"A Study On Workforce Diversity And Its Impact On Organizational Culture With Special Reference To Service Sector Organizations"- A Theoretical Framework

Dr. Priyanka Darekar
Assistant Professor
Indira Global Business School, Pune
Email address:
npriyanka366@gmail.com

ABSTRACT:

Contemporary Organizations want to be culturally various and inclusive to be able to foster an organizational tradition. It calls for a knowledge of the function of personnel range and its courting to paintings tradition. The generation of globalization, liberalization, and privatization has revolutionized the personnel and administrative center. It has emerged as essential to have various personnel to serve the want of customers. The survey of Employees' and HR Managers' perceptions was carried to know the facts about workforce diversity and its impact on organizational culture in Service Sector organizations. Thus, the researcher has used the descriptive research design to well prior planned sample size of the employees and HR Managers, estimate of sample size from the population, and clearly defined hypotheses of the study. The researcher has tried to test it through the data collected and interpreted by testing the hypothesis through Structural Equational Modelling.

Keywords: workforce diversity, organizational culture, Denison's model of organizational culture

INTRODUCTION:

Workforce Diversity and constructing Organisational Culture are buzz phrases these days and companies in recent times make sure to onboard various expertise at their stage best. As it's far rightly said via way of means of (Dora and Keith, 1998) that companies have observed range as a herbal non-stop manner than an absolute phenomenon. Saxena, (2014), said that a personnel range is needed for the need a converting surrounding and a massive undertaking to control it at its more stage.

The attitudes towards diversity, perceptions of employees towards diversity have direct impact on performance, innovation, and task related activities in organizations. Only a limited number of studies have focused on the area of acceptance to diversity (Soni, 2000, Kundu, 2003, and Patrick and Kumar, 2012). Employee support and acceptance for implemented diversity is very

important for the success of inclusion of diversity and diversity management. Following factors have contributed for the workforce diversity in Service Sector:

1] Increase in educational opportunities
2] Change in stereotype gender roles
3] Globalization and migration of human resources
4] Evidence of Heterogeneous teams in organizations

All the above facets highlight that diversity management is a capability to create quality decisions both about and in the midst of similarities, differences, and related complexities and tensions. Culture is the strong pillar at the back of the success of any individual or organization. Organizational culture is a symbol of the unwritten feeling part of the organization and it is often believed that it is so intangible and persistent that even the members of the organization cannot be relied upon to make the accurate description of it. Organizational culture can be explained as a system of shared values and beliefs held by members that differentiate the organization from other organizations.

The six variables of organizational culture:

a] Knowledge about the organizational policy
b] Work environment
c] Values and beliefs
d] Attitude towards work
e] Work involvement
f] Inter personal relationship

Managing diversity cannot be separated from managing culture. A diversity that can be effectively managed will bring about the total support of members of the organization and that is the part of the acceptance of diversity as part of an organizational culture. Therefore, this is an importance of organizational leaders to have ability to manage diversity effectively. Effective religious management will ultimately create a strong culture of the organization. Furthermore, through this strong organizational culture will be expected to have competitiveness of the organization. This is because organizational culture can lead employees who have more competence to be able to get together to achieve goals. In addition a strong organizational culture will avoid organizational failure.

Literature Review:

Research on diversity management and its effects on organizational outcomes is also largely done by researchers. Studies conducted by Magoshi and Chang (2009) show the result that diversity management practices have a positive impact on the organizational commitment of

employees in 10 major companies in Japan and Korea. Other findings suggest that diversity management is strongly associated with workgroup performance and job satisfaction (Pitts 2009). Thomas (2004) says that managing diversity is one of the basic competencies commonly used to demonstrate executive performance. When a manager can manage the diversity that appears in the organization well, it means that the manager has behaved effectively.

The linkage between organizational diversity and culture management is that diversity management could be defined as a company's ability to provide opportunities and exploit people's resources from different cultural backgrounds (Magoshi and Chang, 2009). This sense means that between diversity and culture there is a close relationship.

Many organizations talk about the actions needed to unleash their workforce's potential to deliver higher value from the market. Increasing diversity creates an opportunity to improve everyone's performance, enhance organizational capabilities innovate and serve all customers to succeed in the 21st century (Wibowo, 2010). Effective diversity management will be manifested in a strong culture of the organization. A strong organizational culture will in turn improve the competitiveness of the organization. This is because organizational culture can lead employees who have more competence to be able to get together to achieve goals. Also, a strong organizational culture will avoid organizational failure.

Over the decade, Dr. Daniel Denison, a professor of Organizational Behaviour at the University of Michigan Business School, has achieved some research analyzing the connection between organizational way of life and organizational effectiveness. Professor Denison`s studies may be located in his book, Corporate Culture, and Organizational Effectiveness, in addition to withinside the articles which can be covered in this guide. His studies have exposed a chronic courting among 4 cultural tendencies of corporations and the enterprise overall performance of corporations. These 4 tendencies, Involvement, Consistency, Adaptability, and Mission, are the premise for the version underlying the Denison Organizational Culture Survey. The Denison Organizational Culture Survey is an effective device that allows leaders, key stakeholders, and personnel to recognize the effect their way of life has on the organization`s overall performance and discover ways to redirect their way of life to enhance organizational effectiveness. Companies have used the Denison Organizational Culture Survey in lots of distinct ways.

The Denison Model of Organizational Culture

The model of Denison includes the aspects such as;
1.   It is behaviourally primarily based on totally
2.   It is designed and created inside the enterprise surroundings
3.   It makes use of enterprise language to discover enterprise-degree issues
4.   It is related to bottom-line enterprise results
5.   It is speedy and smooth to put in force

6.   It is relevant to all tiers of the organization

The version underlying the Denison Organizational Culture Survey is primarily based totally at the 4 cultural trends;
1.   Involvement
2.   Consistency
3.   Adaptability
4.   Mission

These are evolved via Dr. Denison`s research. For every one of those 4 trends, the version defines 3 indices of managerial practice, after which measures those twelve resultant indices with a 60-object questionnaire

Figure. 1 The Denison Model Organisational Culture

The model acknowledged that cultural developments, managerial behaviors, or even organizational techniques can all be connected to a middle set of ideals and assumptions approximately the employer and its environment. These middle ideals and assumptions lie at the coronary heart of an employer`s lifestyle. In the Denison Organizational Culture Model, those middle ideals and assumptions are summarized in phrases of the 4 most important cultural "developments" that appear, thru research, to affect organizational performance. These underlying developments are expressed in phrases of hard and fast managerial practices -- concrete sports which can be connected to the 4 lifestyle developments. These practices stem from and strengthen the dominant ideals, values, and assumptions of the employer. These managerial practices have been measured by the usage of the twelve indices that make up the model.

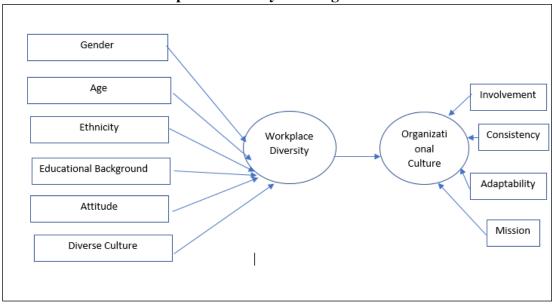**Theoretical Model: Workplace Diversity and Organizational Culture**

Figure 2 Theoretical Model: Workplace Diversity and Organizational Culture

From The above theoretical framework, the researcher will try to test it through the data collected and will be interpreted by testing the hypothesis through Structural Equational Modelling. The various dimensions of Workforce Diversity and the Dimensions of Denison's Organizational Culture Model will be applied for the same.

Research Methodology
Theoretical Framework:

5.6.2   Structural Equational Modelling after Testing the Hypothesis:
The SEM was done for testing the hypothesis by referring to various dimensions of Workforce Diversity and the dimensions of Organizational Culture based on the Denison's Organizational Culture model.
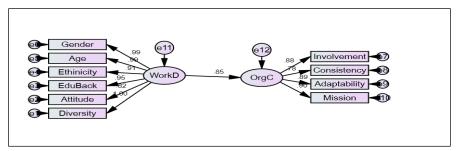
Figure 5.6.2: Structural Equational Modelling after Testing the Hypothesis

5.6.3   Hypothesis Testing and Regression Analysis:
Ho: There is no relationship between Workforce Diversity on organizational Culture.
H1:   There is a relationship between workforce Diversity on organizational Culture.
Goodness of Fit of Structural Model: -

Model	Chi-square	CMIN/DF	P-Value	GFI	AGFI	CFI	RMSEA
Study Model	471.494	13.867	0.00	.853	.762$^\$$	.958	.146
Threshold	--	--	Greater than 0.05	Greater than 0.9	Greater than 0.9	Greater than 0.9	Less than 0.08
Interpretation	--	Acceptable	--	Acceptable	Acceptable	Excellent	Acceptable

$^\$$- Marginally missed

Goodness of Fit of Structural Model: -

Measure	Estimate	Threshold	Interpretation
CMIN	471.494	--	--
DF	34	--	--
CMIN/DF	13.867		Acceptable
CFI	0.958	>0.95	Excellent

TLI	0.958		>0.95	Excellent
IFI	0.944		>0.95	Acceptable
RMSEA	0.146 (LO90 - 0.134, HI90 - 0.157)		<0.08	Acceptable

$- Marginally missed

Computation of degrees of freedom (Default model)

Number of distinct sample moments: 55
Number of distinct parameters to be estimated: 21
Degrees of freedom (55 - 21):   34

Result (Default model)
Result (Default model)
Minimum was achieved
Chi-square = 471.494
Degrees of freedom = 34
Probability level = .000
Scalar Estimates (Group number 1 - Default model)
Maximum Likelihood Estimates
Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
OrgC	<---	WorkD	.856	.029	29.103	***	
Diversity	<---	WorkD	1.000				
Attitude	<---	WorkD	.799	.023	35.393	***	
EduBack	<---	WorkD	.985	.013	74.842	***	
Ethinicity	<---	WorkD	.932	.018	52.488	***	
Age	<---	WorkD	1.002	.008	129.853	***	
Gender	<---	WorkD	1.041	.007	139.839	***	
Involvement	<---	OrgC	1.000				
Consistency	<---	OrgC	.899	.037	24.604	***	
Adaptability	<---	OrgC	.981	.031	31.310	***	
Mission	<---	OrgC	1.072	.033	32.462	***	

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
OrgC	<---	WorkD	.853
Diversity	<---	WorkD	.997
Attitude	<---	WorkD	.823

			Estimate
EduBack	<---	WorkD	.953
Ethinicity	<---	WorkD	.908
Age	<---	WorkD	.986
Gender	<---	WorkD	.988
Involvement	<---	OrgC	.883
Consistency	<---	OrgC	.781
Adaptability	<---	OrgC	.887
Mission	<---	OrgC	.902

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
e11	.482	.028	17.310	***	
e12	.132	.011	11.869	***	
e1	.003	.001	5.892	***	
e2	.146	.008	17.275	***	
e3	.047	.003	16.699	***	
e4	.089	.005	17.088	***	
e5	.014	.001	14.499	***	
e6	.013	.001	13.742	***	
e7	.137	.010	13.370	***	
e8	.250	.016	15.664	***	
e9	.127	.010	13.220	***	
e10	.128	.010	12.423	***	

Model Fit Summary

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	21	471.494	34	.000	13.867
Saturated model	55	.000	0		
Independence model	10	10340.371	45	.000	229.786

RMR, GFI

Model	RMR	GFI	AGFI	PGFI

Model	RMR	GFI	AGFI	PGFI
Default model	.020	.853	.762	.527
Saturated model	.000	1.000		
Independence model	.384	.155	-.032	.127

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.954	.940	.958	.944	.958
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.756	.721	.723
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

NCP

Model	NCP	LO 90	HI 90
Default model	437.494	371.038	511.390
Saturated model	.000	.000	.000
Independence model	10295.371	9964.364	10632.663

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	.777	.721	.611	.842
Saturated model	.000	.000	.000	.000
Independence model	17.035	16.961	16.416	17.517

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.146	.134	.157	.000
Independence model	.614	.604	.624	.000

AIC

Model	AIC	BCC	BIC	CAIC
Default model	513.494	514.269	606.108	627.108
Saturated model	110.000	112.030	352.560	407.560
Independence model	10360.371	10360.741	10404.473	10414.473

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	.846	.736	.968	.847
Saturated model	.181	.181	.181	.185
Independence model	17.068	16.523	17.624	17.069

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	63	73
Independence model	4	5

Findings and Interpretation:

Discussion about the fitness of the structural Equation Model: -
The result of Various goodness of fit indices are emphasized in the above table. The SEM explains the r**elationship between Workforce Diversity and Organizational Culture.**

A model is said to be a good fit if the model fulfills at least one incremental fit index such CFI, GFI, TLI, AGFI, etc.) and one badness of fit index (like RMR, RMSEA, SRMR, etc.) meet the predetermined criteria. (Diana D. Suhr)

It can be seen that the values of indices CMIN/DF,GFI, AGFI ,CFI ,RMSEA are falling within the desired limits for SEM analysis. This confirms that the available data set best fits the proposed Hypothesized model.

Limitations of the Research
The validity of the research tool can be derived from its application as it was used in foreign research studies and from the expert assessment of the tool; the reliability of the applied tool can be supported by the Cronbach *a* coefficient.
What can be perceived as a limitation of the research is the small size of the group of the respondents from Pune City, as this city is considered an important area of business and there are several Multinational companies. Therefore the results cannot be over-generalized.

Conclusion

The study concludes that there is a significant positive relationship between diversity and gender, age, ethnicity, educational background, attitude, cultural differences which has an impact on organizational culture. In these organizations, as per the perception of the employees and HR managers, these aspects have made a great procedural impact, hence, the culture of the organization has ensured a better culture at the workplace. After a review of the literature, a survey of employees and HR managers one-on-one interaction during the survey, Diversity factors were identified under workforce diversity and the set variables were identified to measure each factor. The impact of the factors had to be measured on organizational culture.

Workforce diversity is an essential part of organizations and lots of investment is made by the organizations to have diversity in the workplace. The issues and challenges factors identified in HR functions and tested data conveyed that the organizations were able to address the issues in the relationship with workforce diversity at a remarkable level.

The major factors of the challenges faced by HR professionals in managing workforce diversity such as Acceptance and Respect, Accommodation of Attitudes, Values, and Beliefs, Ethnic and Cultural Differences, Gender Equality, and Resistance to change do not differ service sector organizations. Whereas the factors such as Physical and Mental Disabilities, Age differences & Generation Gaps, Language, and Communication differ significantly in the magnitude of the type of Industry/organization that belongs to IT, ITes, Banking, and financial services. Thus, disabilities, age, generation gap, and language in communication are crucial factors where HR managers faced challenges in managing workforce diversity.

References

1] Barbosa, and Cabral-Cardoso, C. (2007), "Managing diversity in academic organizations: a challenge to organizational culture", *Women in Management Review*, Vol. 22 No. 4, pp.274288. https://doi.org/10.1108/09649420710754237

2] DESHWAL, M. P., & CHOUDHARY, D. S. (2012, April). WORKFORCE DIVERSITY MANAGEMENT: BIGGEST CHALLENGE FOR 21ST CENTURY MANAGERS. *ZENITH International Journal of Multidisciplinary Research, Vol.2*(Issue, 74-87. Retrieved from www.zenithresearch.org.in

3] Dr. Anshu Yadav, 2017, WORKFORCE DIVERSITY AND INDIVIDUAL DIFFERENCES: IMPLICATIONS FOR EMPLOYEE ENGAGEMENT *Indian Journal of Commerce & Management StudiesVIII*37-15doiDOI: 10.18843/ijcms/v8i3/02

4]Gupta, 2003, WORKFORCE DIVERSITY AND INDIVIDUAL DIFFERENCES: IMPLICATIONS FOR EMPLOYEE ENGAGEMENT, *Indian Journal of Commerce & Management Studies, VIII,* 3, 7-15, DOI: 10.18843/ijcms/v8i3/02

5] Handbook of Research on Organizational Culture and Diversity in the Modern Workplace 2017 United States of AmericaIGI Global Business Science Reference

6] Handbook of Workplace Diversity 2006 LondonSage Publications Human, L. (1996), "Managing workforce diversity: a critique and example from South Africa", *International Journal of Manpower*, Vol. 17 No. 4/5, pp. 46-64. https://doi.org/10.1108/01437729610127659

7] Jin Nam Choi, S. Y. (2017). Workforce diversity in manufacturing companies and organizational performance: the role of status relatedness and internal processes. *The International Journal of Human Resource Management, 28*(19). doi:https://doi.org/10.1080/09585192.2016.1138315

8] Kimberly M. Ellis, (2013). Workforce diversity and shareholder value: a multi-level perspective, *Review of Quantitative Finance & Accounting* 191-212

9] Makhdoomi, U. M., & Nika, F. A. (2017). Workforce Diversity and Employee Performance: An Empirical Study of Telecom Organizations. *Amity Global Business Review*, 107-115.

10] Mussie T. Tessema1, P. K., & Alexis Vlack3, E. S. (2017). Workforce Diversity Management, the Case of Mayo Clinic. *Strategic Management Quarterly, Vol. 5* (1&2), 5-15.

11] Parul Dixit, D. B. (2015, January). Managing Workforce Diversity in Competitive Environment. *International Journal of Business and Management Invention, 4*(1), 01-011. Retrieved from www.ijbmi.org

12] Patrick and Kumar, 2012, Managing Workplace Diversity: Issues and Challenges, *SAGE Open,* 1-15, DOI: 10.1177/2158244012444615

13] Saji, B. (2004), "Workforce diversity, temporal dimensions and team performance", *Cross Cultural Management: An International Journal*, Vol. 11 No. 4, pp. 40 59. https://doi.org/10.1108/13527600410797873

14] Subhash C. Kundu, A. M. (2016, October 19). Workforce diversity and organizational performance: a study of the IT industry in India. *Employee Relations, 39*(2),160-183. doi:https://doi.org/10.1108/ER-06-2015-0114

15] Syaiful Bakhri, U. D. (2018). DIVERSITY MANAGEMENT AND ORGANIZATIONAL CULTURE: LITERATURE REVIEW, THEORETICAL PERSPECTIVES, AND FUTURE DIRECTIONS. *International Journal of Civil Engineering and Technology (IJCIET), 9* (1), 172-178.

16] Z.Beril Akıncı Vural, C. L. (2017, March). DIVERSITY MANAGEMENT AND CORPORATE CULTURE: A SYSTEM-THEORETICAL PERSPECTIVE. *e-Gifder, 5*(1).