

**EFFECT OF EMPLOYEE DIVERSITY ON ORGANIZATION PERFORMANCE OF
SELECTED STATE CORPORATIONS IN KENYA**

BY

ANNE FREDAH NJERI WACHIRA

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS
ADMINISTRATION (CORPORATE MANAGEMENT) IN THE SCHOOL OF
BUSINESS AND PUBLIC MANAGEMENT AT KCA UNIVERSITY**

OCTOBER, 2016

DECLARATION

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this contains no material written or published by other people except where due reference is made and author duly acknowledged.

Sign: Reg. No.

Date:

I do hereby confirm that I have examined the master's dissertation of

Anne Fredah Njeri Wachira

And have certified that all revisions that the dissertation panel and examiners recommended have been adequately addressed.

Sign: _____

Date: _____

Dr. Nyaribo Misuko

Dissertation Supervisor

EFFECT OF EMPLOYEE DIVERSITY ON ORGANIZATION PERFORMANCE OF SELECTED STATE CORPORATIONS IN KENYA

ABSTRACT

Despite the adoption of the employee diversity legislation by public institutions, the impact of the diversity programs at the organization level still need to be identified since these programs are executed deliberately by human resource managers, and may have varied adaptations and unintended consequences. This study therefore sought to establish the effect of employee diversity on organizational performance of state corporations in Kenya. The study categorised employees diversity under the categories of skills diversity, values diversity and social diversity. The study targeted the employees of selected state corporations using multi-stage sampling technique. The study adopted a descriptive survey design. Primary data was collected via structured questionnaires using the “drop and pick” method. The data was analyzed using both descriptive & inferential statistical measures. Descriptive statistics included: frequencies, percentages, mean scores and standard deviations. Inferential statistics namely; regression, correlation analysis and hypothesis testing were employed to determine the relationship between the independent and dependent variables under study. Employee diversity was found to affect customer satisfaction, market share, employee satisfaction, labour costs and employee performance with the most significant impact being on employee performance. The study found skills category diversity to be the most significant factor that positively affected the performance of the selected state corporations. This was followed by values diversity that had a moderate effect on performance. Social category diversity was found to affect performance positively and was the third most influencing factor. The relationship between employee diversity and organization performance of the selected state corporations was found to be moderated by the external environment, organization management and leadership.

Key words: Employee Diversity, Performance, Social Diversity, Skills Diversity, Values Diversity

ACKNOWLEDGEMENTS

It would have not been possible for me to write this dissertation if it were not for the support, encouragement and guidance of many people.

Although it is not possible to name all of them I will mention a few. Firstly, I wish to express my sincere appreciation to my supervisor for his objective advice and friendly guidance throughout the entire period of dissertation writing. I also wish to thank the management, administrative staff and lecturers at KCA University.

Finally, I salute all friends for their words of encouragement and for giving me strength in the whole process of writing the dissertation.

TABLE OF CONTENTS

DECLARATION.....	ii
ABSTRACT.....	iii
ACKNOWLEDGEMENTS	iv
TABLE OF CONTENTS	v
DEDICATION.....	vi
LIST OF TABLES	vii
LIST OF FIGURES	viii
ACRONYMS AND ABBREVIATIONS	ix
OPERATIONAL DEFINITION OF TERMS.....	x
INTRODUCTION.....	1
1.1 Background of the Study	1
1.2 Statement of the Problem.....	6
1.3 Objective of the Study	8
1.4 Research Questions.....	8
1.5 Justification of the Study	9
1.6 Scope of the Study	9
LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Theoretical Review	11
2.3 Empirical Review	14
2.4 Conceptual Framework.....	26
2.5 Operationalization of Variables.....	28
RESEARCH METHODOLOGY	29
3.1 Introduction	29
3.2 Research Design	29
3.3 Target population.....	29
3.4 Sampling and Sampling Procedure.....	30
3.5 Research Instrument	31
3.7 Data Collection Procedure	33
3.8 Data Processing and Analysis.....	33
DATA ANALYSIS, FINDINGS AND DISCUSSION.....	35
4.1 Introduction	35
4.2 Response Rate.....	35
4.3 Demographic Information	36
4.4 Study Variables.....	40
4.5 Model Fitting	53
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	64
5.1 Introduction	64
5.2 Summary.....	64
5.3 Conclusions	70
5.4 Recommendations.....	71
5.5 Recommendations for Future Research.....	72
REFERENCES.....	73
APPENDIX I: QUESTIONNAIRE	80
APPENDIX II: RESEARCH BUDGET	85

DEDICATION

To the most important people in my life: my daughter, my lovely family and friends for all their support in my pursuit for further education.

LIST OF TABLES

TABLE 1 :Operationalization of variables	28
TABLE 2: Sample Size.....	31
TABLE 3 :Response Rate	35
TABLE 4 :Gender Distribution of the Respondents	36
TABLE 5:Academic Qualifications of the Respondents	37
TABLE 6: Number of Years the Respondents had Worked in their Organization.....	38
TABLE 7:Position of Respondents in their Organization.....	39
TABLE 8:Descriptive Statistics on Social Diversity	41
TABLE 9:Descriptive Statistics on Skills Diversity	45
TABLE 10: Descriptive Statistics on Values Diversity	47
TABLE 11:Descriptive Statistics on Organization Performance.....	49
TABLE 12: Descriptive Statistics on Intervening Variable.....	51
TABLE 13 :Spearman's rho Correlation Analysis	54
TABLE 14 :Coefficient of Determination (R^2).....	56
TABLE 15:Model Summary-ANOVA.....	56
TABLE 16:Regression Coefficients	57
TABLE 17 :Hypothesis Test on Employee Skills Diversity and Performance.....	59
TABLE 18:Hypothesis Test on Values Diversity and Performance.....	60
TABLE 19:Hypothesis Test on Social Diversity and Performance	61
TABLE 20:Cronbach Alpha Analysis	63
TABLE 21:Research Budget	85

LIST OF FIGURES

FIGURE 1:Conceptual Framework 27

ACRONYMS AND ABBREVIATIONS

CA	Competitive Advantage
CIPD	Chartered Institute of Personnel development
GDC	Geothermal Development Company
HR	Human Resources
IPPs	Independent Power Producers
KCA	Key College of Accountancy
KENGEN	Kenya Electricity Generating Company
KETRACO	Kenya Electricity Transmission Company
KPLC	Kenya Power and Lighting Company
KSA	Knowledge, Skills and Abilities
NSE	Nairobi Stock Exchange
NOCK	National Oil Corporation of Kenya
RBV	Resource Based View
REA	Rural Electrification Authority
SCA	Sustainable Competitive Advantage
SHRM	Strategic Human Resource Management
SIT	Social Identity Theory
SPSS	Statistical Package for Social Sciences
UETCL	Uganda Electricity Transmission Company
UN	United Nations

OPERATIONAL DEFINITION OF TERMS

Employee Diversity: Diversity refers to differences or those human qualities that are different from our own and outside the groups in which we belong (Stoller & Gibson, 2004).

Social Diversity: Social diversity relates to differences in demographic characteristics, such as age, gender, ethnicity and geographical region of origin (Anderson & Metcalf, 2003).

Skills Diversity: Skills diversity refers to diversity of background such as knowledge, education, experience, tenure and functional background (Anderson & Metcalf, 2003)

Values Diversity: Values diversity includes differences in personality and attitudes of employees (Anderson & Metcalf, 2003).

Performance: Corporate performance indicates the results/outcomes of work done/efforts/initiatives that the organization undertakes in order to fulfill the laid out goals/objectives. According to Moseng and Bredrup (2003) corporate performance is the integration of the organization's effectiveness, efficiency and adaptability.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

There is growing recognition on a global basis of the undeniably critical role that human capital plays in the sustainability of organizations in all sectors of business and community-related activity. In the resource-based view of the firm, human capital is frequently assumed to contribute to competitive advantage due to its inimitability based on its intangible, firm-specific, and socially complex nature. Consistent with this view, investments in firm-specific human capital have a significant impact on learning and firm performance. Empirical evidence exists that demonstrates the inimitability of human capital unlike other firm tangible or intangible assets that contribute to a firm's competitive advantage (Nile & Dyer, 2004).

The concept of diversity started mainly in the United States of America, with many corporations hiring diversity experts to help them implement their diversity programs. American companies are known to address diversity directly with many corporations hiring diversity managers and monitoring being done at the state level. Smith (2013) reports that diversity practices are the right thing to do and they also positively impact a business' bottom line. According to McKinsey and Company (2013), earnings of the most diverse companies in the United States of America were an average of fourteen percent higher than the least. Companies that saw diversity as a source of competitive advantage went ahead to create proper diversity channels and metrics across their organizations to enhance employee diversity and hence employee retention, engagement and productivity (PWC, 2014).

The EU as a whole has developed a strong commitment to equality and positive action policies. Across Europe, there is a trend to strengthen legislation against discrimination as indicated by directives on equal treatment of people irrespective of their race and ethnic

backgrounds and on the equal treatment of persons in the labour market, adopted by the EU Council of Ministers in 2004. Many companies have cited employee diversity as a key success factor. Erich (2012) reports that TNT Express Austria has seen a continuous increase in the company results since 1998, a significant improvement in quality and high customer and employee satisfaction. The company attributes the success to attraction and retention of diverse high caliber employees. The Scandic hotel in Sweden recorded increased hotel stays and became a contractor of choice for more than one hundred companies by implementing an aggressive employee diversity program that targeted to bring on board more disabled customers and other customers with special needs. Scandic hired a disability coordinator, worked to make each hotel barrier free and invested in diversity training for all staff members (Mattsson, 2012).

South Africa presents a dominant study case for diversity in Africa. In South Africa where a non-racial, democratic constitution came into effect in 1996, equal rights legislation was implemented at just about the same time as its affirmative action policies, and many of its companies have been trying to almost simultaneously design and implement diversity management programs. The results of both equal rights laws and the affirmative action policies in South Africa are already evident in the increased proportion of Black managers, though these rates are still far from their demographic representation in the wider society. As the racial and cultural profile of South African organizations continues to change, the process of managing diversity is becoming more important (Horwitz, 2002). However, as legislation and adoption of workplace diversity management practices continue to take root in South Africa, the impact of these diversity management programs on organization performance are not documented.

The situation in Brazil is quite similar to that of South Africa, with both legislation and government measures to combat employment discrimination taking place recently. Brazil,

however, is quite different because it has long been a heterogeneous society, the product of several migration flows relatively early in its development. As a result, Brazilians take pride in their tradition of non-prejudicial national ideology and also see this as an impetus for their recent positive economic performance. Nevertheless, inequalities do exist, and the concern of Brazilian companies with the practice of managing cultural diversity is quite recent and relatively limited. In a global survey on gender diversity in Latin America, McKinsey and Company (2013) report that diverse leadership teams that include significant numbers of women generate higher financial returns. Although the population in Brazil is rather diverse, those companies that have developed programs are primarily subsidiaries of U.S enterprises (Perez-Floriano & Gonzalez, 2007).

In a progressive and multi-racial /ethnic country like Kenya which has opened up to globalization over the recent years, workforce diversity management is gradually being adopted in many Kenyan organizations (Edeltraud & Ukur, 2011). Diversity in Kenya is most expressed through ethnicity, experts broaden the definition of human variance to include nationality, race, cultural differences, age, social status, levels of education, gender, religion and personal morality which when properly harnessed; these differences make a well-rounded workplace (Ithura, 2010). In Kenya, the issue of diversity in workforce has been given attention lately with corporations being urged to comply with the regulations set to monitor the diversity. The enactment of the constitution of Kenya 2010 gives a legal provision underpinning public sector employee diversity practice. The values and principles of public service now includes representation of Kenya's diverse communities and affording adequate and equal opportunities for appointment, training and advancement, at all levels of the public service, of the members of all ethnic groups. This is meant to allow for greater representation of people from various ethnic

backgrounds in matters of exercising public power and decision-making. The same constitution provides for women representation , with a legal provision to ensure that no one gender takes up more than two thirds of leadership positions in government and public enterprises (Kinyajui, 2013).

1.1.1 The Concept of Employee Diversity

In the discussion of human capital management today, many managers and scholars agree that human capital diversity is a key positive factor in organizations (Jamrog, 2002). One of the descriptions for diversity is “otherness,” or those human qualities that are different from our own and outside the groups in which we belong (University of Southern California, 2004). There are various qualities that differentiate one individual from the next. Creativity is known to thrive on diversity (Stoller & Gibson, 2004). Social diversity relates to differences in demographic characteristics, such as age, gender, ethnicity and geographical region of origin; skills diversity refers to diversity of background such as knowledge, education, experience, tenure and functional background; and values diversity includes differences in personality and attitudes.

Many firms today seem to be increasingly embracing racial, ethnic and gender employee balance, not for legal or ethical obligations, but as a matter of taking a progressive perspective on economic self-interest. Multiculturalism and diversity, such as that observed in Africa, and even the greater East African region, provides for a greater pool of talented and experienced individuals, which in turn, enhances innovation and creativity within society (Randeree, 2009). Companies seek diversity as a way of increasing their business competency, improving their bottom line, gaining competitive advantage, building the ability to compete in global markets, improving business performance, achieving higher employee satisfaction, enhancing relationships with multicultural communities, attracting multiple talents and skills and

maintaining an employee that mirrors the customer base (McCuiston, 2004). Moreover, diversity proponents argue that a culturally diverse employee is economically beneficial and leads to better performance (Ferley & Martin, 2003) a company with a diverse employee has greater chances for building an innovative working environment (Richard, 2000).

According to (McCuiston, 2004) the effects of employee diversity on an organization are conditioned by other organisational and contextual factors. He further adds that there is need to manage diversity effectively if it is to be used as a competitive organisational strength. Some of the variables that can condition and moderate the effects of diversity include: the nature of work tasks, corporate business strategy, the organisational context and the context within which diversity is applied.

1.1.2 State Corporations in Kenya

There are close to three hundred state corporations in Kenya, which are commonly referred to as state owned enterprises. There are various shades of state-ownership of these companies. Very few corporations remain fully government-owned, such as the Central Bank, Kenya-Re-insurance, Agriculture Finance Corporation, Agriculture Development Corporation and the public universities. Some of the state corporations are majority-owned by government while in others the government remains a minority share-holder. These state enterprises have been subjected to and are continuously being subjected to major shake ups to stem corruption and wanton wastage of public funds. Up to half of them rely on the Treasury to pay salaries and manage their operations. Others have benefitted from privatization which has made them efficient and accountable in their operations in the fulfillment of their mandate. The government also intends to merge some of the parastatals in order to enhance service delivery and cut on the waste from bureaucracy and inefficient operations by many of the parastatals.

Following the enactment of the Kenya constitution 2010, public sector organizations are required to ensure their employees reflect the diversity of the Kenyan population. Thus in their recruitment and other HR policies, they should ensure that employee diversity is achieved. Following this legal requirement as from August 2010, the these parastatals have been implementing employee diversity programs that seek to create gender, ethnic, regional representation, skills and education, values and personality diversity in the pool of their employees. In the recent years, some of the state parastatals have reported increased revenue and profits growth due to increase in customers numbers on the back of expansion programs. The public sector enterprises are faced with many contemporary challenges such as workforce diversity due to these legal and regulatory requirements that have necessitated them to implement employee diversity programs. It is thus imperative to find out the specific contributions of the employee diversity programs to these organizations' performance.

1.2 Statement of the Problem

Human capital is the organization's resource that cannot be duplicated by other organizations. The Human capital comes from a pool of workforce that brings diverse skills, backgrounds and experiences all of which contribute to the success of an organization. Anderson and Metcalf (2003) identify three different categories of employee diversity: Social category diversity relates to differences in demographic characteristics; Informational diversity refers to diversity of background such as knowledge and functional background; and Value diversity includes differences in personality and attitudes. Every organization that embraces management of workforce diversity enjoys more creative decision making, satisfying work environment, and better products because all employees are involved and feel encouraged to contribute in a

meaningful way. This yields a knowledge base due to knowledge sharing and improved performance (Munjuri, 2012). However, Kochan (2003), finds no significant direct effects of either racial or gender diversity on business performance and stipulates that gender diversity has positive effects on group processes while racial diversity has negative effects.

In a research on Workforce Diversity Management and Employee Performance in the Banking Sector in Kenya by Munjuri and Maina (2013), it was found out that cultural diversity management seems more sensitive in the Bank and served a pivotal role. Another study by Kundu (2001) in his research on Managing Cross Cultural Diversity concluded that organizations with high levels of well managed diversity are effective in steering corporate cultures that have new perspectives, pioneering capabilities and fresh ideas necessary to survive. Jerono (2012) studied the participation of women in University leadership and noted that women involvement in leadership was below one-third of the constitutional requirement and was only concentrated in the lower hierarchy of university leadership. However, despite several studies that have been conducted on workplace diversity, none of these studies focused on the effect of diversity on organization performance in state corporations in Kenya.

Kenya enacted a new set of laws in the year 2010, which sought to break the culture of favouritism, nepotism and tribalism at the work place in public sector organizations in order to institutionalise professionalism and positive diversity attributes in these organizations. However, the report published by Mensi-Klarbach et al (2013) shows that despite the adoption of the legislation by public institutions, the impact of the diversity programs at the organization level still need to be identified since these programs are executed deliberately by human resource managers, and may have varied adaptations and unintended consequences. This study therefore seeks to find out the effect of employee diversity on organizational performance of state

corporations in Kenya. The study also seeks to provide quantitative data that will provide a clear position on the impact of employee diversity since previous studies present a conflicting position on the role of diversity. The study will therefore provide empirical evidence which will be of use to industry practitioners, researchers and policy developers in the design and implementation of employee diversity programs.

1.3 Objective of the Study

The main Objective of this study was to investigate the effect of employee diversity on organization performance of selected state corporations in Kenya. The following are the specific objectives:

- i. To establish the effect of employees' skills diversity on organization performance of selected state corporations in Kenya.
- ii. To assess the effect of employees' values diversity on organization performance of selected state corporations in Kenya.
- iii. To determine the effect of employees' social diversity on organization performance of selected state corporations in Kenya.

1.4 Research Questions

- i. What is the effect of employees' skills diversity on organization performance of selected state corporations in Kenya?
- ii. How does employees' values diversity affect organization performance of selected state corporations in Kenya?

- iii. What effect does employee social diversity have on organization performance of selected state corporations in Kenya?

1.5 Justification of the Study

The purpose of this study was to examine the impact of employees' diversity on organization performance. The study findings will be useful to state corporations' management as it will inform design and implementation of employees' diversity programs in the organizations by outlining best practices that can further the impact of these programs on organization performance.

The finding of this research will also be used by other organizations and the government to further best practices in employees' diversity management through building sustainable diversity management models and programs. Additionally, the study will stimulate further interest and more studies in the area of employee diversity at the work place especially in an African and Kenyan context. There are limited studies in the area of employee diversity in Africa since existing research has focused mainly on developed economies. It is crucial to examine employee diversity in the context of developing economies

1.6 Scope of the Study

The study focused on the selected state corporations in Kenya. The focus of the study was on the effects of social category diversity attributes, skills diversity attributes and values diversity of employees on organization performance. The study unit of analysis was the management of the selected state corporations. The study covered the period between August 2010 and August 2013. Within this period, Kenya adopted a new constitution that provides the legal framework

that requires employee diversity at the workplace forcing all public institutions including state corporations to put in place mechanisms for the implementation of this requirement.

This study was conducted against the background of several limitations like availability of study respondents and their willingness to participate in the study which posed a significant challenge. To improve the response rate in this segment of the population, respondents were sought and interviewed during office hours. Another challenge was that the study relied on a small data set drawn from selected public organization due to constraints in financial and time resources.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents an overview of existing literature on employee diversity management and organization performance to provide the theoretical background of the study. Based on this literature, the conceptual framework was developed and key variables and their inter-relationships presented. For the purposes of comparing the findings of this study with previous findings of similar studies, a review of the empirical literature is included. The chapter concludes by presenting a summary of the literature review and the research gaps identified.

2.2 Theoretical Review

A theory as a system of interconnected ideas that condense and organize knowledge about the world (Neuman, 2006)

2.2.1 Information-Processing and Decision-Making Theory

Gruenfeld and Neale (2006) provide a theoretical approach to describe the effects of diversity through a framework of information and decision-making. This perspective shows how heterogeneity within a group affects the exchange of information and the ability of decision-making. This theory demonstrates the potential advantages of heterogeneous groups. The framework presents that members of diverse groups have access to a greater variety of information using more contacts and networks outside the group than homogeneous team members would do.

Informationally heterogeneous groups can be simultaneously classified as in-group or out-group members based on multiple dimensions (Hewstone et al., 2002). Groups where

members of another subgroup have different functional backgrounds would be consistent with the fact that they also have different levels of education and work experiences. Because of subgroup formation, members are aware their differences and expect to be different along informational lines. This elicits less uncertain and ambiguous environments in which members are more likely to accept their informational differences and cooperate (Rink & Ellemers, 2006). As such, they may exert more effort toward regulating task-focused group processes rather than fighting over relationship related issues.

Members of informationally heterogeneous groups are assumed to have different training and socialization experiences (Mortensen & Hinds, 2001). Debates and disagreements about group tasks often arise from differences in knowledge and experiences (Wittenbaum & Stasser, 2006). The presence of different perspectives is likely to manifest itself as intragroup task conflict (Pelled et al., 2009). Pelled (2006) found that functional background and educational diversity were related to conflicts that focused on the task or content of ideas. The theory provides a foundation for demonstrating the effect of employees' skills/informational diversity.

2.2.2 Similarity – Attraction Theory

According to (Bacharach, 2005) the similarity-attraction theory is applied when observing groups with regard to their composition. The framework projects the argument that when group members feel similar to others, a mutual attraction is established that leads to positive communication and group integration processes. Depending on this structure, team member interaction and interpersonal processes may vary in terms of communication, cohesion or integration. Individuals perceiving themselves similar to other group members in background, usually share common experiences in private or professional life as well as regarding their values

and attitudes. They consider it easier to interact with similar others, thereby gaining positive feelings and creating a desire related to this state.

In contrast, dissimilarity leads to less positive processes and worse group outcomes. Within a group, members are therefore likely to prefer interacting with others that are rather similar to themselves. These similarities and otherwise will be drawn from demographic characteristics and personal values and attitudes. The resulting group process tends to lead to the emergence of subgroups, thus hindering effective communication and group functioning. This underlying principle of homophily has also been investigated in the organizational context (Gruenfield, 2006; Bacharach, 2005). Similarity-attraction theory attempts to explain and predict interpersonal liking by asserting that people are attracted to others who share similar attitudes, personalities, physical attributes, and a host of other characteristics compared to others who do not. Thus, the theory provides a foundation for demonstrating the effect of employees' values diversity.

2.2.3 Social Identity Theory (SIT)

SIT is the most referred to of the different theories researchers apply to explain the processes that underlie diversity effects on organizational and team performance (Gillespie & Weingart, 2000). It is based on the assumption that an individual is striving to achieve a satisfactory self-image and a positive concept of him or herself. The SIT recognizes group memberships and tries to explain the resulting processes of the group and the individual. The theory predicts that groups heterogeneous on social category characteristics are a likely source of frustration, discomfort, hostility, and anxiety in groups (Tajfel & Turner, 1986; Jehn, 1997). Proponents argue that diverse social category characteristics are likely to increase the groups' relationship conflict (Chadwick & Jehn, 2007). Members in visibly diverse groups can experience more relationship

conflicts than members in groups that are visibly similar. Moreover, messages may suffer distortion (Cox, 2003) with the potential to cause conflict because attempts to share viewpoints across demographic boundaries may be thwarted.

Heterogeneity on the dimensions of sex and ethnicity can also be related to more interpersonal tension, lower levels of friendliness, and lower levels of satisfaction (Riordan & Shore, 2007). Strong sub groupings can lead to political issues and covert relationship conflict within the group. This can lead to power differentials allowing a subgroup to dominate discussion and prevent the participation of others (Brett, Gillespie & Weingart, 2000). These group processes are likely to intensify relationship conflict. This theory thus provides a foundation for demonstrating the effect of employees' social category diversity.

2.3 Empirical Review

Internationally, industry practitioners as well as an increasing number of scholars, argue that diversity is a positive factor that leads to competitive advantages for firms (Farley, 2003; Richard, 2006). Richard (2006) argues that cultural diversity, within the proper context, provides a competitive advantage through social complexity at the firm level. Irrespective of the specific processes, diversity may positively influence organizations' functioning, net of any internal work-group processes that diversity may impede.

The human resource base of a firm will have diverse characteristics which firms strive to harness. According to Page (2007) groups displaying a range of perspectives outperform groups of like-minded experts. Diversity is associated with superior outcomes over homogeneity because progress and innovation is more dependent on diverse groups working together and

capitalizing on their individuality than on lone thinkers with high intelligence . The best group decisions and predictions are those that draw on unique qualities.

Diversity drives creativity and performance, on complex tasks, with equally skilled leadership, diverse teams will out perform teams that aren't diverse (DiTomaso, 2007). According to Bunderson and Sutcliffe (2002) teams composed of individuals with a breadth of functional experiences are well-suited to overcoming communication barriers because team members can relate to one another's functions while still realizing the performance benefits of diverse functional experiences. This is similarly supported by DiTomaso (2007) who argued that diversity increases the opportunity for creativity and the quality of the product of group work. It is thus evident that the benefits of diversity may extend beyond team and workplace functioning and problem solving.

However, Kochan (2003), find no significant direct effects of either racial or gender diversity on business performance. He stipulates that gender diversity has positive effects on group processes while racial diversity has negative effects. The negative relationship between racial diversity and group processes, however, is largely absent in groups with high levels of training in career development and diversity management. These scholars also find that racial diversity is positively associated with growth in branches' business portfolios. Racial diversity is associated with higher overall performance in branches that enact an integration-and-learning perspective on diversity, but employee participation in diversity education programs has a limited impact on performance. Finally, they find no support for the idea that diversity that matches a firm's client base increases sales by satisfying customers' desire to interact with those who physically resemble them.

2.3.1 Human Capital as a Source of Competitive Advantage

Organizations recognise that human capital is one of the keys to competitive advantage. Survey after survey has found that executives believe finding and developing the right talent should be one of their top priorities and that their company's human capital is one of their most important assets. The field of strategic management has undergone tremendous changes. Grant (2001) introduced a new theoretical discussion in strategic management with the resource based view (RBV) of the firm. This view differs from the environmentally-focused strategic management paradigm in that it emphasizes the links between the internal resources of the firm, its strategies and its performance. RBV is firm focused while other models are industry environment focused.

Johnson (2009) categorizes resources into three: Physical capital resources, human capital resources and organizational capital resources. Physical capital resources include such things like the firm's plant and equipment, technology and geographical location. Human capital resources include experience, judgement, and intelligence of the individual manager and workers in the firm. Organizational capital resources include the firm's structure, planning, controlling and coordinating systems and the informal relations among groups within the firm and other firms in the environment.

The resource based view (RBV) of the firm emphasizes the links between internal resources of the firm, its strategy and its performance. The resource based view is firm focussed while other models are industry environment focused. Human resources meet the criteria for being a source of SCA (Patrick & Abigail, 2003). They add value to the firm, are rare, cannot be imitated and are not substitutable. RBV suggests the need to integrate human resources into the formulation stage of a firm's strategy. Strategies are not universally implementable, but are contingent on having the human resources base necessary to implement them (Grant, 2001).

2.3.2 Employee Diversity

Diversity refers to variety and differences in a group (Nile & Dyer, 2004). It describes the composition of a group according to one or more characteristics of its members. The meaning of variety can extend beyond race and gender to include all types of individual differences, such as ethnicity, age, religion, disability status, geographic location, personality, sexual preferences, and a myriad of other personal, demographic, and organizational characteristics. Diversity can thus be an all-inclusive term that incorporates people from many different classifications (Herring, 2009). In the workplace, this means the diversity among people related to such factors as age, culture, education, employee status, family status, gender, national origin, physical appearance, race, regional origin, religion, sexual orientation, and thinking style.

Evolution of the Concept of Employee Diversity. In the 1990s, the concept of diversity gained popularity as a new management approach and has continued to do so because of the prevailing social and economic climate. In the last two decades, social transformations have substantially increased employee diversity and cross-culturality (Cook & Glass, 2009; Seyman, 2006). It is now not a choice but a requisite for any successful employee strategy because of the competitive pressures on organisations to sustain and improve economic performance and the changing expectations and aspirations of society. These pressures are forcing attention on the need to address contextual realities, which have traditionally been ignored. Labour market statistics show that the employee of the twenty-first century is becoming more and more diverse in terms of factors such as race and ethnic origin, gender, age, sexual orientation and political and religious belief.

Benschop (2001) demonstrates the need to include employee diversity in the strategic human resource management debate since majority of research models have implicitly assumed that employees are “generic and homogeneous categories”, without considering cultural

differences between employees. The need to incorporate diversity in the SHRM debate is one of the main challenges to be addressed in future research on the field (Curtis & Dreachslin, 2008; Shen, 2009). The current business environment has three key features that are acting as catalysts of diversity in the workplace. These are: the changing patterns of labour market demographics, the increasing globalisation of businesses and the changing patterns of work organisation, production and competition. Each of these drivers or catalysts of employee diversity is discussed here below. The study also includes changes in legislation and law as another driver of diversity especially in a Kenyan context where it is eminent in the implementation of diversity programs in the public sector.

The proportion of women and ethnic minorities in the employee has continued to increase. The demographic pattern changes are complex and especially important as they are accompanied by a skills shortage, continuing economic growth, more people living longer and healthier lives, a birth rate below replacement level and low economic activity levels for older workers. It's also argued that, with declining homogeneity in the employee, it has become crucial for organisations to develop equal opportunities and diversity management policies to retain the skills of employees with diverse backgrounds in order to protect their competitive position in the marketplace (Gilbert & Ivancevich, 2000).

Multinational corporations have the added challenge of managing diverse cultural issues in international ventures (Allard, 2002). Diversity is not an option; it is automatically part of the package, and some sort of diversity management framework is a necessity. Similarly, Marable (2000) points out that in today's period of globalisation, corporate capital requires a multicultural, multinational management and labour force. The challenging business environment faced by multinational corporations requires quick responses and flexibility to

cultural contexts, both to meet consumers' demands for products and services and to address the supply of labour as well as informing mergers and acquisitions.

Conversely, the implementation of proactive diversity management policies can transcend communication problems and conflict stemming from diversity among employees and help to create an inclusive organisational culture based on trust – which enhances the sense of belonging and helps to improve business performance, personal commitment and motivation.

In the highly competitive global market of the twenty-first century, organisations increasingly need to adopt principles of, to use the Marable (2000) term, 'flexible specialisation', which allows wider space for cost reduction, diversification and innovation simultaneously. As competition continues to increasingly focus on diversifying consumer demands, the need for more innovative work teams composed of people from diverse backgrounds also rises.

Kenya has enacted a new constitution. Article 55 requires that the government undertake affirmative action measures to ensure the youth have access to relevant education, training and to employment. It also requires that the state create and strengthen existing platforms for youth participation in political, social, economic spheres of life and legislate towards this end. Specifically articles (Article 27.4) and (Article 55) address non-discrimination according to age and affirmative action for youth with regards to the provision of education, training and employment. In Kenya, the new constitution also tries to address the question of diversity in public service by enhancing participation of various cultures in governance through devolution. This new system of governance enhances inclusion and equity for varied people of the Kenyan nation. The constitution gives a legal provision underpinning public sector employee diversity practice under Article 232(1) (h) and (i) (iii) of the Constitution: The values and principles of public service include... representation of Kenya's diverse communities and affording adequate

and equal opportunities for appointment, training and advancement, at all levels of the public service, of the members of all ethnic groups. This is meant to allow for greater representation of people from various ethnic backgrounds in matters of exercising public power and decision-making. The same constitution provides for women representation , with a legal provision to ensure that no one gender takes up more than two thirds of leadership positions in government and public enterprises.

Evaluating the Impact of Diversity on Business Performance. To identify the inter-relationship between business performance and diversity at organisational level, it's important to be clear about how diversity and performance are defined and measured. Diversity ranges from distributive concerns based on the traditional categories of race, ethnicity and gender to the inclusion of a vast array of differences in age, sexual orientation, disability, employment status, tenure, function, educational background, lifestyle, religion, values and beliefs in addition to race, ethnicity and gender. Anderson and Metcalf (2003) identify three different categories of employee diversity: Social category diversity relates to differences in demographic characteristics, such as age, gender, ethnicity and geographical region of origin; Informational diversity refers to diversity of background such as knowledge, education, experience, tenure and functional background; and value diversity which includes differences in personality and attitudes.

Diversity enhances customer relations and increases market share; diversity enhances employee relations and reduces the cost of labour; diversity improves employee quality and performance in terms of diverse skills, creativity, problem-solving and flexibility. Research findings suggest that having a diverse employee leads to increased market share and increased sales to minority-culture groups (Cox & Blake, 2001).This is explained by the preference of

many customers to buy from people like themselves and from organisations that promote diversity. Diversity contributes to increased market share because it enhances an organisation's ability 'to deal more sensitively with multicultural domestic and foreign customers, thereby increasing customer satisfaction, keeping and gaining market share' (Bhadury, 2000).

Several studies indicate that employers who successfully manage diversity are better at attracting and retaining skills and talent 'because many workers are drawn to companies that embrace diversity' (Woods & Sciarini, 2005). As well as recruiting the best people in the labour market by embracing diversity, such employers can also benefit from cost savings by having a more cost-effective recruitment process. McEnrue (2003) found that the recruitment expenditure of organisations that value diversity is forty per cent less than that of those that don't and that they suffer less from high costs of labour turnover, absenteeism and discrimination lawsuits (Cox, 2001). Advocates of diversity management argue that an inclusive diversity climate increases the performance and productivity level of employees through increased job satisfaction and commitment. They also argue that diversity fosters an adaptability to environmental change and organisational flexibility – and provides a competitive edge by doing so (Cox & Blake, 2001). This study adopted the following measures of organization performance: Customer satisfaction and market share, Employee satisfaction and labour costs, Employee quality and performance.

Skills and informational diversity are the result of diversity in employees' education and experiences. Skills diversity contributes positively to employees productivity and hence the overall organization productivity. Skills diversity leads to innovation and hence overall improved quality of programs, products and services that the organization offers. Skills diversity creates a large pool of experiences, ideas and education that creates new products (Cox, 2001). Such firms

create an environment of high productivity and thus attract top talent employees and are able to retain these employees due to their progressive nature. The overall benefit is savings in recruitment and training costs, as well as the advantage of maintaining corporate knowledge and expertise (DiTomaso, 2007). This led the study to make the following hypothesis.

H₀₁: Employees' skills diversity does not affect organization performance of selected state corporations in Kenya.

Personality refers to distinctive characteristics of a person that include emotions, values, attitudes and competencies. An organization will have employees with differences in personalities. These personality differences influence employees' decision making, and attitudes towards team participation, training and development, organization change and the general comfort of employees to different social and collaboration standards. Attitude on the other hand can be described as the person's tendency to respond to various aspects of people, situations and objects. This is usually influenced by a person's beliefs and feelings drawn from social economic and cultural experiences. Therefore, employee values will determine their overall involvement in the organization and the quality of value addition to their employer. This value is the source of creativity, innovation, effectiveness and efficiency in the organization which translates to the organization bottom line through increased revenues and market share growth (Bacharach, 2005). Therefore the second hypothesis was:

H₀₂: Employees' values diversity does not affect organization performance of selected state corporations in Kenya.

According to (Anderson & Metcalf, 2003) social category diversity is linked to differences in cultures and demographic attributes of employees. These differences can be in age, ethnicity, gender and places of origin. This diversity is associated with a mix of viewpoints,

opinions and experiences at the workplace. Gender and age diversity has been associated with enhanced business performance through increased employee satisfaction and overall firm productivity which in return reduces labour costs. A productive employee on the other hand, delivers results through increased sales, costs savings, improving their job efficiency which feed to the overall bottom line results for an organization.

Employees' age diversity on the other hand is an excellent source of organization learning that promotes innovativeness which results in new and better products and services in the market place and efficient business processes that impact the bottom line. On the other hand, companies which promote gender diversity earn both professional acclaim today complemented with increased employee and customers loyalty. They also attract a large number of job applicants, which means they have the choice of hiring the best employees in the market which becomes a source of competitive advantage. Increased customer satisfaction is associated with an improved bottom line since customers always reward such organizations with repeat business and hence sustained revenue growth (Kochan, 2003).

Ethnic diversity has been found to have a positive impact on firms that operate in industries more open to trade e.g. multinationals. These organizations are able to hire employees that reflect the ethnicity of the markets they serve. This makes it easy for such businesses to communicate to their customers in these markets more effectively. Establishing a positive image in the communities the organization operates will reflect on the company's bottom line, due to sustained sales and profitability. Social category diversity allows employees to be able to communicate to different categories of customers more effectively. It helps an organization navigate past biases or misconceptions through respect for differences that they may not understand. This in return helps an organization expand its market share, increase customer

satisfaction and loyalty (Gilbert & Ivancevich, 2000). The study therefore tested the following hypothesis.

H₀₃: Employees' social diversity does not affect organization performance of selected state corporations in Kenya.

2.3.3 Study Intervening Variables

The effects of employee diversity are conditioned by other organisational and contextual factors and that diversity can't be used as a competitive organisational strength unless it's managed effectively. There are at least four main moderating or intervening variables that condition the effects of diversity: the nature of work tasks, corporate business strategy, diversity and organisational context and diversity and context. Regarding the effects of the nature of work tasks on the diversity–business-success relationship, Cordero (2006) suggests that, 'Homogeneity appears to be a benefit for groups with more routine tasks, while heterogeneity produces benefits for groups with more complex and interdependent tasks. In other words, diversity among employees delivers a competitive advantage for organisations when the performance of novel and complex tasks that require high levels of creative thinking, innovation and problem-solving skills are involved (Dwyer, 2003).

The impact of diversity on business performance also displays variations in accordance with corporate business strategy (Richard, 2006). Dwyer, (2003) posits that a growth-oriented, culturally diverse organisation benefits from employees who are flexible in their thinking and who are less likely to be concerned about departing from the norm. Their research findings suggest that firms adopting growth strategies benefit from the increased levels of performance stemming from gender diversity at managerial level. The positive relationship between business performance and employee diversity in growth-oriented organisations holds true for race

diversity as well as gender diversity; but race diversity is shown to be associated with harmful and negative outcomes for the downsizing firms (Richard, 2006).

Certain organisational cultures nurture the positive effects of diversity while others dampen them. According to the research findings of Chatman (2008) organisational cultures based on collectivist values positively moderate the relationship between employee diversity and business performance by dissolving the conflicts stemming from and fostering the potential benefits of diversity. Bhadury (2000) argues that the nature of the impact diversity has, depends to a large extent on the nature of the diversity climate rather than the existence of diversity. To assess the impact of diversity on organisational performance, it's crucial to overcome 'the widespread use of the "one-size-fits-all approach (Barak, 2000).

2.3.4 Research Gaps

Although there's a growing body of literature on the effects of employee diversity on business success, research in the area remains scanty and unsystematic regarding the definition of what constitutes diversity, the unit of analysis and dependent variables under investigation. Most research on diversity published in management literature focuses on interpersonal and inter-group issues. Empirically based research on the impact of employee diversity at the organisational level is scarce. Furthermore, most of the research on the outcomes of diversity comes from experimental and laboratory studies rather than empirical research conducted in actual organisational contexts.

This study therefore provides more systematic focus on the impact of employee diversity on the performance of state corporations in Kenya which have ongoing diversity management programs. It provides real contextual data and information from which more appropriate conclusions will be drawn.

2.4 Conceptual Framework

There is divergence in sectoral motives behind taking up diversity initiatives. In the public sector, the key drivers of diversity programs are legal obligations and better service delivery to diverse communities. In the private sector, the arguments for diversity revolve around recruiting and retaining talent and improving competitiveness in the market place. The volunteer sector on the other hand has been driven by the need to align volunteer profiles with those of the communities they serve. These differences in contextual objectives largely influence the design and choice of measures and measurement tools for diversity.

Independent Variables	Intervening Variables	Dependent variable
<p>1. Age</p> <p>2. Gender</p> <p>3. Marital Status</p> <p>4. Education</p> <p>5. Income</p> <p>6. Health Status</p> <p>7. Employment Status</p> <p>8. Religion</p> <p>9. Family Size</p> <p>10. Urban/Rural</p>	<p>1. Attitudes towards Gender Equality</p> <p>2. Perceptions of Women's Roles</p> <p>3. Beliefs about Family Structure</p> <p>4. Views on Women's Education</p> <p>5. Opinions on Women's Employment</p> <p>6. Attitudes towards Women's Health</p> <p>7. Perceptions of Women's Leadership</p> <p>8. Beliefs about Women's Rights</p> <p>9. Views on Women's Political Participation</p> <p>10. Opinions on Women's Economic Independence</p>	<p>1. Gender Equality Index</p> <p>2. Women's Empowerment Index</p> <p>3. Gender Inequality Index</p> <p>4. Women's Political Participation Index</p> <p>5. Gender Discrimination Index</p> <p>6. Women's Economic Independence Index</p> <p>7. Gender Role Attitudes Index</p> <p>8. Women's Health Index</p> <p>9. Gender Equality Score</p> <p>10. Women's Empowerment Score</p>



2.5 Operationalization of Variables

TABLE 1

Operationalization of variables

Objective	Variable	Indicator(s)	Measurement	Scale	Data collecting method	Data Analysis
To determine the effect of employees' social diversity on organization performance of selected state corporations in Kenya.	Independent variable Social diversity	Age Gender Ethnicity	How employees of the state corporations perceive age, ethnicity and gender to affect their organization performance	Ordinal	Questionnaire	Mean, Percentage, Standard deviation ANOVA
To establish the effect of employees' skills diversity on organization performance of selected state corporations in Kenya.	Independent variable Skills diversity	Education Experience	How employees of the state corporations perceive education and experience to affect their organization performance	Ordinal	Questionnaire	Mean, Percentage, Standard deviation, ANOVA
To assess the effect of employees' values diversity on organization performance of selected state corporations in Kenya.	Independent variable Values Diversity	Personality Attitudes	How employees of the state corporations perceive personality and attitudes of employees to affect their organization performance	Ordinal	Questionnaire	Mean, Percentage, Standard deviation, ANOVA

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section sets out the research methodology that was adopted to meet the study objectives. The chapter outlines the study's: research design; population of interest; data collection techniques; data analysis methods; reliability and viability measures and data presentation.

3.2 Research Design

The study used a descriptive research design. The choice of the descriptive survey research design was based on the fact that in the study, the research was interested on the state of affairs already existing in the field and no variable was manipulated. A descriptive survey research seeks to obtain information that describes the existing phenomena by asking individuals about their perceptions, attitude or values (Mugenda & Mugenda, 2006). The aim of the study was to evaluate the effect employee diversity on the performance of selected state corporations in Kenya. A descriptive study design helped the study obtain data on the respondents perceptions of the effect of social, values and skills diversity in their organizations.

3.3 Target population

The study target population was all the 262 state owned corporations in Kenya (Business Daily, 2014).

3.4 Sampling and Sampling Procedure

This study used two stage sampling. The first stage used purposive sampling to select eight state corporations based in Nairobi County which include: Kenya Electricity Generating Company (KenGen); the Kenya Power Company; the Rural Electrification Authority (REA); the Geothermal Development Company (GDC); the Kenya Electricity Transmission Company (Ketraco); the Kenya Refinery Company; the National Oil Corporation (NOCK); and the Kenya Pipeline company.

The second stage used stratified random sampling to select the managerial staff who were the study respondents. Stratified random sampling technique was used since the respondents are not homogeneous and could be divided into groups or strata to obtain a representative sample.

A sample of 30% was drawn from within each group in proportions that each group bears to the study population. Kotler (2001) argues that if well chosen, samples of about 30% of a population can often give good reliability. The selection was as follows:

TABLE 2**Sample Size**

Sections	Population (Frequency)	Sample Ratio	Sample	State Corporation	Sample Size
Senior management	60	0.3	18	KenGen	2
				Kenya Power	4
				REA	2
				GDC	1
				Ketraco	1
				Kenya Refinery	3
				NOCK	2
				Kenya Pipeline	3
Middle level management	134	0.3	40	KenGen	6
				Kenya Power	9
				REA	4
				GDC	3
				Ketraco	3
				Kenya Refinery	6
				NOCK	4
				Kenya Pipeline	5
Supervisory level staff	372	0.3	111	KenGen	19
				Kenya Power	24
				REA	9
				GDC	8
				Ketraco	8
				Kenya Refinery	14
				NOCK	12
				Kenya Pipeline	17
Total	566		169		169

Source: Author (2014)**3.5 Research Instrument**

The study used both secondary and primary literature sources. Secondary research included literature review through academic journal articles, corporate policy manuals, newsletters and the organizations' corporate web site. Primary data was collected by use of questionnaires. The questionnaires included structured and unstructured questions. Questionnaire items may be closed ended or open ended type. As regards to the former, close ended questions allowed

specific types of responses such as Likert scales. In the open ended type, the respondents stated responses as they wish. Questionnaires were preferred in this study because they are very economical in terms of time, energy and finances. The structured questions were used in an effort to conserve time and money as well as to facilitate an easier analysis as they are in immediate usable form; while the unstructured questions were used as they encourage the respondent to give an in-depth and felt response without feeling held back in revealing of any information.

3.6 Validity and Reliability of the Instrument

Validity refers to the extent to which a scale encoded into a set of questions actually measures the variability it is supposed to measure. Validity refers to the accuracy of the measurement process. It is the accuracy and meaningfulness of inferences, which are based on the research results (Mugenda and Mugenda 2003). The validity of an instrument was improved through expert judgment (Borg and Gall, 2009). For this purpose triangulation of the research instruments was appropriate with the help of the supervisors and peers in the human resource field. This helped the research improve the validity of the instrument.

Reliability refers to the extent to which a measuring device produces the same results when applied more than once on the same person under similar conditions. The most straightforward way of testing reliability is to replicate either by administering the same questions to the same respondents at different times and assessing the degree of correlation or by asking the same question in different ways at different points in the questionnaire (John and Johnson 2002). Reliability is influenced by random error. As the random error increases reliability decreases. Random error is the deviation from a true measurement due to the factors that have not effected been addressed by the researcher.

In this study, the researcher prepared and distributed nine questionnaires to the target group at random. The responses were input into statistical package for social science (SPSS). Factor analysis was used to establish the effects of variables and Cronbach's alpha to assess reliability of the questionnaire. Cronbach's alpha is a reliability coefficient that indicates how well items in a set are positively correlated to one another. The closer the Cronbach's alpha is to 1 the higher the internal consistency of the items in the research instrument.

3.7 Data Collection Procedure

The questionnaires were distributed to the respondents and collected within two weeks of delivery after the respondents had filled in their responses. Each questionnaire was coded for the researcher to know the respondent. The coding technique was only used for the purpose of matching returned, completed questionnaires with those delivered to the respondents. The questionnaires were preferred in this study because those expected to take part in the study are highly literate and quite able to answer items asked adequately. The questioning was based on the theoretical framework developed from the literature to focus and bind the work.

3.8 Data Processing and Analysis

Once data was collected, it was cleaned and coded into meaningful parameters that can be read by the computer for ease of analysis. Data collected from the open ended questions (qualitative) was analyzed using qualitative content analysis to establish the expected results. On the other hand, quantitative data (from close-ended questions and Likert scales) collected was analyzed by use descriptive statistics with the help of Statistical Package for Social Sciences (SPSS), and presented through frequencies, percentages, means and standard deviations and regression analysis. The three variables of employee diversity (Social category diversity, skills diversity and

values diversity) were correlated to establish to what extent they affect the performance of the selected state corporations.

The below model was applied to establish whether there existed any relationship between the dependent variable and the independent variables.

$$Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e_i$$

Where: Y is the dependent variable (performance)

β_i being the coefficients

x_i is the predictor/independent variable: x_1 Being skills category diversity, x_2 values diversity and x_3 being social diversity and

α being the constant.

e_i = error term

ANOVA test was used to test for the variables significance. The outcome of the analysis was presented in the form of tables, pie charts, bar charts and graphs. This ensured that the gathered information is clearly understood.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

On this chapter the research findings are presented on the effect of employee diversity on organization performance of selected state corporations in Kenya.

4.2 Response Rate

TABLE 3
Response Rate

	Frequency	Percentage (%)
Responded	111	66
Not responded	58	34
Total	169	100

Source: Author (2014)

The study targeted 169 managers of selected state corporations in Kenya. The objective was to establish the effect employee diversity on organization performance. The questionnaires, were distributed to respondents through drop and pick method. However, out of the 169 questionnaires, only 111 questionnaires were collected fully completed making a response rate of 66% as shown in table 4.3 above. This gave a fair response rate demonstrating willingness of the respondents to participate in the research. However, the significant number of questionnaires not picked could be attributed to the drop and pick method whereby a number of questionnaires were not picked from the respondents.

4.3 Demographic Information

This section provides the study findings on the profile of the respondents. It includes the respondents' demographic characteristics such as age, gender, academic qualifications and the number of years they had worked in their organization.

4.3.1 Gender Distribution of the Respondents

The respondents were both male and female. Their distribution is as shown in the table 4.4 below.

TABLE 4
Gender Distribution of the Respondents

		Frequency	Percentage
Valid	Female	38	34
	Male	73	66
	Total	111	100

Source: Author (2014)

Table 4.4 above shows the findings on the gender of the respondent, the study found that majority of the respondent are male, as shown by a percentage of 66% while 34% were female. The results indicate that the selected state corporations in Kenya had gender inequality, indicating a need to enhance employees' gender diversity in these public enterprises. This shows that the legislated effort and supporting mechanisms to improve gender representation in public sector organizations in Kenya remain relevant to their mandate. Despite overall results showing that the constitutional threshold of a third representation of either gender had been achieved, more needs to be done to achieve equal representation of either gender in state corporations. Kochan (2003) stipulates that gender diversity has positive effects on group processes, team productivity and the overall organization performance.

4.3.2 Academic Qualifications of the Respondents

The respondents' level of education varied with the minimum level qualification being technical while the highest was University level education as shown in table 4.5 below.

TABLE 5
Academic Qualifications of the Respondents

		Frequency	Percentage
Valid	Technical	6	5
	College	32	34
	University	73	61
	Total	111	100

Source: Author (2014)

From the findings on the respondent academic qualifications, as shown in table 4.3 above, the study found that majority of the respondents had attained degree level of education as shown by 61%, 34% of the respondents indicated that they had college level education, and 5% of the respondents had technical level education. This demonstrates that the respondents were in position to give credible information to the study. Additionally, this indicates that there is a skills and knowledge diversity amongst the employees of the selected state corporations since the respondents had acquired different credible levels of education. Skills diversity creates a large pool of experiences, ideas and education that creates new products. Such firms create an environment of high productivity and thus attract top talent employees and are able to retain these employees due to their progressive nature ((Bhadury, 2000).

4.3.3 Number of Years the Respondent has Worked with the Organization

The respondents varied in terms of number of years they had worked with their organizations. Some had worked there for less than 1 year and others had worked there for more than 10 years.

The table 4.4 shows the specific distribution of the number of years the respondents had worked with the organization.

TABLE 6
Number of Years the Respondents had Worked in their Organization

	Frequency	Percentage
Valid		
1 > 5 years	4	4
6 > 10 years	75	67
>10 years	32	29
Total	111	100

Source: Author (2014)

As shown in table 4.4 above, on the findings on the number of years respondent had worked with their organizations, the study found that majority of the respondent as shown by 67% (n=75) had worked with their organization for 6 to 10 years; 29% (n=32) of the respondents indicated that they had worked with their organization for more than 10 years ; another 4% (n=4) of the respondents also indicated that they had worked with their organization for 1 to 5 years; this shows that most of the respondents had worked with their organization for more than 5 years, and therefore had adequate knowledge of the organization. The results also indicate that the respondents had diverse tenures with their organization and hence diverse levels of experience which impacts the overall employee diversity in terms of skills and knowledge positively. With majority having tenures of over six years, this indicates the organizations' have the necessary skills and knowledge diversity they would require to enhance creativity and organization performance. This supports the findings of that diversity improves employee quality and performance in terms of diverse skills, creativity, problem-solving and flexibility as indicated by (Cox, 2001).

4.3.4 Position of Respondents in the Organization

The respondents worked at different levels in the organization. The table 4.7 below shows the different levels of the respondents in the organization.

TABLE 7
Position of Respondents in their Organization

	Frequency	Percentage
Valid		
Top Management Level	21	19
Middle Management Level	30	27
Supervisory Level	60	54
Total	111	100

Source: Research Data, 2014.

As shown in table 4.5 above, on the findings on the position of the respondents in the organization, the study found that majority of the respondent as shown by 54% (n=60) were at supervisory level, 27 % (n=30) were at middle level management while 19% (n=21) were at top level management. This shows that the study respondents were able to understand and respond to the research questions. Additionally, since the respondents were distributed in the three levels of management in the organization, they gave credible information across the board concerning employees 'diversity in these organizations. This diversity is supported in literature whereby the declining homogeneity in the employeeet has made it crucial for organisations to develop equal opportunities and diversity management policies to retain the skills of employees with diverse backgrounds in order to protect their competitive position in the marketplace (Gilbert & Ivancevich, 2000).

4.4 Study Variables

This section used descriptive statistics to give the overall image of the variables to the study. In this section standard deviation and mean are used to discuss the employee diversity factors that affect organization performance of selected state corporations.

4.4.1 Social Diversity

Data on social diversity as the first independent variable was analyzed descriptively to give the overall image of the effect of age, ethnicity and gender diversity with regard to employees' social diversity.

TABLE 8
Descriptive Statistics on Social Diversity

	N	Minimum	Maximum	Mean	Std. Deviation
The company has a balanced representation of employees from different age groups	111	1.00	5.00	3.8468	1.25189
Age diversity in the company has led to increased knowledge sharing in the organization	111	1.00	5.00	3.8468	1.42190
Age diversity has led to increased employees conflicts	111	1.00	5.00	3.3784	1.47743
Age diversity has enhanced employee productivity	111	1.00	5.00	3.4144	1.43634
The company has fair representation of the ethnic groups in Kenya	111	1.00	5.00	2.6667	1.50957
Ethnic diversity has enabled the company enter new markets	111	1.00	5.00	2.6396	1.54798
Ethnic diversity has helped the company improve our service delivery	111	1.00	5.00	2.6577	1.48627
The company has an equal gender representation	111	1.00	5.00	2.2973	1.47460
Gender diversity in the company has increased employee satisfaction	111	1.00	5.00	2.2613	1.45672
Gender diversity has led to improved customer retention	111	1.00	5.00	2.4775	1.50663
Gender diversity programs has increased the number of job applicants of either gender	111	1.00	5.00	2.9550	1.52785
Overall, social diversity has enhanced organization productivity	111	1.00	5.00	3.2703	1.63455
Overall, social diversity has enabled our company to reach new markets	111	1.00	5.00	3.2793	1.63023
Overall, social diversity has enabled our company increase customer satisfaction	111	1.00	5.00	3.5586	1.67161
Aggregate Scores	111			3.0393	

Source: Author (2014)

From table 4.6 above, on the findings on social diversity of selected state corporations in Kenya, the Scale that was used was a likert scale of five where: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree. As shown by the data mean of 3.0393, it is evident that the respondents were neutral on the social diversity indicators as an influencing factor on organization performance. The individual statements standard deviations are close indicating low variations among the respondents' responses. This indicates that the respondents perceived that overall social diversity to have minimal influence on the organization performance.

The respondents agreed that social diversity had enabled their organizations increase customer satisfaction and loyalty as shown by a mean of 3.5586, however they were neutral that social diversity had enabled their organizations reach new markets as shown by a mean of 3.2793 and that social diversity had enhanced organization learning and productivity as shown by a mean of 3.2703. The study respondents perceived that social diversity led to improved customer satisfaction and improved customer loyalty but could not associate social diversity to increased market share. This is supported in literature by (Cox, 2001) who posit that having diverse employees leads to increased customer satisfaction and loyalty. However it deviates from the findings of (Bhadury, 2000) who shows that diversity leads to increased market share and increased sales to minority-culture groups. This is explained by the preference of many customers to buy from people like themselves and from organisations that promote diversity. He further adds that diversity contributes to increased market share because it enhances an organisation's ability 'to deal more sensitively with multicultural domestic and foreign customers, thereby increasing customer satisfaction, keeping and gaining market share'.

The selected state corporations had a balanced representation of employees from different age groups as shown by a mean of 3.8468 with the respondents agreeing that age diversity in their company had led to increased knowledge sharing and creativity in the organization as shown by a mean of 3.8468. However they remained neutral on whether age diversity had led to increased employees conflicts as shown by a mean of 3.3784 and that age diversity had enhanced organization learning and employee productivity as shown by a mean of 3.4144. The findings show that the respondents perceived that age diversity led to increased knowledge sharing and creativity in their organization. However they could not associate age diversity with improved productivity and increased employees' conflict. This contradicts the social identity theory which postulates that group process tends to lead to the emergence of subgroups, thus hindering effective communication and group functioning in an organizational context (Bacharach, 2005).

The respondents were neutral that the selected state corporations had a fair representation of the ethnic groups in Kenya as shown by a mean of 2.6667, that ethnic diversity had enabled the company enter new markets as shown by a mean of 2.6396 and that ethnic diversity had helped the company understand different categories of customers better and offer better service delivery as shown by a mean of 2.6577. This result indicates that the respondents did not perceive their organizations to have ethnic diversity, additionally they did not that perceive ethnic diversity had enabled their company enter new markets, had helped their companies understand different categories of customers better and offer better service. As indicated by Kochan (2003), there is no significant direct effects of either racial or ethnic diversity on business performance and he stipulates that ethnic diversity has negative effects. He found no support for the idea that diversity that matches a firm's client base increases sales by satisfying customers' desire to interact with those who physically resemble them.

The respondents disagreed that the selected state corporations had equal gender representation as shown by a mean of 2.2973. They also disagreed that gender diversity had led to improved customer loyalty and retention as shown by a mean of 2.4775 and that gender diversity in the company had increased employee satisfaction and retention as shown by a mean of 2.2613. However, they remained neutral that gender diversity programs had increased the number of job applicants of either gender as shown by a mean of 2.9550. This indicates that the selected state corporations did not have an equal representation of either gender. The respondents perceived that their organizations had not reaped the benefits of gender diversity which according to Kochan (2003) gender diversity had positive effects on group processes and in return teams performance which improves business performance.

4.4.2 Skills Diversity

Data on skills diversity was analyzed descriptively to give the overall image of the effect of employee education and experience diversity with regard to employees' skills diversity.

TABLE 9
Descriptive Statistics on Skills Diversity

	N	Minimum	Maximum	Mean	Std. Deviation
Our organization hires people with diverse skills	111	1.00	5.00	4.3964	1.13040
Diversity in employees skills has increased overall firm innovation	111	1.00	5.00	4.0991	1.27888
Diversity in employee skills has led to new products development	111	1.00	5.00	3.7928	1.47782
Diversity in employee skills has improved the quality of our products	111	1.00	5.00	4.0180	1.28616
Diversity in employees' skills has enabled the organization retain the best talent in our industry	111	1.00	5.00	3.6036	1.46647
Our organization has a diverse skills set	111	1.00	5.00	4.1441	1.22732
Diversity in employees skills has improved overall firm productivity	111	1.00	5.00	4.0360	1.28578
Aggregate Scores	111			4.0129	

Source: Author (2014)

From table 4.9 above, on the findings on skills diversity of selected state corporations in Kenya, the Scale that was used was a likert scale of five where: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree. As shown by the data mean of 4.0129, it is evident that the respondents agreed on the skills diversity indicators as an influencing factor on organization performance. From the standard deviation, it is evident that the individual statements standard deviations are close indicating low variations among the respondents' responses. This shows that the respondents perceived skills diversity as an important factor that affects organization performance. Cox (2001) found that diversity improves employee quality and performance in terms of diverse skills, creativity, problem-solving and flexibility.

The respondents agreed that diversity in employees' skills had increased overall firm creativity and innovation as shown by a mean of 4.0991, that diversity in employee skills has improved the quality of our programs, products and services as shown by a mean of 4.0180, that diversity in employees skills had improved overall firm productivity as shown by a mean of 4.0360, that diversity in employee skills has led to new products development as indicated by a mean of 3.7928 and that diversity in employees' skills enabled the organization attract and retain the best talent in the industry as shown by a mean of 3.6036. The selected state corporations employed employees with diverse education and experience as shown by a mean of 4.3964 and these state corporations had a diverse set of knowledge and expertise as shown by a mean of 4.1441. This indicates that the state corporations had created wide pool of skills and knowledge and thus were reaping the associated benefits of improved overall innovation, improved quality of products, improved productivity and improved overall performance.

The findings find support in literature whereby skills and knowledge diversity drives creativity and performance, on complex tasks, with equally skilled leadership, diverse teams will out perform teams that aren't diverse (DiTomaso, 2007). According to Bunderson & Sutcliffe (2002) teams composed of individuals with a breadth of functional experiences are well-suited to overcoming communication barriers because team members can relate to one another's functions while still realizing the performance benefits of diverse functional experiences. This is similarly supported by DiTomaso (2007) who argue that diversity increases the opportunity for creativity and the quality of the product of group work. It is thus evident that the benefits of diversity may extend beyond team and workplace functioning and problem solving.

4.4.3 Values Diversity

Data on values diversity was analyzed descriptively to give the overall image of the effect of employees' personality and attitudes diversity with regard to employees' values diversity.

TABLE 10
Descriptive Statistics on Values Diversity

	N	Minimum	Maximum	Mean	Std. Deviation
The employees of Kenya Power have diverse personalities.	111	1.00	5.00	4.5676	1.06704
Our Employees personality diversity affects teams performance	111	1.00	5.00	4.3514	1.15718
Employees diversity in attitudes affects overall job satisfaction	111	1.00	5.00	4.3514	1.15718
Our employees diversity in personality affects the quality of decisions made by the organization	111	1.00	5.00	3.4324	1.49922
Our Employees personality diversity affects overall organization productivity	111	1.00	5.00	3.4595	1.50020
Aggregate Scores	111			4.0325	

Source: Author (2014)

From Table 4.10 above, on the findings on employees' values diversity of selected state corporations in Kenya, the Scale that was used was a likert scale of five where: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree. As shown by the data mean of 4.0325, it is evident that the respondents agreed on the values diversity indicators as an influencing factor on organization performance. From the standard deviation, it is evident that the individual statements standard deviations are close indicating low variations among the

respondents' responses. This indicates that the respondents viewed employees' values diversity to have a direct effect on organization performance.

This supports the similarity-attraction theory which is applied when observing groups with regard to their composition. The framework projects the argument that when group members feel similar to others, a mutual attraction is established that leads to positive communication and group integration processes. This integration impact interpersonal processes, team performance and the overall organization performance (Bacharach, 2005).

Employees of the selected state corporations had diverse personalities and attitudes and strongly agreed on this as indicated by a mean of 4.5676. They also agreed that employees' personality diversity affected teams' performance as indicated by a mean of 4.3514. However, they remained neutral that employees diversity in attitudes affects overall job satisfaction as indicated by a mean of 3.4324, that employees diversity in personality and attitudes affected the quality of decisions made by the organization as shown by a mean of 3.4505 and that employees personality and attitudes diversity affected overall organization productivity as shown by a mean of 3.4595. This indicates that while the state corporations' employees had diverse personalities and attitudes but could not associate the diversity with the quality of decisions made by employees, job satisfaction and employees productivity.

This supports the similarity-attraction theory which shows that dissimilarity leads to less positive processes and worse group outcomes. Within a group, members are therefore likely to prefer interacting with others that are rather similar to themselves. These similarities and otherwise will be drawn from demographic characteristics and personal values and attitudes. The resulting group process tends to lead to the emergence of subgroups, thus hindering effective communication and group functioning. (Gruenfield, 2006; Bacharach, 2005).

4.4.4 Organization Performance

Data on organization performance was analyzed descriptively to give the overall image of the selected organization performance indicators.

TABLE 11
Descriptive Statistics on Organization Performance

	N	Minimum	Maximum	Mean	Std. Deviation
Employee diversity has increased our market share	111	1.00	5.00	3.6486	1.48108
Employee diversity has reduced the cost of labour	111	1.00	5.00	3.5405	1.45717
Employee diversity has improved employee performance	111	1.00	5.00	3.8559	1.29928
Aggregate Scores	111			3.6817	

Source: Author (2014)

From table 4.11 above, on the findings on employees' values diversity of selected state corporations in Kenya, the Scale that was used was a likert scale of five where: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree. As shown by the data mean of 3.6817, it is evident that the respondents agreed on the organization performance indicators. From the standard deviation it is evident that the individual statements standard deviations are close indicating low variations among the respondents' responses. This shows that the respondents felt employees diversity led to improved employees performance, reduced labour costs and increased market share.

According to Page (2007) groups displaying a range of perspectives outperform groups of like-minded experts. Diversity is associated with superior outcomes over homogeneity because progress and innovation is more dependent on diverse groups working together and capitalizing

on their individuality than on lone thinkers with high intelligence. The best group decisions and predictions are those that draw on unique qualities.

The study respondents agreed that employee diversity had improved employee performance as shown by a mean of 3.8559, that employee diversity had increased market share as indicated by a mean of 3.6486 and that employee diversity had reduced the cost of labour as indicated by a mean of 3.5405. This is supported by the literature on the human resource base of a firm which has diverse characteristics which firms strive to harness.

The implementation of proactive diversity management policies can transcend communication problems and conflict stemming from diversity among employees and help to create an inclusive organisational culture based on trust – which enhances the sense of belonging and helps to improve business performance, personal commitment and motivation. In the highly competitive global market of the twenty-first century, organisations increasingly need to adopt principles of, for cost reduction, diversification and innovation simultaneously. As competition continues to increasingly focus on diversifying consumer demands, the need for more innovative work teams composed of people from diverse backgrounds also rises (Marable, 2000)

4.4.5 Improving of Employee Diversity

Regarding employee diversity, the study required the respondents to suggest ways through which their organizations could improve on employee diversity in order to improve their organization performance. According to the findings, some of the respondents indicated that enhancing gender diversity and regional representation would enhance employee diversity as a prerequisite for suitable performance.

This demonstrates a need to enhance gender diversity and supports the constitution of Kenya 2010 which provides for women representation , with a legal provision to ensure that no

one gender takes up more than two thirds of leadership positions in government and public enterprises. Kochan (2003) also stipulates that gender diversity has positive effects on group processes further supporting the case for gender diversity in organizations.

4.4.6 Intervening Variables

Data on the intervening variables was analyzed descriptively to give the overall outlook on these intervening variables.

TABLE 12
Descriptive Statistics on Intervening Variable

	N	Minimum	Maximum	Mean	Std. Deviation
Corporate Culture	111	1.00	5.00	3.3694	1.58360
Nature of work	111	1.00	5.00	3.1532	1.54448
External environment	111	1.00	5.00	4.5586	.96939
Business strategy	111	1.00	5.00	3.9640	1.30682
Aggregate Scores	111			3.7613	

Source: Author (2014)

From Table 4.12 above, on the intervening variables, the Scale that was used was a likert scale of five where: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree. As shown by the data mean of 3.7613, the respondents agreed on the study intervening variables as factors that would influence the relationship between the independent and dependent variables. From the standard deviation, it is evident that the individual statements standard deviations are close indicating low variations among the respondents' responses. This indicates that effects that diversity had on performance is conditioned by the diversity context/environment within which it is applied. According to (Anderson & Metcalf, 2003), the effects of employee diversity are conditioned by other organisational and contextual factors and

that diversity can't be used as a competitive organisational strength unless it's managed effectively

The study respondents strongly agreed that the external environment influences the effect of employee diversity on organization performance as shown by a mean of 4.5586. They further agreed to the influence of business Strategy on the effect of employee diversity on organization performance as shown by a mean of 3.9640. However, they remained neutral on the influence of corporate culture and nature of work on the effect of employee diversity on organization performance as indicated by means of 3.3694 and 3.1532 respectively. This indicates that the respondents perceived the external environment and the organization business strategy as key aspects that affected how employee diversity was applied in their organization and eventually way their employee diversity programs affected performance. The relevance of the external environment could be attributed to the fact that the state corporations were governed by laws, legislations and policies passed at a national level and are bound to follow these guidelines. The organization business strategy on the other hand stipulates the goals and objectives that the organization will pursue. Therefore if integrating diversity is a key business strategy issue, then the relevant planning and allocation of resources is made a context within which employee diversity programs will succeed. The contrary is also true.

This is supported by literature whereby the impact of diversity on business performance displays variations in accordance with corporate business strategy (Richard, 2006). Bhadury (2000) argues that the nature of the impact diversity has depends to a large extent on the external environment. Certain organisational cultures nurture the positive effects of diversity while others dampen them Chatman (2008). Cordero (2006) suggests that, 'homogeneity appears to be a

benefit for groups with more routine tasks, while heterogeneity produces benefits for groups with more complex and interdependent tasks.

4.4.7 Other Factors that affect Employee Diversity Programs

Regarding employee diversity, the study required the respondents to suggest other factors that affect employee diversity programs in their organizations. According to the findings, some of the respondents indicated that the organization management, leadership and government policies were other factors that influence the effect of employee diversity on organization performance. This indicates that the diversity programs implementation environment was determined by managerial decisions since the management remains the custodian of such programs and have a big influence on whether they succeed or not. Since these organizations are controlled by government policies, such policies determine the extent of adoption and implementation of diversity programs.

This concurs with Bhadury (2000) who argues that the nature of the impact diversity has, depends to a large extent on the nature of the diversity climate rather than the existence of diversity. To assess the impact of diversity on organisational performance, it's crucial to overcome 'the widespread use of the "one-size-fits-all approach (Barak, 2000).

4.5 Model Fitting

This section presents the study findings obtained from correlation analysis, regression analysis and testing the study hypotheses.

4.5.1 Correlation Analysis

TABLE 13

Spearman's rho Correlation Analysis

Correlations						
			performance of selected state corporations	Skills Diversity	Values Diversity	Social Diversity
Spearman's rho	performance of selected state corporations	Correlation Coefficient	1.000	.759**	.687**	.692**
		Sig. (2-tailed)	.	.000	.000	.000
		N	111	111	111	111
	Skills Diversity	Correlation Coefficient	.759**	1.000	.567**	.546**
		Sig. (2-tailed)	.000	.	.000	.000
		N	111	111	111	111
	Values Diversity	Correlation Coefficient	.687**	.567**	1.000	.484**
		Sig. (2-tailed)	.000	.000	.	.000
		N	111	111	111	111
	Social Diversity	Correlation Coefficient	.692**	.546**	.484**	1.000
		Sig. (2-tailed)	.000	.000	.000	.
		N	111	111	111	111

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Author (2014)

On the correlation of the study variable, the researcher conducted a Spearman's rho correlation test. From the findings in the table above, the study found a strong positive correlation between performance of state corporations in Kenya and Skills diversity as shown by correlation factor of 0.759, this strong positive relationship was found to be statistically significant as the significant value was 0.000 which is less than 0.05. The results indicate a strong positive relationship between skills diversity and organization performance with a 100%

confidence level for this result. The findings concur with the research findings by (DiTomaso, 2007) whereby skills and knowledge diversity drives creativity and performance, on complex tasks, with equally skilled leadership, diverse teams will out perform teams that aren't diverse. Diversity enhances customer relations and increases market share; diversity enhances employee relations and reduces the cost of labour; diversity improves employee quality and performance in terms of diverse skills, creativity, problem-solving and flexibility.

The study also found strong positive correlation between performance of state corporations in Kenya and values diversity as shown by correlation coefficient of 0.687, this too was also found to be significant at 0.000 level. The results indicate a strong positive relationship between values diversity and organization performance with a 100% confidence level for this result. Employees' values will determine their overall involvement in the organization and the quality of value addition to their employer. This value is the source of creativity, innovation, effectiveness and efficiency in the organization which translates to the organization bottom line through increased revenues and market share growth (Bacharach, 2005).

The study also found strong positive correlation between performance of state corporations in Kenya and social diversity as indicated by correlation coefficient of 0.692 at 0.000 level of confidence. The results indicate a strong positive relationship between social diversity and organization performance with a 100% confidence level for this result. Social category diversity allows employees to be able to communicate to different categories of customers more effectively. It helps an organization navigate past biases or misconceptions through respect for differences that they may not understand. This in return helps an organization expand its market share, increase customer satisfaction and loyalty (Gilbert & Ivancevich, 2000).

4.5.2 Regression Analysis

Multiple regression analysis was used to determine the effect of the independent variables (Social diversity, Skills diversity and Values Diversity) on performance of selected state corporations. The results obtained were as follows;

TABLE 14

Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.871 ^a	.758	.752	.59485

a. Predictors: (Constant), Skills Diversity, Values Diversity, Social Diversity

Source: Author (2014)

The coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (performance of selected state corporations) as explained by the three independent variables (Social diversity, Skills diversity and Values Diversity).

The three independent variables that were studied, explain only 75.2% of the effect of employee diversity on performance of selected state corporations as represented by the adjusted R^2 . This therefore means that the three independent variables contribute about 75.2% to performance of selected state corporations, while other factors not studied in this research contribute 24.8% of performance of selected state corporations.

TABLE 15

Model Summary-ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	118.900	3	39.633	112.009	.000 ^b
	Residual	37.861	107	.354		
	Total	156.761	110			
a. Dependent Variable: Y						
b. Predictors: (Constant), Skills Diversity, Values Diversity, Social Diversity						

Source: Author (2014)

From the ANOVA statics, the study established the p-value (0.000) was less than 5%. The F calculated value was greater than the critical value (112.01 >2.79) an indication that skills diversity, values diversity, social diversity all have a significant effects on performance of the selected state corporations in Kenya. This also indicates that the model significantly predicts the outcome of the relationship between independent variables (skills diversity, values diversity, social diversity) and the performance of the selected state corporations in Kenya.

TABLE 16
Regression Coefficients

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.200	.229		-.875	.003
	Skills Diversity	.391	.057	.435	6.862	.000
	Values Diversity	.370	.074	.318	5.026	.000
	Social Diversity	.287	.064	.271	4.502	.000
a. Dependent Variable: Y						

Source: Author (2014)

Through the use of SPSS the figure in table 4.15 above was and the regression equation obtained;

$$Y = (-0.20) + 0.391X_1 + 0.370X_2 + 0.287X_3$$

The study found that the absence of the three independent variables (social diversity, skills diversity and values diversity) would lead to a negative effect on the performance of selected sector state corporations by (-0.20). A unit increase in the skills diversity will lead to an increase in performance of selected state corporations by a factor of 0.391; a unit increase in values diversity will lead to an increase in performance of selected state corporations by a factor of 0.370. Further, a unit increase in social diversity will lead to increase in performance of selected state corporations by a factor of 0.287.

This shows that diversity is a key organizational aspect that these state corporations must consider in order to improve performance. Additionally, the performance of the selected state corporations has positive relationship with skills diversity, values diversity and social diversity in that order. This also implies that the skills diversity contributed more to performance of selected state corporations.

At 5% level of significance and 95% level of confidence, skills diversity, social diversity and values diversity were all significant indicating that they indeed had an effect on organization performance.

4.5.3 Hypothesis Tests

Test Hypothesis One. The focus of hypothesis one was to determine if there exists a significant relationship between employee skills diversity and performance of the selected state corporations in Kenya. The null hypothesis was:

H₀₁: Employees' skills diversity does not affect organization performance of selected state corporations in Kenya.

To test the first hypothesis, the index of employee skills diversity as index of independent variable was regressed upon performance of state corporations as a composite of dependent variable. The calculated values were compared with critical value to establish whether to reject or accept null hypothesis

TABLE 17**Hypothesis Test on Employee Skills Diversity and Performance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	95.159	1	95.159	168.376	.000 ^b
	Residual	61.602	109	.565		
	Total	156.761	110			
a. Dependent Variable: Performance of State Corporations						
b. Predictors: (Constant), Skill Diversity						

Source: Author (2014)

Critical value from F distribution table is 2.7. From the results obtained from Anova test, the value of F-calculated was greater than the critical value ($F_c = 168.376 > F_o = 2.7$), the value of significance (p-value = 0.000) was less than 5%. This means that there is a significant difference between employee skills diversity and performance of state corporations in Kenya. Therefore the null hypothesis one was rejected. The implication is that there exists a significant relationship between employee skills diversity and performance of state corporations in Kenya. According to Page (2007) groups displaying a range of perspectives outperform groups of like-minded experts. Diversity is associated with superior outcomes over homogeneity because progress and innovation is more dependent on diverse groups working together and capitalizing on their individuality than on lone thinkers with high intelligence. The best group decisions and predictions are those that draw on unique qualities.

Test Hypothesis Two. The test of the second hypothesis helped to determine if there exists a significant relationship between values diversity and performance of state corporations in Kenya. The second null hypothesis was:

H₀₂: Employees' values diversity does not affect organization performance of the selected state corporations in Kenya.

To test the second hypothesis, the index of values diversity as index of independent variable was regressed upon performance of state corporations as a composite of dependent variable. The calculated values were compared with critical value to establish whether to reject or accept null hypothesis.

TABLE 18

Hypothesis Test on Values Diversity and Performance

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.097	1	84.097	126.150	.000 ^b
	Residual	72.664	109	.667		
	Total	156.761	110			
a. Dependent Variable: performance of state corporations						
b. Predictors: (Constant), Values Diversity.						

Source: Author (2014)

Critical value from F distribution table is 2.7. From the results obtained from Anova test, the value of F-calculated was greater than the critical value ($F_c = 126.150 > F_o = 2.7$) the value of significance (p-value = 0.000) was less than 5%. This means that there is a significant difference between values diversity and performance of state corporations in Kenya. Therefore the null hypothesis two which stated that values diversity does not affect the performance of the selected state corporations in Kenya was rejected. The implication is that there exists a significant relationship between values diversity and performance of state corporations in Kenya. According to Bunderson and Sutcliffe (2002) teams composed of individuals with a breadth of functional experiences are well-suited to overcoming communication barriers because team members can relate to one another's functions while still realizing the performance benefits of diverse functional experiences. This is similarly supported by DiTomaso (2007) who argue that diversity increases the opportunity for creativity and the quality of the product of group work.

Test Hypothesis Three. The third hypothesis was to determine if there exists a significant relationship between social diversity and performance of the selected state corporations in Kenya. Therefore, the null hypothesis was:

H₀₃: Employees' social diversity does not affect the organization performance of the selected state corporations in Kenya.

To test the third hypothesis, the index of social diversity as index of independent variable was regressed upon performance of state corporations as a composite of dependent variable. The calculated values were compared with critical value to establish whether to reject or accept null hypothesis.

TABLE 19
Hypothesis Test on Social Diversity and Performance

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	73.969	1	73.969	97.383	.000 ^b
	Residual	82.792	109	.760		
	Total	156.761	110			
a. Dependent Variable: performance of state corporations						
b. Predictors: (Constant), Social diversity						

Source: Author (2014)

Critical value from F distribution table is 2.7. From the results obtained from Anova test, the value of F-calculated was greater than the critical value ($F_c = 97.383 > F_o = 2.7$) the value of significance (p-value = 0.000) was less than 5%. This means that there is a significant difference between social diversity and performance of state corporations in Kenya. Therefore the null hypothesis one which stated that social diversity does not affect the performance of the selected state corporations in Kenya was rejected. The implication is that there exists a significant relationship between social diversity and performance of the selected state corporations in Kenya. Richard (2006) argues that cultural diversity, within the proper context,

provides a competitive advantage through social complexity at the firm level. Irrespective of the specific processes, diversity may positively influence organizations' functioning, net of any internal work-group processes that diversity may impede

4.5.4 Instrument Reliability

To measure the reliability of the data collection instrument the Cronbach Alpha technique was used. Cronbach's α is defined as

$$\alpha_{\text{standardized}} = \frac{K\bar{r}}{(1 + (K - 1)\bar{r})}$$

Where:

K = Number of items,

r = K (K-1)/2

The reliability of this study was ascertained through pre-testing of the research tool using a group of 5 respondents working in state owned corporations but working outside the selected state owned corporations. This was done to ensure that the actual participants are not engaged in the pilot study, which would otherwise compromise the outcome of the study findings. Then their responses were subjected to the Cronbach test.

A reliability coefficient of 0.70 or higher is considered "acceptable" in most social science research situations. The research found the alpha coefficient was 0.819, suggesting that the items have relatively high internal consistency.

TABLE 20

Cronbach Alpha Analysis

Cronbach's Alpha	N of items
.819	3

Source: Author (2014)

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the findings, conclusion and recommendations that are aimed at advising policy and further research

5.2 Summary

5.2.1 Summary of Biodata

From the findings, majority of the respondents were male at 66% while the rest were female. The study also reveals that majority of the respondent had attained University level of education consisting 66%; 68% of the respondents had worked with their organization for 6 to 10 years while 54% of the respondents were at supervisory level management.

5.2.2 Effect of Skills Diversity on Organization Performance

Skills diversity affected the performance of the selected state corporations positively and had the most significant effect on the performance of the selected state corporations. The correlation analysis also indicates that skills diversity had a strong positive relationship with organization performance. As indicated in literature, employee skills, education and experience diversity drives creativity and performance, on complex tasks, with equally skilled leadership, diverse teams will out perform teams that aren't diverse (DiTomaso, 2007). According to Bunderson & Sutcliffe (2002) teams composed of individuals with a breadth of functional experiences are well-suited to overcoming communication barriers because team members can relate to one another's functions while still realizing the performance benefits of diverse functional

experiences. This is similarly supported by DiTomaso (2007) who argue that diversity increases the opportunity for creativity and the quality of the product of group work.

The descriptive statistics demonstrate that the selected state corporations had employed employees with diverse education and experience and thus had a diverse set of knowledge and expertise. The respondents agreed that diversity in employees' skills had increased overall firm creativity and innovation, improved the quality of their programs, products and services, improved overall firm productivity, had led to new products development and that diversity in employees' skills had enabled the organization attract and retain the best talent in the industry. Literature shows that diversity is associated with superior outcomes over homogeneity because progress and innovation is more dependent on diverse groups working together and capitalizing on their expertise (Page, 2007).

5.2.3 Effect of Values Diversity on Organization Performance

The study found that values diversity had the second most significant effect on organization performance and had a strong positive relationship with organization performance as per the correlation analysis. The descriptive statistics indicate that the respondents strongly agreed that the employees of the selected state corporations had diverse personalities and attitudes and further agreed that employees' personality diversity affected teams' performance.

This is supported in literature which indicates that the human resource base of a firm will have diverse characteristics which firms strive to harness. According to Page (2007) groups displaying a range of perspectives outperform groups of like-minded experts because progress and innovation is more dependent on diverse groups working together and capitalizing on their individuality than on lone thinkers with high intelligence. The similarity-attraction theory which is applied when observing groups with regard to their composition. The framework projects the

argument that when group members feel similar to others, a mutual attraction is established that leads to positive communication and group integration processes. The implementation of proactive diversity management policies can transcend communication problems and conflict stemming from diversity among employees and help to create an inclusive organisational culture based on trust – which enhances the sense of belonging and helps to improve business performance, personal commitment and motivation (Gruenfield, 2006).

However, the respondents remained neutral on whether employees' diversity in attitudes affects overall job satisfaction, employees diversity in personality and attitudes affected the quality of decisions made by the organization and whether employees personality and attitudes diversity affected overall organization productivity. The split opinion may be supported by the similarity attraction theory which posits that dissimilarity leads to less positive processes and worse group outcomes. Within a group, members are therefore likely to prefer interacting with others that are rather similar to themselves. These similarities and otherwise will be drawn from demographic characteristics and personal values and attitudes. The resulting group process tends to lead to the emergence of subgroups, thus hindering effective communication and group functioning (Bacharach, 2005).

5.2.4 Effect of Social Diversity on Organization Performance

This study found that social diversity affects the organization performance of the selected state corporations positively and had the third most significance effect on the performance of the selected state corporations. The correlation analysis also points to a strong positive relationship between the two. This is supported in literature by (Cox, 2001) who suggest that having diverse employees leads to increased market share and increased sales to minority-culture groups. This is explained by the preference of many customers to buy from people like themselves and from

organisations that promote diversity. Diversity contributes to increased market share because it enhances an organisation's ability 'to deal more sensitively with multicultural domestic and foreign customers, thereby increasing customer satisfaction, keeping and gaining market share' (Bhadury, 2000).

The descriptive statistics demonstrate that that social diversity had enabled their organizations increase customer satisfaction and loyalty. The selected state corporations had a balanced representation of employees from different age groups with the respondents agreeing that age diversity in their company had led to increased knowledge sharing and creativity in the organization.

The respondents were however neutral that the selected state corporations had a fair representation of the ethnic groups in Kenya, that ethnic diversity had enabled their companies enter new markets and that ethnic diversity had helped the selected state corporations understand different categories of customers better and offer better service delivery. It is also notable that the respondents disagreed that the selected state corporations had equal gender representation. They also disagreed that gender diversity had led to improved customer loyalty and retention and that gender diversity in the company had increased employee satisfaction and retention. However, they remained neutral that gender diversity programs had increased the number of job applicants of either gender.

The findings on ethnic and gender diversity agree with but also deviate from key research findings like that of (Richard, 2006) who indicated that the positive relationship between business performance and employee diversity in growth-oriented organisations holds true for race diversity as well as gender diversity respectively. Further, Kochan (2003), found no significant direct effects of either racial or gender diversity on business performance. He

stipulates that gender diversity has positive effects on group processes while racial diversity has negative effects. He found no support for the idea that diversity that matches a firm's client base increases sales by satisfying customers' desire to interact with those who physically resemble them.

5.2.5 Employee Diversity and Organization Performance

This study used the criteria of customer satisfaction and market share, employee satisfaction and labour costs, employee quality and performance as the criteria for assessment of organization performance. The descriptive statistics point to the respondents agreeing that employee diversity affects customer satisfaction and market share, employee satisfaction and labour costs, employee quality and performance with the most significant impact being on employee quality and performance in terms of diverse skills, creativity, problem-solving and flexibility, customer satisfaction and market share. The respondents suggested ways through which the organization could improve employee diversity in order to improve their organization performance. According to the findings, some of the respondents indicated that enhancing gender diversity and regional representation would in turn enhance employee diversity as a prerequisite for suitable performance.

Literature shows that diversity enhances customer relations and increases market share; diversity enhances employee relations and reduces the cost of labour; diversity improves employee quality and performance in terms of diverse skills, creativity, problem-solving and flexibility (Cox, 2001). It's also argued that, with declining homogeneity in the employee, it has become crucial for organisations to develop equal opportunities and diversity management policies to retain the skills of employees with diverse backgrounds in order to protect their competitive position in the marketplace (Shaw, 2003; Gilbert & Ivancevich, 2000).

5.2.6 Study Intervening Variables

The study respondents strongly agreed that the external environment influences the effect of employee diversity on organization performance and further agreed to the influence of business strategy on the effect of employee diversity on organization performance. The respondents suggested other factors that affect employee diversity programs in their organizations. According to the findings, they indicated that the organization management, leadership and government policies were other factors that influence the effect of employee diversity on organization performance.

Literature indicates that the impact of diversity on business performance is shown to display variations in accordance with corporate business strategy (Richard, 2006). Bhadury (2000) argues that the nature of the impact diversity has, depends to a large extent on the nature of the diversity climate rather than the existence of diversity. However, they remained neutral on the influence of corporate culture and nature of work on the effect of employee diversity on organization performance.

5.2.7 Correlation and Regression Analysis

From the regression analysis the following regression equation was formulated;

$$Y = (-0.20) + 0.391X_1 + 0.370X_2 + 0.287X_3$$

The study found that the absence of the three independent variables (social diversity, skills diversity and values diversity) would lead to a negative effect on the performance of selected sector state corporations by (-0.20). A unit increase in the skills diversity will lead to an increase in performance of selected state corporations by a factor of 0.391; a unit increase in values diversity will lead to an increase in performance of selected state corporations by a factor

of 0.370. Further, a unit increase in social diversity will lead to increase in performance of selected state corporations by a factor of 0.287. This shows that diversity is a key organizational aspect that these state corporations must consider in order to improve performance. Additionally, the performance of the selected state corporations has positive relationship with skills diversity, values diversity and social diversity in that order. This also implies that the skills diversity contributed more to performance of selected state corporations. At 5% level of significance and 95% level of confidence, skills diversity, social diversity and values diversity were all significant indicating that they indeed had an effect on organization performance.

5.3 Conclusions

The study found social diversity to be the third most influencing employee diversity factor on organization performance. The study concludes that social diversity enabled the selected state corporations increase customer satisfaction and loyalty while age diversity in the selected state corporations had led to increased knowledge sharing and creativity in the organization s. It is also notable that there was need to enhance gender representation and regional representation in the selected state corporations so as to enhance employee diversity a as a prerequisite for suitable performance.

The study also found that skills diversity is the most influencing factor on organization performance of the selected state corporations. The selected state corporations had employed employees with diverse education and experience and thus had a diverse set of knowledge and expertise. The employee skills diversity in turn had increased overall firm creativity and innovation, improved the quality of their programs, products and services, improved overall firm

productivity, had led to new products development and had enabled the organization attract and retain the best talent in the industry.

The study found that values diversity had a significant effect on organization performance and was the second most significant variable with a moderate positive relationship with organization performance. The selected state corporations had diverse personalities and attitudes and this diversity affected teams' performance.

Overall employee diversity was found to affect customer satisfaction and market share, employee satisfaction and labour costs, employee quality and performance with the most significant impact being on employee quality and performance in terms of diverse skills, creativity, problem-solving and flexibility. However this relationship between employee diversity and organization performance is moderated by the external environment, organization management and leadership and the government policies.

5.4 Recommendations

From the findings the study makes the recommendation that state corporations should strive to enhance their employees' skills diversity with a keen emphasis on diversity in education and experience of employees that creates a diverse set of knowledge and expertise. This will to a large extent improve their organization performance.

State corporations can also harness the diversity of their employees in values in terms of personality and attitudes in order to improve their teams' performance which in turn would have a positive impact on organization performance.

The other variable of interest to state corporations as per the results of this research is employees' social diversity which can be harnessed to increase customer satisfaction and loyalty.

Social diversity in the context of employees' age can also be used to enhance employees knowledge sharing and creativity in these organizations. However, state corporations need to improve their gender representation and regional representation so as to enhance employee diversity as a prerequisite for suitable performance.

5.5 Recommendations for Future Research

The three independent variables that were studied, contribute about 75.2% to performance of selected state corporations, while other factors not studied in this research contribute 24.8% of performance of selected state corporations. Therefore, further research should be conducted to investigate the other aspects of employee diversity (24.8%) that affect the performance of the selected state corporations and were not included in this study.

The study recommends further research work to be done on ethnic diversity in employees' social diversity to be able to determine its relevance in the diversity debate and if it has a place in the significance of employees' diversity. The study will even be more relevant in the Kenyan context which has policies, laws and regulations that advocate for diverse ethnic and regional representation in the public sector.

Another area of interest in research would be how to integrate employees' diversity in an environment that also allows for effective talent management. This would ensure that while organizations pursue diversity in order to comply with regulations, they also are able to integrate employees' diversity in their talent management programs for competitiveness.

REFERENCES

- Allard, M. (2002). Theoretical underpinnings of diversity. Understanding and managing diversity: readings, cases and exercises. *Academy of Management Journal*, Vol. 48 pp3–27.
- Anderson, B. & Metcalf, N. (2003). Diversity: stacking up the evidence. *Chartered Institute of Personnel and Development Journal*, Vol. 48 No. 4.
- Bacharach, C. & Vashdi, N. (2005). Diversity and homophily at work: Supportive relations among white and African American peers. *Academy of Management Journal*, Vol. 48 No. 4, pp.619-44.
- Barak, M. (2000). The inclusive workplace: an ecosystems approach to diversity management. *Social Work*. Vol. 45, No. 4. pp339–352.
- Benschop, Y. (2001). Pride, prejudice and performance: relations between HRM, diversity and performance, *International Journal of Human Resource Management*, Vol. 12 No. 7, pp. 1166-81.
- Bhadury, D. (2000). Maximising workforce diversity in project teams: a network flow approach. Omega: *The International Journal of Management Science*. Vol. 28, No. 2. pp143–153.
- Bunderson, K. & Kathleen, W. (2002). Comparing Alternative Conceptualizations of Functional Diversity in Management Teams: Process and Performance Effects. *Academy of Management Journal* 45:875–93.
- Chatman, B. (2008). Being different yet feeling similar: the influence of demographic composition and organisational culture on work processes and outcomes. *Administrative Science Quarterly*. Vol. 43, No. 4. pp749– 780.

- Chatman, J., & Jehn, K. (2007). Assessing the relationship between industry characteristics and organizational culture: How different can you be? *Academy of Management Journal*, 35, 522.
- Cook, A. & Glass, C. (2009). Between a rock and a hard place: managing diversity in a shareholder society, *Human Resource Management Journal*, Vol.19No.4, pp.393- 412.
- Cordero, F. (2006). Gender and race/ethnic composition of technical work groups: relationship to creative productivity and morale. *Journal of Engineering and Technology Management*. Vol. 3. No. 13. pp205–221.
- Cox, H. (2003). Encouraging creativity. *Business and Economic Review*, 40, 26–28.
- Cox, T.H. (2001). Cultural diversity in organisations: theory, research and practice. San Francisco, CA: Berrett-Koehler. *Human Resource Development Review*, Vol. 7.
- Curtis, H. & Dreachslin, S. (2008). Diversity management interventions and organizational performance: a synthesis of current literature. *Human Resource Development Review*, Vol. 7 No. 1, pp. 107-34.
- DiTomaso, D. (2007). Workforce Diversity and Inequality: Power, Status, and Numbers. *Annual Review of Sociology* 33:473–501.
- DiversityInc, (2014). Why companies decline on the DiversityInc top 50. Retrieved from: <http://www.diversityinc.com/diversity-management/>
- Dwyer, C. (2003). Gender diversity in management and firm performance: the influence of growth orientation and organisational culture. *Journal of Business Research*. Vol. 56, No. 12. pp1009–1019.
- Edeltraud, H., & Ukur, G. (2011). Challenging Diversity Management on the meaning of cultural context: the Case of Kenya.

- Energy Regulatory Commission (2013). Energy Regulatory Commission profile. Retrieved from: <http://www.erc.go.ke>.
- Ferley, G. & Martin, N. (2003). Changing public service organisations: current perspectives and future prospects. *British Journal of Management*, Vol. 14, pp. 1-14.
- Fernandez, J.P. (1991). Managing a diverse work force: regaining the competitive edge. *Management Executive Journal* Vol. 23, No. 9. Lexington, MA: Lexington Books.
- Gilbert, G. & Ivancevich, M. (2000). Valuing diversity: a tale of two organisations. *Academy of Management Executive*. Vol. 14, No. 1. pp93–105.
- Gillespie, J. J., Brett, J. M., & Weingart, L. R. (2000). Interdependence, social motives, and outcome satisfaction in multiparty negotiation. *European Journal of Social Psychology*, 30, 779–797.
- Grant, R. (2001). The resource-based theory of Competitive Advantage: Implications for strategy formulation. *California Management Review*, Vol. 14, pp. 114-135.
- Gruenfeld, H. & Neale, P. (2006). Group composition and decision making: how member familiarity and information distribution affect process and performance. *Organizational Behavior and Human Decision Processes*, Vol. 67 No. 1, pp. 1-5.
- Herring, G. (2009). Does Diversity Pay? Race, Gender, and the Business Case for Diversity, *American Sociological Review*, 2009, Vol. 74 pp.208–224).
- Hewstone, M., Rubin, M., & Willis, H. (2002). Intergroup bias. *Annual Review of Psychology*, 53, 575–604
- Horwitz, F. (2002). Human Resource Practices and discrimination in South Africa: overcoming the legacy of Apartheid. *International Journal of HR Management*, 13(7): 1105-18.

- Ithura, M. (2010). How to deal with diversity in the workplace. Standard Digital.
- Jamrog, J. (2002), Employee Diversity; *Evaluating the Impact of Diversity on Organizational Performance*. St. Petersburg, FL.
- Johnson, S. (2009). Connecting diversity efforts in the work place with business mission, goals, and objectives. *Performance Improvement Quarterly*, Newbury Park, CA.
- Kinyanjui, S. (2013). Innovative Strategies for Managing Workforce Diversity in Kenyan Leading Corporations in Present Global Scenario, *International Journal of Business and Management*; Vol. 8, No. 15; 2013.
- Kisulu, M. (2006). Research Methods: *Qualitative and Quantitative Approaches*, Acts Press, Nairobi.
- Kochan, J. (2003). The Effects of Diversity on Business Performance: Report of the Diversity Research Network. *Human Resource Management* 42:3–21.
- Kotler, J. (2001). Research Methods: *Quantitative Methods Approaches*, Newbury Park, CA.
- Marable, M. (2000). We need new and critical study of race and ethnicity. *Chronicle of Higher Education*. Vol. 26, No. 25. Pp B4–B7.
- McCuiston, N. & Pierce, J. (2004). Leading the diverse workforce: profit, prospects and progress. *Leadership and Organization Development Journal*, Vol. 25 No. 1, pp. 73-92.
- Mensi-Klarbach, H., Hanappi-Egger, E., & Ukur, G (2013). *Institutional Change: The impact of Kenya's new Constitution on the Diversity of the Public Service Sector*.
- Mortensen, M., & Hinds, P. J. (2001). Conflict and shared identity in geographically distributed teams. *International Journal of Conflict Management*, 12, 212–238.

- Mugenda M. O. and Mugenda A. (2006). *Research Methods: Qualitative and Quantitative Approaches*, Acts Press, Nairobi.
- Munjuri, M. (2012). Employee Diversity Management and Employee Performance in The Banking Sector in Kenya: *DBA Africa Management Review 2012, Vol 3 No 1* pp. 1-21.
- Nile, M. & Dyer, G. (2004). Human capital and learning as a source of sustainable competitive advantage *Strategic Management Journal Volume 25, Issue 12*, pages 1155–1178.
- Nyambegera, S.M. (2002): Ethnicity and human resource management practice in sub-Saharan Africa: the relevance of the managing diversity discourse. In: *International Journal of Human Resource Management, 13, 7*, 1077-1090.
- Page, N. (2007). *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies. Research and Practice in Human Resource Management* Princeton, NJ: Princeton University Press.
- Patrick, M. & Abigail, M. (2003). Human Resources and sustained competitive advantage: A resource – based perspective. *International Journal of Human Resource Management, 13, 2*.
- Pelled, L. H. (2006). Demographic diversity, conflict, work group outcomes: An intervening process theory. *Organization Science, 7*, 615–631.
- Pelled, L. H., Eisenhardt, K. M., & Xin, K. R. (2009). Exploring the black box: An Exploring the black box: An analysis of work group diversity, conflict and performance. *Administrative Science Quarterly, 44*, 1–28.
- Perez-Floriano, J. & Gonzalez, S. (2007). Risk, safety and culture in Brazil and Argentina. *International journal of Manpower 28(5)* 403-417.

- Price (2014). Optimize business performance through workforce planning and analytics.
Retrieved from: www.pwc.com.
- Randeree, K. (2009). Strategy, policy and practice in the nationalization of human capital: project Emiratisation. *Research and Practice in Human Resource Management*, Vol. 17 No. 1, pp. 71-91.
- Richard, O. (2006). Racial diversity, business strategy and firm performance: a resource-based view, *Academy of Management Journal*, Vol. 43, pp. 164- 77.
- Rink, F., & Ellemers, N. (2006). The cost and benefits of work, style, diversity, and informational diversity on work process and work outcomes in task groups: A multimethod study. Leiden, The Netherlands: Leiden University.
- Seyman, O.A. (2006). The cultural diversity phenomenon in organizations and different approaches for effective cultural diversity management: a literature review, *Cross Cultural Management*, Vol. 13 No. 4, pp. 296-315.
- Shen M. (2009). Managing diversity through human resource management: an international perspective and conceptual framework. *The International Journal of Human Resource Management*, Vol. 20 No. 2, pp. 235-51.
- University of Southern California (2004). Aging and diversity, available at: www.ageworks.com/course_demo/380/module2/module2.htm. Vol. 7, pp. 31-9.
- Wittenbaum, G. M., & Stasser, G. (2006). Management of information in small groups. In J. L. Nye, & A. M. Brower (Eds.), What's social about social cognition? Social cognition research in small groups (pp. 3–28). *Thousand Oaks*, CA: Sage.
- Woods, Z. & Sciarini, H. (2005). Diversity programs in chain restaurants. *Cornell Hotel and Restaurant Administration Quarterly*. Vol. 36, No. 3, June. pp18–23.

Wrench, J. (2007). *Diversity Management*. Ashgate. 156 pp 23-25.

APPENDIX I: QUESTIONNAIRE

<p>THE EFFECT OF EMPLOYEE DIVERSITY ON ORGANIZATION PERFORMANCE (A CASE STUDY OF SELECTED STATE CORPORATIONS.)</p>

Introduction

This study seeks to establish the **effect of Employee Diversity on Organization Performance of selected State Corporations in Kenya**. The survey results will be reported in general terms and will not identify individuals. Your support in completing this questionnaire objectively is greatly appreciated. Please tick your response where appropriate.

I. RESPONDENT PROFILE

1. Kindly indicate your gender:

- a. Male ☐
- b. Female ☐

2. Please state your academic qualification:

- a. Secondary ☐
- b. Technical ☐
- c. College ☐
- d. University ☐

3. How many years have you worked with your organization?

< 1 year ☐ 1 > 5 years ☐ 6 > 10 years ☐ >10 years ☐

4. What is your position in your organization?

- a. Top Management Level ☐
- b. Middle Management Level ☐
- c. Supervisory Level ☐
- d. Staff ☐

II. EMPLOYEE DIVERSITY

Please rate the following statements related to your organization using the scale provided below:

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

A. Social Diversity	1	2	3	4	5
1. The company has a balanced representation of employees from different age groups					
2. Age diversity in the company has led to increased innovation					
3. Age diversity has led to increased employees conflicts					
4. Age diversity has enhanced employee productivity					
5. The company has fair representation of the ethnic groups in Kenya					
6. Ethnic diversity has enabled the company enter new markets					
7. Ethnic diversity has helped the company improve service delivery					
8. The company has an equal gender representation					
9. Gender diversity in the company has increased employee satisfaction					

10. Gender diversity has led to improved customer loyalty					
11. Gender diversity programs has increased the number of job applicants of either gender					
12. Overall, social diversity has enhanced organization productivity					
13. Overall, social diversity has enabled our company to reach new markets					
14. Overall, social diversity has enabled our company increase customer satisfaction					
B. Skills Diversity	1	2	3	4	5
1. Our organization hires people with diverse experience backgrounds					
2. Diversity in employees skills has increased overall firm innovation					
3. Diversity in employee skills has led to new products development					
4. Diversity in employee skills has improved the quality of our products					
5. Diversity in employees' skills enabled the organization retain the best talent in our industry					
6. Our organization has a diverse set of expertise					
7. Diversity in employees skills has improved overall firm productivity					
C. Values Diversity	1	2	3	4	5
1. The employees in our organization have diverse personalities					
2. Our Employees personality diversity affects teams performance					

3. Employees diversity in attitudes affects overall job satisfaction					
4. Our employees values diversity affects the quality of decisions made by the organization					
5. Our Employees values diversity affects overall organization productivity					
D. Organization Performance	1	2	3	4	5
1. Employee diversity has increased our market share					
2. Employee diversity has reduced labour costs					
3. Employee diversity has improved employee performance					

4. Suggest ways through which your organization could improve employee diversity in order to improve on your organization performance?

II. Intervening Variables

To what extent does the following variable affect the influence of employee diversity on organization performance? Use a scale of 1 to 5 where 1 is to no extent and 5 is to no extent

E. Intervening Variables	1	2	3	4	5
1. Corporate Culture					
2. Nature of work					
3. External environment					
4. Business strategy					

5. Suggest other variables that affect employee diversity programs in your organization?

-THE END-

APPENDIX II: RESEARCH BUDGET

TABLE 21

Research Budget

Activity	Amount (Kshs)
Typing, photocopying and binding (Three hard cover of research report)	15,000
Questionnaire –distribution and collection.	30,000
Data coding and analysis.	5,000
Printing and photocopying of research report drafts.	10,000
Travelling expenses	10,000
Miscellaneous expenses	10,000
TOTAL	80,000