

Effects of Ethnic Diversity on Organizational Performance of Elgeyo Marakwet County, Kenya

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Abstract

In the past twenty years the growing ethnic diversity in organizations has led scholars to pay increased attention to this issue. Organizations will be successful only to the extent that they are able to discourage ethnic diversity. This study explores by reviewing recent literature the increasing influence of the ethnic diversity and its effect on organizational performance. Employing workforce from different ethnic diversity enhances better decision-making, higher creativity, innovation, greater success in marketing, better distribution of economic opportunity and competitive advantage. Moreover, the study also reveals that senior management accountability, need assessment, better strategy, efficient communication, team building and evaluation act as mediators between work force diversity and organizational performance. The study may be useful for the organizations having diverse workforce by managing them effectively for the achievement of organizational goals. The objective of the study was to establish the extent to which gender diversity affects 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, Organization Performance, Ethnic Diversity

1.1 Introduction

For organizations in Kenya to attract and retain talented employees, it needs to embrace an organizational culture of ethnic diversity which is friendly to all employees and other stakeholders in their organizations. This will lead to an enhanced corporate image and increase organizational performance. Therefore, for any business to be successful they must have a borderless view and a fundamental commitment to ensure that ethnic diversity is well embraced in the organization. Organizations that hire employees from diverse countries, cultures, values and styles enhance their organizational image and attract qualified employees. Employees expect returns from the organization and their effective performance is significant for the success of the organization. It is therefore,

important in organizations to consider the effect of ethnic diversity on their performance from both sides. It is also therefore important to understand the effect of ethnic diversity on organizational performance such as customer satisfaction, employee satisfaction, and turnover (Sungjoo, 2010). As an organization, County Government of Elgeyo Marakwet, (EMC) draws its workforce from diverse backgrounds. All these issues play out on the employee and can affect his or her work performance in the organization.

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

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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 ethnic diversity has a positive or negative influence on 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) showed that, ethnic diversity in education sector had a positive effect on organizational performance. Oghene & Ehimare, (2011) carried a study in Nigeria banks which showed the effect of workforce diversity on organizational effectiveness in Nigerian Banks and he found out that ethnic diversity had a positive and significant on 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 ethnic 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, ethnic diversity had a positive effect on employee 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 ethnic diversity and its effect on organizational performance from the Kenyan context. This study seeks to answer the questions; does ethnic diversity help the County Government of Elgeyo Marakwet, 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 this ethnic diversity for the performance of the organization? This study sought to examine the effect of ethnic diversity on organizational performance of Elgeyo Marakwet County, Kenya. The organization has a great potential to improving on the ethnic diversity.

1.3 Research Objective

To assess the effect of ethnic diversity on organizational performance in EMC, county

1.4 Research Hypothesis

H₀₁: There is no significant effect between ethnic diversity and organizational performance of EMC, county.

2.1 Literature Review

According to Timmermanset, Ostergaard, & Kristinsson, (2011) ethnicity can be utilized as a proxy for cultural

background and diversity in ethnicity may also be anticipated to be positive for revolutionary efficiency on the ground that it broadens the view points and perspectives within the organization, (Richard, 2000). Moreover, based on Timmermanset *et al*, (2011) some levels of diversity in ethnicity might be positively associated with innovation, a high degree of diversity in ethnicity probably negative on the ground that it could create conflict and cliques due to social categorization (Dahlin, 2005). Their theory implies that all individuals would opt to sort into ethnically homogeneous organizations to avoid the costs of mixing with individuals from other ethnic groups. There is more social cohesion and social capital within ethnic groups than across groups. People in organizations and companies identify one another more strongly with their kin group, ethnic group, or religious group, than with the nation. Organizations divided by ethnicity are seen as less likely to reach co-operative solutions and achieve good performance and more likely to victimize minorities and women. Thus ethnic diversity is likely to have a negative effect on organizations performance outcomes.

2.1.1 Ethnic diversity and organizational performance

Ethnically in Kenya diverse teams showed poor performance than homogeneous teams (Jackson, & 2003). Jones, (2005) found that groups were found to be less cohesive than teams, multiculturalism and diversity may have a less positive effect on group performance than team performance. The context of the workplace has significant influence over the effect of diversity on organizational performance. Ethnically diverse teams lead to more creativity and innovation due to complementarities and learning opportunities (Lee & Nathan, 2011).

The study by Eugene, Lee, Tan, Tee, & Yang, P., (2011), at the Malaysia Airlines showed that there is significant relationship between ethnic groups and employee performance. They also observed that teams of employees who were ethnically diverse performed poorly compared to the homogeneous teams. According to their results, in ethnically homogeneous organizations, the ethnic differences among members of diverse teams becomes more salient and are more likely to interfere with performance. They further observed that in heterogeneous organizations, the ethnic identities of team members may are less salient and therefore they create less disruption in organizations.

2.1.2 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. 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? Similarity in organizations encourages interaction among workers and stakeholders in the organization and helps people to interact and discover similarities. Also, we like similar people like others, we think those people we like are similar and assume that similar people brings love to the organization. Attraction/similarity mutually reinforces each other which results in deeper and intense associations over time among employees. Along parallel lines people may not like others who share negative personality characteristics 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.

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 Descriptive statistical analysis

The study sought to assess the effect of ethnic 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 ethnic diversity and organizational performance.

From the results (Table 1), 49.3% of the respondents strongly agreed and 32.6% agreed that different languages e.g. English, Kiswahili and vernaculars are used to communicate does not create problem among employees in the organization. 29.4% of the respondents strongly disagreed that I develop low self esteem due to my ethnicity and 24.0% disagreed on the statement on discussion. Lastly, 30.0% of the respondents strongly agreed while 41.2% of them agreed that ethnic diversity has a positive effect on organizational performance.

From the results in table 2 above, 65.6% of the respondents strongly agreed that, the organization has good relationship with their customers both from outside and within the organization. Also majority 60.2% of the respondents strongly agreed that the organization offers reliable services to their customers without showing a sign of favoritism. Lastly, 59.0% of the respondents strongly agreed that good organizational performance is important for the future growth of Elgeyo Marakwet County, Kenya.

4.2 Inferential analysis of the study variable

The study sought to determine the effect of ethnic 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 ethnic diversity and organizational performance and regression analysis was meant to test for research hypothesis, whether to accept or reject.

The study findings revealed that ethnic diversity had a positive effect on organizational performance of Elgeyo Marakwet County, Kenya with ($r=0.0.741$; $p=0.000$). This shows that ethnic diversity account for 74.1% of the organizational performance.

These results indicate positive correlation ethnic diversity and organizational performance of Elgeyo Marakwet County, Kenya. The null hypothesis was then rejected as ethnic diversity has a significant effect on organizational performance of Elgeyo Marakwet County, Kenya.

Table 1: Ethnic diversity at Elgeyo Marakwet County, Kenya

Statement	SA%	A%	FA%	D%	SD%
Different languages e.g. English and Kiswahili that is used to communicate does not create problem among employees.	166(49.3%)	110(32.6%)	61(18.1%)	0(0%)	0(0%)
At work, I developed low self-esteem due to my ethnicity.	47(13.9%)	52(15.4%)	58(17.2%)	81(24.0%)	99(29.4%)
The ethnic diversity promotes healthy competition in the team and contributes to outstanding achievements.	56(16.6%)	131(38.9%)	12(3.6%)	87(25.8%)	51(15.1%)
A career development that includes all employees is encouraged within our organization	137(40.7%)	142(42.1%)	31(9.2%)	27(8.0%)	0(0%)
I am positive about ethnicity diversity in this work place.	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

Table 2: Organizational performance of Elgeyo Marakwet County, Kenya

Statement	SA%	A%	FA%	D%	SD%
Organization has good relationship with their customers both outside and within the organization	221(65.6%)	92(27.3%)	24(7.1%)	0(0%)	0(0%)
My organization offers reliable services to their customers without favoring any of them their customers both outside and within the organization.	203(60.2%)	91(27.0%)	33(9.8%)	10(3%)	0(0%)
My organization has a complaint handling procedure in place and promptly addresses customer complaints.	266(78.9%)	71(21.1%)	0(0%)	0(0%)	0(0%)
My organization believes that, opposite gender can perform well in the organizational performance.	122(36.2%)	198(58.8%)	17(5.0%)	0(0%)	0(0%)
Good organizational performance is important for the future growth of my organization and does well in meeting the needs of the customers.	199(59.0%)	134(39.8%)	4(1.2%)	0(0%)	0(0%)

Source: Researcher, 2017

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

Table 3: Effect of ethnic diversity on organizational performance of Elgeyo Marakwet County, Kenya

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

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

Source: Research study, 2017

The results in table 2 show the correlation between ethnic diversity and organizational performance of Elgeyo Marakwet County, Kenya. The table was used to provide an answer to the third objective of this study which was to determine the effect of ethnic diversity on organizational performance of Elgeyo Marakwet County, Kenya. In regard with this objective, the study sought to set out the following hypothesis; Ho3: Ethnic diversity has no significant effect on organizational performance of Elgeyo Marakwet County, Kenya.

The findings tally with those of Timmermans *et al*, (2011), who found out that some levels of diversity in

ethnicity might be positively associated with and a high degree of diversity in ethnicity had negative effect on the ground that it could create conflict and cliques due to social categorization and also increase or reduces organizational performance and those of Sander Hoogendoorn and Mirjamvanpraag, (2012) who concluded that ethnic diversity had a positive effect on organizational performance.

The results on Table 4 on model summary show R-Square is 0.549 indicating that ethnic diversity accounts for 54.9% of the variability in organizational performance in Elgeyo Marakwet County, Kenya.

Table 4: Regression analysis of ethnic diversity and organizational performance of Elgeyo Marakwet County, Kenya

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.741 ^a	.549	.548	.27026		
a. Predictors: (Constant), Ethnic diversity						
ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	29.815	1	29.815	408.219	.000 ^a
	Residual	24.468	335	.073		
	Total	54.283	336			
a. Predictors: (Constant), Ethnic diversity						
b. Dependent Variable: Organizational factors						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.336	.061		54.257	.000
	Ethnic diversity	.333	.017	.741	20.204	.000
a. Dependent Variable: Organizational performance						
Source: Research study, 2017						

The results also show that there is a positive effect of ethnic diversity on organizational performance $r=0.741$ thus concur with Sander Hoogendoorn and Mirjamvanpraag, (2012) who concluded that ethnic diversity has a positive effect on organizational performance. The results found out that there is a positive effect between ethnic diversity and organizational performance of Elgeyo Marakwet County, Kenya. The results on ANOVA show that $F=408.219$, $p\text{-value}=0.05$. The results reveal that the overall regression model was significant in determining the applicability of the model to measure the study variables. The use of regression model to either accept or reject the research hypothesis is then justified.

The study findings also show regression coefficient that reveals to what extent ethnic diversity affects organizational performance. Based on the results of the findings, the equation for linear regression model can be written as; $Y=3.336+0.333X_3+e$. Where Y represents the organizational performance, X_1 represents ethnic diversity and e represents the error term. A beta term of 0.333 means that every 0.333 units of use of ethnic diversity contribute to a corresponding 1 unit in organizational performance. The results also show that ethnic diversity is statistically significant $\alpha =0.000$, $p\text{-value}=0.05$ in explaining the organizational performance in Elgeyo Marakwet County, Kenya. The results agree with Sander Hoogendoorn and Mirjamvanpraag, (2012) who concluded that ethnic diversity has a positive effect on organizational performance.

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5.1 Conclusion

Ethnic diversity also positively affects the organizational performance of Elgeyo Marakwet County, Kenya. Ethnic diversity in the County Government accounted for 74.1% of the organizational performance of Elgeyo Marakwet County, Kenya. Ethnic diversity would benefit team performance due to a more diverse pool of skills and knowledge that leads to complementary and mutual learning. For example, due to complementarities and learning opportunities, ethnically diverse teams are associated with more creativity and innovation (Lee and Nathan, 2011; Ozgen *et al.*, 2011). On the other hand, the costs associated with more ethnic diversity would be related to more difficult communication and coordination (Vardy, 2009).

The study further established that employees from different ethnic backgrounds can supply an organization with a greater variety of solutions to problems in service, sourcing, and allocation of resources. Therefore the study concludes

that ethnic diversity had a positive influence on organizational performance in Elgeyo Marakwet County, Kenya.

5.2 Recommendations

The study found out that County Governments have not fully exploited the benefits of workforce diversity especially ethnic diversity. A sound workforce diversity policy should therefore be established. This will encompass ethnic diversity as this enhances a direct influence to organizational performance of the County Government. However, at the Elgeyo Marakwet County, there seems to be no link between ethnic diversity and organizational performance. To fully understand the scenario at the Elgeyo Marakwet County, further studies need to be conducted in order to unearth the challenges of ethnic diversity in the County Government.

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