

**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**



**EFFECTS OF DIVERSITY ON EMPLOYEE'S PERFORMANCE: THE
CASE OF MEKAB PLC.**

BY: ELBETEL ADDISU

**JUNE, 2021
ADDIS ABABA, ETHIOPIA**

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ID NO.SGS/0504/2012A

**THESIS SUBMITTED TO St. MARY'S UNIVERSITY, SCHOOL OF GRADUATE
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DECLARATION

I, the undersigned, declare that this thesis is my original work; prepared under the guidance of Ass. Professor Shoa Jemal. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Researcher

St. Mary's University, Addis Ababa

Signature

June, 2021

ENDORSEMENT

This thesis entitled Effects of diversity on employee's performance: The Case of MEKAB PLCI has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor

St. Mary's University, Addis Ababa

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June, 2021

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ACRONYMS

PLC: Public limited company

SPSS: statistical package for the social sciences

ANOVA: Analysis of variance

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Abstract

Workforce diversity is a multi-faceted phenomenon that will continue to evolve as the world becomes a global marketplace. No doubt many believe workforce diversity is fundamental for employee performance. This study sought to find out the effect of workforce diversity on employee work performance, using the MEKAB plc. In the context of this study the term workforce diversity was defined as the similarities and differences among employees in terms of ethnic background, gender and education. These similarities and differences formed the independent variables of this study. Literature review was done and an attempt was made to link the various published studies with this study with a view to discovering how each variable effect on employee work performance at the MEKAB. The most unfortunate is that there are no Work force Diversity (WFD) related studies done in Ethiopian context to the knowledge of the researcher. So the purpose of this study was twofold. The primary goal was to fill the research gap on the area in Ethiopian context by examining work force diversity practices of Case Study Affiliate Company and its effect on employee performance. To achieve the objective of the thesis, the research method used was explanatory survey design study. Through the use of primary and secondary data sources, the researcher has gathered the necessary information regarding WFD practices of the case study company MEKAB PLC and its effect on employee's performance besides intensive literature review to identify gaps and different scholars point of view on WFD and demographic diversity model. The data collected from primary sources were analyzed quantitatively (using descriptive inferential method of analysis).The summarized responses were used to examine the effect of each variable on employee work performance. Correlation Coefficient analysis showed a significant level of association between performance and the tested variables of diversity. It became evident that workforce diversity has significant correlation between gender and employee performance the finding of this study showed gender, ethnic and employee performance is positively linked and education diversity has no significant effect on work performance of the employee. This study could be a guideline for future studies. It is therefore important for the institution to realize the need to capitalize on these demographic categories in order to stay ahead of other company or organization.

Key Words: *Diversity, Diversity Management, Gender Diversity, Ethnicity Diversity, Education Diversity, Workforce Diversity*

CHAPTER ONE

1.1. INTRODUCTLON

Diversity can generally defined as recognizing, Understanding and accepting individual differences Irrespective of their race, gender age, class, ethnicity, physical ability, tree sexual orientation Spiritual practices and So on. Grobler (2002:46) also support this view by adding that each individual is unique but Share any number of environmental or biological characteristics

Diversity can be classified in two dimensions such as age, gender, sexual orientation and so on, exhibits the main differences between various individuals. The secondary dimensions such as religion, education, geographical location income etc., are those qualities that are not Noticeable in the first encounter. These qualities are only noticed after some interaction occurs between individual. (Ashton 2010). Diversity can be a problem to an Organization but could also be a solution, It also comes with its disadvantages but also benefits and dangerous but also constructive. The Challenge then is to extract the very essence of diversity and tactically manage at for the improvement of the people and the organization.

Most organization in their own perspective, adopt diversity at their lock place or organization to become more creative and open to Change. Since managing diversity remains a challenge in organizations Managers tend to learn managerial skill needed in a multicultural working environment and prepares themselves to reach others within their organizations to values cultural differences and treat all employees with dignity For some business leaders and managers of view diversity is a big challenge to them although it knows no organizational boundary and has no limitations.

1.2 Background of the Study

The world's increasing globalization needs a lot of interaction among people from various backgrounds than before. This is because individuals no longer live and work in narrow Surrounding, as they are currently a part of a world economy competing in nearly all part of the world (Patel, 2016). On these grounds, organizations are aiming to become more diversified in order to gain competitive advantage by becoming more creative, innovative and open to Useful Change.

Work force diversity refers to organizations that are becoming more heterogeneous with the mix of people in terms of gender, age, race, and education background, Robbins (2009). According to Robbins (2009) work frequently, diversity has important implications towards Management practices and policies. Frequently, diversity is viewed as in a limited fascine, primarily addressing issues of race or gender differences and linked to the laws providing protected Status for corking groups. Scholars have used a very broad definition of diversity to encompass most characteristics that individuals possess that affect the way they think and do things. Alghatani, (2013)

Human Resource is an important asset of any organization, and as such, having diversified work price is a primary concern for most organization. Although a diversified work force, at the same time, it has become quite Challenging for organizations with increasing diversified work force to reap the benefit of diversity while managing its potentially disruptive effect (Kreitz, 2008)

Roberson et al. (2007), the most important issue of work force diversity are to address the problem of discrimination in terms of gender, age, ethnicity and educational background! When diversity is not managed properly, there will be a potential for higher turnover, difficult in Communication and interpersonal Conflicts for organization to reach its goal, the skill, Knowledge, attitude and effort of its work force have to Sharpened occasionally to optimize the effectiveness of its work force to enable them to meet greater challenges organizations are made up of individuals and without the work force, organizations can not a chive its goals (igullins, 2010). For this reason the management of its human resources is crucial issue for organizational leaders (Jaxena, 2014)

This research proposes to adopt the harrow definition of diversity so as to we the demographic categorization to investigate the effect of diversity on employee performance at Meta MEKAB plc. Three dimensions of work force diversity namely ethnicity, gender and education shall form the independent' Variable. The dependent Variable shall be the work performance. It distinguishes the factor that can affect the employee's per for mince mainly focuses the industrial organization This research all loudly also act as a quite line for the potential new entrants who wish to enter the industry on issues that needs to be Considered before starting this research sought.

This research Sought to investigate the effect of diversity on employee performance at MEKAB Plc. a Cosmetics company located at Septicity Oromiya region, Ethiopia. MEKAB PLC a total of work force of 288.

1.3. Definitions of Terms.

1.3.1. Diversity

Diversity is defined as the "an acknowledgement, understanding, accepting, Valuing and Celebrating differences amongst people with respect to age, class, ethnicity, gender, physical and Mental ability, sexual orientation, spiritual practice and public assistance status" (kaman and Jackson,2013, P. 2 2)

1.3.2. Work force diversity

Workforce diversity means that" organizations are becoming a more hetero genus mix of people, interims of gender, race, ethnicity and Sexual Orientation." (carelse, 2013, P.4)

1.3.3. Employee performance

According to Tin fire: (2011, p. 11), Employee performance is defined as the" Successful completion of tasks by a Selected individual, as a set and Measured by a supervisor or organization, to pre-defined acceptable Standards, while efficiently and effectively utilizing available resources within a changing environment"

1.3.4. Diversity Management

Diversity management means" the creation and of inter and intra. National environment within which these divergent perspective approached and Sensitive's are incorporated and developed to Mane diversity in a such a way that the full potential (Production and personal aspirations) of individuals and institutions may be realized optimally (Patrick and kumar, 2012.p.3)

1.4. Statement of the Problem

Diversity has inherent challenges in terms of conflict among age, gender, ethnicity and educational background. Conflict arises because of distrust and lack of confidence among group members. A better understanding of the determinants of the effectiveness of teams has, therefore, become increasingly relevant. One of the potential determinants of the effectiveness of a team is its diversity. Whenever individuals from different spheres of life work in the same environment, diversity in the workplace will be created as such through the differences creativity and innovation will

Be achieved (nwinami, 2014). Managing diversity in the work place should be the concern of every organization. In order to survive, a company need to able to manage and utilize its diversity for creating advantage and its benefits. Valuing and Recognizing diversity is imperative in order to maintain competitive advantage. Diversity management practices enhance productivity, effectiveness and sustained competitiveness. The employers also encourage and staffs from all education level and ethnicity so as to improve performance.

It is imperative that to note that in spite of every effort made at different sector of Society, the disparities in gender, age, race culture etc. Continue to grow Scott (2013) points that firms with diverse workers better and achieve higher returns on assets directly proportional to the team's diversity.

Performance of employees is affected by (shen managers fail to understand diversity not skilled. enough to manage issues of diversity (Assefa, 2014). Another problem is the issue of organizations still depending on the old program that they have been using over the years to manage the present issues of work diversity minimize bias and increase diversity and inclusion in the work place. The other problem is some organizational leaders lack the knowledge on how to effectively manage diversity and what strategies to employ to assist them in dealing with issues of diversity in the organization. Albrecht (2013), articulated that demographic diversity among the employees evokes Conflicts, which are fuelled by biasness and disrupted group dynamics. These diverse views among the employees are also influenced by disparity in resource allocation and rewards, which influence the employees to have different views about the given task.

Therefore, this study seeks to examine empirically and theoretically the concept of workforce diversity in terms of age, gender, ethnicity and educational background and its effect on employee performance at MEKAB plc at sebeta, oromiya region Ethiopia.

1.5. Research questions

The research questions of this study,

1. What is the effect of gender diversity and employee performance in MEKAB PLC?
2. What is the effect of age diversity on employee a performance in MEKABPLC?
3. What is the effect of education diversity affect the performance of employees in MEKAB PLC?

4. What is the influence of ethnic diversity on performance of MEKAB PLC employees?

1.6. OBJECTIVES OF THE STUDY

1.6.1. General Objectives

- The purpose of this study is to examine the effect of Diversity on employee performance in MEKAB PLC.

1.6.2. The Specific Objectives These Studies are:-

1. To investigate the effect of gender diversity on employee performance
2. To evaluate the effect of educational background with employee performance
3. To assess the effect of age diversity on employees performance.
4. To investigate the effect of ethnic diversity on employee performance

1. 7 Significance of the Study

This study would be beneficial to employer and employees as value for person variation can raise efficiency, advertising prospects, enhance Staffing, resourcefulness and Company figure

The researcher targeted is to fill the gap on diversity Practices in Ethiopia with a particular reference to the case study company as well as to contribute to the enrichment of the body of Knowledge effect of diversity on employee performance. The parties that benefit from this Study included the Human Resource manager at the MEKAB PLC, who could use the findings of this study to review the policy policies on employment and the top management at MEKAB PLC, who would use the finding of this study in policy formulation on diversity and related issues. Other Similar company's in Ethiopia, as well as other organizations, that required employee Services for their sustainability, would benefit from this study. Finally future researchers in this field of study would benefit from the findings of this study.

1.8 Scope of the Study:

This study was conducted just for the purpose to investigate the effect of workforce diversity on employee performance in the case of MEKAB PLC (Cosmetics Company which is located at the city of Sebeta, Oromiya region Ethiopia). It specifically examines how age diversity affects employee performance, how gender diversity affects employee performance, how ethnic diversity affects employee performance and how educational background affects employee performance. Therefore, the study focused on the functional diversity that has an impact on employee performance as oppose to non-functional diversity. Thus, the study only

focused on the variables of workforce diversity beyond age, gender, ethnicity, and educational background. The scope also delimited to the data that obtained from only sample representative employees of MEKAB PLC at Sebeta city, Ethiopia, where the year 2020/21 was the study period.

1.9. Limitation of the study

It is imperative to note that the research findings only reveal the view of the Organization under study. Therefore, it is cannot be assumed to be generally appreciable to do organizations. Time factor can be considered as the main limitation to the study. The findings of this study were solely based on the information provided by the respondent and the information gotten from the Secondary Source of data. Another limitation to the study is that the researcher only looked at few dependent Variables. However, other Variables exist which can reflect the differences in employee's performance. There are also other limitations during the process of generating information is respondent's resistance, lack of willingness to participate in the survey. The current research could have included more biographical data such as income level and Disabilities in order to gain more information of the participant. This entire factor may affect the reliability of study and the generalization of the findings.

1.10. Organization of the Paper.

In Chapter one, the researcher presents He over View of the Study Context and explains the research problems. At this Chapter addresses du overview of the Study by providing background information of the study, the statement of the problem, the research Objective to be achieved. This chapter further outlines the research question to be answered Significance of the study, scope of the study, and limitation of the study, as well as the back ground Study of the organization under view and finally definition of terms to aid the Users understanding of the key terms. Chapter Thor two center's on the reviewed literature of the academic arguments from the Secondary information like; books, journal articles, etc. this Chapter also present some empirical studies which were reviewed by the researcher to allow the researcher to put up the hypothesis and theoretical frame work of the study, chapter Three discusses the research Methodology adopted for the study in terms of the research design, the population of study the studs, Sampling technique and the sample, and the date Collection technique Chapter Four presents the analyses and Interpretation of the data collected. Chapter Five, which is the last chapter of the research Study, it gives the summary of this research finding, Conclusions and provides recommendations.

CHAPTER - TWO

LITERATURE REVIEW

2.1. Introduction.

This chapter discusses literature from other researchers that is relevant to the study. The literature has been organized according to Sections: Theoretical review and empirical review in terms of the study objectives. The Chapter also explores Conceptualization On the relationship between research Variables and operationalization table having indicators. The Independent Variables to be discussed include, age diversity gender diversity, ethnic diversity and educational diversity while employee performance will be discussed as the dependent Variable. Furthermore an empirical review of related literature will be discussed which Shows Various Studies about effect of diversity on employees performance.

2.2. Theoretical literature

The theoretical foundations for primary dimensions of diversity include the Self categorization theory (Turner, 1982), the social identity Theory (Tajfel, 1978) The Similarity parading theory (Thatcher, 1991) and these theories identity theory (Jehn, 1999). These theories describe how people react to Observable demographic Characteristics. The primary dimensions of diversity Shape people's perception and behavior without to work task relevance.

This study anchored on four most commonly used theories, of diversity; The Similarity/Attraction. Theory formulated by Byrne (1979), social identity and self-Categorization theory by Taifel and Turner 1978), The Social categorization theory and the informational diversity These Theories according to the researchers inconsistent all produce Contradictory and results

2.2.1. Similarity/Attraction Theory

The Similarity or attraction theory was advanced by Byrne and Donn (1979). This theory maintains the belief that personality attributes and interpersonal skills are full in shaping the behavior of employees, especially the manner in which employees perceive issues. This attribute can best be nurtured through having a diverse pool of employees from different backgrounds. The beauty of it is that it is easier for them to easily find a solution since their lives, though different, create a platform to brainstorm and devise a way to find a sustainable solution to a problem. Similarity limits ideas and ways of thinking; however, dissimilarity triggers questioning about an issue while making attempts to find the cause of problems. Individuals with relative establishments may find that they have more in common and an indistinguishable way from each other than with others from different establishments, making it more pleasing for them to coordinate and cooperate in words, making a thing or handling an issue. While distinction makes one request his or her regards and musings, the method that is presumably to upset, research has exhibited that in a situation where a person gets a chance to collaborate with one of different particular individuals, he or she is well inclined to pick a man who is similar (Berman, 2004; Cassel 2001)

The attraction Selection theory is applicable to this investigation as it clears up interest, decision and upkeep of laborers by affiliation and is supported by Schneider (1987) who claims affiliation select, attract and hold the individuals who are sharing the qualities.

2.2.2. Social Identity and Self Categorization

This theory, as expressed put forth by scholars by the names Henri Tajfel and John Turner at the beginning of the 1970s and the 1980s. According to the theory, social identities are the reflection of social categories, groups as well as the networks that an individual may belong to. The core function of the assemblage to its members is its utility in increasing self-esteem and ego, internalized stereotypes as well as the norms are advanced in a manner that they advantage the in-group

Jackson (2004) defines social category diversity as dissimilarity in social category membership. For example, it can happen if members of the group vary in relation to gender, age or if they come from different ethnic groups. As a result of these differences, a team would achieve a low level of cohesiveness and satisfaction. A relationship-oriented conflict will have a harmful effect on employee's performance if a team fails to control its differences, (Williams and O'Reilly, 1998; Tjosvold, 2003)

Social identity can be termed as a theory of people belonging to a particular. Membership and portraying similar behavior (Hogo, 1995). It is how Individual makes sense and understand them Selves in Social Settings and circles. The theory specifically applied in this study to depict how employees within the organization relate, interact and forms groups that are Viable.

The focus of social categorization theory is to identify the social cognitive processes which are the primary cause of in (a group which individuals Identifies, group admires, belongs to and feels loyal to and out group (the group which Individual do not want to associate with) formation, and the achievement of group identification (Ferroante and Caldeira, 2016). Thus it can be said that there is a possibility that the differences that exist between work groups the members have the tendency of jeopardizing the classification of other individuals as either similarly in-group or dissimilar out-group a categorization that may possibly disrupt the group procedure (knippenberg and schipper, 2007).

2.2.3. Information and Decision Making Theory

This can be used to explain diversity in terms of educational background. According to this Theory education al diversity is very important and help full for any group performance. That is, diversity brings to a group greater access potential access to information networks Unavailable to a homogenous workgroup (O' Flynn et.al. 2001). It reveals the different foundations of knowledge and perceptions that employees bring with them. in to the organization and their group. This diversity is as a result of different, education, experience and expertise that employees acquire and they all provide the foundation for the way they think their perspectives about things and their knowledge. Fence, it will produce differences during deliberations and when it comes to decision making, organizations regularly have access to diverse information lets because of the different educational background, experience and expertise that the work force have.

Looking at diversity from the aspect of information and decision making theory, it is assumed that heterogeneous groups carry an exceptional potential when it comes to (information. With this theory, it is expected that each individual should have and contribute various ideas, opinions, skills abilities and knowledge (Stegmann, Roberge, and Van Dick, 2012). The key potential that heterogeneous workforce possess is the ability to coordinate a well loaded pool of diverse informational resources (Stegmann, Roberge and Van Dick, 2012).Education and diversity bring in new skills, knowledge information and unique perceptive to the

Organization and enhance effective problem solving and in difference educational background is processes. Though have beneficial both to employees and the organization. Information and decision making theories propose that work force diversity can positively affect employee performance reason for this assumption is that When workgroup is made up of people with different educational background or level, such diversity possibly will bring in differences in work force knowledge perception's and expertise that could assist the work group to arrive at Creative and innovative outcomes as achieve higher qualities (knippenberg and Schippers, 2007)

2.3. Managing Diversity

Organizational efforts and investments in the intentional management of diversity continue to Grow (Herdman & McMillan-Capehart, (2010). Diversity management is defined as the degree of intra-organizational representation of people with different group affiliations of cultural significance Cox (1994), which is purported to expand the plurality of perspectives and experiences within an organization and can serve as a strategic resource to the organization in securing a competitive advantage Kirby & Richards, (2000).

Diversity initiatives typically involve employee recruitment and promotion strategies targeting underrepresented groups and mechanisms to both tap the latent perspectives within Organizations and, ultimately, bring them to bear on organizational policy decisions (Herdman & McMillan-Capehart, (2010).

2.4. Workplace Diversity

According to Stockdale and Crosby (2004) 'workplace diversity presents as differences that affect people with regard to acceptance, work performance, satisfaction, career or job related progress in an organization'. According to Robbins (2001) workplace diversity is the challenge organizations have in exerting an effort to adapt to the dynamics of employees which are different. Workplace diversity is about inclusion, which is a challenge that encompasses everyone to work together for the optimal function of the organization. What is becoming increasingly evident is that workplace diversity is an increasing reality and organizations need to be able to manage this phenomenon successfully, as this diversity is also becoming increasingly complex Kamps & Engelbrecht, (2011).

Workplace diversity directly and indirectly affects and has influences on in-group and out group behavior (the effects of individuals belonging to certain subgroups, such as gender, age, or race, and thus being outside of other subgroups), stereotype and status expectancies, and individual differences in cognition, values, and behavior.

In turn, these three intermediary variables affect interpersonal and role relations and task performance Brown, Knoese & Stewart, (2009). Irrespective of the amount of information on how to manage diversity, relatively little attention has been paid to the measures of workplace diversity Hostager & De Meuse, (2002). The dimensions of workplace diversity alter and influence organizational work and functionality. Workplace diversity plays many roles within an organization, on an interpersonal, intrapersonal and structural participation level. The dimensions of workplace diversity play a pivotal role in the organization which influences organizational policies which creates and contribute to stifling differences among employees. Workplace diversity often affects employee job satisfaction based on factors of equity related to performance appraisals, which affect salary fluctuations and career mobility. Lack of performance, often result in disciplinary action or terminations, however if concerns develop about employees perceiving disciplinary procedures ineffective, which result in the equity continuum being labeled as inaccurate. The equity balance is affected by unfair practices such as overt discrimination against a particular race, gender or people with disabilities which affect the organizations diversity climate.

2.5. Empirical Review

Diversity initiatives relate to finding the balance between the individual needs of employees and the organizational needs, while at the same time managing the conflicts and uncertainty resulting from diversity Uys, (2003) and Brooks (2007) argued and present a few guidelines below that are required to enhance diversity management with which to effectively manage workforces:

- 1. “Ensure management accountability.”** Managers who are responsible for hiring and training staff need to be held accountable for their success or failure at creating a diverse staff. In the corporate world promotions and pay raises should depend on a manager’s proven success at managing a diverse staff.
- 2. “Re-examine the organization’s structure, culture, and management systems.”** Organization’s need to self-reflect and examine their systems regarding recruitment, performance appraisal criteria, promotion, and career development programs for bias.
- 3. “Pay attention to the numbers.”** Those responsible for recruiting and managing staff need to constantly monitor the diversity statistics of their staffs, and also be managed around those statistics by CEOs.
- 4. “Provide training.”** Training is essential for staff to understand the importance of diversity goals and to learn how to successfully manage and work with a diverse staff.

5. **“Develop mentoring programs.”** Mentoring relationships are crucial to retaining a diverse staff and communicating organizational expectations concerning promotions and advancement.

2.6. Benefits of Managing Workforce Diversity

Organizations employing a diverse workforce can supply a greater variety of solutions to problems in service, sourcing, and allocation of resources as employees from diverse backgrounds bring individual talents and experiences in suggesting ideas that are flexible in adapting to fluctuating. Brooks (2007) a diverse collection of skills and experiences such as languages, cultural understanding may allow a company to provide service to customers on a global basis. A diverse workforce that feels comfortable communicating varying points of view provides a larger pool of ideas and experiences from which an organization can draw from that pool to meet business strategy needs and the needs of customers more effectively. Companies that encourage workplace diversity inspire all of their employees to perform to their highest ability. Companywide strategies can then be executed; resulting in higher productivity, profit, and return on investment. De Meuse, (2002)

2.6.1 Six Diversity Perspectives that Benefit a Diverse Workforce:

Based on a review of the literature, Cox and Blake (1991) proposed the following business Benefits allowing a cost advantage within a diversity.

- **Cost Argument**

The cost argument of diversity indicates that through diversity management organizations can develop a cost advantage. According to Cox and Blake (1991) diversity management works toward the development and improvement of organizational performance permitting higher levels of efficiency and the maintenance of competitive advantage within the industry. Diversity in an organization means being different in a workplace can allow the individual to feel excluded. The cost argument indicates that failure to maintain and initiate diversity efforts among employees, specifically minority groups such as women, can have immense cost effects on the organization. Costs such as decreased profitability, increases in labor turnover and higher levels of absenteeism. There is a rising cost of integrating workers poorly, as demographic

Diversity increases Cox & Blake (1991).

- **Resource Acquisition**

The resource acquisition argument indicates that by fully utilizing and intervening with diverse

employees in diversity initiatives. it benefits the organization resulting in competitive advantage. The managing resources argument in diversity means using employees to reach goals. Organizations that make intent on including minority group women and integrating groups that feel diversity does not benefit them personally are proactively managing the interest of the organization for future success. Focusing on including minority groups and retaining previous staff decreases labor turnover and increases productivity, decreases losses and increases gains means that equilibrium in terms of diversity can be achieved. Leveraging diverse resources means that an organizations market competencies and meeting the needs of diverse consumers by understanding diverse needs which adds value to the company in the market place among consumers. Adopting a diversity management approach will develop reputations of favorability for the organization as prospective employers for women and ethnic minorities and companies get the best personnel. As the labor pool shrinks and changes composition, increasing minority groups will become increasingly important. Cox & Blake (1991).

- **System Flexibility**

System flexibility relates to managing and leading employees into work challenges and experiences that are best suited to individual needs. By clustering together, diverse individuals are able to express different points of view about a topic of discussion meaning that projects and workplace initiatives have more flexible solutions and leave clients with an array of options from which to choose. System flexibility is about how flexible the system of work can be managed so as to provide clients with improved work-output from the organization improving market share and meeting the needs of clients at an optimal level. The system becomes less standardized, and therefore more fluid, which creates more flexibility to react to environmental changes. The increased fluidity should create greater flexibility to react to environmental changes (i.e., reactions should be faster and at less cost). Cox & Blake (1991).

- **Marketing Argument**

Overseas companies will obtain insight and cultural sensitivity from having members with roots of other countries and different nationalities thus improving market capabilities and marketing strategies. There is the potential for marketing gains from improved insight and cultural sensitivity, from having members with roots in other countries. Consumers are becoming more diverse and the firm needs to reflect this, or it will lose out on important markets. For multinational organizations, the insight and cultural sensitivity that members with roots in other countries bring to the marketing effort should improve these efforts in important

ways. The same rationale applies to marketing to subpopulations within domestic operations. Cox & Blake (1991).

- **Creativity Argument**

Creativity argument indicates the presence of diversity of perspectives and less emphasis on conformity to past norms should improve creativity. There are savings from a reduction in employment tribunals and other workplace costs when organizations and workers comply with equality legislation. Cox & Blake, (1991).

- **Problem-Solving Argument**

Heterogeneity in groups potentially produces better decisions and problem solving through a wider range of perspectives and more thorough critical analysis of issues Cox & Blake, (1991).

2.7. Challenges of Workforce Diversity

According to Greenberg (2004) the major challenges are communication, resistance to change, and implementation of diversity in the workplace. D'Netto and Sohal (1999) cite challenges from workforce diversity as meeting diversity challenges requires a strategic human resource plan that includes a number of different strategies to enhance diversity and promote the productivity and effectiveness. It also compels human resource managers to solicit a trainable population, check required skills and competencies against the job, market jobs sufficiently ahead of needs, and extend the workforce boundaries to include the nationals of other countries. It brings with it the need for re-examining Human resource practices from top to bottom need to be re-examined to cope with the new strengths and challenges of diversity, so better approaches can be created by management to recruit new talent, retain them, and manage them more effectively. Denton, (1992). Robinson et al., (1994) also cite that human resource managers are faced with the challenge of convincing their senior

management that diversity programs are beneficial to the organization. Some organizational leaders are concerned that implementing diversity initiatives is too expensive, upsets productivity and causes disruption in the workplace. Prejudice and hostile work environments also pose internal stumbling blocks to managing workforce diversity effectively. An important barrier that affects full integration of ethnic employees is the issue of poor communication or lack of it by failure to overcome the various barriers to communication Loden and Rosener, (1991).

According to Morrison (1992) managing diversity involves leveraging and using the cultural differences in people's skills, ideas and creativity to contribute to a common goal, and doing it

in a way that gives the organization a competitive edge. Mfene (2010) identifies three diversity challenges. These are:

- Lower group cohesiveness- diverse groups find it difficult to form a bond and be cohesive unlike similar groups who have things in common such as language, culture, background etc. in which they can relate to. The lack of group cohesiveness can result in a negative impact on teamwork and work performance in the organization.
- Communication problems- these occur when individuals assume that the other party understands the message they are conveying when in fact they do not. This leads to misunderstandings, communication problems, inaccuracies, and inefficiencies.
- Mistrust and tension- individuals tend to trust and associate with other individuals who are similar to them in terms of values and beliefs. Because of this misunderstandings and mistrust may occur between individuals who do not share the same values and beliefs.

There are several negative Consequences associated with workforce diversity. Whereas here as in the long term, my predicted negative consequences for organizational performance there are lots and mixed and contradictory evident surrounding diversity effect (leonardand levine, 2003). The reason is that different dimensions of diversity are often seen to have different effect on team out comes in different business and organizational Contexts.

SThe advocates of the broad definition of diversity for the further argue that, apart from bringing their race, age, ethnicity and gender, individual also come with their particular knowledge gained from their educational back ground, personality and cognitive Style to the work place. They pointed out that order to understand the dynamic of a heterogeneous work force, interactive effect of multidimensional diversity have to be addressed. According to

Herring and Henderson (2011), has include all differences that people bring to work, which makes its management more difficult. Wheeler (2003) defines diversity as all the ways in which we differ...."

2.8. Age Diversity and Employee Performance

The concept of diversity has been expanded and people start recognizing in addition to appreciating demographic variances and how it affects the working relationship between employees toward their performance (Richard O, Barnet K, Dwyer S, Chadwick, 2007).

The researcher confirmed that gender diversity had positive effects toward productive group operations and procedures were boosted through diversity- focused human resources practices. Age-diverse workforces display a host of different knowledge, values, perspectives, interpretations and preferences that are prerequisites for innovation. Moreover, younger managers are more likely to have greater learning capabilities, are more recently educated, and thus are more likely to be more risk-taking, flexible, and innovative. A combination of young and old partners of workers with different knowledge pools can, therefore, increase innovation as compared to having homogeneous workers (Winnie 2008). However, according to (Kyalo and Gachunga 2015;2(53): 145-181), there is a weak negative and insignificant relationship between age diversity and employee performance. The inclusion of all age groups also influences employee performance. The young generation people are viewed as too proud and ambitious while the old people are viewed as people who have experienced and possess better problem solving([Kyalo J, Gachunga H.2015;2(53): 145-181.)

A study which examines whether employee engagement moderates the relationship between workforce diversity and organizational performance by (Gitonga et al. 2016;6:6) states, young employees can be more creative, learn faster and can drive innovation in an organization as compared with older employees leading to high organization performance more so in the area of technological innovations. Due to their different way of socialization and exposure, they can easily embrace change that drives innovation and organizational performance. Age of employees may also influence their level of commitment and engagement with the organization. Certain employees approaching their retirement age may unconsciously begin to disengage from the organizations they work for as they begin to prepare for their retirement. They may constantly absent themselves from work or report late to work. Old employees may also spend more time seeing doctors due to age related illnesses as opposed to younger employees. This, in essence, could affect their individual contributions to their work performance and subsequently the overall performance of the organization. (Gellner and Veen, 2013;3(3):279-295)found that

age heterogeneity on its own has a negative effect on individual productivity. Moreover, in the case of routine tasks, there are no substantial gains from age heterogeneity that could offset the increasing costs resulting from greater age heterogeneity. Thus, in companies with routine types of work, increasing age heterogeneity overall leads to a decline in productivity. The researchers also stated that the older and younger employees must come together to form coherent and viable corporate culture. These values possessed by different age groups can complement each other in companies and it tends to achieve better firm performance. From previous studies, it is possible to say that there is a significant relationship between age and performance of the employee.

2.9. Gender Diversity and Work Performance

Gender refers to one's self-identity. That is how much a person associates himself or herself with masculine (unlined and feminine as prescribed by the society. (Connell 2002). Empirical research supports the argument that gender diversity is positively linked to organizations, performance. Singh and Vinnicombe (2004) asserted that it is a matter of concern, as the ability, skills and talent of women are not fully recognized and hence remained under-utilized. Usually firms preferred male over to female on the basis of perception that male could perform better on managerial positions. Connell (2002) avowed that gender diversity is positively correlated with the performance of workers. But on their hand, William and O'Reilly (1998) proposed that gender heterogeneity is source of curtailment in overall team performance. McMillan-Capehart (2003) asserted that gender heterogeneity provides competitive advantages to the firm.

2.10. Ethnic Diversity and Work Performance

Sayer (2012) vowed those individuals who enjoy common culture, tradition, custom routine practices, costumes, beliefs and values are generally known as ethnicity. Makoko (2005), define ethnicity like tribal grouping enjoying common history of origination and develop sense of common fate. The difference in the ethnicity can be brought innovative creative performance among the members. Pitts (2010) argued that institutions are becoming more diverse on racial view point, therefore logically it is very important to study how various ethnic groups behave at work place. Ethnicity is two edge sword having advantages and disadvantages (Opstol, 2009). Kiglai (2006) asserted that clashes because of traditions may affect qualities, outcome and earnings of the organization. More over van Esborek (2008) summarized that management of diverse work force is imperative to protect institutional benefits and eliminate the weakness of a of ethnicity diversity that might have effect of employees' performance

2.11. Education Background and Employee Performance

According to Tracy and David (2011), organizations commonly reject employing people whose training, experience or education is judged to be inadequate. They argued that, educational background is important to employees and that employees cannot find a job and perform well without adequate educational background. There is significantly positive and slight, almost negligible relationship between education background group and employee performance. Different education types or a more balance in the education types a firm possesses would increase the likelihood of having an innovation. Variation in education levels and backgrounds can lead to wider awareness and knowledge since it promotes mutual learning with a wider range of intellectual skills [Al-Ahmad R, Alkhawlani M. 2017;3]. Mwatumba et al. [Mwatumba A, Kingi W, Mohamed H, Ibia M, Omido K ,2016] state that educational backgrounds have no significant effect on work performance.

2.12. Diversity and Demographic Variables

It has been conceptualized by researchers from several viewpoints. Nkomo (1995) stated that several researchers have looked at workforce diversity from a very narrow perspective while some from a broad view. Narrow perspectives are the primary dimension of diversity. Primary differences are factors such as ethnicity, gender and race. Erasmus (2007) adds that individuals also have secondary characteristics which evolve or change over time and through life experiences. Secondary attributes relate to factors such as level of skill, education and religion. The instrument used to measure by different scholars and comprise indicators of two dimensions. The workforce diversity instrument developed by Erasmus (2007) is the most comprehensive and includes items that measures employee performance outcomes such as gender or age, race and ethnicity and education background.

2.13. Employee Performance

According to Hasan, et. al, (2009) study, conflict is a state in which two or more parties have incompatible objectives and in which their perception and behavior is appropriate with that incompatibility Mack, (1965). Conflict is a foreseeable authenticity. It may not fade away nor ignored Michael and Wayne, (2000); Medina, et al, (2005). It is found in personal, group or organizational interaction. Conflict is either “good or bad” and “sinful or immoral”. It assumes significance, once it is handled intelligently. When conflict is handled unskillfully and badly, it becomes detrimental and when it is handled morally and creatively, it ceases to be frightening and incapacitated, and results in growth, maturity, and empowerment for individual, group and organization. Conflict occurs due to difference of perception, ideas, behaviors, interest,

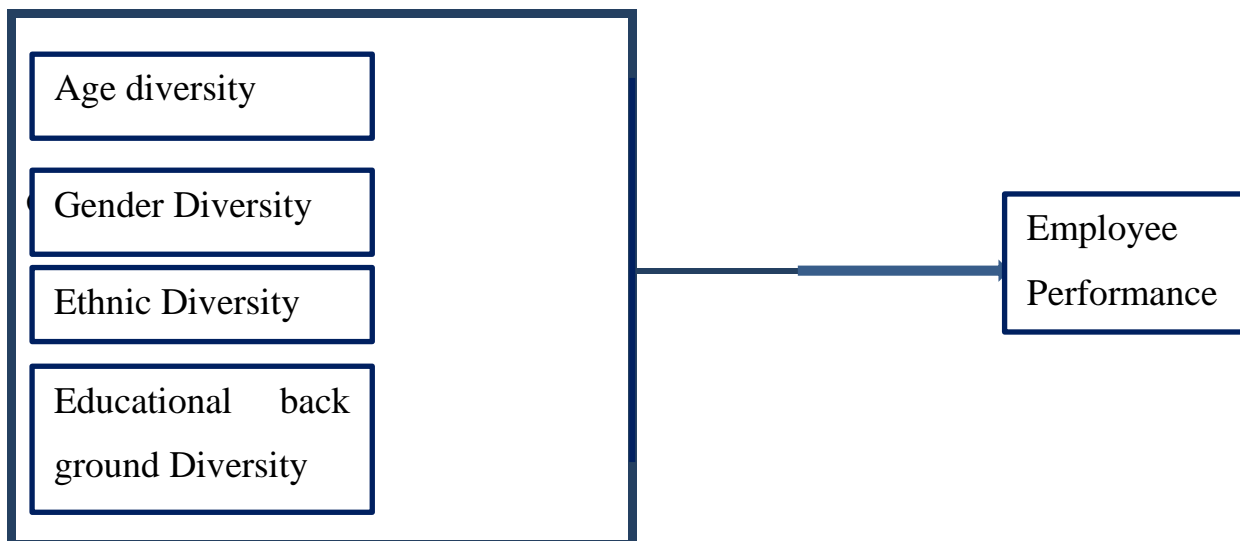
attitudes, religious differences, political differences and unjustified distribution of national resources. Conflict is not always negative. It depends how the conflict is handle. If handled properly, it can become source of development; otherwise it creates hostilities Kigali, (2006). So it affects quality, performance and profit of organization. Conflict is essential for life and dynamic for team performance Medina et al., (2005). When managers ignore the clash between the co-workers, those clashes will be converted into personal and emotional conflict in the long run and therefore damages the organizational culture, worker morale and overall chap reduction of organizational performance.

A perception of interpersonal incompatibility is labeled as relationship conflict and it typically includes tension, annoyance and animosity among group members Hasan, et al, (2009). It is a related to difference of relationship between team members. It is infertile, difficult to manage and likely to leave people with more pressures and less ability to manage them. Normally, it occurs between frontline workers and their supervisors. It can reduce creativity, innovation, quality, and performance of employees and organizations Michael et al., (2001). Relationship conflict also relates to conflict about personal taste, political preferences, values, and interpersonal style De Dreu and Weingart, (2003).

Relationship conflict negatively effects on the team performance and it breaks personal and professional relations. Cascio (2000), defined performance as working effective which is the way in which somebody does a job, judged by its effectiveness. It is how well an employee is fulfilling the requirements of a job (Rue & Byars, 1993). Smith (2010), argued that good workforce diversity practices in the area of human resources are believed to enhance employee and organizational performance. According to Cornelius (1999), effective performance can be a key determinant in the achievement of business objectives while maximizing the contribution of employees. Schuler (1992), observed that a performance appraisal system should be objective, relevant to the job and the organization, fair to all employees and offers no special treatment

2.14. Conceptual Framework

The conceptual framework indicates the central process, which is useful to show the direction of the study. Thus, the conceptual framework of this study consists of the independent variables of workforce diversity such as age, ethnicity, gender and educational background and the dependent variable of employee performance. These relationships are represented in Figure below



Independent Variables

Dependent variable

Source: Abdullah Mwatumwa, (2013) Effect of diversity towards employee performance.

2.15. Research Hypothesis

Based on the research objectives and the proposed conceptual frame work or model stated in the above figure, then the following hypothesis is presumed.

Ho: There is no relationship between Age diversity and employee performance

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

Ho: There is no relationship between Ethnic diversity and employee performance

Ho: There is no relationship between educational background and employee performance

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. INTRODUCTION

Research methodology plays very important role for conducting a research. Furthermore the methodology chapter involves analyzing targeted population for the study. This study considered as a descriptive and quantitative in nature.

The primary data will be generated through the distribution of questionnaire, while secondary data will be collected through previous related studies, articles and journals. Furthermore the following sections are covered: research design and approach, population, sample size and sampling technique, data collection procedure, method of data analysis and ethical consideration of the researcher are explained.

3.2. Research Design and Approach

Research design is a planned structure or procedure strategy that a researcher adopts to obtain answer to the research problems or questions (Kmar, 2011). It is an action plan that is developed by making decisions. The researcher used explanatory survey study and quantitative research study research was used. Quantitative research helps to determine the relationship between an independent variable and dependent variable in a population. It is also used to explain causal relationship to facilitate generalization and to predict the future (Cooper et al., 2003) as cited by Farhadi, (2009). Whereas qualitative research methodology provides a complete picture of the situation by increasing the understanding of social process and interrelation. Based on the objective of the study and availability of relevant information. This study has used quantitative research design which helps to arrive at a possible research destination efficiently.

3.3. Population, Sample Size, and Sampling Technique

3.3.1. Research Population

Population refers to the entire group of people, event or things that the researcher wish to investigate Sekaran (2003). The population of the study was in MEKAB plc. Therefore, the target populations the target population for this research were the employees in MEKAB PLC which consists of 288 employees. Generally the population of the study is 288. MEKAB PLC is located at Sebeta city Oromiya Region, Ethiopia.

3.3.2. Sample Size

The study draw sample from all employees of MEKAB plc using random sampling. The sample size for the study was calculated according to the formula recommended by Yamanes (1967). With 95% confidence and 5% acceptable sampling error. The formula is is

$$n = \frac{N}{1 + N(e)^2}$$

Where , n = is number of sample size

N = is the total number of study population

e = Table 1. 15% at 95% confidence level.

$$n = \frac{288}{1 + 288(0.05)^2} = 167.44$$

Approximately 168 individuals.

Based on the above formula the researcher will gather data through questionnaire from 168 respondents.

3.3.3. Sampling Technique

A sample is a subset of a population these had been selected to reflect or represent characteristics of a population (Cresswell, 2017). Sampling is a deliberate choice of a number of people who are to provide the data from which study drawn conclusions about some larger group whom those people represent. The researcher will use stratified random sampling technique. A sample chosen simple randomly is meant to be unbiased representation of the total population.

3.4. Source of data

This paper examined primary and secondary source of data. Primary data is an original and unique data which directly collected by the researcher from a source such as observation, survey questionnaire, interview and case studies according to her requirement as opposed to secondary data which is easily accessible but are not pure as they have. To get relevant and valuable data, the researcher used primary data source. The data is collected through questionnaire directly from the employee of MEKAB PLC.

3.5. Data Gathering Instrument

The primary data were used to accomplish the study and to collect the data from the respondents included in the sample questionnaire were distributed to the employees of MEKAB plc. For this study the research instrument used is self-administered questionnaire. Self-administered questionnaire required respondent takes the responsibility to read and answer the questions. The questionnaire adopted for this research undertaking is known as workforce diversity survey. The decision to utilize the particular measuring instrument is because its psychometric properties were evident in empirical studies (cooper and schindler (2003). The questions consisted of 5 point Likert scale where the respondent expected to strongly agree, neutral, disagree, and strongly disagree with carefully constructed. The questionnaire was tested by pilot taste, using Cronbach reliability coefficient testing. According to Zikmund et al. (2010) scale with coefficient alpha score of 0.6 and 0.7 indicate fair reliability. A Cronbach's alpha score of 0.70 or higher considered as adequate to determine reliability. An alpha coefficient of 0.7 is obtained. Thus, the data generalization was reliable and free of random error.

3.6. Procedure of Data collection

This is the procedure that the researcher used during the process of collecting data that responded to the research questions. In collecting data as it was expected that the respondents would be busy people and also allowing them to feel the instrument at their convenient time would improve the qualities of responses. It is also improved responses rate as the respondent were allowed one week to feel questionnaire before they were collected in readiness for analysis. Contact information was obtained when dropping the instrument for the purpose of reminding the respondent to fill it during the one week time frame and for accepting to queries.

3.7. Pilot Testing

After designing the questionnaire, reliability analysis was done to ensure that measurement is reliable for the research. Pilot test is a survey which is done on small group of respondent to make sure the questions being asked in the questionnaire are reliable. 37 set of questionnaires have been distributed. Pilot test minimizes the mistakes made in questionnaire as well as the difficulties before making progress to distribute it out to 168 targeted respondents. Reliability of the questionnaire was tested as well using reliability test with the help of statistical package for social science (SPSS) software.

3.8. Method of Data Analysis

descriptive statistics has to do with presenting the data collected in tables and diagrams also calculating the percentages, average, measures of distribution and the correlation that is the degree of the relationship existing between two variable so as to explain the data {offered and Vickers, 2010}.the researcher analyzed the data collected from the correspondent using frequencies and simple percentage Chronbach's Alpha used to test reliability of the research . The researcher also made use of a statistical package for social science {SPSS} software to fully analyze the data by coding the item and entering them in to the SPSS for analyses.

3.9 ethical considerations

The participant in this study was selected with full consent and informed to respond for questionnaires with confidence and understanding the purpose of the study and the researcher was assuming that as she will keep the information confidential and data will be used only for academics purpose.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter covers data presentation, analysis and interpretation. Accordingly, the number of questionnaires correctly filled in by the respondent and returned to the researcher was 150 out of 168. The chapter is thus concerned with the presentation, analysis and interpretation of the data collected from 150 respondents working in the MEKAB PLC. The chapter presents, analyzes and interprets the data in the subsequent sections which include: response rate, pilot test results (reliability and validity), data presentation, cross tabulation between two predictive variables, correlation and regression analysis.

4.2. Response Rate

The total populations of the study were 288 employees in MEKAB plc. As shown in Table4.1 below, a total of 150 questionnaires were administered to the target respondents, and only 150 (89.3%) questionnaires were filled in and returned to the researcher. Among the 150 questionnaires, only 146 (86.9%) questionnaires were correctly and completely filled in, while the rest 4 (2.4%) questionnaires were returned with incomplete responses and the remaining 18 (10.7%) questionnaires were not returned. The response rate (86.36%) for data gathering instrument was excellent for data analysis, as recommended by Mugenda and Mugenda (2003). Thus, the result analysis in this study was based on data on 76 questionnaires.

Table 4.1 below shows the analysis of the questionnaires administered to the respondents.

Table 1. Response Rate

Questionnaire of the Research		Frequency	Percent	Cumulative Percent
Completely Filled	Questionnaire	146	86.9	86.9
Incompletely Filled	Questionnaire	4	2.4	89.3
Not returned Questionnaire		18	10.7	100
Total	Questionnaire	168	100	
Distribute				

Source: Researcher's own survey, 2021

4.3. Reliability Analysis

Reliability analysis is very important in research and is widely used to measure the accuracy of the study. So, reliability was conducted via pre-testing the questionnaire with a randomly selected sample of 20 employees working in MEKAB plc. To measure the internal consistencies and stability of the constructs, namely, gender diversity, educational background diversity, ethnic diversity and employee performance, Cronbach's Alpha coefficient was applied. The alpha value ranges from (0 to 1), when the value of alpha increases, the reliability also increases. According to Dennick and Takavol (2011), Cronbach's Coefficient Alpha value above 0.7 is a commonly acceptable for adequate reliability. In the study, the minimum reliability coefficient was 0.726, which is the coefficient of ethnic diversity; while the coefficient of the other constructs was above this point. Hence, the reliability result of the study was thus in line with the minimum cut-off point (i.e., 0.7). Furthermore, Table 4.2 below presents the Cronbach's Alpha Coefficient values of the four constructs, namely, gender diversity, ethnic diversity, educational background diversity and employee performance.

For this study, the researcher developed a total of 4 constructs with 31 items. These 31 items of 4 constructs were measured by reliability test. The Alpha coefficient was used to test the internal consistency and stability of the items. Gender diversity, ethnic diversity, educational diversity and employee performance were measured by using 7, 7, 7, and 10 items respectively and they had a Cronbach's reliability alpha of 0.735, 0.726, 0.806 and 0.768 respectively.

Furthermore, the coefficient alpha for the construct of educational diversity falls under a very good reliability, while the other constructs fall under a good reliability.

Table 2. below presents the Cronbach's Alpha Coefficient values for the four constructs

No.	Constructs	Cronbach's Alpha	N of Items	Level of Reliability
1	Gender Diversity	0.735	7	Good reliability
2	Ethnic Diversity	0.726	6	Good reliability
3	Educational Diversity	0.806	7	V. Good reliability
4	Employee Performance	0.768	10	Good reliability

Source: Cronbach's test, 2021

4.4. Validity Analysis

According to Mugenda and Mugenda (2003), the term validity refers to the accuracy or truthfulness of the measurement items. Moreover, there are two types of validity (content validity and face validity). Face validity refers to probability that a question is misinterpreted or misunderstood. On the other hand, content validity also refers to logical validity and the degree to which a measure depicts all facets of a given social construct. In this study, the content validity was improved by using the opinions of the research supervisor and senior students. The face validity of the research instrument was also improved via a pilot test, and thereby revising unclear and ambiguous questions. As a result, the items were properly designed to measure the respective variable and its underlying constructs.

4.5. Data Presentation

The descriptive statistics was used for the analysis the distribution of respondents based on the demographic characteristics of the respondents

4.5.1. Demographic Characteristics of the Respondents

This section provides information on the respondents' demographic characteristics. These include: gender, age category, educational qualification.

4.5.2. Gender Distribution of the Respondents

The study respondents were both males and females. Table 4.3 below presents the distribution of respondents based on their gender. The result showed that, from the total of 146 respondents, 121 of them (82.90%) were males, while the remaining 25 (17.10%) of the respondents were females. This result implies that MEKAB plc. does not encourage gender diversity, because the majority of the respondents (82.90%) were male.

Table 3. Gender Distribution of the Respondents

Gender	Frequency	Percent	Cumulative percent
Male	121	82.9	82.9
Female	25	17.1	100.00
Total	146	100	

Source: Researchers own survey, 2021

4.5.3. Age Distribution of the Respondents

The respondents were categorized into their age level in order to gauge their attitudes towards diversity with respect to their age categories. As seen in Table 4.4, 102 of the respondents (69.70%) fell within the age category of 18-30, while 40 (27.60%) of them were within the age category of 31-40, and the remaining 4 (2.70%) of them fell within the age category of 41-50. This result revealed that most of the respondents were within the age category of 18-30, and this means that the major workforces in MEKAB plc. were of the youth. The data shows that a relatively high proportion of the workforce is in their active productive years.

Table 4. Age Distribution of the Respondents

Age category	Frequency	percent	Cumulative percent
18-30	102	69.70	69.70
31-40	40	27.60	97.3
41-50	4	2.70	100.0
Total	146	100.0	

Source: Researchers own survey, 2021

4.5.4. Ethnic Distribution of the Respondents

The respondents' ethnic distribution is shown in Table 4.5 below. 131 (89.5%) of the respondents were from Oromo ethnic group, 10(6.6%) of them were from Amhara ethnic group, while the remaining 3(2.6%) of them were from Tigray and 2(1.3%) of respondents were from other ethnic group. This shows that the majority of the respondents were from Oromo ethnic group followed by the Amhara ethnic group.

Table 5. Ethnic Distribution of the Respondents

Ethnic Group	Frequency	percent	Cumulative percent
Oromo	131	89.5	89.5
Amhara	10	6.6	96.1
Tigray	3	2.6	98.7
Other	2	1.3	100.0
Total	146	100.0	

Source: Researchers own survey, 2021

4.5.5. Educational Status of the Respondents

Table 4.7 below shows the respondents' educational status. Accordingly, 119 (81.6%) of the respondents were bachelor degree holders, 25 (17.1%) of them were master's degree holders and 2 (1.3%) of them were doctorate degree holders. There was no certificate or diploma holder among the respondents. This revealed that the majority of employees in MEKAB plc. were bachelor degree holders, followed by master's degree holders. Cumulatively 98.7% are from both Bachelor Degree and Master's Degree; it resembles the importance of education in MEKAB plc. .

Table 6. Educational Background of the Respondents

Educational Status	Frequency	percent	Cumulative percent
Bachelor degree	119	81.6	81.6
Master degree	25	17.1	98.7
Doctorate degree	2	1.3	100.0
Total	146	100.0	

Source: Researchers own survey, 2021

4.6. Cross Tabulation

The cross-tabulation is one of the most frequently used methods of questionnaire data analysis. It enables a researcher to examine the relationship between categorical variables in greater detail than simple frequencies for individual variables. This shows that statistical Table 4.10 below shows the respondents' gender and educational background using cross tabulation. Accordingly, the respondents with bachelor's degree were 119(81.58%) of whom 17.745% were female, while the respondents with master's degree were 25 (17.11%) of whom 15.38% were female and only two male had a doctorate degree.

Table 7. Gender * Educational Background Cross Tabulation

Gender	Educational Background			total
	Bachelor degree	Master degree	Doctorate degree	
Male	98	21	2	121
Female	21	4	0	25
Total	119	25	2	146

Source: Researchers own survey, 2021

4.6.2. Ethnicity and Educational Background Cross Tabulation

Table 8, below presents the cross tabulation between ethnicity and educational background. Accordingly, all Tigray and other ethnic employee in MEKAB plc. Had bachelor degree, while the Oromo and amharas ethnic groups had bachelor degree and above. From all employees working in MEKAB plc . there was no any doctorate degree holder except 2 from Oromo ethnic group.

Table 8. Ethnicity * Educational Background Cross Tabulation

Ethnic Group	Educational Background			Total
	Bachelor degree	Master degree	Doctorate degree	
Oromo	106	23	2	131
Amhara	8	2	0	10
Tigray	4	0	0	4
Other	1	0	0	1
Total	119	25	2	146

Source: Researcher's own survey, 2021

4.7. Correlation Analysis of the Study

The correlation analysis helped to determine the relationship between the independent variables (i.e., gender, educational background and ethnic diversity) and the dependent variable (i.e., employee performance). The Pearson Correlation Coefficient was used to show the direction, strength and significance of the relationship among independent and dependent variables. Accordingly, the hypotheses in the study were tested using Pearson's Correlation Coefficient (r) to analysis the relationship between the variables (workforce diversity and employee performance). The reason why the Pearson (r) was used to study the relationship between variables and it also helped to show the direction, strength and significance of the correlation. The researcher also made use of a Statistical Package for Social Sciences (SPSS) software version 14 to fully analyze the data by coding the items and entering them into the SPSS for analyses.

Table 9. The Rule of Thumb for Correlation Coefficient

	Coefficient Range	Strength of Association
1	$\pm 0.91 - \pm 1.00$	Very strong
2	$\pm 0.21 - \pm 0.40$	Small but definite
3	$\pm 0.41 - \pm 0.70$	relationship
4	$\pm 0.01 - \pm 0.20$	Moderate Slight, most negligible

Source: Wailing et al. (2011)

4.7.1. Relationship between Gender Diversity and Employee Performance

Table 4.13 below shows that there was a positive correlation between gender diversity and employee performance, with the Pearson coefficient of ($r = .568$). The value of this correlation coefficient ($.568$) falls under coefficient range (0.41 to 0.70). This implies that the relationship between gender diversity and employee performance is moderate. In this case, the relationship of the two variables is significant at $p < 0.05$, rejecting H1 but. Hence, this study revealed that there was a positive relationship between gender diversity and employee performance.

The finding in the present study were in line with the findings of a number of studies (e.g., Christiana 2017; Kyalo, 2015; Selvaraj, 2015; Zhuwao, 2017; Saron, 2014; Assefa, 2014) which all reported a positive relationship between gender diversity and employee performance in various business and service delivery sectors. Thus, the finding in the current study implies that if gender diversity increases, employee performance also increases. Table 4.13 shows the relation between gender diversity and employee performance.

Table 10. Correlation Coefficient for Gender Diversity and Employee Performance

		Gender Diversity	Employee Performance
Pearson Correlation		1	.568**
Gender Diversity	Sig. (2-tailed)		.000
	N	146	146
	Pearson Correlation	.568**	1
Employee Performance	Sig.(2-tailed)	.000	
	N	146	146

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

4.7.2. Relationship between Education Diversity and Employee Performance

As shown in Table 4.14 below, there was a positive correlation between gender diversity and employee performance, indicating that ($r = 0.729$) at $p < 0.05$ rejecting the hypothesis (H2). There is positive relationship between educational diversity and employee’s performance. The finding in the present study are corroborated by the findings of Christiana’s (2017), Zhuwao’s (2017), Odhiambo’s (2014), and Kyalo’s (2015) studies which all reported a significant positive relationship between gender diversity and employee performance. A positive relationship means that as educational diversity increase, the level of employee performance also increases. Table 4.14 below presents the relationship between educational background diversity and employee performance.

Table 11. Correlation Coefficient for Educational Diversity and Employee Performance

		Education	Employee
		Diversity	Performance
Correlation	Pearson	1	.729**
			.000
			146
Education Diversity	Sig. (2-tailed)	146	146
	N	.729**	1
Correlation	Pearson	.000	
		146	146
Employee Performance	Sig.(2-tailed)		
	N		

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

4.7.3. Relationship between Ethnic Diversity and Employee Performance

As seen in Table 4.15, the value of r is 0.449 ($r = 0.449$), which implies there was a positive relationship between ethnic diversity and employee performance. Therefore, at $p < 0.05$, this result revealed that there was a positive relationship between ethnic diversity and employee performance.

The findings of this study support the finding in Odhiambo's (2014), Kyalo's (2015), Zhuwao's (2017), Saron's (2017) and Assefa's (2014) studies which all reported that there was a significant positive relationship between ethnic diversity and employee performance. Thus, a positive significant relationship in this case means that when ethnic diversity increases, employee performance also increases.

This implies that ethnic diversity does not affect employee performance in MEKAB plc.

Table 4.15 shows the relationship between ethnic diversity and employee performance.

Table 12. Correlation Coefficient for Ethnic Diversity and Employee Performance

		Ethnic Diversity	Employee Performance
Correlation	Pearson	1	.449**
			.000
	Sig. (2-tailed)	146	146
Ethnic diversity	N	.449**	1
	Pearson	.000	
Correlation		146	146
	Sig.(2-tailed)		
Employee Performance	N		

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

4.8. Analysis of Variance (ANOVA)

This section provides an F-test for the statistical significance of the regression model. If this F-test is significant, it indicates that the model as a whole that is, all independent variables as a whole (gender, education and ethnic diversity) predicts significantly the variability of the dependent variable (Employee Performance). The F-statistic tests for the overall significance of the entire model. In this case, 5% level of significance will be used. The decision rule is that, if the probability values are ≤ 0.05 , then the explanatory variables' parameter estimates will be jointly statistically significant. Therefore, based on the results, the model is a good descriptor of the relationship between independent variables and the dependent variable. From the Table 4.15 below, the value of $F= 13.723$ and the value of $p= 0.000$. In this case, the significance value was less than 0.05 indicating that the model was significant. Hence, this means that the independent variables (gender, education and ethnic diversity) are significant in explaining the variation in the dependent variable (employee performance). Table 4.15 presents the analysis of variance test (ANOVA).

Table 13. Analysis of Variance (ANOVA)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	9.077	4	2.269	13.723	.000 ^b
1 Residual	11.740	71	.165		
Total	20.816	75			

a. Dependent Variable: Employee performance

b. Predictors: (Constant), Gender, Education and Ethnic Diversity

4.9. Multiple Regression Analysis

Multiple regression analysis was conducted to determine whether the independent variables (gender diversity, ethnic diversity and educational diversity) predict the dependent variable (employee performance).

Furthermore, multiple linear regression analysis was used to determine amongst the three independent variables (gender diversity, ethnic diversity and educational diversity) which variables are contribute most to the variation of the dependent variable (employee performance). The Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable.

Multiple regression analysis is an extension of vicariate regression analysis which allows the simultaneous investigation of the effect of two or more independent variables on a single dependent variable. It allowed researcher to examine which independent variables have the most significant influence on the dependent variable. Thus, to understand the relationship between multiple independent variables and the single dependent variable the study used the regression model summary and the researcher examined the regression coefficients for each independent variable. Therefore, multiple regression analysis was used to investigate the effect of workforce diversity towards employee performance. The R-value is shows the correlation coefficient between the dependent variable and the independent variables. The model summary illustrates the (R-Square) value which helps in explaining variance in the dependent variable (employee performance). Based on the results in Table-4.16, the (R-Square) value is 0.436. This means that the independent variables (gender, educational and ethnic diversity) predict the dependent variable (employee performance) by 43.6%, thus, leaving out 56.4% unexplained variables in this research.

This means that there are other extra independent variables that were not put into consideration in this study that is significant in explaining variation in employee performances. The value of adjusted R-Square as a measure of model fitted by the significant variables was 0.404 an indication that there was variation of 40.4% on employee performance due to changes in workforce diversity (gender, education and ethnic) at 95% confidence interval. This shows that 40.4% changes in employee performance in MEKAB plc. could be accounted to workforce diversity. This shows that the model is fit and reliable for making an inference. Table 4.16 shows that the summary of the model

Table 14. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimat
1	.660 ^a	.436	.404	.40663

a. Predictors: (Constant), Gender, Age, Education and Ethnic

b. Dependent Variable: Employee Performance

As shown in Table 15 below, the value of intercept or constant is ($\alpha = 0$), hence, when the three independent variables are held constant, the value of employee performance in MEKAB PLC will be 1.870. In addition, holding all the other independent variables constant, a unit increase in gender diversity would lead to a 0.171 increase in employee performance. Furthermore, In addition, holding all the other variables constant, a unit increase in educational diversity would lead to a 0.408 increase in employee performance in MEKAB plc. Finally, the finding shows that ethnic diversity does not predict variation of employee performance in MEKAB plc. From the finding, it is possible to conclude that educational background diversity had a greatest significant positive influence on employee performance in MEKAB plc. Followed by gender and age diversity. However, the association between ethnic diversity And employee performance was insignificant. Table 4.17 shows the regression coefficients of the independent variables (diversity predictors).

Table 15. Regression Coefficients

Model	Un Standardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std .Error	Beta		
(Constant)	1.870	.302		6.188	.000
Gender Diversity	.171	.111	.220	1.534	.029
1 Ethnic Diversity					
Education Diversity	-.023	.082	-.037	-.281	.780
	.408	.121	.487	3.372	.001

a. Dependent Variable: Employee performance

4.10. Conclusion of the Chapter

SThis chapter covers data presentation and analysis of the study. From the data collected, this chapter performed the descriptive analysis in order to determine the response rate and data presentation. From the descriptive analysis in chapter four, it was observed that majority of the respondents are male and majorly between the age category of 18 and 30 years. Furthermore, correlation analysis was employed to identify what the relationship between independent variables (gender, educational background and ethnicity) and the dependent variable (employee performance). The correlation analysis was also adopted to test the hypotheses of the study. In this case, Statistical Package for Social Science Vesion-20(SPSS) was employed for the correlation and regression analysis. The correlation result shows that there was a positive and significant relationship between workforce diversity (gender, education and ethnic diversity) and employee performance. Hence, from the results, educational background diversity was highly predictive the employee performance followed by gender and age diversity, while ethnic diversity did not predict the employee performance

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1. Introduction

The purpose of this study was to examine the relationship between the independent variables (i.e., gender, educational background and ethnicity) and the dependent variable (employee performance) MEKAB plc. To achieve this purpose, a general objective, specific objectives and research questions were formulated. Additionally, hypotheses were formulated in line with the research questions. For data analysis, descriptive statistics and inferential statistics were used. Accordingly, the focus of this chapter is to provide the summary and conclusion of the study and to provide recommendations to MEKAB plc. Employees in order to address issues related to workforce diversity. Based on the finding presented in the previous chapter, this chapter provides the conclusion, Summary and recommendation reached as to workforce diversity and its impact on employee performance in MEKAB plc. So far the impacts of workforce diversity were measured in terms of gender, educational background and ethnic diversity. Furthermore, the results of the study were summarized as follows.

5.2. Summary of the Study

This study was carried out to examine the effect of diversity on employee performance in MEKAB plc. In this study, it was demonstrated that organizations tend to grow better in a diversified environment where workers with different background and ideas work together for the achievement of the goals of an organization. It also shows that the recognition of workforce diversity fosters creativity and in turn, creativity drives innovation, while innovation creates competitive advantage. Using the correlation analysis methods, this study tested hypotheses as formulated and identify the relationship between variables. So far, the finding of the study is provided below, together with the decision on hypothesis. In this case, the finding of the study was summarized in briefly as follows based on the objectives;

Objective-1: Examine the Effect of Gender Diversity on Employee Performance

The finding obtained on the relationship between gender diversity and employees performance indicate the presence of moderate relationship ($r = 0.568$) at $p < 0.05$. This shows gender diversity has an impact on employee performance and they are positively linked. This positive relationship show that if gender diversity increases, employee performance also increases.

Objective-2: Assess the Impact of Educational Background on Employee Performance

The finding obtained on the relationship between educational background and employees performance indicate the presence of high relationship ($r = 0.729$) at $p < 0.05$. This shows educational diversity has an impact on employee performance and they are positively linked. This positive relationship show that if educational diversity increases, employee performance also increases.

Objective-3: Identify the Influence of Ethnic Diversity on Employee Performance

The finding obtained on the relationship between ethnic diversity and employees performance indicate the presence of moderate relationship ($r = 0.449$) at $p < 0.05$.

5.3. Conclusion of the Study

From the result of the previous chapter, it can be concluded that there is no employee diversification in the area of gender; the number of employees that are male is quite larger than female, 82.89% of the employees were males in contrast with 17.11% were females. It shows that in MEKAB plc. There is no gender encouragement. It shows that many employees in these organizations are more of younger. When we come to the educational background of the respondents, the majority of the employees were bachelor's degree holder followed by master degree holder. This shows that employees in MEKAB PLC were in the same educational qualification. Finally, from the descriptive statistics the majority of workers were from Oromo ethnic group followed by Amhara ethnic group. This shows that MEKAB plc. does not diversify ethnically. The correlation results show that there was a positive and significant relationship between the independent variable (i.e., gender, education and ethnicity) and the dependent variable (i.e., employee performance) in MEKAB plc.

5.4. Contribution of the Study

The finding of the study is hoped to have contributions stated below.

5.4.1. Knowledge Contribution

This study has contributed to existing knowledge by demonstrating that workforce diversity is statistically and positively correlated with employee performance and it also confirmed that there is a significant relationship between workforce diversity and employee performance. In the aspects of the study, all workforce diversity has been shown to correlate with employee performance. The ethnic diversity does not predict the variation of employee performance in MEKAB plc. Thus, the study has showed that all the workforce diversity except that of ethnic diversity can predict the variation of employee performance in MEKAB plc. The study adds to existing knowledge by providing empirical evidence that educational background is also the most predictor of employee performance. The study has shown that when employees lack the necessary skills, knowledge, experience or expertise they need to be effective in the workplace, it affect their level of confidence and as such, performance is affected. Hence there is a significant relationship between educational diversity and employee performance.

Most of the study on workforce diversity laid emphasizes on some dimension of workforce diversity on employee performance. However, this study has brought together three important aspects of workforce diversity (gender, educational background and ethnicity) to test their influence on employee performance. Hence, this study will be a reference for future researchers as it will aid their future studies on diversity in the workplace. The study has been able to gather relevant literatures and has given in-depth knowledge about diversity issues in the workforce and how management can benefit from it.

5.4.2. Practical Contribution

The study recommends that senior management leaders at MEKAB plc. Should put more focus on diversity management to improve the performance of workforce at work place. For an effective diversity management program, there must be clear communication channels among employees and the senior management. This enables employees to understand the Objective of workforce diversity management and how these objectives can be linked to overall business goals.

The study further recommends policy and legislative makers to include the business side of workforce diversity in their policy documents. This enables organizations to fully comprehend workforce diversity as a concept that can be adopted to enhance the performance of the business. Once organizations see the benefits of workforce diversity, then there is no need for them to be coerced by the policies and legislations to adopt it.

Furthermore MEKAB plc. should continue to give both male and female equal opportunities

during recruitment and other areas like growth and opportunities as it is shown in this study that gender diversity positively influence employee performance.

5.5. Recommendations

The finding of the study has provided evidence that employee performance has a positive correlation with workforce diversity variables such as gender, educational background and ethnicity. Therefore, it is important for organizations to begin ask why it is needful that they deal with workforce diversity so as to gain competitive advantage over competitors and stay competitive. Based on the conclusion of the study, the researcher suggests the following some recommendations:

From the finding, there was a positive relationship between gender diversity and employee performance. So, MEKAB PLC should exercise new policies that enable to increase gender diversity. To encourage gender diversity, the company should create flexible working policies that can help female employees to manage their work and their personal life (work- life balance) without clashes. The management body should also try to monitor their metric by checking periodically the percentage rate of male and female in the company and the rate of promotion for male and female. By doing this, they can be sure to find out if their policies are supporting diversity in terms of hiring both male and female, promotion and retention. The younger and the older employees have their own qualities and skills. The younger employees are more skilled when it comes to handling high business technologies e.g. webcasting, social networking, etc. These are skills that if shared, can boost employees' performance in particular and organizational performance in general. The older employees are also known to have more interpersonal skills and more traditional business skills.

If these skills are shared, the company will be able to build a stronger communication and customer relationship and increase customer loyalty.

From the findings, there was a positive correlation between educational background diversity and employee performance. Hence MEKAB PLC should provide training opportunities to employees who lack the required skills for the required job. The company should also encourage employees by providing study leave to employees who wish to further their education. The management body can provide financial aid by sponsoring high performance to acquire some certification that will improve performance. This can be an extrinsic motivation to other employees.

From the finding, there was also a positive correlation between ethnic diversity and employee performance. Furthermore, ethnic diversity comes with its benefits that can enhance both employee and organizational performance. Hence, MEKAB PLC should encourage social interactions between employees. With this, employees can learn about the culture of fellow who works in that organization. Such interaction can encourage tolerance among the employees, experience sharing and knowing of other culture can be help to successfully carried out a specific task that requires such knowledge.

5.6. Suggestions for Future Studies

The researcher has suggested the following issues for further research:

- This study was limited to MEKAB PLC, and hence, other similar studies should focus on privately owned company as well for a comparative investigation.
- The current study focused only on the quantitative measure, so future approach should also include a qualitative inquiry for a better understanding of the issue under study
- The researcher recommends that the same study be conducted again but on a wider scope. That is, it should include more similar companies and increase the sample size.
- This study focused on some workforce diversity; however, similar study should be conducted focusing on how different dimensions of diversity affect employee performance

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APPENDIX 1

**ST. MARY'S UNIVERSITY SCHOOL OF
GRADUATE STUDIES FACULTY OF BUSINESS**

DEPARTMENT OF BUSINESS

ADMINISTRATION SURVEY

QUESTIONNAIRE

QUESTIONNAIRE

SECTION-ONE: DEMOGRAPHIC INFORMATION

Instruction: Please select and encircle the letter which contains the characteristics that express you.

- 1) What is your gender? A) Male B) Female

- 2) What age group (in years) are you in? A) 18-30 B) 31-40 C) 41-50 D) above 50

- 3) Ethnicity (please specify your ethnic group): A) Amhara B) Oromo C) Tigray D) other----
- 4) Current education level: A) Certificate B) Diploma C) Bachelor degree D) Master degree E) Doctorate degree F) Other (Please specify) _____

- 5) Work experience in years: A) 0-5 B) 6-10 C) 11-15 D) Above 15

SECTION-TWO: WORKFORCE DIVERSITY

Instruction: Please rate the following statement on a scale of 1 to 5, where 1= Strongly Disagree (SD), 2= Disagree (D), 3 = Neutral (N), 4= Agree (A) and 5= Strongly Agree (SA).

No	Gender Diversity	Rating Scale (1-5)			
		SD	D	N	SA
1	Employees are discriminated during hiring and recruitment process on gender basis in MEKAB plc.				
2	Opportunities for promotion and advancement exist for both men and women in MEKAB Plc.				
3	There are career development programs that equally favor both men and women in MEKAB plc				
4	The company’s training and development program is developed to meet the criteria or requirement of the male and female.				
5	Women are involved in the company’s decision making as much as men				
6	The performance criterion for success is the same for men and women.				
7	The company encourages employees to work with employees of different gender				

No	Age Diversity	Rating Scale (1-5)			
		SD	D	N	SA
1	The company provides equal opportunities for training and career development to all age group				
2	Supervisors at different sections include all age group in problem solving and decision making.				
3	The age differences in work place create conflict among employees of the company.				
4	At work, I experience bonding with people of different age group.				
5	The company encourages employees to work with employees of different age				
6	The inclusion of all age group promotes the company performance.				
7	The inclusion of all age group creates satisfaction among the company employees				

		SD	D	N	SA
1	The company attracts and hires employees from all ethnic background.				
2	Opportunities for promotion and advancement exist for all ethnic groups.				
3	The company concerns about the employee's customs, cultures, and values				
4	The ethnicity differences like language create conflict or problem and affect employee performance.				
5	The team leader includes all members of different ethnicity in problem solving and decision making.				
6	The inclusion of employees from all ethnic groups promotes the company performance				

no	Educational Diversity	Rating Scale (1-5)			
		SD	D	N	SA
1	The recruitment plan of the bank is based on the education background of the employees.				
2	The company provides paid study leave to employees who further upgrade their education.				
3	Opportunities for promotion and advancement exist for employees who have better educational qualification.				
4	The difference in educational background does bring conflict between employees.				
5	At work, I experience lack of confidence due to my education background.				

6	The team leader includes all members at different education level in problem solving and decision making.				
7	The company encourages employees to upgrade their educational qualification				

SECTION-THREE: EMPLOYEE PERFORMANCE

Instruction: Based on your experiences and understanding, please indicate the most appropriate opinion/response with the scale of 1 to 5, where 1= Strongly Disagree (SD), 2 = Disagree (D), 3= Neutral (N), 4= Agree (A) and 5= Strongly Agree (SA).

no	Employee Performance	Rating Scale (1-5)			
		SD	D	N	SA
1	I enjoy my tasks and the divisions of work approach				
2	I am always committed to the mission and vision of the bank.				
3	I love my work and I am motivated to complete the tasks that are Assigned to me.				
4	I co-operate well with my colleagues of different ethnic backgrounds				
5	I enjoy working with opposite gender and can perform well.				
6	I perform better while working with others of different age groups				
7	Workings with employees of different educational background add Value to my performance.				
8	Employees are given a chance to apply their own methods of doing Their work.				
9	Training given by the company encourages me to work better				
10	Employees with higher educational qualifications perform better than those with lower qualification				

