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The Impact of Workforce
Diversity on Employee
Performance



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Table of Contents

Chapter 1: Introduction to the Study.....	1
1.1 Introduction	1
Culture.....	1
Workplace	2
1.2 Research Background.....	3
1.3 Research Objectives.....	4
1.4 Hypothesis of the Study	4
1.5 Research Significance.....	5
1.6 Layout of the Study	6
Chapter 2: Literature Review	7
2.1 Review of the Relevant Literature	7
2.1.1 Diversity Defined.....	7
2.1.2 Diversity and Employee Performance Link	8
2.1.3 Gender diversity.....	8
2.1.4 Age Diversity	9
2.1.5 Ethnic Diversity	10
2.1.6 Diversity Climate	10
2.2 Proposed Conceptual Framework.....	11
2.3 Hypothesis Development.....	12
2.3.1 Relationship between gender and employee performance.....	12
2.3.2 Relationship between Age diversity and Employee Performance.....	13
2.3.3 Relationship between Ethnic diversity and Employee Performance.....	14
2.3.4 Relationship between Diversity Climate and Employee Performance	14
2.3.5. Relationship of Gender, Age and Ethnic Diversity with Diversity Climate.....	15
Chapter 3: Research Methodology	16
3.1 Data Collection.....	17
3.1.1 Primary Data	17
3.1.2 Secondary Data	17
3.2 Sampling Design.....	17

3.2.1 Participants	17
3.2.2 Sample size.....	18
3.3 Research instrument.....	18
3.3.1 Questionnaire Survey.....	18
3.3.2 Questionnaire Design.....	18
3.4 Construct Measurement	19
3.4.1 Scales.....	19
3.4.2 Operational Definitions of Construct	20
3.5 Data Analysis.....	22
3.5.1 Descriptive Analysis	22
3.5.2 Inferential Analysis.....	22
Chapter 4: Research Results	24
4.1. Introduction	24
4.2 Descriptive Analysis	24
4.2.1. Demographic Profile Analysis	24
4.2.2 Measurement of Central Tendencies of Constructs	28
4.3 Inferential Analysis.....	31
4.3.1 Correlation Coefficient Determinant	31
Chapter 5: Conclusion	41
5.1 Introduction	41
5.2 Summary of Statistical Analysis	41
5.2.1. Demographic Profile Analysis	41
5.2.2 Measurement of Central Tendencies of Constructs	41
5.3 Summary of Inferential Analysis	42
5.4 Implications of the study	43
5.5 Limitations.....	43
5.6 Recommendations for Future Research	44
References	45
Appendix 1	48

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During the course of my study, my brother helped me collect the relevant data and provide required information about the company.

I am also grateful to Miss Kishwar Gulzar, who is not only my supervisor but also a guide and an intellectual person in herself.

Dedication

This study is dedicated to all those managers who are either handling a diverse workforce or aim to introduce diversity in their organization.

Abstract

Diversity as a theme wins more consideration today than it has ever gotten in the recent past, and the reasons are effectively reasonable: worldwide movement is escalating, the web is empowering correspondence on an overall scale, and business pioneers are persistently in quest for less extravagant resources and lower wages to pay. All these patterns point towards diversified workforce regionally and globally.

This study aims to address two main questions- first, it studies the effect of workforce diversity on employee performance in a Dubai-based automotive technology company and second, analyzes the effect of diversity climate on other diversity variables. The main research instrument deployed was a survey questionnaire.

The findings suggest that there is a significant impact of ethnic and gender diversity on employee performance. Likewise, diversity climate was also found to have a profound effect on ethnic and gender diversity in the organization. These findings imply that managers should focus on designing and implementing diversity initiatives not only to mitigate the negative effects of failing to do so but also to shape workforce diversity into a strategic advantage.

Chapter 1: Introduction to the Study

1.1 Introduction

Consistent with prior predictions, the 21st century workforce is typified by more women and employees with diverse ethnic backgrounds, alternative lifestyles, and intergenerational differences than in the past (Langdon, McMenamin & Krolik, 2002). Diversity administration is a popular expression that is progressively utilized as a part of different settings, with positive intentions and aspirations. The term brings out different vivid representations of symphonious conjunction of distinct components inside the bounds of the organization (Dima and Hanin, 2010).

Diversity management has most likely gained popularity as a result of the apparent disappointment of governmental policy regarding minorities in society programs. While the previous advanced around more aspirational objectives, including the advancement of equivalent livelihood opportunities and the change of examples of past discrimination and foul play, they have fallen progressively out of support, as a result of their affirmed negative methodology spinning around quotas, transgression and against segregation laws and their apparent infringement of social justice laws (Wrench, 2005). The diversity initiatives were subsequently hailed by a lot of people as a constructive change, in which organizations intentionally take part in a methodology of systemic social change intended to ease different manifestations of rejection and separation.

This study focuses on four major diversity variables in this paper and further argues based on data collected from Dubai based automotive technology organization that their notions of diversity management are translated in the Pakistani context to imply promoting a diverse work force while especially adopting a gender neutral policy that ignores women concerns and realities.

So let us first layout the context or background of Dubai and how its workforce intersects in the work environment.

Dubai, with its high convergence of worldwide workforce, with expatriates making up 80 percent of the workforce there is an astounding illustration of workforce diversity. As a miniature of the region and as the most alluring area in the Middle East for a head office, as per one study, it's a decent case of the issues that can come up when East meets West in the work environment.

Culture

Islam, the authority religion, infests each part of life, and comprehension of it is key to understanding the society and individuals and to leading business in Dubai. Demonstrating a

lack of respect of Islam is a genuine and culpable offense. The Islamic belief underscores things like liberality, admiration, and unobtrusiveness.

Men shake hands when gathering or withdrawing, yet Arab ladies generally don't shake hands with men, Arab or non-Arab. Status is vital and the most senior individual in the gathering is usually welcomed first. To show they are interested by one another and not just in the business, people will get some information about their particular relatives' well-being. Muslims take pride in their accommodation, and any offer of neighborliness ought to be acknowledged, again to protect the honor of the host. These are the methods for the residents of Dubai. Anyway the nationals of Dubai are a minority in their land, and their style is most certainly not the only way. With individuals of such a variety of nationalities in the city, there isn't a common clothing regulation. Rather, the individuals wear the attire of their country, but are also aware of the society of Dubai. Middle Eastern men wear a detached, lower leg length white cotton article of clothing called a thobe. Middle Eastern ladies typically wear an abaya, which blankets them from shoulders to feet. Some ladies wear a headscarf. Foreign men typically wear a tie, long-sleeve shirt, and jeans for business. Western ladies wear western dress, however are mindful so as to blanket their shoulders, arms, and legs. It's considered discourteous to fold one's legs or to demonstrate the soles of one's feet or shoes.

Islam forbids liquor and it is unlawful to have liquor in Dubai without a permit. Bars and hotels are permitted to serve liquor to visitors and expat inhabitants can seek a permit that allows them to purchase a certain amount of liquor monthly. Any showcase of intoxication openly is reason for arrest, as is open showcase of admiration. Discipline can take the form of fines or imprisonment.

Workplace

The high esteem the society puts on connections is clear in the way individuals synchronize work and meeting people. The work day starts around 8:00 a.m. and may go until 6:00 p.m. It furthermore incorporates morning and evening tea breaks, long snacks emulated by a rest and a few breaks for praying towards the evening.

The long breaks give the chance to association that may bring about business. The days are distinctive, then again, amid the month of Ramadan. Muslims fast from day break to nightfall, and eating out in the open is restricted amid those same hours. The business day is short, with employees going home at around 2:00 p.m. to rest, at the same time when the sun sets, they gather with family and companions to eat together.

Religion is a point of convergence of life consistently, not simply amid the month of Ramadan. The work week starts on Sunday and ends on Thursday. Muslim men are required to go for Friday prayers, which is congregational and by and large held in a mosque.

The U.A.E. is the most cosmopolitan and westernized nation in the Middle East. Dubai is situated as a financial habitat for the Gulf territory. It is additionally a prominent tourist destination for visitors. This area has much to offer regarding a lifestyle career progression.

With a history of both political and social sturdiness there is no big surprise that an extensive and talented multicultural workforce has settled here. The absence of a bureaucratic methodology to business is an alternate attraction. Dubai offers a portion of the best money related motivating forces offered anyplace on the globe. The advanced lifestyle and safe conditions make this a perfect area for both the workers and organizations.

1.2 Research Background

Workforce diversity is the uniformities and contrasts in the workers of an organization. Workforce has become diverse throughout the world and also in Pakistan because of globalization, developing minorities, multi-generation and multi-culturism. Due to broadened workforce diversity like age, society, inabilities, race, religion and sex has risen in the organizations of Pakistan. Minorities and women are developing in work environment in light of the fact that they have understood that it is the main path for them to substantiate themselves and get their rights.

An alternate purpose behind women contributing in the workforce in Pakistan and everywhere throughout the world is the rising inflation and declining financial/economic conditions. This has reshaped workforce which render the old and traditional practices obsolete. Multi-generations additionally prompts workforce differing qualities. Presently elderly individuals are ready to do work considerably longer after retirement age because of expanding inflation and financial issues of Pakistan.

Another purpose behind the ability of elderly to do work much after retirement age is to keep up their expectation for everyday life and to stay occupied. This makes a mix of young and old individuals in working environment. They have distinctive objectives, values, needs and experiences which enable differing attitudes toward work. Distinctive societies predominate in Pakistan on the grounds that it has different provinces which diversify the workforce. Culture has a deep impact on how people behave. In the event that diverse individuals from distinctive cultures join the workforce, they will have diverse qualities and conduct. In such circumstances, there is a need for human resource who can deal with differing qualities. Multi-culturism reflects distinctive qualities, morals and conduct among workforce. All these variables lead to differing qualities in workforce everywhere throughout the world and also in Pakistan (Alkinza, 2011)

In order to test the relationship of the four most relevant diversity variables identified in this study with the employee performance, this research is carried out. The findings will enable organizations to manage a diverse workforce which is quickly emerging in the changing labour market of Pakistan.

An interesting aspect of this study is that it is conducted in a Dubai based organization which is rich in workforce diversity. Due to the nature of such a workforce, the results generated will be a true reflection of the importance and the impact of a diverse workforce on employee performance. The findings of this research can be helpful for the human resource managers in not only determining the impact but managing the workforce to their company's advantage.

1.3 Research Objectives

This research aims to develop a better understanding of how diversity variables affect employee performance through establishment of empirical evidence.

Additionally, the reason for this exploration is to distinguish whether the variables including gender, age, ethnicity and diversity climate would influence employee performance in an organization. Ultimately, the particular targets of this exploration are as follows:

1. Investigate the relationship of gender with employee performance in an organization.
2. Investigate the relationship of age with employee performance in an organization.
3. Investigate the relationship of ethnicity with employee performance in an organization.
4. Investigate the relationship of diversity climate with employee performance in an organization.
5. Find out which independent variable(s) has the most impact on the dependent variable.
6. Establish whether diversity climate has an impact on age, gender and ethnic diversity.

1.4 Hypothesis of the Study

Employee performance is the dependent variable in this study while gender, age, ethnicity and diversity climate are the independent variables. The aim is to find out if there is any significant relationship between the independent and the dependent variable. The hypotheses of the study are as follows:

H 1 : There is significant relationship between gender and employee performance.

H 2 : There is significant relationship between age diversity and employee performance.

H 3: There is significant relationship between ethnicity and employee performance.

H 4: There is significant relationship between diversity climate and employee performance.

H5: There is significant relationship between diversity climate and gender diversity.

H6: There is significant relationship between diversity climate and age diversity

H7: There is significant relationship between diversity climate and ethnic diversity

1.5 Research Significance

There are very few studies which strive to find out the quantitative results of workforce diversity on performance. Most of the studies are of qualitative nature as observed during the compilation of the literature review for this study.

Moreover, the modern workforce is becoming far more varied in its composition due to immigration, economic and demographic factors as discussed previously as well. In such a time, it is not only necessary to manage such a diverse workforce but also to understand and reap the benefits that it can provide for the success of the company. That is why there is a need to determine the impact of the diversity variables on the performance of the employees in order to determine the most important variables. Human resource managers can then design diversity initiatives accordingly.

According to Brown (2008), organizations that view diversity as a competitive advantage rather than a business expense will reap the benefits of increased revenues in the long run. His idea is backed up by Choy (2007) who emphasizes on the fact that when team members are able to appreciate and understand each other, they can produce synergistic performance. Through powerful communication, team members would have the capacity to assess issues and circumstances from different perspectives, make a common social reality, discover and clarify culturally synergistic alternative solutions, and establish common standards for association.

1.6 Layout of the Study

This study is structured as follows:

Chapter 1 introduces the reader to the topic i.e. Workforce diversity and its importance in today's world. It highlights the importance and increasing spread of diversity in Pakistan and lays down the important diversity variables that can impact employee performance.

Chapter 2 provides a literature review of the relevant diversity literature from which four most appropriate diversity variables are selected based on their relevancy to the researched organization based in Dubai and its applicability in Pakistani organizations.

Chapter 3 consists of the theoretical framework which includes the research strategy, design and methodology. It also tells the nature of the participants, the sample size, research instrument and how data will be analyzed.

Chapter 4 comprises of research results, data analysis and summary of findings.

Chapter 5 is a discussion and summary of the entire research. It also includes future work, recommendations and the contribution of this work to the existing body of literature.

Chapter 2: Literature Review

2.1 Review of the Relevant Literature

2.1.1 Diversity Defined

Diversity is an open-ended term that possesses various meanings as evident in the literature. From 1991 to 2010, scholars have developed numerous definitions of this term, thirty of which are compiled in the work by Mor Barak (2011). He developed a global definition of workforce diversity:

“Workforce diversity refers to the division of the workforce into distinction categories that (a) have a perceived commonality within a given cultural or national context and that (b) impact potentially harmful or beneficial employment outcomes such as job opportunities, treatment in the workplace, and promotion prospects, irrespective of job-related skills and qualifications.”

According to Cox (1994), *“Cultural diversity means the representation, in one social system, of people with distinctly different group affiliations of cultural significance.”* These include race, ethnicity, nationality and gender because these are particularly important dimensions with reference to social interaction unlike age and religion which may change.

Taylor (2011) reviewed extensive literature to identify the major constructs that define the operations of major workforces. She called it the ‘Workplace Diversity Inventory’ (WDI) which consisted originally of seven dimensions but later on was reduced to the six most relevant ones: diversity climate, organizational justice, identity, values, schemas and communication. This taxonomy was developed to help organizations think clearly about the meaning of diversity and build measures to quantify its effect on organizational performance.

The definition of workforce diversity has evolved from a focus on mere age, gender and race to a much broader definition that includes a broad spectrum of human differences such as sexual orientation, skills and experience. (Michele.E.A et al. 2004; Abdel, 2010; Inge, 2010).

Abdel (2010) goes on further to include ‘acceptance for other’s way of thinking’ in the diversity dictionary. It emphasizes on the notion of accepting that someone is different and may think and act differently. He is also of the opinion that diversity and equality are two distinct terms: in the legislation, equality is meant to address discrimination on the basis of affiliation with a particular group whereas diversity initiatives focus on creating an environment of respecting, recognizing and valuing visible and invisible differences among individuals.

2.1.2 Diversity and Employee Performance Link

Before initiation into the empirical findings regarding the impact of diversity on organizational performance, it is important to understand how organizations define diversity. Simply having a diverse workforce does not necessarily produce the positive outcomes that are often claimed by some of the more optimistic proponents. It does not necessarily increase the talent pool, build commitment, improve motivation, and reduce conflict (Jayne & Diboye, 2004).

It is important to understand the importance of workforce diversity in achieving the objectives of organizations. Studies of recent years (Weaver, 2001; Lewis, 2002) show that there is a relationship between diversity in the work place and organizations' results.

Some studies have shown that diversity is related to higher performance (Wright, Ferris, Hiller, & Kroll, 1995; Hartenian & Gudmundson 2000), but others have shown that diversity is actually detrimental to organizational performance (Sacco & Schmitt, 2003). These arguments are supported by the fact that social categories (age, gender, race etc.) are a source of conflict between individuals within a social group (Horwitz, 2005) leading to loss of efficiency within organization. Group members may be dissatisfied, fail to identify with the group and reduce social cohesion leading to decreased performance (Jackson, Joshi, & Erhardt, 2003). However, workforce diversity aids creativity and innovation. It enhances the problem solving capacity of an organization by putting at work diverse minds to come up with a solution. Moreover, it incorporates flexibility by fostering multicultural management practices in the organization, thus making the system less standardized and more fluid (Cox and Blake, 1991). Diverse studies in this sense have arrived at the conclusion that choice making techniques could be considerably enhanced if people with distinctive "mental models" meet in the same gathering (Kearney et al., 2009; Phillips et al., 2006; Tegarden et al., 2007).

In the most comprehensive evaluation to date, Kochan et al. (2003) concluded that there is no justification for the assertion that organizations that are diverse in their workforce perform better on the return on investment, profits, revenue, costs, and other financial measures. So till date the debate goes on to find whether workforce diversity has significant and discernible effect on business performance.

2.1.3 Gender diversity

In one of the more revealing recent studies that analyzed this idea, Bowers (2000) reviewed data from 13 studies involving a total of 2,260 people. The types of diversity included gender, behavior and ability. Measures of performance included a blend of the quality, quantity and precision of teamwork. He concluded that although none of these types of diversity appeared to have significant direct effects on team performance, when the job to

be performed was rated as highly complex, significant performance advantages occurred for the diverse groups compared to the homogeneous groups.

In many organizations men are perceived to perform better than women and are considered to have greater ability to manage their jobs as well (Leonard and Levine, 2003).

Therefore if gender diversity remains ineffective if these gender issues are not properly fared. Brown (2008) also mentions in his study that because women are allotted the role of nurturing and domestic care, they are not considered equal to men in the work environment.

A study by Kundu (2003) shows that companies having diverse workforce in terms of gender can provide superior customer services because then they are able to understand the customers better. It also helps organizations to tap niche markets.

With regards to team performance, it was researched that teams having a more diverse makeup in terms of gender displayed greater intra-team cooperation and also lead to higher team performance. However, this proved to be true for only those teams which showed greater level of gender diversity. Moreover, the overall results showed that team performance increased at both managerial and non-managerial level in organizations (Joshi and Jackson, 2003).

2.1.4 Age Diversity

Most research carried out in this domain points towards the distinction of categorization of individuals on the basis of dimensions that are personally relevant to them; age being one of them. Thus, age diversity has become a part of many companies at present (Boehm and Bruch, 2009).

Then if we consider age diversity as relevant criteria for distinction among individuals, it is inevitable that conflict would arise based on differentiation between age groups in the organization. Emotional conflicts may emerge along with age-based discrimination among groups (Kunze et al., 2009).

Another dismal finding pointed to the proposition that the groups that were heterogonous in terms of age actually led to diminished performance. It was discovered that where the “generation gaps” were more significant in the workforce, the performance suffered (Gelner and Stephen, 2009). The same study also pointed out that in the presence of sufficient collaboration among the individuals with diverse age groups, the productivity levels could rise. These higher levels of productivity were however, based upon interaction among individuals of different ages with differing skill profiles, differing perspectives and perhaps also different personality traits.

As deciphered from the above discussion and pondering upon the issues related to age diversity, many challenges also arise for the HR department to not only manage but also

maintain the aging workforce. Brown (2008) highlights the issues of higher healthcare cost, pension contributions etc.

2.1.5 Ethnic Diversity

With the increase in diversity there has been a general increase in the use of work teams in order to create synergy and leverage the benefits of collective work. This not only improves performance but also increases employee satisfaction. Zgourides et al. (2002), is of the view that ethnically diverse teams are able to produce diversity of ideas and opinions and so increase team performance. In line with this trail of thought, Ostergaard et al. (2011) established that innovation is an iterative process that involves communication and interaction among employees to reap the benefits of various qualities derived from an ethnically diverse workforce.

On the other hand some researchers have found out that minority group can experience less job satisfaction, lack of identity and commitment or feeling of discrimination (Ostergaard et al. 2011; Harrison and Klein, 2007). However, these feelings might diminish as the minority group increases in size.

According to Ostergaard's study, some levels of diversity in ethnicity might be positively associated with innovation; high level of ethnic diversity might be negatively associated since it can create conflict and cliques due to social categorization.

2.1.6 Diversity Climate

“... for diversity to benefit a company's bottom line, there must be a process by which the positive aspects of diversity are brought to bear” (Simons & Hope-Pelled, 1999).

“Organizations need to be sure that they focus on initiatives that have a positive influence on employee perceptions of diversity within the ranks of senior managers and among non-managers” (Allen et al., 2008).

Another step toward improving both research and organizational interpolations related to the diversity– performance link is to recognize the difference between the implications of diversity as a characteristic of the workforce and the organization's response to its presence. This advice has several applications:

First and foremost, to the degree that social differences is an organizational reality and not a matter of decision by top management, much of our attention needs to be on how companies can create an environment in which diversity can flourish as opposed to turning out to be a burden on performance.

Second and identified with the above, research that inspects the effect of cultural diversity in work groups or organizations on employee performance must consider the level of adequacy in dealing with those differences. In the event that differing qualities are present and the atmosphere for it is great, one can anticipate a positive effect of differences. On the off chance that differing qualities are present yet the environment for it is not positive, a negative effect of diversity on performance may be anticipated.

In a work environment with a concrete and positive atmosphere for differences, it bodes well that workers would have a tendency to feel more included, and same is true for the flip side of this argument. This supports the notion that a positive diversity climate would in turn foster a positive organizational climate. Employees would trust their co-workers more if they perceive that their organization recognizes, values and implements diversity measures through its policies, practices and regulations. This increased trust leads to a stronger safety climate in the organization (Taylor, 2011).

2.2 Proposed Conceptual Framework

Based on the above literature review, four variables of workforce diversity are identified which hold importance in affecting employee performance.

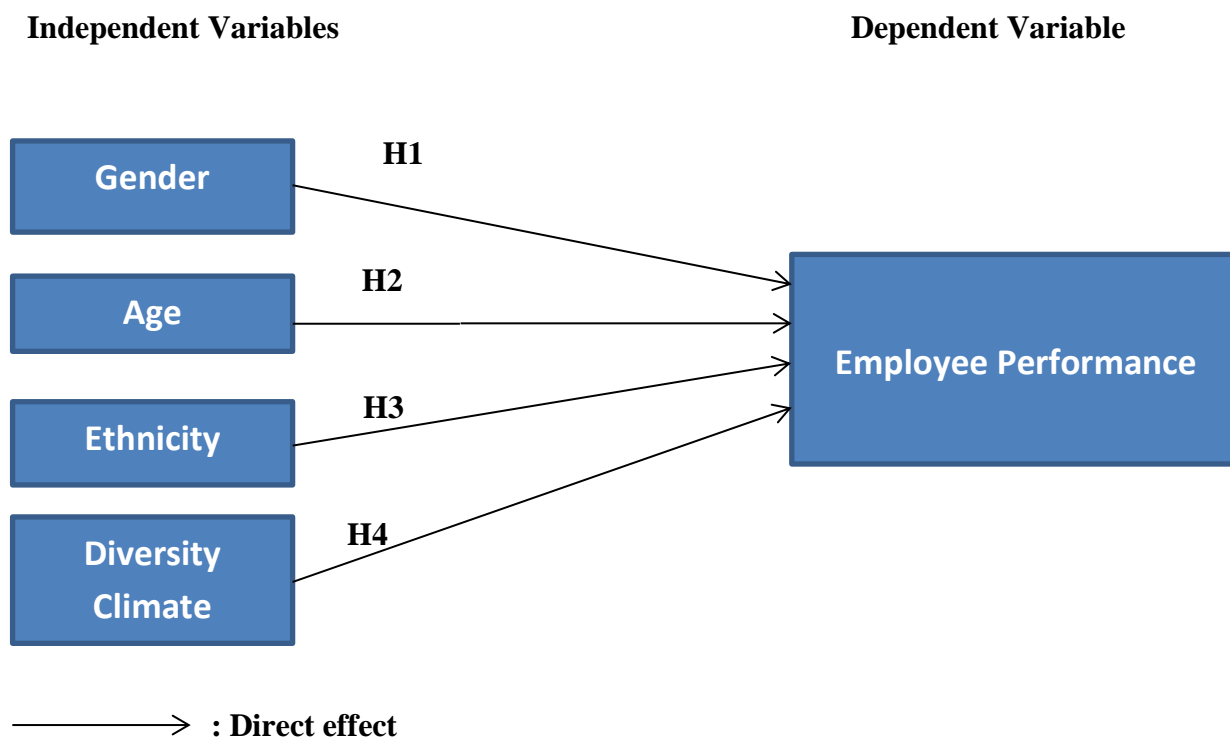


Figure 1: Conceptual model of the study

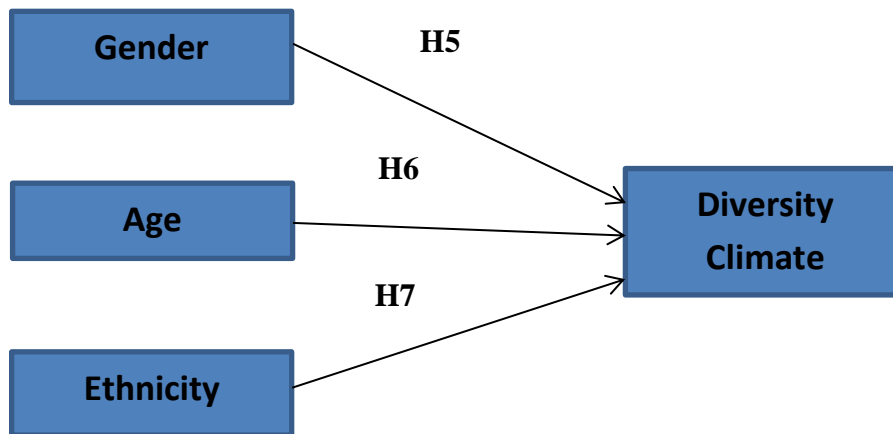


Figure 1.1: Sub-conceptual model of the study

The future achievement of any organization depends on the capacity to deal with people having different levels of ability that can bring about creative plans, viewpoints and perspectives to their work. The challenges and issues confronted due to a diverse workforce can be transformed into competitive advantage if an organization can benefit from this mixture of differing abilities. With the mixture of abilities of diverse cultural backgrounds, sexual orientations, ages ethnicities and lifestyles, an organization can react to business opportunities all the more quickly and inventively, particularly worldwide which must be one of the imperative organizational objectives to be accomplished.

2.3 Hypothesis Development

2.3.1 Relationship between gender and employee performance

Kochan et al.(2002) found that HR practices which focus on implementing diversity initiatives enhanced the positive effects of gender diversity on group processes. According to one study, the effects on business performance differ between firms that are headed by a male or a female: females tend to grow their business at a slow rate as compared to males due to insufficient resources, domestic pressures and less emphasis on business expansion (Inmyxai and Takahashi, 2010). However, if the females are provided with equal opportunities and resources as men, they may perform at the same level as them.

According to Abbas et al.(2010), gender discrimination happens at three levels:

- i. Gender discrimination in hiring
- ii. Gender discrimination in promotion
- iii. Gender discrimination in provision of resources.

Males are given prominence when it comes to hiring and the same is true when the question of promotion arises. A male who is promoted gets a higher salary than a female who is promoted. Majority of the studies show that on average men earn a higher salary than women even after controlling for factors like number of hours worked and industry. This shows that women, by and large face wage discrimination. There is a developing condition that participation of women is central in decision making and adjustment of women's representation in the society.

Therefore the hypothesis developed is as follows:

Ho : There is no significant relationship between gender and employee performance

H1: There is significant relationship between gender and employee performance

2.3.2 Relationship between Age diversity and Employee Performance

Age heterogeneity on its own has a negative impact on an employee's productivity. In addition, on account of routine undertakings, there are no considerable increases from age heterogeneity that could balance the increasing expenses coming about because of more noteworthy age heterogeneity. Accordingly, in organizations with routine sorts of work, growing age- heterogeneity generally prompts a decrease in productivity (Gellner and Veen, 2009).

On the contrary, Winny (2008) argues that young people who are at their learning stage are eager to learn new things and acknowledge new plans. More experienced individuals who have rich backgrounds are more developed and have better issue - understanding aptitudes. As an extension, the researcher likewise expressed that the western discoveries proposed that the more seasoned and more youthful workers must come together to structure reasonable and suitable corporate society. These qualities, possessed by distinctive age groups can supplement one another in organizations and has a tendency to achieve better firm performance. Her study results demonstrated that distinctive age groups give diverse qualities to organizations and these qualities can supplement one another which progress companies' performance.

While the above studies showed some relationship between age and employee performance, the study conducted by Joshi and Jackson, 2008 showed no relationship between the two variables whatsoever. No main effect of age diversity was found on employee performance.

This leads us to establish our second hypothesis:

Ho: There is no significant relationship between age diversity and employee performance

H1: There is a significant relationship between age diversity and employee performance

2.3.3 Relationship between Ethnic diversity and Employee Performance

As this study is carried out in an organization which is highly ethnically diverse, it will be interesting to find out whether it has a positive or negative effect on employee performance. According to Opstal (2009), ethnic diversity leads to innovation, creativity and larger pool of resources for the organization which in turn leads to enhanced problem solving. However, it is important to manage such diversity in order to reap its benefits otherwise it might turn out to be detrimental for the firm performance.

Based on research, ethnic diversity can have both advantages and disadvantages for the organization. These disadvantage include conflict, discrimination, lack of social cohesion and communication problems among employees (Jackson and Joshi, 2004; Benschop, 2001; Knippenberg, et al., 2004).

As firms get to be more diverse along ethnic lines, it bodes well to give careful consideration to how diverse gatherings communicate with each other at work (Pitts and Jarry, 2005). As the private sector workforce gets to be all the more ethnically differing and make endeavors to manage that diversity, the significance of seeing how ethnic diversity affects employee performance increases.

This helps us establish the third hypothesis for the study:

Ho: There is no significant relationship between ethnic diversity and employee performance.

H1: There is a significant relationship between ethnic diversity and employee performance.

2.3.4 Relationship between Diversity Climate and Employee Performance

In order to more effectively manage diversity, many companies design and implement diversity initiatives. Diversity climate is a term which refers to the context in which these initiatives can thrive and flourish.

In literature diversity climate is defined as shared perception of relationships among members of diverse groups and organizational or team norms and desire for such

relationships (Taylor, 2011). These are strong internalized beliefs about past and current attitudes, norms and policies of the organization regarding diversity.

According to Rynes & Rosen (1995), diversity climate is characterized by supportive policies, majority support of top management and high organizational priority for diversity. A positive diversity climate is also associated with greater gender and ethnic diversity (Kossek, Markel, & McHugh, 2003). Little research is carried out in this area so our last hypothesis aims to find out the relationship between diversity climate and employee performance:

Ho: There is no significant relationship between diversity climate and employee performance.

H1: There is a significant relationship between diversity climate and employee performance.

2.3.5. Relationship of Gender, Age and Ethnic Diversity with Diversity Climate

Diversity climate refers to the shared perceptions of diversity policies, attitudes, norms and the larger context in which diversity initiatives are implemented. This diversity environment can have a large impact on other diversity variables such as age, gender and ethnic because however diverse a workforce it may be, if there is no mechanism to manage it, the workplace would prove to be chaotic and a breeding ground for conflict.

This compels us to develop the following three hypothesis:

Ho: There is no significant relationship between diversity climate and gender diversity.

H1: There is a significant relationship between diversity climate and gender diversity.

Ho: There is no significant relationship between diversity climate and age diversity.

H1: There is a significant relationship between diversity climate and age diversity.

Ho: There is no significant relationship between diversity climate and ethnic diversity.

H1: There is a significant relationship between diversity climate and ethnic diversity.

Chapter 3: Research Methodology

This chapter will discuss how the research is carried out.

3.1 Data Collection

Both primary and secondary data was utilized to carry out this research,

3.1.1 Primary Data

In this study, a questionnaire survey was used to collect first-hand information from the employees of a Dubai based automotive technology company. 50 questionnaires were e-mailed to the employees of this company out of which 30 filled it. The responses were generated automatically on Google docs spreadsheet.

Using a questionnaire enabled the completeness and consistency of data obtained and a feasible way to reach a greater audience.

The questionnaire was built after going through several research articles and then modifying the questions according to this study. Such a method ensures the validity of the questionnaire as the questions are adopted from well-developed questions of other researchers. This in turn leads to validity of the research findings.

Apart from questionnaire, a few employees were interviewed as well to gain a clearer insight into the topic under study.

3.1.2 Secondary Data

Many research articles were consulted before formulating the theoretical framework for this study. Online journals were also used and company website was referred to as well to get a better understanding of diversity initiatives.

3.2 Sampling Design

3.2.1 Participants

The industry that is targeted for this research is the automotive technology industry. The target population is the employees in the management and non-management departments of this industry. Since the company hoses employees from many different ethnicities, it was made sure that almost every ethnic group fills the questionnaire to represent truly diverse responses.

3.2.2 Sample size

Sample size shows the number of respondents that represent the target population. The total number of employees in the company is 100 while the sample size for this study is 30 which is usually deemed sufficient due to the fact that the confidence limits tend to settle down at this sample size (Campbell, 2011).

3.3 Research instrument

3.3.1 Questionnaire Survey

The primary research instrument used in this study is self-administered questionnaire. In order to create a clear, complete and easily comprehensible questionnaire, several research articles were consulted so that accurate results could be obtained.

The questions in the survey were formulated based on the literature review for this research. This ensures that rich data and new ideas are generated which were not researched before.

3.3.2 Questionnaire Design

It is vital that the design of the questionnaire is made simple so that the respondents can comprehend and answer the questions without taking much of their time. It is important to note that the length of the questionnaire, type of questions asked and clarity of language directly affects the rate of response.

The questionnaire is divided into three sections:

1. The first section aims to obtain demographic data such as age, gender, ethnic group and position in the company.
2. The second section comprises of 5 to 8 questions which are used to measure the independent variables in this study. These results will measure the effects of workforce diversity on employee performance.
3. The last section comprises of 5 questions that help in gauging employee performance which is the dependent variable of this study.

3.4 Construct Measurement

This section describes the scales used in the questionnaire and the operational definitions of the variables identified in this study.

3.4.1 Scales

3.4.1.1 Nominal Scale

Nominal scales are utilized for marking variables, without any quantitative quality. Nominal scales could just be called labels. For example gender, hair colour, place of birth etc. In this study gender and ethnicity in section 1 of the questionnaire are designed according to nominal scale.

3.4.1.2 Ordinal Scale

According to Taylor (2011), ordinal scale allows investigators to determine if the entity has more or less characteristic than other entities. The points on an ordinary scale do not designate equal distance between the rankings. Thus, ordinary scale allows objects to be placed into groups that are in order. The section 1 of the questionnaire uses ordinal scale when it requires the respondents to answer their age in ordered groups.

3.4.1.3 Likert Scale

When responding to a Likert questionnaire item, respondents specify their level of agreement or disagreement on a balanced agree-disagree scale for a set of statements. Thus, the range signifies the intensity of their sentiments for a given item. The questionnaire in this study used a five-point Likert-scale for all the questions in section 2 and 3.

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

3.4.2 Operational Definitions of Construct

The variables in this research are adapted from other research articles to establish maximum validity of the study. However, they are modified to suit the requirements of this study.

3.4.2.1 Modified definition of the construct for gender diversity

1. The employees have not been discriminated by employer while hiring and recruitment process on the gender basis.
2. The organization does a good job of attracting and hiring women.
3. Fair treatment is given to all employees, whether they are male or female.
4. Opportunities for growth and advancement exist for women in our organization.
5. Women are involved in the organization's decision making as much as men
6. The performance criteria for success are expected to be higher for men than for women.
7. I am positive about gender diversity in this workplace

The above seven items are used to measure the effect of gender diversity on employee performance. Their sentiment towards gender diversity will be gauged on a five-point Likert scale.

3.4.2.2 Modified definition of the construct for age diversity

1. This organization provides me with equal opportunities for training and career development.
2. My team leaders include all members of different ages in problem solving and decision making.
3. The age differences in work group do not cause conflict.
4. At work, I experience lack of bonding with people of different age group.(R)
5. I am positive about age diversity in this workplace.

The above five items are used to measure the effect of age diversity on employee performance. Their sentiment towards age diversity will be gauged on a five-point Likert scale.

3.4.2.3 Modified definition of the construct for ethnic diversity

1. The organization does a good job of attracting and hiring minorities.
2. The organization is concerned about the employee's customs, cultures, and values.
3. Different languages that are used to communicate do not create problem among employees.
4. At work, I developed low self-esteem due to my ethnicity. (R)
5. The team leader includes all members at different ethnicity in problem solving and decision making
6. I am positive about ethnicity diversity in this work place.

The above six items are used to measure the effect of ethnic diversity on employee performance. Their sentiment towards ethnic diversity will be gauged on a five-point Likert scale.

3.4.2.4 Modified definition of the construct for diversity climate

1. Senior management is committed to diversity in my organization.
2. My organization takes steps to increase diversity.
3. Organization policies support my manager in increasing diversity.
4. My organization puts a lot of time and money into diversity initiatives.
5. Leaders here connect diversity to the organization's mission and vision.

The above five items are used to measure the effect of diversity climate on employee performance. Their sentiment towards diversity climate will be gauged on a five-point Likert scale.

3.4.2.4 Modified definition of the construct for employee performance

1. I enjoy my tasks and the division's work approach.
2. I am motivated to complete the task that is assigned to me

3. I co-operate well with my colleagues of different ethnicity
4. I am satisfied with my current salary level.
5. I am given the chance to try my own method of doing the job.
6. Good employee performance is important for the future growth of my organization.

The above six items are used to measure the employee performance. Their sentiment towards their performance will be gauged on a five-point Likert scale.

3.5 Data Analysis

The data collected through questionnaires was analyzed statistically through MS Excel 2010. MS Excel was also used to test the relationship between the independent variables and dependent variable using Pearson Correlation analysis and Regression analysis. Hypothesis findings of this research can be evaluated using MS Excel to determine if the hypothesis is supported by our research.

Both descriptive and inferential analysis is carried out.

3.5.1 Descriptive Analysis

In order to determine the main tendencies or the general order of responses, descriptive analysis was used. This includes determining the mean or standard deviation. It also highlights the use of pie charts, bar charts or tables which enable the reader to understand the meaning of the data collected.

In this study, gender, age, ethnicity and the measures of diversity are analyzed in a descriptive manner.

3.5.2 Inferential Analysis

3.5.2.1 Correlation Coefficient Analysis

Correlation coefficient is a statistical measure of the co-variation, or relationship, between two variables. It is used to find out the magnitude and direction of the relationship. The number indicating Pearson's correlation is referred to as a correlation (r). It ranges from -1.00 to +1.00, and zero representing absolutely no linear relationship between two variables. If the value of r is +1.00, there is a perfect positive linear relationship. Besides,

there is a perfect negative linear relationship if the value of r is -1.00 (Hair et al., 2007).

Pearson correlation coefficient was used to measure whether there was a significant relationship between independent and dependent variable.

3.5.2.2 Regression Analysis

Regression analysis is used to comprehend which among the independent variables are related to the dependent variable, and to search the forms of these relationships.

In this study, the value of R Square will be analyzed which tells the proportion of the variation in dependent variable which is explained by variation in independent variable.

Together, the correlation coefficient and the value of R Square will help to accept or reject the null hypothesis.

Chapter 4: Research Results

4.1. Introduction

In chapter 3, we discussed the data collection methods, research instruments, definitions of the variables used in this study and how we plan to analyze and interpret the results of the data collected.

In this chapter we will find out the descriptive as well as inferential results of the data. General patterns in the data will be discussed and analysis of the results with respect to the established hypothesis will be presented in detail.

4.2 Descriptive Analysis

This section discusses the respondent's demographic profile and measurement of central tendencies of constructs.

4.2.1. Demographic Profile Analysis

In the questionnaire survey, respondents were asked four questions regarding their demographic profile, including gender, age, ethnicity and position level in the organization but only three will be used in the analysis. This part provides an analysis of the demographic features of the participants based on frequency analysis.

4.2.1.1 Age

Age	Frequency	Percent
20-29	14	46.67%
30-39	11	36.67%
40-49	4	13.33%
50 and above	1	3.33%
Total	30	100.00%

Table 4.1: Age of respondents

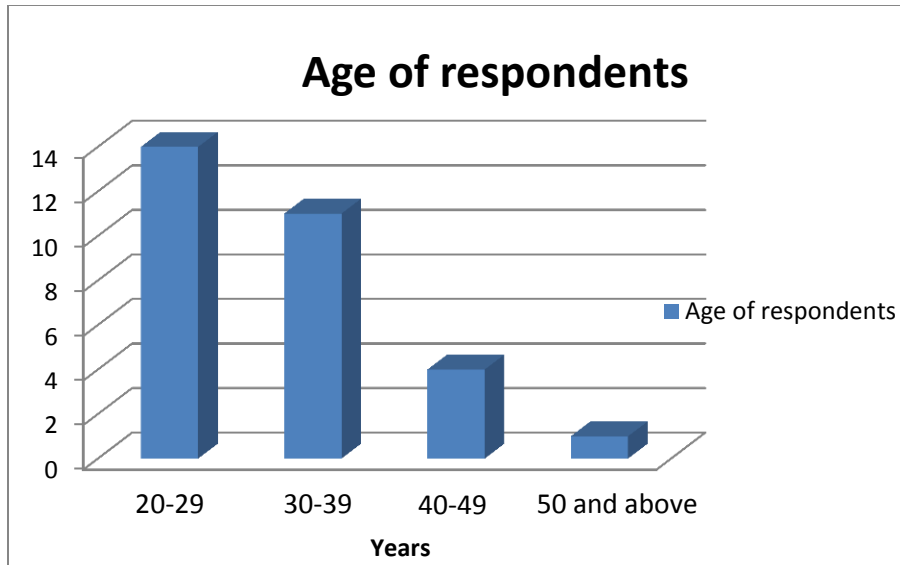


Figure4.1: Age of respondents

Table 4.1 shows that majority of the respondents were aged between 20-29 years (46.67%) followed by 30-39 years (36.67%). So the company employs more of the younger lot than the older one.

4.2.1.2 Gender

Gender	Frequency	Percent (%)
Male	11	37
Female	19	63
Total	30	100

Table 4.2: Gender of respondents

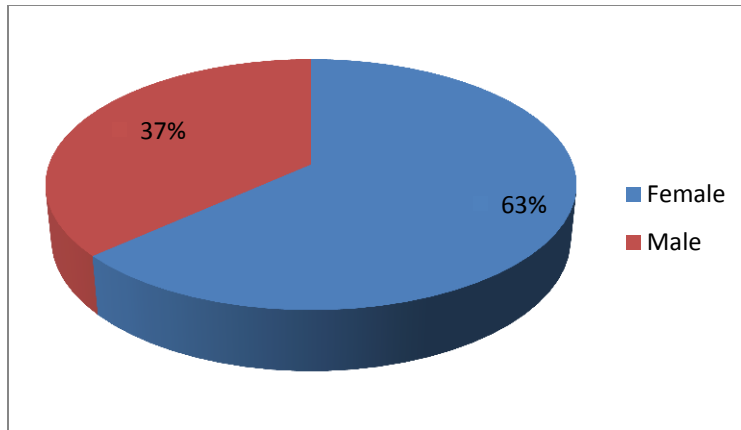


Figure 4.2: Gender of the respondents

Table 4.2 and Figure 4.2 show that there are more females (63%) than males (37%) in the company.

4.2.1.3 Ethnicity

Ethnicity	Frequency	Percent
Portuguese	1	3.33%
French	1	3.33%
Indian	5	16.67%
German	1	3.33%
South African	1	3.33%
Canadian	1	3.33%
British	1	3.33%
Russian	3	10.00%
White and Asian	1	3.33%
Algerian	2	6.67%
Pakistani	3	10.00%
Lebanese	2	6.67%
Dutch	1	3.33%
Turkish	1	3.33%
Italian	1	3.33%
Australian	1	3.33%
Egyptian	2	6.67%
Syrian	1	3.33%
Filipino	1	3.33%
Total	30	100.00%

Table 4.3: Ethnicity of the respondents

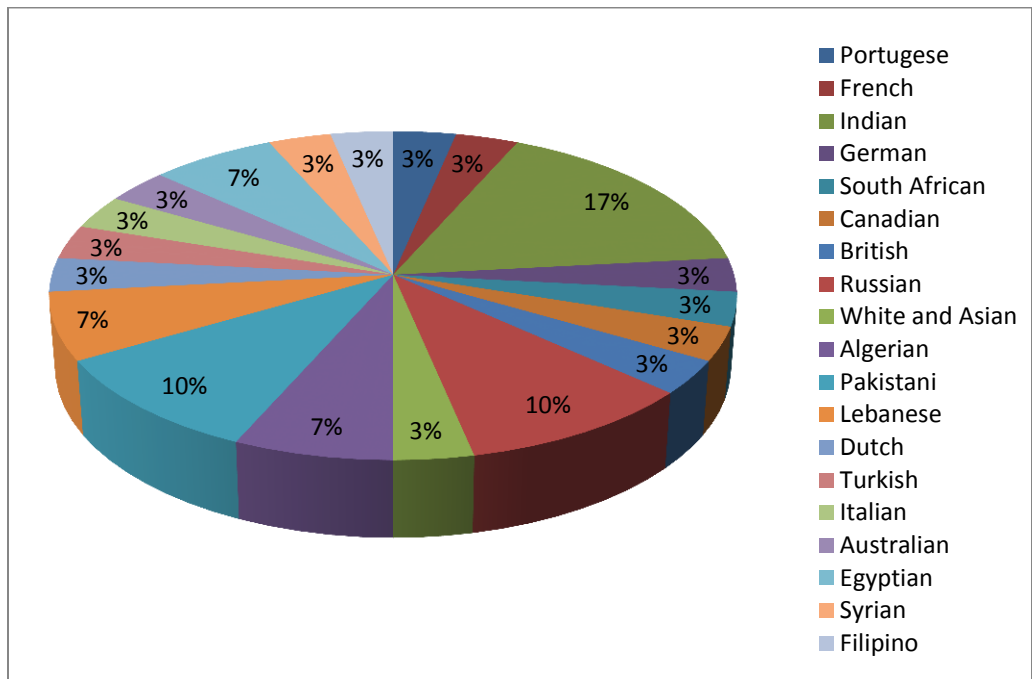


Figure 4.3: Ethnicity of the respondents

The results show that the highest numbers of respondents are Indians (17%) followed by Russians and Pakistanis (10%). It is interesting to note how employees of 19 different ethnicities work together. Special care has been taken to include maximum number of nationalities when collecting data to ensure authentic effects of diversity.

4.2.2 Measurement of Central Tendencies of Constructs

Measurement of central tendencies is used to find out the mean and standard deviation of each of the 29 questions asked according to the five-point Likert scale.

Gender Diversity	Mean	Standard Deviation
The employees have not been discriminated by employer while hiring and recruitment process on the gender basis.	4.566666667	0.568320777
The organization does a good job of attracting and hiring women.	4.5	0.731083277
Fair treatment is given to all employees, whether they are male or female.	4.2	0.886683087
Opportunities for growth and advancement exist for women in our organization.	4.333333333	0.660894552
Women are involved in the organization's decision making as much as men	4.666666667	0.606478435
The performance criteria for success are expected to be higher for men than for women.	3.1	1.213430588
I am positive about gender diversity in this workplace	4.5	0.572351471

Table 4.4: Mean and standard deviation for the gender diversity construct

In the gender diversity section of the questionnaire, most of the respondents agreed with the statements.

Women were highly involved in the decision making process as men (4.6 points) with very less standard deviation (0.6) and the recruitment process in the organization also encouraged women to apply for the vacancies. We can very well conclude from the above results that women are treated at par with men when it comes to hiring, fair treatment and decision making in the company.

Age Diversity	Mean	Standard Deviation
This organization provides me with equal opportunities for training and career development	3.566666667	1.278019301
My team leaders include all members of different ages in problem solving and decision making.	4.466666667	0.89955289
The age differences in work group do not cause conflict.	3.933333333	1.20153159
At work, I experience lack of bonding with people of different age group.	3.033333333	1.449930636
I am positive about age diversity in this workplace.	4.166666667	1.053183461

Table 4.5: Mean and standard deviation for the age diversity construct

When analyzing age diversity in the organization, we come to know that on average everyone does not get equal opportunities for training and career development. However, when it comes to decision making, employees of different age groups are consulted and the chances of conflict are quite rare. Overall, we can conclude that the employees perceive age diversity as positive and can successfully bond with each other despite of age differences.

Ethnic diversity	Mean	Standard Deviation
The organization does a good job of attracting and hiring minorities.	3.7	1.235955585
The organization is concerned about the employee's customs, cultures, and values.	4.4	0.932183199
Different languages that are used to communicate do not create problem among employees.	4.1	0.844862772
At work, I developed low self-esteem due to my ethnicity (R)	4.866666667	0.345745904
The team leader includes all members of different ethnicity in problem solving and decision making	4.633333333	0.556053417
I am positive about ethnicity diversity in this work place.	4.933333333	0.253708132

Table 4.6: Mean and standard deviation for the ethnic diversity construct

The results pertaining to ethnic diversity are very positive: employees with differing ethnicities do not face language problem while communicating with each other and the company does not discriminate on this basis as well. Their diverse cultures are not only respected but celebrated too which makes everyone in the company feel at home.

Diversity Climate	Mean	Standard Deviation
Senior management is committed to diversity in my organization.	4.366666667	0.9278575
My organization takes steps to increase diversity.	4.5	0.731083277
Organization policies support my manager in increasing diversity.	4.566666667	0.727932042
My organization puts a lot of time and money into diversity initiatives.	3.733333333	0.980265036
Leaders here connect diversity to the organization's mission and vision.	4.066666667	0.944433176

Table 4.7: Mean and standard deviation for the diversity climate construct

After analyzing this section we come to know that the top management is committed to design and implement diversity initiatives. Its policies and procedures also support diversity and the company's mission and vision also take into account diversity initiatives.

In order to do so the organization also tries to pull free its resources to let diversity initiatives flourish. This is the very reason why employees with differing age groups, ethnicities and gender work in harmony for the betterment of the organization.

Employee Performance	Mean	Standard Deviation
I enjoy my tasks and the division's work approach	4.466666667	0.507416263
I am motivated to complete the task that is assigned to me	4.6	0.498272879
I co-operate well with my colleagues of different ethnicity	4.6	0.723973709
I am satisfied with my current salary level.	3	0.870988341
I am given the chance to try my own method of doing the job.	4.633333333	0.490132518
Good employee performance is important for the future growth of my organization.	4.766666667	0.430183067

Table 4.8: Mean and standard deviation for the employee performance construct

All the questions asked received an overwhelmingly positive response except the question regarding current salary. On average, the employees remained neutral when asked whether they were satisfied with their current salary level.

Apart from that, they were affirmative about autonomy in their jobs, were provided adequate job motivation and enjoyed their division's work approach.

4.3 Inferential Analysis

4.3.1 Correlation Coefficient Determinant

Following is a table representing the coefficient range and the corresponding strength of relationship between two variables:

Coefficient range	Strength of Association
±0.91 to ±1.00	Very strong
±0.71 to ±0.90	High
±0.41 to ±0.70	Moderate
±0.21 to ±0.40	Small but definite relationship
±0.01 to ±0.20	Slight, almost negligible

4.2.1.1 Hypothesis 1

Ho: There is no significant relationship between gender diversity and employee performance

H1: There is significant relationship between gender diversity and employee performance

SUMMARY OUTPUT		The effect of gender diversity on employee performance				
<i>Regression Statistics</i>						
Multiple R	0.98779702					
R Square	0.97574296					
Adjusted R Square	0.96765728					
Standard Error	0.13327918					
Observations	5					
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	-0.4841834	0.441373923	-1.0969913	0.3528	1.888832165	0.920465455
Gender	1.13484646	0.1033065	10.9852377	0.0016	0.806079073	1.463613851

Source: Data generated by MS Excel 2010

Direction and Strength of Relationship

The value of correlation is denoted by “Multiple R” in the regression analysis results. For gender diversity construct, it had found to be 0.987 or 98%.

Therefore we can conclude that there is a positive and very strong relationship between gender diversity and employee performance.

Adjusted R Square

This value shows the percentage of variation in employee performance that is caused by gender diversity. This value is very high i.e.: 96% in this case. This shows the importance of having gender diversity in the organization to enhance employee performance.

Significance of the relationship

As the p value for this variable is 0.0016 which is less than α , 0.05, we can reject the null hypothesis and conclude that there is a significant relationship between gender and employee performance.

Inference

As there is observed a lot of gender diversity in the organization and the climate to manage that diversity is also present. Therefore, the relationship between gender and employee performance is significant as also backed by literature.

4.2.1.2 Hypothesis 2

Ho : There is no significant relationship between age diversity and employee performance

H1 : There is a significant relationship between age diversity and employee performance

SUMMARY OUTPUT		The effect of age diversity on employee performance				
<i>Regression Statistics</i>						
Multiple R	0.767609663					
R Square	0.589224595					
Adjusted R Square	0.45229946					
Standard Error	0.548460853					
Observations	5					
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	7.957628758	5.923634822	1.343369231	0.271732557	26.80927851	10.89402099
X Variable 1	2.913994167	1.404720219	2.074430287	0.129691251	1.556452504	7.384440838

Source: Data generated by MS Excel 2010

Direction and Strength of Relationship

The value of correlation is denoted by “Multiple R” in the regression analysis results. For age diversity construct, it has found to be 0.767 or 76.7%.

Therefore we can conclude that there is a positive and strong relationship between age diversity and employee performance but not as strong as that with gender diversity.

Adjusted R Square

This value shows the percentage of variation in employee performance that is caused by age diversity. This value is 0.45 or 45% in this case. This shows that only 45% of the variation in employee performance is caused by age diversity: the rest is due to some other factors which are not accounted for in this study.

Significance of the relationship

As the p value for this variable is 0.12 which is greater than α , 0.05, we accept the null hypothesis and conclude that there is no significant relationship between age diversity and employee performance.

One thing to note is that there is a strong correlation as compared to significance of this relationship. This can be due to the small sample size which might be producing a strong correlation between these variables.

Inference

Since there is lesser diversity with respect to age (mostly between 20 to 40 yrs.), the organization does not drive its diversity efforts very strongly toward age diversity. That is why we do not observe any significant relationship between age diversity and employee performance.

4.2.1.3 Hypothesis 3

Ho : There is no significant relationship between ethnic diversity and employee performance

H1 : There is a significant relationship between ethnic diversity and employee performance

SUMMARY OUTPUT		The effect of ethnic diversity on employee performance				
<i>Regression Statistics</i>						
Multiple R	0.961018077					
R Square	0.923555745					
Adjusted R Square	0.898074327					
Standard Error	0.236600602					
Observations	5					
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	-	-	-	-	-	-
X Variable 1	14.84284804	3.184785028	-4.66054943	0.018641687	24.97825539	-4.7074407
	4.443387242	0.73806465	6.020322529	0.009184867	2.094536123	6.792238362

Source: Data generated by MS Excel 2010

Direction and Strength of Relationship

The value of correlation is denoted by “Multiple R” in the regression analysis results. For ethnic diversity construct, it has found to be 0.961 or 96.1%.

Therefore we can conclude that there is a positive and very strong relationship between ethnic diversity and employee performance.

Adjusted R Square

This value shows the percentage of variation in employee performance that is caused by ethnic diversity. This value is 0.89 or 89% in this case. This shows that only 89% of the variation in employee performance is caused by ethnic diversity and the rest is due to some other factors which are not accounted for in this study.

Significance of the relationship

As the p value for this variable is 0.009 which is less than α , 0.05, we reject the null hypothesis and conclude that there is a significant relationship between ethnic diversity and employee performance.

Inference

There were at least 11 different ethnicities in the data collected and the overall employee performance rating by these respondents was resoundingly positive which shows that ethnic diversity is very well managed in this organization and has a significant impact on employee performance.

4.2.1.4 Hypothesis 4

Ho : There is no significant relationship between diversity climate and employee performance

H1 : There is a significant relationship between diversity climate and employee performance

SUMMARY OUTPUT		The effect of diversity climate on employee performance				
<i>Regression Statistics</i>						
Multiple R	0.83227556					
R Square	0.692682609					
Adjusted R Square	0.590243478					
Standard Error	0.474391597					
Observations	5					
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	3.058165939	2.845279	1.074821088	0.36120617	12.11311379	5.996781908
X Variable 1	1.729257642	0.665006	2.600364331	0.080350524	0.387087952	3.845603235

Source: Data generated by MS Excel 2010

Direction and Strength of Relationship

The value of correlation is denoted by “Multiple R” in the regression analysis results. For diversity climate construct, it has found to be 0.832 or 83.2%.

Therefore we can conclude that there is a positive and strong relationship between age diversity and employee performance.

Adjusted R Square

This value shows the percentage of variation in employee performance that is caused by diversity climate. This value is 0.59 or 59% in this case. This shows that only 59% of the variation in employee performance is caused by diversity climate; the rest is due to some other factors which are not accounted for in this study.

Significance of the relationship

As the p value for this variable is 0.08 which is greater than α , 0.05, we accept the null hypothesis and conclude that there is no significant relationship between diversity climate and employee performance.

As in the case of age diversity, there is a strong correlation as compared to significance of this relationship. This again can be due to the small sample size which might be producing a strong correlation between these variables.

Inference

Diversity does not have a direct effect on employee performance; however, it might have an indirect effect as studied in the following hypothesis.

4.2.1.5 Hypothesis 5

Ho: There is no significant relationship between diversity climate and gender diversity.

H1: There is a significant relationship between diversity climate and gender diversity

SUMMARY OUTPUT		Effect of Diversity Climate on Gender diversity				
<i>Regression Statistics</i>						
Multiple R	0.910377656					
R Square	0.828787477					
Adjusted R Square	0.771716636					
Standard Error	0.089102122					
Observations	5					
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	2.422474526	0.534411662	4.532974665	0.020091934	0.721738106	4.123210947
X Variable 1	0.475982533	0.124904062	3.810785058	0.031771091	0.078482062	0.873483003

Source: Data generated by MS Excel 2010

Direction and Strength of Relationship

The value of correlation is denoted by “Multiple R” in the regression analysis results. For gender diversity construct, it has found to be 0.91 or 91%.

Therefore we can conclude that there is a positive and very strong relationship between diversity climate and gender diversity.

Adjusted R Square

This value shows the percentage of variation in diversity climate that is caused by gender diversity. This value is 0.771 or 77% in this case. This shows that only 77% of the variation in gender diversity is caused by diversity climate and the rest is due to some other factors which are not accounted for in this study.

Significance of the relationship

As the p value for this variable is 0.0031 which is less than α , 0.05, we reject the null hypothesis and conclude that there is a significant relationship between diversity climate and gender diversity.

Inference

Diversity climate has a direct effect on gender diversity as there is great gender diversity in this organization and so the diversity initiatives are geared towards managing gender diversity in this organization.

4.2.1.6 Hypothesis 6

Ho: There is no significant relationship between diversity climate and age diversity.

H1: There is a significant relationship between diversity climate and age diversity.

SUMMARY OUTPUT		Effect of Diversity Climate on Age diversity				
<i>Regression Statistics</i>						
Multiple R	0.86566516					
R Square	0.749376169					
Adjusted R Square	0.665834892					
Standard Error	0.112851245					
Observations	5					
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	2.191790393	0.676852811	3.238208305	0.047916067	0.037742666	4.345838119
X Variable 1	0.473799127	0.158195772	2.995017638	0.057898367	0.029650423	0.977248676

Source: Data generated by MS Excel 2010

Direction and Strength of Relationship

The value of correlation is denoted by “Multiple R” in the regression analysis results. For age diversity construct, it has found to be 0.865 or 86.5%.

Therefore we can conclude that there is a positive and strong relationship between diversity climate and age diversity.

Adjusted R Square

This value shows the percentage of variation in diversity climate that is caused by age diversity. This value is 0.665 or 66.5% in this case. This shows that only 77% of the variation in age diversity is caused by diversity climate and the rest is due to some other factors which are not accounted for in this study.

Significance of the relationship

As the p value for this variable is 0.057 which is greater than α , 0.05, we accept the null hypothesis and conclude that there is no significant relationship between diversity climate and age diversity.

Inference

Since there is lesser diversity with respect to age (mostly between 20 to 40 yrs.), the organization does not drive its diversity efforts very strongly toward age diversity. That is why we do not observe any significant relationship between age diversity and employee performance.

4.2.1.7 Hypothesis 7

Ho: There is no significant relationship between diversity climate and ethnic diversity.

H1: There is a significant relationship between diversity climate and ethnic diversity.

SUMMARY OUTPUT		Effect of Diversity Climate on Ethnic diversity				
<i>Regression Statistics</i>						
Multiple R	0.923648407					
R Square	0.85312638					
Adjusted R Square	0.804168506					
Standard Error	0.07093045					
Observations	5					
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	2.541720516	0.425422634	5.97457754	0.009384166	1.187835825	3.895605207
X Variable 1	0.415065504	0.099430867	4.174412988	0.025033618	0.098632108	0.7314989

Source: Data generated by MS Excel 2010

Direction and Strength of Relationship

The value of correlation is denoted by “Multiple R” in the regression analysis results. For ethnic diversity construct, it has found to be 0.923 or 92.3%.

Therefore we can conclude that there is a positive and very strong relationship between diversity climate and ethnic diversity.

Adjusted R Square

This value shows the percentage of variation in diversity climate that is caused by ethnic diversity. This value is 0.804 or 80.4% in this case. This shows that only 80.4% of the variation in ethnic diversity is caused by diversity climate and the rest is due to some other factors which are not accounted for in this study.

Significance of the relationship

As the p value for this variable is 0.0025 which is less than α , 0.05, we reject the null hypothesis and conclude that there is a significant relationship between diversity climate and ethnic diversity.

Inference

Diversity climate is shown to have a significant impact on ethnic diversity which indicates that the company’s diversity initiatives are bent towards managing ethnic diversity which in turn has a significant impact on performance.

Chapter 5: Conclusion

5.1 Introduction

This chapter would discuss the major findings of this study including the results of the descriptive and inferential analysis described in the previous chapter. It would also present the limitations and recommendations for this study.

5.2 Summary of Statistical Analysis

5.2.1. Demographic Profile Analysis

Majority of the respondents were aged between 20-29 years (46.67%) followed by 30-39 years (36.67%). So the company employs more of the younger lot than the older one. Moreover, there were more females (63%) than males (37%) in the company and the highest numbers of respondents were Indians (17%) followed by Russians and Pakistanis (10%). It is interesting to note how employees of 19 different ethnicities work together. Special care has been taken to include maximum number of nationalities when collecting data to ensure authentic effects of diversity.

5.2.2 Measurement of Central Tendencies of Constructs

In the gender diversity section of the questionnaire, most of the respondents agreed with the statements.

Women were highly involved in the decision making process as men (4.6 points) with very less standard deviation (0.6) and the recruitment process in the organization also encouraged women to apply for the vacancies. We can very well conclude from the above results that women are treated at par with men when it comes to hiring, fair treatment and decision making in the company.

When analyzing age diversity in the organization, we come to know that on average everyone does not get equal opportunities for training and career development. However, when it comes to decision making, employees of different age groups are consulted and the chances of conflict are quite rare.

The results pertaining to ethnic diversity are very positive: employees with differing ethnicities do not face language problem while communicating with each other and the company does not discriminate on this basis as well. Their diverse

cultures are not only respected but celebrated too which makes everyone in the company feel at home.

The top management is committed to design and implement diversity initiatives. Its policies and procedures also support diversity and the company’s mission and vision also take into account diversity initiatives.

In order to do so the organization also tries to pull free its resources to let diversity initiatives flourish. This is the very reason why employees with differing age groups, ethnicities and gender work in harmony for the betterment of the organization. On average, the employees remained neutral when asked whether they were satisfied with their current salary level. Apart from that, they were affirmative about autonomy in their jobs, were provided adequate job motivation and enjoyed their division’s work approach.

5.3 Summary of Inferential Analysis

Hypothesis	Supported	Not Supported
There is significant relationship between gender and employee performance	$p = 0.0016 < 0.05$	
There is no significant relationship between age diversity and employee performance		$p = 0.12 > 0.05$
There is a significant relationship between ethnic diversity and employee performance	$p = 0.009 < 0.05$	
There is no significant relationship between diversity climate and employee performance		$p = 0.08 > 0.05$
There is a significant relationship between diversity climate and gender diversity	$p = 0.0031 < 0.05$	
There is no significant relationship between diversity climate and age diversity.		$p = 0.057 > 0.05$
There is a significant relationship between diversity climate and ethnic diversity.	$p = 0.0025 < 0.05$	

5.4 Implications of the study

From the above results we observe that gender and ethnicity have the most profound effect on employee performance while age and diversity climate did not have a significant impact. We can infer from these results that because there existed more diversity in terms of gender and ethnicity, the firm focused its diversity initiatives towards these variables more as compared to age diversity. This can be due to the fact that there is lesser age diversity (mostly between 20-40yrs) in the company as compared to gender and ethnic diversity.

The above inference can be supported by the results of the second half of the study which shows that diversity climate had a significant impact on gender and ethnic diversity as compared to age. This shows that the diversity initiatives were geared more towards managing these two types of diversity.

The implication for managers then is that diversity if managed properly can have significant positive effect on employee performance.

5.5 Limitations

There were a number of limitations in this study, the foremost being the sample size of the data obtained. Only one organization was selected out of which 30 responses were received. Although the sample represented a decent level of diversity in the workforce, a larger sample size could greatly enhance the generalizability of the research.

Secondly, only four diversity variables were investigated which very common in the body of literature associated with this topic. Many other diversity variables could be included in the study such as educational background, tenure, disability, sexual orientation, skill characteristics etc.

Time was also a limitation in this study. A more detailed and elaborate research could have been conducted if the time window was allowed to be expanded. This study could not cater the impact of other variables on employee performance other than those studied in this research.

5.6 Recommendations for Future Research

This study focused on the effect of diversity variables on employee performance but did not study the effect of these variables on team or organizational performance as a whole. Future studies can focus on this area.

Secondly, the theoretical model used in this study can be applied to a larger sample in order to obtain more accurate results.

Lastly, other diversity variables could also be explored to study their effects on employee, team or organizational performance.

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Appendix 1

Workplace Diversity Questionnaire

As a part of the MBA program at NUST Business School, Pakistan, I am conducting a thesis on the topic "The Impact of Workforce Diversity on Employee Performance". To assist me in this, it would be helpful if you would take the time to complete this questionnaire in full. Thank you for your valuable time.

Please indicate the category that includes your age in year

- 20-29
- 30-39
- 40-49
- 50 and above

What is your gender?

- Male
- Female
- Other:

Please indicate the category that includes your age in year

- 20-29
- 30-39
- 40-49
- 50 and above

What is your Ethnic group?

- Bangladeshi
- Chinese
- Indian
- Pakistani
- African
- White and Asian
- British/English/Welsh/Northern Irish/Scottish
- Arab
- Other:

What is your position in the Company?

- GM
- Department Head
- Manager
- Non-manager
- Other:

This section relates to **Gender diversity**. Please mark the closest response to the question on the 5 point scale below.

1 2 3 4 5

strongly disagree strongly agree

1. The employees have not been discriminated by employer while hiring and recruitment process on the gender basis.
2. The organization does a good job of attracting and hiring women.
3. Fair treatment is given to all employees, whether they are male or female.
4. Opportunities for growth and advancement exist for women in our organization.
5. Women are involved in the organization's decision making as much as men
6. The performance criteria for success are expected to be higher for men than for women.
7. I am positive about gender diversity in this workplace

This section relates to **Age diversity**. Please mark the closest response to the question on the 5 point scale below.

1. My team leaders include all members of different ages in problem solving and decision making.
2. This organization provides me with equal opportunities for training and career development
3. The age differences in work group do not cause conflict.
4. At work, I experience lack of bonding with people of different age group.(R)
5. I am positive about age diversity in this workplace.

This section relates to **Ethnic diversity**. Please mark the closest response to the question on the 5 point scale below.

1. The organization is concerned about the employee's customs, cultures, and values.
2. The organization does a good job of attracting and hiring minorities.
3. Different languages that are used to communicate do not create problem among employees.
4. At work, I developed low self-esteem due to my ethnicity. (R)
5. The team leader includes all members at different ethnicity in problem solving and decision making
6. I am positive about ethnicity diversity in this work place.

This section relates to **Diversity Climate** in the organization

1. My organization takes steps to increase diversity.
2. Senior management is committed to diversity in my organization.

3. Organization policies support my manager in increasing diversity.
4. My organization puts a lot of time and money into diversity initiatives.
5. Leaders here connect diversity to the organization's mission and vision.

This section relates to **Employee Performance**. Please mark the closest response to the question on the 5 point scale below.

1. I am motivated to complete the task that is assigned to me
2. I enjoy my tasks and the division's work approach.
3. I co-operate well with my colleagues of different ethnicity
4. I am satisfied with my current salary level.
5. I am given the chance to try my own method of doing the job.
6. Good employee performance is important for the future growth of my organization.

