

INFLUENCE OF WORKFORCE DIVERSITY AND ECONOMIC SUSTAINABILITY OF OIL AND GAS CORPORATION IN NIGERIA

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ABSTRACT

This study investigated the relationship between workforce diversity and economic sustainability, of oil and gas multinational corporations in Nigeria. Research evidence indicates that the economic sustainability goal is yet at its optimum using the infrastructural and social responsibility approach. The study adopted the cross-sectional survey design. Structured questionnaire from 158 members of the 44 target organizations was used to generate data for the study. Three null hypotheses were formulated to guide the study. The Spearman's rank order correlation coefficient was used to test the bivariate analysis. The tests were carried out at 0.05 level of significance and analysed using SPSS tool. The findings showed that there is a significant relationship between workforce diversity and measures of economic sustainability. In conclusion, the study affirmed that ethnic diversity of oil and gas corporations in Nigeria impact significantly on economic sustainability as it contributes substantially towards the unification of organizational members' ideals and values. Based on the findings, the study recommends that organizations in pursuit of corporate sustainability should emphasize on policies and culture of inclusive diverse workforce with focus on generational gaps to achieve a greater environmental, economic and social corporate sustainability.

Keywords: Workforce Diversity, Age Diversity, Ethnic Diversity, Gender Diversity, Economic Sustainability

INTRODUCTION

The activities of oil and gas corporations in Nigeria have been widely criticized about environmental, social and economic benefit to the host communities. In a bid to achieve corporate sustainability within Nigeria, they engage in the building of hospitals, schools, markets and provision of pipe borne water amongst others (Amaeshi, Adi, Ogbechie, & Amao, 2006). Academics, such as Edoho (2008), Frynas (2009), Akpan (2006), Tuodolo (2007, 2009) and others have argued that these are best described as corporate social responsibilities. They contend that despite organizations' efforts and attempts at sustainability, the process of corporate sustainability in Nigeria is not far-reaching or deeply entrenched. In this regard, Porter & Kramer (2011) viewed this as one of the major causes of environmental, economic and social problems. This is because, such sustainability programs or behaviour are considered as inconsistent, inadequate and has subsequently led to poor perception by members of the public (Amaeshi, Adi, Ogbechie & Amao, 2006).

Studies indicate that the consciousness and importance of environmental, economic and social issues has become vital to oil exploration in Nigeria and around the world. It has been over twenty years since the Brundtland Report drew the attention of the world to the need to re-examine the corporate firm's behaviour and ways of increasing use of resources with little or no interest for either the environment or future generations (Guterres & Spiegel 2012). Nonetheless, this notion remains elusive within the region of Nigeria and its environs since, oil and gas multinationals and indigenous corporations within the region still express deficiencies in behavioural and attitudinal change, which do not bode well for sustainable development in the long term.

Reports of research studies have been recorded on the concept of workplace diversity within different economies and contexts with the aim of ascertaining the extent of relationships between workplace diversity and conflict (Milliken & Martins, 1996), workplace diversity and corporate

performance (Dike, 2013; Nyako, 2017). Others include workplace diversity and productivity (Barrington & Troske, K. 2001), workplace diversity and wage differences (Ashraf, 1996; Blau & Beller, 1988), and the effect of workplace diversity on stability, innovation, competitive and technological advantages (Colbert & Kurucz, 2007). However, there is a near lack of documented empirical evidence on the relationship between the chosen dimensional workforce diversity and corporate sustainability in the oil and gas corporations in Nigerian. Hence, the search for a measurable corporate sustainability. It is against this backdrop that the study sort to examine the relationship between workforce diversity and corporate sustainability especially, as it concerns the issues of environmental, economic and social problems of oil and gas corporations in Nigeria.

Given the attendant reality of age, gender and ethnic diversity in the workplace, this study departs from previous studies as it investigates the relationship between workforce diversity and corporate sustainability of oil and gas corporations in Nigeria.

Research Hypotheses

This research therefore hypothesized thus:

- HO₁: There is no significant relationship between age diversity and economic sustainability of oil and gas corporations in Nigeria
- HO₂: There is no significant relationship between gender diversity and economic sustainability of oil and gas corporations in Nigeria
- HO₃: There is no significant relationship between ethnic diversity and economic sustainability of oil and gas corporations in Nigeria

Concept of Workforce Diversity

The concept of workforce diversity in the management literature is a complex, controversial, administrative phenomena that have defied scholarly consensus (Janssens & Steyaert, 2003). Scholars of different ideological orientation from several viewpoints have perceived it differently. A number of them have looked at it from a narrow perspective, while some others from a wider viewpoint (Nkomo, 1995). For instance, Kreitner & Kinicki, (2004) viewed diversity from three-dimensional perspectives; the internal, external and the organizational paradigm. The internal dimension is characterized by a strong influence of peoples' perceptions, attitude and expectations of interpersonal relationships with others. The dominant constructs such as gender, sexual orientation, ethnicity, age, race and physical abilities characterize this internal dimension of diversity. The external dimension is the second characteristics, which indicates personal traits showing amount of control or influence that individual have. The prominent indicators such as religion, education, work experience, appearance, marital status, income status and recreational habit characterize the external dimension of diversity. The organizational dimension are factors such as management status, work field, unit or division, seniority, union affiliation and these are business case for organizational level (Kreitner & Kinicki, 2004).

The classification of most of these scholars who choose narrow perspectives to the definition of the concept contend that the concept of workforce diversity should be restricted to specific cultural categories, such as race and gender (Cross, Katz, Miller & Seashore, 1994). Hence, Esty, Griffin and Hirsch, (1995), defined the concept of diversity in the workplace as acknowledging, understanding, accepting, and valuing differences among people with respect to age, class, race, ethnicity, gender, disabilities, etc. Nevertheless, some argued that diversity based on race, ethnicity and gender cannot be understood in the same way as diversity based on organizational functions, abilities or cognitive orientations (Nkomo, 1995). Moreover, the key issues of diversity are those that arise because of discrimination and exclusion of a given cultural groups from conventional organizations such as the Nigeria Public Service (Littrell, Billingsley & Cross, 1994). Consequently, if diversity is a concept that is inclusive of all individuals, it may become very difficult to identify discriminatory practices in a given situation. The main concern of this perspective is that a broad definition of the concept may suggest that all differences among people are the same.

Therefore, diversity studies would then be reduced to the conclusion that everyone is different and, if the scholars of management sciences accept this conclusion, then the concept of diversity may become "nothing more than a benign, meaningless concept (Nkomo, 1995). The problems of narrowly defining the concept of diversity, however, is that only one dimension of cultural diversity (race, age, ethnicity, or gender) is largely the subject of research at a time. Since a cultural diversity dimension interacts with other dimensions of diversity, a narrow concept of diversity would be deficient by failing to recognize these interactions (Michaela, Deanne, Paul, & Janique, 2003). On the other hand, Scholars, who choose a broader part to the definition of workplace diversity contends that diversity encompasses all the possible ways people can differ from each other and not just in language, religious ethnic or cultural differences (Jackson, May & Whitney, 1995). Individuals, according to these scholars, do not only differ because of their race, gender, age and other demographic categories; they differ because of their values, abilities, organizational function, tenure and personality. They argued that an individual has multiple identities and that the manifold dimensions cannot be isolated in an organizational setting. Apart from bringing their race, age, ethnicity, and gender, individuals also come with their particular knowledge, personality, and cognitive style to the work place. Therefore, in order to understand the dynamics of a heterogeneous workforce, the interactive effects of multidimensional diversity have to be addressed.

Economic sustainability

Economic sustainability refers to a business's ability to make profit in order to survive and benefit the economic systems at the local and national level (Roberts and Tribe, 2008: 584). Sustainable businesses consider their economic impact on the community, such as job creation, local wages, and their contribution to local economic growth. In addition, suppliers and engagement across the supply chain to ensure similar values and practices are issues of economic sustainability. At the same time, businesses need to maintain corporate profitability and internal financial stability (Landrum and Edwards, 2009).

Sustainable development has witness significant influence by the notion of economy because of the application and extension of the notion of 'capital' beyond the spheres of economics, business and finance (Blewitt, 2008). The economic aspect of sustainability plays a crucial role in facilitating sustainable development by identifying options and alternatives for more effective natural resource management (Munasinghe, 1993). There are various and ongoing debates of the main concept and the definition of sustainable economy. Barbier (1987) claimed that poverty reduction from world's poor societies are the main concern of sustainable economic development. He believed that it is possible through the provision of safe, secure, and perennial livelihood. On the other hand, the main aim of economy in sustainable development, according to Rutland Report is to evaluate or estimate environmental and ecological destruction, while designing a proper solution for minimizing such degradations in the developing world (WCED, 1987). Providing a commonly agreed definition for the notion of sustainable economy is considered difficult, as this notion cannot be defined autonomously from the two other pillars of sustainability. Some authors emphasize the importance and the necessity of providing an independent definition of sustainable economic. For instance, Goldin & Winters (1995) claimed that it is necessary to narrow the definition of sustainable development to refer to an economy in which future growth is not compromised by that of the present.

Environmental scientists and ecological economists have written extensively about the dependence of the human economy on the planet's natural systems. Daly (1990) was considerably influential in this debate. He stated that the natural capital should be maintained and conserved as a top priority, because critical natural capital is not interchangeable with human-made capital. He believed that environmental degradation, unemployment, and inequality could not be solved by economic growth. Hence, he coined the term 'uneconomic growth', to refer to the stage when economic growth exceeds a particular size and it starts to use up the valuable and mainly non-renewable resources. Consequently, the disadvantages of this growth become greater than the benefits. Similarly, Goldin & Winters (1995), believed that the linkage between sustainable resource use and growth is the pivotal and significant economic question (Blewitt, 2008). In the same manner, Bartelmus, (2012)

highlighted the equality between nature and the economy, and defined economic sustainability as the preservation and conservation of both human-made and natural capital. The United Nations Department of Economic and Social Affairs (2011) recognized the green economy as an economic arrangement that improves the ecological stewardship, growth, and social progress as it has been discussed, some scholars assume that the key theme in defining economic sustainability is the relation between economic growth and the use of natural resources. However, others believe that the core concept is based on the long-term performance of capital. Barbier (1987) highlighted the importance of all three pillars of sustainability in achieving a sustainable economic condition. He believed that real improvement in sustainable economic development would happen only if all formulated and accomplished strategies are ecologically sustainable over a long period. However, Atkinson, Dietz & Neumayer, (2007), provides the definition that seems to be the most applicable to this study, with regard to the economic sustainability of Kandovan and Goreme. They stated that if sustainability means leaving future generations with at least as many opportunities as we have today, then the way to achieve this is by passing on to future generations a level of capital that is at least as high as ours of today is.

Organizational Embeddedness Theory

In explaining the concept of organizational embeddedness, Krippner and Alvarez (2007) assert that Karl Polanyi in the 1940s, in order to distinguish traditional, institutionally embedded societies from modern, dis-embedded market societies, initially proposed the concept of embeddedness theory. He summarized his discussion of the social conditions for the emergence of a relatively autonomous economic sphere, i.e. a market economy, in the nineteenth century as follows: 'Instead of economy being embedded in social relations, social relations are embedded in the economic system' (Krippner & Alvarez, 2007). His macro-sociological or structural notion of embeddedness has become an essential cornerstone of economic sociology in criticizing the neoclassical assumptions of atomistic, self-interested economic actors (Krippner & Alvarez, 2007).

Beckert (2003) proposes the following definition, which will form the basis of this studies approach towards the relationship between diversity and sustainability: 'Embeddedness refers to the social, cultural, political, and cognitive structuration of decisions in economic contexts. It points to the indissoluble connection of the actor with his or her social surrounding on three dimensions. First, the concept of agency is useful for avoiding an institutional determinism, i.e. the assumption that institutions exercise some sort of inescapable similarities, yet genetically different pressure on social actors and companies. In this regard, (Ng & Feldman, 2007) viewed Organizational embeddedness as the totality of forces (fit, links, and sacrifices) that keep people in their current organizations. Second, it is useful to distinguish between different dimensions or 'mechanisms' of embeddedness, as already pointed out by Zukin and DiMaggio (1990), who distinguish between cognitive, cultural, structural (or social) and political kinds of embeddedness. Third, embeddedness has to be understood as a dynamic process in which institutional change takes place both as a reaction to new opportunities or challenges and as a result of changing interests, ideas and identities. In contrast to Polanyi, Granovetter (1985) proposes a less structural and relational understanding of embeddedness. He uses this concept for highlighting the social dimensions of economic action and assumes economic 'behaviour is closely embedded in networks of interpersonal relations, especially that with concerns the organization and its environment. In contrast to an 'over-socialized approach of generalized morality' and an 'under-socialized one of impersonal, institutional arrangements', Granovetter (1985), proposes a dynamic, process- and experience-based approach to trust and order which focuses both on pre-existing structures (or 'networks') and on the individual experiences of competent, knowledgeable social actors. This assumption is better than the statement, that someone is known to be reliable. According to Granovetter (1985), it is information from a trusted informant that he has dealt with such individual and found him so. Even better is information from one's own past dealings with such persons. While the embeddedness concept of Polanyi focuses on the structural relationship of the economy and other societal subsystems, Granovetter (1985) puts the non-economic dimension of action at the centre of his research. This relational concept of social

embeddedness is also highly relevant for the understanding of MNCs, as these companies are 'transnational social spaces' (Morgan, 2011). They are not only integrated by formal rules and procedures, but also by interpersonal networks between top managers who have to face the challenges of heterogeneous national environments, high workplace diversity resulting from such heterogeneous environments, while also meeting and cooperating in numerous meetings, social events and transnational projects, thus developing transnational relations and role models (Wilderer, 2010).

METHODOLOGY

Research Design

In view of the philosophical stance of the researcher, the study adopts a deductive approach as being suited for its purpose. Hence, the research design adopted in this study is a census cross-sectional survey(explanatory) design, which as a form of quasi-experimental research, supports the systematic integration of the stages of the research (from theoretical statements and prescriptions, to actual empirical activities), and provides the required blueprint for the accomplishment of the research goal.

Population size of the study

The population for this study comprised of 44 active oil-producing firms as licenced by the Department of Petroleum Resources (DPR). These oil and gas corporations were the notable oil and gas corporations operational in Nigeria. Thus, Human resources managers, administrative managers, operations managers, and finance managers of the 44 corporations were targeted as respondents within the organization. These classes of workers are noted to have the capacity to contribute meaningfully based on their knowledge of the operations, and functioning of the organization. One manager each from these organizations, making it a total of 176 questionnaire were distributed through our research assistance's visits and inquiry from the administrative personnel and human resource officers at the main offices of the target oil-producing corporations in Nigeria. The study adopted a census survey technique, given the specification of respondents which follows a purposive sampling and draw members from the exclusive category of management staff as stated.

Data Analysis Technique

The Spearman's rank order correlation coefficient was utilized in the assessment of the relationship between the variables of the study at a 95% confidence (implying a 0.05 level of significance). The choice of the Spearman is premised on its flexible features and applicability for hypothesis test for data scaled both as interval and as ordinal.

Results

i. ***Hypothesis (HO₁): There is no significant relationship between age diversity and economic sustainability of oil and gas corporations in Nigeria:***

The findings show significant association between age diversity and economic sustainability in organizations where $\rho = 0.540$; and $p\text{-value} = 0.00$ where significance is at a 99% confidence interval; therefore, we reject the null hypothesis based on the adopted criteria of $p < 0.05$.

ii. ***Hypothesis (HO₂): There is no significant relationship between gender diversity and economic sustainability of oil and gas corporations in Nigeria:***

The findings show significant association between gender diversity and sustainability in organizations where $\rho = .0409$; and $p\text{-value} = 0.00$ where significance is at a 99% confidence interval; therefore, we reject the null hypothesis based on the adopted criteria of $p < 0.05$.

iii. Hypothesis (H_{O3}): There is no significant relationship between ethnic diversity and economic sustainability of oil and gas corporations in Nigeria:

The findings show significant association between ethnic diversity and economic sustainability in organizations where $\rho = .651$; and $p\text{-value} = 0.00$ where significance is at a 99% confidence interval; therefore, we reject the null hypothesis based on the adopted criteria of $p < 0.05$.

The result on the relationship between workforce diversity and economic sustainability are revealed to be significant. The evidence from the analysis indicates that workforce diversity contributes significantly towards outcomes of economic sustainability of the oil and gas firms examined in this study.

CONCLUSIONS

The results on the relationship between the variables provides empirical basis for the assertions put forward in this section of the study. This is as the study finds that workplace diversity has strong implications for the shared values and in this vein contributes towards the extent to which the organization is able to harness the benefits and advantages offered the diversity within its workplace. In this vein, the study identifies workplace diversity as a substantial antecedent of corporate sustainability.

Hence, in conclusion, it was affirmed that workforce diversity, groups or labels, especially that which addresses the age, gender and ethnic diversity of the workforce of oil and gas corporations, has a significant impact on economic sustainability of oil and gas corporations. Invariably, this contributes substantially towards the unification of organizational members' ideas and values. This is as such could facilitate improved sustainability outcomes in economic sustainability of the 44 oil and gas corporations in Nigeria.

RECOMMENDATIONS

The study, given the evidence of significant associations between the predictor: Workforce diversity and the criterion: corporate sustainability, as well as the moderator: organizational culture, recommends as follows:

- i. The oil and gas corporations in Nigeria should focus on workforce diversity policies frameworks that addresses age differences and generational gaps and adopt a transparent mechanism that follow formats which clearly identify what is expected from the groups and individuals to conform with the corporate sustainability objectives and how deviations from expectations are to be managed or corrected.
- ii. The oil and gas corporations in Nigeria should, as a matter of Policies framework, institutionalize gender diversity and emphasize on fairness, equity, exchange of ideology that involves both male and female sex in the supervisory and managerial level of leadership. This is to achieve corporate sustainability goals and objectives of the organization through members' collaboration and teamwork, rather than particular gender categories of groupings. Such specifications should guide what is expected of the workers and the extent to which their performance as individuals matches with the requirement of the organization.
- iii. Consideration should also be given to the installation of platforms, frameworks and measures by oil and gas corporations in Nigeria to address evidence of ethnic heterogeneity. Such consideration are those, that addresses relationships with others (interpersonal) premised on more receptive, accommodating and collaborative formats that are geared towards establishing the same sustainability values across all ethnic groups within the organization.

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