European Journal of
Business and Strategic Management
(EJBSM)

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Mercy Waruguru Kirima and Elishiba Muthoni Murigi (Ph.D.)

IPRJB
INTERNATIONAL PEER REVIEWED
JOURNAL AND BOOK PUBLISHING

European Journal of Business and Strategic Management
ISSN 2518-265X (Online)
Vol.4, Issue 1, pp 30 - 38, 2019

www.iprjb.org

DEMOGRAPHIC PERSPECTIVES AND ORGANIZATIONAL PERFORMANCE IN OCCIDENTAL INSURANCE COMPANY

[1*]Mercy Waruguru Kirima
[1]Post Graduate student: School of Business Kenyatta University, Kenya
[*]Correspondence Email: kirimamercie@gmail.com

[2]Elishiba Muthoni Murigi (Ph.D.)
Lecturer: School of Business Kenyatta University, Kenya
Murigi.elishiba@ku.ac.ke

Abstract

Purpose: Strategic workforce diversity is applied in organization to improve performance. The primary aim of this study was to investigate the effect of strategic workforce diversity perspectives on organizational performance at the Occidental Insurance Company. The study sought to achieve four specific objectives, which were to determine the effect of demographic perspectives on organizational performance in Occidental Insurance Company, to assess the effect of human rresources perspective on organization performance in Occidental Insurance Company, to determine the effect of flexible work arrangement perspective on organization performance in Occidental Insurance Company and to establish the moderating effect of organizational factors on the relationship between workforce and performance in Occidental Insurance Company.

Methodology: A primary data methodology was adopted using a closed questionnaire for data collection. Questionnaires were administered to all employees of Occidental Insurance Company. Data collected was coded and entered into SPSS version 21 software and analyzed quantitatively to generate both descriptive and inferential statistics.

Findings: The study revealed that demographic perspectives ($p=0.00$; $p<0.05$) and organizational factors ($p=0.00$; $p<0.05$) had a statistically significant effect on organizational performance. However, human resource perspective ($p=0.392$; $p>0.05$) and flexible work arrangement ($p=0.454$; $p>0.05$) were found not have a statistically significant influence on organizational performance. Further organizations factors were found to moderate the relationship between strategic workforce diversity and performance.

Unique contribution to theory, practice and policy: The study recommended that insurance companies and other businesses alike invest in demographic perspectives and organizational factors because they significantly influence performance of organizations.

Key words; *Demographic Perspectives, Organizational Performance, Occidental Insurance Company*

1.0 INTRODUCTION

Organizational performance is when an organization actual outputs are measured against intended output, what an organization does to achieve its vision, mission and goals. It is and vital aspect of strategic management hence all executives must know how well their organizational are performing, as it is a performance is complex and needs a lot of attention. (Companion to Organizations, J. Baum Eds, Oxford Blackwell, UK, 2002). In most cases researchers use the term performance is used to measure the difference between transaction efficiency on input and output (Stannack, 1996). Organizational performance devotes little attention to the complications of using such a formulation to characterize the causal structure of performance phenomena. These complications include the ways in which performance advantage is competitively unstable, the causal complexity surrounding performance, and the limitations of using data based on retrospective recall of informants Performance as a dependent variable and seek to identify variables that produce variations in performance.

As organizational performance can be judged by many different constituencies, resulting in many different interpretations of successful performance, this dissertation necessarily examines organizational performance from a single constituency perspective that of the common stockholder in for profit organizations. From this perspective, successful organizational performance can be equated with successful value creation for stockholders. It is argued in this dissertation that this perspective typically equates value creation with organizational financial performance; accordingly, this dissertation addresses the measurement of organizational financial performance. (Barney, 2001; Jensen & Meckling, 1976; Simon, 1976). Those providing the assets will only commit them to the organization so long as they are satisfied with the value they receive in exchange, relative to alternative uses of the assets. As a consequence, the essence of performance is the creation of value as long as the value created by the use of the contributed assets is equal to or greater than the value expected by those contributing the assets, the assets will continue to be made available to the organization and the organization will continue to exist.

A more comprehensive frameworks for Organizational Performance Assessment (OPA) is the Institutional and Organizational Assessment Model (IOA Model) elaborated by Universal and the International Development Resource Centre (IDRC). This model views performance of an organization as a multidimensional idea, that is, a balance between effectiveness, relevance, efficiency, and financial viability of the organization. The framework also posits that organizational performance should be examined in relation to the organization's motivation, capacity and external environment (IDRC, 2002). Thus, organizational performance should be evaluated using various indicators such as effectiveness, efficiency, customer satisfaction and financial leverage depending on the nature of the organization. Scott (2003) maintains that organizational effectiveness is a measure of performance against a set of standards. Measuring organizational effectiveness requires a set of standards, indicators, work sampling size, and evaluation of the samples against a defined standard. Organizational effectiveness is not limited to one organizational theory or principle. Scott (2003) argues that indicators to be used in evaluating organizational effectiveness have to be chosen from among several possible types. Measures based on outcomes, processes, and structural features of organizations may if considered in isolation produce inconsistent conclusions. In the case of many public and not-for-profit organizations, staying financially viable depends crucially on management's ability to maintain existing linkages or create new ones to ensure a continued flow of funds over time from diverse sources (Lusthaus et al., 2002). Whether in the private sector, where profits are a measure of financial health, or in public sectors that rely on funding or loans from government or development banks, financial viability is a key short- and long-term concern (Booth, 1996).

2.0 LITERATURE REVIEW

2.1 Social Identity Theory

According to Hogg (2006), the earliest mention or development of the social identity theory came as a result of the works of Tajfel as early as 1969. The social identity theory posits that a huge part of self-concept is based on individuals belonging to the same social groups. People normally categorize themselves and others as belonging to different social groups. They then valuate people based on these categorizations (Trente, 2006). The basis for the social identity theory is that people's capacities for processing information are not always optimum. Because of this, schemes to encode and decode information are devised. People therefore categorize others into groups to simplify their understanding of the world and to structure social interaction (Trente, 2006). As a result of these group categorizations, the differences between the various groups are accentuated while the differences between individuals of the same group or people within the same category are underestimated or restrained.

This accentuation and underestimation is more pronounced as the values that the individual used in their categorization process increase in significance (Trente, 2006). People are more likely to cooperate with members of their own social groups. Conflict may therefore be inherent to interactions between people of different groups. For people to work together effectively there must be effective conflict reduction, which only happens through workforce diversity management (Tyler & Brooke, 2011).The theory contributes to the study since the demographic perspectives borrows from this theory.

2.2. The Balance Scorecard Theory

According to 2GC Ltd (2009), Balance scorecard is a tool used by the management to keep a record of the activities and actions of the staff and to control and monitor the results or consequences of those actions. Jiménez-Zarco, Martínez Ruiz and González-Benito (2006) linked the Balanced Scorecard with the product development and innovation so they proposed there must be a new performance dimension that allows measuring of performance. The scorecard allowed companies to track financial results while monitoring progress in building the capabilities needed for growth .Around 57% organizations of the world are using the Balanced Scorecard tool for improving their Organizational Performance. The Balanced Scorecard's main objective is to focus high level manager's attention to those decisions where excelling can give the organization an edge over its competition without presenting an information's overload.

The balanced scorecard is a management framework which, has been adopted, modified and applied by hundreds of organizations worldwide. If understood thoroughly and implemented appropriately, its potential contribution to organizational success. The scorecard translates vision and strategy into four notional quadrants perspectives and implications of the strategy; Financial; Customer; Internal business processes and Organizational learning and growth. Kaplan, Norton and Rugelsjoen, (2010) discussed one component of the environment of business that are the different alliances of the business as different organizations have used the BSC not only as a performance measurement tool but for many other managerial tasks as through the BSC dimension fuzzy. The scorecard allowed companies to track financial results while monitoring progress in building the capabilities needed for growth.

In the context of organizational performance this theory contributes to the overall objectives of the firm through optimum utilization of resources. To be successful, organization requires the cooperation of all people working in the organization, commitment and support of decision makers. Organizations have more than one goal and the four dimensions of Balanced Scorecard can be used for the validation of Organizational performance.

2.3 Social Exchange Theory

The social exchange theory is one of the oldest and most important conceptual paradigms for the understanding of workplace behavior, and can be traced as far back as the 1920s. There are various points of view, but all are based on the general idea that interactions are interdependent and based on the actions of another person (Cropanzano & Mitchell, 2005). The social exchange theory posits that relationships evolve over time into ones that encourage trust, loyalty and mutual commitment. In order for this to happen, parties must abide by certain exchange rules, which then become the guidelines for these relationships. The biggest of these rules is reciprocity. According to the social exchange theory, reciprocity does not involve bargaining or exchange in the typical way of giving one thing for another. Rather, it is a form of interdependence. One party's behaviour is contingent on another's behaviour (Cropanzano & Mitchell, 2005).

In the workforce context, the organization that takes care of its employees will have their employees develop a relationship that is based on trust, loyalty and commitment, which then improves their performance at work. An organization committed to improving its inclusiveness towards employees through diversity management principles will have employees responding to this behaviour positively.

2.3. Empirical Review on Demographic Perspective and Organizational Performance

The differences between team members which affect their performance have always been of huge interest to researchers and human resource practitioners. Of particular interest is the effect of diversity in demographic characteristics like age, race and educational background on team performance (Bell *et. al*., 2011). Despite the huge number of research studies on this subject, the true nature of this relationship is not clear. Studies have produced mixed results and offer little in the way of guidance to scientists. One of the reasons why this is the case is because of the oversimplification of the term team diversity, which in itself is a complex concept. Further, diversity has always been looked at in isolation, independent from other variables like ability, personality and values of team members (Bell *et. al.*, 2011).

When investigating the effect of demographic perspectives like race, age and sex, diversity research has tended to oversimplify the social categorization process (Van Knippenberg, De Dreu & Homan, 2004). According to Van Knippenberg, De Dreu, and Homan (2004), the salience of certain demographic variables lead to social categorization. According to social psychology, people form categorizations and often categorize one another based on easily observable chareceristics like race, age and sex. In cases where such categorization leads to intergroup bias, then the group performance is affected negatively.

According to Harrison *et. al.* (2002), these surface level aspects of diversity (demographic perspectives) do not have an equal affect on team performnce. For instance, research showed that among race, age and sex, race had the biggest effect on social categorization and team member ratings of how simmilar they were, with sex coming in second and age third (Harrison, Price, Gavin, & Florey, 2002). The effect of demographic diversity on performnce is conceptualized as the separation that comes when differences are thought to relate to team performnce as a result of social categorization and intergroup bias, as well as the theory of simmilar-attraction (*Bell et. al*., 2011).

3.0 METHODOLOGY

This study used both descriptive and explanatory research methods. An empirical model was used in determining the relationship between Demographic Perspective and Organizational Performance in the Insurance Industry. The study area was in the Republic of Kenya and the population for this study were employees of Occidental Insurance Company Limited. This study adopted stratified random and census sampling design to ensures that the sample size of each stratum, which is represented in various departments, is proportionate to the population size of the stratum (Kothari, 2004). At 95% confidence level, a sample size of 76 respondents out of the targeted population of 80 was selected. According to Babbie (2012), a response rate of more than 50% exhibits adequate representativeness to permit data analysis. Therefore, a response rate of 95% reflects a more than average sufficiency to analyze data. Content and face validity were conducted to measure the extent to which the instrument measures what it purports to measure Reliability of the research instrument was also conducted to assess the extent to which a questionnaire tests observation or any measurement procedure produces the same results. Internal consistency of the research instrument was measured using Cronbach's Alpha. The study therefore used a cutoff point coefficient of 0.7 and above as a strong measure of reliability as the cronbach's alpha for price was 0.762. Quantitative data were analysed using both descriptive and inferential statistics in Statistical Package for Social Sciences (SPSS) Version 22.0 software. Descriptive statistics specifically measures central tendency and dispersion and were calculated to profile the respondents and study variables. Pearson's Product Moment Correlation (r) was derived to show the nature and strength of the relationships.

4.0 FINDINGS AND DISCUSSIONS

4.1 Descriptive Statistics

The study required respondents to choose among the ranges of scale comprising 5 options (1 to 5), where 1, 2, 3, 4 and 5 stood for "not at all", "strongly disagree", "agree", disagree", and "strongly disagree" respectively. The percentage means and standard deviations for the variable were computed and presented. The aggregate mean for the variable demographic perspective is 3.458. When rounded off to the nearest whole number, the aggregate mean becomes 3. This implies that majority of the respondents agreed that demographic perspective affects organizational performance. The aggregate mean of standard deviation for demographic perspective is 0.9976, indicating that there was a low variability in the responses.

In emphasizing the influence of demographic perspective, Bell et al (2011) used the theory of semi-attraction, which relates team performance to social categorization. De Dreu, and Homan (2004) had also argued that the salience of certain demographic variables lead to social categorization, which significantly influences organisational performance.

European Journal of Business and Strategic Management
ISSN 2518-265X (Online)
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Table 2: Descriptive Statistics for Demographic Perspective

	N	Mean	Std. Deviation
Q7 The organization is gender inclusive	76	3.658	1.0652
Q8 Working with different age groups is easy	76	3.289	.9496
Q9 The organization incorporates age into hiring practices	76	3.237	1.0181
Q10 Workforce educational background affects job outcomes	76	3.395	.8498
Q11 The organization is respectful of different religious backgrounds	76	3.711	1.1053

4. 2 Inferential Statistics Analysis

Inferential statistics analysis contains results of diagnostic tests and test of hypothesis conducted to determine the effect of strategic workforce diversity on organizational performance among the employees of Occidental Insurance Company in Nairobi, Kenya.

4.2.1 Test of Hypothesis

This hypothesis sought to test the relationship between demographic perspective and organizational performance. The null hypothesis was "there is no significant relationship between demographic perspective and organizational performance." The Beta coefficient of demographic perspective is 0.498. This indicates that the relationship between demographic perspective and organizational performance is positive and weak. The coefficient of 0.498 implies that a unit increase in demographic perspective would lead to a 0.498 increase in organizational performance. The level of statistical significance for this variable is 0.00 ($p=0.00$; $p<0.05$). Hence, the null hypothesis is rejected.

Findings from the test of hypothesis one exhibits consistency with previous studies by Bell et. al. (2011), Van Knippenberg, De Dreu, & Homan (2004) and Harrison et. al. (2002); these reserchers had found out that demographic aspects significantly influence performance of organisations.

Table 2: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.451	.606		-.744	.459
	DP Demographic Perspective	.815	.201	.498	4.056	.000
	HRP Human Resource Perspective	.064	.075	.084	.861	.392
	FWAP Flexible Work Arrangement Perspective	.137	.182	.092	.752	.454

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The results of the test of hypothesis one revealed that demographic perspective and organisational performance are strongly and positively related (B=0.815). The relationship was also found to be statistically significant (p=0.00; p<0.05). Thus, the null hypothesis was rejected. On the other hand, the relationship between demographic perspective and organisational performance was statistically significant and strong.

5.2 Conclusions

The study led to conclusions that demographic perspectives and organizational factors had a statistically significant effect on organizational performance. However, human resource perspective and flexible work arrangements were found not have a statistically significant influence on organizational performance. Further organizations factors were found to moderate the relationship between strategic workforce diversity and performance.

5.3 Recommendations

The study recommended that insurance companies and other businesses alike invest in demographic perspectives and organizational factors because they significantly influence performance of organizations.

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