Effect of Workforce Diversity on Employee Work Performance of Selected Firms in Bangladesh

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Abstract
To analyze the moderating effect of management between workforce diversity and performance of the employees and to determine the relationship between workforce diversity and employee’s performance. Quantitative study was conducted in private sector firms. Sample of 90 employees of different private firms was selected in Dhaka city of Bangladesh. The data was collected through structured questionnaires. Pearson Correlation and Regression was run to analyze the data. Findings show that there is positive and significant relationship between the workforce diversity and the performance of the employees. Sample size was too short it can be replicated in future by large sample in same sector. Relation of management between workforce diversity and employee’s performance can be checked in future.

Keywords: Workforce, Diversity, Employee Performance, Bangladesh.

1. Introduction
Advances in technology and the introduction of a global economy fetch the people of the world closer together than ever before. Organizations that can develop and use the necessary policies and procedures to do this will preserve a competitive advantage among their counterparts and increase their effectiveness. To achieve success and maintain a competitive advantage, we must be able to draw on the most important resource such as the skills of the workforce. With the increasing richness of diversity in the workforce, we need to expand our outlook and use creative strategies to be successful. Workforce diversity refers to organizations that are becoming more heterogeneous with the mix of people in terms of gender, age, race, and education background (Robbins, 2009). A diverse workforce for instance, includes gender, age, ethnicity, and education background. According to Robbins (2009), workforce diversity has important implications toward management practices and policies. Today, workforce diversity is a global workplace and marketplace topic. Any business that intends to be successful must have a borderless view and an underlying commitment to ensuring that workforce diversity is part of its day-to-day business conduct (Childs, 2005). Besides, understanding the impacts of diversity on organizational outcomes, such as organizational performance, employee satisfaction, and turnover, has become essential (Sungjoo and Rainey, 2010). When these trends were first identified in the mid-1980s, they were proclaimed as an opportunity for organizations to become more creative, to reach previously untapped markets, and in general to achieve and maintain a competitive advantage (Loriann and Carol, 2007; Cox, 1994; Robinson and Dechant, 1997; Thomas and Ely, 1996).

Erasmus (2007) mentioned that diversity management and workforce diversity is a forced integration that creates conflict and uncertainty in the workforce as leadership is not skilled in the discipline of diversity management and its principles. According to Dahm (2003), diversity within the workplace can evoke an array of emotions as, some view diversity as something to be dealt rather than a tool to be used to improve the organization. Hilary and Elaine (2000) suggested that organizations should embrace diversity in their workforce and work towards achieving it by creating a culture where difference can thrive, rather than working simply for representatives and assimilation. As a conclusion, decades of research on the effects of diversity within teams and small groups indicate that diversity can have negative effects, as well as positive ones (Kochan et al. 2003). Moreover they elaborated that the lack of evidence linking workforce diversity to employee performance may be that the relationship between diversity and the bottom line is more complex than is implied by the popular discussion. Therefore, this study focuses on the relationship among gender, age, ethnicity, and education background towards employee’s performance in an organization.

2. Literature review

Employee Performance
According to Hasan, Muhammad, Imran (2009) study, conflict is a state in which two or more parties have incompatible objectives and in which their perception and behavior is appropriate with that incompatibility (Mack, 1965). Conflict is a foreseeable authenticity. It may not fade away nor ignored (Michael and Wayne, 2001; Medina, Munduate, Dorado, Martinezand Guerra, 2005). It is found in personal, group or organizational interaction. Conflict is either “good or bad” and “sinful or immoral”. Cascio (2000), defined performance as working effective which is the way in which somebody does a job, judged by its effectiveness. It is how well an
employee is fulfilling the requirements of a job (Rue & Byars, 1993). Smith (2010), argued that good workforce diversity practices in the area of human resources are believed to enhance employee and organizational performance. According to Cornelius (1999), effective performance can be a key determinant in the achievement of business objectives while maximizing the contribution of employees. Schuler (1992), observed that a performance appraisal system should be objective, relevant to the job and the organization, fair to all employees and offers no special treatment. Previous research on workplace diversity suggests that diversity can be either detrimental or beneficial for employee performance (Williams & O'Reilly, 2004). For instance, employee diversity is positively associated with creativity and problem-solving skills (Jehn et al., 2002) and negatively related with cohesiveness and cooperation (Pelld, 2006). Good work force diversity practices in the area of human resources are believed to enhance both employee and organizational performance (Adler, 2005).

**Gender:** Gender-based inequities in organizations are reinforced and justified by stereotypes and biases that describe positive characteristics and therefore a higher status to the males (Leonard and Levine, 2003; Nkomo, 1992; Heilman et al., 1989). In other words, organizations prefer to hire males workers compared with women because they are perceived to have better performance and ability to manage their jobs. Besides, according to Brown, 2008; Carr-Ruffino, 2003, significant amount of workforce diversity remains ineffective if gender issues are not first recognized and managed. The research and study also state that the most constitutional challenge is overcoming the thought that women are not equal to man. Kossek, Lobel, and Brown (2005) states only 54% of working-age women are in the workforce worldwide compared to 80% of men. However, according to Kochan, Bezrukova, Ely, Jackson, Joshi, Jehn, Leonard, Levine, and Thomas (2002), providing an equal job opportunity to women is vital to improve performance of employees in an organization. Discrimination on hiring workers based on gender has resulted in a firm’s hiring workers who are paid higher wages than alternative workers, but are no more productive (Barrington and Troke, 2001; Becker, 1971). Wentling and Palma Rivas (2000) study states that organization with diverse workforce will provide superior services because they can understand customers better (Kundu, 2003). The research from Kundu, 2003; Mueller, 1998, states that hiring women, minorities and others will help organization to tap niche markets. Based on the research from Joshi and Jackson (2003), a positive relationship was found between team gender diversity and intra-team cooperation, but only within regions that were relatively diverse in terms of gender. In comparison, Jayne and Dipboye (2004) argued that gender diversity does not necessarily bring positive outcome such as increases motivation, improving talents, build commitment, and decline conflict.

**Age:** Growing age diversity has become part of many organizations (Florian Kunze, Stephen Boehm and Heike Bruch, 2009). Individuals tend to favor members of their own group at the expenses of the other groups, against which they may discriminate. Consequently, if the employees’ age or generational belonging is regarded as a relevant criterion for distinction, a differentiation between age groups within an organization may emerge, fostering emotional conflicts and age-based discrimination between the age groups (Kunze et al., 2009). Gelner and Stephen (2009) summarized that age heterogeneity can negatively affect productivity concerns differences in the values in and preferences of distinct age groups. It has been shown that productivity diminishing conflicts are particularly frequent in the presence of “generation gaps” (Gelner and Stephen, 2009; Lau, Murnighan, 2005; Pitcher, Smith 2001). Gelner and Stephen (2009) also include that age heterogeneity may be placed in proximity with its potential benefits. Brown (2008), increased diversity may also provides many challenges for HR management, as the workforce ages, for instance, employers will have to struggle with higher healthcare costs and pension contributions.

**Ethnicity:** The growth of a multicultural workforce was the focus of the 90’s and is gaining more momentum into the new era (Zgourides, Johnson and Watson (2002); Milliken and Martins, 1996; Nemetz and Christensen, 1996). Even though the nature of workforce composition is rapidly becoming more mixed in terms of gender, age, ethnicity, parallel interest has been increasing about the impact of such diversity in our educational institutions (Zgourides et al., 2002). According to Zgourides et al. (2002), the differences in cultural characteristics were predictive of team scores, which can be interpreted as the advantage of having ethnically different views for team problem solving. Members of the minority group can experience less job satisfaction, lack of commitment, problems with identity, perceived discrimination, etc. (Timmermans et al., 2011; Milliken and Martins, 1996; Harrison and Klein, 2007). According to Timmermans et al., (2011) study, ethnicity can be used as a proxy for cultural background and diversity in ethnicity can be expected to be positive for innovative performance. Moreover, based on Timmermans et al. (2011) study some levels of diversity in ethnicity might be positive associated with innovation, high degree of diversity in ethnicity might be negative since it can create conflict and cliques due to social categorization (Dahlin, 2005).

**Education background:** Tracy and David (2011) found that employers commonly reject employing employees whose training, experience, or education is judged to be inadequate. On the other hand, this meant that education background is important to employees. Employees cannot find a job and perform well without adequate education background. Besides that, Daniel (2009) also found that various levels and types of education might expect different mobility rates. According to Daniel (2009) study, an individual will be more productive
depending on the level of their education. Moretti (2004) explored this idea and found that cities with higher percentage of tertiary education level workers will enable individuals of all education level have higher wages. Other researchers have found an increase in civic participation (Dee, 2004) or a decrease in crime rates (Lochner and Moretti (2004) resulting from more education. Glaeser, Scheinkman and Shleifer (1995) also found that a greater proportion of educated workers in a city translate to higher economic growth. However, Zeng, Zhou, and Han (2009) found that those high-level managers with higher education and the staff whose length of service is 11 to 15 years shows unusual decline in work performance.

From the journals, researchers realize that the four variables of workforce diversity are very important in affecting employee performance. So we came out with a framework as stated below.

Independent Variable

<table>
<thead>
<tr>
<th>Gender</th>
<th>Age</th>
<th>Ethnicity</th>
<th>Educational Background</th>
</tr>
</thead>
</table>

Dependent Variable

Employee Performance

**Figure:** Theoretical Framework

3. **Objectives**

The purpose of the study was to establish the effect of workforce diversity on employee performance of selected firms in Bangladesh. The specific objectives of this study were to: Determine the effect of Gender, Age, Ethnicity and Educational Background diversity on employee performance of selected firms in Bangladesh.

4. **Hypotheses**

Consistent with the literature review, following are hypotheses those are to be tested in this study in order to confirm the research objectives:

- **H1:** Gender diversity will have a significant impact on Employee Performance
- **H2:** Age diversity will have a significant impact on Employee Performance
- **H3:** Ethnic diversity will have a significant impact on Employee Performance
- **H4:** Educational diversity will have a significant impact on Employee Performance

5. **Methodology**

5.1. **Target Population and sample size**

Population of this study is full time employees of the different Private firms of Dhaka City, Bangladesh. Data has been collected in between March, 2017 to May, 2017. Due to time and budget constraints, authors have selected 90 male and female employees as respondents according to random sampling technique. So the sample size of this study is 90 employees of different private firms in Dhaka city, Bangladesh.

5.2. **Data and Data collection Technique**

Both primary and secondary data have been collected for this study. In this study, more importance has been given on primary data rather than secondary data. Analysis of secondary data helped a lot to develop a framework for the study. Primary data have been collected by a structured questionnaire, where respondents had to give their opinion on the following 5-point Likert Scale.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

5.3. **Analytical Tools**

Descriptive statistics have been used to analyze data to get an overall situation. For the purpose of in-depth analysis, statistical tools, inter-correlation matrix and multiple regression techniques had been used. For data analysis, SPSS (Version: 20) has been used.
6. Analysis and interpretation of data

6.1 Reliability and Validity of data
Reliability refers to the consistency of set of items in measuring the study variables (Cooper & Schindler, 2001). Cronbach's alpha is commonly used method to measure the reliability or internal consistency that is, how closely related a set of items are as a group (Cooper & Schindler, 2001). It is considered to be a measure of scale reliability. The satisfactory value in Cronbach's alpha is required to be more than 0.60 to be reliable (Malhotra, 2002).

<table>
<thead>
<tr>
<th>Variables</th>
<th>No. of Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>4</td>
<td>0.776</td>
</tr>
<tr>
<td>Age</td>
<td>4</td>
<td>0.782</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>4</td>
<td>0.748</td>
</tr>
<tr>
<td>Educational Background</td>
<td>4</td>
<td>0.812</td>
</tr>
</tbody>
</table>

6.2 Pearson Correlation Analysis
The Pearson Correlation analysis was employed among variables. Table 2 shows the correlation analysis among all constructs for Private firms. The result reveals that there are significant positive correlations between Gender diversity and employee performance \( r=0.805, p<0.000 \), Age diversity and employee performance \( r=0.594, p<0.000 \), Ethnic diversity and employee performance \( r=0.893, p<0.000 \) and Education diversity and employee performance \( r=0.718, p<0.001 \).

<table>
<thead>
<tr>
<th>Employee Performance</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>.805**</td>
<td>.000</td>
</tr>
<tr>
<td>Age</td>
<td>.594*</td>
<td>.000</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>.893**</td>
<td>.000</td>
</tr>
<tr>
<td>Education</td>
<td>.718*</td>
<td>.000</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)
* Correlation is significant at the 0.05 level (2-tailed)

6.3 Regression analysis
In this part of the analysis includes a regression model to test the hypotheses. Four extracted dimensions were taken as independent variables against employee performance as dependent variable in a multiple regression model. For all the hypotheses of the study below hypothesis test was used at 95% confidence interval. To know about the effect of workforce diversity on employee performance, multiple regressions using the following model was run:

\[
EP = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e
\]

Where,

- \( EP \) = Employee Performance
- \( X_1 \) = Gender
- \( X_2 \) = Age
- \( X_3 \) = Ethnicity
- \( X_4 \) = Education

And \( \alpha \) is constant and \( \beta_1, \beta_2, \beta_3, \text{ and } \beta_4 \) are coefficient to estimate, and \( e \) is the error term.

6.3.1 Model Summary
The value of R Square (0.835) and R (0.914) shows that there is strong association between the of independent variables and the dependent variable with the standard error of 0.30712 (Table-3). In additions, the Table-3 implies that the Employee Performance of the selected private firms of Bangladesh is 84% dependent on Gender, Age, Ethnicity and Education diversity.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.914(^a)</td>
<td>.835</td>
<td>.827</td>
<td>.30712</td>
</tr>
</tbody>
</table>

| a. Predictors: (Constant), Educational Diversity, Age Diversity, Gender Diversity, Ethnicity Diversity |
6.3.2 ANOVA test
The F value of the test for the data is 107.367. The p-value associated with this F value which is .000 which is lower than the alpha value 0.05 (Table-4). In additions, The Table-4 implies that there is significant impact of the independent variable on the dependent variable and the model applied is significantly perfect to predict the dependent variable.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>40.508</td>
<td>4</td>
<td>10.127</td>
<td>107.367</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>8.017</td>
<td>85</td>
<td>.094</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>48.525</td>
<td>89</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4. ANOVA*
a. Dependent Variable: Employee Performance
b. Predictors: (Constant), Educational Diversity, Age Diversity, Gender Diversity, Ethnicity Diversity

6.3.3 Regression Coefficients
From the following table-5, Unstandardized coefficients indicated how much the dependent variable varies with an independent variable, when all other independent variables are held constant. The beta coefficients indicated that how and to what extent workforce diversity elements such as Gender, Age, Ethnicity and Education influence on employee performance of selected private firms in Bangladesh. It has been found that, Ethnic Diversity (beta =.549, t=6.169, p<0.05) have the highest impact on employee performance of the firms. On the other hand, Age diversity (beta=.332, t=2.590, p<0.05), Education diversity (beta =.286, t=4.099, p<0.05), and Gender Diversity (beta =.149, t=1.959, p<0.05), have a relatively lower impact on employee performance of the selected private firms of Bangladesh. The Regression Model is:

Employee Performance = 0.573 + 0.149*X1(Gender) + 0.332*X2(Age) + 0.549*X3(Ethnicity) + 0.286*X4(Education).

Table 5. Coefficients*

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.573</td>
<td>.200</td>
<td>2.871</td>
<td>.005</td>
</tr>
<tr>
<td>Gender Diversity</td>
<td>.149</td>
<td>.076</td>
<td>1.959</td>
<td>.011</td>
</tr>
<tr>
<td>Age Diversity</td>
<td>.332</td>
<td>.054</td>
<td>2.590</td>
<td>.000</td>
</tr>
<tr>
<td>Ethnic Diversity</td>
<td>.549</td>
<td>.089</td>
<td>6.169</td>
<td>.000</td>
</tr>
<tr>
<td>Education Diversity</td>
<td>.286</td>
<td>.070</td>
<td>4.099</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance

6.3.4 Test of hypothesis
The hypothesis of this research had been tested at α = 0.05 level of significance.

Decision rule: Hypothesis will be accepted, if P value is less than significance level i.e. 0.05; on the other hand if the P value is more than significance level then hypothesis will be rejected.

Table 6. Summarized results of the hypothesis (1-4)

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variables</th>
<th>P Value</th>
<th>Significance Level</th>
<th>t</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>Gender</td>
<td>.001</td>
<td>.05</td>
<td>1.959</td>
<td>Accepted</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>.000</td>
<td>.05</td>
<td>2.590</td>
<td>Accepted</td>
</tr>
<tr>
<td></td>
<td>Ethnicity</td>
<td>.000</td>
<td>.05</td>
<td>6.169</td>
<td>Accepted</td>
</tr>
<tr>
<td></td>
<td>Education</td>
<td>.000</td>
<td>.05</td>
<td>4.099</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

7. Recommendations for Future Study
This study can serve as a guideline for future research. Our focus is on the gender, age, ethnicity, and education background of the employees and whether it will affect their performance in an organization. Firstly, our result is a comparison on the performance of the individual employee and had no comparison based on team performance. Hence we believe that future research can go deeper in this area. Secondly, measurements and items adapted from other researches should be adjusted to fit into the research’s context. Validity test should be done to assure the validity of the measures. Future researchs should expand sample size to better represent the population for better and more accurate results.

8. Conclusion
Successful organizations are becoming more adaptable, resilient, quick to change directions, and customer centered. These organizations are hiring more diverse workforce to withstand global challenges & to face extensive competition. The diverse workforce is providing a challenge to the organizations. It is very important
to know the impact of workforce diversity on employee performance that leads to organizational performance. The study reviews the literature on workforce diversity & performance link. We find that different dimensions have a different relation with performance. A diverse workforce is a reflection of a changing world and marketplace. In the laboratory research diverse work teams bring high value to organizations and respecting individual differences will benefit the workplace by creating competitive edge and increasing work productivity. Diversity management benefits associates by creating a fair and safe environment where everyone has access to the same opportunities and challenges. Management tools in diverse workforce should be used to educate everyone about diversity and its issues, including laws and regulations. Most workplaces are made up of diverse cultures, so organizations need to learn how to adapt to be successful. Since the workforce diversity is becoming one of most popular ways to evaluate employee performance in an organization in recent year, the research tends to provide the evidence to support future research related to this field.

References


