

# Cultural Diversity in the Workplace on Operational performance in Ethiopia A study at Kilitch Estro Biotech Pharmaceutical Manufacturing Factory

# Guyassa Daniel Waktole LIGS University, Hawaii, U.S.A

Interactive Online Ph.D. Management

A seminar paper submitted to the department of Management in partial fulfilment of the requirements of the Award of the Degree of Doctor of Philosphy (PhD) in Phramaceutical Management

Jan 2023



#### **Abstract**

The main objective of this research is to investigate the impact of cultural diversity and its workgroup performance at Kilitch Estro Biotech Pharmaceutical Manufacturing Factory. A descriptive quantitative research method was used. Primary data was collected using a five-scale likert questionnaire. Data submitted through the questionnaire was entered into SPSS 24.0 statistical software and analyzed for descriptive statistics. A sampling technique was used to select a population sample from the entire employee population. Data were analyzed through frequency, percentage mean, and standard deviation. The results confirmed that the pharmaceutical industry management is expected to work hard in promoting cultural diversity. The findings revealed that the pharmaceutical company emphasized positive cultural values and discouraged negative cultural values, actions that positively influenced its performance. Lastly, the findings revealed that, all the employees' language variables did not have a significant effect on the organizational performance of the company. The Kilitch Estro Biotech plc should introduce the cultural work diversity management initiatives like many other diversified and multicultural institutions across the country.

**Keywords:** Cultural diversity, Kilitch Estro Biotech, Pharmaceutical industry



#### Introduction

Increasing globalization requires more interaction among people from diverse cultures and backgrounds than ever before. People no longer live and work in an insular Marketplace, they are now part of a worldwide economy with competition coming from nearly every country and continent.

Culture is a system of shared beliefs, values, customs, behaviors, and artifacts that members of society use to cope with their world and with one another, and that are transmitted from generation to generation through learning. It comprises elements of behavior such as language, religion, values, standards and customs that are shared by a group of people (Banba, 2018).

On the other hand, diversity is a subjective phenomenon, created by group members themselves, who on the basis of their different social identities categorize other as similar or dissimilar. Diversity involves not only the perception of people but also perception of other people. These views affect their interactions (Raewf, & Mahmood, 2021).

The combination of differences among people in an organization can also be called workplace diversity that seems plain, but diversity includes color, sex, ethnic background, age, temperament, academic skill, concept, institution, schooling, community, ete (Ayano, 2020)

Cultural diversity is an increasingly important phenomenon that affects not only social and political harmony but also the productivity and efficiency of organizations.

The term cultural diversity can also mean that different cultures value the nuances of each other. In some cases, the term "cultural diversity" also applies to the diversity in



communities or cultures of people in a particular region or on the entire world (Aissa et al., 2019, p. 12).

According to (Othman and Ibrahim, 2022) diversity stimulates creativity and iincreases productivity, on the other hand, poor management of a diverse workforce leads to dysfunctional conflicts, frustration and confusion. A company with diverse ethnic groups and thus cultural diversity would indubitably face difficulties in formulating, articulating and implementing strategies that would be acceptable to its vast constituency unless it is mmanaged very well. Hence, organizations must pay serious attention to this issue.

Kilitch Estro biotech plc is a joint Pharmaceutical manufacturing Company established between an Indian Company called Kilitch Drugs India Ltd and an Ethiopian company called Estro Import and Export plc in 2015, employing workers from diverse cultural backgrounds mainly from India and Ethiopia. (www.kilitchestro.com)

Hence, this study assesses the impact of cultural diversity on operational performance at workplace and its impact on the overall performance of the Company.

# **Statement of the problem**

Workforce diversity is the biggest challenge and at the same time the biggest opportunity for 21st-century managers. Diversity management is a strategy to promote the perception, acknowledgment and implementation of the diversity of organizations. Workforces diversity has significant implications for the movement. The mangers will be required to shift their approach from treating each group of workers alike and need to recognize difference between and among them and following such polices so as to encourage creativity, improve productive, reduce labor turnover, and avoid a sort of discrimination.

Successfu management policy and programs will eventually make a huge difference in the communication among employers and general productivity of the organization



.Today's organization needs to recognize and manage workforces (Oyedele,et al;20180) Hence, understanding and managing culturally diverse workforces is one of the key elements in sustaining the operation and growths of a company. When emplyees from two or more culture interact with each other on a regular basis, it results in to multiculturalism. The employees entering to another nation needs to adjust their leadership stles, communication patterns and various other practices to fit the styles of the host nation.

A culture is a set of norms, beliefs and values that bind an organization's members together by providing a unified common goal (Ademba 2021). In order to survive and sustain its competitive advantage in this rapidly changing environment there is a great need for organizations to be flexible and adapt quickly to change.

It can be argued that if an organization has a rigid culture then challenges may arise. The culture that best suits the rapidly changing pharmaceutical industry is a learning culture due to globalization. This requires creativity, innovation and change. However, culture is deep-set and difficult to change. Culture requires medium-to-long term to change. Thus, this study assess the effect of cultural diversity on the operational performance of Kilitch Estro Bitech plc. It is there fore ,based on the above information that below questions were raised.

#### **Research Question**

.Does cultural diversity in the workplace supports the institution to achieve its aim and objectives?.

.Does the managers and decision makers in the organization can understand the benefits of cultural diversity?.

.What are the perception and understanding of workers about cultural diversity?.

Research Objectives:

#### **General Objectives**



The general objectives of the study is to examine the impact of cultural diversity on organization performance at Kilitch Estro Biotech PvtLtd Co.

# **Specific Objectives**

- 1. To assess the effect of employees behavior on cultural diversity in the company.
- 2.To assess impact of cultural diversity on organization performances.

#### Research Importance

The importance of this research is to enable the top management of the company to understand and manage the cultural diversity between Ethiopian and Indian workforces so as to increase work performance.

#### Purpose of the study

There are conflicting reports about cultural diversity. The purpose of the study is to investigate the impact of cultural diversity

#### **Scope of the Study**

This study is limited in scope by focusing mainly on Kilitch Estron Biotech pharmaceutical employees. A cross-sectional study was carried out, with the research being carried out between November 22 to 27, 2022. The study was therefore limited to the events that occurred during this study period. The findings of this research are subject to the values, ethics and competencies of the respondent.

# **Limitations of the Study**

The present study had several limitations. Firstly, the data were collected through the self-reporting methods, possibly affecting the accuracy of the results. Secondly, because of the individual differences of the research samples, the generalizability of the results may be affected. Even though there are ddifferent culturall and language differences among the



Ethiopians and Indian workers themselves, this research categorizes the Indians as one Culture and the Ethiopians as one culture too.

#### **Literature Review**

Diversity and inclusion are cornerstones of modern-day industry and strategies to enhance. expand and champion have reaped dividends all sectors (Jones, Chace and Wright 2021). In addition to helping establish inclusive environments which model represent a society at large, there is growing recognition that this provides a competitive commercial advantage (Jones et al., 2020). Over millennia, our evolutionary path has relied on genetic diversity to drive growth through the provision of competitive advantages in the face of new environmental challenges. It is not hard to extrapolate this in the business world, where market pressures and competition can render successful organizations obsolete within a matter of years, making adaptive change.

The effective and efficient utilization of the cultura diversified workforce plays a significant role in enhancing the performance of workgroups and any organization by achieving its various goals and objectives (Jayawardana and Priyashantha 2019). Accordingly, this study tries to address the key issue that workforce diversity and its management have an effect on the workgroup performance of the organization

Pharmacists and other workers also need to be aware of their own culture and beliefs, and be respectful of the beliefs and cultures of others, acknowledging how they may influence care needs, and avoiding any discrimination on the basis of these differences (Fejzic and Barker 2019). Good practice, underpinned by effective communication, involves cultural empathy, or an awareness of the cultural needs and contexts of all healthcare consumers to ensure good health outcomes are achieved, the values that are also inherent with the Pharmacy education.

Innovation is often a result of constructive debate among people with multiple diverse perspectives. By welcoming diverse perspectives, companies can become innovation incubators. It is not surprising that individuals with more diverse sources of information



generate better ideas and make better decisions (Habiburrahman, Prasetyo, Raharjo, Rinawati , Trisnani , Eko , Wahyudiyono ,Wulandari , Fahlevi , Aljuaid and Heidler 2022)

A diverse workforce may also provide better customer service. Diverse teams that include even one person who shares similar traits with clients and end-users better understand their customers' needs, and thus are able to provide better service.

Employees from different cultures display emotions differently. What has considered appropriate display of emotions differs from culture to culture. Some cultures encourage open displaying of anger, fear or frustration in the workplace while others deem it as being inappropriate and only discuss the factual aspects of the situation (Ayano, 2020). When a workplace becomes overly affected by the emotional state of one, a few or several workers, in significantly affect the ability of people toword together can Prasko, Ociskova, Vanek, Burkauskas, Bite, Krone, Sollar and Juskiene 2022) state that a supervisor who routinely expresses negative emotions can overwhelm workers. Co-workers who routinely project emotional outbursts can create hostile working relationships.

Language is the key to a person's self-identity. Language allows us to relate and understand each other (Mahmood ,2022). Language is defined as a system of conceptual symbols that allows individuals to communicate (Mahmood et al 2022).

Language affects almost every aspect of life. It not only aids in communication but is also a link to an individual's identity (Buarqoub,2019). In this regard, language can facilitate and significantly limit strategic growth and performance of companies. Language barriers can be key factors that prevent information about the target market from reaching organizational decision makers (Tenzer and Schuster,2017). Language barriers can arise between individuals from diverse cultural backgrounds. These barriers then influence various aspects of the service experience and become a critical issue during intercultural service encounters.



#### **Research Methodology**

# Study Design, Period, and Setting

A cross-sectional study was carried out from November 22 to 27, 2022, in Oromia region..It is located at Lega Bari Lega Bollo Kebele, Barak Wereda, Oromia, Ethiopia 30 km from Addis Ababa (the capital city of Ethiopia).

#### **Population**

The population selected for this study were employees working at Kilitch Estro Biotech Pharmaceutical Manufacturing Plant, Ethiopia. The fundamental commonality was that they were all exposed to the same pharmaceutical factor culture and workplace.

# Sample

This survey was conducted among 96 study participants who are working at Kilitch Estro Biotech Pharmaceutical Manufacturing Plant, Ethiopia.

#### **Data Collection Instrument and Process**

The surveillance questionnaire was developed on google forms following the review of different kinds of literature. The questionnaire has three sections; sociodemographic characteristics, questions related to work culture and cultural diversity questions. Before starting the data collection, study participants were asked for verbal consent and expressed that they can be left to participate in this study. This means that all study participants were included with their willingness.

#### **Discussion and Data Analysis parts**

Data Analysis is the process of systematically applying statistical and/or logical techniques, to describe, illustrate and evaluate data .Descriptive statistics was used to analyze data. Therefore, means, standard deviations, frequency distributions and percentages were used to analyze quantitative data that was generated from the research. The data was coded and



analyzed with the aid of Statistical Package for Social sciences (SPSS 24). The descriptive analysis and inferential analysis presented in previous chapter is summarized. In addition, to that the recommendations of the researcher are included. The last section of this chapter gives the overall conclusion of the seminar project.

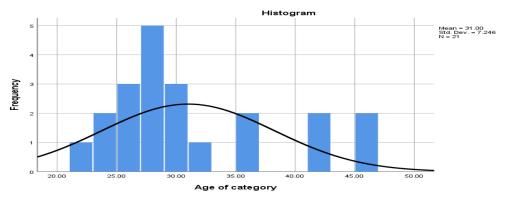
# Socio-demographic characteristics of Ethiopian and Indian workers

A total of 70(95.8%) participants from Ethiopian employers and 20 (91.3%) from Indian have participated in the study with a response rate of 90(93.5%). The median age of the respondents were lied between 21-30 years for Ethiopia workers and 31-40 years for Indian employers.

A total of 70 respondents were participated with a response rate of 95.8%. Out of the 70 study participants of Ethiopian employers, 60 (85.7%) were single, 48(68.6%) were males and 22(31.4%) females whereas out of the total study participants of Indian, 17(81.0%) were married, 20(95.2%) were males and 1(4.8%) were females as shown in Figure 1 below.

Fig 1.

Summary of Age of Indian Respondents



Source: SPSS Data analysis, 2022

Regarding educational status of Ethiopian workers, 56(80.0%) had Bachelor Degree as shown in figure 2 below and majority of Indian employers had Bachelor degree.

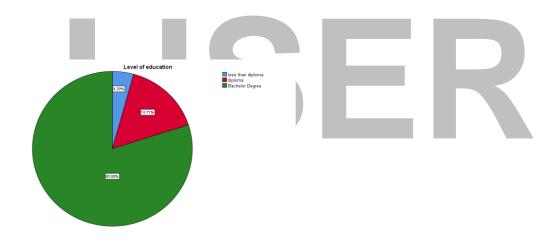
Majority of the respondents of Ethiopian employers, 70(100.0%) were earning monthly less than 1000\$. From Indian employees, 21(100.0%) were earning monthly 1001-3000\$. Most



of them had less than 10 years working experience from prospective of Ethiopian company and more than half of Indian workers had more than 10 years working experience. Regarding main reason for joining company in Ethiopia, the two study participants responded saying to get better payment and to transfer my knowledge and experience respectively.

Fig 2.

Summary of Educational Status of Ethiopian Workers



Source: SPSS Data analysis ,2022

Table 1: Socio Demographic Characteristics of Study Participants/Ethiopian, 2022(N=70)

	Ethiopian	Indian
Variable	Frequency(%%	Frequency(%)
Sex		
Male	48(68.4)	20(95.2)
Female	22(31.4)	1(4.8)
Marital Status		
Single	60(85.7)	4(19.0)



Married	10(14.30	17(81.0)
Position in the organization		
Manager	10(14.3)	4(19.0)
Expert	38(54.3)	17(81.0).
Technical worker	22(31.4)	0(0.0)
Age of Respondents		
21-30	48(68.6)	7(33.3)
31-40	16(22.9)	3(14.3)
41-50	3(4.3)	7(33.3)
>50	3(4.3)	4(19.0)
Educational Level		
Certificate	3(4.3)	2(9.5)
Diploma	11(15.7)	5(23.8)
Degree	56(80.0)	14(66.7)
Total Year of Experience		
<=10yrs	65(92.9)	10(47.7)
11-15	3(4.3)	7(33.3)
>15	2(2.9)	4(19.0)
Total Year of Experience at current factory in Ethiopia		
<5yrs	36(51.4)	21(100.0)
5-10 yrs	34(48.6)	0(0.0)
Monthly income(in USD)		
<1000\$	70(100.0)	0(0.0)
1001-3000\$	0(0.0)	21(100.0)
Main Reason of joining company in Ethiopia		
To get better payment	30(42.9)	17(81.0)
To transfer my knowledge and experience	0(57.1)	4(19.0)

# Culture diversity of workforces

The findings in table 2 indicated that with regard to cultural diversity work practiced in Kilitch Estro Biotech Pharmaceutical Manufacturing Plant, Ethiopia , the result was found to be very significant as shown, by an overall mean and standard deviation of M=3.7 and SD=1.031 (Ethiopian) and M=3.52 and SD=1.1(for Indian). As presented in table 2, "Time



management and attendance "exhibited great extent with the highest mean shown by the ratings with a mean and standard deviation of M=3.96 and SD=1.10 for Ethiopian and "General Work culture" exhibited great extent with the highest mean shown by the ratings with a mean and standard deviation of M=4.19 and SD=0.40

Respondents also showed their response at a great extent to the remaining statements as can be seen from table 2. Moreover, the descriptive analysis presented that a high standard deviation range from 0.72 to 1.30 for Ethiopian workforce and 0.1 to 0.88. It implies that respondents were more varied in their views to the responses specified under cultural diversity.

Table 2: Mean and standard deviations of culture diversity of workforces

Description	Ethiopian India		Indian	
	Mean	SD	Mean	SD
General Work culture	3.60	1.16	4.19	0.40
Time management and attendance	3.96	1.10	3.19	0.40
Communication skills - Written/Verbal	3.60	0.95	3.19	0.40
Ability to Analyze and solve Problems	3.77	0.72	3.19	0.40
Quality and speed of Work	3.85	0.93	4.19	0.40
Job Knowledge, ability and interest to learn new things	3.64	1.14	2.71	1.18
Error free work = Accuracy	3.51	1.00	3.19	0.40
Team building and spirit ability	3.52	1.30	3.19	0.40
Self and Process Improvement from time to time	3.60	1.08	3.38	0.80
Accepting orders and execution	3.91	0.83	3.52	0.81
Co-operation – Maintains good rapport with associates and subordinates.	3.72	1.02	4.19	0.40
Ability and respect for other culture	3.58	1.20	4.00	0.10



Personal hygiene	3.91	1.05	3.90	0.88
Problem Solving – Possess good analytical skills.	3.74	1.01	3.04	0.58
Exposure – Well conversant with the outside world & Developments	3.70	0.93	3.38	0.80
Profit Minded – makes optimum use of the available resources	3.75	1.02	3.52	0.81
Performance of company by working with Ethiopians	3.65	1.01	3.66	0.79
Self Starter – Ability to start by own	3.57	1.12	3.38	0.49
Energy – Displays high level of energy and enthusiasm	3.52	0.94	3.80	0.40
Cost Conscious – Thinks of cost factors, tries to control costs	3.90	1.11	3.57	0.81
Total	3.7	1.031	3.52	1.10

# Indian Respondents on Cultural diversity at workplace

Among the study participants, for question have you observed big cultural difference at your work place,4(19.0%),13(61.9%)and 4(19.0%) were said, yes, not much and no respectively. All the study participants were responded that they are very happy when they are working with Ethiopian . Study participants also decided (95.2%) that plan to stay more longer years at their current work place .Almost study participants responded that they faced security issues in Ethiopia. Twenty (95.2%) of the respondents encouraged that their country professionals to work with Ethiopian.. All study participants (100.0%) responded not much for the question of performance and productive is better in Ethiopia or their homeland



About 81 % of respondents responded not much for question related to cultural diversity increase operational productivity as shown in table 3 below.

Table 3: Cultural difference of Indian workers

Variable	Frequency	(%)
Have you observed big cultural difference at your work place?		
Yes	4	19.0
Not much	13	61.9
NO The state of th	4	19.0
Do you enjoy working with Ethiopians?		
Yes	21	100.0
Not much	0	0.0
No	0	0.0
Do you plan to stay more longer years at your current work place?		
Yes	20	95.2
Not much	1	4.8.
No	0	0.0
Do you encourage your country professional to work in Ethiopia?.		
Yes	20	95.2
Not much	1	4.8
No	0	0.0
Have you encountered communications gaps affecting your		
performance?		
Yes	0	0.0
Not much	4	19.0
No	17	81.0
Is there a big knowledge gap between your country's professionals and		
Ethiopians of the same standard of education and experience		
Yes	4	19.0
Not much	13	61.9
No	4	19.0
Have you faced security issues in Ethiopia during your stay?		
Yes	20	95.2



Not much	1	4.8
No	0	0.0
Does the performance and productivity is better in Ethiopia or your country?		
Yes	0	0.0
Not much	21	100.0
No	0	0.0
Do you believe that cultural diversity increase operational productivity?		
Yes	4	19.0
Not much	17	81.0
No	0	0.0

# Ethiopian Respondents on Cultural diversity at workplace

About 45.7% of study participants were not as such observed big cultural difference at their work place in Ethiopia. More than half of the study participants thought that they have a leant a lot from expats. Nearly two-third of study participants were enjoyed working with expats. Majority were encouraged their country professional to work with expats. In this study, 63% of study participants were believed that that cultural diversity increase productivity as shown in table four below.

Table 4: Ethiopian Cultural work diversity

Variable	Frequency	(%)
Have you observed big cultural difference at your work place with Expats?		
Yes	29	41.4
Not much	32	45.7
NO	9	12.9



Do you think you have leant a lot from expats?		
Yes	36	51.4
Not much	21	30.0
No	13	18.6
Do you enjoy working with Expats?		
Yes	44	62.9
Not much	15	21.4.
No	11	15.7
Do you plan to stay working more longer years with expats at your current work place?		
Yes	27	38.6
Not much	25	35.7
No	18	25.7
Do you encourage your country professional to work with expats ?		
Yes	52	74.3
Not much	18	25.7
No	0	0.0
Have you encountered communications gaps affecting your performance?		
Yes	16	22.9
Not much	41	58.6
No	13	18.6
Is there a big knowledge gap between your country's professionals and the Expats of the same standard of education and experience?		
Yes	14	20.0
Not much	33	47.1
No	23	32.9
Have you faced serious misunderstanding issue with expats?		
Yes	2	2.9
Not much	43	61.4
No	25	35.7



Does the performance and productivity has been increased while working with expats?		
Yes	41	58.6
Not much	22	31.4
No	7	10.0
Do you believe that cultural diversity increase productivity?		
Yes	44	62.9
Not much	12	17.1
No	14	20.0

# **Conclusions on the findings and recommendations**

#### Conclusion

From the research findings, the effect of cultural workforce diversity on employee performance in case Kilitch Estro Biotech Pharmaceutical Manufacturing Factory appears to be positively significant. The objectives of the study have been achieved and the research questions have been fully answered by the analyses conducted. This means that workforce diversity is also an influencer of employee performance. For instance, in terms of educational diversity, the way an employee carries out his/her job can have as a result of the competences he/she has gained through education, experience and training. Also age diversity has an effect on employee performance; an employee can be more productive because is he young and still has the strength and skills to carry out task.

The findings revealed that cultural values emphasized on team work and that the company emphasized on positive cultural values and discouraged negative cultural values



which positively influenced its performance. From the findings, all the employee language variables did not have a significant effect on organizational performance with only ethnicity and negative working practices having a positive significant effect on organizational performance. The findings revealed that differences in language generated conflict because of the lack of skill of being able to identify with other cultural groups. The findings also showed that differences in language raised communication barriers that hindered effective transfer of knowledge.

#### Recommendation

This investigation could fill in as a rule for future explores at Kilitch Estro Biotech Pharmaceutical Manufacturing Factory. The focal point of this research was on workforce of cultural diversity. The researcher focus is on the gender, age, ethnicity, and education background of the employees and whether or not it'll have an effect on their performance of workforce diversity. It's recommended that future analysis will get an improved understanding for the effect of workforce force cultural diversity towards employee performance in case Kilitch Estro Biotech Pharmaceutical Manufacturing Factory.



#### Reference

Ademba, A. (2021). The influence of organizational culture the performance of employees at Commercial Bank of Kenya.

Ayano ,Z.D.(2020). The effect of workforce diversity on employee performance (In case of Addis Ababa Science and Technology University)

Banba, D. (2018). Harmony in diversity: an empirical study of harmonious co-existence in the multi-ethnic culture of Qinghai. *International Journal of Anthropology and Ethnology* 

Buaroob, I.AS.(2019). Language barriers to effective communication, Jordan University, Jordania

Fejzic,J and Barker ,M. (2019). Pharmacy practitioners' lived experiences of culture in multicultural Australia: From perceptions to skilled practice.

Habiburrahman, Prasetyo ,A, Raharjo , T.W, Rinawati , HS, Trisnani , Eko , BR, Wahyudiyono ,Wulandari , S.N, Fahlevi , M, Aljuaid ,M and Heidler,P. 2022. Determination of Critical Factors for Success in Business Incubators and Startups in East Java.

Jayawardana,HMA and Priyashantha,KG.( 2019). The Impact of Workforce Diversity on Employee Performance. Navigating Cyberspace for Socio-economic Transformation and Redefining Management in Light of Digital Economy." Proceedings of the 8th International Conference on Management and Economics – 2019.

Jones, G.B., Chirino-Chace, B. and Wright, J.M. (2020), "Cultural diversity drives innovation: empowering teams for success", Int. J. Innov. Sci, pending, Vol. 12.



Jones, G, Chace,B and Wright ,I.(2021). Cultural diversity drives innovation: modeling in the global pharmaceutical industry.

Mahmood,AH and Hassan,ZM.(2018). Language Learning and Learner's Self-identity: A Psycho-Pragmatic Study of EFL Learners in Kurdistan Region. Zankoi slemani Magazine B / for humanity science No (53) Jan 2018.

Prasko, J Ociskova, M, Vanek, J Burkauskas, J Bite, Krone, I, Sollar, T and Juskiene, A. (2022). Managing Transference and Countertransference in Cognitive Behavioral Supervision: Theoretical Framework and Clinical Application. Psychol Res Behav Manag. 2022; 15: 2129–2155.

Raewf, MB and Mahmood, YN. (2021). The Cultural Diversity in the Workplace. Cihan University-Erbil Journal of Humanities and Social Sciences.

Tenzer,H and Schuster, T.(2017) . Language barriers in different forms of international assignments

Othman.AH and Fouad,NI.(2022). cultural diversity management framework for enhancing the performance of architectural design firms in Egypt

Oyedele, OO. (2018). Workforce Diversity Management Strategies and Organizational Performance in the Food and Beverage Industries in Lagos State, Nigeria. Scholedge International Journal of Management & Development.