

The Effect of Workforce Diversity on Employee Performance: The Case of Wallaga University

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ABSTRACT

This study investigates the impact of workforce diversity on employee performance at Wallaga University, Ethiopia. Utilizing a descriptive and explanatory research design, the study analyzed four primary dimensions of diversity: ethnicity, gender, education, and age. Quantitative data were gathered from 179 administrative staff members (representing a 93.7% response rate) through structured Likert-scale questionnaires. Data analysis was conducted using SPSS version 24, employing both descriptive statistics and inferential methods, including Pearson correlation and multiple regression. The findings demonstrate that ethnicity, educational background, and age diversity have a statistically significant positive effect on employee performance. Specifically, educational diversity emerged as the strongest predictor of performance ($\beta = 0.422$, $p < 0.001$). While gender diversity showed a positive relationship, its effect was not statistically significant in this specific context ($p = 0.636$). The regression model explained 68.4% of the variance in employee performance. The study concludes that institutionalizing diversity management is essential for enhancing productivity and recommends that Wallaga University leadership integrate diversity-conscious policies into their strategic human resource frameworks.

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Introduction

The contemporary globalized economy demands increasingly intense interaction among individuals from diverse sociocultural, ethnic, and educational backgrounds. As organizations expand their scope of operation and respond to complex environmental challenges, workforce diversity has become a defining feature of modern institutions rather than an exception [1]. Organizations across sectors actively pursue workforce diversification to enhance creativity, innovation, and adaptability, recognizing diversity as a strategic resource rather than a managerial challenge.

In the context of Ethiopian higher education, universities such as Wallaga University represent a unique microcosm of national diversity. Ethiopia is home to more than 85 ethnic groups, and public universities bring together students, academic staff, and administrative personnel from a wide range of cultural, linguistic, and social backgrounds. This diversity creates both opportunities and challenges for institutional management, collaboration, and service delivery [3]. Higher education institutions are therefore critical settings for examining how workforce diversity influences organizational effectiveness.

Workforce diversity refers to the extent of differences and similarities among employees in terms of demographic characteristics such as age, gender, ethnicity, religion, educational background, and professional experience [4]. As globalization accelerates, the workforce in both industrialized and developing countries has become increasingly heterogeneous. Effective diversity management is no longer optional; it is a prerequisite for organizational sustainability, legitimacy, and performance [5]. Institutions that fail to manage diversity effectively risk internal conflict, reduced morale, and inefficiencies that undermine their strategic objectives.

For public institutions such as Wallaga University, workforce diversity extends beyond legal compliance or equity considerations. It represents a strategic asset that can enhance problem-solving capacity, decision quality, and institutional responsiveness to diverse stakeholder needs. Diverse teams are more likely to generate innovative solutions because they draw on varied perspectives, experiences, and cognitive frameworks [6]. In academic environments, such diversity can enrich teaching, research, and community engagement by fostering inclusive dialogue and interdisciplinary collaboration.

However, diversity does not automatically translate into positive outcomes. Without appropriate management practices, diversity may lead to communication barriers, social fragmentation, and increased interpersonal conflict [7]. In universities, these challenges may manifest as reduced cooperation among staff, misunderstandings rooted in cultural differences, or perceived inequities in decision-making processes. Consequently, effective leadership, inclusive policies, and transparent human resource practices are essential for harnessing the benefits of diversity while minimizing its potential drawbacks [8].

In Ethiopia, empirical research on workforce diversity in higher education institutions remains limited, particularly at regional universities. Existing studies tend to focus on access and equity for students rather than the diversity dynamics of academic and administrative staff [9]. This gap underscores the need for context-specific investigations into how diversity influences organizational performance, employee engagement, and service delivery in institutions such as Wallaga University. Understanding these dynamics is critical for designing diversity management strategies that align with institutional goals and national higher education policies.

Literature Review

A. Theoretical Framework

The relationship between workforce diversity and organizational performance has been widely examined through several theoretical lenses, most notably Social Identity Theory and the Resource-Based View (RBV). Social Identity Theory, originally proposed by Tajfel and Turner, posits that individuals categorize themselves and others into social groups based on observable characteristics such as ethnicity, gender, or professional background [10]. These categorizations influence attitudes, communication patterns, and group cohesion within organizations. In diverse workplaces, such as universities, social categorization may lead to in-group favoritism and out-group bias, potentially resulting in conflict or reduced collaboration if not properly managed [6].

Conversely, the Resource-Based View conceptualizes workforce diversity as a strategic organizational resource that is valuable, rare, inimitable, and non-substitutable [11]. From this perspective, diversity enhances organizational performance by expanding the pool of skills, experiences, and perspectives available for decision-making and innovation. In higher education institutions, where problem-solving, research, and service delivery require complex cognitive processes, workforce diversity can significantly strengthen institutional capacity [12].

Complementing these perspectives, Diversity-Productivity Theory argues that heterogeneous workforces outperform homogeneous ones by fostering creativity, flexibility, and broader environmental scanning [13]. Diverse teams are more likely to challenge dominant assumptions, generate novel ideas, and adapt to changing stakeholder demands [14]. However, the theory also acknowledges that diversity may initially reduce efficiency due to communication barriers and interpersonal tensions, particularly in culturally plural societies [7]. Thus, leadership practices and inclusive human resource policies play a critical mediating role in translating diversity into positive performance outcomes [15].

B. Dimensions of Workforce Diversity

Scholars commonly distinguish between primary and secondary dimensions of workforce diversity. Primary dimensions include relatively immutable characteristics such as age, gender, ethnicity, and physical attributes, which strongly shape individuals' identities and social interactions [1]. Secondary dimensions, including education level, work experience, marital

status, and organizational tenure, are more mutable but equally influential in shaping workplace behavior and attitudes [6].

Ethnic diversity is particularly salient in multicultural contexts such as Ethiopia, where employees may differ in language, cultural norms, and value systems. While ethnic diversity can pose challenges related to communication and trust, it also offers significant benefits by broadening cultural intelligence and enhancing innovation when effectively managed [16]. In universities, ethnic diversity among staff can enrich academic discourse and improve responsiveness to diverse student populations.

Educational diversity constitutes another critical dimension, especially in academic institutions. Employees with varied educational backgrounds bring distinct cognitive styles, disciplinary perspectives, and analytical approaches to problem-solving [17]. Such diversity supports interdisciplinary collaboration and knowledge creation, which are central to the mission of higher education institutions [18]. However, disparities in educational attainment may also generate power imbalances or status differences if organizational norms and evaluation systems are perceived as inequitable [19].

Overall, the literature suggests that workforce diversity is a double-edged phenomenon. Its impact on organizational performance is contingent upon contextual factors, leadership effectiveness, and the extent to which institutions foster inclusive climates that value differences as assets rather than liabilities [7].

Research Methodology

This study adopted a quantitative research approach employing both descriptive and explanatory research designs to examine the effect of workforce diversity on employee performance at Wallaga University. The descriptive design was used to summarize the demographic characteristics of employees and the prevailing diversity conditions, while the explanatory design enabled the investigation of causal relationships between diversity dimensions and performance outcomes.

The target population consisted of 363 permanent administrative employees working at Wallaga University's Nekemte campus. To ensure representativeness while maintaining feasibility, the sample size was determined using Yamane's (1967) formula, resulting in a sample of 191 respondents. Data were collected through structured questionnaires, and after data screening and validation, 179 completed questionnaires were deemed usable for statistical analysis, yielding a satisfactory response rate.

Data analysis was conducted using SPSS version 24. Prior to hypothesis testing, preliminary analyses were performed to check for data completeness and consistency. The conceptual framework of the study, illustrated in Fig. 1, depicts the hypothesized relationships

between the independent variables—ethnicity, gender, education, and age diversity—and the dependent variable, employee performance.

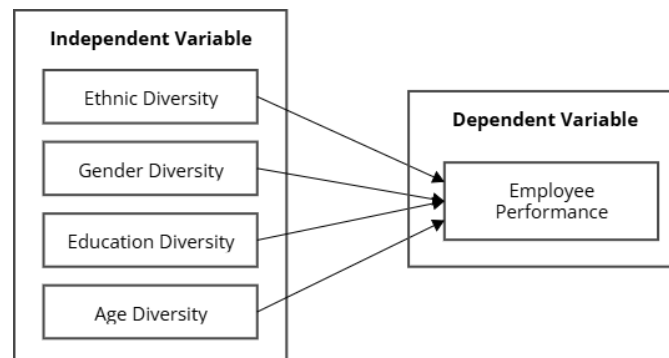


Fig. 1. The Trend of Diversity Impact

(Description: Conceptual model illustrating the path from independent diversity variables to the dependent variable of employee performance).

To test these relationships, multiple linear regression analysis was employed. The regression model was specified as:

$$Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \epsilon \quad (1)$$

where (Y) represents employee performance; (x1), (x2), (x3), and (x4) denote ethnicity, gender, education, and age diversity, respectively; (α) is the intercept; (β) coefficients measure the effect of each predictor; and (ϵ) represents the error term. This analytical approach enabled a rigorous assessment of the relative contribution of each diversity dimension to employee performance.

Results

A. Correlation Analysis

Pearson correlation results (Table 1) indicated significant positive associations. Educational diversity showed the strongest correlation with performance ($r = 0.783$, $p < 0.01$), followed by ethnicity ($r = 0.699$) and age ($r = 0.529$). Gender diversity showed a moderate correlation ($r = 0.391$).

Table 1. Correlation Matrix

Variables	Ethnicity	Gender	Education	Age	Performance
Ethnicity	1	.500**	.646**	.615**	.699**
Gender	.500**	1	.354**	.376**	.391**
Education	.646**	.354**	1	.456**	.783**
Age	.615**	.376**	.456**	1	.529**
Performance	.699**	.391**	.783**	.529**	1

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

B. Regression Analysis

The regression model (Table 2) yielded an R-square of 0.684, indicating that 68.4% of the variation in employee performance is explained by the four diversity variables. Educational diversity had the highest impact ($\beta = 0.422$, $p = 0.000$), followed by ethnicity ($\beta = 0.239$, $p = 0.000$).

Table 2. Regression Coefficients

Model	B	Std. Error	Beta	t	Sig.
(Constant)	.678	.187	-	3.622	.000
Ethnicity	.239	.060	.264	3.970	.000
Gender	.024	.050	.023	.474	.636
Education	.422	.043	.557	9.918	.000
Age	.130	.068	.104	1.910	.008

Description: The table displays the significance and impact of each diversity dimension (regression coefficients).

Reliability was confirmed with a Cronbach's Alpha exceeding 0.70 for all scales. Multi-collinearity was checked via VIF; all values were below 2.5, indicating no serious overlap.

Discussion

The findings of this study provide strong empirical support for the theoretical propositions linking workforce diversity to employee performance within higher education institutions. The correlation analysis revealed significant positive relationships between all diversity dimensions and employee performance, with educational diversity emerging as the most influential factor. This result is consistent with the Resource-Based View (RBV), which conceptualizes diverse knowledge and skills as valuable, rare, and inimitable resources that enhance organizational performance [11]. In an academic institution such as Wallaga University, educational diversity likely contributes to richer cognitive perspectives, improved problem-solving capacity, and enhanced administrative efficiency [6],[13].

The strong correlation and regression coefficient of educational diversity ($\beta = 0.422$, $p < 0.001$) corroborate earlier studies suggesting that heterogeneous educational backgrounds stimulate creativity and innovation, particularly in knowledge-intensive organizations [20]. In the Ethiopian higher education context, this finding underscores the strategic importance of assembling administrative teams with varied academic training to manage increasingly complex institutional demands [21].

Ethnic diversity also demonstrated a statistically significant positive effect on employee performance ($\beta = 0.239$, $p < 0.001$). This supports the Diversity-Productivity Theory, which argues that ethnically diverse groups benefit from broader social networks, cultural insights, and alternative problem-solving approaches [2]. Given that Wallaga University hosts employees from numerous ethnic backgrounds, effective management of ethnic diversity appears to facilitate collaboration and organizational learning rather than conflict. This finding aligns with prior studies in African public institutions, which emphasize that inclusivity and equity-based management practices can transform ethnic diversity into a performance-enhancing asset [22],[23].

Age diversity exhibited a moderate but statistically significant effect on performance ($\beta = 0.130$, $p < 0.01$). This suggests that intergenerational collaboration enables the transfer of

institutional memory from senior employees while integrating the technological adaptability of younger staff [24]. Such complementarities are particularly valuable in public universities undergoing digital transformation and administrative reform [25].

In contrast, gender diversity was not a significant predictor of employee performance in the regression model ($p = 0.636$), despite showing a positive correlation. This finding may indicate that gender diversity alone does not automatically translate into performance gains unless supported by inclusive organizational cultures and gender-sensitive leadership practices [26]. Similar results have been reported in prior studies where structural and cultural constraints limited the productive utilization of gender diversity in public sector organizations [27].

Overall, the regression model explains 68.4% of the variance in employee performance, indicating a strong explanatory power and reinforcing the argument that diversity dimensions collectively shape organizational outcomes. The robustness of the findings is further supported by satisfactory reliability and the absence of multicollinearity, ensuring the credibility of the statistical inferences [28].

In sum, the results affirm that diversity, particularly educational and ethnic diversity, serves as a strategic resource for enhancing employee performance at Wallaga University. However, the benefits of diversity are contingent upon effective management practices that promote inclusion, collaboration, and mutual respect, echoing calls in the literature for diversity management to move beyond representation toward strategic integration [7].

Conclusion and Practical Implications

This study concludes that workforce diversity plays a significant and positive role in enhancing employee performance at Wallaga University. The empirical evidence demonstrates that educational diversity and ethnic diversity are the most influential predictors of performance, while age diversity contributes moderately. These findings affirm the relevance of the Resource-Based View and Diversity–Productivity Theory in explaining how heterogeneous human capital can serve as a strategic asset in higher education institutions. However, the non-significant effect of gender diversity in the regression model suggests that diversity alone is insufficient; its benefits depend heavily on how diversity is managed within the organization.

From a practical perspective, these results highlight the need for Wallaga University to move beyond compliance-driven diversity toward strategic diversity management. First, recruitment and placement policies should intentionally promote educational diversity by ensuring cross-disciplinary representation in administrative units. This will enhance problem-solving capacity and innovation in institutional governance. Second, ethnic diversity should be actively supported through inclusive leadership practices, intercultural training, and transparent communication mechanisms to minimize potential social categorization and maximize collaborative outcomes.

Third, the university should leverage age diversity by establishing structured mentorship programs that facilitate knowledge transfer between senior and junior employees, particularly in areas related to digital administration and institutional memory. Finally, the insignificant impact of gender diversity underscores the importance of fostering a gender-inclusive organizational climate. Leadership development, bias awareness programs, and equitable career advancement systems are essential to translating gender representation into tangible performance gains.

Conflict of Interest

The authors declare that there is no conflict of interest.

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