Workforce Diversity and Its Impact on Employee Performance: A Study on Textile Industry

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Abstract: Rapidly changing business with the need of globalization requires more communication and interaction among people from various backgrounds. With boundless business environment people can work and compete globally, they can interact and communicate with millions of employees who have the same work interest. So there is a need for every organization to have a more diversified workforce to stay in the competition. The research has been conducted to explore the relationship between workforce diversity and employee performance in the textile industry of India. A sample of 120 employees was selected through convenience sampling from the textile companies of Noida and Greater Noida. The data was gathered through the questionnaire administrated by Eugene, Lee et al.(2011). Person correlation and multiple linear regression analysis were done for data analysis. The results of the study showed that only education background of the employees has an effect on employee performance of textile employees of selected companies in India.

Keywords: Workforce diversity, Employee performance, Gender diversity

1. Introduction

The Indian domestic textile and apparel market is one of the fastest growing market in the world. The industry provides basic essentials of life and also plays a significant role in contributing industrial output and in employment generation. It is one of the largest providers of employment after agriculture and contributes about 14% to India's industrial production and 13% of the country's export earnings. Despite being the second largest provider of employment, little attention has been given to the fact of diversity in the workforce. Surely like any other industry, it also has a diverse workforce that should be managed to keep the progress on the track. Hence this study focuses on the workforce diversity in the textile industry and its impact on employee performance in the Indian context.
and helped in gaining a competitive edge. (Philips, 2014). And a 2012 study by Credit Suisse Research International found that organizations with one or more women on their boards had higher average returns on equity and higher average growth rates.

2. Literature Review

Gender

Wood (1987) showed that heterogeneous staff performed better than homogeneous staff. McMillan-Capehart (2003) and Frink et al. (2003) had explained the constructive influence of gender diversity with organizational performance making use of useful resource based view. There was a study which inspects the effects of gender on staff efficacy and the results showed that when the sample was male dominated it was negative and in female dominated sample it showed no effect. (Pelied, 1997). Wentling and Palm Riv (2000) stated that organization with a diverse workforce will provide superb services as they can understand shoppers better (Kundu, 2003). The research from Kundu,2003; Mueller, 1998, stated that hiring woman, minorities, and others will help the organization to gate areas of interest markets. Based on the study of Joshi and Jackson (2003), an optimistic relationship was found between gender diversity and intra-staff cooperation, but most effective in regions that had been moderately high in terms of gender. In the evaluation, Jayne and Dipboye (2004) argued that gender diversity does not necessarily convey constructive final result similar to increases motivation, improving talents, build commitment, and decline conflict. Gupta (2013) observed that if there is a medium level of gender diversity it will increase competitive competencies whilst a higher stage of gender diversity decreases organizational performance. Frink et al. (2003) studied gender composition and organization performance and the results showed that an inverted U-shaped relationship was found between gender composition and organization performance. Gender diversity showed a constructive impact in the offerings enterprise and a negative impact on the manufacturing industry. Svyantek and Bott (2004) reviewed nine studies which are based on diversity (published during 1989-2003) and explored that four studies out of nine were found no main effect, two found a positive effect, two found a negative effect and one found a nonlinear effect. McMillan-Capehart (2003) used the resource-based view of the firm to argue that gender and racial diversity can provide a firm with a competitive advantage. Out of his 12 predictions, the results supported only the prediction of a positive relationship between organizational gender diversity and return on equity. Frink et al. (2003) studied two organizational level empirical studies to examine the gender diversity-performance relationship, measuring performance differently in each study. The overall results supported Frink et al.’s argument that an organization’s performance would be greatest when diversity is maximized.

AGE

Arguments based on similarity-attraction theory (Bryne, 1971), suggested that colleagues with same age group attract each other more and they go through the stages of life together (e.g. having young children) growing up in the same historical age (Lawrence, 1988). Sometimes groups which are based on same age might develop as sense of belonging which go beyond the boundaries of the organizations. Take, for instance, Zenger and Lawrence (1989) found that similarity in age leads to more affection and better connections not only within a workgroup but also go through between the employees of the same age from different organizations. Drawing from social exchange theory (Blau, 1964), we argue that employees who perceive age discrimination at the workplace are likely to respond with lower levels of emotional attachment, which in turn negatively affects corporate performance. The study on simple production technology by Barton (2004) indicated that groups with more diverse in age had been greatly less productive. This finding is consistent with observations by Leonard and Levine (2003) that retail stores with greater age diversity among its employees were typically less rewarding. Nevertheless, Ilmarinen (2005) had proven that shown that there was once no distinct connection between age and work performance. It was observed from many studies that older staff was as productive and as skilled as younger ones. A heterogeneous age group of employees would accordingly be more productive than a homogeneous age group (Williams and O'Reilly, 1998; Zenger and Lawrence, 1989).

ETHNICITY

Ethnically diverse teams confirmed terrible efficiency than homogeneous teams (Jackson et al, 2003). Jones (2005) and Jehn et al, (1999) observed that groups were found to be less cohesive than teams; multiculturalism and diversity could have a much less positive effect on staff performance than staff efficiency. The context of the workplace has a huge impact on over the impact of diversity on performance. Ethnically diverse teams result in extra creativity and innovation because of complementarities and learning opportunities (Alesina and La Ferrara, 2005; Lee and Nathan, 2011; Ozgen et al, 2011). Ethnic diversity with moderate level has no effect on the business outcomes of the teams particularly sales, profit, &
market diversity extended industry results (Sander and Mirjam, 2012). Ely (2004) has determined no relationship between ethnic diversity and sales revenue, customer satisfaction. According to Timmermans et al., (2011) ethnicity can be utilized as a proxy for cultural background and diversity in ethnicity may also be anticipated to be positive for revolutionary efficiency, on the ground that it broadens the viewpoints and perspectives within the organization (Richard, 2000). Moreover, based on Timmermans et al. (2011) studies, some levels of diversity in ethnicity might be positively associated with innovation, a high degree of diversity in ethnicity probably negative on the ground that it could create conflict and cliques due to social categorization (Dahlin, 2005).

EDUCATION BACKGROUND
Tracy and David (2011) observed that employers in most cases reject employing employees whose training, experience or education is found to be inadequate. On the other hand, this meant that education history is essential to employees. Employees cannot find a job and participate well without a proper education background. Apart from that, Daniel (2009) also observed that various levels and types of education might expect different mobility rates. For instance, the occupations available to those with working expertise but does no longer possess a certified tertiary paper may differ from those who acquired such education degree. According to Daniel (2009) an individual will probably be extra productive relying on the level of their education. The more education the individual worker has, the more productive the worker will likely be. Moretti (2004) explored this idea and found that cities with a higher percentage of tertiary education level employees will enable members of all education level to have higher wages. Other researchers have found an increase in civic participation (Dee, 2004) or decreasing crime rate (Lochner and Moretti 2004) due to more education. Glaeser, Scheinkman & Shleifer (1995) also established that a greater proportion of knowledgeable employees in a city translate to higher economic development. However, Zeng, Zhou, and Han (2009) found that high-level managers with higher education and the staff whose size of service eleven to fifteen years, suggests an uncommon decline in work performance considering the fact that they have not found the suitable development space, so temporary disengagement occurs.

EMPLOYEE PERFORMANCE
Earlier research on workforce diversity suggests that diversity can be either harmful or helpful for employee performance (Williams & O'Reilly, 2004). for example; diversity can be positively associated with originality and problem-solving skills. (Jehn et al., 2002) are negatively related to cooperation and unity. (Pellet, 2006). If the area of diversity is handled in a good manner then both employee and organizational performance can be maximized. A diverse workforce is said to be more creative, gives a wide range of perspectives and better solutions with more alternatives. (Adler, 2005). Workplace diversity also creates conflicts between employees as they have different perceptions, ideas different attitudes towards life, belongs to different religion and many others. Conflict does not always mean to be negative and create bitterness. All depends upon how the conflict is handled, proper handling can be a good source of development (Kigali, 2006). But when these organizational conflicts are ignored by the superiors, this will lead to the conversion of these clashes into personal and emotional one in the long run and therefore damages the culture of the organization, lower the morale of the employee and eventually lead to decreased organizational performance. Conflict can also be the reason of reduction in creativity, innovation, quality and performance of the employees and also of the organization which ultimately leads to decreased team performance. (Passos & Caetano, 2005).

3. Problem Statement
Indian textiles sector is one of the largest contributors to India's exports with approximately 11 percent of total exports. The textile industry is also labor intensive and is one of the largest employers. The industry realized export earnings worth US$ 41.4 billion in 2014-15, a growth of 5.4 per cent. The textile industry employs about 40 million workers and 60 million indirectly. India's overall textile exports during FY 2015-16 stood at US$ 40 billion. In an industry where around 100 million employees are working, will surely have to face the diversity issue as the workers form the diverse background. And for solving those issues is very important for such a big industry to grow. So here comes the concept of workforce diversity as any business that intends to be successful must have a borderless view and an underlying commitment to ensuring that workforce diversity is part of its day-to-day business conduct. Most of the studies reported in the literature had focused on exploring workforce diversity to improve organizational performance and leadership skills. The Indian textile industry is untapped on this topic the study also identified the most frequently encountered barriers toward accepting workplace diversity. Some of the strategies to increase inclusiveness and awareness about workplace
diversity in textile organizations have also been identified in the study.

4. Research Objective

The main aim of this research is to find out the different types of workforce diversity that effect the employee performance in an organization. The study focuses the textile industry of India. This investigation would provide guidelines on issues that should be considered before starting the business for those prospective new participants who are going to enter the banking industry. The specific objectives of the study are:-

1. To study the gender with respect to employee performance of employees of selected textile companies under study. What is the relationship between age and employee performance?
2. To study the different Age groups with respect to employee performance of employees of selected textile companies under study. What is the relationship between age and employee performance?
3. To study the Ethnicity with respect to employee performance of employees of selected textile companies under study. What is the relationship between age and employee performance?
4. To study the Education background with respect to employee performance of employees of selected textile companies under study. What is the relationship between age and employee performance?
5. To study the workforce diversity with respect to employee performance of employees of selected textile companies under study.

5. Hypothesis of the study

H1: There exists a significant relationship between gender and employee performance among employees of selected textile companies under study
H2: There exists a significant relationship between Age and employee performance of employees of selected textile companies under study
H3: There exists a significant relationship between Ethnicity and employee performance of employees of selected textile companies under study
H4: There exists a significant relationship between Education background and employee performance of employees of selected textile companies under study
H5: There exists a significant relationship between workforce diversity and employee performance of employees of selected textile companies under study.

6. Research Methodology

The main objective of this research was to analyze the impact of workforce diversity on employee performance in Textile industry of India. The target population was the employees working in the textile companies of Noida and Greater Noida, in India. Convenience sampling technique was used in this research as the sampling frame is irrelevant. Questionnaires were distributed to the valid respondents and they were requested to answer the questions. The population size was set to the entire workforce in India, regardless of their position or level, which is 45 million in January 2016 (Indian Brand Equity Foundation,"IBEF"2016) and the sample size was set to 120. The questionnaire was adopted from the thesis "The effects of workforce diversity towards the employee performance in an organization” by Eugene, Lee et al.(2011). The respondents were requested to provide their opinion on the scale of 1-5, (1) Strongly Disagree (SD), (2) Disagree (D), (3) Neutral (N), (4) Agree (A) and (5) Strongly Agree (SA). A pilot test was conducted with 18 respondents and the data were analyzed using Statistical Package for Social Science (SPSS) software. The data from the pilot test are shown in Table 1.

7. Data Analysis and Interpretation

<table>
<thead>
<tr>
<th>No.</th>
<th>Construct</th>
<th>Coefficient alpha</th>
<th>No. of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gender</td>
<td>0.807</td>
<td>9</td>
</tr>
<tr>
<td>2</td>
<td>Age</td>
<td>0.790</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Ethnicity</td>
<td>0.738</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Educational background</td>
<td>0.843</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>Employee performance</td>
<td>0.736</td>
<td>10</td>
</tr>
</tbody>
</table>

The Cronbach alpha for Gender, Age, Ethnicity, Educational background, and Employee performance was measured. The values of each construct are higher than 0.70, so it can be said that internal consistency of questionnaire is good. The data from the survey questionnaire were entered into Microsoft Excel and SPSS (Statistical Package for Social Sciences) software version 21 for data analysis).

H1: There exists a significant relationship between gender and employee performance among employees of selected textile companies under study.
H3: There exists a significant relationship between Workforce diversity and employee performance of employees of selected textile companies under study.

Table 2 Pearson correlation of Gender diversity and Employee performance

<table>
<thead>
<tr>
<th>Gender group</th>
<th>Employee performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson correlation</td>
<td>.005</td>
</tr>
<tr>
<td>Sig. (2 tailed)</td>
<td>.024</td>
</tr>
<tr>
<td>n</td>
<td>120</td>
</tr>
</tbody>
</table>

The value of correlation coefficient is .005 that is close to zero, which means that there is a weak correlation between these two variables. The significance value is .960 which is greater than 0.05, it means there is no statistically significant relationship between these two variables. Thus, the hypothesis is rejected that there is a significant relationship between gender diversity and employee performance. It shows that employees work irrespective of their gender, towards the betterment of the organization and for themselves also.

H2: There exists a significant relationship between Age and employee performance of employees of selected textile companies under study.

Table 3 Pearson Correlation of Age group and Employee performance

<table>
<thead>
<tr>
<th>Age group</th>
<th>Employee performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson correlation</td>
<td>.024</td>
</tr>
<tr>
<td>Sig. (2 tailed)</td>
<td>.794</td>
</tr>
<tr>
<td>n</td>
<td>120</td>
</tr>
</tbody>
</table>

The value of correlation coefficient is .024 that is close to zero, which means that there is a weak correlation between these two variables. The significance value is .165 which is greater than 0.05, it means there is no statistically significant relationship between these two variables. Thus, the hypothesis is rejected that there is a significant relationship between Age diversity and employee performance.

H4: There exists a significant relationship between Education background and employee performance of employees of selected textile companies under study.

Table 5 Pearson correlation

<table>
<thead>
<tr>
<th>Education background group</th>
<th>Employee performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson correlation</td>
<td>.165</td>
</tr>
<tr>
<td>Sig. (2 tailed)</td>
<td>.25</td>
</tr>
<tr>
<td>n</td>
<td>120</td>
</tr>
</tbody>
</table>

The value of correlation coefficient (.165) falls under coefficient range from ±0.01 to ±0.20, which shows slight and almost negligible relationship between these two variables. The significance value is .071 which is smaller than 0.05, it means there exists a statistically significant relationship between these two variables. Thus, the hypothesis stands accepted that there is a significant relationship between education background and employee performance.

H5: There exists a significant relationship between Workforce diversity and employee performance of employees of selected textile companies under study.
The R value is the correlation coefficient between the dependent variable and the independent variables. According to the Model Summary, the value of correlation coefficient(R) of four independent variables (gender, age, ethnicity, and education background) with the dependent variable (employee performance) is .206. Therefore, there is minor correlation between four independent variable and dependent variable. The next column gives us the value of R2, which is a measure of how much of the variability in the outcome is accounted for by the predictors. Here it is .116 which shows that constant variables account for 11.6% of the variations in employee performance.

### 8. FINDINGS AND SUGGESTIONS

The research showed that age, gender, and ethnicity don't significantly affect the employee performance only the education background showed a significant relationship with employee performance. Thus it can be concluded performance of the employees working in textiles companies does not affect by their age group, their gender, to which culture they belong. But when it comes to education qualification, it does affect the performance as higher you study, you gain knowledge accordingly to some extent. The suggestions can be made to the future researcher that, there are other factors also which affects the diversity in the workplace, so the study can be done to explore those and further a large sample size should be taken with a wide geographic area so that the results can be generalized.

### 8. References


com/forbesinsights/innovation_diversity/index.html