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Effect of Workforce Diversity on Employee Performance in Domestic Systemically Important Banks (DSIBs) in Nigeria

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Abstract

The increasing diversity amongst employees has prompted organizations to begin to craft their human resource strategy towards better diversity management which in turn will lead to greater employee performance. Conspicuous rapid development in global dynamics enhanced by ineludible economic interdependency, immigration and globalization has reinforced the social imperativeness and organizational impact of workplace diversity (WD) for the realization of strategic organizational goals.The main objective of this research is to investigate the effect of workforce diversity (age, gender and experience) on employee performance (employee engagement and employee satisfaction) in the five (5) Domestic Systemically Important Banks (DSIBs) in Nigeria. The study adopted survey research design methodology. Questionnaires was used to gather data from 1881 staff in branches of the five DSIBs from the six (6) geo-political zones in Nigeria. Regression analysis and Structural Equation Modelling (SEM) – Maximum Likelihood was used for data analysis. The results showed a significant positive relationship between workforce diversity (age, gender and experience) and employee performance. The findings of this study will give guidelines on the management of workforce diversity in the banking and financial sector towards improved employee performance.

Keywords: Workforce diversity, age diversity, experience diversity, gender diversity,employee satisfaction, employee engagement, employee performance

1. Introduction

Economic interdependency, immigration and globalization among others have heralded and unequivocally justified the continuous propensity of workplace diversity globally**(Li et al., 2020)**. Workforce Diversity (WD) refers to the acknowledgment, understanding, encouragement, promoting, appreciating, and celebrating the multiplicity of workforce identity-based demographics **(Kollen, 2019)**. Employee performance is the efficient and effective utilization of resources in a dynamic working environment **(Gowrishankar&Kanagaraj, 2017)**. It is the measure of output of an employee relative to inputs while efficiently and effectively utilizing available resources within the changing work environment. An increase in employee performance leads to organizational growth and profitability **(Osabiya, 2015)**. Notwithstanding the inevitability and reality of workplace diversity globally, documented studies have longed been contending its significance on Employee Performance (EP).

Some researchers have constantly stressed the existence of symbiotic relationship between WD and EP. According to these studies, recognizing and promoting mosaic of employees' workplace visible, invisible and latent social identities/demographics presents an organization with a pool of skills, competencies and knowledgeable staff, promotes creativity, activates problem-solving, increases commitment, catalyzes employee satisfaction, reduces absenteeism, bolsters competitive-edge, engenders innovation, among others **(Duchek, et al., 2019; Nnadi&Chinedu, 2019; Simbarashe, et al., 2019; Tamunomiebi&Ehior, 2019; Thompson, et al., 2019)**. This article highlights the impact of workforce diversity on employee performance in the selected five (5) domestic systemically important banks (DSIBs) in Nigeria. These DSIBs are Zenith Bank; Guaranty Trust Bank, Access Bank, First Bank and United Bank of Africa. The DSIBs are defined as "financial institutions whose distress or disorderly failure, because of their size, complexity and systemic interconnectedness, would cause significant disruption to the wider financial system and economic activity". Several researchers have investigated the workforce diversity – employee performance linkage considering various combination of proxies of workforce diversity from the social category dimension (gender, age, academic qualification, and ethnicity) as shown in works by **(Obamiro et al., 2019; Nkwocha et al, 2018; Kathimba&Anyieni, 2018; Rizwan et al., 2016; Saxena, 2014; Ugwuzor, 2014; Ehimare&Ogaga-Oghene, 2011).** None of the literatures reviewed has researched the effect of WD on DSIBs in Nigeria hence the need for the gap for this study.

2.Significance Of The Study

This study will have theoretical, practical, and empirical significance to the Nigeria Banking sector, the DSIB's management, private and public organizations and other Management body and researchers. Theoretically, the WD- Employee Performance link has not been substantially theorized in Nigeria Banking sector specifically considering the DSIBs. This study will present and review relevant theories and justify the theoretical relation between WD and employee performance. Thus, the outcomes of this study will help to expand the frontiers of knowledge in the impact of efficient diversity management on employee performance.In view of rising inflation rate, financial system instability and sluggish economic development of Nigeria among others, there is no gainsaying that the Nigeria banking sector has not fully delivered on its stated objectives. Therefore, practically, the outcomes of this study are strategically imperative in ensuring improved employee performance by reshaping decision-making by management and staff of the DSIBs with regards to improving performance through WD.The findings of this study will be practically useful in ensuring symmetric age-diversity, balanced gender-diversity and work-related experience diversity.Empirically, limited works exist on WD-employee performance link in Nigeria despite growing body of international studies. Besides, existing studies have been mixed in their findings. Thus, this study serves as a foundation and also provides a database for future studies.

3.Review Of Related Studies

Munjuri&Maina (2013) in their work on the effect of workforce diversity management on employee performance in the banking industry in Kenya used a combination of purposive sampling technique and stratified random sampling technique to select respondents for their survey. Analyzing the data gathered, they concluded that workforce diversity (gender, age, and level of education) has a varying effect on employee performance in both managers and non-managerial employees. Corroborating their findings, **Kathimba&Anyieni (2018)** in their study on the effect of workforce diversity on performance using National Police Service in Nakuru county in Kenya surveyed 132 respondents (stratified random sampling). Data collected was analyzed using regression analysis and the outcome showed that ethnicity, age and education diversity have a positive effect on performance but on the contrary, **Mwatumwa (2015)** in his work on county government of Mombasa Kenya, using mixed method research design (questionnaires & interviews) collected data from seven (27) senior staff of the county using Pearson's correlation coefficient to determine the relationship between the variables concluded that gender, ethnicity, and educational diversity does not affect employee performance in the county of Mombasa (Kenya).

Rizwan et al., (2016) considered the Pakistani banking sector in their work on the impact of workforce diversity on employee performance surveying two hundred and three (203) respondents using simple random sampling technique. Pearson correlation coefficient and regression analysis was used to analyze the data collected. The research showed that gender and ethnicity diversity have positive and significant impact on employee performance, but age and educational background has no significant effect on performance. This was supported by the work of **Chaudhry &Sharman (2017)** in their work on the role of gender and ethnicity diversity on performance of the employee. Using survey research design method questionnaires were administered to three hundred (300) respondents from five (5) IT companies in Delhi and NCR. Pearson correlation coefficient was used to analyze the data and it was revealed that there is a significant positive impact of gender and ethnicity diversity on the performance of employees in the organization.

4.Objectives Of The Study

The main objective of this study is to examine the effect of workforce diversity (WD) on employee performance in the five (5) DSIBs. The specific objectives are to:

i. Examine the effect of age-diversity on employee engagement in Nigerian DSIBs.
ii. Assess the effect of experience-diversity on employee engagement in Nigerian DSIBs.
iii. Determine the effect of gender-diversity on employee engagement in Nigerian DSIBs.
iv. Examine the effect of age diversity on employee satisfaction in Nigerian DSIBs.
v. Assess the effect of experience-diversity on employee satisfaction in Nigerian DSIBs.
vi. Determine the effect of gender-diversity on employee satisfaction in Nigerian DSIBs.

5.Hypotheses Of The Study

H_{01}: Age-diversity has no significant effect on employee engagement in the DSIBs in Nigeria?
H_{02}: Experience -diversity has no significant effect on employee engagement in the DSIBs in Nigeria?
H_{03}: Gender-diversity has no significant effect on employee engagement in the DSIBs in Nigeria?
H_{04}: Age-diversity has no significant effect on employee satisfaction in the DSIBs in Nigeria?
H_{05}: Experience-diversity has no significant effect on employee satisfaction in the DSIBs in Nigeria?
H_{06}: Gender-diversity has no significant effect on employee satisfaction in the DSIBs in Nigeria?

6.Population And Sample

The study population covers all the staff of the five (5) DSIBs (Domestic Systemically Important Banks) in Nigeria. The researchers used simple random sampling technique and randomly selected 1896 (One thousand eight hundred and ninety-six) staff of DSIBs in Nigeria. To increase the rate of response, the total sample size was increased by 10% which is in agreement with **Taherdoost (2017)** which brings the grand total of sample size to 2,086 (Two thousand and eighty-six).

6.1.Statistical Techniques Used in the Present Study

Descriptive statistics, frequency tables, means and standard deviations were used to present the data. For face validity, senior academics in the Department of Business Administration, Nile University were approached to critique the questionnaire for comments on the questionnaire's representativeness and suitability. To assess the validity of the instrument, draft copies of the questionnaire were given to three (3) Professors of Management Department who are familiar with the constructs for their advice. Data for this study was collected from different categories of employees of the five (5) DSIBs in Nigeria through a well-structured questionnaire on a five-point Likert scale. A total of 2086 questionnaires were administered to the respondents of the 5 DSIBs in the senior, middle and junior cadres. A total of 1881 valid questionnaires were returned for final analysis which accounted for 90.2% response rate. The data collected was processed and analyzed using Structural Equation Modelling (SEM) – Maximum Likelihood.

6.2.Data Analysis and Interpretation

The descriptive statistics of 1881 respondent's personal data from the questionnaires distributed to measure model construct as shown in Table 1 below.

Items	Options	Frequency	Percent
Gender	Male	995	52.9
	Female	886	47.1
Age-group	20-29 years	636	33.8

	30-39 years	864	45.9
	40-49 years	371	19.7
	50-59 years	10	0.5
Bank of Employment	Guaranty Trust Bank Plc	345	18.3
	Zenith Bank Plc	396	21.1
	UBA Plc	360	19.1
	First Bank of Nigeria Plc	400	21.3
	Access Bank Plc	380	20.2
Staff-categorization	Senior Staff	177	9.4
	Middle level Staff	831	44.2
	Junior level Staff	863	45.9
Length of service in your organization	0-5 years	804	42.7
	6-10 years	552	29.3
	11 years & above	525	27.9
Highest educational level attained	WAEC/OND	114	6.1
	Graduate Degree	1138	60.5
	Master's Degree	619	32.9
	Others	10	0.5

Table 1 Descriptive Statistics of Respondents Personal Data

Partial Least Square (PLS)- Structural Equation Modeling software was used to test the proposed model. PLS is considered more suitable that other method of analysis especially when the conceptual model is considered complex and includes many constructs with formative indicators.

Hypothesis Testing

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Structural equation model                       Number of obs     =      1,881
Estimation method  = ml
Log likelihood     = -8969.1103
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	Coef.	OIM Std. Err.	z	P>|z|	[95% Conf.	Interval]
Structural						
EME						
AGD	.0490885	.0232964	2.11	0.035	.0034283	.0947487
EXD	.2456696	.0269339	9.12	0.000	.1928802	.298459
GED	.3823454	.0207572	18.42	0.000	.3416621	.4230286
_cons	.9270839	.1065686	8.70	0.000	.7182132	1.135955
EMS						
AGD	.1263818	.0267936	4.72	0.000	.0738673	.1788962
EXD	.3057789	.030977	9.87	0.000	.245065	.3664928
GED	.2663113	.0238731	11.16	0.000	.2195208	.3131018
_cons	.7742621	.1225662	6.32	0.000	.5340367	1.014487
var(e.EME)	.3509001	.0114421			.3291757	.3740583
var(e.EMS)	.4641585	.0151352			.4354222	.4947913

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LR test of model vs. saturated: chi2(1)   =    476.98, Prob > chi2 = 0.0000
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H_{01}: Age-diversity has no significant effect on employee engagement in the DSIBs in Nigeria.

Age-diversity has no significant effect on employee engagement in the DSIBs in Nigeria. The variable age-diversity has a regression coefficient 0.0490885. This implies that the age-diversity has a positive impact on the employee engagement in the DSIBs in Nigeria. Thus, suggesting that an increase/change in age-diversity of the DSIBs, could result to about 0.0490885 unit increase in the level of employee engagement as a measure of the employee performance as perceived by the employees. Furthermore, the age-diversity has a p-value of 0.035 which is less than 0.05 (5%) level of significance thus implies that the coefficient is statistically significant. Hence, the null hypothesis **"Age-diversity has no significant effect on employee engagement in the DSIBs in Nigeria" is REJECTED**. We therefore conclude that age-diversity has a positive significant relationship with employee engagement which is a measure of employee performance in the DSIBs in Nigeria.

H_{02}: Experience-diversity has no significant effect on employee engagement in the DSIBs in Nigeria.

Experience-diversity has no significant effect on employee engagement in the DSIBs in Nigeria. The variable experience-diversity has a regression coefficient 0.2456696. This implies that the experience-diversity has a positive impact on the employee engagement in the DSIBs in Nigeria. Thus, suggesting that an increase/change in experience-diversity of the DSIBs, could result to about 0.2456696 unit increase in the level of employee engagement as a measure of the employee performance as perceived by the employees. Furthermore, experience-diversity has a p-value of 0.000 which is less than 0.05 (5%) level of significance thus implies that the coefficient is statistically significant. Hence, the null hypothesis **"Experience-diversity has no significant effect on employee engagement in the DSIBs in Nigeria" is REJECTED**. We therefore conclude that experience-diversity has a positive significant effect on employee engagement which is a measure of employee performance in the DSIBs in Nigeria.

H_{03}: Gender-diversity has no significant effect on employee engagement in the DSIBs in Nigeria.

Gender-diversity has no significant effect on employee engagement in the DSIBs in Nigeria. The variable gender-diversity has a regression coefficient 0.3823454. This implies that the gender-diversity has a positive impact on the employee engagement in the DSIBs in Nigeria. Thus, suggesting that an increase/change in gender-diversity of the DSIBs, could result to about 0.3823454 unit increase in the level of employee engagement as a measure of the employee performance as perceived by the employees. Furthermore, the gender-diversity has a p-value of 0.000 which is less than 0.05 (5%) level of significance thus implies that the coefficient is statistically significant. Hence, the null hypothesis **"Gender-diversity has no significant effect on employee engagement in the DSIBs in Nigeria" is REJECTED**. We therefore conclude that gender diversity has a positive significant effect on employee engagement which is a measure of employee performance in the DSIBs in Nigeria.

H_{04}: Age-diversity has no significant effect on employee satisfaction in the DSIBs in Nigeria.

Age-diversity has no significant effect on employee satisfaction in the DSIBs in Nigeria. The variable age-diversity has a regression coefficient 0.1263818. This implies that the age-diversity has a positive impact on the employee satisfaction in the DSIBs in Nigeria. Thus, suggesting that an increase/change in age-diversity of the DSIBs, could result to about 0.1263818 unit increase in the level of employee satisfaction as a measure of the employee performance as perceived by the employees. Furthermore, age-diversity has a p-value of 0.000 which is less than 0.05 (5%) level of significance thus implies that the coefficient is statistically significant. Hence, the null hypothesis **"Age-diversity has no significant effect on employee satisfaction in the DSIBs in Nigeria" is REJECTED**. We therefore conclude that age-diversity has a positive significant effect on employee satisfaction which is a measure of employee performance in the DSIBs in Nigeria.

H_{o5}: Experience-diversity has no significant effect on employee satisfaction in the DSIBs in Nigeria.

Experience-diversity has no significant effect on employee satisfaction in the DSIBs in Nigeria. The variable experience-diversity has a regression coefficient 0.3057789. This implies that the experience-diversity has a positive impact on the employee satisfaction in the DSIBs in Nigeria. Thus, suggesting that an increase/change in experience-diversity of the DSIBs, could result to about 0.3057789 unit increase in the level of employee satisfaction as a measure of the employee performance as perceived by the employees. Furthermore, the age-diversity has a p-value of 0.000 which is less than 0.05 (5%) level of significance thus implies that the coefficient is statistically significant. Hence, the null hypothesis **"Experience-diversity has no significant effect on employee satisfaction in the DSIBs in Nigeria" is REJECTED**. We therefore conclude that experience diversity has a positive significant effect on employee satisfaction which is a measure of employee performance in the DSIBs in Nigeria.

H_{06}: Gender-diversity has no significant effect on employee satisfaction in the DSIBs in Nigeria.

Gender-diversity has no significant effect on employee satisfaction in the DSIBs in Nigeria. The variable gender-diversity has a regression coefficient 0.2663113. This implies that the gender-diversity has a positive impact on the employee satisfaction in the DSIBs in Nigeria. Thus, suggesting that, with an increase/change in gender-diversity of the DSIBs, could result to about 0.2663113 unit increase in the level of employee satisfaction as a measure of the employee performance as perceived by the employees. Furthermore, the gender-diversity has a p-value of 0.000 which is less than 0.05 (5%) level of significance thus implies that the coefficient is statistically significant. Hence, the null hypothesis **"Gender-diversity has no significant effect on employee satisfaction in the DSIBs in Nigeria" is REJECTED**. We therefore conclude that gender-diversity has a positive significant effect on employee satisfaction which is a measure of employee performance in the DSIBs in Nigeria.

7.Recommendations

- Management should encourage that teams should be made up of different age groups. to boost performance of both the employees and the organization as a whole
- Management should start embracing knowledge skills and experience of employees to enjoy the benefits of age diversity seeing that each generation possess different skills and talent that they come with into the organization.
- Organizations should offer diversity training to all employees that will also deal with implicit bias within employees.
- Management should ensure that employees are properly educated on the present or existing initiatives and programs of diversity available and its importance to the growth of the organization.
- Management should continue to promote equal employment and opportunity for career growth for all gender. diversity and employee satisfaction. Experience diversity comes with its benefits that can enhance employee satisfaction.

8.Conclusion

Following the findings from this study, it can be reasonably concluded that the workforce diversity proxies examined (age, gender and experience) have significant and positive effect on employee performance (employee engagement and employee satisfaction) in DSIBs in Nigeria. As Banks operating in competitive markets seek to continually enhance their performance **(Zacca et al., 2015)**, the factors that support the enhancement of such performance occupies the strategic management literature. Scholars have recognized the important role that the management of diversity plays towards driving employee performance in the organization. However, this relationship is not yet well understood, and studies have sought to examine various contingencies that might mediate or mediate this relationship.Designing a model reflective of the literature on WD and Employee Performance, it was found that WD is positively related to employee performance and organizational culture mediates this relationship. As such, the study concluded that WD proxies influences employee performance through organizational culture. This study has contributed to the research field in two main areas: First, the study confirmed that the proxies of WD examined positively influences employee engagement and satisfaction and secondly, it confirmed that organizational culture positively mediates the WD – EP relationship in DSIBs in Nigeria.

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