

**THEORETICAL PERSPECTIVE OF WORKFORCE DIVERSITY AND  
ORGANIZATIONAL PERFORMANCE**

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**ABSTRACT:**

This research addressed the connection between organizational performance and worker diversity. The conversation focused on how diversity appeared in the organization, specifically looking at age and ethnic diversity. The equity theory was chosen as the theoretical foundation for the discussion of how diversity affects an organization's performance outcomes. Significant support for current ideas and viewpoints regarding the significance of diversity management for productive and successful organizational relationships, processes, and general well-being was found in the review of the literature. Companies may decide to take a far more innovative approach to solving their difficulties and problems by utilizing and channeling such variation. Finally, it was mentioned that having a diverse workforce offers.

**KEY WORDS:** Workforce Diversity, Organizational Performance, Outcomes and Organizational Relationships

## 1. INTRODUCTION

An organization is a society's microcosm. This indicates that organizations reflect the characteristics and changes seen in their surroundings or contexts. This demonstrates a strong synchronization and alignment between the organization's actions and the characteristics of the surrounding environment, which is crucial for the organization's survival and effectiveness (Lyles, 2014). Thus, organizational performance is centered on how well a corporation uses efficient resource management and coordination to adjust to the demands and expectations of its external environment and market. Abubakar, Elrehail, Alatailat, and Elci (2017) define organizational performance as the expression of the well-being of the organization with regard to relationships, processes, functions, and even outcomes. An organization's performance is essential to its success since it gives a general idea of its capabilities and the rate at which it superiority dilemma. However, as the author (Rowe, 2010) noted, diversity is a condition of variety that can be effectively manipulated and organized to promote the organization's goals, prioritizing its ideals over those of particular groups inside the business.

The relationship between workforce diversity and organizational performance results has been the subject of numerous studies (Finn, 2015; Gelner & Stephen, 2009; Kyalo, 2015). However, the majority of these studies have used a conflict-based theoretical stance when approaching the topic. Most of these studies specifically focus on the extent to which group distinctions and unique characteristics lead to rivalry and conflict. Few people have discussed workforce diversity from the perspective of the equity-based theoretical framework, which focuses on assessing how

## 2. LITERATURE REVIEW

### 2.1 Equity Theory

Adams (quoted in Kandpal,2015) established the equity theory, which holds that justice and equity are essential components of a driven person. This theory holds that as people are driven by honesty, they would attempt to modify their input in order to attain what they understand to be equality if they observe differences between their own input and output ratios and those of their referent group (Adams, 1963 cited in Kandpal, 2015). Yousef (cited in Kandpal, 2015) claims that the equity theory is a theory that centers on the perceived fairness of an individual. An employee weighs the quantity of work completed in relation to

the outcomes. This perspective holds that employees want to establish equity between themselves and their colleagues.

## 2.2 Workforce Diversity

Intergroup contact, attitudes toward diversity, and intergroup connections are all significant aspects of workplace diversity, according to Brouwer and Boros (2010). Workplace diversity is described similarly to intergroup connections, which manifest alongside one another in communication and interaction and give birth to a number of challenges connected to diversity. Barak (2013) defines diversity as the range or complexity of demographic traits that define a company's workforce, particularly with regard to color, sex, culture, national origin, handicap, age, and religion. labor force. Alesina and Ferrara (2005) go on to define the differences that exist between individuals based on their socioeconomic level, abilities/disabilities, age, race, gender, religion, and sexual orientation. Workforce diversity is the sum of an employee's similarities and differences in terms of age, color, cultural origin, religion, physical capabilities or disabilities, sexual orientation, and gender (Cole, 2004). According to Pitts and Wise (2010), workplace diversity refers to the differences among individuals that could affect a duty or loyalty inside a company, such as culture, religion, and educational background.

These days, a global market and the workplace find workforce diversity to be an intriguing topic (Kyalo, 2015). Any business that wants to grow and become more inventive will have a moral

### 2.2.1 Age Diversity

An aging workforce faces the risk of becoming obsolete if the information that has been gathered by its members is not passed to younger professionals. An atmosphere where each generation offers a variety of skill sets is fostered by a varied workforce (Finn, 2015). Ineffective management of a workforce's age diversity results in stale and uninspired ideas, conventional viewpoints on tactics, resistance to change, etc (Barak, 2013). The younger generations provide a wealth of real-world experience with contemporary business technology. They most likely possess a strong grasp of how to use technological tools and platforms, such as webcasting and social networking. The corporation benefits from the traditional business wisdom of the older generations. By mentoring the less experienced employees, they can impart their knowledge and experiences. In There are both positive and negative age stereotypes for both older and younger workers. According to Kunze *et al.*,

(2009), organizations must deal with the difficulty of age diversity because it is only natural for people to gravitate toward their own groups at the expense of other groups. Furthermore, they argued that other age groups would experience insecurity, emotional instability, and the emergence of discrimination inside the institutions if one age group advanced major criteria for differentiation. According to Gelner and Stephen (2009), age diversity may negatively affect workers' productivity since different age groups have different beliefs, values, and interests. In general, generational differences are the cause of low productivity, disagreements, and clashes. This is due to the idea that each generation's strengths are unrivaled (Rowe, 2010).

### **2.2.2 Ethnic Diversity**

Sayers (2012) defined ethnicity as "a group of people who share a common culture, tradition, customs, routine practice, costumes, beliefs, and values." Makokolo (2005) defines ethnicity as tribal affinities whose members have a shared origin story and, consequently, a shared sense of destiny. Timmermans, Ostergaard, and Kristinsson (2011) suggest that ethnicity could serve as a substitute or substitute for cultural background. The group's varied ethnic backgrounds allow for inventive and distinctive performances. Pitts (2010) argues that because institutions are becoming increasingly diverse in terms of race, it is important to monitor the interactions between various ethnic groups in the workplace. Ethnicity can be viewed as a double-edged sword having advantages and disadvantages (Opstal, 2009).

### **2.3 Organizational Performance**

Given the intricate and multifaceted interactions between a multitude of factors, performance is a measure of competitiveness that is obtained by a level of productivity and effectiveness that guarantees its strong presence on the market (Dragomir & Panzaru, 2014). Organizational performance is the difference between the actual and expected outputs (or goals and objectives) of an organization. Experts from a variety of fields, including operations, finance, strategy planning, law, and organizational development, are interested in organizational performance (Lyles, 2014). Thus, performance can be characterized as an evaluation of the constituents that attempts to determine an organization's aptitude and skill in satisfying the aspiration levels of the constituents through the use of efficiency, effectiveness, or social referent criteria (Brix & Peters, 2015). By use of financial policy, components

Since they are expected to formulate and implement decisions and strategies that will result in the accomplishment of the organization's goals and objectives, the leadership of the organization is primarily responsible for achieving performance (Abukabar et al., 2017). An organization is a deliberately planned social unit composed of several people who regularly work together toward common goals. Organizations include, among others, police departments, military units, industrial and service enterprises, schools, hospitals, churches, and federal, provincial, and local government entities (Robbins, 2005).

Organizational theories and concepts of organizational performance are essential for gaining a thorough grasp of the nature of an organization. Organizational theory has led to the development of several models that analyze organizational performance; in fact, some scholars claim that the number of models has surpassed the number of research on organizational performance. There are now multiple definitions associated with the concept of organizational performance, owing to its subjective nature. Because the notion of organizational performance is subjective, there isn't agreement in the literature regarding the standards to be used in measuring it (Negulescu, 2019).

## **2.4 Workforce Diversity and Organizational Performance**

Organizational performance, productivity, effectiveness, and long-term competitiveness are all enhanced by workforce diversity management practices (Munjuri & Maina, 2013). By bringing people together with different viewpoints, workforce diversity management can increase productivity. According to Davis, Frolova, and Callahan (2016), organizational policies that are successfully implemented (via workforce diversity management) can improve business performance, employee satisfaction and loyalty, competitive advantage, and ties to multicultural communities. According to research by Beauregard and Henry (2009), work force diversity management encourages the exchange of different ideas and points of view, which in turn promotes creativity, imaginative problem solving, and productivity. Consequently, this positively impacts the effectiveness and behavior of the organization. Opstal (2009) conducted a research on the correlation between workforce diversity management and performance, and found that more creative companies purposefully develop diverse teams to address issues.

### 3. CONCLUSION

The large degree of variety present in the organization's workforce can be both an asset and a liability, depending on how well it is handled and channeled. Diversity expands the organization's features and opportunities by bringing a diverse mix of abilities, experiences, and perspectives to roles and tasks. Likewise, increased creativity and learning at work are facilitated by a diverse staff. When members from various experiences and groups work together, they can provide a more thorough analysis and strategy for addressing the issues or problems facing the organization. Therefore, a more complex framework enhanced by a variety of viewpoints, concepts, and functional dispositions is provided by a diverse workforce, which, when successfully exploited and harnessed by the company, improves performance.

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