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**ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
MASTERS OF BUSINESS ADMINISTRATION PROGRAM**

**THE MEDIATING ROLE OF EMPLOYEE CREATIVITY AND  
EMPLOYEE EMOTIONAL CONFLICT IN THE RELATUIONSHIP  
BETWEEN WORKFORCE DIVERSITY AND ORGANIZATIONAL  
PERFORMANCE IN ADDIS ABABA CITY ADMINISTRATION**

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTERS IN BUSINESS  
ADMINISTRATION (MBA)**

**BY**

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**ADDIS ABABA**

**ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
SCHOOL OF GRADUATE STUDIES**

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## **STATEMENT OF CERTIFICATION**

This is to certify that Alemberhan Adal Abrha has carried out his research work on the topic titled “The mediating role of employee creativity and employee emotional conflict in the relationship between workforce diversity and organizational performance in Addis Ababa city administration” for the partial fulfillment of the requirements for the degree of Masters of Business Administration in Management. The work is original and meets the accepted standards of the University for the award of degree of Masters of Business Administration in Management.

Research Advisor: Yitbarek Takele (PhD)

Signature: \_\_\_\_\_

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## DECLARATION

I, Alemberhan Adal, here declare that the research result titled by “The mediating role of employee creativity and employee emotional conflict in the relationship between workforce diversity and organizational performance in Addis Ababa city administration” is my own effort outcome. I have given acknowledgments to all sources of materials I used in my thesis.

By: Alemberhan Adal

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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## Acronyms and abbreviations

<b>AGFI</b>	Adjusted Goodness-of-fit Index
<b>AMOS</b>	Analysis of Moment Structures
<b>AIC</b>	Akaike Information Criterion
<b>Agedi</b>	Age diversity
<b>CFA</b>	Confirmatory Factor Analysis
<b>CFI</b>	Comparative Fit Index
<b>Educdiv</b>	Educational level diversity
<b>EFA</b>	Exploratory Factor Analysis
<b>EMO</b>	Employ emotional conflict
<b>EMPCR</b>	Employee creativity
<b>PERF</b>	Performance
<b>Ethidiv</b>	Ethnic diversity
<b>Gendiv</b>	Gender diversity
<b>GFI</b>	Goodness-of-fit Index
<b>KMO</b>	Kaiser-Meyer-Olkin
<b>Orgperfor</b>	Organizational performance
<b>PGFI</b>	Parsimony Goodness-of-Fit Index
<b>PNFI</b>	Parsimonious Normed Fit Index
<b>RMR</b>	Root-mean-square Residual
<b>RMSEA</b>	Root Mean Square Error of Approximation
<b>SPSS</b>	Statistical Package for Social Science
<b>SEM</b>	Structural Equation Modeling
<b>TLI</b>	Tucker-Lewis Index
<b>VIF</b>	Variance Inflation Factor
<b>WFDIV</b>	Work force diversity

## Abstract

*The study title was the mediating role of employee creativity and employee emotional conflict in the relationship between workforce diversity and organizational performance in Addis Ababa city administration. The main objective of the study was to examine the mediating role of employee emotional conflict and employee creativity in the relationship between work force diversity and organizational performance in Addis Ababa city administration. A quantitative research approach was used .The Research instrument used in conducting the research was questionnaire which was administered for randomly selected respondents from the employees of the city. The study sampled 371 employees out of a population of 5012 employees from three sub cities and one sector Bureau. The study used both primary and secondary data sources. A pilot test was conducted to ensure the reliability and validity of the measurements. Analysis of data was carried out through descriptive analysis and inferential analysis by using SPSS version 26 AMOS version 23 software. The findings of the study showed that: Workforce diversity has a significant positive effect on organizational performance; employee creativity partially mediates the relationship between workforce diversity and organizational performance. However, the findings of the study also indicated that emotional conflict does not mediate the relationship between workforce diversity and organizational performance. The study recommends that due to the diversified nature of the city, the city administration should deal more with the challenges of effectively managing the diversified work force.*

**Key words:** Workforce diversity, Organizational performance, employee creativity. Emotional conflict and Mediation

# CHAPTER ONE

## 1. Introduction

### 1.1. Back ground of the study

The issue in diversity has been evolving since the 1970s when the term was mainly used to refer to minorities and women in the work force. The interest in diversity began mainly in the united states and demographic development factors stimulated awareness and recognition of diversity in organization studies(Trajectories, 2003).

Work force diversity refers to the variety of differences among employees in an organization. These differences may include dimensions such as age, gender, ethnicity, educational background, religion, work experience, personality, culture, language and the like. According to (Robbins & Judge, 2017) Workforce diversity refers to the concept that organizations become more heterogeneous with mix of employees in terms of age, gender, race, ethnicity, sexual orientation, and inclusion of other diverse groups. According to (Saxena, 2014), Workforce diversity refers to similarities and differences among employees in terms of age, cultural background, physical abilities and disabilities, race, religion, gender, and sexual orientation.

In recent years the issue of work force diversity has become increasingly important and one of the main managerial issues in the work place. It is now considered as one of the most important organizational tools to provide excellent customer service and to meet organizational goals. According to (Childs, 2005) any business that intends to be successful must have a borderless view of the workforce by ensuring that workforce diversity is part of its day to day business conduct.

Work diversity has positive as well as negative effects on organizational performance. The effect depends on the management of work force diversity. Arguing on the positive and negative consequences of workforce diversity Bassett-Jones (2005), explained diversity as a source of competitive advantage via creativity and innovation. He also revealed that diversity can bring low quality, absenteeism, loss of morale and ineffectiveness by creating problem of understanding, conflict and doubt in the workplace. Although work force diversity is one of the important element in organizations, management is being challenged in its management (Saxena,

2014). If workforce diversity is not managed properly, there will be a potential for higher voluntary employee turnover, difficulty in communication and destructive interpersonal conflicts (Elsaid, 2012). Workforce diversity promotes creativity, problem solving, innovation and good decision making (Indoria et al. 2017).

Addis Ababa city administration as capital city of the country draws its Workforce from nations, nationalities and peoples with diverse backgrounds. It is clear that managers at different levels of the administration face challenges associated with Issues such as increasing number of women joining the workforce, the implementation of equal opportunity and Managing differences manifested in demographic differences in terms of gender, age, physical ability, ethnicity, educational qualifications and personality issues such as attitudes, values and perception. These challenges force managers of organizations to develop their management practices and implement new and creative approaches to people management. On the other hand to exploit the best out of the diversified workforce and achieve optimum performance in the organization managers should understand the behaviors of employees towards each other, the effect on their performance and the opportunities and challenges of the diversity of work place. However, there is a little understanding of the effect of work force diversity on organizational performance, specifically, the mediating role of employee creativity and employee emotional conflict in the relationship between work force diversity and organizational performance.

In Ethiopia enough work has not be done about the effect of work force diversity on organizational performance and specifically no study is conducted on the mediating role of employee creativity and employee emotional conflict in the relationship between work force diversity and organizational performance. Therefore, the researcher selected this area for study and this study is intended to contribute to an understanding of work force diversity by exploring the mediating role of employee emotional conflict and employee creativity in the relationship between work force diversity and organizational performance.

## **1.2. Statement of the Problem**

Workforce diversity has become an interesting issue at workplace. It is being considered as an important organizational resource in regards to whether provide excellent customer service, or to maintain a competitive edge. There has been a debate whether workforce diversity has significant effect on Organizational performance. According to (Saxena, 2014) Although people Still stick to their views related to different diversity dimensions and consider workforce diversity as a problem, it is strength for any organization and can increase productivity if managed properly.

Several studies have concluded that workforce diversity has a positive and significant effect on Organizational performance. As a result,(S & Priyashantha, 2019) in their study on the impact of workforce diversity on employee performance in the apparel industry in Sri Lanka showed that workforce diversity measured in terms of age , education , religion, work experience and attitude on the job has a positive and significant Impact on employee performance and is considered as one of the strategic capabilities that will add value to the organization.

(Gaunya, 2015), study indicated that the effect of workforce heterogeneity (education and age) on Employee Performance in the Public Sector in Kenya was statistically significant.

Assefa (2014) in his research entitled the Effect of workforce diversity towards employee performance revealed that effects of workforce diversity (gender, age, ethnicity and education background) towards employee performance in Total Ethiopia S.C are significant.

The studies examined direct effects, whereas the effect of workforce diversity on organizational performance is probably influenced by several mediating variables. In Ethiopia, no study was under taken on the mediating role of employee emotional conflict and employee creativity in the relationship between of work force diversity and organizational performance. Hence, this study attempted to verify the effect of workforce diversity on organizational performance by examining the mediating role of employee emotional conflict and employee creativity in Addis Ababa city administration.

### **1.3. Research Question**

The researcher has formulated the following general and specific research questions:

#### **1.3.1. General Research Questions of the Study**

1. What is the effect of workforce diversity on organizational performance?
2. Do employee creativity and employee emotional conflict mediate workplace diversity and organizational performance?

#### **1.3.2. Specific Research Questions of the Study**

1. What is the effect of workforce diversity on employee creativity?
2. What is the effect of employee creativity on organizational performance?
3. What is the effect of workforce diversity on employees' emotional conflict?
4. What is the effect of employee emotional conflict on organizational performance?

### **1.4. Objectives of the Study**

#### **1.4.1. General Objective**

The general objective of this study was to examine the mediating role of employee creativity and employee emotional conflict in the relationship between work force diversity and organizational performance in Addis Ababa city administration.

#### **1.4.2. Specific Objective**

This study was conducted in order to achieve the following specific objectives:

- ✓ To determine the effect of employee emotional conflict and employee creativity on organizational performance.
- ✓ To determine the effect of work force diversity on organizational performance.
- ✓ To determine the effect of work force diversity on employee emotional conflict and employee creativity.
- ✓ To investigate the role of employee emotional conflict and employee creativity in the relationship between work force diversity and organizational performance.

### **1.5. Significance of the Study**

This study will contribute benefits in terms of management and academic perspectives. The study would support the management to identify, manage and address managerial challenges associated with the concept of workforce diversity effectively and efficiently. Moreover, the study will benefit academicians as a source of reference for further studies on the effect of workforce diversity on organizational performance and the mediating role of emotional conflict and employee creativity

### **1.6. Scope of the Study**

The research sought to investigate the mediating roles of employee creativity and emotional conflict on the effect of work force diversity on organizational performance in public organizations, specifically in Addis Ababa city administration. The study focused on all the employees of the administration at the sector Bureau and sub cities level. The research involved the use of questionnaires. Finally, the study was limited to the following variables of study; age, gender, ethnicity, education background, employee emotional conflict, employee creativity and organizational performance.

### **1.7. Limitations of the Study**

There are certain limitations to this study. The first limitation is that the issue of diversity is naturally sensitive and this may cause bias to respondents to answer based on socially acceptable manner rather than what is on the ground. Second, unwillingness of respondents to fill questionnaires that arises from their assumption that questionnaires are time consuming and did not bring any benefit to them and hence, this behavior of the respondents may affect the study. There might be other dimensions of work force diversity that affect organizational performance and this may limit the study.

## **1.8. Operational Definitions**

Education: Knowledge, skill, and development gained from study or training

Employee emotional conflict: frustration, friction, tension, and dislike among members (Jehn ,1994).

Employee creativity: the development of novel and potentially useful ideas concerning products, practices, services, and procedures by individual employees(Shalley et al., 2004).

Performance: working effective which is the way in which somebody does a job, judged by its effectiveness (Cassio , 2000 as cited in Rahman et al., 2017)

Sub City administration: it is the second administrative hierarchy in the Addis Ababa city government.

## **1.9. Organization of the Study**

This research paper is composed of five chapters. The first chapter deals with the introduction of the study which consists of the background of the study, statement of the problem, Research question, objectives of the study, significance of the study, scope of the study, limitation of the study, Operational definition of terms and organization of the study. The second chapter deals with the review of related literature on work force diversity and gives a highlight on the theoretical and empirical review of the topic under study. The third chapter discusses Research design and methodology which includes population, sample size and sampling procedures, data type and source, data collection instrument. Data presentation, analysis and discussion are presented in chapter four and, finally chapter five deals with summary, conclusion and recommendations of the study.

## **CHAPTER TWO**

### **2. REVIEW OF RELATED LITERATURE**

#### **2.1. Theoretical Review**

##### **Introduction**

This chapter consists of theoretical literature about employee diversity and organizational performance which comprises the meaning, importance, dimensions of workplace diversity and theories related to the Study, empirical literature and conceptual framework.

##### **2.1.1. Work Force Diversity**

###### **Workforce Diversity definition**

Workforce diversity is a multidimensional concept that is being evolved globally, as an organization hires employees from different culture background (Saxena, 2014).

Workforce diversity refers to the co-existence of people from various socio-cultural backgrounds within the company (Kundu, 2001).

Patrick and Kumar( 2012) defines workforce diversity as the variety of differences between people in an organization that encompasses race, gender, ethnic group, age, personality, cognitive style, tenure, organizational function, education, background, and more. (Kumar & Suresh, 2018).

Childs(2005) defined workforce diversity as the degree of heterogeneity among employees in terms of race, gender, physical disabilities, culture, lifestyle, age, religion, economic status, sexual orientation, gender identity and expression, marital status, thought, and geography.

Saxena (2014) defined Workforce diversity as similarities and differences among employees in terms of age, cultural background, physical abilities and disabilities, race, religion, gender, and sexual orientation.

Robbins and Judge(2017) stated that Workforce diversity refers to the concept that organizations become more heterogeneous with mix of employees in terms of age, gender, race, ethnicity, sexual orientation, and inclusion of other diverse groups.

It is clear from the above definitions and discussions that the majority of the researchers agree on the meaning of workforce diversity.

According to Rizwan et al., (2016) the leading diversity sources include gender ,ethnicity, age and educational background.

### **The Importance of Workforce Diversity**

(*Verma*, n.d.), in her critical review of literature of the impact of workforce diversity (specifically age, gender, and ethnic diversity) on organizational competitiveness identified benefits of workforce diversity at all levels. *Verma*,( n.d.), expressed that at the individual level, when negative diversity- related barriers are removed; the performance of the employees is enhanced. At the group level, creativity, problem solving, cohesiveness and communication is enhanced. At the organization level, performance, competitiveness are improved and enhanced as firms are able to better mirror and adapt to diverse markets.

Diversity has potential benefits that such as creativity, innovation, and increased competitiveness, market access and opportunity of economy (Cox & Blake, 2013) .

### **Disadvantages of workforce diversity**

Ongori (2007) in their Critical review of literature on workforce diversity pointed out certain disadvantages of workforce diversity. Some of the disadvantages of workforce diversity stated by Ongori are an increase in conflicts, an increase in the cost of training, an Increase in labor turnover and absenteeism. Moreover mismanaged diversity can have long-reaching effects on employee satisfaction and productivity.

### **Dimensions of Workforce Diversity**

Several researchers have proposed different dimensions of diversity. To mention Some examples: Pelled(1996) divided diversity attributes into high visibility and low visibility, Milliken and Martins (1996) categorized diversity attributes as observable attributes (age, gender

and race) and underlying attributes (education, functional background and tenure), Webber & Donahue,( 2001) classified diversity dimensions into relations-oriented (age, gender, racial/ethnic) and task-oriented diversity (tenure, functional and educational background), Diversity attributes are categorized as surface-level diversity and deep-level diversity (Academy & Journal, 1998). Garden Swartz and Rowe study (as cited in Washington, 2008) illustrated four layers of diversity which are organizational dimensions, external dimensions, internal dimensions, and personality.

The organizational dimension is the outer most layers and encompasses management status, union affiliation, work location, seniority, divisional department, work content/field, and functional level classification. The people can influence this layer in a limited capacity, because control rests with the organization in which a person works.

The external dimension denotes characteristics that deal with the life choices of an individual. These characteristics are personal habits, recreational habits, religion, educational background, work experience, appearance, status, marital status, geographic location, and income. The individual exercises a higher level of control over these characteristic than in the organization dimension.

The internal dimensions of diversity are those which individual has no control over these characteristics. These characteristics are assigned at birth, such as age, race, ethnicity, gender, and physical ability and are considered as the sources of prejudice and discrimination.

According to Winstanley (as cited in Washington, 2008), Personality is defined as traits and stable characteristics of an individual that determine the manner Of the individual. The other layers help shape the individual's perception, disposition, and actions, as the individual interacts with the world around them.

Given the above, age diversity, gender diversity, ethnic diversity and education diversity are used in this research to examine and understand the effect of workforce diversity on organizational performance.

### **2.1.2. Theories Related to the Study**

There are a number of theories to explain the effects of diversity on performance such as social identity theory, social categorization theory, similarity / attraction theory and informational diversity and decision-making theory.

This study based on social identity theory proposed by Henri Tajfel and John Turner in 1979. According to social identity theory, people tend to classify themselves and others into various social categories, such as organizational membership, religious affiliation, gender, and age cohort (Tajfel & Turner, 1985 as cited in Ashforth & Mael, 1989). According to Tsui et al., (1992), the demographic attributes age, company tenure, education, sex, and race are potentially relevant for self-categorization. The groups become an important source of pride and self-esteem. Tajfel argues that the group members of an in-group seek to increase their self-image by enhancing the status of their group and also discriminating and holding prejudices against those members who do not belong to their group (out-group). Tajfel further explains that an employee will define appropriate work behavior based on his group and this will have direct influence on employee performance. In this study social identity theory will guide the researcher to understand how employees perceived differences on the basis of the attributes ethnicity, education, gender and age.

### **2.1.3. Employee emotional conflict and Employee Creativity as Mediating Variables on the Effects of Diversity on Performance:**

Milliken and Martins (1996), in their evaluation of six years (1989–94) of research, identified four types of mediating variables, which are the short-term consequences of diversity that influence the long-term outcomes of diversity:

- Affective consequences (satisfaction, Commitment, conflict, Social integration)
- Cognitive consequences (Innovation, number and quality of ideas)
- Symbolic consequences (Behavior of lower level employees)
- Communication-related consequences (Communication)

Ancona and Caldwell in 1992 (as cited in Pelled, 1996) examined the intervening role of two variables to explain the effects of diversity on performance: Internal task process (i.e., the setting of goals and priorities) and Communication.

Smith et al's (1994) studied three potential intervening variables to explain the effects of diversity on performance: Social integration, Informality of communication and Communication frequency.

(Pelled et al., 1999) proposed and tested the intervening role of conflict based on the suggestion of the studies of Ancona and Caldwell (1992) and Smith et al's (1994) for the assessment of the mediating effect of conflict in future research.

(Pelled, 1996) identified substantive conflict (task conflict) and affective conflict (emotional conflict) and tried to relate to previously examined intervening variables, including communication frequency, social integration, and internal task process.

According to Pelled (1996) , conflict is considered as two-dimensional construct, with one dimension(task conflict) that, can have a beneficial effect on performance and the other dimension (emotional conflict) an interaction effect impeding performance and conflict plays a stronger intervening role and has a theoretical advantage over other intervening process explanations (communication frequency, social integration, and internal task process) that cannot account for the mixture of outcomes associated with diversity.

Pelled et al. (1999) argued that although all forms of diversity may affect both forms of conflict, job-related diversity has a greater influence on task conflict than on emotional conflict and emotional conflict is shaped by a more complex set of forces. Since the study focused on visible demographic diversity variables emotional conflict was argued as a mediator.

Moreover Latimer (1998) argued that diversity in terms of ethnicity, age, gender, promotes creativity and problem-solving capability. This study considered also employee creativity as a mediator.

#### **2.1.4. Organizational Performance**

Human Resource is the key resource of any organization and Organizations always try to extract the best performance out of their employees.

According to Cascio (as cited in Rahman et al., 2017) Performance means working effectively in the manner to do right job, judged by the effectiveness.

Organizational performance is the extent to which the organization is achieving its goals and objectives (Osazeand Anao, 2000 as cited in Ogbo et al., 2014). Nerdinger (2005) defined performance in terms of behaviors or actions of employees, rather than the results of these actions. The behavioral aspect refers to what an individual does in the work situation. On the other hand, Campbell and other Researchers argue that when describing performance one has to differentiate between an action (i.e., behavioral) aspect and an outcome aspect of performance (as cited in Nerdinger, 2005). Hence, only actions and behaviors which can be measured are considered as performance. Not each and every behavior is considered under the concept of performance, but only that behavior which is relevant to the achievements of the goals of the organization.

Since those actions which contribute to the accomplishment of organizational goals constitute performance, it is very essential to measure the extent to which an individual's performance meets the organizational goals.

cf. Ilgen & Schneider in 1991 and Motowidlo, Borman, & Schmit in1997 stated that performance is not defined by the action itself but by judgmental and evaluative processes(as cited in Sonnentag & Frese, 2005)

## **2.2. Empirical Review**

### **2.2.1. Workforce Diversity and Organizational Performance**

According to Williams & O'Reilly III(1998) different work force diversity researches indicated that there is a negative and positive consequences of work force diversity on organizational performance. Milliken and Martins (1996) and ,Jehn et al.,(1999) in their study showed that diversified workforce has a positive consequence on employee creativity and innovation. Nevertheless, (Pelled et al. (1999) argued that there is a negative correlation between work force diversity and cooperation, unity and support among employees..

Strengthening the positive and negative consequences of workforce diversity Bassett-Jones (2005),explained diversity as a source of competitive advantage via creativity and innovation. He also revealed that diversity can bring low quality, absenteeism, loss of morale and ineffectiveness by creating problem of understanding, conflict and doubt in the workplace. Workforce diversity promotes creativity, problem solving, innovation and good decision making (Indoria et al. 2017). In the area of human resources good work force diversity practices are expected to enhance employee and organizational performance (*Adler-1986.Pdf*, n.d.).

According to Elsaid, (2012),if there is no proper management of workforce diversity, there will be turnover, problem of communication and conflicts in employees .

Workforce diversity triggers conflicts and clashes among employees due to differences in perceptions, ideas, religion, culture, different attitude towards and many more. These conflicts can affect creativity, innovation and work quality which ultimately lead to a decrease in the organizational performance,

According to Kumar and Suresh(2018), it is the approach to diversity, not the diversity itself which determines the actual positive and negative outcomes and Hence, workforce diversity management is problem and challenge for organizations.

#### **2.2.1.1. Age Diversity and Organizational Performance**

According to Soares (2013), age diversity is defined as the differences in age distribution among employees and is used to describe the composition of the organization or the composition of

workgroups within an organization. Joseph R. and Selvaraj (2015) argued that Organizations are unable to properly use the talent and the skills of old worker, due to false assumption that they face a lot of health issues and unable to adopt changes and new technology. Gelner and Stephen (2009) argued that age heterogeneity can negatively affect employee productivity due to differences in values and preferences of distinct age groups (as cited in Elsaid, 2012). Revealing the advantages of age diversity ( Bohem and Kunze., 2015) expressed that an age heterogeneous workforce can produce huge number of multiple skills, intellectual styles, increases morals, that may result in increased productivity.

The study of Kathimba & Anyieni (2018) , Mark et al., (2019)and O.В.Ковалишина (2017) shows the positive relationship between age diversity and organizational performance.

#### **2.2.1.2. Gender Diversity and Organizational Performance**

The need to prevent gender discrimination and maintain gender equality in the workplace is one of the major issues of diversity. Management should be conscious in implementing equal opportunities in the work place with regard to gender differences. According to Hack and Lammers (2008), unequal treatment and communication in gender differences leads to negative performance(as cited in Khan et al., 2019). Many research studies support the argument that gender diversity has a positive influence on organizational performance. According to (Kochan et al., 2003), providing an equal job opportunity to women is vital to improve performance of employees in an organization. Moreover, Studies have found that gender-diverse teams perform better than single-gender teams (Orlitzky & Benjamin, 2003) .

According to the study of Kathimba & Anyieni, (2018) , Nabi and Nabi, (2018) and (Verma, n.d.), there is positive relationship between gender diversity and organizational performance.

#### **2.2.1.3. Ethnic Diversity and Organizational Performance**

Alesina and Ferrara described Ethnic diversity as differences in languages, religions, race and cultures (as cited in Verma, n.d.). Opstal in 2009 (as cited in Khan et al., 2019)showed in his research that Ethnic diversity can have both positive and negative effects on employee performance in an organization . Regarding to the negative effects of ethnic diversity on employee performance, Ethnic diversity can cause Problem in communication and conflict(

Jackson and Joshi 2004). However, if diversity is effectively managed, it may have a positive impact such as creativity and idea generation in the group (Lauretta McLeod & Lobel, 1992). According to (Verma, n.d.), Ethnic diversity positively affects employees' performance by increasing the skills and talent among employees. Moreover Sebastiano and Vincenzo (2009) empirically explored that a more ethnical workgroup brings diverse set of ideas and knowledge that leads to more learning opportunities, creativity and innovation at work.

According to the study of Kathimba and Anyieni(2018) , (Verma, n.d.) and O.B.Ковалишина, (2017) there is positive relationship between Ethnic diversity and organizational performance.

#### **2.2.1.4. Education Diversity and Organizational Performance**

According to Chew et al.,( 2011), the more different education types, or a more balance in education types an organization possesses the higher the likelihood of having innovations. Diversifying workers from different education background creates opportunities for greater innovation and more creative solutions to problems (Richard,2000; Richard, 2003; Watson, 1993 as cited in Elsaid, 2012)

According to Lewis and Sappington, (1993), education is more important for employees because without sufficient education background employees are unable to get a job and perform well,

Cohen and Bailey,(1997) revealed that as education background diversity fosters broader range of cognitive skills it has positive effect on performance(as cited in Mwatumwa, 2015).

The study of (Kathimba & Anyieni, 2018),Mwatumwa(2015) and Elsaid (2012) also shows that there is positive relationship between education background diversity and performance.

Based on the above arguments on the diversity variables, the following is proposed:

H1: Workforce diversity has a significant positive effect on organizational performance.

## **2.2.2. Employee Creativity and Employee emotional conflict**

### **2.2.2.1. Employee Creativity and Organizational Performance**

Nowadays the survival and success of an organization depends on its capability to create new knowledge which is considered to be the most valuable resource. Employees' creativity may be revealed through development of new knowledge, advancement of technologies and process improvements that will lead them to improve their performance.

The relationship between performance and creativity is not direct but depends on various personal and organizational variables that may either support or restrict creativity at work (Amabile et al., 1996 as cited in Ismail et al., 2019). In order to foster Employee creativity organizations should encourage employees and allocate resources such as ample time, Funds, materials, facilities, and supportive information.

According to the study by Taboli and Zaerizadeh 2016(as cited in Ismail et al., 2019) employee creativity had a significant impact on the job performance and they also concluded that clarification of the duties and staff-related matters encouraging employees to participate in decision making could increase the productivity and their job performance in the workplace.

According to the study of Suh and Shin (2005), and Ismail et al., (2019) there is a significant and positive relationship between Employee creativity and organizational performance.

In view of the above findings, the following hypotheses are proposed:

**H2:** Workforce diversity has a significant positive effect on employee creativity.

**H3:** Employee creativity has a significant positive effect on organizational performance.

**H4:** Employee creativity mediates the relationship between Workforce diversity and organizational performance.

### **2.2.2.2. Employee emotional conflict and Organizational Performance**

The Employee emotional conflict generated by diversity is likely to weaken performance. According to Pelled et al., (1999) anxiety which is an emotion that characterizes emotional conflict prevents members from taking relevant information into consideration when solving

problems , the hostility that characterizes emotional conflict may make members reluctant to share or listen to each other's potentially useful ideas or information and when there is emotional conflict members are likely to consume time and energy making-or defending themselves against-personal attacks and as a consequence employees may have little remaining time and energy to devote to critical task-related matters of the organization

Jehn's study in 1994(as cited in Pelled et al., 1999) showed that intragroup emotional conflict was negatively associated with performance. According to the study of Amason in 1996(as cited in Mooney et al., 2007) emotional conflict, which he called affective conflict, was associated with lowered decision quality, diminished satisfaction and performance. Eisenhardt, Kahwajy, and Bourgeois (1997b), found that emotional conflict impaired team process and firm performance (as cited in Pelled et al., 1999) .

Pelled et al., (1999) in their study found that there was no evidence that shows relationship conflict influenced team performance. Moreover Jehn (1995) found no relationship between emotional conflict and performance.

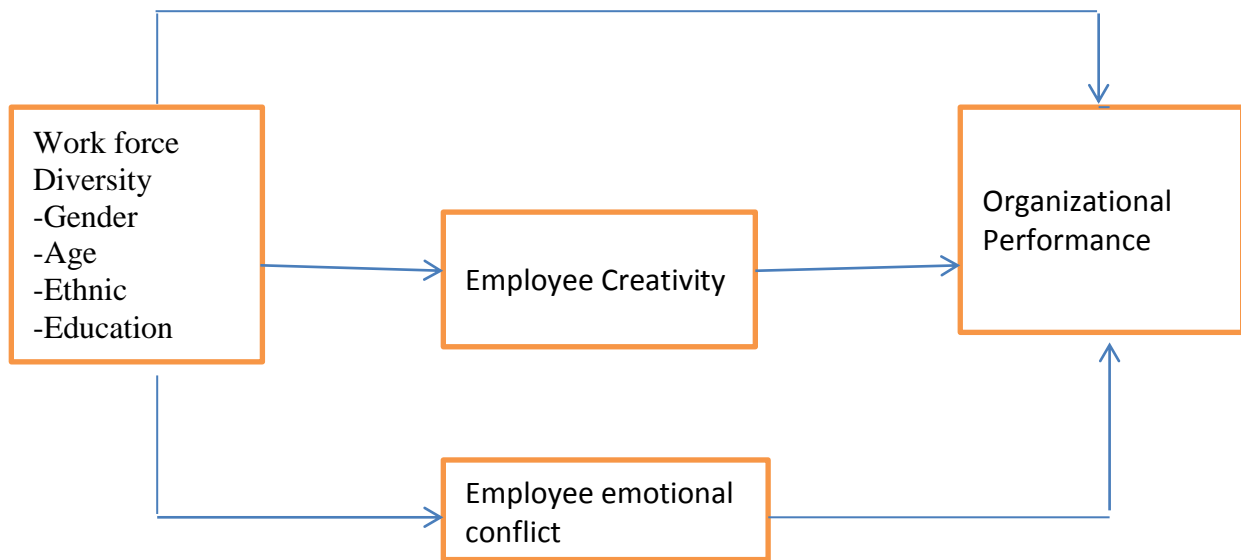
Based on the above arguments, the following hypotheses are proposed:

**H5:** Workforce diversity has a significant positive effect on employees' emotional conflict.

**H6:** Employee emotional conflict has a significant positive effect on organizational performance.

**H7:** Employee emotional conflict mediates the relationship between Workforce diversity and organizational performance.

### 2.3. Conceptual Framework of the Research



**Fig.2.1 Proposed Conceptual Model**

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

#### **Introduction**

This chapter presents the design of the study, the area of the study, target population, sample, size, techniques and sample selection, data collection methods and research instruments, data collection procedure, and measurement of workforce diversity and organizational performance.

#### **3.1. Description of the Study Area**

Kothari(2004) as mentioned in Çelik et al.( 2018b) defined Study area as the geographic place where the study has been carried out.

For the case of this study Addis Ababa City was selected. Addis Ababa is the capital and largest city of Ethiopia. The city is surrounded by the Special Zone of Oromia and populated by people from different regions of Ethiopia and it is the home to Addis Ababa University. According to the 2007 census, the city has a population of 2,739,551 inhabitants(Learning & Cookbook, n.d.). The city is divided into 11 sub-cities called kifle-ketemas and 121 woredas, which are the lowest administrative units (Mdafai & Scherer, 2015). The 11 sub cities are classified as inner sub cities and expansion (peripheral) sub cities. The sub cities of Addis Ketema, Arada, Lideta and Kirkos fall within the most parts of the inner city and are called the inner sub cities. The expansion sub cities are Yeka, Bole, Gullelle, Akaki-Kality, Nifas Silk Lafto and Lemi-Kura.

For this study, the reason to choose Addis Ababa city ahead of any other regions is the fact that the city is with diversified employees, proximity and the researcher thought it would be ease to collect data quite easily (accessibility of information) compared to the other areas.

#### **3.2. Research Design**

A research design is a master plan that specifies the methods and procedures for collecting and analyzing the needed information(William\_G.\_Zikmund,\_Barry\_J.\_Babin, 2012). It constitutes the blueprint for the collection, measurement, and analysis of data. Accordingly the study followed descriptive and explanatory research designs. These designs are adopted because it helps the researcher to explain phenomena in terms of the conditions or relationships that exist and enable the researcher to get answers for the why and how types of questions in determining

the relationship between work force diversity and organizational performance through the mediating variables employee creativity and employee emotional conflict.

A quantitative research approach was used to collect and convert data into numerical form for statistical calculations and to draw conclusions.

### 3.3. Target Population

Population is the entire group of individual, objects from which researcher want to collect information Kothrai (2004) as mentioned in (Çelik et al., 2018b).The study targets a total population of 5012 current government civil servants (employees) of three sub cities and one sector Bureau in Addis Ababa city administration . The three sub cities were Bole, Lideta and Gullele and the sector Bureau was Public Service and Human Development Resource Bureau

### 3.4. Sample Size

A sample is a subset of larger population from which researchers draw conclusions that would be characteristics to the whole population of interest(William\_G.\_Zikmund,\_Barry\_J.\_Babin, 2012) . The sample size is a subset of the population that is taken to be representatives of the entire population. The study will sample 371 employees out of a population of 5012 employees from three sub cities and one sector Bureau in Addis Ababa city administration.

The sample size is determined by the formula developed by Yamane (1967) as mentioned in (Naing, 2003).

$$n = \frac{N}{1 + Ne^2}$$

Where n=sample size,

N=population size,

e=the error of sampling (5%).

$$n = \frac{5012}{1+5012(0.05)^2} = \frac{5012}{13.53} \quad n=371$$

Accordingly, out of the 5012 employees, questionnaire was distributed to 371 employees.

### 3.5. Sampling Techniques and Procedure

Sample techniques are used for selecting sample from population by reducing the number of respondents in manageable size. Sampling techniques are categorized into probability sampling and non-probability sampling.

In probability sampling each element in the population has a known, nonzero probability of Selection equal in the sample whereas, in non-probability sampling each element of population is selected on the basis of personal judgment or convenience; the probability of any particular member of the population being chosen is unknown(William\_G.\_Zikmund,\_Barry\_J.\_Babin, 2012).

Probability sampling techniques encompasses Simple random sampling, stratified sampling, Systematic sampling and Cluster sampling.

The study followed Stratified random sampling method. To achieve a more representative sample of the city of Addis Ababa, 20% of sub cities were taken from each stratum (Inner sub cities, Expansion sub cities). To select the sub cities from each stratum the performance evaluation rank of 2012 E.C of sub cities done by Public Service and Human Resource Development Bureau was taken. Accordingly, From the expansion sub cities stratum (Yeka, Bole, Gullele, Akaki-Kality, Nifas Silk Lafto and Lemi-Kura), Bole and Gullele which ranked first and third respectively were selected, on the other hand Lideta which ranked second was selected from inner sub cities stratum. From sector Bureaus Public Service and Human Development Resource Bureau was selected using purposeful sampling technique because this is the Bureau which nearly supports, monitors and evaluates sub cities and hence the researcher assumed that including it in the study would have an extensive importance in the future for the organization as well as for the sub cities as far as work force diversity is concerned.

The proportionate calculation of the sample:  $\frac{371}{5012} \times 100 = 7.4\%$

**Table 3.1: Number of samples for each sub cities**

Stratum	Total number	No. of sample
Lideta sub city	1374	$1374 \times 7.4\% = 102$
Bole sub city	1600	$1600 \times 7.4\% = 118$
Gullele sub city	1810	$1810 \times 7.4\% = 134$
Public Bureau	228	$228 \times 7.4\% = 17$
Total	5012	371

The total sample on each sub city was divided into the four strata pools, namely Chief executive Pool, public pool, Land development pool and Construction pool using proportionate calculation of the sample. Finally, a proportionate is made to all offices under each pool and sample respondents were drawn randomly from all the offices.

### **Data Collection Sources, Methods and Instruments**

#### **3.5.1. Data Sources**

Data that are required for research purpose can be categorized as primary data and secondary data (World et al., 2005) Primary data is an information that is collected or developed by a researcher for the research project whereas secondary data is data that has previously gathered by someone else. In this research data was obtained from both primary and secondary sources. The sources of the primary data were all civil servants in the selected sample. Secondary source of data was obtained from published journal articles, books, publications, websites, and from the organizations.

#### **3.5.2. Data Collection Methods**

The research method that was used to collect primary data in this research was survey method. Survey method is a preferable data collection method as it gives advantage in economy and rapid collection of data Cress well (2014). Since time was limited the survey was cross-sectional- with the data collected at one point in time. self-administered questionnaires were used in the survey.

#### **3.5.3. Data Collection Instruments**

The Research instrument that was used in conducting this research was questionnaire. According to (Marshall,(2005) Questionnaire is a popular research instrument With careful planning, which

can yield high quality usable data, achieve good response rates , provide anonymity and it is also a cost effective way to collect data from large numbers of the population, The questionnaire was structured(close- ended). Five-point Likert-scale (Strongly disagree, Disagree, neutral, Agree and strongly agree) was used to capture responses from employees which allow them to mark their level of agreement.

### **3.6. Data Processing and Analysis**

The Research used the quantitative approach in order to provide an extensive explanation on the subject matter. The Quantitative data obtained from the questionnaires was analyzed by means of the Statistical Package for Social Sciences (SPSS version 26) and Analysis of moment structures (AMOS version 23).The focus of the analysis was on the relationship between work force diversity and organizational performance through the mediating factors employee creativity and employee emotional conflict. The data involved both descriptive and inferential statistics. Descriptive statistics encompasses mean, standard deviation, frequency and percentage. Inferential statistics included the correlation analysis and multiple linear regression analysis.Under inferential analysis relationship between variables and how independent variables explain dependent variables were discussed.

### **3.7. Measurement of Variables**

#### **Dependent variable**

Organizational performance: Organizational performance was measured using a ten-item scale adapted from the items developed by ( *Elshaday Deme*, 2016). All items were measured using a 5-point Likert-type scale ranging from (1) strongly disagree to (5) strongly agree.

#### **Independent variables**

**Age diversity:** To measure the Age diversity of employees, (Elsaid, 2012)validated five-item scale was used. A five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) was used for the measurement.

**Gender diversity:** (Elsaid, 2012) nine-item scale was used to measure Gender diversity. The items were measured using a 5-point Likert-type scale ranging from (1) strongly disagree to (5) strongly agree.

**Ethnic diversity:** Five-point Likert scale statements ranging from 1 (strongly disagree) to 5 (strongly agree) were used to measure Ethnic diversity adopted from (Chew et al., 2011).Eight-item scale was used.

**Education diversity:** Five-point Likert scale statements ranging from 1 (strongly disagree) to 5 (strongly agree) were used to measure Education diversity adopted from(Chew et al., 2011).seven-item scale was used.

### **Mediating Variables**

**Employee emotional conflict:** Emotional conflict was measured using four-item scale developed by (Lehmann-Willenbrock et al., 2011) . All items were measured using a 5-point Likert-type scale ranging from (1) none to (5) A lot.

**Employee creativity:** To measure the Employee creativity, validated nine-item scale developed by (Wang et al., 2013) was used. A five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) was used for the measurement.

### **3.8. Ethical Considerations**

The researcher considered the ethical issue of anonymity of the respondents by ensuring confidentiality of the respondents and the data provided. Respondents were ensured that the information they provide would be purely for academic purposes and that their identity would not be disclosed to anyone. This was pointed out in the introductory part of the questionnaire. The sources of literature for the study were acknowledged through citations and referencing. Objectivity was also considered during report writing to avoid personal bias.

## CHAPTER FOUR

### 4. DATA PRESENTATION, ANALYSIS AND DISCUSSION

#### 4.1. Introduction

This chapter presents the discussions and analysis of the data gathered from respondents using questionnaire. Findings were analyzed and discussed using descriptive and inferential statistics in line with the specific objectives of the study. Analysis was done using SPSS version 26 and AMOS 23 software.

##### 4.1.1. Non response bias and Response Rate

The researcher distributed 371 questionnaires to the respondents of the study .Out of these, 337 were returned. This represents a response rate of 91%. According to (Mc Burney 2001,as cited in (Yohannis,2018)) 70% and above response rate is acceptable for analysis and interpretation of findings and hence, the response rate obtained (91%) in this study is significant to give reliable findings,

**Table 4.1: Response Rate**

Category	Questionnaires distributed	Questionnaires returned	Percentage
Lideta sub city	102	99	97%
Bole sub city	118	108	92%
Gullele sub city	134	113	84%
Public Bureau	17	17	100%
Total	371	337	91%

Source: Own survey 2021

## 4.2. Demographic Information of respondents

**Table 4.2: Demographic Information of respondents**

<b>VARIABLES</b>	<b>CATEGORY</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>
<b>Gender</b>	Male	188	55.8
	Female	149	44.2
<b>Age</b>	20-29	151	44.8
	30-39	140	41.5
	40-49	35	10.4
	50-59	11	3.3
<b>Educational level</b>	Certificate	1	.3
	Diploma	22	6.5
	Degree	268	79.5
	Master and above	46	13.6
<b>Work Experience</b>	Less than 1yr	33	9.8
	2-5	112	33.2
	6-10	89	26.4
	11-15	67	19.9
	16 and above	36	10.7
<b>Position of Employees</b>	Senior executive	157	46.6
	Executive	131	38.9
	Entry level	49	14.5

Source: Own survey 2021

Table 4.2 shows the gender distribution of respondents. Male employees constituted 55.8%, whereas 44.2% of the employees were female. This indicates that male respondents are more as compared to female respondents and female's participation was low relative to male.

The percentage of the respondents within the age groups of 20-29 and 30-39 are 44.8% and 41.5% respectively. Since the majority of the respondents 86.4% were youth and in the middle age group (20-39) it can be said that a high proportion of the work force is in their active productive years.

Respondents that are Master and above constitute 13.6%, 79.5% of the respondents are from degree holders, 6.5% of the respondents are diploma and 0.3% is certificate. Cumulatively 93.1% of the respondents are degree and above which indicates more employees in Addis Ababa city administration are working with good background in their educational levels.

The table shows that the highest proportion of respondents with 2-5 years of work experience (33.2%) followed by 6-10 years (26.4%), 11-15 years (19.9%), 16 years and above (10.7) and Less than 1 year (9.8). 69.4% of the employees have work experience of 10 years and below and 43% of the employees have work experience of 5 years and below. This is a good indicator that more people are looking towards the job opportunities in the city administration. With regard to the Position of employees in the organization, Majority of the respondents are senior executives (46.6%), followed by Executive (38.9%) and Entry level1 (14.5%).

### **4.3. Central tendencies Measurement of Constructs**

The percentage, mean and standard deviation responses for each item of the constructs gender diversity, age diversity, ethnic diversity, Educational background diversity, Employee emotional conflict, Employee creativity and organizational performance are given in Appendix C and the results were discussed briefly as follows.

In the construct of gender diversity, the item I am positive about gender diversity in this workplace has the highest mean (3.74) with standard deviation 1.174, followed by Opportunities for growth and advancement exist for women in our organization with mean 3.39 and standard deviation 1.041 and Women are involved in the organization's decision making as much as men (mean= 3.39, standard deviation=1.136). The statement The performance criteria for success are expected to be higher for men than for Women has the lowest mean (2.72) with standard deviation 1.163. From these results we can infer that employees in Addis Ababa city administration are positive towards gender diversity in the work place and Women employees have opportunities for growth and development and are involved in decision making by their organization. Moreover, the same performance criteria are implemented for men and Women employees. The average mean score is 3.30 and the average standard deviation is 1.12 which indicates that there is positive perception towards gender diversity in the city administration.

In the construct of age diversity, the item I am positive about age diversity in this workplace has the highest mean (3.77) with standard deviation 1.169 and at work, I experience lack of bonding with people of different age group has the lowest mean (2.83) with standard deviation 1.154. From these results it can be inferred that employees in Addis Ababa city administration are positive towards age diversity in the work place and employees have bonding with people of

different age group. The average mean score is 3.38 and the average standard deviation is 1.14 which indicates that there is positive perception towards age diversity in the city administration.

In the construct of ethnicity diversity, the item I am positive about ethnicity diversity in this work place has the highest mean (3.78) with standard deviation 1.051, followed by the team leader includes all members at different ethnicity in problem solving and decision making with mean 3.59 and standard deviation 1.068. The statement at work, I developed low self-esteem due to my ethnicity has the lowest mean (2.60) with standard deviation 1.191. From the result of the analysis we can deduce that the employees in Addis Ababa city administration are positive towards ethnic diversity in the work place and employees of different ethnicity participate in problem solving and decision making. Moreover, employees do not develop low self-esteem because of their ethnicity. The average mean score is 3.26 and the average standard deviation is 1.11 which shows that there is positive perception towards diversity of ethnicity in the city administration.

In the construct of Educational background diversity, the item the team leader includes all members at different education level in problem solving and decision making has the highest mean (3.43) with standard deviation 1.097, followed by The organization gives equal treatment when it comes to the diversity of education background with mean 3.33 and standard deviation 1.156. The statement at work, I experience lack of confidence due to my education background has the lowest mean (2.67) with standard deviation 1.245. From the results of the analysis one can infer that all employees at different education level participate in problem solving and decision making and are equally treated regardless of the diversity of their educational background. Moreover, employees do not feel in confident because of their education background. The average mean score is 3.13 and the average standard deviation is 1.17 which implies that there is positive perception towards diversity of education in the city administration.

The average mean score is 2.49 and the average standard deviation is 1.06 which shows that there exists rare employee emotional conflict at work place among the employees of Addis Ababa city administration.

In the construct of employee creativity, the item I Solve problems that caused other difficulty has the highest mean (3.57) with standard deviation .998, followed by I serve as a good role model

for creativity with mean 3.53 and standard deviation 1.077. The statement I generate novel, but operable work-related ideas has the lowest mean (3.27) with standard deviation .994. From the results it could be possible to conclude that the employees in Addis Ababa city administration try to solve problems that seem difficult to others and serve as a good role model for creativity but they have limitation in generating novel, but operable work-related ideas for their organization. The average mean score is 3.42 and the average standard deviation is 1.05 which indicates employees show their agreement towards employee creativity.

In the construct of organizational performance, the item employees feel special commitment to the organization achievement has the highest mean (3.25) with standard deviation 1.105, followed by employees are ready to go an extra mile for the organization success with mean 3.24 and standard deviation 1.090. The statement employees are not ready to leave the organization due to the availability of good promotion has the lowest mean (2.75) with standard deviation 1.231, followed by my organization is the best place to develop myself with mean 2.84 and standard deviation 1.246 and Employees of the organization are always in their work place because they are satisfied (mean= 2.86, standard deviation=1.222). From the results obtained we can infer that the employees in Addis Ababa city administration have good commitment and readiness to go an extra mile for the success of their organization whereas the city administration has limitations in providing good promotion, creating conducive situation for self-development and satisfying its employees. The average mean score is 3.04 and the average standard deviation is 1.18 which implies employees show their agreement towards organizational performance.

#### **4.4. Assumptions of multiple regression**

##### **4.4.1. Assessing the Sample Size**

The sample size is a subset of the population that is taken to be representatives of the entire population. In determining sample size different factors such as time, cost and conditions for collecting data are taken into consideration. For Structural Equation Modeling (SEM) a sample size of 100 to 200 should be used (Loehlin, 2004). Accordingly, the researcher used 337 Sample size for factor analysis and structural model.

#### **4.4.2. Assessing Common Method Bias**

According to Podsakoff et al (2003) common method bias is the systematic variance shared by variables. No common method bias is observed if the first factor in the un rotated factor analysis has a value of less than 50%. Since the un rotated factor analysis in this study revealed that the first factor accounting for 25.064%, which is less than 50%, of the total variance explained, there is no a problem of common method bias (Look on Appendix B).

#### **4.4.3. Assessing Missing Data**

In conducting a research, we may not always obtain a complete data and there may be the occurrence of missing data (Pallant, 2011). The occurrence of missing data may result in bias, decreased model fit and weak findings. It is important to investigate carefully for missing data as it can have effects on our results. As far as to this research is concerned no missing data was detected and the researcher continued with the existing questionnaire results for analysis. .

#### **4.4.4. Assessing Outliers**

Outliers are values that are extremely higher or lower than other values (Pallant, 2011). Outliers may be due to error in typing, or from careless response, or from a strange true value. The presence of outliers affects the analysis and findings of a certain research Kline(2005). A scatter plot was used to check for outliers and no outliers were observed.

#### **4.4.5. Assessing Linearity Assumptions**

Linearity indicates the relationship between an independent variable and dependent variable is straight line. If the relationship between dependent and independent variables is linear, their relationships can be estimated using multiple regression. Curve estimation for the relationships in the model was performed and they were linear enough for the test of covariance based structural equation modeling.

#### **4.4.6. Assessing Multi-Collinearity Assumptions**

Multi-Collinearity refers to the relationship among the independent variables. Multi-Collinearity occurs when the independent variables are highly correlated. Variance Inflation Factor (VIF) is used to test Multi-Collinearity. VIF should be close to zero and should not be greater than 10. Tolerance indicates how much of the variability of a specific variable is not explained by the other variables. Multi-Collinearity is noticed when the value of the tolerance is less than 0.10.

In the table below the VIF is less than 10 and the value of the tolerance is greater than 0.10 which imply that there is no Multi-Collinearity.

**Table 4.3: Multi-Collinearity Test**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-1.809	2.146		-.843	.400		
Gendiv	.116	.074	.084	1.554	.121	.620	1.614
Agedi	.239	.124	.105	1.926	.055	.605	1.652
Erhidiv	.354	.085	.228	4.152	.000	.602	1.662
Conflict	.161	.120	.058	1.346	.179	.982	1.019
Employecreat	.332	.061	.274	5.473	.000	.722	1.385
Educdiv	.238	.095	.137	2.513	.012	.609	1.641

Dependent Variable: Orgperfor

Source: SPSS output of the survey, 2021.

#### 4.4.7. Assessing Normality Assumptions

To check whether a sample data is taken away from a normally distributed data we use Normality test. Test of Normality was done using Skewness and Kurtosis. Skewness is a measure of symmetry whereas Kurtosis is a measure of tailedness. According to Hair et al(2006), a normally distributed data has a Skewness and Kurtosis which lie between -2 and 2. In the table below all the variables have Skewness and kurtosis between -2 and 2 and hence the data is normally distributed.

**Table 4.4: Skewness and Kurtosis**

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Gendiv	-.224	.133	-.188	.265
Erhidiv	-.240	.133	.350	.265
Conflict	.564	.133	.189	.265
Orgperfor	-.051	.133	-.691	.265
Agedi	-.505	.133	.025	.265
Educdiv	-.462	.133	.230	.265
Employecreat	-.542	.133	-.020	.265
Valid N (list wise)				

Source: SPSS output of the survey, 2021

## **4.5. Factor Analysis**

Factor analysis is a tool for exploring the relationship between observed variables and underlying constructs. Factor analysis gives information related to reliability, the quality of items and construct validity. Factor analysis help to breakdown covariations in items into meaningful components (Machado et al., 1999). The two basic Factor Analysis techniques are: Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA).

### **4.5.1. Exploratory Factor Analysis (EFA)**

Exploratory Factor Analysis is used to analyze which variables go together and discover the number of factors that influence variables (Machado et al., 1999). Exploratory Factor Analysis helps to place and diminish large data into smaller summarized variables to explore theoretical structure of the phenomenon.

Under this analysis KMO and Bartlett's test, Communality Total variance explained and pattern matrix tests were used.

#### **4.5.1.1. Factor extraction**

Factor extraction helps to determine the number of factors that represent the set of items (Machado et al., 1999).

In this research principal component analysis was employed to extract factors from the results obtained by univariate analysis with Varimax rotation is used to interpret the factors.

Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity was used to test the appropriateness and suitability of the data for Factor Analysis.

According to Kaiser (1974),  $KMO < 0.05$  is taken as poor, 0.5-0.6 is average, 0.6-0.7 is acceptable, 0.7-0.8 good and  $> 0.8$  is taken as excellent.

According to Hair (2006), the correlation among variables is tested by Bartlett's Test of Sphericity and significant correlation exists when  $sig < 0.05$ .

**Table 4.5: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.874
Bartlett's Test of Sphericity	Approx. Chi-Square	9092.721
	Df	1326
	Sig.	.000

Source: SPSS output of the survey, 2021

From the above table the value of KMO is 0.874 which indicates that the data is excellent and suitable for Factor analysis. The Bartlett's value is 0.000 indicating the data is multivariate normal and acceptable for data analysis.

#### **4.5.1.2. Communality**

Communality indicates the variance in each variable. Communality measures the shared presence of variance by all factors. According to Child (2006 ), the goal of extraction is to remove as much common variance in the first factor as possible. In this research Principal component analysis was used as an extraction method and all the variables indicated communality value  $>0.5$  which implied high communality (Appendix D)

#### **4.5.1.3. Total variance explained**

Eigenvalue actually reflects the number of extracted factors whose sum should be equal to number of items which are subjected to factor analysis. In this research all the factors in table 5.5 accounted for 64.921% of the variance. Total variance explained (64.921%) exceeds the 60 % threshold commonly used in social sciences.( Hair, 2006 )

#### **4.5.1.4. Factor Rotation**

Factor Rotation is a method that has a goal for a better interpretation of results. Factor Rotation is a process for loadings and helps to specify whether factors are correlated or not.(Machado et al., 1999). Orthogonal rotation and Oblique Rotation are the two approaches for rotation(Pallant, 2011). If factors are rotated 90 degrees from each other, the Rotation is called Orthogonal Rotation and the factors are considered to be uncorrelated, on the other hand if the Rotation of the factors is not 90 degrees, we have Oblique Rotation and the factors are correlated. Varimax rotation, Quartimax rotation and Equamax rotation are rotational methods for orthogonal rotation

and Varimax is the method mostly used in factor analysis. According to Field(2005), values above 0.5 are taken for observation. Based on this, values above 0.5 were taken in this research

**Table 4.6: Rotated Component Matrix**

**Rotated Component Matrix<sup>a</sup>**

	Component											
	1	2	3	4	5	6	7	8	9	10	11	12
OP8	.787											
OP9	.728											
OP10	.724											
OP3	.690											
OP6	.683											
OP1	.659											
OP2	.605											
OP4	.593											
OP7	.593											
OP5	.579											
EC3		.772										
EC8		.738										
EC9		.716										
EC6		.715										
EC4		.698										
EC2		.694										
EC5		.662										
EC1		.661										
EC7		.618										
AD2			.736									
AD3			.669									
AD1			.620									
EmC4				.839								
EmC2				.815								
EmC3				.791								
EmC1				.736								
EtD6					.750							
EtD4					.727							
EtD7					.562							
GD7						.575						
GD5						.491						
ED4								.660				
ED3								.515				
ED7								.501				

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization. <sup>a</sup>  
 a. Rotation converged in 12 iterations.  
 Source: SPSS output of the survey, 2021

### **4.5.2. Confirmatory Factor Analysis (CFA)**

Confirmatory Factor Analysis is a measurement model which is the part of Structural equation modeling (SEM). SEM encompasses two sub models: the measurement model and the structural model(Malkanthie, 2019). The measurement model demonstrates the relationship of observed variables and latent variables; whereas the structural model explains the relationship between latent variables.

Although the basic goal of CFA is to determine if a predefined factor model fits an observed set of data, it has some common uses such as to establish the validity of a single factor model, to assess the convergent and discriminant validity of a set of measures, to compare the ability of two different models that account for the same set of data ,to test whether a set of factors are correlated or not, to test the relationship between two or more factor loadings, and to test the significance of a specific factor loadings(Jamie DeCoster,1998).

### **4.5.3. Structural equation modeling (SEM)**

Structural equation modeling is a powerful technique that helps researchers to test a set of regression equations simultaneously. SEM is used to perform confirmatory data analysis, estimate error variance parameters, afford general model fit test and test hypothesized relationships that exists between observed and latent variables(Malkanthie, 2019). In this Research AMOS (Analysis of Moment Structures) was used to run SEM to explore the mediating role of employee creativity and employee emotional conflict in the relationship between workforce diversity and organizational performance.

#### **4.5.3.1. Measurement Model**

##### **4.5.3.1.1. Construct validity**

Validity refers to the extent to which a concept is accurately measured in a quantitative study (Heale & Twycross, 2015).

Construct validity is a process to examine a measurement tool validity that is used to measure a given construct.

Construct validity is demonstrated through the assessment of Convergent validity, discriminant validity and nomological validity(Patnaik & Shukla, 2021).

#### 4.5.3.1.2. Convergent validity

Convergent validity refers to the extent of high common share of variance of indicators of a specific construct. It measures the relationship between the observed and unobserved variables.

Convergent validity was tested through factor loading. According to Hair, 2006 (as cited in (Sheth, 2018) convergent validity is acceptable when the value of the square of the multiple correlations exceeds 0.5 and not acceptable when the value is below 0.4. The results in our model indicated that standardized regression weights are significant ( $P < 0.01$ ) and the values of the squared multiple correlations were not below 0.4. Hence, there is a Convergent validity and item reliability in the data. (Appendix E)

#### 4.5.3. 1.3. Discriminant validity

Discriminant validity indicates the uniqueness of the measures of constructs (factors). It measures the relationship of variables.

To test discriminant validity, Fornell and Larcker (1981) criteria was used (Patnaik & Shukla, 2021). The criteria explain that discriminant validity holds when the square root of AVE of a construct is greater than its correlation with other constructs. As it can be seen in Table 4.7, all the constructs demonstrated discriminant validity.

**Table 4.7: Discriminant validity**

Construct	Gendiv	Agedi	Erhidiv	Conflict	Employecreat	Educdiv	Orgperfor
Gendiv	0.61						
Agedi	.518**	0.66					
Erhidiv	.465**	.494**	0.66				
Conflict	.039	-.014	.025	0.74			
Employecreat	.426**	.378**	.427**	.111*	0.72		
Educdiv	.469**	.502**	.529**	-.014	.385**	0.63	
Orgperfor	.428**	.433**	.509**	.093	.506**	.454**	0.69

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

\*Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS output of the survey, 2021.

#### 4.5.3.1 .4. Nomo logical validity

Nomological validity is a form of construct validity which makes a comparison of two or more constructs that experience a linkage.

Nomological validity of the constructs was examined through the correlation estimates of the constructs in the correlation matrix (Hair et al., 2012, as cited in Patnaik & Shukla, 2021).

There existed Significant and positive correlations among constructs as expected in the theoretical network and hence, the constructs demonstrated nomological validity.

#### 4.5.3.1.5. Reliability

Reliability is a measure of the degree to which a research instrument consistently has the same results if it is used in the same situation on repeated occasions Heale & Twycross,(2015).The reliability was measured by Cronbach's alpha method. According to Heale & Twycross, (2015) Cronbach's  $\alpha$  is the most commonly used test to determine the internal consistency of an instrument where Cronbach's  $\alpha$  result is a number between 0 and 1and an acceptable reliability score is one that is 0.7 and higher.

**Table 4.8: Reliability**

No	Construct	No. of Items	Cronbach's Alpha	Composite reliability(CR)
1	Gender	9	.801	0.704
2	Age	5	.697	0.789
3	Ethnicity	8	.771	0.748
4	Education	7	.741	0.713
5	Employee creativity	9	.904	0.903
6	Emotional conflict	4	.823	0.824
7	Organizational performance	10	.901	0.916

Source: SPSS output of the survey, 2021

Table 4.8 illustrates Cronbach's Alpha values and Construct reliability for the data. Cronbach's Alpha result of the Constructs ranged from .697 to .904 and all constructs had an entire Alpha value of .789.This indicated that all the Constructs had acceptable reliability score 0.7 and higher. In the same manner, Construct reliability was tested through the examination of the value

of Composite reliability and all the constructs have values above the acceptable value  $\geq 0.6$ . Therefore the measurement instrument was reliable.

#### 4.5.3.1.6. Goodness of Fit

In AMOS test of Model adequacy is done through different criteria .Some of the Goodness of Fit criteria are: Absolute model fit, Incremental or relative tests and Parsimonious fit indices(Malkanthie, 2019)

The Absolute model fit indices are chi-square ( $\chi^2$ ), goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI), Root-mean-square residual (RMR) and Root Mean Square Error of Approximation (RMSEA). Incremental or relative tests include Tucker-Lewis Index (TLI) and the Comparative Fit Index (CFI), and the Parsimonious fit indices Parsimony Goodness-of-Fit Index (PGFI), Parsimonious Normed Fit Index (PNFI), and Akaike Information Criterion (AIC).

**Table 4.9: Model-Fit Criteria and Acceptable Fit Interpretation**

Model-Fit Criterion	Acceptable Level	Interpretation
Chi-square	Tabled $\chi^2$ value	Compares obtained $\chi^2$ value with tabled value for given df
Goodness-of-fit index (GFI)	0 (no fit) to 1 (perfect fit)	Value close to .90 or .95 reflect a good fit
Adjusted GFI (AGFI)	0 (no fit) to 1 (perfect fit)	Value adjusted for df, with .90 or .95 a good model fit
Root-mean square residual (RMR)	Researcher defines level	Indicates the closeness of $\Sigma$ to S matrices
Standardized RMR (SRMR)	< .05	Value < .05 indicates a good model fit
Root-mean-square error of approximation (RMSEA)	.05 to .08	Value of .05 to .08 indicate close fit
Tucker–Lewis Index (TLI)	0 (no fit) to 1 (perfect fit)	Value close to .90 or .95 reflects a good model fit
Normed fit index (NFI)	0 (no fit) to 1 (perfect fit)	Value close to .90 or .95 reflects a good model fit
Parsimony fit index (PNFI)	0 (no fit) to 1 (perfect fit)	Compares values in alternative models
Akaike information criterion (AIC)	0 (perfect fit) to positive value (poor fit)	Compares values in alternative models

Source: “A Beginner’s Guide to Structural Equation Modeling”, Randall E. Schumacker, 3rd Edition, 2010

After conducting the reliability and validity of the data the following Measurement model was constructed/

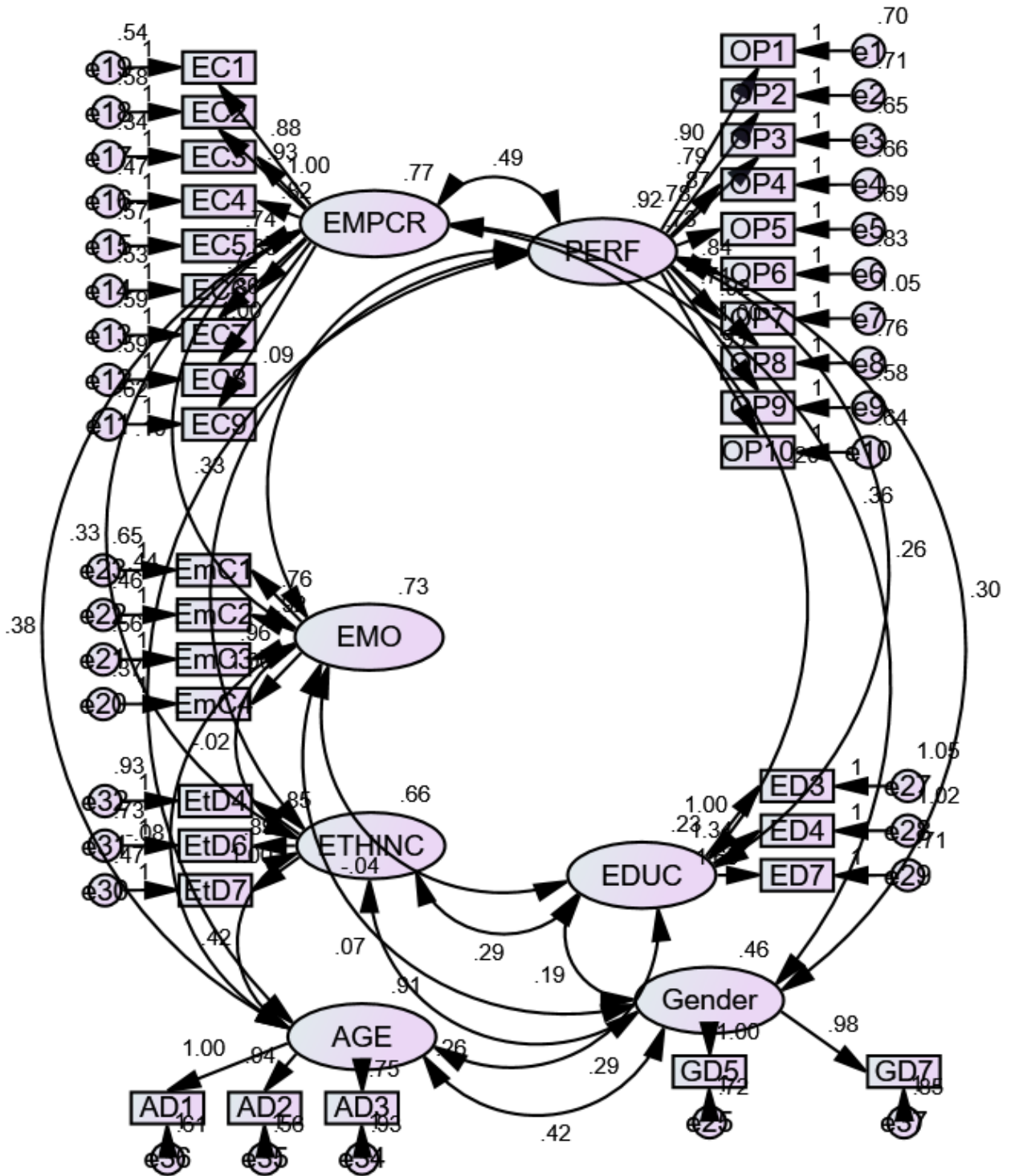


Figure 4.1 CFA Model-2

Source: AMOS output of the survey, 2021

**Table 4.10: Goodness of fit for model-2**

<b>Fit Indices</b>		<b>Value</b>
Chi square	$\chi^2$	1403.845
	P-value	0.000
	Df	507
	$\chi^2/df$	2.769
Absolute Fit Indices	RMSEA	0.073
	CMIN/df	2.769
Incremental Fit Indices	CFI	0.830
	IFI	0.831
	TLI	0.811
Parsimony Fit Indices	PCFI	0.750
	PNFI	0.686
	GFI	0.807

Source: AMOS output of the survey, 2021

The first model for CFA in Appendix F was modified based on the output of modification indices. Accordingly model re-specification was done by dropping items with loadings less than 0.05 (Ad5, Gd2, Gd6, Gd9, Ed6, and Etd8) to achieve the above model 2.

A Model is said to have adequate fit when majority or all fit indices are at the acceptable level (Sheth, 2018). The Chi sq/df value (2.769) in the model is within the range of acceptable value less than 3 at  $P = 0.000$  ( $P < 0, 05$ ). The value for RMSEA (0.073) is less than 0.08 which is an indicative of a good model fit. The respective values for PCFI, PNFI and GFI are 0.750, 0.686 and 0.807 and which are in the acceptable range of above 0.5. The values of the indices CFI, IFI and TLI are 0.830, 0.831 and 0.811 respectively and when the values are approximated they fall within the acceptable range of  $> 0.9$ . In sum, the indices values indicated a good model fit (Malkanthe, 2019).

To examine the relationship between the observed variables and Latent variables Structural model was constructed.

## 4.6. Structural model

### 4.6.1. Proposed model with mediating variables

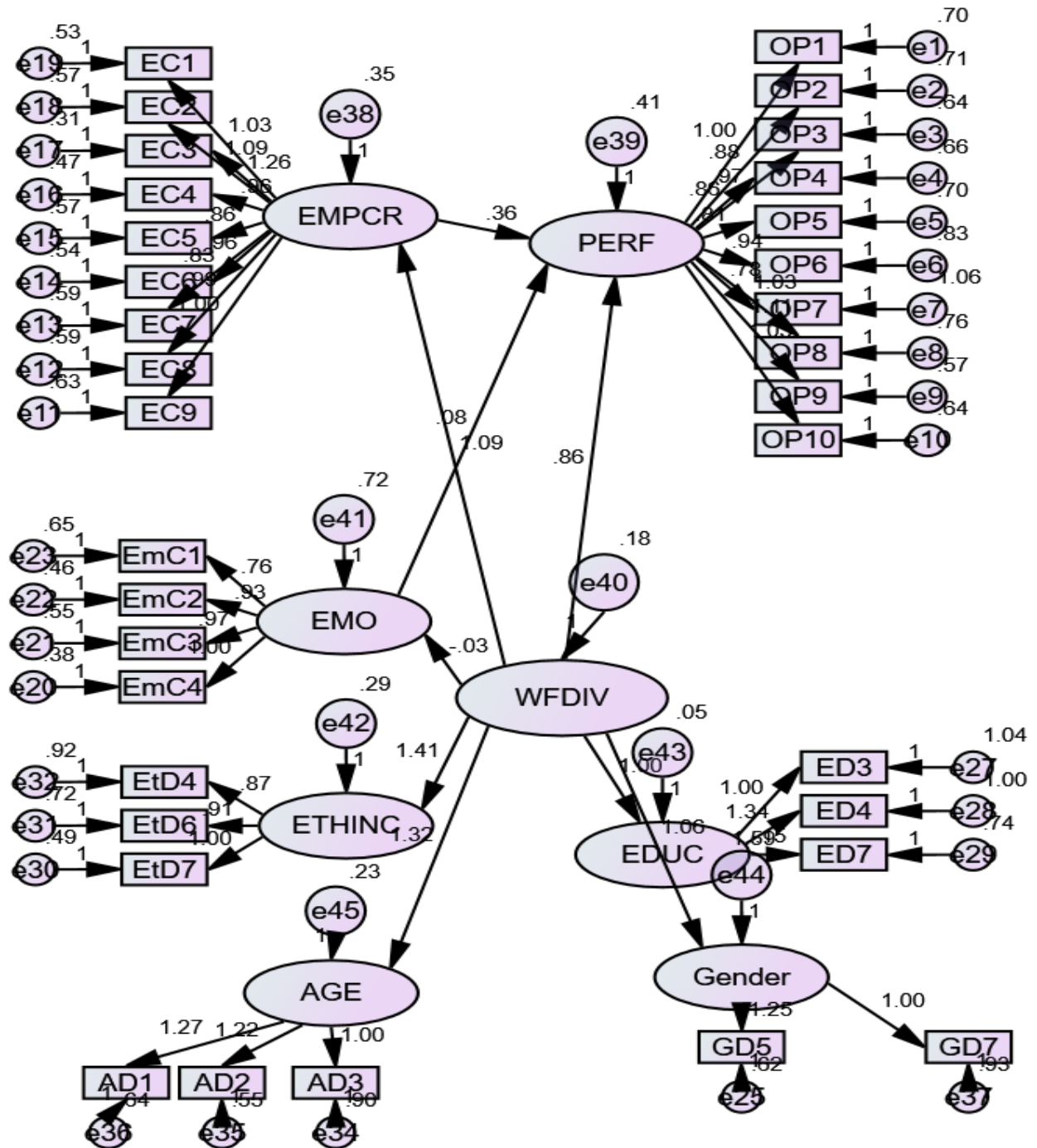


Figure 4.2. Proposed mode with mediating variables- Model 3

Source: AMOS output of the survey, 2021

**Table 4.11: Goodness of fit for model-3 (Model with mediating variable)**

Fit Indices		Value
Chi square	$\chi^2$	1425.448
	P-value	0.000
	Df	518
	$\chi^2/df$	2.752
Absolute Fit Indices	RMSEA	0.072
	CMIN/df	2.752
Incremental Fit Indices	CFI	0.828
	IFI	0.829
	TLI	0.813
Parsimony Fit Indices	PCFI	0.764
	PNFI	0.697
	GFI	0.803

Source: AMOS output of the survey, 2021

In model-3 the Chi sq/df value (2.752) is within the range of acceptable value less than 3 at  $P = 0.000 (P < 0.05)$ . The value for RMSEA (0.072) is less than 0.08 which is an indicative of a good model fit. The values of PCFI, PNFI and GFI are 0.764, 0.697 and 0.807 respectively and these values are in the acceptable range of above 0.5. The values of the indices CFI, IFI and TLI are 0.828, 0.829 and 0.813 respectively and when the values are approximated they fall within the acceptable range of  $> 0.9$ . Accordingly, the proposed structural model is an accepted model.

#### 4.6.2. Proposed Model without mediating variables

**Table 4.12: Goodness of fit for model-4 (Model without mediating variable)**

Fit Indices		Value
Chi square	$\chi^2$	636.929
	P-value	0.000
	Df	185
	$\chi^2/df$	3.443
Absolute Fit Indices	RMSEA	0.080
	CMIN/df	3.443
Incremental Fit Indices	CFI	0.837
	IFI	0.839
	TLI	0.815
Parsimony Fit Indices	PCFI	0.738
	PNFI	0.693
	GFI	0.851

Source: AMOS output of the survey, 2021

In Model-4(Appendix-G), Similar to the previous models the values for absolute fit indices, incremental fit indices and parsimony fit indices lie within the acceptable range and hence the structural model without mediating variables is adequate fit and acceptable.

## 4.7. Hypothesis testing and Discussion of empirical findings

### 4.7.1 Workforce diversity

H1: Workforce diversity has a significant positive effect on organizational performance.

**Table 4.13: Result of Hypothesis 1**

				Estimate	S.E.	C.R.	P
Without Mediator	PERF	<---	WFDIV	0.616	0.205	5.447	0.000
	PERF	<---	ETHINC	0.153	0.069	2.399	0.016
	PERF	<---	AGE	0.240	0.056	3.843	0.000
	PERF	<---	EDUC	0.389	0.179	4.165	0.000
	PERF	<---	Gender	0.181	0.105	1.852	0.046
With Mediator	PERF	<---	WFDIV	0.425	0.230	4.209	0.000
	PERF	<---	ETHINC	0.047	0.071	0.746	0.455
	PERF	<---	AGE	0.193	0.069	3.182	0.001
	PERF	<---	Gender	-0.027	0.077	-0.334	0.738
	PERF	<---	EDUC	0.341	0.177	3.963	0.000

Source: AMOS output of the survey, 2021

In the above table the coefficient values of Workforce diversity were 0.425 ( $P=0.000<0.001$ ) with mediator and 0.616 ( $P=0.000<0.001$ ) without mediator. The results indicated that Workforce diversity is significantly and positively associated with organizational performance, The more that employees perceive workforce diversity being implemented in Addis Ababa city

administration , the more performance experienced by the organization .Hence, hypothesis 1 is accepted.

Previous study of the impact of workforce diversity on organizational performance on private and public organizations in Pakistan by (Nabi & Nabi, 2018). Concluded that diversity has positive impact on organizational performance and every organization should bring diversity to the work place to enhance performance. This supported the findings of the current. Studies of Elsaid, (2012), Mwatumwa (2015) and Kathimba and Anyieni (2018) also support this finding.

As it is indicated in table 4.13 without mediating variables all the diversity variables are significantly and positively associated with organizational performance, that is, Ethnic diversity ( $B=0.153$ ,  $p=0.016<0.05$ ), age diversity ( $B=0.240$ ),  $p=0.000<0.05$ ), Education diversity ( $B=0.389$ ,  $p=0.000<0.05$ ) and gender diversity ( $B=0.181$ ,  $p=0.046<0.05$ ) are significantly and positively related to organizational performance. These results support the first Hypothesis (H1), that is, Workforce diversity has a significant positive effect on organizational performance.

#### **4.7.2. Mediating role of employee creativity and employee emotional conflict**

To test the mediation effect of employee creativity and emotional conflict, this study applied the criteria used in Baron and Kenny( 2018). This test mandates that for a true mediation to happen, the following three conditions must be fulfilled. First, the independent variables (workforce diversity) should have a significant relationship with the mediating variables (employee creativity and employee emotional conflict).Second; the mediating variables should have a significant relationship with the dependent variable (organizational performance.). Finally, the relationship between the independent variables (workforce diversity) and the dependent variable (organizational performance.) should be significant in the absence of the mediating variables (employee creativity and employee emotional conflict). The relationship between the independent variables and the dependent variable must be either weaker (partial mediation) or insignificant (full mediation) in the presence of the mediating variables.

##### **4.7.2.1 Mediating role of employee creativity**

H2: Workforce diversity has a significant positive effect on employee creativity.

H3: Employee creativity has a significant positive effect on organizational performance.

H4: Employee creativity mediates the relationship between Workforce diversity and organizational performance.

**Table 4.14: Result of Hypothesis 2 and 3**

			Estimate	S.E.	C.R.	P
EMPCR	<---	WFDIV	0.615	0.200	5.464	0.000
PERF	<---	EMPCR	0.314	0.085	4.235	0.000

Source: AMOS output of the survey, 2021

The above table illustrated Workforce diversity was significantly and positively related to employee creativity with coefficient value 0.615 and  $p=0.000 < 0.05$  supporting Hypothesis two (H2) which states that Workforce diversity has a significant positive effect on employee creativity. The table also depicted that employee creativity was significantly and positively associated with organizational performance ( $B=0.314$ ,  $P=0.000 < 0.05$ ). Hence, the result supports H3: Employee creativity has a significant positive effect on organizational performance.

In line to this finding, the study of Suh and Shin (2005), and Ismail et al., (2019) showed a significant and positive relationship between Employee creativity and organizational performance. Taboli and Zaerizadeh (2016) in their findings indicated that employee creativity had a significant impact on the job performance and they also concluded that clarification of the duties and staff-related matters encouraging employees to participate in decision making could increase the productivity and their job performance in the workplace.

In the absence of the mediating variable (employee creativity), Workforce diversity ( $B=0.599$ ,  $p=0.000 < 0.05$ ) was significantly and positively related to organizational performance but in the presence of the mediating variable its effect was decreased from ( $B=0.616$ ,  $p=0.000 < 0.05$ ) to ( $B=0.425$ ,  $p=0.000 < 0.05$ ). This implies that employee creativity has a partial mediating role between Workforce diversity and organizational performance. To confirm the mediation result Preacher and Hayes (2008) proposed bootstrapping method of assessing significant indirect effect was applied (Patnaik & Shukla, 2021).

In the table below the value of the direct effect Workforce diversity was 0.425 and its indirect effect through employee creativity was 0.192. Moreover, the bootstrap 95% confidence interval

of the indirect effect (0.088, 0 .485) does not contain zero. Thus, this confirmed the mediating role of employee creativity.

**Table 4.15: Result of Hypothesis 4**

	Workforce diversity		
	Direct Effect	Indirect Effect	Total Effect
Employee Creativity	0.615	0.000	0.615
Organizational Performance	0.425	0.192	0.617

Source: AMOS output of the survey, 2021

**Table 4.16: Result of Lower and Upper bounds for Employee creativity**

Parameter	Estimate	Lower	Upper	P
Employee creativity	0.314	0.088	.485	0.007

Source: AMOS output of the survey, 2021

#### 4.7.2.2 Mediating role of employee emotional conflict

H5: Workforce diversity has a significant positive effect on employees' emotional conflict.

H6: Emotional conflict has a significant positive effect on organizational performance.

H7: Emotional conflict mediates the relationship between Workforce diversity and organizational performance.

**Table 4.17: Result of Hypothesis 5 and 6**

			Estimate	S.E.	C.R.	P
EMO	<---	WFDIV	-0.015	0.136	-0.219	0.827
PERF	<---	EMO	0.082	0.052	1.611	0.107

Source: AMOS output of the survey, 2021

In the above table it is shown that Workforce diversity (B=-0.015, p=0.827>0.05) was not significantly associated with emotional conflict. Hence, the results not supported H5 (Workforce diversity has a significant positive effect on employees' emotional conflict). In the table it is also indicated that emotional conflict (B= 0.082, p=0.107>0.05) was not significantly associated with organizational performance. The findings not supported H6 (Emotional conflict has a significant

positive effect on organizational performance). In general, emotional conflict had no significant relationship to the dependent and independent variables of the study and hence did not satisfy criteria for mediation.

This result was confirmed using bootstrapping method. In the table below it is indicated that the bootstrap 95% confidence interval of the indirect effect ( -0.025, 0.186) contains zero indicating employee emotional conflict has no mediating role. Thus, the results showed there was no support for H7 (Emotional conflict mediates the relationship between Workforce diversity and organizational performance).

**Table 4.18: Result of Hypothesis 7**

	Workforce diversity		
	Direct Effect	Indirect Effect	Total Effect
Employee Emotional Conflict	-0.015	0.000	-0.015
Organizational Performance	0.425	0.192	0.617

Source: AMOS output of the survey, 2021

**Table 4.19: Result of Lower and Upper bounds for Employee Emotional Conflict**

Parameter	Estimate	Lower	Upper	P
Employee emotional conflict	0.082	-0.025	0.186	0.142

Source: AMOS output of the survey, 2021

The findings were against Jehn's study in 1994 which showed that intragroup emotional conflict was negatively associated with performance, the study of Amason in 1996 which indicated that emotional conflict was associated with lowered decision quality, diminished satisfaction and performance and the study by Eisenhardt, Kahwajy, and Bourgeois (1997b) that depicted emotional conflict impaired team process and firm performance.

On the other hand the findings were supported by the study of Jehn (1995) which illustrated that no relationship between emotional conflict and performance was found and the study by Pelled et al., (1999) that depicted there was no evidence that shows relationship conflict influenced team performance. As there were mixed results, conducting further researches would be important.

## **CHAPTER FIVE**

### **5. SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1. Introduction**

This chapter presents the summary of major research findings, conclusion drawn based on findings, and recommendations forwarded by the researcher. Moreover, suggestions for future research in relation to the study are pointed out.

#### **5.2. Summary of the Research Findings**

##### **5.2.1. Workforce Diversity and Organizational Performance**

The relationship between workforce diversity and organizational performance was investigated in the study. The results indicated that there was a positive and significant relationship between workforce diversity and organizational performance. The dimensions of work diversity (gender diversity, age diversity, ethnic diversity and education diversity) were found positively and significantly related to organizational performance.

##### **5.2.2. Employee Creativity as a mediator**

The study investigated the mediating role of employee creativity between workforce diversity and organizational performance. From the result it was found that Workforce diversity had a significant positive effect on employee creativity. There was a positive and significant relationship between employee creativity and organizational performance.

Finally, the findings indicated that employee creativity partially mediates the relationship between workforce diversity and organizational performance.

##### **5.2.3. Employee emotional Conflict as a mediator**

The mediating role of emotional Conflict between workforce diversity and organizational performance was investigated in the study. The results have shown that emotional Conflict had neither significant relationship with workforce diversity nor with organizational performance and hence, emotional conflict did not play mediating role between workforce diversity and organizational performance.

### **5.3. Conclusion**

In the current research an attempt was made to examine the mediating role of employee creativity and employee emotional conflict in the relationship of workforce diversity and organizational performance.

The study concluded that there is positive perception towards the dimensions of workforce diversity (gender, age, ethnicity and education) in the city administration. In Addis Ababa city administration Women employees have opportunities for growth and development and are involved in decision making, employees have bonding with people of different age group, employees of different ethnicity participate in problem solving & decision making and do not develop low self-esteem because of their ethnicity, and employees at different education level participate in problem solving & decision making and are equally treated regardless of the diversity of their educational background and do not feel in confident because of their education background. Hence, the diversified work force in the city had positive and significant effect in the performance of the organization.

The study also concluded that employees in Addis Ababa city administration were positive to creativity and they show an attempt to solve problems that seem difficult. The employees were not positive to emotional conflict and there exists only rare emotional conflict at work place among the employees.

Finally, the study concluded that employee creativity had a mediating role between work force diversity and organizational performance whereas employee emotional conflict had no any mediating role in Addis Ababa city administration.

## **5.4. Recommendations**

The following recommendations are forwarded based on the findings of the study:

- ✓ Addis Ababa is the capital of the country with diversified population. The work force is a reflection of this condition and hence, the management should more deal with the challenges of effectively managing this diversified work force.
- ✓ The city administration should make an effort in providing good promotion for its employees, creating conducive situation for self-development and satisfying its employees.
- ✓ Managements should encourage and create conducive conditions for their employees so that the employees could generate novel and operable work-related ideas for their organization.

## **5.5. Direction for Future Research**

The present study investigated the mediating roles of employee creativity and employee emotional Conflict between workforce diversity and organizational performance. The researcher recommends future researches to look on other variables that might mediate the relationship between workforce diversity and organizational performance.

Since this is the first study that tried to examine mediating role of employee creativity and employee emotional Conflict between workforce diversity and organizational performance in Addis Ababa city administration, it is recommended for future researchers to exploit better this area using the present research as an initial .For instance, future research may test other dimensions of diversity.

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# Appendices

## Appendix A: Questionnaire

### Dear Respondents:

My name is Alemberhan Adal, MBA student of Addis Ababa University; I am carrying out a research aiming at examining the mediating roles of employee creativity and emotional conflict on the effect of workforce diversity on organizational performance in Addis Ababa city administration.

I therefore kindly request your cooperation in responding the questions below for the successful completion of the study. The information you provide in this questionnaire will be kept confidential and the researcher would like to assure you that data will only be used for academic purposes.

Please provide your response by placing a thick (√) on the relevant answers provided. Do not write your name on this questionnaire.

Thank you in advance for your kind assistance.

### Part I: Respondent demographic information

Gender: 1. Male [ ] 2. Female [ ]

Age: 1. 20-29 years old [ ] 2. 30-39 years old [ ] 3 40-49 years old [ ] 4. 50 years old and above [ ]

Educational level : 1. Certificate [ ] 2. Diploma [ ] 3. Degree [ ] 4. Master and above [ ]

4) Work Experience:

1. Less than 1 year [ ] 2. 2- 5 years [ ] b. 6- 10 years [ ] 3. 11- 15 years [ ] 4. More than 15 years [ ]

5) Position in the organization:

1. Senior executive [ ] 2. Executive [ ] 3. Entry Level [ ]

**Part II: Questions related to diversity, employee creativity, employee emotional conflict and organizational performance**

**Gender diversity**

No	Item	Response				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	The employees have not been discriminated by employer while hiring and Recruitment process on gender basis.					
2	The organization does a good job of attracting and hiring women.					
3	Fair treatments are given to all employees, whether they are male or female.					
4	Opportunities for growth and advancement exist for women in our organization.					
5	A career development that includes women is encouraged within our organization.					
6	The organization's training and development program is developed to meet the criteria /requirement of the male and female gender.					
7	Women are involved in the organization's decision making as much as men.					
8	The performance criteria for success are expected to be higher for men than for Women.					
9	I am positive about gender diversity in this workplace.					

**Age diversity**

No	Item	Response				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	This organization provides me with equal opportunities for training and career development.					
2	My team leaders include all members at different ages in problem solving and decision making.					
3	The age differences in work group do not cause conflict.					
4	At work, I experience lack of bonding with people of different age group.					
5	I am positive about age diversity in this workplace					

### Ethnic diversity

No	Item	Response				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	The organization does a good job of attracting and hiring minorities.					
2	Opportunities for growth and advancement exist for minorities in our organization.					
3	The organization concerns about the employee's customs, cultures, and values.					
4	Different languages that are used to communicate do not create problem among employees.					
5	At work, I developed low self-esteem due to my ethnicity.					
6	The ethnicity differences in work group do not encourage conflict.					
7	The team leader includes all members at different ethnicity in problem solving and decision making.					
8	I am positive about ethnicity diversity in this work place.					

### Educational diversity

No	Item	Response				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	The recruitment plan of the organization is based on the education background of the employees.					
2	The organization provides paid study leave to employees who further their education.					
3	Opportunities for growth and advancement exist for employees who have lower qualification in education.					
4	The difference in education background does not encourage conflict.					
5	At work, I experience lack of confidence due to my education background.					
6	The team leader includes all members at different education level in problem solving and decision making.					
7	The organization gives equal treatment when it comes to the diversity of education background					

### Employee emotional conflict

No	Item	Response				
		None (1)	Rarely (2)	Sometimes (3)	Often (4)	A lot (5)
1	How much friction is there among members in your work unit?					
2	How much are personality conflicts evident in your work unit?					
3	How much tension is there among members in your work unit?					
4	How much emotional conflict is there among members in your work unit?					

### Employee creativity

No	Item	Response				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	I try out new ideas and approaches to problems.					
2	I take risks in terms of producing new ideas in doing job.					
3	I find new uses for existing methods or equipment.					
4	I Solve problems that caused other difficulty.					
5	I Demonstrate originality in my work.					
6	I Identify opportunities for new products/processes.					
7	I generate novel, but operable work-related ideas.					
8	I serve as a good role model for creativity.					
9	I generate ideas revolutionary to our field.					

**Organizational performance**

**B. Total Variance Explained**

No	Item	Response				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	I am proud to be a member of this organization.					
2	Ability to retain employees is a major strength of our organization.					
3	The organization is committed to satisfy its employees need by implementing diversified work force.					
4	Employees feel special commitment to the organization achievement.					
5	Employees are ready to go an extra mile for the organization success.					
6	Employees of the organization are always in their work place because they are satisfied.					
7	Employees are not ready to leave the organization due to the availability of good promotion.					
8	My organization is the best place to develop myself.					
9	In my organization employees are active in making suggestions about work improvement.					
10	Our customers' satisfaction is significantly increasing.					

Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	13.033	25.064	25.064	13.033	25.064	25.064
2	3.621	6.964	32.028	3.621	6.964	32.028
3	3.272	6.293	38.321	3.272	6.293	38.321
4	2.524	4.854	43.175	2.524	4.854	43.175
5	1.975	3.798	46.973	1.975	3.798	46.973
6	1.672	3.215	50.188	1.672	3.215	50.188
7	1.478	2.842	53.031	1.478	2.842	53.031
8	1.434	2.758	55.789	1.434	2.758	55.789
9	1.306	2.512	58.301	1.306	2.512	58.301
10	1.265	2.433	60.734	1.265	2.433	60.734
11	1.112	2.139	62.873	1.112	2.139	62.873
12	1.065	2.048	64.921	1.065	2.048	64.921
13	.998	1.918	66.840			
14	.911	1.752	68.592			
15	.886	1.704	70.296			
16	.823	1.582	71.878			
17	.799	1.537	73.415			
18	.786	1.511	74.926			
19	.732	1.408	76.334			
20	.706	1.359	77.692			
21	.690	1.327	79.019			
22	.646	1.242	80.261			
23	.633	1.218	81.479			
24	.586	1.127	82.606			
25	.560	1.077	83.683			
26	.534	1.027	84.710			
27	.515	.990	85.700			
28	.495	.952	86.652			
29	.472	.907	87.558			
30	.454	.874	88.432			
31	.427	.820	89.252			
32	.419	.806	90.058			
33	.406	.781	90.839			
34	.381	.732	91.572			
35	.369	.710	92.281			
36	.355	.682	92.964			
37	.328	.631	93.595			
38	.305	.586	94.181			
39	.295	.567	94.747			
40	.283	.545	95.292			
41	.265	.510	95.802			
42	.259	.497	96.299			
43	.254	.488	96.788			
44	.223	.428	97.216			
45	.221	.425	97.640			
46	.210	.403	98.044			
47	.200	.385	98.428			
48	.194	.372	98.801			
49	.179	.345	99.145			
50	.164	.316	99.461			
51	.144	.277	99.738			
52	.136	.262	100.000			

Extraction Method: Principal Component Analysis.

### C. Responses to items of Independent, mediating and dependent variables

#### Gender diversity

No	Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	Std. Deviation
1	The employees have not been discriminated by employer while hiring and Recruitment process on gender basis.	8.6	17.5	22.8	38.9	12.2	3.28	1.148
2	The organization does a good job of attracting and hiring women.	9.8	19.9	20.2	39.5	10.7	3.31	1.107
3	Fair treatments are given to all employees, whether they are male or female.	5.6	22.6	18.1	42.7	11.0	3.21	1.171
4	Opportunities for growth and advancement exist for women in our organization.	3.9	19.9	20.5	45.1	10.7	3.39	1.041
5	A career development that includes women is encouraged within our organization.	7.1	16.0	18.4	48.7	9.8	3.38	1.088
6	The organization's training and development program is developed to meet the criteria /requirement of the male and female gender.	5.0	20.2	24.9	40.7	9.2	3.29	1.048
7	Women are involved in the organization's decision making as much as men.	5.3	20.5	20.5	37.7	16.0	3.39	1.136
8	The performance criteria for success are expected to be higher for men than for Women.	15.7	32.3	22.3	23.7	5.9	2.72	1.163
9	I am positive about gender diversity in this workplace.	6.5	11.6	11.3	42.7	27.9	3.74	1.174
Average mean and standard deviation							3.30	1.12

### Age diversity

No	Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	Std. Deviation
1	This organization provides me with equal opportunities for training and career development.	11.6	17.2	12.2	45.7	13.4	3.32	1.236
2	My team leaders include all members at different ages in problem solving and decision making.	8.0	13.4	14.2	46.3	18.1	3.53	1.167
3	The age differences in work group do not cause conflict.	8.6	19.0	14.2	42.4	15.7	3.38	1.204
4	At work, I experience lack of bonding with people of different age group.	14.2	27.0	26.7	25.5	6.5	2.83	1.154
5	I am positive about age diversity in this workplace	8.0	8.3	9.2	47.5	27.0	3.77	1.169
Average mean and standard deviation							3.38	1.14

### Ethnic diversity

No	Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	Std. Deviation
1	The organization does a good job of attracting and hiring minorities.	12.2	18.7	27.9	34.7	6.5	3.05	1.133
2	Opportunities for growth and advancement exist for minorities in our organization.	7.7	23.4	29.1	31.5	8.3	3.09	1.089
3	The organization concerns about the employee's customs, cultures, and values.	7.1	16.9	28.8	38.6	8.6	3.25	1.061
4	Different languages that are used to communicate do not create problem among employees.	9.2	20.2	19.6	37.7	13.4	3.26	1.191
5	At work, I developed low self-esteem due to my ethnicity.	21.7	28.8	22.6	22.0	5.0	2.60	1.191
6	The ethnicity differences in work group do not encourage conflict.	5.9	18.1	17.2	43.9	14.8	3.44	1.125
7	The team leader includes all members at different ethnicity in problem solving and decision making.	5.0	11.3	21.4	43.9	18.4	3.59	1.068
8	I am positive about ethnicity diversity in this work place.	4.5	8.9	14.8	47.5	24.3	3.78	1.051
Average mean and standard deviation							3.26	1.11

### Educational background diversity

No	Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	Std. Deviation
1	The recruitment plan of the organization is based on the education background of the employees.	14.8	13.4	13.4	47.5	11.0	3.26	1.255
2	The organization provides paid study leave to employees who further their education.	11.0	23.4	28.2	32.0	5.3	2.97	1.100
3	Opportunities for growth and advancement exist for employees who have lower qualification in education.	10.4	23.1	28.5	29.7	8.3	3.02	1.131
4	The difference in education background does not encourage conflict.	11.3	19.3	16.9	42.7	9.8	3.20	1.194
5	At work, I experience lack of confidence due to my education background.	19.6	33.5	14.5	25.2	7.1	2.67	1.245
6	The team leader includes all members at different education level in problem solving and decision making.	6.5	15.1	20.5	44.8	13.1	3.43	1.097
7	The organization gives equal treatment when it comes to the diversity of education background	9.5	16.3	16.3	47.2	10.7	3.33	1.156
Average mean and standard deviation							3.13	1.17

### Employee emotional conflict

No	Item	None (1)	Rarely (2)	Sometimes (3)	Often (4)	A lot (5)	Mean	Std. Deviation
1	How much friction is there among members in your work unit?	16.9	30.0	38.3	10.1	4.7	2.56	1.037
2	How much are personality conflicts evident in your work unit?	20.8	40.7	24.9	9.5	4.2	2.36	1.043
3	How much tension is there among members in your work unit?	17.8	35.0	28.2	12.8	6.2	2.55	1.112
4	How much emotional conflict is there among members in your work unit?	17.8	35.6	32.9	8.0	5.6	2.48	1.052
Average mean and standard deviation							2.49	1.06

## Employee creativity

No	Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	Std. Deviation
1	I try out new ideas and approaches to problems.	6.5	14.8	20.8	47.8	10.1	3.40	1.065
2	I take risks in terms of producing new ideas in doing job.	7.1	16.6	22.0	41.5	12.8	3.36	1.118
3	I find new uses for existing methods or equipment.	7.4	16.3	23.4	41.5	11.3	3.33	1.105
4	I Solve problems that caused other difficulty.	3.0	14.5	18.7	49.9	13.9	3.57	.998
5	I Demonstrate originality in my work.	2.4	16.3	24.3	43.6	13.4	3.49	.994
6	I Identify opportunities for new products/processes.	5.3	16.0	22.0	47.8	8.9	3.39	1.029
7	I generate novel, but operable work-related ideas.	4.5	17.5	33.5	35.9	8.6	3.27	.994
8	I serve as a good role model for creativity.	5.3	12.8	21.7	43.6	16.6	3.53	1.077
9	I generate ideas revolutionary to our field.	6.5	13.9	26.1	38.9	14.5	3.41	1.099
Average mean and standard deviation							3.42	1.05

## Organizational performance

No	Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	Std. Deviation
1	I am proud to be a member of this organization.	11.3	19.0	21.7	35.9	12.2	3.19	1.207
2	Ability to retain employees is a major strength of our organization.	8.9	20.5	21.4	40.4	8.9	3.20	1.133
3	The organization is committed to satisfy its employees need by implementing diversified work force.	12.5	22.8	22.6	35.3	6.8	3.01	1.165
4	Employees feel special commitment to the organization achievement.	8.0	17.2	27.3	37.1	10.4	3.25	1.105
5	Employees are ready to go an extra mile for the organization success.	6.5	20.5	25.8	37.1	10.1	3.24	1.090
6	Employees of the organization are always in their work place because they are satisfied.	14.2	30.0	20.5	25.8	9.5	2.86	1.222
7	Employees are not ready to leave the organization due to the availability of good promotion.	16.9	32.3	18.1	24.3	8.3	2.75	1.231
8	My organization is the best place to develop myself.	17.8	25.2	20.8	27.9	8.3	2.84	1.246
9	In my organization employees are active in making suggestions about work improvement.	14.5	22.0	20.2	34.4	8.9	3.01	1.227
10	Our customers' satisfaction is significantly increasing.	11.6	23.1	20.8	34.4	10.1	3.08	1.200

Source: Own survey 2021

## D. Communalities

	Initial	Extraction
GD1	1.000	.654
GD2	1.000	.568
GD3	1.000	.707
GD4	1.000	.632
GD5	1.000	.567
GD6	1.000	.563
GD7	1.000	.561
GD8	1.000	.524
GD9	1.000	.649
AD1	1.000	.648
AD2	1.000	.673
AD3	1.000	.672
AD4	1.000	.622
AD5	1.000	.622
EtD1	1.000	.633
EtD2	1.000	.714
EtD3	1.000	.591
EtD4	1.000	.682
EtD5	1.000	.697
EtD6	1.000	.676
EtD7	1.000	.627
EtD8	1.000	.699
ED1	1.000	.700
ED2	1.000	.604
ED3	1.000	.651
ED4	1.000	.614
ED5	1.000	.603
ED6	1.000	.630
ED7	1.000	.573
EmC1	1.000	.611
EmC2	1.000	.695
EmC3	1.000	.688
EmC4	1.000	.732
EC1	1.000	.662
EC2	1.000	.691
EC3	1.000	.764
EC4	1.000	.663
EC5	1.000	.638
EC6	1.000	.727
EC7	1.000	.627
EC8	1.000	.658
EC9	1.000	.652
OP1	1.000	.630
OP2	1.000	.592
OP3	1.000	.693
OP4	1.000	.595
OP5	1.000	.672
OP6	1.000	.692
OP7	1.000	.690
OP8	1.000	.676
OP9	1.000	.711
OP10	1.000	.643

Extraction Method: Principal  
Component Analysis.

## E. Convergent Validity

Item		Variable	Estimate	S.E.	C.R.	P	SMC
OP1	<---	PERF	0.718				.515
OP2	<---	PERF	0.669	0.075	11.74	***	.447
OP3	<---	PERF	0.722	0.077	12.685	***	.522
OP4	<---	PERF	0.674	0.073	11.84	***	.455
OP5	<---	PERF	0.641	0.072	11.253	***	.411
OP6	<---	PERF	0.665	0.08	11.679	***	.443
OP7	<---	PERF	0.548	0.081	9.609	***	.300
OP8	<---	PERF	0.712	0.082	12.503	***	.507
OP9	<---	PERF	0.786	0.081	13.799	***	.618
OP10	<---	PERF	0.742	0.079	13.034	***	.551
EC9	<---	EMPCR	0.688				.473
EC8	<---	EMPCR	0.697	0.084	11.824	***	.486
EC7	<---	EMPCR	0.63	0.077	10.757	***	.397
EC6	<---	EMPCR	0.702	0.08	11.899	***	.493
EC5	<---	EMPCR	0.651	0.077	11.079	***	.423
EC4	<---	EMPCR	0.724	0.078	12.239	***	.524
EC3	<---	EMPCR	0.862	0.088	14.303	***	.742
EC2	<---	EMPCR	0.735	0.088	12.407	***	.540
EC1	<---	EMPCR	0.73	0.083	12.34	***	.534
EmC4	<---	EMO	0.809				.654
EmC3	<---	EMO	0.743	0.075	12.964	***	.553
EmC2	<---	EMO	0.758	0.071	13.17	***	.575
EmC1	<---	EMO	0.625	0.07	10.909	***	.391
GD5	<---	Gender	0.689	0.2	6.254	***	.474
ED3	<---	EDUC	0.429				.184
ED4	<---	EDUC	0.543	0.231	5.794	***	.294
ED7	<---	EDUC	0.669	0.256	6.226	***	.447
EtD7	<---	ETHINC	0.753				.567
EtD6	<---	ETHINC	0.653	0.097	9.457	***	.427
EtD4	<---	ETHINC	0.591	0.099	8.816	***	.349
AD3	<---	AGE	0.614				.377
AD2	<---	AGE	0.769	0.122	9.965	***	.592
AD1	<---	AGE	0.762	0.128	9.932	***	.581
GD7	<---	Gender	0.527				.277



G. Structural model without mediating variable(Model-4)

