

Significant of cultural diversity on business performance in the parts manufacturing organisation in South Africa



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ABSTRACT

Organisations are in the midst of cultural change and transformation. Thus, the global market demands that they remain competitive, flexible and relevant in order to adequately react to culturally diverse changes in their human resources. This sentiment describes the importance of cultural diversity in organisations. Hence, this study examines the significant of cultural diversity on business performance in the automotive parts manufacturing organisations in South Africa. The study was quantitative in design, with the participation of middle-level managers in two large automotive parts manufacturing organisations in the eThekweni District Municipality in KwaZulu-Natal (in South Africa). Of the 168 individuals identified for participation, 118 participated in the study, representing a 70.2 per cent response rate. Descriptive and t-tests, using the Statistical Package for the Social Sciences (SPSS), were used to analyse data. Study results indicate that a culturally diverse workforce is associated with greater organisational performance, improved strategic decision-making and innovation. The original value of this study is its essence in providing opportunities and challenges of cultural diversity on business performance in the parts manufacturing organisations in South Africa.

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Introduction

Over the years, cultural diversity has been a subject of great interest for business and researchers. Due to an increase in globalisation, cultural diversity has gradually grown in organisations (Mehdi, 2021). This shows that people are part of the worldwide economy competing within a global framework. Mehdi (2021) alludes that cultural diversity is recognised when differences in race, ethnicity, language, nationality, religion and sexual orientation are represented within a community. Inegbedion, Sunday, Asaley, Lawal and Adebajji (2020) identified geographical location, work experience, income, religious beliefs and marital status as concepts that identify cultural diversity. People's self-image and the way they view the world are shaped by these dimensions (Mary, Malhotra, Goswami, Kumari, & Priya 2023). Numerous studies (Morris, 2023, Patrick & Kumar, 2012; Mehdi, 2021; Lam, Nguyen, Le & Tran 2021) examined the effects of cultural diversity in commerce. However, little research has assessed the significance of cultural diversity on business performance. Consequently, this study investigates the influence of cultural diversity on business performance in the automotive parts manufacturing organisation in South Africa.

According Green, Lopez, Wysocki, Kepner, Farnsworth & Clark (2015), one of the benefits of cultural diversity is creating a competitive advantage, thus increasing work productivity in the organisation. However, Morris (2023) indicates that cultural diversity is associated with creativity and innovation, effective decision-making and greater organisational performance. Inegbedion *et al.* (2020) stress that an increase in cultural diversity increases cognitive bias and social comparisons in the organisation. It results in barriers to social intercourse and could possibly lead to negative performance outcomes for an organisation. Hence, this study

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examines its influence on business performance in the automotive parts manufacturing organisations in South Africa. It is guided by the following research questions (RQs):

- i. What are the opportunities of cultural diversity on business performance in the automotive parts manufacturing sector in South Africa?
- ii. Does cultural diversity present a challenge on business performance in the automotive parts manufacturing sector in South Africa?

As is the case with modern economies around the world, the South African workplace is generally viewed as diversified when employee attribute such as age differences, different education and training levels, gender participation rates and the racial composition are considered (Mary et al., 2023). Given the perceived general low levels of productivity in the South African economy (CEIC, 2020), this study contributes to the ongoing business performance debacle in the automotive parts manufacturing sector in South Africa (Patrick & Kumar, 2021). Considering the diversity of the South African labour force and the on-going debate on the low levels of productivity, it is deemed necessary to assess the influence that employee diversity attributes might have on business performance. Consequently, this study explores the influence of cultural diversity on business performance in the automotive parts manufacturing organisations in South Africa.

The automotive sector has been hard hit by government policies, shrinking market share as less people are buying vehicles (Pitot, 2010). This includes an impulse on global economic conditions. This has been exacerbated by a global decline in light vehicle by 0.5 per cent in 2018, driven by an unexpected similar decline in China (Black, Makundi & McLennan 2017). While the automotive manufacturing sector had to deal with the increasing cultural diversity of employees and the need to properly manage diversity, this has put a burden in its performance.

Considering that cultural diversity has become a subject of great interest in organisations and researchers (Sinclair, Joffe, Ginnivan, Parker, Anstey 2023; Macheo 2016; Mehdi 2021), examining its influence on business performance is crucial. The management of cultural diversity is essential in attaining the positive outcomes in organisations (Diam 2022). Inegbedion *et al.* (2020) add that cultural diversity is an essential tool in the attainment of competitive advantage and optimum organisational performance.

Despite numerous literatures on the influence of workforce diversity and business performance (Diam 2022; Sinclair *et al.* 2023; Holmgren & Jonsson 2013), very little has been researched on how cultural diversity affects business performance in the automotive parts manufacturing industry in South Africa.

The remaining sections of the study consider the literature review, research methodology, results, discussion, and the implications of the results for policy and practice, limitations, as well as the conclusion.

Literature Review

This section discusses an overview of cultural diversity on business performance. Cultural diversity and the workforce behaviour concludes the theoretical foundation for this study.

Overview of Cultural Diversity on Business Performance

The cultural diversity phenomenon has not been given serious attention by businesses (Mary *et al.*, 2023). This is due to a corporate culture that is seemingly characterised by socio-political patronage of people in authority. However, indigenous businesses with a global focus are beginning to pay attention to this management challenge. According to Morris (2023), little research on this phenomenon has been conducted in the African context, thus some fall short of a complete examination of workforce diversity. He accentuates that the cultural diversity phenomenon is one of the challenging human resource and organisational issues of today. Thus, the academicians and industry practitioners have sought to understand the influence and its management on organisational performance.

Cultural diversity has been researched in both laboratory and field settings. Laboratory studies, grounded in the value-in-diversity perspective, have indicated that diversity within work groups increases their effectiveness (Sharma 2016). However, field studies characterised by social identity and self-categorisation theories, have suggested that it is associated with negative performance outcomes. In contrast, Mary *et al.* (2023) state that businesses with different levels of cultural diversity experience dissimilar dynamics and organisational outcomes. Within culturally homogeneous groups, members will tend to communicate with one another more often because they shared worldviews and a unified culture resulting in an in-group attachments and shared perceptions (Sharma 2016). Thus, social identity theory suggests that cultural homogeneity in management groups may increase satisfaction, improve performance and cooperation, and reduce emotional conflict.

Cultural diversity is found to have a contrasting double implication for business performance. Mehdi (2021) believed that the impact of cultural diversity in the organisation can be both favourable and unfavourable. Some of the negative effects include dysfunctional conflict and lost productivity. However, positive effects comprised of in-house resources of cultural trainers and informers, a strong knowledge base created by an assortment of cultural experiences, and a tendency to expand the business in foreign cultures.

According to Morris (2023), cultural diversity seems to be a double-barreled phenomenon. It aimed at “increasing the opportunity for creativity as well as the probability that group members will be dissatisfied and fail to identify with the group”. Hence, some studies have found that various forms of diversity are associated with greater organisational performance, improved strategic decision-making, and innovation (Mehdi 2021). However, other research shows that various types of organisational diversity sometimes increase conflict, reduce social cohesion, and increase employee turnover (Inegbedion *et al.* 2020). Duque-Grisales and Aguilera-Caracuel (2021) support Morris (2023) statement by adding that cultural diversity in organisations will have a curvi-linear relationship with business performance, in which organisations with low and high levels of homogeneity will outperform those with moderate levels of homogeneity.

According to Stahl and Maznevski (2021), there are various reasons why global diversification and business performance should be positively related. This view is supported by Grant (1987) and Grant, Jimmine and Thomas (1988) as cited by Stahl and Maznevski (2021) that there is a positive relationship between international diversification and business performance. However, Michel and Shakaël (1986) as cited by Stahl & Maznevski (2021) report non-significant or equivocal support for the proposition that business performance is a positive function of international diversification. Hence, research findings have been contradictory, suggesting that other factors may be responsible for the observed results (Inegbedion *et al.* 2020). Consequently, this study assesses numerous dimensions of cultural diversity and business performance.

Cultural diversity has been widely accepted by businesses as a way of creating a competitive edge. Businesses have the opportunity to utilize a vast collection of knowledge, skills and abilities found in a culturally diverse workforce (Grisales & Aguilera-Caracuel, 2021). Furthermore, Yilmaz *et al.* (2023) and Stahl *et al.* (2020) state that all organisations function within a specific culture. It has been widely recognised in contemporary discussions of organisational performance that management and other organisational practitioners have to develop an understanding of their cultural setting if their organisations are to perform effectively.

According to Arslan and Staub (2013), every business organisation aims to sustain its existence and meet the needs of their highly competitive market by constantly improving its performance. Organisational performance has been defined as the transformation of inputs into output for achieving certain results. However, Arslan and Staub (2013) as cited by Yilmaz *et al.* (2023) defined business performance as “the execution or accomplishment of work, tasks or goals to a certain level of desired satisfaction”. Moreover, there are various ways to understand business performance. For this study, business performance will be described as the ability of an organisation or business to satisfy the desired expectations of both owners and customers (Morris, 2023). Owners’ satisfaction is measured with financial returns or profits from organisational operations. However, customer’s expressed satisfaction is measured by the quality of the products or services of the organisation.

Mary *et al.*, (2023) allude that the financial growth of a business is measured through its sales performance. Sales performance refers to all economic activities or investments carried out in the organisation within a given period of time. It is measured by the total amount of income collected for the goods sold (Stahl & Maznevski, 2023). However, in most cases, employee satisfaction and morale are related to cultural affiliations and identity groups (Yilmaz *et al.*, 2023). Factors such as creativity, problem solving and intra-organisational communication in both formal and informal structures of the organisation will be impacted by the degree of diversity. The way people feel and think about their jobs and employers is influenced greatly by their cultural beliefs, norms and value systems. Moreover, Inegbedion *et al.* (2020) state that this is essential because behaviour is driven by perceptions of reality. Cox (1994) as cited by Yilmaz *et al.* (2023) further state that cultural differences shape a person’s beliefs and relationship with other employees, as well as customers to a great extent.

According to Lam *et al.* (2021), cultural diversity is very important to organisations that have adopted global strategies. When doing business internationally or with multi-cultural teams, it is important to understand other cultures (Diam, 2022). However, Lam *et al.* (2021) argue that organisations’ interest in understanding cultural diversity can be dependent on the organisational culture. Consequently, this study provides clarity by examining opportunities and challenges of cultural diversity on business performance in the automotive parts manufacturing industry in South Africa.

Cultural Diversity and Workforce Behaviour

Since culture affects peoples’ behaviour, values and customs, as elaborated in the previous section, people of different cultures work in different ways in business situations (Schnalke & Mason 2014). This can be seen through different approaches to punctuality, conflict, structure, different relations to authority and differences in how people see work in relation to their lives (Lam *et al.* 2021). Additionally, this type of diversity can have a significant impact on organisational performance where there is a culturally diverse workforce.

Diam (2022) accentuate that culturally diverse groups operate in different ways depending on the extent of their cultural diversity. Moreover, there are some clear advantages and disadvantages of a culturally diverse workforce. Hence, previous studies have proven that culturally heterogeneous and homogeneous groups have advantages over the other in different contexts (Lashitew, Ross & Welker 2023; Morris, 2023; Yilmaz *et al.*, 2023). Homogenous groups are shown to have higher performance in five different tested constructs than heterogeneous groups (Thomas 1991 as cited in Lashitew *et al.* 2023). These include race, gender, age, disabilities, and sexual orientation. Furthermore, homogeneous groups are more effective in situations with a complex context where heterogeneous groups fall short due to perception and attribution differences, as well as communication issues (Yilmaz *et al.* 2023).

On the other hand, Bedi *et al.* (2014) advocate that members of heterogeneous groups have different experiences and backgrounds. They have the potential to generate more diverse solutions to problems and thus achieve higher quality results due to greater creativity. However, conflicts arise more easily in heterogeneous groups, but can be more productive and creative in the long run with more generated ideas (Diam 2022). Nevertheless, it can be concluded that no one of these groups is superior to the other (Sinclair *et al.* 2023). Diam (2022) supports this view by pointing out that heterogeneous groups tend to be either the most or the least effective teams, while homogeneous groups tend to be average. However, it may be assumed that an organisation could benefit from using both types of groups in different situations to create the highest possible benefits (Sharma 2016).

According to Diam (2022), people often see cultural diversity as something that will not benefit their organisation, although it can bring many positive outcomes. However, creating positive outcomes from cultural diversity might not always be easy. He adds that one aspect of cultural diversity is cultural conflicts, which is the unintended conflicts that often occur when people from different cultures meet. Cultural conflicts can arise both in interaction with several people from different cultures, or between a foreign and a native person (Lam *et al.* 2021). Conflicts between people of different cultures can also be explained by the fact that people often prefer working with others who are alike as they feel more comfortable with them (Diam 2022). Sinclair *et al.* (2023) state that dissimilarities in value, background, and experience that heterogeneous groups display can easily create conflicts. Thus, cultural differences can create obstacles to teams, which might be subtle and difficult to identify before they cause a problem (Sharma 2016).

However, Holmgren & Jonsson (2013) depicts that in a situation with cultural conflict, it is important that managers recognise the underlying causes to the cultural conflicts and intervene in a manner that is suitable for the situation. The key to handle cultural conflicts is communication and active listening (Mahan 2013). Studies has shown that people often see language as the cause of problems in situations with cultural diversity (Bedi *et al.* 2014; Sharma, 2016; Diam, 2022). Even if people can communicate with each other, people of different cultures may have different meanings to the same words or different ways of expressing the same things. In expecting a culturally diverse group to work, it is reasonable to assume that everyone involved in the situation should be able to handle a common language well, with the corporate language that is suitable for everyone involved. It is also important to learn about different cultures to recognise cross cultural issues (Diam 2022). The focus, in this case, should lie on the aspects that characterise the host culture and the cultures coming into the company (Green *et al.* 2015). Hence, the significant of this study to examine the influence of cultural diversity on business performance in the automotive parts manufacturing organisations in South Africa is crucial.

Research and Methodology

The methodology for this research will be discussed under the following headings, namely: research design, the organisation that participated in the study, data collection method, as well as the measurement and analysis of data.

Research Design

The research approach was quantitative in design. Struwing and Stead (2015) define quantitative research approach as an inquiry that is measured in numbers and analysed using statistical procedures. The purpose for selecting this approach was to evaluate data, objectively, using numbers with the aim of achieving a high level of reliability (Saunders *et al.*, 2007).

Organisations That Participated in The Study

This study was carried out in two large automotive parts manufacturing organisations operating in the eThekweni District Municipality. Company A has six manufacturing and assembly plants. It employs over 700 employees, of whom 91 were middle-level managers. However, Company B has two plants, including its head office. It has a total of 603 employees with 77 middle-level managers.

Data Collection Method

A self-administered questionnaire was used to collect data. According to Godwill (2015), self-administered questionnaires are useful for collecting data from a large number of participants. Questionnaires were distributed to 168 randomly selected middle-level managers. However, a total of 118 questionnaires were returned through the company's Human Resources Managers, representing a 70.2 per cent response rate, considered high compared with the norm for survey responses (Baruch & Holtom, 2008). The main reason for this high response rate was due to the invitation letter sent to the participants. Company A was represented by 67 respondents while 51 were from company B.

Measurement and Analysis Data

In line with the research framework, the study measured six variables using the questionnaire. It employed a Likert scale, ranging from 1 (strongly agree) to 5 (strongly disagree). On the perception of cultural diversity (Tufail and Taieb 2023; Patrick & Kumar, 2012; Diam, 2022; Farida and Setiawan, 2022; Inegbedion *et al.* 2020; Mary *et al.* (2023), the variables include: cultural diversity is when differences in race exist in the organisation, cultural diversity refers to different cultures within an organisation, a culturally diverse workforce is associated with greater organisational performance, problem-solving in a culturally diverse group will provide

different perspectives, cultural diversity within a work group increases their effectiveness, and cultural diversity is a way of creating competitive advantage. It also measured the opportunities of cultural diversity on business performance.

The Statistical Package for the Social Sciences (SPSS), version 23.0, was used to analyse data. Descriptive and t-tests were employed to analyse the study objectives.

Findings and Discussion

This section provides results for the opportunities and challenges of cultural diversity on business performance.

Opportunities of Cultural Diversity on Business Performance

This sub-section examines opportunities of cultural diversity for business performance. It uses results in Table 1 to determine if culturally diverse workforce has different ways of thinking, cultural diversity develops organisational members with knowledge, and whether a culturally diverse organisation expand into foreign cultures. It establishes if cultural diversity improves decision-making, and whether culturally diverse organisations can attract qualified minority group members. In addition, it assesses if culturally diverse workforce can analyse a problem from a variety of perspectives, has a positive effect on labour productivity, and can strengthen organisation’s relationship with customers.

Table 1: Opportunities of Cultural Diversity on Business Performance

Statements	Percentage response accepting (through a combination of agree and strongly agree responses) on the opportunities of cultural diversity on business performance
<i>A culturally diverse workforce has different ways of thinking</i>	92.0
<i>Cultural diversity develops organisational members with knowledge</i>	90.2
<i>Culturally diverse organisation expands the business into foreign cultures</i>	77.7
<i>Cultural diversity improves decision-making</i>	67.9
<i>A culturally diverse organisation can attract qualified minority group members</i>	79.5
<i>A culturally diverse workforce can analyse a problem from a variety of perspectives</i>	91.1
<i>Cultural diversity has a positive effect on labour productivity</i>	75.0
<i>Cultural diversity can strengthen organisation’s relationship with customers</i>	86.6

A Culturally Diverse Workforce Has Different Ways of Thinking

The results in Table 1 establish whether a culturally diverse workforce has different ways of thinking. The majority of participants at 92.0 per cent agreed with the statement. This confirms the position held by Mehdi (2021) that a culturally diverse workforce has different ways of thinking and can analyse a matter at hand from a variety of perspectives. Sinclair *et al.* (2023) adds that a broad mix of prior experience and expertise in certain processes encourage employees to discuss and learn from each other.

Cultural Diversity Develops Organisational Members with Knowledge

As can be observed from Table 1, 90.2 per cent of the participants agreed with the statement. This confirms with the statement made by Patrick and Kumar (2012:2) that employees coming from different cultures have different experiences, which can be beneficial to the business. They provide the organisation with a sound and vast knowledge base.

A Culturally Diverse Organisation Expands into Foreign Cultures

Results in Table 1 reveal that 77.7 per cent of the participants agreed that culturally diverse organisation expand into foreign cultures. This is confirmed by Mehdi (2021) who asserts that an in-house resources of cultural trainers and informers, a strong knowledge base created by an assortment of cultural experiences, as well as a tendency to expand the business in foreign cultures results to a positive effect for business as enhanced by cultural diversity.

Cultural Diversity Improves Decision-Making

The majority of the participants in Table 1 at 67.9 per cent agreed with the position that cultural diversity improves decision-making in the organization. These results are in line with the study by Morris (2023) who indicates that various forms of diversity are associated with greater organisational performance, improved strategic decision-making and innovation.

A Culturally Diverse Organisation Can Attract Qualified Minority Group Members

Results in Table 1 indicates that 79.5 per cent of the participants agreed that a culturally diverse organisation can attract qualified minority group members. Results confirm Green, Lopez, Wysocki, Kepner, Farnsworth and Clark (2015) who asserts that culturally diverse organisations are able to attract and retain qualified minority group members, gain competitive advantage and derive high human resource dividends.

A Culturally Diverse Workforce Can Analyse A Problem From A Variety of Perspectives

Table 1 shows that 91.1 per cent of the participants agreed with the position that a culturally diverse workforce can analyse a problem from a variety of perspectives. This is in line with an earlier study by Mehdi (2021), which noted that a culturally diverse workforce has a different ways of thinking and can analyse a matter from a variety of perspectives. Furthermore, Holmgren and Jonsson (2013) in Schnalke and Mason (2014) state that since members of heterogeneous groups have different experiences and backgrounds, they show potential to generate more diverse solutions to problems and thus achieve higher quality results.

Cultural Diversity Has A Positive Effect on Labour Productivity

The results in Table 1 indicate that 75.0 per cent of the participants agreed that cultural diversity has positive effects on labour productivity.

Cultural Diversity Can Strengthen Organisation’s Relationship with Customers

The results in Table 1 shows that 86.6 per cent of the participants agreed that cultural diversity can strengthen organisation’s relationship with customers. This is confirmed by Inegbedion *et al.* (2020) who state that cultural diversity can greatly strengthen an organisation’s relationship with customers by making communication more effective.

This subsection assessed the opportunities of cultural diversity. The next subsection provides the analyses on the challenges of cultural diversity on business performance.

Challenges of Cultural Diversity on Business Performance

This sub-section assesses the challenges of cultural diversity on business performance. Table 2 establishes if cultural diversity leads to a favourable influence in the organisation, interpersonal conflict results in lost productivity and whether interpersonal conflict results in the loss of key personnel in the organisation. It establishes whether a culturally diverse workforce provides the organisation with knowledge for labour productivity. It ascertains whether cultural diversity can influence communication in the organisation.

Table 2: Challenges of Cultural Diversity on Business Performance

Statements	Percentage response accepting the challenges of cultural diversity on business performance
<i>Cultural diversity leads to a favourable influence in the organisation</i>	85.7
<i>Interpersonal conflict results in lost productivity</i>	88.4
<i>Interpersonal conflict results in the loss of key personnel in the organisation</i>	72.3
<i>A culturally diverse workforce provides the organisation with knowledge for labour productivity</i>	86.6
<i>Cultural diversity can influence communication in the organisation</i>	76.8

Source: Calculation Based on Research Data (2019)

Cultural Diversity Leads to A Favourable Influence in The Organisation

The majority of the participants in Table 2 at 85.7 per cent agreed that cultural diversity leads to a favourable influence in the organisation. Favourable influence of culturally diverse organisation is confirmed by Diam (2022) who asserts that people often see cultural diversity as something that brings many positive business outcomes.

Interpersonal Conflict Results in Lost Productivity

Results in Table 2 show that 88.4 per cent of the participants agreed that interpersonal conflict results in lost productivity. This view is supported by Mary *et al.* (2023), who states that interpersonal conflict leads to the development of negative emotions amongst employees, which can in turn be damaging to organisational performance.

Interpersonal Conflict Results in The Loss of Key Personal in The Organisation

Table 2 reveals that 72.3 per cent of the participants agreed that interpersonal conflict results in the loss of key personal in the organisation. Mehdi (2021) supports this view by indicating that cultural diversity is associated with dysfunctional conflict, lost productivity, and losses of key personnel.

A Culturally Diverse Workforce Provides The Organisation With Knowledge for Labour Productivity

While cultural diversity may provide a probability that group members are dissatisfied and failed to identify with a group (Morris, 2023), it provides positive outcomes. Results in Table 2 indicate that 86.6 per cent of participants agreed that a culturally diverse workforce provides the organisation with knowledge for labour productivity. Hence, the results affirm Patrick and Kumar’s (2012) view that employees from different cultures display distinct experiences, which can be more beneficial to the organisation by providing a sound and vast knowledge base for productivity improvement.

Cultural Diversity Can Influence Communication in The Organisation

Table 2 reveals that 76.8 per cent of the participants agreed that cultural diversity can influence communication in the organisation. Accordingly, Patrick and Kumar (2012) allude that cultural diversity can negatively impact communication in the organisation. It can be an obstacle in the way of effective communication, which may cause a decrease in productivity and dampen cohesiveness amongst employees.

Cultural Diversity and Business Performance

This section provides the analysis from statistical data. It assesses the statistically significant difference between variables.

Table 3: Cultural Diversity and Business Performance

Test Statistics	Variables		
	Perceptions of cultural diversity on business performance	Opportunities of cultural diversity on business performance	Challenges on cultural diversity for business performance
Mann-Whitney U	1184.500	1431.500	1038.000
Wilcoxon W	2837.500	3084.500	2691.000
Z values	-2.248	-0.796	-3.101
Asymp. Sig. (2-tailed)	0.025	0.426	0.002

Source: Calculation Based on Research Data (2019)

Perception on Cultural Diversity and Business Performance

Results in Table 3 indicates a p-value of 0.025, which is less than the conventional standard p-value of 0.05, thus rejecting the assumption of a significant difference between the variables. This shows that there is no statistically significant difference between the two variables. Consequently, Baer *et al.* (2007) established that the diversity dimension is positively related to performance. They also indicate that tenure diverse teams outperform those that are less diverse. A mixture of managers and employees with different culturally diverse backgrounds prove to be an optimal combination to generate optimum performance.

Challenges of Cultural Diversity on Business Performance

Table 3 show results of study variables relating to the challenges of cultural diversity on business performance. The results indicate a p-value of 0.426 which is higher than the critical p-value of 0.05. It shows a statistically significant difference between the challenges of cultural diversity on business performance. Results showed that middle-level managers differ in their responses that there are challenges on cultural diversity in their respective organisations on business performance. Changes in the cultural make-up of organisations have made it imperative for managers to understand cultural diversity and how it affects their respective organisations (Inegbedion *et al.*, 2020). They add that cultural diversity can influence businesses in various ways.

Opportunities of Cultural Diversity on Business Performance

Results in Table 3 provide data for the analysis of study variables relating to the opportunities of cultural diversity on business performance. They show a p-value of 0.02, which is below the conventional standard value of 0.05, thus rejecting the assumption of

a significant difference between the variables. This implies the agreement amongst middle-level managers on the opportunities of cultural diversity on business performance.

Discussion

The study examines the significant of cultural diversity on business performance in the automotive parts manufacturing sector in South Africa. It provides opportunities and challenges of cultural diversity on business performance. The study reveals that cultural diversity has an influence in the automotive sector. Culturally diverse workforce has a different way of thinking. They analyse a problem from a different perspective. Morris (2023) concurs that cultural diversity is associated with creativity and innovation, effective decision making and greater organisational performance. However, Diam (2022) indicates that some people view cultural diversity as something that cannot benefit their organisations. Mehdi (2021) alludes that cultural diversity may result to dysfunctional conflict, loss productivity and losses of key personnel. It must effectively be managed including the unintended cultural conflicts such as communication and active listening. Patrick and Kumar (2012) indicate that employees coming from different cultures have different experiences, which can be more beneficial to the business thus providing the organisation with a sound and vast knowledge base for business performance.

Conclusions

Culturally diverse workforce is a true reflection of a changing world. The study concluded that cultural diversity has significant effects on business performance in the automotive parts manufacturing industry in the eThekweni District Municipality. However, Morris (2023) indicates that cultural diversity is a double-edged sword. It increases the opportunity for creativity. On the other hand, group members may be dissatisfied and fail to identify with the group. Hence, this study assessed opportunities and challenges of cultural diversity on business performance in the automotive parts manufacturing sector in South Africa. Given the importance of business performance in most economies, such a study has an important practical implication for decision-making and policy.

It is essential that management and other organisational practitioners develop an understanding of their cultural settings if their organisations are to perform effectively (Macheo, 2016). This must be based on an understanding of the economic factors affecting cultural diversity on business performance (Stahl et al., 2010). Besides the achievements of study objectives, organisations should consider the following effects:

- i. Cultural diversity has been accepted by businesses as a way of creating a competitive edge (Inegbedion et al., 2020).
- ii. Cultural diversity within a work group should be able to increase business effectiveness (Simon & Rowland, 2011).

The usefulness of the results is constrained by the small sample size. The study focused only in one geographical area, that is, eThekweni District Municipality, but the results are broader in their general application. A substantial amount of data is available as it pertains universally, and not specifically to South Africa. The results relate only to automotive parts manufacturing organisations in the eThekweni District Municipality and cannot be generalised to all manufacturers in South Africa or other countries.

Based on the results for this study, future research should expand to other sectors of the South African economy.

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