WORKFORCE DIVERSITY MANAGEMENT AND PERFORMANCE OF COMMERCIAL BANKS IN KENYA
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Abstract
The general objective the study was to establish the relationship of between workforce diversity management and performance of commercial banks in Kenya. Specifically assessed the relationship between gender diversity management and performance of commercial banks in Kenya, to find out the relationship between educational diversity management and performance of commercial banks in Kenya, to determine the relationship between ethnic diversity management and performance of commercial banks in Kenya and to determine the relationship between age diversity management and performance of commercial banks in Kenya. The study adopted a descriptive cross-sectional survey. The target population of this study comprised all the 40 commercial banks in Kenya. The study population for this study was Human Resource Management (HRM), Head of Personal Banking (HPB) and Head of Customer Experience (HCEs) at their head office in Nairobi. The questionnaire was the selected instrument or tool for data collection for the study. The questionnaire was administered to each member of the population. The researcher administered the questionnaire individually to all respondents of the study. The study carried out a pilot study to pretest and validate the questionnaire. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS (Version, 23) and presented through percentages, means, standard deviations and frequencies and the results were displaced using bar charts, graphs and pie charts and in prose-form. Content analysis was used to test data that is qualitative in nature. The study conducted correlation analysis to establish the association between the independent and the dependent variable. Multiple regressions were done to establish the effect of workforce diversity management on performance of commercial banks in Kenya. Quantitative data was presented through statistical tools such as frequency distribution tables, pie-charts, bar-graphs and in prose form for easy understanding. The study interpreted the research findings from the evidence presented by the data collected. The study found that gender diversity, age diversity, ethnicity diversity and educational background diversity constant, had a statistically significant relationship with performance of commercial banks. The study recommends that the management of organizations that want to remain successful in the contemporary gendered world must appreciate gender diversity and integrate it within their corporate strategy; Managers should perceive age diversity as a source of a competitive advantage within the firm and should embrace age diversity for the potential impact that it has for creativity and innovativeness in the firm; Managers should appreciate educational background diversity as it is the source of competitive diversity; and firms must embrace ethnic diversity as a crucial resource for achieving the corporations marketing and sales objectives and for achieving employee job satisfaction.

Key words; Gender diversity, Age diversity, Ethnicity diversity, Educational background diversity
Introduction

The modern workforce is far more varied in its composition than it has been previously, due to demographic factors, such as immigration and economic factors like globalization (Erasmus, 2013). According to Christian, Porter and Moffitt (2016), the minority workforce in the United States is expected to rise from 16.5% in 2000 to an estimated 25% in 2050. Diversity has not been as frequently emphasized as a competitive resource in some Asian countries, such as Japan and Korea. These countries have been recognized as homogeneous with respect to ethnic background and highly male dominated in every aspect of social life. With notable economic development in recent decades, and the economic recession of the late 1990s, the labor markets of both Japan and Korea have undergone fundamental changes. More and more companies, either voluntarily or involuntarily, have adopted policies such as downsizings and layoffs in order to survive (Chatman & O’Reilly, 2014).

Diversity management covers many areas of HR, but perhaps because of the ethnic homogeneity of Japan and Korea, the main debates on diversity management in the two countries are rooted in gender issues. In the case of Korea, a survey by the National Statistical Office shows that the rate of women’s economic participation had reached 48.9% in 2003. As for Japan, a survey by the Ministry of Health, Labor, and Welfare indicates that the rate of women’s labor participation was 48.3% in 2004. Women represent only about 30% of full-time workers, a figure remaining almost flat since 1985 (Magoshi & Chang, 2013). The diversity of the work force in Egypt is quite admirable and has been taking an ever increasing trend in the past couple of decades. Nowadays, it is very common to find business professionals whom are simultaneously fluent in several languages, such as English, French, German, and of course Arabic while coming from a highly diverse training and education backgrounds (Kochan et al., 2013). On the other hand, Nigeria like many nations of the world is ethnically heterogeneous, and is characterized by other demographic diversities, which are reflective in workplaces. Business organizations in the developed and developing countries are all caught up in the globalization web, which has heralded increased demographic diversity in the workforce.

In Kenya, Gacheri (2012) established that workforce diversity was found to affect employee performance at varying degrees considering both managers and non-managerial employees of the Equity Bank. The lack of written workforce diversity policy programs in most Kenyan organizations, especially in the banking industry questions the competence and sensitivity of the Human Resource Managers and organizations to the contemporary changing trends in Human resource Management. It is also surprising that the few organizations having written workforce diversity management policies in place display a clear disparity between the written policies and actual practice. This leads to continued realization of more negative effects of workforce diversity than positive effects.
Previous research on workplace diversity suggests that diversity can be either detrimental or beneficial for employee performance (Magoshi & Chang, 2013). For instance, employee diversity is positively associated with creativity and problem-solving skills and negatively related with cohesiveness and cooperation. Good workforce diversity practices in the area of human resources are believed to enhance both employee and organizational performance. Furthermore, employee diversity allows increased creativity, a wider range of perspectives, better problem definition, more alternatives and better solutions. It is also argued that with decreasing homogeneity in the workforce, it has become crucial for organizations to develop equal opportunities and diversity management policies to maintain the skills of employees with diverse backgrounds in order to protect their competitive position in the market place (Adler, 2015).

Workplace diversity generates conflicts between employees. Conflict occurs due to differences of perception, ideas, behaviors, interest, attitudes, religious differences, political differences and unjustified distribution of resources. Conflict is not always negative and does not always create hostilities. It very much depends on how the conflict is handled. If handled properly, it can become a very rich source of development. When corporate managers ignore the conflicts between co-workers, this will result in clashes amongst them. In turn, these clashes will be converted into personal and emotional conflict in the long run and therefore damages the organizational culture, worker morale, and overall organizational performance. It can also lead to a reduction in creativity, innovation, quality, and performance of employees and organizations ultimately leading to negative effects on the team performance (Alserhan, Forstenlechner & Al-Nakeeb, 2010). The increasing trend of workforce diversity along racial, ethnic and gender lines, as well as an increasing percentage of the workforce that is below the age of 30 and over the age 55 have several implications for HRD professionals, employees and company in general. This arises out of the prejudices that may persist, cultural insensitivity and language differences, increasing numbers of women in the workforce and the aging of the workforce (Kochan et al., 2013).

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK, 2010). The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. In Kenya, commercial banks play an important role in mobilizing financial resources for investment by mobilizing investors and boosting businesses as well as offering financial services to the public with the aim of making profit. Lending represents the heart of the banking industry and loans are the dominant assets as they generate the largest share of operating income. As per the central bank of Kenya, bank supervision annual report (2010), at the end of December 2010, the banking sector comprised of 45 institutions, 41 of which were commercial
banks, two mortgage finance companies, one non-bank financial institution and one building society. Despite their number being high their total assets account for only 48.2% of the sectors total assets. Over the last decade, Kenyan Banks have realized tremendous growth in the last five years and have expanded to the East African region. The growth has been mainly underpinned by, the industry’s wide branch network expansion strategy both in Kenya and in the East African community region, and automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional ‘off the-shelf’ banking products. Players in this sector have experienced increased competition over the last decade years resulting from increased innovations among the players and new entrants into the market (CBK, 2016).

There has been increased competition from local banks as well as international banks, some of which are new players in the country. This has served the Kenyan economy well as the customers and shareholder are the ones who have benefited the most. According to CBK (2013) as pressure mounts on the banking industry’s profitability resulting from over reliance on interest income by banks, it is strategically imperative that banks focus on ways of improving banks performance by focusing on workforce diversity management. This study sought to establish the effect of workforce diversity management on performance of commercial banks in Kenya.

**Statement of the Problem**

The banking sector in Kenya has over the years faced a number of challenges including increasing competition, increased regulation by the government and high rate of technological growth especially the mobile phones that now offer banking services. According to Ngui, Elegwa and Gachunga (2014), the rapid growth of banks, increase in environmental variability and degree of competition, acute shortage of qualified labor and the corresponding increase in labor turnover and costs of employee replacement have forced commercial banks in Kenya to aggressively compete for the best employees. According to Obiero (2014), the banking industry has witnessed considerable human capital flight despite the growth in profitability for the past five years. The report noted increased competition for qualified, trained and experienced staff to implement bank's strategies. A study by Yego, (2010) also revealed the average workers in the banking sector are changing jobs ten times between ages 18 and 37 continuously.

Studies shows that organizations with high levels of well managed diversity are effective and steering ultimately producing corporate cultures that has new perspectives, pioneering capabilities and fresh ideas necessary to survive. On the other hand, Kochan *et al.*, (2003) argues that diversity within the work place can evoke an array of emotions as some view diversity as something to be dealt rather than a tool to be used to improve the organization. Even though, many will agree that the results of a diversity-conscious organization add value to the employee and organization, there have been mixed findings on the effect of work diversity on employee performance (Dahm, 2013). Research studies have been conducted the banking industry on work diversity and in relation to work diversity management strategies and employee performance,
however, none of them focused on the effect of workforce diversity management on performance of commercial banks in Kenya. Studies by Oluoch (2016) and Gacheri (2012) addressed the issue of workforce diversity management practices. This study therefore sought to establish the relationship between workforce diversity management and performance of commercial banks in Kenya.

Objectives of the study

The general objective the study was to establish the relationship of between workforce diversity management and performance of commercial banks in Kenya. The study was guided by the following specific objectives

i. To assess the relationship between gender diversity management and performance of commercial banks in Kenya.

ii. To investigate the relationship between educational diversity management and performance of commercial banks in Kenya.

iii. To determine the relationship between ethnic diversity management and performance of commercial banks in Kenya.

iv. To establish the relationship between age diversity management and performance of commercial banks in Kenya.

Theoretical Review

The discipline of workforce diversity in its effort to streamline the interactions of diverse workforce and annex its potential in organizations has borrowed a number of theories. The study will be guided by social identification and categorization theory, similarity/attraction theory, information and decision-making theory and standpoint theory was used in this study to establish the effect of workforce diversity management on performance of commercial banks in Kenya.

Social Identification and Categorization Theory

Social category diversity is defined as differences in social category membership. It can arise, for example, if team members differ in terms of gender or age or if they belong to different ethnic groups, (Jackson, 1992). These differences can lead to lower levels of cohesiveness and a lower level of satisfaction with the team. If teams fail to manage these disagreements, relationship-oriented conflicts arise with negative effects on performance, (Williams & O'Reilly, 1998; Tjosvold et al., 2003). According to social Identity theory, people develop personal identity based on part of the categories to which they themselves belong (Hogg, Terry & White, 1995). In effect people stereotype themselves by attributing to themselves the attitudes, behaviours and other attributes they associate with membership in a particular group. The process of seeing oneself as a member of a group is described as self-categorization (Kulik & Bainbridge, 2006).
This theory brings out an understanding of how individuals make sense of themselves and other people in the social environment Korte (2007). According to Korte (2007), social identity theory and self-categorization theory are complementary theories explaining social identity, in term of its elements and processes. Through self-categorization and group membership, individuals develop a social identity, which serves as a social-cognitive schema (norms, values, and beliefs) for their group-related behavior. As the theory of social identify could provide a conceptual foundation for researchers in the examination of diversity, however it tends to lead diversity researchers to the study of power and inequality termed as “minimal inter-group paradigm” (Prasad, Pringle & Konrad, 2006). The theory supports the variable of gender diversity by linking the social identification and categorization theory to performance of commercial banks in Kenya.

**Similarity/Attraction Theory**

The similarity/attraction stream of research is predicated on the notion that similarity in attributes, particularly demographic variables, increases interpersonal attraction and liking. Individuals with similar backgrounds may find that they have more in common with each other than with others from different backgrounds, making it more comfortable for them to work together and collaborate toward producing a product or solving a problem. Similarity allows one to have his or her values and ideas reinforced, whereas dissimilarity causes one to question his or her values and ideas, a process that is likely to be unsettling. Research has shown that in a situation where an individual has the opportunity to interact with one of a number of different people, he or she is most likely to select a person who is similar (Berman, et al, 2001; Cassel, 2001). Early research using the similarity/attraction concept found that dissimilarity led to a lack of attraction to others that manifested itself through decreased communication, message distortion, and communication error (Cameron & Quinn, 2002). As with social identification and categorization theory, similarity/attraction research would predict that high levels of diversity in an organization or in a work group are likely to lead to faulty work processes. These faulty work processes will, in turn, lead to weaker employee performance. The theory supports the variable of age diversity by linking the similarity/attraction theory to performance of commercial banks in Kenya.

**Standpoint Theory**

Hubbler (2004) suggested that to understand co-cultural relations, the life experience of those in subordinate positions should be explored. Co-cultural theory provides a framework to access, from the perspective of historically marginalized individuals, their view of interaction between dominant and non-dominant relations within existing social structures. Standpoint theory suggest that marginalized groups bring different perspective to an organization that challenges the status quo since their socially constructed world view will differ from that of the dominant group (De Pree, Max, 2004). Although the standpoint of the dominant group will often carry
more weight, a transformational leader will encourage conflicting standpoints to coexist within an organization which will create a forum for sanctioned conflict to ensue. Conflicts stem from challenging the way things have always been done, and or ideas and problems that have not been explored from multiple perspectives. Standpoint theory gives a voice to those in position to see patterns of behavior that those immersed in the culture have difficulty acknowledging (Allen, 2002). These unique and varying standpoints help to eradicate groupthink which can develop within a homogenous group. Scot Page’s (2007) mathematical modeling research of team homogeneous teams on a variety of tasks points out that diversity in teamwork is not always simple and that there are many challenges to fostering an inclusive environment in the workplace of diverse thoughts and ideas. The theory supports the variable of ethnicity diversity by linking the standpoint theory to performance of commercial banks in Kenya

**Information and Decision-Making Theory**

The stream of research on information and decision-making in groups is predicated on the notion that the composition of the work group will affect how the group processes information, communicates, and makes decisions (Gruenfield et al., 1996; Wittenbaum & Stasser, 1996). One might expect, given the orientation of the first two theories of group interaction, that this theory would also predict a negative relationship between diversity and outcomes. If theories of social identification and categorization and similarity/attraction theory tend to argue that diversity will cause breakdowns in collaboration and communication, then it would seem to follow that diversity would also cause problems in information generation and decision-making.

The theory is not quite so straightforward, however, and it is important to consider the type of task when determining whether one might rely on information and decision-making research to predict a positive relationship between diversity and outcomes. For example, a routinized task that involves little discretion or group interaction is not likely to benefit from diversity (Adler, 2003). A handful of other studies use the same framework – differences in values that run along ethnic lines – to test hypotheses related to information and decision-making, but the literature is fairly shallow in this area (McLeod & Lobel, 1992; Watson et al., 1993). While this theoretical stream does suggest a positive relationship between diversity and performance, it is a weak hypothesis and one that should be approached with caution. The theory supports the variable of education diversity by linking the Information and Decision-Making Theory to performance of commercial banks in Kenya.

**Conceptual Framework**

Conceptual framework is a scheme of concept (variables) which the researcher operationalizes in order to achieve the set objectives (Mugenda & Mugenda, 2003). It explains the relationship between independent and dependent variables. In this study the conceptual framework showed the independent variables which are gender diversity, age diversity, ethnicity diversity and education diversity and banks performance. This is as shown in Figure 1:
Independent Variable | Dependent Variable

**Figure 1: Conceptual Framework**

**Research Methodology**

The study adopted a descriptive cross-sectional survey. The target population of this study comprised all the 40 commercial banks in Kenya. According to the CBK, Commercial Banks can be stratified into large, medium, and small on the basis of the size of their market share. The study population for this study was 120 employees of commercial banks in Kenya. The study population will comprise of 120 senior management employees in Human Resource Management (HRM), Head of Personal Banking (HPB) and Head of Customer Experience (HCEs) at their head office in Nairobi. HRM, HPB and HCE were selected as they had relevant information on the effect of workforce diversity management on performance of commercial banks in Kenya. The total sample of this study was a census of 40 commercial banks in Kenya where Human Resource Management (HRM), Head of Personal Banking (HPB) and Head of Customer Experience (HCEs) at their head office in Nairobi were selected; making a total sample size of 120 respondents.

**Table 1: Sample size**

<table>
<thead>
<tr>
<th>Category</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRM</td>
<td>40</td>
</tr>
<tr>
<td>HPB</td>
<td>40</td>
</tr>
<tr>
<td>HCB</td>
<td>40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
</tr>
</tbody>
</table>
The questionnaire was the selected instrument or tool for data collection for the study. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS (Version, 23) and presented through percentages, means, standard deviations and frequencies. Content analysis was used to test data that is qualitative in nature or aspect of the data collected from the open ended questions. The study conducted a correlation analysis to establish the strength of the relationship between the independent and the dependent variable. Multiple regressions were done to establish relationship between workforce diversity management and performance of commercial banks in Kenya.

**Results and Discussions**

Descriptive and inferential statistics have been used to discuss the findings of the study. Out of the 120 questionnaires issued, 100 were returned duly filled and fit for analysis. This represented a response rate of 83%. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

**Test of Reliability**

Reliability analysis was done to determine the reliability of the questionnaire. The study used the Cronbach’s Alpha. Gliem and Gliem (2013) established the Alpha value threshold at 0.7, thus forming a benchmark for the study. The Cronbach’s alpha was used to determine the reliability of each objective. The findings as shown in Table 4.2 indicate that age diversity had an alpha of 0.987, educational diversity had an alpha of 0.976, ethnicity diversity had an alpha of 0.974 and gender diversity had an alpha of 0.893. This shows that that all the variables are reliable.

**Table 2: Reliability Test**

<table>
<thead>
<tr>
<th>Variables</th>
<th>α=Alpha</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender diversity</td>
<td>0.893</td>
<td>Reliable</td>
</tr>
<tr>
<td>Age diversity</td>
<td>0.987</td>
<td>Reliable</td>
</tr>
<tr>
<td>Ethnicity diversity</td>
<td>0.974</td>
<td>Reliable</td>
</tr>
<tr>
<td>Education diversity</td>
<td>0.976</td>
<td>Reliable</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td><strong>0.957</strong></td>
<td>Reliable</td>
</tr>
</tbody>
</table>

**Correlations analysis**

The correlation analysis is used to analyze the association between independent and dependent variables. The study used the Pearson Moment Correlation analysis to determine the association between gender diversity, age diversity, ethnicity diversity, educational background diversity with performance of commercial banks in Kenya. The results were as shown in Table 4.8
Table 3: Correlations

<table>
<thead>
<tr>
<th></th>
<th>Performance</th>
<th>Gender Diversity</th>
<th>Age Diversity</th>
<th>Ethnicity Diversity</th>
<th>Educational Background Diversity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Correlation</td>
<td>Pearson</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender Diversity Correlation</td>
<td>Pearson</td>
<td>.661**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td></td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Age Diversity Correlation</td>
<td>Pearson</td>
<td>.537**</td>
<td>.129</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.005</td>
<td>.501</td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Ethnicity Diversity Correlation</td>
<td>Pearson</td>
<td>.665**</td>
<td>.143</td>
<td>.122</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>.651</td>
<td>.781</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Educational Background Diversity Correlation</td>
<td>Pearson</td>
<td>.743**</td>
<td>.215</td>
<td>.147</td>
<td>.051</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.573</td>
<td>.673</td>
<td>.812</td>
<td>.573</td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

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

The results revealed that there was a strong positive correlation between gender diversity and performance of commercial banks as shown by r = 0.661, statistically significant p = 0.000<0.01; there was a positive correlation between age diversity and performance of commercial banks as shown by r = 0.537, statistically significant P = 0.005<0.01; there was a positive correlation between ethnicity diversity and performance of commercial banks as shown by r = 0.665, statistically significant P = 0.001<0.01; there was a positive correlation between educational background diversity and performance of commercial banks as shown by r = 0.743, statistically significant P = 0.000<0.01. This implies that gender diversity, age diversity, ethnicity diversity and educational background diversity with performance of commercial banks are related.

**Regression Analysis**

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 23) to code, enter and compute the measurements of the multiple regressions.
Model Summary

Model summary is used to analyze the variation of dependent variable due to the changes of independent variables. The study analyzed the variations of performance of commercial banks due to the changes of gender diversity, age diversity, ethnicity diversity and educational background diversity.

Table 4: Model summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.862a</td>
<td>.743</td>
<td>.708</td>
<td>.00190</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Educational Background Diversity, Ethnicity Diversity, Age Diversity, Gender Diversity

Adjusted R squared was 0.708 implying that there was 70.8% variation of performance of commercial banks, due to the changes of gender diversity, age diversity, ethnicity diversity and educational background diversity. The remaining 29.7% imply that there are other factors that influence the performance of commercial banks which were not discussed in the study. R is the correlation coefficient which shows the relationship between the study variables. From the findings, the study found out that there was a strong positive relationship between the study variables as shown by 0.862.

Analysis of Variance

The analysis of variance ANOVA is used to determine whether the data used in the study is significant.

Table 5: Analysis of variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>5.692</td>
<td>4</td>
<td>1.423</td>
<td>5.011</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>26.98</td>
<td>95</td>
<td>0.284</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>32.672</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

b. Predictors: (Constant), Educational Background Diversity, Ethnicity Diversity, Age Diversity, Gender Diversity

From the ANOVA statistics, the processed data (population parameters) had a significance level of 0.000. This shows that the data is ideal for making conclusions on the population’s parameter as the value of significance (p-value) is less than 5%. The F calculated was greater than F critical (5.011 > 2.467). This shows that gender diversity, age diversity, ethnicity diversity and educational background diversity significantly influence performance of commercial banks.
Coefficients

The regression equation was

\[ Y = 0.305 + 0.484 X_1 + 0.405 X_2 + 0.456 X_3 + 0.561X_4 \]

The equation above reveals that holding gender diversity, age diversity, ethnicity diversity and educational background diversity constant, the variables will significantly influence performance of commercial banks as shown by constant = 0.305 as shown in Table 6.

Table 6: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.305</td>
<td>.071</td>
<td>4.281</td>
<td>.000</td>
</tr>
<tr>
<td>Gender Diversity</td>
<td>.484</td>
<td>.134</td>
<td>.477</td>
<td>3.624</td>
</tr>
<tr>
<td>Age Diversity</td>
<td>.405</td>
<td>.086</td>
<td>.453</td>
<td>4.714</td>
</tr>
<tr>
<td>Ethnicity Diversity</td>
<td>.456</td>
<td>.128</td>
<td>.433</td>
<td>3.553</td>
</tr>
<tr>
<td>Educational Background Diversity</td>
<td>.561</td>
<td>.135</td>
<td>.583</td>
<td>4.158</td>
</tr>
</tbody>
</table>

Dependent Variable: Performance

Gender diversity is statistically significant to performance of commercial banks as shown by (β = 0.484, P = 0.000). This indicates that gender diversity had significant positive relationship with performance of commercial banks. This implies that a unit increase in gender diversity will result to increase in performance of commercial banks. Age diversity is statistically significant to performance of commercial banks as shown by (β = 0.405, P = 0.000). This indicates that age diversity had significant positive relationship with performance of commercial banks. This implies that a unit increase in age diversity will result to increase in performance of commercial banks.

Ethnicity diversity is statistically significant to performance of commercial banks as shown by (β = 0.456, P = 0.001). This indicates that ethnicity diversity had significant positive relationship with performance of commercial banks. This implies that a unit increase in ethnicity diversity will result to increase in performance of commercial banks. Educational background diversity is statistically significant to performance of commercial banks as shown by (β = 0.561, P = 0.001). This indicates that educational background diversity had significant positive relationship with performance of commercial banks. This implies that a unit increase in educational background diversity will result to increase in performance of commercial banks.

Conclusions

Gender diversity is a vital factor in for organizational performance. This is because it has both internal and external values that facilitate organizational performance. Achieving gender diversity is not only important because it is the right thing to do in society in which gender equality is a major issue, but it also has the potential to facilitate the attainment of internal and external corporate objectives. Gender diversity had a significant relationship with performance.
The study concludes that gender diversity is positively related to performance of commercial banks.

Age diversity is a very crucial resource for firms that intend to sustain a sustainable workforce. For most organization, age diversity facilitates the development of a leadership pipeline within the firm as younger employees are available for training by the aged employees on organizational processes. By allowing the establishment of a leadership pipeline, age diversity not only facilitates the creation of a pool of competent employees but allows the firm to sustain its way of doing business include “best practices”. Age diversity has a statistically significant relationship with performance of commercial banks. The study concludes that age diversity is positively related performance of commercial banks.

Educational background diversity is essential in the organization. Individuals with different educational background are experts in different fields in the organizations. The employees with different educational background are required to work together to achieve the set organizational goals. Educational background diversity had a statistically positive relationship with performance of commercial banks. The study concludes that Educational background diversity is positively related to organizational performance.

Ethnic diversity has been determined to be a significant factor in organizational performance. This is especially true for firms that operate in multi-ethnic societies. The principle give always for ethnic diversity to corporation are in terms of their value for decision-making, skills pool, creativity and innovation, problem-solving, service and product quality and belonging among other aspects critical for organizational performance. In firms operating in ethically heterogeneous society, boardroom ethnic diversity is an indispensable internal resource for problem solving as people from different ethnic backgrounds provide a wider perspective of considering and conceiving a situation, which might result in more informed corporate decisions being made, or to finding proper and effective solutions to problems. Ethnic diversity had a statistically positive relationship with performance of commercial banks. The study concludes that Ethnic diversity is positively related to organizational performance.

**Recommendations**

The management of organizations that want to remain successful in the contemporary gendered world must appreciate gender diversity and integrate it within their corporate strategy. The management must appreciate gender diversity for its growing significance in modern organizations and in the society. As such, achieving gender balance in the organizational workforce must be considered as a sustainable strategy for not only attaining a competitive advantage, but for establishing a distinctive organizational culture and reputation, which adds to the corporate external image as well. The management should also consider gender diversity as
an internal resource for achieving marketing and sales strategy. Furthermore, organizations and managers should ensure that gender diversity is achieved within the firm as this adds to other aspects of performance such as creativity and innovation and quality decision-making.

Managers should perceive age diversity as a source of a competitive advantage within the firm. They should embrace age diversity for the potential impact that it has for creativity and innovativeness in the firm. The managers should appreciate that while the older generation brings experience and skills to the firm, younger generations bring novel ideas and new ways of looking at things and that age diversity can result in the enhancement of the firm’s business strategy. Furthermore, managers of organization must appreciate the problem solving and decision-making value of age diversity and perceive age diversity as a potential and indispensable internal resource for product and service quality improvement.

Managers should appreciate educational background diversity. This is also a source of competitive diversity. Individuals with different educational qualifications can qualify for different positions in the organization. Therefore, the management should ensure that individuals with different qualifications are employed in the organization. They can bring in new ideas which are important to the organization.

Like gender, educational and age diversity, firms must embrace ethnic diversity as a crucial resource for achieving the corporations marketing and sales objectives and for achieving employee job satisfaction. Furthermore, the management should appreciate the problem-solving value of ethnic diversity. Additionally, firms, especially those that operate in ethnically heterogeneous societies such as Kenya must view attainment of ethnic diversity as key to attaining harmony within the firm and contributing towards the establishment of a stable external social environment in which the firm must exist. The value of ethnic diversity for employee productivity and team performance, as well as creativity and innovation should also not escape managers of organizations.

**Suggestions for Further Research**

The objective of this study was to establish the relationship of between workforce diversity management and performance of commercial banks in Kenya. The study recommends that other studies should be conducted to discuss other types of workforce diversity and their effects on organizational performance which has not been discussed in this study.

**References**


