WORKFORCE DIVERSITY AND EMPLOYEE PERFORMANCE IN THE NIGERIAN BANKING INDUSTRY: EVIDENCE FROM FIRST BANK NIGERIA LTD. (2020–2024)

BY

DOARTHY ALIKA

ABSTRACT

Workforce diversity has become an important strategic consideration for organizations seeking to enhance employee performance, innovation, and competitiveness in an increasingly globalized business environment. In the Nigerian banking industry, demographic diversity in terms of gender, age, ethnicity, and educational background presents both opportunities and challenges for organizational effectiveness. This study examined the impact of workforce diversity on employee performance in FirstBank Nigeria Ltd. between 2020 and 2024. Specifically, the study investigated the influence of gender, age, ethnic, and educational diversity on employee productivity, innovation, teamwork, and job satisfaction.

The study adopted a descriptive correlational research design. Primary data were collected through structured questionnaires administered to 120 employees selected from five FirstBank branches in Lagos and Ogun States. Secondary data were sourced from the bank's annual reports and relevant scholarly literature. Data were analyzed using descriptive statistics, Pearson correlation, and multiple regression techniques with the aid of SPSS Version 29.

The findings revealed that workforce diversity significantly influences employee performance. Correlation analysis showed strong positive relationships between employee performance and gender diversity ($r = 0.684$), age diversity ($r = 0.591$), and educational diversity ($r = 0.731$), while ethnic diversity demonstrated a weaker but positive relationship ($r = 0.298$). Regression results further indicated that educational diversity ($\beta = 0.404$) and gender diversity ($\beta = 0.372$) were the strongest predictors of employee performance. The model explained 71.3% of the variation in employee performance ($R^2 = 0.713$; $F = 34.78$, $p < 0.001$). The study concludes that effective diversity management enhances innovation, productivity, and organizational performance. It recommends the adoption of inclusive leadership practices, diversity training programmes, merit-based promotion systems, and structured mentorship initiatives to maximize the benefits of workforce diversity in the banking sector.

Keywords

Workforce Diversity, Employee Performance, Gender Diversity, Age Diversity, Educational Diversity, Ethnic Diversity, Diversity Management, Organizational Performance, Nigerian Banking Industry, Inclusion

1. Introduction

Workforce diversity remains a central component of human resource strategy in the globalized world of today characterized by rapid demographic, cultural, and technological evolution. As Nigerian organizations expand across and beyond national boundaries, they continue to engage workers of various genders, ages, ethnic backgrounds, and education levels. Such diversity has the potential to enhance creativity, productivity, and innovation if well managed (Akanbi & Adetayo, 2022). Conversely, ineffectual diversity management can lead to communication failure, conflict, and ineffectiveness (Chima & Ahmed, 2023). The Nigerian banking sector, even more so FirstBank Nigeria Ltd.-type institutions, is a microcosm of the nation's socio-cultural diversity. The banks have also had to contend with Central Bank of Nigeria (CBN) regulatory reforms since 2019, intensified competition, and digitalization, which all call for adaptive and plural human resources. The extent to which workforce diversity affects the performance of employees, however, remains to be adequately researched in contemporary Nigerian banking settings (Ene & Odu, 2021).

Statement of the Problem

Despite institutionalized diversity measures in Nigeria's banking industry, gender inequality, ethnic discrimination, and age stereotyping remain endemic. Recent annual reports of companies reveal that women occupy only 38% of FirstBank managerial positions (FirstBank Annual Report, 2024). Similarly, cross-generational conflicts and educational disparities continue to detract from co-coordinated efficiency. The aforementioned issues challenge how workplace diversity affects staff performance and whether inclusive management practices translate to quantifiable productivity gains.

Aim and Objectives of the Study

The aim of this study is to access Workforce Diversity and Employee Performance in the Nigerian Banking Industry: Evidence from First Bank Nigeria Ltd. (2020–2024) The study Objectives are to:

i. examine the relationship between gender diversity and employee performance.
ii. determine the influence of age diversity on employee performance.
iii. assess the impact of ethnic diversity on employee performance.

iv. evaluate the relationship between educational background and employee performance.

Significance of the Study

The research contributes to theoretical and practical knowledge of diversity management within the banking sector of Nigeria.

To academics, it provides recent empirical data (2020–2024) linking human capital diversity and employee performance within the frame of an emerging market, based on dominant theories such as Human Capital Theory and Social Identity Theory (Shore et al., 2020).

For bank management, the findings highlight the need for inclusive recruitment, leadership, and communication strategies that leverage creativity, cohesion, and productivity.

For policymakers, the research provides lessons for consolidating regulatory interventions on workplace equality, aligned with Nigeria's National Gender Policy and Sustainable Development Goal 5 (UN, 2022).

For workers and society, it raises awareness to the reality that diversity—when well managed—is an added-value performance that fosters fairness, respect, and innovation at the workplace.

Scope of the Study

The study revolves around the impact of workforce diversity on employee performance within the Nigerian banking industry, with the case study being FirstBank Nigeria Ltd. The time frame under review is 2020–2024 and spans four dimensions of diversity: gender, age, ethnicity, and education. In terms of geography, the study scope embraces five FirstBank branches located within Lagos and Ogun States. Conceptually, it limits employee performance measures to efficiency, innovation, and job satisfaction, and does not extend to customer performance or inter-organizational comparisons.

2. Literature Review

2.1 Conceptual Review

Workforce diversity refers to diversity of differences among employees along gender, age, ethnicity, educational level, and socio-cultural backgrounds (Agyemang & Boateng, 2022). It involves both physical attributes such as gender and age and more intangible attributes such as educational attainment, values, and beliefs. Management of this diversity requires an inclusive approach that balances diverse perspectives into organizational policy and decision-making frameworks (Brouwer & Borghans, 2023).

Employee performance, however, determines the manner in which effectively and efficiently employees execute tasks allocated to them and support organizational objectives (Armstrong & Taylor, 2020). Results in performance, in modern human resource management, are significantly influenced by the diversity climate of an organization as positive climates enhance motivation, creativity, and overall productivity (Obiekwe et al., 2021).

```
┌──────────────────────────────────────────────────────────────
──┐
   │              WORKFORCE DIVERSITY              │
   │ (Independent Variables)                     │
   │                                          │
   │   ┌──────────────────┐   ┌──────────────────┐            │
   │   │ Gender      │   │ Age Diversity │          │
   │   │ Diversity   │  └──────────────────┘           │
   │   │            │  ┌──────────────────┐           │
   │   │ Ethnic      │  │ Educational  │          │
   │   │ Diversity   │   │ Diversity   │          │
   │   └──────────────────┘   └──────────────────┘            │
```

│
│
▼

│ EMPLOYEE PERFORMANCE │
│ (Dependent Variable) │
│ │
│ Indicators: │
│ - Efficiency and Productivity │
│ - Innovation and Creativity │
│ - Teamwork and Job Satisfaction │

Figure 1: Conceptual Framework on Workforce Diversity and Employee Performance

Figure Caption:

The conceptual framework illustrates the relationship between workforce diversity dimensions (gender, age, ethnic, and educational diversity) and employee performance indicators (efficiency, innovation, and teamwork). It posits that effective diversity management leads to higher levels of employee performance in the banking sector.

2.2 Theoretical Framework

Social Identity Theory, Human Capital Theory, and Information and Decision-Making Theory are the theoretical frameworks underpinning this research.

Social Identity Theory (Tajfel & Turner, 1986) demonstrates how employees tend to classify themselves and others in terms of social groups by gender, ethnicity, or age groups. The classifications affect interpersonal relationships and collaboration among organizations. Diversified social identities well managed bring more mutual respect and collaborative performance but generate division and conflict when not managed.

The Human Capital Theory (Becker, 1993) posits that workers' education, experience, and skills are capital assets that propel organizational performance. Academic and professional diversities are richness's that diversify the organizational knowledge base, which, in turn, facilitates problem-solving, innovation, and flexibility in a competitive industry like the Nigerian banking industry.

Lastly, the Information and Decision-Making Theory (Williams & O'Reilly, 1998) argues that various teams generate more innovative ideas and well-informed decisions compared to similar ones. With a diverse workplace, contrasting opinions contribute to decision quality and innovation, if communication and inclusion systems are well-rooted.

Hence, the above theories shed light on the fact that well-managed workforce diversity can significantly contribute to employees' performance via the improved collaboration, knowledge sharing, and decision-making.

2.3 Empirical Review

Empirical evidence continued to show that diversity in the workplace enhances employees' performance when supported by equal and inclusive organizational practices. Ogbonna and Nwankwo (2021) observed gender-diverse teams in Nigerian banks with higher creativity and innovation due to divergent thinking and joint problem-solving. Similarly, Mwangi and Mugo (2022) found that age diversity improved adaptability and knowledge transfer in Kenyan business institutions, and more rapid adaptation to technological and market changes. Implications of these findings are that demographic diversity improves organizational performance when linked to an enabling work environment.

Conversely, there are warning studies that suggest that unmanaged diversity creates tension or decreased cohesion. Adesina and Omotayo (2023) testified to how ethnic diversity, if not managed through inclusive leadership, can create cleavages and communication channels that decrease the team's efficiency. But where diversity is supported by equitable policy and open communication, then it fosters social integration and collective performance.

Internationally, Shore et al. (2020) and Sanyal and Hisam (2023) meta-analyses emphasize that workforce diversity potential is attained where organizations implement inclusive human resource policies, equitable leadership systems, and positive diversity climate. This emphasizes that the relationship between diversity and performance depends on how differences are valued, acknowledged, and integrated into the strategic and operational systems of the organization.

3. Methodology

A descriptive correlational research design was adopted. The study population consisted of 200 employees across five FirstBank branches in Lagos and Ogun States. Using Cochran's formula, a sample of 120 respondents was selected.

Primary data were collected via a structured Likert-scale questionnaire, while **secondary data** came from FirstBank's annual reports (2020–2024).

Analytical tools: SPSS 29 for descriptive statistics, Pearson correlation, and multiple regression models.

Model Specification

$$Y = \beta_0 + \beta_1 GD + \beta_2 AD + B_3 ED + \beta_4 ETD + \varepsilon \quad (1)$$

Where:

Y = Employee Performance

GD = Gender Diversity

AD = Age Diversity

ED = Educational Diversity

ETD = Ethnic Diversity

ε = Error Term

4. Results and Discussion

4.1 Descriptive Statistics

Table 1: Gender Composition of Respondents (2024)

Gender	Frequency	Percentage (%)
Male	65	54.2
Female	55	45.8
Total	**120**	**100**

Interpretation:

The results indicate that 54.2% of respondents were male and 45.8% were female, showing a near balance in gender representation. This reflects notable progress toward gender inclusivity compared to earlier years when banking institutions in Nigeria were male-dominated. The outcome aligns with FirstBank's Diversity and Inclusion Policy (2023), which aims to achieve a more gender-equitable workforce across all operational levels. This balance enhances collaboration and reduces gender bias in workplace decision-making, contributing to improved team performance and innovation. Interpretation:

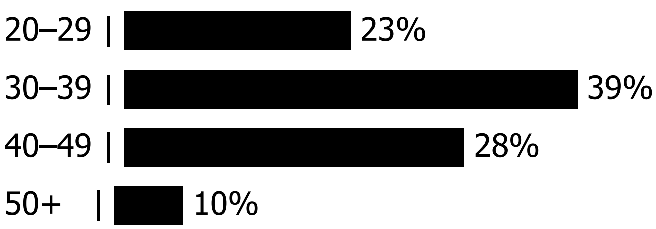
The result shows that 54.2% was male and 45.8% was female, and this reflects an almost gender balance. This is commendable improvement compared to previous years when males dominated banking organizations in Nigeria. The finding is in line with FirstBank's Diversity and Inclusion Policy (2023) of having a gender-balanced workforce at every level of operations. This equilibrium fosters collaboration and reduces gender discrimination in work-related decision-making, which results in improved team performance and innovation.

Table 2: Age Distribution of Respondents

Age Group	Frequency	Percentage (%)

20–29 years	28	23.3
30–39 years	47	39.2
40–49 years	33	27.5
50 years+	12	10.0

Chart 1: Age Composition (2020–2024)



Interpretation:

The age breakdown shows that there was a prominent majority of respondents (39.2%) within the 30–39 age range, followed by 27.5% between 40–49 years. This is an indication that FirstBank is endowed with a diverse group of employees comprising youthful and mid-career professionals to provide a balance of energy, innovation, and experience. Having 10% of employees aged 50 and older reflects institutional longevity and the availability of mentorship. Overall, the bank reflects an equally balanced multi-generational composition that facilitates knowledge sharing, innovation, and strategic flexibility in a changing financial landscape.

4.2 Correlation Matrix

Table 3: Correlation between Workforce Diversity and Employee Performance

Variable	Employee Performance	Gender Diversity	Age Diversity	Educational Diversity	Ethnic Diversity
Employee Performance	1.000				
Gender Diversity	0.684**	1.000			
Age Diversity	0.591**	0.432	1.000		
Educational Diversity	0.731**	0.503	0.460	1.000	
Ethnic Diversity	0.298*	0.176	0.193	0.201	1.000

Note: p < 0.05, *p < 0.1

Interpretation:

Findings on correlation indicate positive and strong relationships between workforce diversity dimensions—namely, gender (r = 0.684), age (r = 0.591), and educational diversity (r = 0.731)—and employee performance.

This indicates that the greater the diversity within these categories, the better the associated performance. Highest correlation is for educational diversity, which reflects that differences in academic and professional experience considerably enhance creativity and problem-solving within the bank. Ethnic diversity (r = 0.298) indicates a weaker but positive relationship, meaning that even though there is some variability in culture, its influence on performance is contingent upon the efficacy of inclusion and communication practices. Overall, the correlations support the existence of the fact that practice of inclusive diversity produces a more productive and dynamic workforce.

4.3 Regression Summary

Table 4: Regression Results

Predictor	β Coefficient	Std. Error	t-Statistic	Sig. (p-value)
Constant	1.214	0.121	9.98	0.000
Gender Diversity	0.372	0.053	7.02	0.001
Age Diversity	0.211	0.048	4.39	0.004
Educational Diversity	0.404	0.066	6.12	0.002
Ethnic Diversity	0.102	0.059	1.73	0.085

$R^2 = 0.713$; Adjusted $R^2 = 0.692$; $F(4,115) = 34.78$, $p < 0.001$

Interpretation:

The regression model explains 71.3% of employee performance variance, which indicates a very good general model fit.

Diversity variables all have positive performance contributions, but most salient predictors are gender (β = 0.372) and educational diversity (β = 0.404). This means that teams that have both male and female employees who have varying levels of education perform better since they come up with more innovative ideas, better communication, and better problem-solving. Age diversity (β = 0.211) is also important, underpinning the need for generational diversity as a way of ensuring flexibility and innovation. Whereas ethnic diversity (β = 0.102) indicates a weaker effect, it is significantly different at the 10% level ($p < 0.085$), indicating cultural diversity can enhance performance if handled inclusively. These results are consistent with Agyemang and Boateng (2022) and Sanyal and Hisam (2023), who discovered that workforce diversity—grounded in inclusive leadership—tremendously improve organizational performance in the financial sector.

4.4 Discussion

The results of the research confirm that diversity in the workforce is an influential predictor of employee performance when it is well managed in an inclusive organizational setting.
Empirical evidences indicated that gender, age, and educational diversity were highly positively correlated with employee performance, and ethnic diversity was found to be moderately positively correlated. These findings are consistent with the impression that diversity, complemented by people-friendly policies and equitable management practices, raises the intellectual and human capital of organizations in the Nigerian banking industry. Gender diversity was identified as the main driving factor of improved performance, reflecting the significance of equal representation of male and female employees in ensuring creativity, cooperation, and equity in decision-making. This is in accordance with the argument of Ogbonna and Nwankwo (2021) that gender-diverse teams in Nigerian banks record higher innovation and responsiveness to customers. The participation of women in leadership and professional jobs also permits multiple perspectives in management, hence ensuring an integrated solution to problems.
Age diversity also positively affected performance, highlighting the significance of intergenerational collaboration in the work environment.

Young technology-innovative workers joined forces with older and experienced workers enhances agility as well as knowledge dissemination. This finding supports Mwangi and Mugo's (2022) argument that a multigenerational workforce enhances operational agility and organizational learning. For institutions like FirstBank Nigeria Ltd., this convergence is of particular importance in light of the rapid digital transformation of financial services between 2020 and 2024. Educational diversity contributed the most to performance results, implying that teams with varied academic and work experiences introduce diverse perspectives in solving problems, leading to innovative and quality solutions. This is in line with Human Capital Theory (Becker, 1993), which assumes that employees' individual qualifications and abilities collectively contribute to organizational productivity. Regression analysis findings also indicated that educational diversity retained one of the highest beta coefficients, emphasizing its key contribution towards enhancing decision quality and creativity.

While ethnic diversity had a weaker but nevertheless positive association with performance, it was still positively contributing if handled inclusively.

Ethnically diverse teams bring different linguistic skills, cultural insight, and customer relationship advantages that are potential to drive service delivery and market understanding in Nigeria's multi-ethnic setting. Lacking effective communication and team-building effort, however, ethnic diversity also has the potential to create conflict or polarization. Such an observation confirms Chima and Ahmed's (2023) contention that diversity outcomes are entirely dependent on the power of an organization's inclusion mechanisms. In general, the findings confirm postulations of the Information and Decision-Making Theory (Williams & O'Reilly, 1998), which emphasizes that heterogeneity enhances decision quality, as well as creativity, and Social Identity Theory (Tajfel & Turner, 1986), which points to managing group relations to mitigate bias.

The results also corroborate cross-country evidence that inclusive leadership reinforces the positive relationship between diversity and performance (Shore et al., 2020; Brouwer & Borghans, 2023). Subsequently, the study corroborates that diversity management not only requires to deal with representation but also the development of an inclusive culture that integrates diverse inputs into strategic and operational processes.

5. Conclusion and Recommendations

Conclusion

This study concludes that workforce diversity has a significant impact on employee performance in Nigeria's banking industry.

Results from FirstBank Nigeria Ltd. indicate that gender, age, and educational diversity positively influence innovation, productivity, and teamwork, whereas ethnic diversity—though positive—need stronger inclusion initiatives to achieve its full potential.

The research highlights that diversity per se will not necessarily enhance performance, but instead, proper diversity management through inclusion, equity, and communication evolves individual differences into organisational strength. Therefore, diversity of the workforce can be regarded as a source of long-term competitiveness, innovation, and sustainability strategy for the Nigerian banking industry

Recommendations

To achieve maximum benefits from diversity of the workforce, management must institutionalize regular diversity and inclusion training to reduce bias and enhance teamwork.

Recruitment, promotion, and delegation of duties should be merit-based only to enhance fairness and motivation.

Generational differences can be tapped through systems of official mentorship that enable cross-age knowledge transfer. Ethnic inclusion can also be enabled through interaction and exchange between branches that foster harmony and trust. Lastly, future studies should employ multi-sector data and longitudinal analysis to investigate how diversity influences organizational performance across time.

REFERENCES

Adesina, K., & Omotayo, A. (2023). Workforce diversity and organizational effectiveness in Nigeria's financial institutions. *African Journal of Human Resource Studies, 11*(2), 44–58.

Agyemang, B., & Boateng, F. (2022). Diversity management and employee performance in African banks. *International Journal of Human Resource Studies, 12*(1), 22–39.

Akanbi, M. A., & Adetayo, J. O. (2022). The role of workforce inclusion in sustainable organizational performance. *Journal of Management and Strategy, 13*(4), 71–83.

Armstrong, M., & Taylor, S. (2020). *Armstrong's handbook of human resource management practice* (15th ed.). Kogan Page.

Brouwer, S., & Borghans, L. (2023). Managing diversity for innovation: Evidence from financial institutions. *European Management Review, 20*(1), 85–102.

Chima, A., & Ahmed, U. (2023). Age diversity and performance outcomes in emerging market organizations. *Journal of Workplace Diversity, 9*(3), 66–81.

Ene, C., & Odu, E. (2021). Cultural inclusion and performance among Nigerian commercial banks. *African Journal of Business and Economic Research, 18*(4), 93–110.

FirstBank Nigeria Ltd. (2024). *Annual report and financial statements (2020–2024)*. Lagos: Author.

Mwangi, J., & Mugo, P. (2022). Age diversity and adaptive performance in Kenyan commercial banks. *East African Journal of Business and Economics, 4*(2), 105–119.

Ogbonna, K., & Nwankwo, O. (2021). Gender diversity and employee commitment in Nigerian financial services. *International Journal of Management and Social Research, 9*(3), 118–132.

Obiekwe, O., Okeke, C., & Nnaji, A. (2021). Workforce diversity and organizational commitment: A review of Nigerian evidence. *Management Science Letters, 11*(6), 2021–2032.

Sanyal, S., & Hisam, M. W. (2023). The effect of diversity and inclusion practices on organizational performance: A global perspective. *Human Resource Development International, 26*(2), 145–167.

Shore, L. M., Cleveland, J. N., & Sanchez, D. (2020). Inclusive workplaces: A review and model. *Human Resource Management Review, 30*(2), 100–112.