

## Comparison of Workforce Diversity in Public and Private Business Organizations

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### Abstract

Potential of human resource has always been considered as at the heart of a business organization. An effective human resource can not only ignite the organizational excellence but it also is a cornerstone for the consistency of optimal level of business performance. This research paper aims at one of the most discussed areas in the literature related to human resource management called “Workforce diversity”. Right from the start of modern business practices public and private business organizations came into existence and so the difference in human resource focus of both of these types of business organizations. Focus of this study is to explore the difference among employees of both types of above mentioned business organizations keeping in view the level of workforce diversity in their respective organizations. Study is unique because it addresses the research gap found after extensive literature review. The said research gap is that no such study has been done before in literature keeping in view Pakistani business environment. Target population comprising of banking sector, health and medical services sector was studied and brought under light by taking a sample of 150 employees. In order to analyze the acquired data statistical tools like independent t test and frequency test were also applied for better results and findings. Findings of the study states that there exists huge difference among employees working in public and private sector organizations due to conception and application of workforce diversity in both of these business organization types. It was also found that middle and operational levels of workforce are more diverse in comparison with top levels of workforce. Workforce diversity is properly planned in most of the private organizations while public sector organizations are still lagging behind. Due to significantly highlighted importance of organizational performance in public sector organizations; public sector is now improving application of workforce diversity in its practices.

**Keywords:** Workforce Diversity, Public & Private Sector, Culture, Organizational Performance.

**Paper Type:** Research Paper

### 1. Introduction

Workforce diversity has evolved from a focus on legally protected human attributes such as race, gender, and age to a much broader definition that includes the entire spectrum of human differences like similarities and differences among employees in terms of age, cultural background, physical abilities and disabilities, race, religion, sex, and sexual orientation (Jayne & Dipboye, 2004). As demographically in different parts of the world like USA, Saudi Arabia, Kuwait, UAE, UK, and in some other countries diversity is increasing in a way that people are coming from other nations and countries (Ricucci, 2002).

Diversity not only involves how people perceive themselves, but how they perceive others too. More diversity in management was necessary if the needs of ethnically diverse employees and patients were to be met (Mathews, A. (1998). Whenever the word diversity is mentioned, the first thing that comes to mind is minority employment and affirmative action. One point that has been made very clear by many researchers is that diversity is not a new concept. April and Shockley two researchers explained in 2007 that this belief when they state that diversity issues are not new. There are always employees who will refuse to accept the fact that the social and cultural makeup of their workplace is changing. This research signifies about workforce diversity level in private and public sector. Either it is

more in private or public sector (Aronson, D. (2002). As the diversity increases it also increases challenges which increase the cost to manage diversity Conflicts. If firms use their diverse human resource in a right way then it will be very profitable for them. Human diversity also increases the rich flow of ideas, new, creative and innovative ideas.

The aim of the study is to explore that how “Work Force Diversity” can impact on organizational profits, output and performance, and mainly the diversity difference between private and public sector. “Diversity is greater in private or public organizations”? This topic is related to business environment of Pakistan and it may be effective for the organizations which are facing the workforce diversity problem. This research may be used for further research to find out the solution to handle the work force diversity in business organizations.

## 2. Literature Review

Organizations spend heavy budgets on diversity training, because diversity is good for every organization. For the best talent and getting profits it is necessary to develop a diverse work force. Demographic work force diversity also creates innovations, creativity and more problem solving minds. Equal employment is done when without giving any priority to attributes such as an employee’s race, color, religion, sex or national origin to get a good and talented diverse work force which should be on merit (Hansen, 2003).

Diversity programs also include the relationships with minority suppliers and communities. But at the same time author says that simply having a diverse workforce is not necessary to get success. When diversity level increases in the organization then it does not necessarily increase the organization’s performance (Jayne & Dipboye, 2004). Only diverse work force is not necessary to get success. In organization cultural factors, employees themselves and policies of the organization are also liable for success. Successful diversity programs also need feedback (Locke & Latham, 1990).

Diversity in organization also leads to competition among the employees that everyone in organization should learn from each other and increase one’s working abilities. Firms are unceasingly trying to increase work force diversity in today’s competitive business environment to get profitability and excellence in business operations. As the workforce diversity increases it not only increases the performance of the organization but it also increases challenges to achieve it which also indirectly increase the costs involved therein. Conflicts also increase when diversity is not managed in a right way (Bassett-Jones, N. (2005). If firms use their diverse human resource in right way then it will be very profitable for them. Human diversity also increases the rich flow of ideas, new creative and innovative ideas. If any problem occurs in the organization then the diverse work force can solve it more easily because of generating new and useful resolutions. Only diversity is not necessary but managing the diverse workforce is also equally important otherwise organizations will miss their basic aim to get success and profits. Instead of getting talented people it will be just a useless workforce for company (Cox, 1991).

Task related diversity positively impacts the team performance instead of bio-demographic diversity. When diverse work force is included in the company then the host or existing culture’s workers normally get more benefits as compared to the others. As in article the data of German workers and non-German workers shows that Germans are more satisfied as compared to non-Germans. One more thing; environment should also be advantageous for the diversity (Taylor Cox, 2008). Using diverse workforce companies should try to change their managers or human resources and leadership to get the right person at a right place and at a right time (Jones, 1989). HR managers are in deep trouble due to some changes of diversity should be adopted by the organizations are very necessary to develop an organization (Porter, 1995) (Schein, 1996).

## 3. Research Hypothesis & Theoretical Framework

Following are the research hypothesis of our study:

H1: The employees of both public and private organizations having significant level of competition differ from each other.

H2: The employees of both public and private organizations having significant ethnicity, performance and culture differ from each other.

H3: The employees of both public and private organizations having significant Orientation-Culture-Support differ from each other.

H4: The employees of both public and private organizations having significant Diversity-Performance differ from each other.

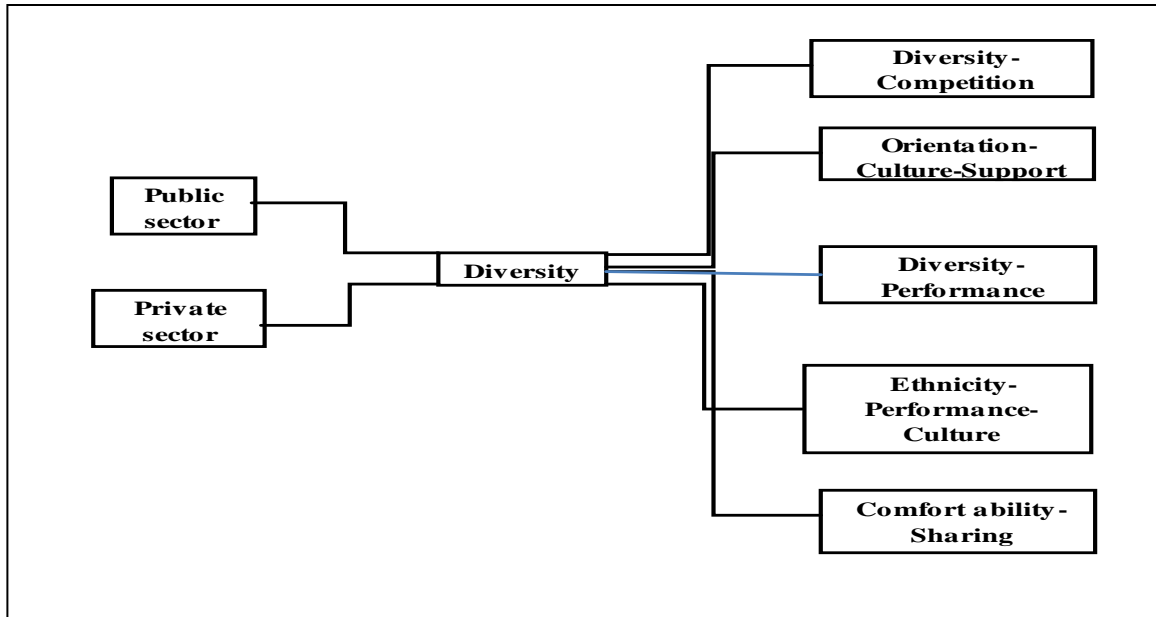


Figure 1. Theoretical Framework of the Study

#### 4. Research Methodology

The study which we are going to conduct is exploratory in nature. In this study we used descriptive techniques for the validity of our data; moreover statistical tools (independent t test, frequency test) were also applied for better results and findings. Interviews featuring structured questionnaire were done in order to acquire required data. Our research questionnaire consists of questions asked from respondents based upon likert scale. The questionnaire was composed of two sections. The first section intended to enquire about each respondent's personal information while the second section measured the respondent's perception about each construct in our study.

The target population from which we got the data belongs to private and public sector business organizations in all over Pakistan. The target population includes banking sector, health services sector and medical services sector. Data was gathered from higher management and the employees whose academic qualification level is either bachelors or masters minimum. Some interviews were also conducted from managers and higher rank officials to know about workforce diversity in their respective organizations. The sample size of this research were 150. Data was collected from 5 metropolitan cities of Pakistan. Questionnaire used for data collection consisted of different types of 37 questions.

#### 5. Data Analysis

After analyzing the response from our respondents we have seen that diversity is commonly found in every organization. From the sample of 150 respondents 97.3% said that diversity is in their organization and remaining were only 2.7% who said there is no diversity. With regard to plan for workforce diversity, from the sample of 150 respondents mostly said it is not planned in their respective organizations; as 56.7% respondents said it is not planned. But diversity is managed as it is desired in the organization. Remaining 43.3% said it is planned in their

organization. Similarly 64.7% respondents said there is no workforce diversity management program in their organizations. Remaining who said diversity management program is in their organizations they were only 35.3% from the whole sample. From the sample of 150 respondents 80% were males and 20% were females. From which all this data is collected by filling questionnaires by them and conducting interviews. With regard to diversity, mainly diversity is found in different organizations gender specific which is 56%, then age 32% and then ethnicity wise only 12% diversity is found. Mostly gender specific diversity was found in private sector organizations. Ethnicity specific diversity was mostly found in public sector.

#### *Diversity-Competition*

There is a significant variation in competitive environment both in private and public sector organizations. The work force in both sectors reflects the way of job performance to get competitive advantage over the rest of fellow employees working in similar capacity. Indeed such competitive advantage ultimately influences at organizational level which differs from organization to organization. Results showed that the diversity in both sectors is signified by the competition in workforce of each one and at different organizational levels as well. Because low value of significance level (0.023) predicts more equal variations in determined factors of competition and work force diversity.

Similarly, when equal variations are not assumed then at t-test value (.350) the significance value (.705) is greater than 0.05 which rejects our alternate hypothesis that the competition in private and public sector did not show any difference which impacts the diversity in both of these. As we look at the mean difference of both sectors its just 0.036 hasn't any remarkable effect that's why standard deviation (.095) in the mean data shows there is no variation in the variable of competition. As based upon the results the diversity is not much related to the competition brought through the job involvement and performance level of work force during the job hours.

#### *Ethnicity-Performance-Culture*

When equal variations are assumed in comparing means of both private and the public sectors in respect of ethnicity and performance intensity, levenes's test shows the workforce in private sector is mainly taken from local area where organization is working but in public sector mainly taken from all over the country because there is a quota system. Results showed that the diversity in both sectors is not signified by ethnicity and performance in workforce of each and at organizational level as well. Because high value of significance level (0.366) predicts more unequal variations in determined factors of ethnicity and performance.

Similarly, when equal variations are not assumed then at t-test value(-2.033) the significance value(.046) is less than 0.05 which reject our null hypothesis that the ethnicity in private and public sector did not show any difference which impacts the diversity in both of these. As we look at the mean difference of both sectors its (-0.213) hasn't any remarkable effect in the mean data shows there is variation in the variable of ethnicity.

#### *Orientation-Culture-Support*

When equal variations are assumed in comparing means of both private and the public sectors in respect of orientation and culture, levenes's test shows that the diversity in both sectors is not signified by ethnicity and performance in workforce of each and at organizational level as well. Because high value of significance level (0.368) predicts more unequal variations in determined factors of ethnicity and performance.

Similarly, when equal variations are not assumed then at t-test value (0.515) the significance value (.691) is more than 0.05 which rejects our null hypothesis that the orientation and culture in private and public sector organizations did not show any difference which impacts on the diversity in both of these. As we look at the mean difference of both sectors it is 0.071 in the mean data which shows there is not so much variation in the variable of orientation and culture.

### **6. Conclusion**

Our result comes from comparing means test (independent *t* test). The overall difference between variance of private and public sector organizations is not so much different, but according to gathered data the private sector has

computed more variance than public sector. But public sector variance is also very close to private sector. The private sector is extremely diverse. Most of the organizations have no diversity management programme in place which indirectly hints that these organizations don't plan for diversity in their setups. It is done by the employees not in a systematic way but planning is found as need of the organization not as the reason of an organization's living and moving ahead in a progressive manner. Diversity is most commonly found in middle or lower management levels as compared with top level. At top level diversity is low. Mostly diversity is found in gender than age and then comes ethnicity. So we can say diverse organizations have good chance to progress than less diverse organizations. Diversity is necessary in every sector now days (O. H. (2007).

On the basis of outcomes of t test among the data private sector data is more diversified as compared to public sector. According to data in public sector diversity is also increasing as compared with past. From these public and private data main difference is found in variance and computing means there was also some difference in public and private sector. Private sector is more diversified which will create more HR rules and regulations to manage the work force. This diversity will also determine the level of skill that a particular person has. Workforce diversity and performance can help the organization to find the right person according to the job description. Although in limitations, some workers don't know what diversity is, and either their organization is diverse organization or not.

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