Effect of diverse workforce and conducive work environment on organizational loyalty: study of the factors those impacts on organizational loyalty in the corporate sector of Islamabad, Pakistan

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ABSTRACT

Workforce diversity and employees commitment in the context of Globalization has attained significant attention of today's Researchers. This paper endeavors to ascertain major factors of work-setting and its effects on organizational performance. Two independent variables i.e workforce diversity and committed workforce relations have been analyzed on employee's organizational performance. Data was collected from 286 respondents from employee's belonging to the corporate sector of Islamabad Pakistan. Middle level management tiers were segment of the study age ranging from 30 to 40 years. Questionnaire was administered using five point likert scale. Result reveals that there is 71% variation between committed work force and organizational performance: henceforth, that committed work force is an important factor of organizational growth with a t-value of (17.295). The p values indicates that the variables are significant as $P<.05$. Similarly, committed work force effects have variation on organizational performance by 20 %. The results further represent that the variables are significant with the p value of $<.05$). It is evident from the analysis that diverse workforce oncemanaged well on the work environment and employee's are committed then organizational performance is with t-value of 6.679. It is therefore imperative for the organizations to accord due priority to the major work-setting like diversity and employee commitment in the organizations facilitating employees to yield befitting organizational loyalty.

Introduction

The perception of the employees regarding diverse workforce in their work environments significantly affects the job behaviors and attitudes. Diverse workforce is the extent to which an organization supports fair HR policies and its inadequately represented employees socially fit in (McKay et al., 2008). It influences on the job satisfaction, involvement (Hicks-Clarke and Iles, 2000), and the performance of the employees (McKay et al., 2008). As diverse workforce creates the feeling of identification and satisfaction (Jams et al., 1990), it has been accepted by the researchers that diversity conducive work environment is related negatively to turnover intentions (McKay et al., 2007).

However, the question arises that whether strong perceptions of diverse workforce alone can enhance organizational loyalty. To answer this question the researchers have argued that perceptions of conducive work environment along with diverse workforce are equally important to enhance organizational loyalty (Schwepker, 2001) because it is related to psychosomatic conducive work environment which may alter the proposed effects of diversity on organizational loyalty.

The intentions to recover the conducive work environment as likely but distinguishable from psychological conducive work environment are extremely important for organizations. Conducive work environment address an employee's perspective regarding their organization's rules, policies, values, and practices in an ethical context (Schwepker, 2001). A majority of the literature on conducive work environment refers to the development of a five-factor procedure consisting of instrumental, caring, independence, rules, and law and cipher conducive work environments (Martin and Cullen, 2006). From this point of view, conducive work environment are best seen across organizations and their affects on employees occur via an ethical fit (Coldwell et al., 2008). The emphasis of this study is to analyze individual employee perspectives rather than alignment. We do not concentrate as a one-dimensional arrangement that assesses perceptions that one's organization has developed and maintains an ethical code through communication and policy (Mulki et al., 2008).

Literature Review

In general terms, the conducive work environment of diverse workforce is defined as the extent to which an organization concentrates on maintaining a versatile workplace (Cox, 2001). In addition, recent research has illustrated a more specific definition that conceptualizes diverse workforce conducive work environment as the extent to which a firm implements fair human resource policies and socially merges under-represented employees (McKay et al., 2008). The factors that compose a positive diverse conducive work environment include personal demographics, professional characteristics,

department structural diversity, perceptions of department conducive work environment for diversity, views of the institution's commitment to diversity, and personal experiences with diversity (Mayhew et al., 2006).

A central argument within diversity literature is whether diversity should be specifically or generally defined (Nkomo, 1995). Scholars favor a specific definition and argue that the area of expertise of diversity research should be restricted to particular cultural categories such as race and gender. In comparison, scholars who prefer a broad definition (Jackson et al., 1995) argue that diversity embraces all the possible ways people can differ. Individuals do not only differ due to their race, gender, age and other demographic features, but they also differ because of their values, disabilities, organizational functions, tenure, and personality.

A common question usually researched is what does differing levels of diversity conducive work environments in organizations look like? Demographical diversity is an important aspect of diversity conducive work environment (Hyde and Hopkins, 2004) and this diversity is integrated throughout an organization, from the top (e.g., senior managers) to bottom, in ranking (e.g., rank-and-file employees). The incorporation of diversity is a major determinant of conducive work environment (Kossek and Zonia, 1993). A non-racial, diverse conducive work environment ensures its employees that their organization is sophisticatedly invested in their employment and values, despite their demographical differences (Kossek and Zonia, 1993). Conversely, unsupportive, racially diverse organizations do not only display lack of diversity but also imply that their organization shares a close similarity in terms of demographics among their employees and prove that they do not consistently promote diversity efforts (Hyde and Hopkins, 2004). It is researched and proven that maintaining a pro-diversity conducive work environment effectively can provide a firm competitive advantage relative to its competitors (Hicks-Clarke and Iles, 2000).

Theoretical Framework
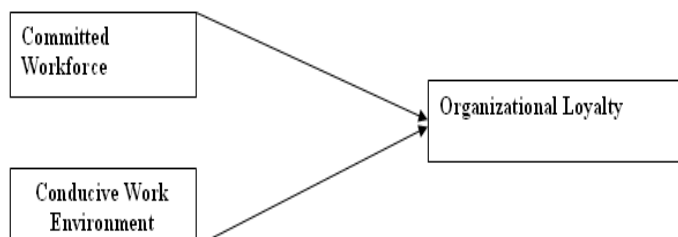
H1: Committed Workforce has significant integrative effect on organizational loyalty

Relationship of Diverse workforce with Organizational loyalty

Research in business management, psychology, and social psychology has lead to the consideration of the impact of different types of heterogeneity on performance outcomes (Wise and Tschirhart, 2000). According to constructed research, it has been determined that in heterogeneous work settings, members of one of the visible minorities are more likely to depart the organization and suffer from higher rates of absenteeism (Tsui et al., 1992). In addition, special diversity-related initiatives such as dedicated diversity management staffs and workplace programs and benefits such as flexible work arrangements, domestic partner benefits, corporate-sponsored employee affinity groups, and other programs are designed and promoted

by organizations to help attract and retain a diverse workforce (Corporate Leadership Council, 2003).

Diversified conducive work environment ensures positive relation among employees and the organization in terms of how employees feel about their job and employer, job/career satisfaction, job involvement, organizational identification (Hicks-Clarke and Iles, 2000), sales performance (McKay et al., 2008), and organizational effectiveness (McKay et al., 2009). A significant negative correlation between perceived diversity conducive work environment and voluntary organizational loyalty has been found by McKay et al., (2007) and this relationship is thoroughly explained through psychological contract and person-fit theories (Kristof-Brown et al., 2002). Employees' level of comfort at an organization is higher when the diversity conducive work environment is high rather than low due to the perception of care that is felt among employees. As a result, these perceptions contribute to the long term success of an organization as the employees chose to remain loyal to the organization with decreased turnover intentions (McKay and Avery, 2005). This perspective is supported by the literature that illustrates that diversity increase self-confident which in turn causes decrease turnover intentions that are caused due to the feelings of dissatisfaction and identification with one's job and organization (James et al., 1990). Therefore, increase diversity perceptions lead to decreased turnover intentions.

H2: Conducive work environment has significant integrative effect on organizational loyalty

Relationship of Conducive work environment with Organizational loyalty

Moral code deals with moral values and codes which help for determining whether the attitude or behavior is right or wrong. Formation of difference between desired behaviors and values of organizational culture (stereotyped behaviors and values) and those that the organization has to present out is said to be denoted by ethics (Schultz and Werner, 2005). Honesty, loyalty, courage, tolerance, respect, responsibility and justice are some ethical values in this context (Karakose, 2007). The concept of conducive work environment of an organization developed by Cullen and Victor (1987) meant the perceptions of typical procedures and practices of the organization having ethical content that prevailed (Cullen and Victor, 1987). The ethical conducive work environment may mean one component of the overall conducive work environment or culture of the organization (Cullen and Victor, 1987), constructs known since long ago to be influencing decision making of the individuals.

With conducive work environment different positive job attitudes like job satisfaction and organizational loyalty are linked (Cullen and Martin, 2006). The effect of this apparent conducive work environment is explained through felt ambiguity. Official policy of the organization related to ethical situations and confidence by the organization in maintaining its set ethical code, probably results in employees feeling less ambiguity on handling ethical situations. The removal of this ambiguity due to conducive work environment probably leads to greater job satisfaction (Schwepker, 2001). Moreover positive work attitudes may be created by perceiving an ethical conducive work environment as employees may take the ethical organizations to be having positive work environment prominent in trust and honesty (Schwepker, 2001). In general, experimental research confirms the association between the perception of an ethical conducive work environment and positive outcomes of the employees (Mulki et al., 2008).

Discussion

Integrating diverse workforce and Conducive work environment:

Schwartz and Carroll, (2003) used corporate social responsibility theory to understand the relationship between psychological conducive work environment and turnover. That theory mentioned three general responsibilities of the corporations to society: legal, economic and ethical. These responsibilities, although descriptive in nature, were viewed as expectations from the managers for fulfillment (Jamali, 2008). The corporations must maximize their profits or share values for fulfilling their economic responsibility by increase in sales, creation of new jobs, avoidance of litigation, and by improvement in morale of the employees or the public image o the corporation (Schwartz and Carroll, 2003). The fulfillment of legal responsibility results in adherence to legal laws and playing by rules of the game (Jamali, 2008). Finally, corporations must set the formal codes of ethical conduct and must adhere to them for satisfying their ethical responsibility (Schwartz and Carroll, 2003). In addition they must present the organization as just, fair, moral and respectful of people (Jamali, 2008).

Moreover, prior research highlights the accomplishment of these social responsibilities those can be viewed as an expectation from employees instead of an extra effort on the organization's behalf (Jamali, 2008). As such the accomplishments of these corporate social responsibilities will probably results in positive employee outcomes unrelated to supplementary employee effort. The job turnover intentions of employees is an attitude that refers to the individual's opinion and value about the organization in his mind and are a likely impact which does not encompasses enhanced employees effort on the job. Due to the strong association between the social responsibilities accomplishment and employee value expectation we claims that turnover intentions are a likely outcome reciprocated by employees. Due to the necessity of both conducive work environment perceptions to fulfill an organization's social duties and responsibilities, we can predict that their effects on turnover intentions are shared, such that having two supportive psychological conducive work environments will result in less turnover intentions than having one without the other.

Organizational loyalty:

In organizational loyalty the employees identify with an organization and its goals, and wish to remain its members (Langton and Robbins, 2003), this has been recognized as the main measurement for mental health (Warr, 1987). In a research it was concluded by Cullen et al., (2003) that the ethical conducive work environment found in an organization was in relation with the organizational loyalty that existed. They found the benevolent conducive work environments to be in positive relation with organizational loyalty, whereas the egoistic conducive work environments were in negative relation.

The employees build strong association with the organization when they feel the conducive work environment in the organization to be benevolent. This encourages the group members to cooperate and develop strong unity among them which will result in high increase in organizational loyalty. Otherwise, when they feel the conducive work environment to be egoistic, they begin to believe that organization is encouraging them to act in the same way and to show little respect to their colleagues. An egoistic conducive work environment results in employees believing that the organization supports and endorses self-interested behaviors at the cost of other people (Cullen et al., 2003). The chance of cooperation and cohesiveness which exists in benevolent conducive work environments decreases in an egoistic conducive work environment and employees might stop identifying with the organization as they think the values to be against what is generally acceptable (Cullen et al., 2003).

No relationship was found empirically between affective organizational loyalty and negative mood (mood that related to stress and frustration) (Kelloway and Rogers, 1997). LeBlanc and Kelloway (2002) however succeeded in concluding that affective organizational behavior could be predicted negatively by aggression initiated by co-workers (Kelloway and LeBlanc, 2002). Most of the studies related to negative effects of stressful work environments carried out before 1993 concentrated towards issues like physical health of employees, job satisfaction (Depue and Monroe, 1986), performance (Spector and Chen, 1992) and turnover (Hendrix et al., 1985). In a study in 1992 Spector and Chen explored the relationship of stress factors of work with withdrawal, aggression, substance abuse and theft (Spector and Chen, 1992).

Research Methodology

Research Methodology

Sample & Respondents: Data was collected from the 286 respondents from middle level workers belongs to corporate sector of Islamabad. This sample was chosen by considering their personal distinctiveness as age ranges from (30-40), qualification (degree level), work experience with the organization (minimum 3), and number of performance assessments in the organization (minimum 3).

Instrument & Measure: A structured questionnaire was used to collect data. Questionnaire was revised by considering study requirements, and eighteen more items were added for identifying effects of performance appraisal and rare abilities. The respondents were asked to articulate their judgments using a five point Likert scale ranging from strongly disagreed (1) to strongly agreed (5).

Procedure and Analysis: The questionnaire for survey was self-governed and in person disseminated by the researcher among the respondents for the study. One questionnaire was given to each of the respondents according to the extent and nature of data n information required for this study. Researchers endowed with indispensable support to respondents in making technicalities understandable in answering the queries. For analysis of data quantitative tools and techniques Statistical Package for Social Sciences (SPSS) was utilized for the data analysis. Descriptive frequencies, percentage and correlation were drawn using SPSS.

Findings

Table -1 Regression analysis of Diverse workforce, conducive work environment and Organizational loyalty

Independent Variables	B	Std. Error	t-stat	Sig	F- Stat	sig	R- Square	Adjusted R- Square
(Constant)	4.345	.213	20.366	.000	6.96.981	.000	.848	.847
Committed Workforce	.710	.041	17.295	.000				
Conducive Work Env.	.203	.030	6.679	.000				

Dependent Variable: Organizational Loyalty

The above table clarifies the regression analysis of diverse workforce and conducive work environment with respect to organizational loyalty. Regression analysis is a statistical technique used for the exploration of associations between variables. Typically, the researcher looks for the fundamental cause of one variable upon another. The regression analysis is executed in order to check sensitivity in the variables.

The result of the table explains that the beta value of diverse workforce with respect to organizational loyalty is (.710). It means that there is 71% variation between work force diversity and organizational loyalty. The analysis reveals that work force diversity is an important factor of organizational loyalty with a t-value of (17.295). The p-value values indicates that the variables are significant as P<.05.

To investigate such problems, the researcher accumulates data on the essential variables of attention and utilizes regression to guess the quantitative outcome of the fundamental variables upon the variable that they manipulate. The researcher also usually evaluates the "statistical significance" of the predictable associations, that is, the amount of confidence that the accurate association is close to the probable association.

The beta estimates (.203) of ethical conducive work environment and organizational loyalty indicates that is sensitivity between the results and relationship between the variables exists. The beta results demonstrate that if there is one degree change in ethical conducive work environment there will be 20% change in organizational loyalty. The results further portray that the variables are significant with the p-value of (p<.05). It is evident from the analysis ethical conducive work environment is an important factor of organizational loyalty with the t-value of (6.679).

Conclusion and Managerial Implication

In the light of extensive literature, the present study reveals that diverse workforce and ethical conducive work environments could be sighted as a collaborative mean of influencing organization commitment and other employee attitudinal outcomes. If the employees perceive consistencies connecting the diversity and ethical conducive work environment at their workplace, an expected positive response will emerge from their end. Employee commitment and satisfaction can be achieved by ensuring appropriate diverse workforce practices and providing ethical sound conducive work environments. The employees express negative attitudes only when they are treated unfairly. In these cases, the authors report that 75% of the employees have filched from their employers at least once (McGurn, 1988).

The employee attitudinal outcomes may be in negative as well as positive forms. The negative and positive forms are dependent on diverse workforce practices and ethical conducive work environments provided. Higher employee turnover, job dissatisfaction, inter-employee conflicts and frustration are few negative domino effects those malfunctions diversity within an organization. But on the other hand diversity positively affects the organizations which includes the ability to attract new employees, welcomes their creativity with more flexibility in system to enhance the quality (Cox, 1991). Poor diversity and ethical conducive work environment result in a great deal of behavioral problem which are of immense apprehension to the organizations. This crucial nature of problems needs to be deliberated and solved on priority to ensure the survival of the firm in competitive market. Most of the organizations come frontward and take imperative actions by nourishing positive ethical cultures within the organization that helps the employees

in coping with ethical dilemma. Such action of management realizes the workforce that they are supported by their organization in their proceedings. Furthermore, this positive cultural environment should be maintained so it will not subside to more aggressive and deviant behaviors that have been so detrimental to organizations in the past. In the end, we conclude that diverse workforce and ethical conducive work environment have integrative influence over organizational loyalty and other employee attitudes.

Future Research

In this article, we were only concerned with investigating the integrative effects on diverse workforce and conducive work environment on organizational loyalty. However, the future studies may concentrates on examining the integrative effects of diverse workforce, conducive work environment, and social corporate responsibility on other employee attitudinal outcomes like organizational citizenship behavior etc.

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