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## Workforce Diversity and Employee Performance– A study in Select it Companiesin Hyderabad

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### ABSTRACT:

In this research, we will look at how diversity in the workplace affects productivity in Hyderabad's IT firms. The most important factors in determining an employee's success at work—their gender, age, ethnicity, and level of education—are the subject of this research. Other factors that might affect performance are not considered. A basic random sampling technique was used to collect information for this investigation. Personnel at large Hyderabad-based IT firms were each given one of 230 surveys. Data analysis and the identification of causal links among the variables have both made use of the regression analysis technique. The regression coefficients showed signals that were in line with prior studies, and all the independent variables were found to be highly significant at the 5% level of significance. According to the results, IT organizations' that use a diverse staff see a considerable improvement in employee performance.

**Keywords:** Work Force Diversify, Employee performance, IT companies, ethnicity

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**1. Introduction:**

The term "workforce diversity" refers to the wide range of individual variations present in any given company. Diversity in the workplace refers to the practice of hiring a wide range of individuals to fill open positions. The term "workforce diversity" refers to the wide range of individual variations present in any given company. The term "workforce diversity" refers to the practice of employing a diverse group of individuals. There are many different paths to success, and this is why internal diversity is so crucial. Different cultures provide a wealth of unique insights on societal issues, which is why external diversity is so crucial. Because every company relies on a unique set of expertise, it's crucial that employees come from a variety of backgrounds and experiences. Because people's perspectives on the world and their interactions with others vary depending on their worldview, variety of worldviews is crucial. Workforce diversity rises in tandem with an organization's size. As a result, workers start to look more same than diverse. Workforce diversity is higher among younger workers than among older workers. Group work is more common among disabled workers than among non-disabled workers. When compared to male employees, female workers are often more diversified. Distinct racial groups are more likely to have commonalities than those of the same race. When compared to atheists and religious individuals, people of diverse faiths are often more tolerant and accepting of one another.

Human resources departments are more crucial than ever before due to diversity and inclusion. The organization safeguards itself legally by ensuring that there are sufficient individuals who can raise their voices if required. Attracting and retaining great talent is much simpler with diversity and inclusion policies in place.

**Drivers of Workforce Diversity:**

1. Age of workers: One may cultivate and enhance qualities like vigor, talent, and a strong work ethic in young people. Workers in their latter years often have more life experiences and a wealth of experience to draw on than their younger colleagues.
2. Gender: When compared to men, female employees are more concerned about their quality of life. Personnel who are competent have a broad view and are open to new ideas.
3. Level of Education: They are very intelligent and sensible thinkers who usually reject bigotry of any form (whether it be based on race, religion, class, or any other characteristic). When it comes to handling situations within a business, they are more competent.
4. Culture: The complex interplay of a people's ethnicity, religion, language, and social practices within a certain area is what we call their culture. Workers from different cultural backgrounds may show signs of ethnic orientation, which might be a preference for one's own nation, race, or tribe.
5. In psychology, an individual's distinct mental composition influences their cognitive and **behavioral** habits. Personnel come from many walks of life and have a wide variety of psychological characteristics. Being optimistic, enthusiastic, or courageous could be a trait of certain people. Anxieties or fear may strike certain people.

**The Influence of Workforce Diversity on Productivity:**

The model I came up with is this. The effects of various persons on workplace interpersonal dynamics are the focus of this research. Age, gender, caste, level of education, and regional diversity are just a few of the demographic elements that shape an organization's culture throughout time. Because there are just as many men as women working there, language differences emerge, which causes individuals to become confused and frustrated. The staff members' varied backgrounds and experiences have given rise to a wide range of perspectives and knowledge. Managing a person from a diverse geographic region requires careful

consideration of these essential factors.

### **1.1 Statement of the Problem:**

In recent years, workforce diversity has risen to prominence as an important issue in business and the workplace. Every company has to look at the world from a global perspective and make diversity in the workforce a top priority if they want to be more dynamic and profitable. (Losey et al., 2005; Children). Understanding how diversity in the workplace affects things like organizational success, employee satisfaction, turnover, and diversity management is critical. (Rainy and Choi, 2010). When these trends were first noticed in the 1980s, companies saw them as a chance to be more creative and innovative. They may have an advantage over other organizations' and access previously unreachable markets if this happened. (Brown, Harris, and Ely; Thomas and Ely, 1996; Kulik and Roberson, 2008; Algahtani, 2013).

### **1.2 Aim of the Research:**

Finding out how different types of workforce diversity affect employee performance is the primary motivation for this study. Using a degree-and manner-of-effect analysis, it looks at the factors that could affect an employee's performance, especially in IT companies. The main goals of this research are to:

1. To investigate how gender diversity affects the productivity of a company's workforce. Our goal is to analyze how different age groups affect the productivity of a company's workforce.
3. To study how a person's ethnic background affects their productivity at work.
4. To investigate the relationship between level of education and performance in the workplace.
5. To look at how the independent variables affect the dependent one.
6. Recognizing the relative importance of the independent and dependent variables is the goal.

### **1.3 Research Questions:**

1. What is the association between gender and employee performance?
2. What is the correlation between age and employee performance?
3. What is the connection between ethnicity and employee performance is being inquired about.
4. What is the correlation between educational background and employee performance?
5. The link between workforce diversity and employee performance is the connection or correlation between the presence of a diverse workforce and the level of performance shown by employees.

## **2. Review of literature:**

Dissimilarities among members of the same social group are what constitute variety, according to research by Jackson, Joshi, et al. (2003). Wong (2001) noted that there is a noticeable increase in the variety of the workforce in terms of gender, age, beliefs, ethnicity, and total population. This diversity is accompanied by people with a wide range of perspectives, behaviours, needs, traditions, standards, and values.

Diversity in the workplace was described by Chin (2010) as the wide variety of variances among employees in terms of age, race, gender, ethnicity, tenure, personality, organisational skills, education, background, and more. The US Department of Commerce and the US National Partnership for Reinventing Government (NPR) Diversity Task Force collaborated in 2007 to do a thorough research on diversity. Diversity, according to their definition, includes all the traits and actions that make each person unique. The above definitions and discussions show that academics agree on the concept of workforce diversity.

The most important aspects of diversity are gender, age, creed, ethnicity, and level of education. There are a plethora of more factors that contribute to variety, including people's demographics, educational background, occupational specialty, cognitive and interaction style, values, views, perspectives, and personality traits. Several elements, including family ties, instructional factors, and political preferentialism, are listed by Graen (2003) as the origins of unique features.

Previous studies on workforce diversity have shown that diversity may impact group performance in both good and bad ways, according to Hamilton, Nickerson et al. (2004). (Williams and O'Reilly III 1998). According to research (Milliken and Martins 1996, Jehn, Northcraft et al. 1999), a diverse workforce is associated with higher levels of creativity, development, innovation, and critical thinking skills. In contrast, it is inversely related to support, cohesion, cooperation, and collaboration (Pelled, Eisenhardt et al. 1999). Organisational and individual performance are expected to be improved via the use of human resource management strategies that promote diversity in the workplace (Adler 1986). An organization's success is proportional to the level of success of its individual members. Employees are more likely to work together and grow professionally as a result of the internal and external motivating elements provided by a diverse workforce. How individuals' own strategies for dealing with diversity in the workplace impact their perspective is the central question of this study.

Effective diversity management entails bringing people's diverse cultural backgrounds, perspectives, and experiences to bear on achieving a common goal. The business does this by doing things in a manner that gives it an edge over other businesses (Morrison 1992). Organisational financial sustainability is positively correlated with the execution of successful diversity programmes, according to recent research. In 1999, D'Netto and Sohal published their findings. According to Adler (1986), diversity in the workplace improves creativity, diversity of thought, accuracy in problem identification and resolution, and the ability to generate more options and better solutions. Due to declining workforce consistency, organisations are urged to develop diversity management strategies and policy opportunities to retain the capabilities of varied personnel. This will help them monitor their competitive position in the market (Cunningham 2008).

### **3. Methodology:**

With a focus on IT organisations, this study delves into the diversity-related factors that enhance efficient management in the service industry. An efficient and fruitful research process is made possible with the help of a well-thought-out research strategy, which ensures that the data acquired is relevant and significant. According to Cooper, Schindler, et al. (2006), there are two main ways to get research data: primary data and secondary data. In order to answer the study questions and test the hypotheses, this inquiry will employ the data collected from both sources. In order to determine the relationship between the variables, a causal study was carried out.

**Population:** Employees of Hyderabad-based IT companies make up the target demographic. A cross-section of Hyderabad's most prominent IT firms is the subject of this study. Incorporating and modifying existing questionnaires from related research allowed for the development of the questionnaire used in this investigation. A random chance sample method was used to gather data from the IT businesses' personnel. The responses were gathered using a Likert scale questionnaire that had five possible answers. Eligible respondents were requested to fill out the surveys correctly after receiving them immediately in the mail. Out of 230 surveys that were sent out, 203 were returned with valid answers. After the Pearson correlation

test was administered to assess the data findings, regression analysis was undertaken using SPSS.

The following model is developed after finding key variables from literature review and analyzed: Employee performance=Drivers of workforce diversity

E.P.=  $\beta_0 + \beta_1$ Gender of employee +  $\beta_2$  Age of the employee +  $\beta_3$ Ethnicity+ $\beta_4$ employee's Education+ E)

The above equation conveys that employee performance is dependent on gender, age, ethnicity, education of employee.

#### 4. Analysis and Discussion:

The collected data is analyzed using SPSS to derive following analysis

Table-1

Age Group	Frequency	Percentage	Cumulative Percentage
20-25	12	5.9	5.9
26-30	70	34.5	40.4
31-35	63	31.1	71.5
36-40	41	20.2	91.7
41 & above	17	8.3	100.0
Total	203	100.0	

(Source: Primary data)

The age distribution of the respondents is shown in the table (Table-1) that was supplied. Of the 203 people who filled out the survey, 34.5 percent are between the ages of 26 and 30, and 71.5 percent are under the age of 40. According to the numbers, a large section of the labour force is now in its peak earning years. According to the article, IT companies' hiring practices are in line with industry norms that value younger and more seasoned workers.

Table-2

Gender	Frequency	Percentage	Cumulative Percentage
Male	118	57.6	57.6
Female	85	42.4	100
Total	203	100.0	

(Source: Primary data)

Table 2 shows the breakdown of respondents based on their gender. Out of the total number of responders, 42.4% are female and 57.6% are male. The findings are in line with what is happening now in Hyderabad's IT companies.

Table-3

	Employee Performance	Gender Diversity	Age Diversity	Ethnicity	Educational background
Employee Performance	1				
Gender Diversity	.520**	1			
Age Diversity	.397**	.521**	1		
Ethnicity	.438**	.547**	.482**	1	
Educational background	.235**	.392**	.464**	.522**	1

(Source: SPSS Output)

All of the Pearson correlation coefficients show statistically significant values, with a significance level of 1% or below. The study variables have a somewhat favourable association with one another. So, to find out what the link is between these variables, we may keep using regression analyses.

Table-4

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.955 <sup>a</sup>	.913	.901	.37666

(Source: SPSS Output)

A high coefficient of determination (R-Square) score of 91.3% indicates a robust model with a high degree of accuracy. A whopping 91.3% of the variation in worker output may be attributed to the selected independent factors.

Table-5

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	13.093	4	3.273	23.072	.000 <sup>b</sup>
Residual	27.949	197	.142		
Total	41.041	201			

(Source: SPSS Output)

Table-6

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.664	.238		6.978	.000
Gender Diversity	.328	.069	.360	4.787	.000
Age Diversity	-.136	.069	-.145	-1.967	.001
Ethnicity	.193	.069	.217	2.787	.006
Educational background	.074	.061	.087	1.210	.020

(Source: SPSS Output)

According to the results of the analysis of variance, the goodness of fit test was very significant. Hence, we can conclude that this model is a good fit and may be utilised for future forecasts by rejecting the null hypothesis.

According to the data in the table, gender diversity has a positive effect on IT company employee performance and is statistically significant. Consistent with other studies, these results... Employee performance will go up by .328 units for every one unit increase in gender diversity, and performance will go down by .024 units for every one unit decrease in gender diversity. Consistent with previous research, having a wide age range among workers has a negative and statistically significant impact on their productivity. There will be a 0.136 point decline in the dependent variable for every one unit increase in age diversity. We back the academics who claim that a lack of age diversity in the workplace has a detrimental effect on productivity (McMillan-Capehart 2006). When it comes to the information technology industry, employees' ethnicity significantly and positively affects their performance and

productivity. Employee performance is positively and significantly affected by educational variety. All the independent variables that were considered in this research affected the dependent variables significantly and to a large extent. Also, other studies in the subject have shown similar results.

## 5. Conclusion:

According to Jackson, Joshi et al. (2003), diversity may be seen in two ways: either as beneficial to organisational and people performance or as harmful, with little or no influence. Organisational managers are hesitant to admit and recognise an immediate positive association between employee diversity and organisational effectiveness, according to this research's results, which also provide suggestions for dealing with diversity. When it comes to managing workforce diversity in a way that boosts individual and organisational performance, the procedures utilised by the business and the steps done by its members and executives are crucial. Therefore, the goal of joint study is to find the unanticipated variables that could reduce workforce diversity and have a positive impact. Conducting thorough research in specific businesses requires a thorough understanding of the phenomena of variety and the vast amounts of data involved in analysing it. It would be beneficial to do more studies to investigate other common issues in HRM. In response to the difficulties associated with these matters of human resource management, this will provide suitable, accurate, and thorough solutions.

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