Tribal diversity, human resources management practices, and firm performance

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Abstract
This study explores the relationship between tribal diversity, human resources management practices, and firm performance in Africa. Using multiple data sources and multilevel techniques, I examine tribal diversity as a driver of human resource management-diversity policy (HRM-DP) and an interactive factor influencing firm performance. Tribal identity is also tested as a determinant of tribal diversity. The results show that HRM-DP mediates the relationship between tribal diversity and firm performance. Tribal identity also relates negatively to tribal diversity, HRM-DP, and firm performance. Lastly, tribal diversity interacts with tribal identity in relating to firm performance. Theoretical and practical implications are discussed to enhance tribal diversity management in Africa. Copyright © 2016 ASAC. Published by John Wiley & Sons, Ltd.

Keywords: tribal diversity, tribal identity, Africa, social inclusion, firm performance

Since the twentieth century, social science (anthropology, economics, management, psychology, and sociology) scholars have been examining the heterogeneity of groups in organizations, societies, and countries (see Alesina & La Ferrara, 2005; Cox, 1993; Fearon, 2003; Shore, et al., 2009) resulting in a diversity of paradigms (e.g., value in diversity – Cox, 1993; Shore et al., 2009), theoretical frameworks (Nkomo & Stewart, 2006), dimensions (Shore, et al., 2009), and perspectives (Cox, Lobel, & McLeod, 1991). Recent reviews (see Nkomo & Stewart, 2006 as well as Shore et al., 2009) show a paucity of studies in racioethnicity, which is the heterogeneity of racial and ethnic attributes in groups. Shore et al. (2009, p. 119) observed that “we still have a very rudimentary understanding of diversity that involves different combinations of multiple races/ethnicities in a work setting.”

Heeding that call, I focus on the tribe, rather than race, because in the context of this study—Africa—most individuals consider the tribe the primary social category of identification with a stronger influence on interactions and institutions (Awedoba, 2005). Indeed, recent evidence suggests that the diversity of ethnic groups and identification are major factors influencing economic development in Africa (Michalopoulos & Papaioannou, 2015). Further, economic studies of Africa show negative effects of tribal diversity (Alesina & La Ferrara, 2005; Collier & Gunning, 1999) on economic development in contrast to the positive outcomes such as performance and creativity observed in group and organization studies (Ely & Thomas, 2001; Simons & Rowland, 2011).

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Résumé
Cette étude explore la relation entre la diversité tribale, les pratiques de gestion en ressources humaines et la performance des entreprises en Afrique. À partir des sources de données multiples et des techniques multivariées, elle considère la diversité tribale comme un vecteur de la dyade gestion des ressources humaines - politique en matière de diversité (HRM-DP) et comme un facteur interactif influençant la performance des entreprises. Elle teste aussi l’identité tribale en tant que déterminant de la diversité tribale. Les résultats montrent que la dyade HRM-DP médiatise la relation entre la diversité tribale et la performance des entreprises. L’identité tribale est aussi négativement reliée à la diversité tribale, au HRM-DP et à la performance des entreprises. Enfin, la diversité tribale interagit avec l’identité tribale pour influencer la performance des entreprises. L’article s’achève par une analyse des implications théoriques et pratiques destinées à rehausser la gestion de la diversité tribale en Afrique. Copyright © 2016 ASAC. Published by John Wiley & Sons, Ltd.

Mots-clés : diversité tribale, identité tribale, Afrique, inclusion sociale, performance des entreprises
In addition, there is an increasing surge of multinationals into Africa with the goal of maximizing return on investment from the human and natural resources of African countries (Chironga et al., 2011) because these countries have: a high growth rate (Economic Commission for Africa, 2012); foreign direct investment, particularly from China, is growing (Maswana, 2009); and the outlook for economic growth in the coming years is so bright (World Bank, 2010). For example, six African countries feature in the top 10 fastest growing economies in the world in the past decade.

Although economic studies suggest that tribal diversity—defined as the degree to which a country’s tribal composition is heterogeneous—is a major factor undermining economic development of Africa (Alesina & La Ferrara, 2005), I draw from the “value in diversity” paradigm in organization studies (Cox, 1993; Shore et al., 2009) to examine the contextual positive effects of tribal diversity of African countries on firm performance. I also aim to examine (a) tribal identity or the extent to which individuals feel a sense of connection with their tribe as an antecedent and moderator of tribal diversity and (b) the mediation of human resources management (diversity policy) of organizations (HRM-DP) in the relationship. The lack of studies on tribal diversity leaves managers and executives wondering how they can optimize the benefits of tribal diversity of African countries, and how to manage the diverse tribal groups within and across countries.

**Theoretical Background**

Diversity theory emerged from demography and the demographic composition of groups and has been studied widely in the social sciences. A review of the literature shows diverse definitions that range in breadth (Nkomo & Cox, 1996; Shore et al., 2009). Even though diversity has typically been defined as the degree of heterogeneity in a group, Nkomo and Cox (1996, p. 339) pointed out that “scholars are referring to ‘diversity in identities’ based on social and demographic groups and how differences in identities affect social relations in organizations.” They defined “diversity as a mixture of people with different group identities within the same social system” (p. 339). Group identities identified in the literature include attributes such as race, gender, function, attitudes, and so forth that range from individual to group, organizational, and societal attributes (Milliken & Martins, 1996; Pelled, 1996). These attributes include observable and nonobservable characteristics that are assumed to lead to positive outcomes, increased information, enhanced problem-solving ability, constructive conflict and debate, increased creativity, and higher quality decisions (Shore et al., 2009).

Harrison, Price, and Bell (1998) found that over time, nonobservable diversity in terms of satisfaction and commitment had more impact on cohesion than observable diversity attributes of age, sex, and race. Harrison, Price, Gavin, and Florey (2002) found support for their model in which perceived observable and nonobservable diversity characteristics negatively relate to social integration, which positively relates to task performance. They further reported that in the context of team diversity, collaboration moderates the negative relationship between perceived diversity and team social integration such that observable diversity reduces the strength of this relationship, while nonobservable diversity increases the strength of this negative relationship. Jehn, Northeacraft, and Neale (1999) reported that observable diversity positively relates to perceived performance, satisfaction, intention to remain in the group, and commitment, while nonobservable diversity negatively relates to perceived and actual group performance, group efficiency, satisfaction, intent to remain in the group, and commitment. Further, Cunningham and Sagas (2004) found that nonobservable diversity (i.e., values) is associated with lower job satisfaction and higher turnover intentions, but that the relationship is not significant for observable diversity. In contrast, Mohammed and Angell (2004) found that neither observable nor nonobservable diversity impact relationship conflict. Phillips and Loyd (2006) examined the interaction effect of observable and nonobservable diversity on dissenting group members. They suggested that observable diversity (vs. homogeneity) may be beneficial to incongruent groups. Lastly, Phillips, Northercraft, and Neale (2006) found that observable diverse groups outperform observable homogeneous groups regardless of nonobservable similarities.

In their review of diversity in organizations, Nkomo and Cox (1996) as well as Nkomo and Stewart (2006) and Shore et al., (2009) identified major theories used to examine diversity, one of which is social identity theory (SIT) (Ashforth & Mael, 1989). SIT is a cognitive theory, proposing that individuals tend to classify themselves and others into social categories and that these classifications have a significant effect on human interactions. Drawing on SIT, Joshi, Liao, and Jackson (2006) found that among sales employees on 437 teams in 46 units of a large company, team demographic composition and unit management composition moderated the relationship between individual demographic attributes and pay. In a review of workplace diversity, Kochan et al. (2003) summarized the results and conclusions reached in studies of the relationships between race and gender diversity and business performance carried out in four large firms by a research consortium known as the Diversity Research Network. They sought the “business case” for diversity and found “few positive or negative direct effects of diversity on performance” (p. 3). They suggested that given the different types of diversity influences on individual and group outcomes, a nuanced view of diversity seemed more appropriate.

Nkomo and Stewart (2006) indicated that the racial/ethnicity and gender area does not constitute a theory per se; rather, research in that area is focused on documenting differential treatment in organizations based...
on race and gender. Nonetheless, research is paltry, with the bulk focusing on racioethnicity in the US, comparing black people with white people in particular. And while attention to racial identity and ethnic identity is gaining a foothold in the literature (e.g., Bell & Nkomo, 2001; Ely, 1995), little research exists on the identities of African social systems. Specifically, tribe, which is the observable characteristic of interest here, is lacking in the literature. African countries are dominated by tribal groups. Of course, tribes are not unique to Africa; they are prevalent in the Middle East, Latin America, and Asia. For example, in the Middle East, Jordan, Lebanon, Palestine, and Yemen have multiple tribes. Central Asian countries like Afghanistan, Kazakhstan, Tajikistan, and the Kyrgyz Republic also have tribes. In rural and remote parts of Indonesia, tribes serve as a major form of social organization and tribal and clan members live on specific plots of land reserved for their families. In Latin America, the Indian tribes are active in political and economic activities of countries such as Peru, Bolivia, and Columbia.

The difference, however, is that the number of tribes and degree of diversity is greater in the African context. A similar but different concept is ethnic diversity, whose focus is the extent to which a group is heterogeneous with respect to ethnic origin. A tribe differs from an ethnic group in the sense that the latter is broader. However, they are often used interchangeably. In this paper, I have used the tribe concept because in Africa, tribal identification is stronger (Herbst, 2000). Even though there are multiple racial categories (e.g., whites in Southern Africa, Arabs in Northern Africa, and traditionalists in Sub-Saharan Africa), the majority identifies with tribes rather than races (Deng, 1973). Tribal diversity manifests through language, corporal insignia, and behaviour. The heterogeneity of languages in each African country, the distribution of corporal insignia—commonly termed tribal marks—and the heterogeneous patterns of behaviour enable us to observe tribal differences and gauge the performance of members of a particular tribe. In Nigeria, the Ibos, distinguished by their linguistic attribute, Ibo, have been observed to be very industrious and entrepreneurial (Olutayo, 1999). It is therefore likely that the degree of tribal heterogeneity within a country can influence firm performance through the marshalling of a differential knowledge base, different sets of experiences, and different views of the world (Shore et al., 2009). As I argue in the expectations below, the degree of tribal identification likely determines the level of tribal diversity.

Hypothoses

Tribal Identity and Tribal Diversity

I propose tribal identity as an antecedent of tribal diversity. Identity, the extent to which individuals view themselves either as individuals or part of a social group (Ashforth & Mael, 1989; Tajfel & Turner, 1979), has been examined by diverse domains in the social sciences. Identity in the management and organizational science domain, which focuses on the extent to which individuals identify with organizations, derives from sociological and psychological perspectives (Reynolds, Turner, & Haslam, 2003), and has been related to diversity in organizations (Nkomo & Cox, 1996). Drawing from that literature, I argue that tribal identity, the degree to which individuals identify with their tribes in Africa, is likely to determine tribal diversity.

The social identity perspective encompasses social categorization theory and social identity theory (Reynolds et al., 2003). It provides a basis for understanding how the tribal composition of workplaces in Africa influences behaviours and outcomes of employees. Consistent with the social identity perspective, which proposes that individuals classify themselves and others on the basis of overt demographic attributes, including ethnicity and gender (Ashforth & Mael, 1989; Tajfel & Turner, 1979), I contend that employees are likely to view, and subsequently favour, their tribal members as in-groups, and show bias to nontribal members who are out-groups (see Hewstone, Rubin, & Willis, 2002 for a review of social identity).

Tribal identification seems relatively stronger in the Sub-Saharan African environment than in other parts of the world (Herbst, 2000) to the point that some scholars contend that tribal group identity as an institutional element may be at odds with the state (Posner, 2005). Other scholars have observed that tribal identity negatively affects industrial productivity (Alesina, Spolaore, & Wacziarg, 2000). By amplifying the positive characteristics of tribal members and denigrating nontribal members, employees “protect, enhance, or achieve a positive social identity” for themselves and members of their in-group (Tajfel, 1982, p. 24). Consequently, they may be less likely to accept, endorse, or interact with nontribal members. High tribal identity is associated with high homogeneity; if tribal identity is high, tribal diversity is likely to be low. I therefore hypothesize:

$H1$: Tribal identity relates negatively to tribal diversity.

Tribal Identity and Human Resources Management Diversity Policy

Organizations harness differential knowledge, experience, and skills by managing human resources effectively. Essential to that outcome is the development of a human resources management diversity policy (HRM-DP), which provides guidelines on how diverse groups can be attracted, developed, and fostered to excel. Diversity policies that foster employees’ identification with their social categories influence their interactions within the organization. Consistent with SIT, the tribal identity
of employees is likely to influence their interactions in organizations (Brickson, 2000; Nkomo & Cox, 1996; Nkomo & Stewart, 2006). Social identity, the sum total of the social identifications people use to define themselves, has been shown to be high among Africans with regard to their tribal groups (Awedoba, 2005; Collier & Gunning, 1999).

The degree of in-group favouring and out-group harming behaviours observed in the literature suggests that tribal identity is likely to be negatively associated with HRM-DP in organizations. Managers of a particular tribe are likely to establish policies that favour homogeneity rather than heterogeneity, and make decisions that counter recruitment and selection of nontribal members. The in-group/out-group dynamics may also have consequences for employees’ earnings. Tribal members may be favoured with regard to bonus and pay increases, particularly if there are no established compensation policies and committees that can temper the biases of high tribally-identified managers. High ethnic identification is therefore likely to be negatively associated with the establishment of HRM-DP. I therefore hypothesize that:

H2: Tribal identity relates negatively to HRM-DP in organizations.

Tribal Identity and Firm Performance

The arguments for the negative relationship with HRM-DP also apply to firm performance. Rather than optimizing their productive efforts, tribal members are likely to sate, particularly if the organization is viewed as heterogeneous. In addition, high tribal identity is likely to be associated with underperforming staffing outcomes and managerial behaviours that undermine, rather than facilitate, interactions between diverse tribal employees in the workplace (Awedoba, 2005).

Tribal identity is associated with conflict at the national level (Collier & Gunning, 1999), and research shows both soft conflict (e.g., coup d’état) and hard conflict (e.g., war) result from ethnic identification (Collier, 2007). Both forms of conflict undermine industrial output. Coups d’état often result from military juntas and nationalism, which lead to nationalization of enterprises (Collier, 2007). In addition to destruction of property, wars are associated with disruption of firm operations due to human and material logistical constraints. Wars in Liberia, Sierra Leone, and Cote d’Ivoire all emerged from ethnic identification and negatively affected industrial activity and outcomes (Buhaug & Rod, 2006; Collier & Hoeffler, 2002). High tribal identity is associated with negative bias toward outgroup members and increased myopia. It leads to a reduced effort on the part of employees. It is therefore likely that:

H3: Tribal identity relates negatively to firm performance.

Tribal Diversity and Firm Performance

Research shows that diversity yields positive outcomes because of the potential to harness multiple ideas, experiences, and capabilities of members (Cox, 1993; Williams & O’Reilly, 1998). Diversity harnesses the stock of competencies, knowledge, and social and personality attributes, including creativity (Becker, 1964), which are sources of ideas, experience, and capabilities, and which determine firm performance (Richards, 2000; Roberson & Park, 2007). The greater the tribal diversity, the greater the human capital, and the more likely firm performance will be high. Because tribal diversity involves mutual understanding, it is likely to foster social integration, which contributes to social and economic stability (Harrison et al., 2002). In addition, tribal diversity is likely to increase social control, which is the extent to which group members control the behaviours of each other. For example, Greif (1993) argued that traders in ancient times formed coalitions along tribal lines in order to monitor agents by exchanging information on their opportunistic behaviour. In this case, tribal affiliation helped sustain a reputation mechanism in the presence of asymmetric information. Further, in the absence of legally enforceable contracts, membership in tribal groups controls what individuals can do. Punishment and reciprocity are directed not only toward the individual, but also toward other members of the group, which is a type of self-enforcing mechanism (La Ferrara, 2003). A similar reasoning is proposed by Fearon and Laitin (1996) to explain intertribal cooperation.

At the organizational level, O’Reilly, Williams, and Barsade (1997) analyzed 32 project teams and found that more diversity leads to more conflict and less communication, but that controlling for the latter also leads to higher productivity. Richards (2000, p. 164) found that “racial diversity interacted with business strategy in determining firm performance measured in three different ways, as productivity, return on equity, and market performance. The results demonstrate that cultural diversity does in fact add value and, within the proper context, contributes to firm competitive advantage.” In a review of the psychological literature, Brooke and Tyler (2010) found that diversity relates positively to corporate performance.

Studies at the national level also show that tribal diversity influences not only economic performance, but also firm performance through the human capital function: leveraging of capabilities and behaviours of tribal members (Alesina et al., 2000). Tribal diversity may enter the production function as “intermediate inputs” (i.e., more variety of individual skills), which increases total output. Lazear (1999) discussed how different skills in a production unit may increase overall productivity, and Ottaviano and Peri (2003) investigated the pros and cons of diversity in production. Diversity and related amenities affect the value of land (rents), which enters the production function.
It therefore seems that the more diverse a country, the greater the repository of skills and competencies that firms may obtain. Among the Ibos of Nigeria, members are socialized with trading skills. Business savvy therefore tends to be high among their members. The Yorubas also socialize individuals to be intellectually curious. Other tribes have different socialization outcomes. Collectively therefore, the capabilities of these tribal groups can be harnessed to maximize productivity, not only at the national level but also at the firm level. Based on the above reasoning, I hypothesize:

**H4: Tribal diversity relates positively to firm performance**

**Tribal Diversity and HRM-Diversity Policy**

Tribal diversity is associated with heterogeneous skills, experiences, capabilities, and knowledge because of the unique acculturation processes of tribes. Firms operating in tribally diverse countries are therefore expected to have greater human capital stocks and flows (Alesina, & La Ferrara, 2005) even though diversity is generally associated with conflict, particularly when tribal identification is high. In order to harness the potential of tribal diversity, firms are likely to establish and implement HRM-DP. The diversity policies may attract more competencies and experiences. Corporate diversity management may also be easier in countries with high diversity because firms are likely to draw from the experience of national tribal diversity management initiatives. Employees are likely to be more receptive to diversity management activities due to their prior socialization. Staffing may also be facilitated by the ease of multiple representations to serve the different tribal groups. It therefore seems that for countries in which tribal diversity is high, there is likely to be a high proportion of diversity policies among firms. I therefore hypothesize:

**H5: Tribal diversity relates positively to HRM-DP.**

**Mediation of HRM-Diversity Policy**

It has already been established that HRM practices relate positively to firm performance in the United States (Huselid, 1995), Europe (Stavroura, Brewster & Charalambous, 2010), and Asia (Zheng, Lamond & Kam, 2008). As argued above, studies also show a direct relationship between diversity and firm performance. What has not been definitively established, however, is whether HRM practices mediate the relationship between diversity at the national level and firm performance. I explored that question with a focus on one practice – HRM-DP. I contend that tribal diversity at the national level influences firm performance to the extent that HRM practices are enabled. If HRM managers can easily find diverse skill-sets, they are likely to staff their organizations in a way that maximizes creativity and innovation, thereby enhancing firm performance. Easterly and Levine (1997) argued that a large portion of “Africa’s growth tragedy” can indeed be attributed to the effect of ethnic fragmentation. Alesina and La Ferrara (2003) tested whether the negative correlation between ethnic fragmentation and growth holds irrespective of the level of economic development or whether it is mitigated when the benefits of heterogeneity for productivity are taken into account. They found that “fractionalization may have positive (or less negative) effects on output at higher level of development” and “GDP per capita and fractionalization has the expected (positive) sign, suggesting that indeed fractionalization has more negative effects at lower levels of income” (Alesina & La Ferrara, 2005, pp. 9-10). Consistent with Collier (2000), who argued that fractionalization has negative effects on growth and productivity only in nondemocratic regimes (democracies manage to cope better with ethnic diversity), firm diversity policies are likely to temper the negative effects of tribal diversity. In other words, for firms operating in countries with high tribal diversity, the diversity practices implemented by HRM are likely to neutralize conflicts that might arise from high ethnic identification. I therefore hypothesize:

**H6: Diversity policy mediates the relationship between tribal diversity and firm performance.**

**Method**

Data for this study are from three major sources: the World Bank’s Enterprises Survey (www.worldbank.org), the CIA Fact Book (www.cia.gov), and the Africa Report (www.theafricareport.com). The World Bank has been surveying employees and firms from several African countries since 2005. The CIA has also been gathering data on demographics of countries all over the world. Finally, the Africa Report publishes data on firm performance for the period 2009 to the present.

**Measures**

**Tribal identity.** This continuous variable was measured with one item from the Afrobarometer (www.afrobarometer.org). The item - “Let us suppose that you had to choose between being a [Ghanaian] and being a [R’s Ethnic Group]. Which of the following best expresses your feelings?” - has five anchors that range from high identification with tribe or ethnic group on the one hand and high identification with country on the other (see Figure 1).
**Tribal diversity.** This variable was computed from the CIA Fact Book using Blau’s (1977) diversity index, which is an adaptation of Shannon’s diversity index. It is frequently used to compute diversity \( (1 - \sum P_i^2) \) where \( P \) is the proportion of members in a tribal group and \( i \) is the number of different categories represented in a tribe. For example, Country A

*Figure 1. Tribal diversity in African countries*
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composed of 15% Ewe, 56% Akan, 10% Ga, 9% Dagomba, 5% Fante, would have a diversity index of .68, which differs from Country B with 32% Yoruba, 38% Ibo, 10% Ogoni, and 20% Fulani tribes and a diversity index of .74.

Human resources management diversity policy. I coded whether the companies in the sample had HRM-DP (1 = yes, 0 = no) using online databases the included the companies’ websites. For companies that did not specify their HRM-DP on their websites, additional searches were conducted using legitimate prominent business sources such as ThisIsAfrica, n.d. (www.thisisAfrica.com), The Africa Report, n.d. (www.TheAfricaReport.com), and even international magazines such as The Economist (www.Economist.com). Of the 493 firms, I obtained HRM-Diversity Policies for 320 firms. After excluding firms from countries not in the Afrobarometer database, I had a final sample of 210.

Firm performance. This variable was taken from the Africa Report. It focused on sales and net profit measured in US dollars. According to the Africa Report, a large number of African companies (n = 5,913) are surveyed. After crosschecks and verification, they established a ranking of Africa’s top 1,550 companies. I used data for the 500 companies that are published. All financial data has a clearly-defined source, generally communicated to the magazine by the companies themselves, and must refer to the financial year (e.g., 2009 or 2010). If the financial data is presented in local currency, it was converted into US dollar amounts according to the rate prevailing on the last day of the particular year (e.g., 31 December 2009). All companies that fall under the legal jurisdiction of at least one of the 53 countries in Africa (except Zimbabwe) are included. As a result, there are holding and subsidiary companies in the list. In the case of both holding and subsidiary companies, a pooled estimate was used. I excluded firms from countries that were not in the Afrobarometer database, resulting in the reduced sample.

In addition, the following control variables—population, gross domestic product (GDP), GDP per capita, region (dummy coded as south, west, east, central, and northern†), income group (low, middle, and high‡), economy (agriculture, industry, and service††), and industry—were included because they have potential to influence the effects of tribal diversity on firm performance. They were adopted from the World Bank Enterprises survey.

Data Analysis

Multilevel techniques were used to test the relationships because the hypotheses involve country and firm levels. Multilevel techniques distinguish the proportion of variances at the country and firm levels. They also show the cross-level effects suggested by H2-H5. Two-level models were specified to test the hypotheses, where level 1 reflects 478 firms and level 2 reflects 27 countries. In addition, I used multilevel mediation analysis to examine mediation of HRM-DP in the tribal diversity - firm performance relationship. The mediation represents a 2-1-1 model (level-2 variable influencing a level-1 criterion through a level-1 mediator) (see Preacher, Zhang, & Zyphur, 2011). I tested for cross-level interactions but they were not significant and therefore are not reported in the results section. In addition, I conducted robustness checks by using tribal diversity data from Fearon (2003) and tribal identity survey data from round 3 of the Afrobarometer. The result patterns were similar to those reported here. I am therefore confident that the results are not due to chance.

Results

Descriptive Statistics and Correlations

Table 1 provides summary statistics of tribal identification, tribal diversity, HRM-DP, and firm performance across countries and region. The overall purpose of this study is to examine the effects of tribal diversity and tribal identity on firm performance mediated by HRM practices. Figure 1 shows a wide variation of tribal diversity across 47 countries in Africa mainland. Some are homogenous (d < .30; e.g., Egypt, Libya, Rwanda, and Tunisia) and others are moderately heterogeneous (.30 > d < .70; e.g., Algeria, Botswana, Burundi, Lesotho, Morocco, Swaziland, and Zimbabwe), Still others are highly heterogeneous (d > .70; e.g., Angola, Cameroon, Democratic Republic of Congo, Ghana, Liberia, Nigeria, South Africa, Tanzania, and Uganda).

In Figure 2, we get insight on the variation in tribal identity. The illustrative countries show that only 36%, 33%, 30%, 30%, 23%, 20%, and 16% of respondents prefer only national identity in Botswana, Benin, Burkina Faso, Zimbabwe, Ghana, Nigeria, and Uganda respectively. An exception is Tanzania, where 71% prefer national identity. This is due to the unification initiatives of Julius Nyerere, the first president of the country who attempted to integrate Tangayika and Zanzibar effectively. In sum, the results suggest less national identification and more tribal identification.

Table 2 shows the means, standard deviations, and intercorrelations of the variables in the study. The control variables relate to each other, performance indicators (net profit, sales), tribal identity, and tribal diversity at a low to moderate level.

Substantive Results

The null models for sales (z = 132.98, p < .001) and net profit (23.35, p < .001) were significant. The intraclass correlation (ICC), which measures the proportion of variance
attributable to country and firm levels, shows some proportion of variance that could be due to country-level factors (i.e., diversity). Summaries of the substantive results are depicted in Figure 3a and 3b. Tribal identity relates negatively to tribal diversity ($\beta = -.23, p < .05$) and firm sales ($\beta = -.46, p < .001$) but positively to HRM-DP ($\beta = .32, p < .01$) (see Figure 3a). With regard to net profit, the patterns are identical even though the coefficients are lower. For example, tribal diversity relates positively to HRM-DP ($\beta = .37, p < .05$), which in turn relates positively to net profit ($\beta = .18, p < .05$) (see Figure 3b). Overall the results suggest contextual effects of tribal identification and tribal diversity on HRM-DP and firm performance. $H1$ was supported as a result: tribal identity relates negatively at a significant level to tribal diversity. $H2$, however, was not supported: tribal identity relates positively (rather than negatively) at a significant level to HRM-DP. $H3$ was also supported since tribal diversity relates negatively to firm performance in Figures 3a-3b. $H4$ and $H5$, which proposed that tribal diversity relates positively to HRM practices and firm performance, were also supported. Tribal diversity relates positively to HRM practices at a significant level in Figures 3a and 3b. It also relates positively at a significant level to firm performance.

I tested $H6$ using multilevel mediation. The fixed effects show that tribal diversity relates to net profit ($z = 2.37, p < .05$) and HRM-DP ($2.57, p < .01$). Diversity policies also relate to net profit ($z = 2.56, p < .05$) along with tribal diversity ($2.17, p < .01$). The results suggest partial mediation. A similar pattern is observed with regard to sales: tribal diversity relates to sales ($z = 2.59, p < .05$) and HRM-DP ($2.57, p < .01$) independently. Diversity policies ($3.52, p < .01$) and tribal diversity ($2.59, p < .05$) are both significant in step 3. Overall, there is support for $H6$, which proposed that HRM-DP mediates the relationship between tribal diversity and firm performance.

**Posthoc Analyses**

I conducted two post hoc analyses. First, I tested the effect of diversity on performance only for firms in the specific industry (n = 37). There were 37 industries, of which 10 showed significant effects. These effects were positive in five industrial sectors and negative in the other five. For the other 27 industries, tribal diversity did not relate to firm performance. Second, I tested the interaction of tribal identity and tribal diversity in relating to firm performance. The joint effects were significant for sales ($coef. = 3.58, SE = .61, z = 5.90, p < .001, 95% CI = 2.39 – 4.77$) and net profit ($coef. = 3.17, SE = 1.0, z = 3.16, p < .01; 95% CI = 1.21 – 5.14$). Slopes and confidence bands of the interactions are shown in Figure 4.

The results suggest that when tribal identity is low, sales and net profit are high in countries with both low and high tribal diversity. However, when tribal identity is high, sales and net profit are high in countries with high tribal diversity but low for those with low tribal diversity. The intersection of values of tribal diversity corresponds to the simple slopes presented in Figure 3 (c & d) for sales and net profit respectively.

**Discussion**

**Summary**

There is increasing evidence that emerging economies are avenues for increased profitability and growth in Africa (Babarinde, 2009; Kiggundu, 2013; McKinsey Global Institute, 2010; Moss, 2007). The diversity of African tribal groups is a resource that can be leveraged to maximize economic and industrial performance (Collier, 2007). Even though economic studies have examined the effect of tribal
diversity on economic performance (Alesina & La Ferrara, 2005), similar studies at the firm level are lacking. This study fills that gap.

Three findings from this study seem significant. First, I found support for the negative effect of tribal identity as a determinant of tribal diversity and firm performance but...
positive support for diversity policy. The positive effect is consistent with the theoretical proposition that social identities determine diversity (Nkomo & Cox, 1996). However, the negative effect seems to counter that proposition.

Second, diversity policy mediates the relationship between tribal diversity and firm performance. Sobel tests of mediation of diversity policy in the relationship between tribal diversity and firm performance were significant. However, the Sobel test for mediation of diversity policy in the relationship between tribal identity and firm performance was not significant. One reason is that identities are intrapersonal cognitive attributes that differ from the structural characteristics of diversity (Milliken & Martins, 1996; Nkomo & Cox, 1996). Another reason may be the different levels:

| Variable             | Mean  | SD  | 1   | 2   | 3   | 4   | 5   | 6   | 7   | 8   | 9   | 10  | 11  | 12  | 13  | 14  | 15  |
|----------------------|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Log (sales)          | 13.23 | 1.03| 1.00| 1.00|     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Log (Net profit)     | 3.60  | 1.41| 0.45***| 1.00|     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Diversity policy     | 0.39  | 0.49| 0.01| 0.05| 1.00|     |     |     |     |     |     |     |     |     |     |     |     |     |
| Tribal diversity     | 0.71  | 0.62| -0.03| -0.09| -0.12*| 1.00|     |     |     |     |     |     |     |     |     |     |     |     |
| Tribal identity      | 3.89  | 1.10| 0.17*| 0.05| -0.10*| .74***| 1.00|     |     |     |     |     |     |     |     |     |     |     |
| Log (GDP)            | 25.02 | 1.25| 0.42***| 0.25**| 0.04| -0.36**| 0.07| 1.00|     |     |     |     |     |     |     |     |     |     |
| Log (population)     | 17.23 | 1.03| 0.27***| 0.25**| 0.03| -0.18*| -0.01| .75***| 1.00|     |     |     |     |     |     |     |     |     |
| Region - West        | 0.16  | 0.37| -0.16*| -0.12*| -0.07| 0.64***| 0.37**| -0.38**| 0.01| 1.00|     |     |     |     |     |     |     |     |
| Region - East        | 0.05  | 0.23| -0.10*| -0.08| -0.01| 0.23**| 0.18*| -0.37**| -0.38**| -0.11*| 1.00|     |     |     |     |     |     |     |
| Region - South       | 0.36  | 0.48| 0.37**| 0.18*| -0.05| 0.11*| 0.61***| 0.55***| 0.16*| -0.33**| -0.18*| 1.00|     |     |     |     |     |     |
| Region - North       | 0.39  | 0.49| -0.17*| -0.02| 0.10*| -0.82***| -0.95***| 0.01| 0.13*| -0.35**| -0.19*| -0.60***| 1.00|     |     |     |     |     |
| Region - Central     | 0.05  | 0.18| -0.08| -0.07| 0.01| 0.31**| -0.04| -0.27**| -0.30**| -0.08| -0.05| -0.14*| -0.15*| 1.00|     |     |     |     |
| Economy - Low        | 0.17  | 0.37| -0.11*| 0.11*| 0.12*| -0.18**| -0.39**| -0.14*| 0.11*| -0.01| -0.11*| -0.34*| 0.32**| 0.18**| 1.00|     |     |     |
| Economy - Medium     | 0.10  | 0.30| -0.09| -0.20**| -0.09| 0.08| -0.06| -0.16*| -0.08| 0.30**| -0.08| -0.21*| 0.04| -0.06| -0.15*| 1.00|     |     |
| Economy - High       | 0.73  | 0.44| 0.15*| 0.04| -0.04| 0.10*| 0.38**| 0.22**| -0.04| -0.19*| 0.15*| .43***| -0.30**| -0.11*| -0.74***| -0.55***| 1.00|

Figure 3. Summarized results of main effects of tribal identity and tribal diversity.
tribal identity and diversity are at the national level while HRM-DP and performance are at the firm level. Multilevel theory suggests that cognitive, affective, and behavioural phenomena function differently in national and firm levels (Kozlowski & Klein, 2000).

Third, tribal diversity relates positively to HRM diversity policies and firm performance, and diversity policies relate positively to firm performance. Collectively, the findings suggest negative and positive contextual effects of tribal identity and tribal diversity. In addition, results from the industry analyses suggest that tribal diversity has a significant effect on firm performance in some industries. Tribal diversity relates to profitability negatively in construction, metal/steel, tobacco, mining, and telecommunication industries. Even though these industries are labour intensive, they require singularity or homogeneity of thought. To the extent that diversity thought processes are prevalent, as is often the case in heterogeneous contexts, they undermine interactions that are essential for performance. In the majority of industries, the effects were not significant.

These findings are significant for a number of reasons. First, this seems to be the first multilevel study to show that tribal diversity relates to firm performance. It provides preliminary evidence for diversity scholars to build upon in future studies as they examine other factors influencing the tribal diversity-firm performance relationship. Second, the
finding that tribal identity relates to HRM-DP and firm performance is important. I used an indirect approach by adopting secondary data. Had a survey been administered, respondents would have denied their tribal identification. This tendency is evident in the Afrobarometer data. In the case of Ghana, for example, 4% of participants identify with their tribes. As a Ghanaian, I know that is not true. Tribalism or tribal identity is very high in Ghana, particularly among major tribes like the Akans and Ewes. There is also prejudice against other tribes. Verifiable anecdotal evidence suggests that individuals from northern Ghana (i.e., Dagomba, Gurunni, and Wala tribes) are often discriminated against with regard to employment and opportunities.

Overall, the study contributes to the diversity, HRM, and African management literatures. By examining multi-level effects of tribal diversity on firm performance I have provided preliminary evidence that future research can expand upon. Unlike other geographic contexts, Africa has multiple tribal groups. The benefits of those heterogeneous groups can be exploited for growth and development (Hobday, 1995). The findings here suggest that the benefits of diversity are not only limited to the national level, as suggested by economic studies, but also can be extended to firms.

**Applied Implications**

The contributions have theoretical and practical implications. Theoretically, they provide a foundation for future research. The model examined in this study can be integrated with institutional and human capital theories in future studies to validate the RAfT (resource, agency, institutional, and transaction cost) model that was proposed as applicable to Africa (Zoogah, 2008). For example, the effect of human capital provides insight to foreign organizations that wonder what resources are available to influence industrial activity in Africa. Even though other studies recognize the population of Africa as a resource (Collier, 2007), the capabilities of the populations as assets that can be leveraged have not been examined. It will be interesting to examine the role of institutional climate in the tribal diversity-firm performance relationship. Is institutional climate a moderator or mediator? Previous research has shown that institutions are critical to national development (Rodrik, Subramanian, & Trebbi, 2004). In addition, the study has practical implications. First, foreign organizations, particularly multinational corporations, can use the findings as a basis to establish mechanisms that enhance the effects of tribal diversity. The insight from tribal identity can also be used to develop systems that neutralize high tribal identification in the workplace.

**Limitations and Future Research Directions**

Despite the above contributions, the study has limitations. First, tribal diversity is computed at the societal level. I believe it is important as a preliminary endeavour given the paucity of multilevel studies and the challenge of organizational data in Africa (Ugwuegbu, 2001; Zoogah, 2008). Nevertheless, tribal diversity at the firm level will also be important in showing how societal level diversity relates to firm-level diversity in influencing firm performance. It is likely that tribal diversity at the firm level has negative effects on firm performance instead of the positive effects observed in this study. Diversity has been proposed as having both negative and positive effects on firm outcomes (Kochan et al., 2003). Another limitation is that I content analyzed the HRM diversity policies instead of surveying companies. Although this was appropriate because of the African context, it introduced many challenges that affect empirical research (Ugwuegbu, 2001; Zoogah & Nkomo, 2013). Given the extremely difficult challenge of data collection in Africa (Zoogah & Nkomo, 2013), it would have been almost impossible to obtain responses from 493 HRM managers in the 27 countries in the study. Nevertheless, scholars with resources could conduct future research using the survey approach.

Future studies may also examine how other theories combine with diversity in explaining organizational outcomes. For example, relative deprivation theory can be combined with diversity to explain firm performance to answer the question: is the effect of tribal diversity on firm performance greater in more relatively deprived economies than in less relatively deprived ones? Future research may also examine the relationship between tribal diversity and innovation. Diversity has been found to relate to firm innovation in other contexts (Sampson, 2007). The extent to which tribal diversity in Africa influences innovation of African organizations will also be a significant question to answer. I encourage additional studies with more firm level variables. Lastly, Africa is not the only continent with tribal groups; Latin America (Paldam, 2011), the Middle East (Gao, 2012), and Asia (Pandey & Singh, 2012) have such groups. Gao (2012) for example, found that tribal diversity relates negatively to public goods services. Will the effect observed in this study be found in the Middle Eastern context? However, the degree of heterogeneity is greater in Africa and that may account for the variation across the countries. In other contexts, such variation is likely to be limited. Future research will help shed light on this question.

**Conclusion**

In this study, I tested the effect of tribal identity and tribal diversity on HRM diversity policy and firm performance using multilevel techniques. I found support for some of the hypothesized relationships. Overall, the findings suggest that tribal diversity is determined by tribal identity and relates to firm performance (net profit and sales). In one sense they confirm previous findings, particularly economic
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studies, on positive and negative effects of ethnic diversity at the national level but in another sense, they contribute unique insight on the relationship between tribal diversity at the national level and firm performance. Thus, the study contributes to the HRM and diversity literatures, particularly in Africa, where there is a paucity of such research.

Notes
2 I coded other HRM practices – staffing, employee relations, compensation, training and development, and HR Strategy but focused on only diversity for theoretical reasons.
3 * = thresholds to compare. G-1 dummies are reported and compared with the threshold.
4 Available upon request from the author.

JEL Classifications: J15, L25, M14

References


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