Volume 21 Issue 20
Originally issued as A8



Global Journal of Management and Business Research: A Administration and Management
Volume 21 Issue 8 Version 1.0 Year 2021
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

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GJMBR-A Classification: *JEL Code: M19*



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Impact of Workforce Diversity on Employee's Perceived Performance: A Study on the Banking Sector of Bangladesh

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Abstract- In the fast-changing business environment, workforce diversity is a critical tool for organizations to gain competitive advantage. This research has been conducted to explore the relationship between workforce diversity and employee's perceived performance in the banking sector of Bangladesh focusing on gender, age, and educational level diversity. The data was gathered through a questionnaire from a sample of 322 employees. One-Sample T-test and Chi-Square tests were conducted for data analysis. The results of the study showed that gender and educational level diversity have a significant positive impact on while age diversity does not affect employee's perceived performance in the banking sector of Bangladesh. In addition, employees perceive these impacts differently based on their age, gender, and educational level. This research may be used for further research to explore more dimensions of diversity taking team dynamics into account.

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I. Introduction

With the advancement of technology and globalization, workforce diversity has become a focus point in many businesses. According to Childs (Childs, 2005), to be successful, businesses need to have a borderless view and commitment towards integrating workforce diversity in their day-to-day business operations. Workforce diversity refers to bringing together employees with different backgrounds and characteristics, such as- age, gender, ethnicity, race, religion, culture, disability, personality traits, work experience, etc. Though workforce diversity can help companies grow and become more competitive, it has its issues and challenges as well (Weiss, 2015).

This makes it important to study the impact of workforce diversity on employee's perceived performance. There are a substantial number of researches conducted in this field, mainly in terms of gender, age, and educational level diversity. This study focuses on the banking sector of Bangladesh to determine if workforce diversity has any significant impact on the perceived performance of employees. The paper looks at gender, age, and educational level diversity in this regard.

The paper develops as follows. First, the literature review explores previous studies with a focus on gender, age, and educational level diversity, and on the basis of these, the study's research question is presented. Next, the data collection and analysis methods are described. The findings are then presented along with their interpretations. Finally, there is a discussion on the results and their possible implications.

II. Literature Review

Diversity means a group of people with a variety in background, values, perspectives and benefits becoming asset for the organizations or the groups they belong to (Otike, Messah, & Mwalekwa, 2011). Workforce diversity refers to the co-existence of people from many different cultural backgrounds within an organization. Diversity includes cultural factors such as ethnicity, race, color, gender, physical ability, sexual orientation, age, and other similar factors (Kundu & Turan, 1999).

A combination of workers with variety in background and experiences leads to a diverse workforce that is more productive, innovative, and creative in nature (Kerby & Burns, 2012). Diversity also generates new, creative, and innovative ideas (Afzal, Mahmood, Samreen, Asim, & Sajid, 2013). According to Cox and Blake (Cox & Blake, 1991), an organization may gain competitive edge creating human resources of the highest quality by attracting, retaining, and motivating people from diverse cultural backgrounds. Fernandez (Fernandez, 1993) also agrees that performances of employees and organization can be enhanced through good workforce diversity practices. Workforce diversity also creates innovations, creativity, and more problem-solving minds (Afzal, Mahmood, Samreen, Asim, & Sajid, 2013). Differences of qualifications, backgrounds, and experiences can play a key role in effective on the job problem-solving (Kerby & Burns, 2012).

However, the same heterogeneity that provides for different perspectives may also result in increased emotional conflict, making the implementation of the task more difficult (Williams & O'Reilly, 1998).

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Organizations have faced problems such as loss of employee morale and competitiveness, poor quality of work, and absenteeism as a result of the suspicion, misunderstanding and conflict arising from diversity (Bassett-Jones, 2005). Rather than having a positive effect, diversity can have a more negative effect on the collective performance if such problems caused by diversity are not properly dealt with (Williams & O'Reilly, 1998).

According to Richard & Johnson (Richard & Johnson, 2001), diversity management can influence firm performance. Conversely, if the organization lacks a diversity-supportive environment, it may not be able attract talents as compared with its competitors (Elsaid, 2012). Failing to change the culture and the environment of the organization to appropriately use and retain the workforce diversity can lead to losing the competitive edge (Cox & Blake, 1991).

Since the early 90s, the growth in workforce diversity has attracted the scholars' attention to this issue (Gupta, 2013). However, the foundational literature regarding diversity in the workforce is decidedly mixed (Simons & Rowland, 2011). Research has shown diversity to affect organizational performance both positively and negatively.

Richard (Richard O. C., 2000) found there to be no positive relationship of firm performance with cultural or racial diversity; rather, how the leaders and the employees of the organization react to and deal with diversity, and the strategies pursued by the firm were found to be the primary determining factors. A research consortium known as the Diversity Research Network (Kochan, et al., 2003) in their study of four large firms found no significant relationship between either gender or race diversity and business performance. On the other hand, a curvilinear relationship between group diversity and firm performance was found in two different studies (Richard, Barnett, Dwyer, & Chadwick, 2004) (Richard, Murthi, & Ismail, 2007).

Gupta (Gupta, 2013) tried to establish a linkage between workforce diversity and performance. The author found that different types of diversity have shown different effects on various performance indicators – overall organizational performance was negatively affected by age diversity while factors like sales, productivity, market share, & innovativeness were positively affected by diverse ethnicity. Gender diversity was found to have positive effect on organizational performance in some cases, while in other cases the effect was negative. Overall, it was found that gender diversity, in moderation, can result in a competitive advantage while it may create a negative impact on organizational performance if it's in the higher margin.

Rizwan et al (Rizwan, Khan, Nadeem, & Abbas, 2016) extended their study by adding educational diversity as a variable. Focusing on the banking sector of Pakistan, the study revealed similar findings that gender, educational, and ethnic diversity have a positive impact on employee performance whereas age diversity has a negative but highly significant impact on employee performance.

A recent study conducted by Azam & Waheed (Azam & Waheed, 2018) explored some more dimensions such as - geographic, income, and religious diversity. Although the study reinforced the finding regarding age diversity, it contradicted in case of gender diversity claiming a negative relationship between gender diversity and organizational performance. In addition, the study found that educational, geographic, income, and religious diversity positively influence organizational performance. In the same year, Sheth (Sheth, 2018) conducted a study on the companies of IT, Telecom, and FMCG sectors situated in four different cities of Gujarat, India to determine whether diversity of age, gender, education level, work experience, religion, region, and organizational tenure has any significant impact on employee performance. Gender, religious, and regional diversity were found to have no significant impact while age, education level, work experience, and organizational tenure were found to have significant impact on employee performance.

Although workforce diversity is quite rich in literature, there is not much work done in linking it with organizational performance in Bangladesh. Rahman et al (Rahman, Ali, & Siddiqi, 2017) steered a study to link these two focusing on private firms in Dhaka. The study revealed that gender, age, educational, and ethnic diversity have a significant impact on employee performance. Ahmed & Bukth (Ahmed & Bukth, 2019) also undertook a study to determine whether gender, religion-based, and racial diversity affect firm performance positively in Bangladesh. The study concluded that only gender diversity has a positive impact on firm performance.

III. Problem Statement

The fact that workforce diversity has become an inevitable part of any organization cannot be overlooked. Many studies conducted in this concept have shown that there is a direct link between workforce diversity and employee performance. However, the study of literature shows that this area is yet not explored much in Bangladesh to determine whether different components of diversity have that same impact on the performance of employees in Bangladesh. Moreover, there has not been much research done focusing only on the banking sector in this context. Furthermore, there is a lack of literature exploring employee perception of workforce diversity and its impacts on their performance. This study focuses on the banking sector of Bangladesh to determine if workforce diversity has any significant impact on the perceived performance of employees and also explores the perception of the employees regarding this impact.

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IV. Research Objective

The broad objective of this research is to determine if workforce diversity has any impact on the perceived performance of employees focusing on the banking sector of Bangladesh. The specific objectives of the study are:

- To study the impact of age diversity on employee's perceived performance.
- To study the impact of gender diversity on employee's perceived performance.
- To study the impact of educational level diversity on employee's perceived performance.
- To assess the perception of employees on the impact of workforce diversity on their performance

V. Methodology

a) Target Population and Sample Size

Population of this study is the full-time employees of the banking sector of Bangladesh. Data was collected from June 2019 to August 2019. Using non probability and judgmental sampling technique, a total of 350 employees with minimum 3 years of work experience in the banking sector of Bangladesh were chosen as sample for the study. Out of 350 questionnaires distributed, 322 were collected after proper response. The summary description of the respondents is given in the table below:

Table 1: Summary of the sample

Age Range (years)	Male			Female			Total
	Bachelor's Degree	Master's Degree	Post Graduate Diploma	Bachelor's Degree	Master's Degree	Post Graduate Diploma	
< 25	13	3	0	6	0	0	22
25 - 30	37	150	7	0	45	0	239
31 - 40	6	41	0	0	7	0	54
41 - 50	0	3	0	0	4	0	7
Total	**56**	**197**	**7**	**6**	**56**	**0**	**322**

b) Data and Data Collection Technique

This study has used both primary and secondary data. Secondary data have been analyzed to develop a framework for the study and primary data have been used to conduct the research. Primary data have been collected through a structured questionnaire containing questions seeking demographic information of respondents and their perception about the impact of workforce diversity on employee performance. Information about respondents' perceptions about the impact of workforce diversity on employee performance was collected through the 5-point Likert Scale. In the scale, the selection of answers ranging from 5 to 1 indicated very positive, somewhat positive, neutral, somewhat negative, and very negative impact respectively.

c) Analytical Techniques

For the purpose of in-depth analysis, One-Sample T-test and Chi-Square test were conducted using SPSS (Version: 16).

d) Hypotheses

For the purpose of the study, six hypotheses have been developed and tested using One-Sample T-test and Chi-Square test. Hypothesis 1-3 are tested using One-Sample T-test and Hypothesis 4-6 are tested using Chi-Square test. The hypotheses developed in this regard are as follows:

Hypothesis 1:

H_O: Age diversity has no impact on employee's perceived performance

H_A: Age diversity impacts employee's perceived performance

Hypothesis 2:

H_O: Gender diversity has no impact on employee's perceived performance

H_A: Gender diversity impacts employee's perceived performance

Hypothesis 3:

H_O: Educational level diversity has no impact on employee's perceived performance

H_A: Educational level diversity impacts employee's perceived performance

Hypothesis 4:

H_O: Employees' perception regarding impact of age diversity on employee performance is independent of their age

H_A: Employees' perception regarding impact of age diversity on employee performance is not independent of their age

Hypothesis 5:

H_O: Employees' perception regarding impact of gender diversity on employee performance is independent of their gender

H_A: Employees' perception regarding impact of gender diversity on employee performance is not independent of their gender

Hypothesis 6:

H_O: Employees' perception regarding impact of educational level diversity on employee performance is independent of their educational level

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H_A: Employees' perception regarding impact of educational level diversity on employee performance is not independent of their educational level

VI. Results Analysis and Findings

a) One-Sample T-test

The study sought to determine whether each dimension of diversity has any impact on employee's perceived performance. For this purpose, several hypotheses have been developed and tested using One-Sample T-test. The test value was set to 3 which indicates neutral impact of a dimension on employee performance. The test was conducted with 95% Confidence Interval.

Table 2: Summarized result of One-Sample t-test

Hypothesis No.	Mean	Std. Deviation	t	Df	Sig. (2-tailed)	Decision at α = 5%
1	3.12	1.153	1.933	321	0.054	Cannot reject the null hypothesis
2	3.37	1.078	6.102	321	0.000	Reject the null hypothesis
3	3.64	1.268	9.099	321	0.000	Reject the null hypothesis

The results on table 2 show that for age diversity, the p-value (0.054) is greater than 0.05. This suggests that the null hypothesis cannot be rejected which, in turn, indicates that age diversity has no significant impact on employee's perceived performance.

On the other hand, gender diversity has a significant impact on employee's perceived performance. In addition, gender diversity has a mean of 3.37. It indicates that gender diversity affects employee's perceived performance positively. Therefore, it can be concluded that employee's perceived performance will rise if gender diversity increases. The reason for this could be that actively promoting gender diversity can help organizations take advantage of the entire talent pool and attract and retain the best talents in the increasingly diverse labor market. Moreover, a well diverse team allows firms to understand the unique requirements and spending behaviors of consumers of each gender, and, therefore, serve the customers better.

Moreover, educational level diversity has a significant impact on employee's perceived performance as well with a mean of 3.64. It indicates that educational level diversity positively impacts employee's perceived performance which, in turn, indicates that employee's perceived performance will rise if educational level diversity increases. The reason behind this could be that different types and levels of education might help the employees to offer unique perspectives in different scenarios, leading to increased innovation, improved decision making, and overall better performance at the firm level.

b) Chi-Square Test

The study sought to determine whether employees' perception regarding age, gender, and educational level diversity are independent of their age, gender, and educational level respectively. For this purpose, several hypotheses have been developed and tested using Chi-Square test. The test was conducted with 95% Confidence Interval.

Table 3: Summarized result of Chi-Square test

Dimension	Test Name	Value	df	Asymp. Sig. (2-sided)	Decision at α = 5%
Age	Pearson Chi-Square	27.278	12	0.007	Reject the null hypothesis
Gender	Pearson Chi-Square	18.063	4	0.001	Reject the null hypothesis
Education	Pearson Chi-Square	29.262	8	0.000	Reject the null hypothesis

Table 3 shows that the corresponding p-values of all the hypotheses are less than the α value of 0.05. Hence, all three of the null hypotheses are rejected. The results have the following implications:

1. Employees' perception regarding the impact of age diversity on employee performance varies based on their age.
2. Employees' perception regarding the impact of gender diversity on employee performance varies based on their gender.
3. Employees' perception regarding the impact of educational level diversity on employee performance varies based on their educational level.

The results show that employees' perception on the impact of diversity on their performance varies based on their age, gender, and educational level. Therefore, organizations have to give increased attention to employee perception and manage them to create a collaborative environment. The failure to do so might induce conflict in the workplace and hamper employee performance.

VII. Conclusion

The research showed that gender and educational level diversity have a significant positive impact on employee's perceived performance in the

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banking sector of Bangladesh. However, age diversity does not affect employee's perceived performance. The results imply that a higher level of gender and educational level diversity may result in higher performance of employees. Therefore, banks may take initiatives to encourage gender and educational diversity. In addition, the study found that employees perceive these impacts differently based on their age, gender, and educational level.

Since the heterogeneity in the workforce has been rising in recent years, organizations need to recognize this phenomenon and plan their actions accordingly. Organizations that can successfully manage diversity in the workplace will achieve competitive advantage over others in areas of idea generation, creativity, innovation, and many more.

This research may be used for further research to explore more dimensions of diversity. Moreover, the study considers only individual performance of employees. Therefore, more in-depth analysis can be done taking team dynamics into account. In addition, this study does not consider other factors that influence employee performance, such as - market scenario, economy, competition, etc. These factors can be explored in future researches to get more accurate results. Finally, more sectors can be explored to examine whether the results vary.

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