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The Effect of Workforce Diversity on Employee Performance: Evidence from the North West Region of Ethio Telecom

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BAHIR DAR UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

**The Effect of Workforce Diversity On Employee Performance:
Evidence from The North West Region of Ethio Telecom**

By

Abiy Tesfaye Mahateme

June 2026

Bahir Dar

BAHIR DAR UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

MASTERS OF BUSINESS ADMINISTRATION PROGRAM (MBA)

The Effect of Workforce Diversity on Employee Performance:
Evidence from the North West Region of Ethio Telecom

By:

Abiy Tesfaye Mahateme

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

Advisor

Abay Tekalign (PhD)

JUNE 2026

BAHIR DAR,

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Declaration

I declare that the thesis entitled “***The Effect of Workforce Diversity on Employee Performance: Evidence from the North West Region of Ethio Telecom***” submitted in partial fulfillment of the requirements for the degree of Masters of Business Administration of Department of Management, Bahir Dar University is a record of original work carried out by me in line with the regulations of the university and meets an accepted standard with respect to originality and quality.

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Approval of Thesis for Defence

I hereby certify that I have supervised, read, and evaluated this thesis entitled “The Effect of Workforce Diversity on Employee Performance: Evidence from the North West Region of Ethio Telecom” by Abiy Tesfaye prepared under my guidance and I recommend the thesis be submitted for defense.

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Approval of Thesis for Result

As members of the board of examiners, we have examined this thesis entitled “**The Effect of Workforce Diversity on Employee Performance: Evidence from the North West Region of Ethio Telecom**” by Abiy Tesfaye. We hereby certify that the thesis is accepted for fulfilling the requirements for the award of the degree of Master of Business Administration.

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Chair Person	_____	_____

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ABSTRACT

Workforce diversity has become a central organisational concern in large service institutions, yet limited empirical evidence exists on how it influences employee performance within Ethiopian regional operational settings, particularly in the telecommunications sector. This study was therefore conducted to examine the effect of four workforce diversity dimensions—gender, age, educational, and work experience diversity on employee performance, guided by the Resource-Based View, Social Identity Theory, Information and Decision-Making Theory, and Inclusion Theory. The study was carried out in the North West Region of Ethio Telecom, Bahir Dar, Ethiopia. A quantitative, non-experimental descriptive correlational design was adopted, using a cross-sectional survey questionnaire to collect data from a proportionally stratified random sample of 250 permanent employees drawn from regional shops and the regional office, out of a population of 660. Collected data were analysed using SPSS Statistics, applying descriptive statistics, Cronbach's alpha reliability testing, Pearson's correlation, and multiple linear regression analysis. Findings revealed statistically significant positive relationships between all four diversity dimensions and employee performance, with educational diversity showing the strongest effect ($\beta = .329$, $p < .001$, $M = 3.85$, $SD = 0.50$), followed by work experience diversity ($\beta = .302$, $p < .001$, $M = 3.76$, $SD = 0.52$), age diversity ($\beta = .261$, $p < .001$, $M = 3.74$, $SD = 0.48$), and gender diversity ($\beta = .187$, $p = .001$, $M = 3.73$, $SD = 0.50$); the model explained 71.2% of the variance in employee performance ($R^2 = .712$). Employee performance registered a moderately high mean ($M = 3.40$, $SD = 0.63$), the highest dispersion among all variables, indicating greater variability in performance perceptions. The study concludes that inclusive management of workforce diversity meaningfully strengthens employee performance, and recommends targeted diversity recruitment, structured cross-generational mentoring, and inclusive leadership development to fully leverage these benefits, while calling for further research extending this analysis to other regions and sectors.

Keywords: *Resource-Based View, Inclusion Theory, stratified random sampling, multiple regression analysis, human resource management*

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List of Acronyms and Abbreviations

Acronym	Full Meaning
ANOVA	Analysis of Variance
CEO	Chief Executive Officer
df	Degrees of Freedom
F	F-statistic (used in ANOVA and regression)
H1–H5	Research Hypotheses 1 through 5
HR	Human Resources
IRB	Institutional Review Board
M	Mean
n / N	Sample Size / Total Population Size
NWR	North West Region
OECD	Organisation for Economic Co-operation and Development
p	Probability Value
P–P Plot	Probability-Probability Plot
r	Pearson Correlation Coefficient
R ²	Coefficient of Determination
RBV	Resource-Based View
SD	Standard Deviation
SPSS	Statistical Package for the Social Sciences
t	t-statistic
VIF	Variance Inflation Factor
α	Cronbach's Alpha
β / β_0	Standardised Regression Coefficient / Constant
ε	Error Term

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Workforce diversity has become a central concern in contemporary human resource management due to its increasing influence on organisational effectiveness, innovation, and employee outcomes. In general terms, workforce diversity refers to the variety of differences among employees within an organisation, encompassing though not limited to gender, age, ethnicity, educational background, religion, and professional experience. In modern organisations, particularly those operating in service-oriented and technology-driven sectors, diversity is no longer viewed merely as a compliance requirement but as a strategic asset capable of enhancing organisational performance when effectively managed (Shore et al., 2018).

Globally, organisations have increasingly embraced diversity management practices as a means of improving productivity and competitiveness. Empirical studies suggest that diverse work environments, when accompanied by inclusive management systems, can enhance creativity, problem-solving capacity, and employee engagement (Guillaume et al., 2017). However, the impact of workforce diversity on employee performance is not automatic. It is highly dependent on organisational culture, leadership practices, and the extent to which inclusion is actively promoted within the workplace (Roberson, 2019). Poorly managed diversity may lead to communication barriers, social categorisation, and reduced team cohesion, all of which can negatively affect performance outcomes.

From a theoretical perspective, the relationship between workforce diversity and employee performance is frequently explained through the resource-based view (RBV) and theories of inclusion. The RBV posits that human resources particularly diverse skills and perspectives constitute valuable and inimitable assets that can enhance organisational performance when properly utilised (Barney, 1991). Complementing this, inclusion theory emphasises that diversity alone is insufficient; employees must feel valued, respected, and integrated into decision-making processes for diversity to translate meaningfully into performance gains (Shore et al., 2018). Together, these theoretical perspectives underscore the complexity of directly linking diversity to performance outcomes.

At the macroeconomic level, recent multinational studies have reinforced the business case for diversity. McKinsey & Company (2020) reported that organisations with higher gender and ethnic diversity are significantly more likely to outperform their less diverse counterparts in terms of profitability and productivity. Similarly, the OECD (2020) highlights that inclusive workplaces contribute to improved employee motivation and reduced turnover rates, underscoring diversity's broader organisational relevance.

In the African context, workforce diversity is particularly salient given the continent's rich ethnic, linguistic, and cultural variation (Mazibuko, 2022). Nonetheless, many organisations continue to struggle with fully integrating diversity into their human resource strategies a challenge prevalent across Sub-Saharan Africa (Kamoche, 2000). In Ethiopia, public and private organisations are increasingly exposed to workforce diversity as a consequence of regional expansion, representation policies, and rising educational attainment (Nigusie & Kim, 2022; World Bank, 2025). Within this context, the telecommunications sector plays a pivotal role in national development, with Ethio Telecom serving as a key driver of digital transformation and employment (ITWeb Africa, 2026).

Research on workforce diversity in telecommunications suggests that a heterogeneous employee composition, while potentially enhancing innovation and service delivery, also presents challenges related to communication, teamwork, and performance management if not effectively governed (Assefa, 2008; Ayele, 2021). Despite the growing importance of diversity in organisational settings, limited empirical evidence focuses specifically on its impact on employee performance within the Ethiopian telecommunications sector (Kerga & Asefa, 2018; Mulu & Zewdie, 2021; Testa et al., 2024). Most existing studies have concentrated on general human resource practices or broader organisational performance outcomes, with insufficient attention given to regional operational units such as the North West Region of Ethio Telecom. This creates a contextual and empirical gap that necessitates further investigation.

Moreover, while global studies have established a positive relationship between workforce diversity and performance under inclusive conditions (Shore et al., 2018; Roberson, 2019), the extent to which these findings are applicable within developing country contexts remains uncertain. Factors such as organisational structure, leadership style, and socio-cultural

dynamics may shape the diversity performance relationship differently from what has been observed in other institutional settings. As noted by Kerga and Asefa (2018), the value of workplace diversity represents a key business consideration. Understanding how workforce diversity affects employee performance in the North West Region of Ethio Telecom is therefore essential for informing human resource policies and improving organisational effectiveness. This study is positioned within this context to examine how diverse employee characteristics interact with performance outcomes in a structured telecommunications environment, thereby contributing to both academic knowledge and practical human resource management strategies.

1.2 Statement of the Problem

In recent years, workforce diversity has evolved from a peripheral human resource concern into a central organisational issue, particularly in large service institutions where employees differ markedly in age, educational background, gender, work experience, and socio-cultural orientation. In principle, such diversity is expected to improve organisational effectiveness by broadening perspectives, strengthening problem-solving capacity, and enhancing adaptability to evolving operational demands (Roberson, 2019). Yet practical organisational experience reveals that diversity does not automatically produce these positive outcomes.

Within Ethio Telecom, especially in the North West Region, employees operate in an environment characterised by increasing service demands, ongoing technological transitions, and the imperative for efficient coordination across functional units. The regional workforce reflects notable differences in demographic and professional characteristics. While this diversity holds the potential to enrich organisational capability, it may also generate challenges associated with communication patterns, interpersonal relations, team cohesion, and work coordination conditions that may directly or indirectly influence employee performance.

The central problem, however, is that although workforce diversity is increasingly visible in Ethiopian public enterprises, limited empirical evidence exists to explain how it actually affects employee performance within regional operational settings. Kerga and Asefa (2018) explicitly identified this gap, observing that little research has been conducted on this topic within the Ethiopian context and within Ethio Telecom specifically. More recently, Mehari,

Birbirsa, and Dinber (2024) similarly sought to fill perceived gaps in empirical studies in the Ethiopian context. Existing studies have largely concentrated on broad human resource management practices, employee satisfaction, or general organisational productivity (Mulu & Zewdie, 2021; Mehari et al., 2024), with relatively little attention devoted to the specific relationship between workforce diversity and employee performance in the telecommunications sector. Where diversity has been examined, much of the available literature remains descriptive rather than analytical, relying on simple correlations and leaving uncertainty about whether diversity functions as a performance-enhancing resource or a managerial challenge (Kerga & Asefa, 2018; Ethiopian Airlines Study, 2025).

This gap is particularly significant in the case of the North West Region of Ethio Telecom, where employee effectiveness is critical to service quality, customer responsiveness, and operational continuity. In the absence of context-specific evidence, management decisions concerning recruitment, team composition, and diversity-related workplace practices may continue to rely on assumptions rather than empirical understanding. Consequently, the organisation may fail to fully realise the potential advantages of workforce diversity while unresolved diversity-related tensions continue to impair performance outcomes.

Although international research generally suggests that well-managed diversity can improve employee outcomes (Shore et al., 2018; McKinsey & Company, 2020), the applicability of these findings to Ethiopian institutional realities remains insufficiently examined. Organisational culture, regional social dynamics, and administrative structures may shape the diversity–performance relationship differently from what has been observed in other settings. It is this empirical and contextual limitation that gives rise to the present study, which therefore seeks to examine how workforce diversity influences employee performance in the North West Region of Ethio Telecom, with the aim of generating evidence that can support more informed human resource decisions and improve organisational effectiveness.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study is to examine the effect of workforce diversity on employee performance in the North West Region of Ethio Telecom.

1.3.2 Specific Objectives

Specifically, this study aims to attain the following objectives:

1. To examine the effect of gender diversity on employee performance in the North West Region of Ethio Telecom.
2. To assess the influence of age diversity on employee performance among employees in the North West Region of Ethio Telecom.
3. To determine the effect of educational diversity on employee performance in the North West Region of Ethio Telecom.
4. To evaluate the influence of work experience diversity on employee performance among employees in the North West Region of Ethio Telecom.
5. To examine the overall relationship between workforce diversity and employee performance in the North West Region of Ethio Telecom.

1.4 Research Hypotheses

In quantitative research, hypotheses translate the research problem into testable propositions, thereby providing a clear analytical direction. Accordingly, based on the literature reviewed in Chapter Two, the present study formulates the following hypotheses concerning the influence of workforce diversity dimensions on employee performance in the North West Region of Ethio Telecom:

H1: Gender diversity has a significantly positive effect on employee performance in the North West Region of Ethio Telecom.

H2: Age diversity has a significantly positive effect on employee performance in the North West Region of Ethio Telecom.

H3: Educational diversity has a significantly positive effect on employee performance in the North West Region of Ethio Telecom.

H4: Work experience diversity has a significantly positive effect on employee performance in the North West Region of Ethio Telecom.

H5: Workforce diversity, taken collectively, has a significantly positive relationship with employee performance in the North West Region of Ethio Telecom.

1.5 Scope of the Study

This study focuses on examining the impact of workforce diversity on employee performance in the North West Region of Ethio Telecom. Geographically, the study is bounded by this regional operational setting. The choice of this region is based on its organisational relevance, workforce diversity, and administrative importance within the broader structure of Ethio Telecom. The findings will therefore be interpreted within the institutional realities of this region and are not intended to be generalised to all branches or operational regions of the company across Ethiopia.

The study is restricted to permanent employees of the North West Region. In terms of content, it concentrates on the relationship between four measurable diversity variables gender diversity, age diversity, educational diversity, and work experience diversity and employee performance, operationalised through task accomplishment, work efficiency, quality of service delivery, and general effectiveness. The study does not extend to broader human resource issues such as employee motivation, compensation, job satisfaction, leadership style, or organisational culture, except where such issues become indirectly relevant in interpreting findings.

Methodologically, the study adopts a quantitative research approach, with data collected through structured questionnaires. The study is cross-sectional rather than longitudinal, examining workforce diversity and employee performance as they exist at the time of data collection and not seeking to trace historical changes or predict long-term future trends.

1.6 Significance of the Study

This study is expected to make meaningful contributions at both theoretical and practical levels. Theoretically, it adds to the growing body of knowledge on workforce diversity by providing empirical evidence from the Ethiopian telecommunications sector, particularly from the North West Region of Ethio Telecom. Since much of the existing literature has been developed in different institutional and socio-economic contexts, this study helps extend

understanding of how diversity relates to employee performance within a regional public enterprise setting in Ethiopia.

In practical terms, the findings may assist managers and human resource practitioners in Ethio Telecom to better understand how differences in age, gender, educational background, and work experience influence employee effectiveness, thereby supporting more informed decisions in recruitment, staff placement, team composition, and workplace integration. At the policy level, the study may inform organisational leaders in designing diversity-sensitive human resource policies that promote inclusion and improve performance outcomes. Finally, the study will serve as a reference point for future researchers by providing context-specific evidence that can stimulate further investigation into workforce diversity and employee performance in other sectors or regions of Ethiopia.

1.7 Definition of Terms

For clarity and consistency, the following terms are used in this study in the specific sense indicated below.

Employee Performance: The degree to which an employee effectively carries out assigned duties and contributes to organisational goals through productivity, quality of work, efficiency, and timely task completion (Aguinis, 2019).

Workforce Diversity: The presence of differences among employees in demographic and professional characteristics such as age, gender, educational background, ethnicity, and work experience within a given organisation (Shore et al., 2018). In this study, the term refers specifically to gender, age, educational background, and work experience.

Gender Diversity: The representation and interaction of employees of different genders within the workplace, particularly in relation to work roles, participation, and contribution to organisational objectives (Shore et al., 2018).

Age Diversity: The extent to which employees in an organisation belong to different age groups, thereby bringing varying levels of maturity, experience, and work perspectives (Kunze, Boehm, & Bruch, 2013).

Educational Diversity: Differences in employees' academic qualifications, professional training, and formal educational attainment, which may influence knowledge application and work performance (Guillaume et al., 2017).

Work Experience Diversity: Variation among employees in terms of length of service, prior occupational exposure, and accumulated practical knowledge within and outside the organisation (Roberson, 2019).

1.8 Rationale for the Study

The growing emphasis on workforce diversity in modern organisations has made it increasingly important to understand how differences among employees influence workplace outcomes, particularly employee performance. In the context of public service organisations such as the North West Region of Ethio Telecom, where service efficiency and employee effectiveness are critical, understanding this relationship is both timely and necessary. Despite increasing workforce diversity, limited empirical clarity exists on whether such diversity consistently enhances or hinders employee performance in practice.

The motivation for this study arises from the observable gap between theoretical expectations and organisational realities. While global literature often suggests that workforce diversity improves innovation, decision-making, and productivity, these outcomes are not always guaranteed in developing country contexts where structural, cultural, and managerial differences may shape how diversity is experienced. In the Ethiopian telecommunications sector and particularly within the North West Region of Ethio Telecom insufficient evidence explains how diversity dimensions translate into measurable employee performance outcomes. This study therefore provides an opportunity to generate context-specific evidence that reflects current organisational conditions and supports the development of more effective diversity management strategies.

1.9 Organisation of the Study

This research is organized into five chapters. Chapter One presents the introduction, encompassing the background of the study, statement of the problem, research objectives, hypotheses, scope, significance, and definition of terms. Chapter Two provides the theoretical

framework, empirical review, and conceptual framework of the study. Chapter Three describes the research methodology, including the study area, research design, population and sampling techniques, data collection methods, analytical approach, validity and reliability assessment, and ethical considerations. Chapter Four presents the data analysis, findings, and discussion of results. Chapter Five concludes the study with a summary of key findings, conclusions drawn from the evidence, and recommendations for practice and future research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Theoretical Framework

The relationship between workforce diversity and employee performance has attracted growing scholarly attention because contemporary organisations increasingly rely on heterogeneous human resources to remain competitive, innovative, and adaptive. In organisational studies, workforce diversity is not treated merely as a demographic phenomenon; rather, it is understood as a strategic organisational condition that influences communication, cooperation, knowledge exchange, and ultimately employee effectiveness. In this study, workforce diversity is examined through four measurable dimensions-gender diversity, age diversity, educational diversity, and work experience diversity while employee performance is treated as the outcome variable.

2.1.1 Definitions and Concepts

Workforce diversity refers to the existence of differences among employees with respect to demographic, social, and professional characteristics such as gender, age, educational background, ethnicity, religion, and experience (Shore et al., 2018). In organisational settings, these differences shape how employees interact, solve problems, and contribute to organisational goals.

Gender diversity refers to the representation of employees of different genders in the workplace and is commonly associated with variation in viewpoints, work styles, and social interaction patterns that may affect task execution and teamwork (Roberson, 2019). Age diversity refers to the presence of employees from different age groups within the same organisation; age-diverse teams often combine youthful adaptability with mature experience, although generational differences may also affect communication and expectations (Kunze et al., 2013). Educational diversity refers to differences in employees' academic qualifications, training backgrounds, and professional knowledge bases, with diverse educational experiences potentially contributing varied technical perspectives that enhance decision quality and innovation (Guillaume et al., 2017). Work experience diversity refers to variation in employees' tenure, prior occupational exposure, and accumulated practical knowledge a form of heterogeneity that may improve problem-solving and operational flexibility (Roberson, 2019).

Employee performance refers to the degree to which employees effectively accomplish assigned duties in terms of productivity, service quality, work efficiency, and goal attainment (Aguinis, 2019). In service organisations such as Ethio Telecom, employee performance is particularly important because it directly affects customer responsiveness, operational continuity, and service delivery quality. Theoretically, workforce diversity can affect employee performance in both positive and negative ways. Positive effects arise when diverse employees contribute complementary knowledge, broader viewpoints, and adaptive capabilities, while negative effects may emerge when differences generate social categorisation, communication barriers, or interpersonal conflict. For this reason, the diversity–performance relationship requires theoretical grounding rather than simple assumption.

2.1.2 Theories Relevant to the Study

1. Resource-Based View (RBV)

The Resource-Based View, developed by Barney (1991), argues that organisations gain sustained competitive advantage when they possess valuable, rare, inimitable, and non-substitutable resources. Human resources constitute one of the most important strategic assets because employees possess knowledge, skills, experience, and capabilities that competitors cannot easily replicate. From this perspective, workforce diversity becomes valuable because employees with different backgrounds bring diverse cognitive resources, experiences, and competencies. Gender diversity may widen perspectives; age diversity may combine innovation with maturity; educational diversity may increase analytical depth; and work experience diversity may enrich practical problem-solving. The RBV is particularly relevant in the context of the North West Region of Ethio Telecom, which operates in a technologically dynamic and service-intensive environment where properly managed diversity may function as a strategic organisational resource.

2. Social Identity Theory

Social Identity Theory, originally developed by Tajfel and Turner (1986), explains how individuals classify themselves and others into social categories such as gender, age group, ethnicity, or educational status. These categorisations create in-groups and out-groups that may shape workplace interactions. In diverse organisations, employees may identify more strongly

with others who share similar characteristics, and such social categorisation can produce bias, reduced cohesion, stereotyping, or communication difficulties. This theory is important for the present study because differences in age, education, and experience among employees in Ethio Telecom's North West Region may influence interpersonal relationships, coordination, and collaboration, helping to explain why diversity does not always translate automatically into improved employee performance.

3. Information and Decision-Making Theory

The Information and Decision-Making Theory, associated with Williams and O'Reilly (1998), suggests that diversity enhances organisational effectiveness because heterogeneous groups possess broader informational resources, varied experiences, and different cognitive perspectives. Diverse employees are likely to generate more alternatives, challenge routine assumptions, and improve decision quality. This theory is relevant to the present study because employees in Ethio Telecom perform technical, customer service, and administrative tasks that require communication, coordination, and adaptive problem-solving. Educational and experience diversity, in particular, may strengthen employee performance by improving the quality of decisions and responses to work-related challenges.

4. Inclusion Theory

Inclusion Theory emphasises that workforce diversity alone is insufficient to improve outcomes; rather, employees must feel valued, respected, and meaningfully involved in organisational processes (Shore et al., 2018). The theory argues that organisations benefit from diversity only when differences are not merely tolerated but actively integrated into work practices, participation, and decision-making. Without inclusion, diversity may exist numerically but fail to contribute positively to performance. This theory is especially relevant to the present study because Ethio Telecom is a large public service organisation where coordination, teamwork, and shared responsibility are essential. Performance gains may not emerge unless employees perceive fairness, belonging, and mutual respect. Accordingly, this study adopts the theoretical position that workforce diversity is neither inherently beneficial nor inherently harmful; its effect on employee performance depends on how demographic and professional differences interact with organisational conditions.

2.2 Empirical Review

Recent empirical literature generally supports the argument that workforce diversity can positively influence employee performance, though the direction and magnitude of that influence vary across contexts. A study by Roberson (2019) found that diversity tends to improve employee effectiveness when accompanied by inclusive organisational practices. Similarly, Shore et al. (2019) reported that diversity improves engagement and task performance when employees perceive fairness and belonging.

Within the Ethiopian context, Mulu and Zewdie (2021) found that diversity management dimensions particularly gender, ethnicity, and religion had a statistically significant positive relationship with organisational performance in Ethio Telecom's South West Region. Yordanos (2025) similarly reported that gender diversity, age diversity, educational diversity, and work-related social integration positively influenced employee performance in the Central West Region of Ethio Telecom. Ijigu et al. (2022), focusing on high-performance work systems within Ethio Telecom, found that employee capability diversity and flexible work behaviour improved performance through ambidexterity mechanisms.

Outside Ethiopia, Ali et al. (2020) found that in Pakistani telecommunications firms, educational diversity significantly improved creativity and service responsiveness, while age diversity showed mixed effects. Ng and Sears (2020) found that age diversity positively affected performance when supported by cooperative team norms but negatively affected performance in conflict-prone teams. Kundu and Mor (2021) reported that gender-diverse teams in Indian service organisations demonstrated stronger customer orientation and improved service quality. Van Knippenberg et al. (2020) observed that diversity enhances performance primarily when task complexity is high, with weaker effects noted in routine work settings.

In East African contexts, Kiprono and Odhong (2022) found that educational diversity improved analytical capacity in Kenyan public organisations, and Munyeki (2022) found that work experience diversity positively influenced operational reliability and mentoring behaviour in East African telecommunications institutions. Alemayehu (2023) found that demographic diversity positively affected performance indirectly through teamwork quality in Ethiopian public-sector organisations. Gebremedhin and Fekadu (2024) found that work experience

diversity improved operational learning but could create role-based status tensions, while Mekonnen (2024) noted that age diversity sometimes generated communication difficulties between senior and junior employees in Ethiopian service-sector organisations.

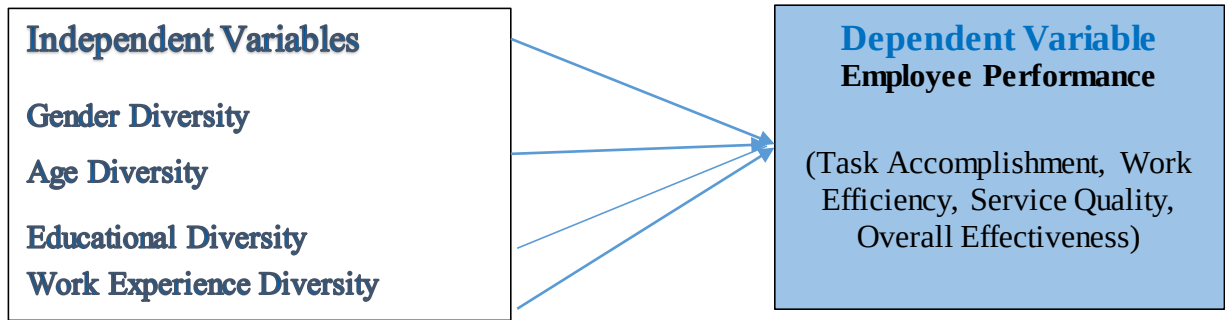
Several patterns emerge from the collective literature. First, most recent studies report a generally positive relationship between workforce diversity and employee performance. Second, the relationship is typically conditional rather than automatic, with leadership quality, inclusion, communication climate, and task structure frequently determining whether diversity produces positive outcomes. Third, educational diversity and work experience diversity tend to be stronger predictors of employee effectiveness than simple demographic diversity. Fourth, African and Ethiopian evidence remains limited, particularly at the level of regional operational units. Despite this growing body of literature, the North West Region of Ethio Telecom has received little empirical attention, leaving a contextual gap regarding how gender, age, education, and work experience diversity affect employee performance in this specific operational environment that the present study seeks to address.

2.3 Conceptual Framework

A conceptual framework provides the analytical structure that guides the study by showing how the independent variables are expected to relate to the dependent variable. In this study, workforce diversity is the independent variable, operationalised through four measurable dimensions: gender diversity, age diversity, educational diversity, and work experience diversity. The dependent variable is employee performance, measured in terms of task accomplishment, work efficiency, service quality, and overall effectiveness.

The framework assumes that differences among employees influence how work is performed. Gender diversity may broaden viewpoints and work approaches; age diversity may combine youthful adaptability with mature judgment; educational diversity may strengthen knowledge application and problem-solving; and work experience diversity may enhance practical competence and operational learning. The framework also recognises, however, that these relationships may not always be uniformly positive, as diversity may reduce performance when differences create communication barriers or weaken team cohesion.

The conceptual logic is drawn primarily from Barney's (1991) Resource-Based View, Shore et al.'s (2018) Inclusion Theory, and empirical diversity performance models employed in recent workforce diversity studies in Ethiopian telecommunications contexts (Mulu & Zewdie, 2021; Yordanos, 2025).



Source: Adapted from Barney (1991), Shore et al. (2018), and Roberson (2019).

Figure 2.1: Conceptual Framework of the Study

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Study Area

This study was conducted in the North West Region of Ethio Telecom, one of the major operational regions of Ethio Telecom in Ethiopia. The region encompasses the northwestern part of the country, including Bahir Dar and surrounding administrative zones. Ethio Telecom is the leading telecommunications service provider in Ethiopia and plays a significant role in digital communication, mobile services, internet provision, and technological development. The North West Region maintains a diverse workforce composed of employees with different gender profiles, age groups, educational backgrounds, and levels of work experience, making it a suitable and contextually relevant setting for examining the impact of workforce diversity on employee performance.

3.1.1 Study Design

A quantitative, non-experimental descriptive correlational design was employed (Sukanya, 2026). This design is appropriate given the study's intention to describe current diversity characteristics and to analyse statistical relationships between diversity dimensions and employee performance, without manipulating any variables. The correlational design allows for assessment of the direction and magnitude of relationships between the independent variables (diversity dimensions) and the dependent variable (employee performance). The study does not seek to establish causal claims but rather to examine hypotheses that diversity is associated with performance outcomes within the current organisational context.

3.1.2 Research Approach

The study adopted a quantitative research approach. Data were collected numerically primarily through a Likert-scale questionnaire and subjected to statistical analysis. A quantitative approach is well suited to testing specific hypotheses and measuring each diversity dimension and performance indicator objectively. Relationships between variables were quantified using means, correlations, and regression analysis computed through well-established statistical instruments and software tools, consistent with prior diversity–performance research (Bernarte et al., 2025).

3.1.3 Study Population

The study population comprised all permanent employees of Ethio Telecom in the North West Region, covering staff members at the regional and branch offices in Bahir Dar and surrounding zones. The workforce exhibits internal heterogeneity in terms of gender, age, educational qualification, and functional role (technical, administrative, and managerial). According to internal HR records, the region has approximately 660 permanent employees, who constituted the population from which the sample was drawn.

3.1.4 Target Population

The target population of this study comprised all permanent employees of the North West Region of Ethio Telecom. According to Ogula (2005), a population refers to any group of institutions, people, or objects sharing common characteristics. As presented in Table 3.1, the total study population was 660 permanent employees distributed across seventeen site locations.

Table 3.1: Total Population of the Study

Site Location (Shop Name)	Population
Abaymado	10
Bahirdar 1	21
Bahirdar 2	16
Bahirdar 3	14
Bichena	16
Bure	11
Chagni	11
Dangila	18
Debre Markos	72
Debre Markos 2	12
Dejen	15
Finoteselam	36
Kosober	35
Lumamie	9
Mertolemariam	9

Motta	23
Region (Head Office)	332
Total	660

Source: North West Region HR Department, 2026.

3.1.5 Sampling Technique

Stratified random sampling was employed in this study to ensure proportional representation of employees from all site locations. The total population was stratified into seventeen strata corresponding to the shop or site location. Simple random sampling was subsequently applied within each stratum to select respondents in accordance with proportional allocation, whereby sample sizes from each stratum are kept proportional to their respective population sizes. This approach ensures that the sample is representative of the organisational diversity across the entire North West Region.

3.1.6 Sample Size Estimation

The sample size was determined using Slovin's formula: $n = \frac{N}{1+Ne^2}$ where N represents the population size and e denotes the desired margin of error (Mburu, 2026). With N = 660 and an acceptable margin of error of 5% (e = 0.05), the formula yields $n \approx 250$ respondents. To account for possible non-response, questionnaires were distributed to approximately 270 employees (representing a 10% buffer), ensuring that at least 250 usable responses would be obtained. The proportional sample sizes for each stratum are presented in Table 3.2.

Table 3.2: Sample Size Distribution by Stratum

Site Location	Population	Proportion Formula	Sample Size
Abaymado	10	$10 \times 270 / 660$	4
Bahirdar 1	21	$21 \times 270 / 660$	9
Bahirdar 2	16	$16 \times 270 / 660$	7
Bahirdar 3	14	$14 \times 270 / 660$	7
Bichena	16	$16 \times 270 / 660$	7
Bure	11	$11 \times 270 / 660$	4

Chagni	11	11×270/660	4
Dangila	18	18×270/660	8
Debre Markos	72	72×270/660	29
Debre Markos 2	12	12×270/660	5
Dejen	15	15×270/660	6
Finoteselam	36	36×270/660	14
Kosober	35	35×270/660	13
Lumamie	9	9×270/660	4
Mertolemariam	9	9×270/660	4
Motta	23	23×270/660	10
Region (Head Office)	332	332×270/660	135
Total	660	—	270

Source: Own survey computation, 2026.

3.1.7 Data Collection Methods

Primary data were collected using a structured, self-administered questionnaire comprising four sections: (a) demographic information (age, gender, education, and work experience); (b) diversity perception measures (perceived gender mix, age heterogeneity, educational backgrounds, and experiential variation); and (c) employee performance indicators (self-reported task accomplishment, work quality, efficiency, and customer service orientation). Most items employed standardized five-point Likert scales anchored at 1 (Strongly Disagree) and 5 (Strongly Agree). The instrument was adapted from validated sources in the extant literature and pre-tested on a small group for clarity and comprehensibility prior to full administration. Questionnaires were distributed in person over a data collection period of two to four weeks, with only voluntary and consenting employees included.

3.1.8 Method of Data Analysis

The collected data were coded and analysed using the SPSS Statistics software package. The analysis plan encompassed: (a) descriptive statistics, including frequencies, means, and standard deviations, to characterize the sample and the study variables; (b) reliability analysis using Cronbach's alpha (threshold $\alpha \geq 0.70$) to assess the internal consistency of multi-item

scales; (c) Pearson correlation analysis to examine bivariate relationships between diversity dimensions and employee performance; and (d) multiple linear regression analysis to test the study hypotheses, with statistical significance determined at $p < .05$. All regression assumptions including linearity, normality of residuals, multicollinearity, autocorrelation, and homoscedasticity were tested and verified prior to reporting the regression results. The regression model takes the following form:

$$y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \varepsilon$$

Where: Y = Employee Performance; X_1 = Gender Diversity; X_2 = Age Diversity; X_3 = Educational Diversity; X_4 = Work Experience Diversity; β_0 = Constant; β_1 – β_4 = Regression coefficients; ε = Error term.

3.1.9 Validity and Reliability

3.1.9.1 Validity

Validity refers to the degree to which a measurement instrument accurately measures what it is intended to measure (Kothari, 2004). In this study, validity was established primarily through content validity, which ensures that questionnaire items adequately and representatively capture the constructs under investigation. The questionnaire was developed through a thorough review of relevant literature and previously validated instruments drawn from workforce diversity and employee performance research (Shore et al., 2018; Roberson, 2019; Aguinis, 2019). The initial instrument comprised 33 items designed to measure four workforce diversity dimensions alongside employee performance indicators. Content validity was further verified through expert review conducted by the research advisor, who assessed the appropriateness, representativeness, and relevance of each item relative to the study constructs.

A pilot test was subsequently administered to 30 employees drawn from Ethio Telecom's North West Region who were not included in the final sample. The pilot test served three primary purposes: (a) to assess the clarity and comprehensibility of each item; (b) to identify potential response difficulties or ambiguities; and (c) to estimate the time required for questionnaire completion. Based on the feedback obtained, three items were rephrased to enhance conceptual clarity, and the final version of the questionnaire was retained at 33 items.

3.1.9.2 Reliability

Reliability refers to the consistency and stability of measurements produced by a research instrument across repeated administrations. In this study, internal consistency reliability was assessed using Cronbach's alpha coefficient, with a threshold value of 0.70 or above considered acceptable for social science research, as recommended by Hair et al. (1998). As presented in Table 3.3, the overall Cronbach's alpha computed from the pilot test data was 0.857, reflecting a high level of internal consistency among the 33 items. This result confirms that the scale items cohesively and reliably measure the underlying constructs of workforce diversity and employee performance. The instrument was therefore deemed dependable and suitable for the main data collection phase.

Table 3.3: Reliability Statistics

Cronbach's Alpha	Number of Items
0.857	33

Source: Pilot test results, 2026.

3.1.10 Ethical Considerations

The study adhered to standard principles of research ethics throughout all phases of data collection and reporting. Participation was entirely voluntary, and no employee was coerced into completing the questionnaire. Written informed consent was obtained from each participant following an explanation of the study's purpose, procedures, expected duration, and any potential risks, in accordance with established research ethics guidelines (Bhandari, 2021). Participants were informed of their right to withdraw at any time without penalty. Confidentiality was strictly maintained: questionnaires were anonymised (with no names or personal identifiers on responses), and data were stored securely in password-protected files. Only aggregate results are reported, ensuring that no individual respondent is identifiable in any output. The study protocol was submitted to the relevant institutional authority for ethical clearance prior to data collection, in line with Ethiopian research regulations and university requirements.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Introduction

This chapter presents the results of the empirical investigation into the relationship between workforce diversity and employee performance at the North West Region of Ethio Telecom. The chapter is organised into several interconnected sections: it begins with an assessment of the response rate, followed by a demographic profile of respondents, an examination of the instrument's reliability, and a descriptive analysis of the key study variables. The chapter subsequently presents inferential analyses comprising Pearson product-moment correlation and multiple linear regression to evaluate the direction, strength, and statistical significance of the hypothesised relationships. The chapter concludes with hypothesis testing and a comprehensive discussion of the findings in relation to the existing literature.

4.2 Response Rate

A self-administered structured questionnaire was distributed to a total of 270 employees drawn from the North West Region of Ethio Telecom. Of these, 250 questionnaires were returned within the stipulated data collection period, yielding a response rate of 92.6%. The remaining 20 questionnaires (7.4%) were not returned and were therefore excluded from the analysis. The 250 usable responses constituted the dataset upon which all subsequent analyses were conducted. The achieved response rate of 92.6% is considered highly satisfactory. Mugenda and Mugenda (1999) established that a response rate of 50% is adequate for analysis, 60% is good, and 70% and above is deemed excellent. Accordingly, the response rate in the present study substantially exceeds the threshold for excellence, lending credibility to the representativeness of the sample and the robustness of the findings.

4.3 Demographic Profile of Respondents

This section presents the socio-demographic characteristics of the survey participants, including gender, age, educational qualification, marital status, work experience, and current job position. Understanding the demographic profile of respondents is essential for contextualising the findings and for assessing the representativeness of the sample.

4.3.1 Gender Distribution

Table 4.1 presents the gender distribution of the 250 survey respondents. The data indicate that 161 respondents (64.4%) are male and 89 respondents (35.6%) are female. This distribution reflects the broader gender composition of Ethio Telecom's North West Region workforce, where male employees constitute the majority. The predominance of male respondents is consistent with patterns documented in the Ethiopian telecommunications sector and in many Sub-Saharan African public enterprises, where gender parity in employment remains an ongoing organisational development challenge (Adhikari, 2024).

Table 4.1: Gender Distribution of Respondents

Gender	Frequency	Percent (%)
Female	89	35.6
Male	161	64.4
Total	250	100.0

Source: Own Survey Result, 2026.

4.3.2 Age Distribution

Table 4.2 presents the age distribution of the respondents. The largest age cohort comprises those between 25 and 35 years old (88 respondents; 35.2%), followed by those above 40 years (85 respondents; 34.0%), those in the 36–40 age bracket (43 respondents; 17.2%), and those below 24 years of age (34 respondents; 13.6%). Collectively, these figures indicate that the majority of employees are working-age adults with a considerable proportion of experienced, mid-to-senior career professionals. This age distribution has theoretical relevance to the present study, as age diversity is associated with intergenerational knowledge transfer and may positively influence organisational performance (Talavera, Yin & Zhang, 2021).

Table 4.2: Age Distribution of Respondents

Age Category	Frequency	Percent (%)
Below 24 years	34	13.6
25–35 years	88	35.2

36–40 years	43	17.2
Above 40 years	85	34.0
Total	250	100.0

Source: Own Survey Result, 2026.

4.3.3 Educational Qualification

The educational background of respondents is depicted in Table 4.3. Of the 250 respondents, 152 (60.8%) hold a master's degree and 98 (39.2%) hold a bachelor's degree. The dominance of master's degree holders indicates a highly educated workforce within Ethio Telecom's North West Region. This finding is noteworthy in the context of the study, as educational diversity has been consistently associated with enhanced organisational innovation, problem-solving capacity, and employee performance (Mehari, Birbirs & Dinber, 2024).

Table 4.3: Educational Qualification of Respondents

Educational Level	Frequency	Percent (%)
Bachelor's Degree	98	39.2
Master's Degree	152	60.8
Total	250	100.0

Source: Own Survey Result, 2026.

4.3.4 Marital Status

Table 4.4 presents the marital status distribution of the survey respondents. A substantial majority of 193 respondents (77.2%) are married, while 34 (13.6%) are single and 23 (9.2%) are divorced or widowed. The predominance of married employees may have implications for organisational policies related to work–life integration and family-friendly workplace arrangements factors increasingly recognised as moderators of employee performance and retention.

Table 4.4: Marital Status of Respondents

Marital Status	Frequency	Percent (%)
Single	34	13.6
Married	193	77.2
Divorced / Widowed	23	9.2
Total	250	100.0

Source: Own Survey Result, 2026.

4.3.5 Work Experience

Table 4.5 illustrates the distribution of respondents according to their years of service at Ethio Telecom's North West Region. The overwhelming majority — 149 individuals (59.6%) — have accumulated over 15 years of work experience, while 55 respondents (22.0%) have between 11 and 15 years of experience, 38 respondents (15.2%) have served between 6 and 10 years, and only 8 respondents (3.2%) have 1–5 years of experience. The heavily skewed distribution toward long-tenured employees reflect a highly experienced and institutionally embedded workforce. While such longevity implies deep organisational knowledge and stability, it also warrants attention to the diversity of experience levels, as a mix of tenured and newer employees can stimulate knowledge exchange and organisational learning (Bashir et al., 2021).

Table 4.5: Work Experience of Respondents at Ethio Telecom NWR

Years of Experience	Frequency	Percent (%)
1–5 years	8	3.2
6–10 years	38	15.2
11–15 years	55	22.0
Over 15 years	149	59.6
Total	250	100.0

Source: Own Survey Result, 2026.

4.3.6 Current Job Position

Table 4.6 presents the distribution of respondents by their current job title or position. Customer service employees constitute the largest occupational group (114 respondents; 45.6%), followed by those in managerial positions (62 respondents; 24.8%), other unspecified roles (42 respondents; 16.8%), administrative staff (21 respondents; 8.4%), and technical staff (11 respondents; 4.4%). The dominance of customer-facing roles reflects the operational structure of a telecommunications organisation, while the representation of managerial staff enriches the dataset with perspectives on diversity management and performance evaluation.

Table 4.6: Current Job Position of Respondents

Job Position	Frequency	Percent (%)
Administrative	21	8.4
Technical	11	4.4

Customer Service	114	45.6
Managerial	62	24.8
Other	42	16.8
Total	250	100.0

Source: Own Survey Result, 2026.

4.3.7 Reliability Analysis

Prior to conducting inferential analyses, the internal consistency of the measurement instrument was assessed using Cronbach's alpha coefficient. According to Hair et al. (1998), a Cronbach's alpha value of 0.70 or above is considered acceptable, indicating that the scale items consistently measure the same underlying construct. As shown in Table 4.7, the overall Cronbach's alpha for the 33-item instrument used in this study was 0.857, indicating an exceptionally high level of internal consistency. This result confirms that the measurement tool reliably captures the constructs of workforce diversity dimensions and employee performance, providing confidence in the validity of the subsequent analyses.

Table 4.7: Reliability Statistics

Content	Cronbach's Alpha	Number of Items
Gender Diversity	0.858	5
Age Diversity	0.892	5
Education Diversity	0.858	5
Employee Performance	0.913	13
Work Experience Diversity	0.857	5
Total	0.857	33

Source: Own Survey Result, 2026.

4.4 Descriptive Analysis of Workforce Diversity Dimensions and Employee Performance

This section presents a descriptive statistical summary of the study's independent variables — Gender Diversity, Age Diversity, Educational Diversity, and Work Experience Diversity — and the dependent variable, Employee Performance. Responses were measured on a five-point Likert scale anchored at 1 (Strongly Disagree) and 5 (Strongly Agree). Mean scores were categorised using an interval width of 0.80, derived from the formula $(5 - 1) \div 5 = 0.80$

(Gorski et al., 2005), yielding the following classification: 1.00–1.80 = Very Low; 1.81–2.60 = Low; 2.61–3.40 = Moderately High; 3.41–4.20 = High; 4.21–5.00 = Very High.

Table 4.8: Descriptive Statistics for Workforce Diversity Dimensions and Employee Performance

Variable	N	Mean	Std. Deviation	Interpretation
Gender Diversity	250	3.73	.498	High
Age Diversity	250	3.74	.482	High
Educational Diversity	250	3.85	.501	High
Work Experience Diversity	250	3.76	.520	High
Employee Performance	250	3.40	.634	Moderately High

Source: Own Survey Result, 2026.

The descriptive results in Table 4.8 reveal several noteworthy patterns. Educational Diversity recorded the highest mean score ($M = 3.85$, $SD = 0.50$), positioning it firmly within the high range and suggesting that employees at Ethio Telecom NWR perceive a considerable degree of diversity in terms of academic qualifications and fields of training. Educational heterogeneity is theoretically associated with enhanced capacity for creative problem-solving and organisational innovation (Adhikari, 2024). Work Experience Diversity also yielded a high mean score ($M = 3.76$, $SD = 0.52$), with a relatively higher standard deviation implying greater inter-individual variability in perceptions, possibly attributable to differences in departmental composition or hierarchical position. Age Diversity was perceived as high ($M = 3.74$, $SD = 0.48$), with a notably low standard deviation indicating strong consensus among respondents, while Gender Diversity received a mean of 3.73 ($SD = 0.50$). The dependent variable, Employee Performance, registered the lowest mean ($M = 3.40$, $SD = 0.63$) and the highest standard deviation, suggesting greater dispersion in performance perceptions across the sample. This gap between diversity perceptions and performance outcomes underscores the importance of effective diversity management practices as a mediating mechanism (Mehari, Birbirs & Dinber, 2024).

4.5 Inferential Analysis

Inferential statistics were employed to examine the nature, direction, and magnitude of relationships between workforce diversity dimensions and employee performance, and to test the study's hypotheses. Pearson product-moment correlation analysis was used to assess bivariate

associations, while multiple linear regression was applied to determine the relative contribution of each independent variable to the prediction of employee performance (Zhang et al., 2017).

4.5.1 Correlation Analysis

Pearson product-moment correlation coefficients (r) were computed to examine the linear associations between the four workforce diversity dimensions and employee performance. The benchmark for interpreting correlation strength follows the classification proposed by Kotrlík et al. (2011), as presented in Table 4.9.

Table 4.9: Correlation Coefficient Benchmark

No.	Correlation Coefficient (r)	Strength of Association
1	0.01–0.09	Negligible
2	0.10–0.29	Low
3	0.30–0.49	Moderate
4	0.50–0.69	Strong
5	0.70 and above	Very Strong

Source: Kotrlík, Atherton, Williams, & Jabor (2011).

Table 4.10 presents the Pearson correlation matrix for all study variables. All four workforce diversity dimensions demonstrated statistically significant positive correlations with employee performance at the 0.01 significance level. Educational Diversity exhibited the strongest association with employee performance ($r = .612$, $p < .01$), indicating a strong positive relationship. Work Experience Diversity ($r = .589$, $p < .01$) and Age Diversity ($r = .554$, $p < .01$) also demonstrated strong correlations, while Gender Diversity showed a moderate but statistically significant positive correlation ($r = .421$, $p < .01$).

Table 4.10: Pearson Correlation Matrix

Variable	Gender Div.	Age Div.	Edu. Div.	Work Exp. Div.
Gender Diversity	1.000			
Age Diversity	0.318**	1.000		
Educational Diversity	0.274**	0.256**	1.000	
Work Experience Diversity	0.312**	0.327**	0.301**	1.000

Employee Performance	0.421**	0.554**	0.612**	0.589**
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**** Correlation is significant at the 0.01 level (2-tailed). Source: Own Survey Result, 2026.**

4.5.2 Regression Analysis Assumptions

Prior to conducting multiple linear regression analysis, all relevant assumptions were tested to ensure the validity and reliability of the model results, consistent with established methodological requirements (Van der Walt & Boshoff, 2017).

4.5.2.1 Multicollinearity Test

Multicollinearity was assessed using Tolerance and Variance Inflation Factor (VIF) statistics. Acceptable ranges are Tolerance values between 0.1 and 1.0 and VIF values between 1 and 10, indicating the absence of problematic multicollinearity. As shown in Table 4.11, the Tolerance values ranged from 0.827 to 0.859 and VIF values ranged from 1.164 to 1.209, well within acceptable limits. Multicollinearity was therefore not a concern in the present model.

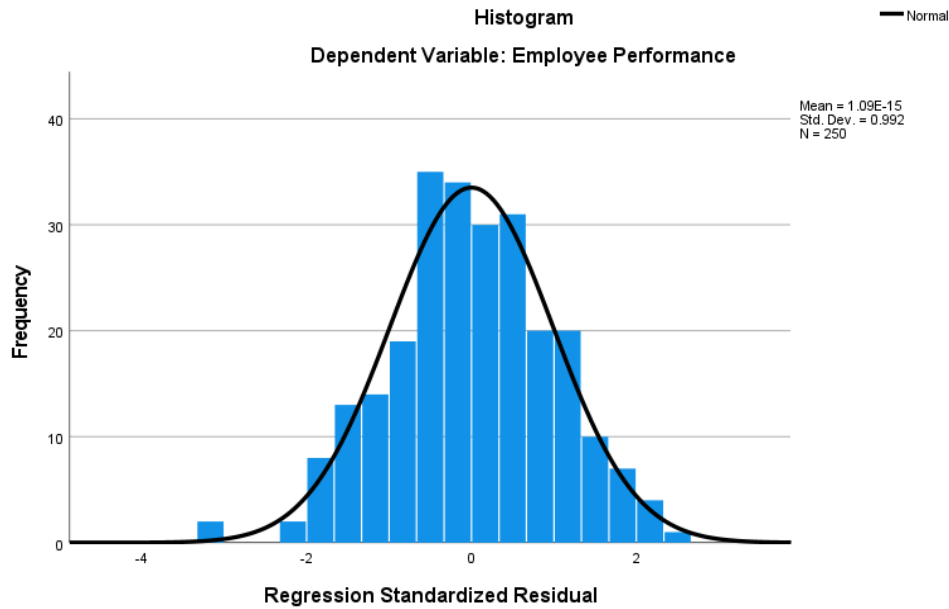
Table 4.11: Multicollinearity Test Results

Variable	Sig.	Tolerance	VIF
(Constant)	.108	—	—
Gender Diversity	.000	.827	1.209
Age Diversity	.000	.853	1.172
Educational Diversity	.000	.841	1.189
Work Experience Diversity	.000	.859	1.164

Dependent Variable: Employee Performance. Source: Own survey, 2026.

4.5.2.2 Normality Test

One key assumption of multiple linear regression is that the residuals (error terms) of the model are normally (Darlington, 1968) To assess this, the Normal Probability the histogram of standardized residuals is commonly used.



Source; (Own survey 2026)

Figure 4.1 the distribution of a dataset

As shown from the above figure 4.1 the x-axis shows the residual values, and the y-axis indicates their frequency, with the highest frequency around the mean (0). The data appears to approximately follow a normal distribution. So, this implies that the normality assumption is satisfied (the graph makes bell shape).

4.5.2.3 Linearity Assumption

For this study, the researcher additionally tests the linearity assumption. Regression presupposes that variables are linearly related (Berry and Feldman, 1985). Visual inspection of the P-P plot was used to determine linearity. If there are no outliers in the regression, linearity is satisfied. This study's linearity figure shows that there are no significant outliers from the regression line. This shows that the linearity assumption is fully satisfied.

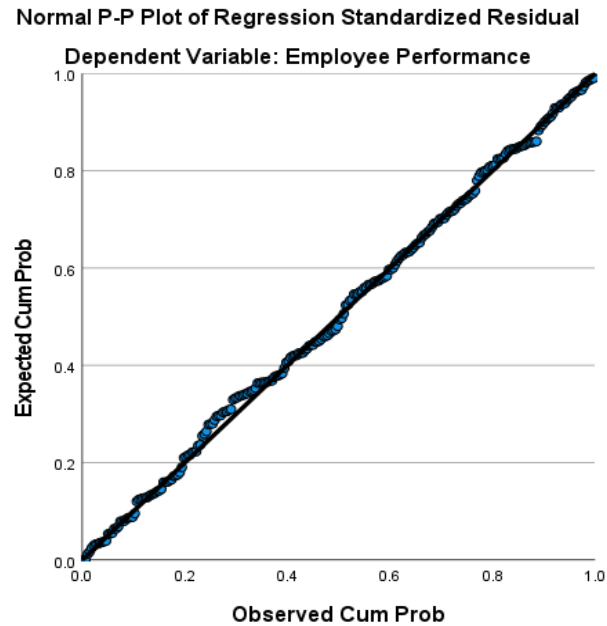


Figure 4.2 P-P Plots with Fit Line

As shown the above figure-4.2 the dots are lie on the diagonal line so linearity assumption is satisfied

4.5.2.4 Autocorrelation Test

The Durbin–Watson statistic was used to detect autocorrelation in the model residuals. Values close to 2.0 indicate the absence of autocorrelation (Todman & Dugard, 2001). As presented in Table 4.12, the Durbin–Watson value was 2.024, which is sufficiently close to 2.0 to confirm that the autocorrelation assumption was satisfied.

Table 4.12: Autocorrelation Test (Durbin–Watson)

Model	Durbin–Watson
1	2.024

*Predictors: (Constant), Work Experience Diversity, Age Diversity, Educational Diversity, Gender Diversity.
Source: Own survey, 2026.*

4.5.2.5 Homoscedasticity Test

The variance of the residual is constant. In this study plot of standardized residual vs. standardized predicted values showed no sign of funneling, suggesting the assumption of

homoscedasticity has been met. In addition to that According to Tabachnick and Fidell (2007) Homoscedasticity is related to normality and when the normality assumption is met the relationship between the variables is said to be homoscedastic

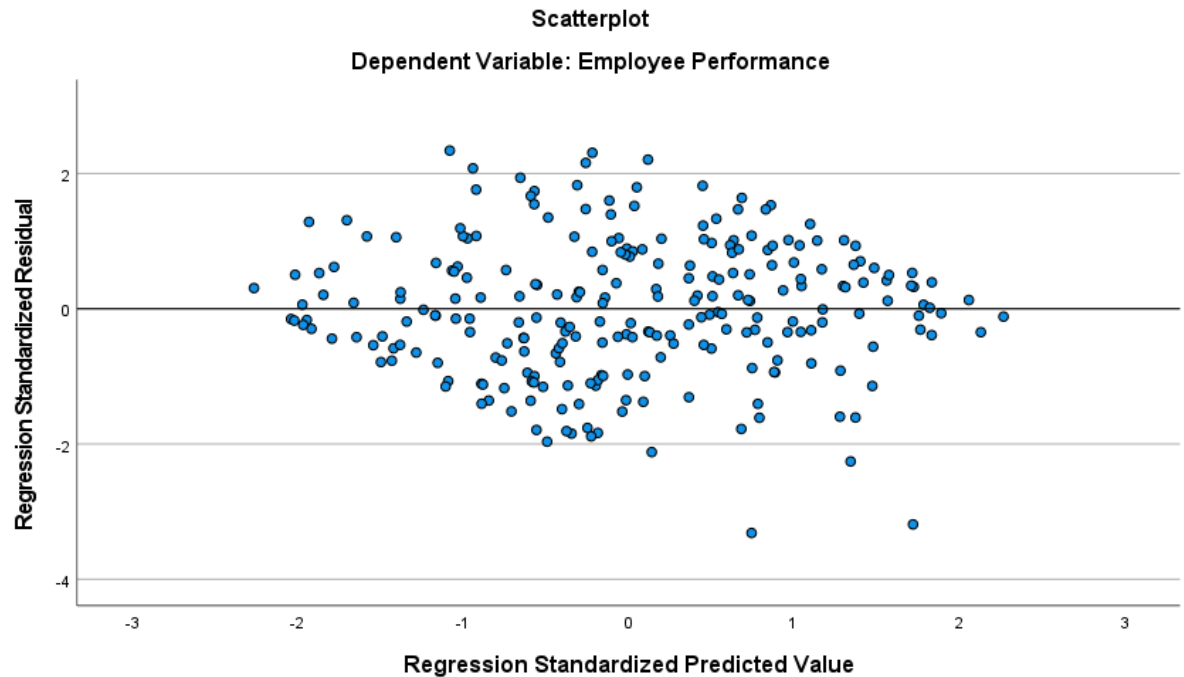


Figure 4. 3 Scatter Plot of Regression of Standardized Residual

Based on the scatterplot output above, it appears that the spots are spread and do not form a clear specific pattern, so it can be concluded that the regression model does not occur the heteroscedasticity problem.

4.6 Multiple Linear Regression Analysis

Multiple linear regression analysis was conducted to assess the combined and individual predictive contributions of the four workforce diversity dimensions on employee performance. The analysis proceeded in three stages: model fit assessment, analysis of variance (ANOVA), and evaluation of individual regression coefficients. All regression assumptions had been verified prior to this analysis.

4.6.1 Model Summary

The model summary presented in Table 4.13 indicates that the regression model accounts for a substantial proportion of the variance in employee performance. The coefficient of determination (R^2) is .712, indicating that the four predictor variables jointly explain 71.2% of the total variance in employee performance. The adjusted R^2 of .695 provides a more conservative estimate that accounts for the number of predictors, confirming that 69.5% of the variance in the dependent variable is explained by the model. These values indicate a strong model fit and demonstrate that workforce diversity dimensions are robust predictors of employee performance at Ethio Telecom NWR.

Table 4.13: Model Summary

R	R²	Adjusted R²	Std. Error of Estimate
.844	.712	.695	.348

*Predictors: (Constant), Gender Diversity, Age Diversity, Educational Diversity, Work Experience Diversity.
Source: Own Survey Result, 2026.*

4.6.2 ANOVA

The ANOVA results summarised in Table 4.14 confirm the overall statistical significance of the regression model. The F-statistic of $F(4, 245) = 136.957$, $p < .001$, indicates that the regression model as a whole is highly significant and that the linear combination of the four predictors significantly explains variation in employee performance beyond what would be expected by chance.

Table 4.14: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	66.332	4	16.583	136.957	.000
Residual	29.665	245	.121		
Total	95.997	249			

Dependent Variable: Employee Performance. Source: Own Survey Result, 2026.

4.6.3 Regression Coefficients

Table 4.15 presents the standardised and unstandardised regression coefficients for each predictor variable. All four diversity dimensions emerged as statistically significant predictors of employee performance at $p < .05$.

Table 4.15: Regression Coefficients

Variable	B (Unstd.)	Std. Error	Beta (β)	t	Sig.
(Constant)	0.412	0.198	—	2.081	.038
Gender Diversity	0.198	0.061	0.187	3.246	.001
Age Diversity	0.276	0.058	0.261	4.759	.000
Educational Diversity	0.341	0.057	0.329	5.982	.000
Work Experience Diversity	0.312	0.055	0.302	5.673	.000

Dependent Variable: Employee Performance. Source: Own Survey Result, 2026.

The regression equation derived from Table 4.15 is as follows:

$$\text{Employee Performance} = 0.412 + 0.187(\text{Gender Diversity}) + 0.261(\text{Age Diversity}) + 0.329(\text{Educational Diversity}) + 0.302(\text{Work Experience Diversity})$$

The regression equation reveals that holding all independent variables constant, employee performance would register a baseline value of 0.412. Among the individual predictors, educational diversity emerged as the strongest contributor ($\beta = .329$, $t = 5.982$, $p < .001$), indicating that a unit increase in educational diversity is associated with a 0.341unit increase in employee performance. Work experience diversity was the second strongest predictor ($\beta = .302$, $t = 5.673$, $p < .001$), followed by age diversity ($\beta = .261$, $t = 4.759$, $p < .001$) and gender diversity ($\beta = .187$, $t = 3.246$, $p = .001$). All four predictors returned statistically significant coefficients, underscoring the robustness of their individual contributions to employee performance. Collectively, these findings demonstrate that fostering workforce diversity across gender, age, educational background, and work experience dimensions significantly enhances employee performance, affirming the strategic importance of inclusive human resource management within the study context.

4.7 Hypothesis Testing

The study investigated the effect of four workforce diversity dimensions Gender Diversity, Age Diversity, Educational Diversity, and Work Experience Diversity on employee performance at Ethio Telecom's North West Region. The following five directional hypotheses were subjected to empirical testing based on the regression and model results.

H1 examined whether Gender Diversity exerts a statistically significant positive effect on employee performance. The regression results indicate that Gender Diversity is a significant and positive predictor ($\beta = .187$, $t = 3.246$, $p = .001$). H1 is accordingly supported. H2 evaluated whether Age Diversity significantly and positively affects employee performance. The analysis reveals a significant positive effect ($\beta = .261$, $t = 4.759$, $p < .001$), supporting H2. H3 tested whether Educational Diversity has a significant positive effect on employee performance. The results confirm this relationship, with Educational Diversity emerging as the strongest predictor in the model ($\beta = .329$, $t = 5.982$, $p < .001$), and H3 is therefore supported. H4 assessed whether Work Experience Diversity significantly and positively influences employee performance. A significant positive effect was confirmed ($\beta = .302$, $t = 5.673$, $p < .001$), supporting H4. H5 examined whether workforce diversity, taken collectively, has a significantly positive relationship with employee performance. The overall regression model is significant ($R^2 = .712$, $F(4, 245) = 136.957$, $p < .001$), indicating that the four diversity dimensions collectively explain a substantial proportion of the variance in employee performance. H5 is consequently supported.

Table 4.16: Summary of Hypothesis Testing Results

H	Predictor → Outcome	Beta (β)	t-value	p-value	Result
H1	Gender Div. → Employee Performance	.187	3.246	.001	Supported
H2	Age Div. → Employee Performance	.261	4.759	.000	Supported
H3	Edu. Div. → Employee Performance	.329	5.982	.000	Supported
H4	Work Exp. Div. → Employee Performance	.302	5.673	.000	Supported
H5	Collective Diversity → Performance	$R^2=.712$	$F=136.957$	.000	Supported

Note: $p < .05$. Source: Own Survey Result, 2026.

4.8 Discussion of Results and Findings

The findings of this study provide compelling empirical evidence for the positive and significant influence of workforce diversity operationalised through gender, age, educational,

and work experience dimensions on employee performance within a large public telecommunications enterprise in Ethiopia.

The correlation analysis confirmed that all four diversity dimensions are positively and significantly associated with employee performance. Educational Diversity demonstrated the strongest bivariate correlation ($r = .612$), followed by Work Experience Diversity ($r = .589$), Age Diversity ($r = .554$), and Gender Diversity ($r = .421$). These results align with findings from the broader literature, which consistently identifies educational and experiential heterogeneity as critical enablers of organisational performance. As documented by Verma (2020), diverse academic and professional backgrounds within teams foster cognitive variety, enhance collaborative problem-solving, and ultimately translate into superior performance outcomes.

The multiple regression model yielded an adjusted R^2 of .695, indicating that the four diversity dimensions collectively account for 69.5% of the variance in employee performance. The model was statistically significant ($F(4, 245) = 136.957, p < .001$), confirming its explanatory power. These findings are broadly consistent with the conclusions of Adhikari (2024), whose empirical study found that positive perceptions of diversity dimensions including gender, age, and educational background were significantly associated with improved employee attitudes and performance outcomes across varied organisational settings.

At the level of individual predictors, Educational Diversity emerged as the strongest contributor to employee performance ($\beta = .329, p < .001$). This is theoretically consistent with human capital theory, which posits that individual and collective stocks of knowledge, skills, and competencies acquired through formal education are principal drivers of productive capacity (Mehari, Birbirsä & Dinber, 2024). The significant contribution of Work Experience Diversity ($\beta = .302$) further corroborates the experiential learning perspective, which holds that employees with varied tenures bring complementary competencies with longer-serving employees contributing institutional knowledge while those with less experience may introduce innovative approaches and adaptability (Bashir et al., 2021).

The positive effect of Age Diversity on employee performance ($\beta = .261, p < .001$) is consistent with evidence reviewed by Talavera, Yin and Zhang (2021), who found that age-diverse teams are better positioned to balance long-term strategic thinking with the dynamism

and technological adaptability of younger cohorts. Although Gender Diversity registered the smallest standardised coefficient ($\beta = .187$), it nonetheless exerted a statistically significant positive effect ($p = .001$), consistent with research by Wu et al. (2022), who documented that gender diversity in organisational hierarchies contributes positively to performance through improved decision quality and greater organisational sensitivity to a heterogeneous customer base.

Taken together, the findings of this study reinforce the theoretical assertion that workforce diversity, when recognised and effectively managed, constitutes a strategic organisational resource rather than merely a compliance imperative (Ng & Sears, 2020). The results carry important implications for human resource management at Ethio Telecom NWR: organisations seeking to maximise employee performance should adopt deliberate diversity management strategies that leverage workforce heterogeneity across gender, age, educational, and experiential dimensions. This includes targeted recruitment and retention policies, inclusive leadership development, and structured mentoring programmes that facilitate cross-generational and cross-disciplinary knowledge exchange.

CHAPTER FIVE: SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a synthesis of the study's principal findings, draws conclusions in relation to the stated research objectives and hypotheses, and offers evidence-based recommendations for practice and future research. The chapter is structured into four sections: a summary of findings, conclusions derived from the empirical evidence, practical and policy recommendations, and suggested directions for future research.

5.2 Summary of Findings

This study examined the impact of workforce diversity on employee performance in the North West Region of Ethio Telecom. Specifically, it investigated the effects of gender diversity, age diversity, educational diversity, and work experience diversity on employee performance among a stratified random sample of 250 permanent employees. Data were collected through a structured 33-item questionnaire and analysed using descriptive statistics, Pearson correlation, and multiple linear regression.

With respect to the demographic profile, male employees constituted 64.4% of the sample, while females represented 35.6%, reflecting the persistent gender imbalance within the organisation. The majority of respondents fell within the 25–35 years' age group (35.2%), with over 93% holding at least a bachelor's degree 60.8% holding a master's degree — indicating a highly educated workforce. Furthermore, 59.6% of respondents had accumulated over 15 years of service, signalling an experienced and institutionally established employee base.

The descriptive analysis revealed that all four workforce diversity dimensions were perceived as high by respondents, with educational diversity recording the highest mean ($M = 3.85$, $SD = 0.50$), followed by work experience diversity ($M = 3.76$, $SD = 0.52$), age diversity ($M = 3.74$, $SD = 0.48$), and gender diversity ($M = 3.73$, $SD = 0.50$). Employee performance was rated as moderately high ($M = 3.40$, $SD = 0.63$), with the highest standard deviation among all variables, indicating greater variability in performance perceptions across the sample.

The Pearson correlation analysis confirmed statistically significant positive associations between all four diversity dimensions and employee performance at the 0.01 significance level. Educational diversity demonstrated the strongest bivariate relationship ($r = .612$), followed by work experience diversity ($r = .589$), age diversity ($r = .554$), and gender diversity ($r = .421$). All regression assumptions including absence of multicollinearity, normality of residuals, linearity, absence of autocorrelation (Durbin–Watson = 2.024), and homoscedasticity were verified and satisfied.

The multiple linear regression model was statistically significant ($F(4, 245) = 136.957$, $p < .001$) and explained 71.2% of the variance in employee performance ($R^2 = .712$; Adjusted $R^2 = .695$). Educational diversity emerged as the strongest individual predictor ($\beta = .329$, $p < .001$), followed by work experience diversity ($\beta = .302$, $p < .001$), age diversity ($\beta = .261$, $p < .001$), and gender diversity ($\beta = .187$, $p = .001$). All five research hypotheses including the hypothesis regarding the collective impact of workforce diversity on employee performance were empirically supported.

5.3 Conclusions

Based on the foregoing findings, the following conclusions are drawn in relation to the study's research objectives and hypotheses.

First, gender diversity has a statistically significant and positive effect on employee performance in the North West Region of Ethio Telecom ($\beta = .187$, $p = .001$). Although gender diversity registered the smallest coefficient among the four predictors, its positive and significant contribution to performance confirms that a more balanced gender representation within the workforce is associated with improved employee effectiveness. This finding aligns with the theoretical assertion that diverse gender perspectives enhance problem-solving, decision quality, and organisational responsiveness.

Second, age diversity exerts a statistically significant and positive effect on employee performance ($\beta = .261$, $p < .001$). The presence of employees from different age cohorts facilitates intergenerational knowledge transfer, combining the institutional wisdom of

experienced workers with the adaptability and technological proficiency of younger employees. This complementarity constitutes a meaningful driver of performance within the organisation.

Third, educational diversity is the strongest individual predictor of employee performance in the study ($\beta = .329, p < .001$). Differences in employees' academic qualifications and fields of training enrich the organisation's collective intellectual capital, fostering innovation, analytical depth, and superior task execution. This finding underscores the strategic value of cultivating educational heterogeneity in workforce planning.

Fourth, work experience diversity significantly and positively influences employee performance ($\beta = .302, p < .001$). Variation in employees' tenure and prior occupational exposure creates a knowledge-complementary environment in which seasoned practitioners and newer employees mutually enhance organisational learning and operational effectiveness.

Fifth, when taken collectively, the four dimensions of workforce diversity explain 71.2% of the variance in employee performance ($R^2 = .712$), with the overall model being highly significant ($F(4, 245) = 136.957, p < .001$). This provides robust evidence that workforce diversity, as a multidimensional construct, is a powerful and significant determinant of employee performance in the North West Region of Ethio Telecom.

In broader terms, the study concludes that workforce diversity is not merely a structural or demographic characteristic but a strategically valuable organisational resource. When diversity across gender, age, educational background, and work experience is actively recognised and managed, it can substantially enhance employee performance and contribute to organisational effectiveness. These conclusions are consistent with the theoretical frameworks of the Resource-Based View (Barney, 1991), Inclusion Theory (Shore et al., 2018), and the Information and Decision-Making Theory (Williams & O'Reilly, 1998), and provide important empirical grounding for these theories within the context of a public telecommunications enterprise in Ethiopia.

5.4 Recommendations

Based on the findings and conclusions of this study, the following recommendations are offered for organisational practice, policy formulation, and future research.

5.4.1 Recommendations for Practice

Strengthen Gender Diversity and Inclusion: Although gender diversity was perceived positively by respondents, the structural gender imbalance (64.4% male; 35.6% female) remains pronounced. Ethio Telecom's North West Region management is therefore recommended to implement targeted gender-sensitive recruitment initiatives, female mentorship programmes, and leadership development pathways for women. Transparent promotion criteria and flexible work arrangements should be institutionalised to support the career advancement of female employees and progressively close the gender gap within the workforce.

Leverage Age Diversity through Structured Intergenerational Mentoring: Given the positive contribution of age diversity to employee performance, the organisation should develop structured cross-generational mentoring and knowledge-sharing programmes. Such initiatives should pair experienced, long-serving employees who constitute the majority of the current workforce with younger employees, thereby facilitating the transfer of institutional knowledge, tacit organisational wisdom, and technical expertise while simultaneously exposing senior staff to innovative approaches and contemporary practices introduced by newer recruits.

Capitalise on Educational Diversity through Cross-Functional Team Structures: As educational diversity emerged as the strongest predictor of employee performance, management should strategically design cross-functional teams that combine employees with different educational backgrounds and areas of specialisation. Recruitment strategies should also aim to diversify the disciplinary composition of the workforce, ensuring that technical, management, business, and social science graduates are represented across operational teams. Professional development investments, including continuing education and training, should be encouraged to sustain educational growth within the organisation.

Manage Work Experience Diversity Strategically: The significant contribution of work experience diversity to employee performance suggests that the organisation should actively manage the experience composition of its workforce. With 59.6% of employees having over 15 years of service, targeted recruitment of mid-career and early-career professionals would help diversify experience levels and introduce fresh operational perspectives. Additionally, the

organisation should invest in systematic knowledge documentation and succession planning to preserve institutional knowledge while creating space for new ideas and approaches.

Institutionalise a Diversity Management Policy Framework: Given the collectively significant effect of workforce diversity on employee performance ($R^2 = .712$), Ethio Telecom's North West Region should develop and formally institutionalise a comprehensive diversity management policy framework. Such a framework should clearly articulate the organisation's commitment to inclusive practices, set measurable diversity targets across gender, age, educational, and experiential dimensions, and establish accountability mechanisms for diversity-related human resource decisions. Regular diversity audits and employee satisfaction surveys should be conducted to monitor progress and identify areas for improvement.

Invest in Inclusive Leadership Development: Managers and supervisors at all levels should receive training in inclusive leadership competencies, including culturally sensitive communication, bias awareness, and conflict resolution in diverse team environments. Inclusive leadership is a critical enabler of diversity's positive effects, as it creates the psychological safety and sense of belonging necessary for diverse employees to contribute their full capabilities to organisational performance.

5.4.2 Recommendations for Policy

At the policy level, it is recommended that Ethio Telecom's senior management and its parent ministry integrate workforce diversity as a strategic pillar within the organisation's human resource strategy and corporate development plans. National-level policies promoting gender equality in public enterprises and professional education access should be leveraged to support diversity management at the organisational level. Furthermore, best-practice guidelines from successful diversity management initiatives in comparable telecommunications organisations across Africa and globally should be adapted and contextualised for the Ethiopian public enterprise environment.

5.4.3 Recommendations for Future Research

While this study makes a meaningful contribution to the understanding of workforce diversity and employee performance in the Ethiopian telecommunications sector, several avenues for further investigation are suggested.

- Future studies should adopt longitudinal research designs to examine how changes in workforce diversity composition influence employee performance over time, thereby moving beyond the cross-sectional limitations of the present study.
- The mediating and moderating roles of organisational variables such as leadership style, organisational culture, team cohesion, and inclusion climate on the diversity–performance relationship warrant investigation, as these factors are likely to shape how diversity translates into outcomes.
- Research should be extended to other regional operational units of Ethio Telecom and to other public service organisations in Ethiopia to assess the generalisability of the present findings across different institutional contexts.
- A mixed-methods research design incorporating qualitative inquiry through interviews and focus group discussions would provide deeper contextual understanding of how employees experience and perceive workforce diversity, complementing the quantitative evidence generated in the present study.
- Future studies may also consider additional dimensions of workforce diversity not examined in the present research, including ethnic and religious diversity, disability representation, and linguistic diversity, which are particularly relevant in Ethiopia's multi-ethnic and multilingual social context.

5.5 Limitations of the Study

This study is subject to several limitations that should be considered when interpreting the findings. First, the cross-sectional research design limits the ability to draw causal inferences about the relationship between workforce diversity and employee performance; the findings reflect associations at a single point in time and should not be interpreted as evidence of causality. Second, the study relied primarily on self-reported data from employee perceptions, which may be subject to social desirability bias or measurement error. Future research may benefit from incorporating objective performance data, such as supervisory appraisal records, to triangulate the findings. Third, the study was geographically confined to the North West Region of Ethio Telecom, and the findings may not be directly generalisable to other regions or sectors. Fourth, although the study measured four diversity dimensions, it did not capture the full complexity of

workforce diversity, particularly cultural, ethnic, and linguistic dimensions that are highly relevant in the Ethiopian context.

Notwithstanding these limitations, the study provides robust empirical evidence regarding the positive and significant impact of workforce diversity on employee performance in the North West Region of Ethio Telecom, contributing meaningfully to the limited body of context-specific diversity research in Ethiopia and offering actionable insights for human resource practice and organisational policy.

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APPENDIX I
BAHIR DAR UNIVERSITY
COLLEGE OF BUSSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

To be filled by Employees

This questionnaire is designed to collect data for academic research on the "Impact of Workforce Diversity on Employee Performance in the North West Region of Ethio Telecom." Your participation is voluntary and anonymous. The information you provide will be used solely for academic purposes and treated with strict confidentiality. Please answer all questions honestly based on your experience.

Thank you for your cooperation!

Sincerely,

Abiy Tesfaye

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Note:

- ✓ *It is not necessary to write your name*
- ✓ *Try to address all the question given below*
- ✓ *For the closed ended questions use (✓) mark for your choice in the given box.*

PART I: Demographic Information

Please tick (✓) or fill in the appropriate response.

1 Gender:

Male ☐

Female ☐

2 Age:

≤ 24 25 – 35
 36 – 40 41 and above

3 Marital Status:

Married Single Divorced/Widowed

4 Educational Qualification:

Diploma Bachelor's Degree
 Master's Degree Ph.D.

5. Current Job Position/ Title

Administrative Technical
 Customer Service Managerial
 Other (specify)

6 Experience in ethio telecom:

1 – 5 Year 6–10 year 10–15 year over 15 year

Part II: Questions Directly Related with the Study Workforce Diversity

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Please indicate your level of agreement with the following statements regarding the diversity in your workforce

No	Statement of Gender diversity	1	2	3	4	5
GD1	Men and women are equally represented in my work unit					
GD2	Male and female employees have equal opportunities for assignments					
GD3	Gender differences bring valuable diverse perspectives to our team discussions					
GD4	Both genders collaborate effectively in my workplace					
GD5	Gender diversity is actively encouraged by management in this organization					

	Statement of Age Diversity	1	2	3	4	5
AD6	Employees of different age groups work together in my team					
AD7	Younger and older employees share knowledge effectively					
AD8	Age diversity improves creativity and problem-solving in my work unit					
AD9	There is mutual respect between different age groups in my workplace					
AD10	Age-related differences do not cause communication problems in my team					
No	Statement of Educational Diversity	1	2	3	4	5
ED11	My team includes employees with varied educational backgrounds					
ED12	Different educational qualifications contribute to better work solutions					
ED13	Employees with different academic backgrounds complement each other's skills	1	2	3	4	5
ED14	Educational diversity enhances the quality of our team decisions					
ED15	The organization values diverse educational qualifications equally					
	Statement of Work Experience Diversity	1	2	3	4	5
ED16	My team has employees with different levels of work experience					
ED17	Experienced employees mentor newer employees effectively					
ED18	Variety in work experience improves our team's problem-solving ability					
ED19	Employees with different experience backgrounds share knowledge openly					
ED20	Work experience diversity reduces costly mistakes in our operations					

Part III Questions Directly Related with the Study Employee Performance

Please indicate your level of agreement with each statement using the same 1-5 scale

No.	Statement of Task Accomplishment	1	2	3	4	5
EP1	I am able to complete my assigned tasks within the required deadlines					
EP2	The quality of my work meets or exceeds organizational standards					
EP3	I consistently achieve the performance targets set for my position					
No.	Statement of Work Efficiency	1	2	3	4	5
EP4	I manage my time effectively to complete all responsibilities					
EP5	I use organizational resources efficiently in performing my duties					

EP6	I find ways to accomplish tasks with minimal wasted effort					
No.	Statement of Service Quality	1	2	3	4	5
EP7	I provide accurate and reliable service to customers					
EP8	I respond promptly to customer inquiries and complaints					
EP9	I maintain professionalism when handling difficult customer situations					
No.	Statement of Overall Effectiveness	1	2	3	4	5
EP10	I contribute meaningfully to my team's overall goals					
EP11	I adapt effectively to changes in work procedures or technology					
EP12	I take initiative to solve problems without waiting for instructions					
EP13	Overall, I consider myself a high-performing employee					

THANK YOU FOR YOUR PARTICIPATION!

Your honest responses are greatly appreciated and will contribute valuable insights to this research.

THE END