

AN ANALYTICAL STUDY OF WORK FORCE DIVERSITY AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE WITH REFERENCE TO KPMG

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ABSTRACT

Workforce diversity has become a crucial focus area for organizations in today's globalized and interconnected world. This abstract explores the significance of workforce diversity in KPMG, one of the world's leading professional services firms. The paper highlights the various dimensions of diversity embraced by KPMG, including cultural backgrounds, work environment and examines how these diverse perspectives contribute to the organization's overall success. Drawing upon scholarly research, industry reports, and KPMG's own initiatives, this abstract outline the key benefits of workforce diversity, such as enhanced creativity, innovation, and problem-solving capabilities, as well as improved decision-making and client relations. Furthermore, the abstract explores KPMG's commitment to diversity and inclusion through targeted recruitment strategies, employee resource groups, diversity training programs, and mentoring initiatives. The findings out of this research highlight the positive effect of workforce diversity on KPMG's organizational performance by studying cultural diversity and work environment in the organization through a well formulated questionnaire. By prioritizing diversity and inclusion, KPMG sets an example for other organizations seeking to leverage the power of diversity to achieve sustainable growth and competitive advantage. To conduct this research, scholarly literature on cultural diversity and work environment on organizational performance will be reviewed. Industry reports, case studies, and KPMG's own initiatives in promoting diversity and at the same time inclusion will be analysed to gain insights into the company's approach and outcomes. By exploring KPMG's commitment towards diversity through targeted recruitment strategies, employee resource groups, diversity training programs, and mentoring initiatives, one can better

understand how these initiatives contribute to the organization's overall performance. The findings from this research work will provide valuable acumens into the relationship between cultural diversity, work environment, and organizational performance at KPMG. It is expected that a diverse workforce, supported by an inclusive work environment, will positively influence different aspects of organizational performance, including creativity, innovation, decision-making, and client relations. The analysis of this research can serve as a guiding framework for other organizations aiming to leverage the power of workforce diversity to achieve sustainable growth and a competitive advantage in today's dynamic business landscape.

Key Words:

Work Force Diversity, Cultural Diversity, Work Environment, Organizational Performance, Competitive Advantage

INTRODUCTION

In today's globalized and interconnected business landscape, workforce diversity has emerged as a critical focus area for organizations striving to achieve sustainable growth and maintain a competitive advantage. This introduction explores the importance of workforce diversity at KPMG, one of the world's leading professional services firms, and aims to investigate its impact on the organization's organizational performance. Precisely, this study observes how cultural diversity within the workforce, with work environment as a mediating factor, influences KPMG's overall performance. The overall performance of KPMG is a crucial measure of its effectiveness and success. By examining the relation among workforce diversity and organizational performance, the present research work seeks to throw light on the potential benefits of a diverse workforce within the specific context of KPMG. Additionally, the role of the work environment as a mediating factor will be explored, as it is a significant factor in shaping the interactions and experiences of diverse employees.

REVIEW OF LITERATURE

[1] A paper on Workforce Diversity and Work Satisfaction in Retail sector was published by Dr. Aditi R. Khandelwal and Perna Gupta (2019) in which they studied the relationship between employee perceptions of diversity and perceived organizational performance.[2]A paper on employees Effect of Workplace Diversity on Employee's

Performance revealed that age diversify; gender diversity and ethnicity diversity have negative relationship on the performance of employees written by Shakeel Ahmad and Fazal Ur Rahman(2019)[3] Tamunomiebi, MiebakaDagogo (2020) wrote a paper on Workplace Diversity: Emerging Issues in Contemporary Reviews which is an examination of workplace diversity, especially the emerging issues in contemporary reviews[4] Balanagalakshmi, Sukhavasi Santha Kumari (2019) wrote a paper on Employee's perception on diversity in management which attempts to explore the differences in the opinion of employees across gender and categories towards diversity management at the workplace[5] Harsh Sojitra, Chirag Solanki wrote a paper on challenges of workforce diversity and its impact in organization at Bhatrati Soft-Tech Pvt. Ltd., Vadodara(2022), which explains that the Workplace diversity means having different groups of people working together. This study focused on the challenges and impact of workforce diversity in organizations [6] An article titled "Impact of work force diversity on employee performance" found that there was a profound impact of workforce diversity on the employee performance in IT industries written by Rashim Karwal&Dr. Suman Tandon (2016). [7] Dr. Shine David and Devashish singhJadoun Published a paper on work force diversity in International Journal of Engineering and Applied Sciences (IJEAS), which found that workforce diversity is proved to be strengthof that organization, if managed properly, it can contribute to increase the productivity[8] Dr Krishna and Shanthi Narayanan published a paper on effect of primary dimensions of work force diversity on employee engagement (2018). This paper presents a critical review of the theoretical basis for the popular practitioner idea that there are generational differences in engagement levels [9] Basu Dev Lamichhane(2021)published a paper on Managing Work force Diversity and its Key Successful factors which states that Human capital is an important asset for any organization[10] Bhumika Rathore published a paper on Dimensions of work force diversity(2018) in which the Workforce is defined as a group of people who work for a particular organization or business and today diversity has been identified as one of the key factor for sustaining competitive advantage[11] Dildar Ali, Dr. Abdul Sattar Shah and Dr. Maria Israr Shaikh in (2020) published a paper on the role of workplace diversity on the performance of employees which explores the impact of work force diversity on employee's performance into Pakistan's government organizations[12] J.Heartwin Mary Jebamony and Dr. Florence John in (2019) published a journal on The Workforce Diversities Found in Indian IT Sector whihchidentifies best practices of managing workforce diversity in HCL.[13]Bacouel and Jentjens(2019)

published an article on Diversity in the management of a private organization. This paper investigates on the very existence of diversity management [14]Velten and Lashley (2018) identified the impact of cultural diversity on the employee's motivation. The research provided that the cultural diversity occupied an important role in the motivation of employees [15]Cho and Kim (2017) conducted a study in social enterprises on the importance of diversity strategies. It was concluded that the workforce diversity and diversity management were positively related to the organizational performance [16]Rao S., Bagali M. (2014), the study is conducted on diversity management practices, obstacles, and gender diversity among employees in the IT industry, which concluded that, more gender diversity orientation programs are to be conducted to gain acceptance of gender diversity in organizations by all employees.[17]

METHODOLOGY

The objectives of the study are given below

- 1) To find out the existence of cultural diversity in the opinion of KPMG employees
- 2) To know the effect of culture diversity on organizational performance
- 3) To know the impact of culture diversity on the working environment of the organization
- 4) To know the influence of work environment on organizational performance
- 5) To find out the mediating role of working environment between cultural diversity and organizational performance

NULL HYPOTHESIS

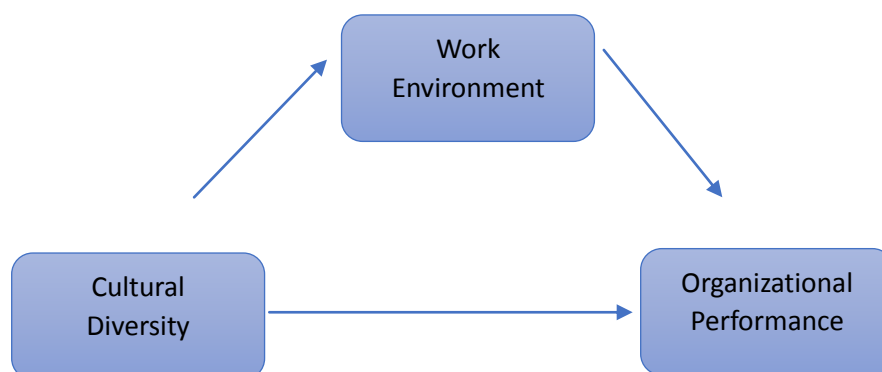
H₁₀: Cultural Diversity is not having significant impact on Organizational performance

H₂₀: There is no statistically significant impact of Cultural Diversity on Work Environment.

H₃₀: There is no statistically significant impact of Work Environment on Organizational Performance

H₄₀: Work environment is not acting as a mediator between Cultural Work Force Diversity and organizational performance.

CONCEPTUAL MODEL



SAMPLING

For the present study we have studied KPMG Kochi employees are taken into consideration hence the population to date 355 out of which 50% was considered for sample on random basis. Hence 175 questionnaires were distributed but completely failed in questionnaires received back were 103. This number consists of employees at all the 3 levels. Covering all the departments existing in the organization. Care has been taken to ensure that sufficient number of responses are received from each department.

SOURCES OF DATA

The data that is collected is based on questionnaire that is circulated among the employees of KPMG. The questionnaire is well tested and is framed with 5-point Likert scale basing on the data from School of Business Management and Liberal Arts.

ANALYSIS

Objective 1: To know the impact of cultural diversity on organizational performance

H₁₀: There is no significant impact of Cultural Diversity on Organizational performance

Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
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1	.802 ^a	.644	.640	3.57165
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a. Predictors: (Constant), CulturalDiversity

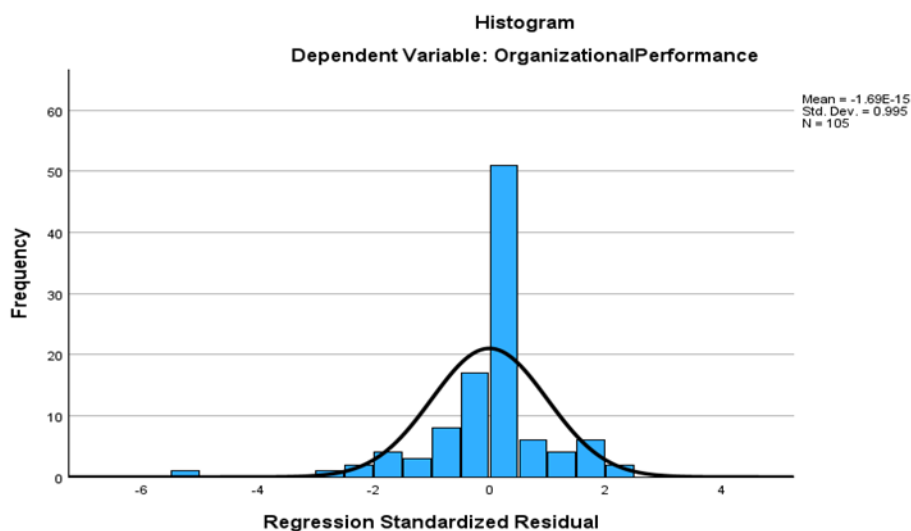
b. Dependent Variable: OrganizationalPerformance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2374.578	1	2374.578	186.144	<.001 ^b
	Residual	1313.936	103	12.757		
	Total	3688.514	104			

a. Dependent Variable: OrganizationalPerformance

b. Predictors: (Constant), CulturalDiversity



Interpretation: The regression analysis suggests that Cultural Diversity has a significant and positive impact on Organizational Performance. The model explains 64.4% of the variance in Organizational Performance. The model's adjusted R Square of 0.640 suggests a good fit. The small standard error (3.57165) indicates the accuracy of the model's predictions.

Objective 2: To know the impact of cultural diversity on the working environment of the organization

H20: There is no significant impact of Cultural Diversity on Work Environment.

Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.895 ^a	.802	.800		2.44220

a. Predictors: (Constant), CulturalDiversity

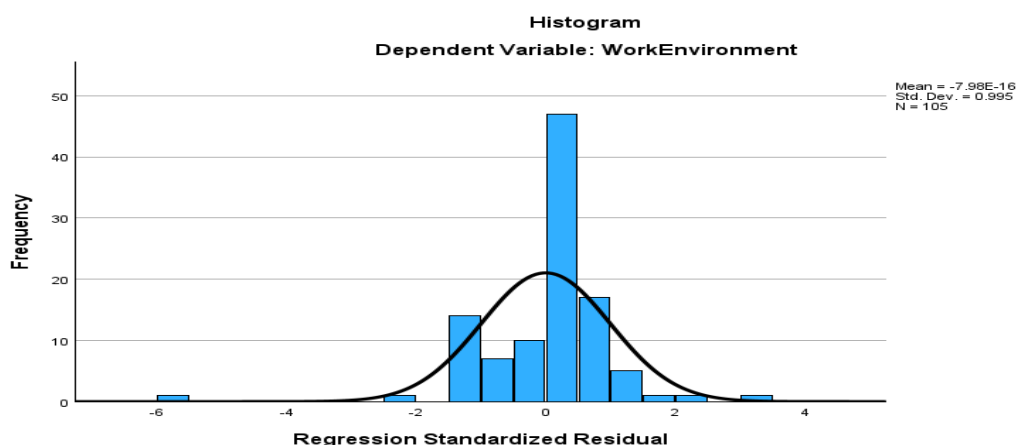
b. Dependent Variable: WorkEnvironment

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2485.919	1	2485.919	416.795	<.001 ^b
	Residual	614.329	103	5.964		
	Total	3100.248	104			

a. Dependent Variable: WorkEnvironment

b. Predictors: (Constant), CulturalDiversity



INTERPRETATION: The regression analysis reveals a highly significant positive relationship between Cultural Diversity and Work Environment ($R = 0.895$, $p < 0.001$). Cultural Diversity accounts for 80.2% of the variance in Work Environment, as indicated by the R Square value. The adjusted R Square of 0.800 suggests a good fit of the model. The small standard error (2.44220) indicates the accuracy of the model's predictions.

Objective 3: To know the impact of Work environment on Organizational performance

H₃₀: There is no significant impact of Work Environment on Organizational Performance

Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.869 ^a	.756	.753		2.95775

a. Predictors: (Constant), WorkEnvironment

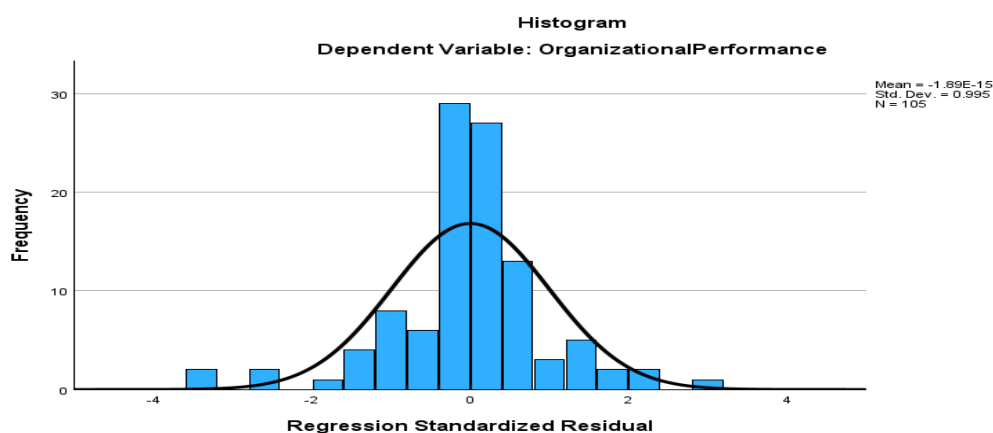
b. Dependent Variable: OrganizationalPerformance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2787.439	1	2787.439	318.626	<.001 ^b
	Residual	901.075	103	8.748		
	Total	3688.514	104			

a. Dependent Variable: OrganizationalPerformance

b. Predictors: (Constant), WorkEnvironment



INTERPRETATION: The regression analysis shows a significant positive relationship between Work Environment and Organizational Performance ($R = 0.869$, $p < 0.001$). Work Environment explains 75.6% of the variance in Organizational Performance, as indicated by the R Square value. The adjusted R Square of 0.753 suggests a good fit of the model. The standard error of the estimate is 2.95775, indicating the accuracy of the model's predictions.

Mediation/Moderation Analysis

Objective 4: To find out the mediating role of working environment between cultural diversity and organizational performance

H₀: work environment is not acting as a mediator between Cultural Work Force Diversity and organizational performance.

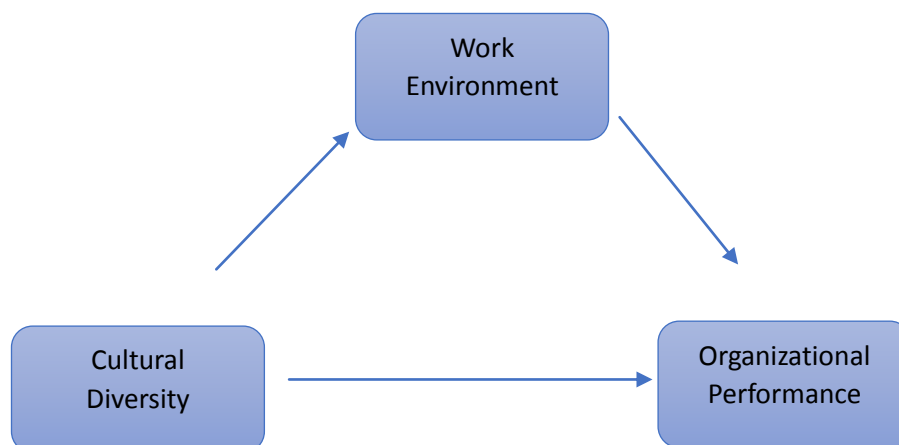
The DV (Y) was OrganizationalPerformance . The IV (X) was CulturalDiversity . The mediating variable(s) = WorkEnvironment .

Total effect(c)

$p = 8e-25$

Direct effect (c') of CulturalDiversity on OrganizationalPerformance removing WorkEnvironment $p = 0.27$

Indirect effect (ab) of CulturalDiversity on OrganizationalPerformance through WorkEnvironment $p = 1.84e-38$



INTERPRETATION: The output of the mediation analysis shows that Cultural Diversity has a significant total effect on Organizational Performance ($p = 8e-25$). This indicates that Cultural Diversity has a direct and indirect influence on Organizational Performance.

The direct impact of Cultural Diversity on Organizational Performance, while removing the mediating variable Work Environment, is not significant ($p = 0.27$). This proposes that Cultural Diversity alone does not have a significant direct impact on Organizational Performance when the role of Work Environment is removed.

However, the indirect effect of Cultural Diversity on Organizational Performance through Work Environment is highly significant ($p = 1.84e-38$). This implies that Cultural Diversity indirectly influences Organizational Performance by impacting the Work Environment. In other words, Cultural Diversity positively affects the Work Environment, which, in turn, leads to improved Organizational Performance.

These findings highlight the mediating role of Work Environment, indicating that it plays a crucial role in transmitting the effects of Cultural Diversity to Organizational Performance. Enhancing Cultural Diversity within the organization positively influences the Work Environment, which ultimately contributes to improved Organizational Performance.

KEY FINDINGS

1. The majority of respondents (92.4%) perceive that employees at KPMG actively engage in activities that directly impact their performance evaluation, indicating a positive perception of employee involvement in performance-related activities.
2. A significant portion of the participants (93.4%) hold a positive view regarding the substantial contribution of high-performing teams at KPMG to enhancing organizational performance (OP), highlighting the favorable perception of the influence of such teams on organizational performance.
3. A large proportion of respondents (89.5%) agree or strongly agree that performance-based pay norms are implemented for all employees at KPMG, regardless of their cultural background. This suggests a positive perception of the fairness and unbiased nature of the company's compensation system.

4. The majority of respondents (88.6%) agree or strongly agree that employees at KPMG are provided with a flexible work schedule to enhance their performance, indicating a positive perception of the company's implementation of flexible work arrangements to support productivity and well-being.
5. A majority of respondents (88.6%) agree or strongly agree that employees at KPMG perform all expected tasks in a timely manner, regardless of their parent country. This reflects a positive perception of employee performance and their ability to meet expectations irrespective of national origin.

CONCLUSION

In conclusion, the research findings highlight the positive perception of workforce diversity and its impact on organizational performance at KPMG. The study reveals that employees recognize the value of cultural diversity, its positive influence on the work environment, and express satisfaction with various performance-related aspects such as evaluation, teamwork, compensation, and flexibility, irrespective of cultural differences. These results indicate a favorable and inclusive cultural climate within KPMG.

Based on these findings, several key recommendations can be made. Firstly, KPMG should prioritize diversity initiatives to attract and retain talent from diverse backgrounds. This can be achieved through targeted recruitment strategies and partnerships to broaden the diversity of the workforce. Secondly, cultural training programs should be expanded to foster a deeper understanding and appreciation of different cultures among employees, promoting cultural competence. Thirdly, promoting cross-cultural collaboration will harness the benefits of diverse perspectives and drive innovation within the organization. Fourthly, strengthening performance evaluation practices will ensure fairness, transparency, and consistency across all employees. Finally, promoting work-life balance and flexibility will enhance employee well-being and overall productivity.

Implementing these recommendations will further cultivate an inclusive and diverse work environment at KPMG. It will create opportunities for employees from diverse cultural backgrounds to thrive, collaborate effectively, and contribute to the organization's success. This will not only enhance organizational performance but also foster a positive workplace culture that values diversity and prioritizes employee well-being.

Publishing an article based on these findings and recommendations will contribute to the existing literature on workforce diversity and its impact on organizational performance. It will provide insights into successful diversity initiatives and practices that can be adopted by other organizations seeking to create inclusive workplaces and leverage the benefits of diversity for sustainable growth and success.

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