

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

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*Received: 12 September 2021 Accepted: 1 October 2021 Published: 15 October 2021*

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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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**Index terms**— age diversity, educational level diversity, employee performance, gender diversity, workforce diversity

## 1 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.

## 2 II.

## 3 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 (Otikey, Messah, & Mwalekwa, 2011). Workforce diversity refers to the co-existence of people from many different cultural backgrounds within an organization. Diversity

42 includes cultural factors such as ethnicity, race, color, gender, physical ability, sexual orientation, age, and other  
43 similar factors (Kundu & Turan, 1999).

44 A combination of workers with variety in background and experiences leads to a diverse workforce that is more  
45 productive, innovative, and creative in nature (Kerby & Burns, 2012). Diversity also generates new, creative, and  
46 innovative ideas (Afzal, Mahmood, Samreen, Asim, & Sajid, 2013). According to Cox and Blake (Cox & Blake,  
47 1991), an organization may gain competitive edge creating human resources of the highest quality by attracting,  
48 retaining, and motivating people from diverse cultural backgrounds. Fernandez (Fernandez, 1993) also agrees  
49 that performances of employees and organization can be enhanced through good workforce diversity practices.  
50 Workforce diversity also creates innovations, creativity, and more problem-solving minds (Afzal, Mahmood,  
51 Samreen, Asim, & Sajid, 2013). Differences of qualifications, backgrounds, and experiences can play a key role  
52 in effective on the job problem-solving (Kerby & Burns, 2012).

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

## 55 4 W

56 Organizations have faced problems such as loss of employee morale and competitiveness, poor quality of work,  
57 and absenteeism as a result of the suspicion, misunderstanding and conflict arising from diversity (Bassett-Jones,  
58 2005). Rather than having a positive effect, diversity can have a more negative effect on the collective performance  
59 if such problems caused by diversity are not properly dealt with (Williams & O'Reilly, 1998).

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

65 Since the early 90s, the growth in workforce diversity has attracted the scholars' attention to this issue (Gupta,  
66 2013). However, the foundational literature regarding diversity in the workforce is decidedly mixed (Simons &  
67 Rowland, 2011). Research has shown diversity to affect organizational performance both positively and negatively.

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

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

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

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

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

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## 103 5 Global

## 104 6 Problem Statement

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

## 114 7 b) Data and Data Collection Technique

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

## 122 8 c) Analytical Techniques

123 For the purpose of in-depth analysis, One-Sample T-test and Chi-Square test were conducted using SPSS (Version:  
124 16).

## 125 9 d) Hypotheses

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

129 Hypothesis 1: H O : Age diversity has no impact on employee's perceived performance H A : Age diversity  
130 impacts employee's perceived performance Hypothesis 2: H O : Gender diversity has no impact on employee's  
131 perceived performance H A : Gender diversity impacts employee's perceived performance Hypothesis 3: H O :  
132 Educational level diversity has no impact on employee's perceived performance H A : Educational level diversity  
133 impacts employee's perceived performance Hypothesis 4: H O : Employees' perception regarding impact of age  
134 diversity on employee performance is independent of their age H A : Employees' perception regarding impact of  
135 age diversity on employee performance is not independent of their age Hypothesis 5: H O : Employees' perception  
136 regarding impact of gender diversity on employee performance is independent of their gender H A : Employees'  
137 perception regarding impact of gender diversity on employee performance is not independent of their gender

## 138 10 Research Objective

139 The broad objective of this research is to determine if workforce diversity has any impact on the perceived  
140 performance of employees focusing on the banking sector of Bangladesh. The specific objectives of the study are:  
141 ? To study the impact of age diversity on employee's perceived performance. ? To study the impact of  
142 gender diversity on employee's perceived performance. ? To study the impact of educational level diversity on  
143 employee's perceived performance. ? To assess the perception of employees on the impact of workforce diversity  
144 on their performance V.

## 145 11 Methodology a) Target Population and Sample Size

146 Population of this study is the full-time employees of the banking sector of Bangladesh. Data was collected from  
147 June 2019 to August 2019. Using non probability and judgmental sampling technique, a total of 350 employees  
148 with minimum 3 years of work experience in the banking sector of Bangladesh were chosen as sample for the  
149 study. Out of 350 questionnaires distributed, 322 were collected after proper response. The summary description  
150 of the respondents is given in the table below: H A : Employees' perception regarding impact of educational level  
151 diversity on employee performance is not independent of their educational level VI.

## 152 12 Results Analysis and Findings a) One-Sample T-test

153 The study sought to determine whether each dimension of diversity has any impact on employee's perceived  
154 performance. For this purpose, several hypotheses have been developed and tested using One-Sample T-test.  
155 The test value was set to 3 which indicates neutral impact of a dimension on employee performance. The test  
156 was conducted with 95% Confidence Interval. The results on table 2 show that for age diversity, the p-value

157 (0.054) is greater than 0.05. This suggests that the null hypothesis cannot be rejected which, in turn, indicates  
158 that age diversity has no significant impact on employee's perceived performance.

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

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

### 172 13 b) Chi-Square Test

173 The study sought to determine whether employees' perception regarding age, gender, and educational level  
174 diversity are independent of their age, gender, and educational level respectively. For this purpose, several  
175 hypotheses have been developed and tested using Chi-Square test. The test was conducted with 95% Confidence  
176 Interval. 3 shows that the corresponding p-values of all the hypotheses are less than the  $\alpha$  value of 0.05. Hence, all  
177 three of the null hypotheses are rejected. The results have the following implications: 1. Employees' perception  
178 regarding the impact of age diversity on employee performance varies based on their age. 2. Employees' perception  
179 regarding the impact of gender diversity on employee performance varies based on their gender. 3. Employees'  
180 perception regarding the impact of educational level diversity on employee performance varies based on their  
181 educational level.

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

## 186 14 VII.

## 187 15 CONCLUSION

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

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191 Volume XXI Issue VIII Version I Year 2021 ( ) A banking sector of Bangladesh. However, age diversity does  
192 not affect employee's perceived performance. The results imply that a higher level of gender and educational  
193 level diversity may result in higher performance of employees. Therefore, banks may take initiatives to encourage  
194 gender and educational diversity. In addition, the study found that employees perceive these impacts differently  
195 based on their age, gender, and educational level.

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

200 This research may be used for further research to explore more dimensions of diversity. Moreover, the study  
201 considers only individual performance of employees. Therefore, more in-depth analysis can be done taking  
202 team dynamics into account. In addition, this study does not consider other factors that influence employee  
203 performance, such as -market scenario, economy, competition, etc. These factors can be explored in future  
204 researches to get more accurate results. Finally, more sectors can be explored to examine whether the results  
205 vary. <sup>1</sup>

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Age (years)	Range	Bachelor's Degree	Male Master's Degree	Post Graduate Diploma	Bachelor's Degree	Female Master's Degree	Post Graduate Diploma	Total
< 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

Figure 1: Table 1 :

2

Hypothesis No.	Mean	Std. Deviation	t	Df	Sig. (2-tailed)	Decision at $\alpha = 5\%$
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

Figure 2: Table 2 :

3

Dimension	Test Name	Value	df	Asymp. Sig. (2-sided)	Decision at $\alpha = 5\%$
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

Figure 3: Table 3 :



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