

PERCEIVED WORKFORCE DIVERSITY AND FIRM PERFORMANCE: A STUDY OF AN INDIAN PUBLIC SECTOR ORGANIZATION

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Abstract: *Diverse representation of workforce in public sector organizations is not just righteous, social, or ethical but it also exhibits a virtuous business oriented approach. This study is an attempt to explore the linkage between the perceptions of employees regarding workforce diversity and firm performance in an Indian public sector organization, i.e., Bharat Sanchar Nigam Limited (BSNL). Based on a sample of 619 respondents, the results of data analysis indicated that the perceptions of diverse employees towards workforce diversity were affirmatively and significantly allied to perceived firm performance. Detailed investigation of the impact of employees' perceptions pertaining to workforce diversity on perceived firm performance revealed that promotion of diversity, access of developmental opportunities, ability and performance of female, minority, and socially disadvantaged workforce, and organizational support for female and differently abled workforce positively contributes to perceived firm performance.*

Keywords: *Workforce Diversity, Perception, Firm Performance, Public Sector, India*

INTRODUCTION

The 21st century has witnessed enormous diversity reforms in the public sector worldwide. Majority of the large public sector organizations in the developed countries such as the United States (US) have exhibited greater receptivity to diversity in this century (Soni, 2000). The public sector in the United Kingdom has also exhibited notable diversity reforms led by a Labor Government, including the representation of women, black, and minority ethnic groups in public sector jobs and pre-specified recruitment targets during 1997 to 2010 (Smiley, 2010). Seemingly, developing countries are not lagging behind in the race. The Kenya Public Service Commission came up with new guidelines and approaches to recognize the one third representation rule for women and ethnic groups in public employment (Wambui, Wangombe, Mathura, & Kamau, 2013). Likewise, in 2014, India's Supreme Court has accorded legal recognition to transgender people by classifying them as "Other Backward Classes (OBCs)" and thereby, allowing their reservations in education and public employment (Kompier et al., 2014).

In another breakthrough step, the Securities and Exchange Board of India (SEBI) has directed all the listed companies to hire at least one female director on their boards by April 1, 2015 to promote gender diversity (Sharma & Sharma, 2015).

Encouraging a diverse workforce in public organizations is not just righteous, social, or ethical but it also exhibits a virtuous business-oriented approach (Bateman & Snell, 2009; Kundu, Bansal, & Chawla, 2015). Organizations that recognize, value, manage, and celebrate diversity are capable of attracting, hiring, and retaining best employees (Pitts, 2009; Wambui et al., 2013) and subsequently, have considerable impact on individual (employee engagement, job satisfaction, and organizational commitment), group (effective communication, decision-making, brainstorming, and corporate behavior), and firm (profits, competitive advantage, problem solving, creativity, and innovation) performance (Kossek, Lobel, & Brown, 2005; Wambui et al., 2013; Kundu et al., 2015; Ohemeng & McGrandle, 2015; Kundu & Mor, 2016). Therefore, there is a need to recognize diversity (Kundu, 2003) as an ongoing valuable process (Kundu et al., 2015) and not as a one-time initiative (Ospina,

2001). Considering the burgeoning significance of workforce diversity in realizing long-term benefits and building a successful organization (Kundu, 2003, 2004; Kundu, Mehra, & Mor, 2017), this study was undertaken to examine the association between the perceptions of employees regarding workforce diversity and firm performance through a study of a large Indian telecom public sector organization, i.e., Bharat Sanchar Nigam Limited (BSNL).

IMPORTANCE AND OBJECTIVES OF THE STUDY

India is a heterogeneous country with an incredible amount of natural diversity in terms of gender, language, ethnicity, thoughts, beliefs, and creeds (Cooke & Saini, 2012) and thus, exhibits a rich ground for studying diversity (Cooke & Saini, 2010). In this direction, studying diversity in context of a public sector organization is of specific relevance as several researchers have argued that the diverse representation of workforce in public sector organizations can integrate the country with a measure of lawfulness (Choi & Rainey, 2010) and social justice (Kellough, 1990). The criteria for selecting BSNL is grounded on the statistics that proclaim that India is the world's second largest telecommunications market and BSNL, with a market share of about 11% (as of May, 2014), is one of the major public sector players in the Indian telecom sector (Dhingra & Gakhar, 2014). Last but not the least, perceptions of employees on this issue is of specific interest to us as little research has emphasized on it (Allen, Dawson, Wheatley, & White, 2007; Kundu & Mor, 2017).

WORKFORCE DIVERSITY STATUS – IN INDIAN CONTEXT

The Indian workforce consists of over 400 million employees (Suri & Lal, 2011) who are increasingly getting heterogeneous in terms of gender, disability, religion, language, age, and social categories (Kundu, 2003). The India Skills Report (2014) envisions India in 2020 with a total population of 1.35 billion, of which 0.8 billion would be in the working age. According to Vaidya, Wanjari, and Shirigirwar (2013), India has one of the largest number of professionally qualified and working women in the world, largest population of Muslims (i.e., 120 million), 2,300 ethnic people groups, and youngest workforce (i.e., 52% of the total workforce is under 34).

In 1977, Government of India initiated 3% reservation policy in lower ranking jobs for differently abled people. Later on, 'The Persons with Disabilities (Equal Opportunities, Protection of Right and Full Participation) Act, 1995'

surpassed the earlier reservation policy by including higher ranking jobs also. The Constitution of India also reserved 15% for scheduled castes (SCs), 7.5% for scheduled tribes (STs), and 27% for other backward classes (OBCs) in institution of higher education and government employment (Jangir, 2013). Further, a sub-quota of 4.5% for minorities was carved from within the reservation of 27% available to OBCs in public services (Ministry of Personnel, Public Grievances & Pensions, 2011). The Article 16(1) of the Constitution of India also mentioned about equality of opportunity in matters of public employment (Basu, 1994; Kundu, 2004).

CONCEPTUAL BACKGROUND AND HYPOTHESIS FORMULATION

Perceptions of Employees Regarding Workforce Diversity

Discrimination in terms of gender, caste, region of origin, and marital status is still extensively prevalent, especially in Indian public sector organizations (Vijayalakshmi, Dhaliwal, & Gupta, 2006). Cooke and Saini (2010) observed that long-established domestic organizations in India perceived diversity management just as matter of legal compliance. According to Kundu (2003, 2004) and Bhatnagar (1987), men considered women as inferior and, therefore, resisted to accept them as contending peers and bosses. Kundu (2003) stressed that minority, differently abled, and socially disadvantaged employees valued diversity more as compared to general category employees. Sia and Bhardwaj (2008) found that female and reserved category employees perceived a low level of organizational fairness and support in comparison to dominant Hindu male group. Rao and Bagali (2014) examined that Indian IT industry had high acceptability of cultural diversity whereas gender diversity had to encounter few barriers. In yet another study, Deshpande (2014) investigated that gender diversity had more acceptability in service industries than manufacturing sector due to differences in experience, age, and qualifications of employees. All these evidenced that workforce diversity is full of paradox in Indian organizations. Yet very limited studies have been conducted to critically assess the status of workforce diversity and its effect on firm performance, specifically in Indian public sector.

Promotion of diversity: The public sector organizations have been at the forefront of valuing diversity (McDougall, 1996; Soni, 2000; Hur & Strickland, 2012). Yet, the attitudes and perceptions of diverse employees about organization's efforts to promote diversity still largely remain unanswered in public sector (Soni, 2000; Kundu, 2003). For instance, in

a study of 242 US federal employees, Fine, Johnson, and Ryan (1990) found that men, women, minorities, and people of color perceived similar working environment in different ways.

Development opportunities for diverse workforce: Organizations should make every effort to ensure that development opportunities are fully accessible to diverse employees (i.e., female, minority, differently abled, and socially disadvantaged employees) (Kundu, 2003). The development of employees would considerably affect and influence their attitude toward diversity initiatives and thus, help them to achieve greater levels of productivity and performance (Veldsman, 2013).

Organizational support for diverse workforce: Discrimination amongst various categories of employees was dominant in the public sector (Sipe, Johnson, & Fisher, 2009). Despite of extensively prevailing affirmative actions (AA) and equal employment opportunity (EEO) laws (Sipe et al., 2009; Veldsman, 2013), the principle of equal opportunities in terms of salary, career advancement, promotion, and working facilities was often violated (Kundu, 2003; Ngo, Foley, Wong, & Loi, 2003). Moreover, employees across various categories may have varying perceptions regarding the fairness of the organization (Veldsman, 2013) based on their personal experiences at the workplace (Soni, 2000). For instance, Soni (2000) and Kundu (2003) found that general category males extensively perceived that diversity-management initiatives were designed to promote the welfare of women, minorities, and socially disadvantaged.

Ability and performance of diverse workforce: Public sector had been always attractive to women due to better work–family arrangements (Groeneveld & Verbeek, 2012) as it allowed them to work for fewer hours (Soni, 2000). However, owing to this, women were often stereotyped as less committed and therefore, not much worthy of promotions by men (Naff, 1994; Soni, 2000). White employees were also of the view that black employees were hired just to fill the racial quotas and not on the basis of their intelligence and competencies (Alderfer, Alderfer, Tucker, & Trucker, 1980). Additionally, Kundu (2004) opined that employer’s lack of proper knowledge about the abilities and competencies of differently abled employees was one of the foremost barriers in their growth and advancement in the organization.

Perceptions of Employees Regarding Workforce Diversity and Firm Performance

Workforce diversity as a resource aims to recognize, value, and appreciate the benefits that heterogeneous workforce will bring to increase firm performance (Rasul & Rogger, 2015).

Public sector organizations had also started accepting and recognizing diversity as it helped them in achieving various political and social objectives (Kellough, 1990; Choi & Rainey, 2010). However, the diversity-performance linkage was much more complex in public sector (Curristine, Lonti, & Joumard, 2007; Pitts & Jarry, 2007). For instance, literature evidenced that limited and tightly monitored resources (Pitts & Jarry, 2007), centralization of power, lack of human resources (HR) initiatives to promote diversity (Curristine et al., 2007), resistance from managers, lack of competition, and performance benchmarking (Sturgess, 2012) were the few major challenges that public sector organizations had to face while dealing with diversity-performance relationship.

Nevertheless, many studies documented a positive correlation between workforce diversity of public sector and firm performance. Rasul and Rogger (2015) established that ethnic diversity of public sector organizations was positively correlated with their performance. Rice (2010) offered rationales for diversity management in public sector to improve organizational decision-making, efficiency, and firm performance. Cox, Lobel, and McLeod (1991) also advocated that diversity leads to various organizational benefits and synergies. Evidence suggested that workforce diversity in public organizations enhanced corporate image (Ohemeng & McGrandle, 2015), job satisfaction (Suri & Lal, 2012), creativity (Curristine et al., 2007), innovation (Pitts & Jarry, 2007), problem solving capability (Rasul & Rogger, 2015), and firm performance (Rice, 2010). Herring (2009) established that both racial and gender diversity had a positive impact on sales revenue, customer base, market share, and relative profitability. Organizations with diverse workforce were found to be more successful in serving diverse customers (Woodard & Saini, 2006; Vaidya et al., 2013; Dixit & Bajpai, 2015) that further helped them in attracting new customers and retaining existing ones (Ohemeng & McGrandle, 2015). Further, Shukeri, Shin, and Shaari (2012) discovered that multiracial boards had positively affected return on equity and firm performance. Lehobo (2011) investigated a positive association between gender diversity in boardroom and corporate profitability in terms of return on assets, return on sales, and return on equity. Organizations could embrace diversity management as a strategy to improve organizational productivity (Richard & Kirby, 1997; Ohemeng & McGrandle, 2015) and employees’ productivity (Ospina, 2001; Suri & Lal, 2011; Dixit & Bajpai, 2015).

Several researchers propounded rationales for improving employees’ perceptions of diversity and facilitating equal access to resources in public sector organizations (Soni, 2000) to improve organizational decision-making, efficiency, and organizational performance (Rice, 2010). Choi and Rainey

(2010), in a study of approximately 150,000 US federal government employees, argued that the substantial effects of diversity may differ according to the types of diversity. They have discovered that racial diversity is affirmatively related to employees’ perception of organizational performance whereas gender and age diversity reflect more complicated relationships. Analogues to this, Dixit and Bajpai (2015) explored that the perceptions of employees regarding diversity climate are positively and significantly related to firm performance in Indian organizations. Similarly, Kundu and Mor (2017) purported that employees’ perceptions pertaining to the efforts made by the organization to advance gender diversity were significantly and positively linked to the perceived organizational performance. Sharma and Sharma (2015) discussed that employees who perceived equity at workplace had more feelings of adequacy, empowerment, and belongingness. Saxena (2014) examined that unmanaged workforce diversity was detrimental to organization performance due to attitude clashes, language problems, and differences in perceptions. Considering the above literature, the following hypotheses are proposed:

H1: Perceptions of employees regarding workforce diversity (workforce Diversity Index) are significantly associated to perceived firm performance.

H1a: Perceptions of employees regarding “promotion of diversity” are significantly associated to perceived firm performance.

H1b: Perceptions of employees regarding “organizational support for female workforce” are significantly associated to perceived firm performance.

H1c: Perceptions of employees regarding “development opportunities for diverse workforce” are significantly associated to perceived firm performance.

H1d: Perceptions of employees regarding “ability and performance of socially disadvantaged workforce” are significantly associated to perceived firm performance.

H1e: Perceptions of employees regarding “organizational support for differently abled workforce” are significantly associated to perceived firm performance.

H1f: Perceptions of employees regarding “ability and performance of female workforce” are significantly associated to perceived firm performance.

H1g: Perceptions of employees regarding “ability and performance of minority workforce” are significantly associated to perceived firm performance.

H1h: Perceptions of employees regarding “organizational support for socially disadvantaged workforce” are significantly associated to perceived firm performance.

H1i: Perceptions of employees regarding “organizational support for minority workforce” are significantly associated to perceived firm performance.

RESEARCH METHODOLOGY

Sample

Primary data based on 619 respondents from an Indian public sector firm, i.e., BSNL (operating throughout India) were gathered by employing questionnaire survey approach. Due representation was given to diverse categories of employees, i.e., males and females belonging to general (dominant groups), minority (religious minorities, i.e., Sikhs, Christians, and Muslims), differently abled (physically handicapped), and socially disadvantaged (financially weak and ignored since long: SCs, STs and OBCs) categories. Table 1 shows the description of the data.

Table 1: Distribution of Sample

		Diverse Employees				Total
		General	Differently abled	Minority	Socially disadvantaged	
Gender	Male	216	30	51	159	456
	Female	55	19	28	61	163
Total		271	49	79	220	619

Source: Primary data.

Measures

Workforce diversity measures (Independent variable):
A 29 item scale of workforce diversity status originated

from the study of Kossek and Zonia (1993) and further developed and implemented by Kundu (2003) was used to collect data. These items were related to promotion of diversity (7 items), developmental opportunities (4 items),

ability and performance of diverse workforce (6 items), and organizational support (12 items). The variables belonging to promotion of diversity and developmental opportunities were measured on a five-point Likert scale, i.e., strongly disagree (one) to strongly agree (five). Ability and performance of diverse workforce was examined through a scale ranging from much lower (one) to much higher (five). Further, items pertaining to organizational support were evaluated on a five-point Likert scale, i.e., least chance (one) to a very great chance (five). Table 2 shows all the measure items.

Perceived firm performance (Dependent variable): Five variables, adopted from the studies of Khandwalla (1977) and Som (2007), were used to measure perceived firm performance by means of a five-point scale, i.e., much lower (one) to much higher (five). The current study had employed subjective (perceived) measures of performance rather than objective, as they were supposed to give a richer description of the effectiveness of an organization (Allen et al., 2007) and facilitate better inter-firm and cross-industry comparison (Allen et al., 2007; Kundu & Mor, 2017). The measure items can be seen in Table 3.

Statistical Techniques

Statistical techniques, including exploratory factor analysis, Pearson correlations, and multiple regressions were employed for analysing the data. The reliability of the items and the data were also checked by using Cronbach's alpha values.

RESEARCH FINDINGS

Exploratory factor analysis with Varimax rotation was employed in order to reduce the data. As suggested by Kaiser (1960), the factors with Eigen values higher than 1 were retained. Further, for stating the factors clearly, factor loadings greater than 0.50 were considered as practically more significant (Hair, Anderson, Tatham, & Black, 1995). However, with a sample size of minimum 150, factor loadings higher than 0.45 were also treated as significant for the purpose of analysis (Hair et al., 1995). Therefore, we retained items that had loadings greater than 0.450 and this had resulted in the deletion of two items with loadings below 0.40. One from "promotion of diversity" and another from "organizational support for socially disadvantaged workforce", i.e., "increased representation of socially disadvantaged workforce" and "working facilities for socially disadvantaged workforce", respectively. Resultantly, nine factors were extracted from 27 items with Eigen values ranging from 1.015 to 6.768 and explaining 66.659 percent of total variance. The Cronbach's alpha values for the nine

factors/dimensions were 0.654 to 0.770; all exceeding the satisfactory value of 0.6, as suggested by Hair, Black, Babin, Anderson, and Tatham (2006). The Cronbach's alpha for the full scale was also found to yield a high reliability value of 0.815. Table 2 shows the exploratory factor analysis results. The essence of all the nine factors is elucidated hereafter:

F1. "Promotion of diversity" investigated the perceptions of employees regarding organizational excellence in hiring and retaining diverse workforce, and the perceptions on the significance of representation of female and minority workforce.

F2. "Organizational support for female workforce" indicated the perceptions relating to the equality in working facilities, career and promotional opportunities, and salary hikes for female workforce.

F3. "Development opportunities for diverse workforce" identified the perceptions regarding the access of the developmental opportunities to female, minority, differently abled, and socially disadvantaged employees.

F4. "Ability and performance of socially disadvantaged workforce" deliberated the reactions pertaining to the ability and performance of socially disadvantaged workforce. It also stresses on hiring and retaining of employees from this category.

F5. "Organizational support for differently abled workforce" determined the opinions regarding the obtaining working facilities, career and promotional opportunities, and salary hikes for differently abled workforce.

F6. "Ability and performance of female workforce" identified the reactions of employees regarding the ability and performance of female workforce.

F7. "Ability and performance of minority workforce" assessed the reactions regarding the ability and performance of minority workforce.

F8. "Organizational support for socially disadvantaged workforce" determined the perceptions regarding the equality in career and promotional opportunities and salary hikes for socially disadvantaged workforce.

F9. "Organizational support for minority workforce" examined the perceptions regarding the equality in career and promotional opportunities and salary hikes for minority workforce.

Table 3 exhibits the factor associated to perceived firm performance that has Eigen value of 3.223, explaining 64.452 percent of the variance. The Cronbach's alpha value for the full scale was found to be 0.861 (see Table 3), signifying an excellent reliability (Hair et al., 2006).

Table 2: Factor Loadings of Varimax Rotated Principal Components Regarding Workforce Diversity

Factors	Loadings	Eigen Value	Percent of Variance	Cronbach's Alpha
F1 (Promotion of diversity)		6.768	24.170	0.715
Hiring and retaining female workforce	0.659			
Hiring and retaining minority workforce	0.780			
Hiring and retaining differently abled workforce	0.550			
Increased representation of female workforce	0.477			
Increased representation of minority workforce	0.550			
F2 (Organizational support for female workforce)		2.613	9.332	0.730
Working facilities for female workforce	0.613			
Career and promotional opportunities for female workforce	0.744			
Increment in salaries of female workforce	0.743			
Working facilities for minority workforce	0.563			
F3 (Development opportunities for diverse workforce)		1.586	5.665	0.705
Opportunities for female workforce	0.636			
Opportunities for minority workforce	0.618			
Opportunities for socially disadvantage workforce	0.703			
Opportunities for differently abled workforce	0.648			
F4 (Ability and performance of socially disadvantaged workforce)		1.483	5.296	0.723
Ability of socially disadvantaged workforce	0.637			
Performance of socially disadvantaged workforce	0.738			
Hiring and retaining socially disadvantaged workforce	0.656			
F5 (Organizational support for differently abled employees)		1.440	5.144	0.769
Working facilities for differently abled workforce	0.802			
Career and promotional opportunities for differently abled workforce	0.856			
Increment in salaries for differently abled workforce	0.570			
F6 (Ability and performance of female workforce)		1.348	4.813	0.770
Ability of female workforce	0.748			
Performance of female workforce	0.747			
F7 (Ability and performance of minority workforce)		1.234	4.407	0.654
Ability of minority workforce	0.780			
Performance of minority workforce	0.772			
F8 (Organizational support for socially disadvantaged workforce)		1.178	4.207	0.681
Career and promotional opportunities for socially disadvantaged workforce	0.706			
Increment in salaries for socially disadvantaged workforce	0.752			
F9 (Organizational support for minority workforce)		1.015	3.626	0.690
Career and promotional opportunities for minority workforce	0.806			
Increment in salaries for minority workforce	0.848			
Total scale				0.875

Table 3: Factor Loadings of Varimax Rotated Principal Components Regarding Perceived Firm Performance

Factors	Loadings	Eigen value	Percent of variance	Cronbach's alpha
Perceived firm performance		3.223	64.452	0.861
Profitability	0.845			
Market share	0.833			
Customer service	0.827			
Return on equity	0.792			
Productivity	0.710			

Table 4 presents the means, standard deviations, and bivariate correlations between the independent and dependent variables. Except two factors, i.e., “organizational support for socially disadvantaged workforce” and “organizational support for minority workforce”, remaining seven factors revealed significant correlations with the perceived firm performance. Further, variance inflation factors (VIFs) and

tolerance statistics were determined to investigate the degree of multicollinearity in the regression equation. The obtained variance inflation factor (VIF) values ranged from 1.10 to 1.59 which was clearly within acceptable limits of less than 0.50 (Hair et al., 2006). As well, the tolerance values were greater than 0.60; much superior than the below limit of 0.10, as cited by Hair et al. (2006). Hence, multicollinearity was not an issue in the specified equations.

Table 4: Means, Standard Deviations, and Correlations

	Mean	S.D	No. of items	Gender	Category	F1	F2	F3	F4	F5	F6	F7	F8	F9	POP
Gender	-	0.44	-	1											
Category	-	1.35	-	0.081*	1										
F1	3.30	0.64	5	0.259***	0.187***	1									
F2	3.47	0.54	4	-0.003	0.031	0.332***	1								
F3	3.43	0.61	4	0.098**	0.111**	0.409***	0.421***	1							
F4	3.28	0.77	3	0.091*	0.291***	0.448***	0.438***	0.356***	1						
F5	3.40	0.65	3	0.049	0.044	0.148***	0.366***	0.256***	0.220***	1					
F6	3.22	0.80	2	0.156***	0.038	0.409***	0.449***	0.446***	0.458***	0.300***	1				
F7	3.23	0.68	2	0.093*	0.129***	0.336***	0.329***	0.304***	0.447***	0.220***	0.384***	1			
F8	3.36	0.65	2	-0.080*	0.018	0.025	0.240***	0.208***	0.059	0.401***	0.076*	0.083*	1		
F9	3.31	0.62	2	0.030	0.001	0.049	0.238***	0.148***	0.055	0.177***	0.160***	0.046	0.220***	1	
PPF	3.68	0.73	5	0.103***	0.079*	0.264***	0.309***	0.184***	0.317***	0.252***	0.323***	0.221***	-0.031	0.037	1

Notes: ***p≤ .001, ** p≤ .01, * p≤ .05

PPF= Perceived firm performance. F1 = Promotion of diversity; F2 = Organizational support for female workforce; F3 = Development opportunities for diverse workforce; F4 = Ability and performance of socially disadvantaged workforce; F5 = Organizational support for differently abled employees; F6 = Ability and performance of female workforce; F7 = Ability and performance of minority workforce; F8 = Organizational support for socially disadvantaged workforce; F9 = Organizational support for minority workforce.

Table 5: Results of Regression Analyses Showing Effect of Perceptions of Employees Regarding Workforce Diversity on Perceived Firm Performance

Independent Variable	Dependent Variable										
	Model 1	Model 2	Model 3a	Model 3b	Model 3c	Model 3d	Model 3e	Model 3f	Model 3g	Model 3h	Model 3i
Constant	3.390***	1.359***	2.626***	1.946***	2.746***	2.560***	2.483***	2.578***	2.739***	3.485***	3.259***
Gender	0.097*	0.046	0.036	0.098**	0.082*	0.075*	0.086*	0.049	0.079*	0.095**	0.096*
Category	0.071	0.010	0.029	0.062	0.054	-0.019	0.061	0.063	0.046	0.072	0.071
Workforce Diversity Index	-	0.361***	-	-	-	-	-	-	-	-	-
F1	-	-	0.249***	-	-	-	-	-	-	-	-
F2	-	-	-	0.308***	-	-	-	-	-	-	-
F3	-	-	-	-	0.170***	-	-	-	-	-	-
F4	-	-	-	-	-	0.316***	-	-	-	-	-
F5	-	-	-	-	-	-	0.245***	-	-	-	-
F6	-	-	-	-	-	-	-	0.313***	-	-	-
F7	-	-	-	-	-	-	-	-	0.208***	-	-
F8	-	-	-	-	-	-	-	-	-	-0.024	-
F9	-	-	-	-	-	-	-	-	-	-	0.034
R ²	0.016	0.139	0.072	0.110	0.044	0.106	0.075	0.111	0.058	0.016	0.017
Adjusted R ²	0.012	0.135	0.067	0.106	0.039	0.102	0.071	0.107	0.053	0.011	0.012
F Statistic	4.869**	33.176***	15.833***	25.352***	9.398***	24.431***	16.736***	25.590***	12.574***	3.364**	3.488**
N	619	619	619	619	619	619	619	619	619	619	619

Notes: ***p≤.001, ** p≤.01, * p≤.05. F1 – F9: Refer Table 4.

To identify the impact of the perceptions of employees regarding workforce diversity on perceived firm performance, we computed a single variable by adding all the derived nine factors (workforce diversity index) and performed regression analysis. Model 1 comprised of control variables (i.e., gender and category) only. It was observed as significant according to the F statistics ($p \leq 0.001$) and explained 1.6% of the total variance in perceived firm performance. Gender emerged as a significant factor ($\beta = 0.097, p \leq 0.05$) whereas category had no substantial impact on perceived firm performance. Model 2 identified the direct effect of the overall workforce diversity index on perceived firm performance. In this step, workforce diversity index was entered along with control variables. Table 7 shows that workforce diversity index had a positive and very strong relationship with perceived firm performance ($R^2 = 0.139, \beta = 0.361, p \leq 0.001$), and therefore, emerged as a significant predictor of perceived firm performance. Accordingly, the results confirmed hypothesis 1.

Motivated by the significant relationship of overall workforce diversity index with perceived firm performance, we explored the relative effect of the components of overall workforce diversity index (nine derived factors) on perceived firm performance independently by performing regression analysis. Model 3 (Model 3a to 3i) summarizes the results of regression analyses (see Table 5). In each step, an individual factor (a component of overall workforce diversity index) was entered along with the control variables. A total of nine steps were performed. All the models were found significant considering the F statistics. Factors including, “promotion of diversity” ($\beta = 0.249, p \leq 0.001$), “organizational support for female workforce” ($\beta = 0.308, p \leq 0.001$), “development opportunities for diverse workforce” ($\beta = 0.170, p \leq 0.001$), “ability and performance of socially disadvantaged workforce” ($\beta = 0.316, p \leq 0.001$), “organizational support for differently abled workforce” ($\beta = 0.245, p \leq 0.001$), “ability and performance of female workforce” ($\beta = 0.313, p \leq 0.001$), and “ability and performance of minority workforce” ($\beta = 0.208, p \leq 0.001$) were found positive and significant for perceived firm performance. Whereas, “organizational support for socially disadvantaged workforce” and “organizational support for minority workforce” factors were not found significant for perceived firm performance, as also depicted through correlations between these two variables and perceived firm performance ($r = -0.031; r = 0.037$, respectively). Hence the results confirmed hypotheses 1a, 1b, 1c, 1d, 1e, 1f, 1g and hypothesis 1h and 1i were not verified.

DISCUSSION

Using a sample of 619 employees from an Indian public sector organization, i.e., BSNL, this paper documents that

the perceptions of employees regarding workforce diversity are positively and significantly related to perceived firm performance. Likewise studies showed that racial, ethnic, and gender diversity in public organizations positively influences firm performance. Through a sample of 4100 respondents from 63 organizations in the Nigerian federal civil service, Rasul and Roger (2015) purported that ethnic diversity of public sector organizations was positively correlated with their performance. Likewise, Herring (2009) in an endeavor to study the value-in-diversity perspective used data from the 1996 to 1997 National Organizations Survey and concluded that racial and gender diversity were beneficial for business. Further, the findings of the study highlighted that valuing and promoting diversity and bestowing equal developmental opportunities to diverse employees provide opportunities for enhancing the firm performance. This was consistent with the findings of several public sector studies. Through a survey of 140,000 US federal employees, Pitts (2009) illustrated that employees, particularly people of color, perceived their agencies to be more successful (in terms of work group performance and job satisfaction) when they believed that their organizations promoted diversity effectively. Parallel to this, Choi and Rainey (2010) in a study of 67 federal agencies of US validated that efficacious diversity management practices stimulate the positive effects of diversity on employees’ perceptions of organizational performance.

Empirical findings highlighted that valuable efforts to promote organizational diversity by hiring and retaining diverse workforce were positively related to perceived organizational performance. In tune with this finding, literature evidenced that public organizations should develop gender-neutral, race-neutral, and ethnic-neutral hiring processes; so that the demographic structure of the workforce should reflect the structure of the customers it serves (Popescu & Rusko, 2012) and resultantly engender superior firm performance (Pitts, 2009). The findings also suggested that organizational support for female and differently abled in terms of better working environment, career and promotional opportunities, and increment in salaries has positive and significant effect on employees’ perceptions of firm performance. This finding is verified by various studies. Through a sample of 1090 employees across a breadth of industries, Wolfson, Kraiger, and Finkelstein (2011) revealed that perceptions of inclusiveness and equal access were strongly associated with job satisfaction, organizational commitment, and individual empowerment. Similarly, Jauhari and Singh (2013) in a study of 229 Indian IT employees touted that as employees developed the perceptions of organizational support, they reciprocated with increased loyalty to their employers. These outcomes may have direct effects on the bottom-line performance of the firm. Likewise, Brewer (2005), in a study of 22 federal

agencies in the US, revealed that organizational valuable efforts to foster employees' perceptions of fairness and equity is strongly and affirmatively associated to the perceptions of firm performance. Analogues to these studies and our research findings, Roberson and Park (2007) purported that stakeholders' perceptions about an organization's efficiency in hiring and retaining diverse workforce and facilitating fair work environment to them warrants superior organizational financial performance.

The results further indicated that the perceptions of employees regarding ability and performance of female, minority, differently abled, and socially disadvantaged workforce positively contributed to perceived firm performance. Consistent with this finding, Von Bergen, Soper, and Parnell (2005) in a comparison of minority friendly and other firms, established that minority friendly firms significantly outperformed the other firms and that enhancing diversity was an appropriate strategy that employers can use to enhance key financial considerations. On the same line, O'Reilley, Williams, and Barsade (1997) in a study of an organization with a reputation for valuing employee diversity found that diversity created positive performance-related results. In yet another study, Richard and Kirby (1997) found that diversity may have a positive effect on productivity and return on equity in firms that support diversity. Overall it supports the notion given by Kundu (2003), that to remain excellent and achieve sustainable competitive advantage, organizations must hire and retain diverse employees. Lastly, our findings revealed that the perceptions of employees in relation to organizational support for minority and socially disadvantaged workforce had no considerable effects on perceived firm performance. The possible justification for this divergence might be rooted in the greater importance attached to gender followed by disability in the diversity efforts in Indian companies (Mercer, 2012). Comprehensively, this study delivers an exceptional elucidation of employees' perceptions and insights in regards to varied aspects of workforce diversity and their substantial effects on perceived firm performance, predominantly in Indian public sector organizations.

MANAGERIAL IMPLICATIONS AND LIMITATIONS

India is moving through an era of intense change with adaptation on some fronts and resistance to change at the other ossified systems (Pio, 2007). With females and other minorities becoming such an integral part of the Indian workforce, organizations must examine their reliance on stereotypical views and discriminations concerning females and minorities, especially in public sector. Findings from

studies like the present one can provide useful contributions for formulating policies and strategies of the organization. While devising diversity strategies like diversity training and intervention programs, employers should ensure to address the needs and emotions of employees of different groups. Or else, as Morrison (1992) suggested, no amount of diversity strategy will solve the challenges, if such strategies are conceived within yesterday's paradigms that give privilege to employees of dominant groups. Besides, to communicate the intentions of fairness and justice, managers should make sure that the diversity management efforts are well recognized and perceived by the diverse employees. This calls for regular assessment and monitoring of perceptions of diversity efforts held by the different categories of employees. Organizations should ensure equitable treatment of diverse employees by employing valuable efforts for the promotion of diversity, ensuring developmental opportunities for diverse workgroups, and providing equitable organizational support, as the perceptions of organizational fairness and inclusiveness contributes in improving the firm performance.

Despite the significant implications mentioned above, there are some limitations to this study that subsequently deliver future research directions. First and perhaps most significant was that the data were gathered through a single measurement tool, namely, questionnaire. This could result in the probability of common method variance in our research findings. To detect this probability, Harman's (1976) single-factor test was used that checks whether one factor explains the majority of the covariance in the independent and criterion variables (Podsakoff & Organ, 1986). In the current research, the first factor resulted in only 22.48% of the variance in the data; therefore, common method variance was not an issue for us (Podsakoff & Organ, 1986). Nevertheless, future researchers should investigate the causal mechanism of our model by collecting data from multiple sources or at different points of time. Second, the study opted for two control variables, i.e., gender and category only. Other factors such as age, work tenure, and organizational culture could be incorporated in the future empirical researches as these were evidenced as significant variables that might confuse the relationship between workforce diversity and firm performance (Choi & Rainey, 2010). Third, this study lacks the investigation of variations in the perceptions of employees regarding workforce diversity over a period of time and thus, longitudinal studies can be conducted to tap a more comprehensive and clear picture. Fourth, the study was limited to subjective measures of firm performance only. With insertion of objective measures along with subjective, greater understanding of the issue can be achieved in the future researches.

ACKNOWLEDGMENTS

Short form of the paper was accepted and presented at 9th Conference on Excellence in Research and Education, (CERE, 2018), IIM Indore, India. The Paper submission No. was 65.

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