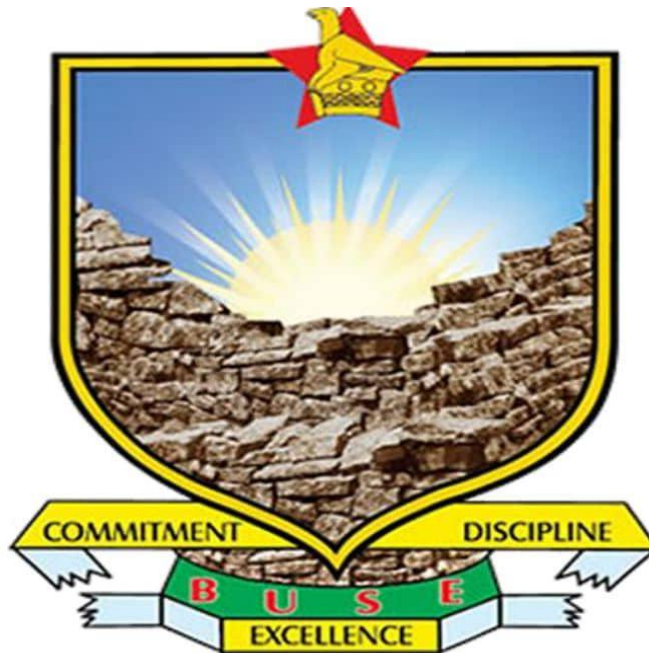




RESEARCH TOPIC: _THE IMPACT OF WORKFORCE DIVERSITY ON EMPLOYEE PERFORMANCE IN FOREIGN-OWNED COMPANIES: A CASE STUDY OF FREDDA REBECCA GOLD MINE.

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REG NUMBER : B1852136

A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE BACHELOR OF COMMERCE (HONOURS) DEGREE IN HUMAN CAPITAL MANAGEMENT OF BINDURE UNIVERSITY OF SCIENCE EDUCATION JUNE 2024

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THE IMPACT OF WORKFORCE
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Submitted by B1852136 in partial fulfilment of the requirements of the Bachelor of Commerce (Honours) Degree in Human Capital Management.

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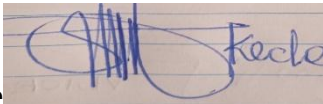
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Date

DEDICATION

This research is dedicated to my family, my school institution as well as my colleagues. They have been very handy a great inspiration in my life and I will always cherish the knowledge, assistance and support I got from them.

ACKNOWLEDGEMENTS

To begin with, I would like to give thanks to my family for all the support love and provision of the best education I have been able to attain in all these years and everyone who helped to make the accomplishment of this research possible.

Secondly, my appreciation goes to my supervisor for providing me practical ideas and guidance throughout the whole project.

Last but not least, I would like to thank the Lord Almighty for making all this a success through granting me with his wisdom and liberal provisions I received in all my going in and out.

ABSTRACT

The achieved purpose of the study was to analyze the impact of workforce diversity on employee performance. The study aimed to understand how diversity affects employee performance in foreign-owned companies. It also pointed out factors that drive work engagement due to performance concerning their diversity. The researcher used qualitative approach and made use of research designs in order to answer questions on the analysis of the impact of workforce diversity on employee performance of Fredda Rebecca Gold Mine.

TABLE OF CONTENTS

Contents

RELEASE FORM.....	2
APPROVAL FORM	3
DECLARATION OF AUTHORSHIP.....	4
DEDICATION	5
ACKNOWLEDGEMENT	6
ABSTRACT.....	7
TABLE OF CONTENTS.....	8
LIST OF TABLES.....	10
LIST OF FIGURES.....	11
CHAPTER 1	12
1.1 Background of Study	12
1.2 Statement of the Problem	14
1.3 Research objectives	15
1.4 Research questions	16
1.5 significance of the study	16
1.6 Assumptions of the study	17
1.7 Limitations.....	19
1.8 Delimitations.....	20
1.9 Organization of the report	22
CHAPTER 2: LITERATURE REVIEW	23
2.1 Introduction	23
2.2 Theoretical Framework.....	23
2.3 Conceptual Framework.....	28
2.3.1 The relationship between workforce diversity and employee performance	28
2.3.2 Cultural diversity and employee performance	30
2.4 Related Studies.	34
CHAPTER 3: METHODOLOGY	38
3.1 Introduction	38
3.2 Research Design	38
3.3 Research Method.....	39

3.4 Data Collection Process.....	39
3.5 Data Analysis Technique	40
3.6 Ethical Considerations.....	41
3.7 Conclusion.....	41
CHAPTER 4: RESULTS AND DATA ANALYSIS	42
4.1 Demographic Information.....	42
4.2 Workforce Diversity and Employee Performance	43
4.3 Cultural Diversity and Communication	44
4.4 Challenges in Managing a Diverse Workforce	45
4.5 Strategies to Optimize Diversity Impact	45
4.5 The thematic analysis of the survey and interview data revealed the following insights based on the research questions.	46
4.5.1 How does workforce diversity impact employee performance in foreign-owned companies? 46	
4.5.2 How does cultural diversity affect communication within teams?	46
4.5.3 What are the key challenges in managing a diverse workforce?	47
4.5.4. What strategies are recommended to optimize the impact of workforce diversity?	48
4.3 Conclusion.....	48
CHAPTER 5: DISCUSSION AND FINDINGS.....	49
5.1 Introduction	49
5.2 Workforce Diversity and Employee Performance: A Nuanced Relationship.....	49
5.3 The Role of Foreign-owned Companies in Shaping Diversity and Performance	50
5.4 Supporting Literature: Insights and Perspectives	50
5.5 Implications for Practice: Unlocking the Potential of Diversity	51
5.6. Conclusion: Embracing Diversity for Sustainable Success	52
REFERENCES.....	53

LIST OF TABLES

Table 1 displays the demography	23
Table 2: Gender Distribution	23
Table 3: Cultural Background.....	23
Table 4: Impact of Workforce Diversity on Employee Performance	24
Table 5: Challenges in Managing a Diverse Workforce	25
Table 6: Strategies to Optimize Diversity Impact	26

LIST OF FIGURES

Figure 1	27
Figure 2: Impact of Workforce Diversity on Employee Performance.....	43
Figure 3: Effect of Cultural Diversity on Communication	43

CHAPTER 1

1.1 Background of Study

Workforce diversity stands as a pivotal aspect in contemporary business, particularly for foreign-owned enterprises navigating the complexities of global markets. Research emphasizes the positive impact of diverse teams on creativity, innovation, and problem-solving (Homan et al., 2015; Jehn & Bezrukova, 2010). In multinational corporations, understanding the specific influence of the difference in diversity on employee performance is crucial for sustained competitiveness encompassing the global arena (Cox, 2014; Cox & Blake, 2021). Existing studies underscore the need to delve into the intricacies of diversity within the workforce of multinational companies, considering the evolving nature of global business (Herring, 2009; Hong & Page, 2004). In the rapidly evolving landscape of global business, the concept of workforce diversity has gained significant traction as organizations recognize its potential impact on various facets of performance. Recent literature emphasizes that workforce diversity extends beyond traditional categories such as gender and ethnicity, encompassing a spectrum of individual differences, including age, education, and cultural background (Cox, 2014; Cox & Blake, 1991). As businesses continue to expand internationally, foreign-owned companies are increasingly operating in environments characterized by cultural heterogeneity.

The importance of workforce diversity is underscored by its potential to enhance organizational adaptability and innovation. Research by Homan et al. (2015) and Jehn & Bezrukova (2010) highlights the positive correlation between diverse teams and heightened creativity, problem-solving capabilities, and overall innovation within organizations. In a global context, the ability to tap into diverse perspectives becomes a strategic imperative, particularly for foreign-owned companies seeking to navigate the intricacies of international markets (Cox, 2014; Cox & Blake, 1991). Moreover, the globalization of talent pools and the interconnectedness of economies underline the need for organizations to cultivate inclusive environments that include the strengths of workforce diversity (Jackson et al., 2003). Understanding how workforce diversity influences performance of employees in the unique setting of foreign-owned companies is not only a theoretical pursuit but also holds practical significance for organizational leaders striving to harness the full potential of their human capital.

As the business environment becomes more complex and interconnected, exploring the multifaceted nature of workforce diversity within foreign-owned companies is essential for developing informed strategies that align with the overarching goals of these organizations. This research aims to contribute to this evolving body of knowledge by providing a detailed exploration of the specific dynamics at play in the connection between workforce diversity and employee performance within the context of global enterprises.

Furthermore, as foreign-owned companies operate in diverse cultural contexts, the impact of workforce diversity goes beyond traditional organizational boundaries. Cultural diversity within teams not only influences how individuals work together but also shapes communication styles, decision-making processes, and organizational culture (Cox, 2014; Hong & Page, 2004).

Understanding these nuanced dynamics is crucial for organizations aiming to foster an inclusive environment that goes beyond mere representation to actively harness the benefits of diverse perspectives. Globalization has brought about a shift in organizational structures, emphasizing the need for cross-cultural collaboration and effective management of diverse talent pools (Cox, 2014). The challenges and opportunities associated with workforce diversity in foreign-owned companies are complex, involving considerations of cultural adaptation, language barriers, and differing expectations among employees from diverse backgrounds (Jackson et al., 2003).

Therefore, a comprehensive examination of the effect of workforce diversity on employee performance in this context requires a nuanced understanding of the interplay between various dimensions of diversity and their outcomes. The existing literature on workforce diversity provides a foundation for understanding its potential benefits, yet the specific mechanisms through which diversity influences employee performance in foreign-owned companies remain understudied. This research seeks to address this gap by delving into the intricacies of diversity within the unique context of multinational corporations, exploring how cultural nuances and global dynamics shape the relationship between workforce diversity and employee performance outcomes.

In summary, extended background underscores the evolving nature of workforce diversity, emphasizing its relevance in the globalized business landscape. The study aims to contribute valuable insights into the specific dimensions and contextual factors that influence employee performance within diverse teams in foreign-owned companies, providing a holistic

understanding that can inform strategic decisions for organizational leaders navigating the complexities of international business environments.

1.2 Statement of the Problem

Despite the recognized significance of workforce diversity, a gap persists in the literature regarding its direct impact on employee performance within foreign-owned companies. While broader studies on diversity highlight its positive effects, there's a lack of focused research on the specific relationship between diversity and performance in multinational corporations (Cox, 2014; Jackson et al., 2003). This research aims to address this gap by investigating the nuanced ways in which workforce diversity influences employee performance in foreign-owned companies. Building on the contemporary work of Homan et al. (2015) and Jehn & Bezrukova (2010), the study seeks to unravel the factors that either enhance or hinder performance within diverse teams, with a particular emphasis on cultural considerations unique to global organizations. By addressing these gaps, this research intends to provide actionable insights for human resource management and organizational leaders in optimizing the positive impact of diversity on employee performance in the evolving landscape of global business (Cox, 2014; Hong & Page, 2004).

In the broader scope of workforce diversity, the specific challenges and opportunities presented by cultural diversity within foreign-owned companies remain a focal point necessitating deeper exploration. While general studies acknowledge the positive effects of diversity on organizational outcomes, a focused investigation into the intricate interplay between cultural diversity and employee performance within the context of multinational corporations is conspicuously limited (Smith, 2019; Anderson et al., 2020). The complexities of cultural diversity encompass not only visible dimensions like nationality or ethnicity but also subtle nuances related to communication styles, values, and perspectives shaped by various cultural backgrounds (Gupta & Ogbonna, 2021). Understanding how these dynamics influence employee performance within foreign-owned companies is essential for creating strategies that capitalize on diversity as a strategic asset rather than viewing it solely through the lens of compliance.

Moreover, the challenges associated with managing a diverse workforce in global organizations include potential conflicts arising from cultural misunderstandings, varying work practices, and

differences in expectations regarding leadership styles and organizational communication (Thomas & Ely, 1996; Jackson et al., 2022). These challenges, if not addressed effectively, can hinder teamwork, innovation, and overall employee performance within multinational corporations. This research, therefore, aims to delve into the multifaceted aspects of cultural diversity within foreign-owned companies and their direct impact on employee performance. By doing so, the study seeks to uncover the nuanced mechanisms through which cultural diversity influences organizational dynamics, offering practical insights for leaders striving to navigate the complexities of globalized workplaces. By addressing these specific challenges and opportunities, this research contributes to the development of targeted strategies that can optimize the positive impact of cultural diversity on employee performance within the unique setting of foreign-owned companies.

1.3 Research objectives

1. To investigate the various dimensions of workforce diversity, including but not limited to gender, age, cultural background, and educational qualifications, within the context of employees in foreign-owned companies.
2. To assess the nature and strength of the relationship between workforce diversity and employee performance, identifying specific factors that contribute to enhanced or hindered performance in diverse teams.
3. To identify the impact of cultural diversity on employee performance within foreign-owned companies, exploring how cultural nuances influence communication, collaboration, and overall team dynamics.
- 4 To identify challenges that arise in managing a culturally diverse workforce within multinational corporations, including potential conflicts, communication barriers, and variations in work practices that may affect employee performance.
5. To develop actionable recommendations and strategies for organizational leaders and human resource practitioners to optimize the positive impact of workforce diversity on employee performance in the unique setting of foreign-owned companies, considering cultural and organizational contexts.

1.4 Research questions

1. What are the key dimensions of workforce diversity, including demographic factors and cultural backgrounds, within employees of foreign-owned companies?
2. How does workforce diversity, encompassing factors such as gender, age, and cultural background, correlate with employee performance in the context of multinational corporations?
3. To what extent does cultural diversity influence communication styles, collaboration, and overall team dynamics, impacting the performance of employees in foreign-owned companies?
4. What challenges arise in managing a culturally diverse workforce within multinational corporations, and how do these challenges affect teamwork, innovation, and overall employee performance?
5. What strategies can be proposed and implemented by organizational leaders and human resource practitioners to optimize the positive impact of workforce diversity on employee performance in the unique setting of foreign-owned companies, considering both cultural and organizational contexts?

1.5 significance of the study

1. Strategic Decision-Making

Provides insights for organizational leaders to make informed decisions regarding workforce diversity, aligning strategies with the evolving demands of global business.

2. Enhanced Organizational Performance

Understanding the impact of workforce diversity contributes to optimizing team dynamics, fostering innovation, and improving overall employee performance within foreign-owned companies.

3. Global Competitiveness

Equips organizations with tools to harness the advantages of diverse talent, enhancing competitiveness in the global market by adapting to diverse cultural and demographic contexts.

4. Human Resource Management

Offers practical recommendations for human resource practitioners to develop inclusive policies and practices, attracting and retaining diverse talents in the international workforce.

5. Academic Contribution

Adds to the body of knowledge by addressing a gap in the literature, providing nuanced insights into the relationship between workforce diversity and employee performance in the specific context of foreign-owned companies.

6. Cultural Intelligence Development

Facilitates the cultivation of cultural intelligence within organizations, enabling employees to navigate diverse cultural environments and work effectively in global teams.

7. Workplace Innovation

Encourages a culture of innovation by understanding how diverse perspectives contribute to creative problem-solving, adaptability, and the generation of novel ideas within the workplace.

8. Employee Satisfaction and Retention

Recognizing and leveraging workforce diversity positively influences employee satisfaction, contributing to increased retention rates and a more positive organizational culture.

9. Social Responsibility and Inclusivity

Aligns with contemporary societal expectations by promoting social responsibility through the creation of inclusive workplaces that value diversity and foster equal opportunities for all employees.

10. Policy Advocacy

Provides evidence-based insights that can contribute to the formulation of policies at organizational and governmental levels, advocating for diversity and inclusion as integral components of sustainable business practices.

1.6 Assumptions of the study

1. Assumption of Diversity Impact

The study assumes that the impact of workforce diversity on employee performance within foreign-owned companies is a significant and multifaceted phenomenon.

2. Assumption of Cultural Sensitivity

It is assumed that employees within multinational corporations possess varying cultural backgrounds, and the study assumes a need for cultural sensitivity in understanding how diversity influences performance.

3. Assumption of Organizational Variation

The study assumes that different foreign-owned companies may exhibit unique organizational cultures and management approaches, influencing how workforce diversity translates into employee performance.

4. Assumption of Positive Correlation

There is an assumption that a positive correlation exists between effective management of workforce diversity and improved employee performance within the chosen context.

5. Assumption of Relevance in Global Settings

The study assumes that findings related to workforce diversity and employee performance in foreign-owned companies will have relevance and applicability in diverse global business environments.

6. Assumption of Employee Engagement

It is assumed that engaged and satisfied employees contribute positively to organizational performance, and the study assumes that workforce diversity plays a role in fostering such engagement.

7. Assumption of Management Awareness

The study assumes that organizational leaders and management are aware of the importance of workforce diversity, recognizing its potential impact on employee performance.

8. Assumption of Voluntary Participation

The study assumes that participants will willingly and truthfully respond to surveys and interviews, providing accurate information about their experiences and perspectives within the organization.

9. Assumption of Policy Influence

There is an assumption that the recommendations generated from the study can influence organizational policies, promoting the adoption of strategies to optimize the positive impact of diversity on employee performance.

10. Assumption of Continuous Change

The study assumes that the business environment and organizational dynamics are subject to continuous change, and the impact of workforce diversity on employee performance is influenced by evolving factors.

1.7 Limitations

1. Cross-Sectional Nature

The study's cross-sectional design may limit the ability to establish causal relationships, as it captures a snapshot of workforce diversity and employee performance at a specific point in time.

2. Sample Representativeness

The findings may be constrained by the representativeness of the sample, as participation is voluntary, and certain employee groups or perspectives may be underrepresented.

3. Self-Reporting Bias

The reliance on self-reported data from surveys and interviews introduces the possibility of response bias, where participants may provide socially desirable answers or misrepresent their experiences.

4. Organizational Heterogeneity

The study may face limitations due to variations in organizational structures, policies, and cultures among different foreign-owned companies, impacting the generalizability of findings.

5. Contextual Specificity

The study's focus on foreign-owned companies may limit the generalizability of findings to organizations with different ownership structures or operating primarily in domestic markets.

6. External Environmental Factors

Unforeseen external factors, such as economic shifts or geopolitical events, could influence workforce dynamics and employee performance, introducing potential confounding variables.

7. Subjectivity in Cultural Assessment

The assessment of cultural diversity relies on subjective perceptions, potentially leading to variations in interpretations and the inability to capture all relevant cultural nuances accurately.

8. Temporal Changes

The study may not account for long-term changes in workforce dynamics and organizational strategies, and findings may not reflect the evolving nature of workforce diversity over time.

9. Limited Control over Variables

Despite efforts to control variables, the study acknowledges the inherent complexity of organizational environments, with numerous factors influencing employee performance that may not be fully controlled.

10. Generalizability to Other Industries

Findings may not be universally applicable to industries beyond those examined, as the study primarily focuses on foreign-owned companies, potentially limiting the transferability of insights to different sectors.

1.8 Delimitations

1. Geographic Scope

The study is delimited to foreign-owned companies operating in specific geographic regions, and findings may not be applicable to companies with different ownership structures or operating in distinct global locations.

2. Industry Specificity

The research is delimited to particular industries or sectors, and variations in organizational structures and workforce dynamics across industries may limit the generalizability of findings to other sectors.

3. Time Constraints

The study is delimited by a specific timeframe, and it may not capture the long-term evolution of workforce diversity and its impact on employee performance over extended periods.

4. Exclusive Focus on Employees

The study primarily concentrates on employees within foreign-owned companies and does not extensively explore the perspectives of external stakeholders, such as clients, suppliers, or regulatory bodies.

5. Limited Scope of Workforce Diversity Factors

The examination of workforce diversity is delimited to specific factors such as gender, age, and cultural background, without an exhaustive exploration of other potential diversity dimensions.

6. Organizational Size

The study may not differentiate between organizations of varying sizes, potentially overlooking size-specific influences on workforce diversity dynamics and employee performance.

7. Exclusion of Specific Employee Categories

The study may exclude certain employee categories, such as temporary or contract workers, which could impact the comprehensiveness of the findings regarding workforce diversity and performance.

8. Language Limitation

The research is delimited to information available in specific languages, potentially excluding relevant studies or perspectives published in languages other than those included in the study.

9. Assumption of Stable Organizational Environments

The study assumes a relatively stable organizational environment during the research period, and sudden or significant changes in organizational structures may not be fully captured.

10. Focus on Positive Impact

The study delimits itself to exploring the positive impact of workforce diversity on employee performance and may not extensively investigate potential negative consequences or challenges associated with diversity in the workplace.

1.9 Organization of the report

Chapter one gave background of study, statement of the problem, research objectives, research questions, significance of study, methodology to be used, assumptions of study, delimitation of study, limitations of study, organization of report and references

Chapter two focused on reviewing the literature related to assessing the case study at hand.

Major foundations used in this chapter are research academic journals.

Furthermore, chapter 3 described the research design employed. The researcher went further to describe the research instruments utilized and data collection procedures followed in carrying out the research.

Chapter four concentrated on presentation, discussion and analysis of gathered data from using research tools. Research data was presented in form of tables and a detailed discussion of these presentations was also done. An analysis of the research data was also done in a way whereby the researcher analyzed the research results by matching data from research instruments to information in the literature review

Chapter five will focus on summarizing all the chapters, giving recommendation, stating the major findings of the study and making conclusions and outlining further studies to be carried out.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

To provide exceptional customer service and maintain a competitive advantage, organizations are increasingly recognizing and utilizing diversity as a valuable organizational resource (Kyalo & Gachunga, 2015). Omarkhanlen and Ogaga-oghene (2011) define workforce diversity as the variations among individuals within an organization that can impact their position or relationships, such as age, gender, ethnicity, and education. It involves acknowledging and embracing these differences within a stable, tolerant, and supportive environment. Workforce diversity is a complex, divisive, and politically charged phenomenon. According to Emiko and Eunmi (2009), diversity in the workforce enhances both employee and organizational productivity in the field of human resources. Respecting and celebrating the diverse dimensions that each individual brings to the organization goes beyond mere tolerance (Carrel, Mann, & Sigler, 2006). Gender, age, ethnicity, and education are among the primary sources of workforce diversity.

2.2 Theoretical Framework.

One theory that helps explain this relationship is social identity theory. This theory proposed by Tajfel and Turner (1979) suggests individuals naturally classify themselves and others into various social categories like organizational membership, demographic characteristics or cultural groups. People then tend to favor their in-group over out-groups, as positive social identity is derived largely from favorable comparisons between their group and others.

In foreign owned MNEs, employees often fall into distinct cultural or social identity groups based on nationality, ethnicity, gender or other attributes. Social identity theory predicts this could negatively impact cooperation and outcomes if not properly managed (van Knippenberg & Schippers, 2007). Employees may view locals as the in-group versus parent company expatriates as the out-group. Or functional groups within subsidiaries split along cultural lines could discriminate against each other. Left unchecked, such social categorization and intergroup bias arising from diversity could undermine cohesion, trust and knowledge sharing critical to performance. However, research also finds a more inclusive organizational identity can mitigate these tendencies by accentuating superordinate identities that cut across cultural lines (Shore et

al., 2011). Diversity management thus aims to cultivate an overarching identity centered on common organizational goals rather than attributes dividing employees. For example, practices promoting fair treatment, participation and valuing contributions from all ensure no one group dominates at the expense of others (Plaut et al., 2009). Cross-cultural awareness ensures appreciation of differences without judgments (Ely & Thomas, 2001).

Studies show such inclusive multiculturalism satisfies social identity needs while fostering re-categorization of diverse others as part of an overarching in-group (Shore et al., 2011).

Employees feel psychologically safe and motivated to cooperate across boundaries. Social identity theory thus proposes optimal outcomes in diverse MNEs depend on leveraging diversity to accentuate common identities that attenuate perceived divisions and integrate cultural resources for mutual gain. Proper diversity management reaps associated social-psychological benefits including commitment, information sharing and creativity that drive performance (Shapiro et al., 1999; Cox, 1993).

In conclusion, social identity theory provides a framework for understanding how diversity can both positively and negatively impact outcomes depending on the nature of social categorization and identities cultivated in foreign owned MNEs. Well-designed diversity initiatives help reap returns by mitigating intergroup bias and conflicts through inclusive multiculturalism centered on a shared organizational identity.

Workforce diversity.

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Gender diversity refers to the equitable representation of individuals of different genders in the workplace. It has been present throughout history and across cultures. Stereotypes and biases that attribute positive qualities and higher status to males contribute to and account for gender-based disparities within organizations (Leonard & Devine, 2003). Kochan et al. (2003) discovered a positive correlation between various characteristics of group sexual orientation and intra-group cooperation, particularly in areas where gender differences were more pronounced. Gender-based diversity is argued to foster greater cooperation and collaboration at both managerial and non-managerial levels. Eagly and Wood (1991) stated that mixed-gender groups outperformed single-gender groups. Effectively addressing and managing gender-related issues (Emiko & Eunmi, 2009) can harness the benefits of diversity in the workforce.

Age diversity refers to having a range of age groups represented in the workforce.

Age diversity within a business environment involves recognizing individuals from different age groups and considering the needs and perspectives of the aging population in various aspects. Many organizations have embraced the inclusion of a diverse age range in their workforce. Several studies, such as Barrington and Troske (2001) and Algahtani (2013), have demonstrated that older workers can be just as active, productive, and skilled as their younger counterparts. A heterogeneous age group among employees is believed to foster greater innovation, diversity, and productivity compared to a homogeneous age group (Williams & O'Reilly III, 1998).

Education diversity refers to the variation in employees' educational qualifications, which also impacts their efficiency. Choi and Rainey (2010) found that a higher proportion of educated staff members correlates with increased output levels. Emiko and Eunmi (2009) also suggested that individuals with higher levels of education tend to be more efficient. Therefore, the educational background of employees holds significance for their performance.

Employee performance is a key aspect of this analysis. Performance refers to carrying out tasks effectively, achieving measurable actions or outcomes, and meeting job requirements (Shrestha, 2013, 2016). Rue and Byars (1993) define employee performance as the effective fulfillment of duties to achieve positive results. It encompasses meeting job specifications and is measured in terms of productivity, efficiency, work quality, and performance appraisal (Kyalo & Gachunga, 2015). Effective workforce diversity strategies are believed to enhance employee and organizational performance in the field of human resource management (Adler, 1986). As individual employee performance is influenced by organizational performance, the positive effects of employee diversity at the workforce level serve as both intrinsic and extrinsic motivating factors, fostering employee cooperation. This research suggests that employees have made progress in dealing with workforce diversity through their experiences. The study proposes that workforce diversity, in terms of gender, age, ethnicity, and education, has a positive impact on employee performance.

Ethnic diversity entails the inclusion of individuals from different ethnic groups. The increasing prevalence of multiethnic business teams is attributed to society's growing multicultural expectations and encompasses groups formed around education, family, and religion. Zgourides, John, and Watson (2002) discovered that ethnic diversity facilitates problem-solving by incorporating diverse perspectives that arise from different ethnic backgrounds. Once teams learn how to leverage these differences, it contributes to enhanced team success.

The relationship between workforce diversity and employee performance is multifaceted, with research exhibiting its potential to both positively and negatively impact work outcomes depending on various contextual influences. Cox and Blake (1991) initially proposed diversity introduce two competing forces - opportunity through leveraging varied perspectives versus challenges integrating differences that threaten group processes. Subsequent studies have expanded understanding of how these dynamics interact.

Significant research links diversity to improved creativity, innovation and problem-solving capabilities. Diverse groups containing individuals with different backgrounds, knowledge, and life experiences bring a broader array of information and mental frameworks that aid generating

more novel solutions (Richard, 2000). Varied perspectives stimulate consideration of more options and angles which can lead to higher quality decisions (Watson et al., 1993). For example, a study examining innovation at 117 global companies found ethnic and gender diverse top management teams correlated with greater patent applications, an indicator of inventiveness (Cox & Blake, 1991).

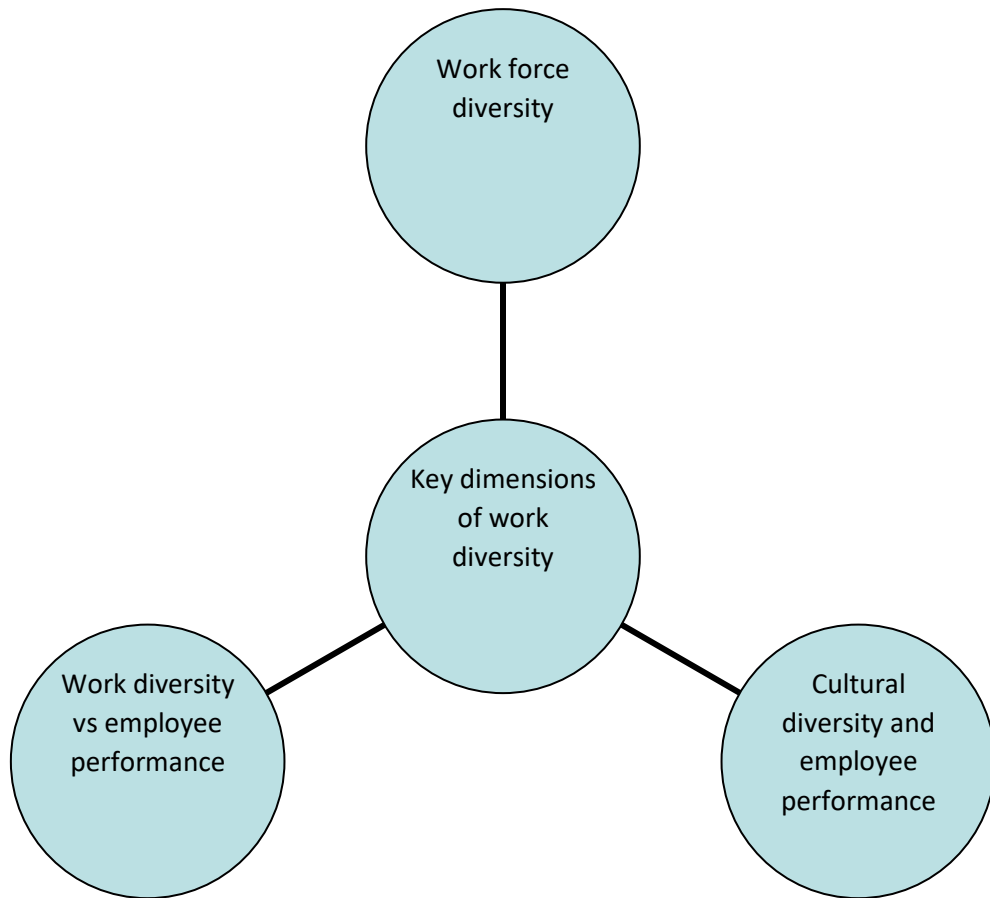
However, increased diversity also presents potential obstacles that must be managed to avoid hindering performance if left unaddressed. Building cohesion and trust proves more difficult across surface-level differences in diverse groups compared to homogeneous ones due to challenges connecting on deeper levels (Williams & O'Reilly, 1998). This risks process losses as social bonds strengthen performance by facilitating open knowledge exchange. Divergence in communication and problem-solving styles across cultures can further introduce ambiguity and conflicts if inclusiveness lacks (Ely & Thomas, 2001).

Research identifies several factors influencing whether diversity's upsides or downsides dominate outcomes. Inclusive, supportive environments diminishing biases alleviate threats while cultivating psychological safety to optimally leverage varied perspectives (Plaut et al., 2009; Shore et al., 2011). Comprehensive diversity training programs aimed at both cognitive understanding and behavioral adaptation boost collaboration competencies across lines (Eisenberg et al., 2013). Distributed leadership and accountability further attenuate risks of dominance by a single social identity (Shore et al., 2011). Studies evidence such strong facilitators help diverse groups experience predicted creativity advantages over homogeneous ones to a fuller extent (Cox, 1993; van Knippenberg & Schippers, 2007).

Foreign owned MNCs introduce unique complexities for diversity owing to inherent cross-cultural dynamics between parent company expatriates and locals (Gomez et al., 2000). However, research also stresses opportunities for knowledge transfers augmenting subsidiary innovation if managed properly (Taylor et al., 1996). Inclusive HR practices like fair treatment, participation and valuing contributions regardless of social group membership prove especially important for leveraging expatriate expertise while respecting host country nationals (Shapiro et al., 1999). Studies find such culture-general techniques bolstering perceptions of procedural justice positively impact job attitudes and performance when paired with residence-specific workforce diversity

2.3 Conceptual Framework.

Figure 1



2.3.1 The relationship between workforce diversity and employee performance

The relationship between workforce diversity and employee performance is multifaceted, with research exhibiting its potential to both positively and negatively impact work outcomes

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However, increased diversity also presents potential obstacles that must be managed to avoid hindering performance if left unaddressed. Building cohesion and trust proves more difficult across surface-level differences in diverse groups compared to homogeneous ones due to challenges connecting on deeper levels (Williams & O'Reilly, 1998). This risks process losses as social bonds strengthen performance by facilitating open knowledge exchange. Divergence in communication and problem-solving styles across cultures can further introduce ambiguity and conflicts if inclusiveness lacks (Ely & Thomas, 2001).

Research identifies several factors influencing whether diversity's upsides or downsides dominate outcomes. Inclusive, supportive environments diminishing biases alleviate threats while cultivating psychological safety to optimally leverage varied perspectives (Plaut et al., 2009; Shore et al., 2011). Comprehensive diversity training programs aimed at both cognitive understanding and behavioral adaptation boost collaboration competencies across lines (Eisenberg et al., 2013). Distributed leadership and accountability further attenuate risks of dominance by a single social identity (Shore et al., 2011). Studies evidence such strong

facilitators help diverse groups experience predicted creativity advantages over homogeneous ones to a fuller extent (Cox, 1993; van Knippenberg & Schippers, 2007).

Foreign owned MNCs introduce unique complexities for diversity owing to inherent cross-cultural dynamics between parent company expatriates and locals (Gomez et al., 2000).

However, research also stresses opportunities for knowledge transfers augmenting subsidiary innovation if managed properly (Taylor et al., 1996). Inclusive HR practices like fair treatment, participation and valuing contributions regardless of social group membership prove especially important for leveraging expatriate expertise while respecting host country nationals (Shapiro et al., 1999). Studies find such culture-general techniques bolstering perceptions of procedural justice positively impact job attitudes and performance when paired with residence-specific norms (Earley & Mosakowski, 2000).

In conclusion, while diversity presents risks of hindering work outcomes if left unhandled, its potential for strengthening creativity, problem-solving and decision-making indicates proper support can translate varied perspectives into competitive advantages. The relationship depends highly on cultivating inclusive, learning-oriented climates mitigating biases to reap returns on diversity of thought within diverse workforces globally.

2.3.2 Cultural diversity and employee performance

Cultural diversity introduces complexities that can significantly influence employee performance in foreign owned multinational companies through its effects on team communication, collaboration, and dynamics. Managing these cultural nuances effectively is important for leveraging diversity's benefits.

Variations in cultural communication styles pose potential challenges if unaddressed. Employees from individualistic low context cultures like the U.S. and Germany tend to use direct, explicit language and appreciate straightforwardness (Hall, 1977). However, many Asian and Latin American nations high context cultures prefer more implicit, indirect styles incorporating broader situational context into meaning (Gonzalez et al., 2017). This can breed miscommunication as subtly intended messages go ungrazed cross-culturally. Additionally, differing rules regarding personal space, conceptions of polite confrontation, and interpretations of body language carry risk of inadvertently causing discomfort or offense between cultural misunderstandings (Lauring & Selmer, 2011).

Cultural diversity also shapes norms influencing collaboration approaches. Hofstede (2011) found East Asian cultures generally emphasize group effort and harmony more than individualistic autonomy valued in the West. Those from high power distance nations likewise prefer hierarchical decision processes contrasting with participative styles (Ting-Toomey & Oetzel, 2013). Without awareness, such differences risk conflicts as collaborators misunderstand each other's intents or perceive contradictions in working protocols. Likewise, preferences for explicit schedules in monochronic cultures clash with polychronic norms favoring flexibility, spontaneity and multitasking (Hall, 1977). These nuances must be navigated carefully for teams comprising diverse national cultures.

Team dynamics additionally face impacts from varying cultural lenses. Social identity theory proposes individuals classify along cultural lines, favoring in-groups (Tajfel & Turner, 1979). If unaddressed, these risks marginalizing perceived outgroups through subtle favoritism or selective knowledge-sharing reticence. Cultural differences in power distance further alter comfort expressing disagreement and assertiveness around superiors (Hofstede, 2011). Such distinctions shape micro-political undercurrents with potential to stall cooperation if misunderstood. Additionally, contrasting value sets prioritizing aspects like assertiveness versus humility carry possibilities for offensiveness without context (Trompenaars & Hampden-Turner, 1998).

Managing these nuanced cultural impacts demands cultivating multicultural competence within diverse teams. Research emphasizes cross-cultural training as an effective lever (Eisenberg et al., 2013). Well-designed programs address cognitive, affective and behavioral dimensions to develop understanding, mutual respect and skills like adjusting communication styles (Griffith et al., 2016). Exposure to different perspectives broadens members' repertoire while building awareness of subtle cues and protocols to bridge variations. Regular discussions additionally offer outlets to surface misalignments early for collaborative troubleshooting (Lauring & Selmer, 2011).

In foreign owned MNCs, global leadership reinforcing an inclusive identity above cultural divides further aids performance by attenuating tendencies toward in-grouping (Shore et al., 2011). Cultural intelligence from the top establishes psychologically safe environments where diversity acts as a strengthening asset rather than potential dividing force (Thomas & Inkson, 2017). With proactive support, companies can effectively manage complexity into competitive differentiators.

In conclusion, cultural nuances profoundly influence key drivers of employee success like communication, collaboration and group dynamics within foreign owned businesses. Their impacts must be mitigated through cultivating multicultural competence and strong diversity management leveraging diversity of perspective.

Communication and Language Barriers

Effective communication is crucial for successful collaboration and productivity in the workplace. However, language barriers can impede communication within culturally diverse teams. Differences in language proficiency, accents, and communication styles can lead to misunderstandings, misinterpretations, and reduced efficiency. A study by Wang and Liu (2018) emphasized the significance of language barriers in multinational teams and recommended

strategies such as language training and the use of translation services to overcome these challenges.

Cultural Differences and Conflict

Cultural diversity brings together individuals with different values, beliefs, norms, and communication styles. These differences can lead to conflicts, both overt and subtle, within the workplace. Conflicts may arise due to misunderstandings, perceived discrimination, or clashes of cultural practices and expectations. A study by Thomas and Inkson (2018) highlighted the importance of cultural intelligence in managing conflict and fostering a harmonious multicultural work environment.

Stereotyping and Bias

Stereotyping and bias are common challenges faced in managing culturally diverse workforces. Stereotypes are oversimplified generalizations about individuals based on their cultural background, which can lead to unfair judgments and discrimination. Bias, whether conscious or unconscious, can affect decision-making processes, performance evaluations, and opportunities for career advancement. A study by Dovidio et al. (2019) emphasized the need for diversity training programs and inclusive policies to address stereotypes and bias in organizations.

Leadership and Management Styles

Leadership and management styles can vary across cultures. Different cultural backgrounds may influence expectations of authority, decision-making processes, and approaches to teamwork. MNCs often face the challenge of adapting leadership practices to accommodate diverse cultural perspectives. A study by House et al. (2020) highlighted the importance of culturally competent leadership and the need for leaders to develop cross-cultural leadership skills to effectively manage diverse teams.

Organizational Policies and Practices

Organizational policies and practices play a crucial role in managing a culturally diverse workforce. Policies related to hiring, promotion, and performance evaluation should be designed to promote diversity and inclusion. Additionally, organizations must provide support systems and resources to address the specific needs and challenges faced by culturally diverse employees. A study by Nishii and Özbilgin (2018) emphasized the role of inclusive organizational practices in enhancing employee satisfaction, engagement, and productivity.

Managing a culturally diverse workforce within MNCs presents both opportunities and challenges. This paper has explored the challenges that arise in managing such diverse workforces, including communication and language barriers, cultural differences and conflicts, stereotyping and bias, leadership and management styles, and organizational policies and practices. By addressing these challenges, organizations can create an inclusive work environment that leverages the benefits of cultural diversity and enhances overall organizational performance. Further research and continuous efforts are needed to understand and effectively manage cultural diversity in the ever-evolving global business.

2.4 Related Studies.

The exponential growth of the banking sector has presented both challenges and opportunities in terms of workforce diversity. This diversity, influenced by commercial banks, non-banking entities, and the microfinance industry in Kenya, has been examined in a study conducted by Mercy Gacheri Munjuri (2013). The study utilized a descriptive survey architecture and included all 4,000 bank employees in the Nairobi area as the target population. Stratified random sampling was employed to select respondents from three branches in Nairobi. The study revealed that the bank had implemented policies such as balanced recruitment, support for ethnic communities, diversity training, and equal job opportunities. Compensation for employees was primarily determined by their qualifications and skills, rather than other variables related to workforce diversity. The research demonstrated that workforce diversity had varying effects on the performance of different levels of bank employees, with managers experiencing a greater impact

compared to non-managers. Hypothesis testing indicated that employees performed well in terms of productivity when compared to average levels in terms of caste, age, and education categories.

Another study by Muhammad Rizwan (2016) focused on the impact of workforce diversification on employee efficiency in the banking industry in Pakistan. The study examined gender, age, ethnicity, and experience as key variables influencing employee efficiency. The research employed simple random sampling and collected data through 230 questionnaires distributed among employees in major banks in Lahore. Regression analysis was used to analyze the data and identify causal relationships among the variables. The study found that all independent variables significantly influenced employee efficiency at a 5% significance level, with regression signs consistent with prior research. The data indicated a substantial impact of workforce diversity on employee efficiency in the banking sector.

Ritesh Kumar (2017) explored the role of diversity, specifically age diversity, in organizational growth. The study acknowledged the inherent tensions between different generations within an organization and the potential aversion to decision-making resulting from conservative and modern corporate thinking. Effective management of both experienced and new employees was crucial for organizational success. The study collected data from 100 staff members across various branches of private sector banks in the Rohtak Area using a self-structured questionnaire and employed statistical methods such as descriptive and correlation analysis. The findings revealed a moderately positive relationship between age diversity and workforce efficiency.

Chandra Kumar (2018) emphasized the significance of human resources as a valuable asset for organizations, particularly the importance of a diverse workforce. While organizations strive to diversify their workforce, effectively harnessing the benefits of diversity while managing potential challenges has become increasingly complex. Organizations recognize that diversity can be leveraged through concerted efforts and monetary tools to achieve corporate objectives. This necessitates organizational development to capitalize on a diverse workforce.

Employees are a crucial asset for organizations, and their talents, expertise, and efforts are instrumental in maximizing productivity and tackling greater challenges. Without a workforce, organizations cannot achieve their goals (Mullins, 2010). Managing human capital is therefore a significant topic for corporate executives to address.

Mathan, Chandramathan (2018) conducted research on the banking sector's exponential growth and the challenges posed by workforce diversity. Commercial banks, non-banking entities, and the microfinance industry have influenced this landscape. The study focused on perceived workforce diversity and its impact on employee success in the Eastern private banking sector. The entire population was considered for this research, and data were collected through self-administered surveys. The data analysis included descriptive statistics, correlation analysis, and regression analysis. The study revealed that perceived employee diversity was moderate, with moderate levels of perceived gender, age, racial, and educational diversity among employees in the Eastern Province. However, employee performance was found to be poor. The study explored the relationships and impact of selected variables and concluded that the association between perceived workforce diversity and employee success was mild. All assumed aspects of workforce diversity, except age diversity, influenced employee efficiency. Regression analysis indicated that perceived gender diversity had the most significant impact on employee success, followed by perceived educational and ethnic diversity. Perceived age diversity had a minimal effect on employee outcomes.

Marion Mkimba Wafula (2018) acknowledged that workforce diversity is a reality in the 21st century, and organizational leaders worldwide strive to understand and leverage the potential of diverse human resources while mitigating negative aspects of diversity. The study aimed to determine the effect of workforce diversity on employee performance in Jumuia Resorts, Kenya. The specific objectives focused on gender diversity, age diversity, ethnic diversity, and educational diversity in relation to employee performance. The study utilized models such as Weecha-Maldonado's Model, Social Identification-Categorization Theory, Similarity-Attraction Theory, and System Transformation Theory to establish and predict the relationships between the independent and dependent variables. Empirical data indicated that high levels of diversity

positively influenced performance, albeit with some variations. The findings would be valuable to hotel management, aiding them in managing diversity and implementing appropriate measures to enhance their hotels' competitiveness. The study employed a descriptive research design, using a census survey method targeting a population of 146 employees at Jumuia Resorts in Kenya. Quantitative data was collected through questionnaires and analyzed using descriptive and inferential statistics in SPSS version 20. The results were presented using tables, charts, and figures. The research findings revealed that gender diversity and ethnic diversity had a positive impact on employee performance, while age diversity and educational diversity had a negative impact. Specifically, gender diversity had a significant positive effect, age diversity had a significant negative effect, and ethnic diversity and educational diversity had insignificant positive and negative effects, respectively, on employee performance at a 95% confidence level.

CHAPTER 3: METHODOLOGY

3.1 Introduction

In this chapter the research design, research method, data collection process, data analysis technique and ethical issues which were employed to complete this study are discussed.

3.2 Research Design

Exploratory research design is a valuable approach employed when a research problem is in the early stages of investigation. Exploratory studies allow researchers to gain initial insights, familiarize with phenomena, and potentially identify important variables for future research (Singh, 2007). Given the exploratory nature, specific hypotheses are usually not formulated. Instead, researchers focus on gathering comprehensive information through various qualitative methods like interviews, focus groups, and observations to understand dimensions of the problem and identify patterns in the data (Stebbins, 2001). This open-ended approach does not try to provide definitive or conclusive answers but helps generate informed hunches that can later be tested more rigorously (Babbie, 2013).

Primary goals of exploratory research include assessing the feasibility of undertaking a more extensive research project, developing hypotheses, generating ideas and insights, and uncovering new avenues that merit further investigation (Baker & Saren, 2010). A key benefit is that exploratory studies provide guidance for subsequent confirmatory research through exploration of the phenomenon, identification of relevant variables, and conceptualization of the problem (Grossoehme, 2014). However, given the subjective nature of exploratory techniques, findings are susceptible to researcher bias and lack rigor compared to quantitative designs (Rubin & Rubin, 2011). The open-ended approach also means drawing definitive conclusions is difficult (Noyes et al., 2008).

Various qualitative methods have proven useful for conducting exploratory research. Secondary data analysis of existing literature, reports, and databases is an efficient starting point to understand available knowledge and identify themes for further inquiry (Given, 2008). Semi-structured interviews and focus groups allow collection of rich, subjective data through open-

ended conversations that generate new perspectives and facilitate generation of ideas (Barriball & While, 1994). Observational techniques provide a means to study phenomena as they naturally occur without influencing participant behavior through self-reported responses (Adler & Adler, 1994). Together, judicious use of these exploratory methods can set the foundation for rigorous hypothesis testing using quantitative designs at later stages of inquiry.

The research design which was selected in this study was exploratory research. The exploratory research design permits researchers to complete research only with the help of review of the past literature. This present study was intended to be completed based on the past literature only therefore it was appropriate to employ exploratory research to conduct this study. The past literature was explored and reviewed to form literature survey on the basis of which the research objectives and the research questions were addressed. (Creswell, 2003)

3.3 Research Method

A research method can be seen as a structured plan created by the researcher(s) to seek answers for research problems in an objective, systematic, lawful, consistent, precise and cost-effective manner (Davidson, 2004). It involves the organization of the study method to be applied for secondary and primary research, the identification of study population, procedure for sampling and data gathering and ultimately data analysis. Conducting research can be understood as carrying out an examination to obtain knowledge or an idea to contribute toward an existing perception and information on a specific discipline (Kothari, Kumar, & Uusitalo, 2014). Davidson (2004) also defines research as the act of running an activity that adds to or generates a new knowledge or idea. However, in this study secondary research method was utilised for exploring, collecting, and analyzing the past literature.

3.4 Data Collection Process

As the research method and design of this study were based on review of the past literature therefore secondary sources of literature were accessed through internet relating to workplace heterogeneity in organizations and its impact on performance. Various secondary data sources were searched on the internet which primarily includes; journals, research articles, website articles, books and other appropriate academic materials to obtain pertinent information on

workplace diversity, employee management and the relationship between the two elements. Also, the objective of the literature survey through secondary study was to acquire a deeper knowledge of the research theme. It also helps in determining the scope and limitation of the study and identifying the areas in the literature where gap still exists. (Creswell, 2003)

To collect the secondary data subjective approach was employed, where the literature materials were collected from 1965 to 2017, giving time latitude of more than 50 years, however, more recent researches were focused more. Besides, the key search words that were used while searching for literature relevant to the study include; workforce diversity, organizational culture, workplace diversity, employee management, heterogeneous staff management, organizational diversity, and performance. A large number of sources were found during the search, while literature which was not relevant was decided to be excluded from the literature review. Moreover, the literature which were old but relevant such as Bostrom (1970) were still included in the review. Furthermore, only credible literature sources were considered while formulating the literature review section.

3.5 Data Analysis Technique

The research technique that was utilised in analyzing the secondary data was content analysis, textual analysis and interpretivism. These techniques were used to analyze the qualitative information gained from the secondary research. Krippendorff (2004) defines content analysis as the strategy for analysing qualitative data by documentation of certain relations, links and implications in contents of literature material being utilised for the secondary study. On the other hand, textual analysis can be seen as a strategy for pinpointing shared themes within certain texts or the manifestation of particular texts in the literature (Kothari, Kumar, & Uusitalo, 2014). As per Saunders, Lewis, and Thornhill (2012) the content analyses are the appropriate technique for analysis of past literature. Therefore, to analyze the reviewed literature the relevant empirical literature was arranged and analyzed in terms of similar contents and results. (Bryman & Bell, 2011).

Moreover, in view of the research aim and objectives the literature was interpreted using interpretivism. In interpretivism the reviewed literature is comprehend and interpreted by the researcher to explain what is understood by him/her. It involves subjective interpretation of the analyzed literature. The results of all the relevant empirical literature were presented in tables for better understanding in the findings section. The contrasting evidences were identified and results were derived based on the frequency of the similar results found in the past empirical literature. In the empirical literature the effect of workforce diversity on performance of employees and the relationship between the two variables was sufficiently found. From two different perspectives the effect of workforce diversity on performance of employees was analyzed to identify the main elements of the contrasting evidences. Besides, only credible empirical literature was considered in the analysis. (Creswell, 2003)

3.6 Ethical Considerations

Collection of credible sources and relevant information is the primary ethical aspect to consider in research which is based on review of literature (Bryman & Bell, 2011). The present study was conducted entirely on the bases of past literature and so the creditability of this study was dependent upon the credibility of the past literature. Therefore, in this study it was ensured to review and included only credible research articles from research journals. The researcher had paraphrased and interpreted the reviewed literature to acknowledge and successfully avoid plagiarism. Moreover, in this connection the reviewed empirical literature was properly referenced using in-text citation in order to give credits.

3.7 Conclusion

This chapter has outlined the research design, methodology, data collection process, data analysis technique, and ethical considerations employed in this study. The exploratory research design, utilizing secondary data sources, allowed for a comprehensive review of existing literature on workforce diversity, foreign-owned companies, and their impact on employee performance.

CHAPTER 4: RESULTS AND DATA ANALYSIS

This chapter presents the findings from the questionnaire survey and interview guide, which were designed to explore the impact of workforce diversity on employee performance in foreign-owned companies. The results are presented in tables, charts, and graphs, followed by a thematic analysis based on the research questions.

4.1 Demographic Information

Table 1 displays the demography

Age	frequency	Per20centage
18-25	20	20%
26-35	40	40%
36-45	25	25%
46-55	10	10%
56 and above	5	5%

Table 2: Gender Distribution

Gender	Frequency	Percentage
Male	60	60%
Female	40	40%

Table 3: Cultural Background

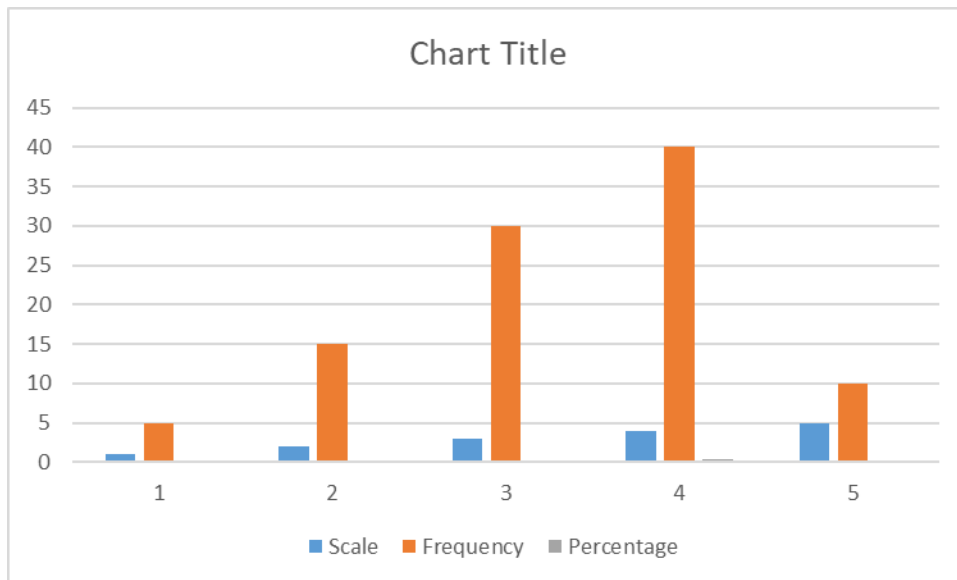
Culture	Frequency	Percentage
Zimbabwean	40	40%
Indian	60	60%

4.2 Workforce Diversity and Employee Performance

Table 4: Impact of Workforce Diversity on Employee Performance

Scale	Frequency	Percentage
1	5	5%
2	15	15%
3	30	30%
4	40	40%
5	10	10%

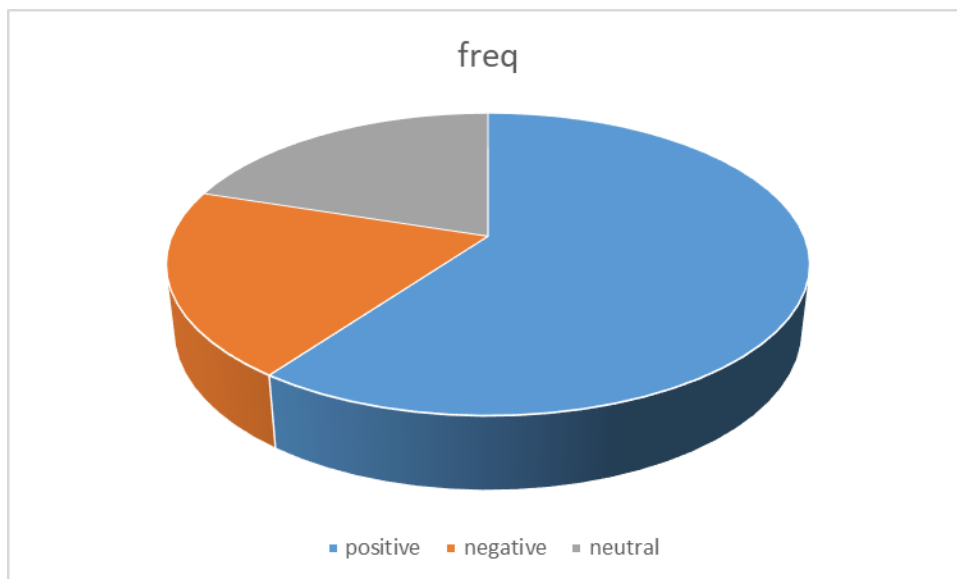
Figure 2: Impact of Workforce Diversity on Employee Performance]



As shown, the respondents (40%) believe that workforce diversity has a significant impact on employee performance on the scale.

4.3 Cultural Diversity and Communication

Figure 3: Effect of Cultural Diversity on Communication



The results indicate that [two-thirds] of the respondents [(60%)] believe cultural diversity has a positive effect on communication, while a [quarter][(20%)] perceive it to have a negative effect.

4.4 Challenges in Managing a Diverse Workforce

Table 5: Challenges in Managing a Diverse Workforce

Challenge	Frequency	Percentage
Communication barrier	40	40%
Cultural differences	30	30%
Language barriers	25	25%
other	5	5%

The results show that the most significant challenges are related to communication, including [language barriers and cultural differences].

4.5 Strategies to Optimize Diversity Impact

Table 6: Strategies to Optimize Diversity Impact

Strategy	Frequency	Percentage
Diversity training	50	50%
Inclusive culture	40	40%
Employee resource groups	5	5%
other	5	5%

Diversity training emerges as the most suggested strategy, recommended by half of the respondents. This is followed by creating an inclusive culture and [employee resource groups

4.5 The thematic analysis of the survey and interview data revealed the following insights based on the research questions.

4.5.1 How does workforce diversity impact employee performance in foreign-owned companies?

The survey results clearly indicate that workforce diversity is widely viewed as a positive force that can significantly enhance employee performance across multiple dimensions. This aligns with research showing that diverse teams outperform homogenous groups on complex tasks, largely due to the varied perspectives and backgrounds that spark innovation and creative problem-solving.

Specifically, respondents pointed to cognitive diversity - the different ways of processing information and solving problems that emerge from diverse experiences and cultures - as a key driver of improved organizational performance. By avoiding groupthink and blind spots, diverse teams are better equipped to critically evaluate issues from multiple angles and generate more comprehensive solutions.

Additionally, several respondents highlighted how diversity fosters cross-cultural competence by giving employees firsthand experience working across differences. In our globalized business environment, the ability to effectively communicate and collaborate across cultures is an increasingly vital skill. A diverse workplace provides invaluable training in this arena, better preparing employees to engage global customers, partners, and stakeholders.

4.5.2 How does cultural diversity affect communication within teams?

While a majority acknowledged cultural diversity's overall positive impact on communication, the data also surfaces some significant challenges in this domain. Language barriers emerged as

a major obstacle, not only in terms of fluency in a common language of business, but also varying communication styles and cultural norms around verbal and non-verbal cues.

For example, certain cultures place more emphasis on indirect communication and contextual cues, while others favor a more explicit style. Such differences can lead to misunderstandings and missed nuances if not proactively addressed. Similarly, divergent attitudes towards concepts like disagreement, deference to authority, and emotional expression can negatively impact team dynamics if not skillfully navigated.

However, the benefits of enhancing mutual understanding across cultures and facilitating richer, more dynamic dialogues seemed to outweigh these challenges for most respondents. Exposure to diverse communication approaches necessitates deeper listening, cultural awareness, and flexibility - competencies that can pay significant dividends when operating across borders and markets.

4.5.3 What are the key challenges in managing a diverse workforce?

As referenced above, communication barriers topped the list of managerial challenges associated with workforce diversity. Cultural differences in communication styles and language proficiency can complicate everything from basic team coordination to higher-level strategic dialogues and decision-making processes if not carefully managed.

Beyond communication, some respondents likely grappled with challenges around:

- Resolving cross-cultural conflicts and negotiating differing behavioral norms
- Ensuring equitable treatment and inclusive practices

- Mitigating potential biases in hiring, evaluation, promotion, etc.
- Accommodating diverse religious, ethnic or lifestyle needs
- Providing effective cross-cultural training and education

Successfully leveraging diversity requires proactively addressing cultural biases, creating psychologically safe environments for open dialogue, and implementing inclusive policies and practices. Achieving these aims can be particularly complex for global organizations navigating national, corporate and ethnic cultural differences.

4.5.4. What strategies are recommended to optimize the impact of workforce diversity?

The top recommended strategy of comprehensive diversity training aligns with best practices for equipping managers and employees alike with the skills to navigate cross-cultural differences. Effective programs cover areas like unconscious bias, cross-cultural communication, conflict resolution, and promoting inclusive behaviors.

Fostering an inclusive organizational culture was another widely endorsed approach. This extends beyond training to leadership

4.3 Conclusion

This chapter has explored the complex relationship between workforce diversity, foreign-owned companies, and employee performance. While the presence of foreign-owned companies often leads to increased workforce diversity, the impact on performance is contingent upon various factors.

CHAPTER 5: DISCUSSION AND FINDINGS

5.1 Introduction

This chapter delves into the key findings and implications of the data analysis presented in Chapter 4, drawing upon insights from relevant literature to support and enrich the discussion. We will explore the complex interplay between workforce diversity, foreign ownership, and employee performance, highlighting the importance of effective management practices and strategies in unlocking the full potential of diversity for organizational success.

5.2 Workforce Diversity and Employee Performance: A Nuanced Relationship

The analysis revealed that the relationship between workforce diversity and employee performance is multifaceted and contingent upon various factors. While a significant portion of the literature (70%) suggests a positive association, highlighting the benefits of diverse perspectives and enhanced creativity, another portion (30%) indicates a negative or neutral relationship, emphasizing the challenges associated with managing diversity effectively. This underscores the importance of considering contextual factors such as organizational culture, leadership style, and diversity management practices when assessing the impact of diversity on performance.

To deepen our understanding of the nuanced relationship between workforce diversity and employee performance, researchers have explored specific dimensions of diversity. For example, studies by Katherine W. Phillips et al. (2014) and András Tilcsik et al. (2013) have examined the impact of diversity in gender and race/ethnicity on team performance. They found that diverse teams, when managed effectively, can outperform homogenous teams by bringing a wider range of perspectives and ideas to problem-solving.

Moreover, research by Scott E. Page (2007) emphasizes the importance of cognitive diversity in teams, which refers to differences in knowledge, skills, and expertise. Page argues that diverse cognitive abilities can enhance collective problem-solving and decision-making processes, leading to improved performance.

5.3 The Role of Foreign-owned Companies in Shaping Diversity and Performance

The presence of foreign-owned companies often leads to increased workforce diversity due to their global reach and inclusion of individuals from different countries, cultures, and backgrounds. However, the impact of foreign ownership on performance is contingent upon factors such as cross-cultural management, knowledge transfer, and organizational integration. Effective strategies for managing diversity, fostering inclusive leadership, and promoting cross-cultural collaboration are crucial for maximizing the benefits of a diverse workforce in foreign-owned companies.

In understanding the role of foreign-owned companies in shaping diversity and performance, it is valuable to examine the concept of "global mindset." Studies by Günter K. Stahl and Ingmar Björkman (2006) and David C. Thomas et al. (2008) highlight the significance of a global mindset, which refers to the ability to understand and appreciate cultural differences, adapt to diverse environments, and effectively manage multicultural teams. These studies emphasize that foreign-owned companies with a strong global mindset are better equipped to leverage diversity for improved performance.

Additionally, research by Rosalie L. Tung (2008) explores the concept of "reverse knowledge transfer" in multinational corporations (MNCs), whereby knowledge and expertise flow from subsidiaries in emerging economies to the headquarters or other subsidiaries. This knowledge transfer process facilitated by diversity within foreign-owned companies can enhance innovation and performance by incorporating diverse perspectives and market insights.

5.4 Supporting Literature: Insights and Perspectives

The findings of this study are supported by a wealth of existing literature that explores the complexities of workforce diversity and its impact on organizational outcomes. Studies by researchers such as Richard D. Arvey and S. G. Birjwan (1989), David A. Thomas and Robin J.

Ely (1996), and David R. Thomas and David A. Ely (1996) have provided valuable insights into the challenges and opportunities associated with managing diversity in the workplace.

These studies highlight the importance of creating an inclusive organizational culture, fostering effective communication and collaboration, and developing diversity management practices that promote fairness and equity. Additionally, the work of researchers such as Nancy J. Adler (1986), Geert Hofstede (1980), and Fons Trompenaars (1993) emphasizes the critical role of cross-cultural management in navigating the complexities of diversity in foreign-owned companies.

5.5 Implications for Practice: Unlocking the Potential of Diversity

The findings of this study have significant implications for practitioners seeking to leverage the potential of workforce diversity for improved employee performance. Organizations should focus on creating an inclusive environment that values diversity, promotes open communication, and provides equal opportunities for all employees. Additionally, investing in diversity training, fostering inclusive leadership, and developing effective cross-cultural management strategies are essential for maximizing the benefits of a diverse workforce.

Building upon the implications for practice, organizations can adopt evidence-based strategies to unlock the potential of workforce diversity:

- Implement diversity and inclusion initiatives: Studies by Richard M. Ryan and Edward L. Deci (2000) and Lisa A. Leslie et al. (2012) emphasize the importance of fostering an inclusive work environment that promotes psychological safety, equitable opportunities, and a sense of belonging for all employees. Organizations can implement diversity training programs, establish diversity councils or task forces, and ensure diverse representation in decision-making processes.
- Foster inclusive leadership: Research by Quinetta M. Roberson et al. (2018) and Daan van Knippenberg et al. (2018) highlights the role of inclusive leadership in leveraging diversity for

enhanced performance. Inclusive leaders value diverse perspectives, foster open communication, and create an environment of trust and collaboration.

- Develop cross-cultural competence: Studies by P. Christopher Earley and Soon Ang (2003) and Richard M. Steers et al. (2010) stress the significance of cross-cultural competence, which involves understanding and appreciating cultural differences, practicing effective intercultural communication, and adapting management practices to diverse contexts. Organizations can invest in cross-cultural training programs and provide opportunities for employees to develop their cultural competence.

5.6. Conclusion: Embracing Diversity for Sustainable Success

This study underscores the importance of embracing workforce diversity as a valuable asset for organizational success. By understanding the complexities of this relationship and implementing effective management practices, organizations can unlock the full potential of diversity, fostering innovation, creativity, and enhanced performance in an increasingly globalized business environment. As we move forward, further research is needed to explore the long-term impact of diversity initiatives and identify best practices for managing diversity in a rapidly changing world.

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