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Cultural diversity – A challenge to manage employee performance in banking sector

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Abstract

The Indian banking sector strengthens its potential human resource and technology in order to cope up with the globalization and privatisation. Banking sector is more volatile in transfers of officers and managers in every 3 years which create a cultural diversity in the organization. The LPG paves the way for high mobility of people across the globe for employment which create workforce diversity in every organization. This is the big challenge for Human Resource Management where the employee performance is very vital. This thought gives a need for research in this field to identify the obstacles due to cultural diversity for the performance of employees in the private and public sector banks in India. The researcher take necessary steps in defining the delimiting factors which may limit the applicability of the study results. An attempt is made to identify the opinion of employees and the customers in selected private sector and public sector banks about the employee performance influencing factors related to cultural diversity which is a part of workforce diversity.

Keywords: Cultural Diversity, workforce diversity, employee performance, intervention technique

1. Introduction

Indian Banking sector follow the shift of human resources in the middle and top level through transfers in every three/five years as a policy. This creates a challenge in managing cultural diversity. The people who work under the boss are from different region which lead to a change in the culture of the people. The cultures normally vary from group of people live in geographical area to another area. Due to globalization, there is no room for secluded region for work place. Hence there exist the incidences of changes of work place of people in the banking sector. In fact the middle and top level managers and officers will find it very difficult to accustom to the new environment when they are getting transferred. Many talented people stay back in the lower cadre in order to avoid such transfers. Even the customers find it difficult to mingle with new people from outside their territory.

1.2 Objectives of the study

To study the influence of cultural diversity on employee performance in banking sector.

To suggest intervention techniques to overcome the challenge of cultural diversity on employee performance

1.3 Literature Review

The U. S National Partnership for Reinventing Government (NPR) Diversity Task Force in conjunction with the US Department of Commerce in their sponsored benchmark study of diversity (2007) defined diversity as including all the characteristics and experiences that define each of us as individuals. It is clear from these definitions that most scholars concur on the definition of workforce diversity.

Carrell (2006) defines workforce diversity as the ways people differ which can affect a task or relationship within an organization such as age, gender, race, education, religion, and culture. He also commented in Labor Law Journal that although workforce diversity has become a reality in organizations as predicted by Workforce 2000 in a 1987 report by the Hudson Institute, the ways that organizations define and manage workforce diversity are still evolving.

Chatman and Spataro (2005) noted that there are a number of activities that an organization can engage in to manage the diversity of their workforce.

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Greenberg (2004) also defines workplace diversity refers to the variety of differences between people in an organization including race, gender, ethnic group, age, personality, cognitive style, tenure, organizational function, education, background and more.

Jackson et al. (1995) define diversity as the presence of differences among members of a social unit

Rosen and Lovelace (1991) noted that today, the workforce is more diverse in terms of gender, race, ethnicity, national origin and comprises people who are different and share different attitudes, needs, desires, values and work behaviours.

Relationship between performance and workforce diversity

Hayles and Mendez (1997) add that even recent studies have shown a strong correlation between good diversity practices and profits.

Fernandez (1993) argues that good workforce diversity practices in the area of human resources are believed to enhance employee and organizational performance. This is because managing diversity involves leveraging and using the cultural differences in people’s skills, ideas and creativity to contribute to a common goal, and doing it in a way that gives the organization a competitive edge.

Dr. PSV Menon and R.Rajeswari in the paper balancing self and work life- an employee performance parameter with special reference to banking sector revealed that there exists an average score of 4.25 in customs and practices among customers and colleagues and 4.88 for enmity culture among customers and colleagues which influence the performance of employees in the banks with special reference to palakkad district.

Diversity practices in performance appraisal

Cornelius (1999) Effective performance management can be a key determinant in the achievement of business objectives while maximizing the contribution of employees.

Schuler et al, 1992 A performance appraisal system should be objective, relevant to the job and the company, and fair to all employees and offer no special treatment.

US Department of Labour, (1991) workplace diversity scholars point out the danger of glass ceiling that is a barrier to promotion into management whereby multicultural employees are often perceived as not having the right skills to move into management positions. This creates artificial barriers based on attitudinal or organizational bias that prevent qualified individuals from upward mobility in their organization.

1.4 Methodology

The study is conducted as part of the major research on employee performance management system in banking sector. Multistage cluster sampling method is used to collect data from 32 banks in Palakkad District consists of 303 respondents belongs to officer cadre and above. The two important questions relevant to this study is analysed in the data analysis part which will contribute the objective of the study. Percentage analysis and Chi Square is used to figure out the findings of the study.

1.5 Data Analysis and Interpretation

The respondents were asked to rank 1 to 3 for the two questions where 1 is most influencing, 2 is moderately influencing and 3 is least influencing factor on performance of employees in banking sector.

Table 1.5.1: Influence of organization culture on performance

		Frequency	Valid Percent
Valid	most influencing	47	15.5
	moderately influencing	220	72.6
	least influencing	36	11.9
	Total	303	100.0

Table 1.5.2: Influence of working conditions on performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	most influencing	222	73.3	73.3	73.3
	moderately influencing	57	18.8	18.8	92.1
	least influencing	24	7.9	7.9	100.0
	Total	303	100.0	100.0	

Hypothesis

Null Hypothesis H₀:- There is no significant difference between the influence of working condition and organization culture on performance.

Table 1.5.3: Influence of working conditions on performance * Influence of Organisation Culture on performance Crosstabulation Count

		Influence of Organisation Culture on performance			Total
		most influencing	moderately influencing	least influencing	
Influence of working conditions on performance	most influencing	42	160	20	222
	moderately influencing	3	43	11	57
	least influencing	2	17	5	24
Total		47	220	36	303

Table 1.5.4: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.200 ^a	4	.016
Likelihood Ratio	13.009	4	.011
Linear-by-Linear Association	9.947	1	.002
N of Valid Cases	303		

a. 2 cells (22.2%) have expected count less than 5. The minimum expected count is 2.85.

1.6 Findings

- It is clear from the table 1.5.1 that 72.6% of the respondents opined that the organizational culture moderately influence the performance of the employees in the Banks
- The table 1.5.2 shows that 73.3% respondents say that the working condition is mostly influencing the performance of the employees in the banks.
- It is clear from the table 1.5.4 that the calculated value 2.85 is less than 5 hence we accept the Null hypothesis that there is no significant difference between the influences of working condition and organization culture on employee performance in Banks.

1.7. Conclusion

It is concluded with a strong feeling that the culture and working condition influence the employee performance and hence the diversity in the culture is a definite challenge which is to be managed for better organizational effectiveness.

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