better role of female managers in progress of companies; as they hold perspectives with focus on empathy, and mental or emotional well-being of all stakeholders. It has been well reflected in their decision making i.e. during Covid-19 women leaders extended more support to staff in terms of flexible work hours, relaxed work targets, and family immunization schemes, mental-healthcare programs, and online counseling sessions. However, it has also been enquired that the fewer women are able to reach on the top of career ladder due to inverse relationship between time-intensive organizational roles and family responsibilities. To assist female employees, the corporates may initiate programs regularly for their re-skilling or up-skilling.

To summarize, it may be argued that Indian industries have well acknowledged the significance of diversified workforce; and targets have been fixed to employ more diversified staff and concrete efforts are being made for the same. It entails the rejection of null hypothesis that “Indian Companies do not possess diverse work places, and have not realized the importance of workforce diversity”. However, continuous struggle is required to have diverse representation of employees from all segments of society residing in different parts of world.

V. Conclusion

The diversity at workplace means employment of diverse team of staff which reflects the characteristics of the society, helping in flourishing the organization in one way or the other. In current scenario with increasing focus on liberalization, privatization, and globalization of Indian economy; no business can survive without employing diversified workforce. It is a necessity for every type of organization, but its management poses a big challenge. However, the associated benefits must be assigned due considerations, and efforts must be directed to enhance the diversity at every level of enterprise. The diverse groups of employees have turned out to be more proactive, innovative, productive, efficient, and effective; and may be termed as an engine of corporate growth. The Indian industries have realized the importance of having diverse work places. The targets are fixed to achieve diversity, but they have not accomplished them fully. It implies that more strategic planning and efforts are required to make the work places more diverse; as it may be considered as a key to enhance efficiency and productivity of organization. The findings are useful to human resource managers, and government to mandate more policies or laws to further enhance and strengthen diversity. The different segments of society may see the findings as an indicator of availability of more prospective job opportunities for them.

5.1 Limitations of the Study

Every human effort is bound to suffer from some limitations; so the same are enumerated for the present study:

- 1) Only secondary sources of on-line data have been used, which itself suffers from inherent limitations.
- 2) Only limited angels of workforce diversity in Indian companies have been discussed.
- 3) The availability and accessibility of data and information have also created a limit for study.

5.2 Scope for Further Research

The analysis is useful to understand the concept of diversified workforce and, the significance attached to this dimension for the growth of organization. However, the analysis is not throwing light on all the aspects of workforce diversity. Therefore, more empirical studies on the subject may be carried out with wide coverage, and focus on primary data from Indian industries. The researchers may undertake Indian industry specific workforce analysis, which may further be extended to different countries.

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