

Research article

## Work Force Diversity as a Source of Innovation in context of Telecom sector in Pakistan

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### Abstract

In today's increasingly rapid changing business environment, countries such as Pakistan have changed drastically to accommodate the increasingly diverse work force in most, if not all, of its organizations. The diversity of the work force in Pakistan is quite admirable and has been taking an ever increasing trend in the past couple of decades. Nowadays, it is very common to find business professionals whom are simultaneously fluent in several languages, such as English, French, German, and of course Arabic while coming from a highly diverse training and education backgrounds. This study explores the impact of gender, age, and education background on innovation in Pakistani Telecom sector which is renowned to employ highly diversified workforce. The study sample was 30 all level management positions. Data was collected via self-administered questionnaires methodology. The results indicated that only two variables, gender and educational background, were significant in explaining the variance in employee performance when different work force work together, while surprisingly, age diversity does not. This research investigates the effect of employee diversity in terms of gender, age, ethnicity and education on the firm's likelihood of introducing an innovation. The analysis draws on data from a recent innovation survey. This data is merged with a linked employer employee dataset that allow us to identify the employee composition of each firm. We test the hypothesis that employee diversity is associated with better innovative performance. The research portray some limitations that there is small scale research required broad spectrum for future research and more diverse MOB in future will more attractive results.

**Keywords:** Diversity, Culture. Telecom products.

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### 1. Introduction

Workplace diversity is a multi-faceted concept that will continue to evolve as more industries, specifically the Telecom industry, move toward both working in and recruiting employees from a global market place. It is argued that this has led to a perception that work force diversity became inevitable and fundamental for sustainable organizational innovation. This belief drives corporate managers to embrace and comprehend the concept of work place diversity, its barriers, and benefits. Furthermore, workforce diversity is increasingly recognized and utilized as one of the very important, if not the most important, organizational resources in regards to

whether the goal of an organization is to be an employer of choice, to provide excellent customer service, to maintain a competitive edge or to become innovative. Any business that intends to be successful must have a borderless view and an underlying commitment to ensure that work force diversity is part of its day-to-day business operations (Childs, 2005).

Limited empirical research demonstrated that diversity management can indeed improve organizational outcomes (Kalev, 2006; Ng and Burke, 2005; Pitts, 2009). This study attempts to bridge that gap and argue that the future success of any organization relies on the ability to manage a diverse body of talent that can bring innovative ideas, perspectives, and views to their work. The challenge

and problems faced as a result of incorporating work place diversity under one roof can be turned into a strategic organizational asset if organizations are able to capitalize on this melting pot of diverse talents. With the mixture of talents of diverse cultural backgrounds, genders, ages, and lifestyles, an organization can respond to business opportunities more rapidly and creatively, especially in the global area which must be one of the important organizational goals to be attained. Furthermore, Hilary and Elaine (2000) suggested that organizations should embrace diversity in their workforce and work towards achieving it by creating a culture where difference can thrive, rather than working simply for representatives and assimilation. More importantly, if the organizational environment does not support diversity broadly, organizations risk losing talent to competitors. Chan (2009) found that in order to effectively manage workplace diversity, the Human Resource Manager needs to maintain a cross cultural sensitivity competency by changing his/her management philosophy from an ethnocentric view (our way is the best way to do things) to a culturally relative perspective (let's take the best of a Variety of ways). This shift in mindset has to be ingrained in the management style of Human Resource Managers in their basic management functions.

It is argued that organizations that develop and employ the necessary policies and procedures to attract and retain the best and most qualified employees maintain a competitive advantage among their counterparts and subsequently increase their effectiveness. To achieve success and maintain a competitive advantage, organizations draw on the most important resource, which is the skill set of the workforce. When work force diversity is not managed properly, there will be a potential for higher voluntary employee turnover, difficulty in communication, and destructive interpersonal conflicts. Overall, it will be adversarial to organization's performance, profitability, and innovation and needless to mention, reputation. Decades of research on the effects of diversity within teams and small groups indicate that diversity can have negative effects, as well as positive ones (Kochan *et al.*, 2003). Moreover they elaborated that the lack of evidence linking workforce diversity to employee performance may be that the relationship between diversity and the bottom line is more complex than is implied by the popular discussion.

The objective of this study is threefold, first, to identify the factors that affect the workforce diversity towards in organizations. Second, to serve as a guideline for the potential new entrants who wish to enter the industry on issues that will need to be considered before starting any business. Third, to study the relationships of gender, age, and education background on overall employee performance in an organization. The notion of diversity plays an important role in a wide range of scientific disciplines (Stirling, 2007).

Studies have suggested that there is a positive relationship between diversity in the firm's knowledge base and their innovative capabilities. Firms that are technologically diverse are more innovative and survive longer (Breschi *et al.*, 2003; Suzuki and Kodama, 2004; Garcia-Vega, 2006). Firms with a variety of knowledge, experience and skills among their employees may benefit from complementarities that can foster development in other fields (Dosi, 1982; Quintana-García and Benavides-Velasco, 2008), have a broader organizational routines and search activities (Nelson and Winter, 1982; Dosi, 1988), have a higher absorptive capacity that allow the firm to exploit external knowledge (Cohen and Levinthal, 1990; Zahra and George, 2002), and are better to exploit internal knowledge through interaction and learning (Lundvall, 1992; Woodman *et al.*, 1993; van der Vegt and Janssen, 2003). These theories suggest that employee diversity has a positive effect on innovation. The relation between diversity in the composition of the workforce and firm performance was addressed in Penrose's work from 1959 where she states that: "It is the heterogeneity of the productive services available or potentially available from its resources that gives each firm its unique character" (Penrose, 1959, p. 75). An important element of these resources is a firm's human capital resources (Penrose, 1959; Barney, 1991). Human capital resources have a cognitive dimension, such as vocational training and experience; and a demographic dimension, such as gender, age and cultural background, which affect the application and combination of existing knowledge and the communication and interaction between employees. Employee diversity is often considered to be positive since it might create a broader search space and make the firm more open towards new ideas and more creative. Ideally, diversity should increase a firm's knowledge base and increase the interaction between different types of competences and knowledge. As the cultural, educational and ethnic background among employees becomes more diverse so does the knowledge base of the firm. This creates possibilities for new combinations of knowledge (Schumpeter, 1934). However, increasing employee diversity strengthens the need for interaction and communication within the firm and might lead to conflict and distrust. A growing literature is analyzing the relation between diversity among top management teams and the performance of firms. The characteristics of the top managers appear to influence growth, productivity and revenues, since it influence their decisions, strategy, and responsiveness to change (Murray, 1989; Wiersema and Bantel, 1992; Pitcher and Smith, 2001). However, the studies focusing on the effect of diversity and innovation are scarce (Bantel and Jackson, 1989; O'Reilly and Flatt, 1989; Zajac *et al.*, 1991; van der Vegt and Janssen, 2003).

## 2. Problem statement

Understanding the impacts of work force diversity on organizational outcomes, such as organizational performance, employee satisfaction, and voluntary employee turnover, is key organizational sustainability (Sungjoo and Rainey, 2010). Work force diversity is proclaimed as an opportunity for organizations to become more creative, to reach previously untapped markets, and in general to achieve and maintain a competitive advantage (Loriann and Carol, 2007; Cox, 1994; Robinson and Dechant, 1997; Thomas and Ely, 1996). Erasmus (2007) argued that workforce diversity creates conflict and uncertainty in the workforce as management, on average, is not skilled in the discipline of diversity management. As a result, managers do not know how to effectively practice diversity. Employees still make decisions to break the rules with their behavior when it comes to diversity (Victoria and Mary, 2010). According to Kochan et al., (2003), diversity within the work place can evoke an array of emotions as some view diversity as something to be dealt rather than a tool to be used to improve the organization. Even though, many will agree that the results of a diversity-conscious organization add value to the employee and organization, yet research evaluating diversity for the sake of developing methods of interventions does not exist (Dahm, 2003).

### 2.1 Research Questions

The research questions are as follows:

- 1) What is the relationship between gender and innovation?
- 2) What is the relationship between age and innovation?
- 3) What is the relationship between educational background and innovation?
- 4 ) What is the relationship between workforce diversity and innovation?

#### *Hypotheses*

In this study, innovation is the dependent variable while gender, age, and education background are the independent variables.

Kochan et al., (2002) argued that employees began to realize and recognize demographic differences such as gender differences affecting the working relationship between employees and their performance. Moreover, Jehn and Werner (1993) measured that diversity had a significant effect on group processes, but the nature of the effect depended on whether the diversity was in gender or not.

*H1: There is a significant relationship between gender and innovation.*

*H2: There is a significant relationship between age diversity and innovation.*

## 3. Literature review

### 3.1 Diversity and Innovation

Firms with diversity in the skills, knowledge and experiences among their employees also increase the possibilities for new combinations of internal knowledge through interaction and learning (Lundvall, 1992; Woodman et al., 1993; Wenger, 2000; van der Vegt and Janssen, 2003). Different points of views, educational backgrounds and experiences facilitate the exploratory competence of a firm through better problem solving and generation of new ideas (Quintana-García and Benavides-Velasco, 2008). However, in the knowledge-based economy a firm relies less on their tangible and more on their intangible resources (Teece et al., 1997). As a result the firm's knowledge base, in the form of human capital, becomes even more important in explaining its performance. This human capital is affected by diversity in the composition of employees and their interaction (Laursen et al., 2005). Thus, employee diversity is a key variable for understanding the knowledge base of the firm. Employee diversity is often measured by individuals' demographic attributes that are used as a proxy for different attitudes, knowledge bases and cognitive models (Williams and O'Rilly, 1998; Harrison and Klein, 2007). Williams and O'Reilly (1998) and Horwitz (2005) suggest that diversity has an effect on performance, although some researchers have found negative effects and others positive effects of diversity. The positive effects relate to openness, creativity, learning, flexibility, broader search space, better problem solving, and new combinations of knowledge. Diversity can also increase the firm's absorptive capacity (Cohen and Levinthal, 1990). The costs of diversity are related to lack of economies of scale in the knowledge production, distrust, conflict and dissatisfaction. Diversity also leads to increased transaction costs, since interaction and communication between different knowledge bases and groups might be difficult. Social identity theory predicts that diversity in groups often results in competitive behaviour and conflict. Therefore, diverse work groups experience less cooperation and internal communication than homogeneous work groups (Joshi and Jackson, 2003). However, Joshi and Bantel argue that diversity improves the work groups external relationships and allow them to acquire knowledge through cooperation with employees from other work groups, while the homogeneous work groups will focus on internal cooperation. Thus, diversity has a positive side and a negative side. However, in their discussion of why they do not find any negative effects of diversity Bantel and Jackson (1989) argue that: "This may be because the dysfunctional effects of heterogeneity occur only when extremely high levels of diversity exist, and such extreme diversity is less likely among members of top management teams" (Bantel and Jackson, 1989, p.

118). However, work organization, and organisational recruitment policies are working against potential negative effects of diversity. When firms hire new employees they try to select people with a profile that fits the needs of the firm in terms of skills, experience, values, and norms. In addition, there is self selection among the applicants that reduces the disparity between employees. Through these selection processes firms avoid extreme levels of diversity that might cause negative effects. Interaction between diverse knowledge bases in a firm is necessary to experience an effect of the diversity. Innovation is an interactive process and diversity among those who interact promotes the innovation process, since diversity affects the way knowledge is generated and applied in the innovation process. Therefore employee diversity should generally have a positive effect on innovation, but high levels of diversity might create conflict, information overload and slow down the innovation process. Thus, there is a trade-off between diversity and the commonality of knowledge across individuals (Cohen and Levinthal, 1990; Wenger, 2000).

Previous research on workplace diversity suggests that diversity can be either detrimental or beneficial for employee performance (Williams and O'Reilly, 1998). For instance, employee diversity is positively associated with creativity and problem-solving skills (Bantel and Jackson, 1989; Jehn et al., 1999) and negatively related with cohesiveness and cooperation (Pelled et al., 1999). Good work force diversity practices in the area of human resources are believed to enhance both employee and organizational performance (Adler, 1986). Furthermore, employee diversity allows increased creativity, a wider range of perspectives, better problem definition, more alternatives and better solutions (Adler, 1986). It is also argued that with decreasing homogeneity in the workforce, it has become crucial for organizations to develop equal opportunities and diversity management policies to maintain the skills of employees with diverse backgrounds in order to protect their competitive position in the market place (Gilbert and I vancevich, 2000; Shaw, 1993).

Work place diversity generates conflicts between employees. Conflict occurs due to differences of perception, ideas, behaviors, interest, attitudes, religious differences, political differences and unjustified distribution of resources. Conflict is not always negative and does not always create hostilities. It very much depends on how the conflict is handled. If handled properly, it can become a very rich source of development (Kigali, 2006). When corporate managers ignore the conflicts between co-workers, this will result in clashes amongst them. In turn, these clashes will be converted into personal and emotional conflict in the long run and therefore damages the organizational culture, worker morale, and overall organizational performance. It can also lead to a reduction in creativity, innovation, quality, and performance of employees and organizations ultimately leading to

negative effects on the team performance (Jehn, 1994, 1995; Amason, 1996; De Dreu and Vande, 1997; Friedman et al., 2000; Michael et al., 2001; Passos and Caetano, 2005).

### 3.2 Gender

We live in a male dominant world, with most cultures around the globe adhering to that notion. Consequently, many organizations prefer to hire men compared to women because men are perceived to have better performance and ability to manage their jobs and women are stereotyped against in those characteristics (Leonard and Levine, 2003; Nkomo, 1992; Heilman et al., 1989). According to Brown (2008) and Carr-Ruffino (2003), significant amount of workforce diversity remains ineffective if gender issues are not first recognized then in turn managed. The challenge is first to successfully overcome the thought that woman are not equal to man. Kossek et al., (2005) found that only 54% of women are in the workforce worldwide compared to 80% of men. Nevertheless, according to Kochan et al. (2002), providing an equal job opportunity to women is vital to improve performance of employees in an organization. These societal mandates eliminated formal policies that discriminated against certain classes of workers and raised the costs to organizations that failed to implement fair employment practices. Discrimination on hiring workers based on gender has resulted in a firm's hiring workers who are paid higher wages than alternative workers, but are no more productive (Barrington and Troke, 2001; Becker, 1971). Moreover, Wentling and Rivas (2000) study stated that organizations with diverse workforce provide superior services and tap niche markets because they can understand customers better (Kundu, 2003).

### 3.3 Age

Pelled et al. (1999) argues that diversity in age reduces harmful emotional conflict since similarity in age enables comparisons of careers that can lead to rivalry. Zajac et al. (1991) finds a negative effect of diversity in age on service innovation performance. They argue that differences in perspectives on a wide range of issues and differences in training between young and old create disagreement that lowers innovative performance. Bantel and Jackson (1989) find a negative effect of average age on innovative performance. Gender and age clearly affect the individual's experiences and views of the world e.g. different generations experience different political, economical and technological trends that influence their attitude, perspectives and ideas. Diversity in gender is about balance between the two genders and can be expected to have a positive effect on innovative performance. Age diversity should have a positive effect, but a high average age could lower the innovative performance.

Age diversity has become an inevitable fact of life in many organizations (Kunze et al., 2011). There are two major theories which explain this relationship; the social identity and self categorization respectively. Individuals are suggested to classify themselves into certain groups on the basis of dimensions that are personally relevant for them according to social identity and self categorization theories (Kunze et al., 2011; Tajfel and Turner, 1986). As a result, individuals tend to favor members of their own group at the expenses of other groups, against which they may both stereotype and discriminate against (Kunze et al., 2011). Gelner and Stephen (2009) argued that age heterogeneity can negatively affect employee productivity due to differences in values and preferences of distinct age groups. It has also been shown that conflicts are particularly frequent in the presence of generation gaps (Gelner and Stephen, 2009; Lau and Murnighan, 2005; Pitcher and Smith 2001).

### 3.4 Education background

Firms employing employees with a highly education are more likely to be innovative and the average level of and diversity in employees education constitutes an important part of the firms' absorptive capacity (Cohen and Levinthal, 1990; Wenger, 2000; Lundvall, 2002). The educational background is an important part of the employee's knowledge base and it also influences the working methods. The employee has a professional identity rooted in education. This professional identity affects the employee's decision making and views on how to identify and solve problems (Joshi and Jackson, 2003). Dahlin et al. (2005) argues that educational diversity will enhance the information use, while too much diversity will reduce the ability to diffuse the information between employees.

Educational diversity is expected to have a positive effect on the innovative performance of firms, but a very high degree of diversity might have a negative effect since it increase coordination and communication costs. Tracy and Sappington (1993) found that employers commonly reject hiring employees whose training, experience, or education is judged to be inadequate. This means that education background is critical to employees' employability level. Employees cannot find a job and perform well without adequate education background. Besides that, Daniel (2009) found that an employee will be more productive depending on the level of his/her education. The more education the individual received, the more productive the worker will be. Moretti (2004) argued that cities with higher percentage of tertiary education level workers will enable individuals of all education level secure higher wages. Glaeser et al., (1995) found

that a greater proportion of educated workers in a city translate to higher economic growth.

## 4 . Research Methodology

The main objective of this research is to analyze the effect of workforce diversity on innovation in Telecom sector. The targeted companies are the Telecommunication companies. The target population is 30 employees in all levels of management from the 2 telecommunication companies (15 employees from Zong and 15 employees from Mobilink) in (southern Punjab, D.G.Khan) Pakistan. In this study, sampling frame is irrelevant, thus non-probability technique is used in selecting the sample. We obtained a sample size of 30 to represent the targeted population. The research instrument used is a self-administered questionnaire which required respondents to take the responsibility to read and answer the questions. The questionnaires were distributed directly to the employees and it took around 10 - 15 minutes for each respondent to complete it. The design of the questionnaire was separated into 3 sections, namely Sections A, B, and C respectively. Section A collected the respondents' demographic data which consists of elements such as gender, age, education level in the company. Section B consisted of three independent variables which are to determine the main effects of workforce diversity towards innovation. Each variable consisted of 5 to 9 questions to be answered by respondents. Section C consisted of 10 questions that asked about innovation. The total number of questions was 31 questions.

### 4.1 Descriptive Statistics

Descriptive statistics are used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures. Descriptive statistics is the discipline of quantitatively describing the main features of a collection of information [1] or the quantitative description itself. Descriptive statistics are distinguished from inferential statistics (or inductive statistics), in that descriptive statistics aim to summarize a sample, rather than use the data to learn about the population that the sample of data is thought to represent. This generally means that descriptive statistics, unlike inferential statistics, are not developed on the basis of probability theory[2].

Some measures that are commonly used to describe a data set are measures of central tendency and measures of variability or dispersion. Measures of central tendency include the mean, median and mode, while measures of variability include the standard deviation (or variance), the minimum and maximum values of the variables, kurtosis and skewness[3].

**Frequency Table (Zong)**

Education	Frequency	%	Age's	Frequency	%	Gender	Frequency	%
Undergraduate	4	26.7	20-29	4	26.7	Male	10	67
Graduate	8	53.3	30-39	7	46.7	Female	5	33
Post Graduate	3	20	40-49	2	13.3			
			over50	2	13.3			
Total	15	100		15	100		15	100

**Frequency Table (Mobilink)**

Education	Frequency	%	Age	Frequency	%	Gender	Frequency	%
Under graduate	2	13.3	20-29	4	26.7	Male	13	87
Graduate	10	66.7	30-39	8	53.3	Female	2	13
Post Graduate	3	20	40-49	2	13.3			
			over 50	1	6.7			
Total	15	100		15	100		15	100

**Descriptive Statistics**

	N	Mean	Std. Deviation
Education.M	15	1.9333	.70373
Age.M	15	1.3333	.99043
Gender.M	15	2.3333	.48795
Innovation.M	15	0.5467	0.20656
Innovation.Z	15	0.6477	.17995
Education.z	15	2.0667	.59362
Age.z	15	1.1333	.84515
Gender.z	15	2.0000	.35187
Valid N (listwise)	15		

**(Zong)**

Model	Standardized Coefficients	
	Std. Error	Beta
(Constant)	.179	.036
1 Education.Z	.062	0.54
Age.Z	.047	0.13
Gender.Z	.093	0.47

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.738	0.54	.547	.15544

a. Predictors: (Constant), Gender.Z, Education.Z, Age.Z

## (Mobilink)

Model	Standardized Coefficients	
	Std. Error	Beta
(Constant)	.190	-.070
1 Education.M	.074	0.47
Age.M	.051	0.12
Gender.M	.128	0.39

## Model Summary(Mobilink)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.643 <sup>a</sup>	0.414	.420	.15728

a. Predictors: (Constant), Gender.M, Age.M, Education.M

## 5. Results

Multiple Regression analysis was used to test the relationship between the independent variables and dependent variable. It was also used because it allowed examining which independent variables have the most significant influence on the dependent variable. Pearson's correlation coefficient analysis was used to better understand whether there is a positive relationship, negative relationship, or no correlation between dependent variable and independent variables. By using this analysis, the strength of relationships between variables was able to be analyzed and supported the reliability of the aforementioned 31 questions to be both reliable and valid.

In the 31 item questionnaire administered to the respondents after successfully passing the pilot study analyses, each respondent was asked four questions regarding their demographic profile, including gender, age, education level, working experience (in years), and position level in the organization. Frequency analysis of the demographic results showed that there are 33% of female respondents and 67% of male respondents while Most of the respondents are graduate which covers 53.3% of the total respondent, there are 20% post graduate, 26.7% under graduate in Zong (DGkhan). The majority respondents consist of 30-39 years old which is 46.7% from the overall 15 respondents in zong. There are 26.7% of 20- 29 years old, 13.3% of 40-49 years old and 13.3% of 50 years old and above in Zong(DGkhan).

Frequency analysis of the demographic results showed that there are 13% of female respondents and 87% of male respondents while Most of the respondents are graduate which covers 66.7% of the total respondent, there are 20% post graduate, 13.3% under graduate in. The majority respondents consist of 30-39 years old which is 53.3% from the overall 15 respondents. There are 26.7% of 20- 29 years old, 13.3% of 40-49 years old and 6.7% of 50 years old and above in Mobilink(DGkhan).

The computed correlation between employee performance and gender is 0.333, employee

performance and age is -0.007, and both employee performance and education background are 0.190. All the constructs are statistically significant at the 0.01 level except the correlation for employee performance and age which has a negative correlation at -0.007. Hence, the results proved that gender, and education background has a significant positive r relationship with employee performance.

According to the Model Summary, the value of correlation coefficient(R) of three independent variables (gender, age, and education background) with the dependent variable (employee performance) is 0.455. Therefore, there is positive and moderate correlation between the three independent variable and dependent variable. Besides that, Model Summary also indicates the coefficient of determination (R square) which can help in explaining variance.

The R square figure of the three independent variables is 0.207. These also mean that independent variables (gender, age, and education background) can explain 20.7% of the variation in dependent variable (employee performance).

However, it is still leaves 79.3% (100% - 20.7%) unexplained in this research. In other words, there are other additional variables that are important in explaining employee performance that have not been considered in this research.

Tables 12 and 13 show that the gender group is the first and most significant independent variable in this research since its t-value is 6.780 and p-value is 0.000, which is lower than alpha value 0.01. This also shows that gender group is significant to predict perceived employee performance. Besides that, gender group is the predictor variable that contribute the highest to the variation of the perceived employee performance because Beta value (under standardized coefficients) for this predictor variable is the largest (0.360) if compare to other predictor variables (age and education background). Besides, education background group is second most significant independent variable where it carries out the t-value 4.307 and the p-value 0.000, which is lower than the alpha value 0.01. This shows that education background group is significant

to predict perceived employee performance. In addition, education background group contribute the second highest to the variation of the perceived employee performance because Beta value (under standardized coefficients) for this predictor variable is the second largest (0.347). The third most significant independent variable is age group where it carries out the t-value -4.436 and the p-value 0.000, which is lower than the alpha value 0.01. This shows that age group is significant to predict perceived employee performance. In addition, age group contributes Beta value (under standardized coefficients) for this predictor variable is (-0.315). The result indicates that the gender group, education background group, and age group have a significant relationship with the employee performance.

## 6. Discussion

In the construct of gender, the statement of “women are involved in the organization’s decision making as much as man” is the highest mean which is 3.91, followed by “the performance criteria for success are expected to be higher for man than for women” which is 3.89. The statement of “the organization does a great job in attracting and hiring women”, “the organization’s training and development program is developed to meet the criteria/requirement of the male and female” and “I am positive about the gender diversity in this workplace” has the third highest mean at 3.80. Fourth highest mean is “fair treatment is given to all employees, whether they are male or female” which is 3.73. Fifth is the item “opportunities for growth and advancement exist for women in our organization” and “a career development that includes women is encouraged within our organization” which is 3.67. The lowest mean 2.39 is the item “the employees have not been discriminated by employer while hiring and recruitment process on the gender basis”. The standard deviation of gender, for the item “the performance criteria for success are expected to be higher for men and women” is the highest at 0.680”. Second highest is “fair treatment is given to all employees, whether they are male or female” at 0.658. Third highest is “the employees have not been discriminated by employer while hiring and recruitment process on the gender basis” at 0.648. The fourth highest is the item “opportunities for growth and advancement exist for women in our organization” and “a career development that includes women is encouraged within our organization” with standard deviation 0.586. Fifth highest are the item “the organization does a great job in attracting and hiring women”, “the organization’s training and development program is developed to meet the criteria/requirement of the male and female”, “I am positive about gender diversity in this workplace” with the same standard deviation 0.472. The lowest standard deviation is “women are involved in the organization’s decision

making as much as man” with standard deviation 0.309.

In the construct of age, the statement of “I am positive about age diversity in this workplace” is the highest mean 3.54. Second highest mean is the item “my team leaders include all members at different age in problem solving and decision making” at 3.28. Third highest mean is “the age differences in work group might cause conflict” and “at work, I experience lack of bonding with people of different age group” at 2.84. The lowest mean is the item “this Organization provides me equal opportunities for training and career development” at 2.64. The standard deviation of age, for the item “the age differences in workgroup might cause conflict” and “at work, I experience lack of bonding with people of different age group” is the highest at 0.974. Next is the item “this organization provides me equal opportunities for training and career development” at standard deviation 0.816. Third is the item “my team leaders include all members at different age in problem solving and decision making” at 0.793. Lastly, the item “I am positive about age diversity in this workplace” with the lowest standard deviation 0.574.

In the construct of education background, the highest mean 3.33 is the item “the team leader includes all members at different education level in problem solving and decision making”. Second highest mean is 3.27 for the item “the organization provides paid study leave to employees who further their education”. Third highest mean is 3.12 for the item “opportunities for growth and advancement exist for employees who have lower qualification in education”.

Fourth is the item “at work I experience lack of confidence due to my education background” at mean of 2.84. The lowest the mean is 2.59 for the item “the recruitment plan of the organization is based on the education background of employees”, “the differences in education background do not encouraged conflict” and “the organization gives equal treatment when it comes to the diversity of education background”. The standard deviation of education background for the item “at work I experience lack of confidence due to my education background” is the highest which is at 0.974. Second highest is the item “the organization provides paid study leave to employees who further their education” at 0.840. Third highest is 0.798 for the item “opportunities for growth and advancement exist for employees who have lower qualification in education”. There are four items at fourth highest standard deviation 0.794 which is “the recruitment plan of the organization is based on the education background of employees”, the “differences in education background do not encouraged conflict” and “the organization gives equal treatment when it comes to the diversity of education background”. The lowest standard deviation is 0.684 which is the item “the team leader includes all members at different education level in problem solving and decision making”.



In the construct of employee performance, there are three items with the highest mean; 4.13 which are "my performance level affects my salary level", "by learning more skills through courses/training, I can improve my task performance" and "good employee performance is important for the future growth of my organization". The second highest mean is the item "I am motivated to complete the task that is assigned to me" at the mean of 3.89. The fourth highest 3.87 is the item "I enjoy my task and division's work approach" and "opposite gender can perform well and I enjoy working with them". The fifth highest mean is 3.80 for the item "I am committed to the mission and direction of my organization". The lowest mean with 1.88 is the item "I am satisfied with my current salary level". The standard deviation for employee performance for the item "opposite gender can perform well and I enjoy working with them" is the highest at 0.635. For the second highest standard deviation 0.606 is the item "I cooperate well with my colleagues". The third highest is 0.588 for the item "I am motivated to complete the task that is assigned to me".

Fourth highest standard deviation is at 0.548 for 3 items "my performance level affects my salary level", "by learning more skills through courses/training, I can improve my task performance" and "good employee performance is important for the future growth of my organization". The fifth highest standard deviation is 0.508 for the item "I enjoy my task and division's work approach". On the other hand, the sixth highest standard deviation is 0.479 for the item "I am committed to the mission and direction of my organization". The seventh highest standard deviation is 0.425 for the item "I am given the chance to try my own method of doing job". Last but not least, the lowest standard deviation is 0.404 for the item "I am satisfied with my current salary level". The standard deviation for employee performance for the item "opposite gender can perform well and I enjoy working with them" is the highest at 0.635. For the second highest standard deviation 0.606 is the item "I cooperate well with my colleagues". The third highest is 0.588 for the item "I am motivated to complete the task that is assigned to me". Fourth highest standard deviation is at 0.548 for 3 items "my performance level affects my salary level", "by learning more skills through courses/training, I can improve my task performance" and "good employee performance is important for the future growth of my organization". The fifth highest standard deviation is 0.508 for the item "I enjoy my task and division's work approach". On the other hand, the sixth highest standard deviation is 0.479 for the item "I am committed to the mission and direction of my organization". The seventh highest standard deviation is 0.425 for the item "I am given the chance to try my own method of doing job". Last but not least, the lowest standard deviation is 0.404 for the item "I am satisfied with my current salary level". Based on the results of multiple regression analysis,  $R^2=0.207$  means that 20.7% of the variation employee

performance is explained by gender, age, and education background. Besides that, the F-value of 19.208 is significant at the 0.01 level means that this model is a good descriptor of the relation between the employee performance and predictor variables (gender, age, and education background). In other words, the independent Variables (gender, age, and educational background) are significantly explaining the variance in employee performance.

*H 1: There is significant relationship between gender group and employee performance.*

Based on the results, there is a significant positive and small but definite relationship between gender group and employee performance which carries correlation coefficient value of 0.333 and p-value of 0.000 which is significant at the alpha value 0.01. The findings showed that gender group and employee performance is positively linked. Based on the information provided in the research the overall feeling is that, for the most part, gender was not an area of concern. All divisions of the company must meet annual targets for the representation of majority and minority males and females in each employee grade level (Kochan et al., 2002). In order to enforce the employee performance, performance appraisals employees included measures employees' ability to achieve the targets. According to Kochan et al., (2002), the performance appraisals were used for making promotion and compensation related decisions. Training practices included intensive diversity training. Trainers used behavioral modeling techniques to help develop managerial capabilities for interacting with subordinates and colleagues irrespective of demographic differences. Thus the training efforts focused more on skill-building than on building awareness or modifying attitudes.

*H 2: There is no significant relationship between age group and employee performance.*

Based on the results, there is no significant and slight, almost negligible relationship between age group and employee performance which carries correlation coefficient value of -0.007 and p-value of 0.908 which is no significant at the alpha value 0.01. Age is also regularly viewed as one dimension of social category diversity (Jehn et al., 1999; Simons et al., 1999; and Pelled et al., 1999). However, we find no influence of age diversity on performance, which agrees to the findings of the empirical studies reviewed in Williams and O'Reilly (1998) and Jackson et al., (2003). A possible reason why we find no effect of age diversity is the less pronounced numerical distinctiveness between younger and older managers as compared to the numerical distinctiveness between female and male managers. Thus, age is probably less salient than gender and consequently age diversity has a less pronounced influence (Pelled, 1993). According to Baer et al., (2007), a further increase in group

heterogeneity with the extreme case of an equal number of team members in each diversity category mitigates this effect. Furthermore, in the sample, age might also be a proxy for experience or status rather than for social category. Young and old employees are likely to have varied status seeking tendencies. Overbeck et al., (2005) and Grasberg et al., (2007) show that teams with too many individuals seeking for high status do not collaborate well since their attempt to gain status disrupts information sharing. Furthermore, there is no negative effect when age diversity is very high, and the decision-making process does not seem to benefit from increased diversity, as indicated by Wegge et al., (2008).

*H 3: There is significant relationship between education background group and employee performance.*

Based on the results, there is significant positive and slight, almost negligible relationship between education background group and employee performance which carries correlation coefficient value of 0.190 and p-value of 0.001 which is significant at the alpha value 0.01. Different education types, or a more balance in the education types a firm possesses would increase the likelihood of having an innovation. There is a bias in the education diversity measure, since it measures diversity within the highly educated group, meaning the employees with a bachelor degree or higher. All employees with a degree below bachelor are put in a single category. According to the Ostergaard (2002), as a result a higher entropy value can be explained by having a larger share of employees with a higher education and multiple types of higher educated people. Having a higher educated employee alone would be positive for innovation performance, having more different types would increase the likelihood (Ostergaard, 2002). Firms with a higher share of employees with a higher education and diversity in the types of educations have a higher likelihood of innovating. Although education is essential to human capital, on job training, health care, experience and migration also have great effect on the actual human capital. Growth-oriented strategies moderated the effects of group diversity in level of education on composite bonuses; this type of diversity was more beneficial in department with a strong focus on growth oriented -strategies (Bezrukova, 2004). An organization may make an effort to compensate for education or skill deficiencies of group members by offering specialized training that brings employees up to the required standards (Moskos and Butler, 1996).

## 7. Conclusion

The results clearly indicate that it is important for any organization to implement diversity management. The results specifically indicate that innovation relates positively with variables such as gender, age and education background. Therefore, business

organizations should start realizing the need to tackle such demographic categories in order to stay ahead of its competitors. Organizations that view diversity as part of their key strategy rather than a business expense will benefit far greater than the organization that does not, and will reap the benefit of cost reduction in attrition and increased revenues (Brown, 2008; Stalinski, 2004). Jayne & Dipboye (2004) pointed out that the increasing attention given to diversity management reflects the inevitable consequence of a global economy and demographic changes. Therefore by achieving a diverse workforce, it can effectively manage to yield huge benefits for an organization. Furthermore, the results indicate that workforce diversity lead to synergistic performance when team members are able to understand and appreciate each other, and capitalize on one another's experiences, knowledge and perspectives. Furthermore, through effective communication, members would be able to evaluate problems and situations from various viewpoints, determine underlying cultural assumptions and create a common social reality, ascertain and explain culturally synergistic alternative solutions appropriately, and establish agreed-upon norms for interaction (Choy, 2007; Adler, 1980; Maznevski, 1995). Diversifying workers from different education background creates opportunities for greater innovation and more creative solutions to problems (Richard, 2000; Richard, 2003; Watson, 1993). Consequently, when the management is diversified and work on increasing diversity, this will be the key to assuring that organizations will be able to fully benefit from bringing underrepresented groups into organizations. According to Soltani, diversified human resources contribute to determining and realizing strategic objectives of the organization, and a systemized approach for making a linkage between organization excellence and effective people management is critical to organizational continuity (Berger and Berger 2003). The optimum outcome of this study is to benefit the telecom sector in southern Punjab by getting along with the top management and workers from different backgrounds that would find the information in this study useful in accessing the value of workforce diversity in their respective organizations. Competition for the best talent requires organizations to reach out and embrace an increasingly diverse labor pool. Secondly, a global economy requires that organizations have a diverse workforce so that they can effectively deal with an increasingly diverse customer base. Thus, a diverse workforce can lead to an increased market share, whereas lack of diversity in the workforce can lead to a shrinking market share. Demographic diversity also unleashes creativity, innovation, and improved group problem solving, which in turn enhances the competitiveness and the level of performance in an organization.

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