Impact of Workplace Diversity and Inclusion on Employee Job Performance

*Akanksha Bhadkaria, **Dr. Prashant Sharma

Research Scholar, SOS in Management, Jiwaji University Gwalior

Assistant Professor, Institute of Technology & Management, Gwalior,

Abstract

This research is aimed to investigate the effects of workplace diversity and Inclusion on employee job performance. Today the problems faced by the organization's executives are to develop a culture that gives value to differences and enhances the efficiency of the entire workforce. Employees of the IT sector of Gwalior are selected as respondents and the data is collected through an adapted questionnaire. The sample size is 80 and convenience sampling is used. Regression analysis is applied to evaluate the data through SPSS software. Findings show that workforce diversity and inclusion increases employee performance. Results will help out the decision-making authorities to understand how effective workplace diversity management influences the employee's job performance.

Keywords*: Workplace Diversity, Inclusion, Employee Job Performance, IT sector

Introduction

Over the past three decades, diversity has been increasingly accepted as an organisational reality. This double-edged concept includes benefits such as innovation, while at the same time entails negative outcomes such as conflicts between employees that are different (Tang et al., 2017). Booysen (2007) advocates that diversity aims to maintain a quota target for minority affiliated members in order to match national considerations, laws and legislations. This may be why Daya (2014) points out that managing diversity can be attained only through ensuring the fair representation of both minority- and majority-affiliated members at different organisational levels without discrimination on the basis of gender, age, religion, skin colour, social class and more. Diversity can generally be defined as recognizing, understanding and accepting individual differences irrespective of their race, gender, age, class, ethnicity, physical ability, race, Sexual orientation, spiritual practice and so on. Grobler also supports this view by adding that each individual is unique but also share any number of environmental or biological characteristics.

Diversity can be classified into two dimensions. The primary dimension such as age, gender, sexual orientation and so on, exhibits the main differences between various individuals. This primary differences also have the most impact on initial encounters and can be easily noticed and serve as filters through which people view the world. The secondary dimensions such as religion, education, geographical location, income etc, are those qualities that are not noticeable in the first encounter and can even change throughout different encounters.

Review of Literature

According to Biggs (2017), Frederick A. Miller was the first person to realize the importance of diversity and inclusion at workplace. Since 2010, the diversity discourse has made transition to inclusion (Oswick & Noon, 2014). This transition was needed as diversity focuses on the characteristics of the employee; on the contrary, inclusion emphasizes on the characteristics of the organization which consists of organizational culture and organizational climate such that different individuals (people coming from different background) are fully accepted and equitably rewarded by the organization. Rather, inclusion tries to provide an environment of fostering diversity.

Joby Philip, Devi Soumyaja (2019) Workplace diversity and inclusion: policies and best practices for organisations employing transgender people in India. Fifteen people were interviewed in depth and their responses were analysed to obtain insights into transgender employees' perception of well-being in the workplace, which will help organisations to develop appropriate human resource policies to protect the rights of their transgender employees in the workplace. The nature of the research project demanded a qualitative approach, by which it was possible to analyse in depth the views and expectations of transgender employees, managers, and those who work for the cause of the transgender people. Most transgender people have either left home or were forced to leave at a very young age. They are often constrained to begging or sex work in order to survive.

Shalini Garg and Snehlata Sangwan (2021) conducted a review study on Diversity and Inclusion at Workplace. This research highlights various studies conducted in the field of diversity and inclusion at workplace. This helps us to understand the evolution of diversity and inclusion and identify future research gaps. The article employs a citation analysis technique to analyse the citation index of journals and authors based on the data collected from various databases such as Social Sciences Citation Index, Emerging Sources Citation Index, and SCImago (2010–2017). For the analysis, journals relevant to the field of management related to diversity and inclusion in the area of management were selected from the database of 254,617 journals. The review analysis

suggests that there is a rich body of research in the area of diversity and its related outcomes. Since inclusion has emerged as a fairly recent area of exploration, more research is required in the area of inclusion and its related outcomes.

Krithi & Ramesh Pai (2021) conducted a review study on diversity and inclusion in the workforce for organizational competitiveness. The main objective of the study is to understand the various dimensions of workforce diversity and to study the Role of Workforce diversity and inclusion on employee performance. This study is based on secondary data. Various research journals, review papers, and internet sources are used in the data review. Diversity management focuses on attracting the broadest possible range of people, recognizing all members of the workforce as assets, and maximizing their potential to optimize the organization's capacity while also increasing employee acceptance of diversity. Employers should realize the necessity of diversity management programs and policies to be embraced in businesses to respect, value, and accept diversity. Before embarking on anything related to a diverse workforce, any organization should first create a comprehensive diversity plan.

Objectives of the Study

The objective of this study is to examine the impact of diversity and inclusion on employee job performance.

Theoretical Framework of the Study

Barak (2016) characterized workforce diversity as recognizing, understanding, tolerating, esteeming and celebrating dissimilarities among individuals regarding an entire range of dissimilarities like age, class, ethnicity, sex, physical and intellectual capacity, race, monetary status, gender and religion. Gomez and Bernet (2019) explained that diversity improves worker performance. It results in higher revenues and many other financial rewards such as innovation, increased productivity and improved accuracy. Improvements in personal productivity, team communication, and employees' retention can contribute to enhance both financial and non financial outcomes.

Davidson and Ferdman (2002) proposed that employees be able to use their individual abilities to make some improvement in the company by becoming part of the productive activity or leading a useful task. They state that workers need to be treated decently, and that they need to feel welcomed, accepted and recognized. This is further supported by Pless and Maak (2004). Hwang and Hopkins (2015) said that if employees feel that they are included in an organization that feeling of inclusiveness results in their higher levels of organizational

commitment and job satisfaction. Also, high levels of employees' organizational commitment result in low intention to leave. A lot of research has been done on the effects of diversity on organizational outcomes (Groeneveld, 2011; Mamman, Kamoche, & Bakuwa, 2012; Barak, 2013) and the relationship between diverse workforce and inclusion is studied by many researchers (Tang, Zheng, & Chen, 2017; Tang et al., 2015).
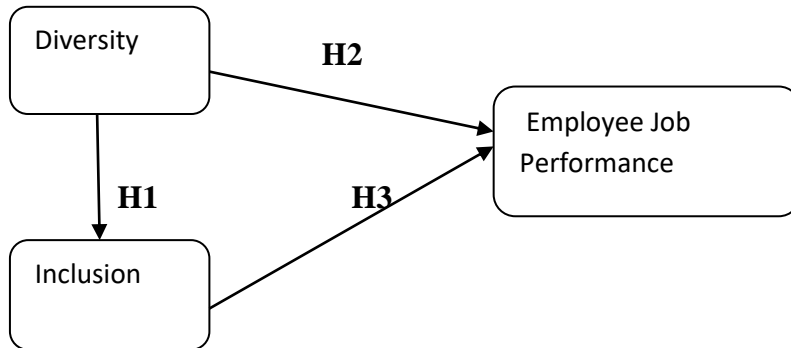

Fig.1 Conceptual Framework of the Study

Research Design

This research focused on the IT sector because it is the best prospect industry of the country and growing rapidly. The target population is the workforce of IT Companies located in Gwalior. 8 software houses from Gwalior were selected for data collection. The study is carried out through convenience sampling. The sample size was therefore 80 respondents. The author distributed 100 questionnaire forms by hand with the kind assistance of the managers in the participating companies. After two follow-ups, the authors collected 90 completed questionnaires and of these, 80 were valid for the analysis.

Hypotheses of the Study

H1. There is a significant impact of diversity management on inclusion.

H2. There is a significant impact of diversity management on employee's job performance.

H3. Inclusion will influence employee's job performance positively.

Scale Measurement

The demographic aspects include the age, gender, education level, and income of the participant. To measure workplace diversity; gender and age diversity construct is adapted from Abbas and Hameed (2010), whereas

educational background construct is adapted from Giles (2008). The scale consisted of 21 items with three dimensions of workplace diversity (age, gender and education). 7-point likert scale questionnaire, ranging from (1) strongly disagree to (7) strongly agree was used as the measuring instrument for data gathering as it relates with the interaction between diversity management, inclusion and employee job performance. The first part (part A) comprises the demographic questions of the respondents. The second part (part B) addressed the questions on diversity management. The third part (part C) centered on questions on inclusion as it relates with work group involvement (WGI), influence in decision making (IDM) and access to information and resources (AIR) developed by Cho and Mor Barak (2008). Fourth part (part D) focused on the questions on employee performance role based performance scale (RBPS) adapted from Welbourne et al. (1997).

Tools for Data Analysis

Demographic profile, Reliability and Regression Analysis

Cronbach's Alpha Reliability Analysis

Table No. 1 Reliability Statistics

Cronbach's Alpha	N of Items
.832	45

It is shown by the given below table that the value of Cronbach's Alpha is 0.932. This indicates that all the items in questionnaire are highly reliable.

Regression Analysis

H1. There is a significant impact of diversity management on inclusion.

Table No. 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.852[a]	.727	.726	5.39840	.727	897.872	1	338	.000	1.782

a. Predictors: (Constant), Diversity management
b. Dependent Variable: Inclusion

Table No. 3 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26166.449	1	26166.449	897.872	.000[b]
	Residual	9850.245	338	29.143		
	Total	36016.694	339			

a. Dependent Variable: Inclusion

b. Predictors: (Constant), Diversity management

Table No. 4 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.239	1.630		.147	.884
	Diversity management	.661	.022	.852	29.965	.000

a. Dependent Variable: Inclusion

The equation for regression analysis from table can summarized as below

Y = a + b x + error

Inclusion = 1.239 + .661 (Diversity)

The result of regression analysis shows that the Value of F is 897.872, which are significant at 0% level indicating good model fit and value of t is .147, which are also significant at 0% level. R square value is .727, which indicates 72.7 % of variance in Inclusion is explained by Diversity. **Thus, our hypothesis is accepted.** This indicates that there is a significant impact of diversity management on inclusion.

H2. There is a significant impact of diversity management on employee's job performance.

Table No. 5 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.904ᵃ	.818	.817	3.22171	.818	1514.868	1	338	.000	2.129

a. Predictors: (Constant), Diversity management

b. Dependent Variable: Employee job performance

Table No. 6 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15723.460	1	15723.460	1514.868	.000ᵇ
	Residual	3508.246	338	10.379		
	Total	19231.706	339			

a. Dependent Variable: Employee job performance

b. Predictors: (Constant), Diversity management

Table No. 7 Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.718	.973		3.822	.000
	Diversity management	.513	.013	.904	38.921	.000

a. Dependent Variable: Employee job performance

The equation for regression analysis from table can summarized as below

Y = a + b x + error

Employee job performance = 3.718 + .513 (Diversity)

The result of regression analysis shows that the Value of F is 1514.868, which are significant at 0% level indicating good model fit and value of t is 3.822, which are also significant at 0% level. R square value is .818, which indicates 81.8 % of variance in Employee job performance is explained by Diversity. **Thus, our hypothesis is accepted.** This indicates that there is a significant impact of diversity management on employee's job performance.

H3. Inclusion will influence employee's job performance positively.

Table No. 8 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.819[a]	.671	.670	4.32846	.671	688.482	1	338	.000	1.819

a. Predictors: (Constant), Inclusion
b. Dependent Variable: Employee job performance

Table No. 9 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12899.088	1	12899.088	688.482	.000[b]
	Residual	6332.617	338	18.736		
	Total	19231.706	339			

a. Dependent Variable: Employee job performance
b. Predictors: (Constant), Inclusion

Table No. 10 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.354	1.116		11.074	.000
	Inclusion	.598	.023	.819	26.239	.000

a. Dependent Variable: Employee job performance

The equation for regression analysis from table can summarized as below

Y = a + b x + error

Employee job performance = 12.354 + .598 (Inclusion)

The result of regression analysis shows that the Value of F is 688.482, which are significant at 0% level indicating good model fit and value of t is 11.074, which are also significant at 0% level. R square value is .671, which indicates 67.1 % of variance in Employee job performance is explained by Inclusion. **Thus, our hypothesis is accepted.** This indicates that Inclusion will influence employee's job performance positively.

Limitations and Future Directions

The future research may be carried out on the limitations of this study. Sample was collected from one city. Therefore, the results should be generalized carefully to other geographical locations. As we know some countries are more diverse and each country has different types of diversities. So, the variations in diversity among countries need to be further studied. The current study investigates only three representative dimensions of workplace diversity. However, other dimensions of workplace diversity also exist like cultural diversity, ethnic diversity etc. The study has some practical implications for the organizations which have diverse workforce and have a desire to improve their organizational outcomes. They need to improve manager – worker relationships that can help in improving the positive perceptions of diversity.

Conclusion

This research examines the impact of workplace diversity and inclusion on employee job performance; the findings indicate that diversity in the workplace and inclusion plays a positive role in enhancing employee job performance. In addition, this work establishes the foundation for future theoretical development it can also offer guidelines to help companies improve their strategies for managing diversity in the workplace and achieving optimal organizational outcomes.

References

Adeleye, I., Fawehinmi, A., Adisa, T., Utam, K., & Ikechukwu-Ifudu, V. (2019). Managing diversity in Nigeria: Competing logics of workplace diversity. In *Diversity within diversity management: Country-based perspectives* (pp. 21-40). Emerald Publishing Limited.

B. R. (2017). The evolution and future of diversity at work. *Journal of Applied Psychology*, *102*(3), 483.

Barak, M. E. (2005). Managing Diversity towards a Globally Inclusive Workplace, Sage Publications, London. pp. 2.

Cox, T. H. Jr., and Blake, S. (1991). Managing cultural diversity: Implications for organizational competitiveness. *Academy of Management Executive*. 5(3), pp. 45-56.

Gomez, L. E., & Bernet, P. (2019). Diversity improves performance and outcomes. *Journal of the National Medical Association*, *111*(4), 383-392.

Idrees, R. N., Abbasi, A. S., & Waqas, M. (2013). Systematic review of literature on workforce diversity in Pakistan. *Middle-East Journal of Scientific Research*, *17*(6), 780-790.

Lauring, J. (2013). International diversity management: Global ideals and local responses. *British Journal of Management*, *24*(2), 211-224.

Lo, M. C., Ramayah, T., & Kueh Swee Hui, J. (2006). An investigation of leader member exchange effects on organizational citizenship behavior in Malaysia. *Journal of Business & Management*, *12*(1), 5-23.

Nicholas P. Salter and Leslie Migliaccio (2019) Diversity within Diversity Management: Types of Diversity in Organizations Advanced Series in Management, Volume 22, 131-152

Organ, D. W. (1997). Organizational citizenship behavior: It's construct clean-up time. *Human Performance*, *10*(2), 85-97.

Oswick, C., & Noon, M. (2014). Discourses of diversity, equality and inclusion: Trenchant formulations or transient fashions? *British Journal of Management*, *25*(1), 23–39.

Panicker, A., Agrawal, R. K., & Khandelwal, U. (2018). Inclusive workplace and organizational citizenship behavior: Study of a higher education institution, India. *Equality, Diversity and Inclusion: An International Journal*, *37*(6), 530-550.

Pless, N., & Maak, T. (2004). Building an inclusive diversity culture: Principles, processes and practice. *Journal of Business Ethics*, *54*(2), 129-147.

Prashant Singh (2018) Lgbt Diversity and Inclusion At Workplace – An Analysis Of Changing Demographics, *International Journal of Marketing and Human Resource Management (IJMHRM),* Volume 9, Issue 2, pp. 22–25.

Rioux, S.M. and Penner, L.A. (2001). The causes of organizational citizenship behaviour: A motivational analysis. *Journal of Applied Psychology*, *86*(6), 1306-1314.

Roberson, Q. M. (2006). Disentangling the meanings of diversity and inclusion in organizations. *Group & Organization Management*, *31*(2), 212-236.

Shalini Garg and Snehlata Sangwan (2021) Literature Review on Diversity and Inclusion at Workplace, 25(1) 12–22.

Tang, N., Jiang, Y., Chen, C., Zhou, Z., Chen, C. C., & Yu, Z. (2015). Inclusion and inclusion management in the Chinese context: An exploratory study. *The International Journal of Human Resource Management, 26*(6), 856-874.

Van Dijk, H., van Engen, M., & Pauwe, J. (2012). Reframing the business case for diversity: A values and virtues perspective. *Journal of Business Ethics*, *111*(1), 73-84.

Yousuf Kamal (2009) Managing Diversity at Workplace: A Case Study of *hp* ASA *University Review,* Vol. 3 No. 2.