

## THE STUDY OF THE EFFECTIVENESS OF THE DIVERSITY, EQUITY AND INCLUSION STRATEGIES IN THE KNOWLEDGE PROCESS OUTSOURCING INDUSTRY

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### ABSTRACT

*Post the COVID-19 pandemic more than 90% of companies all over the world are saying that Diversity, Equity and Inclusion (DEI) matters. Businesses have now begun understanding that as more and more labour enters the workforce, the more diverse it gets. Diversity could be gender wise, ethnicity wise or even racially.*

*DEI ensures that the culture of the organisation is psychologically safe for all kinds of workforce. It contributes to better productivity, employee engagement and job satisfaction.*

*Although the efforts to protect minority groups go back decades, there has been little effort into putting the radical plans into action. Post the #MeToo movement, workplaces around the world have begun looking at Diversity and Inclusion as critical topics. Organisations, HR managers and leaders have plans in place to deal with DEI, however it has been noted that there appears to be a gap between the planning of managing diversity and inclusion better and the actual implementation of the same. This gap should ideally be bridged and better DEI can be fostered in the organisations where the Human Resource systems are in place.*

*However, for the latter to happen the leaders and the human resource managers need to restructure the corporate policies, put regulations in place and promote meaningful interactions and work on honest feedback from the minority groups.*

*Knowledge Process Outsourcing industry has been known to hire a diverse workforce for their white label support services. This industry has the one of the highest potentials for developing better and constructive HR policies to deal with diversity and inclusions.*

*Through this paper the researcher intends to study how the Human Resource Managers in various KPO's all over the world are managing their diversity. Whether they have any strategies in place in their organisations or they are still in the mode of forming them. For the purpose of narrowing down the research, the researcher has picked a KPO of Citibank. The employees of various departments of the company were asked to fill in a survey, which created a better understanding on the implementation of the strategies made for DEI.*

**Keywords:** Diversity and Inclusion, Knowledge process outsourcing industry, human resource strategies

### INTRODUCTION

**Winston Churchill once said, "Diversity is the one true thing we all have in common. Celebrate it every day."** Over the last few decades, these three words – Diversity, Equity and Inclusion (DEI) have become more like a catch phrase. Used by Human Resource (HR) managers all over the globe to foster a more positive work culture and to make every employee feel that the management is thinking about each and every one of them. Although, the term DEI has gained more popularity and the organisations which are attempting to provide a more balanced culture to their employees mean well, the attempts are feeble at the least and the outcomes practically negligible.

In 2023, in an article compiled for the Harvard Business School article, Micheal Boyles said that, if any organisation wants to champion diversity, equity and inclusion then they have to do so in their business strategy. He also mentioned that according to a survey on LinkedIn, it was believed by 69 percent of recruiters and human resources professionals that their organizations commit to diverse hiring practices. Out of these only 47 percent thought that they hold their hiring managers to those standards. [1]

Oona King, in her blog in Leadership, Ethics, and Corporate Accountability mentioned that DEI cannot be a separate strategy. It has to be tied at the heart of the organisation's business strategy. She also mentions that if there is a business strategy which is separate to include DEI then it's not considered equal. To quote – "Separate is never equal". [2]

**Diversity, Equity and Inclusion** – (the researcher will use the acronym DEI for Diversity, Equity and Inclusion)

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***“Diversity and Inclusion are about giving value to every human being, no matter what our differences.” – Author unknown***

**Diversity –**

The term DEI has become more prominent in the workplace and is seen as a major development in the second half of the 20<sup>th</sup> century. (Douglas, 2008). [3] As time and generations go by the employees of organisations are demanding a change in the organisational culture. They are no longer wanting to be passive recipients of organisational development. They feel that organisational culture should be able to foster their need for diversity, equity and inclusion. It is when the employees are equally valued, treasured and rewarded for their performances that DEI has been achieved. (Jack, 2021). [4]

The term Diversity is when your organisation employs people from different backgrounds based on their Gender; Race; Age and Sexual orientation. [1]

**Equity –**

The term Equity in the workplace means when all the employees are treated fairly and justly regardless of where they come from. It also means that they get the same opportunity as everyone else, for learning, development and progress. While diversity focuses on financial benefits like salary and compensation, equity ensures that all employees feel valued and part of the organisation. [1]

Organisations have been known to hire or promote people who are similar to them. This may happen due to influences of family, friends and unconscious bias. Ooma King said in her article in Leadership, ethics and Corporate Accountability that people must understand the biases and perceptions that they have built since they were children. They need more awareness if they want to build a company that embraces new ideas and change. [2]

**Inclusion –**

The term inclusion refers to the experience that the employee has in their workplace. When all employees of the organisation feel that they are valued and respected it means that the organisation has managed ‘Inclusion’.

Michelle Gouldsberry in her article, “9 effective Diversity and Inclusion Strategies”, November 2022 has mentioned that companies that are inclusive are more likely to unlock the potential of every employee. This will contribute to higher productive levels, employee engagement and retention. This will even impact the performance of the entire team. [5]

Inclusive employment as a term has gained importance in the recent years. It is a strategic approach which enables the human resource team of an organisation to include people from various backgrounds into the workforce. [6]

**Knowledge process outsourcing industry -**

According to the Financial Express the Knowledge Process Outsourcing industry (the researcher will refer to it as KPO from here on) which mainly deals with the high-end activities is not a new word anymore. This industry is most famous for its white label support services. Since this industry hires employees from all backgrounds and fields its actions and activities are on a spotlight in many discussions.

KPMG, a well-known CA firm has differentiated between Knowledge processes and Business Processes. While the business processes are known to be more process or rule driven the Knowledge processes are skill and judgement driven. The KPO industry involves processes where decisions need to be taken and these decisions are taken based on the knowledge that is already prevalent in the employees. (Mansingh et al., 2009).

## **OBJECTIVES OF THE STUDY**

**The main objectives of this study are –**

- To study the importance of Diversity, Inclusion and Equity in organisations as a whole.
- To identify the impact of having human resource strategies based on DEI in Knowledge Process Outsourcing Industries.
- To study the challenges that the KPO industry faces in implementing their DEI strategies.

## **LITERATURE REVIEW**

***“One day our descendants will think it incredible that we paid so much attention to things like the amount of melanin in our skin or the shape of our eyes or our gender instead of the unique identities of each of us as complex human beings. – Franklin Thomas, former CEO of Ford Foundation.***

- ❖ In their paper on “Human Resource Dimensions in Knowledge Process Outsourcing Organizations: Evidences from Existing Academic Literature Spanning a Decade Plus One”, Disha Sachdeva, Raj Kumar Mittal and Raj Bir Solanki have covered the growth of the Knowledge Process Outsourcing Industry in India. Their findings state that there is very limited literature on the Human Resource Strategies used in this industry. They have also mentioned that although India has become a hub for this industry over the last few decades, there is little knowledge on how this industry functions from a human resource standpoint. Their paper has also studied the business projections of this industry in India and according to them, although there are other countries like Sri Lanka, China, Russia, Poland, Hungary, etc who have entered in the KPO space, India will remain as a top choice for offshore outsourcing for many organisations. [7]
- ❖ In their paper on “Managing Workforce Diversity and Inclusion: A Critical Review and Future Directions”, Christina Morfaki and Alexandra Morfaki have covered the controversial topics of Diversity, Equity and Inclusion. They pointed out that it is due to the worldwide social and demographic shifts because of which organisations have had to look at DEI in the workplace as a serious matter. They have also mentioned that Human Resource managers in organisations have taken a keen interest in DEI strategies and may have formulated policies however, implementation of these policies remains to be seen. They discovered that the amount of information which is needed to build the strategies on DEI is very much available, however there is not much proof that these strategies which will achieve the goals that were intended. [8]
- ❖ In their paper on “Best practices in human resources for inclusive employment: An in-depth review”, authors - Catherine Ezeafulukwe, Somtochukwu Cynthia Onyekwelu, Njideka Phina Onyekwelu, Chinedu Ugochukwu Ike, Binaobi Gloria Bello and Onyeka Franca Asuzu have studied inclusive employment in organisations. Their intention was to study whether the inclusive strategies were integrated in the human resource policies of recruitment, training and performance management. They have interestingly pointed out that Human resource functions act as the custodians of organisational change and culture. The responsibility of establishing inclusivity and integrating it in the systems lies with this function / department only. The Human Resource professionals are instrumental in cultivating a workplace atmosphere that values differences, encourages open dialogue, and ensures employees feel a sense of belonging (Gotsis & Grimani, 2017; Travis, Nugent, & Lengnick-Hall, 2019). They studied that the Human Resource department in many multinationals are exploring the development of developing diverse strategies to attract candidates from various fields, race and genders. [9]
- ❖ In her article on “Research and Practice on the Importance of Diversity and Inclusive Culture in Human Resource Management”, Mingyi Yang mentioned that in this era where the world is becoming a global village and with the boundaries blurring, social diversity and inclusion are becoming key words for the human resource management teams of organisations all over the world. She has also mentioned that due to the excessively competitive global environment, companies are feeling the need to place more and more emphasis on an organisational culture which allows diversity and is inclusive in nature. She has discussed how DEI have to be integrated in the recruitment, retention, performance management and training and development policies of the organisation. [10]
- ❖ Neeta Baporikar in her paper on Human Resource Management for Managing Cultural Diversity, managed to study the inclusivity and diversity adopted in the culture by various managers. She concluded that sometimes managers adopt DEI strategies based on their own understanding or lack of thereof. Her study proves that the strategies of DEI that are integrated in the organisation culture are sometimes dependent on the perspective of the Human Resource Managers and their perceptions. In her paper she has mentioned that the HR department in the organisations must be the pioneers in adopting a holistic and inclusive approach towards employment. Her study stated that it is the human resource policy of any organisation that acts as a driving force towards building an environment which is more Diverse and inclusive in nature. [11]

### LIMITATIONS OF THE STUDY

Due to the lack of time and resources the researcher could study only one KPO namely, the KPO of Citibank located in Pune, Maharashtra. Out of the 20-member team, only 11 could respond to the questionnaire due to lack of time.

### METHODOLOGY

The methodology of this study comprised descriptive research design and accordingly a survey was conducted. The initial study was first sourced from a review of literature relating to the impact of DEI strategies on the employees. For this purpose, various papers, E-books and journals were studied.

The major source of information was the primary research that was conducted using a structured, comprehensive and undisguised questionnaire. The data was collected from the employees and management team of Citibank, Pune. The collected data was edited, coded and tabulated. The tabulated data was analysed and inferences drawn to intercept the meaning. The research falls under quantitative research along with some qualitative thematic responses.

### Sample Population

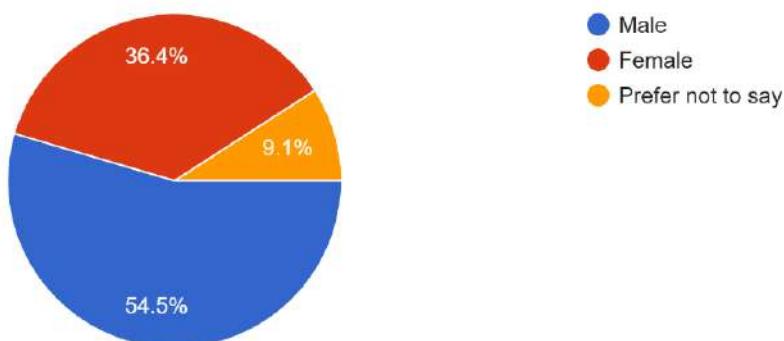
The target population of the survey comprised 20 members of a team at Citibank, Pune. Citibank is a well-known Multinational Bank. This population of employees belong to the team of the KPO which has been recruited by Citibank, Pune. The employees of this company are experienced in working with KPO's. Some of them have worked with KPO's for their entire careers.

### DATA ANALYSIS

#### Demographics –

##### Gender -

11 responses

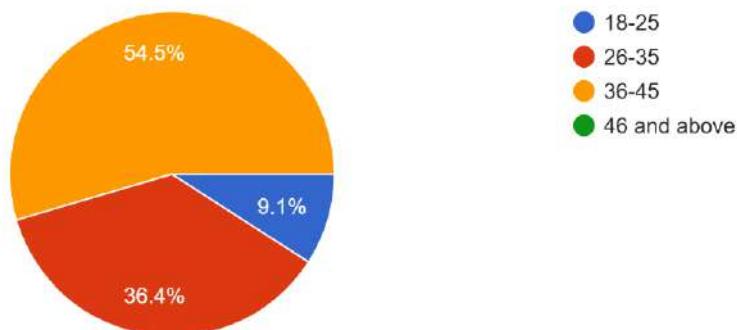


**Figure 1.1**

Figure 1.1 denotes the gender of the employees at the KPO of Citibank.

##### Age Group -

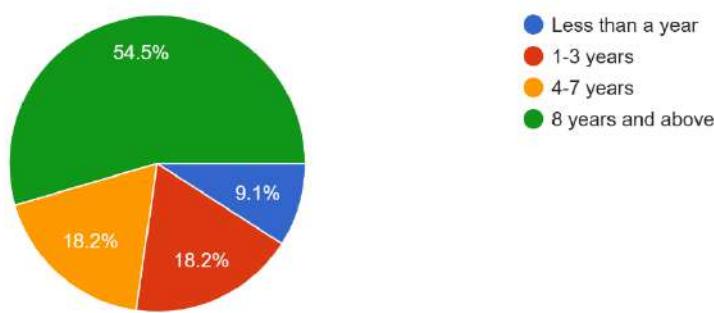
11 responses



**Figure 1.2**

Figure 1.2 denotes the age group of the employees.

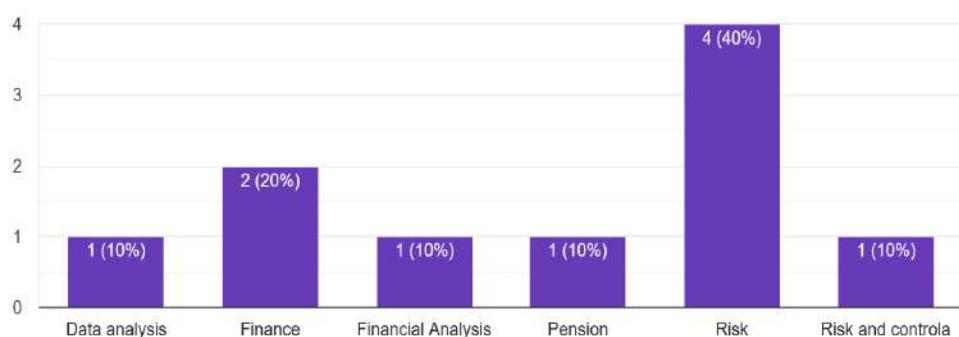
Years of experience in a KPO -  
 11 responses



**Figure 1.3**

Figure 1.3 indicates the years of experience of the respondents in the KPO industry.

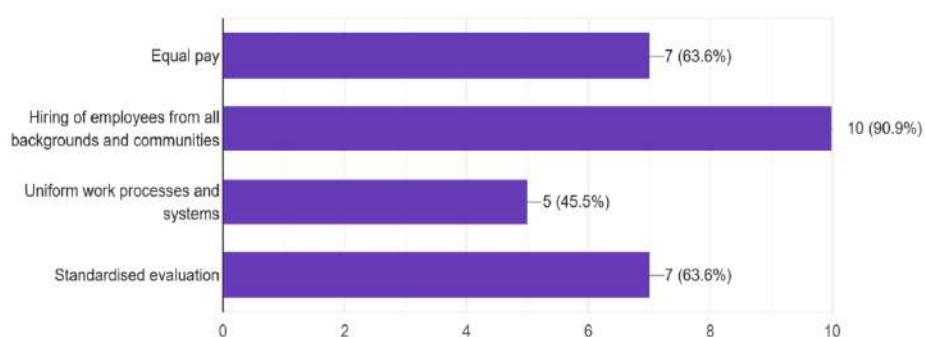
Your department -  
 10 responses



**Figure 1.4**

Figure 1.4 denotes the department of the respondents in the KPO of Citibank.

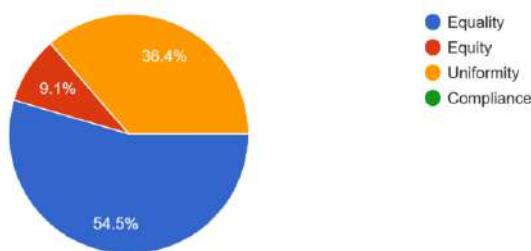
According to you how can one define Diversity in the workplace? (you can tick more than one box)  
 11 responses



**Figure 1.5**

Figure 1.5 indicates that all the employees felt that the Hiring of employees from all backgrounds is the best way to describe Diversity in their workplace. 7 of them felt that Equal pay and standardised evaluation were other ways to integrate diversity in the workplace. 50% of them felt that it is with Uniform work processes and systems that diversity in the workplace can be better defined.

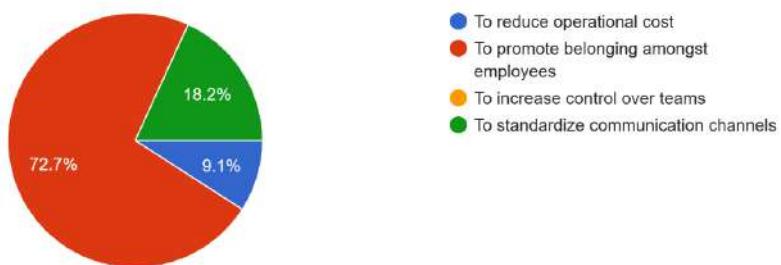
Which term according to you refers to ensuring fair access to opportunities and resources for the employees?  
11 responses



**Figure 1.6**

Figure 1.6 more than 50% of the employees feel that Equality is a term that they must recognise with to describe fair opportunities in the workplace. 36% of them felt that the term was Uniformity and 9% felt that it was Equity. None of the respondents felt that the term was Compliance.

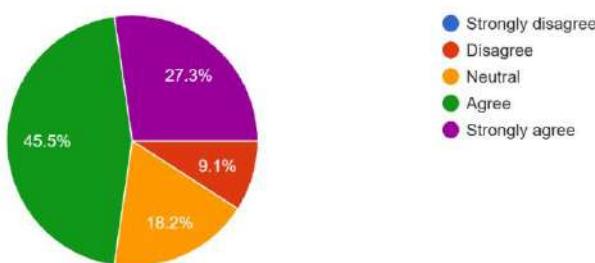
The aim of an inclusive work culture is to -  
11 responses



**Figure 1.7**

Figure 1.7 indicates the aim of inclusive work culture. For a whopping 72% of the employee's promotion of belongingness amongst the employees should be the biggest aim of an inclusive work culture. 18% of the employees feel that the communication channels being standardised is the final aim and 9% feel that the aim is due to operational cost. None of the employees feel that a control over teams is an aim of inclusive culture.

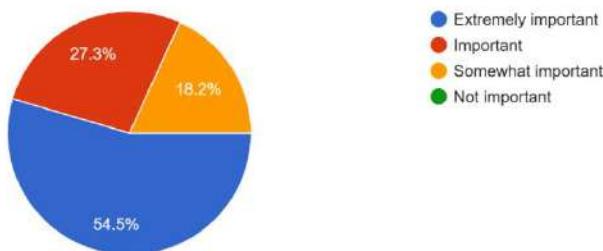
Do DEI strategies improve organizational performance? Please give your opinion -  
11 responses



**Figure 1.8**

Figure 1.8 indicates that 45% of the employees Agree that DEI strategies do improve organisational performance. 27% of the employees strongly agree for the same. 18% felt Neutral about the DEI strategies. And 27% of the employees Strongly Agree that the DEI strategies improve organisational performance.

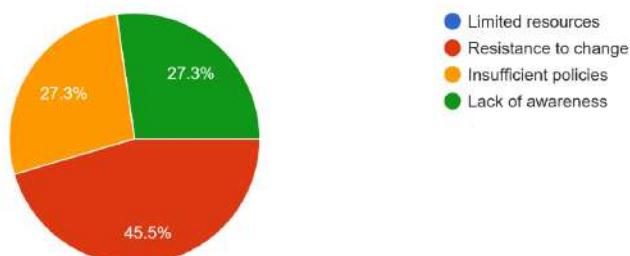
In your opinion, is leadership commitment important for the implementation of DEI strategies?  
11 responses



**Figure 1.9**

Figure 1.9 indicates the importance of leadership commitment towards the implementation of DEI strategies in the organisation. 54% of the employees feel that the role of leadership is very important. 27% feel that it is important and 18% feel it's Somewhat important. None of the employees choose the Not Important option.

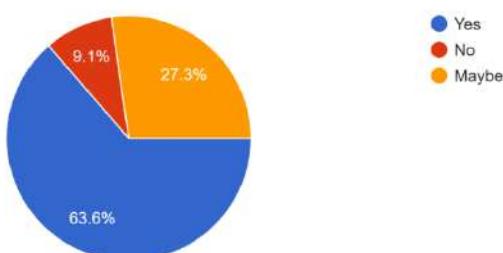
In your opinion, what limits the progress of DEI strategies in KPO's?  
11 responses



**Figure 2.0**

Figure 2.0 indicates the progress of DEI strategies in KPO's is limited mostly by Resistance to change. 45.5 % of the employees on the team felt that DEI strategies mean accepting change. 27% of the employees felt that it was due to Insufficient policies and the other 27% felt that it was due to lack of awareness. There was no employee who felt that it was due to limited resources.

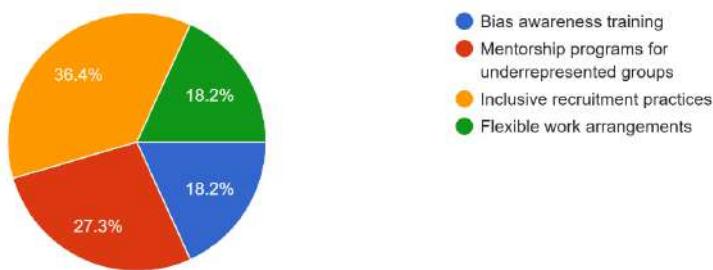
Do you think that your organisation follows specific DEI policies or initiatives?  
11 responses



**Figure 2.1**

Figure 21.1 indicates whether the organisation follows any specific DEI initiatives or not. A whopping 63% have mentioned it as Yes, 27% of the employees and 9% of the employees have said that there are no policies for any specific DEI initiatives.

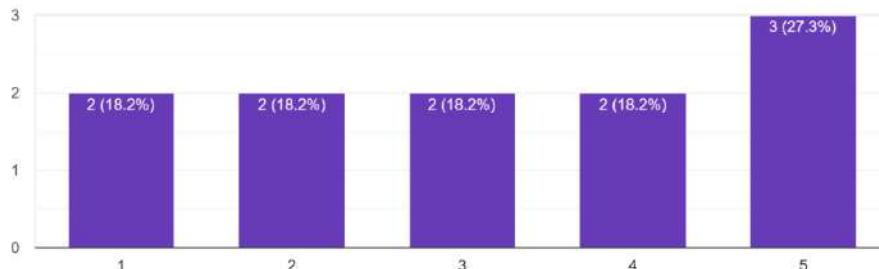
Which DEI practice do you believe has the most positive impact in your organization?  
 11 responses



**Figure 2.2**

Figure 2.2 indicates the kind of DEI practices that have the most positive impact in Citibank. 36% of them feel that Inclusive recruitment practices will have the most positive impact, 27% of them feel that Mentorship programs for underrepresented groups will have the most positive impact, and 18% of them equally feel that Flexible work arrangements and Bias awareness training will have the most positive impact.

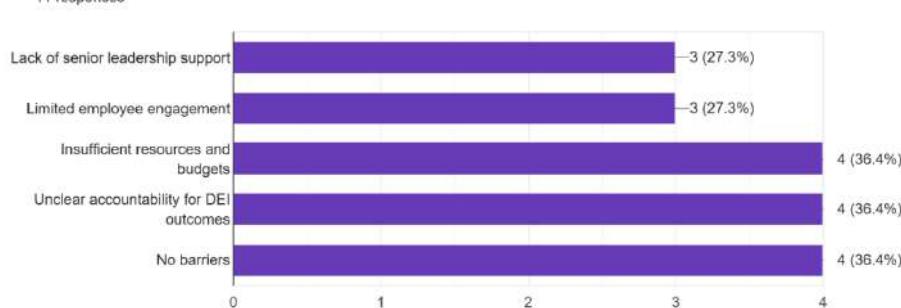
Rate the effectiveness of the DEI training program in your organization - 5 being the at the highest effective level and 1 being at the lowest effective level.  
 11 responses



**Figure 2.3**

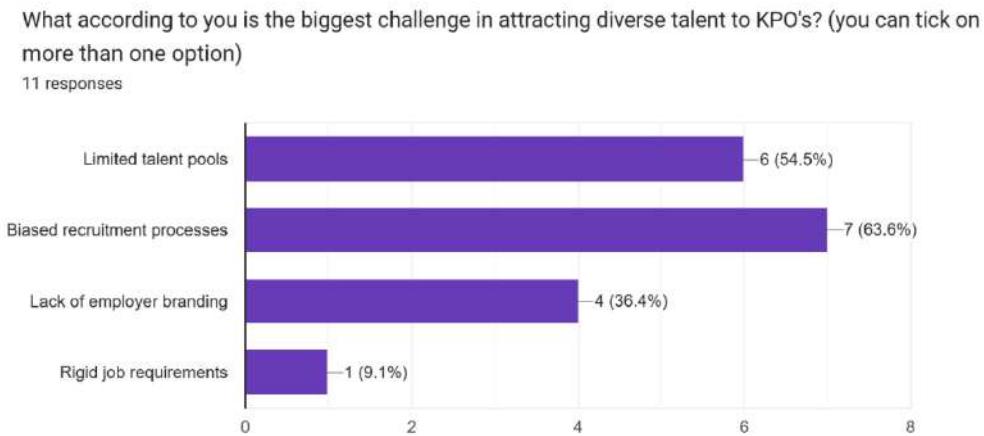
Figure 2.3 indicates that the highest percentage of the employees feel that the effectiveness of the DEI training program is high in the organisation.

Does your organization have barriers to creating an inclusive workplace? If Yes, then which one of these? (you can tick on more than one option)  
 11 responses



**Figure 2.4**

Figure 2.4 indicates the barriers that the organisation has in creating an inclusive workplace. A good 36% feel that the organisation has No barriers. 36% equally feel that the barriers are Insufficient resources and budgets and Unclear accountability for DEI outcomes. An equal 27% feel that Lack of senior leadership support and Limited employee engagement are also barriers.



**Figure 2.5**

Figure 2.5 indicates the biggest challenge in attracting the diverse talent to KPO's. 63% of the employees feel that the biggest challenge is Biased recruitment processes. 54% of them feel that it is the Limited talent pools. 36% feel that it is Lack of employee branding and 9% feel that it is Rigid job requirements.



**Figure 2.6**

Figure 2.6 indicates the area of the organisation which the employees feel that the organisation needs to look into in order to strengthen their DEI. More than 50% of them felt that it was Leadership commitment and their role modelling. 27% felt it was Training and awareness campaigns and 18% of them felt that it was Measurement and reporting.

## FINDINGS

### The main findings of the study are presented below –

- The researchers were able to establish that although the DEI strategies to exist in the KPO industry, the need for better implementation of the strategies is felt by the employees.
- The responses of the employees indicated that the role of leadership is considered a big part of the process while implementing DEI strategies. It is from the leaders that they are expecting guidelines and balance in all the functions of the organisation.
- The employees felt that although standardised evaluation and processes were important, hiring of employees from diverse backgrounds is the most important while implementing DEI strategies.
- The researcher was also able to establish that a culture where employees feel as if they belong to the company is also possible only due to the inclusion strategies of the company and that it will create a more positive environment for them to work in.
- The researchers gathered that the area which Citibank needs to work on in terms of a more balanced work environment is Leadership and role modelling.

➤ The employees at Citibank also felt that the Biased recruitment process is one of the obstacles to attracting new and strong talent to the KPO.

## **SUGGESTIONS**

*“If you haven’t hired a team of people who are of colour, female, and/or LGBT to actively turn over every stone, to scope out every nook and cranny, to pop out of every bush, to find every qualified underrepresented founder in this country, you’re going to miss out on a lot of money when the rest of the investment world gets it.”*

— **Arlan Hamilton, Founder and Managing Partner of Backstage Capital**

➤ From the primary data accumulated by the researchers and the conversations had with the Citibank employees, it is evident that the KPO of Citibank has many strategies for Diversity, Equity and Inclusion. However, it was noticed that many employees are not aware of these strategies.

➤ The organisations should ensure that the DEI strategies which are developed by them should be displayed in policies and integrated in the practices so that their implementation and effect can be seen and understood.

➤ The employees consider their leaders and managers are considered to be the role models for showing balance and equity. Considering this, they should play a more active role in developing structures and processes to ensure the effective implementation of the DEI strategies.

## **CONCLUSION**

*“We need to resist the tyranny of low expectations. We need to open our eyes to the inequality that remains. We won’t unlock the full potential of the workplace until we see how far from equality we really are.” — Sheryl Sandberg, COO of Facebook*

➤ It is the role of the Human Resource Department of the KPO industry to ensure that the employees are equipped and have the knowledge to ensure cultural diversity. This can only happen if the upside of the cultural differences like ethnicity, language, educational levels and gender are seen and considered. The leaders and the department of HR are the champions who can lead the management of cross – cultural systems. [11]

➤ The objective of this study was to study the implementation of the DEI strategies in the KPO industry. This study has examined the various diversities that need to be taken care of while setting policies and regulations.

➤ The results and data of the study show that the employees of Citibank are aware of the DEI strategies but they also feel that the leadership could be more involved in implementing them at every level. The employees however are empowered to talk about their differences and feel accepted within their teams. The feeling of that the organisation may not be fully integrated with their diversities but the efforts to implement them in the policies of recruitment and performance are very in existence.

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