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Workforce Diversity Management and Employee Performance in The Banking Sector in Kenya

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The rapid growth in the Banking industry has posed several challenges such as workforce diversity which is a natural phenomenon that has both negative and positive impacts on employee performance depending on how well it is managed. This has affected the commercial banks, Non-Banking Financial Institutions, and even the Micro-Finance sector. It is in this context that this Research investigated the effects of workforce diversity management on employee performance in the Banking industry in Kenya. Descriptive survey research design was used. The target population included all the 4000 employees of the bank. Nairobi region was purposively selected because of nearness to the researchers, accessibility, and time limit. The respondents were selected using stratified random sampling technique from 3 branches in Nairobi region. The study revealed that the Bank had strategies such as balanced recruitment, support to minority groups, diversity training and equal employment opportunities. Other than an employee's level of education and performance ability, there was no other workforce diversity variable that determined an employee's compensation. Workforce diversity was found to affect employee performance at varying degrees considering both managers and non-managerial employees of the Bank. The managers registered a greater impact while the impact was less among the non-managerial employees. The various tests of hypotheses showed a significant level of association between employee performance and the mean productivity levels of the bank workforce when categorized by gender, age and level of education.

Key words: Workforce, Diversity Management, Banking Sector, Kenya

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INTRODUCTION

Background

Carrell (2006) defines workforce diversity as the ways that people differ which can affect a task or relationship within an organization such as age, gender, race, education, religion, and culture. Chatman and Spataro (2005) rightly note that there are a number of activities that an organization can engage in to manage the diversity of their workforce. Carrell (2006) comments in Labor Law Journal that although workforce diversity has become a reality in organizations today as predicted by Workforce 2000 in a 1987 report by the Hudson Institute, the ways that organizations define and manage workforce diversity are still evolving.

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. Although this research discussed the impacts of workforce diversity on employee performance, it is good to note that diversity and equality are two concomitant principles just like time and space. Skaggs and DiTomaso (2004) argue that to understand the impact of workforce diversity, scholars must consider the effects of the distribution of valued and scarce resources, the relationships among people and groups, and the compositional effects of the unit such as job, occupation, firm, or society. These have significance on allocation decisions and evaluative processes that then lead to labor force outcomes like attitudes, behaviors, and material and psychic rewards.

Although scholars in this field provide some insight into the broader picture of workplace inequality, there still remains a great need to understand the mechanisms through which workforce diversity yields differential consequences within work groups, jobs, occupations, firms, and even societies. This study was based on the strategic diversity management which earns the organization a higher competitive edge than the diversity management approach and the equal opportunity approach. Sidanius and Pratto (1999) point out that more desperate response are expected from out-group members than from the in-group members.

Regarding gender, many researches found that men are favored whether they are in the majority or minority, while women are disfavored, especially, when they are in the minority, and sometimes even when they are in the majority (Williams, 1992). Contemporary trends in the legal framework have necessitated the putting in place specific statutes making it unlawful to discriminate on grounds such as sex, marital status, race, national origin, ethnicity, disability, sexual orientation, religion or belief, union membership or non-membership, part-time or full time workers, or ex-offenders whose convictions are spent (Torrington et al., 2005).

Torrington (2005) continues to argue that equal pay law requires men and women to be paid the same wage for doing work which is the same or which can be shown to be of equal value unless the employer can justify a difference on grounds other than sex. There are different approaches to equality such as legislative action/the equal opportunities or liberal approach and the managing diversity (Singer, 1993; Ford, 1996). According to Homana, Barber and Purta (2005) positive work climate

includes an identifiable, open and nurturing school ethos that foster a sense of responsibility, achievement, commitment and efficacy among staff and students. It is also characterized by a commitment to organizattional achievement and development of students, mutual respect and collaboration among the head and staff.

Bahamon (2002) posits that positive work climate has been identified as a driver of performance and contributes a third of an organizational results. The responsibility of creating work climate lies solely on the head of the institution whose behaviour determines the work climate. The positive behaviour drives the work climate which arouses motivation and the aroused motivation is a major driver of bottom-line performance. To create a positive work climate, the leaders of the organization must work with staff in order to manage diversity. This fosters and sustains staff motivation.

The Banking Sector in Kenya

The growth of World economy output by more than 5% from the year 2002 to 2007 and of the Kenyan domestic economy grew from 6.1% in 2006 to 7% in 2007 provided a good environment for the stabilization of banks and other businesses. The increase in short term interest rates from 6.53% to 7.59% reflected the tightening liquidity in the market and forced industry players to opt for strategies for survival, growth and competitive advantage **(**CBK, 2007). Despite the challenging environment of the post-election violence and the global financial crisis, the banking sector remained stable **(**CBK, 2009). There were 43 commercial banks, two mortgage finance companies, and 120 foreign exchange bureaus in the banking sector as at 31st December 2008, Equity bank being one of the commercial banks **(**CBK, 2009). The banking industry is faced with many contemporary challenges such as workforce diversity due to the rapid expansions and the hiring of international experts from different parts of the world. This calls for an urgent search for possible solutions in managing workforce diversity to gain positive results.

Study Problem

Managing diversity in the workplace should be the concern of every organization. In order to survive, a company needs to be able to manage and utilize its diverse workplace effectively. Managing diversity in the workplace should be a part of the culture of the entire organization (Anderson, 2012).Valuing and recognizing diversity is imperative in order to maintain competitive advantage. Diversity management practices enhance productivity, effectiveness, and sustained competitiveness. Organizations that promote and achieve a diverse workplace will attract and retain quality employees and increase customer loyalty (Cox, 1994). Human resource diversity management strategies have broadened beyond affirmative action and equal employment opportunity staffing efforts. Additional best practices include establishing a visible diversity advisory committee, conducting mandatory training, and targeting communications to different affinity group members (Jackson, 2002). The focus on differences in individual characteristics leading to inequality has posed the challenge of achieving unity in diversity and harnessing that diversity to improve employee performance. Failure to manage diversity in terms of race, gender, level of education, profession, ethnic affilitiation, religious affiliation often leads to differences in promotions, pay, training, turnover, mutual acceptance, job satisfaction and other forms of inequality (Tilly, 1998; Reskin, 2003). However, the challenges that organizations face in promoting teamwork with employees from diverse cultural background, age, gender,

race, education religion and harmoniously directing their efforts towards the achievement of organizational goals and objectives, still shows that there is much to be done in terms of the improvement of workforce diversity management strategies. Compensation equity is an important part of attracting, developing and retaining a qualified and diverse workforce. Companies can review their compensation practices and address differences before pay equity issues lead to important team member loss. In addition to being important for workforce diversity and retention, staying on top of employee pay has become more important as a legal and regulatory process (Talent Management, 2012)..

Due to the rapid expansion of the bank nationally and even internationally (to Uganda and Sudan), there has been an increase in the diversity of the employees and managers within the bank. These employees and managers have varied worldviews, perceptions, culture and these can only be successfully tapped to the advantage of the bank, if there is an effective workforce diversity management strategy in place. Although the bank has done extremely well in attending to diversity in the way they handle their customers, it is not clear whether this approach to diversity has been embraced internally. The bank seems to lack diversity among its core values of Professionalism, Integrity, Creativity and innovation, Teamwork, Unity of purpose, Respect and dedication to customer care, and effective corporate governance, which could be an indicator that the concept of work force diversity is foreign.

Skaggs and DiTomaso (2004) in their paper on the effects of workforce diversity on employment outcomes presented at the annual meeting of the American Sociological Association highlighted the need for solutions to the challenges posed by workforce diversity. The paper did not consider how workforce diversity management could affect job performance. Various researchers studying diversity in the workplace have consistently found that organizations that emphasize collectivism in the work environment see more benefits of workplace diversity than organizations that emphasize individualism (Dwyer, et al., 2003). Jayne and Dipboye (2004) in their research also found out that some diversity management st rategies such as emphasis on teamwork fosters better relationships within a department and can promote identity within the department or organization that moves beyond surface level differences. This study however did not consider how teamwork as a diversity management strategy could affect the performance of individual employees.

This study aims at filling up knowledge gaps identified in previous studies by establishing the effects of workforce diversity management on employee performance in the banking industry in Kenya.

Hypotheses

H1: There is a significant difference between the performance of male and female employees.

H2: There is a significant difference between the .performance of young and older employees

H3: There is a significant difference in the performance of employees on the basis of the level of education.

Value of the Study

The findings of the study will be of great significance in offering guidelines to address the current challenges in Human Resource Management and Development and ultimately enhance employee performance in organizations. The research will help the managers by expanding the literature in the

management of workforce diversity to improve employee performance for competitive advantage of their various organizations.

It will also enable practicing Human Resource Managers in the Bank to remain relevant amidst the contemporary challenges by putting in place programmes for managing workforce diversity and employing strategies for management of workforce diversity in their organizations to get better employee performance. To the researchers, it will pose a challenge to be pro-active in the search for solutions to the contemporary HRM challenges and also enrich the limited body of knowledge on workforce diversity.

This study will be of benefit to the Bank by improving the benefits from unity in diversity, be it in terms of knowledge, cultural, gender, racial among others. This includes improvement of employee performance and consequently, the overall performance of the organization. The implementation of the proposed workforce diversity management policies and strategies shall also be of great benefit to the Bank in giving it a competitive edge over other banks and micro-finance institutions. The research shall benefit the employees in terms of improved interpersonal relationships, mutual understanding, and mutual acceptance of each other regardless of the various differences.

Although some researchers may have already carried out other such-like studies in other parts of the world, this study brings uniqueness in terms of a different political, economic, socio-cultural, technological, and legal environment.

Scope and Delimitation of the Study

The study covered the bank's branches in Nairobi specifically, KNUT branch, Ngara branch, and Rongai branch and not other branches or other commercial Banks within Nairobi. The study tackled areas of workforce diversity, effects of diversity on employee performance and how workforce diversity can be managed so as to maximize the positive outcomes and minimize the negative outcomes. The respondents were the managers and employees of the Bank.

There was some resistance from some of the respondents to participate in the research and also some respondents failed to bring back the questionnaires for the researcher in good time. Some sampled members, especially managers, had no time for attending to all the items in the Questionnaire to their tight schedule or high work-load. All these were taken into consideration and alternative measures taken.

Theoretical Perspective

There are various theories of managing workforce diversity such as the Equal opportunity approach, Diversity Management approach, and Strategic Diversity Management approach. This study is based on strategic diversity management approach which involves the entire organization in the diversity management process. Among the various theories that explain the effect of workforce diversity on employee performance are the social identity/ categorization theory, group contact theory, similarity-attraction theory and group competition theory, the only theory where a linear effect may make conceptual sense is similarity-attraction theory which assumes that the more people like me, the happier I am. Despite the fact that too many researchers in management and organization theory treat social identity theory as if it were reciprocal; that is, all groups will favor people of their own group and disfavor others, this is not what social identity theory necessarily predicts, nor finds.

Due to the fact that the social theory is based on the point of view of the in-group (dominant or majority group), while ignoring the point of view of the out-group (subordinate or minority

group) this research systematically organizes various theories and proposes the best way of managing workforce diversity. Although sociology focuses on efficiency versus discrimination on group competition theories, psychologically oriented social psychology emphasizes the cognitive processes such as social identity theory and social categorization. In sociologically oriented psychology, expectation theory addresses the impact of long term inequality on processes within groups.

The management theory is based on social psychology and focuses on compositional issues at the various work group levels such as top management team. From the management perspective, they have developed a theory of organizational demography. Sachdev and Bourhis (1991) has also attempted to integrate social psychological work on social identity with socio-structural work on group relations, in arguing that to understand how inequality gets generated and reproduced, one must understand the structural characteristics of power, status, and numbers. This study was based on strategic diversity management approach which involves the entire organization in the diversity management process. Ross and Schneider (1992) advocate a strategic approach to managing diversity that is based on their conception of the difference between seeking equal opportunity approach and managing diversity approach.

The strategic diversity management approach seems better as it deals with the loopholes in the Equal Opportunities approach and the Managing Diversity approach. It consists of effective leadership, empowerment, balanced/diverse recruitment and selection, employee support and diversity training, internal equity and all-inclusive organization culture, staff collegiality/teamwork, internal supervision and staff motivation/ get together parties/ outings as ways of effectively managing workforce diversity. The Strategic Diversity management approach is an integration of the social theory, management theory and psychology which all converge on both the positive and negative effects of workforce diversity. Although these theories have ceaselessly attempted to come up with viable workforce diversity management strategies, they call for more research due to the complexity of the human person and the varying environments.

Schneider and Northcraft (1999) argue that functional and social category diversities enhance creativity, adaptation and innovativeness. Schneider and Northcraft (1999) see the value of the social theory in understanding and solving dilemmas. Graen (2003) points out those readily visible characteristics identify people of varying genders, age, ethnicity and religions which demand prescriptions based on solid theories and research. Graen rightly notes that diversity may be an asset or liability depending on how it is integrated into the organization. Hiller and Day (2003) in Graen (2003) that reliance on surface level diversity tends to produce dysfunctional results for both individuals and their organizations than deep level diversity.

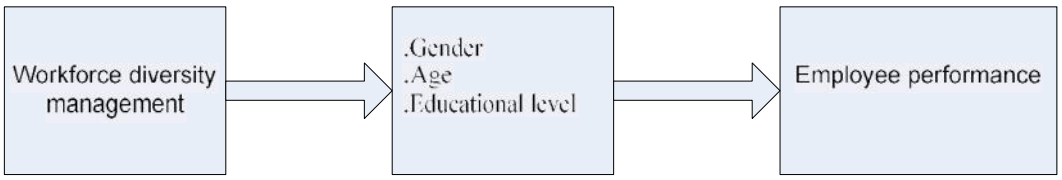


Figure 1: Conceptual Model

There are a number of demographic characteristics contributing to diversity. The most widely recognized involve, age, gender, ethnicity, and education. The changing age composition of the workforce is forcing organizations to make a number of adjustments. One is learning how to deal effectively with older workers. The key here is that organizations cannot discriminate on the basis of age. Organizations must begin to listen to their older employees, determine how their needs are different from those of younger workers, and learn to draw from the expertise and experience that older employees can offer. Organizations must also learn how to deal with younger employees, who have values markedly different from those of their older counterparts.

There are also changes occurring in gender composition. Women have been entering the workforce in record numbers over the last four decades. Career progression for women may not be as fast as their male counterparts due to career breaks that come about due to family responsibilities. Some organizations provide flexible work programs to help women deal with such challenges. Employees possess different levels of education hence this is an aspect of diversity that should be well handled so that everyone can be a positive contributor towards organizational effectiveness despite their level of education. Most organizations with a diverse workforce find it difficult to cope with the above challenges and create a positive work climate that consequently may influence the degree of performance. The way age, gender and educational level as dimensions of diversity are managed may have an impact on the performance of individual workers. When these are effectively managed, a conducive work climate is created which reduces conflict and raises the level of employee job satisfaction. This consequently makes employees to exert extra efforts in their work resulting to increased performance.

LITERATURE REVIEW

Workforce diversity refers to the ways that people differ that can affect a task or relationship within an organization such as age, gender, race, education, religion, and culture. It is the exploration of these differences in a safe, positive, and nurturing environment. It is about understanding each other and moving beyond simple tolerance to embracing and celebrating the rich dimensions of diversity contained within each individual within the organization (Carrell, 2006).

Jackson *et al*. (1995) define diversity as the presence of differences among members of a social unit Today, the workforce is more diverse in terms of gender, race, ethnicity, national origin an comprises people who are different and share different attitudes, needs, desires, values and work behaviours as noted by Rosen and Lovelace (1991).

Greenberg (2004) also defines workplace diversity refers to the variety of differences between people in an organization including race, gender, ethnic group, age, personality, cognitive style, tenure, organizational function, education, background and more. The U. S National Partnership for Reinventing Government (NPR) Diversity Task Force in conjunction with the US Department of Commerce in their sponsored benchmark study of diversity (2007) defined diversity as including all the characteristics and experiences that define each of us as individuals. It is clear from these definitions that most scholars concur on the definition of workforce diversity.

The main sources of diversity include age, race, gender, ethnicity (culture) and education although there are other sources of diversity like personal demographics; knowledge, skills, and abilities; values, beliefs, and attitudes; personality and cognitive and behavioral style; and organizational demographics. Graen (2003) cites other sources of diversity as political favoritism, family connections, educational advantage, friendships, and Leader Member Exchange partnering skills including performance on team skills.

Thompson and DiTomasso in Ellis and Sonnenfield (1994) also argue that a multicultural management perspective fosters more innovative and creative decision making, satisfying work environments, and better products because all people who have a contribution to make are encouraged to be involved in a meaningful way this in turn yields more information, more points of view, more ideas and fewer reservations. According to D'Netto and Sohal (1999), organizations which plan for the anticipated workforce and accept cultural diversity management as a progressive technique will benefit from better employee retention, increased productivity, less absenteeism, better morale, an expanded marketplace and improved customer service (Manning *et al*., 1996). A company that discriminates either directly or indirectly curtails the potential of available talent, underutilizes the employees and loses the financial benefits of retaining them (Ellis and Sonnenfield, 1994).

Ellis and Sonnenfield (1994) argue that there is a relationship between a positive diversity climate, job satisfaction, and commitment to the organization. Proper diversity management can increase an employee's self esteem and feeling of non-belongingness to the organization especially, if the employee is from a minority group. Although an increasing number of organizations are attempting to enhance inclusiveness of under represented individuals through proactive efforts to manage their diversity, they may only gain from diversity through proper management and adjustment. To effectively manage diversity, an organization must value diversity; it must have diversity, and it must change the

organization to accommodate diversity and make it an integral part of the organization (Gilbert et al., 1999). Good workforce diversity practices in the area of human resources are believed to enhance employee and organizational performance (Hall and Parker, 1993). Diversity brings the value of different employee perspectives and varied types of contribution especially when organizational members increasingly reflect the diverse custom base of the organization. This provides a way in which organizations can understand, and therefore meet, their customer needs.

Following the same line of argument, Allen and Montgomery (2001) say that for an organization to succeed, its strategies must consist of managing change, establishment of appropriate diversity management policies and procedures and target diversity related competencies. Todd Campbell, manager of the Society for Human Resource Management in-house diversity initiative also argues that while affirmative action focuses on recruiting and hiring a group of people of particular races, genders, or cultures, diversity management initiatives maximize the potential of all employees in direct benefit to the organization.

The desired outcomes include attracting and developing the best employees which should give the organization a competitive edge to generate greater profits that support job security. Due to the fact that employees can understand how these outcomes are desirable, they will support the organization's efforts at managing diversity and embrace a culture that supports diversity (Carrel, 2006). The increased diversity in the workplace converges with the increased use of teams in the workplace through clusters of attributes like personal demographics; knowledge, skills, and abilities; values, beliefs, and attitudes; personality and cognitive and behavioral style; and organizational demographics. Diversity recognizes the unique barriers of race and gender among others while at the same time creating a work environment that values the diversity that all employees bring to the organization.

Greenberg (2004) groups these benefits into four categories of:

Increased adaptability

Organizations employing a diverse workforce can supply a greater variety of solutions to problems in service, sourcing, and allocation of resources as employees from diverse backgrounds bring individual talents and experiences in suggesting ideas that are flexible in adapting to fluctuating

A diverse collection of skills and experiences such as languages, cultural understanding may allow a company to provide service to customers on a global basis.

A diverse workforce that feels comfortable communicating varying points of view provides a larger pool of ideas and experiences from which an organization can draw from that pool to meet business strategy needs and the needs of customers more effectively.

Companies that encourage workplace diversity inspire all of their employees to perform to their highest ability. Company-wide strategies can then be executed; resulting in higher productivity, profit, and return on investment.

Challenges of workforce diversity

According to Greenberg (2004) the major challenges are communication, resistance to change, and implementation of diversity in the workplace. D'Netto and Sohal (1999) cite challenges from workforce diversity as meeting diversity challenges requires a strategic human resource plan that includes a number of different strategies to enhance diversity and promote the productivity and effectiveness. It also compels Human resource managers to solicit a trainable population, check required skills and competencies against the job, market jobs sufficiently ahead of needs, and extend the workforce boundaries to include the nationals of other countries. It brings with it the need for re-examining Human resource practices from top to bottom need to be re-examined to cope with the new strengths and challenges of diversity, so better approaches can be created by management to recruit new talent, retain them, and manage them more effectively (Denton, 1992).

Robinson *et al.*, (1994) also cite that Human resource managers are faced with the challenge of convincing their senior management that diversity programs are beneficial to the organization. Some organizational leaders are concerned that implementing diversity initiatives is too expensive, upsets productivity and causes disruption in the workplace. Prejudice and hostile work environments also pose internal stumbling blocks to managing workforce diversity effectively. An important barrier that affects full integration of ethnic employees is the issue of poor communication or lack of it by failure to overcome the various barriers to communication (Loden and Rosener, 1991).

According to Morrison (1992) managing diversity involves leveraging and using the cultural differences in people's skills, ideas and creativity to contribute to a common goal, and doing it in a way that gives the organization a competitive edge. Recent studies have shown a strong correlation between good diversity practices and profits (Hayles and Mendez, 1997) as diversity allows increased creativity, a wider range of perspectives, better problem definition, more alternatives and better solutions.

Managing workforce Diversity

Managing workforce diversity refers to a comprehensive managerial process for developing an environment that works for all employees. According to Ellis and Sonnenfield (1994) argues that the challenge of meeting the needs of a culturally diverse workforce and sensitizing workers and managers to differences associated with gender, race, age and nationality in an attempt to maximize the potential productivity of all employees, has made effective management of diversity to become a prerequisite in Human Resource Management.

Workforce diversity can be managed through various approaches such as affirmative action to the minority groups, diverse recruitment policies, diversity management, and strategic diversity management.

Paradigms of dealing with diversity

Thomas and Ely in Carrel **(**2006) observe that the way a company defines diversity

and manages its diverse workforce may determine its effectiveness. This is also highly dependent on organizational leadership.

There are some few paradigms of dealing with diversity;

a) Discrimination and Fairness. This focuses on assimilation and ignores the differences.

b) Access and Legitimacy on the other hand, focuses differentiation and placing people in jobs based on the ways they are different.

c) Learning and Effectiveness is a paradigm that integrates the differences that people bring to work so that the organization changes whoever it hires and how the work is accomplished. This promotes equal opportunity for all individuals, acknowledges differences among employees, and recognizes the value in those differences. It lets the organization internalize differences among employees so that it learns and grows because of them.

Performance

Whereas performance refers to the act of performing; the carrying into execution or recognizable action, achievement or accomplishment, in the undertaking of a duty, employee performance refers to the effective discharge of ones duty for good results. It is how well an employee is fulfilling the requirements of the job (Rue and Byars, 1993). Cascio (2006) defines performance as working effectiveness, that is, the way in which somebody does a job, judged by its effectiveness.

Relationship between performance and workforce diversity

Fernandez (1993) argues that good workforce diversity practices in the area of human resources are believed to enhance employee and organizational performance. This is because managing diversity involves leveraging and using the cultural differences in people's skills, ideas and creativity to contribute to a common goal, and doing it in a way that gives the organization a competitive edge. Hayles and Mendez (1997) add that even recent studies have shown a strong correlation between good diversity practices and profits.

Diversity practices in performance appraisal

Effective performance management can be a key determinant in the achievement of business objectives while maximizing the contribution of employees (Cornelius, 1999). A performance appraisal system should be objective, relevant to the job and the company, and fair to all employees and offer no special treatment (Schuler et al., 1992).

However, workplace diversity scholars point out the danger of glass ceiling that is a barrier to promotion into management whereby multicultural employees are often perceived as not having the right skills to move into management positions. This creates artificial barriers based on attitudinal or organizational bias that prevent qualified individuals from upward mobility in their organization (US Department of Labour, 1991).

Steps on the improvement of effectiveness of performance appraisal practices in the area of diversity.

The steps include the following: Minorities like migrants can be regularly included on panels that evaluate, select, and promote managers. The problem of assessing candidates who are different can be reduced, if some of the decision makers are non-traditional managers; Multicultural employees must have equal opportunities and adequate preparation to take on demanding assignments in the future (Loden and Rosener, 1991); Performance appraisal techniques should focus on appraising the individual's performance, not personality. This is supported by Fulkerson and Schuler (1992) argue that the appraisal process should be as culturally neutral as possible; Morrison (1992) also argues that organizations can include effective management of workforce diversity as one of the criteria on which all managers will be assessed.

Theories on Workforce Diversity Management

The strategic diversity management approach developed as a solution to carter for the loopholes in the Equal Opportunities approach and the Managing Diversity approach. This paper fully supports Ross and Schneider (1992) who advocate a strategic approach to managing diversity that is based on the conception of the difference between seeking equal opportunity and managing diversity. This support, however, is not without critiques and adjustments to the theory.

The difference, as Ross and Schneider (1992) see it, is that diversity approaches are: internally driven, not externally imposed; focused on individuals rather than groups; focused on the total culture of the organization rather than just the systems used; the responsibility of all in the organization and not just the HR function.

This approach also shares some elements in common with Rosevelt Thomas's model (Thomas, 1996) regarding the factors that Human Resource Managers should consider in their response to diversity. These consist of; including a variety and number of minorities and women; deny that differences exist; assimilate minorities and women into the dominant culture; suppress differences for the sake of organizational goals; isolate people who are different into special functional units, projects or geographical operations; tolerate coexistence of people with differences; build relationships among people with differences; and foster mutual adaptation such as change of the organizational structure and policies.

The strategic Workforce diversity management process

Ross and Schneider (1992) contend that the strategic process for managing workforce diversity involves the following steps: Diagnosis of the current situation in terms of statistics, policy and culture, and looking at both issues and causes; Setting aims which involve the business case for equal opportunities, identifying the critical role of commitment from the top of the organization, and a vision of what the organization would look like if it successfully managed diversity; Spreading the ownership. This is a critical stage in which awareness needs be raised, via a process of encouraging people to question their attitudes and conceptions. Awareness

needs to be raised in all employees at all levels, especially managers, and it needs to be clear that diversity is not something owned by the personnel function; Policy development comes after creating awareness as it enables a contribution to be made from all in the organization-new systems need to be changed via involvement and not through imposition; Managing the transition needs to involve a range of training initiatives. Positive action programmes, specifically designed for minority groups, may be used to help them understand the culture of the organization and acquire essential skills; policy implementation programmes, particularly focusing on selection, appraisal, development and coaching; further awareness training and training to identify cultural diversity and manage different cultures and across different cultures; Managing the programme to sustain momentum. This involves a champion, not necessarily from the HR function, but someone who continues the process. The continued involvement of senior management and trade unions is also critical. Ross and Schneider also recommend measuring the beneficial achievements to the business in terms of improvements in productivity and profitability which need to be communicated to all employees.

Ellis and Sonnenfield (1994) point out that training for diversity should be more extensive. They recommend a series of workshops which give time for individuals to think, check their assumptions and reassess between sessions. This should involve competent trainers and a carefully considered participant mix. Changing culture has a significant role in the process for managing diversity as a negative organizational culture can be very retrogressive.

Empirical Review of Studies on Workforce Diversity

According to the findings of the research study by Adler (2005) on the effects of diverse recruitment policies on employee performance, discovered that diversity can improve performance and recruiting from a wider range of age and ethnicity gives the firm a larger talent pool. Adler (2005) also found out that increasing diversity expands the breadth of perspectives and ideas available to organisations in making decisions and that cultural diversity, educational, individual personalities and professional background can influence the range and depth of information use.

Various studies such as the 12-year comparison of diversity policies and programs by Carrell in her longitudinal study on ‘Defining Workforce Diversity Programs And Practices In Organizations: A Longitudinal Study’ (Spring, 2006) showed that 53 percent of respondents did not have a written policy or program that includes the concept of employee diversity in their organization while only 7 percent of the respondents in the study indicated that their organizations were discussing adding such a policy or program.
Regarding the organizational activities that were included in the diversity program or policy for those companies which had the diversity program, the most frequently reported activities were recruitment (73 percent) and selection (59 percent). This shows that there is still a long way to go in the development of workforce divesrsity programmes.

An empirical longitudinal study by Carrel (2006) on 'Defining Workforce Diversity Programs And Practices In Organizations: A Longitudinal Study' registered more positive effects of workforce diversity than the negative effects. The positive effects of workforce diversity included organizational culture, creativity; customer relations; decision making, and goal achievement while the negative effects include training costs, factionalism, productivity and turnover. In another empirical study by the Runnymede Trust (2000) titled 'Survey on racial equality', it was discovered that managers explained their equal opportunities policy differently from employee views about what happened in practice. Creegan *et al.* (2003) investigated the implementation of a race equality action plan and found a stark difference between paper and practice.

Criticism of Theories on Workforce Diversity Management

Any successful management of workforce diversity must involve a change in the organizational culture. This will also involve the a combination of various policies to deal with both the minority and the minority groups; the in-group and the out-group. Any theeory that excludes any of the group or that fails to combine both groups is less likely to be successful. A good solution must also go beyond mere affirmative action. Thomas (1990) in Carrel (2006) notes that the reason of moving beyond affirmative action to managing diversity is because affirmative action fails to deal with the root causes of prejudices and inequality suppress the full potential of most employees. Although some scholars agree that workforce diversity goes beyond issues of legal compliance and moral responsibility, it is crystal clear that discussing diversity solely in terms of gender and race discrimination can lead to employee anger that can influence morale, turnover, and performance.

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. This research aimed at filling this gap by maximizing the positive outcomes to benefit all the stakeholders in this area.

METHODS

In assessing the effects of workforce diversity management as independent variable and employees' job performance as dependent variable, the researchers used the descriptive survey research design. According to Ogula (1995), this design is used to obtain information that describes the characteristics of the population, explains the current practices, conditions or needs and provides information for generating research questions. It is also used to explore existing status of two or more variables (Mugenda and Mugenda, 1999). The design therefore, enabled the researchers to obtain information about employees' perception and attitude on workforce diversity management in the Bank, the existing practices and conditions of workforce diversity and how this affects employees' job performance. Finally, it provided

information on what needs to be done to create positive work climate in order to harness workforce diversity management and improve employees' job performance.

The target population included all the 4000 employees of the bank. Out of all the 8 regions (Provinces) served by the bank, Nairobi region was purposively selected because of nearness to the researchers, accessibility, and time limit. The bank has 110 branches in total, with Nairobi region hosting 25 branches out of the 110.

Out of the 25 branches in Nairobi region, 3 branches of the bank, that is, KNUT, Ngara and Rongai branches, were selected through purposive sampling. This was due to the fact that from the bank records and activities, these branches held crucial issues regarding employee diversity. The respondents were selected using stratified random sampling technique where stratification was on the basis of departments of the bank and managerial levels. Employees were classified into their respective departments. Each of these three branches had 5 senior managers and 3 Middle level managers.

The KNUT House branch had 35 employees, Ngara branch had 40 and Rongai branch had 45 employees. These numbers included the senior level managers, middle level managers, and lower cadre employees. This gave a total target population of the 3 branches of the Bank as 120 consisting of 15 senior managers, 9 middle level managers, and 96 non-managerial employees. The sample size comprised 30% of the senior managers, 30% of line managers, and 40% of non-managerial employees. The total number of respondents was 54. This was far above Kasomo's recommendation of 10% of the accessible population for a descriptive study, is extraordinarily good (Kasomo, 2006).

Table 3.1: Summary of Sample and Sampling Procedure

Sampling Technique	**Category**	**Branch**	**Total Population**	**Senior Managers**		**Middle Level Managers**		**Lower Cadre Employees**	
				No	Sampled	No	Sampled	No	sampled
Simple random sampling	30% for Senior level	KNUT House	35	5	1	3	1	27	14
Purposive for HR Manager only	30% for Middle level	Ngara	40	5	1	3	1	32	16
	40% for lower level	Rongai	45	5	1	3	1	37	18
TOTAL		**3**	**120**	**15**	**3**	**9**	**3**	**96**	**48**

Description of Research Instruments

The data was collected from the top managers, middle level, and the lower cadre employees using self-administered questionnaires. The questionnaires and interview guide were preferred because the researcher assumed that all the respondents are literate and therefore, are capable of responding to the items personally. The instrument was used to collect basic statistical facts on workforce diversity management in the bank and how it affects employees' job performance. The questionnaires consisted of six parts. Part A consisted of items on demographic information while Parts B to F consisted of items regarding workforce diversity and its management in the Bank.

The researchers sought the permission of the Human Resource Manager of the Head Office of the Bank, Upper Hill, Nairobi, and had the questionnaire scrutinized for clearance before proceeding to the three sampled branches. This was followed by a visit to the sampled branches by the researchers to clear with their heads. After this, the researchers approached the members of the target population under study and presented the questionnaires to the top managers, middle managers and lower cadre employees for filling starting with KNUT, Ngara and Rongai branches respectively. Data was collected by self administration. Some respondents filled the questionnaires there and then for immediate collection while other busy respondents filled them later and the researchers collected them after two days.

Data Analysis

Descriptive statistical technique was used to analyze demographic information to get the mean and percentages. This was after the data had been corrected in case of wrong spellings and irrelevant responses, coded, and entered into the Statistical Package for Social Sciences (SPSS) Programme. To analyze the quantitative data, SPSS was used to process the responses from the questionnaire using descriptive statistics such as frequencies and percentages and data was presented using pie charts, frequency tables and bar graphs. Qualitative data generated from open-ended questions was organized into various themes and patterns after which the researcher evaluated and analyzed the data.

The Hypotheses were tested using the Chi-square test. The test was used to test for independence of employee performance and age category, level of education and gender to find out the association and level of association between them.

CONCLUSION

The findings were summarized in order of the research questions of the study finally followed by the hypotheses.

One of the questions investigated by the researchers concerned the strategies used by the Bank to manage workforce diversity. The study revealed that the Bank had strategies such as balanced recruitment, support to minority groups, diversity training and equal employment opportunities. This was good enough but there were several other diversity

management strategies that could still be used by the bank such as creation of awareness and social gatherings.

The research question that dealt with the effect of workforce diversity on internal equity in compensation revealed that other than an employee's level of education and performance ability, there was no other workforce diversity variable that determined an employee's compensation. The compensation system therefore was perceived as fair and just by the employees.

Another question that was addressed by the researchers concerned the extent to which workforce diversity affects employee job performance. Workforce diversity was found to affect employee performance at varying degrees considering both managers and non-managerial employees of the Bank. The managers registered a greater impact while to the non-managerial employees the impact was less, owing to their ignorance of workforce diversity and its related policies in the bank.
The question that was investigated by the researchers concerning the strengths and weaknesses of workforce diversity policies in the Bank was central in the recommendations to the Bank. Most of the employees (75%) saw the strengths of workforce diversity management policies as promotion of respect and an all-inclusive culture within the organization while another 50% cited lack of clarity on the policies which had hitherto caused their ignorance on that area. They also cited that the system ignores experience and competence which was equally valuable to the bank.

The final question regarding how workforce diversity can be managed to improve employee performance to enhance competitive advantage for the bank earned a rich suggestion base for the Bank. Most respondents suggested more use of the balanced recruitment as there was some inclination towards specific ethnic groups. Others proposed awareness creation, staff trainings, harnessing the differences in placements, appreciating and rewarding good performance and provision of equal opportunity.

The various tests of hypotheses showed a significant level of association between employee performance and the mean productivity levels of the bank workforce when categorized by gender, age and level of education.This might have been due to the increasing trend of workforce diversity along educational level, gender as well as age because workforce that was below the age of 30 (a more productive age) formed 55.5% of employees in the Bank. Another contributing factor might have been the 79.1% male dominance in the bank as well as diverse educational levels ranging from College to Post-Graduate levels.

From the findings, it can be deduced that every organization that embraces management of workforce diversity enjoys more creative decision making, satisfying work environment, and better products because all employees are involved and feel encouraged to contribute in a meaningful way. This yields a knowledge base due to knowledge sharing and improved performance. Cultural diversity management which seemed more sensitive in the Bank served the pivotal role. It encourages better employee retention, increased productivity, better morale, an

expanded market share and improved customer service.

Owing to the fact that a company that discriminates either directly or indirectly curtails the potential of available talent, underutilizes the employees, or loses the financial benefits of retaining them, companies have no option other than introducing and managing workforce diversity in their organizations. The existing challenges in diversity management should act as a spur to the search for better strategies rather than acting as a stumbling block to organizations and Human Resource Managers in moving towards the trend of a more diverse workforce. Such tenable explorations could be found by the introduction of strategic human resource management studies.

Suggestions for Further Research

The Ministry of Trade and Industry or Trade Unions should conduct further research in the same area in various organizations to check on employment policies especially, in regard to diversity and affirmative action towards the minority groups like physically disabled. Similar studies should also be conducted on the other contemporary trends in HR Management to provide realistic and contextual solutions to these contemporary challenges in Human resource Management.

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