ORGANIZATIONAL DIVERSITY AND EMPLOYEE PERFORMANCE (A STUDY OF SELECTED ORGANIZATIONS IN PORT HARCOURT)

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Abstract

This study was carried out to determine the effect of organizational diversity on employee performance. Cultural differences, ethnicity, social status, employee productivity and commitment were the basic variables of the study, from which the specific objectives were derived. Survey design was adopted in the methodology, in which 320 respondents were sampled from twenty-five organizations in Port-Harcourt, Nigeria. Simple random sampling was used to draw the three hundred and twenty samples while judgmental technique was used to select the twenty-five business organizations, based on their possession of some desired characteristics such as diverse workforce, large organization size, and accessibility. Questionnaire was the sampling instrument. The primary data were analyzed using the version 20 of the SPSS for regression and analysis of variance. The regression result showed that the beta coefficients (β_0=0.348, β_1=1.000, β_2=0.629, β_3=1.086 and β_4=3.212) were statistically significant, leading to the rejection of the research hypotheses that suggested a null relationship. The regression result was confirmed by the Analysis of Variance which yield a highly significant Fischer's ratio of F=11.632. It was thus concluded that organizational diversity has significant positive effect on employee performance.

Keywords: Organizational diversity, employee performance, productivity, Commitment, social status, cultural differences, ethnicity.

Introduction

Diversity entails the differences in background, culture, race, age and religion which exist among employees in an organization. As Cox (2019) puts it, diversity in the workplace means that the organization's workforce includes people of varying gender, age, religion, race, ethnicity, cultural background, sexual orientation, language, education and abilities. This means that the workforce exhibit diverse characteristics. Similarly, Neil (2017) explains organizational diversity as the total make-up of the employee workforce and the differences included.

Many writers are of the view that diversity provides many benefits to the organization. Neil (2017), for example, recognizes that a wide array of employee backgrounds means the organization as a whole has more experience and expertise in critical areas that affect the organization. Also, discussions and interaction among diverse workforce often generate a wide range of ideas. Moreover, an organization that is made up of diverse workforce can easily use the force to satisfy the needs of a diverse market by speaking their language, having the same religious belief, etc.

Despite the numerous advantages derivable from a diverse workforce, organizational diversity is not without disadvantages. Language and communication barriers are among the greatest challenges to effectiveness in a diverse organization. Cox (2019) writes: "With global diversity employees may speak many different primary languages, making accurate communication difficult".

Secondly, culturally different perspectives on communication and different viewpoints on

discussion may get in the way of efficient decision and resolution of conflicts. Conflicts are not only common in a diverse organization but they are difficult to resolve because diversity makes the conflicting parties very unwilling to reason with the opposing party's perspectives.

In view of these, diversity yields benefits as well as poses challenges, while employee performance can be enhanced through interaction with fellow employees with many ideas, diversity of ideas can actually generate conditions that impair productivity. This study was carried out to evaluate the effects of organizational diversity on the performance of employees in some organizations in Port Harcourt-Nigeria.

Statement of the Problem

A lot of controversies surround the issue of diversity in the workplace. While writers like Cox (1991), Harvey (2012) and Eisenberg, Goodall & Angela (2010) posit that organizational diversity eases decision making, problem solving and creativity as well as enhance competitive potentials of the organization; other writers like Martin (2014) and Fine (1996) argue that organizational diversity accentuates management burden. If managerial burden is accentuated by a diverse workforce without yielding a commensurate benefit to offset the burden, then diversity is not worthwhile. These issues need periodic investigation, especially, given the dynamic nature of diverse employees, which could render past studies inadequate for valid generalizations. Motivated by this reason, this study was carried out to evaluate the effects of organizational diversity on employee performances, using selected organizations in Port Harcourt as point of reference.

Objectives of the Study

The purpose of the study was to evaluate the effects of organizational diversity on employee performance. To achieve this purpose, the specific objectives were to:

1. Evaluate the effect of cultural differences on employee productivity.
2. Determine the effect of ethnicity on employee productivity.
3. Examine the effect of social status on employee productivity.
4. Identify the effect of cultural differences on employee commitment.
5. Ascertain the effect of ethnicity on employee commitment.
6. Examine the effect of social status on employee commitment.

Research Hypotheses

The hypotheses formulated to guide the study are stated in null form as follows:

H_{01}: There is no significant relationship between cultural differences and employee productivity.

H_{02}: There is no significant relationship between ethnicity and employee productivity.

H_{03}: There is no significant relationship between social status and employee productivity.

H_{04}: There is no significant relationship between cultural differences and employee productivity.

H_{05}: There is no significant relationship between ethnicity and employee commitment.

H_{06}: There is no significant relationship between social status and employee commitment.

Significance of the Study

The study is of immense benefit to managers and employees of culturally diverse organizations. The study will enable managers understand the complexity of human differences in the organization to be able to handle conflicts or disagreements that often arise in diverse settings. The findings of the study will also help managers to take decisions on issues that emanate from diverse workforce. The employees will learn from the study the need to harness positive aspects of diversity such as competitiveness and multiple idea generation and at the same time learn to handle effectively the conflicting aspects such opposing cultural and religious beliefs. The study also generates

useful literature for empirical and theoretical frameworks for further studies by researchers, scholars and research institutions

Review of Related Literature

Organizational Diversity

Neil (2017) defines organizational diversity as the total make up of employee workforce and the amount of differences included. According to Neil, diversity refers to differences in various personal traits such as age, gender, race, marital status, ethnic group, religion, education and many other secondary characteristics.

The Lumen (2019) underscores that diversity is essential in generating innovative ideas, understanding local markets and acquiring talent. Diversity leads a deeper level of innovation and creativity, ability to localize to new markets and the ability to be adaptable through access to top-level talent pools and rapid decision making.

There are many arguments for diversity in business, including the availability of talent, the enhancing of interpersonal innovation, risk avoidance and appealing a global customer base. Diversity brings better decision making, improved problem solving and greater creativity and innovation.

Benefits of Diversity

Cox (1991), Darwin, Selvara & Palanisamy (2015) advocate that diversity brings substantial potential benefit such as better decision making, improved problem solving, greater creativity and innovation, which leads to enhanced product development and more successful marketing to different types of customers.

Harvey (2012) also argues that diversity provides organizations with the ability to compete in global markets. Simply recognizing diversity in the workplace is said to link the variety of talents within the organization.

Eisenberg, Goodall & Angela (2010) also write that the act of recognizing diversity is also said to allow the employees with the talents to feel needed and have a sense of belonging which in turn leads to increased commitment to the company and allows each of them to make higher contributions.

Moreover, Scott (2017) mathematical modeling research of team work demonstrate that heterogeneous work teams found in diverse workforce consistently out-performed homogenous teams on a variety of tasks. Scott points out; however, that diversity in team work is not always simple. According to him, there are many challenges to fostering an inclusive environment in the organization for diversity of thought and ideas.

Challenges Posed by Diversity

Eisenberg, Goodall & Angela (2010) argue that one of the greatest challenges an organization faces when trying to adopt a more diverse workforce is assimilation for any number outside the dominant group. The interplay between power and ideology due to diversity presents lots of intricacies for the managers.

Secondly, when an organization hires or promotes individuals that are not part of the dominant group into management positions, a tension develops between the socially constructed organizational norm and acceptance of cultural diversity. Martin (2014) also claims that cultural diversity in the workplace will increase interpersonal conflicts. Employees in such diverse workforce have to be often trained and mentored to adopt the necessary trait for inclusion into the privileged group as opposed to being embraced for their differences.

Another challenge posed by diversity is that those who spend significant amount of energy coping with an alien environment have less energy to do their jobs. Assimilation does not just create a situation in which people who are different are likely to fail but also decreases the productivity of organizations (Fine, 1996).

Furthermore, with a diverse workforce, management may have to work harder to reach the same level of productivity as with a less

diverse workforce. As Fine (1996) writes, managing diversity is more than simply acknowledging differences in people. Vaughn (2006) argues that work teams which are highly diverse can be difficult to motivate and manage for a variety of reasons. Miscommunication within the organization may arise. Fine (1996) and Vaugh (2006) studied work groups that were culturally diverse and found out that cross-cultural differences led to miscommunication. This means that a diverse workforce increases the tasks of the management.

Maintaining a culture which supports the idea of "employee voices" particularly for marginalized group is another challenge to diverse organization. When the organizational environment is not supportive of dissenting viewpoints, employees may choose to maintain silence for fear of repercussions or they may be seek alternative avenues to express their concerns and frustration, which is often not in the best interest of the management.

Theories and Models of Diversity

- **The Equal Opportunity Proposition**
  Martin (2014), Allen (1995) and Cox (1991) argue that organizational diversity stems from workforce theories propounded since the 1960s. According to Martin (2014) the original model for organizational diversity was situated around alternative action drawn from the Equal Opportunity Employment proposition of the 1960s. The Equal Opportunity Theory asserts that all individuals with the same educational or skill qualification have equal opportunity to be hired by an organization irrespective of gender, cultural background, race, ethnicity, language and religion. Thus, individuals can be hired by an organization even when they differ from the dominant group.

- **The Social Justice Theory**
  Next to the proposition was the evolution of the social justice theory in the mid-1960s. The theory extended the idea that individuals outside the dominant group should be given opportunity within the organization, not only because it instituted as a law, but because it is the right thing to do (Cox 1991; De Pree 11989, Walek 1995). The Social Justice Model revolves around the idea of tokenism but it also brought in the idea of hiring based on a good fit Tokenism is the practice of making only a perfunctory or symbolic effort to recruit a small number of people from under-represented (non-dominant) group in order to give the impression of racial or gender equality within a workforce (Harvey, 2012).

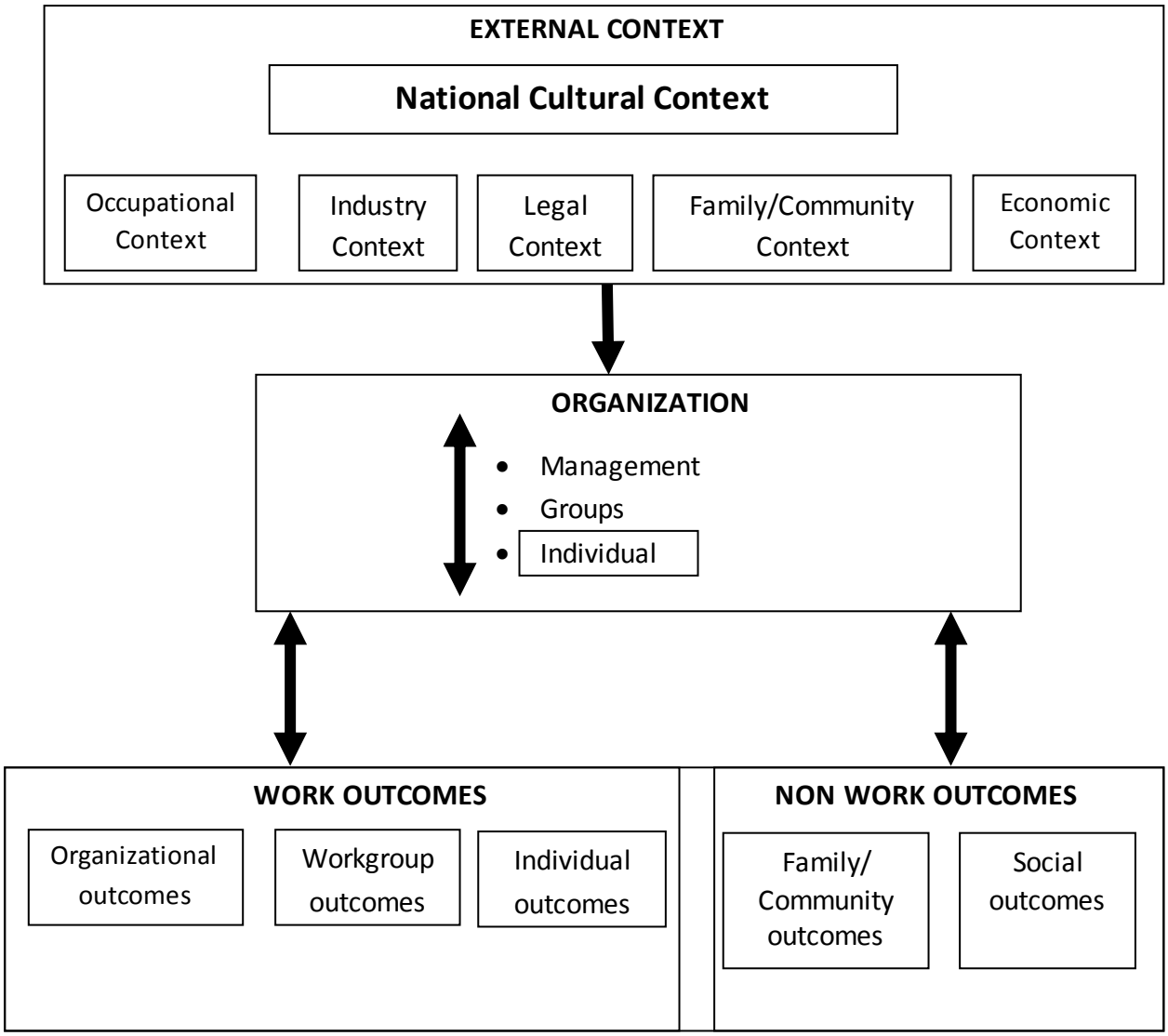
- **Diversity – Based Classification Theory**
  Cox (1991) proposes three organization types based on diversity. These are the Monolithic or Organization, Plural organization and Multicultural Organization. In the Monolithic organization, the amount of structural integration is minimal. Structural integration according to Cox is the presence of employees from different cultural groups in one organization. It is common to have minority employees in this type of organization but not in positions of leadership and power. The plural organization has more heterogeneous groups and takes steps to be more inclusive of persons from cultural backgrounds that differ from those of the dominant group. Plural organizations according to Cox seeks to employer those from a marginalized group to encourage

opportunities for promotion and positions of leadership.

The third prototype of organization class is the multicultural category. Cox (1991) posits that the multicultural organization not only contains many cultural groups or different genders but it also values the diversity. The multicultural organization encourages healthy conflict as a source of avoiding group think. This is emphasized more by Harvey (2012) in the article "Understanding and Managing Diversity".

Integrative Model of Diversity

Lynn, Beth & Michelle (2009) postulated a model of organizational diversity made up of three basic variables – External Context, Organization Context and Work outcomes.



The external context is basically the national culture made up of occupational, industry, legal, family/community and economic contexts. Occupation, industry, family/community and economy are the external sources of diversity (Lynn, Beth & Michelle (2009).

The organization context is another source of diversity. Here, the various hierarchical portfolios foster social class differences as reflected in management category, workgroups and individuals.

According to Lynn et al, diversity intensifies as one goes down the hierarchy from the top management to an individual employee.

The diverse variables reflect on work outcomes such as organizational outcomes, workgroup outcomes and individual outcomes. Organizational outcomes are a measure of the results of the operative activities of the organization with respect to its goals, individual outcomes are from the job expectations of employees and individual outcomes reflect personal characteristics (Lyun et al, 2009).

Methodology

The research was a survey study that involved the sampling of the opinion of experienced respondent group for the generation of primary data. The data collection instrument was questionnaire consisting of question items that were constructed in accordance with the objectives of the study.

The questionnaire was validated by professionals in management and/or measurement and evaluation who priority ascertained the correctness of the question items in eliciting the expected response. The reliability of the questionnaire was established using the test-retest method that involved a pilot study. In this case, copies of the questionnaire were administered to a pilot group twice on internal of two weeks. The results of the two occasions were compared for consistency using the Pearson correlation coefficient. The reliability index was determined as 0.976 showing a high reliability.

The questionnaire was personally administered to the respondents by the researcher, in their offices. They were allowed enough time to study the question items and provide option that appealed to them most correct.

The selection of the sample was done using the Taro Yamene's statistical relation as a guide, whereby a sample of 320 was drawn from estimated population of 1600 from twenty-five organizations in Port Harcourt – Nigeria. The selection of the sample of 320 was done using simple random technique which accorded all respondents equal probability of being chosen. Judgmental technique was used to select the twenty-five organizations, based on convenience, accessibility and possession of the desired characteristic of having male and female employees from a diversity of backgrounds.

The primary data were analyzed for correlation, regression and Analysis of Variance (ANOVA) using the version 20 of the Statistical Package for Social Sciences (SPSS) software.

Analysis

Table 1: Regression

Constant βo	Model Var	Standardized Coefficients	Sig.	Collinearity Statistics	
				Tolerance	VIF
3.048	PR	1.000	0.000	0.916	1.08
	COM	1.000	0.000	0.849	1.03
	ET	0.629	0.001	0.882	1.48
	CD	1.086	0.021	0.907	1.52
	SS	3.212	0.033	0.941	1.28

Dependent variables: PR, COM

Independent variable: ET, CD, SS

Table 2: ANOVA

Model 1	Sum of Squares	Df	Mean Square	F-Ratio	Sig.
Regression	4549.5	4	1137.375		
Residual	3033.0	32	97.781	11.632	0.001
Total	**7582**	**36**			

Table 3: Model Summary

Model 1	Determination R	Square R R^2	Adj. R^2	Std. Error of estimate &
	.3736	.1396	.1145	0.024

PR = Productivity

COM = Commitment

ET = Ethnicity

CD = Cultural Differences

SS = Social Status

OD = Organizational Diversity

EP = Employee Performance

Results and Discussion

The regression result in Table 1 shows beta-coefficients $\beta o=3.048$, $\beta_1=0.629$, $\beta_2=1.086$ and $\beta_3=3.212$, βo, is the constant of regression while β_1, β_2, β_3, are coefficients of ET, CD and SS respectively. All coefficients tested significant at the 5% level. The regression model can thus be written as:

OD = 3.048 + 0.629ET+1.086 CD+3.212SS

The significance of the beta coefficients was affirmed by the analysis of variance results in Table 2 which shows a Fisher ratio of 11.632 at 4(32) degree of freedom and 5% level of significance. F-ratio of 11.632 was high, compared with critical value of 9.623 at the 5% level. This led to the rejection of the null hypotheses that organizational diversity has no significant effect on employee productivity. The model summary of table 3 shows adjusted coefficient of determination of 0.1145, which depicts that 11.45% variations in employee productivity can be accounted for by changes in ethnicity, culture and social status of the organization's workforce.

These results are in one accord with those of Mela (2012) who found a positive relationship between language difference and employee free communication. Jeremy & Lukk (2013) also made the ascertain that diversity in the workplace encourages employee commitment through competitiveness. Lopez, Chem, Yieu & Kroman (2017) also observed a positive relationship between social status and employee job satisfaction and commitment.

Conclusion

Organizational diversity has a significant positive effect on the performance of employees. Employee productivity as an index of performance has significant relationship with ethnicity, cultural differences, and social status. Employee commitment also has significant relationship with diverse ethnicity, cultural difference and social

status. Commitment increases with increase in ethnicity, cultures and social statutes, up to 11.45% variations in employee commitment productivity can be explained by changes ethnicity, cultural background and social status of employees. Thus, large organizations with diverse workforce are likely to enjoy more benefits accruing from increased employee performance than those with a narrow spectrum of workforce.

Recommendations

The findings of the study allow the research to recommend that:

(1) Managers should encourage multiple idea generation from employees by hiring culturally diverse workforce.

(2) Large organizations should mix up their workforce with employees from diverse ethnicities since ethnic differences foster employee commitment.

(3) Employee productivity should be boosted by adopting effective diversity management in the organization.

(4) Managers who crave to enter as many local markets as possible should diversify their workforce as a strategy towards realizing this objective.

(5) Human resources managers should not be prejudized by ethnicism in recruiting/selecting workers, so as to maximize the benefits inherent in employing a diverse workforce.

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