



**EFFECT OF DIVERSITY IN WORKPLACE ON EMPLOYEE PERFORMANCE IN THE BANKING
INDUSTRY IN KENYA.**

JEDDAH MWIKALI KALANI KYALO

EFFECT OF DIVERSITY IN WORKPLACE ON EMPLOYEE PERFORMANCE IN THE BANKING INDUSTRY IN KENYA

Kyalo, J., Jomo Kenyatta University of Agriculture & Technology (JKUAT), Kenya

Gachunga H., Jomo Kenyatta University of Agriculture & Technology (JKUAT), Kenya

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ABSTRACT

Diversity is increasingly recognized and utilized as an important organizational resource in regards to whether the goal is to be an employer of choice, to provide excellent customer service, or to maintain a competitive edge. The main objective of this study was to determine the effect of work diversity on employee performance in the banking industry in Kenya. The study also sought to determine the effect of education diversity, ethnic diversity, gender diversity and age diversity on employee performance in the banking industry in Kenya. A descriptive research design was used in this research. The study target population was all the middle level managers working at the headquarters of all the 43 commercial banks in Kenya. This study used stratified random sampling to select 30% of the commercial banks. The sample size of this study was therefore 221 middle level managers.

Key Words: Diversity, Work Place, Employee Performance

1.1 Background of the Study

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, 2007). According to Christian, Porter and Moffitt (2006), 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, 2004).

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, 2009).

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.*, 2003). 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.

1.2 Work Diversity and Employee Performance

Previous research on workplace diversity suggests that diversity can be either detrimental or beneficial for employee performance (Magoshi & Chang, 2009). For instance, employee diversity is positively associated with creativity and problem-solving skills and negatively related with cohesiveness and cooperation. Good work force 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, 2005).

Work place 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.*, 2003).

1.3 Commercial Banks in Kenya

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 grow 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, 2013).

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 (2009) 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 customer's satisfaction by focusing on employee performance.

1.4 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, 2003).

Research studies have been conducted the banking industry on work diversity and in relation to work diversity management strategies and organization performance, however, none of them focused on the influence of work diversity on employee performance. Studies by Oluoch (2006) and Gacheri (2012) addressed the issue of workforce diversity management practices. This study therefore sought to establish the effect of work diversity on employee performance in the banking industry in Kenya.

1.5 Objectives of the Study

The general objective of this study was to determine the effect of diversity in workplace on employee performance in the banking industry in Kenya.

1.6 Specific Objectives

The specific objectives of this study were;

- i. To determine the effect of education diversity on employee performance in the banking industry in Kenya
- ii. To establish how ethnic diversity influences employee performance in the banking industry in Kenya
- iii. To find out the effect of gender diversity on employee performance in the banking industry in Kenya
- iv. To find out how age diversity influences employee performance in the banking industry in Kenya

1.7 Research Questions

The study sought to answer the following research questions;

- i. What is the effect of education diversity on employee performance in the banking industry in Kenya?
- ii. How does ethnic diversity influence employee performance in the banking industry in Kenya?
- iii. What is the effect of age diversity on employee performance in the banking industry in Kenya?
- iv. How does gender diversity influence employee performance in the banking industry in Kenya?

1.8 Justification of the Study

The study offers valuable contributions from both a theoretical and practical standpoint. From a theoretical standpoint, it contributes to the general understanding of the effect of work diversity on employee performance in the banking industry. To academicians and researchers, the study provides a good literature and adds more information to the body of Knowledge on workplace diversity and employee performance. The study also provides information that forms a basis for further research on workplace diversity and employee performance. To the management of commercial banks in Kenya, the study provides deeper insights on how work diversity influences employee performance. The study also provides information on how gender diversity, age diversity, ethnic diversity and education diversity can be used to improve the performance of employees.

To the government and policymakers the study provides vital information on how work diversity influences employee performance that can be used to formulate policies to enhance the implementation of workplace diversity in

terms of gender, age, ethnic and religion in both public and private institutions.

1.9 Scope of the study

This study sought to determine the effect of work diversity on employee performance in the banking industry in Kenya. The study was limited to four work diversities, which include gender diversity, age diversity, ethnic diversity and education diversity. Further, the study was limited to the headquarters of commercial banks in Kenya which are all located in Nairobi. The study only focused on 108 human resource managers, operations managers, marketing managers, ICT managers and finance and credit managers working at the headquarters of commercial banks in Kenya.

2.0 LITERATURE REVIEW

Previous research on workplace diversity suggests that diversity can be either detrimental or beneficial for employee performance. For instance, employee diversity is positively associated with creativity and problem-solving skills and negatively related with cohesiveness and cooperation (Erasmus, 2007). Good work force 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 (Kochan *et al.*, 2002).

Work place 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 (Magoshi & Chang, 2009). 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 (Oluoch, 2006).

A perception of interpersonal incompatibility is labeled as relationship conflict and it typically includes tension, annoyance and animosity among group members. It is a related to difference of relationship between team members. It is infertile, difficult to manage and likely to leave people with more pressures and less ability to manage them. Normally, it occurs between frontline workers and their supervisors. It can reduce creativity, innovation, quality, and performance of employees and organizations (Richard, 2000). Relationship conflict also relates to conflict about personal taste, political preferences, values, and interpersonal style. Relationship conflict

negatively effects on the team performance and it breaks personal and professional relations (Ndaire, 2009).

Besides, it also produces tension between team members. Once relationship conflict erupts, each individual's displays varying difference. In case conflict continues, it results in nervousness, rivalry, stress and discontents, which results into reduction in performance of employees in organization (Hasan, Muhammad & Imran, 2009). Divergence of thoughts, action and opinion results in sorting out flimsy occurrences. It depletes energy of people to resolve conflict or to counter its effect rather than spending time in achievement of organizational objectives (Simons & Peterson, 2000).

However, according to Jonathan, David and Aparna (2004), the past research on workplace diversity suggests that diversity can be either detrimental or beneficial for workgroup performance. For instance, workgroup 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 employee and organizational performance (Emiko & Eunmi, 2009).

2.1 Education Diversity

Hoff (2014) found that employers commonly reject hiring employees whose training, experience, or education is judged to be inadequate. This means that education background is critical to employees' employability level. Employees cannot find a job and perform well without adequate education background. Besides that, Barrington and

Troske (2001) found that an employee will be more productive depending on the level of his/her education. The more education the individual received, the more productive the worker will be. Benschop (2001) argued that cities with higher percentage of tertiary education level workers will enable individuals of all education level secure higher wages. Christian, Porter and Moffitt (2006) found that a greater proportion of educated workers in a city translate to higher economic growth.

Dahlin, Weingart and Hinds (2005) found that employers commonly reject employing employees whose training, experience, or education is judged to be inadequate. On the other hand, this meant that education background is important to employees. Employees cannot find a job and perform well without adequate education background. Besides that, Emiko and Eunmi (2009) also found that various levels and types of education might expect different mobility rates. For example, the occupations available to those with working experience but does not possess a certified tertiary paper may differ from those who possess such education level. Mobility may differ across these occupations, causing the mobility of individuals with working experience to be different from those with non-working experience but possesses a degree certificate.

According to Emiko and Eunmi (2009) study, an individual will be more productive depending on the level of their education. The more education the individual worker received, the more productive the worker will be. Harrison and Klein (2007) explored this idea and found that cities with higher percentage of tertiary education level workers will enable individuals of all education level have higher wages. Other

researchers have found an increase in civic participation or a decrease in crime rates resulting from more education (Hasan, Muhammad & Imran 2009). Inmyxai and Takahashi (2010) also found that a greater proportion of educated workers in a city translate to higher economic growth. However, Jayne and Dipboye (2004) found that those high-level managers with higher education and the staff whose length of service is 11 to 15 years shows unusual decline in work performance because they have not found the suitable development space, so temporary disengagement happens.

2.2 Ethnicity Diversity

The growth of a multicultural workforce was the focus of the 90"s and is gaining more momentum into the new era (Zgourides, Johnson & Watson (2002). Along with the increase in diversity has been an increase in the use of work teams in general, with intention of utilizing greater participation and synergy to improve and increase both employee satisfaction and business performance. Even though the nature of workforce composition is rapidly becoming more mixed in terms of gender, age, ethnicity, parallel interest has been increasing about the impact of such diversity in our educational institutions. The multicultural increase in businesses is due to multicultural increase of our society and, thus, also pervades familial, educational, and religious circles. According to Zgourides, Johnson and Watson (2002), the differences in cultural characteristics were predictive of team scores, which can be interpreted as the advantage of having ethnically different views for team problem solving resulted in increased team performance after the teams learned how to utilize these differences to their benefit.

Timmermans, Ostergaard, and Kristinsson (2011) found that innovation is an interactive process that often involves communication and interaction among employees in a firm and draws on their different qualities from all levels of the organization. Diversity in ascribed characteristics, such as ethnic background, nationality, gender, and age can have negative affective consequences for the firm. Members of the minority group can experience less job satisfaction, lack of commitment, problems with identity, perceived discrimination among others. (Timmermans *et al.*, 2011). However, when minority group grows, some of the problems disappear. According to Timmermans *et al.*, (2011) study, ethnicity can be used as a proxy for cultural background and diversity in ethnicity can be expected to be positive for innovative performance, since it broadens the viewpoints and perspectives in the firm (Richard, 2000). Moreover, based on Timmermans *et al.* (2011) study some levels of diversity in ethnicity might be positive associated with innovation, high degree of diversity in ethnicity might be negative since it can create conflict and cliques due to social categorization (Dahlin, 2005).

As organizations become more diverse along ethnic lines, it makes sense to pay more attention to how different groups interact with one another at work (Pitts *et al.*, 2010). According to Pitts t al., (2010) states that as the private sector workforce becomes more ethnically diverse and make attempts to "manage" that diversity, the importance of understanding how diversity affects workplace interactions and work-related outcomes increases.

It is important that organizations know how to manage their diverse workforce in such a way that they can maximize the advantages of this diversity and minimize its disadvantages (Opstal, 2009). Based on the researcher's study, it states that ethnic diversity can have both advantages and disadvantages for organizations. Examples of disadvantages are communication problems, conflict (Benschop, 2001) discrimination, a lack of social cohesion in organizational work groups, and problems with reaching consensus (van Knippenberg, *et al.*, 2004).

According to Opstal (2009) states that advantages are for example more creativity, innovation, a larger pool of resources that is available in the organization (e.g. knowledge, abilities, and social networks) (van Knippenberg, *et al.*, 2004), and therefore better problem solving. Management of diversity is important to help an organization benefit from these advantages and minimize the disadvantages that can have a negative effect on organizational performance (Benschop, 2001).

Based on Opstal (2009) stated that organizational performance does not only concern (strategic) outcomes such as competitive advantage, but also the way these outcomes are achieved; the desired way of working in the organization like the efficient use of all resources. In other words, ethnic diversity can have both advantages and disadvantages for employee performance toward organization.

2.3 Gender Diversity

Gender-based inequities in organizations are reinforced and justified by stereotypes and biases that describe positive characteristics and

therefore a higher status to the males (Leonard & Levine, 2003). In other words, organizations prefer to hire males workers compared with women because they are perceived to have better performance and ability to manage their jobs.

Besides, according to Emiki & Eunmi (2009), significant amount of workforce diversity remains ineffective if gender issues are not first recognized and managed. The research and study also state that the most constitutional challenge is overcoming the thought that woman are not equal to man. Kossek, Lobel, and Brown (2005) states only 54% of working-age women are in the workforce worldwide compared to 80% of men. Furthermore, women continue to have the upper hand on the „invisible care" economy, which relates to care giving and domestic work.

However, according to Kochan *et al.*, (2002), providing an equal job opportunity to women is vital to improve performance of employees in an organization. These societal mandates eliminated formal policies that discriminated against certain classes of workers and raised the costs to organizations that failed to implement fair employment practices. Discrimination on hiring workers based on gender has resulted in a firm's hiring workers who are paid higher wages than alternative workers, but are no more productive (Barrington & Troke, 2001).

Based on the research from Joshi and Jackson (2003), a positive relationship was found between team gender diversity and intra-team cooperation, but only within regions that were relatively diverse in terms of gender. Furthermore, team gender diversity was positively related to team performance, but

again this was true only within regions characterized by relatively high gender diversity. Overall, regions with greater gender diversity at managerial as well as non managerial levels were more cooperative.

In comparison, Jayne and Dipboye (2004) argued that gender diversity does not necessarily bring positive outcome such as increases motivation, improving talents, build commitment, and decline conflict. The results from the studies conclude that benefits from diversity are contingent on situation such as the organization strategy, culture, environment as well as people and the organization. Other than that, giving more adequate training to build commitment among employees is necessary in the surface level (Starlene & Kimberly, 2011).

Inmyxai and Takahashi (2010) presented that there are different effects on business performance when different gender; male or female headed a firm in different countries. The studies tested the result of business performance on different gender. According to researchers, it is an incentive for different gender headed firm to invest in different stages of business to maximize its performance and build core competencies through diversifying its workforce thus, contribute better performance compared with competitors.

Recent studies indentified that gender discrimination does affect employee's performance. Genders are defined as a range of differences between man and women, extending from a biological to the social. Abbas and Hameed (2010) suggest that there are three dimension of gender discrimination; gender discrimination in hiring, gender discrimination in promotion and gender

discrimination in provision of goods and facilities.

According to Abbas and Hameed (2010), women do not have an upper hand when it comes to hiring compared with men. There is also women discrimination in superintendent salary or getting promotion. Female superintendent who replace male superintendent gets a lower salary level. Other than that, it shows that gender discrimination affects employee's performance as well as organizations productivity. They provide explanation that the continuation of gender discrimination and competitive labor markets and analyzes the effects on employees' performance (Rab *et al.*, 2013). The literature shows that on average, women receive lower earning than men. The difference persist even when controlling hours for work, industry of work and human capital characteristics suggest that this provides evidence of wage discrimination against women. Besides that, Mkoji and Sikalieh (2012) suggest that managers need to be aware that there might be gender differences regarding the relative importance assigned to distributions and communication. This may imply different communication strategies for dealing with male and female subordinates as management tries to create an optimal environment of fairness. As a result, failure of communication among different gender may lead to unfavorable performance in an organization.

However, there are studies from some researchers that these relationships may not hold currently due to the changing nature of the role of women in the workforce. Hogg and Terry (2000), for example, did not find any gender effects in justice-outcome relationships; they

point to narrowing gender gaps and similarity of work values between men and women as a reason. To put it in a simple way, the studies states that gender diversity in an organization did not affect performance of the employees.

2.4 Age Diversity

Growing age diversity has become part of many organizations. There are two major theories which explain this relationship; the social identity and self-categorization. Individuals are suggested to classify themselves into certain groups on the basis of dimensions that are personally relevant for them according to social identity and self-categorization theory (Kunze, Boehm & Bruch, 2009).

As a result, individuals tend to favor members of their own group at the expenses of the other groups, against which they may discriminate. Consequently, if the employees' age or generational belonging is regarded as a relevant criterion for distinction, a differentiation between age groups within an organization may emerge, fostering emotional conflicts and age based discrimination between the age groups. Benschop (2001) summarized that age heterogeneity can negatively affect productivity concerns differences in the values in and preferences of distinct age groups. It has been shown that productivity diminishing conflicts are particularly frequent in the presence of "generation gaps" (Sallee, 2008).

However, Barrington and Troske (2001) also include that age heterogeneity may be placed in proximity with its potential benefits. Complimentarily effects emerge when collaboration in a group enables individuals to be more productive than when working on their

own. Hence, the benefits of age heterogeneity are based on additional productivity effects that arise due to interaction among individuals of different ages with differing skill profiles, differing perspectives and perhaps also different personality traits. Last but not least, according to Brown (2008), increased diversity may also provide many challenges for HR management, as the workforce ages, for instance, employers will have to struggle with higher healthcare costs and pension contributions. Employees will need to accept that benefits are in sync with the vision of the organization; thus, their commitment will increase substantially.

According to Inmyxai and Takahashi (2008), youngsters who are at their learning stage are more willing to learn new things and accept new ideas. Older people who have more life experiences are more mature and possess better problem solving skills. As an addition, the researcher also stated that the westerns findings suggested that the older and younger employees must come together to form coherent and viable corporate culture. These values possessed by different age groups can complement each other in companies and it tends to achieve better firm performance. In her study result, showed that different age groups provide different values for companies and these values can complement each other which improve companies' performance.

As an addition, age heterogeneity on its own has a negative effect on individual productivity. Moreover, in the case of routine tasks, there are no substantial gains from age heterogeneity that could offset the increasing costs resulting from greater age heterogeneity. Thus, in companies with routine types of work,

increasing age heterogeneity overall leads to a decline in productivity (Gellner & Veen, 2009). Similarly, Kunze and Boehm (2009) found no main effect of age diversity on employee reports of team processes or objectives measure of team performance.

2.5 Conceptual Framework

This study sought to determine the effect of work diversity on employee performance in the banking industry in Kenya. The independent variables in this study were education diversity, ethnic diversity, age diversity and gender diversity. On the other hand, the dependent variable was employee performance in the banking industry in Kenya.

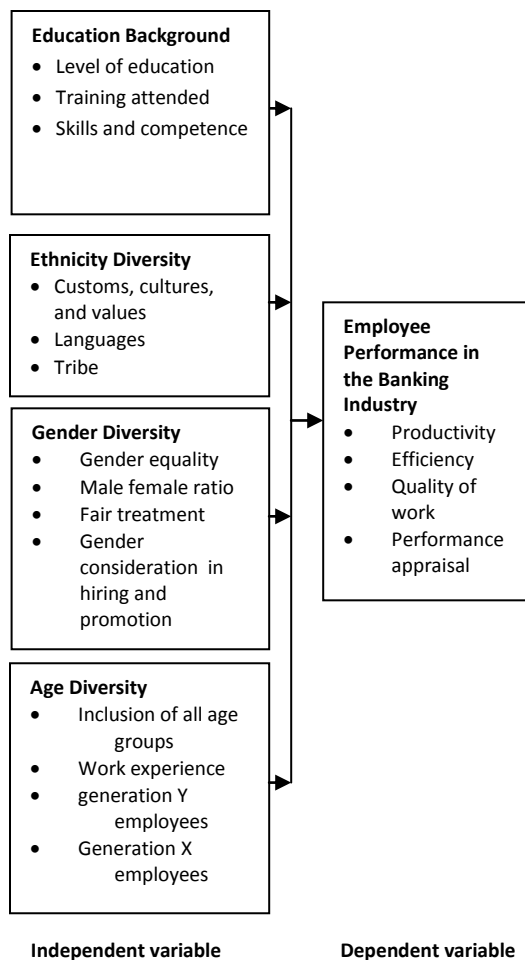


Figure 1: Conceptual Framework

2.6 Empirical Literature Review

Numerous studies have been conducted on workplace diversity both globally and locally. Globally, Mkoji and Sikalieh (2012) did a study on the influence of personality dimensions on organizational performance. The purpose of this study was to examine how personality dimensions impact on corporate organizational performance. A descriptive research design taking a survey approach was used. The target population of this study consisted of employees of the Kenya Medical Research Institute (KEMRI) from all the four locations, namely; Nairobi, Kisumu, Busia and Kilifi. A non-probability restricted purposive judgmental sampling was used to divide the population into two homogenous sub-groups; Research Officers and Administrative staff. The findings on the personality dimensions and performance showed that the conscientiousness personality trait is the most predictive of job performance followed by openness to experience, agreeableness, extraversion and emotional stability.

Rab *et al.* (2013) conducted a study on effect of workforce diversity on the performance of the students. To analyze the moderating affect of management between workforce diversity and performance of the students and to determine the relationship between workforce diversity and student's performance. Quantitative study was conducted in educational sector of Pakistan. Sample of 150 students of different colleges and universities was selected in Punjab province. The data was collected through questionnaires. Pearson Correlation and Regression was run to analyze the data.

Findings shows that there is positive and significant relationship between the workforce diversity and the performance of the students and management does not moderate its relation.

Elsaid (2012) did a study on the Effects of Cross Cultural Work Force Diversity on Employee Performance in Egyptian Pharmaceutical Organizations. This study explores the impact of gender, age, and education diversity on employee performance in the Egyptian Pharmaceutical industry which is renowned to employ highly diversified workforce. The study sample was 300 middle level management positions. Data was collected via self-administered questionnaires methodology. The results indicated that only two variables, gender and education diversity, were significant in explaining the variance in employee performance when different work force work together, while surprisingly, age diversity does not.

Emiko and Eunmi (2009) did a study on diversity management and the effects on employees' organizational commitment: evidence from Japan and Korea. The current research described the realities of diversity management practices in Japanese and Korean companies, and empirically examines how the practices influence employees' attitudes at the workplace. The results indicate that diversity management practices trigger positive effects on employees' organizational commitment, which was mediated by their perception of procedural justice.

In Kenya, Ndaire (2009) conducted a study on perceived benefits of workforce diversity policies and practices with a case study of

Hilton Hotel, Nairobi. The objective of the study was to establish the perceived benefits by the Hilton Hotel expects from implementing Diversity Policies. The population of interest consisted of forty employees in senior and middle level management at Hilton Hotel, Nairobi. The data was collected using both structured and unstructured questionnaires. The response rate was 65%. The data was analyzed using descriptive statistics. The findings of this study established that implementation of diversity strategies at Hilton Hotel Nairobi has led to: improved revenues; increased productivity; improved job satisfaction; reduced lawsuits; increased market opportunities and respect for individual differences. The results showed that at least 80% of the senior management embrace diversity as individuals can attest to the benefits of diversity and are actually involved in the policy implementation process. They view diversity as an essential business concern. The results of the study indicate that, diverse work teams have brought high value to Hilton Hotel and respect to individual differences. The findings further established that having a diverse workforce and managing it properly is perceived as a competitive strategy that can not only help attract diverse customers but also employees who have different perspectives that can contribute to the creativity of the organization.

Wambari (2014) conducted a study on workplace diversity management effects on implementation of human resource management practices in the ministry of health, Kenya. The study research objectives were related to demographic factors, cultural factors, diversity management programs and diversity managerial role. The study evaluated literature

from theoretical and empirical studies and finally outlines the conceptual framework of model. The Ministry Headquarters offices are located in Afya House and the study targeted a population of 168 employees from various departments in the Ministry with a study sample size of 34 respondents from all cadres of employment. The findings of the study depicted majority of the workforce in the organization are in Gen X (48- 34 yrs) with a minority of the young generation between 22-37yrs having a mean of 42 yrs. A positive diversity management is reflected by adherence of policies in recruitment, equitable and fair implementation of other HRM practices and provision of conducive and enabling environment for employees.

Otiye, Ombui and Mwalekwa (2011) did a study on effects of workplace diversity management on organizational effectiveness in Kenya commercial bank limited. Specifically, the study sought to establish the extent of demographic diversity, extent of social-cultural diversity, the management of diversity at the bank branches and how the management of the workforce diversity affect organizational effectiveness. The Study adopted a descriptive research design. The study population consisted of all branches of KCB limited in five countries in the East African region. The study established that overall, diversity affects the cohesion of the KCB and although the problems related to diversity are intermittent occurrences, in some branches, less than 20% of the branches, these happen very often. Although in 20% of the branches, diversity issues are minimal. Although, there are deliberate efforts to capitalize on diversity at KCB, very little is being achieved, and negative diversity is likely to affect organizational effectiveness, if not properly addressed.

2.7 Critique of Existing Literature

Several studies have been conducted on workplace diversity by very few have been conducted on how work diversity influences employee performance. For instance, Mkoji and Sikalieh (2012) did a study on the influence of personality dimensions on organizational performance in Kenya Medical Research Institute (KEMRI). However, the dependent variable in this study was organizational performance which is different from employee performance. In addition, the study was limited to Kenya Medical Research Institute (KEMRI) and hence its findings cannot be generalized to the banking industry in Kenya. On the other hand, Rab *et al.* (2013) conducted a study on effect of workforce diversity on the performance of the students in Pakistan. However, Pakistan has different political, economical and social characteristics as compared to Kenya and hence its findings cannot be generalized to Kenya. In addition, the study was conducted in the education sector which is different from the banking sector.

Further, Elsaid (2012) did a study on the Effects of Cross Cultural Work Force Diversity on Employee Performance in Egyptian Pharmaceutical Organizations. However, since the study was conducted in Egypt, its findings cannot be generalized to Kenya. In addition, the study was limited to the pharmaceutical industry which deals with drugs and its different from the banking industry that deals with money. On the other hand, Ndaire (2009) conducted a study on perceived benefits of workforce diversity policies and practices with a case study of Hilton Hotel, Nairobi. However, his study did not outline how education diversity, ethnic diversity, age diversity and

gender diversity influence employee performance.

Wambari (2014) on the other hand, conducted a study on workplace diversity management effects on implementation of human resource management practices in the ministry of health, Kenya. The dependent variable in this study was implementation of human resource management practices which is very different from employee performance. In addition, the study was limited to the ministry of health.

2.8 Research Gap

Various studies have been conducted on work diversity and work diversity management. For instance, Mkoji and Sikalieh (2012) did a study on the influence of personality dimensions on organizational performance of Kenya Medical Research Institute (KEMRI); Elsaid (2012) did a study on the effects of cross cultural work force diversity on employee performance in Egyptian pharmaceutical organizations; Otike, Omboi and Mwalekwa (2011) did a study on effects of workplace diversity management on organizational effectiveness in Kenya commercial bank limited. However, none of these studies focused on how education diversity, ethnic diversity, age diversity and gender diversity influence employee performance. In addition, none of these studies was conducted in the banking industry in Kenya.

3.0 RESEARCH METHODOLOGY

3.1 The Research Design

A descriptive research design was used in this research. According to Bryman (2003), this is a scientific method involving observing and describing the behavior of a subject without

affecting it in any way. Furthermore, the study incorporated both quantitative and qualitative research. In a nutshell, quantitative research generates numerical data or information that can be converted into numbers. In this study, quantitative data was obtained from the closed ended questions, while qualitative data was obtained from open ended questions.

3.2 Study population

According to Cooper and Schindler (2006), a target population is a population having the desired information. The population of the study was all the middle level managers working at the headquarters of all the 43 commercial banks in Kenya. This is because most of the decisions on employment are made at the headquarters and then cascaded down to the branch levels.

Table 1: Target Population

Tiers(Categories of Banks)	Target Population(No. of Banks)
Tier One	12
Tier two	14
Tier three	17
Total	43

3.3 Sampling Techniques and Sample Size

As stated by Cooper & Schindler (2003) a sample size is the sum of entities in a given subset of a population chosen for analysis. This study used stratified random sampling to select 30% of the commercial banks. According to Mugenda and Mugenda (2003), a sample size of 30% is a good representation of the target population. The sample size of this study was therefore the middle level management working in 4 banks in the first tier, 4 banks in the second tier and 5 banks in the third tier. The

middle level management was selected as they were considered to be more available compared to top level management. In addition, they were considered to have the information required on diversity in workplace and employee performance as they were having frequent interactions with the staff. The sample size of the study was therefore 221 middle level managers working at the headquarters of 13 commercial banks. Table 2: Banks Sample Size

Tiers	Bank	Middle level management
Tier one	Equity Bank	38
	KCB	34
	Barclays Bank	28
	Standard Chartered Bank	22
Tier two	Prime Bank	10
	Housing Finance	14
	Imperial Bank	9
	Bank of Africa	11
Tier three	Giro Bank	11
	Guardian Bank	12
	Southern Credit Bank	8
	Gulf African Bank	11
	Consolidated Bank	13
Total		221

3.4 Data Collection Instruments

This study made use of both secondary and primary data. Primary data is the data collected directly from actual experience free from processing or any other type of manipulation. Primary data can be obtained by using qualitative data collection tools (focus group discussions, observations and interview guide) and quantitative data collection tools (questionnaires). Semi structured questionnaires were used in research study to collect primary data. The questionnaires comprised of both open ended or closed ended

questions in order to enable the respondent to express their opinion in relation to the objectives of the study. Kothari (2004) argues that the use of a questionnaire is a cheap method to obtaining information particularly from a large group of respondents and it also permits for anonymity. Furthermore, questionnaires were applied in this study as they are very efficient in terms of time, finances and energy.

3.5 Pilot Test

Pre-testing was carried out before the questionnaires are administered to the participants, to certify that the questions are relevant, make sense and clearly understandable. Pre-testing aims at determining the reliability of the research tools including the sequence of the questions, wording and structure. In this study pretesting will involve 22 staff (10% of the sample size). The test was conducted in Standard Chartered Bank. The respondents were chosen using simple random sampling method.

Validity Test

According to Creswell (2003) validity is the extent to which results acquired from process of analysis of the data actually embodies the phenomenon under study. There are two types of validity: content validity and face validity. Face validity refers to probability that a question is misinterpreted or misunderstood. According to Cooper and Schindler (2006) pre-testing is a proper way to increase the possibility of face validity. On the other hand, content validity, also referred to as logical validity, refers to the degree to which a measure depicts all facets of a given social construct. In this study, the content validity was

improved by seeking the opinions of experts in the field of study, particularly the supervisors. Also, the face validity of the research instrument was improved by carrying out a pilot test and changing any unclear and ambiguous question.

Reliability Test

Reliability refers to a measure of the extent to which instruments of research produce consistent results. The questionnaire's reliability was statistically measured by measuring the internal consistency. In turn, internal consistency was measured by use of Cronbach's Alpha. The alpha value ranges between 0 and 1 with reliability increasing consistently with increase in value. Coefficient of 0.6-0.7 is a normally accepted rule of thumb that designates acceptable reliability and 0.8 or higher indicated good reliability (Greener, 2008).

3.6 Data Collection Procedure

Before data collection the researcher obtained a data collection letter from Jomo Kenyatta University. The researcher also obtained an informed consent from the respondents before giving out the questionnaires. The questionnaires was then administered through a drop and pick later method. The DOPU technique is an effective means to reduce potential non-response bias through increased response rate.

3.7 Data Analysis and Presentation

Yin (2008) indicates that data analysis process entails the process of packaging the collected data putting in order and structuring its major elements in a way that the results can be easily and efficiently communicated. Data analysis was quantitative as well as qualitative.

Quantitative data was analyzed by use of the statistical package for social sciences (SPSS version 21). Preceding the analysis, a codebook for the different quantitative variables was prepared on the basis of the numbering structure of the questionnaires. All the questionnaires were numbered prior to data collection to make the referencing easier. All the quantitative variables were chronologically set to make sure that the accurate code is filled in for each variable. By making use of the coded variable number and the questionnaire number, it is simple to discover and correct mistakes done during data entry. Data cleaning then came after where required.

After confirming that all data filled in is accurate, descriptive statistics were utilized to analyze quantitative data. Descriptive statistics include frequency distribution, percentages, measures of central tendencies (mean) and measures of dispersion (Standard deviation). The data was then represented in tables and graphs. Descriptive statistics help the researcher to significantly explain distribution of measurements and to also explain, organize and review data (Bryman, 2003).

On the other hand, qualitative data was coded thematically and then evaluated statistically. Content analysis was used to qualitative data, that is, data collected from open ended questions. The results were then presented in form of a prose.

On the hand, qualitative data was coded thematically and then evaluated statistically. Content analysis was used to qualitative data, that is, data collected from open ended questions. The results then presented in a prose form.

Additionally, correlation analysis was used to establish whether there is a relationship between the dependent and the independent variables. To determine the weight of the relationship between dependent and the independent variables multiple regression analysis was used. The study applied a 95% confidence level. A 95% confidence interval indicates a significance level of 0.05. This implies that for an independent variable to have a significant consequence on the dependent variable, the p-value ought to be below the significance level (0.05).

A multivariate regression analysis was used to determine the relationship between the dependent and the independent variables.

The multivariate regression model was:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Where:

Y = Employee Performance in the Banking Industry;

β_0 = Constant Term;

$\beta_1, \beta_2, \beta_3$ and β_4 = Beta coefficients;

X_1 = Gender diversity;

X_2 = Age diversity;

X_3 = Ethnicity diversity;

X_4 = Education diversity;

ϵ = Error term

4.0 FINDINGS AND DISCUSSION

The sample size of this study was 221 middle level managers working at the headquarters of 13 commercial banks out of which 212 responses were obtained which represent 95.93% response rate. According to Kothari (2004), 50% is adequate for analysis and reporting and response rate of 70% and over is excellent.

4.1 Pilot Test Results

In this study, the content validity was improved by seeking the opinions of experts in the field of study, particularly the supervisors. Also, the face validity of the research instrument was improved by carrying out a pilot test and changing any unclear and ambiguous question.

Reliability was enhanced by pre-testing the questionnaire with a selected sample of 22 staff from Standard Chartered Bank. An internal consistency technique was applied by use of Cronbach's Alpha. The alpha value ranges between 0 and 1 with reliability increasing with the increase in value. Coefficient of 0.7 is a commonly accepted rule of thumb that indicates acceptable reliability and 0.8 or higher indicated good reliability.

From the findings, education diversity had a Cronbach reliability alpha of 0.892, ethnic diversity had a Cronbach reliability alpha of 0.812, gender diversity had a Cronbach reliability alpha of 0.841, age diversity had a Cronbach reliability alpha of 0.789 and employee performance had a Cronbach alpha of 0.736. This clearly shows that the research instrument was reliable and hence no amendments were needed.

Table 3: Cronbach Alpha

Construct	Cronbach alpha	No of items
Education diversity	.892	
Ethnic diversity	.812	
Gender diversity	.841	
Age diversity	.789	
Employee performance	.736	

4.2 General Information

The general information of this study comprised of the respondents' gender and the duration of time they had been working in their organization.

4.3 Respondents' Gender

From the findings, 50.9% of the respondents indicated that they were male while 49.1% indicated that they were female. This shows that most of the respondents in this study were male although the difference was small. These findings disagree with Kossek, Lobel, and Brown (2005) findings that only 54% of working-age women are in the workforce worldwide compared to 80% of men.

4.4 Work Experience

In an effort to establish their work experience, the respondents were asked to indicate for how long they had been working in their organization.

According to the findings, 52.8% of the respondents reported that they had been working in their organizations for duration of less than 3 years, 26.4% reported that they had been working in their organization for duration of between 3 and 9 years, 11.3% indicated that they had been working in their organization for above 12 years and 9.4% indicated that they had been working in their organization for between 9 and 12 years. This shows that most of the respondents had been working in their organizations for duration of less than 3 years. According to Kunze, Boehm and Bruch (2009) the age of an individual influences their work experience.

4.5 Education diversity and Employee Performance

From the findings, 83% of the respondents reported that they had university education, 9.4% had postgraduate education and 7.6% had college education. This shows that most of the respondents had university education. An earlier study conducted by Hoff (2014) found that employers commonly reject hiring employees whose training, experience, or education is judged to be inadequate, which explains the reason why we had no staff with primary and secondary level of education.

4.6 Education Diversity and Employee Performance

The study sought to find out whether education diversity affects employee performance in their organization.

As indicated in figure 4.4, 84.4% of the respondents reported that education diversity affects employee performance in their organization while 15.6% indicated that education diversity does not affect employee performance in their organization. From these findings we can deduce that education diversity influence employee's performance in the banking industry in Kenya. These findings agree with Emiko and Eunmi (2009) argument that an individual will be more productive depending on the level of their education.

4.7 Effect of Education Diversity and Employee Performance

The respondents were asked to indicate their level of agreement on various statements in relation to education diversity and employee performance in their organization. A scale of 1 to 5 was used where 1 was strongly disagree, 2 was disagree, 3 was neutral, 4 was agree and 5 was strongly agree.

Table 4: Effect of Education Diversity and Employee Performance

	Mean	Std. Deviation
The recruitment plan of the organization is based on the education diversity of the employees.	3.9434	.96213
The organization provides paid study leave to employees who further their education.	3.1698	1.22743
Opportunities for growth and advancement exist for employees who have lower qualification in education.	3.0189	1.19224
The difference in education diversity does not encourage conflict.	2.8302	1.06180
At work, individuals experience lack of confidence due to their education diversity.	3.2264	1.11247
The team leader includes all members at different education level in problem solving and decision making.	3.3774	1.05267

From the findings, the respondents agreed with a mean of 3.9434 and a standard deviation of 0.96213 that the recruitment plan of the organization is based on the education diversity of the employees. These findings concur with Jayne and Dipboye (2004) findings that most organizations based their recruitment on education level and work experience. The respondents were neutral on whether their organizations the team leader includes all members at different education level in problem solving and decision making as shown by a mean of 3.3774 and a standard deviation of 1.05267. These findings agree with Dahlin, Weingart and Hinds (2005) argument that employers commonly reject employing employees whose training, experience, or education is judged to be inadequate. The respondents were also neutral on whether at

work individuals experience lack of confidence due to their education diversity as indicated by a mean of 3.2264 and a standard deviation of 1.11247. In addition, the respondents were neutral on the statement “the organization provides paid study leave to employees who further their education” as indicated by a mean of 3.1698 and a standard deviation of 1.22743. Further, the respondents were neutral, as shown by a mean of 3.0189 and a standard deviation of 1.19224 on the statement “opportunities for growth and advancement exist for employees who have lower qualification in education”. Also, the respondents were neutral on the statement whether the difference in education diversity does not encourage conflict as shown by a mean of 2.8302 and a standard deviation of 1.06180.

4.8 Ethnic Diversity and Employee Performance

The second objective was to establish how ethnic diversity influences employee performance in the banking industry in Kenya.

Presence of Diverse Ethnic Groups

The respondents were asked to indicate whether there were diverse ethnic groups in their organization.

According to the findings, 93.4% of the respondents indicated that there were diverse ethnic groups in their organization while 6.6% indicated that there were no diverse ethnic groups in their organizations. From these findings we can deduce that there were diverse ethnic groups in the banking industry in Kenya. The respondents were also asked to indicate the most common ethnic groups in their organization. From the findings the respondents

indicated that the most common ethnic groups in their organization included Akamba, Kikuyu, Luyha, Kalenjin, Kisii, Meru, Maasai, Embu and Indians. These findings concur with Zgourides, Johnson and Watson (2002) argument that the nature of workforce composition in most organizations is rapidly becoming more mixed in terms of ethnicity.

4.9 Ethnic Diversity and Employee Performance

The respondents were asked to indicate their level of agreement with the statements on ethnic diversity and employee performance in their organization. The results were as shown in table 5 below.

Table 5: Ethnic Diversity and Employee Performance

	Mean	Std. Deviation
The organization does a good job of attracting and hiring minorities	3.4151	1.15908
Opportunities for growth and advancement exist for minorities in our organization.	2.9057	.93918
The organization concerns about the employee's customs, cultures, and values	3.0943	1.20448
Different languages that are used to communicate do not create problem among employees.	2.9434	1.12558
At work, I developed low self-esteem due to my ethnicity.	2.2830	1.20626
The ethnicity differences in the workplace do not encourage conflict.	3.1509	1.17471
The team leader includes all members at different ethnicity in problem solving and decision making.	3.5849	1.09170

According to the findings, the respondents agreed with a mean of 3.5849 and a standard deviation of 1.09170 that the team leader includes all members at different ethnicity in problem solving and decision making. These findings agree with Zgourides, Johnson and Watson (2002), findings that the differences in

cultural characteristics were predictive of team scores, which can be interpreted as the advantage of having ethnically different views for team problem solving. The respondents were neutral on the statement whether their organization does a good job of attracting and hiring minorities as shown by a mean of 3.4151 and a standard deviation of 1.15908. The respondents were also neutral on the statement whether their organization was concerned about the employee's customs, cultures, and values. This was shown by a mean of 3.0943 and a standard deviation of 1.20448. Further, the respondents were neutral on whether opportunities for growth and advancement exist for minorities in their organization as shown by a mean of 2.9057 and a standard deviation of 0.93918. In addition, the respondents were neutral on whether different languages used to communicate create problems among employees as indicated by a mean of 2.9434 and a standard deviation of 1.12558. Lastly, the respondents disagreed with a mean of 2.2830 and a standard deviation of 1.20626 with the statement that at work, they developed low self-esteem due to their ethnicity. These findings disagree with Timmermans *et al.* (2011) argument that members of the minority group can experience less job satisfaction, lack of commitment, problems with identity, perceived discrimination among others. **4.10 Effect of Ethnic Diversity on Employee Performance**

The respondents were requested to indicate how ethnic diversity affects employee performance in their organization. From the findings, the respondents indicated that ethnic diversity promotes disagreements on the basis of prejudices and assumptions on other communities. The respondents also indicated

that the more diverse the workforce in terms of ethnicity the better the work environment. They also indicated that ethnic diversity leads to cohesion and integration.

On the negative effect of ethnic diversity on employee performance, some respondents indicated that some employees feel out of place and lack motivation. Other respondents indicated that it leads to an increase in conflicts in their organization. The respondents also indicated that ethnic diversity creates a lot of tension that creates division amongst employees which deters unity that is essential for productivity. Other employees felt that ethnic diversity lowers self-esteem because the majority of the ethnic groups speak their ethnic language which some employees do not understand.

4.11 Gender Diversity and Employee Performance

The respondents were asked to indicate the extent to which gender diversity affects employee performance in their organization.

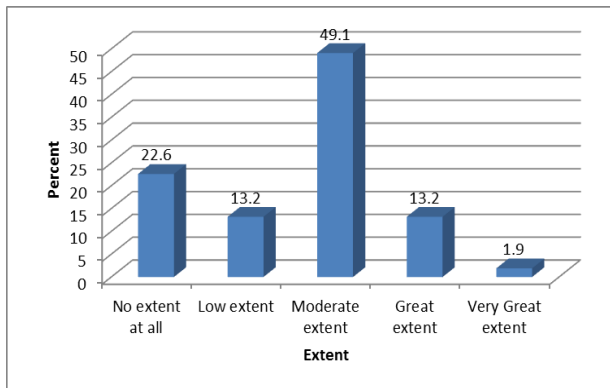


Figure 2 : Gender Diversity and Employee Performance

From the findings, 49.1% of the respondents reported that gender diversity affects employee

performance to a moderate extent, 22.6% indicated to no extent at all, 13.2% indicated to a low extent, the same percent indicated to a great extent and 1.9% indicated to a very great extent. From these findings we can deduce that gender diversity affects employee performance to a moderate extent. These findings concur with Emiki and Eunmi (2009) argument that a significant amount of workforce diversity remains ineffective if gender issues are not first recognized and managed.

4.12 Effect of Gender Diversity and Employee Performance

The respondents were also asked to indicate their level of agreement with the statements on gender diversity and employee performance in their organization. The results are shown in table 6 below.

Table 6: Effect of Gender Diversity and Employee Performance

	Mean	Std. Deviation
The employees have not been discriminated by employer while hiring and recruitment process on the gender basis.	3.6415	.97542
The organization does a good job of attracting and hiring women.	3.6604	.95279
Fair treatment is given to all employees, whether they are male or female.	3.8679	.91409
Opportunities for growth and advancement exist for both men and women in our organization.	4.0000	.97358
There are career development programs that favor both men and women within our organization	3.7736	.98600
The organization's training and development program is developed to meet the criteria/requirement of the male and female.	3.7547	.95204
Women are involved in the organization's decision making as much as men.	3.7736	1.00504
The performance criterion for success is the same for men and women.	3.8302	1.04380

According to the findings, the respondents agreed with a mean of 4.0000 and a standard deviation of 0.97358 that opportunities for growth and advancement exist for both men and women in their organization. These findings concur with Kochan *et al.*, (2002) argument that providing an equal job opportunity to women is vital to improve performance of employees in an organization. The respondents also agreed with a mean of 3.8679 and a standard deviation of 0.91409 that in their organization fair treatment is given to all employees, whether they are male or female. The respondents further agreed with a mean of 3.8302 and a standard deviation of 1.04380 that the performance criterion for success is the same for men and women.

In addition, the respondents agreed with a mean of 3.7736 and a standard deviation of 0.98600 that there are career development programs that favor both men and women within their organization. Further, the respondents agreed with a mean of 3.7736 and a standard deviation of 1.00504 that women are involved in the organization's decision making as much as men. Also, the respondents agreed with a mean of 3.7547 and a standard deviation of 0.95204 that the organization's training and development program is developed to meet the criteria/requirement of the male and female. Additionally, the respondents agreed with a mean of 3.6604 and a standard deviation of 0.95279 that their organizations do a good job of attracting and hiring women. According to Barrington and Troke (2001), discrimination on hiring workers based on gender has resulted in a firm's hiring workers who are paid higher wages than alternative workers, but are no more productive. Lastly, the respondents agreed with a mean of 3.6415 and

a standard deviation of 0.97542 that the employees have not been discriminated by employer while hiring and recruitment process on the gender basis.

4.13 Age Diversity and Employee Performance

The fourth objective of this study was to find out how age diversity influences employee performance in the banking industry in Kenya

Respondents' Age

According to the findings, 13.2% of the respondents reported that they were 28 years old, 11.3% indicated that they were 30 years old, 9.4% indicated that they were 29 years old, 7.6% reported that they were 32 years old, 75% indicated that they were 24 years old, the same percent indicated that they were 25 years old, 27 years old and 35 years old. In addition, 5.7% indicated that they were 50 years old, 3.8% indicated that they were 26 years old and the same percent reported that they were 31, 37,40 and 45 years in age. Further, 1.9% of the respondents indicated that they were 49 years in age and the same percent indicated that they were 43 years in age. The diverse workforce composition in the banking industry in terms of age agrees with Kunze, Boehm and Bruch (2009) argument that growing age diversity has become part of many organizations and industries.

Age Diversity and Employee Performance

The respondents were requested to indicate their level of agreement with statements on age diversity and employee performance in their organization. The results were as shown in table 7 below.

Table 7: Effect of Age Diversity on Employee Performance

	Mean	Std. Deviation
Older people have more experiences and possess better problem solving skills	3.8868	.79478
This organization provides all age groups with equal opportunities for training and career development	3.5849	.98200
We include all members at different ages in problem solving and decision making.	3.6415	.87285
The age differences in work group might cause conflict.	3.1132	1.07818
At work, I experience lack of bonding with people of different age group.	2.6226	1.10538

From the findings, the respondents agreed with a mean of 3.8868 and a standard deviation of 0.79478 that older people have more experiences and possess better problem solving skills. These findings disagree with Benschop (2001) argument that all age groups possess diverse problem solving skills depending with their level of education and experience. The respondents also agreed with a mean of 3.6415 and a standard deviation of 0.87285 that they include all members at different ages in problem solving and decision making. Further, the respondents agreed with a mean of 3.5849 and a standard deviation of 0.98200 that their organization provides all age groups with equal opportunities for training and career development.

The respondents were neutral on the statement whether age differences in work group might cause conflict. This is shown by a mean of 3.1132 and a standard deviation of 1.07818. Further, the respondents were neutral on the

statement whether at work, they experience lack of bonding with people of different age group. This is shown by a mean of 2.6226 and a standard deviation of 1.10538.

4.14 Effect of Age Diversity on Employee Performance

The study sought to establish how age diversity affects employee performance in the banking industry in Kenya. From the findings, the respondents indicated that the older generation find the young generation too proud and unrealistic in their ambitions which negatively affects cohesion. These findings agree with Benschop (2001) argument that age heterogeneity can negatively affect productivity concerns differences in the values in and preferences of distinct age groups. They also indicate that the older generation has a culture of doing things out of experience without considering technological advances. Other respondents were of the view that the young generation is over ambitious and fail to see the future of their organization while the older generation is committed to the organization. This leads to dysfunction of the organization. In addition, some respondents indicated that different tastes and preferences of the older and the young generation affects decision making.

4.15 Employee Performance

The respondents were asked to indicate their level of agreement with various statements in relation to employee performance in their organization. The results are shown in table 8 below.

Table 8: Employee Performance

	Mean	Std. Deviation
I enjoy my tasks and the division's work approach.	4.1321	.67558
I am committed to the mission and direction of my organization	4.0755	.64136
I am motivated to complete the task that is assigned to me.	4.1321	.64691
I co-operate well with my colleagues of different age group.	4.2830	.73832

From the findings, the respondents agreed with a mean of 4.2830 and a standard deviation of 0.73832 that they co-operate well with their colleagues of different ethnicity. The respondents also agreed with a mean of 4.1321 and a standard deviation of 0.67558 that they enjoy their tasks and the division's work approach. Further, the respondents agreed with a mean of 4.1321 and a standard deviation of 0.64691 that they are motivated to complete the task that is assigned to them. Lastly, the respondents agreed with a mean of 4.0755 and a standard deviation of 0.64136 that they are committed to the mission and direction of their organization. These findings agree with Magoshi and Chang (2009) that workplace diversity influences employee motivation and commitment positively.

4.16 Performance Appraisal

The respondents were asked to indicate their results as per last year's performance appraisal. The results were as shown in figure 3 below.

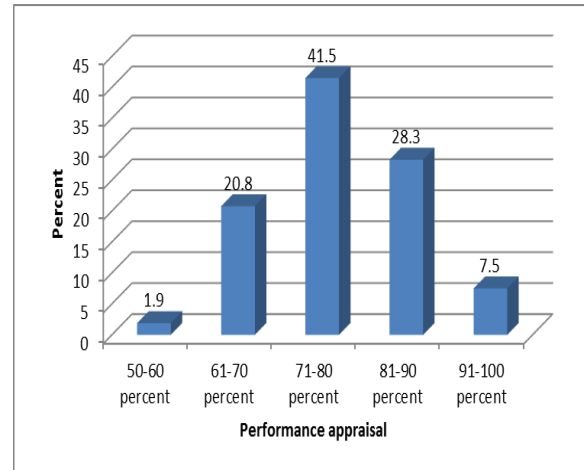


Figure. 3: Performance Appraisal

From the findings, 41% of the respondents indicated that in their last year's performance appraisal had between 71 and 80 percent scores, 28.3% indicated that they had between 89 and 90 percent scores, 20.8% indicated that they had between 61 and 70 percent scores, 7.5% indicated that they had between 91 and 100 percent scores and 1.9% indicated that they had between 50 and 60 percent scores. From these findings we can deduce that most of the respondents had between 71 and 80 percent scores in their last year's performance appraisal.

4.18 Correlation Analysis

This study used Pearson product-moment correlation analysis to establish whether there is an association between the independent variables and the dependent variable. The correlation coefficient can range between ± 1.0 (plus or minus one). A coefficient of +1.0, a "perfect positive correlation," means that changes in the independent item will result in an identical change in the dependent item. A coefficient of -1.0, a "perfect negative

correlation," means that changes in the independent item will result in an identical change in the dependent item, but the change will be in the opposite direction. A coefficient of zero means there is no relationship between the two items and that a change in the independent item will have no effect in the dependent item.

Table 9: Correlation between the Dependent and the Independent Variables

		Employee performance	Education diversity	Ethnic Diversity	Gender Diversity	Age Diversity
Employee performance	Pearson Correlation	1	.188**	.242**	.495**	.128
	Sig. (2-tailed)		.006	.000	.000	.062
	N	212	212	212	212	212
Education Diversity	Pearson Correlation	.188**	1	.279**	.124	.091
	Sig. (2-tailed)	.006		.000	.071	.189
	N	212	212	212	212	212
Ethnic Diversity	Pearson Correlation	.242**	.279**	1	.330**	.196**
	Sig. (2-tailed)	.000	.000		.000	.004
	N	212	212	212	212	212
Gender Diversity	Pearson Correlation	.495**	.124	.330**	1	.251**
	Sig. (2-tailed)	.000	.071	.000		.000
	N	212	212	212	212	212
Age Diversity	Pearson Correlation	.128	.091	.196**	.251**	1
	Sig. (2-tailed)	.062	.189	.004	.000	
	N	212	212	212	212	212

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

From the findings, there is a positive association between education diversity and employees performance as shown by a correlation coefficient of 0.188 and a p-value of 0.006. The p-value is less than 0.05 and hence the

association was significant. In addition, there is a positive and significant association between ethnic diversity and employee performance as shown by a correlation coefficient of 0.242 and a p-value of 0.000. Further, there is a positive significant association between gender diversity and employee performance. This is shown by a correlation coefficient of 0.495 and a p-value of 0.000. Lastly, the findings show that there is a positive association between age diversity and employee performance as shown by a p-value of 0.062.

4.19 Regression Analysis

A multivariate regression analysis was used to determine the weight of the relationship between the dependent and the independent variables. The multivariate regression model was:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$$

Where:

Y = Employee Performance in the Banking Industry;

β_0 = Constant Term;

$\beta_1, \beta_2, \beta_3$ and β_4 = Beta coefficients;

X_1 = Gender diversity;

X_2 = Age diversity;

X_3 = Ethnicity diversity;

X_4 = Education diversity;

Table 10: Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.814 ^a	.663	.660		.46045

The R-Squared is the proportion of variance in the dependent variable (science) which can be explained by the independent variables. The R-squared in this study was 0.663, which shows that the four independent variables (age

diversity, education diversity, gender diversity, and ethnic diversity) can explain 66.3% of the dependent variable. This shows that the other factors not studied in this study explain 33.7% of the dependent variable (Employee performance in the banking industry).

Table 11: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.727	4	3.932	18.545	.000 ^b
	Residual	43.886	207	.212		
	Total	59.613	211			

The analysis of variance in this study was used to determine whether the model is a good fit for the data. From the findings, the p-value was 0.000 which is less than 0.05 and hence the model is good in predicting how the four independent variables (age diversity, education diversity, gender diversity, and ethnic diversity) influence employee performance in the banking industry. Further, the F-calculated (18.545) was more than the F-critical (2.46) which shows that the models was fit in predicting the influence of the independent variables on the dependent variable.

Table 4. 1: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.353	0.307		7.664	0.000
Education diversity	0.317	0.063	0.115	5.032	0.000
Ethnic Diversity	0.148	0.053	0.059	2.792	0.031
Gender Diversity	0.347	0.048	0.463	7.229	0.000
Age Diversity	-	0.07	-0.01	-	0.874

Based on this table, the equation for the regression line is:

$$Y = 2.353 + 0.317X_1 + 0.148X_2 + 0.347X_3 - 0.011X_4$$

According to the intercept (B₀), when the four independent variables are held constant, the value of employee performance in the banking industry will be 2.353. In addition, holding all the other independent variables constant, a unit increase in education diversity would lead to a 0.317 increase in employee performance. The relationship was significant as shown by a p-value of 0.000. Further, holding on the other independent variables constant, a unit increase in ethnic diversity would lead to a 0.148 increase in employee performance in the banking industry. The relationship was significant as shown by p-value of 0.031.

In addition, holding all the other variables constant, a unit increase in gender diversity would lead to a 0.347 increase in employee performance in the banking industry. The relationship is significant as shown by a p-value of 0.000. Lastly, the findings show that there was no significant relationship between age diversity and employee performance in the banking industry.

From these findings we can infer that gender diversity was influencing employee performance in the banking industry most, followed by education diversity and ethnic diversity. However, the association between age diversity and employee performance was insignificant.

4.9.3 Stationarity Test

A stationarity test (Durbin-Watson) was conducted to test the autocorrelation of the of

age diversity. The value of Durbin-Watson test statistic, d , varies between 0 and 4. Closer to 0 means positive auto-correlation while closer to 4 means a negative auto-correlation. A Durbin-Watson value less than 2 ($d < 2$) indicates positive auto-correlation, a Durbin-Watson value equal to 2 ($d = 2$) indicates no auto-correlation and a Durbin-Watson value greater than 2 ($d > 2$) indicates negative auto-correlation.

Table 4. 2: Durbin-Watson

Change Statistics						Durbin-
R Square Change	F Change	df1	df2	Sig. Change	F	Watson
.016 ^a	3.507	1	210	.062		2.124

From the findings, the Durbin-Watson test value was 2.124 which indicates a negative auto-correlation. The negative autocorrelation of age diversity explains why there was an insignificant association between age diversity and employee performance in the banking industry.

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Education diversity and Employee Performance

The first objective of this study was to determine the effect of education diversity on employee performance in the banking industry in Kenya. The study established that most of the staff working in the banking industry in Kenya had university education. Employers commonly employ staff whose training, experience, or education is adequate in offering financial services to customers. This conquers with Hoff (2014) who indicated that employers commonly reject hiring employees whose training,

experience, or education is judged to be inadequate.

The study also established that education diversity influences employee's performance in the banking industry in Kenya. This study conquered with Barrington and Troske (2001) who indicated that an employee will be more productive depending on the level of his/her education. It was also revealed that the recruitment plan in most of the banks in Kenya is based on the education diversity of the employees. In addition, the study found that in most of the banks team leaders do include all members at different education level in problem solving and decision making. Further, the study found that most of the staffs in commercial banks in Kenya were not experiencing lack of confidence due to their education diversity. In addition, the study found that most of the banks were not providing paid study leave to employees who further their education. It was also found that there were no opportunities for growth and advancement that existed for employees who have lower qualification in education in most of the banks.

5.2 Ethnic Diversity and Employee Performance

The second objective was to establish how ethnic diversity influences employee performance in the banking industry in Kenya. The study established that there were diverse ethnic groups in the banking industry in Kenya and the most common ethnic groups included Akamba, Kikuyu, Luyha, Kalenjin, Kisii, Meru, Maasai, Embu and Indians. The nature of workforce composition in most organizations today is rapidly becoming more mixed in terms of ethnicity. This conquered with Zgourides,

Johnson and Watson (2002) who indicated that the growth of a multicultural workforce was the focus of the 90s and is gaining more momentum into the new era

The study established that the team leaders in most of the banks in Kenya include all members at different ethnicity in problem solving and decision making. This conquered with Zgourides, Johnson and Watson (2002) who indicated that the differences in cultural characteristics were predictive of team scores, which can be interpreted as the advantage of having ethnically different views for team problem solving resulted in increased team performance after the teams learned how to utilize these differences to their benefit. However, the study found that commercial banks were not doing a good job of attracting and hiring minorities. In addition, the study revealed that most commercial banks are not concerned about the employee's customs, cultures, and values. The study found that different languages used to communicate create problems among employees. Further, it was revealed that most staff were not developing low self-esteem due to their ethnicity.

The study also found that ethnic diversity promotes disagreements on the basis of prejudices and assumptions on other communities. In addition, the more diverse the workforce in terms of ethnicity the better the work environment and ethnic diversity leads to cohesion and integration. However, can lead to an increase in conflicts and some employees may feel out of place and lack motivation. In addition, it creates tension in an organization, which in turn creates division amongst employees which deters unity that is essential

for productivity. This conquered with Dahlin (2005), who indicated that some levels of diversity in ethnicity might be positive associated with innovation, high degree of diversity in ethnicity might be negative since it can create conflict and cliques due to social categorization. Further, ethnic diversity lowers self-esteem because the majority of the ethnic groups speak their ethnic language which some employees do not understand.

5.3 Gender Diversity and Employee Performance

The third objective of this study was to find out the effect of gender diversity on employee performance in the banking industry in Kenya. The study found that gender diversity affects employee performance to a moderate extent. It was also established that a significant amount of workforce diversity may remain ineffective if gender issues are not first recognized and managed. This conquers with Emiki and Eunmi (2009), who indicated that significant amount of workforce diversity, remains ineffective if gender issues are not first recognized and managed.

The study established that in most of the banks in Kenya opportunities for growth and advancement exist for both men and women in their organization. Providing an equal job opportunity to women is vital to improve performance of employees in an organization. This conquers with Kochan (2002) who indicated that providing an equal job opportunity to women is vital to improve performance of employees in an organization. The study also found that fair treatment is given to all employees in most commercial banks in Kenya, whether they are male or female. The

study revealed that the performance criterion for success is the same for men and women. Further, most commercial banks in Kenya have career development programs that favor both men and women within their organization. Further, the study found that women are involved in the organization's decision making as much as men. The study also found that organization's training and development program is developed to meet the criteria/requirement of the male and female. The study found that employees have not been discriminated by employer in most of the commercial banks while hiring and recruitment process on the gender basis.

5.4 Age Diversity and Employee Performance

The fourth objective of this study was to find out how age diversity influences employee performance in the banking industry in Kenya. The study found that there is a diverse workforce in most of the commercial banks in Kenya in terms of age. The study also revealed that older people have more experiences and possess better problem solving skills. It was also found that most commercial banks in Kenya include all members at different ages in problem solving and decision making. Further, the study revealed that most commercial banks provide all age groups with equal opportunities for training and career development.

It was established that the older generation find the young generation too proud and unrealistic in their ambitions which negatively affects cohesion. This concurs with Kunze, Boehm and Bruch, (2009) who indicated that a differentiation between age groups within an organization may emerge, fostering emotional conflicts and age based discrimination between

the age groups. Age heterogeneity can negatively affect productivity concerns differences in the values in and preferences of distinct age groups. This concurs with Benschop (2001) who indicated that age heterogeneity can negatively affect productivity concerns differences in the values in and preferences of distinct age groups..The study also found that the older generation has a culture of doing things out of experience without considering technological advances. In addition, the study found that the view that the young generation is over ambitious and fail to see the future of their organization while the older generation is committed to the organization. This leads to dysfunction of the organization.

5.5 Conclusion

The study concludes that there a positive significant relationship between education diversity and employee performance in the banking industry in Kenya. The study also concludes that level of education, training attended and skills and competence influence employee performance positively. The recruitment plan in most of the banks in Kenya is based on the education diversity of the employees.

The study also concludes that there is a positive significant association between ethnic diversity and employee performance in the banking industry. The study found that members of the minority group can experience less job satisfaction, lack of commitment, problems with identity, perceived discrimination among others. The study also found that Customs, cultures, and values, languages and tribe

influence employee performance in the banking industry.

The study further concludes that there is a positive association between gender diversity and employee performance in the banking industry. The study found that gender equality, male female ratio, fair treatment and gender consideration in hiring and promotion influence employee performance. The study found that in most of the banks opportunities for growth and advancement exist for both men and women in their organization.

Lastly, the study found that there is a weak negative and insignificant relationship between age diversity and employee performance in the banking industry. The study found that inclusion of all age groups influence employee performance. The young generation people are viewed as too proud and ambitious while the old people are viewed as people who have experiences and possess better problem solving skills.

5.6 Recommendations

The study established that that most of the banks were not providing paid study leave to employees who further their education. The study recommends that commercial banks in Kenya should consider increasing the skills and competence of their staff by providing them with a paid leave.

The study also found that there possibility of increased conflicts with diverse ethnic communities working in the same organization. The study therefore recommends that the management of commercial banks should put

more focus on workplace diversity management.

It was also found that different languages used to communicate create problems among employees. The study therefore recommends that commercial banks in Kenya should come up with a policy indicating that staff should only use Kiswahili or English at their workplaces.

The study also found that gender diversity influences employee performance. The study therefore recommends that all commercial banks in Kenya should ensure that they give both male and female staff equal opportunities during recruitment and in other areas like growth and opportunities.

The study found that the older generation has a culture of doing things out of experience without considering technological advances and the young people are over ambitious and fail to see the future of their organization. The study therefore recommends that workplace diversity management practices to bring together the work experience of the old and the technological capabilities of the young to improve employee performance.

5.7 Proposed Areas for Further Studies

This study was limited to the banking industry in Kenya and hence more studies should be conducted to focus on other sectors like the manufacturing industry. The study also suggests that further studies should be conducted on the relationship between age diversity and employee performance in other sectors and there was found to be no relationship in the banking industry.

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