

# Does Diversity Management Practices influence Organizational Commitment among employees in India?

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**Abstract** — Organizations have understood the importance of having a diverse workforce within their walls and most of them have begun to introduce policies for the same in their HR function. Apart from globalization, organizations have realized the necessity of diversity management as a resource of competitive advantage. Organizational commitment points to the bond that prevails between the employees and the organization. The existing work focuses more about diversity management practices and its benefits but this research concentrates on the relationship between employee's perception of diversity management practices and organizational commitment. Affirmative action policy, gender, generational, religious diversity are the variables that are being considered, in terms of diversity management practices in organizations. The model was tested using a pan-India survey and the data obtained was analyzed using regression, across diversity management practices and organizational commitment. The results indicate that organizations practicing diversity management tend to have highly committed employees while organizations which use affirmative action policy, gender and religious diversity influence the affective commitment of employees.

**Keywords**—organizational commitment; diversity; affirmative action policy; organizational attractiveness

## I. INTRODUCTION

In the past few years, many companies have been concentrating on culture and on diversity management practices in order to manage a diverse workforce. Initially, organizations employed those who were of the same community, culture, caste, creed or race, as the promoter or the top management of the organization. The resulting workforce was by and large homogenous. Gender, race, sexual preference, age and education are all "differentiators". Some of the key benefits of 'diversity management' includes knowledge in various fields, in-depth information about market segments, competitive advantage leading to organizations with a more 'balanced' and representative workforce. Many companies consider this as their Business Imperative. For instance, PepsiCo entered India at 1989 which strives hard to bring about diversity in their workforce especially in those functions that were historically seen as not so women friendly domains like sales. The company's

diversity management has resulted in an employer brand that has been successful in attracting candidates thereby improving the organization's employer attractiveness. Olsen et al (2010) in his research put forth the point that candidates would prefer to work for an organization that encourages diversity in their workforce. Organizational commitment is an indicator of the bond that exists between the employees and their organization. Employees who are committed to their organizations were found to feel a high sense of belongingness towards their organization. Existing research in this area has mainly concentrated on the impact of diversity management practices in organizations, whereas this research strives to understand the relationship between employee's perception on diversity management practices and the organizational commitment of employees in India.

## II. LITERATURE REVIEW

The literature is classified into two parts: the first section gives an idea about the diversity management practices followed in the organization and it is followed by the literature review on organizational commitment.

### A. Literature review on Diversity Management Practices in the organization

Globalization resulted in many activities across the globe which resulted in mobility of workforce from different cultures thereby strengthening the diversity-related intrusions in organizations (Ollapally et al, 2009). The research done in the West indicates that the Non-White labour force, that is, Hispanics, Asian and also women are more than that of Whites (Gordon, 1995). The only solution for this growing multiculturalism was to promote equal opportunities to the minorities which include providing quota for them. Apart from globalization, organizations realized the necessity of diversity management as a resource of competitive advantage. Hence in order to sustain in the business, an organization needs to inculcate innovation in its business strategy (Mukherjee, 2016). Another advantage of having a diverse workforce is that organizations would be able to cater better to the varying needs of customers from a diverse background. Ollapally et al (2009) explained that with respect to organizations it paves way for more innovation as well as enhancing their

productivity and performance thereby experiencing fast growth in their business. The research done in Asian firms indicates that the firm performance as measured by return on equity increases with female directors on the board (Low et al, 2015). Similarly, the research done at Indiana organizations indicates that women on the management teams out-perform all-male teams, boosting gender diversity in Indiana organizations (Council, 2015). Gender diversity is not about ratios but about distinguishing the performance of a diverse gender based work force bringing into consideration a difference in viewpoint, methodology, and complementary skills. Recently Mukherjee (2016), highlighted that organizations should bring in generational diversity combining workforce from all generations, namely, Baby boomers, Gen X, Gen Y or the Millennials. Organizations will be able to solve problems with the experience of the former while the more technological and digital savvy work can be taken care of by the latter. Hence, the right blend of workforce is imperative to make the organization competitive (Gordon, 1995). Also, organizations give importance to various religious and cultural values, creating a sense of belongingness among employees. (Parrotta et al, 2014. The research done among White upper-level management students indicates a negative relationship between affirmative action policy in their recruitment material and the organizational attractiveness. It is due to the prejudiced attitudes and perceived unfairness of such programs (Walker et al, 2007). Affirmative action policy, although might be viewed as giving equal employment opportunity to all, can lead to major ineffectiveness in an organization if implemented poorly. Due to the system of affirmative action, a lot of prejudices have been experienced by employees. Affirmative action has also led to a situation where compensatory awards have been administered to beneficiaries by lowering the performance level which indirectly leads to a sharp fall in the quality of their work. Gilbert et al (1999), explained that affirmative action in many organizations have been put to use as criteria for the recruitment level and not been carried forward at the time of performance appraisals or promotions. Also, it is evident from research that people hired as a result of affirmative action policy suffer greater stress, select less demanding work and also do not have great levels of job satisfaction.

#### *B. Literature review on organizational commitment*

Diversity in organizations is one of the factors that affect the commitment of a person towards their organization. The broad term, Organizational commitment can be divided into three types namely Affective, Normative and Continuance commitment. Affective commitment is a situation where the employee is able to identify himself within an organization and also have a high degree of involvement in his work. Employees with Normative commitment are generally those who value obedience, cautiousness, and formality and hence are obliged to be a part of that organization. Employees with continuance commitment are calculative in the way that they evaluate the benefits they reap on staying in the organization as against the lost opportunity if they leave the organization. (Allen & Meyer, 1990). This concept of organizational commitment of an employee can also be influenced by diversity factors in the organization. As work culture and the environment may be perceived as important determinants for an employee to be a part of the organization, the employee

may have a set of expectations based on the same. Hicks-Clarke et al (2000) explains that employees would prefer working in a diverse environment, positively benefit them in their learning as well as developing a good relationship with their peers. Thus among other factors, diversity may be considered as one of the judgemental criteria for an employee to continue to serve his or her organization. According to employees, the people who realize that their organization enhances and upholds the diversity at their work environment have a positive attitude towards their organization (Rathi & Lee, 2015) Diversity is one of the factors that affect the commitment of an employee towards their organization. The employees tend to be more committed towards the organization when the organization applies more diversity practices in their HR functions. When a company uses diversity management in their policy it indicates that organization is fulfilling the employee's diverse needs which in turn results in the strong commitment towards the organization (Kossek & Block, 2000).

### III. HYPOTHESES DEVELOPMENT

Employees exhibit a positive attitude towards those organizations that strive for diversity at the work place. Also, employees tend to be more committed towards organizations whose people management teams involve diversity management practices in their HR functions. When a company uses diversity management practices in their policy it indicates that organization is fulfilling the employee's need for a diverse workforce which in turn results in the strong commitment towards the organization (Kossek, E., & Block, R., 2000). Based on these, the hypotheses is formulated below:

#### **Hypotheses 1:**

There is a significant relationship between employee's perception of diversity management practices and organizational commitment.

Ideally, if the organization practices affirmative action policy in the workplace and gives importance to the minority groups and women, at the time of recruitment and throughout their tenure in the organization, then they would feel emotionally attached to the organization thus, resulting in the possibility of achieving affective commitment. By encompassing these factors we hypothesize,

**H1a:** Employee's perception on affirmative action policy will have a significant positive relationship with affective commitment.

### IV. METHODOLOGY

#### *A. Sample*

The study is focused on analyzing the relationship between employees' perception about the diversity management practices in organizations and organizational commitment of the organizations in India. The items were generated for gender, generational, affirmative action policy and religious diversity and for the organizational commitment, the items

were referred from Allen and Meyer (1990). By incorporating these items and the demographics, a questionnaire was framed. After the pilot study, the data collection was done by circulating the questionnaire to the employees currently working in various industries, cities across India. With help of the survey, 189 responses were used for the analyzing the variables. The profile of the employees who responded to the survey is spread across various age groups, industries, positions, types of organizations and experience which are illustrated below:

Demographics		N=189
Age:	Less than 25	130
	25 to 35	49
	Greater than 35	10
Sex:	Male	87
	Female	102
Religion:	Hinduism	174
	Islam	7
	Christianity	8
Position:	Technical	74
	Administration	8
	Supervisory	3
	Entry Level	55
	Middle Level	34
	Senior Level	10
Experience:	Top Management	5
	<=1	92
	More than 1 but less than 3	52
Industry:	More than 3	45
	IT & ITES	118
Type:	Others	71
	Public Sector	17
Size:	Private Sector	172
	Small (Less than 100)	12
	Medium (100 to 500)	16
	Large (Greater than 500)	161

Table 1. Demographic profile of respondents

### B. Measures

Organizational commitment is classified into three types Affective, Normative and Continuance commitment. The respondents' perception of organizational commitment was measured through a five-point Likert scale based on Allen and Meyer (1990) measure of affective, continuance and normative commitment to the organization. Age, gender, experience, type and size of the organization and the respondents' industries were also recorded.

## V. RESULTS AND DISCUSSION

Regression analysis was done across organizational commitment as a dependent variable and affirmative action policy, gender, generational and religious diversity as the independent variables along with the age, the size of organization and type of industry as the control variables. Here, as per the results, there exists a significant positive relationship between gender diversity, generational diversity and organizational commitment. We have inferred that, in organizations having diverse gender and generational workforce, the employees tend to feel highly committed towards the organization. Also the control variable, age has a significant negative relationship with the organizational commitment. From this, we can infer that the employees feel less committed as they grow older. Thus, organizations must take utmost care to motivate the older employees.

Model	R <sup>2</sup> Value	Adjusted R <sup>2</sup> Value	Standardized Coefficients Beta	T	Sig.
Affirmative Action Policy	0.289	0.258	.177	2.148	.033
Gender Diversity			.136	1.976	.050
Generational Diversity			.238	3.194	.002
Religious Diversity			.092	1.097	.274
Age			-.210	-3.056	.003
Small Org			.164	2.452	.015
IT			.216	3.059	.003
Dependent Variable: Organizational Commitment					

Model	R <sup>2</sup> Value	Adjusted R <sup>2</sup> Value	Standardized Coefficients Beta	T	Sig.
Affirmative Action Policy	0.336	0.307	.240	3.023	.003
Gender Diversity			.221	3.309	.001
Generational Diversity			.061	.850	.396
Religious Diversity			.215	2.660	.009
Age			-.209	-3.139	.002
Small Org			.094	1.465	.145

IT			.259	3.789	.000
Dependent Variable: Affective Commitment					

By considering affective commitment as the dependent variable and affirmative action policy, gender, generational and religious diversity as the independent variables along with the age, the size of organization and type of industry as the control variables, regression analysis was performed. From the results, we inferred that there is a significant positive relationship between affirmative action policy, gender diversity, religious diversity and affective commitment. This indicates that, in organizations that follow diversity practices, employees would tend to feel more belongingness in the organization. They would value their organization's problems as their own and exhibit a high degree of commitment towards their organization which would further help in the organization's growth. The control variable, IT industry, has a positive impact on the affective commitment whereas age has a negative impact.

#### VI. LIMITATIONS AND FUTURE STUDY

Although the research has significant findings it has a few limitations too. Most of the responses were obtained from employees who are currently working in the IT industry while not many responses were collected from the other industries. The research can be further extended to identify other diversity management practices and their relationship with the types of commitment.

#### VII. CONCLUSION

From the results, we have inferred that the diversity management practices like affirmative action policy, gender diversity and religious diversity has a significant positive impact on affective commitment. This indicates that organizations striving for better performance from employees' as well as a decrease in employee attrition rate, would do better to concentrate on improving these diversity practices which in turn would improve the employees' commitment towards their organization. Organizations should not restrict themselves in terms of providing affirmative action policy in recruitment alone, and must instead follow it through in every process. In organizations that provide for a diverse workforce, the employees feel a sense of belongingness towards the organization and consider the organizations as their own and finally, treat their colleagues as their family members. This will, in turn, improve the organizations' performance and also help in employer branding by improving organizational attractiveness among the potential employees.

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