



Submission date: 04/07/2019

Accepted date: 13/10/2019

WORK FORCE DIVERSITY AND ITS IMPACT ON ORGANISATIONAL PERFORMANCE

Kepelbagaian Tenaga Kerja dan Kesannya Terhadap Prestasi Organisasi

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Abstract

Work force diversity has become an organisational imperative and as such, it is important for organisations to understand, embrace and manage diversity to be able to outperform competitors. Researchers have produced mixed result on the impact of diversity on performance. Some scholars found a positive relation between diversity factors and performance whilst others have found negative relations between diversity factors and performance. This paper therefore examines the effect of work force diversity factors (generational diversity, gender diversity, ethnic/racial diversity and educational diversity) on organisational performance. The study utilises secondary sources of data such as library resources and web based journals information for reviews and analyse from conceptual perspectives. In the study each of the aforementioned diversity factors are reviewed against organisational performance based on literature to confirm the veracity of the claims made by different scholars. The finding of the study revealed that, albeit the mixed results, most of the scholars found workforce diversity factors have a positive relationship with organisational performance. Albeit these findings, scholars agreed that managing a diverse workforce is a challenge for managers. Thus, the manner in which a diverse workforce is managed is a key determinant of the relationship between diversity and performance.

Keywords: work force, diversity, impact, organisational performance.

Abstrak

Kepelbagaian tenaga kerja telah menjadi keutamaan organisasi dan adalah penting bagi organisasi untuk memahami, menerima dan mengurus kepelbagaian agar dapat mengungguli pesaing. Penyelidik telah menghasilkan beberapa keputusan yang berlainan mengenai kesan kepelbagaian terhadap prestasi. Sesetengah ilmuan mendapati terdapat hubungan positif antara faktor kepelbagaian dan prestasi manakala yang lain telah menemui hubungan negatif antara faktor kepelbagaian dan prestasi. Oleh itu, kertas kerja ini bertujuan untuk mengenal pasti, mengkaji, menganalisis dan membincangkan bagaimana beberapa faktor kepelbagaian tenaga kerja (kepelbagaian generasi, kepelbagaian jantina, kepelbagaian etnik/kaum dan kepelbagaian pendidikan) dan kesannya terhadap prestasi organisasi. Kajian ini menggunakan sumber data sekunder seperti sumber perpustakaan dan jurnal berasaskan web untuk ulasan dan analisis dari perspektif konseptual. Dalam setiap kajian yang dijalankan, faktor kepelbagaian yang disebutkan di atas dikaji terhadap prestasi organisasi berdasarkan kajian lepas untuk mengesahkan hasil dapatan ilmuan yang terdahulu. Ia akhirnya memberikan cadangan yang mendalam dapatan daripada penemuan kajian dan analisis dari segi dasar dan prosedur untuk amalan pengurusan kepelbagaian yang lebih baik. Cadangan mengenai setiap faktor kepelbagaian sebagai sebahagian daripada kesimpulan kajian akan diketengahkan dalam meningkatkan prestasi organisasi. Artikel ini diharapkan dapat menyumbang kepada pemahaman kepelbagaian tenaga kerja dan kesan prestasi organisasi khususnya dalam organisasi kerja pelbagai masa kini.

Kata kunci: tenaga kerja, kepelbagaian, kesan, prestasi organisasi.

INTRODUCTION

Work force diversity has over the years become a global organisational imperative. The contemporary work force is more diverse than ever due to several factors including but not limited to demographic, globalisation, intense competition, economic factors, the demand for the best and brightest talents, anti-discrimination measures, and the demand for quality products and services. In today's scenario workforce diversity is a necessity for the development, both in terms of economic growth and satisfactory intellectual, emotional and moral existence (Saxena, 2014). He further explained that in business firms the workforce diversity among employees does not merely mean differences in languages, perception, and attitude but also the management of differences of skills and knowledge, because according to him knowledge sharing is an important aspect to improve productivity among the organization which is guided by social interaction.

As an organisational reality and in meeting the demands of increasing diversity level of the contemporary work force, the subject has attracted an increasing interest from

scholars and practitioners alike. Although there has been some steady growth in the adoption of diversity management programmes Kioko,(2012), the desired level is farfetched. Over the last decade, there have been reported cases of failure of the diversity management programmes of some firms (Christian, Porter and Moffitt, 2006), however, there were stories of successful diversity programmes. Therefore it is important for organisations to understand, embrace and manage diversity for the benefit of the organisation. As Ferreira and Coetzee (2010) postulates, managing diversity in the workplace is part of employee retention and attraction, with the intention to energise workplace productivity, thus increasing the organisation's competitive edge. As cited by Ferreira and Coetzee (2010), Arnold & Randall (2010), stated that, in today's world of globalisation and demographic change, the workforce is becoming increasingly diverse, which has resulted in a greater variety of knowledge, skills, experiences and attitudes, all of which contribute to the organisation's performance in what has become a highly competitive global business market. Supporting workplace diversity has the potential to have a positive impact on recruitment, retention, and employee engagement (Neault and Mondair, 2011), which will by extension impact positively on organisational performance. Over the years, researchers have explored the relationship between diversity and performance, however they cannot still agree in totality the impact the former has on the later. In this paper, the authors attempt to review the works of scholars mainly looking at four key diversity factors (generational diversity, gender diversity, ethnic diversity and educational diversity) and their relationship with performance.

PROBLEM STATEMENT

Workforce diversity has become a trending organisational issue which has attracted the interest of scholars and practitioners. Moreover, research on workforce diversity has produced mixed results. Scholars are divided on the impact of workforce diversity on organisational performance. Some have found diversity to bring positive results whilst others found it to have negative results on organisation. Although it is the ultimate goal of all organisations to be profitable, productive and by extension perform well this is not always the case when you have a diverse workforce. There are times when a diverse workforce can be a torn in the flesh of an organisation instead of a blessing. Therefore to enjoy profitability, productivity, and competitive advantage, organisations must not only embrace diversity, but use all types of available strategies that will attract the best and the brightest talents. The many differences that exist among different groups of employees within the organisation have created a challenge for managers which must be surmounted. In light of the aforementioned, this paper critically examines the impact of workforce diversity on organisational performance by reviewing previous researches by other scholars to determine whether workforce diversity has a positive or negative impact on organisational performance. .

RESEARCH OBJECTIVE

The overall objective of this study is to investigate, examine, analyse and discuss some of the impact of workforce diversity factors such as generational diversity, gender diversity, ethnic diversity and educational diversity have on organisational performance from the works of previous researchers.

VARIOUS DIMENSIONS OF WORK FORCE DIVERSITY AND ORGANISATIONAL PERFORMANCE

Despite the phenomenal efforts put in place through legal, research and sensitisation both globally and locally, not all organisations fully understand and embrace diversity and its benefit on performance to their organisations. Although a myriad of studies have been undertaken on diversity management, scholars could not all agree on the link between the factors that influence diversity management, and their impact on organisational performance. In light of the aforementioned, this paper attempts to analyse existing content on whether organisations with diverse workforce perform better than the ones that does otherwise.

In a study conducted by Mazibuko and Govenda (2017), they suggest that understanding and managing diversity plays a significant role in enhancing organisation’s performance and effectiveness. Their finding is consistent with the earlier findings of Carelse (2013). The study further revealed that, diversity management created room for appreciation, innovation and creativity that organisations can leverage to tackle diverse markets. This implies that depending on the way it is managed, diversity could help a business enter more market which could lead to improved performance. In addition, the authors revealed that there is a positive relationship between cultural and gender diversity and organisational effectiveness and by extension performance. Saxena (2014), in his study on *Workforce Diversity: A Key to Improve Productivity*, suggest that hiring diverse workforce will definitely lead to improved productivity, he however stated that it may prove tragic if not managed properly because not only the management but employees are also feeling some problems like language problem (which is acceptable and is not due to thoughts of the employees), attitude clashes, and difference in perceptions, which is directly related to human behaviour which ultimately affects the productivity of any organisation.

Consistent with Saxena’s finding, Zhuwao (2017), in a study on *Workforce Diversity and Its Effects on Employee Performance in a Higher Education Institution in South Africa: A Case of the University of Venda* confirms that diversity enhances innovation and productivity, as opposed to diversity creates confusion and conflict in the workplace. The study further revealed that employees appreciate the company’s recruitment of a diverse workforce. He however

emphasised that managing and valuing diversity enhances performance. This is an indication that despite the positive significant relationship of diverse workforce on performance, managing and valuing diversity is an essential ingredient for better performance. Additionally the findings revealed that diverse workforce, individual differences, confusion and conflict are significantly related with performance in terms of innovation and workplace productivity. Despite the findings that workforce diversity influence performance, the author went on to further confirm that leadership diversity strongly influences organisational performance and/or effectiveness. Although most of the studies have found a positive and significant relationship between workforce diversity and performance, Durga (2017) argued that no significant relationship exist between workforce diversity and organizations' effectiveness, but only a minimal impact exist between the two.

GENERATION DIVERSITY AND ORGANISATIONAL PERFORMANCE

As people of different generations work together in organisations, differences among them could emerge which would therefore require informed managerial action to avoid a back lash. As suggested by Kioko (2012), the perceived decline in work ethic is perhaps one of the major contributors of generational conflicts in the work place. In his study, he found that generational differences affects work place diversity management. However, the same study found that employees had confidence in the management of generational differences at LNNP and the management did not play favouritism in promotions and delegations. This implies that the manner in which generational difference is handled by management is a key determinant of the impact it would make. It is often claimed by employers that generation X employees are less committed to their work than older generation and work only the required time and a little more (Jenkins, 2007). Though traditional and boomers have been characterized as being extremely loyal toward their employers, younger workers on the other hand are considered to lack loyalty (Bannon 2001, Tobliz 2008). Tibliz (2008), suggest that loyalty has been found to decrease depending on how new the generation was: the younger the generation, the least loyal the generation appear to be. In a study conducted by Deal (2007), about 70% of traditionalist reported they will stay with their current employer for the rest of their work career whilst 65%, 40% and 20% for boomers, xers and Yers respectively. Although younger workers complain of the lack of respect towards them in the workplace, older workers similarly complaint the lack of respect towards them, by younger and newer employees (Deal, 2007).

Kyalo (2015), in his study on Effect Of Diversity In Workplace On Employee Performance In The Banking Industry In Kenya found that there is a positive association between age diversity and employee performance. Similarly, Akpakip (2017), in his study on The Effect of Workforce Diversity on Employee

Performance in Nigerian Banking Industry found a significant positive relationship between age diversity and employee performance. This finding means that people from different generations working together positively impacts on the performance of the organisation. However these findings are inconsistent with the findings of Weiliang, Mun, Fong, & Yuan (2011) and Gupta (2013), who found that age (generational) diversity, has a negative impact on organizational performance. Schlick, Frieling, & Wegge (2013), posits that the negative effect of age diversity on employee performance could be linked to the assumption that older employees may be less efficient and effective because of deteriorating strength due to age. Contrary to the above findings, Zhuwao (2017), found that the relationship between age diversity and employee performance is insignificant. His finding is consistent with the finding of Selvaraj (2015) in a study conducted in the manufacturing industry in Singapore. This implies that age does not influence performance either positively or negatively.

GENDER DIVERSITY AND ORGANISATIONAL PERFORMANCE

Across many countries in the world, women have been visibly discriminated and continue to be discriminated due to the patriarchal nature of the society and gender stereotype. However due to legislation, activism and anti-discriminatory campaigns and movements, significant improvements have been made in combating gender based discrimination at the work place. Like other diversity factors, there has been mixed results on the impact of gender diversity on organisational performance. Gupta (2013), in his study found that gender diversity can have either positive or negative impact on organizational performance. The study further revealed that moderate level of gender diversity increases competitive advantage while higher level of gender diversity in organizations negatively impact on organizational performance.

However, some studies have found positive and significant relationship between gender diversity and perceived organizational performance (Kunda & Mor, 2017). In a study conducted by Kioko (2012), in South Africa, he found that gender was considered in promotions and selections, recognition of all gender and equal distribution of all senior positions between the two genders and balance in work-life (especially to women) was also embraced. Nevertheless, he found that most routine work was carried out by women. Similarly Akpkip (2017), in his study on The Effect of Workforce Diversity on Employee Performance in Nigerian Banking Industry found that there is significant positive relationship between gender diversity and employee performance. Furthermore his study also found that gender diversity can highly predict employee performance. The finding is consistent with the findings of Eugene et al. (2011) and Zhuwao (2017) who found a significant positive relationship between gender diversity and employee performance. This implies that

an increase in gender diversity results in an increase in performance. Kyalo (2015), in his study on Effect Of Diversity In Workplace On Employee Performance In The Banking Industry In Kenya found that there is a positive significant association between gender diversity and employee performance. However the effect was to a moderate extent. In addition, Selveraj (2015), found that gender diversity has a positive effect on employee performance.

Despite the above findings, Arokiasamy (2013), posits that numerous organizations choose to hire more of the male workers than the female workers for the opinion that male workers have the ability to perform their jobs and can manage their jobs better. Notwithstanding, broadly speaking, creativity and innovativeness in an organization could be superior with a blend of both gender in the organization. Research has revealed that gender diverse groups have the ability to make quality decisions much more than a homogeneous team.

ETHNIC DIVERSITY AND ORGANISATIONAL PERFORMANCE

Ethnic diversity has been one of the oldest diversity issues the world has been battling with. For a very long time, discrimination at the work place based on ethnicity/race has shrouded many organisations across the world. However with the efforts of civil rights activist and promulgation of some legal instruments, some significant gains have been made in combating the menace.

The last three decades have witnessed the growth of ethnicity and the trend continues to gain more momentum (Zgourides, Johnson & Watson, 2002; Milliken & Martins, 1996; Nemetz & Christensen, 1996). This increase in multicultural work force of contemporary organisations comes with the utilisation of greater participation & synergy of employees from different backgrounds which can improve & increase both employee satisfaction & business performance. This increase, as claimed by Gupta 2013, is due to multicultural increase of society. The increase in globalisation and the need for talent to meet the demanding needs of global customers, ethnic diverse work force is no more an option but imperative. Gupta 2013, reported that ethnic diversity has a positive impact on sales, productivity, market share, and innovativeness. This by extension will impact on organisational performance. Kyalo (2015), in his study on Effect of Diversity in Workplace on Employee Performance in The Banking Industry In Kenya found a positive and significant relationship between ethnic diversity and employee performance. Similarly, Zhuwao (2017), found that there is a positive and significant relationship between ethnic diversity and employee performance. This means that an increase in ethnic diversity, leads to an increase in employee performance. The above findings are inconsistent with the findings of Arokiasamy (2013), who found that in an ethnic diverse group, there is a high probability of ethnocentric views

among members, thus creating ethnic conflicts which by extension reduced group cohesion and performance.

A moderate level of ethnic diversity has no effect on team performance in terms of business outcomes i.e. sales, profit, & market share. However if atleast the majority of team members is ethnically diverse, then more ethnic diversity has a positive impact on performance (Hoogendoorn and van Praag, 2012). Hoogendoorn and van Praag (2012), found evidence of a positive impact of ethnic diversity on team performance, however only at a point where at least half of the team is ethnically diverse. They further posit that prior to the aforementioned point the relationship is at or slightly negative. From their findings, one can therefore say that, ethnic diversity on team performance is positive only if the diversity is sufficiently substantial. As cited by Akpakip 2017, Oerlemans, Peeters, & Schaufeli 2001, suggest that ethnicity can report negative relationship and effect on performance in cases where employee experience bias, stereotype and discrimination due to their ethnic background. There can also be issues of mistrust, less communication and cooperation among employees.

However, Roberson and Park 2006, in their findings suggest that racial diversity in leadership may affect firms' ability to generate revenue, income, and stock price premiums. They further indicated that financial performance decreases with increases in minority representation on top management teams up to a point, beyond which greater balance in the racial composition of such teams is associated with increases in performance. Their findings further suggested that firms with few racial minorities in leadership may experience decreases in performance as such individuals may serve as tokens without having their unique perspectives and skills integrated into decision-making processes. In addition, low to moderate levels of leader racial diversity may weaken strategic decision making through decreased communication and increased conflict among organizational leaders, thus negatively influencing firm performance. Contrary to the aforementioned findings, Akpakip 2017, found that there is no significant relationship between ethnic diversity and employee performance. His finding implies that ethnic diversity does not have an effect on employee performance.

EDUCATIONAL DIVERSITY AND ORGANISATIONAL PERFORMANCE

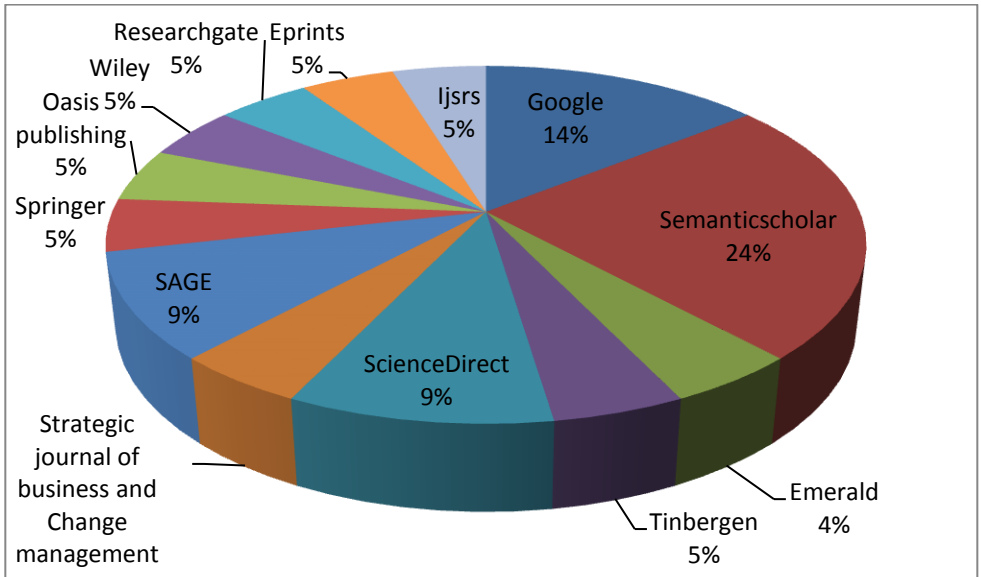
According to Tracy and David (2011), employers generally reject employees whose training, experience, or education is considered inadequate. This implies that educational background is important to both employers and employees. To earn a decent job and perform well, employees require adequate educational background. Several scholars hold on to a similar view among them Daniel 2009 who in his study found that an individual's productivity depends on his/her level of education. This

implies that those with higher level of education will be more productive whilst those with lower levels will be less productive. Zhuwao 2017, found that the relationship between educational diversity and employee performance is positive and significant which means that when educational diversity increase, employee performance also increases. Consistent with the aforementioned finding, Kyalo (2015), in his study on Effect Of Diversity In Workplace On Employee Performance In The Banking Industry In Kenya found a positive relationship between education diversity and employees performance in the banking industry. Similarly Eugene et al. (2011) in their findings reveal that informational diversity, such as education and functional areas, were positively related to actual work group performances.

Akpakip 2017 asserted that educational level affects the ability of individuals to perform core task responsibility. Contrary to the views of other scholars, he found that differences in educational background does not encourage conflict among employees but instead working with colleagues with different educational background affects their creativity in problem solving and meeting timely goals, and their jobs are perfectly done when in a team of workmates with different educational level. He further revealed that differences in educational background brings creativity and enhances the competency in task delivery of employees. Contrary to the above findings, Haas 2006, found negative effects of different educational backgrounds on team performance. He further asserted that in work and project teams, different educational levels probably bring about different perspectives and opinions causing conflict and thus reducing team performance.

Whilst collecting the required data, the study utilised different sources of databases. Figure 1 below presents the statistics of databases used for resources:

Figure 1: Number of Included Articles in Different Categories by the Source Digital Database



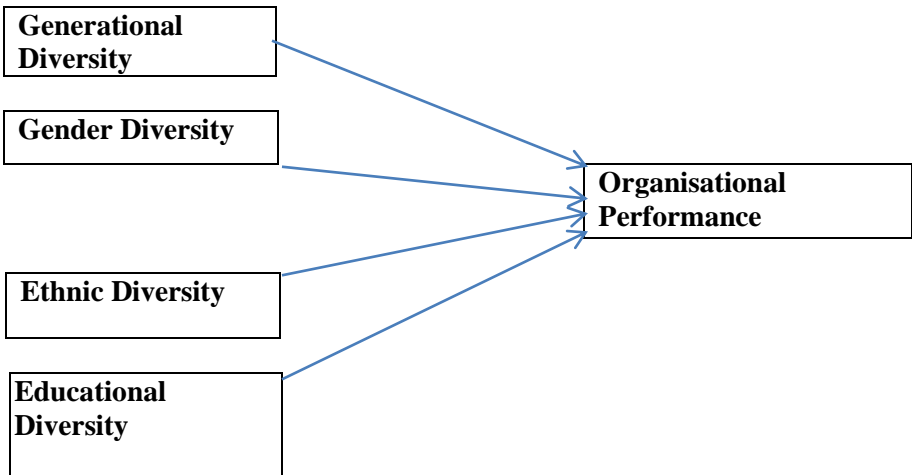
METHODOLOGY

Based on the objective of the paper, secondary sources of data such as library resources and web based journal information were utilised for reviews and content analysis from conceptual perspectives. In doing the review and content analysis the authors look at the relationship between the different dimensions of work force diversity and organisational performance.

Proposed Research Framework

In the current study, the conceptual framework is developed based on theoretical underpinning and the research objective. The framework has two main categories of variables (independent and dependent). The independent variables are generational, gender, ethnic and educational diversity whilst the dependent variable is organizational performance. The diagram below presents the conceptual framework for the study.

Figure 2: Conceptual Framework



CONCLUSION

Following a critical review of the literature and various research works by scholars on workforce diversity and its impact on performance, the authors can suggest that there is positive significant relation between the workforce diversity and performance. Although scholars are divided on the relationship between workforce diversity and performance, majority of them suggest that a diverse workforce positively impacts on performance of the organisation. They however agreed that managing a diverse workforce is a challenge for managers. Thus, the manner in which a diverse workforce is managed is a key determinant of the relationship between diversity and performance. If it is properly managed it would yield positive performance results and on the other hand, if not well managed, the results would be negative which is consistent with the finding of Saxena 2014 and Maingi 2015. As mentioned inter alia, diverse workforce is not an option for contemporary organisations due to the nature of work, globalisation, the demand for quality products, the demand for quality employees etc, a diversified workforce is a necessity. It will lead to improved productivity and performance. However it can prove futile if not well manage. Therefore the organisation should put in a good management system for the diversity programme and also ensure that workforce diversity is valued in the organisation.

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