

Workforce Diversity and Its Impact on Organizational SuccessLal Mani Pokhrel¹¹Teaching Assistant, Faculty of Management, Tribhuvan University, Mahendra Multiple Campus, Nepalgunj¹Corresponding Author: pokhrelmani.lpr@gmail.com

Article History: Received: Nov. 28, 2022

Revised: Jan. 12, 2023

Received: Jan 17, 2023

Abstract

This study examines how employee performance in Nepalese commercial banks serves as a proxy for organizational success to determine the benefits of workforce diversity. The study employed a descriptive and causal comparative research methodology to examine the employees of Bank of Kathmandu Ltd., established in Banke and Bardiya District, in order to determine the relationship between dependent factors, such as employee performance, and independent variables (i.e. age diversity, gender diversity, ethnic diversity, and level of education). The study is based on first-hand information. The descriptive design aids in determining the employees' basic backgrounds, and the casual comparative research design aids in determining the impact and connections between each independent variable and dependent variable. The research reveals that all independent variables—including age, gender, ethnicity, and educational attainment—have a statistically significant positive connection with the dependent variable (i.e. organization effectiveness). There are increased chances of establishing organizational success there as each group's diversity grows, and vice versa. Similar to how all independent variables have an effect on dependent variables, such as organization effectiveness, are age diversity, gender diversity, ethnic diversity, and degree of education. As a result, the effectiveness of the organization is influenced by each of the independent variables.

Keywords: Diversified workforce, organization effectiveness, employee performance, employee perception

Introduction

Diversity may be described as the recognition, understanding, and acceptance of individual differences regardless of color, gender, age, social status, ethnicity, physical ability, or other characteristics. The fundamental distinctions between different people can be seen in the key dimensions like age, gender, sexual orientation, and so forth. These key differences act as filters through which people view the rest of the world and have the biggest impact on first interactions. The characteristics that may change over time are those that aren't readily visible during the initial meeting, like wealth, location, religion, and education. It's the traits that aren't immediately apparent in the initial meeting, such as religion, education, geographic area, or wealth, that might shift over time. Only after a few meetings between individuals are these traits revealed (Aston, 2000). However, just a few aspects of variety, such as age, gender, ethnicity, and educational attainment, are considered in this research.

Empirical research indicates that workforce diversity has conflicting implications on an organization's effectiveness. Variety appears to be a two-edged sword, increasing the potential for innovation but also increasing the likelihood that group members may be unhappy and fail to connect with the group, according to Milliken and Martins. Diversity has reportedly been associated with improved strategic decision-making, higher innovation, and improved organizational performance.

Banking is a dynamically expanding business. The banking sector's fast development has created several issues, including a lack of employee diversity. This is a natural occurrence that may have both beneficial and negative effects on organizational effectiveness, depending on how effectively it is managed. Efficient employee capital has traditionally been regarded as the heart of a business organization because they may not only ignite organizational greatness but also serve as a cornerstone for the constancy of optimal company performance. Most banking firms fail in this area because bringing together a diverse workforce to operate as a team has been unproductive in terms of dealing with various aspects, policy making, training, exposure, and approach to particular and overall goals.

According to Choy (2012), when team members are able to understand and accept one another as well as draw from one another's experiences, knowledge, and opinions, diversity results in synergistic performance. A common social reality can be created by identifying underlying cultural assumptions, determining and properly explaining alternative solutions that are culturally synergistic, and establishing norms for interaction, according to the findings. Effective communication also helps members evaluate problems and situations from a variety of perspectives and identify underlying cultural assumptions.

There have been relatively few studies on labor diversity in Nepal. Nepal, like many other countries throughout the world, is ethnically diverse and distinguished by several differences that are reflected in workplaces. According to the Social Inclusion Action Group (SIAG), males are significantly more likely than women to hold roles in the international agency workforce for each identification group. The greatest discrepancies occur for women from the Madhesi Dalit, Muslim, and "Other" communities, who have the fewest proportional percentages of jobs in international organizations.

The preceding explanation demonstrates that the research dealing with the influence of workforce diversity on organizational success is more important. Existing managers may benefit from understanding workforce diversity by assessing the influence of age, gender, ethnicity, degree of education, and other diversity indicators on employee performance. Though there are several conclusions stated above in the context of other nations, there are few discoveries in the context of Nepal utilizing more current data. In order to better understand how workforce diversity affects organizational effectiveness in Nepalese commercial banks, this study will look at the topic.

Objective of the Study

The main objective of this study was to determine the influence of employee diversity on Bank of Kathmandu Pvt. Ltd.'s organizational effectiveness. The following are the study's specific objectives:

- To determine the link between various parameters and the performance of Bank of Kathmandu Ltd. employees.
- To analysis the relationship between the Bank of Kathmandu Ltd.'s diversity elements and employee performance.
- To analysis which of the diversity variables has the most impact on Bank of Kathmandu Ltd's organizational efficiency.

Review of Literature

Workforce diversity is the diverse makeup of a company's workforce, including differences in age, gender, language, ethnicity, education level, marital status, and other factors. To provide value to an organization, managing this variety is essential. Workforce diversity will produce positive outcomes if it is managed well. It is possible that if it is not treated appropriately, it will have a negative impact (Dongol, 2022). The issue of organizational commitment has become increasingly important over time, especially since globalization has increased job opportunities both inside and beyond the country (Gautam, Met, & Ali, n.d.).

According to data on staff makeup, men from specific ethnic groups/communities dominated professional roles, while women predominated in support roles. Although workplace diversity is increasing, the solutions for dealing with it are mostly explicit and concentrated on stereotyped outcomes like age cohorts. When stereotypes are present, findings may be skewed, producing results that are inconsistent with real-world circumstances. This study offers a verified model of diversity management that goes beyond stereotypes. It begins with a thorough examination of the literature in the fields of leadership, psychology, employee engagement, and academic diversity (Spronck, 2019).

Companies that view diversity as an essential strategy rather than an expense will benefit from lower attrition and higher earnings much more than those that do not (Brown, and Stalinski, 2012). There is evidence, as illustrated by Choy, that when team members can understand and accept one another and gain from one another's experiences, knowledge, and viewpoints, diversity results in synergistic performance. Representatives would have been able to effectively communicate while assessing complex situations from various points of view, make decisions about underlying cultural presumptions and establish a shared social reality, identify and adequately explain culturally synergistic alternative solutions, and establish communication norms.

Jha (2009) In this study, the author stated that the most essential asset of any business is a diverse staff since a diverse workforce is effective at problem solving because they contribute various and unique ideas, giving the firm a competitive advantage. Furthermore, the author concentrated on making the workforce happier by gaining a thorough awareness of each individual's expectations and wants.

The afro-mentioned researchers have studied different aspects of diversity in workforce but nobody has studied the diversity and its impact in financial organizations like banking. To fulfill the research gap, this researcher has raised the novel issue of workforce diversity and its impact in Bank of Kathmandu, Nepal.

Methodology

Research Design

The study used a descriptive research methodology to gather information on the factors impacting the performance of Nepalese commercial bank employees. The causal research design was also employed in this study to investigate the cause-and-effect link between the diversity of the workforce and the performance of Nepalese commercial banks.

Population and Sampling

The study has conducted with the employee of Bank of Kathmandu Ltd within the Bankand Bardiya District. The questionnaires were distributed to the concerned Branch Manager of each branch to responds on behalf of their employees in terms of organization effectiveness. There are altogether 5 branches which were taken into the study and the total number of sample taken was 45. The sample includes the co- workers working in Bank of Kathmandu and the Branch Managers were not included. They were taken as a panel judge for the respondents.

Sampling Technique

In this study, which aims to identify the workforce diversity of individuals working in an organization to enhance organizational success, the purposive judgmental sample technique is applied.

Nature and Sources of Data

A structured questionnaire was used to collect primary data from financial institution workers. Similarly, secondary data were collected from books, journals, papers reports etc. Since this was an exploratory primary level analysis, data will gather in the primary level by means of a demand of the study.

Data Analysis Procedure

The profitability of commercial banks is described, measured, compared, and categorized in the study using a descriptive financial analysis, correlation, and regression analysis. Data computations were made using the SPSS 17 program and standard calculations were made using Microsoft Excel.

Description and Analysis

Below table shows the personal profile of the respondents. Regarding the gender of the respondents, majority of the respondents (49.50 percent) are males followed by 50.5 percent of the female respondents. In the category of marital status, majority of respondents (50.50 percent) are married followed by unmarried (47.50 percent) and divorced (2.00 percent). There are four groups based on the respondents' ages. Majority of the respondents are from age group of 21-30

years (63.40 percent) followed by age group of 31-45 years (31.70 percent), below 20 years (3.00 percent) and age group 46-60 years (2.00 percent).

In the category of academic qualification, majority of respondents (47.50percent) are master's degree holders followed by bachelor's degree (33.70 percent), M. Phil (10.90 percent), Intermediate (5.90 percent), SLC and below (1 .00 Percent) and PhD (1.00 percent).

Table 1

Demographic Characteristics of the Respondents

Respondent's character	No. of responses
Gender	
Male	27
Female	18
Total	45
Marital Status	
Married	36
Unmarried	9
Total	45
Age (years)	
Below 30	11
31-35	20
Above 35	14
Total	45
Academic Qualification	
Master and above	23
Bachelors	16
Intermediate and below	6
Total	45
Income (in Rs.)	
Below 30000	6
30001-40000	16
40001-60000	18
60001 and above	5
Total	45

This section contains data on the employee performance of Nepalese commercial banks based on a variety of parameters. Respondents were questioned about the influence of workforce diversity on organizational effectiveness at BOK branches in the Banke and Bardiya districts.

The majority of the respondents (88.4 percent) believed that they enjoyed their tasks and the divisions work approach whereas some respondents (11.1 percent) are neutral on the statement and rest 4.4 percent of the respondents disagree on the statement. Likewise, majority of the respondents (88.9 percent) agreed on the statement “I cooperate well with my colleagues of different ethnicity”. However, others (6.7 percent) are neutral on the statement and rest (4.4 percent) of the respondents disagrees on the statement.

According to the table, the majority of respondents (84.5%) believed that people of the opposite gender could do well and that they would enjoy working with them. However, some of the respondents (11.1 percent) are neutral on the statement and rest (4.4 percent) of the respondents disagrees on the statement. Likewise, majority of the respondents (91 percent) agreed on the statement “By learning more skills through courses/training, I can improve my task performance.” However others (6.8 percent) are neutral on the statement and the rest (2.2 percent) disagree on the statement. According to the table, the majority of respondents (86.7%) said that strong staff performance was crucial for the organization's continued expansion. However, some respondents (8.9 percent) have an unfavorable opinion of the statement, while the remaining respondents (4.4 percent) do not.

Table 2 displays the employee performance's percentage, frequency, and mean. Five point Likert scales are used to evaluate the claim (1 as strongly agree, 2 as agree, 3 as neutral, 4 as disagree and 5 as strongly disagree)

Table 2
Employee Performance

Statement		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N	Mean
He or she likes the way the divisions work and my assignments.	F	21	17	5	-	2	45	1.79
	%	46.7	37.8	11.1	-	4.4	100	
	A	84.5		11.1		4.4		
	%							
He or she works nicely with my coworkers of different racial backgrounds.	F	10	30	3	1	1	45	1.88
	%	22.2	66.7	6.7	2.2	2.2	100	
	A	88.9		6.7	-	4.4		
	%							
They prefer working with people of the	F	8	30	5	-	2	45	2.09
	%	17.8	66.7	11.1	-	4.4	100	
	A	84.5		11.1	-	4.4		

opposite gender since they can perform well.	%								
He/she can enhance my task performance by acquiring new abilities through courses and training.	F	13	28	3	-	1	45	1.79	
	%	28.8	62.2	6.8	-	2.2	100		
	A	91		6.8	-	2.2			
	%								
For an employee's organization to continue growing, good performance is crucial.	F	22	17	4	-	2	45	1.70	
	%	48.9	37.8	8.9	-	4.4	100		
	A	86.7		8.9	-	4.4			
	%								
Mean Weighted Average								1.85	

From a minimum of 1.79 to a maximum of 2.09, the mean level of employee performance. With a mean value of 1.79, the most significant observation made by respondents about an employee's performance is "By learning more skills through courses or training, He/she can improve my task performance," while the least significant observation is "Opposite gender can perform well and He/she enjoys working with them" with a mean value of 2.09.

Weighted average mean for the employee performance 1.85, which indicate that workforce diversity affect the employees performance. It also indicates that workforce diversity significantly affects employee performance.

The proportion, frequency, and mean of age diversity are displayed in table 3 below. Five Likert scales are used to measure the statement based. There are five levels of disagreement: strongly agree, disagree, neutral, disagree, and strongly disagree.

Table 3*Impact of Age Diversity on Employee Performance*

Statement		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N	Mean
The expertise of young employees with high tech tools helps older employees to improve their knowledge on latest technologies.	F	20	19	4	-	2	45	2.11
	%	44.5	42.2	8.9	-	4.4	100	
The mentoring by older employees benefited young employees in acquiring job skills	A%	86.7		8.8		4.4		
	F	8	32	5	-	-	45	2
My team members include all members at different ages in problem solving and decision making.	%	17.8	71.1	11.1	-	-	100	
	A%	88.9		11.1				
The age difference in work group might cause conflict.	F	10	28	5		2	45	2.08
	%	22.2	62.3	11.1		4.4	100	
	A%	84.5		11.1		4.4		
	F	20	36	35		30	45	3.43
	%	19.8	35.6	24.8		19.8	100	
	A%	55.4		24.8		19.8		

The majority of respondents (86,7%) concur that older employees' understanding of the most recent technologies is improved by the young employees' proficiency with high-tech instruments (8,8%) of respondents have an unfavorable opinion of the statement. The remaining respondents (4.4%) disagreed with the statement. Likewise, majority of the respondents agreed on the statement that “The mentoring program by older employees benefited young employees in acquiring job skills.”(11.1 percent) are neutral on the statement. However, none of the respondents disagreed on the statement.

The age diversity's mean value spans from a minimum of 2.00 to a maximum of 3.43. Among them, the most significant observations of the respondents regarding the age diversity is “The mentoring program by older employees benefited young employees in acquiring job skills.” with mean value of 2.00 whereas the most insignificant observation is “The age difference in work group might cause conflict,” with mean value of 3.43. Weighted average mean value for age diversity is 2.48, which indicate that age diversity has impact on employee performance.

Table 4 displays the gender diversity's proportion, frequency, and mean. Five-point Likert scales are used to evaluate the statement: 1 for strongly agreeing, 2 for agreeing, 3 for neutrality, 4 for disagreeing, and 5 for strongly disagreeing.

Table 4*Impact of gender diversity on employee performance*

Statement		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N	Mean
The employee have not been discriminated by employer while hiring and recruitment process on gender basis	F	12	20	10	-	3	45	2.15
	%	26.7	44.4	22.2	-	6.7	100	
Gender diverse team showed better problem solving and decision making skills than gender homogeneous team	A%	70.1		22.2		6.7		
	F	7	25	11		2	45	2.07
Fair treatment is given to all employees,	%	15.6	55.6	24.4	-	4.4	100	
	A%	71.2		24.4		4.4		
Fair treatment is given to all employees,	F	14	20	9		2	45	1.98
	%	31.1	44.4	20		4.4	100	
	A%	75.5		20		4.4		

whether they are male or female								
Opportunities for growth and advancement exist for woman in organization.	F	11	20	12	2	45	1.65	
s/he did not experience stress in last 12 months due to gender diversity issues in my workplace	%	24.4	44.4	26.7	4.4	100		
Weighted Average Mean	A%	68.8		27.7	4.4			
	F	7	23	10	5	45	2.42	
	%	15.6	51.1	22.2	11.1	100		
	A%	66.7		22.2	11.1			2.05

The majority of respondents (70.1%) agreed that employers had not discriminated against employees based on their gender during the recruiting and recruitment process, while some respondents (22.2%) expressed no opinion. 6.7% of the remaining responders disputed the statement. The majority of respondents (71.2%) also believed that gender varied teams had superior problem-solving and decision-making abilities compared to gender homogeneous teams. However, some respondents (24.4%) were ambivalent about the assertion, while the remaining respondents (4.4%) disagreed.

Weighted average mean value for the gender diversity is 2.05, which indicate that gender diversity affects employee performance. It also indicates that gender diversity significantly affects employee performance. The percentage, frequency, and mean of the ethnic variety are shown in table 5. Five-point Likert scales are used to evaluate the statement, with 1 denoting strong agreement, 2 agreeing, 3 neutral, 4 disagreeing, and 5 strongly disagreeing.

Table 5*Impact of Ethnic Diversity on Employee Performance*

Statement		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N	Mean
The employee have not been discriminated by employer while hiring and recruitment process on ethnicity basis	F	12	20	10		3	45	2.15
	%	26.7	44.4	22.2	-	6.7	100	
Ethnic diverse team showed better problem solving and decision making skills than gender homogeneous team	A%	71.3		22.2		6.7		
Fair treatment is given to all employees, whether they are different ethnic group	F	7	25	11		2	45	2.07
	%	15.6	55.6	24.4	-	4.4	100	
Opportunities for growth and advancement exist for different ethnic group in organization.	A%	71.2		24.4		4.4		
	F	13	21	9		2	45	1.98
	%	28.9	46.7	20		4.4	100	
	A%	75.6		20		4.4		
	F	8	21	13		3	45	1.65
	%	17.7	46.7	28.9		6.7	100	
	A%	64.4		28.9		6.7		

The majority of respondents (71.3 percent) agreed with the statement that minorities in their organization had opportunities for growth and progress, while some respondents (22.2 percent) expressed no opinion. The rest of the respondents (6.7 percent) disagreed on the statement. Likewise, majority of the respondents (71.2 percent) agreed that their organization concerns about the employees customs, cultures and values. However, others (24.4 percent) of the respondents are indifferent on the statement and rest (4.4 percent) disagreed on the statement.

Weighted average mean value for the ethnic diversity is 2.05, which indicate that the ethnic diversity affects the employee performance.

The proportion, frequency, and mean of education level are shown in table 6 below. Five-point Likert scales are used to evaluate the statement, with 1 denoting strong agreement, 2 agreeing, 3 neutral, 4 disagreeing, and 5 strongly disagreeing.

Table 6
Impact of Level of Education on Employee Performance

Statement		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N	Mean
Qualification is a discriminatory factor in the organization.	F	9	24	10	-	2	45	2.13
	%	20	53.3	22.2	-	4.4	100	
	A%	73.3		22.2	-	4.4		
The recruitment plan of organization is based on educational background of employees.	F	10	23	9	-	3	45	2.08
	%	22.2	51.1	20	-	6.7	100	
	A%	73.3		20	-	6.7		
The organization provides paid study leave to employees who. Further their education.	F	7	16	14	-	8	45	2.69
	%	15.6	35.6	31.1	-	17.8	100	
	A%	51.1		31.1	-	17.8		
The difference in educational background does not encourage conflict.	F	7	20	13	-	5	45	2.47
	%	15.6	44.4	28.9	-	11.1	100	
	A%	60		28.9	-	11.1		
At work, I experience lack of confidence due to my educational background.	F	6	18	10	-	11	45	2.39
	%	13.3	40	22.2	-	24.4	100	
	A%	53.3		22.2	-	24.4		
Weighted Average Mean								2.39

Qualification is a discriminatory factor in the organization, according to the majority of respondents (73.3%), but some respondents (22.2%) disagreed with the assertion. 4.4% of the remaining responders disputed the statement. Similarly, the majority of respondents (73.3 percent) concurred that an organization's hiring strategy is centered on applicants' educational backgrounds. Others (6.7%) disagree with the statement, while the remaining respondents (20%) are undecided.

In addition to their education, the majority of respondents (51.1%) thought it was accurate, while some respondents (31.1%) were neutral on the statement and 17.8% of respondents disagreed.

Table 7

Pearson's Correlation Matrix for the Dependent and Independent Variables

Variables	Mean	Std. Deviation	AD	GD	ED	E	EP
AD	2.235	0.511	1				
GD	2.192	0.587	0.358** (0.001)	1			
ED	2.259	0.623	0.277** (0.000)	0.570 ** (0.000)	1		
E	2.422	0.706	0.203 * (0.032)	0.625 ** (0.002)	0.406 ** (0.000)	1	
EP	1.853	0.434	0.285** (0.001)	0.424** (0.000)	0.417** (0.003)	0.316** (0.005)	1

Correlation is significant at the 0.01 level (2-tailed).

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

According to Table 7, the average value of age diversity is 2.235, whereas the average value of gender diversity is 2.192. Similar average values can be found for educational attainment (2.422), ethnic diversity (2.259), and employee performance (1.85).

Table 7 displays the Pearson correlation between the explanatory variable, age, gender, ethnicity, and degree of education, and the dependent variable, employee performance. Because the P-value is smaller than the alpha, or 0.001 0.01, the table shows a significant link between employee performance and age diversity at the significance threshold of 0.01. Additionally, a positive association between employee performance and age diversity may be seen by looking at the Pearson correlation value between the two variables, which is 0.285.

Because the P-value is smaller than the alpha, or 0.001 0.05, it is clear that there is a significant link between employee performance and educational attainment at the significance level of 0.01. Additionally, the variable's Pearson correlation value of 0.316 indicates a favorable link between employee performance and educational attainment. As a result, employee performance is significantly influenced by education level.

Conclusion

One of the most important and fascinating topics in the study of organizational behavior today is the impact of staff diversity on organizational performance. Businesses that employ a diverse staff must do better than those that do not in today's competitive and global environment. The term "workforce diversity" describes the distinctive similarities and differences among employees. Age diversity, gender diversity, ethnic diversity, and level of education all have a substantial positive correlation with the organizational effectiveness of commercial banks in Nepal when all the factors are taken into account. This study found that, in order to attract and hire the best qualified workers from a diverse workforce, workforce diversity is crucial for human resource management in the banking industry. Finally, the study found a positive correlation between employee performance and all of the parameters examined, including age, gender, ethnicity, and level of education, proving that workforce diversity has a favorable impact on organizational success. The study contends that workforce diversity fosters better understanding of cultural distinctions and promotes improved interethnic communication. Finally, this study will add to the body of knowledge regarding organizational effectiveness and worker diversity in Nepalese commercial banks. In the conclusion, the study found that all of the independent variables significantly impacted and were related to improving organizational effectiveness. As a result, the management should concentrate on these factors to accomplish the organization's goals in a competitive manner.

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