

IMPACT OF WORKFORCE DIVERSITY ON A BUSINESS ORGANIZATION'S NON-FINANCIAL PERFORMANCE, WITH MODERATION BY LEADERSHIP STYLE AND PERCEIVED ORGANIZATIONAL SUPPORT

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Abstract

The research investigated the impact of workforce diversity on a business organization's non-financial performance, with moderation effect from leadership style and perceived organizational support. Leadership style was measured by two dimensions such as charismatic and transformational leadership styles. Non-financial performance was also measured by two dimensions, internal and external performances. The research adopted a quantitative methodology to analyse three hypotheses using 120 respondents from three organizations (a bank, hospital and telecommunication company) in Nicosia, Cyprus. The results led to the support of the main hypothesis that workforce diversity has an impact on an organization's internal and external non-financial performance. The hypotheses that sought to measure the impact of POS and leadership style (charismatic and transformational leadership) as moderating variables on both aspects of non-financial performance measures were rejected. Certain demographic elements like gender, total tenure and sector of work that characterise diversity showed their ability to impact performance. The study contributes to the field of workforce diversity and non-financial performance, and sets foundations for further researches with the moderation analyses it adds. Organizations can be encouraged to take workforce diversity seriously because of the potential benefits attached to its effective management.

Keywords: Diversity, POS, work force, leadership styles, non-financial performance

INTRODUCTION

With the increasing establishment of several business organizations and rapid growth of existing ones to meet the environmental changes, many organizations have sought different strategies to cope with these changes. One of the strategies is the employment of diverse workforce although some of these companies might unconsciously find themselves adopting this strategy. Thus it is common to find an organization comprising of workers from different ages, ethnic backgrounds, or gender.

The need for financial profits by organizations can cloud the importance of non-financial benefits an organization could acquire. This in-turn could contribute to an organization's under achievement and restrict it to a myopic view of its potential, hence the use of non-financial performance. The role of management and the perceptions about how supportive they are towards their employees in addressing diversity issues are crucial, thus the study also considers the impact of leadership styles and perceived organizational support as moderating variables in this study.

LITERATURE REVIEW

Measuring Financial and Non-Financial Performance

At the organizational level, several systems for measuring performance have been established in addition to other perceptual measures that have been designed for academic purposes. Financial performance (profits), capital market or shareholder return and product market performance (sales) make up corporate financial performance measures (De Cieri et al., 2010:5). It is worth noting that perceptual measurement scales offer a broader scope to the definition of performance than the objective measurement scales. The perceptual measures offer the inclusion of non-financial performance segments which are characterised by customer satisfaction and quality service (Wang et al., 2010:3924).

According to De Cieri et al., (2010:6) efforts are being made to measure performance of organizations at the individual and organizational level. A focus on a broader conceptualization of performance enables performance to be viewed from diverse perspectives. Perceptual measures provide opportunities for industries to do comparisons easily than financial indicators would.

Additionally, financial performance measures are characterised by difficulty in acquiring objective data because organizations (mostly private companies) are normally unwilling to provide its correct data to the public. Financial measures face the challenge of overcoming the criticism that it is one-dimensional and thus, it offers limited services (Hussain et al., 2002: 452).

Non-Financial Performance Measurement

Non-financial performance describes “the measurement of the organization or the person in question’s output and productivity devoid of monetary units” (Malgharni et al., 2011, p. 1133). Many organizations focus on controlling and measuring their productivity in monetary terms (sales, revenue and profit). But managers admit the intangible aspect of productivity (exemplified by non-financial performance measures) is where contemporary organizations compete.

For example, British Airways have a reputation for measuring their performance in the area of customer service with the conviction that, rendering quality service will translate into high customer retention as well as increased profits (Draft & Marcic 2008:321). Its usefulness has grown so much that some reviews make the use of non-financial performance appear flawless. For example Chow and Van Der Stede (2006:4) retort that shortcomings of non-financial performance could only be attributed to wrongful implementation and usage. The rise of competitive situations such as providing solutions to customer expectations, customization of services and adoption of current practices, such as examples, just in time and total quality management render accounting-based systems for measuring performance as inadequate (Chow and Van Der Stede, 2006:7).

On the other hand, non-financial performance faces the critique of being subjected to time. The differences are narrowed to the view that financial indicators that measure performance focus on profitability (example, return on investment) and limits performance to short term. In contrast, long term profitability for organizations are characterised by non-financial elements such as quality, employee and customer relations etc. (Hussain et al., 2002:452). The idea of quality service or product is not quantifiable and thus much preferable with non-financial measurements than the financial. The non-financial measures are flexible enough to capture the quality dimensions and importance of quality to output (Chow and Van Der Stede, 2006:4).

Workforce Diversity

With reference to the preceding review on non-financial performance, the workforce within an organization is a determining factor for the height of its success. The focal point of diversity deals with distinction and the studies point to that perspective when you consider its meaning. For example, Draft and Marcic (2008:298) define diversity as the manner in which employees differ. Also according to Mathis and Jackson (2000:142), diversity highlights the differences that exist within groups. From the studies done on this field, the basic variables that are used to define diversity are ages, educational standards, ethnicity, gender, nationality, and job-related attributes (Haas, 2010:460). Literature reveals that there are various ways people define and

measure diversity. Some exclude the type of diversity they are investigating, leading to many opened interpretations and inferences. According to Simons and Rowland (2011:173), two broad categories of diversity can be identified when studies on the field are carefully examined. These are information-decision making perspective and social organization category. The two perspectives contrast each other and make it difficult for some studies to define the type of diversity they used for their studies. While information processing perspective liaises with cognitive diversity theory to show that diverse opinions improve creativity and output, social diversity liaises with similarity paradigm to show that people with similar traits will rather increase productivity. Horwitz (2005:225) designs a model that integrates the two perspectives. The outcome of that research showed that functional diversity has more impact on the outcomes of the job than the bio-demographic category. The biographical aspect of the diversity keeps receiving attention in this field, with some researchers investigating the impact of particular aspects of demography. For example, gender diversity was recorded to have no impact on performance. However it (gender) had positive effects on group processes (Kochan et al. 2003:10).

Managing diversity poses problems to organizations. Adapting to different people is a major challenge confronting organizations these days (Robbins, 2005:17). Issues with diversity can be very complicated and can range from continuous internal conflict, difficulties in communication to dissatisfaction among employees (Skalsky and McCarthy, 2009:1). Also although some of the studies on the field have demonstrated a degree of connection between diversity and the effectiveness of organizations, the focus is mostly on team performance. Furthermore, there exists different classifications in many of the literature reviews for diversity, and their definitions are not consistent with each other (Simons and Rowland, 20011:173).

Capitalizing on the diversity internally will help business organizations to adapt better to the subtle differences in various customer markets (Mathis and Jackson, 2000:142). Diverse workforce can enhance creativity and innovations with regards to decision making, by rendering a variety of perspectives in resolving problems (Robbins, 2005:19).

According to Skalsky and McCarthy (2009:1), researchers like R. Allen and C.W. Von Bergen have unearthed diversity benefits such as retention and attraction of qualified workers, problem solving improvement techniques and improvement in all areas of performance. Diversity has got its share of negative perspectives as well. It may elicit continuous tensions and conflicts in the organization if the necessary managerial expertise is not applied (Mathis and Jackson, 2000:142).

Failure to curtail diversity issues can result in the potential eruption of high turnover rates, communication lapses and conflicts of interpersonal nature (Robbins, 2005:19).

According to Milliken and Martins (1996), diversity can result in high levels of dissatisfaction, and eventually lead to a turnover (as cited in Ongori and Agolia, 2007:74).

Moreover, according to Sadri and Tran (2002:228), diversity management strategies are the best measures to tackle diversity in organizations. Managing diversity entails maximization of the potential benefits of diversity while minimizing its barriers (Dessler, 2008:61). Additionally managing diversity constitutes the assistance given to the employees to achieve their maximum potential at workplaces and ensuring that the privileges rendered out to workers are fair (Ongori and Agolia, 2007:73). Managing diversity is considered a major strategy in the current global world and involves a purposeful creation of an atmosphere for the promotion of organizational performance (Draft & Marcic, 2008:300).

Many researches have been done in this area and most of them had the purpose of understanding the relationship between diversity and performance. Simons and Rowland (2011:177-178) provide many of such studies in their research. For example, studies by Gonzalez and Denis (2009) which showed that diversity climate played a major role in creation of positive organizational identification and improved performance. In conclusion, diversity projects the benefits of differences in workforce and provides an enabling environment where each worker is accepted and valued (Sadri & Tran, 2002:228).

The issue of diversity and its impact on performance has rapidly gained attention in the business sector and in the field of academia (Miller and Rowney, 1999:307). Companies that overlook the impact of diversity on its performance could face challenges such as competing in the multicultural global market. Organizations are recognizing the change in their consumer base and admit that their success will depend on a diverse workforce (Draft & Marcic, 2008:298). The literature on workforce diversity, with non-financial performance as a dimension of performance is lacking.

Perceived Organizational Support (POS)

Perceived Organizational Support (POS) has been defined by most of these studies as a product of the organizational support theory. The theory projects the perceptions of employees concerning how organizations appreciate their input and the extent to which their well-being is addressed (Eisenberger et al. 2001:42). Researches such as that of Leveson et al (2009:377) show that when employees perceive organizations as supportive of workforce diversity, they tend to perceive the organization as caring. POS is a major factor that yields job satisfaction and eventually contributes to the employee's commitment to the organization (Colakoglu et al., 2010:126).

Organizational Support Theory (OST) is believed to have sprung up from Blau's (1964) "Social Exchange Theory", which suggests that workers appear more likely to reciprocate an organization's support with equal or more measure of input. However the employees will act contrary to the expectations of the organization as long as they perceive that support from management is lacking (Ahmed et al, 2011:784:786). Some reviews done on the studies of OST reveal that it has some similarities with Psychological Contract Theory (PCT). Basically the PCT highlights the relationship between employees and their employers regarding the mutual expectations of each other's input and results. OST and PCT, posit that employees will render their services to the organization based on the organization's ability to satisfy their socio-emotional and impersonal needs (Aselage and Eisenberger, 2003:492).

Perceived Organizational Support (POS) considers a subordinate worker's perception of the magnitude to which their contributions are valued and their well-being catered for, on the basis of how resources are positively allocated (Rhoades and Eisenberger, 2002: 698). POS develops with time through the employer–employee interactions within the institution, and contributes to the extent to which workers perceive organization's commitment to them (Stamper and Johlke, 2003:571).

Managing an organization can be a daunting task, especially during stressful and challenging times within the organization. Successful assurance and management of employees' behaviour can give them (employees) the sense of support they need. Both verbal and non-verbal attitudes are the major indicators of support from managers in challenging times (Martin & Fellenz, 2010:57). Leveson et al. (2009) measure POS as a mediator between diversity and commitment instead. On the contrary, other studies have recorded POS as a moderator between the independent and dependent variables. Nasurdin et al. (2008) is a typical example for such studies. These necessitated the study to measure its potential moderating role in workforce diversity and non-financial performance (internal and external).

Leadership Style

As pointed out by Draft and Marcic (2008:302), the quality to manage diversity is rare and it is deposited in few leaders. Robbins (2005:232) defines leadership as the quality an individual has to influence a group to fulfil targeted goals. Leadership style is the manner in which leadership functions are performed (Mullins, 2005:317).

Studies and researches on this field have led to conflicting views with regards to the determinants of leadership. While some of the academicians have suggested that certain distinctive qualities make up leadership in general, others have criticised this view with the assertion that there are no stable collection of traits that can characterise all leaders. Their

argument shifts leadership from qualities or traits to the behavioural aspect of leaders (Linstead et al., 2009:481).

The debate on leadership style constituents has led to another view point in modern reviews. This view identifies five leadership styles that reflect the modern leadership styles and the revolution in the researches on this field. These are transformational, transactional, charismatic, visionary and culture-based leadership styles (Wang et al., 2010:3925).

Charismatic leadership style as a concept involves creating followers, guiding them towards their aspirations and it is not regulated by a set of rules. The style is dated to the era of Max Weber. Moreover transactional and transformational leadership styles stem from works from Burns (1978). Furthermore, they draw distinctions between the two styles with the view that transactional leadership is characterised by offering rewards to people for achieving the requests of the leader (Senior and Swailes, 2010:245, 249). On the other hand, transformational leadership style emanates from the ideas of Weber on charisma. It therefore entails creating vision, mission, purpose and aims for followers in order to be identified as head of the followers.

Charismatic and transformational leadership are new and prominent in current literature on leadership. The two leadership styles are linked because transformational leaders also possess charismatic leadership traits (George & Jones, 2005:394). In this research, leadership is treated as a moderating variable based on other researches that highlight its moderating and mediating potential in diversity and performance. For example, in Walumbwa et al. (2004), gender as an element of diversity is assessed by instructional outcome with leadership style being a mediating variable.

Organizations seeking to improve its performance need to consider leadership styles employed by its management (Wang et al., 2010:3924). In this research, charismatic, transactional and transformational leadership styles were chosen because past researches have showed a link between the three. For example, Bass and Avolio (1994) suggest that transactional and transformational leadership styles complement each other to create better performance. Charismatic leadership style is interwoven into this relationship because of the findings that transformational leadership has its roots in charismatic leadership. Nevertheless, these three leadership styles are assessed individually as moderators on the relationship between workforce diversity and both aspects of non-financial performance (internal and external).

METHODOLOGY

Conceptualization and Research Hypotheses

Figure 1. Research Model

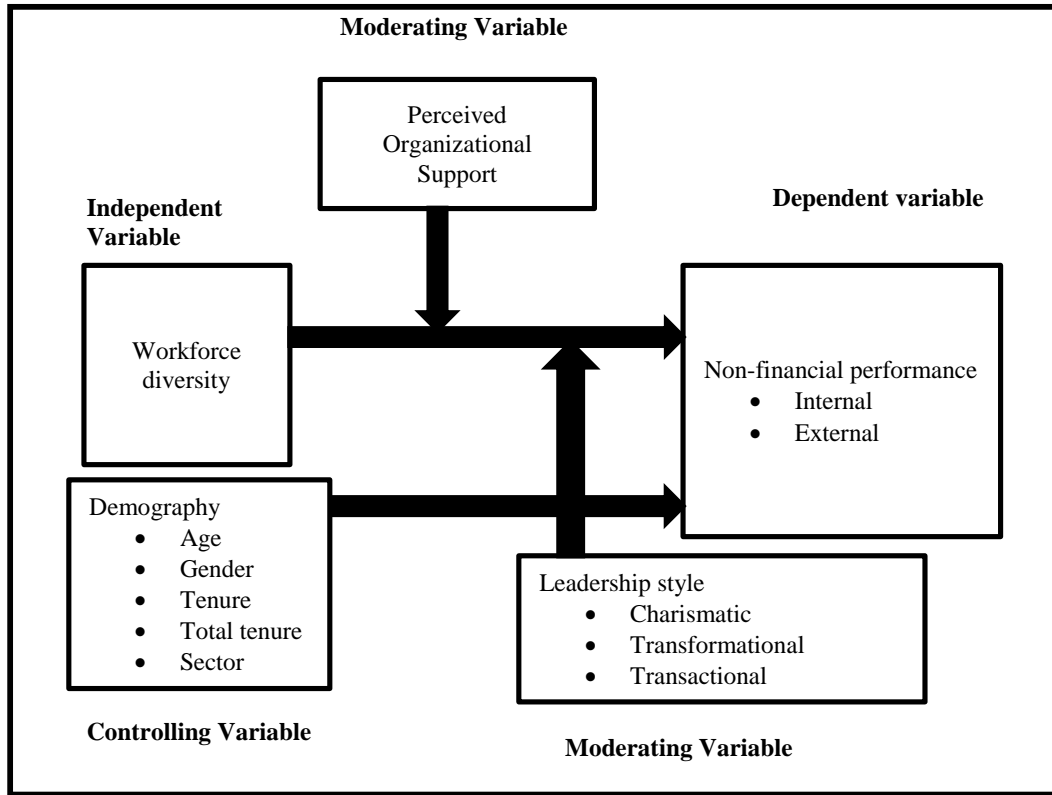


Table 1. The Hypotheses to be Tested

H1a: Workforce diversity will have a positive impact on internal non-financial performance in an organization

H1b: Workforce diversity will have a positive impact on external non-financial performance in an organization.

H2a: Perceived organizational support will have a positive impact on the relationship between workforce diversity and internal non-financial performance.

H2b: Perceived organizational support will have a positive impact on the relationship between workforce diversity and external non-financial performance.

H3a i: Charismatic leadership style will have a positive impact on the relationship between an organization’s workforce diversity and its internal nonfinancial performance.

H3a ii: Charismatic leadership style will have a positive impact on the relationship between an organization’s workforce diversity and its external non-financial performance.

H3b i: Transformational leadership style will have a positive impact on the relationship between an organization's workforce diversity and its internal non-financial performance.

H3b ii: Transformational leadership style will have a positive impact on the relationship between an organization's workforce diversity and its external non-financial performance.

H3c i: Transactional leadership style will have a positive impact on the relationship between an organization's workforce diversity and its internal non-financial performance.

H3c ii: Transactional leadership style will have a positive impact on the relationship between an organization's workforce diversity and its external non-financial performance.

H4ai: Internal non-financial performance differs according to age

H4aai: External non-financial performance differs according to age

H4bi: Internal non-financial performance differs according to gender

H4bii: External non-financial performance differs according to gender

H4ci: Internal non-financial performance differs according to tenure

H4cii: External non-financial performance differs according to tenure

H4di: Internal non-financial performance differs according to total tenure

H4dii: External non-financial performance differs according to total tenure

H4ei: Internal non-financial performance differs according to sector

H4eii: External non-financial performance differs according to sector

Research instruments

Measuring Non-Financial Performance

In order to measure non-financial performance, the scale developed by De Cieri et al.'s (2010:6). The scale has two sections, the internal and external non-financial performances. The internal non-financial performance has seven items addressing areas pertaining to employee morale, absenteeism and employee engagement. External non-financial performance contains three items addressing customer satisfaction, organizational reputation and quality of products/services. They were measured by a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). One of the items is "Customers are satisfied with services/products from our organization".

Measuring Diverse Workforce

The diverse workforce was measured by Miville-Guzman Universality-Diversity Scale-Short (M-GUDS-S) was used (Fuertes et al., 2000). This instrument is a shorter version of Miville-

Guzman Universality-Diversity Scale by Miville et al. (1999). M-GUDS-S is made up of 15 items adopted from the 45-item questionnaire and yields the same score as the latter. Research conducted by Fuertes et al. (2000) shows that both the former and latter measure diversity. The items were measured using five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). An example of the items is “For a friend to agree with me on most issues is very important to me”.

Measuring POS

This segment adopted eight original items from Eisenberger et al.’s (1986) “Perceived Organizational Support Scale”. These eight items have been used by other studies and have been established as reliable and valid. These items were assessed with a five point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). An example of the items is “The organization is proud of my work accomplishments”.

Measuring Leadership Style

Multifactor Leadership Questionnaire (MLQ) was used to measure leadership styles. Since then, it has been used extensively in research studies pertaining to leadership styles. It has been considered as the most adopted instrument in this field (Obiwuru et al., 2011:104). Each item on the MLQ was measured by five point Likert scale ranging from 1(strongly disagree) to 5 (strongly agree) using MLQ sample from Wang et al. (2010:3929). One of the items is “My leader interferes only when the task gets worse”.

Data Collection, Population and sample

The questionnaires were administered and supervised by the researcher assisted by human resource personnel from three various organizations. 120 surveys were collected from three organizations (hospital, banking and telecommunication firm) in Nicosia, Northern Cyprus. Total employees for the three organizations numbered over 500.

Participant selection was based on the ability to understand the English language. This was because the measuring instrument was in English and many of the employees were accustomed to the Turkish language. Again, participants were sampled across various departments of the organizations being studied. This led to a diverse participant pool with different ethnic, education, tenure, age and gender backgrounds; a position convenient for the study.

ANALYSIS AND FINDINGS

Table 2. Summary of the Demographic Analyses

variable	Groups	Number	Percentage (%)
Sex	Males	51	42.5
	females	69	57.5
Age	20 to 30	71	59.2
	31 to 40	28	23.3
	41 to 55	21	17.5
Tenure	0-10	108	90
	11-20	7	5.9
	21+	5	4.1
Total tenure	0-10	31	25.5
	11-20	52	43.0
	21-40	37	31.4
Sector	Bank	40	33.3
	Hospital	40	33.3
	Telecommunication	40	33.3

Table 3. Reliabilities and Correlations of Variables

Measures	Cronbach's Alpha	1	2	3	4
(1)Workforce diversity	0.941				
(2)POS	0.919	0.149			
(3)Charismatic Leadership	0.833	0.115	0.569**		
(4)Transformational leadership	0.864	0.143	0.541**	0.539**	
(5)Internal non-financial performance	0.781	0.252**	0.540**	0.481**	0.503**
(6) External non-financial performance	0.706	0.208*	0.463**	0.458**	0.394**

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

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

Demographic analyses

Table 4. Internal NFP According to Gender (Independent Sample T Test)

Gender	N	Mean	Levene F	Levene p	t	p
Male	51	3,65	1,683	,197	3,692	,000
Female	69	3,25				

The internal NFP differs according to gender. That is, the males internal NFP is higher than females (Mean M=3,65; Mean F=3,25; p=,000 and t=3,692).

Table 5. External NFP According to Gender (Independent Sample T Test)

Gender	N	Mean	Levene F	Levene p	t	P
Male	51	3,53	0,057	,812	2,911	,004
Female	69	3,14				

Similarly the external NFP differs according to gender. Males' external NFP is higher than females (Mean M=3,53; Mean F=3,14; $p=,004$ and $t=2,911$).

Table 6. Internal NFP According to Total Tenure (ANOVA and Tukey)

Levene F	Levene p	Anova F	Anova p	Group 1	Group 2	Mean difference	p
1,326	,269	13,181	,000	0-10	11-20	,542	,000
					21-40	,652	,000

The external NFP of employees for the total tenure are significantly different from each other ($F=13,181$; $p=,000$). Table 6 shows that the mean differences of 0-10 from 11-20 is 0,542 ($p=,000$) and from 21-40 is 0,652 ($p=,000$).

Table 7. External NFP According to Total Tenure (ANOVA and Tukey)

Levene F	Levene p	Anova F	Anova p	Group 1	Group 2	Mean difference	p
2,159	,120	9,354	,000	0-10	11-20	,620	,000
					21-40	,653	,001

Again, the external NFP of employees for the different total tenures are significantly different from each other ($F=9,354$; $p=,000$). The Table 7 shows that the mean differences of 0-10 from 11-20 is 0,62 ($p=,000$) and from 21-40 is 0.65 ($p=,001$).

Table 8. Internal NFP According to Sector (ANOVA and Tukey)

Levene F	Levene p	Anova F	Anova p	Group 1	Group 2	Mean difference	p
1,123	,329	12,103	,000	Bank	Hospital	,512	,000
					Telecom	,556	,000

The internal NFP of employees for the different sectors are significantly different from each other ($F=12,103$; $p=,000$). That is the bank employees' internal NFP is higher than both employees working for hospital and telecom sectors. Table 8 shows that the mean differences of bank from hospital is 0,51 ($p=,000$) and from telecom is 0,56 ($p=,000$).

Table 9. External NFP According to Sector (ANOVA and Tukey)

Levene F	Levene p	Anova F	Anova p	Group 1	Group 2	Mean difference	p
2,236	,111	7,003	,001	Bank	Hospital	,525	,004
					Telecom	,512	,005

Additionally external NFP of employees working for different sectors are significantly different from each other ($F= 7,003$; $p= ,000$). That is the bank employees' external NFP is higher than both employees working for hospital and telecom sectors. As it can be seen from the Table 9, the mean differences of the bank from hospital is 0,53 ($p= ,004$) and from telecom is 0,51 ($p= ,005$).

Hypothesis 1a

In order to test hypothesis 1, regression analysis was done with workforce diversity (independent variable) and internal non-financial performance (dependent variable).

Table 10. Impact of Workforce Diversity on Internal Non-financial Performance

R ²	Ad. R ²	F	p(ANOVA)	Beta	t	Sig. (p)
0.063	0.056	7.993	0.006	0.252	4.601	0.000

The outcome [$B: 0.252$; $F(1, 118) = 7.993$, $R^2 = 0.063$; $P(0.000) < 0.05$] shows that workforce diversity has a positive impact on internal non-financial performance and thus hypothesis 1a is supported.

Hypothesis 1b

Another regression analysis was used to test this hypothesis.

Table 11. Impact of Workforce Diversity on External Non-Financial Performance

R ²	Ad. R ²	F	P (ANOVA)	Beta	t	Sig. (p)
0.043	0.035	5.337	0.023	0.208	3.483	0.001

The result [$B: 0.208$; $F(1, 118) = 5.337$, $R^2 = 0.043$; $P(0.001) < 0.05$] shows that workforce diversity has a positive impact on external non-financial performance and thus hypothesis 1b is supported.

Hypothesis 2a

Because of the moderating variable POS, the study centralised the variables before its usage in a hierarchical multiple regression analysis.

Table 12. Moderating Effect of POS (Diversity and Internal NFP)

Ad. R ²	Beta	T	F	Sig. (p)
0.329	0.808	1.106	18.950	0.271

The result of the interaction between workforce diversity and POS on internal non-financial performance produced an adjusted R² of 0.329, indicating that about 33% of the variance in the dependent variable (internal non-financial performance) is as a result of the interaction. The moderation regression analysis showed the outcome not to be statistically significant [B: 0.808, F: 18.950, p (0.271) < 0.05, Ad.R² = 0.329]. Thus hypothesis 2a is rejected.

Hypothesis 2b

Hierarchical multiple regression analysis (with the centralised variables) was used for this analysis as well.

Table 13. Moderating Effect of POS (Diversity and External NFP)

Ad. R ²	Beta	T	F	Sig. (p)
0.217	0.058	0.693	12.009	0.490

An adjusted R² of 0.217 was recorded, indicating that about 22% of the variance in the dependent variable (external non-financial performance) is as a result of the interaction. The result [B: 0.058, F: 12.009, p (0.490) < 0.05, Ad.R² = 0.217] shows no statistical significant difference. Hence hypothesis 2b is also rejected.

Hypothesis 3a.i

Again, hierarchical multiple regression analysis with moderation was used to test this hypothesis after the variables were centralized.

Table 14. Moderation by Charismatic leadership style (Diversity and Internal NFP)

Ad. R ²	Beta	T	F	Sig. (p)
0.255	0.066	0.775	14.590	0.440

The adjusted R^2 of 0.255 indicates that about 26% of the variance in internal non-financial performance is as a result of the moderation. The outcome of the hypothesis analysis [B: 0.066, F: 14.590, p (0.440) < 0.05, Ad. R^2 = 0.255] records no statistical significant difference. Therefore hypothesis 3a.i is rejected on this basis.

Hypothesis 3a.ii

Hypothesis 3a.ii was tested with hierarchical multiple regression analysis (using the centralised variables).

Table 15. Moderation by Charismatic leadership (Diversity and External NFP)

Ad. R^2	Beta	T	F	Sig. (p)
0.221	0.087	0.993	12.234	0.323

The score of 22% (0.221) recorded for adjusted R^2 shows how much of the variance in internal non-financial performance attributed to the moderation. The results [B: 0.087, F: 12.234, p (0.323) < 0.05, Ad. R^2 = 0.221] shows no statistical significant difference. Hypothesis 3a.ii is therefore rejected on the basis of this result.

Hypothesis 3b.i

Hypothesis 3b.i was also tested with hierarchical multiple regression analysis using the centralised variables. The following is the outcome of the test:

Table 16. Moderation by Transformational leadership (Diversity and Internal NFP)

Ad. R^2	Beta	T	F	Sig. (p)
0.273	0.076	0.932	15.893	0.353

An adjusted R^2 of 0.273, shows that 27% of variance in internal non-financial performance is attributed to the moderation. The results recorded for hypothesis 3b.i [B: 0.076, F: 15.893, p (0.353) < 0.05, Ad. R^2 = 0.273] shows no statistical significant difference. Hypothesis 3b.i is rejected on the basis of these findings.

Hypothesis 3b.ii

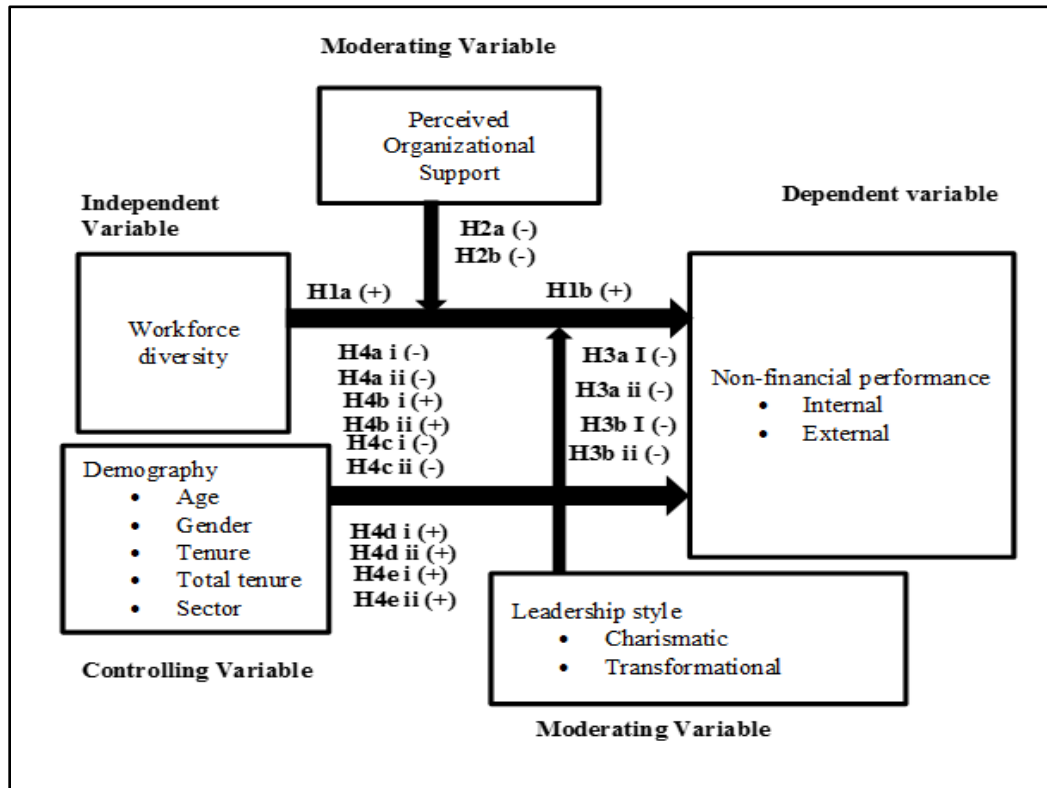
This was also tested with hierarchical multiple regression after the variables were centralised.

Table 17. Moderation by Transformational leadership (Diversity and External NFP)

Ad. R^2	Beta	T	F	Sig. (P)
0.165	0.086	0.983	8.822	0.328

The outcome revealed that 17% of variance in internal non-financial performance is due to the moderation (adjusted $R^2=0.165$). The results recorded for hypothesis 3b.i [B: 0.086, F: 8.822, p (0.328) < 0.05, Ad. $R^2 = 0.165$] shows Hypothesis 3b.ii is rejected.

Figure 2. Summary of the Findings



DISCUSSION OF FINDINGS

The demographic analyses were done on the different elements (sex, age, tenure, total tenure, sectors) with each of the factors of the dependent variable (internal and external non-financial performance). The demographic analysis covers all the sub hypotheses of hypothesis 4. An Independent-Samples T-test was conducted and the result showed significant differences for males and females. This result (hypothesis 4b) contrasts some of the existing literature that recorded that performance could not be linked to gender differences like Kochan et al. (2003). The demographic element “Total Employee Tenure” (hypothesis 4d) recorded significant differences on both non-financial performance factors by all three groups (0-10, 11-20, 21-40). Here the results give support to the perception that experience really has a level of influence in performance. This is because groups two and three did not record any significant difference in any of the non-financial performance measures, indicating that, how long a person had been working could influence their work input and perceptions about work. Additionally, the significant

results recorded on both types of performance by the different working sectors highlight the diverse views that exist among workers from different working sectors.

The first hypothesis was in two parts because non-financial performance measure had two factors. With statistical significances of 0.000 and 0.001, both hypotheses (H1a and H1b) respectively get support from the study. This gives a backing to the general notion that a workforce with diverse traits can be beneficial to the organization. Hypothesis two was also divided into two parts (H2a and H2b) to address both internal and external non-financial performance measures. Both hypotheses were tested with hierarchical multiple regression analysis after the variables were centralised. Both hypotheses (H2a and H2b) recorded no significant results ($p = 0.271$ and 0.490 respectively) leading to the rejection of both. This reveals that employees' perceived organizational support will not necessarily translate into impact in non-financial performance with respect to a diverse workforce.

Hypothesis 3 was divided into four aspects because each of the two leadership styles was tested with the two factors of non-financial performance. Firstly, charismatic leadership style recorded no significant difference on both aspects of non-financial performance. Therefore H3a.i ($p = 0.440$) and H3a.ii ($p = 0.323$) were rejected after moderation regression analysis. Also, both hypotheses H3b.i ($P = 0.353$) and H3b.ii ($P = 0.328$) that dealt with transformational leadership style were rejected. A leader's role could affect outcome of performance, distinction should be drawn between such research works that focused on general workforce and this study which focused on diverse workforce. Therefore the findings of such studies that leadership style plays a significant moderating effect could not be justified through this research.

IMPLICATIONS

This segment talks about how the study enriches existing literature, gives direction to future researchers and highlights the benefits of this research to organizations. Future researchers can test the same topic with much emphasis on one aspect of diversity, either job related diversity or bio-demographic diversity, as Horwitz (2005:226) categorises the two perspectives. Also, future studies can also address the issue of financial performance as the dependent variable since monetary profit is a priority for many business organizations. Again, several factors could replace POS and leadership style as moderating variables in the relationship between the independent and dependent variables. Future studies can combine both qualitative and quantitative methods as the analysis method for the research. This would complement each research method's flaws and produce a more elaborated outcome.

With reference to organizations, the acceptance of H1a (workforce diversity will have a positive impact on internal non-financial performance in an organization) and H1b (Workforce

diversity will have a positive impact on external non-financial performance in an organization) support the perception that an organization's human resource pool should not be overlooked. The results should inform organizations about the importance of diversity in productivity. It should also be considered that POS and leadership style are measured here as moderators and not mediators. And as such, their impact could have been under emphasised. Therefore organizations should not discard the benefits POS and leadership style stand to bring even though the hypotheses were rejected. On the other hand, growth of non-financial performance measure in the measurement of organizational productivity gives production a wider scope.

LIMITATIONS

First of all the research would have gathered much information had it combined qualitative analysis with the quantitative. Also, the study employed respondents from three different organizations to serve as the total respondent pool for the research. The significant difference discovered through the one-way ANOVA among the three organizations could have impacted the study no matter how small the difference was. Furthermore, the hypotheses involving transactional leadership style were not measured because the items measuring that style were not reliable after the analysis. Thus only two of the three styles formed the bases of leadership styles. The limitations as expressed above define the minor setbacks or discoveries in the research and as such they do not undermine the integrity and findings discovered.

CONCLUSION

Past researches indicate the desire by researchers to test the direct relationship between workforce diversity and performance of an organization (e.g. Simons & Rowland, 2011 and Haas, 2010). Other studies took an aspect of diversity (e.g. gender) and researched its impact on performance (e.g. Miller & Rowney, 1999). Furthermore, some other studies have highlighted the impact of diversity management (e.g. Cox & Blake, 1991). This research takes a different dimension and looks at the impact of the relationship with the moderation of leadership style (charismatic and transformational) and POS. The choice of non-financial performance is aimed at tackling the other aspects of performance that has been overlooked because of the heightened focus on financial profits by organizations.

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