Workforce Diversity and Employee Performance: Ethnic and Socio-Cultural Diversity in Kenya

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Abstract

Performance of employees in banks among other institutions has numerous human resource related issues. Workforce diversity has been a very critical issue in human resources due to increasing globalization. Organizations that want to remain competitive need to recognize that employing people with very diverse backgrounds with different capacities of thinking boosts their ability to stay ahead of the competition. Some of these key diverse characteristics in human resources include age, race, social status, ethnicity, gender, education level, ability, religion, norms and believes. This paper discussed in detail all the aspects that affect organizations in terms of workforce diversity. The purpose of the paper was to investigate ethnic and social cultural diversity and its effects on the performance of the employees in ABC Bank. The study used Social Identity Theory and Social Categorization Theory. This research problem was solved through the use of a descriptive research design. The study focused on the middle and lower level management of ABC Bank Westlands. The research used census, all 71 employees were given questionnaires and data was collected using questionnaires. This was done using stratified sampling technique. This study collected both qualitative and quantitative data using self-administered questionnaires. Quantitative data collected was analyzed, using descriptive statistics, it was measured using mean standard deviation and percentages. The results indicated that ethnic diversity through language, cultural diversity, norms and beliefs affected the accountability of service delivery. It also found that social classes, work group and age socio-cultural have affected number of customers served. The study concluded that work diversity through diversity in ethnic and socio-cultural affected the employee performance. The study recommended that ethnic equality should be encouraged by the government to ensure high employee performance. Further studies should be done on the diversity and strategic consensus as well as issues of group process and group thinking.

Key words: Workforce Diversity, Employee Performance, ABC Bank – Kenya

1. Introduction

Workplace diversity refers to the concept where an organization has different cultures and employees with different characteristics represented. This leads to cultural diversity in working area. People might be diverse in several aspects which include the range of ways in which people experience a unique group identity, based on differences in race, age, gender, ethnic and sexual orientation. An organization's culture tends to determine the extent to which it is culturally diverse (Hoopes, Madsen & Walker, 2013, Amuemje, 2003).

Diversity inclusivity in organization has become crucial over decade. Things like gender equality, race equality; equality in job employment has been top major elements of discussion by human right activities and also acceded in various human right conventions. Government among other institution has promoted diversity in various was including enacting them in constitutions, legislation and other policies creation in order to bring equality. The debate about influence of diversity on performance of the organization still, rages on, given that some empirical studies have yielded inconsistent results ranging from negative (Cannella, Park & Lee, 2008) to positive (Carpenter, 2012). Kenya is segmented into 44 tribes with different cultural believes, abilities and norms. It is crucial to understand how to forge high performance in such divers’ business environment. Most of the scholar has bought the idea that performance is obtained through diverse employees operating in highly diverse customer base creating competitive advantage other over firms (Carpenter, 2012; Jackson et al., 2015; Nkomo & Cox jr, 1996). Team practices among other adjustment in human resource would ensure that employees attain the best in their day to day activities.

Performance is mostly research area since it is the ultimate goal in most of the organization. Performance has multi-facet approaches it can be based on financial performance, employee work efficiency, market share, customer base, sales, and brand power among other measures. Organization has diverse workforce with challenges but a positive work force climate assist in performance of the organization. Educational level, gender and age are dimension of diversity in management of the organization. Diverse environment has resulted into job satisfaction, conducive working environment, effective management and high employee output. It has also enable organization put more effort in work which has increased its performance (Gacheri, 2012).
Most commercial bank in Kenya is doing well in terms of work diversity. The Human Resource department together with the management is doing all it can to employ human resources from different communities so as to enhance its performance and promote team work.

2. Statement of the Problem

Employee performance has increasingly been main focus in major banks in Kenya. Due to high cost of production and lower margins of interest rate employee has been forced to sign performance contracts. ABC bank has been struggling to become an innovative bank facing competition from other superior banks in Tier one. This competitive nature with the capping policy has not only affected ABC bank but other bank making them improve employee performance. One of the main capitals in banks has been human resource capital which needs working as a team and individual task oriented. Despite this effort there is still room for further improvement in performance of employee through investigating the role of employee diversity. ABC bank limited, being a bank with operations across the country, with range of operations demanding different qualifications, it is therefore deemed to have a diverse employee workforce in terms of age, education and culture.

Employee diversity is one of the factors to consider by the human resource since there has been various studies which contradict each other on whether it contributes to employee performance for instance Neema (2016), Rukumba (2016), Carpenter (2012) and Rizwan et al (2016) found significant relationship while Cannella et al (2008) negative relationship between the two variable. Some the research has geographical difference from this investigation. Rizwan et al (2016) the research in Pakistan and Nishii et al (2007) did in Unite State.

There are many systemic barriers to workforce diversity in the workplace, which may adversely be impacted by the diversity characteristics of the employees, that is, age, religion backgrounds, gender, education background and ethnic backgrounds. In different aspect implementation of strategies in organization will be affected by management support, their level of education, and most importantly the cultural background from which the work force is drawn. People in the diverse background as mentioned have different perception of things, beliefs, and information regarding particular strategy. There is increasing perceived discrimination in other aspects of persons based on performance appraisal and selection with human resource management. Also evaluation and assessment function in the firm which are not within the formal process are other areas that need legislation to develop programs and policies. Different opinions have emerged that appear to view diversity as a negative factor in the Kenyan society (Hamilton, 2004). It’s against this background that this study established the reasons for real and perceived employees’ diversity in the work place and the hindrances they offer to workforce diversity and suggests the best ways forward to enable the employment sector implement strategies to celebrate employees’ diversity to enhance production and economic growth.

However, despite the rich research into challenges facing work force diversity, no study local or international has been done on effect of employees’ diversity on workforce diversity in ABC bank. It is on these grounds that this study seeks to fill this gap through investigating the effect of employees’ diversity on workforce diversity with specific reference to ABC Bank limited. Therefore, the study investigates how ethical and social cultural diversity influence employee performance.

3. Review of Literature

3.1 Theoretical Review

The study is governed by several theories which includes; social identity theory and social categorization theory. Other theories like equity theory, balance theory among other have been used in other studies of diversity. The chosen theories are appropriate based on the ideology they carry and idea behind the concept.

3.1.1 Social Identity Theory (SIT)

Social Identity theory is a social psychological theory that is utilizable in organization to obtain high performance. Social Identity theory gives more understanding of diversity in terms of understanding the role of group divisions in organization. Tajfel (1981) argued that social identity theory gives a deeper knowledge of effect of group behaviours, attitudes and interactions within organization.

Nkomo & Cox (1996) also argued that intergroup aspect like communication, cooperation, stereotypes and loyalty within group arises based on the effect of social identity theory. This theorem is fit to the study providing the blue print of discussion and understanding the concept behind the workplace diversity. Social identity theory hence explains the group thing in gender groups, ethnical groupings and education based grouping. This hinders decision making and cohesiveness affecting the organization performance. The theory does not have a strong anchor on performance of the organization but explains it effect to the diversity process.
3.1.2 Social Categorization Theory

Social-categorization theory was postulated by Turner in 1987. This theory is embedded in the existence of different social groups in the society and suggests that each individual must belong to a specific social group. Groups are categorized and associated with the salient characteristics where individuals of the group associate with and sort to identify themselves with the group (Hogg & Terry, 2000). On the other hand, different persons are less capable to collaborate in comparison to similar persons. According to Knippenberg, Kleef, & Dreu (2007) social categorization theory develops bias situation on issues concerning task relate information in in-group and negative effect to out-group members. Social category theory emphasized on three aspects social cognition, group process and self (Turner, 1987) which emanated from the study of social identity theory. It also outlines the distinction between the two concept social and personal identity by identifying group behavior through studying group behavior shift from self-perspective or personals identity to self-categorization in form of social identity.

This explains a lot in social and cultural groups within the workplace. The study looks into these socio-cultural and ethnical aspects that are intertwined on the social-categorization theory. This theory provides sufficient information for the understanding of the society diversity which also explains a lot about organization culture behavior as well as group dynamic behaviors with the workplace.

3.2 Empirical Review

Numerous reviews on ethnic diversity are found in Africa. Sufian (2017) conducted a study on effect of workforce diversity on employee performance based on conceptual framework review of different literature. The findings indicated that ethnicity results to difference in culture, race, religion, language and nationality has relationship with performance of the organization. According to Graen (2003) found that there are differences in ethnic characteristics which affect the performance of the organization. It could be viewed that ethnical diversity can be used to solve problems which increase optimization of performance as result of team work. This enables organization to gain competitive advantage over its competitors. Though there is growth of pressure groups could lead to low performance due to decrease in cohesiveness and increase of conflict in the group. Ostergaard et al. (2011) concentrated only on some section of diversity in ethnicity on performance of organization but high level of ethnic diversity can create negative effect on performance, due to arise in conflict with the groups (Hamilton, 2004).

Ethnically different groups displayed poor performance than homogeneous groups (Jackson, 2003). D’Netto & Sohal, (1999) multiethnic groups were found to be less consistent and reliable than teams; multicultural and diverse groups may have a lower positive impact on group performance than the team performance. The setting of the workplace has huge impact over the effect of diversity on performance. Ethnically differing groups lead to more inventiveness and advancement because of learning opportunities (Frink, 2003; Graen 2003). A sensible level of ethnic diversity has no impact on the business outcomes of the group’s specifically sales revenue, profit and market share through an abnormal level of ethnic diversity enhanced business performance (Fleischmann et al, 2009).

In social cultural aspect there is some resemblance to ethnic grouping. Ostergaard et al., (2011) found that ethnic consideration can lead to social foundation and be associated to different qualities of ethnicity can be utilized to enable the organization to expand their innovation, creativity and development (Rothman et al, 2003). According Gomez-Mejia & Palich (2015) study that which concentrated on social cultural aspect on the organization performance. Organization effectiveness in implementation of technology, innovation and organization synergies are performance cultural context researched by researchers (Gomez-Mejia & Palich, 2015). Diversity of culture has significantly affected interpersonal dynamics on firm performance. Cultural difference has affected interpersonal relation in corporate in many organizations. The practice of cultural norms and practices should be considered by human resource when assessing its performance (Gomez-Mejia & Palich, 2015). Team processes, problem solving and team work are some of the areas diverse cultural practices looks into. Cultural diversity is utilized well in private and multi-nation to promote performance mainly as result of using innovation, group strategic performance and organization performance (Zgourides & Watson, 2002). Firm’s cultural diversity which relates to group and individual level benefits the organization performance (Richard, Barnet, Dwyer, & Chandwick, 2007).

4. Research Methodology

The study employed descriptive cross sectional research design. The research covered all employees at ABC Bank Westlands who were 71. The census population comprised of 71 employees from respective department in the central branch ABC banks Head-office. Primary data was collected using questionnaire. Descriptive and inferential data analysis was conducted from the statistics collected. The research used frequency tables and charts for presentation purpose. Inferential statistics that was adopted was regression model.

5. Research Findings
The results on Table 1 sought to explain the relationship between ethnic diversity and employee performance. The organization ensures ethical balance in job employment (mean of 4.80) where 57(80.3%) strongly agreed and 14(19.7%) agreed. A standard of 0.401 indicated low variation on ethical balance in job employment.

Table 1: Ethical Diversity and Employee Performance

| Opinion Statement                                         | Mean | S.D  |
|-----------------------------------------------------------|------|------|
| The organization ensures ethical balance in job employment| 4.80 | 0.401|
| Language difference has effect on accountability of service delivery | 4.37 | 0.485|
| Cultural diversity has ensured accountability service delivery | 4.82 | 0.423|
| Norms and believe has an effect on accountability of service delivery | 3.48 | 1.67 |
| Ethnic diversity has ensures that there is accountability in service delivery | 4.11 | 0.85 |

On language difference affecting accountability of service delivery there 26(36.6%) who strongly agreed and 45(63.4%) agreed. According to the results language difference enable employees to be accountable in service delivery (mean of 4.37). The variation on language and accountability was low (standard deviation of 0.485). Fifty-seven (80.3%) and 14(19.7%) agreed with low variation (standard deviation of 0.423) that cultural diversity ensured accountability in service delivery. The cultural diversity has ensured accountability service delivery to greater extent (mean of 4.82). The norms and believes has an effect on accountability of service delivery; 26(36.6%) strongly agreed, 24(33.8%) agreed and 21(29.6%) neutral. The individual norms and believes affected accountability in service delivery within the organization (mean of 3.48). The variation was low on service delivery (standard deviation of 1.67). The ethnic diversity has ensured that there is accountability in service delivery (mean of 4.11). Thirty (42.3%) strongly agreed, 19(26.8%) agreed and 22(31.0%) neutral where variation was low (standard deviation of 0.85).

According to Sufian (2017) the ethnicity which concurred with the finding has significant relationship on the performance of the employee. It associated ethnicity difference on language, culture, race and nationality. This research examined on language, culture and ethnic diversity which positively influence the service delivery.

Table 2: Social-Cultural Diversity and Employee Performance

| Questions                                      | Mean | S.D  |
|------------------------------------------------|------|------|
| The organization has embrace social and cultural diversity | 4.66 | 0.476|
| Social classes has influence number of customer served | 3.62 | 1.751|
| Work groups has affected the number of customers served | 3.13 | 1.319|
| Age social groups affects the number of customer served | 3.52 | 1.511|
| Socio-cultural has affected the number of customer served | 4.01 | 0.784|

The researcher sought to find the effect of social and cultural diversity in the performance of employee in Table 2. On organization has embrace social and cultural diversity; 47(66.2%) strongly agreed and 24(33.8%) agreed. The organization embraced social and cultural diversity (mean of 4.66). The variation was low (standard deviation of 0.476) on the social and cultural diversity in the organization. Social classes influenced number of customer served where 36(50.7%) strongly agreed, 14(19.7%) and 21(29.6%) neutral (mean of 3.62). There was low variation (standard deviation of 1.751). On work groups affecting the number of customers served; 22(31.0%) strongly agreed, 14(19.7%) and 35(49.3%) neutral. The work groups affected to small extent the number of customers served (mean of 3.13). The variance was low on work group on number of customer service (standard deviation of 1.319). Thirty-six (50.7%) strongly agreed and 35(49.3%) agreed that age social groups affected the number of customers served. The findings showed that age social groups affect the number of customer served (mean of 3.52 and standard deviation of 1.511). Socio-cultural affecting the number of customers served; 22(31.0%) strongly agreed, 28(39.4%) agreed and 21(29.6%) neutral. Socio-cultural somewhat affect the number of customers served (mean of 4.01). The variation was low on social-cultural affecting the number of customers served (standard deviation of 0.784).
Social aspect as discussed by Gitonga, Kamaara and Orwa (2016) has affected on employee engagement in work and general performance. This view concurred with the study finding where socio-cultural factors affected the productivity in terms of customer served.

6. Conclusions and Recommendations

6.1 Conclusions

Kenya has about 44 tribes and the need to work together. The research findings indicate that language difference, cultural diversity, norms and belief difference has some positive impact to the accountability in service delivery. It also found that ethnic diversity in an organization assisted so much in accountability and transparency within the organization. It showed that ethnic diversity was important to employee performance in general.

Social cultural grouping is common in our work place. The social classes, work group and age social groups has positively affected the number of customers served. The socio-cultural diversity has affected the number of customers to a greater extent. Hence socio-cultural diversity has influenced employee performance.

6.2 Recommendations

The research recommended that ethnic grouping should be discouraged and ensure that not more than two-thirds of tribe is in the organization. Ethnic diversity then ensured accountability with the organization. It also brings equality with the work place which assists the organization to perform.

Finally, socio-cultural groups that are helpful should be maintained in the organization. This can be done through creation of organization culture that are positive and assist in improving the performance of the organization.

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