

## An Exploratory Study on Management of Demographic Diversity of Workforce in Indian IT Companies

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### Abstract

With a remarkable advent in technology and growing emerging markets, extensive use of heterogeneous, cross-functional expertise to provide business solutions makes it critical for HR Managers to think of management of diversified workforce. (Gail Robinson et al, 1997).

Demographic diversity is considered from the perspective of age, sex, social class, geographic location etc. Researchers also conclude that management of diverse workforce should be looked as business investment and that HR managers need to analytically and strategically align policies aligned to business goals.

This research is focused on understanding the management of demographic workforce diversity from a HR perspective. The objective was to derive implications for modern HR while dealing with demographic workforce. An exploratory study was done on existing literature and based on its responses to a structured questionnaire were collected from 76 HR practitioners from IT companies in India. After statistical analysis some key implications for HR, classified as per functional area were derived.

**Keywords:** Workforce, demographic diversity, IT companies

### Introduction

The face of the modern workforce has evolved. Unlike the Gen X, Gen Y is more heterogeneous in terms of age, gender, race, ethnicity, and national origin. Researchers also suggest that this trend towards greater demographic diversity will continue into the future (D'Amico & Judy, 1997).

Forces for diversity at workplace are changing nature of workforce, globalization of customer and labor markets and organizational restructurings (Jackson, 1992). Changing demographic trends calls for need to change the HR strategies, which must be developed based on long term considerations. Kotter and Sathe identified three major HR challenges in rapid employee growth organization. The first, need for rapid decisions, second being coping with rapidly expanding jobs, third problem is increasing demand for recruitment of talent and grooming them at the global level.

In order to reframe the policies of recruitment, training and development, appraisal and culture at organization levels, it is necessary to understand the ideology of managing the diversified workforce. Hence the need is felt to study and

understand the strategies used in growing Indian IT companies.

This research mainly focuses on rapidly growing Indian IT industry. The research is done from birds-eye view of HR practitioners considering the features of the modern diversified demographics of workforce. With the evolution of HR from transactional Personnel manager to transformational HR business partner, the ownership of management of workforce demographics lies with HRBP. The objective of this research is to find implications for HR managers of IT companies to attract, engage, develop, and motivate people with diverse age groups, gender, nationalities. This study gives insights to HR classified with various functional areas of HR like talent acquisition, talent engagement and development, training, performance evaluations and policies. The research identifies gaps from existing literature to conclude the implications, based on these gaps 76 HR were involved in the survey.

### Review of Literature:

Organization culture is formed on the basis of assumptions, values, beliefs that govern the

behavior of people. In large organizations, leaders should not ignore the sub cultures, as that forms the civilization at workplace. (Robbins, 2012)

With increasing demographic diversity, the philosophies, attitudes, and beliefs also multiply. To manage this diversity an inclusive organization culture is required, it should be structured from employer branding, attracting, to rewarding innovatively. Organization culture also shows the risk taking ability for innovation, which is demanded by the millennialas. (Deloitte Survey, 2014). Hence it has become a necessity for HR to restructure policies in order to manage the diverse work force; mere replication of policies from ideal organizations will not help. With globalization, mergers and joint ventures increased, leading to organizational restructuring and bringing diverse culture together. So the suppressing need for attention to diversity of workforce has arrived. Research also indicates that there are foreseen challenges in managing demographic diversity and it is imperative for business to address it effectively. (Jackson Sussane e, 1992)

With advent of development of emerging markets and globalization of economy, there is demand for global mindset and values. The HR strategies should be focus on aligning the national culture and vision, tailored in local way. Research also concludes that with globalized economy, India should harness right set of competitive advantages and develop the Indian diaspora to export our intellectual capital.

Due to emergence of network organization, there is a shift in global business topography.

Among factors that incite the deployment of networks are globalization and technological changes, changing regulatory processes and workforce demographics (Snow, C.C., Miles, R.E., & Coleman, H.J., Jr., 2000)

There has been changes in the ethnic composition of the workforce which would change continuously. This ethnic composition variation has potential impact on educational structure of workforce. Data shows significant increases of women in the workforce (from 40.5 percent in 1976 to 46.2 percent in 1996), in last two decades, and that women account for nearly half of the workforce. (Robert I. Lerman et al) The research by Robert also finds that decreasing size of middle aged group in workforce might have implications on training at organization level. Also employers will have to face pros and cons of hiring older workforce. Also, the diverse age groups might create rifts in educational levels of Gen X and Gen Y and these gaps might create personnel issues with minority workers in organizations. (Robert I. Lerman et al). He also constructively state that there would be implications for workforce due to changing marital and living arrangements as

employment rates are much higher among married than among unmarried men and women.

Gen Y would soon be contributing 70% of the workforce. Whereas women in IT workforce would be almost 50%. This fosters the challenges of talent management, engagement like never before. (Priyanka Bhotiya et al, 2014)

Millennials favor organizations providing innovation opportunities, they are more interested in personal achievements but with good social impact. (Deloitte Survey, 2014). At the same time, Gen X is hesitant to adapt to modern innovations at workplace. This hampers developing a good organization culture.

Dr Prashant Nair suggests, when organizations grow it needs to analyze the old ways of working and strategically re-calibrate. Firm needs to choose between global and local culture, controlling the organization through common value system, manage culture and values inculcation and synergy in leadership.

An article in Business Standard, mentioned, TCS manages the young diverse workforce well, and has employees from 118 nationalities working under one central culture. So this expresses the spread of ethnic diversity of workforce, hence the dire need to study the effective methods to manage the demographic diversity.

#### **Research Methodology:**

An exploratory research was done based on the available research on diverse workforce demographics. A secondary research was done based on various journals, books, and magazine/news articles.

The exploratory study helped to identify the key actions HR practitioners need to take in order to manage the diverse workforce. The study was conducted in various steps. Below are some of the points that HR of IT organizations need to focus on in order to manage diverse workforce.

- Synergy between baby boomers and millennial to deliver performance.
- Inclusive organization culture for gender diversity
- Socialization of Gen Y with Gen X leaders needs special attention
- Rift of values among diverse gender, nationality, age of workforce.
- Rebuilding the policies and strategies for inclusion of ethnic diversity is the need of the hour.
- Making a global organization culture to occupy demands of dynamic workforce
- Motivation, rewards and recognition, performance evaluation, acquisition polices need to be reframed.
- Encouraging foreign national i.e. geographic spread as far as recruitment is considered.

**Research Questions**

Based on the secondary study and the gaps identified a set of questions was prepared to understand the HR practitioners’ perspective from IT organizations. These questions were focused more on Age, Gender and ethnic diversity, and various HR policies at organization level.

**1. Data collection**

Secondary data was collected from various research reports of Harvard Business Review, NHRDN journals, newspaper articles, research journals and websites related to management of diverse workforce. The gaps identified from existing literature will further strengthen the study.

A **questionnaire** was prepared on the basis of the factors identified from the exploratory study to get the primary data from HR practitioner from some of the IT companies. A pilot data collection study was done, so as to verify the reliability and validity of data that had to be collected through questionnaire.

**2. Sampling design**

Likert type scales were used, so as to get quantified information relevant to study the actions for HR managers to manage today’s workforce.

The sample size was decided based on the sample size taken for research on similar topics, a sample size considered was 76 (shodhganga), Sample size was also fixed on the basis of pilot survey where majority of the responses were more or like similar.

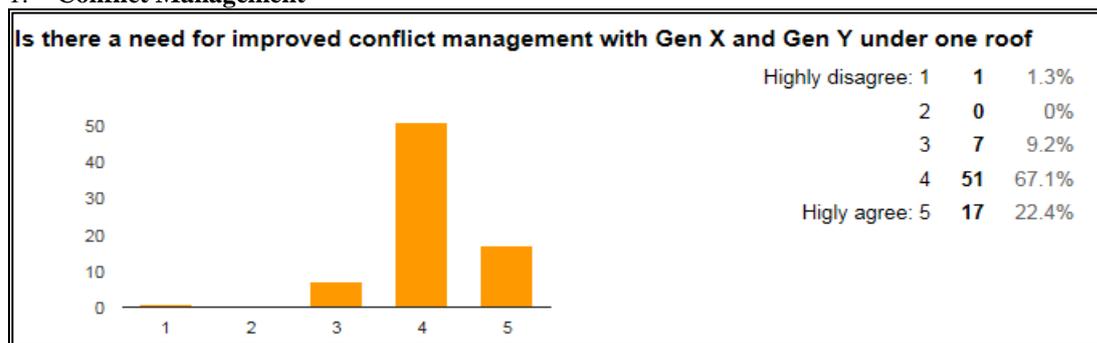
Next, non-probability sampling was used to conclude based on the selective responses, also percentage analysis of the responses was done using statistical tools like Excel.

**3. Analytics and Inferences**

Responses gathered from about 76 HR practitioners in IT industry were analyzed using statistical tools like Excel. The results we analyzed based on the percentage of respondents having the similar perspective of any particular aspect.

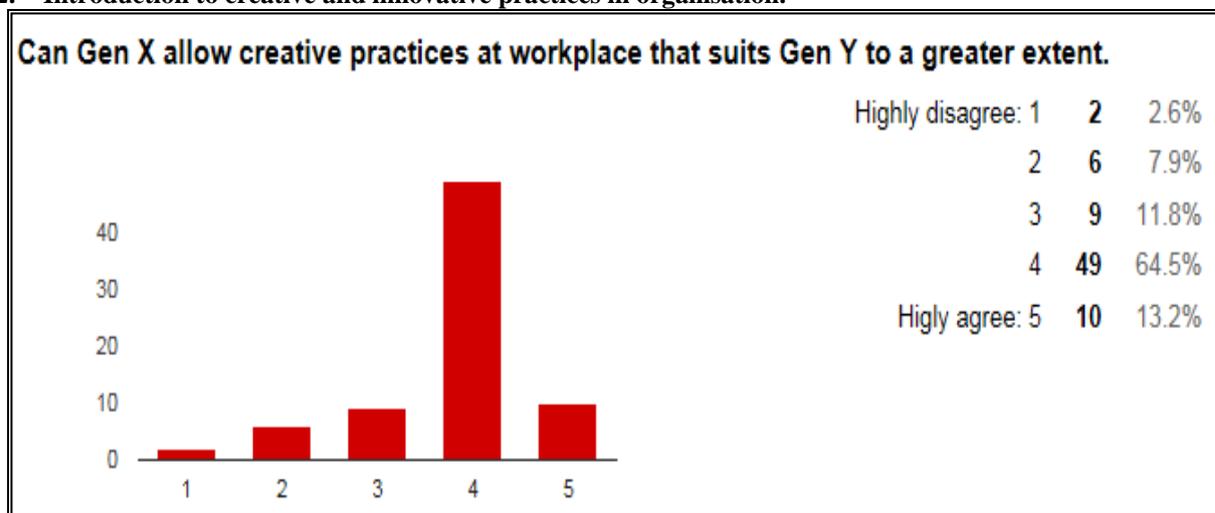
Below is the result of data gathered on various points :

**1. Conflict Management**



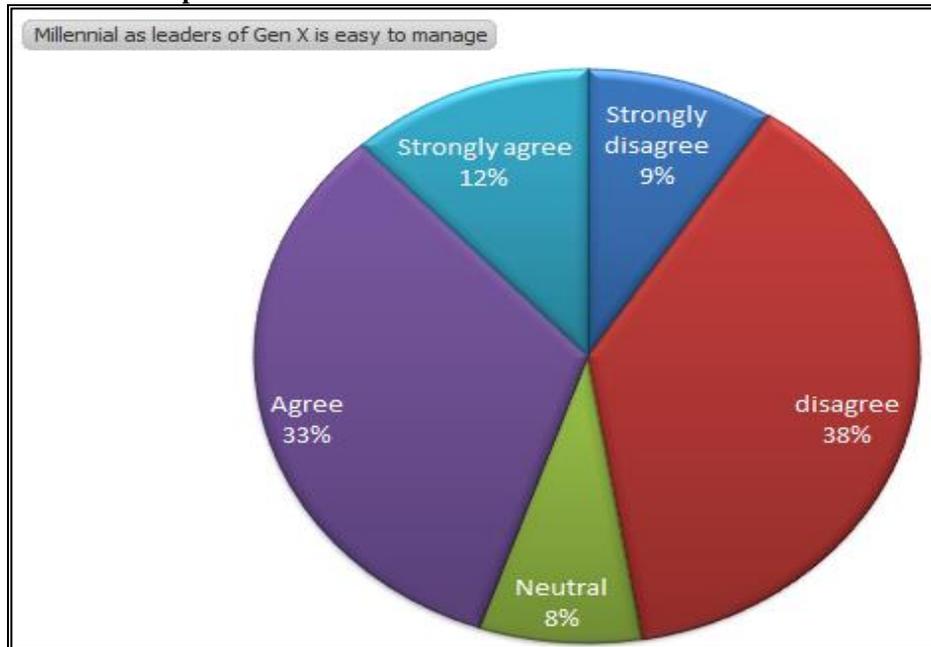
**Inference:** Majority of HR managers feel the need to make more efforts on conflict management while managing gen X and Y under same roof. Conflict management should be done with focus on the behaviors and values of every generation.

**2. Introduction to creative and innovative practices in organisation.**



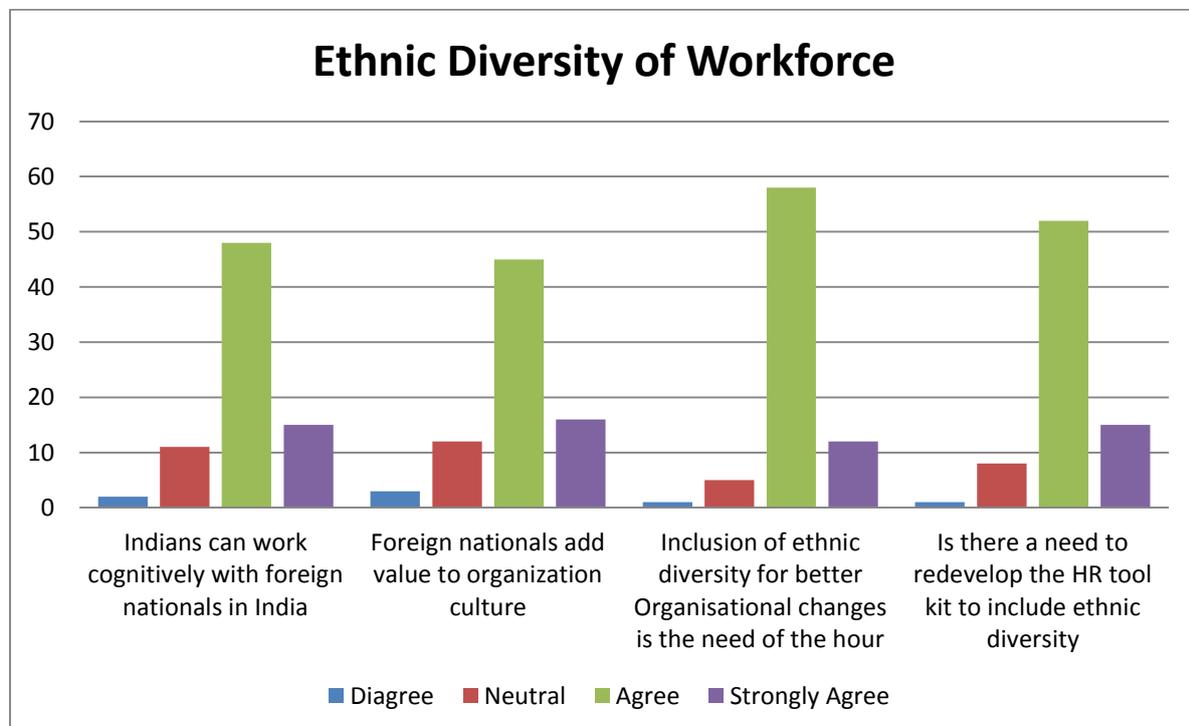
**Inference:** almost 65% of HR practitioners feel that the Gen X are flexible to creativity and innovative aspects at work that Gen Y is looking for. If such practices are introduced considering inclusion of Gen X, they will appreciate the change.

### 3. Leadership: Gen X and Gen Y.



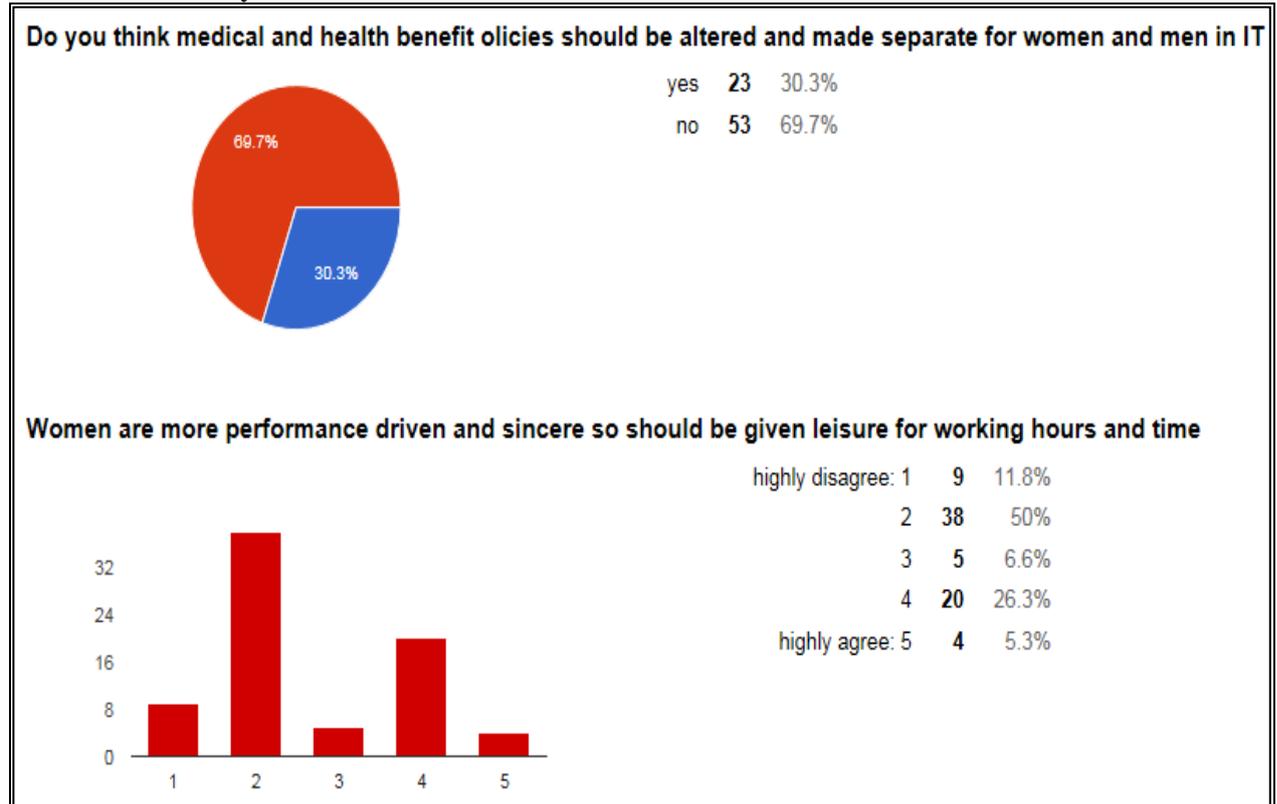
**Inference:** The responses clearly indicate that the HR is not sure if Managing Gen Y leaders of Gen Xers would be easy or difficult. The responses show a mixed perspective when it comes to leadership. In order to address the issue, a cognitive HR strategy to keep all age groups motivated should be developed.

### 4. Ethnic diversity



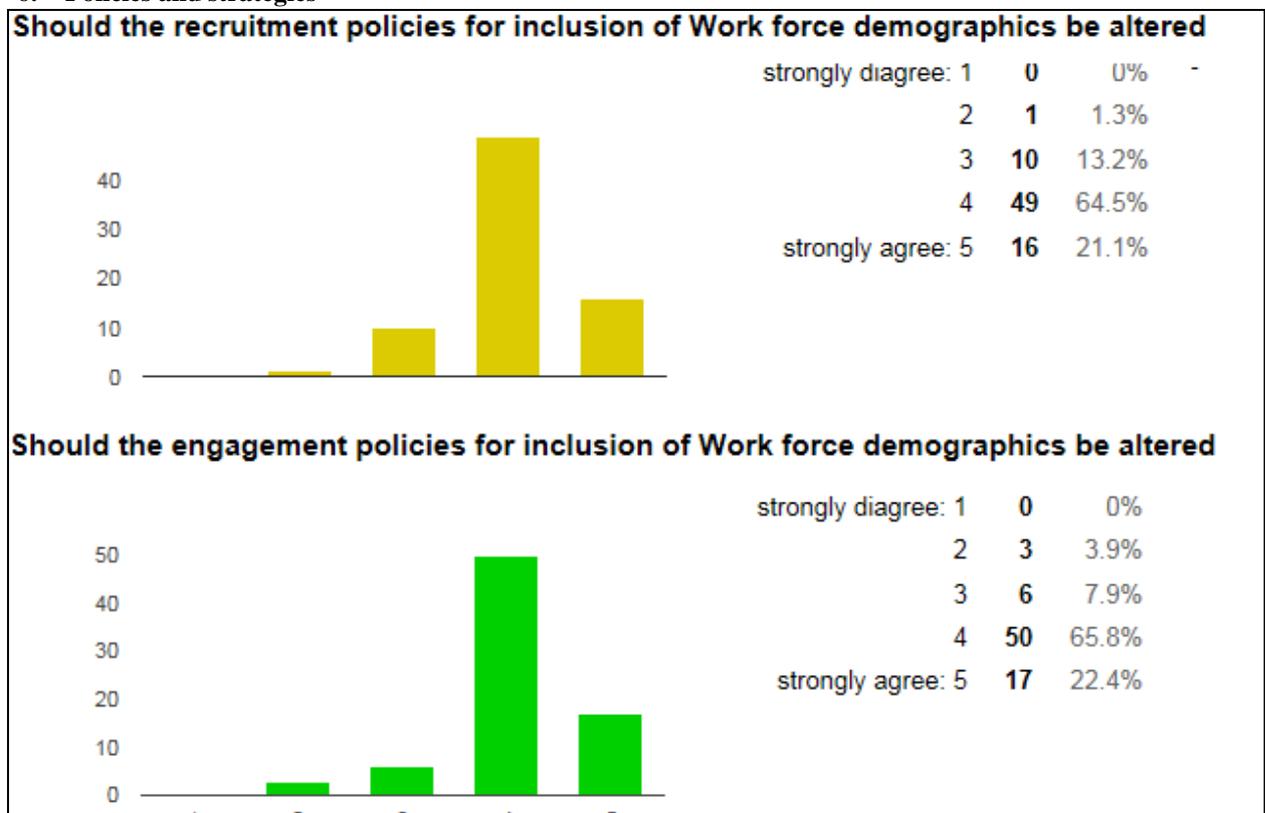
**Inference:** HR managers have shown a clear perspective when it comes to strategically dealing the ethnic diversity of workforce. As seen in the graph of gathered information, majority of HR are of the opinion that Indian workforce can cognitively accommodate Foreign nationals. Also, there would be significant value addition with addition of varied nationalities in workforce, -as far as organization culture is concerned. Almost 68% HR feel the need to alter HR strategies to include ethnic diversity in organizational growth in 21<sup>st</sup> century.

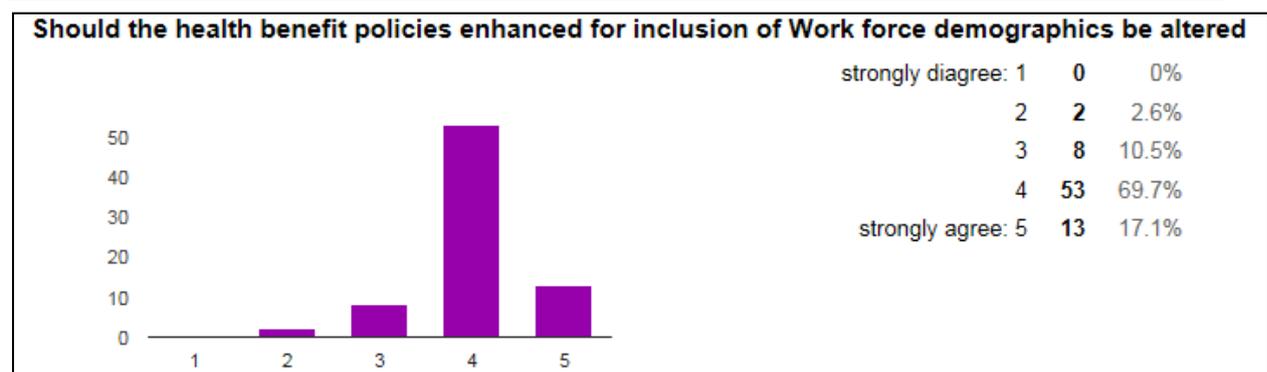
### 5. Gender Diversity



**Inference:** Though women empowerment is encouraged in society and women interface is increasing in workforce, HR managers do not feel the necessity to have separate and distinguished policies or benefits as per gender. HR focuses on parity and equal opportunity principle in demographic diversity.

### 6. Policies and strategies





**Inferences:** The bar charts clearly indicate that the HR policies need to be reframed strategically in order to manage the diversity. Today with dearth of skilled talent in market and Subject matter experts reducing or stepping out of workforce is major concern.

### Implications for HR managers

Based on the study performed researchers would like to conclude the implications for the HR practitioner in IT companies in India. The implications are classified as per various functions of HR.

#### 1. Talent Acquisition:

- With diversified workforce the focus of HR managers is on attracting and retaining the best talent. Millennials are techno savvy and want things to be automated and accurate with minutest details. For Gen Y, innovative, ‘out-of-the-box’ solutions that are creative makes more sense than individual geniuses. (Delloite Survey, 2014). With the advent of opportunities available, people look for equity, so recruiters need to emphasis on fast and effective recruitment process.
- Employer branding is equally important when it comes to managing diverse workforce from various geographies.
- Video resumes and online interviews, skype interviews are trending across geographies, hence the recruitment policies should focus on inclusion of these technical advancements and trained panelists.
- Equal opportunity and equal employment for different genders and nationality should be considered.
- Encouraging and attracting talent from partners like AIESEC for ethnic diversity inclusion.

#### 2. Training and Development:

- Today the situation is that, on one side, the employees who have implicit knowledge and expertise gained by experience (baby boomers) will retire and on the other side, there would be dearth of skilled talent in market. Thus, it is imperative to transfer this knowledge to Gen Y, and hence the HRM strategies should be based on long-term considerations. (Bright Verworn et al) Thus structured strategies for

Succession planning and career planning should be in place. Effectiveness of trainings should be calculated using analytics.

- Assessment centers, online trainings and tie up with top Schools would help workforce to explore challenging opportunities.
- Millennials want to work on innovative and creative roles and work, they are ready to change the economy if given chance, they are ready to lead and accept challenges and look at social impact more holistically. (Delloite Survey, 2014), so providing such training aids and keeping workforce motivated is the need of the hour.

#### 3. Talent engagement:

- The need for Holistic engagement with employees is arrived. Indian business leaders think that the foundation of success lies in keeping employee morale high and building a sustained organisation culture. People to be looked upon as assets and not costs
- Today as Gen Y advance in their careers, hastened by the retirement of the Gen X, Millennials are assuming positions of higher responsibility. Business will thus get a new generation of skilled professionals— provided it can meet their expectations (Delloite Survey, 2014)
- HR needs to focus on building international mindset of workforce in business skills and soft skills as well.
- Motivating and recognizing efforts of workforce in creative way to ensure high commitment to service is essential. HR should identify talent development principles catering to demands of each gender, race and age group.
- Involving and team building activities, outbound activities, knowledge sharing sessions, timely pulse surveys, propel sessions to lessen pressure, health benefits for youth and old, are some of the techniques that can help manage diversity.

#### 4. Organization Culture:

- A systematic creation of assessment for demographically diverse workforce to assure equal employment is required. (Jackson Sussane e, 1992) Also, measures on to build mindsets that would respect and appreciate all

genders at workplace, sexual harassment measures should be made with strict adherence.

- Culture is driven by leadership, and their behavior drives culture, so nurturing leaders from Gen Y with established, experienced Gen-xers is crucial for organization's culture.
- Socialization should include a positive first encounter when Gen Y enters the organization, that will make succession planning and knowledge transfer an easy process.

- Innovation and creative workplaces are now an eternal part of organization culture, so as to attract, retain and keep existing staff happy, workplaces needs to be redesigned.

Thus from the research study done here, it can be concluded that, managing demographic diversity of workforce with a holistic approach is need of hour. HR practitioners should focus on building strategies and policies considering all gender, age groups, race and geographic diversity. Also, these strategies should be robust, innovative, and cognizant, with long term considerations.

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