

Effect of Organizational Factors on the Relationship between Workforce Diversity and Organizational Performance in Elgeyo Marakwet County, Kenya

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Abstract

County governments face many challenges when dealing with workforce diversity and this prevented them from developing and employing diverse workforce to work with them. Performance of County Governments has largely been affected by organizational factors. County Governments are facing challenges when dealing with organizational factors in their organizations especially the organizational environment and organizational culture. So far there is still limited information as regards to organizational factors in many organizations. The objective of the study was to establish the extent to which organizational factors affects the relationship between workforce diversity and organizational performance of Elgeyo Marakwet County, Kenya. The study used descriptive research design. The study location was in Elgeyo Marakwet County, Kenya which is located in former Rift Valley Province in Northern part of it and the population consisted of 2,155 employees of Elgeyo Marakwet County, Kenya. The sample size was 400 employees. The sample was chosen through simple random sampling. The response rate of the study was 84.3% of the realized target. Reliability of the results was determined by the test-retest approach. Validity of the research instruments was established by using Elgeyo Marakwet County. Data was analyzed using descriptive statistics and inferential statistics. The hypothesis was tested using simple linear regression at 95% confidence level. The study revealed that age diversity has a positive effect on organizational performance of Elgeyo Marakwet County, Kenya.

Keywords: workforce diversity, organizational factors, organization performance

1.1 Introduction

With the increased globalization and competition, age diversity in all organizations has become increasingly homogeneous. The change in technology on the employment of workforce according to their age has brought the increase in economy in most organizations and has led to increase in organizational performance and the organizational image. Organizations, businesses, educational systems, religious and other entities are looking for ways to better serve their constituents, bring people together and to attract and retain the best and most qualified workforce in organizations. The countries increasing competition requires more interaction among people from diverse age groups than before. People no longer live and work in a narrow marketplace and homogeneous workplace, they are becoming part of the countries competition coming from nearly every part with different age groups, (Gupta, 2013). The study on simple production technology which was done by Barton, (2004) showed that teams with more diversity in age were

significantly less productive in many organizations. The findings were in agreement with those of Leonard & Levine, (2003) that revealed that retail stores with greater age diversity among its employees tend to be less productive. However, in a study which was done by Ilmakunnas, (2012) showed that there was no distinct relationship between age and organizational performance. It was observed from different studies that older employees are less productive and are skilled as young ones in organizations.

Unlike race, ethnic or gender diversity, organizations hardly ever undertake initiatives to increase age diversity. Customary age distributions within organizational structures either young at the bottom and older in the middle and top were derived from hiring of employees at a young age and retaining them in most organizations. The research on age diversity is less developed than that on ethnicity and gender suggesting the need for new measures and new approaches to studying age diversity in organizations. The majority of the studies which had been done in a Western setting by (Joshi & Roh, 2007) showed that age diversity has a negative relationship with organizational performance.

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1.2 Statement of the problem

According to a report by National Cohesion and Integration Commission, (NCIC), 2015, ethnicity in county governments in Kenya have been extremely high during the past few years of devolution, and to maintain continuous success in county governments, they must identify and analyze workforce diversity practices and develop strategies to meet them in order to adopt to the competition both globally and internationally. There has been a debate by numerous researchers whether organizational factors has a positive or negative effect on workforce diversity and organizational performance. Other study of workforce diversity was conducted in Pakistan on workforce diversity and organizational performance in education sector of Karachi Pakistan by, (Gupta, 2013) which reported that, organizational factors have an effect on workforce diversity and organizational performance. Oghene & Ehimare, (2011) carried a study in Nigeria banks which showed the effect of organizational factors on workforce diversity and organizational effectiveness in Nigerian Banks and he found out that organizational factors had a positive and significant on effect on workforce diversity and organizational performance.

Reviews of the past studies conducted in Kenya on organizational performance indicate that the researchers examined other contextual issues that influenced employee performance. Another study which was conducted in Kenya by Wanja, (2016) on the effect of workforce diversity and the performance of telecommunication firms showed that there is negative effect between organizational factors, workforce diversity and performance of the telecommunication firms. Mwatuma, (2016) investigated the effect of workforce diversity on employee work performance in County Government of Mombasa, Kenya. In his research he came out that, organizational factors had a positive effect on workforce diversity and organizational performance.

However, none of the literature focused on the county governments in Kenya a sector that offers essential services to humanity. It is against this background that this study was carried out to address the research gap and also provide a better understanding through the literature of organizational factors its effect on workforce diversity and organizational performance from the Kenyan context. This study seeks to answer the questions; do organizational factors help the county government of Elgeyo Marakwet County, Kenya to ensure survival of the employees and at the same time enhancing their performance? Are firm's organizational factors crucial in selecting the most effective ways of applying in the organization? This study sought to examine the influence of organizational factors on workforce diversity and organizational performance of Elgeyo Marakwet County, Kenya. The organization has a great potential to improving on the organizational factors.

1.3 Research Objective

To assess the effect of organizational factors on the relationship between workforce diversity and

organizational performance in Elgeyo Marakwet County, Kenya

1.4 Research Hypothesis

H₀₁: There is no significant effect between organizational factors, workforce diversity and organizational performance of Elgeyo Marakwet County, Kenya.

2.1 Literature Review

2.1.1 Organizational environment

An organizational environment is a collection of institutions surrounding an organization that affect their performance and resources. An organization's internal environment entails of the entities, conditions and factors within the organization that affect the choices and activities in the firm. It exposes the strengths, opportunities and weaknesses which are found within the organization. An organization's external environment consists of the entities, conditions and factors that surrounding the organization and influences the choices and activities that determine the organizations opportunities, weaknesses and threats (Bartley, 2005).

2.1.2 Organizational culture

An organizational culture is reflected in its symbols, images, social interactions and what is implicitly understood as the way things are done around in an organization. The informal and unseen structures and assumptions can create barriers for those who do not fit the traditional profile, (Bartley, 2005). Workplace culture refers to the way employees have been socialized by their work organization, (Hofsted, 2010). It is the task of managers and executives to bring organizational culture into alignment with company's strategy. Leaders shape the organizational culture through their passion for the enterprise, culture also shapes up the dominant values, visions, perceptions, standards and modes of behaviour that an organization has. It is a shared meaning, understanding and shared sense making, (Hofsted, 2010). This group includes employees, owners, board members, suppliers, distributors, local communities and customers. In an article of (Letting, 2008) leveraging on corporate culture for organizations observes that, for proper execution of strategy, the mindset of the people in an organization ought to be in tandem with the dynamic nature of the corporate culture and should support the business strategy through flexibility and the real time solution to the needs of the customers. Some organizations create culture for hardworking and recognition of clients both internal and external. Just as it is being created, culture can change if the top management do not support it or if management changes in technology or work environment can alter the organization culture hence management should always review organization culture in case of any changes, (Hofsted, 2010).

2.2 Similarity/ Attraction Theory

This theory was proposed by Byrne in 1996 where he argued that demographic variables increase interpersonal attraction and liking. He also said that, individuals with similar backgrounds and age may find that they have more in common with each other than with those from different backgrounds making it more comfortable for them to work together and collaborate towards producing a product or solving a problem. Similarity allows one to have his or her values and ideas reinforced, whereas dissimilarity causes one to question his or her values and ideas, a process that is likely to be unsettling. In a situation where an individual has the opportunity to interact with a number of different people, he or she is most likely to select a person who is similar. The fact that one is likely to be more attracted to those with similar attributes, yields clear predictions that high levels of diversity in an organization are likely to lead to faulty work processes, leading to weaker and poor organizational performance.

Various researchers from a variety of fields such as marketing, political science, social psychology, and sociology have supported the assumptions of similarity/attraction theory. The argument is that people of similar religious background, ethnicity, age group and gender may tend to prefer to work together due to their common characteristics thus enhancing group cohesiveness and improved performance in organizations. In addition, interactions that may be perceived to be discriminatory on the basis of religion, ethnicity, age and gender may lead to conflict, harmful and negative effects on team cohesiveness among the employees in the organization, (Triana, Garcia and Colella, 2010).

This theory has been criticized that, it cannot fully explain how people perceive others in terms of similarity, particularly in relation to their multiple social categories. For example, in a dyadic relationship, how does a middle-aged Chinese man perceive a middle-aged American male of Anglo-Saxon descent? Another criticism of SAT concerns an assumption that interaction is a necessary condition of the similarity/attraction paradigm which was proposed by Byrne in 1971. In addition, SAT assumes erroneously that people in different social categories should all respond in the same way to being similar or different to others (Chatman and O'Reilly, 2004), For example, the similarity/attraction mechanism between two people at different ages might be different from between two persons having different education backgrounds.

Similarity encourages interaction among employees and other stakeholders in an organization, and when people interact they discover similarities. Attraction also creates liking, and liking encourages interaction. Finally, we like similar others, we think those we like are similar, and we assume similar people like us. Attraction/similarity, mutually reinforce each other, which results in deeper and more intense relationships over time. Along similar lines people may not like others who share negative personality traits with them. Rather than be constantly reminded of their faults in a given

dimension through the presence of someone similar, people may prefer to interact with others who they believe brings out the best in them.

2.3 Resource Based View Theory

The interaction among the workforce diversity variables creates complexity that adhere to Barney (1991) criteria of value, rarity, non-imitability and non-substitutability and therefore contributes overall success. This is because workforce diversity is hard to copy making a diverse workforce a source of competitive advantage. Resource Based View (RBV) Theory views organizations as consisting of a variety of resources generally including; physical capital, financial capital, human capital and corporate capital, (Barney and Clark, 2007). The attributes of resources held by firms can contribute and determine their level of performance (Yang and Konrad, 2013). Resources that allow a firm to implement its strategies are viewed as valuable and can be a source of competitive parity, (Barney and Clark, 2007).

To create a workforce that provides sustainable competitive advantage and value creation, an organization must create an environment that allows their human capital to grow, much like money sitting in an interest bearing account does. Out of the many theories of organizational behavior, one aligns itself well with the human capital view of people within an organization. This theory, suggests that the method in which resources are applied within a firm can create a competitive advantage, (Afiouni, 2007).

According to Priem and Butler (2001), the resource-based view misses managerial implications or operational validity. The resource-based view explains that managers have to develop and obtain strategic resources that meet the criteria valuable, rareness, non-imitable and non-substitution (VRIN criteria) and how an appropriate organization can be developed. However, the resource-based view does not explain how managers can do this (Connor, 2002). Firms, which have a capability which they can put in practice best, can be overtaken by a firm that can develop that capability better than firm who is best in practice calls this second-order capabilities. The theory applicability is too limited. The article of Kraaijenbrink *et al.* (2010) works out three points of criticism on the applicability of the resource-based view. First, Connor, (2002) argues that the resource-based view does not apply to smaller firms. This because sustained competitive advantage cannot be based on their static resources, and therefore they fall beyond the bounds of the resource-based view.

The resource based view theory or resource based view helps in determining the resources available within the firm and relates them with the capabilities of the firm in a silent manner. This brings into consideration the profitability and the value factor associated with the firm (Colbert 2004). As per this theory, the competitive advantage can be delivered to an organization when the organization is able to utilize its resources in a unique and valuable manner than the competitors of the firm

(Colbert 2004). This theory clarifies that the entire firm that have gained excellent capability is due to the extraordinary and non-substitutable slot of resources available to the firm. This brings the firm more success in the emerging economy of the world (Das & Teng 2000).

3.1 Methodology

The study was done in Elgeyo Marakwet County, Kenya as at July, 2017 and as such sampling of the population was done through simple random sampling. The results of this method were accurate due to the fact that each unit to be measured was included in the sample. The study was carried out in Elgeyo Marakwet County, Kenya. The population of the study comprised of 2,155 employees of the County. The researcher target to get information from 400 employees who included the Directors, Deputy Directors, Head of Departments, Head of sections and non-management staff. These were chosen because they have the information required for the purposes of the study. Sekaran (2003) states that population refers to the entire group of people, events or things of interests that the researcher wishes to investigate. In this study, the results were subjected to determine the applicability or feasibility and the strength of the effect in the dimension variables. Descriptive method was employed in this study. The questionnaires were distributed in a random method to the respondents. Data was analyzed using descriptive

and inferential statistics. The hypothesis was tested using simple linear regression coefficient at 95% confidence level.

4.1 Data analysis and presentation on age diversity and organizational performance

From the responses to the item of the relationship between organizational factors, workforce diversity and organizational factors and the correlations of the tested variable, it became clear that the variable is not well embraced phenomenon at the County Government of Elgeyo Marakwet. It could be deduced from the findings that the variable at County Government of Elgeyo Marakwet is not fully utilized but it appeared to influence the attitude of worker with respect to performance.

4.1.1 Descriptive statistical analysis

The study sought to assess the effect of organizational factors, workforce diversity and organizational performance of Elgeyo Marakwet County, Kenya. The respondents responses were rated on a five-Likert scale showing what extent the respondent agree or disagree with the researcher statements on the organizational factors, workforce diversity and organizational performance.

Table 1: The effects of contextual factors on the relationship between workforce diversity and organizational performance of Elgeyo Marakwet County, Kenya

Statement	SA%	A%	FA%	D%	SD%
My organization has greatly improved the organizational environment	167(49.6%)	102(30.3%)	20(5.9%)	15(4.5%)	33(9.8%)
My organization environment is favorable when working on it	137(40.7%)	142(42.1%)	31(9.2%)	27(8.0%)	0(0%)
My organization culture has greatly influenced the organizational performance	169(50.1%)	123(36.5%)	21(6.2%)	13(3.9%)	11(3.3%)
The norms and values of my organization has greatly influenced the organizational performance	203(60.2%)	91(27.0%)	33(9.8%)	10(3.0%)	0(0%)
The core values of my organization greatly influence the organizational performance	101(30.0%)	139(41.2%)	55(16.3%)	32(9.5%)	10(3.0%)

Source: Research, 2017

Key: SA-Strongly Agree-5, A-Agree-4, FA-Fairly Agree-3, D-Disagree-2, SD-Strongly Disagree-1

The table above shows the results of the response on the effect of the contextual values of the organization on the relationship between workforce diversity and organizational performance of Elgeyo Marakwet County, Kenya. When respondents were asked whether the organizational environment has improved the organizational performance, 49.6% strongly agreed and 30.3% agreed with the statement. This reveals that organizational environment is embraced in the organization and it is a crucial determinant of organizational performance.

4.1.2 Inferential analysis of the study variable

The study sought to determine the effect of age diversity and organizational performance of Elgeyo Marakwet County, Kenya. Data was analyzed in relation to each research objective by generating correlation and regression coefficients from SPSS version 16 software as tabulated in Table 3 and 4. The main aim of the correlation analysis was to test the strength and significant of the effect between age diversity and organizational performance and regression analysis was meant to test for research hypothesis, whether to accept or reject.

Table 2: Correlation without organizational factors

		Age Diversity	Gender Diversity	Ethnic Diversity	Organizational Performance
Organizational Performance	Pearson Correlation	.664**	.566**	.741**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	337	337	337	337

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

Source: Research study, 2017

Table 3: Correlation with organizational factors

		Age diversity	Gender diversity	Ethnic diversity	Organizational Performance
Organizational performance	Pearson Correlation	.776**	.808**	.773**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	337	337	337	337

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

Source: Research study, 2017

4.1.3 Moderating effects of organizational factors on the effect of workforce diversity and organizational performance of Elgeyo Marakwet County, Kenya

The findings in Table 2 show the correlation between workforce diversity and organizational performance of Elgeyo Marakwet County without organizational factors. The Table was used to answer the fourth objective of the study, that is, to establish the moderating effect of organizational factors on workforce diversity and organizational performance of Elgeyo Marakwet County, Kenya.

Results in table 2 show that in absence of organizational factors, each workforce diversity construct is positively and significantly related to organizational performance in Elgeyo Marakwet County, Kenya at 95% confidence level. Ethnic diversity had the highest positive and significant effect with organizational performance $r=0.741$, $p=0.001$ followed by age diversity $r=0.664$, $p=0.001$ and lastly is gender diversity with $r=0.566$, $p=0.01$. The results in table 4.15 are consistent with the past study carried out by Smith (2010) who found out that good workforce diversity constructs are believed to have positive effect, enhance organizational performance and improve organizational performance.

The study findings in Table 3 show that in the presence of organizational factors, each workforce diversity dimension is highly positively and significantly related to organizational performance in Elgeyo Marakwet County, Kenya at 95% confidence level. Gender diversity had the highest positive and significant effect with organizational performance of Elgeyo Marakwet County, Kenya with $r=0.808$, $p=0.01$ followed by age diversity $r=0.776$, $p=0.01$ and lastly is ethnic diversity with $r=0.773$, $p=0.01$. Comparing the result in table 4.15 and table 4.16 it is evident that when organizational factors are involved, the correlation between workforce diversity and organizational performance is higher compared to the absence of organizational factors.

It can be conclude that organizational factors play an important role in moderating the effect of workforce diversity and organizational performance. For a higher organizational performance to be realized, organizational factors and management of resources and leadership is needed in formulating, development and implementation of workforce diversity. These findings results are in agreement with those of Gupta, (2013) who highlighted the importance of having organizational factors in an organization.

5.1 Conclusion

Organizational factors; organizational environment and organizational culture positively affect the relationship between the workforce diversity and organizational performance of Elgeyo Marakwet County, Kenya. It's overall over all significance was 0.000 with R correlation of 0.809. These factors act as a mediating link between workforce diversity and organizational performance. The study also finds that senior management is responsible for the successful handling of diverse workforce for achieving better performance. From the managerial point of view the study provides insight towards three dimensions of diversity and their effect on the organizational performance. Also managers can direct the diversity towards productive directions through the mediating factors.

5.2 Recommendations

The study recommends the following actions to the organization; First to enhance the use of organizational factors, a sound policy be established on organizational factors that would most of the human resources activities with regard to the differences as existing among its employees. Secondly, the top management must emphasize organizational factors in the organization. The top management at the organization should undergo

some training on how to leverage on organizational factors. To enhance proper management of diversity, the County Government must move from its current lukewarm position, and include diversity in its strategic planning, as resources for improving organizational performance.

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