



<http://www.ijbmash.in>

**INTERNATIONAL JOURNAL OF BUSINESS, MANAGEMENT  
AND ALLIED SCIENCES (IJBMAS)**  
**A Peer Reviewed International Research Journal**

---

**EFFECTIVENESS OF WORKFORCE DIVERSITY – A STUDY IN COMMERCIAL  
TAXES DEPARTMENT OF ANDHRA PRADESH**

**Dr. CH. SRI RAMA MURTHY**

Assistant Commercial Tax Officer, Commercial Taxes Department, Markapur, Prakasam District,  
Andhra Pradesh, India

---



**ABSTRACT**

As we enter the 21<sup>st</sup> century, workforce diversity has become an essential business concern. No company can afford to unnecessarily restrict its ability to attract and retain the very best employees available. Generally speaking, the term "Workforce Diversity" refers to policies and practices that seek to include people within a workforce who are considered to be, in some way, different from those in the prevailing constituency. The aim of this study is to underscore the role the individual characteristics play in managing a diverse work force effectively. Data is collected from employees in public department of government of Andhra Pradesh and is analyzed to test the relationship between individual factors and effectiveness of workforce diversity. Conclusions are drawn accordingly.

**Article Info:**

Article Received on:20/10/2014

Article Revised on:26/10/2014

Article Accepted on:28/10/2014

**KEYWORDS:** Business strategy, firm performance, liberalization, managing diversity, workforce diversity.

---

**INTRODUCTION**

Workforce Diversity has become an important issue in many organizations. Diversity exists in a group or an organization when its members differ from one another along one or more important dimensions. Managing diversity at work is a process of inclusion – it is a means of achieving superior individual and group performance by recognizing and celebrating each employee's unique contribution toward meeting the company's business objectives. If everyone in the organization is exactly like everyone else, no diversity exists. But if everyone is different along every imaginable dimension, total diversity exists. Workforce Diversity refers to policies and practices that seek to include people within a workforce who are considered to be, in some way, different from those in the prevailing constituency.

In the past twenty years, the growing percentages of diverse population groups in the business organizations have led scholars to pay increased attention to the issue of diversity. However, very little research is done using a public organization as the unit of analysis. Hence, this research studies the workforce diversity in Commercial Taxes Department of Andhra Pradesh and the role of individual factors in managing workforce diversity effectively.

## **2. REVIEW OF LITERATURE**

Diversity Management is an interesting and important area for the researchers, consultants, policy makers, professional managers and students of management. The studies conducted on this subject were scant in India and abroad. As a result of liberalization, privatization and globalization, this subject has gained a considerable currency of literature in recent years. Dansky [1] studied the issues relating to linkages between organizational strategy, diversity-sensitive orientation and human resource management with reference to 234 hospitals in Pennsylvania and the study revealed that hospitals with an external market driven focus have higher diversity management scores than hospitals with an internal focus, or no clear strategic direction.

Managing diversity can create a competitive advantage, better decision making, higher creativity and innovation, greater success in marketing to foreign and domestic ethnic minority communities and a better distribution of economic opportunity [2]. Conceptual issues on diversity, multi culturalism and managing diversity, managing diversity skills training program and sources of diversity including demographic, educational, socio-cultural, caste, gender, language; institutions for promoting diversity, techno-economic, legal and organizational aspects corporate experiences etc. have been discussed by Venkata Ratnam and Chandra [3].

The concept of culture, role of culture in performance management practices, impact of the socio-cultural environment has been analyzed by Aycan et al. [4]. Several researchers focused their studies based on their own country experiences. The literature on this subject is very scant in India. Previous studies found that human-resource management and top management diversity to be correlated with firm performance [5]. Exploring the relationship between human resource strategies, top management team diversity and overall workforce diversity might shed light on the extent to which cultural diversity affects organizational performance. The review done in this research category tends to evaluate workforce related internal factors that have a direct relationship with the firms' financial performance.

One author linking ethnic diversity with business performance is Richard [6]. Most of his research is focused on the U.S. workforce; he did not only target Asian and communities of African descent, but also the growing Hispanic population. Richard [6] focused on racial diversity, business strategy, and firm performance; this study evaluated the impact of the chosen business strategy on the effectiveness of a diverse workforce and the subsequent business performance. Richard et al. [7] evaluated different innovation strategies in racially diverse workforces and measured the effects on firm performance, this was done in the banking and financial sector. Richard and Johnson [8] supported a contingency and/or resource-based perspective and stated that racial diversity, as a knowledge-based resource, positively influences business performance. Richard [9] evaluated the different human-resource diversity strategies on firm performance; these included diversity-management strategies. He also examined cross-national human resource diversity and its impact on organizational performance. Richard's research has demonstrated a positive relationship between a diverse workforce and performance.

Other influential authors linking ethnic minorities to business performance are Hartenian and Gudmundson [10], they linked cultural diversity in small business in terms of the firm's overall number of employees with firm performance. They concluded that firms that had more diverse workforces reported higher levels of business performance. Salomon and Schork [11] support this idea by stating that most published studies showed better financial performance for companies that have been recognized for their focus on diversity.

Most diversity studies focus on the ethnicity and gender of employees. Although this review is focused on ethnicity, it is important to mention studies linked to gender as an important variable affecting business performance. Having said this, it is necessary to observe that articles analyzing ethnic-minority female managers against business performance have not been found. Salomon and Schork [11] found that diversity in

senior management leads to favorable long-term financial performance, finding that organizations with women on the senior-management team out-performed those organizations with an all-male team. Shrader et al. [12] concentrated on gender diversity and organization and/or firm performance with similar results. On the other hand, Chaganti and Parasuraman [13] studied the impacts of gender on business performance and management patterns in small businesses with mixed results.

Kilduff et al. [14] evaluated the top management-team diversity and firm performance. They concluded that effective competition would increasingly depend on the creativity and innovation of diverse employees. Gomez-Mejia and Palich [15] examined the effects of cultural diversity on the performance of multinational firms. They concluded that the direction of a firm's international expansion in terms of cultural characteristics had no effect on market measures of performance. Siciliano [16] evaluated the relationship of board member diversity to organizational performance. Results revealed higher levels of social performance and fundraising results when board members demonstrate greater diversity. Coffey and Wang [17] examined the relationship between board diversity and managerial control as predictors of corporate social performance.

### **3. HYPOTHESIS**

In view of the reviewed literature, it is hypothesized that "there is no association between effectiveness of the workforce diversity programs and the personal background of the employees."

### **4. RESEARCH METHODOLOGY**

The design adopted for the present study is exploratory and analytical one. As the study is exploratory one, the data for the study has been collected both from primary and secondary sources. The secondary is collected from various published and unpublished sources. Population for this study is employees from the Commercial Taxes Department of Andhra Pradesh. The sample consisted of 90 executives. The primary data is collected through a well-structured survey.

### **5. DATA ANALYSIS AND FINDINGS**

The collected data is processed through SPSS package and analyzed statistically using statistics like percentage and chi-square test.

**Table 1: Age and Effectiveness of Workforce Diversity Practices**

Age Group	Effectiveness of Workforce Diversity Practices			Total
	Less	Medium	More	
27-42	17	33	8	58
	29.3%	56.9%	13.8%	100.0%
43-50	7	6	8	21
	33.3%	28.6%	38.1%	100.0%
51-56	0	5	6	11
	.0%	45.5%	54.5%	100.0%
Total	24	44	22	90
	26.7%	48.9%	24.4%	100.0%

	Value	df	P=
Chi-Square	14.366	4	.006

It is clear from the table that among younger age group, a little over one fourth of the respondents (29.3%) perceived diversity program to be less effective than others. Among middle age group, a little over one third of them either perceived it to be less effective (33.3%) or more effective (38.1%). However, the trend is reversed in case of older age group, in which case a majority of them (54.5%) perceive it to be more effective than others. Interestingly, the chi-square test results also support such association between both the variables. That is there is a significant association between age and perceived effectiveness of the diversity at workforce programs.

## Dr. CH. SRI RAMA MURTHY

**Table 2: Education and Effectiveness of Workforce Diversity Practices**

Education	Effectiveness of Workforce Diversity Practices			Total
	Less	Medium	More	
Graduate	2	4	10	16
	12.5%	25.0%	62.5%	100.0%
Post Graduates	3	11	3	17
	17.6%	64.7%	17.6%	100.0%
Others	19	29	9	57
	33.3%	50.9%	15.8%	100.0%
Total	24	44	22	90
	26.7%	48.9%	24.4%	100.0%

	Value	df	P=
Chi-Square	17.004	4	.002

It is clear from the table that among graduates, a majority of the respondents (62.5%) perceived diversity program to be less effective than others. Among post graduates, a majority of them (64.7%) perceived it to be moderately effective than others. However, the trend is reversed in case of others. That is one third of them (33.3%) perceive it to be less effective than others. Interestingly, the chi-square test results also support such association between both the variables. That is there is a significant association between education and perceived effectiveness of the diversity at workforce programs.

**Table 3: Experience and Effectiveness of Workforce Diversity Practices**

Experience	Effectiveness of Workforce Diversity Practices			Total
	Less	Medium	More	
5-8	13	21	6	40
	32.5%	52.5%	15.0%	100.0%
19-28	11	15	11	37
	29.7%	40.5%	29.7%	100.0%
29-36	0	8	5	13
	.0%	61.5%	38.5%	100.0%
Total	24	44	22	90
	26.7%	48.9%	24.4%	100.0%

	Value	df	P=
Chi-Square	8.094	4	.088

It is clear from the table that among less experienced, a nearly one third of the respondents (32.5%) perceived diversity program to be less effective than others. Among medium experienced, a little over one fourth of them either perceived it to be less effective (29.7%) or more effective (29.7%). However, the trend is reversed in case of older age group. That is a little over one third of them (38.5%) perceive it to be more effective than others. Surprisingly, the chi-square test results did not support such association between both the variables. That is there is no statistically significant association between age and perceived effectiveness of the diversity at workforce programs.

## Dr. CH. SRI RAMA MURTHY

**Table 4: No. of Diverse Colleagues and Effectiveness of Workforce Diversity Practices**

No. of Diverse Colleagues	Effectiveness of Workforce Diversity Practices			Total
	Less	Medium	More	
<5	1	4	0	5
	20.0%	80.0%	.0%	100.0%
5-10	3	4	3	10
	30.0%	40.0%	30.0%	100.0%
10>	20	36	19	75
	26.7%	48.0%	25.3%	100.0%
Total	24	44	22	90
	26.7%	48.9%	24.4%	100.0%

	Value	df	P=
Chi-Square	2.661	4	.616

It is clear from the table that among those who had less number of diverse colleagues, a majority of the respondents (80.0%) perceived diversity program to be operatively effective than others. Among those who had 5-10 colleagues, nearly one third each perceived either less (30.0%) or more (30.0%) effective. Surprisingly, in case of those who had more than 10 colleagues, a little over one fourth perceived either less (26.7%) or more (25.3%) more effective diversity programs. Surprisingly, the chi-square test results do not support such association between both the variables. That is there is no statistically significant association between number of diverse colleagues and perceived effectiveness of the change programs.

**Table 5: Training Received and Effectiveness of Workforce Diversity Practices**

Training Received	Effectiveness of Workforce Diversity			Total
	Practices	Less	Medium	
Less Adequate	7	25	4	36
	19.4%	69.4%	11.1%	100.0%
Moderately Adequate	2	8	7	17
	11.8%	47.1%	41.2%	100.0%
More Adequate	15	11	11	37
	40.5%	29.7%	29.7%	100.0%
Total	24	44	22	90
	26.7%	48.9%	24.4%	100.0%

	Value	df	P=
Chi-Square	15.680	4	.003

It is clear from the table that those who are less adequately received training majority of the respondents (69.4%) perceived change program to be operatively effective than others. Among those who said that the training received were moderately adequate, a large number of them (41.2%) said more effective than others. Interestingly in case of those who receive more adequate training, a large number of them

(40.5%) perceive it to be less effective than others. Interestingly, the chi-square test results also support such association between both the variables. That is there is a significant association between training received and perceived effectiveness of the change programs.

It is evident from the analyzed data that the perceived effectiveness of the workforce diversity program largely depends on the personal background variables except in case of number of diverse colleagues. Thus, the null hypothesis that “there is no association between personal background variables and the perceived effectiveness of the workforce program” has received a good support except only one variable.

#### **CONCLUSION**

Workforce diversity management represents an important HRM responsibility that is shared by both personnel specialists and program managers. The latter are responsible for embracing the diversity philosophy and effectively developing and implementing organization policy. Personnel managers, in turn, are responsible for the design and maintenance of HRM systems that will support the successful execution of policies and programs that sustain the philosophy. Personnel and program managers therefore work in partnership to ensure that the diversity challenge is woven into the organizational strategic goals, its systems and functions, and overall managerial decisions. The goal is that eventually diversity becomes embedded in all practices and routines of the organization. Workforce diversity issues can vary significantly with different organizations. Factors like an organization's mission, physical working environment and geographic and cultural differences play an important role in cultural diversity and workforce diversity training programs. Workforce Answers recognizes these important differences. This study revealed that age, educational background and training are the internal factors in an organization that influence the effectiveness of workforce diversity practices.

#### **REFERENCES**

- [1]. Dansky, K.H. Racial and Ethnic Diversity and Organizational Behavior: A Focused Research Agenda for Health Services Management. *Social Science & Medicine*, 2004, 59:961-971.
- [2]. Harish C. J. & Anil, V. Managing workforce diversity for competitiveness. *International Journal of Manpower*, 1996, 17(4/5): 14-29.
- [3]. Venkata Ratnam, C. & Chandra V. Model Guidelines and Best Practices for Family Friendly Workforces and Workforce. *NHRD Network Journal*, 2009, 2(3):79-88.
- [4]. Aycan, Z., Kanungo, R., Mendonca, M., Yu, K., Deller, J., Stahl, G. & Kurshid, A. Impact of Culture on Human Resource Practices: A 10 Country Comparison. *Applied Psychology: An International Review*, 2000, 49 (1):192-221.
- [5]. Dyer, L & Reeves, T. HR Strategies and Firm Performance: What do we know and where do we need to go. *International Journal of Human Resource Management*, 1995, 6(3):656-670.
- [6]. Richard, O.C. Racial Diversity, Business Strategy and Firm Performance: a Resource-Based View. *Academy of Management Journal*, 2000, 43(2):164-177.
- [7]. Richard, O. C., McMillan, A., Chadwick, K., & Dwyer, S. Employing an Innovation Strategy in Racially Diverse Workforces: Effects on Firm Performance. *Group & Organization Management*, 2003, 28:107–126.
- [8]. Richard, O. C., & Johnson, N. B. Strategic human resource management effectiveness and firm performance. *International Journal of Human Resource Management*, 2001, 12:299-310.
- [9]. Richard, O.C. Human Resources Diversity in Ideal Organizational Types and Firm Performance Employing the Concept of Equifinality. *Mid-Atlantic Journal of Business*, 1999, 35:11-24.
- [10]. Hartenian, L., & Gudmundson, D. Cultural Diversity in Small Business: Implications for Firm Performance. *Journal of Developmental Entrepreneurship*, 2000, 5(3):209-219.
- [11]. Salomon, M.F. & Schork, J.M. Turn Diversity to Your Advantage. *Research Technology Management*, 2003, 46(4).
- [12]. Shrader, C. B., Blackburn, V. B. & Iles, P. Women in management and firm financial performance: An exploratory study. *Journal of Managerial Issues*, 1997, 9(3):355-372.
- [13]. Chaganti, R. & Parasuraman, S.A. Study of Impacts of Gender on Business Performance and Management Patterns in Small Business, in Entrepreneurship: Theory and Practice, 1996, 21(2):117-135.

## Dr. CH. SRI RAMA MURTHY

- 
- [14]. Kilduff, M., Angelmar, R., & Mehra, A. Top management-team diversity and firm performance: Examining the role of cognitions. *Organization Science*, 2000, 11:21-34.
  - [15]. Gomez-Mejia, L.R. & Palich, L. Cultural Diversity and the Performance of Multinational Firms. *Journal of International Business Studies*, 1997, 309-335.
  - [16]. Siciliano, J. The Relationship of Board Member Diversity to Organizational Performance. *Journal of business ethics*, 1996, 15(12):1313-1320.
  - [17]. Coffey, B. & Wang, J. Board Diversity and Managerial Control as Predictors of Corporate Social Performance. *Journal of Business Ethics*, 1998, 17 (14):1595-1603.
-