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### Article information:

To cite this document:

Subhash C. Kundu Archana Mor , (2017)," Workforce diversity and organizational performance: a study of IT industry in India ", Employee Relations, Vol. 39 Iss 2 pp. 160 - 183

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# Workforce diversity and organizational performance: a study of IT industry in India

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## Abstract

**Purpose** – The purpose of this paper is to examine the relationship between employee perceptions of diversity (i.e. significance of diversity and diversity management, and value of diversity practices employed) and perceived organizational performance. It also attempts to examine whether the perceptions of diversity vary among employees from different diversity backgrounds (i.e. across gender and categories) in Indian IT industry.

**Design/methodology/approach** – Primary data based on 402 respondents were analysed using statistical tools like factor analysis, correlations, analysis of variance, means, grand means, and regression.

**Findings** – Results indicated that employees irrespective of their diversity backgrounds positively acknowledged diversity and diversity management. However, limited but significant differences were observed among employee perceptions regarding valuing the diversity practices employed based on their diversity backgrounds. Further, employees' perception of promotion of gender diversity was found to be positively related to perceived organizational performance.

**Research limitations/implications** – This paper relied on self-report surveys for data collection. Future studies should collect data using multiple methods to avoid common-method bias. As the sample was drawn from India, specifically from IT industry, the conclusions may not be generalized to other industries. Future studies may be conducted across industries covering different cultural settings.

**Practical implications** – Implications are first, that, in addition to investing in initiatives for promoting diversity, especially gender diversity, organizations need to ensure positive perceptibility of these initiatives by employees. Second, to foster acceptance and effectiveness of gender/diversity initiatives in organizations, managers need to ensure men and majority group employees are part of these initiatives. Third, IT industry needs to reassess their hiring strategies and should design diversity programmes with goals in mind, if not quotas, to hire and retain diverse employees to explore their potential contribution.

**Originality/value** – Inclusion of employees of Indian IT industry of different categories will definitely add value to the existing knowledge on diversity, management theory, and practice.

**Keywords** Organizational performance, Perception, Workforce diversity, Gender diversity, IT industry

**Paper type** Research paper

## Introduction

It is now no longer possible to ignore the pervading influence of diversity in organizations. The concept of diversity has transformed from being a governmental or legal obligation to a strategic priority. The aim of attaining sustainable competitive advantage (Süß and Kleiner, 2007) and the need to become an employer of choice (Foster and Harris, 2005; Ng and Burke, 2005) has instigated organizations worldwide to embrace the concept of diversity. However, in the opinion of Farrer (2004), mere manifestation of diversity or embracing diversity as a concept alone does not guarantee success; organizations need to effectively manage diversity by celebrating, valuing, and actively encouraging the diversity of the workforce. Management of diversity has thus become a top priority for top executives of organizations around the world (Wikina, 2011).

However, whether the goal of effectively managing workforce diversity is achieved depends largely on the employees' perceptions towards the diversity management initiatives, i.e. the extent to which they consider the organization values and integrates diversity and supports it through fair employment practices (Cox 1993; Kaplan *et al.*, 2011; Mor Barak *et al.*, 1998). Employees look at their work policies, practices, and work



environment to make perceptions of how their organization values diversity (Madera *et al.*, 2013). Thus, in order for organizations to successfully derive performance benefits from workforce diversity, employees need to positively perceive the diversity supporting efforts of the organization (Kossek and Zonia, 1993; Mor Barak *et al.*, 1998). Aside from this, receptivity of employees, i.e. the personal value they attach to diversity (receptivity to diversity) and (receptivity to diversity management) diversity management plays a significant role in determining the effectiveness of the initiatives undertaken and their subsequent role in achieving success (Soni, 2000). More importantly the perceptions and attitudes of employees toward various diversity issues have become a fundamental component in achieving success (Erasmus, cited in Veldsman, 2013). However, only a limited number of studies have actually focused on what employees think about diversity, and on the possible effects of these perceptions (Van Knippenberg and Schippers, 2007). Accordingly, we set out to study the employees' perceptions toward diversity in terms of their receptivity to diversity and diversity management, and towards the diversity practices employed by the organizations in support of diversity, beginning from their relation with demographic dimensions to examining their effects on organizational performance.

Studying the perceptions of employees toward diversity is of specific interest to us because, as contended by Lawrence (1997), diversity effects rely on perceptions. It has become apparent that diversity attitudes and/or perceptions of employees may be a strong predictor of diversity outcomes, such as organizational commitment, job satisfaction (Hicks-Clarke and Iles, 2000), and organizational performance (Allen *et al.*, 2007). Understanding the employee perceptions could also help to direct focus on where there are needs for improvement in order to maximize the benefits from organizational endeavours which support diversity (Ozgener, 2008; Wikina, 2011). Furthermore, as asserted by Allen *et al.* (2007), perceptual component of diversity compared to actual diversity aids in capitalizing the complex and multidimensional nature of diversity, and has important organizational effects. In addition to that, we assessed the outcome, i.e. organizational performance subjectively. Although most of the researches have assessed the outcomes of diversity by using objective measures (Jayne and Dipboye, 2004), Allen *et al.* (2007) asserted that subjective (perceived) measure permits a broader range of evaluations and a richer description of the effectiveness of an organization that enable more organizations to be compared within a single study. Therefore, this study conceives employee-perceived organizational performance as a subjective outcome indicator to test its relationship with perceptions of diversity.

We selected India as the setting for this study for a variety of reasons. First, India has a markedly different societal context for diversity from western countries (Sowell, 2002; Budhwar, 2009) and thus, offers a rich ground for studying diversity. Second, rapid developments in the Indian economy after its liberalization in 1991 have prompted institutions such as the World Bank to forecast that India will become the world's fourth largest economy by 2020 and consequently, a large number of foreign operators have now entered the Indian market (Budhwar and Varma, 2010) and they call for the peculiarities and idiosyncrasies of the Indian workforce and business exigencies, including diversity issues (Woodard and Saini, 2006). Third, India's economy has been classified as emergent or developing, thus, placing it in a category of countries that are in contrast with contexts such as the USA where most of the prior research on diversity has been focused, which may not represent the situations of Asian countries, in which the cultural values significantly differ (Magoshi and Chang, 2009).

We chose to focus majorly on gender, race/ethnicity, caste, and disability as these dimensions have been identified in previous literature in India (Kundu, 2003, 2004). Further, gender, caste, and race/ethnicity provide a strong basis for social categorization of Indian society (Shenoy, 2013), whereas gender and disability have been the major focus of the

diversity efforts in Indian companies (Mercer, 2012). Thus, overall the study comprises males and females from various categories including: caste: general category (upper and forward class), and socially disadvantaged (schedule castes (SCs); the scheduled tribes (STs); the other backward classes (OBCs); minority (Sikhs, Muslims, Christians, etc.); and disabled (handicapped, except mentally challenged). In addition, a requisite for this study was to conduct it in a sector that has diverse workforce. For this purpose, Indian IT services sector was selected. In the context of India and its IT services sector, these categories of diversity continue to be under examined. This study attempts to fill out this research gap and also responds to Patrick and Kumar's (2012) call for research on perceptions of workplace diversity in different ethnic and other marginalized groups in IT industry of India. This study therefore attempts to address the following objectives:

- (1) To assess whether employees of different gender and category differ in their perceptions of diversity, in terms of:
  - their receptivity to diversity and diversity management; and
  - valuing the diversity efforts/initiatives employed by the organizations regarding:
    - equal representation and developmental opportunities;
    - hiring and retaining diverse employees; and
    - promoting gender diversity.
- (2) To assess the relationship between employees' perceptions of diversity (related to their receptivity of diversity and diversity management, and valuing organizational support for diversity) and perceived organizational performance.

### Indian context

India, largest democracy and the second most populous country in the world with an estimated population of 1.25 billion (World Bank, 2013), is one of the oldest and richest civilization being extremely diverse and multi-faceted in its history, culture, and institutional frameworks (Thite, 2011). The country addresses a range of diversity issues, including age, education, religion, caste, socially disadvantaged (e.g. SCs, STs and OBCs), gender, language, regional background, ethnicity, and disability (Kundu, 2003; Venkata Ratnam and Chandra, 1996). It is a multi-religious country, with Hinduism being practiced by 79.8 per cent of the population, followed by the other six religions which have been awarded "National minority" status – Muslims, Christians, Sikhs, Jains, Buddhists, and Parsis (RGI and Census Commissioner, 2011). Indian society is also marked by the presence of a strict system of social stratification legitimated by perceived cultural and religious principles (Nair, cited in Shenoy, 2013). The most visible of the social hierarchies is the caste system, which is a complex social code, with the upper/forward castes exercising considerable subjugative influence over the economically and socially disadvantaged castes: SCs, STs, and OBCs (Sridharan, 1999). No less significant in Indian society is the hierarchy that separates men from women (Wang and McLean, 2016). Women are expected to leave their jobs after marriage, pregnancy, or childbirth to carry out their domestic duties; they may never be encouraged to return to their jobs (Budhwar *et al.*, 2005).

Ingrained structures of inequality and hierarchy, thus, constitute the framework of Indian society, where a certain group of people is privileged by the virtue of their caste, gender, or creed (Cooke and Saini, 2010; Ghosh, 2016) and a subordinate social status is assigned to women and other disadvantaged groups. This is regarded as the primary reason for employment discrimination in India (Pager, 2007). To ensure equal opportunities, the

constitution prohibits discrimination on grounds of religion, sex, caste, or place of birth (Kundu, 2003). Further, to compensate for and remedy existing social hierarchies, Indian constitution embraces affirmative action similarly throughout all the states in favour of disadvantaged groups and preserves “reservation” (quotas) in the public sector to protect its historically discriminated groups: SCs, STs, and OBCs (Haynes and Alagaraja, 2016; Haq, 2012). Nevertheless, the legal and organizational infrastructure for diversity in India is not fully comprehensive and is weakly enforced, as these principles do not extend to the private or agricultural sectors which encompass nearly 80 per cent of the workforce (Woodard and Saini, 2006). Further, shrinking of public sector and reserved jobs in quest of capital growth (Pick and Dayaram, 2006) add to the severity of the situation and fuel the current diversity management debate in India: whether to extend the reservation policy into the realm of the private sector? (Haq, 2012). Consequently, calls for private sector organizations to implement reform policies such as affirmative action are becoming more strident (Pick and Dayaram, 2006). Amidst all these efforts, inequality and potential discrimination are still evidenced in organizations (Dhesi, 1998; Kundu, 2003; Venkata Ratnam and Chandra, 1996; Vijayalakshmi *et al.*, 2006) and educational institutions in India (Nair and Vohra, 2015). According to a Global Gender Gap report of 2013, among 136 countries, India ranks 120th in educational attainment, 135th in health and survival, and 124th in economic participation (Bari, 2014). This indicates that inequality is pervasive across the different socioeconomic strata in India and has been recognized as a critical barrier to India’s development (Ghosh, 2016; Pick and Dayaram, 2006) as it induces income inequality and hampers economic growth (Birdsall and Sabot, 1991).

### Indian IT industry

As predicted by Basu (2001), the IT industry has turned out to be “India’s philosopher’s stone” and has been able to make its presence felt in the global market, making India a name to reckon within the global scenario (Gupta *et al.*, 2015). The sector has increased its contribution to India’s GDP from 1.2 per cent in FY1998 to 9.5 per cent in FY2014 (NASSCOM, 2015). In addition to fuelling India’s economy, Indian IT industry positively influences the lives of its people by contributing to the various socioeconomic parameters such as employment, standard of living, and diversity among others (NASSCOM, 2013). Indian IT sector empowers diverse human assets in terms of age, gender, educational background, disability, etc. It is the largest private sector employer and employs about 3.5 million people, out of which 34 per cent represents women (NASSCOM, 2015). The Indian government has declared IT industry as a thrust area for national development and provides substantial support to accelerate its growth (Balakrishnan, 2006; Ilavarasan, 2007). The growth of this industry serves as a benchmark for other industries.

### *Social composition of the IT workforce*

Support for liberalization and merit system, and the staunch opposition to reservation and affirmative action by IT industry is regarded as the reason for its growth by IT leaders. Hiring practices in the IT industry are completely based on merit and does not discriminate on the basis of caste, class, region, religion or gender. The industry provides equal employment opportunities to the socially and economically disadvantaged. The industry, however, refuses to recognize the need for market interference in the form of affirmative action or reservations. Industry spokespersons claim that the IT industry has flourished in India because of the absence of state interference or control, and that the growth would not have been as fast if it had been exposed to bureaucratic controls (Upadhyaya, 2007). The staunch opposition is closely linked to their support for liberalization, the need to overcome market imperfections caused by caste-based discrimination, and to induce market competitiveness (Upadhyaya, 2007).

The scholars, however, caution that this has also led to social homogeneity in the IT workforce as the notion of merit ignores the social mechanisms (social and economic factors) that bring it into existence (D'Costa, 2003; Fuller and Narasimhan, 2006; Ilavarasan, 2007; Upadhy, 2007). A number of studies have reported that uneven and combined development is reflected at the workforce of the Indian IT industry, where employment related benefits are not reaching all social groups. Ilavarasan (2007), through a study of 114 employees from two IT firms located in Bangalore, identified that 90 per cent of the sample respondents were from general category, rest of the 10 per cent from OBCs, and participation of SC/ST category respondents were nil in the randomly drawn sample. Similarly, based on a survey of 132 workers from eight different IT companies, Upadhy and Vasavi (2006) noted that Hindus represented 93 per cent of the sample, whereas the other religions constituted the remaining 7 per cent.

#### *Organizational efforts to support diversity*

According to Patrick and Kumar's (2012) study, employees of the Indian IT industry report discrimination as the most frequently encountered barrier for accepting workplace diversity. The industry on the other hand, places major emphasis on reducing prejudice, stereotypes, and discrimination by increasing awareness about workplace diversity through different strategies such as to admit to biases and to recognize the existence of diversity and value the fundamental rights (Patrick and Kumar, 2012). Donnelly (2015), in this regard, highlighted that the industry places a major emphasis on diversity and inclusion management in the form of equal opportunity policies and practices in order to overcome such barriers and to capitalize on diversity. Further, it supports affirmative action for SCs/STs by focusing on educating and upgrading the skills of society's weaker sections, not by introducing caste-based job reservations; to this end, various IT companies have funded and lead initiatives in the area of primary education (Upadhy, 2007). Deducing from the studies of Wikina (2011), Donnelly (2015), and global HR firm Mercer (2012), we focus on three major organizational practices employed in diverse IT environment to develop more creative and innovative workplaces: first, representation of all the groups in the organization without exclusion in terms of uninhibited access to opportunities for development; second, providing equal opportunities of employment by hiring and retaining employees from diverse groups and not discriminating based on their demographic differences in order to remain excellent; and third, promoting gender diversity.

#### **Employee perceptions of diversity**

Diverse workforce (diversity) refers to the co-existence of people from various social, cultural, and ethnic backgrounds within the company (Kundu, 2001). Diversity also denotes the differences between individuals on any personal attributes that determine how people perceive one another (Ragins and Gonzalez, 2003) and diversity management seeks to harness those differences in the pursuit of more productive environments (Kandola and Fullerton, 1998). The commonly espoused objectives of diversity management include valuing, harnessing, and utilizing workforce diversity and overcoming barriers like discrimination and segregation (Healy *et al.*, 2010). Diversity management constructs on the social categories encapsulated by conventional equal employment policies to include personal characteristics, with the emphasis placed on voluntary actions instead of compliance with external legislation (Kossek *et al.*, 2006). But, if employees do not accept and value differences and recognize the importance of the employer's diversity-management initiatives, these initiatives are likely to have a very low probability of succeeding (Soni, 2000). Thus, to implement diversity-management programmes effectively, it is important to systematically identify key factors that must be taken into account by organizations attempting to enhance their diversity-management efforts (Soni, 2000).

Diversity perceptions call for an understanding that men, women, and minorities have different experiences in organizations and are often unable to see or to understand the experiences of others (Fine *et al.*, 1990; Soni, 2000). Perceptions and attitudes towards women and ethnic minorities differ in organizational settings (Miller, 2014); they still continue to encounter “glass ceiling” that keeps them from reaching the upper echelons of employment (Morrison and von Glinow, 1990) and subsequently, opportunities for advancement at all levels of organizational hierarchy are comparatively inferior. The prospects of employment and career advancement profiles are matters of concern for Indian women (Budhwar *et al.*, 2005; Parikh and Sukhatme, 2004). For instance, Rothboeck *et al.* (2001) observed gender differences in representation of women in the workforce of Indian IT industry, especially at higher hierarchy levels. On the same line, Donnelly (2015), through a recent survey of 15 Indian IT companies, reported that the representation of women was segmented into low ranking positions, thus, pointing to the fact that gender continues to be a key restriction in the development and progression at work. Similarly, minority employees also face disadvantages in managerial and professional settings in the form of slower promotion rates (Jackson and Daniels, 2007) and biased hiring practices (Jackson and O’Callaghan, 2011). In a study of Indian software industry, Ilavarasan (2007) discovered that major proportion of the high ranking jobs were segmented by the upper class and caste stratum of the society. Analogous to this, Taeube (2004) argued that Indian IT entrepreneurship is dominated by the high-status upper castes. The glass ceiling effect is encountered by people with disabilities as well, generating barriers to promotion and career advancement (Braddock and Bachelder, 1994).

Previous research points to the existence of gender and racial/ethnic differences in diversity perceptions of employees in organizations which can affect how they view diversity and diversity management. For instance, the study of Soni (2000) showed that employees’ receptivity to diversity and diversity management varied between gender and race groups. A similar study conducted by Gaze and Oetjen (2014), in a sample of government and military employees of an overseas US Navy Medical Treatment Facility, revealed that ethnic heterogeneity was significantly related to the receptivity to diversity and diversity management. They found, for instance, that Hispanics were more receptive to diversity management than Caucasians, and that male Asian-Americans were more receptive to diversity and diversity management than Caucasians. Soldan and Dickie (2008), in a sample of 391 employees in Australia, found that receptivity to diversity management varies among gender groups with females being more receptive to diversity management than males. Particularly, in India, a recent study conducted by Patrick and Kumar (2012), in a sample of 300 IT employees in India, revealed that women recognized diversity and learned to value and respect fundamental differences more compared with men. Furthermore, in a study of 30 IT-ITES companies in India, Rao and Bagali (2014) discovered that receptivity of employees to gender diversity and cultural diversity differed. Thus, we focused on gender and cultural differences separately. Based on the above literature, we propose the following hypotheses:

*H1.* Male and female employees differ in their perceptions regarding “receptivity to diversity and diversity management.”

*H1a.* Employees across various categories differ in their perceptions regarding “receptivity to diversity and diversity management.”

Researchers have also highlighted differences in the insights of employee groups towards valuing the organization’s efforts to integrate and support diversity through diversity initiatives including: access to equal representation and development opportunities for diverse groups, hiring and retaining diverse groups, and promoting gender diversity in



organizational settings. For instance, in a study of 1,083 employees from 80 firms in India, Kundu (2003) established that perceptions of employees differed based on their gender, ethnicity, and ability towards diversity issues addressed in organizations, including receiving development opportunities, hiring, and retaining diverse employees. Analogous to these findings, perceptual differences between males and females were highlighted in another study of Kundu (2004) regarding valuing efforts of employers to promote gender diversity. In yet another survey of 207 employees from two firms in India, Sia and Bhardwaj (2008) reported that women and ethnic minorities valued organizational efforts of promoting diversity more compared with men from dominant group. They further pointed out that women and ethnic minorities perceived the organizational practices to be less fair. Furthermore, in a study of IT industry in India, Patrick and Kumar (2012) found that there were significant differences between men and women employees toward strategies for increasing awareness about workplace diversity. Women were more likely to support diversity initiatives by working with diverse others to achieve goals. Similar studies have been evidenced in other contexts. In the USA, Cundiff *et al.* (2009) found that female employees were found to have more positive perceptions toward diversity initiatives compared with men. Similarly, studies of Mor Barak *et al.* (1998) and Kossek and Zonia (1993) shared similar report that women and ethnic minorities exhibited greater support for diversity efforts of employers as compared to white males. Based on the above literature, we propose the following hypotheses:

- H2. Male and female employees differ in their perceptions regarding “equal representation and developmental opportunities.”
- H2a. Employees across various categories differ in their perceptions regarding “equal representation and developmental opportunities.”
- H3. Male and female employees differ in their perceptions regarding “hiring and retaining diverse employees.”
- H3a. Employees across various categories differ in their perceptions regarding “hiring and retaining diverse employees.”
- H4. Male and female employees differ in their perceptions regarding “promotion of gender diversity.”
- H4a. Employees across various categories differ in their perceptions regarding “promotion of gender diversity.”

## **Perceptions of diversity and perceived organizational performance**

### *Perceived organizational performance*

There is a perpetual debate on the relative merits of objective and subjective performance measures in the performance management literature. Each type of measure has its advantages and disadvantages. Factors like difficulty in gaining access to accurate financial data and misrepresentation of it by managers owing to its sensitivity and confidentiality (Dess and Robinson, 1984); shortage of market-based financial reporting; inefficient governing mechanisms; and ambiguity in financial reporting restrict the use of objective measures (Hoskisson *et al.*, 2000), especially in private firms where assets values can be quite fictitious (Bae and Lawler, 2000). Subjective measures, on the other hand, are associated with limitations like common source bias (Meier and O'Toole, 2013). However, limited biases have been reported with the self-reported firm performance data (Wall *et al.*, 2004). Research has also demonstrated that self-reported firm performance measures are positively related with a high correlation to objective firm performance

measures (Andrews *et al.*, 2011; Venkatraman and Ramanujam, 1986). Subjective measures enable cross-industry comparisons and generalizability of results, and also include the perceptual component of analysis (Allen *et al.*, 2007) which is germane to the present study as it hovers around employees' perceptions towards diversity and related factors. Subjective measures have also been supported and used by Allen *et al.* (2007) and Pitts (2009) in measuring the outcomes of diversity. Our research, thus, uses perceptual measures of performance. Diverse potential organizational performance measures were considered relative to the competition from multiple organizational perspectives, including quality, productivity, profitability, customer service, market share, and return on equity (Khandwalla, 1977; Som, 2008).

#### *Relationship between perceptions of diversity and perceived organizational performance*

Conferring to the resource-based view (Barney, 1991), organizational diversity may be a source of sustained competitive advantage (Richard, 2000) as it is valuable, rare, un-imitable by competitors, and non-substitutable. As a "business case," diversity is believed to engender competitive advantage by establishing a better corporate image, improving group and organizational performance, and attracting and retaining human capital (Bleijenbergh *et al.*, 2010). Investing in organizational diversity is, thus, acknowledged by organizations worldwide. However, as asserted by Jayne and Dipboye (2004), increasing diversity and diversity management efforts alone does not necessarily lead to positive or higher organizational performance; both, diversity and its management need to be positively valued by the employees in order to harvest the true benefits of diversity. If organizations properly manage employees' diverse perceptions, diversity can be a source of growth, learning, and intuition, thus, enhancing organizational performance (Choi and Rainey, 2010; Ely and Thomas, 2001; Foldy, 2004; Thomas and Ely, 1996). Van Knippenberg and Schippers (2007), in support of this, argued that the effects of diversity are more positive when both employees and organizations share more favourable views about and attitudes toward diversity.

Past research concerning perceived value of diversity and diversity management supports these assertions by demonstrating its association with important organizational outcomes. In a recent study of 278 managers from leisure industry, Garib (2013) established that general positive view of employee diversity on itself can lead to positive impact on perceived organizational performance. In yet another survey of 391 managers from 130 firms, Allen *et al.* (2007) elucidated that employee perceptions of diversity positively influenced perceived performance benefits of organizations. Further, employee openness to diversity in a group, a construct conceptually similar to receptivity to diversity, was found to be positively associated with perceived group performance in a study conducted by Luring and Selmer (2011). Similarly, De Meuse and Hostager (2001) also purported that employees' view about diversity (i.e. whether diversity is good or bad) affects the perceived outcomes of the organization. Similarly, diversity is more likely to have positive effects when employees believe in the value of diversity management (Soni, 2000). As the way how diversity is perceived influences the way how diversity management policies might be viewed and implemented (Garib, 2013). For instance, if employees view diversity as a phenomenon that only brings diverse views, which are not compatible, then diversity is not viewed most probably positively and implementing diversity policies to manage it will not be supported by employees. In contrast, if they view and value diversity as a phenomenon imperative for success, then they are more likely to view diversity initiatives positively and participate in such endeavours so as to harvest the benefits of diversity. For instance, Pitts (2009), in a study of federal employees in the USA, found that employees perceived their organizations to be more effective when they were positively receptive to diversity management. Similarly, Choi and Rainey (2010) studied the effects of diversity and diversity

management on employee perceptions of organizational performance and reported that perceived effective diversity management was positively related to perceived organizational performance. Thus, based on the above literature following hypothesis can be raised:

- H5. "Employees" receptivity to diversity and diversity management' is positively related to perceived organizational performance.

Researchers have long believed that in order for organizations to achieve success and to harvest the true benefits of the diverse workforces, employees need to perceive that their organization supports and values the contributions of all employees (Kossek and Zonia, 1993; Kundu, 2003; Mor Barak *et al.*, 1998; Nishii, 2013; Triana and Garcia, 2009). Organizational efforts to support diversity fosters an environment that signals acceptance and appreciation for all the employees, irrespective of their diverse backgrounds (Hicks-Clarke and Iles, 2000; Mor Barak and Levin, 2002; Triana and Garcia, 2009). Having policies and practices that support organizational diversity conveys a positive message to all employees that their organization values diversity and cares for them (McKay *et al.*, 2009) and that the organization is committed to achieving and leveraging diversity (Avery *et al.*, 2007). This further elicits positive employee reactions towards their workplace (Cox, 1993; Kundu and Mor, 2016), e.g. may help improve perceptions of neutrality and trust (Triana and Garcia, 2009) and foster satisfaction and feelings of oneness with the organization (Lauring and Selmer, 2011), and thus, employees respond by valuing diversity among their organizations and their customers (Madera *et al.*, 2013).

These positive perceptions of organizational support for diversity are argued to be an imperative condition for the achievement of diversity objectives as they provide important information regarding the efficacy of organizational diversity programmes by providing direct insight into the actual employee experience with the organization (Herdman and McMillan-Capehart, 2010) and are claimed to be important indicator of the organization's actual support for diversity (Rynes and Rosen, 1995). The positive perceptions of organizational management of diversity (through fair diversity policies, practices, and procedures) further serve as a directive function by channelling employee behaviours toward achieving organizational objectives (Herdman and McMillan-Capehart, 2010). For instance, a recent study found that when employees perceive that their organization is supportive of diversity, employees feel psychologically safe expressing their identities, which influence their in-role and extra-role performance (Singh *et al.*, 2013). Similarly, in a survey of 229 Indian IT professionals, Jauhari and Singh (2013) established that perceptions of supportive diversity environment positively influence employee perceptions of organizational support which in turn enhances their organizational loyalty.

Further, researchers have also maintained that employee perceptions of organizational appreciation for diversity is positively related to key performance indicators when measured objectively, and to positive perceptions of organizational performance when measured subjectively. For instance, studies of Avery *et al.* (2007) and McKay *et al.* (2011) demonstrated that employee perceptions of positive organizational support for diversity resulted in greater customer satisfaction. Similarly, a positive impact on sales in a real estate company among employees was also observed in the study of Chen *et al.* (2012). At the same time, measuring the performance subjectively, Benschop (2001), in an empirical case study, showed that an organization's policies and practices for managing diversity influenced both the process of meaning formation regarding diversity and the perception of performance effects. In yet another study of federal agencies in the USA, Brewer (2005) revealed that efforts to improve employee perceptions of fairness and equity through various diversity initiatives significantly improved employee perceptions of the firm performance. Furthermore, a recent report by Deloitte (2013) discovered that when employees perceived that their organization was committed to and supportive of diversity, they

reported better business performance and were more likely to agree that they work in a high performing organization. Thus, employee perceptions of diversity practices like equal representation and developmental opportunities, hiring and retaining diverse employees, and promotion of gender diversity employed to support organizational diversity are likely to influence perceptions of organizational performance. Hence, on the basis of above literature, following hypotheses can be raised:

- H6.* Employees' perception of "equal representation and developmental opportunities" is positively related to perceived organizational performance.
- H7.* Employees' perception of "hiring and retaining diverse employees" is positively related to perceived organizational performance.
- H8.* Employees' perception of "promotion of gender diversity" is positively related to perceived organizational performance.

## Research methodology

### Sample

The present study employed a questionnaire survey approach to collect the data for testing the research hypotheses. For gathering data through questionnaires, 90 organizations (IT-ITES and BPO) were initially identified from Chennai and Delhi-NCR region (firms operating in the high-tech clusters of Chennai and Delhi were selected as these two metro cities are the major hub of IT companies in India), out of which 40 organizations responded, those employed all the categories of employees, i.e. male, female, general, minority, disabled, and socially disadvantaged categories of employees. We then administered questionnaires to employees of these selected organizations, ensuring that we receive responses from all the categories of employees including male and female. We received 478 filled up questionnaires from the employees, out of them 402 were completely filled and thus used for the study. The distribution of the sample can be seen through Table I.

Table I showed that the sample included a total of 218 male and 184 female respondents. Out of the total count, 174 were general category respondents; 44 disabled, 86 minorities, and 98 were from socially disadvantaged category. The other characteristics of the sample included average work experience (7.1 years) of the employees and average total employees per organization (1,220).

### Measures

Apart from the five variables concerning the general information about the respondents and the organizations, questionnaire of this study consisted of two constructs: "diversity" (total 19 items) and "organizational performance" (total six items). The "diversity" construct included three sub-constructs: "value efforts to promote diversity" (total 11 items) adapted from the study of Kundu (2003) and developed by Kossek and Zonia (1993), "receptivity to diversity" (total four items), and "receptivity to diversity management" (total four items) borrowed from the study of Soni (2000). Six items of "organizational performance" were

	Category of employees				Total
	General	Disabled	Minority	Socially disadvantaged	
<i>Gender</i>					
Male	96	26	42	54	218
Female	78	18	44	44	184
Total	174	44	86	98	402

**Table I.**  
Distribution of sample

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39,2

taken from the study of Khandwalla (1977) and Som (2008). Thus, a 24-item survey questionnaire was developed to obtain the responses from employees in IT industry about their opinions on various research variables. Scale responses were scored on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) for diversity and 1 (much lower) to 5 (much higher) for organizational performance. The measure items can be seen through Tables II and III.

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### *Independent and dependent variables*

Gender and category were used as the independent variables and the derived four factors from the “diversity” construct (“receptivity to diversity and diversity management,” “equal representation and developmental opportunities,” “hire and retain diverse employees,” and “promotion of gender diversity”) were used as the dependent variables in case of analysis of variance (ANOVA). Whereas, the above-mentioned four diversity factors were used as the independent variables and “perceived organizational performance” (single factor derived from “organizational performance”) was used as the dependent variable in case of regression analysis.

Factors	Loadings	Eigenvalue	Per cent of variance	Cronbach $\alpha$
F1 Receptivity to diversity and diversity management		6.771	33.841	0.954
Diverse employees bring new perspectives to the organization	0.911			
Diversity management taps the contributions of all the employees	0.908			
All employees benefit from effective diversity management	0.907			
Information for working effectively in a diverse workforce is welcomed	0.888			
Perceptions of discrimination by diverse employees necessitate attention to diversity management	0.874			
I work with people who are different from me	0.871			
Responsibility of top management in valuing diversity	0.844			
Administrators clearly communicate their vision about diversity	0.677			
F2 Equal representation and developmental opportunities		3.745	15.496	0.798
Development opportunities for socially disadvantaged employees	0.803			
Development opportunities for minority employees	0.757			
Increased socially disadvantaged's representation	0.724			
Development opportunities for women employees	0.595			
Increased minority representation	0.570			
F3 Hire and retain diverse employees		1.218	11.968	0.801
Organization must hire and retain minority employees	0.787			
Organization must hire and retain socially disadvantaged employees	0.774			
Organization must hire and retain disabled employees	0.736			
F4 Promotion of gender diversity		1.046	9.695	0.659
Organization must hire and retain women employees	0.853			
Gender diversity is important	0.789			
Total scale (18 items)				0.897

**Note:** Item deleted: development opportunities for handicapped employees

**Source:** Author

**Table II.**  
Factor loadings of  
varimax rotated  
principal components  
regarding perceptions  
of diversity

### Statistical tools

Statistical tools like factor analysis, correlations, ANOVA, means, grand means, and regression analysis were used for analysis of collected data. Factor analysis was used to reduce the data by bringing out the broader dimensions. Correlations were used to see the relationship between various variables. Two-way ANOVA was employed to highlight the significant differences in reactions and perceptions of employees of different gender and categories. Means and grand mean scores were used to explicate the direction and magnitude of the significant differences and finally, regression analysis was adopted to quantify the effects of perceptions of diversity on perceived organizational performance. Cronbach's  $\alpha$  values were also obtained to ensure the reliability of the measures and the data.

### Results

A total of 19 variables regarding diversity were subjected to principal component factor analysis with varimax rotation. For stating the factors clearly, only items with a strong loading of 0.50 or higher were retained (Nunnally and Bernstein, 1994), which led us to delete an item "development opportunities for handicapped employees" from the "value efforts to promote diversity" scale with loading below 0.50. We, therefore, ended up with final 18 variables and four cleanest factors with eigenvalues greater than 1.00. The four factors extracted had eigenvalues between 1.046 and 6.771 explaining 70.999 per cent of the total variance. The value of commonalities ranged from 0.470 to 0.851 for various variables. Table II shows the factors, loadings for all variables, eigenvalues, and percentage of variance explained by each factor. The derived factors were considered as sub-scales and used for further analysis. The first factor named "receptivity to diversity and diversity management" loaded significantly with eight variables; it showed the perceptions of employees towards diversity and diversity management. Second factor named "equal representation and developmental opportunities" loaded significantly with five variables. This factor assessed the perceptions of employees toward the availability of equal development opportunities to the workforce and equal representation of diverse employees. Third factor was described as "hire and retain diverse employees" and it loaded with three significant variables. This factor assessed the attitude of employees towards hiring and retaining diverse employees in order to tap their contributions and maintain the value of the organization. The final factor named "promotion of gender diversity" loaded with two variables and measured the perceptions of employees toward gender diversity and its importance. The Cronbach's  $\alpha$  values for the four sub-scales ranged from 0.659 to 0.954 and for the full scale was found to be 0.897 (see Table II); all meeting the acceptable value of 0.6 (Hair *et al.*, 2006).

Table III shows the single extracted factor related to organizational performance, loadings for all variables, eigenvalue, and percentage of variance explained by the factor. The extracted factor had eigenvalue 4.536, explaining 75.597 per cent of the variance. The factor named as

Factors	Loadings	Eigenvalue	Per cent of variance	Cronbach $\alpha$
Perceived organizational performance		4.536	75.597	0.934
Market share	0.903			
Productivity	0.886			
Return on equity	0.885			
Profitability	0.872			
Customer service	0.857			
Quality	0.811			
Total scale (6 items)				

Source: Author

**Table III.**  
Factor loadings of  
varimax rotated  
principal components  
regarding  
organizational  
performance

“perceived organizational performance” loaded significantly with six variables, i.e. market share, productivity, return on equity, profitability, customer service, and quality. The  $\alpha$  value for the scale was 0.912 (see Table III), indicating a very high reliability (Hair *et al.*, 2006).

Table IV shows the results of ANOVA for each sub-scale, the corresponding significance levels of the main effects, i.e. gender effect and category effect and the interaction effect (i.e. gender and category), where significant  $F$ -values indicated the differences of perceptions between males and females and between various categories of employees (i.e. general, minority, disabled, and socially disadvantaged) and the impact of both independent variables on each other. Mean and grand mean scores of the variables are shown in Table V. For the scale “receptivity to diversity and diversity management”, no significant differences were observed according to the gender effect, category effect, and interaction effect. Further, perusal of the mean scores table indicated that male ( $\bar{x} = 3.09$ ), female ( $\bar{x} = 3.30$ ), general category ( $\bar{x} = 3.07$ ), minority ( $\bar{x} = 3.56$ ), disabled ( $\bar{x} = 3.19$ ), and socially disadvantaged category ( $\bar{x} = 3.22$ ) respondents were positively receptive towards diversity and diversity management efforts. However, general category male ( $\bar{x} = 2.97$ ) respondents underscored the importance of diversity and diversity management. Thus,  $H1$  and  $H1a$  were not supported. Further, the scale “equal representation and developmental opportunities” depicted no significant differences according to gender, category, and interaction effects. Considering the sample as a whole, the respondents from all the categories, i.e. male ( $\bar{x} = 3.23$ ), female ( $\bar{x} = 3.45$ ), general category ( $\bar{x} = 3.30$ ), minority ( $\bar{x} = 3.27$ ), disabled ( $\bar{x} = 3.40$ ), and socially disadvantaged ( $\bar{x} = 3.34$ ),

**Table IV.**  
Summary results  
of analysis of  
variance (ANOVA)

Factors	Effects		
	Gender (main) $F$ -value	Category (main) $F$ -value	Two-way interactions $F$ -value
F1 Receptivity to diversity and diversity management	1.351 (0.247)	1.012 (0.388)	0.052 (0.984)
F2 Equal representation and developmental opportunities	2.633 (0.106)	0.269 (0.847)	1.140 (0.334)
F3 Hire and retain diverse employees	1.456 (0.229)	4.272 (0.006)**	1.040 (0.376)
F4 Promotion of gender diversity	10.384 (0.001)***	0.592 (0.621)	0.236 (0.871)

**Notes:** \*\* $p \leq 0.01$ ; \*\*\* $p \leq 0.001$

**Table V.**  
Summary of  
means and grand  
mean scores

Factors		Categories of employees				Grand means
		General	Minority	Disabled	Socially disadvantaged	
F1	M	2.97	3.44	3.13	3.09	3.09
	F	3.19	3.72	3.24	3.39	3.30
	GM	3.07	3.56	3.19	3.22	
F2	M	3.13	3.29	3.31	3.30	3.23
	F	3.52	3.24	3.48	3.40	3.45
	GM	3.30	3.27	3.40	3.34	
F3	M	2.92	3.77	3.51	3.26	3.22
	F	3.38	3.70	3.58	3.41	3.47
	GM	3.13	3.74	3.54	3.33	
F4	M	3.40	3.23	3.24	3.31	3.33
	F	3.81	3.56	3.80	3.61	3.73
	GM	3.58	3.36	3.52	3.45	

**Notes:** F1, receptivity to diversity and diversity management; F2, equal representation and developmental opportunities; F3, hire and retain diverse employees; F4, promotion of gender diversity; M, male; F, female; GM, grand mean

valued the efforts to improve social justice in organizations in terms of equal development opportunities and increased representation of diverse employees. Accordingly, the results did not support *H2* and *H2a*.

Various categories of employees differed significantly ( $p \leq 0.006$ ) on the scale “hire and retain diverse employees.” Minority ( $\bar{x} = 3.74$ ), disabled ( $\bar{x} = 3.54$ ), and socially disadvantaged category ( $\bar{x} = 3.33$ ) respondents valued the efforts to promote diversity, in terms of hiring and retaining diverse employees and rated the importance of diversity efforts higher than did general category ( $\bar{x} = 3.13$ ) respondents, especially general category male ( $\bar{x} = 2.92$ ) respondents did not favour diversity efforts. No significant difference was found according to gender effect and interaction effect of independent variables. Thus, results evidenced support for *H3a*, but *H3* was not supported. Furthermore, male and female employees differed significantly ( $p \leq 0.001$ ) on the scale “promotion of gender diversity.” Females ( $\bar{x} = 3.73$ ) held significant favourable attitude toward gender diversity efforts than did males ( $\bar{x} = 3.33$ ), especially general category females ( $\bar{x} = 3.81$ ) had the most favourable attitude towards gender diversity compared with other category females. No significant differences were found according to the category and interaction effects. Hence, *H4* was supported and no support was evidenced for *H4a*.

Means, standard deviations, and bivariate correlations for all the emerged variables are reported in Table VI. Two variables, namely “equal representation and developmental opportunities” and “promotion of gender diversity” were found to be significantly correlated with perceived organizational performance. Variance inflation factors (VIFs), average VIF, and tolerance statistics were calculated to examine the degree of multicollinearity in the regression equation. Lack of multicollinearity among the independent variables was supported by the obtained VIF values; ranging from 1.0 to 1.68, well below the cut-off value of 10 (Field, 2009). The average VIF (1.32) was found to be close to 1 and not substantially greater than 1 and therefore, regression was not biased (Bowerman and O’Connell, 1990). The lowest tolerance value was 0.61, which was far above the common cut-off threshold value of 0.10 (Hair *et al.*, 1998). This confirmed no risk of multicollinearity.

Table VII summarizes the results of regression analysis showing the effects of perceptions of diversity on perceived organizational performance. Model 1 was taken as the base model

Variables	No. of items	Mean	SD	1	2	3	4	5	6	7
1. Total workforce	–	1,220	0.650	–						
2. Total employees’ experience	–	7.1	0.356	–0.039	–					
3. Receptivity to diversity and diversity management	8	3.18	1.21	–0.026	–0.127	–				
4. Equal representation and developmental opportunities	5	3.33	0.59	–0.045	0.049	0.239**	–			
5. Hire and retain diverse employees	3	3.33	0.82	–0.072	–0.017	0.255**	0.589**	–		
6. Promotion of gender diversity	2	3.51	0.78	–0.126	0.047	0.012	0.401**	0.356**	–	
7. Perceived organizational performance	6	3.54	0.96	–0.166*	–0.002	0.102	0.192**	0.137	0.413**	–

Notes: \* $p \leq 0.10$ ; \*\* $p \leq 0.05$

Source: Author

**Table VI.**  
Means, standard  
deviations, and  
correlations



**Table VII.**  
Results of regression  
analysis showing  
effects of perceptions  
of diversity on  
perceived  
organizational  
performance

Independent variables	Dependent variable	
	Perceived organizational performance Model 1	Model 2
Constant	4.642***	2.573***
Total workforce	-0.166*	-0.095
Employees' total experience	0.009	-0.039
Receptivity to diversity and diversity management	-	0.088
Equal representation and developmental opportunities	-	0.074
Hire and retain diverse employees	-	0.028
Promotion of gender diversity	-	0.382***
R <sup>2</sup>	0.028	0.193
Adjusted R <sup>2</sup>	0.018	0.168
R <sup>2</sup> change	0.028	0.165
F-statistic	2.808*	7.715***
n	402	402
<b>Notes:</b> * $p \leq 0.05$ ; ** $p \leq 0.01$ ; *** $p \leq 0.001$		
<b>Source:</b> Author		

that included the control variables only (i.e. total workforce and employees' total experience) and was found significant according to *F*-statistics ( $p \leq 0.05$ ). Total workforce showed significant impact on perceived organizational performance ( $\beta = -0.166, p \leq 0.05$ ), whereas the other control variable, i.e. employees' total experience did not show significant effect on perceived organizational performance. Model 2 captured the direct effects of employees' perceptions of diversity on perceived organizational performance. It was found to be significant at  $p \leq 0.001$  level (considering the *F*-statistics). Coefficient of the factor "promotion of gender diversity" was found positive and significant for perceived organizational performance ( $\beta = 0.382, p \leq 0.001$ ), whereas the coefficients of other factors, i.e. "receptivity to diversity and diversity management," "equal representation and developmental opportunities," and "hire and retain diverse employees" were found to be positive but, not significant. Hence the results supported the *H8* alone and *H5-H7* were not supported.

**Discussion**

The purpose of the research was to study the perceptions of employees towards diversity and the effect of these perceptions on perceived organizational performance. We tested our hypothesized relationships on a sample of 402 Indian IT professionals. With reference to the personal value attached to diversity and its management, findings indicated that respondents, regardless of their gender and categories positively perceived/valued, and did not differ significantly on their insights of receptivity to diversity and diversity management. Although not significant, results were also indicative of the differences in insights of employees based on their gender and category regarding receptivity to diversity and diversity management, where general category males were found to be least (negatively) receptive. On the contrary, Soni's (2000) study demonstrated significant differences between gender and ethnic groups of employees in their receptivity to diversity and diversity management. The lack of significant main effect for gender and category on receptivity to diversity and diversity management may represent a selection effect due to the environment studied. In this respect, Schaafsma (2008) found that work contexts affect the degree of receptivity towards diversity, wherein employees from departments with high skilled professional work are more receptive to diversity compared with employees working in structural characteristics of settings with low skill work. Patrick and Kumar (2012), in a study of Indian IT industry, confirmed this finding that the employees were mostly "diversity realists" and could cope with diversity; few being diversity optimists as well.

Regarding the findings related to the perceptions of employees towards the organizational support for diversity through fair employment practices (i.e. equal representation and development opportunities, hiring and retaining diverse employees, and promotion of gender diversity), the results revealed lack of significant perceptual differences among employees regarding equal representation and development opportunities in organizations. On the contrary, perceptual differences toward equal representation and development opportunities of diverse employees have been cited in the studies of Kundu (2003, 2004) conducted in Indian settings across industries. However, particularly the studies conducted in IT industries in different contexts confirm the findings, the study of Indian IT industry by Patrick and Kumar (2012) supported the findings that men and women employees both believed that their organizations provided opportunities for them to work in areas where they were expected to develop. Similarly, in a study of IT industry in the USA, Wikina (2011) concluded that men and women did not differ in their perceptions of diversity including equal access to opportunities and representation of different demographic groups.

Further, the study found that female respondents irrespective of their categories were more supportive of promoting gender diversity than men. As compared with females, male respondents undermined the significance of gender diversity. This mirrored the social barrier of gender inequality in India. The finding is confirmed through a recent survey of nearly 30,000 employees from 118 firms by worldwide management consulting firm, McKinsey & Company (2015), that men were less likely than women to think that their organization should do more to increase gender diversity, and few percentage of men believed it was harder for them to advance because they were disadvantaged by gender-diversity programmes. Similarly, in Indian context, Kundu (2004) pointed out that men see less value in the diversity initiatives that can correct the gender disparity. Findings also highlighted that general category male respondents did not value employer's efforts of hiring and retaining diverse employees, whereas minority, disabled, and socially disadvantaged respondents emphasized the importance of hiring and retaining employees from their categories in order to remain excellent. Females in general valued these efforts more than males, whereas general category females were less supportive as compared with other categories of females. This is substantiated through the findings of numerous studies which highlighted that women and minorities were found to be the most supportive of the diversity initiatives compared with white (general category in Indian context) males (Hansken and Tippins, 2012; Kossek and Zonia, 1994; Kundu, 2003; Mor Barak *et al.*, 1998). The studies of Kundu (2003) and Kossek and Zonia (1993) have further validated the need of hiring and retaining employees from diverse categories and gender in order to remain an excellent organization. Likewise, the need for inclusion of the disadvantaged in the future policy initiatives of the Indian IT industry is echoed by Upadhyaya (2007) and Ilavarasan (2007) in their studies.

Concerning the effects of employees' diversity perceptions on perceived firm performance, the findings of the study have revealed that employee "receptivity to diversity and diversity management" has no significant effect on perceived organizational performance. Contrary to this, studies have depicted the positive association of perceived diversity (Allen *et al.*, 2007) and perceived diversity management (Choi and Rainey, 2010) with the perceptions of organizational performance. The lack of significant effect supports the notion that although the employees of Indian IT industry are receptive to diversity and diversity management, yet long standing views of caste and other diversity issues still remain persistent and merits additional analysis.

Pertaining to the effects of employee perceptions of organizational support for diversity on perceived organizational performance, results have revealed that employee perceptions of "promotion of gender diversity" has significant effect on perceived organizational performance. Findings have, thus, supported the notion that the promotion of gender

diversity provides opportunities for enhancing the perceived organizational performance. A study by Mercer-NASSCOM (2008) shared similar findings and revealed the perceived benefits of gender inclusivity initiatives of organizations, which included a stronger employer brand, higher levels of productivity and profits, and reduced attrition within the workforce. Similarly, various other studies showed significant relationship between employee perceptions of increased diversity efforts and perceived organizational outcomes (Avery *et al.*, 2007; Gonzalez and Denisi, 2009; McKay *et al.*, 2011). The finding supported extant research and re-established the importance of perceptions of diversity (e.g. Cox, 1993; Gonzalez and Denisi, 2009; Hicks-Clarke and Iles, 2000; Kaplan *et al.*, 2011; Mor Barak *et al.*, 1998). However, no significant effects were observed in the case of “equal representation and developmental opportunities” and “hiring and retaining diverse employees” on perceptions of organizational performance. This inconsistency may be rooted in difference between the extent of focus Indian IT industry places on different diversity initiatives.

A recent survey by global HR firm, Mercer (2012) exemplified that gender is the main focus of the diversity efforts of companies in India and consistent with this focus the most common diversity programmes offered are gender-related. Similarly, Haq (2012), through a recent study, verified that voluntary efforts of managing diversity in Indian MNCs currently focus exclusively on women. Visibility of these gender directed programmes in the organizations may foster a possible impact on the insights of the employees of the organizations. This renders a possible explanation of the results obtained in the study. Also, one possible interpretation is that gender diversity may be a less sensitive issue in workplace, as compared to cultural diversity (Choi and Rainey, 2010), and thus, employee perceptions of organizational efforts for promoting gender diversity might foster more positive beliefs about the competence of their organization. Overall, this study provides an excellent explanation of employees’ insights regarding workforce diversity and their effects on perceived organizational performance.

### **Conclusions, managerial implications, and limitations**

The current study provides considerable insight on present diversity scenario in Indian IT industry through the perceptions of employees. The results highlight that the employees, irrespective of their gender and category, are mostly aware of the effect of diversity on organizations and the need for diversity initiatives, and thus, attach importance to and believe in diversity and diversity management. However, the findings also infer that perceptions of employees towards organizational support for diversity through fair employment practices like hiring and retaining diverse employees and promotion of gender diversity varies based on their categories and gender, respectively. Apparently, there may be a general level of acceptance and appreciation for diversity and diversity management that mitigates not all, but most of the differences in supporting organizational efforts. Yet, traces of gender and category differences are still evident on some aspects of diversity issues perceived.

The empirical findings highlight that perceptions of diversity can have important effects on organizations. This research sheds light on this issue and found that employee perceptions of promotion of gender diversity are significantly related to perceived organizational performance. More specifically, the results have demonstrated that employee perceptions of hiring and retaining more women employees, increasing women’s representation among workforce and placing importance to gender diversity are positively related to perceived performance benefits of organizations. Based on these findings, it appears to be important for organizations to not only focus on increasing the implementation of diversity initiatives, but to also be sure to increase the perceptions towards these practices within their workforce. These perceptions of organizational support for diversity, especially gender diversity, are obviously critical to influencing positive employee attitudes and behaviours which in turn lead to higher levels of organizational performance.

A major managerial implication of this study is that employers should invest in initiatives for promoting diversity, especially gender diversity, in order for employees to feel that their organization is committed to diversity. Not only will the investment be helpful for improving positive employee attitudes and behaviours towards organization but bottom line performance as well. Our findings suggest that employees view diversity initiatives seriously and expect the visibility of such efforts in organizations. Organizations are required to convey the intent of diversity initiatives to embrace all employees, to demonstrate fairness and equity, and mitigate potential negative perceptions on the part of employees. The results further suggest that organizations are required to continue making systematic and continuous efforts to communicate diversity goals to employees (Soni, 2000) to ensure the positive receptivity of employees to diversity and diversity management. As significant differences were found among gender for promoting gender diversity and among categories for hiring and retaining diverse employees, organizations ought to develop an inclusion mind-set and awareness in the workforce towards various diversity issues by placing emphasis on gender/diversity sensitization training programmes. Further, to foster acceptance toward these diversity initiatives and to instigate shift in attitude of employees, managers need to ensure that men and majority group employees are a part of the gender/diversity initiatives of the organizations. Engaging men and majority group employees in programmes like diversity mentorship and diversity training would make them realize the challenges encountered by women and minorities and furthermore support them in advance in their careers and corporate world. Moreover, IT industry needs to reassess their hiring strategies to accomplish intended benefits of diversity; HR managers should design diversity programmes with goals in mind, if not quotas.

Despite the contributions discussed above, this study also possesses some limitations and consequently, provides directions for future research. First, the primary data for the study were collected using a self-reporting questionnaire, making it possible that a common-method variance inflated the relationships between variables (Podsakoff *et al.*, 2003). Harman one-factor test was conducted for verification of common-method bias. Furthermore, the results of the principal factor analysis revealed four factors and not just one, with eigenvalues greater than 1 that accounted for 72.705 of the total variance, where the first factor accounted for only 28.31 per cent of the variance. Hence, common-method variance was not a subject of concern as the majority of covariance in the variables was not explained by a single factor (Podsakoff and Organ, 1986). To constrain the occurrence of common-method bias, future empirical studies in this area should collect data using multiple methods (e.g. interviews, surveys, peer reports, etc.).

Second, our survey was conducted in India and the results of the study cannot be generalized across other countries, since diversity is also shaped by different national cultures and values. Comparative and cross-cultural studies can be conducted by the future researchers. Third, in this study, we controlled only for the effects of the total workforce and the employees' experience. Future researchers should endeavour to incorporate the other factors such as age and type of the organizations when investigating the links between workforce diversity and organizational performance. Besides, respondents of the present study only included employees of IT industry. Future researchers should include employees of various industries as independent variables to bring out the comprehensive and better results. It would also be interesting to see if the perceptions of the employees of various hierarchical levels significantly differed.

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