

## **Exploratory Moderation of Human Resource Practices and Cultural Diversity on Organizational Effectiveness: A Study of Federal Polytechnic Ede**

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### **Abstract**

*This study examines the complex influences of Human Resource practices in moderating cultural diversity and its relationship with organizational effectiveness. Data from respondents who were randomly chosen from the whole Federal Polytechnic Ede, Osun State workforce was used in a descriptive survey research design. Specifically, a simple random sampling technique was employed in selecting 100 employees of the Federal Polytechnic Ede to determine how human resource practices and cultural diversity influence the success and effectiveness of organizations. A structured questionnaire was used as the main instrument of data collection for the study. Regression analysis was employed to analyse the data collected through the administration of a questionnaire to the respondents. The findings revealed that cultural diversity and organizational effectiveness are significantly positively correlated across a range of performance parameters and that the interaction of cultural diversity and human resource practices contributes significantly to increasing the effectiveness of an organization, which aids its growth potential and productivity. Culturally diverse organizations typically exhibit higher levels of innovation, employee engagement, and enhanced problem-solving skills. The study concludes that by leveraging the combined strengths of effective HR practices and a culturally diverse workforce, organizations can foster a more dynamic, innovative, and effective environment. As a result, the study recommends that managers in organizations should continuously focus on developing and implementing HR practices that promote inclusivity and diversity and adjust strategies as needed to ensure alignment with organizational goals and objectives.*

**Keywords: Cultural Diversity, Human Resources, Organizational Effectiveness, Moderation**

**JEL Classification Codes: J15, J24, L25, C12**

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### **1. Introduction**

The value of cultural diversity as a source of organizational strength and competitive advantage in today's globalized world is given adequate attention due to its push effects on the overall efficiency and performance across the globe. Cultural differences in terms of colour, income level, age, ethnic background, sexual preference, religion, and gender among personnel

is referred to as cultural diversity (Mateescu, 2017). Given the dynamics of the environment in which organizations strive, it is critical to comprehend how cultural diversity affects the profitability and effectiveness of organizations. Ferreira and Coetzee (2010) state that attracting and keeping talent in the workplace involves managing diversity. A diverse and inclusive workforce is necessary to boost effectiveness in the workplace, which will subsequently increase the organization's competitive edge. This is also essential to innovation and sustained growth (Gotsis & Grimani, 2016).

Contemporary organizations, according to Okwurume and Onuoha (2020), now employ individuals with wildly different cultural origins and preferences. For firms, cultural diversity in the workplace brings both opportunity and disadvantages. One way in which ingenuity, creativity, and problem-solving can be fostered by diverse teams, is through integrating a variety of viewpoints, experiences, and ideas to the table. However, navigating communication barriers, disputes resulting from different cultural norms, and difficulties in creating inclusive and cohesive teams are all part of managing cultural differences. Cultural diversity, encompassing various dimensions like socioeconomic status, gender, race, and ethnicity, has increasingly become a focal point for organizations aiming to leverage diversity as a source of competitive advantage.

Research indicates that cultural diversity may affect the synergy within an organization, inventiveness, as well as the overall effectiveness of operation. Diversity in culture can also have an impact on interpersonal relationships within an arrangement shaping the way individuals interact, communicate, and collaborate. Employees feel valued and cared for by the company when managers show greater inclusion in their new ideas, technology, and procedures (Sharma, Agarwal, & Joshi, 2024). Interpersonal barriers rooted in culture have the potential to impede the exchange of knowledge within an entire business, causing employees to become less productive and to experience bad emotions, both of which can be harmful to the company (Okoro & Washington, 2018). Additionally, cultural norms and behaviours may have an impact on Human Resource (HR) practices. (Gomez-Mejia & Paliach, 2015). However, the impact of cultural diversity on organizational effectiveness may be influenced by the design and implementation of HR practices.

Human resources are among the most essential and valuable assets of an organization (Latha, Majdi, Rohit, & Adithya, 2020). It is impossible to overestimate the critical significance that human resources (HR) play in promoting organizational effectiveness. For most businesses, the primary indicator of organizational effectiveness is the degree to which overall profitability meets desired profitability (Morales, 2014). As a repository of

organizational culture and procedures, HR plays a crucial role in promoting diversity, which enhances effectiveness. Beyond conventional diversity programs, comprehensive HR strategies cover hiring, performance management, organizational culture, and training. HR improves effectiveness by fostering a welcoming workplace that increases satisfaction among employees and strengthens stakeholder connections, corporate reputation, and financial performance (Buengeler, Leroy, & De Stobbeir, 2018; Ezeafulukwe *et al.*, 2024; Qasim, 2017).

While cultural diversity can foster creativity, innovation, and problem-solving inside companies, how HR procedures are designed and implemented can affect how cultural diversity affects organizational outcomes. HR practices include many different rules and guidelines on hiring, choosing employees, developing them, paying them, and managing performance (Hossain, 2023). Effective management of diversity, inclusion, and the workplace climate are all greatly influenced by these approaches. Cultural diversity within organizations presents both opportunities and challenges. On one hand, diverse teams bring a variety of viewpoints, experiences, and concepts, which can foster greater inventiveness, creative thinking, and decision-making. On the other hand, managing cultural differences requires careful attention to issues such as communication barriers, conflicts, and bias because when cultural differences are poorly managed in an organization, it has an impact on employee relations, team-building exercises, collaboration, and interpersonal communication, as posited by Aghazadeh (2018). Effective HR practices can mitigate these challenges and create an inclusive work environment in which every worker feels appreciated and encouraged to share their special skills and insights (Ezeafulukwe *et al.*, 2024).

Many studies focus on the direct relationship between cultural diversity and organizational effectiveness (Tantua & Opara, 2019), without considering the underlying mechanisms or contextual factors that may influence this relationship, one of which is HR practices. Hence, this study seeks to examine the mediating influence of HR practices and cultural diversity on improving organizational outcomes.

The hypothesis would be tested to achieve the objective of the study:

**H<sub>0</sub>:** The interaction between human resource practices and cultural diversity has no significant influence on organizational effectiveness.

## 2. Literature Review

### 2.1 Theoretical Review

Blau's theory of heterogeneity (1977) relates well with this study. Blau offers a macro-sociological theory that centres on how social structure affects individuals' relationships with one another. According to Blau's theory

(1977), the interpersonal relationships formed between members of distinct groups are what allow different groups to integrate into society. Therefore, social relationships are significant because, in Blau's view, face-to-face interaction and contact—rather than functional interdependence or value consensus—are what drive the integration of social structure. The different social positions that individuals have and how they affect social relations are the components of social structure. Blau, in his theory postulated in 1977, cited from Akpoviro and Owotutu (2018) opined that businesses with varying degrees of cultural varieties encounter distinct organizational outcomes and dynamics. The theory presupposes that people who belong to culturally homogeneous groups tend to interact with each other more often and in more ways, which fosters the growth of in-group bonds and shared opinions. It posits that greater heterogeneity (diversity) leads to more complex social structures and interactions, which can influence organizational behavior and effectiveness (Blau, 1977). This explains that cultural diversity has a significant effect on organizational growth and competitiveness.

The theory has been described as having a static view of diversity, treating it as a fixed attribute rather than a dynamic process. Critics suggest that diversity is not just about the presence of different demographic groups but also about the interactions and relationships that evolve over time (Ely & Thomas, 2001).

## 2.2 Empirical Review

Cherian, Gaikar, and Paul (2020) examined the impact of cultural diversity on team performance among employees at Abu Dhabi University. A sample size of 39 employees was selected from a population of 500 employees based on the results of a sample size calculator. The survey monkey was used to analyze the data, and the descriptive research design was chosen. Their research revealed both a positive and negative relationship between cultural diversity and teamwork at work. The study found that although most ADU workers seem happy with their workplace in general and do not seem to have any issues when working in a multicultural team, some do report issues and assert that cultural cliques develop and make it difficult for other workers to reach conclusions. To prevent specific cultural clusters from forming, it was recommended that all areas of an organization be diverse. Senior management should support team-building activities and foster collaboration with people from different cultural backgrounds by providing training that focuses on managing and interacting with a multicultural team.

Ezeafulukwe *et al.* (2024) conducted an extensive analysis of HR best practices for inclusive employment using a qualitative methodology. The theoretical structure, chronological development, regulatory environment, and

the rationale for inclusiveness in hiring processes were all examined in an exploratory design. The study highlighted the critical function of human resources (HR) and provided tactics for hiring, onboarding, performance evaluation, and workplace accessibility. The creation of inclusive HR policies, the integration of inclusive practices, partnerships, and ongoing oversight were all included in implementation strategies. The study also explored how to overcome obstacles like resistance and implicit bias, emphasizing how crucial HR's flexibility is. The paper concluded by emphasizing the proactive role that HR plays in promoting inclusive environments for long-term corporate performance. The study recommended that organizations should embrace diversity to improve their performance and reputation while also fostering a more just and resilient society.

Hossain (2023) with an emphasis on the US environment, investigated the changing terrain of using human resource management (HRM) to manage diversity adopting a qualitative approach. The study carried out an extensive review of literature and developed a framework to articulate its findings that diversity has transformed from a compliance issue to a strategic necessity, and it is now essential for fostering ingenuity, inventiveness, and troubleshooting in modern firms. HRM practices that are in line with diversity efforts help firms capitalize on the advantages of having a diverse workforce. A strategic approach to HRM is required due to the obstacles that come with communication barriers, stereotypes, and resistance to change. Personalized hiring, education, performance supervision, and leadership growth are essential components of this strategy. The study recommended the use of HRM to manage diversity as an investment in the prosperity of organizations and the creation of a more welcoming society.

Mazibuko and Govender (2017) examined the opinions of management and employees on diversity and its worth to the company by conducting an empirical assessment of the connection between it and performance and effectiveness of the organization through the creation and testing of five hypotheses. A survey using the Towers Watson Employment Employee Insight Survey (EIS) was administered to 227 employees, utilizing both quantitative and qualitative methods. Five hypotheses were utilized to evaluate correlations between related variables using inferential statistical techniques. It was discovered that throughout the preceding five years, the organization's understanding and handling of diversity had a major influence on its effectiveness and performance. More specifically, diversity management gave the firms a competitive edge in a variety of industries by fostering respect, creativity, and innovation.

Morris (2023) sought to better understand how management handles cultural diversity in the workplace. In order to review the literature and solve

the research topic, the qualitative research methodology was used. From 2019 to 2022, the researcher reviewed relevant literature to comprehend the subject of discourse. The findings showed how a company's performance can be enhanced by cultural diversity by encouraging creativity, innovation, and other good characteristics of the business. It does, however, have some serious flaws that management can fix. The study went on to recommend that management should develop suitable strategies to promote tolerance, acceptance, and respect for cultural diversity.

Tantua and Opara (2019) investigated how cultural diversity impacts organizational effectiveness in Nigerian food and beverage companies in Port Harcourt. For this study, a cross-sectional research design was chosen. A standardized questionnaire that was self-administered was used to collect primary data. For this study, a cross-sectional research design was chosen. The entirety of Rivers State's food and beverage companies made up the study's population. A survey by the Manufacturing Association of Nigeria (MAN), Rivers State division, reveals that there are seventeen (17) food beverage firms registered in Port Harcourt, Rivers State, Nigeria. There were 115 managers in the population, including commercial, trade, and plant managers from three carefully chosen food and beverage companies. Using the Yamane (1967) sample size determination formula, 89 participants made up the sample size. The research hypotheses were tested using the Pearson Product Moment Correlation coefficient. The study's findings demonstrated that cultural diversity has a significant influence on organizational performance in Port Harcourt's food and beverage industries. In order to enhance organizational effectiveness at the food and beverage companies in Port Harcourt, Nigeria's Rivers State, the study made recommendations for efficient organizational policies and procedures for the administration of a diverse workforce.

### **3. Methodology**

The study employed descriptive survey research design. The population for the study consists of the entire staff members of The Federal Polytechnic Ede, Osun State. Purposive sampling method was employed to select 100 staff members and the entire management team as sample of the study. Structured questionnaires were employed to elicit information from the selected samples. The questionnaire was structured on a five (5) point Likert-Type Scale of Strongly Agreed (SA), Agreed (A), Disagreed (D), Strongly Disagreed (SD), and Undecided (U). The researcher personally administered the questionnaire in order to provide useful information and guidance where necessary. Inferential technique was used to establish the relationship between cultural diversity and human resource on organizational effectiveness.

Specifically, linear regression was employed to establish the aforementioned relationship.

### 3.1 Model Specification

A mathematical model used for the study was adopted from the work of Hossain (2023), which is specified below:

$$PRO = f(HR, CD) \dots \dots \dots (1)$$

It can therefore be stated in econometric form as:

$$PRO = \beta_0 + \beta_1 HR + \beta_2 CD + \mu \dots \dots \dots (2)$$

Where PRO stands for productivity as proxy for organizational effectiveness, f is the functional relationship between the variables, HR stands for human resource, CD stands for cultural diversity,  $\beta_0$  stands for constant  $\beta_1$  and  $\beta_2$  for the coefficients of the independent variables, while the  $\mu$  stands for the stochastic error term used to represent all other variables not captured in the model.

## 4. Results and Discussion

The results and analysis of the findings derived from the questionnaire distributed to the respondents are shown in this section.

**Table 1: Model Summary**

Model	R	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
				Square F	Change df1	Change df2	Sig. F	Change	
1	.800 <sup>a</sup>	.640	.628	.59922	.640	53.981	3	91	.000

a. Dependent Variable: OE

Source: Authors' computation, (2024)

The summary of the regression model is displayed in Table 1 above, along with the degree of freedom, significant level, and coefficient of determination (R2). The R2 value of 0.64 indicates that human resources and cultural diversity account for roughly 64% of the variation in organizational effectiveness, with other variables not included in the model accounting for 32% of the variation. A high R2 value indicates that the regression model correctly described the data.

**Table 2: ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	58.148	3	19.383	53.981	.000 <sup>b</sup>
	Residual	32.675	91	.359		
	Total	90.823	94			

a. Predictors: (Constant), Interaction Var, CD, HR

Source: Authors' computation, (2024)

The result of ANOVA as indicated in table 2 above revealed that the F-statistics value of 53.981 is statistically significant even at 1% , which is an indication that the model is adequate and fit in explaining the significant influence of cultural diversity and human resource on organizational effectiveness.

**Table 3: Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.379	2.362		.160	.043	
	HR	.583	.686	.306	.635	.002	.997
	CD	.450	.650	.283	.893	.014	.995
	InteractionTrm	.600	.187	.358	.588	.018	.640

Source: Authors' computation, (2024)

The results of a multiple regression analysis examining the association between organizational effectiveness, human resources and cultural diversity are shown in Table 3 above. The HR Practices coefficient ( $\beta_1$ ) shows that an increase in HR practices of one unit is correlated with an increase in organizational effectiveness of 0.583 units, all other things being held equal. According to the coefficient for Cultural Diversity ( $\beta_2$ ), an increase of one unit in Cultural Diversity corresponds to a 0.450-unit rise in organizational effectiveness, all other things being held constant. The statistical significance of the positive coefficient (0.600) for the Interaction Term ( $\beta_3$ ) suggests that HR practices play a moderating role in the link between organizational effectiveness and cultural diversity. This implies that when HR procedures are improved, the link between cultural diversity and corporate effectiveness is stronger. Therefore, there is evidence of moderation, with the positive relationship between organizational effectiveness and cultural diversity being strengthened by greater HR procedures.

Additionally, the model as a whole had a 0.043 P-value and was statistically significant at 5%. At the 0.002, 0.014, and 0.018 Sig-level, or  $P < 0.05$ , the independent variables—HR practices (HR), Cultural Diversity (CD), and the Interaction\_Trm—were statistically significant. The null hypothesis was rejected since the significant values were below the conventional level of significance, leading us to conclude that there is a substantial relationship between organizational success, human resources, and cultural diversity. Furthermore, the results indicate that, with HR practices (HR) = 0.997, Cultural Diversity (CD) = 0.995, and Interaction\_Trm = 0.640 Tolerance value, neither the independent variables nor the dependent variable have a



Variance Inflation Factor (VIF) value  $> 10$ . In addition, the Variance Inflation Factor (VIF) value for HR practices (HR) is 1.562, Cultural Diversity (CD) is 1.005, and Interaction\_Trm is equal to 1.003. As a result, it may be said that the regression equation does not contain multicollinearity, meaning the model is capable of making accurate predictions.

#### 4.1 Discussion of Findings

The study explores the moderating effect of human resource and cultural diversity on organizational effectiveness in achieving their desired goals and objectives in terms of productivity and growth. From the results obtained, it was observed that the interaction of cultural diversity and human resource practices plays a significant role in enhancing organization effectiveness which aids their growth potential and productivity. This study is in line with the findings of Mazibuko and Gaveder (2017) who observed a significant and positive association between cultural diversity and organizational performance and found that diversity management gives businesses a competitive edge in a variety of industries by fostering respect, creativity, and innovation.

Similarly, a higher level of productivity is desirable given the relative importance of education and training that form a significant yardstick in measuring human resource development in an organization, this is in line with the findings of Hossain (2023) that personalized hiring, education, performance supervision, and leadership growth are essential components for organizational success. Given the results obtained from the data analysis, an increase in positive behaviour and appropriate training and education significantly affects the overall performance of workers in the organization, hence, re-enforcing their growth potential and productivity. The coefficient for HR Practices ( $\beta$ ) also indicates that, holding all other variables constant, a one-unit increase in HR practices is associated with a 0.384 unit increase in cultural diversity which is supported by the findings of Ezeafulukwe *et al.* (2024) on the proactive role that HR plays in promoting inclusive environments for long-term corporate performance.

#### 5. Conclusion and Recommendations

Conclusively, the study highlights the critical role of integrated HR practices and cultural diversity in driving organizational effectiveness. Organizations that implement inclusive HR practices would maximize greater benefits from their diverse workforce, demonstrating higher levels of productivity, innovation, and employee satisfaction. By leveraging the combined strengths of effective HR practices and a culturally diverse workforce, organizations can foster a more dynamic, innovative, and effective

environment. Through the cultivation of an inclusive work environment and the utilization of a varied workforce, firms can improve efficiency, stimulate creativity, elevate employee contentment, and sustain a competitive advantage in the worldwide market. These advantages are especially important in a business environment where success and growth are dependent on flexibility, efficiency, and innovation. By putting these practices into place and keeping them up to date, organizations will be better equipped to handle economic crises and come out stronger in the end.

Therefore, based on the above findings the study recommends that managers in organizations should continuously focus on developing and implementing HR practices, such as education and training, that promote inclusivity and diversity and adjust strategies as needed to ensure alignment with organizational goals and objectives.

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