

## **The Strategic Importance of Diversity Management for Business Performance in Multinational Contexts: A Mixed-Methods Study**

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**Abstract.** This study investigates the impact of workplace diversity on business performance in multinational companies. Using a mixed-methods approach, the authors examine five dimensions of diversity: age, gender, ethnicity, education, and cognitive diversity. The quantitative data were collected through a survey of 100 employees from various multinational companies, while the qualitative data were gathered through interviews with three executives. The results indicate that all five dimensions of diversity have a significant positive impact on business performance, with ethnic diversity having the strongest effect. The authors discuss the implications of these findings for diversity management theory and practice, highlighting the importance of leadership commitment, employee training, and accountability measures. The study contributes to the literature by providing empirical evidence on the benefits of diversity management in multinational contexts and offers practical recommendations for companies seeking to leverage diversity for improved performance.

**Keywords:** Workplace diversity, business performance, multinational companies, diversity management.

## **1. Introduction**

The matter of workplace diversity, particularly within multinational companies, has garnered heightened attention in recent times. Extensive research on workplace diversity underscores its positive impact on employees, fostering increased productivity, and consequently contributing to the overall performance, effectiveness, and success of businesses (Turi et al., 2022).

Multinational corporations, given their widespread operations across various countries, encounter numerous challenges in effectively managing their businesses to optimize performance and sustain growth in diverse markets. The primary challenge stems from workplace diversity, encompassing dimensions such as age, gender, culture, ethnicity, education, cognitive abilities, social factors, and other diversities (Aguilera-Caracuel et al., 2014). A key hurdle lies in comprehending the diverse aspects of employees and the markets they serve, necessitating the establishment and promotion of conducive working environments to enhance the productivity and performance of both employees and the companies themselves (Aguilera-Caracole et al., 2014).

The management of diversity in multinational companies has evolved into a global and critical concern, directly tied to ensuring high-quality business performance (Kochan et al., 2003).

Exploration into different aspects of diversity, particularly cultural diversity, indicates a favorable correlation between the success of multinational corporations in areas such as innovation, creativity, and meeting financial objectives, and the presence of diversity in their workforce (Frijns et al, 2016). The increased level of diversity within business workplaces corresponds to enhanced performance and long-term viability for multinational corporations (Robenson, 2019). The performance of a working team and the overall business performance can be influenced by each unique aspect of diversity (Frijns et al, 2016).

Studies have shown that effective handling of workplace diversity has the potential to enhance the competitive advantage and overall performance of businesses, contributing to their long-term sustainability and success (Robenson, 2019; Daniels, 2001). Additionally, diversity holds the capacity to positively impact the financial performance of companies. Companies with more diversity in the workplace tend to exhibit superior financial performance (Richard et al., 2002; Telyani et al., 2022).

Companies globally are recognizing workforce diversity as a key strategic element in fostering fairness and equity in the workplace (Rafaqat et al., 2022). The concept of equal opportunity underscores the potential of diversity to enhance the efficiency and effectiveness of businesses, thereby contributing to their overall performance (Rafaqat et al., 2022). Workforce diversity is on the rise, especially with the increasing number of individuals working in foreign countries due to the surge in immigration and globalization (Cho et al., 2020). These individuals often encounter diverse backgrounds and cultures while employed in local companies, particularly multinational corporations (Hogan et al., 2019).

Consequently, the dimensions of workforce diversity in multinational companies are intricate (Del Carmen Triana et al., 2019). Workforce diversity is characterized by the existence of multiple attributes among employees within companies (Karimi et al., 2019). Workplace diversity implies the presence of shared and distinct attributes among employees in a business, encompassing factors like age, gender, color, culture, disability, and physical abilities (Lee, 2019). The performance of a business holds significant importance for the contemporary survival and profitability of companies, given the competitive landscape for inputs, capital, talent, and consumers (Li et al., 2021).

Various studies have highlighted the advantages that diversity can bring to companies, particularly those engaged in multinational operations, with notable effects on role stress, commitment, retention, and innovation (Mothe et al., 2021). Additional benefits encompass improved employee productivity, business development, a bolstered competitive advantage, the exchange of knowledge and experience, and the fortification of companies' financial positions (Rafaqat et al., 2022). In this context, diversity, encompassing all its dimensions, emerges as an influential factor in propelling the overall performance

of companies (Cho et al., 2020).

Several investigations have underscored the notion that diversity might pose challenges to the overall well-being and effectiveness of businesses. This is attributed to the increased efforts required by management to establish an environment conducive to enhanced productivity and performance. Variances in employee characteristics can result in conflicts, diminished understanding, reduced collaboration and cooperation, and lower productivity, thereby exerting a negative impact on the overall performance of companies (Mothe et al., 2012; Li et al., 2021).

Diversity in the workplace of businesses in general and multinational companies in specific has a positive impact on the performance of these companies. However, for such positive effects to occur, companies need to create working places that are extensively diverse on all dimensions, so that these places would be conducive to raising employees' morals, lowering employees' turnover, boosting employees' productivity, and fostering internal collaboration and cooperation. Leaders and managers of companies must ensure working environments so that employees can explore opportunities, face problems, enhance skills and competencies, exchange experiences, understand behaviors, and solve conflicts in a proper way, thus leading to positive organizations outcomes.

Diversity management and its impact on business performance has been subject to many debates recently due to the challenges that might face leaders managing diverse workforce. The aim of this study is to investigate the impact of diversity, with its all dimensions, on the business performance of multinational companies, as well as indicate the various strategies and techniques leaders and managers of these companies that can utilize to produce the desired organizational outcomes of diverse workplaces. The major objectives of this study can be summarized by the below points:

- Examine how the performance of companies is influenced by diversity in their workplaces.
- Investigate the correlation between age, gender, ethnicity, education, and cognitive diversity and the performance of a business.
- Discover the approaches and methods that leaders and managers in multinational companies can employ to cultivate more diverse work environments and enhance their business performance.

## **2. Literature Review**

### **2.1. Diversity: A Growing Issue in Business**

Numerous studies underscore the idea that effective diversity management within a company's workplace enhances overall performance and efficiency. Diversity, as indicated by various studies, manifests in various forms including age, gender, religion, language, culture, education, ethnicity, and personality orientation. These studies contend that inadequate management of diversity in the workplace may lead to diminished morale, increased turnover, and communication issues among a company's employees. (Turi et al, 2022).

Adequate diversity management involves respecting cultural distinctions in employees' knowledge, competencies, opinions, behavior, skills, experience, and innovation. This management approach can amplify a business's competitive edge and performance, thereby contributing to its long-term sustainability and success (Robenson, 2019).

In recent years, businesses have increasingly prioritized the principles of diversity and inclusion within their work environments. This shift is largely attributed to the growing presence of women, individuals with diverse backgrounds, multiple generations, and immigrants in the workforce. According to Daniels (2001), more than 75% of Fortune 1000 companies have embraced diversity initiatives. He emphasizes that managing diversity has evolved into a crucial necessity for businesses worldwide, surpassing the status of a mere choice. Miller and Katz's (2002) study has redirected focus from managing diversity to harnessing its potential. The study contends that businesses should go

beyond simply managing diversity in the workplace and instead adopt initiatives and practices that enable them to leverage and capitalize on diversity and inclusion. This approach is seen as instrumental in achieving improved performance, long-term sustainability, and profitability, as highlighted by Miller and Katz (2002).

Telyani et al.'s (2022) study delves into three theoretical perspectives aimed at examining the impact of diversity on business performance. The similarity attraction theory posits that homogenous workplaces yield superior performance for a business compared to heterogeneous workplaces, attributed to enhanced agreement and understanding among workplace members. Similarly, the social identity theory proposes that members strive for positive self-esteem through affiliation with social categories. In contrast, the model for information processing and decision-making in groups suggests that a diverse workplace fosters a wealth of group knowledge and perspectives, ultimately enhancing business performance.

## **2.2. Diversity Defined & Dimensions**

Diversity refers to the consideration, recognition, and respect of others' opinions and differences without taking into consideration people's culture, gender, region, age, social status, race, education, and physical capability. Diversity can be used to explore opportunities, face problems, enhance skills and knowledge, exchange experiences, understand behavior, and solve conflicts within a business, thus leading to better organizational outcomes (Urbancova et al, 2020).

There are many facets to diversity and its intensity has several effects on the workplace and the business in general. The gender diversity would contribute to the success and performance of businesses if there is a moderate level of gender diversity and if there are gender equality and equity among males and females (Mousa et al,2020).

The age diversity would contribute to the performance of a business if various age employees with diverse experiences are present in the organization. This is because the business needs skilled employees with vast experience as well as young talent that have an innovative mindset that when together integrated the result will be a boosting of the business performance and success (Seong et al, 2018).

Employees with different ethnicity (differences in language, culture, and religion) that represents diverse cultures, beliefs, skills, and lifestyles is crucial to the process of decision-making in a business. The presence of ethnic discrimination in a business is very harmful to overall performance and productivity (Hennekam et al, 2019).

Educational diversity is crucial to the development of a business, since it needs knowledge, skills, training, qualification, and experience. The higher the level of these educational features in employees, the higher their productivity, contribution, and performance, and all this reflects positively on the organizational outcomes (Hennekam et al, 2019).

Diversity and inclusion are not only about race, age, gender, ethnicity and other dimensions, but it is also about cognitive diversity, because employees of a business who think differently produce a mix of ideas, recommendations, and perspectives for stronger collaboration, problem-Solving, innovation, and creativity, which all reflect positively on the business performance. This cognitive diversity induces a better performance and success for a business.

## **2.3. Diversity and Overall Business Performance**

Studies argue that without good diversity management in the workplace the company is more likely to experience emotional conflicts among employees, miscommunication, power struggle, and higher employee turnover. In this way, the poor diverse workplace would become a major source of weak development of the business (Manoharan et al, 2017).

In its article dated October 27, 2021, the University of North Carolina at Pembroke stresses that businesses need a culture of diversity and inclusion in their workplaces to compete on the global stage. It says that Gartner research indicates that differences of age, gender, ethnicity, and others promote high business performance, and that through 2022, 75% of businesses with diverse and inclusive culture exceed their financial targets. It also says that according to the World Economic Forum, businesses with above-average diversity produce 45% revenue from innovation, while businesses with below-average diversity produce only 25% revenue from innovation. The article mentions that a McKinsey & Company study showed that businesses in the top 25% for racial ethnic and gender diversity were 36% and 25% more likely to achieve superior financial returns.

The article refers to a study conducted by the UK-based Cloverpop that covered 600 business decisions that were undertaken by 200 teams, which shows that diverse teams at businesses outperform individuals about 87% of all times during the decision-making process, make faster decisions, and outperform individuals 73% of all times relative to 58% for all-male teams.

The article indicates that a gender diverse and inclusive team outperforms one that is gender-homogeneous by more than 50%, and that women employees are 34% better in carrying out compromises and 25% better in mentoring and training.

In their study on workforce diversity and employees work performance in Lebanon, Raad & Easa (2020), found out there is a positive relationship between workgroup diversity and the employees' performance. A more diversified team of employees is associated with a better performance of this team. They argue that diversity should be viewed as a business strategy that stimulates the growth of creative performance and the growth of the business's profitability, they also found out that diversity can enhance a company's business due to its ability to create a more creative environment and to gather a diversity of ideas, perceptions, and experiences. In addition, the study revealed that a unit increase in gender diversity, marital status diversity, educational diversity, work experience diversity leads to 0.267, 0.329, 1.132, 0.059, increase in employee work performance respectively.

Leadership expertise is a major factor influencing the performance of a business. Leadership expertise recognizes diversity as a point of strength in a business and works on transforming it into an advantage for the business. When the relationship between a leader and members gradually grows and reflects a greater degree of trust, support, and independence, the results would be better employee loyalty and retention, and a higher level of employee and business productivity (Chuang, 2013).

A study conducted on the relationship between race and gender diversity on one side and business performance on the other side in four large American firms have indicated that such diversity helps these companies in strengthening their competitive advantage. The study stressed that a more diverse workplace leads to a better organization effectiveness and performance (Kochan et al, 2003).

## **2.4. Diversity and Corporate Financial Performance**

Reports and studies have indicated a positive correlation between diversity in a company's workplace and its financial performance: the more diverse is the workplace, the better is the financial performance (Kochan et al, 2003; Richard et al, 2002; Turi et al, 2022; Telyani et al, 2022).

This relationship between diversity in the workplace and the financial performance in companies is best handled by McKinsey & Company in its various past reports, and its January 18, 2018, report significantly sheds light on this relationship. This report covers 1000 companies from 12 countries, and explores diversity at different levels of companies, as well financial performance in terms of profits, earnings, and long-term value creation (or economic profit).

The major findings of the McKinsey and Company's 2018 Report can be highlighted as follows:

1. **Gender Diversity:** This diversity dimension is positively correlated with both profitability and value creation. Companies with a more diverse workplace tend to outperform other companies

with lower diversity (by 21%) and those that have poor diversity (by 27%), as far as diversity is related to executive teams. Also, the executive teams of outperforming companies have more women in line roles than as staff.

2. **Ethnic and Cultural Diversity:** This diversity dimension is positively correlated with the profitability of companies. The racial and cultural diversity among executive teams of companies is 33% more likely to outperform their peers by 33% on profitability.
3. Diverse companies can achieve better financial performance because diversity helps in attracting top talent, improving their customer retention, enhancing customer satisfaction, creating greater collaborative environment, and making the decision-making process more effective.

## **2.5. Workforce Diversity Management**

Workforce diversity management (WDM) pertains to the variety and distinctions among employees within a business or company, encompassing factors such as age, race, ethnicity, culture, religion, gender, language, education, beliefs, lifestyles, appearance, economic status, social status, physical abilities, and sexual orientation (Seliverstova, 2021). According to Fischer (2019), WDM is a managerial strategy crafted to leverage workforce diversity to achieve a company's objectives, primarily enhancing overall performance. Hubbard (2019) defines WDM as the "process of planning, organizing, and supporting these diverse combinations in a manner that tangibly contributes to organizational performance".

Workforce Diversity Management (WDM) is characterized as the administration of the unique attributes of individual employees to improve business performance (Rabl et al, 2020). WDM involves recognizing and valuing the distinctive qualities of employees while upholding principles of equality and nondiscrimination in the workplace (Shore et al, 2018). The concept of WDM revolves around acknowledging individual differences to foster positive working environments and contribute to overall business performance (Li et al, 2020). Widely acknowledged as a crucial management tool, WDM combats workplace discrimination, underscores equal employment opportunities, and advocates fair treatment for employees. It not only enhances social and management practices within a company but also fosters organizational trust, ultimately leading to robust individual and organizational performance (Karolidis et al, 2020).

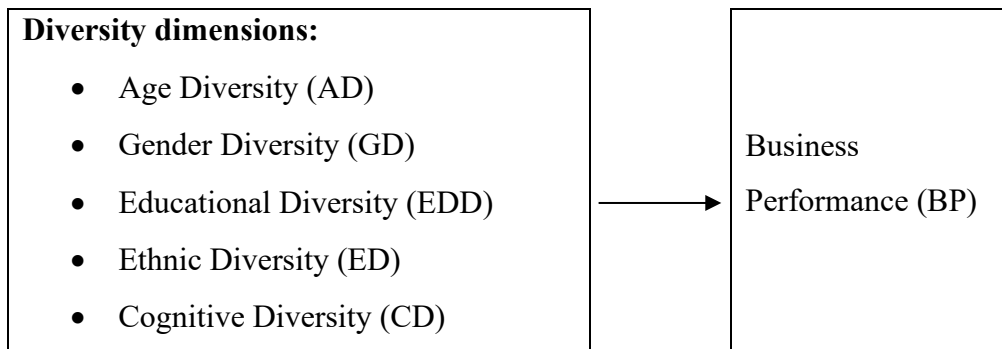
Sinicropi et al. (2020) characterize WDM as a methodology aimed at fostering and sustaining a positive workplace environment where all employee differences are respected. This approach is designed to facilitate sustainable growth by maximizing the potential of the workforce and optimizing their contributions to the organization's strategic goals. Yadav et al. (2020) define WDM as a business strategy with the goal of leveraging unique knowledge, recruiting, and cultivating an inclusive workplace for employees from diverse backgrounds, ultimately enhancing a company's effectiveness and performance. According to Wang et al. (2020), WDM involves managing all individual differences, including race, gender, age, culture, education, background, interests, status, and physical abilities, to support the overall performance of a company.

## **2.6. Conceptual Model**

The conceptual model in this study was developed based on the relationship between dimensions of diversity and the business performance. The dimensions of diversity are the independent variables, and business performance is the dependent variable.

### Independent Variables

### Dependent Variable



## 3. Research Methodology

To investigate the influence of workplace diversity on the business performance of multinational companies, a mixed research approach will be employed. This research will integrate both qualitative and quantitative research methodologies. Qualitative techniques will involve conducting semi-structured interviews with managers from multinational companies, while quantitative methods will entail the distribution of self-administered questionnaires to employees of these companies. The utilization of this mixed research method is instrumental in addressing the research inquiries posed in the study.

The tested hypotheses in this study are the following:

H1: Gender diversity positively affects business performance.

H2: Age diversity positively impact business performance.

H3: Educational diversity positively impacts business performance.

H4: Ethic diversity positively impacts business performance.

H5: Cognitive diversity positively impacts business performance.

The survey questionnaire will be distributed online to (100) employees of multinational companies operating in Lebanon across different industries. On the other hand, the interviews will be conducted with (3) managers of multinational companies operating in Lebanon across different industries.

A purposive sampling technique will be used in this study. Companies which recently became multinational will be communicated with to conduct the study and obtain the data needed to verify the proposed hypothesis. Due to the current financial situation in Lebanon, many multinational companies were forced to shut down their operations. A sample of 103 employees from the currently operating multinational companies in Lebanon can be relevant to the study.

The data used in the study was gathered from primary and secondary sources. The primary data sources consisted of the information gathered from the survey and interviews, namely the responses of employees of multinational companies to the survey questionnaire, and the responses of managers of multinational companies to the interview questions.

The secondary data was obtained from the review of literature on the topic of the study. This data was used to design the conceptual model of the study and to compare and contact the results and findings of the study with the reviewed literature.

In the study, data matrices and content analysis were employed to scrutinize the information gathered through interviews with managers of multinational corporations. The data obtained from the survey of multinational company employees underwent analysis using graphical and visual representations, alongside statistical tests conducted using SPSS software.

## 4. Results

### 4.1. Findings from Interviews

Interviews with three different managers across three different multinational organizations were conducted. Interview questions were derived from previous literature (Turi et al, 2022). The three interviewees define diversity as the inclusion of individuals with different characteristics, perspectives, backgrounds, cultures, viewpoints, identities, and experiences in an organization. They assert that diversity involves creating a welcoming environment that treats everyone in an equal way. They emphasize that diversity has several dimensions such as demographic, religious, socioeconomic, ethnic, geographic, experimental, cognitive, functional, identity, cultural, generational, and ability.

The three interviewees emphasize that diversity in all its dimensions affect positively an organization's performance through several ways, mainly:

1. Enhancing creativity and innovation.
2. Improving the decision-making process.
3. Broadening the talent pool.
4. Increasing customer understanding.
5. Enhancing problem-solving.
6. Improving employee engagement and inclusion.
7. Strengthening adaptation to change.
8. Creating inclusive and respectful work environments.

The three interviewees assert that diversity should cover all levels of an organization, including leadership, management, and employees. They argue that inclusive leadership promotes a culture of diversity and sets an example for others. They also say that diversity in management ensures diverse perspectives in decision-making processes. In addition, they indicate that employee diversity fosters a sense of belonging, increases engagement, and encourages collaboration across all levels.

The three interviewees agree that diversity facilitates innovation and market expansion via the following major routes:

1. Enabling a broader range of perspectives and ideas, leading to better and more creative problem-solving and novel approaches.
2. Enhancing cultural competence, allowing organizations to better understand and cater to diverse customer segments.
3. Encouraging cultural adaptability, which supports expansion in different markets and facilitates international business relationships.
4. Promoting extensive personal networks and connections within employee's respective communities.

The three interviewees agree that there are several strategies and practices that organizations should use for diversity to produce positive outcomes. Following is a mix of their views on this point:

1. Attracting a pool of diverse employees.
2. Diverse interview panel.
3. ERGS.
4. Performance evaluation.
5. Conducting educational sessions for learning about different cultures,
6. Inclusive policies.
7. Diverse talent recruitment.
8. Inclusive culture promotion.
9. Open communication.
10. Leadership accountability.

The three individuals interviewed highlight that an organization with diversity surpasses one without it. They contend that the enhanced performance of a diverse workplace stems from leveraging the varied skill sets and diverse ideas contributed by employees. Additionally, they assert that diversity fosters innovation and results in improved decision-making.



According to Mr. Diab, one of the interviewees, “Embracing diversity at all levels of the organization, from entry-level roles to senior positions, is crucial. It ensures a wide range of perspectives and experiences are considered in decision-making processes, which directly impacts the company's performance. On the other hand, Mrs. Chaine stated the diversity drives innovation and market expansion. It brings varied perspectives, customer insights, and cross-cultural competence. Diverse teams enhance problem-solving, create tailored solutions, and open doors to new business opportunities. Overall, diversity fuels organizational growth.

#### 4.2. Findings from Survey

Of the 100 respondents that participated in the study, 48% were females and 52% were males. Out of the total number of respondents, 40% were married and 60% were not married. These respondents were distributed according to age as follows: 3% above 50 years, 49% between 20 and 30 years, 37% between 31 and 40 years, and 11% between 41 and 50. Out of these respondents, 47% hold a B.A. or B.S. degree, 43% hold a Master's degree, 9% hold a Ph.D. degree, and 1% have a high school degree. According to the employment standard, 10% of the total respondents are not working, and the other 90% are working.

With respect to profession, 4 % of the total respondents were accountants, 9% were bankers and financial professionals, 5% were diplomats, 2% were economists, 1% were graphic designers, 1 % were hospitality professionals, 4% were HR professionals, 6% were architectures, 3% were engineers, 4% were marketing and sales professionals, 10% were school and university instructors, 10% were industrialists and traders, 4% were humanitarian professionals, 1% were management consultants, 2% were IT specialists, 3% were nursers, 3% were UN representatives, and 8% were from the general public or people who are not necessarily affiliated with any specific organization or institution.

#### 4.3. Descriptive Statistics

To examine and evaluate the descriptive statistics of the study, a table (Table 1) was constructed, presenting the mean and standard deviation of both dependent and independent variables. The results indicate that the mean (standard deviation) of the dependent variable, business performance, is 4.515 (0.059). The independent variables exhibit the following values: ethnic diversity 4.19 (0.069), educational diversity 4.57 (0.057), cognitive diversity 4.52 (0.058), age diversity 4.44 (0.064), and gender diversity 4.297 (0.063). The table illustrates that the standard deviation values for all variables (both dependent and independent) are less than 1, signifying that the survey respondents' average responses closely align with the mean values of these variables. Additionally, the standard error and variance values for all variables are also less than 1, reinforcing the same conclusion.

Table 1: Descriptive Statistics

| Variables                                    | Mean  | Standard Error | Standard Deviation | Variance |
|--|-------|----------------|--------------------|----------|
| Ethnic Diversity                             | 4.19  | 0.069          | 0.692              | 0.479    |
| Educational Diversity                        | 4.57  | 0.057          | 0.573              | 0.328    |
| Cognitive Diversity                          | 4.52  | 0.058          | 0.577              | 0.333    |
| Age Diversity                                | 4.44  | 0.064          | 0.641              | 0.411    |
| Gender Diversity                             | 4.297 | 0.063          | 0.625              | 0.391    |
| Dependent Variable<br>(Business Performance) | 4.515 | 0.059          | 0.592              | 0.351    |

**Source:** Database of the researcher from the survey's results.

The Pearson Correlation Test helps in assessing the linear relationship between two variables, and the value of correlation coefficient ( $r$ ) ranges from - 1 to + 1. A value of  $r$  closer to +1 signifies that the variables are positively correlated, thus indicating that the variables are directly proportional, that is as the value of one variable increases the value of the other variable also increases. If  $r$  is closer to -1, then this signifies that the two variables are negatively correlated, meaning that as the value of one variable increases, the value of the other variable decreases. If  $r$  is equal to zero, then this signifies no relationship between the variables.

Now if  $r$  is greater than 0.5, then this indicates a strong correlation between the two variables. If  $r$  is between 0.3 and 0.5, then this indicates a moderate correlation between the two variables. If  $r$  is less than 0.3, then this indicates a weak correlation between the two variables.

The correlation of the five independent variables (gender, ethnic, age, educational and cognitive diversities) with the dependent variable (business performance) is shown in Table 2. The correlation between the independent variables is also shown in the same table, The Pearson correlation test was conducted in the SPSS software, and the values of  $r$  of all variables are positive, indicating that the variables are all positively correlated with the dependent variable.

From the table 2, it is observed that all the independent variables are positively correlated with the dependent variable. As GD increases by 1 point, BP increases by 0.585 point. As ED increases by 1 point, BP increases by 0.748 point. As AD increases by 1 point, BP increases by 0.417 point. As EDD increases by 1 point, BP increases by 0.571 point. As CD increases by 1 point, BP increases by 0.657 point. The correlation coefficients of all variables are significant at the 0.01 level and 0.05 level (two tailed).

The correlation coefficient of the whole model (all independent variables with the dependent variable) is very high at 0.844, thus implying a very strong correlation between the dependent and independent variables. The correlation coefficient between each of gender, ethnic, educational, and cognitive diversity with business performance is strong, and it is relatively moderate between age diversity and business performance.

Table 2: Pearson Correlation Test

| Variables | B       | GD      | ED      | AD      | EDD     | CD |
|-----------|---------|---------|---------|---------|---------|----|
| BP        | 1       |         |         |         |         |    |
| GD        | 0.585** | 1       |         |         |         |    |
| ED        | 0.748** | 0.424** | 1       |         |         |    |
| AD        | 0.417** | 0.422** | 0.379** | 1       |         |    |
| EDD       | 0.571** | 0.510** | 0.412** | 0.245*  | 1       |    |
| CD        | 0.657** | 0.524** | 0.509** | 0.468** | 0.530** | 1  |

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

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

**Source:** Database of the researcher from the survey's results.

The multicollinearity check is carried out to examine for associations between the independent variables, especially when parametric tests such as multiple regressions are conducted. An association between the variables would lower the reliability of the statistical tests. The multicollinearity is checked using the Variance Inflation Factor (VIF) or Tolerance Value (TV) of the independent variables. The acceptable value of VIF is between 0.8 and 10, and that of TV less than 1.

For this study, Table 3 depicts the VIF value and TV of each independent variable, and it is observed that all values of VIF are less than 10, and all values of TV are less than 1, thereby indicating the absence of multicollinearity in this study and, hence, a high reliability of the statistical tests.

Table 3: Multicollinearity Test

| Variables | VIF   | TV    |
|-----------|-------|-------|
| GD        | 0.601 | 1.664 |
| ED        | 0.677 | 1.478 |
| AD        | 0.715 | 1.399 |
| EDD       | 0.625 | 1.600 |
| CD        | 0.528 | 1.894 |

**Source:** Database of the researcher from the survey's results.

#### 4.4. Reliability Test

Reliability equates with consistency among the variables used in the study. This consistency is measured using the reliability coefficient or Cronbach's Alpha. A coefficient value greater than 0.7 indicates internal consistency between variables.

Table 4 shows the value of Cronbach's Alpha for the whole model (i.e. the dependent and independent variables). It is clear from the table that the value of the reliability coefficient is 0.852, indicating consistency among the whole variables.

Table 4: Cronbach's Alpha

| Variables     | Coefficient Value |
|---------------|-------------------|
| All variables | 0.852             |

**Source:** Database of the researcher from the survey's results.

#### 4.5. The Validity Test

The validity of the survey's questionnaire and the study was checked based on three major tests: the pilot test, the correlation coefficient of all model's variables, and the reliability test.

Regarding the pilot test, it was conducted prior to sending questionnaires to the target group (100 respondents) of the survey and the three interviewees, to correct any shortcomings of the questionnaires before administering them to the final respondents. The pilot test of the survey consisted of 10 respondents, and that of the interview consisted of 1 respondent.

The results of the two pilot tests showed that respondents did not have any difficulty in answering the questions and that the questions were simple and easy to understand. As a result of these two pilot tests, no modifications were made to the two questionnaires prior to sending them to the main participants in the survey and the interviews.

With respect to the second test of validity, the regression coefficient of the whole model, and those of the independent variables with the dependent variable (using the Pearson Test) as shown in Table 2, clearly show the strength of correlation between the dependent and independent variables. This strong correlation between these variables signifies the validity of the study's model, as well as the questionnaire.

The third test of the validity of the questionnaires of the study and the study itself is the reliability test as measured by the Cronbach's Alpha coefficient which is 0.852 (greater than 0.7) which reflects internal consistency among variables.

In addition to these three tests of validity, the SPSS results indicated that all cases, variables, or data

passed the requested validity tests.

To study the impact of the combined independent variables (GD, ED, AD, EDD, and CD) on the dependent variable (BP), Table 5 was prepared to show some important indicators of such an impact. The table indicates the following results:

1. The values of R (0.844), R- square (0.712), and adjusted R square (0.697) are quite high, indicating a strong correlation between the whole independent variables combined and the dependent variable. The value of adjusted R-square is 0.697, meaning that all the independent variables explain about 69.7% of the variation in the dependent variable. In other words, the five independent variables are good predictors of the change in the dependent variable.
2. The significance value (p) is zero which is less than 0.05, indicating that the whole independent variables have a significant influence on the dependent variable.
3. The F-value is quite high at 46.453, thus implying that the independent variables do help in predicting the variation in the dependent variable.
4. The value of the standard error of estimate (SEE) of the regression equation, i.e. the coefficients of independent variables, which is 0.34453 is around the value of zero, meaning that the estimated values are close to true values, thus pointing to a good fit of the regression model.
5. The T- statistic is 3.0254 which is greater than the SEE (0.34453), thus implying that the coefficients of the independent variables are not equal to zero, hence indicating the effect of these variables on the dependent variable.

These findings provide an answer to the major research question of the study that the presence of diversity in the workplace of multinational companies improves the business performance of these companies. These findings further support the study's hypotheses that there is a positive impact of each of the independent variables on the business performance of multinational companies.

Table 5: Regression Results of the Whole Model

| Indicator              | Value   |
|------------------------|---------|
| R                      | 0.844   |
| R-Square               | 0.710   |
| Adjusted R-Square      | 0.697   |
| SEE                    | 0.34453 |
| F                      | 46.453  |
| Significance (P-value) | 0.0     |
| T-statistic            | 3.0254  |

**Source:** Database of the researcher from the survey's results.

To study the effect of gender diversity as an independent variable on business performance of multinational companies as a dependent variable, Table 6 was prepared to show some important indicators of this effect.

The table indicates the following results:

1. The value of R which is 0.585 is high, reflecting a strong correlation between GD and BP.
2. The values of R- square (0.342) and adjusted R-square (0.336) are high, indicating that GD explains about 34% of the variation in BP.
3. The significance value (p) is zero which is less than 0.05, indicating a significant influence of GD on BP.
4. The F-value is quite high at 50.99, implying that GD does help in predicting the variations in BP.
5. The T-statistic has a value of 7.14I which is greater than the value of SEE, implying that the coefficient of GD is not equal to zero and that GD influences BP.

Table 6: Regression Results of GD on BP

| Indicator              | Value  |
|------------------------|--------|
| R                      | 0.585  |
| R-Square               | 0.342  |
| Adjusted R-Square      | 0.336  |
| F                      | 50.990 |
| Significance (P-value) | 0.0    |
| T-statistic            | 7.141  |

**Source:** Database of the researcher from the survey's results.

#### 4.6. Findings on the Effect of Diversities on Business Performance

This finding answers the first minor research question that there is a strong impact of GD on BP. The finding also supports the first hypothesis that GD positively impacts BP.

To investigate the impact of age diversity as an independent variable on business performance as a dependent variable, Table 7 was prepared to show key indicators of such effect.

The table indicates the following results:

1. The value of R which is 0.417 is not very high, indicating a moderate correlation between AD and BP.
2. The values of R-square (0.174) and adjusted R-Square (0.165) are not very high, indicating that AD explains about 17% of the variations in BP.
3. The significance value (p) is zero, which is less than 0.05, reflecting a significant influence of AD on BP.
4. The F-value is quite high at 124.684, indicating that AD does help in predicting the variation in BP.
5. The T-Statistic has a value of 11.166 which is greater than the value of SEE 0.41704, implying that the coefficient of AD is not equal to zero and that AD influences BP.

Table 7: Regression Results of AD on BP

| Indicator              | Value  |
|------------------------|--------|
| R                      | 0.417  |
| R-Square               | 0.174  |
| Adjusted R-Square      | 0.165  |
| F                      | 20.593 |
| Significance (P-value) | 0.0    |
| T-statistic            | 4.538  |

**Source:** Database of the researcher from the survey's results.

This finding answers the second minor research question that there is an impact of AD on BP, and supports the second hypothesis that AD positively impacts BP.

To explore the effect of educational diversity as an independent variable on business performance as a dependent variable, Table 8 was prepared to show key indicators of such effect.

The table indicates the following results:

1. The value of R which is 0.571 is high, indicating a strong correlation between EDD and BP.
2. The values of R square (0.326) and adjusted R- square (0.319) are high and indicating that EDD explains about 32% of the variation in BP.
3. The significance value (p) is zero, which is less than 0.05, thus reflecting a significant influence of EDD on BP.

4. The F-value is quite high at 47.478, thus implying that EDD does help in predicting the variation in BP.
5. The F-statistic has a value of 6.89 which is greater than the value of SEE which is 0.51596, thus indicating that the coefficient of EDD is not equal to zero, and that EDD influences BP.

Table 8: Regression Results of EDD on BP

| Indicator              | Value  |
|------------------------|--------|
| R                      | 0.571  |
| R-Square               | 0.326  |
| Adjusted R-Square      | 0.319  |
| F                      | 47.478 |
| Significance (P-value) | 0.0    |
| T-statistic            | 6.89   |

**Source:** Database of the researcher from the survey's results.

This finding answers the third minor research question that there is an impact of EDD on BP, and supports the third hypothesis that EDD positively affects BP.

To study the impact of ethnic diversity as an independent variable on business performance as a dependent variable, Table 9 was prepared to show key indicators of this impact.

The table shows the following results:

1. The value of R which is 0.748 is high, thus pointing to a strong correlation between ED and BP.
2. The values of R- square (0.560) and adjusted R-square (0.555) are high and indicating that ED explains about 56% of the variation in BP.
3. The significant value (p) is zero, which is less than 0.05, hence implying a significant influence of ED on BP.
4. The F- value is quite high at 124.684, hence implying that ED does help in predicting the variation in BP.
5. The T-statistic has a value of 11.166 which is greater than the value of SEE which is 0.41704, thus implying that the coefficient of ED is not equal to zero and that ED influences BP.

Table 9: Regression Results of ED on BP

| Indicator              | Value   |
|------------------------|---------|
| R                      | 0.748   |
| R-Square               | 0.560   |
| Adjusted R-Square      | 0.555   |
| F                      | 124.684 |
| Significance (P-value) | 0.0     |
| T-statistic            | 11.166  |

**Source:** Database of the researcher from the survey's results.

This finding answers the fourth minor research question that there is an impact of ED on BP, and supports the fourth hypothesis that ED positively affects BP.

To investigate the effect of cognitive diversity as an independent variable on business performance as a dependent variable, Table 10 was prepared to show key indicators of this effect.

The table shows the following results:

1. The value of R which is 0.657 is high thus indicating a strong correlation between CD and BP.
2. The values of R-square (0.431) and adjusted R- square (0.425) are high and implying that CD explains about 42.5% of the variation in BP.
3. The significant value (p) zero and is less than 0.05, thus indicating a significant influence of

CD on BP.

4. The F- value is quite high at 74.234, hence indicating that CD does help in predicting the variation in BP.
5. The T-statistic has a value of 8.616 which is greater than the value of SEE (0.4742), hence indicating that the coefficient of CD is not equal to zero and that CD influences BP.

Table 10: Regression Results of CD on BP

| Indicator              | Value  |
|------------------------|--------|
| R                      | 0.657  |
| R-Square               | 0.431  |
| Adjusted R-Square      | 0.425  |
| F                      | 74.234 |
| Significance (P-value) | 0.0    |
| T-statistic            | 8.616  |

**Source:** Database of the researcher from the survey's results.

This finding answers the fifth minor research question that there is an impact of CD on BP, and supports the fifth hypothesis that CD positively impacts BP.

The results demonstrate that diversity in the workplace of multinational companies has the power to enhance employee morale, lower employee turnover, foster communication, increase collaborations, promote better value generation, strengthen employee productivity, increase the business competitive edge, and hence support the overall business performance as well-as its success and growth.

This finding is in conformity with several previous studies related to this point, such as Turi et al (2022), Robenson (2019), Daniels (2001), Miller and Katz (2002), Telyani et al (2022), Manoharan et al (2017), Kochen et al (2003), and McKinsey and Co. (2018).

Findings suggest that the business performance of multinational companies is enhanced if diversity covers all levels of the business, i.e. leadership, management, and employees; and if different dimensions of diversity are considered such as age, gender, ethic, educational and cognitive diversities. This finding is in alignment with some previous research, mainly Turi et al (2022), Robinson (2019), Miller and Katz (2002), Kochan et al (2003), McKinsey and Co. (2018), Urbancova et al (2020), and Mousa et al (2020).

The findings demonstrate that to ensure that diversity have a positive impact on the business performance of multinational companies, it is essential to promote awareness about the importance of diversity, training on diversity practices, corporate governance, accountability, ethics, trust, and a conducive environment. This finding matches the insights of some previous researchers, mainly Turi et al (2022), Telyani et al (2022), and Miller and Katz (2002).

The results demonstrate that diversity with its various dimensions (mainly those included in this study) empowers multinational companies to have stronger financials (sales, revenues, profits). This finding is in accordance with the research done by several researchers, mainly Kochan et al (2003), Richard et al (2022), Turi et al (2022), Telyani et al (2022), and McKinsey and Co. (2018).

## 5. Conclusion

In conclusion, this study provides empirical evidence on the positive impact of workplace diversity on business performance in multinational companies. The findings demonstrate that all five dimensions of diversity examined - age, gender, ethnicity, education, and cognitive diversity - have a significant positive effect on performance, with ethnic diversity being the most influential. These results suggest

that diversity management is a critical strategic priority for multinational companies seeking to enhance their competitiveness and success in global markets. The findings make several contributions to the literature on diversity management and business performance. First, it extends previous research by examining multiple dimensions of diversity in a multinational context, providing a more comprehensive and nuanced understanding of the benefits of diversity. Second, it highlights the particular significance of ethnic diversity for multinational companies, suggesting that cultural differences can be a source of innovation and adaptation in global markets. Third, it offers practical recommendations for companies seeking to promote diversity and inclusion, such as leadership commitment, employee training, and accountability measures.

However, the study also has several limitations that should be acknowledged. The sample size and scope of the study are relatively limited, focusing on a small number of companies and countries. The cross-sectional design of the study does not allow for causal inferences about the relationship between diversity and performance. The study relies on subjective measures of business performance, which may be influenced by respondent biases or perceptions. Despite these limitations, the study makes a valuable contribution to the growing body of research on diversity management and business performance. It highlights the strategic importance of diversity for multinational companies and offers practical insights for managers seeking to create more inclusive and effective workplaces. As companies continue to navigate the challenges and opportunities of global markets, diversity management will remain a critical factor in their success and sustainability. Future research could build on these findings by examining the mechanisms and boundary conditions that influence the relationship between diversity and performance, such as organizational culture, industry, or national context. Longitudinal or experimental studies could provide stronger evidence of the causal impact of diversity on performance over time. Comparative studies could also explore the relative importance of different dimensions of diversity in different contexts or regions.

The following recommendations can be proposed to promote the business performance of multinational companies.

1. Multinational companies should encourage diversity of age and gender which involves better exchange of experiences in the workplace, and hence better performance on the business level.
2. Multinational companies should focus on employing individuals with different educational levels and backgrounds to support the overall business performance.
3. Multinational companies must have a mix of individuals with different cultures, languages, and religions as this is crucial to have a comprehensive atmosphere in the workplace that will reflect positively on the overall business performance.
4. Multinational companies should hire and retain individuals with different cognitive abilities, a factor that fosters exchange of knowledge and experiences, and hence promotes business performance.

The study focused on five dimensions of diversity, namely age, gender, ethnic, educational, and cognitive diversities. Future researchers would focus on other dimensions of diversity such as race, marital status, physical and mental ability, income, sexual orientation, occupation, geographic location, and other diversities.

This study also focused on respondents from the following countries: Lebanon, Turkey, Switzerland, Jordan, United Kingdom, Germany, Iraq, Cuba, Guinea, Italy, France and Spain. Future researchers could include more countries to increase the generalizability of the results. This would provide further insights that can be more applicable to different companies and countries.



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