

The Influence of Work Diversity on Organizational Performance in Hospitality Sector in the UAE: The Moderating Role of HR Practices

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Abstract

Purpose - The aim of this paper is to investigate the impact of work diversity on organizational performance (OP) in hospitality sector in the United Arab Emirates (UAE). We suggested training as a mediator over which diversity in income level and race indirectly affects organizational performance. We also emphasized two human resource practices, namely, rewards and performance appraisal, as important possibilities that moderate the impact of employee diversity on training and organizational performance.

Design/methodology/approach - A sequential regression analysis was applied on performance appraisal data including information from directors, unit managers, supervisors, low level workers, and customers, as well as financial outcomes from 167 organizations in the United Arab Emirates (UAE) (683 full time employees) in the hospitality sector including hotels, restaurants, theme parks, travel agents, recreational centers, and museums, which assisted in supporting the hypotheses.

Findings - The findings confirm that income-level diversity has been negatively moderated and race diversity has been positively moderated in training, which in turn has a positive mediating impact on OP. Interestingly, our research on rewards and performance appraisal as essential HR

activities shows their ability to motivate to good working relationships in a diverse workforce.

Our hope is that the current study will be beneficial for diverse groups to make an organization a more accepting workplace.

Originality - researchers have verified that a comprehensive investigation is required to apprehend the effect of diversity on OP. We state that training is a possible tool for recognizing how diversity may improve OP. In addition, we suggested two HR practices that can uphold effective training among the diverse individuals: (a) rewards and (b) performance appraisal. As many organizations strive to improve their operation by implementing these HR practices, managing diversity successfully is worth examining. Exploring the moderating role of these HR practices, consequently, can expand our knowledge of contextual variables that highlight positive influences of diversity

KEYWORDS:

Hospitality, HR practices, performance appraisal, rewards, training, workplace diversity.

1.0 INTRODUCTION

Workplace diversity is the classification of personal traits between individuals of a business, and is has become a broadly acknowledged in hospitality sector (Durrani & Rajagopal, 2016).

Companies have amplified their attention in diversifying the race structure of their employees as a resources to maintain an opportunity for cultural exchange (Kalargyrou & Costen, 2017). One of the main problems faced by organizations in hospitality is to find effective communication between dissimilar individuals to improve organizational performance (OP) (Manoharan & Singal, 2017). Incorporating work from dissimilar individuals, for example, can create complications due to prejudices or misinterpretations. Nevertheless, when managed effectively,

diversity can boost OP by conveying in numerous angles, enlightening decision-making quality, and improving productivity (Zheng et al., 2020). Moreover, the unique nature of interpersonal relations between diverse individuals can offer the source for competitive advantages that can be challenging for rivals to imitate (Hsiao et al., 2020). Current studies discussed how organizations can create effective communication between diverse employees to improve OP. Literature on diversity have primarily concentrated on the single or group levels, thus inadequately exposing the link between workplace diversity and OP (Lambert, 2016). A few researches have investigated the link of OP and several measurements of demographic diversity, such as gender and educational level (e.g., Kalev, & Deutsch, 2018; Pullman, & Jongbloed, 2019), but little is recognized about its association with other diversity measurements, such as income and race differences. Furthermore, endorsements for specialists on how companies can utilize the diversity advantages are limited (e.g., Hsiao et al., 2020). Precisely, our study was conducted in the UAE, where dissimilarity in the income and the necessity for diverse intellectual resource can create problems from the workers with varying income level and race (Qasim, 2020). As we aim to associate workplace diversity with OP, previous studies have highlighted two issues. First, even though the impact of diversity on OP have been recognized, the description of relationship still imprecise, particularly at the organizational level. The influences of diversity are extensive and complicated, causing in different perceptions on its impacts (Cunningham, 2019). For example, diversity offers suggestions for several practices such as teamwork, managing the conflict, and problem solving (Prasad, 2017). Accordingly, many studies have suggested for more examination into possible mediators that may connect diversity to OP (Sundari, 2018; Hauret, & Williams, 2020). Second, discrepancies among findings on diversity propose that contextual factors should be measured (Rummell, & Tokar, 2016; Guillaume et al., 2017).

Remarkably, human resource (HR) practices can create a work environment that highlight the importance of diversity at workplace (Ravazzani, 2016). Unpredictably, still, the moderating impact of HR practices on the diversity and OP association have not been broadly investigated. The effective HR practices have a vital role in incorporating diverse individuals and boost OP. The purpose of study is to strengthen our knowledge of the association between diversity and OP in hospitality industry. Primarily, we propose that, at the organization level, training is a mediating through which income and race diversity indirectly impacts OP. Researches on diversity propose that its influence include several and interdependent sides. Therefore, researchers have verified that a comprehensive investigation is required to apprehend the effect of diversity on OP (e.g., Van Knippenberg & Schippers, 2007; Bernard, Anandan, & RaviKumar, 2019). We state that training is a possible tool for recognizing how diversity may improve OP. Also, we suggested two HR practices that can uphold effective training among the diverse individuals: (a) rewards (i.e., financial and non-financial; Ghosh et al., 2016) and (b) performance appraisal. As many organizations strive to improve their operation by implementing these HR practices, managing diversity successfully is worth examining (Etter, & Schmid, 2016). Exploring the moderating role of these HR practices, consequently, can expand our knowledge of contextual variables that highlight positive influences of diversity. Our proposed theoretical model is depicted in Figure 1.

INSERT FIGURE 1 ABOUT HERE

1.0 THEORETICAL BACKGROUND

2.1 Training and workplace diversity

We include training perspective to create a comprehensive framework that could associate diversity with OP. OP is an overall result of organizations, such as sales growth and customer satisfaction (Noruzy et al., 2013). Studies on diversity proposes that its impacts are broad and includes many aspects. Remarkably, the effective diversity to improve OP is reliant on high quality of employee training (Cloutier et al., 2015). Training may play a significant role in understanding the tool through which diversity impacts OP (Munjuri, & Maina, 2013).

Individuals make strong connections with whom they have common traits but stereotypes those who different traits (Ayub, & Jehn, 2014, Tekleab, & Quigley, 2014). Diversity in noticeable characteristics, consequently, can cause commination problems such us conflict or misinterpretations within individuals and affect the OP negatively (Walker, Machold, & Ahmed, 2015). On the other hand, others have highlighted the positive impact of diversity by improving the knowledge of work issues, and exchange new ideas (Frijns, Dodd, & Cimerova, 2016). In conclusion, the effective diversity to improve OP may rely on the quality and techniques of training. In this regard, training may provide new skills on how to deal with different individuals and training will motivate individuals to interact with each other. Therefore, training assists to understand the impact of diversity lengthily by proposing a mediating process that includes the training quality and variety aspects instantaneously. Our theoretical discussions are then hypothesized and examined.

2.2 Income diversity and training

Income diversity defined as the degree to which a group is diverse with regard to the income level of individuals (Durham, Manly, & Ritsema, 2014), income diversity is classified under the social and economic category and it has low visibility and task relatedness (Hameed, Ramzan, & Zubair, 2014). Income level reflects the life style in many cases, thus, individuals prefer to form

and retain connections with those similar to their life style. The impacts could lead to stereotyping biases, and biases, which create undesirable outcomes in teams (Lee et al., 2017). Income diversity states to the sources of a worker's income, not only salary. A worker may gain money from investing in another businesses or can have money from parents. Job relatedness is important measurement of diversity that adopts its positive influences on communication and task processes (Lawton, & De Aquino, 2015). Variances in characteristics that are not high in job relatedness have less impact on interactions. In this case, income diversity debatably reduces social combination, resulting in difficulty in exchanging ideas (Muchiri, & Ayoko, 2013). Generally, income diversity is expected to weaken the social incorporation of diverse workforce due to high social classification based developments. In weak relationships among workers, they feel less connected psychologically with the other individuals of their team and affect their job involvement (Karanges et al., 2015).

Hypothesis 1: Income diversity is negatively linked to training.

2.3 Race diversity and training

Race diversity is the degree to which a group is dissimilar with regard to racial classification (Van der Meer, & Tolsma, 2014). This element is highly visible, and low in job relatedness (Richard, Kirby, & Chadwick, 2013). Diverse race can bring different ideal to organizations as cultures have different approaches in some cases (Guillaume et al., 2013). Particularly, diverse race individuals present new ideas and resources that improve the insight of the team ability to achieve the organization goals (Alesina, & Ferrara, 2005). Exchange ideas and learn from each other's brings mutual benefits and this may strengthen the relationship among individuals (Pitts, & Jarry, 2007). Therefore, race diversity is expected to have a positive impact on OP (Brodbeck, Guillaume, & Lee, 2011). With continued exchanging ideas and experiences over time, workers

improve their knowledge and skills and create a collective identity, resulting in improving the productivity which ultimately boost OP (Berman, West, & Richter, 2002). Finally, the recognition of others accomplishments logically builds respect and trust for the diversity value (Goby, Nickerson, & David, 2015). Given the importance of race diversity, we suggest that workers build high quality connections, which are beneficial to effective training.

Hypothesis 2: Race diversity is positively linked to training.

2.4 Training and organizational performance

Good quality and variety training is anticipated to improve performance, especially in uncertainty and the complex task (Naqvi, & Khan, 2013). Although conventionally weak in the above features, service providers have commenced enormous transformations not only in utilizing advanced technologies but also in redesigning their work process (Aghazadeh, 2007). The main goal is to adopt cohesive service practices that highlight collective work, effectiveness, and innovation. These practices develop the autonomy at work to increase flexibility in rapidly changing environments while concurrently developing employees' commitment and relationships (Shaffer, Sasaki, & Pratt, 2013). Therefore, training is becoming vital in the hospitality sector (Firdousi, 2011). We suggest that training meaningfully improves OP in hospitality sector. First, training build supportive employees' relation, generating a powerful connection among workforce. With training, employees are likely to involved in collective efforts rather than sort themselves into small groups. They also become prepared to perform work on behalf of one another without looking for being compensated. Consequently, workers aim to improve their skills for the achievement of the larger firm. Second, training can expand the knowledge of the value chain and this could reduce cost and increase efficiency. By integrating individual efforts in the framework of the larger process, workers build an

understanding on how their efforts participate with the entire value chain and whom they should refer to when conflict is found (Ahmad, & Bakar, 2003). In addition, training allows employees to communicate effectively, which assists in dissemination new information and viewpoints (Tan, & Lim, 2012). These implications determine the significance of designing effective training programs at workplace.

Hypothesis 3: Training is positively linked to OP.

2.5 The Moderating Role of HR Practices

Recognizing the contextual factors became vital during the examination of the association between employees' diversity and OP (Allen et al., 2008; Kundu, & Mor, 2017). HR practices also outline the social contexts of organizations (Li, Yahya, & Yean, 2016) and are hence considered as significant contextual aspects that could affect the relationship between workplace diversity and OP (Sánchez-Marín, Meroño-Cerdán, & Carrasco-Hernández, 2019). We suggest HR practices of rewards and performance appraisal as important contextual aspects for the influences of diversity on training for two main reasons. First, these two practices are highly related to workplace diversity. With its prospective for managing diversity in workplace, rewards have lately extended attention in diversity studies (e.g., Aldaibat et al., 2019). For example, Choi, Sung, & Zhang (2017) recommended that rewards could encourage the contribution and involvement of diverse workers in accomplishing the assigned tasks. Carter (2019) also claimed that rewards can improve OP by improving the contribution of minority in achieving the organizational goals. Notably, rewards involve consultation through various perspectives, whereas the performance outcomes of a diverse workplace are estimated to be an evident (Kim, & Park, 2017). Furthermore, the popularity of performance appraisal was determined by a necessity to reveal diverse angles in the diverse work environment of today (Dello Russo,

Miraglia, & Borgogni, 2017). For example, Crowson et al., (2018) concluded the purposes for the enlarged usage of performance appraisal in organizations. The research resisted that one main purpose was to maximize potential of worker to encounter workplace diversity. Sharma (2016) suggested that the importance of performance appraisal is in its capability to collect various different viewpoints. For example, 360-degree feedback in this study is suggested to minimize the stigma toward minorities due to their likely high involvement in these processes (Daoanis, 2012). Second, the above different types of HR activities have been suggested as the core factors that influence employee experiences in the workplace and affect OP. Rewards and performance appraisal are closely related to work characteristics that affect the attitudes and behaviors of employees (Selvarajan, & Cloninger, 2012). Rewards, for example, can potentially enhance job efficiency by encouraging workgroups to discuss the various ways of achieving the task, gain a detailed understanding of the work process and the final result, and make independent decisions. Performance appraisal also impact the engagement of workers through the incentive to eliminate perceptual differences and participate in productive working relationships (DeNisi, & Smith, 2014). Therefore, since these HR activities have been established as important contextual influencers of OP, we suggest rewards and performance appraisal as important contextual factors in incorporating diverse participants to enhance OP.

2.5.1 Rewards

Rewards as HR practices entail the appreciation of improved performance in employees by the organization. Essentially, this helps boost employees' morale as well as increasing their involvement in the organization's operations. Often, organizations reward them in monetary or non-monetary forms depending on the nature of the situation. Satisfaction in both the customer and employee is an essential achievement in the service industry (Lee et al., 2015). In fact, the

two go hand in hand. Jung and Yoon (2013) confirmed this assumption in their study by observing a mutual relationship between hotel guests and employee satisfaction. They noted that quality service delivery and positive feedback went both ways. Satisfied employees tended to deliver high quality service which ultimately improve OP. In the same way, satisfied customers had a tendency to give positive feedback or better still seek further services. Bidwell et al. (2013) explored how rewards work in the hospitality industry. Service orientation and its effect on the reward climate and employee attitude was studied and it was found that there was positive correlation between commitment and job satisfaction and that they were linked to the reward climate. This meant that employee should show a high level of commitment and job satisfaction if they perceived a strong service climate and understood the importance of the reward climate. Jin and Huang (2014) discussed the problems that were faced by the Chinese hotel sector in terms of extant incentive mechanisms. It emphasized the importance of the incentive mechanism if the management wanted to enforce job quality and service awareness in employees. It was seen that an employee who knew the vision, mission, goals and objectives of a company was more likely to meet the goal of increasing the profitability of the hotel by attracting more customers. Jin and Huang (2014) elaborated on this: if an organization wanted to retain its employees, stimulate their ability and raise the level of competitiveness, it needed to upgrade the reward and the salary system. On the other hand, Gunawan and Amalia (2015) stated that salary has only a partial impact on employees' performance, whereas some other types of motivation have more significant impact (i.e., achievement, recognition, responsibility, promotion and job suitability). One thing is certain and that is that the reward factor is not the only thing that works towards job satisfaction. There are several studies that show that it is a relevant measure, but an organization needs to create a level of commitment in its employees (Birdir and Canakci, 2014).

A study by García-Almeida et al. (2015) took a sample of 760 people in a hotel based in Spain. They discovered that what was important in the development of employee commitment was the relationship of the employees with their peers, the management, and HR department. Another study by Raina and Kalse (2018) studied employee engagement, and their findings were that employees need to know that their efforts are recognized by management. Caitlin (2012) studied part-time workers in the hotel industry and discovered that benefits were also important to them and had an effect on their level of commitment and satisfaction even though they were not given any benefits. One of the reasons why these employees were not offered any benefits was that they were not completely committed to the organization, so the employers saw no reason to invest in them. Consequently, we propose that rewards are a significant work framework that stimulates training among work diversity.

Hypothesis 4a: Rewards moderate the relationship between diversity of income levels and training, so that when firms have a stronger reward system, the negative correlation becomes weaker.

Hypothesis 4b: Rewards moderate the correlation between race diversity and preparation, so that when businesses have a better reward system, the positive association becomes greater.

2.5.2 Performance Appraisal

As another significant HR activity that promotes the integration of a diverse workforce, we recommend is 360-degree feedback. In this type of performance appraisal, feedback is delivered by various sources such as assistants, co-workers, managers, and clients (Chand and Ranga, 2018). Multi-source feedback is widely obtained by individuals to focus on themselves and prepare for their growth (Tenenhaus, 2018). This input contrasts with the conventional

performance evaluation in which only their managers judge workers (Wadongo et al., 2010). By fostering shared understanding, multi-source feedback may help foster high-quality working relationships among diverse employees. Second, workers can gain a greater understanding of individual variations in work styles and social experiences through multi-source input (Sudin, 2011). Owing to various lifestyles, job backgrounds, or viewpoints, a diverse workforce is likely to have differing views about job roles and anticipated behaviors (Law et al., 2011).

Inconsistency and ambiguity inherent in differences generate potential for bias to arise from stereotype-based assumptions. Therefore, to minimize disputes associated with misunderstandings and distrust, it is important to establish clear and regular information exchanges (Iqbal, 2012). Feedback offers opportunities for workers to consider the differences between themselves and others (Wadongo et al., 2010). Employees can interpret the experiences of others and gain a substantial understanding of how they can function together with individuals from different backgrounds by seeking input from various others (Tenenhaus, 2018). Second, in order to minimize such differences, feedback may enable people to change their behaviors (Selvarajan and Cloninger, 2012). Individuals are driven to modify their actions by detecting their difference from a personal norm, according to control theory (David, 2013). Workers experience diverse differences in a diverse workforce and are often shocked to hear the opinions of others. Various workers are also increasingly aware of their own developmental needs and are adapting their efforts to reduce the difference (Chand and Ranga, 2018). For example, Wadongo et al., (2010) reported that when noticing differences between self-ratings and others' feedback ratings, workers feel a greater need for behavioral improvement. Studies have shown that the positive types of behaviors such as consideration, teamwork (Nivethitha, Dyaram, & Kamalanabhan, 2014), and social skills (Storey, 2018) have been strengthened by multisource

feedback. Thirdly, multi-source feedback will foster positive views of the workplace by creating opportunities for workers to speak up. Individuals may share their views on different aspects of workplace problems through multi-source input, which would otherwise have been removed (Selvarajan & Cloninger, 2012), for example, claimed that multi-source feedback enhances employee expectations of discretion. In addition, such input helps workers to communicate their views to their managers (i.e. managers and senior staff) and various social classes, such as older and highly educated participants (Storey, 2018). Overall, multi-source input offering opportunities for voicing views increases overall workplace satisfaction by improving the sense of autonomy and relationships between various groups (Tsai et al., 2015). Both of these effects within a diverse workforce improve relational teamwork. We argue that multi-source input effectively enhances relationship communication with age and educational diversity across working groups. A diverse composition of the workforce produces multiple predicted habits and performance expectations. Such diverse worlds of thought can impede members from fully understanding each other (Storey, 2018). Multisource input in this regard is conducive to the management of employee diversity by helping to minimize perceptual differences and promoting social integration efforts. Bond & Haynes, 2014, with this finding, argued that multisource input would facilitate the incorporation of a diverse workforce by keeping employees responsible for their effect on others.

Hypothesis 5a: Performance appraisal moderates the association between diversity in income level and training such that the negative association becomes weaker when firms follow a better performance appraisal system.

Hypothesis 5b: Performance appraisal moderates the association between diversity in race and training such that the positive association becomes greater when firms follow a better performance appraisal system.

for studies on diversity and result moderators (Prasad, 2017; Nielsen, 2010). As such, through training, we suggest that HR practices moderate the indirect effects of income and race diversity on OP. We hypothesize that the negative, indirect association of income level diversity with OP is poor at high levels of either rewards or performance appraisal, in line with the theoretical assumption that income level diversity produces an adverse effect on training. In addition, given the positive impact of race diversity on training, the positive, indirect association between race diversity and OP is indicated to be strong at high levels of either rewards or performance appraisal. This is a moderated mediation situation, in which the mediated impact is high or low at the various levels of the third factor.

Hypothesis 6a: Rewards positively moderates the association between income level diversity and OP as mediated by training such that the mediated association is less negative when rewards is high.

Hypothesis 6b: Rewards positively moderates the association between race diversity and OP as mediated by training such that the mediated association is more positive when rewards is high.

Hypothesis 7a Performance appraisal positively moderates the association between income level diversity and OP as mediated by training such that the mediated association is less negative when performance appraisal is high.

Hypothesis 7b: Performance appraisal positively moderates the association between race diversity and OP as mediated by training such that the mediated association is more positive when performance appraisal is high.

3.0 METHODS

3.1 Sample and Procedures

Our target sample was 1000 participants from various hospitality industry organizations (e.g. hotels, theme parks, restaurants, motels, museums ... etc.) from different management levels in the UAE. Of the 1000 respondents in our sample, we were able to have 683 surveys (167 firms). On average, each firm responded to the survey with 3.5 supervisors and 2.9 unit managers. First, the survey items within their administrative domain were conducted by directors and HR managers. Directors, for example, responded to climate change related items and organization policy. HR managers responded to income level and race composition items, performance appraisal, number of workers, and management relationship items. Second, the aspects linked to the compensation in their work units were addressed by managers with supervisory positions. Third, the survey items relevant to their companies' perceived competitiveness were completed by unit managers. Fourth, the survey items correlated with training were performed by workers. Internal validity was strengthened by several participants from diverse sources (Fuller et al., 2016). Also remarkable is our use of subjective ratings and quantitative financial indicators of OP. Small businesses may not routinely operationalize HR functions (Yamin, 2017), and as such, we only included businesses that employed over 50 full-time employees.

3.2 Measures

3.2.1 Income and race diversity

Following previous research (Durrani and Rajagopal, 2016; Lambert, 2016), a diversity index focused on entropy was used to assess the level of income and race diversity. This index includes the level of distribution that is determined using a mathematical equation in selected groups: $H = -\sum P_i (\ln P_i)$, with this demographic function, P_i symbolizes the proportion of the community. The overall staff composition of their respective companies was stated by the HR managers. Income diversity was assessed by characterizing the members of the association into four income groups, as follows, below 4999 AED, 5000 – 9999 AED, 10000-14999 AED, and above 15000 AED. Race diversity was measured using five categories, namely, Arab, Western, Southeast Asian, black, and other.

3.2.2 Training

In service environments, training has been validated (Naqvi, & Khan, 2013). We used current and commonly accessible data on the UAE hospitality firms in the present analysis. Thus, the newly constructed items are a surrogate measure for a validated training psychometric measure, and are justified for use in this exploratory study to assess training in the UAE hospitality companies for the first time. A 5-point Likert scale measured was used, ranging from (1) strongly disagree to (5) strongly agree. Our objects differ in three ways from the previously validated theory. Using two available items, we assessed the standard of training. Training level was evaluated by the item "We have good training sessions in our company" as a measure of training quality among employees and managers. Training was measured at the organizational level with the item "Workers frequently attend various training sessions in our company." Second, the dimension of mutual awareness was measured with the single item "Workers are told about the overall training plans in our company." Third, with the item "Training is necessary in our business," the level of value of training was measured. Finally, the exchange of experiences

was measured with the item "In our company, staff exchange skills and experiences. As a preliminary reference measure, we conclude that, given the current scarcity of training data in the UAE hospitality sector, our instrument approximates the training structure fairly well (see Varlani, 2020). The survey items were replied to by an average of 34.69 (SD= 16.55) workers from each business. The factor analysis based on the key factors approach showed that an individual value of 3.39 was obtained by the five items loaded into one factor. Subsequently, we developed a composite training index by following the procedures used in other training studies (Aghazadeh, 2007) and achieved Cronbach's alpha of 0.88. To explain the organizational level aggregation of the training index, we used intra-class correlation (ICC) and $r_{wg(j)}$ statistics. The coefficient of average within-organization agreement ($r_{wg(j)}$) was 0.87, which was above the normal criterion of 0.70. For training, the ICC (1) was 0.19, and the ICC (2) value was 0.79 for the same variable. We have also aggregated this index to the level of organization.

3.2.3 HR practices

Previous research on organizational structure, implementation of HR and rewards have established unit and middle managers as key players executing organizations' job design activities and strategies (e.g., Sánchez-Marín, Meroño-Cerdán, & Carrasco-Hernández, 2019; Yamin, 2017). Therefore, we measured rewards in the current study by asking managers to evaluate the level to which their company rewards are compensated and inspire workers in various ways, including the financial and non-financial rewards (e.g. recognitions, social events, time off ...etc). For example, the managers were asked "In our company, the management provides high salary compared to other competitors". Another question was "In our company, the management provides extended health insurance". The mean was 0.94 for these eight items, the ICC (1) was 0.30, and the ICC (2) was 0.61, which explained the aggregation of results.

Therefore, to establish the variable organizational level, we aggregated the data. Cronbach's alpha was 0.93. Using two distinct items that were replied by HR supervisors, performance appraisal was assessed. Second, we questioned the extent to which performance appraisal was actually used by an organization (0: not at all, 4: extensively used). Then, the level of utilizing performance appraisal was measured (0: not at all, 1: kept as a reference, 2: completed for promotion or rewards).

3.2.4 Organizational performance

In our study, we used the financial performance (sales growth) and the non-financial (customer satisfaction) as OP indicators. Next, we used the revenue growth of 2016. In explaining the impact of training on OP, we argued that the former is conducive to enhancing not only the productivity of employee, but also the optimum combination of company resources. The study used raw data while the distribution of revenue growth was not extremely distorted. Then, the unit managers responded to the items about how they viewed the degree to which customer satisfaction was met by their businesses. On the basis of the customer satisfaction criteria proposed by Pangan (1984), the following five areas were rated: (a) more s (b) variety of services (c) shopping/service satisfaction (d) regular visits (e) recommended to others. On a 5-point scale, each item was evaluated, ranging from 1: not at all to 5: strongly agreed. We measured the mean $r_{wg(j)}$, which was 0.96, in order to ensure the adequacy of the data aggregation. ICC(1) and ICC(2), respectively, were 0.45 and 0.85. The five ratings were then aggregated to create a composite customer satisfaction index. Cronbach's alpha was 0.86.

3.3 Control variables

In our models, we controlled for various business elements. First, to distinguish the effects of diversity from the related levels of income and race, the average income and race were included as control variables. Second, we controlled the gender of workforce. Gender has been reported to be one of the most important pillars for social categorization, despite not being a subject of this research (Zheng et al., 2020). Therefore, we controlled for diversity of gender to examine the distinctive effects of income and race diversity above the effects of gender. Third, we controlled the impact of the size of the company, which was commonly understood to influence patterns of employee engagement. This variable was calculated in each company as the record number of total employees. Finally, an external factor that placed a deep need for concerted actions was considered to be changes in climate (Shantz et al., 2013). Two substances in commodity and technology have been operationalized to assess climate change in the last 2 years (0: not changed at all, 4: obviously changed) to produce an index of climate change ($\alpha = .79$).

4.0 RESULTS

Table 1 shows descriptive statistics and correlations for all the variables.

the hypotheses were examined using sequential regression analysis. To evaluate the effects of interactions, which were explained through simple slope analyses, the predictor variables were standardized (Cohen et al., 2013). Hypotheses 1 and 2 relate to the key effects of diversity in the workforce on training. Model 1 in Table 2 reveals that diversity in the income ($\beta = -.12$, $p < .05$) is significantly and negatively related to training, while diversity in race ($\beta = .17$, $p < .05$) is significantly and positively related to training, further explaining the 4% difference in training. Thus, hypotheses 1 and 2 are supported. Hypothesis 3 refers to training's efficiency advantages. First, sales growth ($\beta = .26$, $p < .05$) is substantially and positively linked to training, which justifies 5% of the variance in the productivity measure (see Table 2, Model 3).

INSERT TABLE 1 ABOUT HERE

Second, the ratings of customer satisfaction as evaluated by the units' managers were examined as our dependent variable. Training employs a positive effect on the customer satisfaction perception ($\beta = .34, p < .01$), which justifies 7% of the difference in the ratings (see Table 2, Model 4). Generally, these outcomes support Hypothesis 3. Model 2 in Table 2 validates that the relations between income diversity and rewards ($\beta = .16, p < .05$) and between race diversity and rewards ($\beta = .13, p < .05$) are both significant. When rewards are low, income diversity is negatively linked to training, but when rewards are high, the negative impact drops. The simple results of the slope analysis also confirm that the relation between income diversity and training is relevant when rewards are poor. (estimate = $-0.29, t = -2.81, p < .05$) but if rewards are high it becomes neutral (estimate = $-0.02, t = -0.20$). Race diversity is positively linked to training when the rewards is high. The results of the simple slope analysis indicate that the correlation between race diversity and training is positive and significant when the rewards are high. (estimate = $0.36, t = 3.47, p < .01$) but non-significant when rewards were poor (estimate = $0.04, t = 0.36$). Hence, hypotheses 4 and 5 are supported. Conversely, hypothesis 6 is not supported since the relation between income diversity and performance appraisal was non-significant ($\beta = -.03$). On the other hand, the relation between race diversity and performance appraisal was significant ($\beta = .20, p < .05$). When performance appraisal is high, race diversity is positively correlated to training. The results of the simple slope analysis also support the positive moderating function of performance appraisal, namely the positive impact of race diversity on training at high levels of performance appraisal (estimate = $0.35, t = 2.96, p < .01$) but when the performance appraisal is poor, it

becomes neutral (estimate = 0.11, $t = 1.39$). Hence, hypothesis 7 is supported. Hypotheses 6a, 6b and 7a, 7b needed the entirety of the testing of our model. Moderated mediation exists when a moderator's degree depends on the frequency of the mediated relationship.

INSERT TABLE 2 ABOUT HERE

We measured bootstrap confidence intervals in estimating the effects using a procedure implemented by Hayes (2013). Using 5,000 bootstrap resamples, Table 3 displays the estimates and 95 % confidence intervals for the conditional indirect effects. The findings show that the indirect impact of income diversity on customer satisfaction through training was significant and negative only at low rewards, but under high rewards it became non-significant. In addition, the indirect impact of race diversity on customer satisfaction through training is only significant and positive at high rewards, but non-significant at low rewards. Finally, the indirect impact of race diversity on customer satisfaction through training is only significant and positive at high performance appraisal but non-significant at low performance appraisal. When sales growth is used as an effect, the findings are consistent. The findings support hypotheses 6a, 6b, and 7b but do not support hypothesis 7a.

INSERT TABLE 3 ABOUT HERE

5.0 DISCUSSION

5.1 Theoretical implications

Our findings indicate that training is closely linked to income and race diversity, which in turn enhance OP. Specifically, training was negatively impacted by income diversity, but positively impacted by race diversity, in line with our estimates. In addition, the findings validate that two HR activities, reward and performance appraisal, have the ability to influence the impact of workforce diversity on training and OP. In particular, with low rewards, the relationship between income diversity and training is more negative than with high rewards. In addition, as expected, the relationship between race diversity and training is only positive when workers are rewarded and are given notes from performance appraisal. By analyzing the underlying mechanisms and moderators, the present research expands our understanding of the effects of diversity. This research initially offers a thorough analysis of training as a mediator between the diversity of workers and OP. Although diversity researchers have indicated the significance of recognizing the effect of a diverse workforce within a business (Bernard, Anandan, & RaviKumar, 2019), there has been limited attention to the process by which the two forms of workforce diversity (i.e. income and race diversity) influence OP. This limitation urges scholars to research in-depth in order to understand why diversity results in efficient or inefficient effects. Our study developed the understanding of the relationship between workforce diversity and OP by analyzing training as an intervening procedure. Training is a positive concept for improving our understanding of how diversity in the workforce impacts OP. Training opens up new opportunities for future studies on diversity and OP as a highly detailed structure for understanding the consequences of diversity.

Particularly, this research also contributes to literature on training by evaluating the theoretical concept in the context of the hospitality sector. Employees are increasingly expected to learn new skills, recombine their existing resources and establish new understandings and working

methods as work processes have become integrated in service firms (Ahmad, & Bakar, 2003). Therefore, it merits research attention as a conceptual method that combines the training component of human experiences because it offers a direction by which organizations can make meaningful changes in today's rapidly shifting work contexts. In addition, we expand the diversity literature's contingency strategy by defining the moderating impact of two HR practices: rewards and performance appraisal. Rewards affirm the positive effects of race diversity on training and neutralize the negative influence of income diversity. The positive impact of race diversity is also strengthened by performance appraisal, but its moderating influence on the impact of income diversity continues unsupported. When social categorizations are focused on salient features, such as income gaps, this surprising result is understandable, and workers are less likely to embrace other people's input (Dovidio et al., 2017). Assessment by other members of the group may be viewed as a threat to the principles of the focus group, thus nullifying the beneficial impact of performance appraisal (Van Knippenberg, & Schippers, 2007). The current study confirms that, in general, HR activities play a crucial role in promoting the effective collaboration of various organizational participants, despite the non-significant result of the moderating impact of performance appraisal (Tharenou, & Burke, 2002). We establish the need for future emphasis on other related HR practises, such as contingency factors, by defining HR practices as contextual enhancers or minimizers of diversity impact. In order to handle employee diversity, researchers have proposed that diversity-oriented HR activities be used (Kundu, & Mor, 2017; Allen et al., 2008). Our observations on rewards and performance appraisal as diversity management methods, however, elucidate the efficient potential of using general HR activities.

5.2 Practical implications

The findings of this paper provide realistic lessons for managing diversity in the workforce. We emphasize the value of a thorough understanding of the consequences of diversity. The double-sided nature of diversity and the possible relationship between its knowledge benefits and relational drawbacks are encouraged to be considered by specialists and to assess which perspective in this specific case will be predominant. Since diversity itself is neither solely positive nor negative, this integrative interpretation-allow specialists to make more nuanced decisions about the effects of diversity on company results. Knowing these dual and interdependent facets of diversity will also help firms to build strategies to take advantage of their positive outcomes. As a way to allow high quality engagement between a diverse workforce, we suggest two HR practices. One choice is to plan tasks in such a way that diverse participants are encouraged and motivated to make decisions about their own activities. Under this style of work design, rewards allow diverse employees to effectively connect, where workers are responsible for combining diverse viewpoints and knowledge to make informed decisions. By enhancing decision-making characteristics and work processes, the engagement and coordination of diverse members improves OP. Our results show that such a job design can effectively handle the diversity of social groups (e.g., race diversity) and social-economic diversity (e.g., diversity of income).

Overall, our findings illustrate the importance of general HR activities in diversity management (e.g., performance appraisal and rewards). The findings contend that the two HR processes, rewards and performance appraisal, which can be enforced for all workers rather than applying only to a limited category of workers, have the ability to reduce the impact of workforce diversity on working relationships and OP. The current study asserts that, considering its validity

and generalizability, such HR activities are of practical importance for harnessing the benefits of diversity in the workforce.

5.3 Limitations and future research

This study was conducted in the UAE, therefore, we suggest that future studies may duplicate our investigation in comparable or other cultures to detect the impact of culture on the association between OP and work diversity. Second, as measures of employee diversity, we discuss restricted initiatives. Specifically, for the assessment of social category diversity, only race is used and only income is used for the assessment of social-economic diversity. Other attributes, such as characteristics and gender, may also be used to reflect the diversity of social groups. Some questions remain unanswered as to whether other attributes of diversity can contribute to similar patterns of training effects. By using the additional characteristics of employee diversity, future studies are encouraged to extend the existing structure.

6.0 CONCLUSION

Our research refers to the question of which HR practices organizations should use to manage workforce diversity and enhance OP in response to growing exposure to workforce diversity and the need to better understand its effective management. The findings confirm that income-level diversity has been negatively moderated and race diversity has been positively moderated in training, which in turn has a positive mediating impact on OP. Interestingly, our research on rewards and performance appraisal as essential HR activities shows their ability to motivate to good working relationships in a diverse workforce. Our hope is that the current study will be beneficial for diverse groups to make an organization a more accepting workplace.

7.0 References

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FIGURE 1
Proposed Theoretical Model

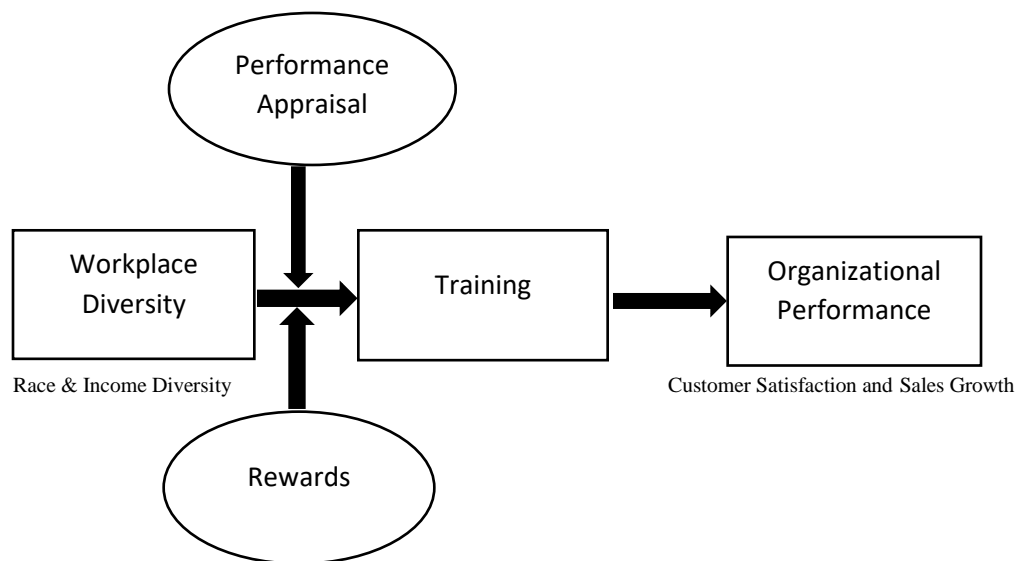


TABLE 1
Descriptive Statistics and Correlations

| Variables | Means (SD) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|--|----------------------|---------|--------|---------|---------|---------|--------|--------|--------|--------|--------|-------|--------|--------|--------|
| Company size (log) | 5.81 (0.83) | | | | | | | | | | | | | | |
| Employees interaction | 4.87 (0.91) | -0.19** | | | | | | | | | | | | | |
| Average income level | 47.69 (2.69) | -0.04 | -0.04 | | | | | | | | | | | | |
| Average race | 12.91 (0.75) | 0.07 | -0.03 | -0.27** | | | | | | | | | | | |
| Gender | 0.39 (0.16) | -0.11 | 0.19* | -0.16* | -0.19* | | | | | | | | | | |
| Climate change | 2.66 (0.79) | 0.29** | 0.06 | -0.23** | -0.26** | 0.02 | | | | | | | | | |
| Rewards | 2.68 (0.51) | 0.16 | 0.10 | -0.18* | 0.09 | -0.13 | 0.23** | 0.13 | 0.02 | | | | | | |
| Performance Appraisal | 0.71 (1.28) | 0.24** | -0.12 | 0.03 | 0.06 | 0.08 | 0.18* | 0.15 | -0.08 | 0.02 | | | | | |
| Income diversity | 1.11 (0.12) | 0.06 | -0.05 | 0.48** | -0.07 | -0.07 | -0.02 | -0.06 | 0.09 | -0.09 | 0.05 | | | | |
| Race diversity | 1.09 (0.19) | 0.22** | -0.02 | -0.27** | 0.59** | -0.24** | 0.28** | 0.14 | 0.12 | 0.07 | 0.11 | -0.02 | | | |
| Training | 3.22 (0.42) | 0.30** | 0.14 | 0.05 | 0.19* | -0.07 | 0.27** | 0.25** | -0.08 | 0.24** | 0.19* | -0.07 | 0.28** | | |
| Sales Growth | 250644.66 (66780.40) | 0.60** | -0.19* | 0.03 | 0.12 | -0.07 | 0.19* | 0.10 | -0.13 | 0.13 | 0.33** | 0.05 | 0.29** | 0.43** | |
| Customer Satisfaction | 4.22 (0.51) | 0.42** | 0.08 | -0.03 | 0.11 | 0.03 | 0.23** | 0.35** | 0.23** | 0.18* | 0.13 | -0.08 | 0.18* | 0.48** | 0.38** |
| <p>*p < .05 **p < .01 Note: Notes: N= 167 (firms). Sales Growth in Emirati Dirham.</p> | | | | | | | | | | | | | | | |

TABLE 2

Sequential Regression Results Predicting Training and OP

| Variables | DV: Training | | DV: Sales Growth | DV: Customer Satisfaction |
|--|--------------|---------|------------------|---------------------------|
| | Model 1 | Model 2 | Model 3 | Model 4 |
| Company size | 0.28** | 0.23** | 0.45** | 0.26** |
| Employees Interaction | 0.19* | 0.17** | -0.07 | 0.12 |
| Average income level | 0.27** | 0.27** | 0.08 | 0.03 |
| Average race | 0.09 | 0.09 | 0.03 | 0.07 |
| Gender | 0.02 | 0.03 | 0.06 | 0.09 |
| Climate change | 0.08 | 0.09 | 0.01 | 0.06 |
| Rewards | 0.18* | 0.23** | 0.04 | 0.04 |
| Performance Appraisal | 0.09 | 0.09 | 0.13* | -0.05 |
| Income diversity | -0.14* | -0.13* | 0.02 | -0.05 |
| Race diversity | 0.19* | 0.19* | 0.18* | 0.03 |
| Training | | | 0.26* | 0.34** |
| Income Diversity × Rewards | | 0.18* | | |
| Race diversity × rewards | | 0.14* | | |
| income diversity × performance appraisal | | -0.05 | | |
| Race diversity × performance appraisal | | 0.16* | | |
| Total <i>R</i> ² | 0.27 | 0.33 | 0.43 | 0.34 |
| ΔR^2 | 0.05 | 0.07 | 0.05 | 0.07 |
| * $p < .05$; ** $p < .01$. Notes: N= 167 (companies). Standardized coefficients (β) are reported. | | | | |

TABLE 3

Bootstrapped Conditional Indirect Effects of HR Practices

| Variables | Moderators | DV: Sales Growth | | | DV: Customer Satisfaction | | |
|------------------|-----------------------|-----------------------------|---------------|---------------|-----------------------------|---------------|---------------|
| | | Conditional Indirect Effect | LLCI | ULCI | Conditional Indirect Effect | LLCI | ULCI |
| Income Diversity | Rewards | -0.006 | -0.072 | 0.063 | -0.003 | -0.078 | 0.071 |
| | | -0.078 | -0.153 | -0.005 | -0.088 | -0.174 | -0.001 |
| | Performance Appraisal | -0.053 | -0.112 | 0.008 | -0.057 | -0.119 | 0.000 |
| | | -0.027 | -0.096 | 0.039 | -0.035 | -0.107 | 0.037 |
| Race Diversity | Rewards | 0.093 | 0.004 | 0.183 | 0.104 | 0.001 | 0.206 |
| | | 0.011 | -0.064 | 0.084 | 0.013 | -0.071 | 0.094 |
| | Performance Appraisal | 0.096 | 0.013 | 0.179 | 0.107 | 0.010 | 0.203 |
| | | 0.009 | -0.057 | 0.075 | 0.009 | -0.068 | 0.085 |

Indirect associations are bolded if they are significant