

The Role of Organizational Culture in The Relationship Between Workforce Diversity and Employee Performance of Generation Y

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ABSTRACT

Workforce diversity is a common problem among employees. However, according to Forbes, the application and literature on this topic still need to be improved, even though it is considered a major issue. This research aims to determine the role of organizational culture in the relationship between employee diversity and employee performance, focusing on the Indonesian Y generation who have worked on the island of Java for at least one year. A total sample of 345 Generation Y workers on Java Island was used, and PROCESS MACRO by Hayes was used to determine the role of organizational culture. The research results show that workforce diversity significantly and positively affects organizational culture. Organizational culture has a significant and positive effect on employee performance. Workforce diversity has a significant and positive effect on employee performance. In addition, it was found that organizational culture does not act as a moderator but rather acts as a mediator in the relationship between workforce diversity and employee performance. This role was found to be a mediator after further analysis was carried out. It is highly recommended that future researchers use a more significant number of samples and islands other than Java or choose certain industries to enrich research results. Additionally, the use of other diversity attributes may contribute to the diversity of results.

Keywords:

Employee Performance, Generation Y, Organizational Culture, Workforce Diversity

ABSTRAK

Keberagaman tenaga kerja merupakan masalah umum di kalangan karyawan. Namun, penerapan dan literatur mengenai topik ini masih sangat terbatas, meskipun dianggap sebagai isu utama menurut Forbes. Penelitian ini bertujuan untuk mengetahui peran budaya organisasi dalam hubungan antara keberagaman karyawan dengan kinerja karyawan yang berfokus pada generasi Y Indonesia yang bekerja di Pulau Jawa selama minimal satu tahun. Dengan total sampel 345 pekerja Generasi Y di Pulau Jawa dan menggunakan PROCESS MACRO oleh Hayes untuk mengetahui peran Budaya Organisasi. Hasil penelitian menunjukkan bahwa Keberagaman Tenaga Kerja berpengaruh signifikan dan positif terhadap Budaya Organisasi, Budaya Organisasi mempunyai pengaruh yang signifikan dan positif terhadap kinerja karyawan. Keberagaman tenaga kerja berpengaruh signifikan dan positif terhadap Kinerja Karyawan. Selain itu ditemukan bahwa budaya organisasi tidak berperan sebagai moderator melainkan berperan sebagai mediator dalam hubungan antara keberagaman tenaga kerja dan kinerja karyawan. Namun, peran budaya organisasi dalam hubungan antara keberagaman tenaga kerja dan kinerja karyawan bukanlah sebuah moderator. Sangat disarankan bagi peneliti selanjutnya untuk menggunakan jumlah sampel yang lebih besar dan pulau selain Jawa atau memilih industri tertentu untuk pengayaan hasil penelitian. Selain itu, penggunaan atribut keragaman lainnya dapat berkontribusi terhadap keragaman hasil.

Kata Kunci:

Employee Performance, Generation Y, Organizational Culture, Workforce Diversity

INTRODUCTION

Diversity is not a newcomer in Human Resource Practice. Their existence has already emerged since 1990 (Roberson *et al.*, 2017), but they are experiencing ups and downs. The re-emergence occurred with anti-racialism protests in the United States in 2020 (Scott *et al.*, 2014). This led to the call for companies to revise their policy to be more diverse and inclusive. Organizations need to be careful and well-planned before implementing a diversity-infused system. If this problem is not addressed correctly, it will lead to detrimental consequences of lower job satisfaction and employee performance and higher turnover rates (Yadav & Lenka, 2021; Li *et al.*, 2021; Munjuri & Maina, 2013). However, the company ensures that the system is well-managed. In that case, the benefit is to increase the company's attractiveness, developing critical thinking and problem solving, uniting various forces, and increasing the company's productivity (Ali, 2021; Cletus *et al.*, 2018; Dixon-Fyle *et al.*, 2020). In addition, the organization could address the talent shortage issue, reach a wider range of consumers, and operate the business internationally (Kebede, 2017).

In the context of Indonesia, this is evidenced by a study of 400 companies in Indonesia, where 77% experienced a better result when they introduced gender diversity. While the study showed a positive business impact and offered benefits, the implementation remained limited as Indonesian business leaders focused more on financial performance than diversity while their European and African counterparts did this massively. Considering the proportion of the age groups that centered on generations Y and Z with their unique characteristics and interest in diversity, there is no doubt that Indonesian organizations integrate diversity into their systems. Generation Y is the age group that is presumed to be around 24-39 years old and in their productive years. There are various perspectives regarding the age range of Generation Y. Some use 1980-2000 as the range (Bencsik *et al.*, 2016), and others opt for 1980-2000 (Smith & Nichols, 2015). Hamidullah (2015) argued that Generation Y was born between 1979-2001, while Howe & Strauss (2000) stated that 1978-2000 was the range. Although there were many definitions, it can be concluded that the Generation Y age range was 1990-2000.

When it comes to Generation Y, their exposure to technology and information was high, and the tendency to collaborate without any limitation (BPS, 2018). This generation was not working for a living, but for something bigger (Phillips, 2018; Sharma, 2020). Furthermore, they have lower loyalty than previous generations due to the tendency to 'jump' from one place to another (Phillips, 2018; Sharma, 2020; Smith & Nichols, 2015). On the other hand, their 'jumpy' behavior was what made them adaptive and able to further accelerate their career (Phillips, 2018). From a managerial perspective, generation Y will take over the strategic position left by the Baby Boomers and Generation X in the future. This will create a shift in policy and practice as each generation reacts differently (Ludviga & Sennikova, 2016). If the organizations enforce the values on everyone, generation Y will be more willing to resign rather than stick to the rules, later contributing to a higher turnover rate (Devina & Dwikardana, 2019). Therefore, managers should be knowledgeable enough to understand each generation's signature behaviour, work ethics, and preferred management style (Hayes, 2013). In terms

of workforce diversity, Generation Y is open to change and career due to its high spirit and enthusiasm to learn new things. They are more committed when they have the personal authority to get the job done. Generation Y was also particularly aware of this issue as they wanted to hear different opinions and perspectives in support of transparency and inclusivity (Patrick & Washington, 2018).

Previous research on the role of organizational culture in the relationship between workforce diversity and employee performance was conducted by Mande *et al.* (2019); this study conducted research at public universities in Western Kenya. A questionnaire was distributed to 120 department heads who were study participants. A basis for questionnaire statements was later developed by Denison Consulting in the context of the research. As a result, the Cronbach Alpha reached 0.939, and the Content Validity Index (CVI) exceeded 0.70. The research also passed the Kolmogorov-Smirnov test. This test required her p-value to be less than 0.05 before using regression analysis. The Durbin-Watson score is 1.617 or less than 2, indicating that the residuals are uncorrelated. Collinearity statistics calculated that all tolerances and VIF were within the acceptable range. The study found a statistically significant, moderately positive association between employee diversity and employee performance. This shows that as the workforce and organizational culture become more diverse, so does employee performance. Moderating effects were also tested as part of the hypothesis test. This result suggests that organizational culture significantly moderates the relationship between employee diversity and employee performance.

Several studies of the relationship between workforce diversity and employee performance implies a positive impact. Although research that includes organizational culture as a moderating variable or mediating variable is still limited, a direct relationship between organizational culture and employee performance is cosmopolitan and has a positive impact. This becomes the novelty offered by this research to fill the research gap and enrich the literature about workforce diversity and employee performance with organizational culture as an intermediate variable. Therefore, the aim of this study is to identify the role of organizational culture in the relationship between workforce diversity and employee performance in Generation Y. The prediction for this research is organizational culture has a special role in this relationship. The application of this research is intended to provide companies with a better understanding of workforce diversity and how it affects employee performance via organizational culture.

Workforce Diversity

Workforce diversity is a structured and systematically planned commitment of an organization to recruit, retain, remunerate, and promote employees with different backgrounds (Angelova *et al.*, 2017). Scott *et al.* (2014) defined workforce diversity as various ways for stakeholders to appreciate others in a working environment, such as individuals with similar or different backgrounds. On that note, it can be synthesized that workforce diversity is a series of systematic efforts by stakeholders to recruit, retain, remunerate, and promote employees with various backgrounds.

Within workforce diversity, there are two dimensions: relations-oriented and task-oriented (Webber & Donahue, 2001). Relations-oriented consisted of age diversity, gender diversity, and ethnic diversity, while task-oriented divided into tenure, educational background, and functional track record. Age diversity is a phenomenon that happens to people of different ages and occurs in various groups, from family to work environments. (Kunze *et al.*, 2013). Gender diversity is the centre of attention, and it looks at the impact of the proportion of male and female workers in an organization (Yadav & Lenka, 2020). According to Kottak (Scott *et al.*, 2014), an ethnical group is several people whose had a similarity in beliefs, values, behaviors, and norms due to similar backgrounds. Therefore, this led to a definition of ethnic diversity, which is an embodiment of members' feelings from different ethnicities.

Tenure Diversity is considered a positive thing for an organization due to the understanding and knowledge of the organization are enough, however, it created a comfort zone during work. Different personnel's educational background aids the organization in performing various tasks in a systematic manner (Dongol, 2022). Therefore, according to Emiko & Eunmi (2009) in Dongol (2022), it is important to consider that education determines a person's performance. Functional track record saw how a team consisted of individuals from various functions performing tasks and providing insights.

Organizational Culture

According to Schein (2019), organizational culture is an accumulation of knowledge within a group on how to address both external and internal issues in a workable way, valid, and distributed to the new members as the correct method to perceive, think, feel, and behave related to the issue. In forming an organizational culture, there are five driving factors, including founders' values, business and industry environment, state's culture, vision and strategy, and leaders' behaviour (Highhouse *et al.*, 2013; Kinicki & Fugate, 2018). These factors will influence the organizational culture and later the organizational structure and internal process to achieve its goal. Both affect how attitude and behaviour work in a social and group process before turning into an organizational outcome.

Denison Consulting (2018) described organizational culture into four parts including involvement, consistency, adaptability, and mission. each part is divided into three indicators. Involvement is measured through empowerment, team orientation, and capability development. Empowerment is ability to encourage individuals to have authority, initiative, and ability to accomplish their tasks as it can lead to a sense of ownership and accountability to the organization. Team orientation is an essential value if an organization wants to achieve its goal. The capability of the organization to develop its employee's skills continuously is a prerequisite to keeping the organization at the top of the game.

Consistency is categorized into three indicators core values, agreement, and coordination and integration. The values embedded within members of the organization will become an identity and clear expectations. The agreement emphasizes each individual ability to reach a mutual agreement in a critical

setting. Coordination and integration is the basis of performing tasks with different functions to achieve a common goal.

Adaptability consists of creating creative, customer focus, and organizational learning. Organizations can find a solution in a creative way to understand their environment, react quickly to current trends, and anticipate any change happening in the future. Customer focus is characterized by the capacity to understand and provide answers for customers, including expected future needs. Organizational learning is the ability of an organization to turn cues from the external environment into an opportunity for continuous skill development.

The mission is defined into three indicators, such as strategic direction and intent, goal and objective, and vision. A clear strategy helps each member of the organization understands how to contribute. Goal and objective describe how an organization serves a purpose aligned with the vision, mission, and organizational strategy. A vision is an image of future that an organization wants to achieve.

Employee Performance

Employee Performance can be defined from various perspectives. The first definition is stated by Anitha (2014), who perceived employee performance as an achievement and result when employees working both financially and non-financially impact overall organizational performance, where they depend heavily on policy, practice, and organizational design. Another definition is by Bataineh (2017), who sees employee performance as the combination of efficient and effective daily tasks performed by employees to fulfill the expectations of stakeholders. From the two definitions, employee performance can be described as performing daily tasks and achievements by the employee in order to fulfil the expectation of the stakeholder and contribute to the organization both financially and non-financially in an effective and efficient manner.

Bernardin & Russel (2008) in Firdaus (2013) explained there are six indicators to measure employee performance, such as quality, quantity, timeliness, cost-effectiveness, need for supervision, and interpersonal impact. Quality sees how the task performed meets the perfection. Quantity is emphasized on numbers managed to achieve by the employee. Timeliness indicates the ability of a person to complete a task without any tardiness. Cost-effective is described as the effective usage of organizational resources to achieve a target. Interpersonal impact is a situation where an employee can demonstrate self-confidence when working in a team.

Influence of Workforce Diversity on Organizational Culture

Uche *et al.* (2020) investigated the effect of diversity on organizational culture in Nigeria's Maritime Industry. Education, ethics, gender, and age were the diversity concepts used in this study. There were 240 NPA and NIMASA employees who taken part of this study as respondent. Pearson Correlation was used by the researchers to test the proposed hypothesis. According to the findings of

this study, education diversity, ethics diversity, gender diversity, and age diversity all have a positive and significant impact on organizational culture.

Aurangzeb *et al.* (2021) researched the impact of workforce diversity on organizational culture in Pakistani universities. The study's respondents included 117 lecturers. The organizational culture questionnaire and workforce diversity taxonomy inventory with a Likert Scale served as the foundation for the questionnaire. The data was then analyzed using SPSS's t-test to compare the mean score from each dichotomized group. This study discovered that workforce diversity had a significant impact on organizational culture. Based on these studies, the proposed hypothesis will be workforce diversity has a significant and positive impact on organizational culture.

Influence of Organizational Culture on Employee Performance

Nwakoby *et al.* (2019) examined on the impact of organizational culture on employee performance of Nigerian banks. There were 127 questionnaires distributed to bank staffs in Enugu, Nigeria, 94 among them were returned. Simple regression analysis with 95% level of confidence was used to test the proposed hypotheses. The finding of this study was an innovative organizational culture contributed to a positive impact to employee performance.

The influence of organizational culture on employee performance was also studied by Syardiansa *et al.* (2020) in a hotel in Eastern Aceh, Indonesia. Approximately 42 employees participated in this study using non-probable sampling as a data collection method. To analyze the collected data and test the proposed hypotheses, the researchers used Multiple Regression Analysis, t-test, f-test, and coefficient of determinant. The result of this study suggested organizational culture does have a positive and significant impact on employee performance.

Another research also done by Fidyah & Setiawati (2019) in a national telecommunication company in Yogyakarta. 52 out of 65 employees participated in this study. The analytical methods used in this research were classical assumption test and Multiple Regression Analysis. Based on the hypothesis testing, organizational culture has an impact on the employee performance in a positive and significant manner.

The influence of organizational culture on employee performance was also becoming the focus of Diana *et al.* (2021) research. This research was conducted to 106 employees of Eastern Java Education Office. Diana *et al.* (2021) showed organizational culture did have a significant impact on employee performance after analyzing using SPSS's Path Analysis. The findings from these studies formed a hypothesis that suggested organizational culture has a significant and positive influence on employee performance.

Influence of Workforce Diversity on Employee Performance

Shrestha & Parajuli (2021) researched on the influence of workforce diversity on employee performance in 4 Nepalese commercial banks. In this research, out of 400 targeted respondents, 281 were eligible to be utilized further. Multiple Regression Analysis is used as the method to understand

the relationship. The finding suggested that age diversity and gender diversity were the two factors that had a positive and significant influence on employee performance, whilst ethnic diversity and education diversity had no significant influence.

Dongol (2022) studied the phenomenon but the respondents were coming from 20 Nepalese commercial banks. The number administered in this research was 125, with 99 respondents returning the questionnaire. SPSS's Pearson Correlation was utilized as an instrument for analysis. The conclusion of this study was that age diversity had a positive and significant influence on employee performance, a positive association between education diversity and employee performance, and ethnic diversity contributed significantly and positively to employee performance.

Bhebhe & Murindi (2020) examined the influence of workforce diversity on employee performance in a village authority in Western Mashonaland, Zimbabwe with a mixed method. To determine the required sample size, the researchers used the Morgan Sample Size Calculator with a 5% margin of error and stratified it to ensure exclusive representation. Since the researchers used mixed methods, the results were also varied. All dimensions showed a positive influence, except Gender Diversity, on employee performance.

Mande & Awiti (2019) investigated the workforce diversity leverage to improve employee performance in four Kenyan Public Universities. There were 93 out of 120 chairpersons of the department who administered this study. Pearson's Correlation and Multiple Regression were used as the analysis method. All findings were found statistically positive, with a significant range between moderate and significant, with the critical type of diversity being Age Diversity. However, research on Singaporean Organizations by Joseph & Selvaraj (2015) showed neither sign of a positive nor negative relationship. Despite having different results, the conclusion from these studies formed a hypothesis that there is a significant and positive influence of workforce diversity on employee performance.

Influence of Workforce Diversity on Employee Performance with Organizational Culture as an intermediary variable

Mande *et al.* (2019) investigated the role of organizational culture as a moderating variable in the influence of workforce diversity on employee performance in Public Universities in Western Kenya. In total, 120 heads of departments from various public universities participated in this study. Descriptive and inferential statistics were used by the researchers to analyse the data. From the hypothesis testing, it showed that organizational culture significantly moderated and the effect was positive. Based on these studies, the first hypothesis proposed is that workforce diversity has a significant and positive effect on organizational culture. The second hypothesis states that organizational culture has a significant and positive influence on employee performance. The third hypothesis is that workforce diversity has a

significant and positive influence on employee performance. Referring to the presented hypotheses above, the research model can be described in Figure 1.

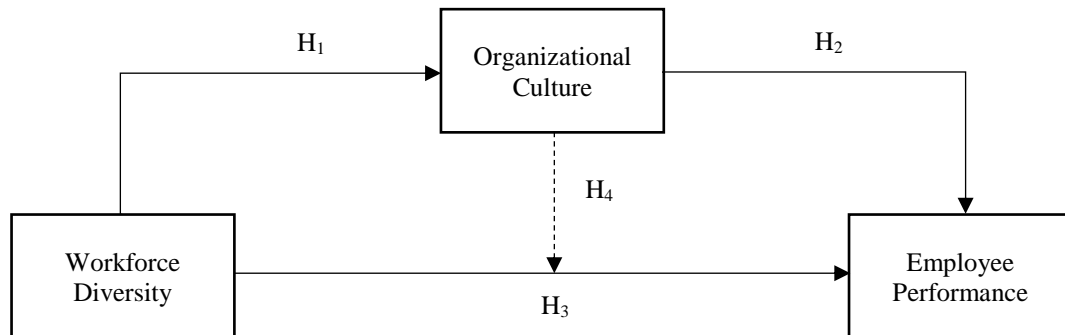


Figure 1. Research Model

RESEARCH METHODS

This study used questionnaire distribution as a data collection method and conducted online to reach a wider range of respondents. The measurement used is a modified Likert Scale (1 = strongly disagree and 4 = strongly agree). The option neutral was removed to avoid the risk that led to multi-interpretability and central tendency effects. It also served to see the direction of respondents' opinions. The measurement used for workforce diversity was adapted from Dongol (2022) and consisted of four indicators such as age diversity, gender diversity, ethnic diversity, and educational background diversity. Each of the indicators has 5 to 6 statements.

To measure organizational culture, the model used in this research was the adaptation of Denison's organizational culture model. There were 12 indicators, with each represented by 1 statement. The statement originated from the research from Mande *et al.* (2019) with alterations to fit the context and reduce the risk of misinterpretation. Last, employee performance was measured by indicators defined by Bernardin & Russell (2008). The statements were adopted from various sources (Habibi, 2018; Jafar, 2018; Putro, 2017). Each indicator is described in a single statement. The total statement used in this research was 42.

The respondents of this research were Generation Y, who were born between 1990 and 2000 and worked in a Java Island-based organization for at least a year. Before distributing the questionnaire to wider respondents, a pilot study of over 60 people was conducted to test the validity and reliability of each item. The validity test used was Pearson's Product moment correlation. If the calculated r is close to 1, regardless of the positive or negative position, this indicates a strong relationship between variables (Healey, 2016; Saunders *et al.*, 2019). The reliability test was conducted using Cronbach's Alpha Coefficient. According to Hair *et al.* (2020), the minimum coefficient for explorative research was 0.6, with a maximum of 0.95. Each statement from variables was tested, and all statements using SPSS version 24.

Table 1. Characteristics of Respondents

Aspect	Criteria	Number	Percentage
Gender	Male	154	44.51%
	Female	190	54.91%
	Prefer not to answer	2	0.58%
Year of Born	1990	4	1.16%
	1991	5	1.45%
	1992	26	7.51%
	1993	49	14.16%
	1994	67	19.36%
	1995	52	15.03%
	1996	50	14.45%
	1997	30	8.67%
	1998	48	13.87%
	1999	10	2.89%
	2000	5	1.45%
Occupation	Private Employee	219	63.29%
	Entrepreneur	21	6.07%
	State-owned Enterprise Employee	34	9.83%
	Regional-owned Enterprise Employee	5	1.45%
	Healthcare Worker	18	5.20%
	Education Worker	15	4.34%
	Researcher	3	0.87%
	Civil Servant	21	6.07%
	Others	10	2.89%
	Province of respondents' working	Banten	15
DKI Jakarta		150	43.35%
West Java		50	14.45%
Central Java		40	11.56%
DI Yogyakarta		14	4.05%
East Java		77	22.25%
Educational Background	Elementary School	0	0.00%
	Junior Highschool	0	0.00%
	Senior Highschool	28	8.09%
	Associate Degree	29	8.38%
	Bachelor's degree/Bachelor of Applied Science	275	79.48%
	Masters'	13	3.76%
	Ph.D	0	0.00%
Ethnicity	Profession	1	0.29%
	Sunda	71	20.52%
	Jawa	191	55.20%
	Tionghoa	28	8.09%
	Bali	4	1.16%
	Batak	8	2.31%
	A mixture of two or more ethnics others	24 20	6.94% 5.78%

Source: Authors' work (2023)

Before conducting a regression analysis, the data collected must be tested with a classical assumption test consisting of a normality test, linearity test, and heteroscedasticity test. The normality test used the Kolmogorov-Smirnov and enabled the Monte-Carlo from the Exact feature of SPSS. The normality would be shown when the lower bound value is above 0.05 or the upper bound is below 0.05 (Mehta & Patel, 1996). To test the linearity, the Spearman Rank was used due to the usage of an ordinal scale. The interpretation of linearity was the same as Pearson's Product Moment correlation coefficient. Lastly, the heteroscedasticity was tested by using the Glesjer test. The symptom of heteroscedasticity

would appear if the significant value was above 0.05. Therefore, a treatment was needed to make it eligible for regression analysis.

Moderating variable analysis and mediating variable analysis were the two main analysis instruments used to determine the role of organizational culture in this research. The first method applied was moderating variable analysis. It aimed to test the proposed hypothesis based on previous research regarding the interaction of workforce diversity along with organizational culture to employee performance. If the result of the interaction contradicted the hypothesis, the Mediating Variable Analysis would be conducted. To decide whether the variable was a mediator or not, Zhao & Chen (2010) developed a framework in the form of the decision tree. It started with the question about the significance of indirect effect. Regardless of the answer, the next step would be determining total effect was statistically significant or not. If the answer was yes, then the coefficient from the total effect and the indirect effect was multiplied. It would be a complementary mediation if the result was positive. If the outcome was negative, it would be a competitive mediation. If the indirect effect was significant but the total effect was not statistically significant, it could be interpreted as indirect mediation. A direct-only non-mediation would only occur if the indirect effect was not significant and the total effect was significant. No effect non-mediation would be considered as a failure when both effects failed to satisfied the required number to be significant. After determining the type of intermediary variable, the strength of the effect size was later compared with the standard proposed by Ogbeibu *et al.* (2021), adapted from Cohen's benchmark. The findings of both analyses shall be served as the novelty of this study.

The data afterward was analyzed and interpreted using the T-test and R-squared test. The T-test was used to see the T-value from the calculation of regression analysis and compare it with the value on the distribution table for the T-value. If the calculated T-value was larger than the T-value on the distribution table, the null hypothesis could be rejected and support the alternative one (Osborn & Daniel, 2013). Another alternative method to decide whether to reject or support the hypothesis was by comparing the P-value with the alpha obtained from the confidence level. The R-squared test or determination coefficient served as the strength of the independent variable in influencing the dependent variable (Sekaran & Bougie, 2016).

RESULT AND DISCUSSION

The result validity test showed the calculated were correlated in a positive way with all significancy below 0.05 and $r_{\text{calculated}} > r_{\text{table}}$. As for the reliability test, the Cronbach's Alpha coefficient reached 0.749. This indicated the statements used in this research were rated as good. It also meant the statements used in this research were valid and had good reliability. After testing for validity and reliability, the next test was the classical assumption test.

One Sample Kolmogorov-Smirnov test with Monte-Carlo Sig. showed the collected data was normally distributed. This was demonstrated by the upper bound value with a 95% confidence interval,

which reached 0.009, which was less than 0.005. As for the linearity test, Spearman's rho of each variable was less than the required significant value to be statistically insignificant. In addition to that, the direction of the relationship was positive. The strength of each relationship varied from weak to strong. The Glesjer's test showed symptoms of heteroscedasticity in the collected data and had to be treated. The first difference was applied to the data to improve the significant value. After the treatment, the data was tested again for its normality and linearity; the result was statistically satisfying.

The R-squared test showed the contribution between variables. The R-squared from workforce diversity to organizational culture was 0.586. This indicated workforce diversity contributed to almost 60% of the total value of organizational culture. There was 0.311 worth of R-squared between organizational culture and employee performance. Around 31.1% of employee performance was coming from organizational culture. As for the relationship between workforce diversity and employee performance, the result of the R-squared test was 0.32. It meant 32% of employee performance originated from workforce diversity. Table 2 shows the variables' interaction and hypothesis testing's conclusion.

Table 2 Hypothesis Testing

Hypothesis	Relationship	Coefficient	T-Value	P-value	Conclusion
H1	Workforce Diversity → Organizational Culture	0.467	22.154	0.0000	Significant
H2	Organizational Culture → Employee Performance	0.258	12.449	0.0000	Significant
H3	Workforce Diversity → Employee Performance	0.159	12.692	0.0000	Significant
H4	Workforce Diversity*Organizational Culture → Employee Performance	0.0001	0.1334	0.8939	Not significant

Source: Author's work (2023)

The Effect of Workforce Diversity on Organizational Culture

The first hypothesis stated workforce diversity affecting on organizational culture significantly and in a positive way. The result of regression analysis showed the generated p-value could be interpret as significant. This due to the calculated p-value was less than 0.05. In another words, the conclusion could be drawn was there was an effect of workforce diversity on organizational culture. This finding was supported by previous studies conducted by many researchers (Aurangzeb *et al.*, 2021; Uche *et al.*, 2020).

The Effect of Organizational Culture on Employee Performance

The second hypothesis argued organizational culture has a positive and significant impact on employee performance. As shown in Table 2, the testing result showed that organizational culture had a positive influence on employee performance significantly. It was indicated that the calculated p-value was less than 0.05. Other than that, the T-value generated from the analysis was larger than 1.966. With a culture where the organization facilitates the employee, the produced impact would reach an optimum result (Nwakoby *et al.*, 2019). Organizational culture aided the improvement of employee performance as it provided control without restraining them and gave the members of the organization a clear

expectation from them (Ariawaty, 2020; Nasution. It was worth to note that a comfortable environment could improve the motivation and later turned into a better organizational performance (Ariawaty, 2020).

The Effect of Workforce Diversity on Employee Performance

The third hypothesis focused on the effect of workforce diversity on employee performance. The T-value retrieved from the computation was 4.9307, which was higher than the required T-value. Moreover, the P-value displayed in Table 2 was less than 0.05. It could be concluded that Workforce Diversity had a positive and significant influence on employee performance. Similar results occurred in the IT industry, higher education setting, and a governmental body situation (Ariawaty, 2020; Karwal & Tandon S, 2021; Khan *et al.*, 2019); however, on different occasions, the study showed a neutral perception of workforce diversity (Joseph & Selvaraj, 2015). As studies regarding the benefit of workforce diversity on employee performance getting published, managing and utilizing a diverse workforce became a pivotal for the management to turn diversity into attribute that boost performance (Karwal & Tandon, 2021).

The Effect of Workforce Diversity on Employee Performance Moderated by Organizational Culture

The fourth hypothesis emphasized the role of organizational culture in the relationship between workforce diversity and employee performance. Unlike the previous hypotheses, the conclusion drawn was insignificant. This was demonstrated in the T-value and P-value, which were not statistically insignificant. The T-value produced a lower number than the necessary number to be considered significant. The P-value itself was higher than 0.05, which confirmed the conclusions drawn. The finding of this study was contrary to the research findings by Mande *et al.* (2019), who stated that organizational culture had a moderating effect on the relationship between workforce diversity and employee performance. Thus, it brought a new question related to the role of organizational culture and whether it could act as an intermediary variable or not. Therefore, another analysis was run to determine the role of organizational culture.

The Effect of Workforce Diversity on Employee Performance Mediated by Organizational Culture

The fifth hypothesis involved the role of organizational culture as a mediator between workforce diversity and employee performance. To understand the mediated relationship, following Table 3 depicted the summary of the analysis. The result revealed a significant indirect effect of workforce diversity on employee performance ($b= 0.063$, $t= 3.8634$). Hence, it supported the hypothesis. Moreover, the direct effect of workforce diversity in the presence of organizational culture as a mediator was found significant ($b=0.0941$, $p.< 0.001$). Thus, it implied that organizational culture partially mediated the relationship between workforce diversity and employee performance.

Table 3 Mediation Analysis Summary

Relationship	Total Effect	Direct Effect	Indirect Effect	Confidence Interval		t-statistics	Conclusion
				Lower Bound	Upper Bound		
Workforce Diversity → Organizational Culture → Employee Performance	0.1594 (0.000)	0.0941 (0.000)	0.0653	0.0330	0.0982	3.8634	Partial Mediation

Source: Author's work (2023)

Table 4. Summary of Standardized Coefficient

Relationship	Standardized Coefficient
Workforce Diversity → Organizational Culture (a)	0.7672
Organizational Culture → Employee Performance (b)	0.3018
Workforce Diversity → Employee Performance (c')	0.3338
Workforce Diversity → Organizational Culture → Employee Performance (a*b)	0.2315

Source: Author's work (2023)

To understand the strength of the effect size produced, the effect size caused by the relationship between workforce diversity and employee performance was 0.0535. The number produced from the multiplication of standardized coefficient from workforce diversity to organizational culture and standardized coefficient from organizational culture to employee performance, later the result was squared. The interpretation of the result of calculation indicated the strength of the effect size was low-medium.

CONCLUSION AND RECOMMENDATION

This research studied the role of organizational culture in the relationship between workforce diversity and employee performance. The result of the research could be concluded based on the following findings. First, workforce diversity did have a positive and significant influence on organizational culture. Second, organizational culture has a positive and significant effect on employee performance, and so does workforce diversity on employee performance. However, in the case of moderating the role of organizational culture, the statistical test showed the interaction did not occur. After further investigation using mediating variable analysis, the role of organizational culture did mediate the relationship with a low-medium effect.

The managerial implication that can be drawn from the research above is that management must develop employee development strategies through training programs that prioritize awareness of diversity and inclusion, which must be implemented to increase understanding and collaboration between employees who come from different backgrounds. Management must establish organizational values and vision that emphasize the importance of diversity and inclusion and ensure that all company policies reflect this commitment. Encourage open communication among employees to create an inclusive work environment where everyone feels valued and heard. Management needs to ensure that the organizational culture supports employee involvement by providing opportunities to contribute to

decision-making and provide feedback. Management must regularly assess and adjust organizational culture to ensure that it remains relevant and effective in improving employee performance.

The limitation of this research lied on the scope of respondent who was generation Y worked on Java Island-based organization for at least a year. A wider range of respondents or selecting specific industries are encouraged to have a variety of findings. The other limitation was the number of samples did not meet the minimum standard due to the committed timeline that needed to be followed. Future researchers who are interested in this topic were recommended to plan the research better to anticipate any obstacles ahead, including symptoms of heteroscedasticity. The dimensions attributed in this research may posed a limitation. Therefore, future researchers could use other dimensions other than primary and secondary diversity.

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